CITY OF VINCENT

COMMUNITY SUBMISSIONS

Intention to Implement Differential and Minimum Rates for 2020/21

Section 6.36(1) *Local Government Act 1995*

Electors and ratepayers were invited to make submissions on the proposed Differential and Minimum Rates for 2020/21.

The public notice was advertised in the following local newspapers:

- Perth Voice – Saturday, 27 June; and
- Vincent Reporter – Thursday, 25 June.

Additionally, the information was published on the following website pages:

- News item/public notice – https://www.vincent.wa.gov.au/news/
- Rates information page – https://www.vincent.wa.gov.au/council/rates/rates-information.aspx

Submissions were required to be made in writing and provided by 5pm 17 July 2020.

Five (5) submissions were received and are detailed below.

SUBMISSION 1:

Received in two parts:

1st email dated 04/07/20

Frankly speaking, I am very worried about the proposed Rate in the dollar value. I can't fully judge what this means to me as I don't know what the new GRV looks like but it would possibly mean a 20% increase in rates at a time where everybody is doing it tough. I also don't know that 'vacant - residential' is particularly fair as the people who own the eyesores in Brisbane St have little incentive to either sell or bring properties up to scratch.

The City should look whether many of the free community service ought to be kept free or whether some can be converted to pay per use. I feel that this is being subsidised by rate payers that may not benefit from it. Our street (Amy and Ruth) gets cleaned once a year and other that rubbish collection and parks/open spaces there is not much that we personally use.

My annual rates will potentially reach $3k now and I am not sure whether I'd be better off moving somewhere else as this is unaffordable.

I also find your claim that Vincent has low rates quite infuriating. This needs to be seen in the context of the demographics in the suburb and the average house. If I compare this with someone like South Perth for instance I see the true picture emerging.

I am not sure what the answer is but there is a limit to what rate payers will tolerate. If you can't find other revenue streams you might have to consider pay per service alternatives.

I might be worried for no reason but I was shocked to see these values.

2nd email dated 15/07/20

Thanks for your email and the information on my GRV, I appreciate it.

I have had time to rethink and I in my view there are three issues for council to consider:

1. Rate Rises

The GRV determines the Gross Rental Value which is an indication of the income potential and rates should be set in relation to this. Increasing the cents in the dollar value to the point where Council ends up with the same income is effectively a rate increase. There no longer is a relationship between the major economic indicator being the value of the property and the rates. This is wrong in my book.

It is clear to me that Council can’t shed cost from one year to the other when GRV’s are adjusted but there needs to be a plan on how to restore the relation between GRV and rates in years to come. This may require a complete rethink. Failing this, WA can abolish the current system as it is rendered ineffective and Council sets rates in a more linear fashion.

2. Community Services

You provide a lot of services free of charge that probably would need to move to a pay-per-use system to make it fair. Also, Council needs to look at other revenue streams outside of rates revenue.

3. Differential Rates

There are a lot of dilapidated properties and empty commercial properties around (some have been empty forever). Differential rates should provide an incentive for owners to take action i.e. if there is no intention so reduce rent or refurbish (not redevelop!) and hence rates for the properties should reflect this i.e. penalise the owner accordingly. We are almost in a state like Hong Kong where there is no incentive to reduce rent.

SUBMISSION 2:

Submission received on 5 July 2020 and reads:

I am sorry you are experiencing stress with managing the budget due to the impact of Covid 19 and the impact of the long overdue revaluation of the GRV (Gross Rental Value, which determines the basis of our rates) that has fallen in favour of ratepayers and not the council this time.

One could say the council has been in the fortunate position the past couple of years where you have been basing, charging and increasing our land rates upon old, over inflated valuation data. Data that is only reviewed every 3 years yet the council is able to review their rate in the dollar that they charge every year? How is that fair to start with?

In 2010 my parents and I subdivided one property into two green titled properties and built a lovely home of each block. At the time we did this, the rates for this property were $1,147.51 . Today after improving that same parcel of land which we paid for everything, (surveying, water corp, utilities etc.) I now pay $3,043 (not including the fine emergency levy of $430) for just for my half. You could basically times that by two, making it effectively $7,000 that you are now receiving from that same parcel of land.

It feels as if we are being punished for investing in the area and building two lovely dwellings, rather than maintaining the dilapidated 1970's eyesore that was here before?

If you do the maths on that, the rate of increase is outrageous in anyone's eyes, roughly an increase of 53% per annum for the past 10 years or 530% over the past decade.

I understand that what you are now proposing, (not by reading what is on your website as I do not have a law degree, from how it reads on the website nothing is changing with my rates, particularly where it states "Despite the challenges, we remain committed to a zero increase in total rates revenue and a zero increase in fees and charges.") by ringing and asking the rates accounts clerk "how much will my rates be for 20/21?"I found out that there will be a further increase of $300 per annum on my property alone?!

I feel I am continually subjected to unrealistic demands of the council in regards to rate increases, even during times of National and International duress you still wish to increase the rates? Nearly every government department, bank, utility provider and large institution has applied a moratorium of freezing rates right now and certainly no increases in pricing during this financially difficult time for many.

I think your proposal to increase the rate in the dollar for some right now, is not well considered at all. I for one am financially disadvantaged by your upcoming proposals.

If your blanket calculations are freezing and reducing rates for some and increasing rates for others, then there is a discrepancy there that needs to be addressed, as you are continually discriminating against me by my falling outside of your typical guidelines and I request you address this matter immediately.

I want my rates to decrease in line with others, just as my property valuation has dramatically decreased in North Perth over the past decade.

SUBMISSION 3:

Submission was received on 5 July 2020 and reads:

To encourage development/population growth and stop land hoarding I'm all for an increase in tax for vacant residential. To encourage growth in small business I'm for an increase in tax for vacant commercial.

SUBMISSION 4:

Submission was received on 15 July 2020 and reads:

I support the decision to not increase rates in light of the current deflationary environment and economic hardship being suffered across the city. However it is hard to comment further without seeing a budget. To comment on the rates (revenue side of the cashflow statement) I think it's important to also have information on the expense side of the cashflow statement. For example, does the city plan to run a deficit this year? Have costs gone down due to suspended services? Are services being cut? Normally the City would release a financial year budget well before this time of year. I understand that there is a lot of uncertainty at the moment but I still think it's important for ratepayers to understand the assumptions that have been made. Given the uncertainty perhaps multiple budget scenarios could have been presented.

SUBMISSION 5:

Submission was received on 17 July 2020 and reads:

This year I felt compelled to respond to the open consultation for the 2020/21 rates setting to voice my concern over the hardship that an unprecedented **18.9%** increase in residential rates will have on our entire community.

I stumbled across the consultation notice when looking for an unrelated item of information on the council website. I couldn't' recall any mention of the open consultation in the regular email mailout sent to ratepayers however, after checking, buried below the large and colourful photographs and informational text about Covid, Bulk Verge Collections and proposals for a new park, I found the single web link titled "2020/2021 Rates Setting" which would be easily overlooked by all but the most diligent readers. Whilst I don't wish to think the worst, the easily overlooked and inconspicuous web link appeared very much as though it was placed to not draw attention to this important matter but at the same time purporting to satisfy the CoV's obligation to advertise and make the community aware of the open consultation.

After reading the written materials contained in the consultation I was incensed by what I considered a blatant attempt to mislead and misinform the City's rate payers primarily by failing to clearly set out the key information and by making anecdotal statements that were inadequately supported by any factual data.

The consultation material on the City's web site opens with a statement from our Mayor reassuring residents that the CoV understands the dire economic circumstances that all ratepayers face in light of the Covid19 pandemic and its impact on individuals financial circumstances. The Mayor gives a commitment that the CoV remains "committed to a zero increase in total rates revenue."

After reading the Mayor's statement I was left to question how our council could be so far detached from the reality of today's situation. If our Mayor genuinely had an ounce of compassion and understanding, she would know that the community needs much more from it's council than a simple freezing of revenues.

As a case in point, during the course of writing this letter, the local television news channel reported unemployment in Western Australia today reached a historic high of 8.7%. Over 138,000 Western Australians are out of work and many times more having had their hours cut dramatically. The reality of the situation is that we are still not out of the woods and more job losses are likely to follow in the coming weeks and months. Our counselors must surely be aware of these issues?

The web site and consultation makes no mention of the fact that in real terms the proposal will increase residential rates by a whopping **18.9%** over 2019/20 rates. The **18.9%** figure is conspicuous by its absence from the consultation materials.

Claims are made that two thirds of residents will be better off with no increase at all or even a drop in rates whilst the other third of ratepayers will have an increase primarily because of home improvement or renovations they have undertaken. Once again, the absence of information makes it impossible to confirm the validity of these statements however anecdotal evidence suggests the claims are not accurate.

Of 16,874 residential rateable properties in the City of Vincent, the City's own modelling shows that at least 11,000 residential properties will see an increase in real terms. The timely and much needed fall in GRV, the first in 20 years, should have led to a fall in rates for many if not all residential property owners however, the rate in the dollar increase will see those savings offset and in many cases completely wiped by the **18.9%** rates increase. In spite of statements claiming that only those properties that have undergone improvements or renovations will incur a rates increase, my own experience differs. My residential property rates will increase in 2020/21 by approximately 5.5% over the 2019/20 rates in spite of a fall in my property GRV and there being no changes or improvements made since the last triennial valuation.

The consultation also points to a forecast loss of revenue from Beatty Park and Parking being significant factors as well as an unexplained link to the introduction of a mandatory code of conduct for commercial tenancies and a fall in revenues. In spite of being cited as key drivers for setting the proposed rates, no data is presented to demonstrate the real impact is in dollar terms or how the forecast loss of revenue has been calculated.

Then there is the proposal to "**stabilise** the rate in the dollar" for commercial properties which in plain english means **NO CHANGE** of the rate in the dollar from 2019/20 for commercial and vacant commercial premises. Simply put, the full benefit of any reduction in GRV will pass back to the commercial property owner as commensurate reduction in rates. This is an absolutely disgraceful proposal not least for the reason that **council does not have the mandate to use ratepayers funds to subsidise commercial enterprise**. There is a genuine question of legality of this approach since rates are levied for the provision of community services and infrastructure, not to subsidise private enterprise which is exactly what the proposal seeks to do.

The premise that subsiding local business by lowering commercial rates, at the same time increasing residential rates, will lift the financial pressure on our local businesses is misguided and flawed. If hit with increased rates, already cash-strapped and financially struggling residents will simply tighten their spending even further. I, like many others, will spend less at local businesses due to the increased living costs. The idea also seems to overlook the fact that most local businesses do not own the buildings, offices and factories they occupy. They are more often than not leased. The building owners are mostly large corporations or business entities who will benefit directly from the commercial rates cut. There is no way to know if any of the commercial rate cuts will actually filter down to the business operators who, when all is said and done, need customers through the doors. If the customers are no longer spending due to higher living costs, then the local business owner's problems are only made worse.

Furthermore, it is also fact that businesses are already receiving unprecedented assistance and generous subsidies and cash handouts from State and Federal Governments not limited to sweeping tax concessions, payroll tax reductions, Job Keeper allowances to retain staff and now the recently introduced "Mandatory Code of Conduct for Commercial Tenancies' gives local business the power to negotiate reduce lease rates. Conversely, the vast majority of residents receive little or no assistance from the government which begs the question, why give local businesses even more financial support than they currently receive when the vast majority of our local residents receive little or no financial support? Shouldn't the support be aimed at residents for this reason?

The proposal to fix the rate in the dollar at the 2019/20 rate for only commercial premises is not an acceptable outcome of the 2020/21 rate setting and should be wholly rejected.

Turning to the matter of the Council's revenue targets for 2020/21. In spite of a proposed revenue freeze from the 2019/20 levels, I believe there is an argument that could be mounted that revenue raised from rates already far exceeds requirements.

I recall a newspaper article in the Perth Voice dated 21st April 2017 in which Mayor Emma Cole poses for a photograph in front of a recently installed netball goal post. The newspaper article caption reads "Ask and You Shall Receive." I remember thinking to myself that the council is clearly awash with cash and actively looking for ways to spend it for fear of reaching the end of the financial year with a surplus. The newspaper article described an open invitation by the City to its residents for project ideas upon which it could spend the funds contained in it's apparently bulging coffers.

With Ms Coles address to the ratepayers and the newspaper article in mind I set about to find some comparative data upon which to support my conclusion that revenue generation and operating costs far exceed the City's needs by focussing on one of the City's consistently largest expenditure categories over the last 10 years.

In 2019/2020 the CoV budgeted approximately $58.5 million in revenue on $62.5 million in operating costs. Of the various expenditure categories, the $25 million spent on "Recreation and Culture" exceeded every other major spend category by a significant margin with Transport a distant second place at $14 million.

Recreation and Culture spend is categorised as "*activities associated with public halls, recreation administration, sportsgrounds, parks and reserves. Beatty Park Leisure Centre, Vincent Library and cultural activities are included*". Aside from the Library, on the surface the expenditure appears to fall into an area being largely discretionary in nature. Thinking back to the newspaper article, I expect this is exactly from where the money would be sourced to fund ad hoc projects that the Mayor invited the community to submit, among other things.

The extract below from the "MyCouncil" website shows spending on **Recreation and Culture ballooned from $15 million in 2011/2012 to the astonishing figure of $25 million in 2019/2020, up 66%** and expected to remain unchanged in 2020/2021.

ancial Year	Name	Governance	General Purpose Funding	Law, Order, Public Safety	Health	Education and Welfare	Housing	Community Amenities	Recreation and Culture	Transport	Economic Services	Other Property and Services	Total Expenditure
2010/2011	Vincent	$2,198,501	$461,387	$1,073,599	$822,428	$1,036,369	$0	$7,019,387	$15,409,603	$9,205,279	$948,406	$1,447,107	$39,622,066
2011/2012	Vincent	$2,597,756	$644,299	$1,146,436	$942,881	$1,200,886	$0	$8,294,514	$15,145,846	$10,002,156	$966,529	$1,477,645	$42,418,948
2012/2013	Vincent	$2,263,127	$539,358	$1,248,138	$1,085,800	$1,313,527	$0	$8,422,997	$18,839,646	$11,889,464	$720,537	$590,220	$46,912,814
2013/2014	Vincent	$3,032,377	$556,229	$1,335,546	$1,087,639	$1,371,202	$0	$8,546,970	$22,575,970	$12,141,987	$706,764	$2,438,591	$53,793,275
2014/2015	Vincent	$2,565,486	$695,252	$1,253,980	$1,058,758	$1,290,551	$0	$8,842,025	$22,313,848	$12,860,706	$678,330	$2,384,077	$53,943,013
2015/2016	Vincent	$2,996,102	$562,291	$1,313,045	$1,031,406	$1,094,493	$0	$9,199,250	$22,808,861	$11,496,118	$725,390	$1,923,474	$53,150,430
2016/2017	Vincent	$3,219,212	$656,733	$1,257,510	$1,153,655	$1,137,051	$0	$10,144,593	$21,386,119	$11,613,576	$681,758	$1,812,486	$53,062,693
2017/2018	Vincent	$3,787,893	$872,245	$1,301,976	$1,198,977	$1,470,827	$0	$11,048,332	$25,210,801	$13,830,331	$714,969	$1,781,013	$61,217,364
2018/2019	Vincent	$2,812,931	$897,155	$1,392,622	$1,243,162	$1,091,576	$0	$11,894,978	$24,735,304	$14,333,239	$761,862	$1,803,792	$60,966,621

The table above sets out in indisputable fashion just how successive council's push for a more vibrant and cosmopolitan city over the seven short years between 2011/12 to 2018/19 has come at a hefty cost to the ratepayers.

Of course, hand in hand with the explosion in spending on Recreation and Culture (and other areas) is the inevitable administrative overhead and increase in staffing numbers and employee costs.

Employee costs made up $25.5 million dollars of the total $62 million budget in 2019/20. The figure is up from previous years primarily because more employees are needed to carry out the administration needed to spend the vast sums of money raised from the year on year increase in rates revenue.

When comparing the City of Vincent's operating expenditure performance against other councils in the Perth metro area it becomes immediately apparent that the City of Vincent's expenditure on Recreation and Culture far exceeds most other metro councils when compared on an equal basis.

Of all councils in the Perth metro area the CoV's spend on Recreation and Culture puts the CoV in the top 15 highest spending councils in spite the council occupying an total area of just 11 square kilometers. By contrast, the City of Stirling had the highest spend of all councils in metro Perth on Recreation and Culture of all metro councils however, it spreads its $66 million dollar spend over the 100 square kilometers that fall inside its boundaries. The City of Stirling has 10 times the area of the City of Vincent upon which to spread it's funding but it makes do with little more than double that which the City of Vincent spends.

Looking at it another way, the City spent $25 million in 2019/20 (approximately $1500 per residential rateable property) on Recreation and Culture for a population of just 36,000 people. By comparison the City of South Perth spent $20 million on Recreation and Culture for a population of 45,000 people whilst at the same time covering an area of 20km2, twice that of the CoV. On a per head of population basis the CoV spends $694 per resident against South Perth's $444, a staggering 156% more per resident than our close neighbouring and arguably equally cosmopolitan, culturally and socially active councils.

Whilst these are only two very simple examples, other comparisons made between the City of Vincent and other metro councils consistently demonstrate that the City of Vincent has one of the highest spend rates per capita on non-essential infrastructure, projects and services than any other metro council in the Perth metro area.

With GRV valuations falling for the first time in 20 years and with the Covid19 pandemic battering our state's economy, it has never been a more critical time to objectively look at curbing, cutting back and eliminating unnecessary spending, waste, uneconomic practices and policies. We cannot for a moment contemplate placing the burden on residents already struggling financially under the weight of higher costs of living, lower wages and higher unemployment.

Our council must show leadership and abandon the desire to keep an unsustainable revenue target. Spending on non-core activities, projects and services must be curbed and even eliminated, at least in the short term. Public art, sculptures, upgrades to sporting grounds and parks and the establishment of new facilities should all be closely scrutinized and only proceed if there is a genuine public need and within the council's reduced means. Other programs should be delayed or put on hold indefinitely.

At a very broad brush level, the reported 12.4% overall reduction in GRV for residential/commercial properties applying from July 2020 equates to a mere $4.2 million dollars in rates revenue. It should be eminently possible to find these savings by cutting back on non-essential spend without compromising essential services such as roads, drainage, security and health.

I believe the community expects its council to show they genuinely understand what it means to be in financial hardship and make the cuts to spending that every member of our community has been forced to make in their own personal lives. People are on a daily basis being forced to weigh decisions between putting food on the table, fuel in the car, buying books and stationery for their children's schooling, heating the home or paying the mortgage. I implore the City's councillors not to add to the stress and burdens that so many Australians currently endure.

I ask the City's councillors to take a stand and **vote against any increase in the 2020/21 differential rates. I**nstead propose a freeze on the rates in the dollar for all property owners. Direct the City's CEO to instead look inwards for the savings needed to balance the operating budgets.

I am available to discuss anything in this letter at your convenience and invite you to call me at any time to provide feedback and for further discussion.

These community submissions were provided to Elected Members for consideration at the Briefing Session held on 21 July 2020.

VIRGINIA MILTRUP
EXECUTIVE DIRECTOR COMMUNITY & BUSINESS SERVICES