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Enquiries: Garry Bird

22 May 2012

The Honourable Mr Troy Buswell MLA
Minister for Transport, Housing and Emergency Services
10th Floor
Dumas House
2 Havelock St
WEST PERTH WA 6005

Dear Mr Buswell,

Re: Transfer of State Community Housing assets to Not for Profit Community Organisations.

I am writing on behalf of the Denmark Shire Council to express our concern at the current practice of transferring State Government owned Department of Housing (Homeswest) housing assets to not for profit community organisations.

The basis of this concern is that such a housing transferral, if they are used for aged housing, automatically become non-rateable under the provisions of the Local Government Act (section 6.26(2)(g)) and thereby reduces the rates base of the local authority, as previously rates on these same properties were paid by the State, as owners of the property, who were not eligible for the charitable exemptions provided for in 6.26(2)(g).

To demonstrate the effect of this policy of the State, the Shire of Denmark has recently been advised that 9 State Government owned houses have been transferred free of charge to the Great Southern Community Housing Association (GSCHA). Immediately following this we received an application from GSCHA seeking an application for rates exemption as per the provisions of 6.26(2)(g). Council has little option to deny such a request (this issue has been tested in various courts and always resulted in the applicants favour) and as such we will forego at least \$5,174.85 per annum (forever more) in lost income based on the 2011/12 rates assessment.

A similar application from Amaroo Aged Persons Accommodation units has resulted in approximately \$15,000 in lost income per annum. Whilst ownership of this property was not gifted to Amaroo by the State, the impact of this Government policy and legislation is further demonstrated.

The Shire of Denmark currently receives approximately \$75,000 per annum from the State for various Department of Housing residential premises. If the current policy of transferring ownership of Department of Housing assets continues, as would appear to be the case, Council is of the view that this reduction of the rate base to the Shire effectively transfers the cost of providing state subsidised housing to Local Government.

Celebrating 100 years of Local Government in 2011

All communications to: **16 NOVEMBER 2021 - ATTACHMENT 9.2.5d**

Chief Executive Officer, PO Box 183, Denmark WA 6333
Email: enquiries@denmark.wa.gov.au Website: www.denmark.wa.gov.au

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The amount of \$75,000 per annum in lost rating income equates to 1.70% of the total rating income received by the Shire, a cost which will be borne by all ratepayers of the Shire if such a scenario was to eventuate. Conversely the State government will save this same amount. The \$5,174.85 that will be lost from the 2012/2013 financial year budget (in addition to any increase applied by Council to the general rate), as a result of the GSCHA application, equates to 0.12% of income. This is a cost that will need to be met by ratepayers of the Shire in addition to the usual cost pressures of increasing utility prices, insurance premiums, salaries and wages, construction materials and many others.

Council understands that this policy of asset transferal is in response to well documented shortages in such housing and an apparent belief that not for profit community organisations can provide this service more efficiently than State Government agencies. Whilst supporting the intent of the policy and not wishing to enter a debate as to who can provide this service more effectively, the Shire of Denmark is firm in the opinion that the implications and cost of implementing the policy should not become a financial impost on ratepayers of the affected local authority.

The Western Australian Local Government Association (WALGA) have been pursuing this issue with the Minister for Local Government the Honourable John Castrilli, MLA on behalf of the Shire of Denmark and other local authorities, with little success to date. As such, Council feels compelled to bring this matter to your attention and seek your support for appropriate legislative amendment or other alternatives, to redress this unintended cost shifting from State to Local Government.

To provide further background to this issue, I enclose the following documents for your information:

- *Extract from WALGA Annual General Meeting Minutes 7th August 2010*
- *Application for rating concession received from GSCHA*
- *Recent press coverage on the issue from the Albany Advertiser 8th May 2012*

Having given this matter considerable thought, the Shire of Denmark would like to offer the following potential solutions to this problem and seek a meeting with you to discuss our concerns.

- *Amendment to the Rates and Charges (Rebates and Deferments) Act 1992 where the State Government pays the rates for community/charitable housing provided by community organisations.*
- *Amendment to the Local Government Act 1995 to further define and clarify the intent of Section 6.26(2)(g) and specify such housing arrangements are responsible for municipal rates, whoever the owner may be.*
- *The State ensuring community organisation housing providers such as the GSCHA, are responsible for the payment of municipal rates when transferring ownership by way of a deed of agreement or similar.*

I look forward to receiving your response to the Shire of Denmark's concern and request for a meeting however should you require any further information to consider the issues raised please contact the Director of Finance and Administration Mr Garry Bird on 9848 0300 or email dfin@denmark.wa.gov.au.

Yours faithfully,



*Cr Ross Thornton
Shire President.*