



FACT SHEET 3

The special rate variation

Council has developed two scenarios for the community to consider when thinking about the maintenance and renewal of infrastructure (roads) in coming years.

Scenario 1: Reduce - Rate Peg only

Our assets would continue to deteriorate and more assets would fall into the poor condition category. The focus would be on managing risk, including the possible closure and removal of unsafe assets.

In the first year rates would reduce by the expiring special variation but also increase by the rate peg. The net impact would be a reduction of 1.3% from the 2016/17 levels. In each of the following years the rates would increase year on year by the rate peg.

This scenario would reduce funding for Council road services by the amount of the expiring special rate variation of \$1.7m plus rate peg on this amount. This Scenario does not allow Council to continue at the current service levels for :

- Unsealed roads
- Maintenance
- High traffic resurfacing
- Rejuvenation treatments
- Road construction



Scenario 2: Maintain - a New Special Rate Variation (SRV) plus rate peg.

We would continue to maintain our community assets to the current level. We would be able to fund most of the existing asset renewal and maintenance and continue to look after our environment.

This scenario involves Council applying for a permanent new SRV to continue the current level of funding. This requires a 6.46% SRV (including 2.5% rate peg). Compared to 2016/17, in the first year the only change a rate payer would see compared to what they are currently paying is rate peg of 2.5%. In each subsequent year the ratepayer would see an increase in rates on the prior year of an amount equal to rate peg.

This Scenario allows Council to continue at the current service levels for :

- Unsealed roads
- Maintenance
- High traffic resurfacing
- Rejuvenation treatments
- Road construction

The average residential rates will increase by \$29 compared to the current average for 2016/17. This is the amount of the estimated rate peg, or 2.5% above the current average. In 2017/18 Council is seeking to continue the current funding which is due to expire 30 June 2016. To maintain the current level of funding Council requires a 6.46% Special Rate Variation including the rate peg of 2.5%. This means that you will only see an increase to your rates of 2.5% above what you currently pay.



Comparing the two scenarios, Scenario 2 would cost the average residential ratepayer an extra \$44 in 2017/18 which is \$29 more than they are currently paying.

How will this impact on my rates?

In simple terms the average impact of the rates is shown in the table below.

Rate Category	6.46% increase including rate peg Average annual increase 2017/18
Residential	\$28.70
Business (defined urban)	\$70.20
Business CBD	\$280.40
Business (other Hastings)	\$37.80
Farmland	\$47.40

Only part of what you see on your rates bill is impacted by the SRV and rates peg

Example Rates Bill

Particulars of Rates and Charges	Rateable Value	Cents in \$	Amount Due
Residential Rate (Defined Urban)	xxx	xxx	\$570.00
Residential Base Amount		1	\$555.00
Environmental Base Amount		1	\$ 22.50
Annual Stormwater Charge		1	\$ 25.00
Waste Water Availability		1	\$ 750.00
Waste Management Standard Service		1	\$ 415.00

Only these items are impacted by the SRV and rate peg. Other elements may also change.

- It is important to note that the figures shown in the following tables are averages across rate categories which may result in some rate accounts showing differing increases.
- The precise impact for an individual rate account will depend on a number of factors including which particular rating category and sub category they are in, the value of the land and if the property is subject to any special rate categories.
- The amounts shown are general rates only and do not include charges.
- A rates bill may include other items which may also change however they are not impacted by an SRV or rate peg - for example waste water and waste management, on site sewer, and special levies.
- Additionally from 1 July 2017 the rates notice will also include a new item know as Emergency Services Property Levy (ESPL). This is a NSW State Government levy currently collected by insurance companies as part of insurance premiums. From 1 July 2017 the NSW Government has determined that the collection of this levy will transfer from insurances to the Council rating system. This is not a Council rate and Council must remit all funds to the state government as Council is merely a collection agency even though the levy will appear on the Council rates notice. Amounts are yet to be determined by the state government

The impacts of each of these Scenarios on average rates are shown in the tables below for residential rates, business rates and farmland rates. The tables show a comparison in dollars and percentage.

Residential

\$ Impact on Average Residential Rates Rounded		Current	2017/18	2018/19	2019/20	2020/21
Scenario 1: Reduce. (ESV + Rate Peg)	Average Rates under 2.5% Rate Peg with ESV	\$1,147.50	\$1,132.30	\$1,160.70	\$1,189.70	\$1,219.40
	Average Annual Increase / (Decrease) \$		(\$15.20)	\$28.40	\$29.00	\$29.70
	Annual increase/ (decrease)%		(1.32%)	2.50%	2.50%	2.50%
Scenario 2: Maintain (ESV, SV + Rate Peg)	Average Rate with a 6.46% SV (including 2.5% rate peg)	\$1,147.5	\$1,176.2	\$1,205.6	\$1,235.7	\$1,266.6
	Average Annual Increase / (Decrease) on Prior Year \$		\$28.70	\$29.40	\$30.10	\$30.90
	Annual increase/ (decrease)%		2.50%	2.50%	2.50%	2.50%
Difference between Scenario 1 and Scenario 2			\$43.90	\$44.90	\$46.00	\$47.20

Under Scenario 2, average residential rates will go up by approx \$29 in 2017/18 compared to what they are now.

Scenario 1: (reduce)

In 2017/18 the SRV expires which means that rates would reduce. Each year after that they would increase by the rate peg estimated at 2.5%.

Scenario 2: (maintain)

Council would continue receiving the funds from the current SRV and receive the rate peg. This means that in 2017/18 the community would only see the impact of the rate peg increase.

Note - ESV = Expiring Special Variation

The following tables were prepared to provide detailed information on potential impacts on rates and include information required by Independent Pricing and Regulatory tribunal NSW (IPART)

Residential

\$ Impact on Average Residential Rates Rounded		Current	2017/18	2018/19	2019/20	2020/21
Scenario 1: Reduce. (ESV + Rate Peg)	Average Rates under 2.5% Rate Peg with ESV	\$1,147.50	\$1,132.30	\$1,160.70	\$1,189.70	\$1,219.40
	Average Annual Increase / (Decrease) \$		(\$15.20)	\$28.40	\$29.00	\$29.70
	Annual increase/ (decrease)%		(1.32%)	2.50%	2.50%	2.50%
	<i>Comparing to what the rates would have been in 16/17 without the ESV - due to the impact of the expiring special variation, the % of the SRV being applied for will be higher than the year on year % change in rates</i>					
	\$Cumulative Impact of SV above 2016-17 levels after expiry (\$1105)		\$27.30	\$55.70	\$84.70	\$114.40
	% Cumulative Impact of SV above 2016-17 levels after expiry (\$1105)		2.5%	5.0%	7.7%	10.4%
Scenario 2: Maintain (ESV, SRV + Rate Peg)	Average Rate with a 6.46% SV (including 2.5% rate peg)	\$1,147.50	\$1,176.20	\$1,205.60	\$1,235.70	\$1,266.60
	Average Annual Increase / (Decrease) on Prior Year \$		\$28.70	\$29.40	\$30.10	\$30.90
	Annual increase/ (decrease)%		2.50%	2.50%	2.50%	2.50%
	<i>Comparing to what the rates would have been in 16/17 without the ESV - due to the impact of the expiring special variation, the % of the SRV being applied for will be higher than the year on year % change in rates</i>					
	\$Cumulative Impact of SV above 2016-17 levels after expiry \$1105		\$71.20	\$100.60	\$130.70	\$161.60
	% Cumulative Impact of SV above 2016-17 levels after expiry (\$1105)		6.4%	9.1%	11.8%	14.6%

Scenario 1: (reduce)

In 2017/18 the SRV expires which means that rates would reduce. Each year after that they would increase by the rate peg estimated at 2.5%

Scenario 2: (maintain)

Council would continue receiving the funds from the current SRV and receive the rate peg. This means that in 2017/18 the community would only see the impact of the rate peg increase.

Farmland

\$ Impact on Average Farmland Rates Rounded		Current	2017/18	2018/19	2019/20	2020/21
Scenario 1: Reduce. (ESV + Rate Peg)	Average Rates under 2.5% Rate Peg with ESV	\$1,896.50	\$1,871.50	\$1,918.30	\$1,966.20	\$2,015.40
	Average Annual Increase / (Decrease) \$		(\$25.00)	\$46.80	\$47.90	\$49.20
	Annual increase/ (decrease)%		(1.32%)	2.50%	2.50%	2.50%
	<i>Comparing to what the rates would have been in 16/17 without the ESV - due to the impact of the expiring special variation, the % of the SRV being applied for will be higher than the year on year % change in rates</i>					
	<i>\$Cumulative Impact of SRV above 2016-17 levels after expiry (\$1826)</i>		\$45.50	\$92.30	\$140.20	\$189.40
	<i>% Cumulative Impact of SRV above 2016-17 levels after expiry (\$1826)</i>		2.5%	5.1%	7.7%	10.4%
Scenario 2: Maintain (ESV, SRV + Rate Peg)	Average Rate with a 6.46% SV (including 2.5% rate peg)	\$1,896.50	\$1,943.90	\$1,992.50	\$2,042.30	\$2,093.40
	Average Annual Increase / (Decrease) \$		\$47.40	\$48.60	\$49.80	\$51.10
	Annual increase/ (decrease)%		2.50%	2.50%	2.50%	2.50%
	<i>Comparing to what the rates would have been in 16/17 without the ESV - due to the impact of the expiring special variation, the % of the SRV being applied for will be higher than the year on year % change in rates</i>					
	<i>\$Cumulative Impact of SRV above 2016-17 levels after expiry (\$1826)</i>		\$117.89	\$166.49	\$216.29	\$267.39
	<i>% Cumulative Impact of SRV above 2016-17 levels after expiry (\$1826)</i>		6.5%	9.1%	11.8%	14.6%

Scenario 1: (reduce)

In 2017/18 the SRV expires which means that rates would reduce. Each year after that they would increase by the rate peg estimated at 2.5%

Scenario 2: (maintain)

Council would continue receiving the funds from the current SRV and receive the rate peg. This means that in 2017/18 the community would only see the impact of the rate peg increase.

Business - Urban Defined

\$ Impact on Average Business (Defined Urban)Rates Rounded		Current	2017/18	2018/19	2019/20	2020/21
Scenario 1: Reduce. (ESV + Rate Peg)	Average Rates under 2.5% Rate Peg with ESV	\$2,806.40	\$2,769.40	\$2,838.60	\$2,909.50	\$2,982.30
	Average Annual Increase / (Decrease) \$		(\$37.00)	\$69.20	\$70.90	\$72.80
	Annual increase/ (decrease)%		(1.32%)	2.50%	2.50%	2.50%
	<i>Comparing to what the rates would have been in 16/17 without the ESV - due to the impact of the expiring special variation, the % of the SRV being applied for will be higher than the year on year % change in rates</i>					
	\$Cumulative Impact of SV above 2016-17 levels after expiry (\$2702)		\$67.30	\$136.50	\$207.40	\$280.20
	% Cumulative Impact of SV above 2016-17 levels after expiry (\$2702)		2.5%	5.1%	7.7%	10.4%
Scenario 2: Maintain (ESV, SRV + Rate Peg)	Average Rate with a 6.46% SV (including 2.5% rate peg)	\$2,806.40	\$2,876.60	\$2,948.50	\$3,022.20	\$3,097.80
	Average Annual Increase / (Decrease) on Prior Year \$		\$70.20	\$71.90	\$73.70	\$75.60
	Annual increase/ (decrease)%		2.50%	2.50%	2.50%	2.50%
	<i>Comparing to what the rates would have been in 16/17 without the ESV - due to the impact of the expiring special variation, the % of the SRV being applied for will be higher than the year on year % change in rates</i>					
	\$Cumulative Impact of SV above 2016-17 levels after expiry (\$2702)		\$174.52	\$246.42	\$320.12	\$395.72
	% Cumulative Impact of SV above 2016-17 levels after expiry (\$2702)		6.5%	9.1%	11.8%	14.6%

Scenario 1: (reduce)

In 2017/18 the SRV expires which means that rates would reduce. Each year after that they would increase by the rate peg estimated at 2.5%

Scenario 2: (maintain)

Council would continue receiving the funds from the current SRV and receive the rate peg. This means that in 2017/18 the community would only see the impact of the rate peg increase.

Business - Port Macquarie CBD

\$ Impact on Average Business (Port CBD)		Current	2017/18	2018/19	2019/20	2020/21
Scenario 1: Reduce. (ESV + Rate Peg)	Average Rates under 2.5% Rate Peg with ESV	\$11,216.00	\$11,067.90	\$11,344.60	\$11,628.20	\$11,918.90
	Average Annual Increase / (Decrease) \$		(\$148.10)	\$276.70	\$283.60	\$290.70
	Annual increase/ (decrease)%		(1.32%)	2.50%	2.50%	2.50%
	<i>Comparing to what the rates would have been in 16/17 without the ESV - due to the impact of the expiring special variation, the % of the SRV being applied for will be higher than the year on year % change in rates</i>					
	\$Cumulative Impact of SRV above 2016-17 levels after expiry (\$10,799)		\$268.90	\$545.60	\$829.20	\$1,119.90
	% Cumulative Impact of SRV above 2016-17 levels after expiry (\$10,799)		2.5%	5.1%	7.7%	10.4%
Scenario 2: Maintain (ESV, S\$V + Rate Peg)	Average Rate with a 6.46% SV (including 2.5% rate peg)	\$11,216.00	\$11,496.40	\$11,783.80	\$12,078.40	\$12,380.40
	Average Annual Increase / (Decrease) \$		\$280.40	\$287.40	\$294.60	\$302.00
	Annual increase/ (decrease)%		2.50%	2.50%	2.50%	2.50%
	<i>Comparing to what the rates would have been in 16/17 without the ESV - due to the impact of the expiring special variation, the % of the SRV being applied for will be higher than the year on year % change in rates</i>					
	\$Cumulative Impact of SRV above 2016-17 levels after expiry (\$10,799)		\$697.37	\$984.77	\$1,279.37	\$1,581.37
	% Cumulative Impact of SRV above 2016-17 levels after expiry (\$10,799)		6.5%	9.1%	11.8%	14.6%

Scenario 1: (reduce)

In 2017/18 the SRV expires which means that rates would reduce. Each year after that they would increase by the rate peg estimated at 2.5%

Scenario 2: (maintain)

Council would continue receiving the funds from the current SRV and receive the rate peg. This means that in 2017/18 the community would only see the impact of the rate peg increase.

Business - Other Hastings

\$ Impact on Average Business (Other Hastings)		Current	2017/18	2018/19	2019/20	2020/21
Scenario 1: Reduce. (ESV + Rate Peg)	Average Rates under 2.5% Rate Peg with ESV	\$1,510.30	\$1,490.40	\$1,527.70	\$1,565.80	\$1,605.00
	Average Annual Increase / (Decrease) \$		(\$19.90)	\$37.30	\$38.10	\$39.20
	Annual increase/ (decrease)%		(1.32%)	2.50%	2.49%	2.50%
	<i>Comparing to what the rates would have been in 16/17 without the ESV - due to the impact of the expiring special variation, the % of the SRV being applied for will be higher than the year on year % change in rates</i>					
	\$Cumulative Impact of SRV above 2016-17 levels after expiry (\$1,454)		\$36.20	\$73.50	\$111.60	\$150.80
	% Cumulative Impact of SRV above 2016-17 levels after expiry (\$1,454)		2.5%	5.1%	7.7%	10.4%
Scenario 2: Maintain (ESV, SRV + Rate Peg)	Average Rate with a 6.46% SV (including 2.5% rate peg)	\$1,510.30	\$1,548.10	\$1,586.80	\$1,626.50	\$1,667.10
	Average Annual Increase / (Decrease) \$		\$37.80	\$38.70	\$39.70	\$40.60
	Annual increase/ (decrease)%		2.50%	2.50%	2.50%	2.50%
	<i>Comparing to what the rates would have been in 16/17 without the ESV - due to the impact of the expiring special variation, the % of the SRV being applied for will be higher than the year on year % change in rates</i>					
	\$Cumulative Impact of SRV above 2016-17 levels after expiry (\$1,454)		\$93.91	\$132.61	\$172.31	\$212.91
	% Cumulative Impact of SRV above 2016-17 levels after expiry (\$1,454)		6.5%	9.1%	11.8%	14.6%