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CITY OF KARRATHA RECEIVED	
30 MAY 2018	
Action By:	Sheniken Dryden
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CC:	Sue O'Toole, Adrian D'Amico, Ray McDermott

**Re: Council endorsed proposed rate rise of 2 per cent across the property categories
Community consultation before final decision.**

We write to implore the City of Karratha elected members not to proceed with a proposed 2 per cent residential rate increase. Should our elected members take the time to personally consult with their electors, they would establish as is apparent to most that the majority of residents of the City are already in a situation of financial hardship or very close to being so. An extra \$48 per annum will, in most instances tip the scale and see more residents surrender their properties to the bank or sell-up and wear the deficits as best they can, be it at the generosity of a waiver by the bank or voluntary bankruptcy. Whatever the case, most will leave town.

City of Karratha Mayor Peter Long said "*the proposed rates increase would not overburden ratepayers*" – not so, it will be "the straw that breaks the camel's back" for most

Councillors Evette Smeathers and Daniel Scott said "*the City was providing a high standard of services and amenities for the population base and the proposed rates model would allow that to continue*". One must ask, what is the point of the City continuing to do this if our population decrease is such that there are few left to enjoy those amenities, or if the scale of financial hardship continues to rise means that no one can afford to enjoy those amenities because a) they can't afford to do so or b) their permanently at work trying to pay their mortgage and associated residential services. Think again Councillors, before the next local government elections.

The latest residential price data shows a continued slowing of growth which reflects the end of the housing boom. Residents in the City of Karratha who purchased property and took out mortgages during the housing boom are now coping with mortgages at an average of \$850,000 when their property is now worth, at best, \$350,000. Property owners renting out properties are no longer covering their mortgage repayments via the rental component and as a result many have had to undertake two jobs to pay their mortgage/s. Surely Council only has to look at their own rates payment records to know that more and more people are struggling to pay them. An increase in rates will see an increase in the level of non-payment of rates, hence negating "*the continuation of a high standard of services and amenities.*"

The RBA (Reserve Bank of Australia – Feb 2018) has expressed concern at 1) the residential price data fall of 2.4% in the last 12 months, 2) the level of housing finance growth was 1.5%

below what it was 12 months ago and 3) the slowing down of house value growth, weak wages growth, combined with high debt levels.

The RBA report that right now, households hold a record level of debt equal to 188.4% of annual household income and a vast majority of that is housing debt. In September 2017 the level of housing debt had reach 137.5% of disposable income – a new record, and this growth of debt is having an impact on other areas of the economy. This in turn affects the level of spending which then affects our local businesses, many of whom are already struggling to keep their doors open.

The major concern is the issue of the rapid pace of growth of housing debt over the past few years which is at a level not seen before.


We ask our elected members to consider these concerns. The housing boom days of 2006 are gone – gone forever. People who capitalized then are suffering now. Your ratepayers are in financial distress and you as their elected members have a responsibility now to ensure that this does not escalate to a point where our City will fall into a state of depression.

Yes the City has acquired additional assets that may, one day, render a good return, but presently this cannot be the case as we see the number of empty shops and buildings in town. There are empty houses all over town, many are Housing Authority assets and many are resource company assets, some are privately owned, all of which are not currently providing an income by way of rent. Electricity prices are up, water rates and water consumption prices are up. Adding a residential rates increase to this at this point in time is irresponsible and will, without doubt, have a detrimental impact on the quality of life for your ratepayers.

As elected members, you will know well that residential rates should be increased according to improved values of residential property. You will also know well that in the City of Karratha there has been a dramatic decline in the value of residential property so an increase now to residential rates does not compute.

As our elected members, we urge you to reconsider applying a residential rate increase at this point in time.

Sincerely



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Ron Wright