

4.3: 2012-13 CITY OF ALBANY – ADVERTISING OF PROPOSED DIFFERENTIAL RATING SCHEDULE & WASTE FACILITIES MAINTENANCE RATE

Responsible Officer(s) : Executive Director Corporate Services – Garry Adams

IN BRIEF

- As part of the City of Albany budget preparation process, Council is requested to determine the following:
- Approve Advertising of Proposed Rates Schedule, and seek public comment for a period of 21 days.

RECOMMENDATION

ITEM 4.3: RESOLUTION
VOTING REQUIREMENT: ABSOLUTE MAJORITY

MOVED: COUNCILLOR HAMMOND
SECONDED: COUNCILLOR GREGSON

THAT Responsible Officer Recommendations 1 and 2 be moved EN BLOC.

CARRIED 9-1
ABSOLUTE MAJORITY

Record of Vote

Against the Motion: Councillor Bostock

ITEM 4.3: RESOLUTION 1
VOTING REQUIREMENT: ABSOLUTE MAJORITY

THAT Council ENDORSES advertising the proposed differential rates and minimum payment for the 2013-14 financial year as follows:

Description	Minimum Payment \$	Actual Rate in Dollar 2012-13	Proposed Rate in Dollar 2013-14
Gross Rental Value (GRV)			
General	857.00	9.4388c	9.8635c
Vacant Land Non Residential	857.00	7.6981c	8.0445c
Unimproved Value (UV)	857.00	0.3277c	0.3663c

CARRIED EN BLOC
ABSOLUTE MAJORITY

ITEM 4.3: RESOLUTION 2**VOTING REQUIREMENT: ABSOLUTE MAJORITY**

THAT Council ENDORSES advertising the proposed Waste Facilities Maintenance Rate (Section 66 (1) Waste Avoidance and Resource Recovery Act 2007) for the 2013-14 financial year as follows:

	Minimum Payment \$	Actual Rate in the Dollar 2012-13	Proposed Rate in Dollar 2013-14
Gross Rental Value (GRV) Properties	50.00	0.01c	0.01c
Unimproved Value (UV) Properties	50.00	0.0022c	0.0022c

**CARRIED EN BLOC
ABSOLUTE MAJORITY**

BACKGROUND

1. On a number of occasions, Council has met with City Executive staff in Council budget workshops to consider and prepare the City of Albany budget for 2013-14. The proposed rates have been determined in order to ensure a balanced budget and enable to the City to continue to provide the required services to the community.
2. Rates are determined by a formula which apportions the total amount required across all those properties according to the total values as determined by the Valuer General's Office. This gives a "rate in the dollar" which is then applied to individual properties in the Municipality. The rate in the dollar is merely a tool for apportioning the total bill. For each category, the rate in the dollar has been determined to give an overall increase of 4.5% in totals rates for the 2013/14 year.

DISCUSSION

3. As required by the *Local Government Act 1995*, and its Regulations, the City is required to advertise the land rates the Council proposes within its annual budget.
4. The City is proposing a responsible financial management approach and has recently prepared its long term financial plan (yet to be adopted by Council) that looks to increase rates by 4.5% and 4% over the next ten years. This will ensure that assets can be properly maintained and renewed on a planned basis, without the need for hefty rates increases in any one year.
5. Many of the cost pressures faced by the City are outside of its control including such things as significant increases in utility charges and employment costs.
6. In previous years, the City was one of only a small number of Councils that has offered an "Early Payment Discount" for rates paid before the first instalment due date. It should be noted that the 2013/14 budget is formulated on the basis that this discount will no longer be offered.

7. The proposed 4.5% increase in rates for the 2013/14 budget year represents an average increase in rates of \$53 for GRV rated properties, which is a little over \$1 per week. The average annual increase for UV rated properties will be approximately \$74 (on a valuation of \$504,000).
8. If Council does not endorse the above rates, then further discussion regarding the proposed 2013/14 budget will be required in order to determine expenditure reductions.
9. Further discussion regarding individual rating categories is contained within the attached document "OBJECTS AND REASONS FOR PROPOSED DIFFERENTIAL RATES FOR THE 2013/14 FINANCIAL YEAR".

GOVERNMENT CONSULTATION

10. In the review of the City's budgeted differential rates and minimum payment, there is no requirement for formal government consultation.

PUBLIC CONSULTATION / ENGAGEMENT

11. Under section 6.36 of the *Local Government Act 1995*, the City is required to advertise the proposed differential rates amounts for the 2013/14 financial year for a minimum period of 21 days. Any submissions received will be presented to Council prior to the adoption of the 2013/14 budget.

STATUTORY IMPLICATIONS

12. Budget processes and endorsement are strictly regulated by the *Local Government Act 1995* and its Regulations.

POLICY IMPLICATIONS

13. There are no Policy implications in relation to the proposed fees and charges structure.

RISK IDENTIFICATION & MITIGATION

14. The risk identification and categorisation relies on the City's Risk Management Framework.

Risk	Likelihood	Consequence	Risk Analysis	Mitigation
<i>Proposed differential general rates or minimum rates not advertised for the required 21 days.</i>	<i>Unlikely</i>	<i>Significant</i>	<i>Medium</i>	<i>Mitigation entirely dependent on Council by advertising for the required time period.</i>

FINANCIAL IMPLICATIONS

15. Rating income is the major source of revenue for the City, and without this income the City would be unable to provide services, operate and maintain community facilities, and maintain infrastructure assets.

LEGAL IMPLICATIONS

16. The City must meet its legislative and debt obligations through advertising of the proposed differential rates and minimum rates. Failure to do so incurs considerable risks to the City.

ALTERNATE OPTIONS

17. That Council does not endorse the advertising of the proposed differential rates and minimum payment.

SUMMARY CONCLUSION

18. The proposed rates and minimum payments are required to be advertised for a period of 21 days, public comments sought, and any comments considered when adopting the Annual Budget. Upon endorsement of this resolution, advertisements will be placed in local newspapers as soon as possible.



OBJECTS AND REASONS FOR PROPOSED DIFFERENTIAL RATES FOR THE 2013/14 FINANCIAL YEAR

The City proposes to levy differential rates and minimum payment for the 2012-13 financial year. Details of the proposed rates are:

Description	Actual Rate in the Dollar 2012-13	Proposed Rate in the Dollar 2013-14
Gross Rental Value (GRV)		
Rating Category 1 - GRV General	9.4388c	9.8635c
Rating Category 2 – GRV Non Residential Vacant land	7.6981c	8.0445c
Unimproved Value (UV)		
Rating Category 3 – UV	0.3277c	0.3663c
Minimum Payment – all categories	\$820	\$857

The City proposes to levy a Waste Facilities Maintenance Rate, under Section 66(1) Waste Avoidance and Resource Recovery Act 2007. Details of the proposed rates and minimum payment are:

	Minimum Payment \$	Actual Rate in the Dollar 2012-13	Proposed Rate in the Dollar 2013-14
Gross Rental Value (GRV) Properties	50.00	0.01c	0.01c
Unimproved Value (UV) Properties	50.00	0.0022c	0.0022c

Object & Reasons

Gross Rental Values/Unimproved Value

Object

The rates in the Dollar for all rating categories is calculated to provide the shortfall in income, (after allowing for all non rate income), required to enable the City to provide the necessary works and services, community amenities, infrastructure maintenance, and asset upgrades.

Reasons

Rating Category 1 – GRV General.

The rate in the dollar of 9.8635 cents has been set to ensure the proportion of total rate revenue derived from this category remains consistent with previous years. No revaluation has been undertaken by Landgate for this category.

Rating Category 2 – GRV Non Residential Vacant Land.

The rate in the dollar of 8.0445 cents has been set to ensure the proportion of total rate revenue derived from the category remains consistent with previous years. No revaluation has been undertaken by Landgate for the category. A lower rate in the dollar is used for Non Residential Vacant land as the GRV is calculated at 5% of the land value, whereas GRV on residential land (included in category 1) is calculated at 3% of the land value.

Rating Category 3 – Unimproved (UV).

The rate in the dollar of 0.3663 cents has been set to ensure the proportion of total rate revenue derived from this category remains consistent with previous years. Land in this category is revalued every year by Landgate, with revaluations advice received by the City during May 2013. As the total valuation has decreased by 6.49% from the previous valuation, the actual rate in the dollar was increased by 11% to reflect this. The net result is a 4.5% increase in rates paid by this category.

Minimum Payment

The minimum payment has been increased by \$37, which is a 4.5% increase in 2012/13 minimum payment. The 4.5% increase is consistent with increase in the three rating categories. A uniform minimum payment is to recognise that every property receives some level of benefit from the services the City provides.

Waste Facilities Maintenance Rate

Object

The object is to levy every property in the City of Albany a minimal amount to allocate to waste infrastructure works, or if not used in this year, a reserve for future works.

Reasons

The Waste Facility Maintenance Rates is calculated to enable the City to fund waste management site rehabilitation, redevelopment of existing sites, and development of future waste refuse sites.

Graham Foster
Chief Executive Officer
