



City of
Geraldton-Greenough
Climate of Opportunity

NOTICE OF PROPOSED RATES 2009/10

At the Ordinary Council Meeting held 9 June 2009 it was resolved:

That Council by Simple Majority by virtue of Section 6.36 of the Local Government Act 1996 RESOLVES to ADVERTISE:

1. the proposed differential rating for 2009/10:

Residential GRV (3.75% increase)	8.2753c:\$
Non- Residential GRV (4.5% increase)	8.3351c:\$
Agricultural General (Farming) UV (3.75% increase)	0.4654c:\$
Mining Tenements UV (3.75% increase)	0.4654c:\$
Urban UV (3.75% increase)	0.4654c:\$

2. a specified area rate for 2009/10:

City Centre, Marina Mixed Use and Additional Use City Centre zone (additional 5.5% equivalent increase for commercial properties only)	0.4390c:\$
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3. Minimum Rates for 2009/10 for all GRV and UV properties will be \$735.00

2009/2010 Budget - Rates and Charges

Objects and Reasons for implementing a Differential and Specified Area Rate

In accordance with Section 6.36 of the Local Government Act 1995 and the Council's "Notice of Intention to Levy Differential and Specified Area Rates", this paper details the objectives and reasons for those proposals.

What are Rates?

The raising of rates is the primary source of revenue for all Councils throughout Australia. The purpose of levying rates is to meet Council's proposed budget requirements each year in a manner that is fair and equitable to the ratepayers of the community.

In Western Australia land is valued by the Landgate Valuation Services (Valuer General's Office - a state government agency) and those values are forwarded to each Local Government.

Two types of values are calculated:

- Gross Rental Value (GRV) for urban land/buildings; and
- Unimproved Value (UV) for rural land.

To calculate the rate account, councils multiply a rate in the dollar by the land value. The rate in the dollar is determined by the level of revenue the council wishes to raise and is dependent on their proposed budget.

Apart from the need to ensure sufficient revenue to meet its expenditure needs Council is mindful of the impact and affordability of rates to the community, both residential and business.

In setting the rates for 2009/2010 financial year the Council has been guided by its Plan for the Future including strategic and corporate plans with long term financial forecasts.

Key themes to emerge from these plans include:

- ◆ To improve the standard in terms of quantity and condition of new assets provided to the community;
- ◆ To maintain the condition of existing assets and fund whole of life costs;
- ◆ To focus on the level of service provided to the community;
- ◆ To develop strong relationships with the community, industry and within the region; and
- ◆ To promote sustainable and diverse economic development and growth.

One of the key components of the 2009/2010 budget is the rate modeling that is proposed. This will be the first year where a differential rate will be introduced to better reflect the variations that exist between land zonings under a local planning scheme that is in force under the Planning and Development Act 2005. Last year after a major revaluation (affected by August 2007 market values on vacant land) of the entire local government, not having a differential rate caused some inconsistencies in rating outcomes by not having the flexibility to assess individual zones.

Differential Rating

Local Governments, under section 6.33 of the Local Government Act, have the power to implement differential rating in order to take into account certain characteristics of the rateable land. These characteristics include:

- ◆ The purpose for which the land is zoned under the town planning scheme in force ie: Residential, Commercial, Industrial;
- ◆ The predominant purpose for which the land is held or used as determined by the local government; and
- ◆ Whether or not the land is vacant.

The purpose of the differential rate on Non Residential properties is to recover from the business sector a greater share of the costs relating to:

- ◆ Economic Development and Marketing programs which assist and facilitate economic growth and diversity in the region;
- ◆ City amenities which enhance businesses functionality and operations;
- ◆ More intensive road and traffic management ;and
- ◆ To adjust for a disproportionately higher increase charged to the residential sector due to the 2008/2009 property revaluation.

Differential Rating Categories

The following rate categories have been established:

Residential

This category will include any property zoned residential or otherwise that is used in a domestic capacity as determined by council. A rate in the dollar of 8.2753 cents on Gross Rental Values with a minimum of \$735 is proposed.

Non Residential

This category will include any property zoned other than residential and will include any property zoned residential that is being utilised in a non residential capacity as determined by council. A rate in the dollar of 8.3351 cents on Gross Rental Values with a minimum of \$735 is proposed.

Specified Area Rates

Local governments have the power, under Section 6.37 of the Act, to impose specified area rates for the purpose of meeting the cost of a specific work, service or facility on a specific area of its district.

A local government may impose a specified area rate if it considers that ratepayers:

- ◆ Have or will benefit from;
- ◆ Have access or will have access to; and
- ◆ Have contributed or will contribute to the need for a work, service or facility

Local governments are required to use the money from a specified area rate for the purpose for which the rate is imposed in the financial year it was introduced, or place it in a reserve account. A local government may only use money raised to meet the cost of providing that service or to repay money borrowed to meet the cost of the service.

The City of Geraldton-Greenough intends to adopt a Specified Area Rate to be imposed on all non residential properties within the City Centre, Marina Mixed Use and Additional Use City Centre zones for the purpose of car parking operations which includes land acquisition, parking development, operations, maintenance and any associated financing costs. Please refer to attached maps.

Loans have been undertaken to service the debt to provide car parking initiatives at sites including Chapman Road and Sanford Street.

A rate in the dollar of 0.439 cents on Gross Rental Values will be applied to those commercial properties for 2009/2010 to service the debt on loan repayments.

The proposal for the 2009/10 – 2013/14 budget periods is:

Rating Zone		2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Residential GRV	General Rate	3.75%	3.75%	3.75%	3.75%	3.75%
	Asset Renewal		2.50%	2.50%	2.50%	2.50%
	Service Gap		2.00%	2.00%	2.00%	2.00%
2008/2009 Rate in Dollar	<i>Proposed increase:</i>	3.75%	8.25%	8.25%	8.25%	8.25%
7.9762c	<i>Rate in Dollar:</i>	8.2753c	8.9580c	9.6970c	10.4971c	11.3631c
Non Residential GRV	General Rate	4.50%	3.75%	3.75%	3.75%	3.75%
	Asset Renewal		2.50%	2.50%	2.50%	2.50%
	Service Gap		2.00%	2.00%	2.00%	2.00%
2008/2009 Rate in Dollar	<i>Proposed increase:</i>	4.50%	8.25%	8.25%	8.25%	8.25%
7.9762c	<i>Rate in Dollar:</i>	8.3351c	9.0227c	9.7671c	10.5729c	11.4452c
City Centre , Marina Mixed and Additional Use City Centre (commercial only) GRV	General Rate	4.50%	3.75%	3.75%	3.75%	3.75%
	Specified Area	5.50%	1.75%	1.75%	1.75%	1.75%
	Asset Renewal		2.50%	2.50%	2.50%	2.50%
	Service Gap		2.00%	2.00%	2.00%	2.00%
2008/2009 Rate in Dollar	<i>Proposed increase:</i>	10.00%	10.00%	10.00%	10.00%	10.00%
7.9762c	<i>Rate in Dollar:</i>	8.7741c	9.46943c	10.2216c	11.0354c	11.9157c

Notes relating to the above table:

1. The 2009/10 year is not factoring in any extra provision for asset sustainability and preservation. Modeling provided by the assets team suggests additional funding is required by the City to maintain existing assets. Provision has been made in 2010/11 to 2013/14 of an increase in rates of 2.5% in addition to the general rate to build up reserves to fund future assets maintenance programs.
2. The general rate provided for 2010/11 to 2013/14 is based on a minimum rate increase of 3.75% each year. Should the local government index be higher for these years, then this is likely to be the rate that will be used for modeling purposes.
3. The service gap is a perceived differential that the City has in what the City provides as services to its community and what it can afford. A notional 2% increase has been factored in to bridge this gap. The table below provides comparative data to other regional local governments that the City benchmarks itself against.

4. The specified area rate is applying to non residential properties in the City Centre, Marina Mixed Use and Additional Use City Centre zones and is to be funding the city centre car parking programs and initiatives. This will be a new charge that will be set aside for this purpose only and will only apply to these property zones.
5. A revaluation is expected to be undertaken in 2011/12 by the Valuer General's Office and this will have effect as from 1 July 2012. What impacts this may have on individual properties and on the general rating program will be uncertain until this detail is made available.
6. In terms of the City Centre properties recommended to be subjected to a cumulative increase of 10% in the next financial, this same property class last year received an average reduction of 9%. This additional rise is recommended so as to ensure sufficient funding to program a car park development and enhancement program which otherwise would not be achievable or feasible.

Comparative data from other benchmarked local governments obtained from the Landgate information published in the media in February 2009 for the period December 2007 to December 2008 reveal the following median values and rates:

Median Land Values

Local Authority	Property Type	2007 Median Value	Med V/L Rates
Busselton	Land	\$196,200	\$826.51
Albany	Land	\$210,700	\$991.95
Wanneroo	Land	\$290,000	\$783.00
Swan (Beechboro)	Land	\$270,000	\$972.00
Mandurah	Land	\$360,000	\$1,839.60
Bunbury	Land	\$175,000	\$780.00
Geraldton-Greenough	Land	\$145,000	\$700.00
Kalgoorlie-Boulder	Land	\$170,000	\$675.00

Median House Values

Local Authority	Property Type	2008 Median Value	Med V/L Rates
Busselton	House	\$470,000	\$1,463.28
Albany	House	\$402,000	\$1,224.05
Wanneroo	House	\$390,000	\$952.90
Swan (Beechboro)	House	\$385,000	\$936.00
Mandurah	House	\$377,500	\$1,177.80
Bunbury	House	\$360,000	\$1,146.02
Geraldton-Greenough	House	\$355,000	\$1,036.90
Kalgoorlie-Boulder	House	\$345,700	\$933.36

The tables above give a general understanding of where the City stands amongst the other local governments. This table does not highlight the variations in services that the other local governments provide and the extent to which these service their respective communities. It is the view of the Executive that to be able to manage the services that we provide and to adequately maintain our infrastructure assets, the Council should be considering a phased in increase of rating revenues to place the City at a level which is at least equivalent, if not marginally higher,

than the median value of this suite of local governments in order to have a financially sustainable level of income.

Submissions are invited from any Elector or Ratepayer with respect to the proposed differential and specified area rates within 21 days of the date of the notice of intent.

All comments should be forwarded no later than 5.00pm on 3 July 2009.

A Brun
CHIEF EXECUTIVE OFFICER