

Carrathool Shire

Final Report 2015

Date: 10th November 2015

EXECUTIVE SUMMARY

LGA OVERVIEW

Carrathool Shire Local Government Area

The Carrathool Shire, located in the Riverina region of NSW is 650km west of Sydney and covers an area of some 18,933 square kilometers. It has a population of approximately 2,600. Its administrative centre is in the small town of Goolgowi. It is traversed by the Mid Western and Cobb Highways, and the Lachlan Valley and Kidman Ways. Carrathool Shire is bordered by ten other Shires: Cobar, Lachlan, Bland, Narrandera, Leeton, Griffith, Murrumbidgee, Hay, Balranald and Central Darling.

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

The Carrathool Shire Local Government Area comprises Village, Rural, Industrial and Infrastructure zones. 2,099 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 Carrathool Shire LGA is a productive rural district with temperate climate, good topography, soil quality, reliable winter rainfall and availability of both ground water (bore water) and surface irrigation water. It also has good rail and road infrastructure with freight rail from Hillston connecting into the main southern rail network and the Mid Western Highway passing through the Shire.

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:

Properties Valued and Total Land Value							
Zone	Zone Code	Number of Entries	2015 Total Land Value	Prior Annual Valuation (2014)	% Change	Prior Local Government Valuation (2012)	% Change
Residential	(R1, R2, R3, RU5)	891	\$16,264,540	\$15,553,770	4.57%	\$16,749,250	-2.89%
Rural	(RU1, RU2, RU3, RU4, RU6, W1)	1153	\$547,798,335	\$523,559,075	4.63%	\$454,330,750	20.57%
Industrial	(IN1, IN2, IN3)	45	\$1,810,600	\$1,792,900	0.99%	\$1,789,100	1.20%
Infrastructure	(SP1, SP2)	10	\$38,290	\$38,190	0.26%	\$36,890	3.80%
Total		2,099	\$565,911,765	\$540,943,935	4.62%	\$472,905,990	19.67%

STATE & LOCAL GOVERNMENT LEGISLATION FOR LGA

Carrathool Shire Local Environmental Plan 2012 was gazetted 20th July 2012.

The Carrathool Shire Local Government Area is governed by the Carrathool Shire Local Environmental Plan 2012 (LEP). The plan is based on the standardised Local Environmental Plan prescribed by the New South Wales Legislation.

MARKET OVERVIEW AND SALES OF PARTICULAR INTEREST

QVA Contractors have undertaken significant analysis of the Carrathool Shire district property market to provide an accurate and reliable basis of valuation. 51 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. QVA 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 Carrathool Shire District this year sales and resales of properties

indicated little variance in values throughout the year, with nil or only a slight upward movement from August 2014 to 1 July 2015 for properties zoned Village being evident. A similar comment also applied to rural properties. Given this, no market movement was allowed.

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.

SIGNIFICANT VALUE CHANGES

Summary of Valuation Changes to Residential Land

Changes since previous General Valuation (2012)

An overall slight decline (-5.95%) in residential values since the General Valuation year of 2012 was largely due to the slight decrease in the town of Hillston, which makes up approximately 86% of total residential value for the Carrathool Shire. Goolgowi also decreased slightly, and the villages of Rankin Springs and Merriwagga also saw moderate declines. Carrathool showed a very large increase of 126% from a low base. There is no business zoned land in Carrathool and most commercial buildings are situated within the RU5 Village zone.

Changes since previous Valuation Year (2014)

Sales volumes have been steady over the last twelve months with total residential values increasing slightly (2.19%) over the past year. There has been no significant change to the total reliable, market sales volume in Carrathool Shire. Sales activity is predominantly in the town of Hillston with limited sales occurring in the town of Goolgowi and the small villages. The overall slight increase in total residential value was due to a large increase in the small village of Carrathool and a moderate increase in the town of Goolgowi. The town of Hillston makes up approximately 84% of total residential value for the Carrathool Shire and had a very slight increase over the past year.

Summary of Valuation Changes to Rural Land

Changes since previous General Valuation (2012)

The Carrathool Shire LGA is a productive rural district due to its temperate climate, good topography, soil quality, reliable winter rainfall and availability of both ground water (bore water) and surface irrigation water. It also has good rail and road infrastructure with freight rail

from Hillston connecting into the main southern rail network and the Mid Western Highway passing through the Shire.

The Carrathool Shire LGA is a mixture of dry land mixed farming, irrigation farming and dry land grazing which is mainly in the Western Division, being west of the Lachlan River. Winter cereal growing is the predominant land use with wheat, barley and canola the main crops; with cotton, rice and summer crops on irrigated lands.

The rural property market has increased overall 20.6% since the last general valuation. All sectors increased with the range being an increase of 43% for small holdings around Rankin Springs down to 8.7% for smaller blocks around Hillston.

Good seasonal conditions over the past three years, ongoing improvements in grain growing continued expansion by overseas agricultural investment corporations, (most notably Harvard University Super Fund and Westag, both from the USA and Walnuts Australia), completion of a new cotton gin at Carrathool, and growth in the Poultry industry particularly around Goolgowi has underpinned confidence within the Council Shire.

The preceding twelve month period has seen a stabilisation in the number of recorded, reliable sales for this property class. The majority of properties that transacted were situated in the eastern half of the shire where values are higher.

Changes since previous Valuation Year (2014)

The rural property market has experienced increases of 4.63% over the past 12 months. This trend has generally been consistent across all property types throughout the LGA. The exception being small holdings around Rankin Springs that increased by 42% (from a low base).

Summary of Valuation Changes to Industrial Land

Changes since previous General Valuation (2012)

The Hillston industrial market is buoyed by the local cotton & horticulture industries which remain steady. Land is readily available in the industrial area, and this availability contributes to a static market. Overall, since the last General Valuation in 2012 there has been a no significant increase in industrial land values. An overall increase of 1.20% was recorded over the period.

Changes since previous Valuation Year (2014)

There have been a limited number of industrial sales in the Carrathool Shire industrial market, with the sales contracted showing values have remained relatively static. An overall increase of 1% was recorded over the past 12 months.

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DISCLAIMER – PURPOSE OF THIS REPORT

The purpose of this report is to describe the process and considerations for the 1 July 2015 Valuation of Carrathool Shire. 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

LGA OVERVIEW

LOCATION OF THE DISTRICT

The Carrathool Shire, located in the Riverina region of NSW, covers an area of some 18,933 square kilometers and has a population of approximately 2,600. It is traversed by the Mid Western Highway and Kidman Way. Carrathool Shire is bordered by ten other Shires: Cobar, Lachlan, Bland, Narrandera, Leeton, Griffith, Murrumbidgee, Hay, Balranald and Central Darling.

PRINCIPAL TOWNS

Hillston

Hillston is the principal town in the Carrathool Shire and is a small town on the Lachlan River with a population of approximately 1,450. It is located approximately 650 kilometres to the west of Sydney Central Business District. It boasts a large cotton industry in addition to two schools, a library, Council Chambers, District Court and Police Station.

Goolgowi

Goolgowi is the second largest town in the Shire, with a population of around 300 and is located approximately 61 kilometres south of Hillston at the crossroads of the Mid Western Highway and Kidman Way. Goolgowi is a predominantly agricultural settlement. The town features a General Store and Post Office, an Ex-Service Club, a number of accommodations including two motels and a Public School for years Kindergarten to year six. Goolgowi also has a solar heated swimming pool.

Rankins Springs

Rankins Springs is a village situated approximately 92 kilometres south-east of Hillston. It has a small General Store that provides basic services to the area. Rankins Springs has a hotel and motel and a school for years Kindergarten to year six.

MAIN INDUSTRIES

The Carrathool Shire is a large and very diverse farming and grazing district is a major production area for wool, wheat, cotton, rice with significant production also of almonds, citrus, olives and vegetables. The main industries apart from agriculture is the Cotton Gin located 5km out of Hillston and the Poultry raising industry which is developing close to the town of Goolgowi along the Mid Western Highway.

SIGNIFICANT RETAIL CENTRES

There is a small shopping centre at Hillston, the main town in the shire. It is within the RU5 zone. There are no business zones within the Carrathool Shire LGA, It includes recently built Council offices, Bendigo bank, two hotels, an IGA supermarket, two rural supply outlets, a butcher, several food outlets and a few other retail outlets.

TYPE OF RESIDENTIAL DEVELOPMENT

The Carrathool Shire LGA contains two small towns and 3 three villages, with the majority of development located in Hillston and Goolgowi town areas. Almost all residential properties in the region are single residential dwellings located in the towns and villages followed by a number of dwellings located throughout the shire on farms and grazing properties. Hillston has several small residential unit developments within the town.

Approximately 75% of properties in the region are owner occupied, 25% are owned by investors.

STATE & LOCAL GOVERNMENT LEGISLATION FOR LGA

Carrathool Shire Local Environmental Plan 2013 was gazetted 20th July 2012. There have been no significant amendments to the LEP since the previous valuation.

The Carrathool Shire Local Government Area is governed by the Carrathool Shire Local Environmental Plan 2012 (LEP). 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 Carrathool Shire Council Local Government Area in accordance with the relevant standard environmental planning instrument under section 33A of the Act.

Carrathool Shire Council has development controls including the Carrathool Shire Development Control Plan 2013 that affects the subdivision and erection of dwellings which impacts on land values. These include:

RU 5 – Village

IN1- Hillston Industrial

R5 – Hillston & Goolgowi - Large Lot Residential

SP2 – Rail & Other Infrastructure

E1 – National Parks & Nature Reserves

RU1 – Primary Production

RU3 – Forestry Lands.

In addition a Lot size map has been created which details minimum lot sizes for subdivision throughout the Shire. More specifically the minimum lot size for each Village is as follows:

Hillston	600 sq.m
Goolgowi	600 sq.m
Carrathool	600 sq. m.
Merriwagga	4,000 sq.m.
Rankin Springs	4,000 sq.m.

Around the town village of Hillston within zone R5 and small parts of zone RU1, minimum areas of 2,000 & 4,000 sq. m. have been designated.

Around the village of Goolgowi within zone R5, a 2ha minimum has been designated.

In zone RU1, the minimum lot size is 40 ha apart from a small area around the town of Hillston.

MURRAY-DARLING BASIN PLAN.

In October 2010 a draft water plan for the Murray – Darling basin was released to address the issue of Environmental flows in the river catchments. The plan is to significantly increase environmental flows by cuts to existing water allocations (surface water) as well as water savings from infrastructure investment. The reduction in water available for irrigation will be in the order of 19%, and is related to the long-run average water use for the entire basin. The headline figure is 26%, and water savings through infrastructure investments is expected to contribute about

7%. The draft plan also covers ground water usage, and proposes to increase the limits on groundwater. Bore water extraction (groundwater) provides a significant contribution to irrigated agriculture in Carrathool Shire and under the current proposals allocations will not be reduced.

In May 2012 a report on the socio-economic impacts of the plan were released. The report found that the overall impact on the basin economy is likely to be modest, at less than 1% per annum. However some towns in the basin may face more significant adjustment.

The discussions on the plan are ongoing with there being a senate inquiry into it and it has had a lot of media time.

MARKET OVERVIEW & SALES OF PARTICULAR INTEREST

RESIDENTIAL

There is no R1 to R6 Residential land within the Carrathool Shire LGA.

VILLAGES

The Carrathool Shire LGA includes the towns of Hillston and Goolgowi and the villages of Carrathool, Merriwagga and Rankin Springs. Hillston makes up 86% of the total residential land value within the shire, Goolgowi a further 11.5% with the 3 small villages just 2.5%. Almost all residential properties in the region are single residential dwellings located in the towns and villages, with a number of dwellings located throughout the shire on farms and grazing properties. Hillston has several small residential unit developments within the town. Approximately 75% of properties in the region are owner occupied and 25% are owned by investors.

Residential development within the Carrathool Shire Council area is primarily situated within the settlements of Hillston and Goolgowi. A small amount of residential development is located in villages of Carrathool, Merriwagga and Rankin Springs.

A high proportion of development in these centres comprises privately owned single residences that vary in size, quality, style and construction. There are some medium density developments within the town of Hillston.

Hillston and Goolgowi have full utility service availability including a reticulated town water supply, reticulated sewerage and telecommunication services. Hillston town has some government services including a police station, hospital, community health centre and Council offices.

Additional community based facilities available within the LGA include various denominational churches, primary schools, secondary school in Hillston, child care centres, aged care facilities, sporting clubs, recreational playing fields, parks and reserves, public swimming pools and tennis courts.

Overall sales volumes have increased slightly in the last twelve months with residential values also increasing slightly over the past year.

However in the small village of Carrathool land values increased by 125% from a low base due to the construction of a new cotton gin near the village (in Hay Shire) and the resultant demand

for worker accommodation. In the town of Goolgowi land values increased 10% after being in decline for several years. The locality is developing as centre for the poultry industry, which is having a flow on effect in the town. The small village of Rankin Springs decreased 20% over the past year.

Total reliable, market sales volume for residential property increased slightly over the past year throughout the Carrathool Shire. The increase was largely due to market activity in Hillston where land values have increased slightly. Demand for property is steady around the towns of Hillston and Goolgowi where employment prospects are reasonable. Carrathool Shire residential values are supported by stable employment from major employers in the cotton, horticulture and poultry industries together with business and public sector employment in the towns of Hillston and Goolgowi. Carrathool Shire headquarters is in Goolgowi.

There has been no residential land developed in recent years within the Carrathool Shire due to the cost of subdivision and minimal demand. The Council has developed small estates in Hillston & Goolgowi in previous years which were slow to sell.

Since the last General valuation in 2012, land values overall have declined slightly by 5.95%. Principally due to the decrease in Hillston which makes up 86 % of the total land value.

COMMERCIAL

There is no business zones within the Carrathool Shire LGA, However there is a small shopping centre at Hillston, the main town in the shire within the RU5 zone. It includes the recently built Council offices, Bendigo bank, two hotels, an IGA supermarket, two rural supply outlets, a butcher, several food outlets and a few other retail outlets.

Commercial land values generally moves in line with the residential values.

INDUSTRIAL

Hillston is a stable rural town servicing a large agricultural area with a small industrial area in the south east of the town. The development is a mix of light industry and residential housing with some vacant land. Industries include grain handling facilities, fuel & truck depots, workshops, Council works depot and some warehouses.

There have been a steady number of industrial sales in the Hillston industrial market over recent years, with the sales contracted showing values have remained static. The Hillston industrial market is buoyed by the local cotton & horticulture industries which remain steady. Land is readily available in the industrial area, and this availability contributes to a static market. Overall, since the last General Valuation in 2012 there has been a no significant increase in industrial land values.

RURAL

The Carrathool Shire is large and very diverse farming and grazing district stretching from the dry land cropping areas east of the City of Griffith to the grazing plains west of the Lachlan River which form part of the Western Division.

The Carrathool Shire LGA is a mixture of dry land mixed farming, irrigation farming and dry land grazing which is mainly in the Western Division, being west of the Lachlan River. Winter cereal growing is the predominant land use with wheat, barley and canola the main crops; with cotton, rice and summer crops on irrigated lands.

The rural property market has increased overall 20.6% since the last general valuation. All sectors increased with the range being an increase of 43% for small holdings around Rankin Springs down to 8.7% for smaller blocks around Hillston.

The rural property market has experienced increases of 4.63% over the past 12 months. This trend has generally been consistent across all property types throughout the LGA. The exception being small holdings around Rankin Springs that increased by 42% (from a low base value).

Good seasonal conditions over the past three years, ongoing improvements in grain growing, continued expansion by overseas agricultural investment corporations, (most notably Harvard University Super Fund and Westag, both from the USA and Walnuts Australia), completion of a new cotton gin, and growth in the Poultry industry particularly around Goolgowi has underpinned confidence within the Council Shire.

RURAL LOCATIONS WITHIN THE LGA

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 Carrathool Shire LGA:

Western Lands

Properties located west of the Lachlan River in Carrathool Shire are within the western division of NSW and comprise mostly large grazing stations. Generally properties close to the Lachlan River have some land developed for irrigation farming, with crops of cotton, cereal grains, corn and some vegetable growing. There are also small areas developed for horticulture with citrus & almonds the main crops. Irrigation water is mostly supplied from bores (ground water) with intermittent surface water allocations from the Lachlan River. In terms of area, most of the land is used for grazing sheep and cattle. The area stretches west from Willanthery in the north to Roto and Booligal in the west and south towards the town of Hay (Hay Shire). Soils are mainly

deep self mulching grey, red and brown clays with isolated sandy rises and clay depressions subject to inundation.

Wah Wah Irrigation District

Located in the eastern part of the Carrathool Shire and bordering on to Griffith Shire, the area is traversed by the Mid Western Highway, with the Kidman Way just to the north.

Properties are all irrigation farms with water supplied from the MIA through a system of channels. The main crops are cotton and rice, with some cereal grains and summer crops. Vegetation is generally cleared apart from low swampy areas and some shelter belts. Timber species include Belah, Wilga and Boree. Topography is level riverine plain country. Soils are mainly deep self mulching grey, red and brown clays with isolated sandy rises and clay depressions subject to inundation.

Murrumbidgee River Stations.

The properties front the Murrumbidgee River or in close proximity to the river and in the Carrathool locality. A number of the properties are large historic sheep stations and land use includes irrigation farming and dry land grazing. The main crop is cotton with some cereal grains and summer crops. Vegetation is mainly red gum along the river giving way to grassland plain as you move north. Other timber species include Belah, Wilga and Boree. Soils are mainly loamy red brown earths with self mulching grey/brown clays closed to the river floodplain.

Goolgowi – Merriwagga Melbergen – Lake Brewster dry land farming

This area is located in the central part of the shire, being the area bisected by the Mid Western Highway and the Kidman Way. It is a locality of gently undulating farming country interspersed with areas of green timber and rough green hills in the north. Soils vary from red brown earths to red and grey clays with areas of red sandy loam. Timber includes grey box, kurrajongs, cypress pine, mallee & ironbark. Primary land uses include cropping (predominantly wheat, barley, canola and oat) and grazing of both sheep and cattle.

Binya – Rankins Springs dryland farming

Located in eastern part of the shire, the area is bisected by the Mid Western Highway and the Burley Griffin Way. It is a locality of gently undulating farming country interspersed with areas of green timber and borders onto rough green timbered hills to the west. Soils vary from red brown earths to red and grey clays with areas of red sandy loam. Timber includes grey box, kurrajongs, cypress pine, mallee & ironbark. Primary land uses include cropping (predominantly wheat, barley, canola and oats) and grazing of both sheep and cattle.

Gunbar Riverine plain

Located in the south west of the Carrathool Shire and bordering onto Hay Shire, the area is immediately west of the Mid Western Highway. It is an area of plains grazing country running west to the Lachlan River. Some properties are partly developed for irrigation with ground water extracted by deep bores. Grazing of sheep and cattle is the predominant land use with some large station properties. Soils are mainly deep self mulching grey, red and brown clays with isolated sandy rises and clay depressions subject to inundation.

SIGNIFICANT ISSUES AND DEVELOPMENTS

SIGNIFICANT DEVELOPMENTS – FROM PRIOR TO CURRENT ANNUAL VALUATION

Poultry farms have been built around Rankin Springs and Goolgowi since 2012, as the demand for chicken nationally has increased. Plus some older farms closer to the cities have closed down due to urban sprawl moving into rural areas. The Carrathool LGA is ideally suited given the processing plant located close by in Griffith Shire, the area comprises large properties with limited dwellings close by and a good water source.

SIGNIFICANT VALUE CHANGES

SIGNIFICANT VALUE CHANGES – FROM PRIOR TO CURRENT ANNUAL VALUATION

In the village of Carrathool land values increased of 125% over the past year from a low base, due to the construction of a new cotton gin near the village (in Hay Shire) and the resultant demand for worker accommodation. The average block moved from \$2,300 to \$5,170.

OVERVIEW OF THE QUALITY ASSURANCE PROCESS

LPI has been provided with a detailed Valuation Analysis Report, which details the Quality Assurance Process of QV Australia 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 reascertainment 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.

AUTHOR

Report Prepared by:

A handwritten signature in black ink, appearing to read 'K Williams'.

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10th November 2015