

Rates modelling briefing information

During a Council briefing session in April, the Administration presented two options for rates modelling for 2023/24. In Option One, an increase in the rates yield would have been achieved by applying a consistent percentage increase to the Rate in the Dollar across all categories. In Option Two, each categories yield would increase by a consistent percentage to achieve the require overall rates yield increase.

The recommendation of the Administration was to utilise Option 2, which provided a more equitable spread of rates increase burden and did not see one category significantly increasing over another. The below tables provide figures for the different rating categories, utilising the principles of Option 1 and Option 2 to increase total yield. The 8 % used is not the recommended percentage increase by the Administration. Instead this figure has been selected to demonstrate how the modelling applies to each category.

OPTION 1											
RATE CATEGORY & TYPE	2022-23 Year (actuals)			2023-24 Year (proposed)			Net increase on Prior Year			% on prior year	
	Rate in \$ (cents)	Min \$	Rates Raised	Rate in \$ (cents)	Min \$	Rates Raised	Rate in \$ (cents)	Min \$	Rates Raised	Rate in \$	% Yield Increase
Gross Rental Value											
Gross Rental Value	0.1126	910	2,308,754	0.12337	910	\$ 2,471,522	0.01077	0	\$ 162,767	9.56%	7.05%
Unimproved Value											
UV1 Rural	0.01752	1,130	2,126,030	0.01920	1,130	\$ 2,316,513	0.00168	0	\$ 190,483	9.56%	8.96%
UV2 Urban Rural	0.03328	1,130	166,846	0.03646	1,130	\$ 179,274	0.00318	0	\$ 12,428	9.56%	7.45%
UV3 Mining	0.0322	200	8,328	0.03528	200	\$ 8,832	0.00308	0	\$ 504	9.56%	6.05%
UV4 Special Zone Wind Far	0.0322	1,130	168,141	0.03528	1,130	\$ 183,890	0.00308	0	\$ 15,749	9.56%	9.37%
UV5 Special Use Airstrip	0.0322	1,130	7,052	0.03528	1,130	\$ 7,726	0.00308	0	\$ 674	9.56%	9.56%
			4,785,151			\$5,167,756			\$ 382,605		

In Option 1 above, the grey shaded boxes show that a consistent 9.56% increase across each rating category would result in a total yield increase of 8% (\$382,605). The % yield increase column (to the right of the grey shaded column) shows that the increase to GRV (residential) would be 7.05%, where the increase to UV1 (rural) would be 8.96%. Essentially the different categories would provide a different percentage of the overall yield – if you add up the 6 increases (7.05%, 8.96%, 7.45%, 6.05%, 9.37% and 9.56%) it totals 48.44%, which when divided by 6 gives you an average of 8.07% total yield increase. For Option 1, the average increase per week on each GRV assessment would be \$2.41, with the average increase for UV1 being \$11.38.

OPTION 2											
RATE CATEGORY & TYPE	2022-23 Year (actuals)			2023-24 Year (proposed)			Net increase on Prior Year			% on prior year	
	Rate in \$ (cents)	Min \$	Rates Raised	Rate in \$ (cents)	Min \$	Rates Raised	Rate in \$ (cents)	Min \$	Rates Raised	Rate in \$	% Yield Increase
Gross Rental Value											
Gross Rental Value	0.1126	910	2,308,754	0.12454	910	\$ 2,493,372	0.01194	0	\$ 184,618	10.60%	8.00%
Unimproved Value											
UV1 Rural	0.01752	1,130	2,126,030	0.01902	1,130	\$ 2,296,195	0.00150	0	\$ 170,165	8.54%	8.00%
UV2 Urban Rural	0.03328	1,130	166,846	0.03669	1,130	\$ 180,195	0.00341	0	\$ 13,349	10.25%	8.00%
UV3 Mining	0.0322	200	8,328	0.03625	200	\$ 8,995	0.00405	0	\$ 666	12.58%	8.00%
UV4 Special Zone Wind Far	0.0322	1,130	168,141	0.03481	1,130	\$ 181,485	0.00261	0	\$ 13,344	8.10%	7.94%
UV5 Special Use Airstrip	0.0322	1,130	7,052	0.03481	1,130	\$ 7,623	0.00261	0	\$ 571	8.10%	8.10%
			4,785,151			\$5,167,864			\$ 382,713		

For Option 2 above, the grey shaded box shows that the 8% yield increase is applied more evenly, which results in a different rate in the dollar increase for each category (seen in the Rate in \$ column to the left of the grey shaded column). This would result in a 10.6% increase to GRV (residential) and an 8.54% to UV1 (rural), with a total yield increase of \$382,713.

For Option 2, the average increase per week on each GRV assessment would be \$2.74, with the average increase for UV1 being \$10.16.