

May 2007

Tourism and Economic Development Special Rate/Charge (TEDSR&C)

Frequently Asked Questions

What is the TEDSR&C?

The Tourism and Economic Development Special Rate/Charge (TEDSR&C) is a combination of a special rate and a special charge levied by Council on commercial and industrial ratepayers, based on the Capital Improved Value (CIV) of their property. The TEDSR&C is additional to the General Rates and Charges that are levied by Council.

The money raised will be spent on projects and initiatives that are considered to provide a special benefit to those businesses who pay the TEDSR&C. Funds raised will be used to increase opportunities and skills in the business sector; support tourism initiatives and promote the City of Ballarat as a place to visit, invest, work or live.

Is this a new charge to ratepayers?

No, a Tourism and Economic Development Special Charge (TEDSC) was first levied in 1995 (as a special charge) and renewed at three yearly intervals thereafter. The current proposal is to introduce a new special rate, combined with a special charge, for a five year period from July 1, 2007, to raise \$1.1 million in the first year. The total amount raised will be indexed by CPI for each subsequent year.

Who will pay the TEDSR&C ?

The special rate/charge will be levied on all of Ballarat's commercial and industrial properties (approximately 2,849 spread throughout the municipality). It will exclude vacant land and some specific properties occupied and used for telephone exchanges, telecommunication towers and electricity substations.

How will the TEDSR&C be calculated?

Council has revised the TEDSC structure to make it more equitable by proposing to introduce a combination of a Special Rate and a Special Charge. From 1 July 2007 a special rate will apply to all affected properties with a property value, Capital Improved Value (CIV), less than \$4 million [*the CIV appears on the rate notice*]. Properties with a CIV of \$4 million or more, will pay a flat special charge.

Previously the rate structure was based on seven categories, each with a specific flat charge which did not take account of the range of valuations of businesses in the category.

How much will I pay?

Council estimates that the rate will be approximately 0.000831 multiplied by the CIV (or 0.0831% of CIV). The maximum charge will be capped at \$3,340 for properties valued at \$4 million or more. The median charge will be \$220.

The following examples show estimated Special Rates and Special Charges proposed for 2007/2008 based on certain property valuations:-

	CIV	Estimated Special Rate/Charge
Property A	\$40,000	\$33.24
Property B	\$100,000	\$83.10
Property C	\$250,000	\$207.75
Property D	\$600,000	\$498.60
Property E	\$1,000,000	\$831.00
Property F	\$3,500,000	\$2,908.50
Property G	\$7,000,000	\$3,340.00

What about businesses which do not operate from a commercial or industrial property?

Businesses which operate from residential properties, (such as bed and breakfast operators, tradesman, naturopaths or graphic designers), can choose to pay an annual membership fee of \$225 so that they can access and participate in some of the specific tourism and economic development projects and initiatives (i.e. inclusion in Ballarat's Official Visitor Guide, access to trade shows, or business skills training programs).

This 'opt in' option is designed to overcome previous equity concerns that businesses which did not pay the TEDSC still had access to the services it funds.

Is the TEDSR&C the only source of funding for Council's tourism and economic development activities?

No, the TEDSR&C only funds a proportion (23.5%) of the tourism and economic development activities undertaken by Council.

Council also spends an additional \$3.6 million (approx) a year from general rate revenue, grants and contributions, on tourism and economic development activities.

Additional benefit is provided through strategic partnerships and in kind assistance.

How would Council finance these services if the TEDSR&C was discontinued?

If Council decided to discontinue the TEDSR&C, but wanted to retain all existing tourism and economic development programs, it would need to raise the general rate by a further 2.6%, on top of the 7.5% already proposed, to cover all projects and initiatives funded by the TEDSR&C.

Do other Councils have a TEDSR&C?

Councils throughout Australia use special rate and/or charge schemes to fund specific activities such as infrastructure, shopping precinct promotion and marketing or economic and tourism development activities. These include Bendigo, Mildura, East Gippsland, Colac Otway City of Stonington, Brimbank City Council and Alpine Shire Council in Victoria, Parramatta City Council in New South Wales and Maroochy Shire Council in Queensland.

What is the rationale for the TEDSR&C?

The TEDSR&C is based on the principle of “special benefit”, i.e. the individual or business that pays the rate or charge derives a special benefit from the activities funded by the rate or charge, over and above any benefit obtained by anyone who doesn't pay the rate or charge.

Council considers that all commercial and industrial properties levied with the TEDSR&C will derive a special benefit, either directly or indirectly, from Council's economic and tourism development activities.

Do all businesses which pay the TEDSR&C benefit equally?

All businesses benefit in a broad sense in that local businesses are generally more profitable and viable if the Ballarat economy is strong. The programs and initiatives financed by the TEDSR&C clearly contribute to the growth, viability and long term sustainability of the Ballarat economy.

Businesses will enjoy varying degrees of special benefit depending on the type and location of the business. Some businesses will be able to identify direct benefits whereas others will have indirect benefits.

Not all of the positive effects which flow from the TEDSR&C will be felt by all businesses immediately. Some benefits are short term, while others are longer term.

Businesses which access initiatives and programs offered reap more benefits from the TEDSR&C.

Why do we need the TEDSR&C?

It gives us an edge, a competitive advantage as Ballarat is competing in regional and global markets.

The activities and services which are funded by the TEDSR&C, and delivered by Council's Economic Development and Tourism units, underpin the core activities which make Ballarat a desirable city to live, work and invest in, and equally importantly, which give us credibility with governments, key departments and major investors.

Governments and entrepreneurs know that if they bring a major project, event or investment opportunity to Ballarat, that Council has the systems, skills, expertise and the structures in place, to successfully facilitate or deliver that project.

What does the TEDSR&C Provide?

- Tangibles - programs, branding, marketing, new events, new projects, new business, new residents, new jobs, new money, investor and community confidence.
- It's also about intangibles, things which are difficult to measure, but which are important in determining how we see ourselves and how others see us. It's also about pride, prestige and respect. The TEDSR&C makes the difference between a city which stakes its reputation and its future viability on history, heritage, and beautiful streetscapes, and one which is progressive, and forward looking, selling itself to the rest of the nation/world as a great place to live, work and invest.
- Without the TEDSR&C Ballarat will not continue to attract new residents, new industry, exciting events and new businesses. A decade of investment and hard work will be lost, the gap between Ballarat and its competitors will significantly widen, and Ballarat will struggle to remain competitive.

What Benefits does Tourism bring to the Ballarat economy?

The overall tourism benefits (as identified in the Tourism and Economic Development Special Charge, Economic Impact & Equity Analysis; SGS Economic & Planning, 2005):

- 2.22 million tourists visit Ballarat annually, injecting more than \$312 million directly into the local economy
- \$312 million directly generated 3,130 jobs
- From a flow on perspective taking into consideration the multiplier effects from these jobs and dollars into the economy, the total effect is 5,421 jobs and \$615 million

What benefits does economic development bring to Ballarat?

Council's TEDSR&C funds a multiplicity of economic development services which have assisted in bringing major investments worth millions of dollars to Ballarat, that have created hundreds of jobs, and delivered valuable economic multipliers for the community.

The relocation of the State Revenue Office to Ballarat is a good example of how TEDSC-funded Council activities helped secure an \$8 million investment which created over 200 new employment opportunities, 50 jobs during the construction phase and is estimated to deliver an annual economic benefit to the Ballarat community of \$16million per year. Council was instrumental in identifying potential development sites, provision of

resettlement packages for staff, and facilitating planning and infrastructure requirements. Council's ability to provide this significant support to the project would have been severely compromised if TEDSC funds had not been available.

Is Council currently pursuing any other investment opportunities which could be compromised if the TEDSR&C does not continue?

Council is actively pursuing a number of highly confidential investment projects which represent a combined investment of over \$140 million and which would provide over 300 potential jobs for the city. Without the TEDSR&C Council will not have the resources to continue to pursue these investment opportunities and many, if not all of these projects could be lost to the city.

How can I find out more about the TEDSR&C?

Full details of the TEDSR&C are available on Council's website at www.ballarat.vic.gov.au

Information is also available in the June edition of Council's community newsletter *myballarat* which is delivered free to all businesses and households in the municipality.

Hard copies of information about the TEDSR&C will be available from customer service at the Town Hall and The Phoenix building in Armstrong Street South.

What if I want to object to the TEDSR&C?

Members of the public have from Friday 25 May until Friday 22nd June 2007 to make submissions regarding the proposed TEDSR&C. Written submissions should be sent to George Sossi, Executive Manager City Marketing, PO Box 655, Ballarat Vic 3353.

Ratepayers have an opportunity to appeal to the Victorian Civil and Administrative Tribunal (VCAT) within 30 days after the issue of rate notices (expected to be sent out during early August 2007).

Why have a TED Special Rate and/or Charge?

To provide targeted programs and initiatives that bring specific benefits for businesses.

Ballarat has a proven track record in delivering significant tourism outcomes, business and resident attraction through leveraging government grants, entrepreneurial investment and free advertising from its contribution raised by charging commercial and industrial ratepayers a special charge.

What Initiatives would be lost if Council Did Not Adopt the TEDSR&C ?

Without the \$1.1 million raised from the proposed TEDSR&C Council would not be able to facilitate the following tourism and economic development programs and initiatives that deliver significant outcomes for the Ballarat economy and local business operators:

Tourism:

- Destination brand marketing for Ballarat
 - – the ‘Come to Life’ campaign - featured a major promotion at Federation Square last month in which Ballarat was showcased to over 15,000 visitors as a destination in which to invest, work or live..
- Ballarat’s Official Visitor Guide (OVG).
 - Two hundred thousand OVG’s are distributed around Australia and internationally each year
- Provision of subsidised cooperative marketing programs
 - i.e. ‘Great Southern Touring Route’ and ‘Destination Melbourne’. – Ballarat would no longer participate in the ‘Destination Melbourne’ program which gives Ballarat exposure in the Destination Melbourne Visitor Guide, one million copies of which are distributed around the country four times a year.
- Ballarat would no longer have any international, interstate or metropolitan advertising.

Economic Development:

- Access to consumer and trade shows.
 - The ‘Melbourne Skills Expo’ gives Ballarat and Ballarat businesses exposure to thousands of potential job seekers and new residents
 - The ‘National Careers Expo’ and the ‘Better For Business Expo’ – promotes Ballarat as an investment location for companies which will complement existing businesses
- Active development of export markets
 - The export market has the potential to bring enormous benefits to Ballarat business however it is often very difficult to enter. Council is currently assisting several companies which are actively negotiating, or have already entered the international market.
 - Council offers information sessions on export issues such as packaging and labeling, custom requirements and accessing export market development grants
- Actively pursuing international investment for Ballarat:
 - Council is currently in negotiation with at least three international companies which are considering investing in Ballarat
 - Korean based company I Glass, which is making headlines (Eureka Tower, Big Brother) with its innovative glass which uses liquid crystal technology to switch from clear to opaque, brought 50 jobs and a \$10 million investment to Ballarat. Council worked with the University of Ballarat to attract the company.
 - Aldi’s \$8 million investment in Ballarat created 100 jobs.

- Council provides assistance with inward buyer missions which bring potential buyers to Ballarat to source product or services
- Provision of industry specific research and strategies for sustainability and growth.
- Businesses can access skills development programs which cover
 - Financial management, marketing, human resources, customer service, business and strategic planning

Provision of events and programs targeting innovation, networking, cooperative marketing and industry sector cooperation

Council also offers leadership, mentoring and accreditation programs for industry sectors.

What do I get as a person who pays the TEDSR&C that others do not get?

1. If you are in the hospitality retail and tourism sectors you will be able to advertise in the official visitors guide which produces 200,000 copies with extensive distribution, place your promotional material at Ballarat Visitor information Centres and participate in subsidised cooperative advertising opportunities.
2. Your business will be entered into the Ballarat Capability Database and Directory listing your products and services, contact details and information on any accreditations held.
3. You will receive regular membership newsletters, invitations to participate in events and networking activities and have access to professionalism and excellence programs.
4. You will have access to trade and consumer shows
5. You will have access to industry research and economic modeling data for your business sector, not readily available to others.
6. You will have access to selected brand marketing promotions.
7. You will be assisted to develop more sustainable business practices with referrals and programs relating to workforce retention and recruitment, environmental sustainability programs preparing applications for grants and subsidies.
8. You will have the potential to grow your business due to Council's contribution to destination brand marketing which will attract more visitors, attract new business investment and attract new residents.