

Linda Phillips

From: Records Officer
Sent: Monday, 28 May 2018 9:28 AM
To: Rates2
Cc: Ray McDermott
Subject: ICR185509 - RV.10 - FW: Differential Rates

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergeySoft.

From: Travis Elsdon [mailto:travis.elsdon@gmail.com]
Sent: Friday, 25 May 2018 7:19 PM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Differential Rates

Dear Ray McDermott,

Re: Differential Rates Model 2018/2019

With regards to a letter received on "Advertised Differential Rates Model 2018/2019" I'd like to make a written submission on proposed changes.

The premise of reviewing rates based on property valuation is standard practice, and in a market where property prices rise, very few would probably complain. However, your notion of increasing rates above a 2% predominant rate increase for properties that have experienced less decline than 42.3% in unconscionable. At a minimum all properties are receiving the same goods and services they were previously supplied.

In my particular case, because my property has decreased marginally less (4.5% less) than the (presumed) average of 42.3%, I am not paying an effective 2% rise, but >11% rise in effective rates (a 43% rise in rate in the dollar). For this I shall receive nothing more than any other property.

Basing differential rates on GRV is also likely flawed in that it does not take into account holding costs and net rental income. My apartment, which has extremely high strata, has holding costs far above properties that may have decreased in GRV (i.e. houses). Increasing rates via a differential rate model based on GRV (noting GRV does not always equate to property value) makes holding costs on some properties greater than others, and actively discourages investment in City of Karratha.

I put to you that a 2% rate increase (for no increase in services), should be born upon all rate holders equally. Indeed, the Rating Policy Differential Rates plan states that consistency must be adopted in that "The local government has rated similar properties that are used for the same purpose in the same way." I further put to you that all properties have been revalued with the same use and purpose in mind, rental, and therefore, any decrease in value below the mean should not be offset by few properties. Again, using average GRV to calculate differential rate is flawed.

The Rating Policy Differential Rates plan further states that "In imposing a differential general rate a local government is not to, without the approval of the Minister, impose a differential general rate which is more than twice the lowest differential general rate imposed by it." Clearly applying a differential rate that imposes a >11% increase on some, while minimal, no, or reductions on others is not keeping with the DLGSCI guide. Furthermore, I believe the City of Karratha has not been forthcoming with showing the range of proposed differential rates it plans to implement; a key requirement of public notification.

In reviewing differential rates, I suggest the City of Karratha actually consider the objectives of "fairness and equity", "consistency", and "transparency", and remember that all ratepayers receive same services, and that at best minor changes to a differential rate should be seen by ratepayers, not large discrepancies.

Regards,

Travis Elsdon

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