

Model 8

Additional Model - As requested by Council Administration an additional scenario has been modelled that incorporates changes as shown in the table below, noting the following:

- *Fixed Charge* - Council Elected Members expressed a desire to move towards a percentage of total general rates revenue rather than a dollar basis to ensure a consistent assumption of the services provided to all ratepayers. As such a principle of 25% for the fixed charge was incorporated. This scenario is aligned with previous models.
- *Differential Rates* – The changes are as follows:
 - *Vacant Land* - Increase from 266% to 300% in Year 1
 - *Commercial/Industrial and Primary Production* - the transition to reduce the differential rates for Commercial/Industrial and Primary Production is phased over five years, noting that whilst ultimately the same differential rates are achieved, however, the impact of the change upon ratepayers is “smoothed” over that period.

Year	YR1	YR2	YR3	YR4	YR5
Fixed Charge	25%	25%	25%	25%	25%
Commercial /Industrial	192%	186%	180%	174%	170%
Primary Production	141%	136%	131%	126%	120%
Vacant Land	300%	300%	300%	300%	300%

Implementation Approach

Modelling has been undertaken with implementation assumed to be over 5 years, noting that no rate increase or capping has been applied.

As seen in the summary tables, the same change to the average rate is achieved as included in Model 3, however, the adjustment is “smoothed” over 5 years (this

compares the impact on the distribution of rates income for Model 3 i.e. changes implemented in Year 1 to the impact across 5 years).

The combination of the revised fixed charge and adjustments to differential rates changes the distribution of general rate revenue across the rating categories as follows:

- *Residential* - Contributes 3.2% more revenue by year 5 achieved through increases to revenue of 0.6% - 0.7% per annum (p.a.).
- *Commercial & Industrial* - Contributes 0.9% less revenue by year 5 achieved through decreases to revenue of 0.2% p.a on average.
- *Primary Production* - Contributes 3.0% less revenue by year 5 achieved through decreases to revenue of approximately 0.6% p.a.
- *Vacant Land* – Contributes 0.7% more revenue by year 5 achieved through an increase to revenue of 0.4% in Year 1 and 0.1% per annum in subsequent years.

The average rates payable would change following the implementation of this rating structure as follows:

- *Residential* - The average rate increases by \$80 to \$1,461 (5.8%) by year 5 with an average annual increase of \$16 p.a.;
- *Commercial* - The average rate decreases by \$210 to \$2,665 (7.3%) by year 5 with an average annual decrease of \$42 p.a.;
- *Industrial* - The average rate decreases by \$442 to \$4,829 (8.4%) by year 5 with an average annual decrease of \$88 p.a.;
- *Primary Production* - The average rate decreases by \$287 to \$2,361 (10.8%) by year 5 with an average annual decrease of \$57 p.a.; and
- *Vacant Land* - The average rate increases by \$290 to \$2,069 (16.3%) by year 5 with an initial increase of \$190 and subsequent average annual increase of \$25 p.a.

Distribution %	Model 3	Model 8				
	YEAR 1	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
RESIDENTIAL	3.2%	0.7%	0.6%	0.6%	0.6%	0.7%
COMMERCIAL	-0.6%	-0.2%	-0.1%	-0.1%	-0.1%	0.0%
INDUSTRIAL	-0.3%	-0.1%	-0.1%	-0.1%	-0.1%	0.0%
PRIMARY PRODUCTION	-3.0%	-0.8%	-0.5%	-0.5%	-0.5%	-0.7%
VACANT LAND	0.7%	0.4%	0.1%	0.1%	0.1%	0.1%
OTHER	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Average \$ Increase	Model 3	Model 8				
	YEAR 1	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
RESIDENTIAL	\$ 80	\$ 18	\$ 15	\$ 15	\$ 16	\$ 17
COMMERCIAL	-\$ 210	-\$ 73	-\$ 39	-\$ 40	-\$ 41	-\$ 15
INDUSTRIAL	-\$ 442	-\$ 171	-\$ 78	-\$ 80	-\$ 82	-\$ 31
PRIMARY PRODUCTION	-\$ 287	-\$ 80	-\$ 46	-\$ 47	-\$ 49	-\$ 65
VACANT LAND	\$ 290	\$ 190	\$ 24	\$ 24	\$ 25	\$ 27
OTHER	\$ 17	\$ 8	\$ 2	\$ 2	\$ 2	\$ 2

Average % Increase	Model 3	Model 8				
	YEAR 1	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
RESIDENTIAL	5.8%	1.3%	1.1%	1.1%	1.1%	1.2%
COMMERCIAL	-7.3%	-2.5%	-1.4%	-1.5%	-1.5%	-0.6%
INDUSTRIAL	-8.4%	-3.2%	-1.5%	-1.6%	-1.7%	-0.6%
PRIMARY PRODUCTION	-10.8%	-3.0%	-1.8%	-1.9%	-2.0%	-2.7%
VACANT LAND	16.3%	10.7%	1.2%	1.2%	1.2%	1.3%
OTHER	5.9%	2.9%	0.7%	0.7%	0.7%	0.8%

The number of properties paying more or less over the 5 years would also differ across the years as shown in the tables below:

No of Properties Increasing	Model 3	Model 8				
	YEAR 1	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
RESIDENTIAL	4,033	3,980	4,031	4,031	4,031	4,031
COMMERCIAL	16	68	0	0	0	0
INDUSTRIAL	7	11	0	0	0	0
PRIMARY PRODUCTION	25	204	0	0	0	0
VACANT LAND	228	228	228	228	228	228
OTHER	201	197	201	201	201	201
TOTAL	4,510	4,688	4,460	4,460	4,460	4,460

No of Properties Decreasing	Model 3	Model 8				
	YEAR 1	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
RESIDENTIAL	0	53	0	0	0	0
COMMERCIAL	268	216	284	284	284	284
INDUSTRIAL	70	66	77	77	77	77
PRIMARY PRODUCTION	1,011	832	1,036	1,036	1,036	1,036
VACANT LAND	0	0	0	0	0	0
OTHER	0	4	0	0	0	0
TOTAL	1,349	1,171	1,397	1,397	1,397	1,397

	CURRENT	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
RESIDENTIAL						
FIXED CHARGE	\$ 424.00	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00
DIFF %	100%	100%	100%	100%	100%	100%
RATE IN \$	0.002500	0.002481	0.002519	0.002558	0.002598	0.002641
TOTAL RATES	\$ 5,568,732	\$ 5,640,631	\$ 5,699,904	\$ 5,760,723	\$ 5,823,593	\$ 5,891,355
% OF TOTAL RATES	55%	56%	57%	57%	58%	59%
AVERAGE RATES	\$ 1,381	\$ 1,399	\$ 1,413	\$ 1,428	\$ 1,444	\$ 1,461
AVERAGE RATES INCREASE/DECREASE		1.3%	1.1%	1.1%	1.1%	1.2%
ASSESSMENTS	4,033	4,033	4,033	4,033	4,033	4,033
NUMBER OF PROPERTIES INCREASING		3,980	4,031	4,031	4,031	4,031
NUMBER OF PROPERTIES UNCHANGED		-	2	2	2	2
NUMBER OF PROPERTIES DECREASING		53	-	-	-	-
COMMERCIAL SHOP						
FIXED CHARGE	\$ 424.00	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00
DIFF %	198%	192%	186%	180%	174%	170%
RATE IN \$	0.004960	0.004764	0.004685	0.004604	0.004521	0.004490
CAPPING %	0%	0%	0%	0%	0%	0%
TOTAL RATES	\$ 364,919	\$ 356,523	\$ 351,663	\$ 346,679	\$ 341,572	\$ 339,665
% OF TOTAL RATES	4%	4%	3%	3%	3%	3%
AVERAGE RATES	\$ 2,517	\$ 2,459	\$ 2,425	\$ 2,391	\$ 2,356	\$ 2,343
AVERAGE RATES INCREASE/DECREASE		-2.3%	-1.4%	-1.4%	-1.5%	-0.6%
ASSESSMENTS	145	145	145	145	145	145
NUMBER OF PROPERTIES INCREASING		40	-	-	-	-
NUMBER OF PROPERTIES UNCHANGED		-	-	-	-	-
NUMBER OF PROPERTIES DECREASING		105	145	145	145	145
COMMERCIAL OFFICE						
FIXED CHARGE	\$ 424.00	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00
DIFF %	198%	192%	186%	180%	174%	170%
RATE IN \$	0.004960	0.004764	0.004685	0.004604	0.004521	0.004490
TOTAL RATES	\$ 42,435	\$ 41,750	\$ 41,231	\$ 40,699	\$ 40,153	\$ 39,949
% OF TOTAL RATES	0%	0%	0%	0%	0%	0%
AVERAGE RATES	\$ 1,768	\$ 1,740	\$ 1,718	\$ 1,696	\$ 1,673	\$ 1,665
AVERAGE RATES INCREASE/DECREASE		-1.6%	-1.2%	-1.3%	-1.3%	-0.5%
ASSESSMENTS	24	24	24	24	24	24
NUMBER OF PROPERTIES INCREASING		6	-	-	-	-
NUMBER OF PROPERTIES UNCHANGED		-	-	-	-	-
NUMBER OF PROPERTIES DECREASING		18	24	24	24	24

	CURRENT	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
COMMERCIAL OTHER						
FIXED CHARGE	\$ 424.00	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00
DIFF %	198%	192%	186%	180%	174%	170%
RATE IN \$	0.004960	0.004764	0.004685	0.004604	0.004521	0.004490
TOTAL RATES	\$ 417,848	\$ 405,941	\$ 400,013	\$ 393,935	\$ 387,707	\$ 385,381
% OF TOTAL RATES	4%	4%	4%	4%	4%	4%
AVERAGE RATES	\$ 3,541	\$ 3,440	\$ 3,390	\$ 3,338	\$ 3,286	\$ 3,266
AVERAGE RATES INCREASE/DECREASE		-2.8%	-1.5%	-1.5%	-1.6%	-0.6%
ASSESSMENTS	118	118	118	118	118	118
NUMBER OF PROPERTIES INCREASING		22	-	-	-	-
NUMBER OF PROPERTIES UNCHANGED		3	3	3	3	3
NUMBER OF PROPERTIES DECREASING		93	115	115	115	115
INDUSTRY LIGHT						
FIXED CHARGE	\$ 424.00	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00
DIFF %	198%	192%	186%	180%	174%	170%
RATE IN \$	0.004960	0.004764	0.004685	0.004604	0.004521	0.004490
TOTAL RATES	\$ 41,218	\$ 40,359	\$ 39,824	\$ 39,275	\$ 38,713	\$ 38,503
% OF TOTAL RATES	0%	0%	0%	0%	0%	0%
AVERAGE RATES	\$ 2,169	\$ 2,124	\$ 2,096	\$ 2,067	\$ 2,038	\$ 2,026
AVERAGE RATES INCREASE/DECREASE		-2.1%	-1.3%	-1.4%	-1.4%	-0.5%
ASSESSMENTS	19	19	19	19	19	19
NUMBER OF PROPERTIES INCREASING		2	-	-	-	-
NUMBER OF PROPERTIES UNCHANGED		-	-	-	-	-
NUMBER OF PROPERTIES DECREASING		17	19	19	19	19
INDUSTRY OTHER						
FIXED CHARGE	\$ 424.00	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00
DIFF %	198%	192%	186%	180%	174%	170%
RATE IN \$	0.004960	0.004764	0.004685	0.004604	0.004521	0.004490
TOTAL RATES	\$ 364,601	\$ 352,300	\$ 346,826	\$ 341,213	\$ 335,461	\$ 333,313
% OF TOTAL RATES	4%	4%	3%	3%	3%	3%
AVERAGE RATES	\$ 6,286	\$ 6,074	\$ 5,980	\$ 5,883	\$ 5,784	\$ 5,747
AVERAGE RATES INCREASE/DECREASE		-3.4%	-1.6%	-1.6%	-1.7%	-0.6%
ASSESSMENTS	58	58	58	58	58	58
NUMBER OF PROPERTIES INCREASING		9	-	-	-	-
NUMBER OF PROPERTIES UNCHANGED		-	-	-	-	-
NUMBER OF PROPERTIES DECREASING		49	58	58	58	58
PRIMARY PRODUCTION						
MIN. RATE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FIXED CHARGE	\$ 424.00	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00
DIFF %	146%	141%	136%	131%	126%	120%
RATE IN \$	0.003660	0.003499	0.003426	0.003351	0.003273	0.003170
TOTAL RATES	\$ 2,766,435	\$ 2,682,959	\$ 2,635,019	\$ 2,585,766	\$ 2,534,543	\$ 2,466,903
% OF TOTAL RATES	28%	27%	26%	26%	25%	25%
AVERAGE RATES	\$ 2,647	\$ 2,567	\$ 2,522	\$ 2,474	\$ 2,425	\$ 2,361
AVERAGE RATES INCREASE/DECREASE		-3.0%	-1.8%	-1.9%	-2.0%	-2.7%
ASSESSMENTS	1,045	1,045	1,045	1,045	1,045	1,045
NUMBER OF PROPERTIES INCREASING		204	-	-	-	-
NUMBER OF PROPERTIES UNCHANGED		9	9	9	9	9
NUMBER OF PROPERTIES DECREASING		832	1,036	1,036	1,036	1,036

	CURRENT	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
VACANT LAND						
FIXED CHARGE	\$ 424.00	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00
RATE IN \$	0.006650	0.007444	0.007557	0.007674	0.007794	0.007924
TOTAL RATES	\$ 405,631	\$ 448,856	\$ 454,225	\$ 459,784	\$ 465,486	\$ 471,664
% OF TOTAL RATES	4%	4%	5%	5%	5%	5%
AVERAGE RATES	\$ 1,779	\$ 1,969	\$ 1,992	\$ 2,017	\$ 2,042	\$ 2,069
AVERAGE RATES INCREASE/DECREASE		10.7%	1.2%	1.2%	1.2%	1.3%
ASSESSMENTS	228	228	228	228	228	228
NUMBER OF PROPERTIES INCREASING		228	228	228	228	228
NUMBER OF PROPERTIES UNCHANGED		-	-	-	-	-
NUMBER OF PROPERTIES DECREASING		-	-	-	-	-
OTHER						
FIXED CHARGE	\$ 424.00	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00	\$ 450.00
DIFF %	100%	100%	100%	100%	100%	100%
RATE IN \$	0.002500	0.002481	0.002519	0.002558	0.002598	0.002641
TOTAL RATES	\$ 86,201	\$ 88,701	\$ 89,316	\$ 89,946	\$ 90,593	\$ 91,288
% OF TOTAL RATES	1%	1%	1%	1%	1%	1%
AVERAGE RATES	\$ 286	\$ 295	\$ 297	\$ 299	\$ 301	\$ 303
AVERAGE RATES INCREASE/DECREASE		2.9%	0.7%	0.7%	0.7%	0.8%
ASSESSMENTS	301	301	301	301	301	301
NUMBER OF PROPERTIES INCREASING		197	201	201	201	201
NUMBER OF PROPERTIES UNCHANGED		100	100	100	100	100
NUMBER OF PROPERTIES DECREASING		4	-	-	-	-
TOTAL:						
FIXED CHARGE	\$ 2,383,728	\$ 2,529,900	\$ 2,529,900	\$ 2,529,900	\$ 2,529,900	\$ 2,529,900
DIFF RATES	\$ 7,886,600	\$ 7,743,959	\$ 7,744,800	\$ 7,745,663	\$ 7,746,356	\$ 7,747,888
REBATES	-\$ 212,308	-\$ 215,839	-\$ 216,680	-\$ 217,543	-\$ 218,434	-\$ 219,768
TOTAL RATES GENERATED	\$ 10,058,020	\$ 10,058,020	\$ 10,058,020	\$ 10,058,020	\$ 10,057,822	\$ 10,058,020
FIXED CHARGE %	24%	25%	25%	25%	25%	25%