

Scenarios that explain how the 'rates pie' works

General Rates Scenario 1



Scenario 1 – For simplicity lets imagine we only had four ratepayers in the whole shire and they all contribute a total of \$4 million in rates through the ad valorem and they all had equal land values. They would each pay an equal amount of \$1 million towards the total \$4 million Council receives through the ad valorem.

General Rates Scenario 2



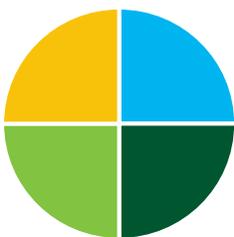
Scenario 2 - If the Valuer General doubled all of the land values for the same four ratepayers and their land values were the same as each other, Council would still only receive the \$4 million distributed equally at \$1 million each. The pie hasn't changed.

General Rates Scenario 3



Scenario 3 - If the Valuer General revalued and the land values of two of the ratepayers doubled that of the value of the other two, then Council would still receive the same \$4 million, but who pays what proportion would change to be in line with the relative land values. In this scenario, the two ratepayers that had their land value double, would pay \$1.333 million (rounded) each and the other two would pay \$667,000 (rounded) each, where $\$667k + \$667k + \$1.333m + \$1.333m = \$4$ million.

General Rates Scenario 4



Scenario 4 - If the Valuer General kept land values the same (or increased them equally) but Council applies a Special Rate Variation, the overall size of the general rates pie Council receives would increase. Each of the four ratepayers would pay an equal amount of the bigger pie so if an SRV of 100% occurred then rates would double for each ratepayer and Council would overall receive double the amount of general rates income.