

**ITEM 15.1: NOTICE OF MOTION BY COUNCILLOR BOSTOCK-RATES**

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**THAT Council sets the General Rate for 2013-14 at the same level as 2012-13 plus CPI.**

**Councillor's Reason:**

The accumulated increase in rates over the past four years amounts to more than 30%, which is several times the level of inflation over the same period.

Such rises cannot be sustained and it is the duty of Council to exercise restraint by restricting future increases to no than the rate of inflation. Albany will not be attractive to new residents if is seen to be a high cost city and we must keep our rates under control.

It may be argued that we cannot maintain all our current services without rises greater than inflation, in which case a comprehensive evaluation of what we provide is clearly necessary.

**Officer Comment (Executive Director Corporate Services):**

(Assumption is made that RPI refers to CPI. In the UK it appears the measurement is based slightly different assumptions.)

The term General Rate refers to the three classifications of rates imposed by the City each year being, GRV Occupied, GRV Vacant and Unimproved Value (ie the differential rates). These are imposed as a rate in the dollar amount. The setting of each of these rates is a complicated process that requires the analysis and modelling of the movements of property values and the number of properties in each classification. This process is carried out in conjunction with the budget development process annually and in some instances the rate in the dollar has actually decreased in a particular category from one year to the next.

To set the General rate in the dollar before considering other budgetary issues is contrary to the budget setting philosophy used by the City and that prescribed under section 6.2 (2) of the Act, which requires the identification of the deficiency to be made up by general rates.

Further, implementation of the above motion could lead to an unintended breach of section 6.34 of the Act which states:

*Unless the Minister otherwise approves, the amount shown in the annual budget as being the amount it is estimated will be yielded by the general rate is not to –*

- a) Be more than 110% of the amount of the budget deficiency; or*
- b) Be less than 90% of the amount of the budget deficiency.*

To fix and restrict the rate in the dollar with so many other variables not yet known would serve to pre-empt any Council budget discussions which typically occur between March and June each year and will make the budget preparation process very restrictive and difficult.