

CJ091-06/21 PROPOSAL FOR LEVYING DIFFERENTIAL RATES FOR THE 2021-22 FINANCIAL YEAR

WARD	All
RESPONSIBLE DIRECTOR	Mr Mat Humfrey Corporate Services
FILE NUMBERS	108348,101515
ATTACHMENTS	Attachment 1 Public Comment Submissions List
AUTHORITY / DISCRETION	Executive - The substantial direction setting and oversight role of Council, such as adopting plans and reports, accepting tenders, directing operations, setting and amending budgets.

PURPOSE

To consider submissions in response to the City's advertised proposal for applying differential rates for the 2021-22 financial year.

EXECUTIVE SUMMARY

At its meeting held on 18 May 2021 (CJ073-05/21 refers), Council considered and resolved to apply differential rates in the draft 2021-22 Budget, to advertise seeking public submissions in relation to the proposed differential rates and minimum payments and requested that a report be presented to Council to consider any submissions received before the adoption of the draft 2021-22 Budget.

The advertising period for submissions closed on Friday 11 June 2021. Two submissions were received. One of the submissions agreed with the proposal to levy differential rates. The other submission did not address the proposal for differential rating and generally referred to rate increases and the prevailing economic conditions.

It is therefore recommended that Council APPLIES differential rates for rating in the 2021-22 financial year in accordance with Section 6.33 of the Local Government Act 1995 and that the differential rates and minimum payments for the draft 2021-22 Budget be those as advertised.

BACKGROUND

At its meeting held on 18 May 2021 (CJ073-05/21 refers), the report considered by Council set out the object and reasons for the proposed differential rates for the 2021-22 financial year.

Differential rating was introduced in 2008-09 to maintain the distribution of the rate burden between the classes of residential, commercial and industrial property following a revaluation. The relativities between the differentials have been adjusted at subsequent revaluations in 2011-12, 2014-15, 2017-18 and 2020-21.

In addition to a differential between classes of property the City has applied a differential between improved and vacant land within each of the classes of residential, commercial and

industrial property. The City is keen to promote and encourage the development of vacant land. This can be done through a number of positive initiatives and in this regard the City makes a significant contribution to encourage and promote economic development. It can also be done by actively discouraging the holding of vacant and undeveloped land. In respect of the latter a higher differential rate imposed on vacant land than the rate applicable for improved land acts as an inducement to develop vacant land.

DETAILS

In accordance with the provisions of Section 6.36 of the *Local Government Act 1995* (the Act), the City advertised its intention to apply differential rating in the 2021-22 financial year and the proposed differential rates.

The City placed advertisements in *The Joondalup Times* on Thursday 20 and 27 May 2021, as well as on the City's public noticeboards and website. Posts were also made on the City's social media sites.

The period of advertising was for a minimum 21 days during which the City invited submissions in relation to the proposed differential rates. The closing day for public submissions was Friday 11 June 2021. 2 submissions were received.

The submissions are listed in Attachment 1 to this Report. Of the submissions one agreed with the proposal to levy differential rates without additional comment.

The remaining submission does not address the proposal for differential rating and generally refers to rate increases and the prevailing economic conditions.

The City's proposal to apply a higher differential to vacant residential land is considered to be soundly based and is considered appropriate to address the land banking of undeveloped land.

Issues and options considered

The City is required under Section 6.36 of the Act to consider any submissions received in relation to the proposed differential rates.

Council may determine to either:

- option 1 - amend any or all, of the differential rate, cents in the dollar and / or minimum payments proposed and advertised in accordance with the provisions of Sections 6.33 and 6.36 of the Act
or
- option 2 - approve the differential rates as advertised for the draft *2021-22 Budget*.

Option 2 is recommended.

Legislation / Strategic Community Plan / policy implications

Legislation

Section 6.33 of the *Local Government Act 1995* sets out the provisions in relation to differential rating and enables the City to apply separate rates in the dollar for different categories of property based on zoning, land use, whether they are improved or unimproved or any other characteristic or combination of characteristics prescribed.

Section 6.36 of the *Local Government Act 1995* requires that if the City intends to apply differential rating it must give local public notice of its intention to do so and invite submissions in relation to the proposed differential rates and minimum payments, within 21 days of the date of the notice. Before making a final resolution in relation to the setting of the rates in the dollar and the adoption of the budget the Council is required to consider any submissions received.

Strategic Community Plan

Key theme Financial Sustainability.

Objective Effective management.

Strategic initiative Not applicable.

Policy Not applicable.

Risk management considerations

There are no risk management issues for applying a differential rate provided the statutory provisions are complied with.

Financial / budget implications

Analysis in past years has indicated that if the City did not rate differentially and applied a single rate in the dollar to all properties it would likely result in a significant rise in the rates levied on residential properties with corresponding decline in the levy on commercial, industrial and vacant land.

Regional significance

Not applicable.

Sustainability implications

Applying differential rating is important to ensure an equitable distribution of rates across all sectors of the community. This is considered prudent and in the best interests of the long-term financial sustainability of the City of Joondalup and its community.

Consultation

The proposed differential rates have been advertised and submissions invited in accordance with the requirements of Section 6.36 of the Act. The City placed advertisements in *The Joondalup Times* on Thursday 20 and 27 May 2021, as well as on the City's public noticeboards and website. Posts were also made on the City's social media sites. Two submissions were received.

COMMENT

At its meeting held on 18 May 2021 (CJ073-05/21 refers), Council considered and resolved its intention to apply differential rates in the draft *2021-22 Budget*, to advertise seeking public submissions in relation to the proposed differential rates and minimum payments and requested that a report be presented to Council to consider any submissions received before the adoption of the draft *2021-22 Budget*.

After consideration of the two submissions received, it is recommended that the differential rates and minimum payments advertised be applied in the draft *2021-22 Budget*.

VOTING REQUIREMENTS

Simple Majority.

RECOMMENDATION

That Council **APPLIES** differential rates for rating in the 2021-22 financial year in accordance with Section 6.33 of the *Local Government Act 1995* and that the differential rates and minimum payments for the draft *2021-22 Budget* be as follows:

	Cents in \$	Minimum Payment
<u>General Rate - GRV</u>		\$
Residential Improved	6.0206	850
Residential Vacant	11.2778	929
Commercial Improved	6.7042	929
Commercial Vacant	11.2778	929
Industrial Improved	6.0970	929
Industrial Vacant	11.2778	929
<u>General Rate - UV</u>		
Residential	1.0442	909
Rural	1.0393	909

Public Comment Submissions List - Proposal for Levying Differential Rates for the 2021-22 Financial Year

Response	Objection/ Support/ Comment	Comments
1	Support	Agree to both.
2	Object	<p>Many have lost their jobs in mainstream industries and businesses. Qantas continue to lay off staff en mass on a regular basis. The demise of Pindan saw hundreds if not thousands of individuals negatively affected with layoffs in all supporting sectors. Western Australia's booming iron ore industry contributed \$15.4 billion in company tax, contributing over 20% of total company tax paid last year propping up the entire nation during COVID-19. We have a State (WA) surplus of \$2-5 billion yet State funding and spending is grossly misdirected - the hospital and health crises is good testimony to this. Yet despicably, funds are in abundance and spending rampant when it comes to opulent ventures - the City of Joondalup is no exception.</p> <p>The Western Australia Government claims that the unemployment rate has reduced is a fallacy - we currently have over 73 000 Western Australians actively looking for employment - with little, if any success. Adding insult, annual household fees and charges (vehicle licensing, drivers licenses, etc.) are set to rise by \$99 per average household in the 2021-22 financial year, or about 30-cents per day. Opposition Leader Mia Davies said the support being offered to struggling households was a drop in the ocean compared to the projected surplus. And elaborated in that it's measly, particularly when one thinks of those who are suffering within the community with a number of crisis's burning across many portfolios. Her comments concludes, by stating that it'll be cold comfort to those who are struggling to make ends meet.</p> <p>Wage and Salary increases have remained virtually dormant. Pensioners have not been given any increases since 2008 - and many are in perilous predicaments trying to pay for even the basics, and struggle to pay for basic services like Rates, Water, Gas, Electricity and Licensing fees. Concessions are farcical – as what is given is often meager and then offset by the introduction of other punitive charges to balance council revenue incomes. Since the Coronavirus outbreak, unemployment rates escalated, which saw the introduction of the Federal Government Jobkeeper and Jobseeker programs. This has now ended, leaving many in a dire straits and a mass-rotation employment scenario. Regardless of what is being reported in mainstream news platforms, many have lost jobs and are struggling to find suitable employment with ageism and nepotism rife. Albeit our politicians are claiming job prospects are on the increase, the reality is vastly different with many individuals, families and especially businesses, struggling.</p> <p>With the Coronavirus / Covid-19 epidemic our public amenities have been underutilized. Concerts, Music festivals, Arts and Culture displays in the past one and a half years virtually none-existent.</p> <p>Our official inflation rate has remained almost zero, with no foreseeable changes.</p>

Response	Objection/ Support/ Comment	Comments
		<p>The City of Joondalup has aborted Bulk Waste Collections to the detriment of the community. Currently, the onus of the Rate payers to employ the use of a skip, which is underutilized to the benefit of the City financially yet a pro-rata Rates reduction has never been calculated or offered to rate payers. In effect, we are paying more, yet receiving less.</p> <p>The City of Joondalup Rates are roughly double than most European country cities.</p> <p>As it is, the City of Joondalup rates are at a prohibitively high cost to the average homeowner.</p> <p>The City of Joondalup appears to be following the State Government trends with much of our hard-pressed Rate payers money being allocated to ventures that are opulent, oversubscribed and unnecessary. Yet some of our roads and in particular, pavements and verges for example, have been poorly maintained. It is not uncommon to see litter, weeds and grass growing from cracks in roads and pavements of many suburbs of the City Joondalup.</p> <p>While the so-called official crime- rate statistics indicate that crime is supposedly on the decline, the reality is far different for a number of reasons. As in underreporting, understaffed and under-resourced police force coupled with ridiculously inappropriate, lenient sentencing by the judiciary. In reality, we are relying on incentives rather than deterrents as crime prevention measures and strategies. Clearly this is not working considering the recidivism rate, per capita, is exceedingly high by first world standards. As a result, criminals, street gangs, thugs, social misfits operate with impunity as we have no meaningful deterrents to address the crime rate. Good testimony of the WA Labour Government inadvertently recognizing our crime rate crises is by the miserly, electioneering promise of a \$400 rebate for Seniors for the purchase / installation of home security systems. While the Government procrastinates, Seniors have no choice but to live unprotected, in fear, in their own homes as purchases on Safety or Security items, including the cost of qualified professional installations made prior to implementation of the Safety and Security Rebate Scheme, will not be eligible to claim.</p> <p>That the Covid-19 pandemic remains unchecked and a uncontrolled is a harsh reality - and possibly for years to come. Given this scenario, one would have thought that the City of Joondalup would have taken cognizance of this bleak situation and international prediction and acted in a more responsible, conservative manner.</p>

Response	Objection/ Support/ Comment	Comments
		<p>Given the above, that the City of Joondalup even contemplated a rates rise, is disingenuous. Notwithstanding I am opposed to any form of Rates increases regardless of how seemingly insignificant and how few Rate payers are affected as it sets a precedence.</p> <p>That the City of Joondalup went ahead and put forward a proposal to increase Rates is nothing short of outrageous - and an insult to all Rate payers.</p> <p>If anything, we should be striving for a 15% rate reduction rather than proposed increases brought about by sheer habit (annually) and tradition.</p> <p>I therefore reject the City of Joondalup rate increases as proposed outright.</p>
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