7.6 ADOPTION OF THE LONG TERM FINANCIAL PLAN FOR THE PERIOD 2022/23 - 2031/32

Attachments: **1. Long Term Financial Plan 2023-2032**
2. Revenue and Rating Plan 2023-2026

RECOMMENDATION:

That Council:

1. **ADOPTS the Long Term Financial Plan 2022/23 to 2031/32 and NOTES endorsement for the base scenario as detailed in Attachment 1;**

2. **ADOPTS the Revenue and Rating Plan 2022/23 to 2025/26 detailed in Attachment 2;**

3. **AUTHORISES the Chief Executive Officer to forward the City of Vincent Long Term Financial Plan in 1) above to the Department of Local Government, Sport and Cultural Industries.**

PURPOSE OF REPORT:

To consider the adoption of a Long-Term Financial Plan (LTFP) for the period 2022/23 – 2031/32 and a Revenue & Rating Plan 2022/23 – 2025/26.

BACKGROUND:

As part of the Integrated Planning and Reporting Framework (IPRF), all local governments in Western Australia are required to have developed and adopted a "plan for the future", comprising at a minimum of Strategic Community Plan and Corporate Business Plan.

The Long-Term Financial Plan is also a key component of the City's integrated planning framework and identifies how the City to set priorities, based on the resourcing capabilities for the delivery of short, medium and long-term priorities.

The City's current LTFP was adopted on 18 August 2020. We have comprehensively reviewed the LTFP in order to reflect the significant changes in economic conditions that have occurred since 2020 and to ensure its alignment to the City's Corporate Business Plan 2022/23 - 2025/26.

The LTFP provides an indication of a local government’s long term financial sustainability and allows early identification of financial issues and their longer-term impacts. It shows the linkages between specific plans and strategies and enhances the transparency and accountability of the Council.

We also propose to include a Revenue and Rating Plan 2022/23 to 2025/26 within the integrated planning framework, to provide increased transparency for ratepayers on the various revenue and rating mechanisms available to the City of Vincent.

DETAILS:

We have modelled three different scenarios in the LTFP from 2022/23 – 2031/32 that will provide guidance towards capital expenditure and reserve funding based on varying levels of rate rises. The underlying assumptions used in each scenario includes:

- Net surplus of around $100k - $200k each year
- Inflation of 3.1% for 2023/24 (based on the current Reserve Bank of Australia forecast) and then 3% until 2031/32
- 2.75% increase in wages for 2023/24 and 2024/25 and 2% each year until 2031/32 plus statutory superannuation increases. This is dependent on the outcome of enterprise bargaining negotiations.
- Service delivery and staff levels (ie full time equivalent or FTE) to remain at the same level and any increase in service expectations is absorbed through operational efficiencies
- Mindarie Regional Council gate fee reduced from ~$160/tonne to ~$145/tonne in 2023/24 and a planned waste to energy transition from 2024/25. Savings of ~$1m over 10 years have been transferred to the Waste Reserve.

- Light fleet renewal is planned for every 3 years as per council policy, and reflecting the optimal life span of the current hybrid and electric vehicle fleet.

Scenario 1 – Base scenario

The base scenario allows for the majority of Council approved projects and master plans to be delivered, including key projects like Robertson Park Development Plan Stage 1 & 2 and the Banks Reserve Master Plan (without a community facility). The key assumptions and outcomes of this scenario are:

- Medium rate increases (4%-4.5%) from 2023/24 to 2025/26 and reducing to 2.5%-3% from 2026/27
- 4-year capital works to be fully funded and a steady increase of 3%-6% in capital expenditure from 2026/27
- Reserve balance to grow by $10m over 10 years (2031/32 balance $22m)
- Majority of key financial ratios meet the minimum target prescribed by the Department of Local Government, Sport and Cultural Industries (DLGSC)
- The current ratio is planned to fall below the minimum prescribed range of 100% due to a strategic focus on transferring any excess surplus to build up the reserve balance over the 10-year period

We have also conducted sensitivity analysis on the financial impact of potential high inflation and COVID scenarios when preparing the base scenario of the LTFP:

- An increased rate of inflation of 5% to 7% (operating loss equivalent of $0.4m to $0.9m) would result in an equivalent additional rate increase of 1% to 2% to maintain a budget surplus in the respective year
- A COVID 2-month lockdown would result in an approximate net loss of $1.6m per year. An equivalent additional rate increase of 4% would be required to maintain a budget surplus that year.

Scenario 2 – Low rates scenario

The low rates scenario places a heavy reliance on the use of existing reserves to fund the 4-year capital works plan including the Robertson Park Development Plan Stage 1 & 2 and the Banks Reserve Master Plan (without community facility). The key assumptions and outcomes of this scenario are:

- Steady rate increases of 2%-3.4% per year from 2023/24
- Reserve balance to initially reduce and progressively build up to a balance of $12m by 2031/32
- $6m reduction in capex spending beyond the 4-year capital plan when compared to the base rates scenario
- Operating surplus and asset sustainability ratios dropping below the minimum target threshold prescribed by the DLGSC

Scenario 3 – High rates scenario

The high rates scenario provides funding for additional large-scale projects including Beatty Park 2062 and Leederville Oval and a significant increase to our reserves over the 10 years. The key assumptions and outcomes of this scenario are:

- High rates increase from 2023/24 to 2026/27 (6%-7%) and reducing to 2.5%-3% from 2027-28 onwards
- Additional Capex of $35m to support renewal projects at Beatty Park and Leederville Oval from 2025/26 to 2031/32 compared to the base rates scenario
- Reserve balance to increase by $13m over 10 years (2031/32 balance $25m)

COMMENT:

The LTFP has been modelled primarily based on the 2022/23 Budget.

The capital expenditure approved in the annual budget has been aligned to the CBP and the Capital Works Program.

The LTFP is based on a range of assumptions and strategies considered reasonable at the time of developing the LTFP.

All scenarios outlined above will fund the delivery of the current 4-year capex plan. The high rates and base rates scenarios provide for sizeable increases to our reserves compared to the low rates scenario, which will initially diminish the balance but steadily increase to $12m by the end of the 10 years.

The high rates scenario will allow for the Leederville Oval and Beatty Park 2062 projects to be delivered through significant annual rate increases up to 2026/27.

CONSULTATION/ADVERTISING:

The LTFP is an internal planning tool used to support the City's broader strategic planning framework and in particular the Strategic Community Plan.

LEGAL/POLICY:

The Long-Term Financial Plan is a significant component in requirements of the regulations for the Plan for the Future under the *Local Government Act 1995*.

RISK MANAGEMENT IMPLICATIONS:

Medium**:** The Long-Term Financial Plan will be used for planning future annual budgets and assessing the future financial sustainability and therefore it is important that the estimates are based on the appropriate and relevant assumptions.

In preparing long term estimates there is a risk that the assumptions on which the estimates are based do not hold true over time. This review has been complicated by the impact of COVID-19 and high inflation, placing increased uncertainty around short term estimates. These risks are mitigated by a requirement for annual update and review.

STRATEGIC IMPLICATIONS:

This is in keeping with the City's *Strategic Community Plan 2018-2028*:

<u>Innovative and Accountable</u>

Our resources and assets are planned and managed in an efficient and sustainable manner.

Our community is aware of what we are doing and how we are meeting our goals.

Our community is satisfied with the service we provide.

We are open and accountable to an engaged community.

SUSTAINABILITY IMPLICATIONS:

A key aim of the Long-Term Financial Plan is to enhance the City's financial sustainability, which will in turn contribute to protecting/enhancing the City's built and natural environment and to improving resource efficiency.

FINANCIAL/BUDGET IMPLICATIONS:

The Long-Term Financial Plan will assist in the preparation of future Annual Budgets and project planning.


CITY OF VINCENT
10 YEAR LONG TERM
FINANCIAL PLAN
2022/23 – 2031/32
wrapnrice
THAI CAFE
ANGOVE KITCHEN
& ESPRESSO BAR
Coffee
Cakes
Breakfast
Lunch
Fresh Juices
Smoothies

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LONG TERM FINANCIAL PLAN

INTRODUCTION

Vincent's primary goal is to develop a financially sustainable organisation, with sufficient financial capacity to deliver the services and projects which align with the community's aspirations.

Vincent community aspirations are expressed through the Strategic Community Plan. The City allocates its resources and capacity through strategy and business planning instruments defined within the Integrated Planning and Reporting Framework and resourced in the Long-Term Financial Plan ("the Plan", "the LTFP") and the Annual Budget ("the Budget").

The LTFP is a significant informing document for the City's integrated strategic planning and reporting framework as it provides information regarding the resourcing requirements and financial capacity of our local government to achieve its stated objectives and priorities. It guides decision makers in their decision making, ensuring the longer-term impact is considered.

This Long-Term Financial Plan is consistent with all the requirements of the Local Government Act 1995, and the Department of Local Government, Sport and Cultural Industries' guidelines on the development of Long-Term financial management plans.

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STRATEGIC FINANCIAL PLANNING

The City uses this strategic financial planning framework when developing and managing the LTFP.

Key Principles

This Plan is guided by the following financial planning principles:

1. Robust sustainable and transparent financial planning approaches are applied.
2. A balanced budget philosophy is expected over both the short and long term, meaning a modest closing position in the budget.
3. Core services must be cost and quality competitive and delivered in line with community expectations.
4. A rates and revenue plan will inform the approach to revenue raising and the share of the rates burden applied to Vincent ratepayers.
5. Sale of significant assets, such as land assets, will not be used to subsidise operating expenditure.
6. Recurrent revenue should always exceed recurrent cash expenditure.
7. Asset renewal activity should be prioritised over the creation of new assets.
8. Responsible accumulation and/or deployment of cash backed reserves supports the management of known or predicted liabilities and minimises the impact of major projects in any one year or allows for specific purpose expenditure in future years.
9. Responsible use of debt is a legitimate option to address long-life community asset acquisitions or upgrades.
10. A suite of Key Financial Indicators and benchmarks will be identified and used to inform deliberations in formulating long term financial plans, budgets or other strategies.

Prioritisation of Scarce Resources

The City recognises there are competing demands for limited financial resources in the delivery of the Strategic Community Plan.

In developing this plan, Vincent has applied the following prioritisation hierarchy:

1. Activities to comply with statutory obligations or standards (ie mandatory services).
2. Renewal, and maintenance of existing infrastructure assets.
3. Capital projects supported by a significant external funding contribution.
4. Current operational funding for programs unless the operational need for any of these programs has been superseded or modified by a service review process. This may also consider service levels exceeding the statutory minimum described in (1).
5. New programs or assets.
6. New operating projects or initiatives that are supported by a significant external funding contribution.
7. Council decision for programs and projects based on the current service levels required by the community or as advised by technical specialists.

Relationship of the LTFP to Annual Budgeting

This Long-Term Financial Plan (LTFP) exerts influence over the development of the Annual Budget.

Projects and initiatives in the LTFP and the Corporate Business Plan form the basis of the Annual Budget.

Dynamic treasury management will also occur and the LTFP and Annual Budget will evolve dynamically. Assumptions and predictive modelling in the LTFP will be updated as the impact of decisions and external factors become known.

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All significant financial decisions, including changes to staffing, are to be evaluated and modelled over long-term financial horizons, and at least for a period of 10 years.

Revenue and Rating Plan

Vincent regularly considers new funding opportunities, to increase 'own source revenue' and to reduce the rate burden on Vincent ratepayers. The City's approach to future funding is set out in the Revenue and Rating Plan.

Other funding sources include:

- Fees & Charges
- Parking Revenue
- Leases & Licences
- Investments
- Loans & Borrowings
- Cash, Savings & Reserves
- Operating and Capital Grants
- Profits on Assets

The LTFP will identify the funding gap to be met by Council rates, after other funding sources have been considered.

The LTFP is a strategic document and is designed to be dynamically modified as needed, to reflect changes to assumption.

Service Levels

Service levels are captured on the 'Service-on-a-Page' and periodically reviewed to establish best value for money by considering the balance between community demand, resource and funding requirements and price.

The Service-on-a-Page will provide information that informs the Workforce Plan and Business Continuity Plan.

Annual Service Reviews

An annual service review will be conducted prior to the annual budget process to identify efficiencies and improvements that might be achieved in the following years.

Services provided by Vincent will be critically reviewed at regular intervals to test the following:

- Should the City be an advocate, facilitator or provider?
- Should the service be provided by the City, or are there alternative providers?
- Is a co-sourced or outsourced delivery model more appropriate?
- Are the current or proposed service levels appropriate?
- Can the required staffing requirements be met without adversely impacting on other Council priorities?

Capital Project Proposals

Vincent's infrastructure, property and equipment assets are used to deliver important community services and the City's strategic community plan.

The development of meaningful asset management plans is essential to delivering on the City's strategic direction, service plans, projects and operational plans. Integrating Asset Management with robust long term financial plans and annual budgets is an essential part of long-term financial planning.

Capital Project Mix

When developing the City's Long Term Financial Plan, due consideration is given to the indicative asset management ratios for Asset Sustainability, Asset Consumption and Asset Renewal Funding. In the event that the indicative asset management ratios disclose an adverse trend, Council will reconsider the capital project mix and assign a greater priority to asset renewal and maintenance.

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Typical Capital Project Mix

Priority	Capital works Type	% Capital Works Budget (10-year average)
1	Asset Renewal & Maintenance	86%
2	Capital projects funded by grants/contributions	12%
3	New/upgrade assets	14%

Typical Capital Works Allocation by Asset Category

Asset Class	% Capital Works Budget (10-year average)
Land & Building	23%
Infrastructure	63%
Plant & Equipment	12%
Furniture & Equipment	2%

Asset Consumption

Capital works planning avoids repeated outcomes where the consumption of assets exceeds asset renewal or replacement (ie where depreciation is greater than renewal and maintenance expenditure) other than in exceptional circumstances.

Projects on a Page

All project proposals are documented on a project-plan-on-a-page (POAP) that clearly articulates:

- Links to the Strategic Community Plan
- Alignment with Asset Management Plans or other critical informing strategies
- Assessment of community / organisational impact.
- Measurable outcomes / outputs.
- Achievement of Risk Management Objectives - relating to extreme or high risks
- Synergies with other major capital initiatives.
- Potential future revenue streams or cost savings.
- Full life cycle costs.
- Evidence of external funding efforts and articulation of funding successes and grant funding obligations.
- Cash flow implications for the project.
- Realistic timelines and deliverables with appropriate consideration of organisational capacity.
- Details of any significant financial contingencies included in the costing and the project phase to which they relate.

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Commercial Operations

Vincent has specific financial strategies for the management of the following commercial operations. These strategies comply with the requirements of the *Local Government Act 1995*.

Beatty Park Leisure Centre

Beatty Park Leisure Centre is a significant operation that delivers recreation services to over 1 million patrons each year. Sound commercial management practices are applied that ensure Beatty Park is run efficiently and delivers a competitive, value for money, service.

Beatty Park Leisure Centre is managed as a contestable and integrated business unit. Where possible and appropriate, it operates on a user-pays basis. Fees and charges consider the competitive market context and are set annually during the budget process. Fees and charges may be used to fund Beatty Park operational requirements, such as equipment upgrades, such that the users pay for the delivery of these service improvements.

A positive Gross Profit Margin is to be achieved for the following services:

- Gym and Fitness
- Swim School
- Retail Store
- Tenancies – Beatty Park Physio and Beatty Park Café

This is used to offset a negative Gross Profit Margin for Aquatic Services (indoor and outdoor pool) and the subsidised creche, with the overall objective that the centre seeks to break even.

The business unit profit and loss statement includes:

- Revenue generated through fees and charges
- Revenue generated from commercial leases in the centre
- Repayment of debt associated with capital works and substantial equipment purchases
- Depreciation of assets, excluding the Heritage Grandstand
- Operating and capital expenditure required to deliver services
- Reasonable and proportionate administrative and corporate overheads, including HR, Finance and technology support

To create a contestable benchmark for market comparison, the business unit profit and loss statement excludes revenue and expenditure that is unrelated to Beatty Park Leisure Centre, including:

- City of Vincent sport and recreation functions
- City of Vincent parks, halls and facility bookings
- Expenditure imposed on Beatty Park by virtue of association with the City of Vincent, that would not be applied to a commercial operator

Beatty Park Leisure Centre surplus will be directed to the Beatty Park Leisure Centre Reserve and will fund the major upgrade and redevelopment of the Beatty Park Leisure Centre including the replacement or purchase of major plant, equipment, fixtures, and fittings (excluding the Heritage Grandstand).

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Tamala Park Regional Council

Vincent is a 1/12th owner of the Tamala Park Regional Council, along with 6 other local authorities.

The purpose of the Tamala Park Regional Council is to undertake the rezoning, subdivision, development, marketing, and sale of the Tamala Park land.

The objectives of the TPRC are:

- to develop and improve the value of the land;
- to maximise, within prudent risk parameters, the financial return to the participants;
- to balance economic, social and environmental issues; and
- to produce a quality development demonstrating the best urban design and development practice.

Revenue received by Vincent from Tamala Park Regional Council is directed to the Tamala Park Land Sales Reserve and used to fund future significant/major capital works, infrastructure, project or debt reduction programs.

Property Management

Vincent provides access to property for the benefit of the Vincent community.

The Property Management Framework determines how these leases and licences operate across four categories:

Category One	Small Community Groups
Category Two	Sporting Clubs, Community Groups and Organisations
Category Three	Commercial entities, state and national clubs, associations and community organisations
Category Four	Government agencies

The City does not seek to derive profit from leases in categories 1 or 2. The annual fee methodology for these categories is based on the Gross Rental Value (GRV) of the property with a subsidy applied based on a community benefit matrix.

Organisations that fall into categories three and four are responsible for all costs associated with the property. Rent for category three and four tenants is negotiated by reference to the total GRV for a property.

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Procurement & Contract Management

Vincent uses a procurement framework and contract management framework to ensure financial decisions:

- demonstrate value for money
- are compliant with relevant legislation, codes and standards, including the Local Government Act 1995 (Act) and the Local Government (Functions and General) Regulations 1996, (Regulations)
- demonstrate probity by establishing processes that promote openness, transparency, fairness and equity to all potential suppliers
- ensure that the sustainable benefits, such as environmental, social and local economic factors are considered in the overall value for money assessment
- ensure that goods and services to be procured are necessary and fit for purpose
- properly evaluate and consider the safety and health characteristics of any goods/services prior to being introduced into the City's workplaces
- are supported by Budget provisions or comply with section 6.8(1) of the Act
- are conducted in a consistent and efficient manner across the City and that ethical decision making is demonstrated.

Cash Backed Reserves

Cash Backed Reserves are created as a long-term savings plan for future major expenditure for the following reasons:

1. Minimising in any one year, the financial impact of major asset acquisitions or replacements.
2. Providing funds to take advantage of emerging opportunities that are aligned to strategic directions.
3. Risk mitigation opportunities that minimise the impact of unanticipated financial risks on the City's operations in any one year.
4. Providing for a known liability listed in the Long-Term Financial Plan (LTFP) and is of a magnitude warranting accumulation of funds over an extended period.
5. To comply with the requirements of legislation or other contractual requirements.

The proposed balance, and the quantum of increases or decreases to the Cash Backed Reserves over future years, are incorporated into the Long-Term Financial Plan.

The use of Cash Backed Reserves is restricted by the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996. Each Reserve is required to be established with a clearly defined purpose that specifies how, and for what, the funds held in the reserve may be used. The purpose of a reserve can only be changed either through the annual budget process or through the statutory process detailed in Section 6.11 of the Local Government Act (1995).

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STRATEGIC CONTEXT

COVID-19 Impact

Vincent is impacted in various ways by the COVID pandemic, this includes:

- Lockdowns and restrictions impacting Beatty Park Leisure Centre
- Reduced commercial activity in Town Centres impacting Parking revenue
- Staff shortages impacting service delivery
- Increase to the cost of materials and labour impacting the cost of projects

A 2-month lockdown would result in a $1.6m net loss, equivalent to an additional 4% rate increase to maintain a budget surplus.

Inflation is assumed to run at 3.1% for 2023/24, based on Reserve Bank of Australia data, and 3% thereafter. In a high inflationary environment ranging from 5% to 7%, this would be equivalent to a 1% to 2% additional rate increase in the respective year.

Underground Power

In 2022/23, Vincent will commence a project with Western Power to deliver underground power to parts of the City. The City will establish the Underground Power Rolling Fund which will provide longer payback periods for ratepayer contributions, and current and future Underground Power projects.

For more information, refer to item 12.6 at the Ordinary Council Meeting held 29 March 2022.

Underground Power is a once-in-a-generation project. It takes advantage of diverting Western Power's network upgrade expenditure toward undergrounding power distribution assets.

Asset Management Sustainability

Vincent has identified that our current level of asset renewal demand currently exceeds the City's ability to fully resource asset renewal investment. To meet this challenge, the City must strike the balance between maintaining our current portfolio and the scale of ageing assets whilst meeting the needs of a growing and diverse community and a changing environment. This needs to happen within our means and be financially sustainable in the long term.

In 2018/19 the asset sustainability ratio for Vincent was 33%, equating to an asset renewal gap in a single year of approximately $7.5m. This is well below the established Local Government benchmark of 90%.

In response, the City has prepared an Asset Management Sustainability Strategy (**AMSS**). Notably, the strategy identifies two major capital projects requiring investment. The Beatty Park Leisure Centre Grandstand is a highly-valued asset that is in need of significant additional investment to keep it maintained for future generations (AMSS, p20). Additionally, the facilities at Leederville Oval are dated and ageing and not keeping pace with community expectations (AMSS, p31).

The strategy includes feedback from the community about our asset management priorities and how Vincent ought to respond.

For more information, refer to item 10.2 at the Ordinary Council Meeting held 16 November 2021 and item 10.1 at the Ordinary Council Meeting held 8 March 2022.

Workforce Planning

Vincent staff took a salary freeze in 2020/21 to allow a 0% rate increase and a minimal increase in 2021/22. Salary increases of 3.5% are planned in 2022/23 (plus compulsory Superannuation increases) to help staff meet rising cost of living pressures and allow Vincent to remain a competitive employer.

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Waste Management Services

In 2021/22 Vincent used a $7m loan to exit the Mindarie Regional Council's Resource Recovery Facility (RRF) facility.

Vincent was one of 12 Councils involved in this decision. All Councils agreed it was financially beneficial given changes to the waste management market to exit the existing contract, rather than allow the contract to continue.

Exiting the contract and making other changes to waste service delivery are forecast to save the City of Vincent $2.5M over 10 years. This was approved by Council in a confidential paper, as item 17.1 at the Ordinary Council Meeting held 15 December 2020.

For more information, refer also to the discussion on materials and contracts in the Annual Budget, item 11.7 at the Ordinary Council Meeting held 22 June 2021.

Litis Stadium Grant

In partnership with Floreat Athena Soccer, in 2022/23 Vincent expects to receive $3m in Grant funding to improve community facilities at Litis Stadium.

Unfunded Projects & Masterplans

Vincent is unable to fund all major capital projects and has insufficient funds to pay for more expensive, multi-generational projects. This will require the City to build reserves over time, toward funding this expenditure.

The following significant projects are not included in the LTFP:

- Investment in Beatty Park Leisure Centre to deliver new or enhanced services
- Leederville Oval Precinct development and improvement
- Investment to enhance delivery of the Public Open Space Strategy

NEW REVENUE AND DEBT REDUCTION

While the City has a focus on operating efficiency, it also continuously seeks new revenue and debt reduction opportunities to take the rates burden off ratepayers.

Leederville Carparks Expression of Interest (EOI)

The City of Vincent has commenced an expression of interest (EOI) process for redevelopment of the City's major landholdings in Leederville, being the Avenue Car Park and/or Frame Court Car Park.

The Chief Executive Officer (**CEO**) will undertake a selection process for potential development, in alignment with the City's strategic intent for the sites and as contained in the Leederville Precinct Structure Plan.

Shortlisted proposals will be reported back to Council, and the CEO will also provide options to Council on how development proceeds could be used.

For more information, refer to item 9.9 at the Ordinary Council Meeting held 17 14 December 2021.

Sydney Haynes Reserve

The City of Vincent has identified that the current use of 15 (Lot 9) Haynes Street, North Perth is in breach of the Deed of Trust, dated 2 October 1941. The City sought the approval of the Office of the Attorney General to transition the land back to public open space, ie the Sydney Haynes Reserve.

An accompanying block of land at 25 Sydney Street, North Perth was used as a car park by tenants of 15 Haynes Street. This block of land was not required, and the City determined that selling the Land would have a greater community value if it was sold, as the proceeds from the sale could fund the construction and development of the public open space.

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Residual proceeds from the sale will be available for Council to allocate to reserves, repayment of borrowings, or some other community benefit.

For more information, refer to item 9.4 at the Ordinary Council Meeting held 17 May 2022.

Mindarie Regional Council

The City of Vincent is a 1/12th owner of the Mindarie Regional Council (**MRC**), Western Australia's largest waste management authority.

As a part owner, the City may derive a benefit from commercial activities of the MRC.

For more information on Mindarie Regional Council, refer to their website: Waste Management Authority | Perth WA - Mindarie Regional Council (mrc.wa.gov.au)

Third Party Partnerships

Where it is financially beneficial, the City of Vincent may create partnerships with third parties. These partnerships are established following a competitive market process, and the terms are approved by Council.

In one example, Vincent has a lease agreement and a management agreement with Belgravia Leisure (**Belgravia**) to operate the Loftus Recreation Centre on the City's behalf. Belgravia pay a leasing fee, a management agreement fee, repay the Loftus Recreation Centre Loan, and contribute toward the Loftus Recreation Centre Reserve.

The City has oversight of the performance of the business in a quarterly management report, and ensures a community benefit is delivered.

For more information, refer to item 9.6 at the Ordinary Council Meeting held 8 February 2022.

LTFP ASSUMPTIONS & MODELLING

The LTFP's assumptions and modelling provides the City with reliable, robust information to assess our capacity to maintain overall financial sustainability into the Long-Term and, most importantly, to ensure that we have in place the necessary funding arrangements to support proposed capital replacement programs and new capital projects.

The Plan is expected to influence the City's Annual Budget each year - but it is recognised that the Plan is a dynamic and evolving document that responds to changing strategic priorities, service level expectations and economic conditions.

In regularly reviewing the plan, where such changes occur and the impact is significant, the financial modelling will be adjusted to reflect these changes. This iterative approach reflects responsible business practice.

Qualifications & Limitations

As with any long-term financial model, it is important to understand any qualifications and/or limitations that may relate to the outputs of the model.

It is based on a number of financial assumptions relating to the:

- quantum of and anticipated movements in both revenues and expenditures
- anticipated timeframes for cash flows into and out of the organisation
- expectations of the continuation of (at least), existing funding initiatives.

Indicative funding or cost estimates included in this plan may relate to broad proposals that:

- Have been approved by Council and are in progress.
- Have been considered by Council but have yet to be given final approval to proceed.

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• Have only been considered by Council at a strategic or conceptual level.

• Are operational in nature and based on the continued delivery of existing services.

• Are operational in nature and relate to the maintenance of City assets in accordance with management plans and maintenance plans.

Adoption of the Plan by Council does not constitute an irrevocable commitment to any specific project or service referenced in the plan, nor to its timing.

Similarly, it does not preclude the possible subsequent inclusion of further service or capital initiatives in future years if the financial modelling and strategic direction of Council indicate that it aligns with that strategic direction and could be supported without adversely impacting on the City's financial sustainability.

Any assumptions in relation to either the financial modelling parameters, projects or service proposals are prepared based on the best available information and knowledge at hand.

Key Financial Indicators

There are a number of statutory financial indicators that a local government must calculate and disclose in both their financial planning and financial reporting documents.

The calculation of each indicator - and the specific inclusions in both the denominator and numerator used in the calculation are strictly prescribed in the Local Government Financial Management Regulations (LGFMR). This ensures that financial indicators published by different local governments are comparable.

However, it must be appreciated that there is no single indicator that demonstrates a local government's financial sustainability - nor does it necessarily mean that it is fatal if a particular local government falls below the Department of Local Government's 'preferred' benchmark for that particular indicator in a single year.

It is important to understand not only the trend in a particular indicator but also the circumstances leading to the calculation of that particular indicator value to ensure that it is interpreted 'in context'.

The results of the calculation of each of the key financial indicators and detail of the industry benchmarks is provided in the scenario modelling below.

Assumptions for all Scenarios

The following assumptions are included in the base case scenario in this LTFP:

Key Metrics	**Assumptions**
Inflation	- 3.1% for 2023/24, based on Reserve Bank of Australia data - 3% until 2031/32
Employee Costs	- 2.75% increase in wages for 2023/24 and 2024/25 & 2% each year until 2031/32 - Superannuation contribution increases to 11%, 11.5% and 12% in 2023/24, 2024/25 and 2025/26 respectively - Staff numbers (FTE) remain at the same level and any increase in service expectations is absorbed through operational efficiencies
Fees & Charges Beatty Park Fees Car Parking Increases	Reflects inflationary assumptions
Waste	MRC gate fee reduced from ~$160/tonne to ~$145/tonne in FY24 and waste to energy

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	transition from FY25. Savings of ~$1m over 10 years have been transferred to the Waste Reserve
Service Delivery	No changes to service delivery
Light Fleet Renewal	Assumes light fleet vehicles are renewed every 3 years

Potential revenue sources not included in the LTFP

The following revenue opportunities may arise during the life of the LTFP:

Source	Description
Leederville Town Centre – Land Expression of Interest	Lump sum payment arising from the sale of Frame Court and Avenue Carparks
Car Parking	Additional revenue generated from changes to parking fees, above inflation
Grant Funding	Additional grant funding opportunities are likely in this period
Asset Sales	Potential sale of assets (ie land)

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Potential operating efficiencies not included in the LTFP

The following operating efficiencies may arise during the life of the LTFP:

Source	Description
Operational Cost Savings	Delivering operational efficiencies that reduce operating costs and the required rates burden

Key Projects Funded

The following key projects are funded in the LTFP:

Description	Delivery Year	Amount	Funded from Rates
Robertson Park Development Plan – Stages 1 & 2	2022/23	$250K	$150K
	2023/24	$3.4m	$1.6m
	2024/25	$850K	$550K
	2025/26	$540K	$480K
Banks Reserve Master Plan (without a community facility) Note that $250k will be added to 2022/23 during the first quarter budget review for the Boardwalk that comprises of $150k grant funding from the Department of Biodiversity, Conservation and Attractions	2022/23	$200K	$200K
	2024/25	$500K	$500K
	2025/26	$600K	$600K
	2026/27	$700k	$500K

Projects not included in the LTFP:

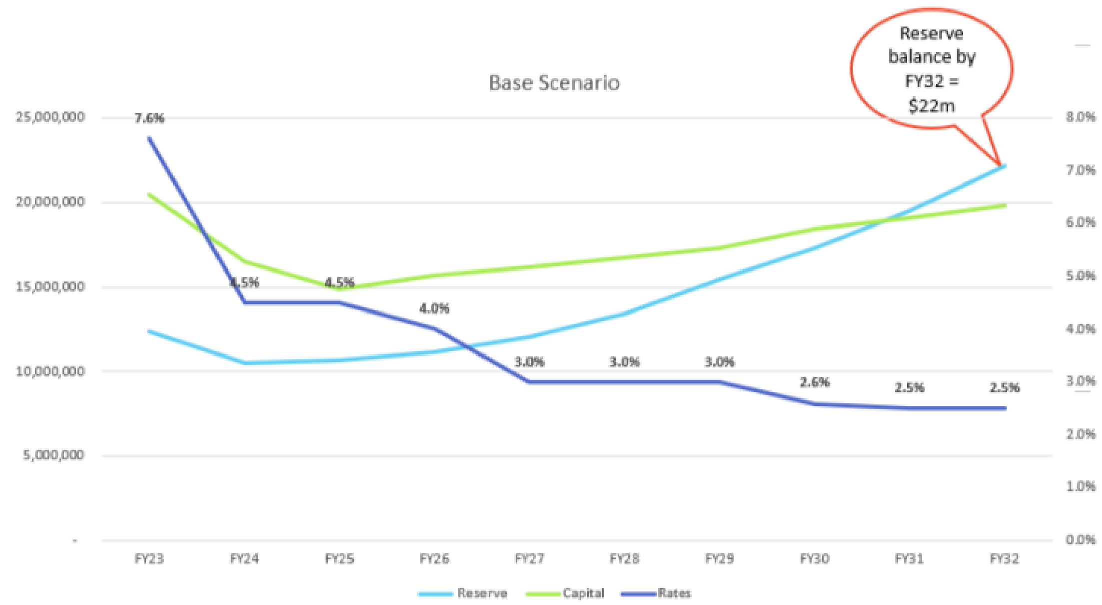
The following key projects are not included in the LTFP:

Description	Delivery Year	Amount
Banks Reserve Master Plan – Community facility and extension to car park	2026/27	$2.5m
Underground Power	2023/24 to 2026/27	>$20m
Leederville Land EOI, including sale of the Avenue Car Park and Frame Court Car Park		Unknown
Beatty Park 2062: - Heritage Grandstand preservation		$10m
Beatty Park 2062: - Heritage Grandstand redevelopment of original entry hall		$3m
Leederville Oval: - 1000 Lux Lights, turf refurbishment		$3m
Leederville Oval: - Clubroom and Grandstand development		$19m
Litis Stadium (awaiting grant funding)		$3m
Woodville Reserve Master Plan		$3m
Public Open Space Strategy		$2.2m

CITY OF VINCENT

SCENARIO MODELLING

Scenario 1: Base Scenario: Capex/Rates/Reserves



Capex

- 4-year capital works is fully funded which includes Robertson Park and Banks Reserve projects
- Excludes Beatty Park 2062 and Leederville Oval ($35m)
- Steady increase of 3-6% in capital expenditure from FY27

Rates

- Mid range increase from FY24 to FY26 (4%-4.5%) and reducing to 2.5%-3% from FY27

Reserves

- $10m increase over 10 years
- $2m reduction in reserves for FY24 and steady increase from FY25
- Closing balance of reserves at $22m by FY32

*Note that the capex is based on current knowledge of asset conditions and identified projects. However, this is subject to change depending on future condition reports

CITY OF VINCENT

Scenario 1: Base Scenario: Financial Ratios

	Min Range	Target Range	Average	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Current Ratio (incl. term deposits) - The ability of a local government to meet its short-term financial obligations out of unrestricted current assets	> 100%	> 120%	83%	81%	80%	80%	81%	82%	82%	82%	83%	86%	91%
Operating Surplus Ratio - Measure of a local government's ability to cover its operational costs and have revenues available for capital funding or other purposes.	> 1%	> 5%	3%	-3%	2%	4%	5%	6%	6%	3%	3%	3%	4%
Own Source Revenue Coverage Ratio - the measurement of a local government's ability to cover its costs through its own revenue efforts	40%	> 60%	102%	97%	101%	102%	103%	105%	105%	101%	102%	102%	102%
Debt Service Cover Ratio - measurement of a local government's ability to repay its debt including lease payments. The higher the ratio is, the easier it is for a local government to obtain a loan.	> 300%	> 500%	1249%	601%	799%	882%	936%	1079%	1296%	1221%	1355%	1471%	2853%
Asset Sustainability Ratio - indicates whether a local government is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.	> 90%	> 110%	92%	113%	96%	85%	83%	90%	91%	91%	91%	93%	91%
Asset Consumption Ratio - Measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.	> 50%	> 60%	63%	66%	65%	64%	64%	63%	62%	62%	61%	61%	60%

GREEN indicates that the projected indicator exceeds the minimum range prescribed by DLGSC
AMBER indicates that the projected indicator is below the minimum range prescribed by DLGSC

CITY OF VINCENT

Scenario 2: Low Rating Scenario: Capex/Rates/Reserves

- **Capex**
  - 4-year capital works is fully funded which includes Robertson Park and Banks Reserve projects
  - Reduce capex spending by $6m over 10 years compared to the medium scenario
  - Excludes Beatty Park 2062 and Leederville Oval ($35m)
- **Rates**
  - 2%-3.4% steady rates increase per year from FY24
- **Reserves**
  - Heavily relying on the funding from reserves from FY24 to FY27 and steadily increasing from FY28
  - Closing balance of reserves at $12m by FY32

*Note that the capex is based on current knowledge of asset conditions and identified projects. However, this is subject to change depending on future condition reports

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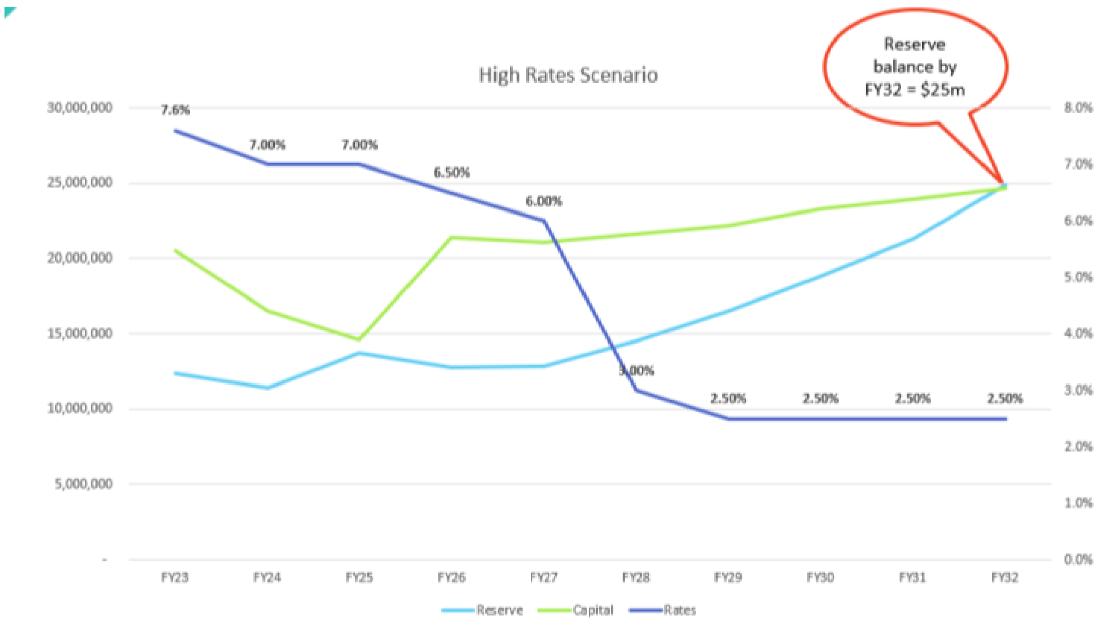
Scenario 2: Low Rating Scenario: Financial Ratios

	Min Range	Target Range	Average	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Current Ratio (incl. term deposits) - The ability of a local government to meet its short-term financial obligations out of unrestricted current assets	> 100%	> 120%	86%	81%	84%	83%	83%	85%	86%	86%	86%	90%	95%
Operating Surplus Ratio - Measure of a local government's ability to cover its operational costs and have revenues available for capital funding or other purposes.	> 1%	> 5%	1%	-3%	2%	2%	2%	4%	4%	0%	1%	1%	1%
Own Source Revenue Coverage Ratio - the measurement of a local government's ability to cover its costs through its own revenue efforts	40%	> 60%	100%	97%	100%	101%	101%	103%	102%	99%	99%	99%	99%
Debt Service Cover Ratio - measurement of a local government's ability to repay its debt including lease payments. The higher the ratio is, the easier it is for a local government to obtain a loan.	> 300%	> 500%	1130%	601%	776%	829%	857%	986%	1170%	1081%	1202%	1304%	2493%
Asset Sustainability Ratio - indicates whether a local government is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.	> 90%	> 110%	89%	113%	96%	85%	83%	91%	80%	83%	83%	86%	87%
Asset Consumption Ratio - Measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.	> 50%	> 60%	64%	66%	66%	65%	65%	65%	64%	63%	63%	62%	61%

GREEN indicates that the projected indicator exceeds the minimum range prescribed by DLGSC
AMBER indicates that the projected indicator is below the minimum range prescribed by DLGSC

CITY OF VINCENT

Scenario 3: High Rating Scenario: Capex/Rates/Reserves



Capex
- Assume we fund an extra $35m of projects for Leederville Oval and Beatty Park 2062 from FY26 compared to the medium rates scenario
- 4-year capital works is fully funded which includes Robertson Park and Banks Reserve projects

Rates
- High rates increase from FY24 to FY27 (6%-7%) and dropping back to 2.5%-3% onwards from FY28

Reserves
- $13m increase over 10 years
- Closing balance of reserves at $25m by FY32

*Note that the capex is based on current knowledge of asset conditions and identified projects. However, this is subject to change depending on future condition reports

CITY OF VINCENT

Scenario 3: High Rating Scenario: Financial Ratios

	Min Range	Target Range	Average	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Current Ratio (incl. term deposits) - The ability of a local government to meet its short-term financial obligations out of unrestricted current assets	> 100%	> 120%	83%	81%	81%	80%	81%	82%	82%	83%	83%	86%	90%
Operating Surplus Ratio - Measure of a local government's ability to cover its operational costs and have revenues available for capital funding or other purposes.	> 1%	> 5%	7%	-3%	4%	7%	8%	12%	11%	8%	8%	8%	8%
Own Source Revenue Coverage Ratio - the measurement of a local government's ability to cover its costs through its own revenue efforts	40%	> 60%	106%	97%	102%	105%	107%	111%	111%	107%	107%	107%	107%
Debt Service Cover Ratio - measurement of a local government's ability to repay its debt including lease payments. The higher the ratio is, the easier it is for a local government to obtain a loan.	> 300%	> 500%	1506%	601%	848%	987%	1102%	1332%	1604%	1534%	1693%	1828%	3528%
Asset Sustainability Ratio - indicates whether a local government is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.	> 90%	> 110%	104%	113%	96%	85%	105%	112%	106%	107%	106%	106%	103%
Asset Consumption Ratio - Measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.	> 50%	> 60%	63%	66%	65%	64%	64%	64%	63%	63%	62%	62%	61%

GREEN indicates that the projected indicator exceeds the minimum range prescribed by DLGSC
AMBER indicates that the projected indicator is below the minimum range prescribed by DLGSC

CITY OF VINCENT

LTFP ANALYSIS

CITY OF VINCENT

COMMENTARY ON THE 2022/23 – 2031/32 LTFP

The 3 scenarios modelled above provides guidance towards capital expenditure and reserve funding based on varying levels of rate rises. It is noted that the *Base Scenario* is the optimum financial model that informs the Corporate Business Plan and allocates the necessary resources to ensure that the Strategic Community Plan priorities are achieved.

A conservative approach has been adopted in the preparation of the LTFP considering that significant and unprecedented economic impacts such as COVID-19 and aggressive interest rate fluctuations have occurred in the prior year.

Base Scenario

The base case model supports long term financial sustainability through increases to reserves and the ability to fund the 4-year capital works without adopting significant rate rises over the life of the LTFP. Key projects including Robertson Park Development Plan Stage 1 & 2 and the Banks Reserve Master Plan (without community facility) have been included the plan. The key assumptions and outcomes of this scenario are:

- Rate increases (4%-4.5%) from 2023/24 to 2025/26 and reducing to 2.5%-3% from 2026/27

- 4-year capital works to be fully funded and a steady increase of 3-6% in capital expenditure from FY27

- Reserve balance to grow by $10m over 10 years (2031/32 balance $22m)

- Majority of key financial ratios meet the minimum target prescribed by the Department of Local Government, Sport and Cultural Industries (DLGSC)

- The current ratio falls below the minimum prescribed range of 100% due to a focus on transferring any excess surplus funds to build up the reserve balance over the 10-year period

Low Rates Scenario

The low rates scenario places a heavy reliance on the use of existing reserves to fund the 4-year capital works plan including the Robertson Park Development Plan Stage 1 & 2 and the Banks Reserve Master Plan (without community facility). The key assumptions and outcomes of this scenario are:

- Steady rate increases of 2%-3.4% per year from 2023/24

- Heavy reliance on reserve funding from FY24 to FY27 and steadily increasing from 2027/28 (2031/32 balance $12m)

- $6m reduction in capex spending beyond the 4-year capital plan when compared to the base rates scenario

- Operating surplus and asset sustainability ratios dropping below the minimum target threshold prescribed by the DLGSC

High Rates Scenario

The high rates scenario provides funding for additional large-scale projects including Beatty Park 2062 and Leederville Oval and a significant increase to our reserves over the 10 years. The key assumptions and outcomes of this scenario are:

- High rates increase from 2023/24 to 2026/27 (6%-7%) and reducing to 2.5%-3% from 2027-28 onwards

- Additional Capex of $35m for Beatty Park and Leederville Oval from 2025/26 to 2031/32 compared to the base scenario

CITY OF VINCENT

- Reserve balance to increase by $13m over 10 years (2031/32 balance $25m)

LOAN BORROWING ANALYSIS

Loan borrowings are a legitimate financing facility available to local governments to sustainably meet the long-term needs of its community, particularly in respect to major capital works projects. The Act empowers the City to borrow within a financial strategy as part of a balanced funding package and are included in the City's Long Term Financial Plan where appropriate.

There are two new loans from the WA Treasury Corporation that commence in 2022/23 for the supply and installation of new gym equipment at Beatty Park Leisure Centre as the existing equipment comes to the end of its useful life. These loans were originally approved in the 2021/22 Budget but due to supplier delays with the delivery of the equipment won't be funded until 2022/23.

The City's outstanding loan borrowings at the commencement of the LTFP is projected to peak at $14.6m early in 2022/23 and then progressively decline to nil by 2031/32. As the City does not expect any additional new loans in the 10-year plan, this will steadily improve the debt service cover ratio on a year-to-year basis.

Loan Description	**Outstanding as at 30 June 2022 ($)**
Loftus Centre Belgravia	1,149,549
Loftus Centre Underground Car Park	44,483
Beatty Park Redevelopment	5,028,914
DSR Building Refinance	763,287
Resource Recovery facility arrangement	6,748,886
Total	**13,735,119**

RATES YIELD ANALYSIS

The rate setting model used in preparing the financial plan represents an annual rate yield increase between 2.5% - 4.5% (2023/24 to 2031/32). This is the level required to ensure that the balance between the City's operational expenditure and its operational revenue generating capacity is maintained at a sustainable level - as reflected in the Operating Surplus Ratio.

RESERVE FUND ANALYSIS

Local governments rely heavily on own source income, with Rates being a majority component. Given the demands to fund ongoing operations and specific major projects, funding strategies are required to avoid significant variations in the demand for funds and the consequential impact on ratepayers. Financial Reserves are considered an appropriate mechanism to sustainably manage a local government's financial stability, helping to avoid the need for large or irregular rate movements in the years that relevant projects are delivered, spreading or smoothing the financial implications.

Cash backed (discretionary) Reserves are used to set aside funds for a proposed future purpose (see Appendices). Subject to the requirements of section 6.11 of the Act, reserve funds must only be used for the nominated purpose. These reserves may be funded by appropriation from the City's Municipal fund or by the proceeds of asset sales, distributions from Tamala Park Regional Council (TPRC) or linked to a specific income source.

Initially, there will be heavy reliance on reserve drawdowns in 2023-24 (net reduction of around $2m) to fund the 4-year capital plan in the base case scenario. The reserve balance is anticipated to grow again from 2024-25 and steadily increase over the 10-year period to a balance of $22m in 2031/32.

The Forecast Schedule of Reserves below provides a breakdown of reserve funds in the LTFP.

CITY OF VINCENT

City of Vincent

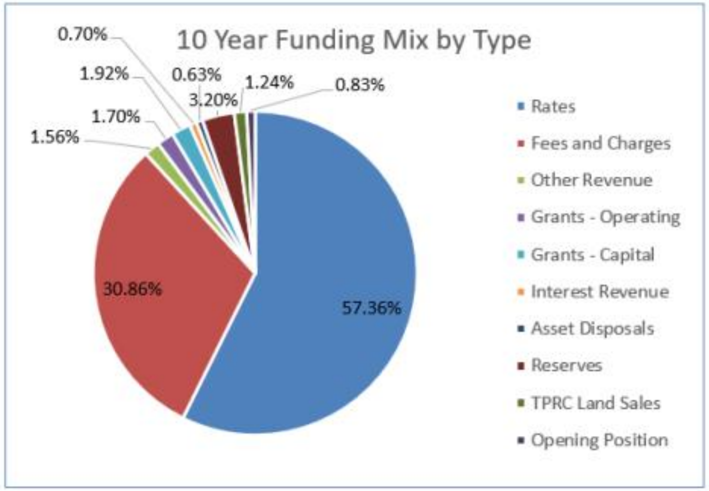
Forecast Schedule of Reserves

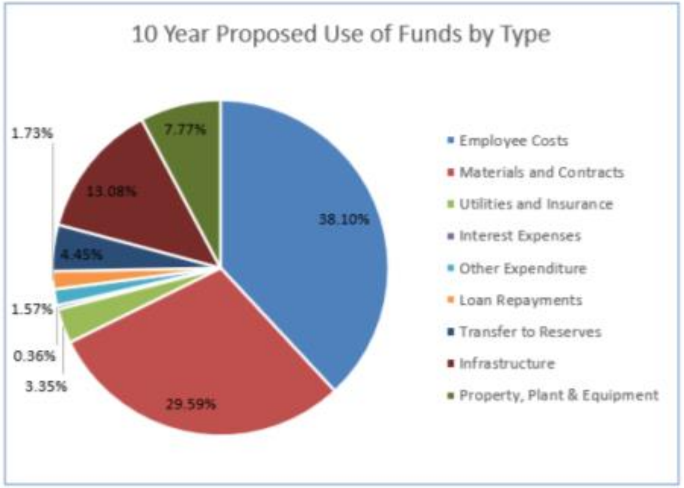
For the period 2022 - 2032

		1	2	3	4	5	6	7	8	9	10
		2022-23 Balance $	2023-24 Balance $	2024-25 Balance $	2025-26 Balance $	2026-27 Balance $	2027-28 Balance $	2028-29 Balance $	2029-30 Balance $	2030-31 Balance $	2031-32 Balance $
4	Asset Sustainability Reserve	4,807,599	979,290	383,350	375,184	678,936	985,725	2,395,582	3,739,538	5,476,933	8,450,953
5	Beatty Park Leisure Centre Reserve	205,977	8,037	8,117	8,198	108,280	159,363	160,957	162,567	164,193	165,835
7	Cash in Lieu Parking Reserve	544,726	139,673	570	50,576	551,082	1,056,593	1,067,159	1,077,831	1,088,609	599,495
9	Hyde Park Lake Reserve	169,621	171,317	173,030	174,760	176,508	178,273	180,056	181,857	183,676	185,513
10	Land and Building Acquisition Reserve	305,901	308,960	312,050	315,171	318,323	321,506	324,721	327,968	331,248	334,560
11	Leederville Oval Reserve	67,025	67,695	68,372	69,056	69,747	70,444	71,148	71,859	72,578	73,304
13	Loftus Community Centre Reserve	39,819	40,217	40,619	41,025	41,435	41,849	42,267	42,690	43,117	43,548
14	Loftus Recreation Centre Reserve	234,827	297,822	112,660	176,885	178,654	180,441	182,245	184,067	185,908	187,767
16	Office Building Reserve - 246 Vincent Street	7,337	7,410	27,484	17,759	17,937	18,116	18,297	18,480	18,665	18,852
17	Parking Facility Reserve	108,696	109,783	110,881	111,990	113,110	114,241	115,383	116,537	117,702	118,879
18	Percentage For Public Art Reserve	1,987	2,007	2,027	2,147	2,168	2,190	2,212	2,234	2,256	2,279
20	State Gymnastics Centre Reserve	145,033	58,968	12,292	25,404	38,907	52,810	67,123	67,794	68,472	69,157
21	Strategic Waste Management Reserve	46,645	147,111	248,582	351,068	454,579	559,125	664,716	771,363	879,077	987,868
22	Tamala Park Land Sales Reserve	3,215,805	4,914,629	5,080,442	4,631,246	4,910,891	5,293,334	5,679,600	6,069,729	6,297,093	6,526,731
23	Underground Power Reserve	796,858	1,589,827	2,390,725	3,199,632	2,531,628	2,556,944	2,582,513	2,608,338	2,634,421	2,660,765
24	Waste Management Plant and Equipment Reserve	226,757	229,025	231,315	233,628	235,964	238,324	240,707	243,114	245,545	248,000
25	POS reserve - Haynes Street	47,325	83,043	119,118	155,554	192,355	229,524	231,819	234,137	236,478	238,843
26	POS reserve - General	1,425,240	1,439,492	1,453,887	1,468,426	1,483,110	1,497,941	1,512,920	1,528,049	1,543,329	1,558,762
		12,397,175	10,594,304	10,775,519	11,407,706	12,103,612	13,556,740	15,539,422	17,448,149	19,589,297	22,471,107

Refer to Appendices for a breakdown of specified reserve purposes.

FUNDING MIX AND FUNDING USE





The chart above indicates the respective contributions of the various funding sources to the total funding mix over the ten-year period covered by the plan. The major elements of the funding model are rates (57.4%), fees and charges (30.9%), reserves (3.2%), operating & non-operating grants (3.6%), land and asset disposals (1.9%), interest revenue (0.7%) and other revenue (1.6%).

The proposed expenditure program reveals that approximately 38.1% of cash expenditure relates to employee costs and another 29.6% to materials and contracts, 3.4% to utilities and insurances, 2.1% towards loan servicing and interest, 1.6% for other expenditure with 20.9% applied to capital expenditure, with the remaining 4.5% going to Reserves.

Over the life of the plan, funds will be applied towards meeting the costs of operational service delivery as well as expenditure on infrastructure renewals, debt servicing and replenishing Reserves.

CITY OF VINCENT

FINANCIAL STATEMENTS AND SUPPORTING SCHEDULES

Primary Financial Statements

The ten-year LTFP is presented as a suite of summarised financial statements:

- FS1 - Statement of Comprehensive Income by Nature and Type
- FS2 - Statement of Funding (Rate Setting Statement)
- FS3 - Statement of Cash Flows
- FS4 - Statement of Net Current Asset Position
- FS5 - Statement of Financial Position
- FS6 - Statement of Change in Equity.

Please note the financial statements provided below are derived from the base scenario.

FS1 - Statement of Comprehensive Income

This financial statement includes estimates of all revenues and expenditures that are included in the operating (normal day to day) activities of the City. This also includes non-cash items such as depreciation as well as interest payments on loans. It excludes repayments of loan principal, proceeds from loan borrowings and capital expenditure items - those are all reflected in the aggregated Rate Setting Statement FS2.

Information from the Income Statement is used to calculate the Operating Surplus Ratio which is one of the statutory measures of financial sustainability.

FS2 - Statement of Funding (Rate Setting Statement)

This important statutory financial statement includes estimates of all operating and non-operating revenues and expenditures as well as repayments of loan principal, proceeds from loan borrowings, capital expenditure items and transfers to or from cash backed reserves. It does however, exclude all non-cash items.

The purpose of the statement is to demonstrate the calculation of the amount of rates expected to be required to fund the budget each year.

FS3 - Statement of Cash Flows

This financial statement demonstrates the projected impact on the overall cash position of the City of the planned financial transactions. It is derived from the Operating Position which is then adjusted for the impact of the non-cash transactions and non-operating items.

FS4 - Statement of Net Current Asset Position

This financial statement contains projected balances for Current Assets (Cash, Receivables and Inventories) and Current Liabilities (Creditors, Provisions and Restricted Reserves) across each year of the plan.

It is used to calculate the Net Current Assets figure which is essentially the starting point for developing the Rate Setting Statement which determines the amount of rates required to fund the budget each year.

FS5 - Statement of Financial Position

This financial statement demonstrates the impact of the proposals in the Long Term Financial Plan on the assets and liabilities of the City. The financial plan should indicate maintenance or improvement in the value of the City's Equity (Net Assets).

FS6 - Statement of Change in Equity

This financial statement recognises the impact on the City's Net Assets (Equity).

CITY OF VINCENT

City of Vincent

FS 1 - Forecast Statement of Comprehensive Income - by Nature or Type

For the period 2022 - 2032

Base Scenario

	1	2	3	4	5	6	7	8	9	10
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	$	$	$	$	$	$	$	$	$	$
Revenues										
Rates	39,910,329	41,905,845	44,001,137	45,981,188	47,590,529	49,256,198	50,980,165	52,560,550	54,137,367	55,761,488
Operating grants, subsidies and contributions	1,067,601	1,300,699	1,339,721	1,379,912	1,421,306	1,463,948	1,507,865	1,553,104	1,597,497	1,643,225
Fees and charges	21,055,384	23,460,067	24,163,861	24,888,781	25,635,444	26,404,510	27,196,642	28,012,548	28,852,913	29,718,489
Interest earnings	508,000	529,600	545,489	561,853	578,708	596,069	613,950	632,369	651,339	670,879
Other Revenues	1,139,329	1,174,648	1,209,735	1,246,029	1,283,410	1,321,914	1,361,573	1,402,418	1,444,492	1,487,827
	63,680,643	68,370,859	71,259,943	74,057,763	76,509,397	79,042,639	81,660,195	84,160,989	86,683,608	89,281,908
Expenses										
Employee costs	(28,802,780)	(29,616,383)	(30,452,965)	(31,077,673)	(31,699,217)	(32,333,202)	(32,979,857)	(33,639,460)	(34,312,694)	(34,999,404)
Materials and contracts	(21,707,562)	(22,135,108)	(22,925,995)	(23,640,666)	(24,377,319)	(25,136,650)	(25,919,317)	(26,726,094)	(27,554,228)	(28,407,768)
Utilities	(1,800,499)	(1,856,315)	(1,912,007)	(1,969,364)	(2,028,446)	(2,089,299)	(2,151,976)	(2,216,534)	(2,283,030)	(2,351,522)
Depreciation	(12,865,818)	(13,705,735)	(14,283,078)	(14,844,782)	(15,430,625)	(16,022,978)	(16,649,049)	(17,304,077)	(17,983,560)	(18,693,523)
Interest Expenses	(540,835)	(512,966)	(452,946)	(389,828)	(324,752)	(264,030)	(211,050)	(159,073)	(106,300)	(50,742)
Insurance expenses	(647,958)	(668,045)	(688,085)	(708,727)	(729,988)	(751,888)	(774,444)	(797,676)	(821,608)	(846,256)
Other expenditure	(1,101,844)	(1,146,813)	(1,191,208)	(1,237,137)	(1,284,641)	(1,333,788)	(1,384,619)	(1,437,198)	(1,490,871)	(1,546,375)
	(67,467,296)	(69,641,365)	(71,906,284)	(73,868,177)	(75,874,988)	(77,931,835)	(80,070,312)	(82,280,112)	(84,552,291)	(86,895,590)
Nett Result from Operations	(3,786,653)	(1,270,506)	(646,341)	189,586	634,409	1,110,804	1,589,883	1,880,877	2,131,317	2,386,318
Non-operating grants, subsidies and contributions	3,440,577	1,616,667	1,402,600	1,432,600	1,308,252	1,334,417	1,361,105	1,388,327	1,416,094	1,444,416
Loss on Revaluation	0	0	0	0	0	0	0	0	0	0
Profit on Assets Disposal	2,577,476	3,074,377	3,604,997	3,373,079	4,646,872	4,011,555	938,741	874,576	929,348	985,225
Loss on assets disposal	(516,540)	(98,317)	(100,283)	(140,270)	(104,335)	(106,422)	(108,550)	(110,721)	(112,935)	(115,194)
NET RESULT	1,714,860	3,322,221	4,260,973	4,854,995	6,485,198	6,350,354	3,781,179	4,033,059	4,363,824	4,700,765
Other Comprehensive Income	5,223,121	5,513,567	5,674,489	5,787,241	5,914,734	6,041,859	6,171,111	6,301,779	6,443,656	6,587,659
TOTAL COMPREHENSIVE INCOME	6,937,981	8,835,788	9,935,462	10,642,236	12,399,932	12,392,213	9,952,290	10,334,838	10,807,480	11,288,424

CITY OF VINCENT

City of Vincent

FS 2 - Forecast Statement of Funding - for the period 2022 - 2032

Base Scenario

	1	2	3	4	5	6	7	8	9	10
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	$	$	$	$	$	$	$	$	$	$
FUNDING FROM OPERATIONAL ACTIVITIES										
Revenues										
Rates	39,910,329	41,905,845	44,001,137	45,981,188	47,590,529	49,256,198	50,980,165	52,560,550	54,137,367	55,761,488
Operating grants, subsidies and contributions	1,067,601	1,300,699	1,339,721	1,379,912	1,421,306	1,463,948	1,507,865	1,553,104	1,597,497	1,643,225
Profit on asset disposal	2,577,476	3,074,377	3,604,997	3,373,079	4,646,872	4,011,555	938,741	874,576	929,348	985,225
Fees and charges	21,055,384	23,460,067	24,163,861	24,888,781	25,635,444	26,404,510	27,196,642	28,012,548	28,852,913	29,718,489
Interest earnings	508,000	529,600	545,489	561,853	578,708	596,069	613,950	632,369	651,339	670,879
Other revenue	1,139,329	1,174,648	1,209,735	1,246,029	1,283,410	1,321,914	1,361,573	1,402,418	1,444,492	1,487,827
	66,258,119	71,445,236	74,864,940	77,430,842	81,156,269	83,054,194	82,598,936	85,035,565	87,612,956	90,267,133
Expenses										
Employee costs	(28,802,780)	(29,616,383)	(30,452,965)	(31,077,673)	(31,699,217)	(32,333,202)	(32,979,857)	(33,639,460)	(34,312,694)	(34,999,404)
Materials and contracts	(21,707,562)	(22,135,108)	(22,925,995)	(23,640,666)	(24,377,319)	(25,136,650)	(25,919,317)	(26,726,094)	(27,554,228)	(28,407,768)
Utility charges (electricity, gas, water etc.)	(1,800,499)	(1,856,315)	(1,912,007)	(1,969,364)	(2,028,446)	(2,089,299)	(2,151,976)	(2,216,534)	(2,283,030)	(2,351,522)
Depreciation on non-current assets	(12,865,818)	(13,705,735)	(14,283,078)	(14,844,782)	(15,430,625)	(16,022,978)	(16,649,049)	(17,304,077)	(17,983,560)	(18,693,523)
Loss on asset disposal	(516,540)	(98,317)	(100,283)	(140,270)	(104,335)	(106,422)	(108,550)	(110,721)	(112,935)	(115,194)
Interest expense	(540,835)	(512,966)	(452,946)	(389,828)	(324,752)	(264,030)	(211,050)	(159,073)	(106,300)	(50,742)
Insurance expense	(647,958)	(668,045)	(688,085)	(708,727)	(729,988)	(751,888)	(774,444)	(797,676)	(821,608)	(846,256)
Other expenditure	(1,101,844)	(1,146,813)	(1,191,208)	(1,237,137)	(1,284,641)	(1,333,788)	(1,384,619)	(1,437,198)	(1,490,871)	(1,546,375)
	(67,983,836)	(69,739,682)	(72,006,567)	(74,008,447)	(75,979,323)	(78,038,257)	(80,178,862)	(82,390,833)	(84,665,226)	(87,010,784)
	(1,725,717)	1,705,554	2,858,373	3,422,395	5,176,946	5,015,937	2,420,074	2,644,732	2,947,730	3,256,349
Funding Position Adjustments										
Depreciation on non-current assets	12,865,818	13,705,735	14,283,078	14,844,782	15,430,625	16,022,978	16,649,049	17,304,077	17,983,560	18,693,523
Net profit and losses on disposal	(2,060,936)	(2,976,060)	(3,504,714)	(3,232,809)	(4,542,537)	(3,905,133)	(830,191)	(763,855)	(816,413)	(870,031)
Net Funding From Operational Activities	9,079,165	12,435,229	13,636,737	15,034,368	16,065,034	17,133,782	18,238,932	19,184,954	20,114,877	21,079,841
FUNDING FROM CAPITAL ACTIVITIES										
Inflows										
Proceeds on disposal	3,614,666	2,240,667	1,688,667	1,660,000	1,133,333	1,139,333	1,133,333	1,139,333	978,787	985,029
Non-operating grants, subsidies and contributions	3,440,577	1,616,667	1,402,600	1,432,600	1,308,252	1,334,417	1,361,105	1,388,327	1,416,094	1,444,416
Outflows										
Purchase of property plant and equipment	(11,378,268)	(6,138,951)	(5,589,537)	(5,195,700)	(6,125,800)	(5,492,010)	(6,009,850)	(6,229,047)	(6,499,629)	(6,606,943)
Purchase of infrastructure	(9,106,260)	(10,366,713)	(9,312,071)	(10,531,789)	(10,047,493)	(11,246,951)	(11,302,365)	(12,174,255)	(12,549,719)	(13,197,884)
Net Funding From Capital Activities	(13,429,285)	(12,648,330)	(11,810,341)	(12,634,889)	(13,731,708)	(14,265,211)	(14,817,777)	(15,875,642)	(16,654,467)	(17,375,382)
FUNDING FROM FINANCING ACTIVITIES										
Inflows										
Transfer from reserves	5,240,858	4,756,885	2,856,233	2,171,900	2,200,000	2,000,000	1,900,000	1,800,000	2,000,000	2,000,000
New borrowings	827,879	0	0	0	0	0	0	0	0	0
Outflows										
Transfer to reserves	(5,646,083)	(2,954,017)	(3,037,448)	(2,804,087)	(2,895,906)	(3,453,128)	(3,882,682)	(3,708,727)	(4,141,148)	(4,881,811)
Principal elements of finance lease payments	(70,602)	0	0	0	0	0	0	0	0	0
Repayment of borrowings	(1,501,877)	(1,585,417)	(1,640,314)	(1,697,919)	(1,704,884)	(1,461,744)	(1,441,749)	(1,389,023)	(1,378,237)	(761,834)
Net Funding From Financing Activities	(1,149,825)	217,451	(1,821,529)	(2,330,106)	(2,400,790)	(2,914,872)	(3,424,431)	(3,297,750)	(3,519,385)	(3,643,645)
Estimated Surplus/(Deficit) July 1 B/Fwd	5,657,084	157,139	161,489	166,356	235,729	168,264	121,963	118,687	130,249	71,274
Estimated Surplus/(Deficit) June 30 C/Fwd	**157,139**	**161,489**	**166,356**	**235,729**	**168,264**	**121,963**	**118,687**	**130,249**	**71,274**	**132,088**

CITY OF VINCENT

City of Vincent

FS 3 - Forecast Statement of Cashflows - for the period 2022 - 2032

Base Scenario

	1	2	3	4	5	6	7	8	9	10
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	$	$	$	$	$	$	$	$	$	$
Cash Flows From Operating Activities										
Receipts										
Rates	39,910,329	41,905,845	44,001,137	45,981,188	47,590,529	49,256,198	50,980,165	52,560,550	54,137,367	55,761,488
Operating grants, subsidies and contributions	972,546	1,300,699	1,339,721	1,379,912	1,421,306	1,463,948	1,507,865	1,553,104	1,597,497	1,643,225
Fees and charges	21,055,384	23,660,067	23,963,861	24,788,781	25,574,332	26,343,132	27,135,013	27,950,682	28,790,825	29,656,195
Interest earnings	508,000	529,600	545,489	561,853	578,708	596,069	613,950	632,369	651,339	670,879
Other revenue	1,139,329	1,174,648	1,209,735	1,246,029	1,283,410	1,321,914	1,361,573	1,402,418	1,444,492	1,487,827
	63,585,588	68,570,859	71,059,943	73,957,763	76,448,285	78,981,261	81,598,566	84,099,123	86,621,520	89,219,614
Payments										
Employee costs	(28,402,780)	(29,405,994)	(30,343,563)	(30,966,083)	(31,585,395)	(32,217,103)	(32,861,436)	(33,518,671)	(34,189,489)	(34,873,735)
Materials and contracts	(21,523,101)	(21,720,629)	(22,784,810)	(23,348,029)	(24,227,457)	(24,983,791)	(25,763,400)	(26,567,059)	(27,392,012)	(28,242,308)
Utility charges	(1,790,499)	(1,856,315)	(1,912,007)	(1,969,364)	(2,028,446)	(2,089,299)	(2,151,976)	(2,216,534)	(2,283,030)	(2,351,522)
Interest expenses	(540,835)	(512,966)	(452,946)	(389,828)	(324,752)	(264,030)	(211,050)	(159,073)	(106,300)	(50,742)
Insurance expenses	(647,958)	(668,045)	(688,085)	(708,727)	(729,988)	(751,888)	(774,444)	(797,676)	(821,608)	(846,256)
Other expenditure	(1,086,844)	(1,146,813)	(1,191,208)	(1,237,137)	(1,284,641)	(1,333,788)	(1,384,619)	(1,437,198)	(1,490,871)	(1,546,375)
	(53,992,017)	(55,310,762)	(57,372,619)	(58,619,168)	(60,180,679)	(61,639,899)	(63,146,925)	(64,696,211)	(66,283,310)	(67,910,938)
Net Cash Provided By (Used In) Operating Activities	9,593,571	13,260,097	13,687,324	15,338,595	16,267,606	17,341,362	18,451,641	19,402,912	20,338,210	21,308,676
Cash Flows from Investing Activities										
Payments for purchase of property, plant & equipment	(11,378,268)	(6,138,951)	(5,589,537)	(5,195,700)	(6,125,800)	(5,492,010)	(6,009,850)	(6,229,047)	(6,499,629)	(6,606,943)
Payments for construction of infrastructure	(9,106,260)	(10,366,713)	(9,312,071)	(10,531,789)	(10,047,493)	(11,246,951)	(11,302,365)	(12,174,255)	(12,549,719)	(13,197,884)
Principal elements of lease payments	(70,602)	0	0	0	0	0	0	0	0	0
Non-operating grants, subsidies and contributions	3,440,577	1,616,667	1,402,600	1,432,600	1,308,252	1,334,417	1,361,105	1,388,327	1,416,094	1,444,416
Proceeds from disposal of assets	1,948,000	574,000	272,000	660,000	300,000	306,000	300,000	306,000	312,120	318,362
Proceeds from sale of land	1,666,666	1,666,667	1,416,667	1,000,000	833,333	833,333	833,333	833,333	666,667	666,667
Transfers (to)/from investments	0	500,000	0	(500,000)	(1,000,000)	(1,500,000)	(2,100,000)	(2,000,000)	(2,500,000)	(3,000,000)
Net Cash Provided By (Used In) Investing Activities	(13,499,887)	(12,148,330)	(11,810,341)	(13,134,889)	(14,731,708)	(15,765,211)	(16,917,777)	(17,875,642)	(19,154,467)	(20,375,382)
Cash Flows from Financing Activities										
Repayment of borrowings	(1,501,877)	(1,585,417)	(1,640,314)	(1,697,919)	(1,704,884)	(1,461,744)	(1,441,748)	(1,389,023)	(1,378,237)	(761,834)
Proceeds from new borrowings	827,879	0	0	0	0	0	0	0	0	0
Net Cash Provided By (Used In) Financing Activities	(673,998)	(1,585,417)	(1,640,314)	(1,697,919)	(1,704,884)	(1,461,744)	(1,441,748)	(1,389,023)	(1,378,237)	(761,834)
Net Increase (Decrease) in Cash Held	(4,580,314)	(473,650)	236,669	505,787	(168,986)	114,407	92,116	138,247	(194,494)	171,460
Cash at beginning of year	5,692,588	1,112,275	638,624	875,295	1,381,083	1,212,097	1,326,505	1,418,621	1,556,868	1,362,374
Cash and Cash Equivalents at the End of Year	1,112,274	638,625	875,293	1,381,082	1,212,097	1,326,504	1,418,621	1,556,868	1,362,374	1,533,834

CITY OF VINCENT

City of Vincent

FS 4 - Forecast Composition of Estimated Net Current Asset Position

For the period 2022 - 2032

Base Scenario

	1	2	3	4	5	6	7	8	9	10
	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
	$	$	$	$	$	$	$	$	$	$
Estimated Surplus/Deficit July 1 B/Fwd	5,657,084	157,139	161,489	166,356	235,729	168,264	121,963	118,687	130,249	71,274
CURRENT ASSETS										
Cash and cash Equivalents	1,112,275	638,624	875,295	1,381,083	1,212,097	1,326,505	1,418,621	1,556,868	1,362,374	1,533,834
Financial Assets at amortised cost	19,022,321	18,457,249	18,487,850	19,007,628	20,027,798	21,548,373	23,669,360	25,690,769	28,212,602	31,224,613
Trade and Other Receivables	3,115,506	2,859,703	3,002,506	3,055,604	3,068,875	3,081,456	3,093,312	3,104,410	3,114,714	3,134,448
Inventories	220,858	226,379	230,907	235,525	240,236	245,040	249,941	254,940	260,039	265,240
CURRENT LIABILITIES										
Trade and Other Payables	(6,865,671)	(7,285,671)	(7,431,384)	(7,728,640)	(7,883,213)	(8,040,877)	(8,201,694)	(8,365,728)	(8,533,043)	(8,703,704)
Movement in Accrued Salaries and Wages	(5,259,725)	(5,470,114)	(5,579,516)	(5,691,107)	(5,804,929)	(5,921,027)	(6,039,448)	(6,160,237)	(6,283,442)	(6,409,110)
Reserves	(12,397,175)	(10,594,307)	(10,775,522)	(11,407,709)	(12,103,615)	(13,556,743)	(15,539,425)	(17,448,152)	(19,589,300)	(22,471,111)
Current Long Term Borrowings	(1,585,417)	(1,640,314)	(1,697,919)	(1,704,884)	(1,461,744)	(1,441,748)	(1,389,023)	(1,378,237)	(761,834)	0
ADJUSTMENTS										
Add: Current Long Term Borrowings	1,585,417	1,640,314	1,697,919	1,704,884	1,461,744	1,441,748	1,389,023	1,378,237	761,834	0
Add: Infringement Debtors transferred to non current asset	1,208,751	1,329,626	1,356,220	1,383,345	1,411,013	1,439,234	1,468,020	1,497,381	1,527,330	1,557,877
Estimated Surplus/Deficit June 30 C/Fwd	157,140	161,489	166,356	235,729	168,264	121,963	118,687	130,249	71,274	132,088

CITY OF VINCENT

City of Vincent

FS 5 - Forecast Statement of Financial Position

For the period 2022 - 2032

Base Scenario

	1	2	3	4	5	6	7	8	9	10
	30 June 23 $	30 June 24 $	30 June 25 $	30 June 26 $	30 June 27 $	30 June 28 $	30 June 29 $	30 June 30 $	30 June 31 $	30 June 32 $
CURRENT ASSETS										
Cash and cash Equivalents	1,112,275	638,624	875,295	1,381,083	1,212,097	1,326,505	1,418,621	1,556,868	1,362,374	1,533,834
Financial Assets at amortised cost	19,022,321	18,457,249	18,487,850	19,007,628	20,027,798	21,548,373	23,669,360	25,690,769	28,212,602	31,224,613
Trade and Other Receivables	3,115,506	2,859,703	3,002,506	3,055,604	3,068,875	3,081,456	3,093,312	3,104,410	3,114,714	3,134,448
Inventories	220,858	226,379	230,907	235,525	240,236	245,040	249,941	254,940	260,039	265,240
TOTAL CURRENT ASSETS	23,470,960	22,181,955	22,596,558	23,679,840	24,549,006	26,201,374	28,431,234	30,606,987	32,949,729	36,158,135
NON-CURRENT ASSETS										
Other Receivables	2,232,108	2,287,911	2,345,108	2,392,010	2,439,851	2,488,648	2,538,421	2,589,189	2,640,973	2,693,792
Investments	36,903	36,903	36,903	36,903	36,903	36,903	36,903	36,903	36,903	36,903
Interests in Joint Arrangements	6,723,435	7,387,374	8,817,056	10,416,313	13,440,555	15,813,693	15,097,915	14,264,582	13,597,915	12,931,248
Property Plant and Equipment	225,279,589	225,336,964	226,191,373	227,874,421	227,904,426	226,409,721	225,563,613	223,204,572	222,079,394	219,760,678
Infrastructure	178,371,599	186,778,195	192,583,167	197,534,654	204,537,871	213,173,752	221,257,259	231,465,454	240,594,470	251,153,723
Right of Use Assets	209,284	213,470	217,739	222,094	226,536	231,066	235,688	240,402	245,210	250,114
TOTAL NON-CURRENT ASSETS	412,852,918	422,040,816	430,191,346	438,476,395	448,586,141	458,153,783	464,729,799	471,801,101	479,194,865	486,826,458
TOTAL ASSETS	436,323,878	444,222,771	452,787,904	462,156,235	473,135,148	484,355,158	493,161,033	502,408,088	512,144,593	522,984,593
CURRENT LIABILITIES										
Trade and Other Payables	6,865,671	7,285,671	7,431,384	7,728,640	7,883,213	8,040,877	8,201,694	8,365,728	8,533,043	8,703,704
Current Portion of Long-term Liabilities	1,585,417	1,640,314	1,697,919	1,704,884	1,461,744	1,441,748	1,389,023	1,378,237	761,834	0
Provisions	5,259,725	5,470,114	5,579,516	5,691,107	5,804,929	5,921,027	6,039,448	6,160,237	6,283,442	6,409,110
Lease liabilities	70,602	0	0	0	0	0	0	0	0	0
TOTAL CURRENT LIABILITIES	13,710,813	14,396,099	14,708,819	15,124,631	15,149,886	15,403,652	15,630,165	15,904,202	15,578,319	15,112,814
NON-CURRENT LIABILITIES										
Long-term Borrowings	11,475,704	9,835,390	8,137,471	6,432,587	4,970,843	3,529,095	2,140,072	761,835	0	0
Provisions	725,349	743,482	758,352	773,519	788,989	804,769	820,864	837,282	854,027	871,108
TOTAL NON-CURRENT LIABILITIES	12,201,053	10,578,872	8,895,823	7,206,106	5,759,832	4,333,864	2,960,936	1,599,117	854,027	871,108
TOTAL LIABILITIES	25,911,866	24,974,971	23,604,642	22,330,737	20,909,718	19,737,516	18,591,101	17,503,319	16,432,346	15,983,922
NET ASSETS	**410,412,012**	**419,247,800**	**429,183,262**	**439,825,498**	**452,225,430**	**464,617,642**	**474,569,932**	**484,904,769**	**495,712,247**	**507,000,671**
EQUITY										
Retained Surplus	107,230,332	112,355,421	116,435,179	120,657,987	126,447,279	131,344,504	133,143,001	135,267,333	137,490,008	139,308,962
Reserves - Cash Backed	12,397,175	10,594,307	10,775,522	11,407,709	12,103,615	13,556,743	15,539,425	17,448,152	19,589,300	22,471,111
Asset Revaluation Surplus	290,784,505	296,298,072	301,972,561	307,759,802	313,674,536	319,716,395	325,887,506	332,189,285	338,632,939	345,220,598
TOTAL EQUITY	**410,412,012**	**419,247,800**	**429,183,262**	**439,825,498**	**452,225,429**	**464,617,642**	**474,569,932**	**484,904,770**	**495,712,247**	**507,000,671**

CITY OF VINCENT

City of Vincent

FS 6 - Forecast Statement of Changes in Equity

For the period 2022 - 2032

Base Scenario

	1	2	3	4	5	6	7	8	9	10
	30 June 23 $	30 June 24 $	30 June 25 $	30 June 26 $	30 June 27 $	30 June 28 $	30 June 29 $	30 June 30 $	30 June 31 $	30 June 32 $
RETAINED SURPLUS										
Opening Balance	105,920,697	107,230,332	112,355,421	116,435,179	120,657,987	126,447,279	131,344,505	133,143,002	135,267,334	137,490,008
Net Result	1,714,860	3,322,221	4,260,973	4,854,995	6,485,198	6,350,354	3,781,179	4,033,059	4,363,824	4,700,765
Amount transferred (to)/from Reserves	(405,225)	1,802,868	(181,215)	(632,187)	(695,906)	(1,453,127)	(1,982,682)	(1,908,727)	(2,141,149)	(2,881,811)
Closing Balance	107,230,332	112,355,421	116,435,179	120,657,987	126,447,279	131,344,505	133,143,002	135,267,334	137,490,008	139,308,962
RESERVES - CASH/INVESTMENT BACKED										
Opening Balance	11,991,950	12,397,175	10,594,307	10,775,522	11,407,709	12,103,615	13,556,742	15,539,424	17,448,151	19,589,300
Amount transferred to/(from) Retained Surplus	405,225	(1,802,868)	181,215	632,187	695,906	1,453,127	1,982,682	1,908,727	2,141,149	2,881,811
Closing Balance	12,397,175	10,594,307	10,775,522	11,407,709	12,103,615	13,556,742	15,539,424	17,448,151	19,589,300	22,471,111
ASSET REVALUATION SURPLUS										
Opening Balance	285,561,384	290,784,505	296,298,072	301,972,561	307,759,802	313,674,536	319,716,395	325,887,506	332,189,285	338,632,939
Total Other Comprehensive Income	5,223,121	5,513,567	5,674,489	5,787,241	5,914,734	6,041,859	6,171,111	6,301,779	6,443,654	6,587,659
Closing Balance	290,784,505	296,298,072	301,972,561	307,759,802	313,674,536	319,716,395	325,887,506	332,189,285	338,632,939	345,220,598
TOTAL EQUITY	410,412,012	419,247,800	429,183,262	439,825,498	452,225,429	464,617,642	474,569,932	484,904,770	495,712,247	507,000,671

CITY OF VINCENT

APPENDICES

Specific Purpose Reserves

Vincent will maintain Cash Backed Reserves having the following specified purposes.

	Name of Reserve	Purpose of the Reserve	Timeframe	Informing Strategy, Plan or Decision
1.	**Asset Management Reserves**			
1.1	Asset Sustainability Reserve	For assisting Council in funding its long-term asset management objectives and provide a means to spread the cost of intergenerational assets over multiple years.	Ongoing	Asset Management and Sustainability Strategy
1.2	Beatty Park Leisure Centre Reserve	For the major upgrade and redevelopment of the Beatty Park Leisure Centre including the replacement or purchase of major plant, equipment, fixtures, and fittings.	Ongoing	Asset Management and Sustainability Strategy Asset Prioritisation Plan for Buildings
1.3	246 Vincent Street Building Reserve	For major building upgrade, maintenance, repairs, renovation and replacement of floorcovering, fixtures and fittings associated with the new Office Building and Land.	Ongoing	Asset Management and Sustainability Strategy Asset Prioritisation Plan for Buildings
1.4	Hyde Park Land Reserve	For works associated with the investigation, maintenance, remedial works and the rehabilitation of the Hyde Park Lakes and surrounds.	Ongoing	Asset Management and Sustainability Strategy
1.5	Leederville Oval Reserve	For the works associated with the maintenance, repairs, upgrade and replacement of Leederville Oval buildings, fixtures, fittings, and associated land.	Ongoing	Asset Management and Sustainability Strategy Asset Prioritisation Plan for Buildings
1.6	Loftus Community Centre Reserve	This reserve is for the purpose of capital improvements, including replacing major items of plant and equipment or renewal and modifications to the Centre.	Ongoing	Asset Management and Sustainability Strategy Asset Prioritisation Plan for Buildings
1.7	Loftus Recreation Centre Reserve	This reserve is for the purpose of capital improvements, including replacing major items of plant and equipment or renewal and modifications to the Centre.	Ongoing	Asset Management and Sustainability Strategy Asset Prioritisation Plan for Buildings

CITY OF VINCENT

1.8	State Gymnastics Centre Reserve	This reserve is for the purpose of capital improvements, including replacing major items of plant and equipment or renewal and modifications to the Centre.	Ongoing	Asset Management and Sustainability Strategy Asset Prioritisation Plan for Buildings
1.9	Plant and Equipment Reserve	For the purchase of replacement plant and equipment associated with City's works.	Ongoing	
1.10	Waste Management Plant and Equipment Reserve	For the purpose of replacing plant and equipment associated with the City's waste management, minimisation, and recycling operations.	Ends 2022/23	Waste Strategy 2018-2023
2.	**Strategic Purpose Reserves**			
2.1	Percent for Art Reserve	This reserve is funded from payment of public art contributions from development applicants and is to be used for the acquisition and provision of Public Art and associated infrastructure.	Ongoing	Percent for Art Policy 7.5.13
2.2	Land and Building Acquisition Reserve	To ensure that proceeds of real assets disposed of are restricted to purchase other land and buildings for civic purposes.	Ongoing	Public Open Space Strategy 2018
2.3	Public Open Space – Haynes Street Reserve	For the future development of POS at Haynes Street		Haynes Street Reserve Transition Plan Item 9.8 Extension of Lease – 31 Sydney Street, North Perth, Ordinary Council Meeting 12 October 2021 Public Open Space Strategy 2018
2.4	Strategic Waste Management Reserve	Investigation and implementation of integrated waste management strategies/programmes and initiatives, (including secondary waste treatment and costs associated with the redevelopment of Lot 118 Tamala Park).		Waste Strategy 2018-2023
2.5	Underground Power Reserve	For the purpose of funding the City's contribution to approved underground power projects.	2023/24-2027/28	Memorandum of Understanding for Tranche 2 Western Power's Network Renewal Underground Pilot Program
3.	**Parking & Transport Related Reserves**			
3.1	Cash in Lieu Parking Reserve	This reserve is established from payment of cash-in-lieu of car parking from development applicants and is to be used for providing and/or upgrading existing and proposed Transport infrastructure as defined in the City's Parking and Access Policy 7.7.1.		Parking and Access Policy 7.7.1 Accessible City Strategy Bike Network Plan

CITY OF VINCENT

		(Proposed by VM) These funds will be used to improve the City of Vincent Bicycle Network and other Travel Smart projects.		
3.2	Parking Facility and Equipment Reserve	This reserve is for the purchase and replacement of parking ticket machines, provision and improvement of parking information systems, security lighting, improved pathways and associated infrastructure to access parking areas and associated works.		Accessible City Strategy Car Parking Strategy Precinct Parking Management Plan Safer Vincent Plan 2019-2022
4.	**Other Special Purpose Reserves**			
4.1	Tamala Park Land Sales Reserve	For future significant/major capital works, infrastructure, project or debt reduction programme for the benefit of the City of Vincent.		Tamala Park Regional Council, Joint Ownership, established 3 Feb 2006


CITY OF VINCENT
REVENUE & RATING PLAN
2022/23 – 2025/26

CITY OF VINCENT

REVENUE AND RATING PLAN

INTRODUCTION

The City of Vincent's Revenue and Rating Plan (2022/23-2025/26) sets the principles that guide how the City calculates and raises the revenue required to fund its strategies, projects, and priorities on behalf of the community. It also demonstrates how the funding burden will be apportioned between ratepayers and other users of Council facilities and services.

The Revenue and Rating Plan (the **Plan**) provides transparency to our community about the variety of revenue sources available to the City of Vincent (**Vincent**).

Vincent also generates revenue from Council rates to fund the deficit arising between the cost of delivering services on behalf of the community and revenue raised in other ways. This plan describes the legislative basis for rate setting and how the community will be engaged in this process.

The plan does not set revenue targets for Council. It outlines the strategic framework and decisions that inform how Council will calculate and collect revenue, to ensure Vincent continues to be financially sustainable and well placed to deliver services and infrastructure for its community.

To diminish the rates burden on ratepayers Vincent seeks to continually improve service delivery and the management of community infrastructure, ensuring the cost of service is as low as possible. This plan is delivered within the Integrated Planning and Reporting Framework (**IPRF**). Operating efficiencies are achieved across short- and long-term horizons, within the broader framework of the IPRF.

Contents

CITY OF VINCENT

PLANNING FOR THE FUTURE

Strategic Community Plan

In 2018 the Vincent worked with the community to prepare the Strategic Community Plan (2018-2028). This *plan for the future* is implemented through the Integrated Planning and Reporting Framework (**IPRF**), and:

- Articulates the community's vision, outcomes and priorities
- Allocates resources to achieve the vision, striking a considered balance between aspirations and affordability
- Monitors and reports progress

Informing Strategies, Plans and Policies

Having identified the Community's vision and aspirations, Vincent prepares a series of plans and policies that demonstrate how the strategy is executed. This includes master plans, town plans, workforce plans and asset management strategies.

The City's Governance Framework describes how these informing documents relate to each other and shape decision making.

Relationship of the LTFP to the Revenue and Rating Plan

Having identified the Community's vision and aspirations, Vincent prepares a 10-year Long Term Financial Plan (**LTFP**). The LTFP is a critical document that demonstrates how strategies, plans and services will be prioritised, resourced, and funded.

In the LTFP, Vincent demonstrates how it will deliver a program of relevant services to the community, while maintaining and renewing community infrastructure and facilities. It is based on a range of assumptions including population growth, community and demographic trends, inflation, and anticipated cost increases.

Assumptions are more certain in the earlier years of the LTFP, and flexibility is allowed for later years to address new or emerging community priorities and projects. Dynamic treasury management will also occur and the LTFP and Annual Budget will evolve dynamically. Assumptions and predictive modelling in the LTFP will be updated as the impact of decisions and external factors become known.

All significant financial decisions in the LTFP are to be evaluated and modelled over long-term financial horizons and at least for a period of 10-years.

The LTFP will identify the funding gap to be met by Council rates, after other funding sources have been considered. It also identifies how the City will fund future and intergenerational needs.

OPERATING EFFICIENCY

It is the role of Council to ensure Vincent is managed efficiently and effectively.

Service levels are captured on the 'Service-on-a-Page' and periodically reviewed to establish best value for money by considering the balance between community demand, resource and funding requirements and price.

The Service-on-a-Page will inform the Workforce Plan and Business Continuity Plan.

An annual service review will be conducted prior to the annual budget process to identify efficiencies and improvements that might be achieved in the following years. This will ensure Vincent continually improves the cost-of-service delivery,[1] providing downward pressure on the rates burden applied to ratepayers.

[1] *Local Government Act 1995*, Section 3.18 (c)

CITY OF VINCENT

REVENUE PROFILE

Vincent provides a number of services and facilities to our community, and in doing so, must collect revenue to cover the cost of providing these services and facilities.

Some Vincent services are mandatory and are required to be delivered under legislation or regulation. Other services are discretionary and are provided at the request of Council, to the benefit of the Vincent community.

Revenue sources to fund these services include:

- Rates and Annual Charges
- Statutory Fees & Charges
- User Fees & Charges
- Parking Revenue
- Leases & Licences
- Contributions from other parties (eg developers, community groups)
- Investments
- Loans & Borrowings
- Cash, Savings & Reserves
- Operating and Capital Grants from other levels of government
- Sale of Assets

Revenue Mix

Rates and annual charges comprise 62.6% of the revenue mix for the City of Vincent. This compares favourably to the WA metropolitan local government average of 63.6% (Source: PwC Local Government Excellence Program 2020).

Compared to other metropolitan Western Australian local governments, Vincent has a higher reliance on user charges at 27.6%, reflecting the revenue collected through entry fees and membership at Beatty Park Leisure Centre and parking fees.

Revenue Source	Vincent 2020	Metro WA 2020
Rates & Annual Charges	62.6%	63.6%
User Charges	27.6%	17.9%
Grants	6.0%	13.6%
Interest & Investment Income	1.4%	1.5%
Other Revenue	2.4%	3.4%

Table 1: PwC. Local Government Excellence Program. 2019-2020. Note: Vincent has a lower ratio of grant funding, however this may be distorted due to the size of the user charges category.

CITY OF VINCENT

REVENUE AND RATING PRINCIPLES

Vincent has identified the following principles to apply to its revenue model:

1. Revenue will be sufficient to fund current expenditure commitments and deliverables, as outlined in the Corporate Business Plan, Asset Management Plans and other plans in the IPRF, **unless** in the case of large capital projects and master plans where external funding is being sought.
2. Vincent will fund through general revenue a small number of free or discounted services for the wellbeing of the most vulnerable in the community, such as library and community programs, and community sponsorship.
3. The burden of raising revenue from rate payers through property rates is minimised by:
    a. maximising revenue through non-rating revenue sources, and
    b. critically considering what facilities and services are essential for our community, and
    c. continually improving the efficiency and effectiveness of service delivery.
4. User charges are optimally priced, reflecting their purpose, seeking cost recovery where appropriate, and will consider:
    a. market competitive benchmarks such as Beatty Park memberships
    b. statutory requirements
    c. local government and other benchmarks for subsidised services such as the hire of sporting grounds
    d. desired outcomes, such as shaping consumer behaviour such as parking fees
5. Assuming accurate Gross Rental Valuations by the Valuer General, ratepayers in similar situations should pay similar amounts of rates.
6. During the life of this plan Vincent will continue to review the way in which it levies and charges rates, to the benefit of its ratepayers.
7. The 10-Year LTFP provides transparency on the City's 10-year revenue and rate setting forecast, along with underlying assumptions.
8. At least annually, Vincent will seek community feedback on this plan when considering the Corporate Business Plan and the Annual Budget.
9. Vincent is committed to providing flexible payment plans and financial hardship programs to assist ratepayers experiencing financial difficulties.

CITY OF VINCENT

STRATEGIC CONTEXT

The following strategic factors influence City expenditure, long-term revenue planning and rate setting decisions.

COVID-19 & Inflationary Pressures

Vincent is impacted in various ways by the COVID pandemic, this includes:

- Lockdowns and restrictions impacting Beatty Park Leisure Centre
- Reduced commercial activity in Town Centres impacting Parking revenue
- Staff shortages impacting service delivery
- Increase to the cost of materials and labour impacting the cost of projects

A 2-month lockdown will result in a $1.6m net loss, equivalent to a 4% additional rate increase.

Inflation is assumed to run at 3.1% for 2023/24, based on Reserve Bank of Australia data, and 3% thereafter. In a high inflationary environment ranging from 5% to 7%, this would be equivalent to a 1% to 2% additional rate increase.

Workforce Planning

Vincent staff took a salary freeze in 2020/21 to allow a 0% rate increase and a minimal increase in 2021/22. Salary increases of 3.5% (plus compulsory Superannuation increases) will help staff meet rising cost of living pressures and allow Vincent to remain a competitive employer.

Underground Power

In 2022/23, Vincent will commence a project with Western Power to deliver underground power to parts of the City. The City will establish the Underground Power Rolling Fund which will provide longer payback periods for ratepayer contributions, and current and future Underground Power projects.

For more information, refer to item 12.6 at the Ordinary Council Meeting held 29 March 2022.

Underground Power is a once-in-a-generation project. It takes advantage of diverting Western Power's network upgrade expenditure toward undergrounding power distribution assets.

Asset Management Sustainability

Vincent has identified that our current level of asset renewal demand currently exceeds the City's ability to fully resource asset renewal investment. To meet this challenge, the City must strike the balance between maintaining our current portfolio and the scale of ageing assets whilst meeting the needs of a growing and diverse community and a changing environment. This needs to happen within our means and be financially sustainable in the long term.

In 2018/19 the asset sustainability ratio for Vincent was 33%, equating to an asset renewal gap in a single year of approximately $7.5m. This is well below the established Local Government benchmark of 90%.

In response, the City has prepared an Asset Management Sustainability Strategy (**AMSS**). Notably, the strategy identifies two major capital projects requiring investment. The Beatty Park Leisure Centre Grandstand is a highly-valued asset that is in need of significant additional investment to keep it maintained for future generations (AMSS, p20). Additionally, the facilities at Leederville Oval are dated and ageing and not keeping pace with community expectations (AMSS, p31).

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The strategy includes feedback from the community about our asset management priorities and how Vincent ought to respond.

For more information, refer to item 10.2 at the Ordinary Council Meeting held 16 November 2021 and item 10.1 at the Ordinary Council Meeting held 8 March 2022.

Waste Management Services

In 2021/22 Vincent used a $7m loan to exit the Mindarie Regional Council's Resource Recovery Facility (RRF) facility. (See also: Borrowing)

Vincent was one of 12 Councils involved in this decision. Financially, all Councils agreed it was financially beneficial given changes to the waste management market to exit the existing contract, rather than allow the contract to continue.

Exiting the contract and making other changes to waste service delivery are forecast to save the City of Vincent $2.5M over 10 years. This was approved by Council in a confidential paper, as item 17.1 at the Ordinary Council Meeting held 15 December 2020.

For more information, refer also to the discussion on materials and contracts in the Annual Budget, item 11.7 at the Ordinary Council Meeting held 22 June 2021.

Litis Stadium Grant

In partnership with Floreat Athena Soccer, in 2022/23 Vincent the expects to receive $3m in Grant funding to improve community facilities at Litis Stadium.

Unfunded Projects & Masterplans

Vincent is unable to fund all major capital projects and has insufficient funds to pay for more expensive, multi-generational projects. This will require the City to build reserves over time, toward funding this expenditure.

The following significant projects are not included in the LTFP:

- Investment in Beatty Park Leisure Centre to deliver new or enhanced services
- Leederville Oval Precinct development and improvement
- Investment to enhance delivery of the Public Open Space Strategy

CITY OF VINCENT

NEW REVENUE AND DEBT REDUCTION

While the City has a focus on operating efficiency, it also continuously seeks new revenue and debt reduction opportunities to take the rates burden off ratepayers.

Leederville Carparks Expression of Interest (EOI)

The City of Vincent has commenced an expression of interest (EOI) process for redevelopment of the City's major landholdings in Leederville, being the Avenue Car Park and/or Frame Court Car Park.

The Chief Executive Officer (**CEO**) will undertake a selection process for potential development, in alignment with the City's strategic intent for the sites and as contained in the Leederville Precinct Structure Plan.

Shortlisted proposals will be reported back to Council, and the CEO will also provide options to Council on how development proceeds could be used.

For more information, refer to item 9.9 at the Ordinary Council Meeting held 17 14 December 2021.

Sydney Haynes Reserve

The City of Vincent has identified that the current use of 15 (Lot 9) Haynes Street, North Perth is in breach of the Deed of Trust, dated 2 October 1941. The City sought the approval of the Office of the Attorney General to transition the land back to public open space, ie the Sydney Haynes Reserve.

An accompanying block of land at 25 Sydney Street, North Perth was used as a car park by tenants of 15 Haynes Street. This block of land was not required, and the City determined that selling the Land would have a greater community value if it was sold, as the proceeds from the sale could fund the construction and development of the public open space.

Residual proceeds from the sale will be available for Council to allocate to reserves, repayment of borrowings, or some other community benefit.

For more information, refer to item 9.4 at the Ordinary Council Meeting held 17 May 2022.

Mindarie Regional Council

The City of Vincent is a 1/12th owner of the Mindarie Regional Council (**MRC**), Western Australia's largest waste management authority.

As a part owner, the City may derive a benefit from commercial activities of the MRC.

For more information on Mindarie Regional Council, refer to their website: Waste Management Authority | Perth WA - Mindarie Regional Council (mrc.wa.gov.au)

Third Party Partnerships

Where it is financially beneficial, the City of Vincent may create partnerships with third parties. These partnerships are established following a competitive market process, and the terms are approved by Council.

In one example, Vincent has a lease agreement and a management agreement with Belgravia Leisure (**Belgravia**) to operate the Loftus Recreation Centre on the City's behalf. Belgravia pay a leasing fee, a management agreement fee, repay the Loftus Recreation Centre Loan, and contribute toward the Loftus Recreation Centre Reserve.

The City has oversight of the performance of the business in a quarterly management report, and ensures a community benefit is delivered.

For more information, refer to item 9.6 at the Ordinary Council Meeting held 8 February 2022.

CITY OF VINCENT

RATES AND CHARGES

The Rates Levy **(Rates)** is a legislated charge that Vincent uses to raise revenue to fund essential public services for our community. It includes some flexibility for Council to use different tools in its rating structure to accommodate issues of equity and to ensure fairness in rating for all ratepayers.

Rates and annual charges are an important source of revenue, accounting for approximately 63% of operating revenue. The collection of rates is an important factor in funding Council services.

Vincent is aware of the balance between rate revenue (as an important income source) and community sensitivity to rate increases.

Planning for future rate increases is therefore an essential component of the LTFP.

Key Facts about Council Rates

Rates are calculated based on the operating requirements of the Local Government. The rates you pay are a proportionate share of what is needed by the Local Government to provide local services and facilities. That is, if one home has greater potential rental return than their neighbours, they will pay a higher share of the total rates budgeted by Council.

Rate will increase if an individual property increases their potential rental value faster than others in their area. For example, through home improvements or development of land.

Where changes to property values affect the whole market – such as times of boom or recession – it does not directly affect rates. The comparative value between neighbouring properties remains the same. Rates are not linked to movements in the property market.

Rates may also increase if the Local Government requires more funds for local services and facilities. For example, increases to wages and materials costs, or if it builds new facilities or adds new services. Local Government budgets, and funds required through rates, are also affected by changes to charges by other sectors of Government, such as electricity pricing.

Rate Setting Legislation

Vincent sets rates in accordance with legislation, including the *Local Government Act 1995 - Part 6, Division 6* (**the Act**). *(Refer to Appendix 1 for a comprehensive list).*

Gross Rental Value

The manner of calculating Council rates is set by the State Government. In particular, the Valuer General sets the Gross Rental Value (**GRV**) for each property. This is used by Vincent to calculate property rates. Ratepayers can appeal against their valuation if they believe it to be inaccurate.

The calculation of the Gross Rental Value is a comparative measure

The GRV is updated every 3 years and was last updated in 2020. It is also updated if properties are developed of improved, referred to as **Interim Rates Growth**.

The Valuer General determines the method for the valuation of land that is to be used by Vincent as the basis for a rate[2]

[2] *Local Government Act 1995*, Section 6.28

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The GRV values by category are:

Rating Category	2019-2020	2020-2021	2021-2022
Residential	$373,922,864	$323,505,648	$ 325,434,068
Commercial	$111,360,777	$108,229,628	$ 110,438,600
Industrial	$ 19,182,083	$ 18,244,932	$ 18,118,932
Vacant Commercial	$ 2,524,550	$ 2,437,750	$ 2,633,150
Vacant Residential	$ 5,738,140	$ 6,087,630	$ 6,629,240
Total	**$506,990,274**	**$458,505,588**	**$ 463,253,990**

The General Rate

The Rate Setting Statement (**RSS**) is published with the annual budget. It provides the breakdown of Vincent's operating revenue and expenses, and the resulting budget deficiency ie the amount to be raised from rates.

The General Rate can then be calculated and is known as the 'Rate in the Dollar' (**RID**):

$$General\ Rate = \frac{Budget\ Deficiency}{Total\ GRV\ for\ Vincent\ properties}$$

The rates calculation is consistent across Local Government and set out in legislation. It demonstrates that individual properties share the Council's budget deficiency, based on their GRV.

This calculation is not a fee for service, and its calculation may differ to how other levies or taxes are calculated.

Differential Rates

Council makes a further distinction in applying the general rate, considering the purpose for which the property is used, that is:

- Residential or Commercial/Industrial
- Vacant or not, where vacant refers to vacant land that is available to be developed (rather than unoccupied)

This differential rate is based on the concept that different property categories should pay a fair and equitable contribution, considering the benefits those properties derive from the local community.

The Act provides that a local government may impose a differential general rate (**DGR**) according to land zoning, land use, whether the land is vacant or not, or a combination of each characteristic (Section 6.36).

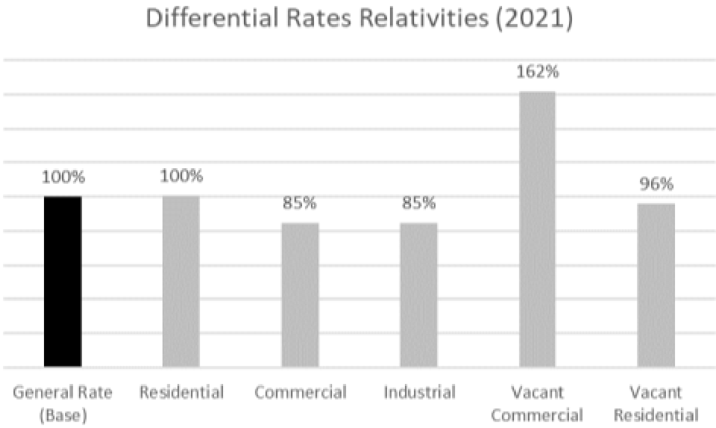
Providing a lower DGR to any group of ratepayers, means the rates burden must be borne by increases to other ratepayers.

CITY OF VINCENT

Rating Ratios

In 2021/22 differential rates are set as a rate-in-the-dollar (**RID**) and are currently based on the following general rate:

$$General\ Rate = 100\%\ (base)$$



Residential Rates, compared to the General Rate

$$Residential\ Rate = 100\%$$

$$Vacant\ Residential\ Rate = 96\%$$

The residential rate is currently set at 100% of the general rate and the vacant residential rate at 95%.

91% of ratepayers are residential and therefore bear the primary share of the Vincent rates burden.

Commercial and Industrial Rates, compared to the General Rate

$$Commercial\ \&\ Industrial\ Rate = 85\%$$

A lower commercial and industrial rate (85% of the General Rate) has been designed to support the Vincent economy which has been impacted by the COVID-19 pandemic. This also provides temporary relief for commercial businesses as Vincent removed a free commercial waste service in 2021/22 and acknowledges these businesses have incurred additional waste expenditure during the transition.

In 2021/22, the Commercial and Industrial Rates category also received a once-off rebate of $520 per property.

Vacant Commercial & Industrial Rates, compared to the General Rate

$$Vacant\ Commercial\ \&\ Industrial\ Rate = 162\%$$

A higher vacant commercial rate encourages the development of vacant properties. This improves the City's streetscape and builds business infrastructure that contributes to the local economy. Note that a vacant commercial property is not an empty business, but a vacant block of land, zoned commercial.

Minimum Rates

Minimum rates are imposed to establish the minimum amount any property must pay to contribute to the cost of services provided by a local government, regardless of the value (GRV) of their property.

The Act establishes limits on the percentage of properties to be minimum rated. (*Refer Appendix 2)*. In 2021, approximately 34% of ratepayers were on the minimum rate.

The minimum rate sits between 2% and 8% of the median GRV for each category. The median rate is between 6% and 13% and of the median GRV for each category.

	Minimum Rate (2021/22) [A]	Median GRV [B]	% A/B	Median Levy (2021/22) [C]	% C/B
Residential	$1,241.00	$17,160	7.23%	$ 1,368.17	7.97%
Commercial	$1,197.70	$38,784	3.09%	$ 2,605.51	6.72%
Industrial	$1,197.70	$52,000	2.30%	$ 3,493.36	6.72%
Vacant Commercial	$2,339.10	$44,750	5.23%	$ 5,735.61	12.82%
Vacant Residential	$1,170.00	$14,550	8.04%		

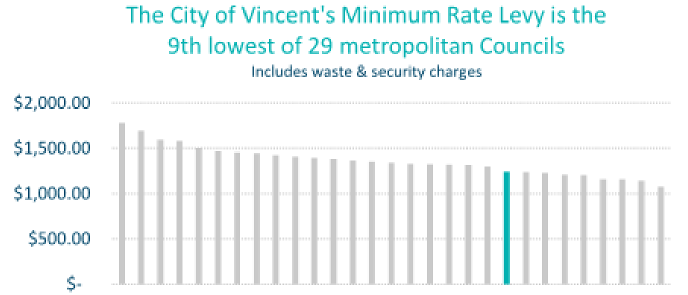


Figure 1: In 2021 the City of Vincent has the 9th lowest rated minimum rates levy of 29 metropolitan Councils. This is calculated using the minimum residential rate, including all waste and security charges

Baseline Rates and Interim Rates

The rates revenue forecast includes two components:

a) **Baseline rates revenue** - achieved from existing rateable properties; and

b) **Interim rates growth** - achieved from the addition of:

- new rateable properties created through either redevelopment or new property developments; and
- property improvements and renovations.

Existing ratepayers are only impacted by increases to the baseline rates year to year.

Between 2017 and 2021, annual Interim Rates Growth averaged 1.61% and added an additional $453,591 to rates revenue each year.

CITY OF VINCENT

Calculating Rates

The formula for calculating the property rates levy (excluding additional charges, arrears, or additional supplementary rates) is:

$$Property\ Valuation\ (GRV) \times Rate\ in\ the\ Dollar\ (Differential\ Rate)$$

The rate in the dollar for each rating differential rate is published in Vincent's annual budget.

A Residential property has a Property Valuation (Gross Rental Value) of $17,160.

This is set by Landgate.

The Vincent residential rate-in-the-dollar is set by Council at $0.07973. The property rates are:

$$\$17{,}160 \times \$0.07973 = \$1368.17$$

A Commercial property has a Property Valuation (Gross Rental Value) of $38,784.

This is set by Landgate.

The Vincent commercial rate-in-the-dollar is set by Council at $0.0671800. The property rates are:

$$\$38{,}784 \times \$0.0671800 = \$2605.51$$

Pensioner Concessions

The Pensioners and Seniors Rebate Scheme is established under the Rates and Charges (Rebates and Deferments) Act 1992. The purpose of the scheme is to provide concessions to pensioners and seniors on their local government rates, water service charge and Emergency Service Levy. The concessions available are either a rebate on, or the deferment of these charges.

Setting the Annual Rates

The **actual rates** for the year are determined by Council during the Annual Budget (**the Budget**) process.

While in draft, the proposed differential rates are advertised around May of each year for community feedback during the budget process. They are:

- Published in the agenda of the Ordinary Council Meetings
- In local Community newspapers
- On the City's website and social media channels
- In public notices posted at the City's administration office and Library

Community members have a final opportunity to provide input at the June[3] Briefing and Ordinary Council meetings.

Council receives and reviews community feedback and may vote to change the rate recommended by Administration.

When Council approves the rate in the dollar at the June or July Council meeting, the rates decision has been made.

[3] Occasionally this decision is made in July

Modelling and Forecasting

The LTFP will include financial scenarios for Council and the community to consider. This will include modelling of likely rates increases to inform forward planning.

Should Council approve a lesser rate as compared to the LTFP, the LTFP forecast will need to be rebalanced by either:

- establishing another revenue stream or funding source, or
- reducing the scope or level of services, or
- scaling down the capital projects program.

Rates Benchmarking

Vincent considers Local Government benchmarks when making rating decisions and forecasts. Particular attention is given to Inner City Councils with similar services, GRV, and asset management and demographic profiles.

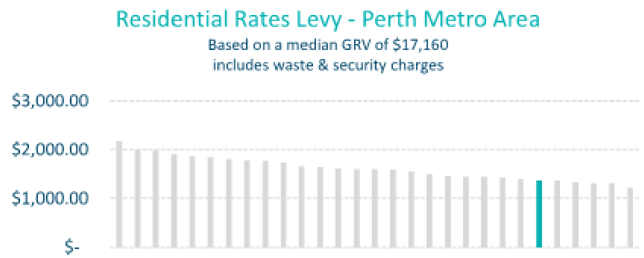
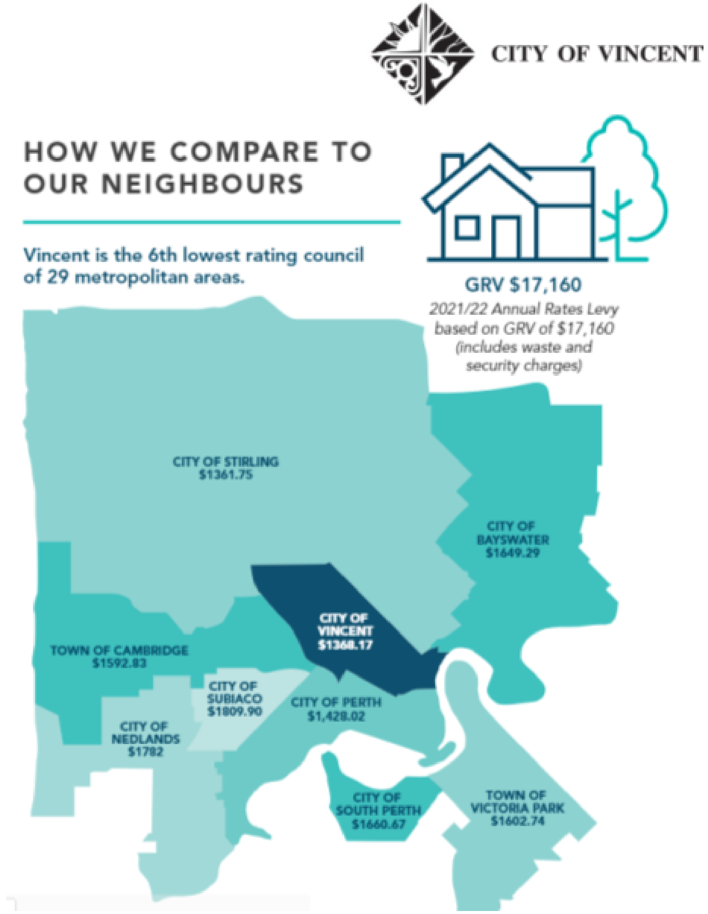


Figure 2: In 2021 the City of Vincent is the 6th lowest rated Council of 29 metropolitan Councils. This is calculated using the median GRV for residential properties in Vincent, and includes all waste and security charges



CITY OF VINCENT

Rates Comparisons

Vincent is a low rating local government in the Perth metropolitan cohort. In a field of 29 local governments, Vincent's median rates levy is ranked 6 in residential rates, or at the 20th percentile (2021/22). [See also: Rates Benchmarking]

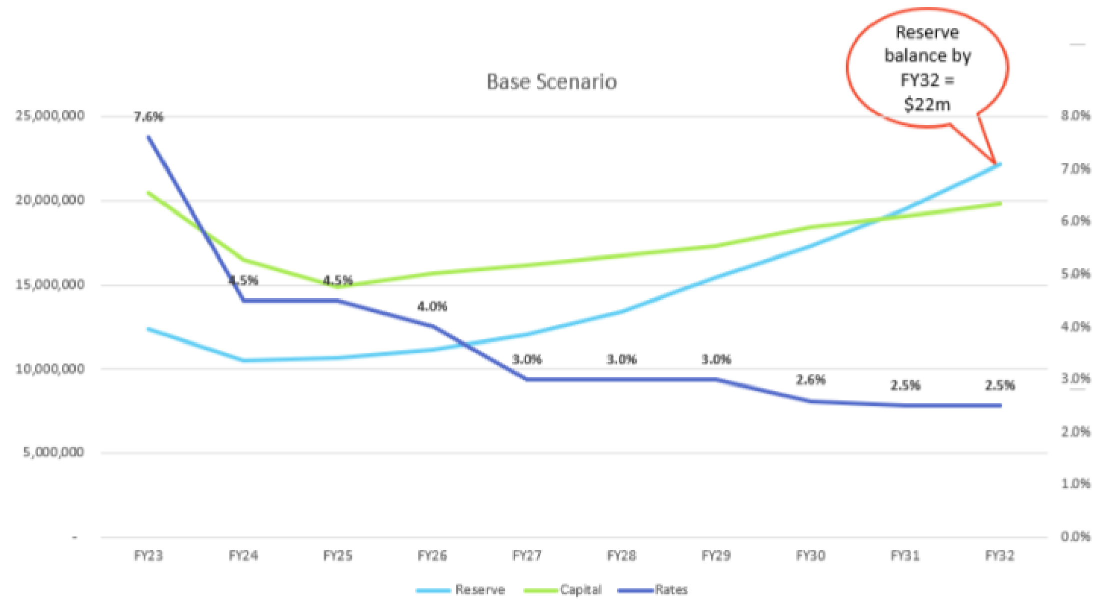
2021 Ranking	Statistics	Local Government Authority	Population	Area (km2)	Revenue ($M)	Expenditure ($M)	Assets under Management ($M)	Rate in the Dollar (cents)	Minimum Rate ($)	Waste & Security Charges	Total if GRV is $17,160
1	Low	Cottesloe	8,258	4	13.3	13.9	123.98	7.100100	1,202.00	-	1,218.38
6		**Vincent**	**36,618**	**11**	**55.4**	**61.89**	**474.52**	**7.973000**	**1,241.00**	**-**	**1,368.17**
8		Perth	28,916	12	191.36	192.42	1117.46	6.450000	750.00	321.20	1,428.02
14		Cambridge	28,897	22	46.80	50.10	393.39	6.275260	953.00	516.00	1,592.83
16	Median	Victoria Park	37,021	18	61.1	61.47	550.05	9.340000	1,159.00	-	1,602.74
18		Bayswater	68,423	33	78.84	73.41	732.6	7.465000	1,000.00	368.30	1,649.29
19		South Perth	43,823	20	58.55	62.42	733.75	7.783600	1,004.00	325.00	1,660.67
21		Nedlands	22,632	20	34.55	30.63	244.45	6.558000	1,484.00	298.00	1,782.00
23		Subiaco	17,270	7	43.81	38.89	328.19	7.604300	1,190.00	505.00	1,809.90
29	High	Armadale	90,843	560	105.62	110.63	1,191.67	10.461500	1,194.00	385.50	2,180.69

Source: My Council, Council Websites

CITY OF VINCENT

Long Term Financial Plan 2022-2032 – Rates Modelling

The Long Term Financial Plan (LTFP) forecasts rating scenarios required to fund the City's existing programs and strategies.



Capex
- 4-year capital works is fully funded which includes Robertson Park and Banks Reserve projects
- Excludes Beatty Park 2062 and Leederville Oval ($35m)
- Steady increase of 3-6% in capital expenditure from FY27

Rates
- Mid range increase from FY24 to FY26 (4%-4.5%) and reducing to 2.5%-3% from FY27

Reserves
- $10m increase over 10 years
- $2m reduction in reserves for FY24 and steady increase from FY25
- Closing balance of reserves at $22m by FY32

*Note that the capex is based on current knowledge of asset conditions and identified projects. However, this is subject to change depending on future condition reports

CITY OF VINCENT

Collection and Administration of Rates and Charges

Ratepayers have the option of paying rates and charges by way of instalments.

Instalment plans incur an instalment plan interest rate and administrative charge, both of which are published on the rates notice and in the annual budget.

Overdue payments also incur an interest charge.

Financial Hardship

All ratepayers are encouraged to speak to the City if they have difficult paying their rates, to agree a repayment plan.

Council approves a financial hardship program as a component of the annual budget.

Eligible ratepayers who have entered into a financial hardship payment plan are exempt from service charges and penalties.

Service Charges and Special Area Rates

Vincent has chosen not to apply service charges or special area rates through the rates process.

Rates Waivers for Community Groups

Vincent waives the rates of a range of not-for-profit organisations that have a community and/or sporting purpose, amounting to approximately $130,000 per year.

The waivers are itemised and approved by Council when approving the Annual Budget.

SALE OF ASSETS

In the course of normal operations, the City will sell assets such as plant and equipment. This typically relates to vehicle trade-ins, or a contractual buy-back arrangement for light fleet. The City does not sell assets to fund normal operations.

In the event that the City decided to sell a more significant asset, such as land, this would require a specific Council resolution to direct both the sale of land, and the use of proceeds.

FEES AND CHARGES

Fees & Charges (User Charges) are forecast to return approximately $19.1m to the City of Vincent in 2021/22 and represents 32.7% of total revenue. This increases to 33.2% in the 2022/2023 budget.

We have explored other options to raise revenue beyond rates to spread the load.

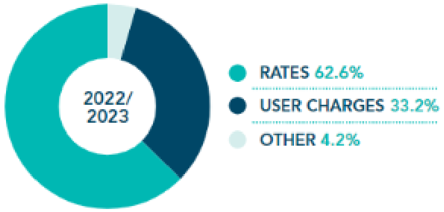


Figure 3: Proposed Revenue Ratios for 2022/2023

CITY OF VINCENT

User Pays

User fees and charges are those that Vincent will charge for the delivery of services and use of community infrastructure and include:

- Beatty Park Leisure Centre
- Vincent Community Centre
- Hire of sports grounds, halls, and facilities

One of the key sources of revenue in the user pays category is paid parking, in carparks and kerbside. This is also used as a strategy to simultaneously take pressure off City carparks by generating turnover in parking bays.

In the proposed budget for 2022/23 it is suggested that free parking is reduced from 1 hour to 30 minutes. Vincent carparks have had first hour free parking since 2011 and reducing the free period will generate revenue equivalent to a 2.8% rate raise across the City. It shifts the cost of providing parking services to users, for example, 83% of consumers in Leederville are non-residents.

It also supports the objectives of the Accessible City Strategy by encouraging less car use in our town centres. If supported, this change will come into effect 1 October 2022. The proposed implementation program will also support the most vulnerable members of our community, including people with disability, seniors and people with babies and young children.

Emergency Services Levy

Emergency Services Levy (ESL) is collected on behalf of the State Government and is used by DFES to deliver fire and emergency services throughout WA. The City is paid $37K per annum to administer this levy.

In 2021/22, the ESL is calculated using the property GRV at the rate-in-dollar of $0.015497 and is expected to increase by 5% in 2022/23.

Statutory Fees & Charges

Statutory fees and fines are those collected by Vincent under the direction of legislation or other government directives. The rates used for statutory fees and fines are generally advised by the State Government department responsible for the corresponding service or legislation. Generally, the City of Vincent has limited discretion in applying these fees. Examples of statutory fees and fines include:

- Planning & subdivision fees
- Building & inspection fees
- Infringements & fines

CITY OF VINCENT

OPERATING AND CAPITAL GRANTS

Grant revenue represents income usually received from other levels of government. Some grants are singular and attached to the delivery of specific projects, whilst others can be of a recurrent nature and may or may not be linked to the delivery of projects.

In 2020/21, grants totalled $2.5 million ($1.3m in capital grants and $1.2m in operating grants) and is forecasted to total $4.1 million in 2021/22. Operating grants represent 2.1% of total revenue in 2020/21 and 1.3% in 2021/22.

Council will pro-actively advocate to other levels of government for grant funding support to deliver important infrastructure and service outcomes for the community. When preparing its financial plan, Council considers its project proposal pipeline, advocacy priorities, upcoming grant program opportunities, and co-funding options and determines where grant applications can be made.

Grant assumptions are detailed in Council's budget document. The City may also be required to administer the project with staff and will contribute additional funds to secure the grant.

Council actively advocates for grant funding from other levels of government to ensure that services and infrastructure are delivered to the community.

Examples of operating and capital grants received by Vincent include:

- Community Sporting and Recreation Facilities Fund
- Local Government Roads and Community Infrastructure
- Black Spot Program

THIRD PARTY CONTRIBUTIONS

Contributions represent funds received by Council, usually from non-government sources, and are usually linked to projects. Contributions can be made to Council in the form of either cash payments or asset handovers.

In 2020/21, contributions totalled $0.2 million or 0.4% of total revenue which is consistent with the forecast total of $0.2 million or 0.3% of total revenue in 2021/22.

Examples of contributions include:

- Monies collected from developers under planning and development agreements Monies collected under developer contribution plans and infrastructure contribution plans
- Contributions from user groups towards upgrade of facilities
- Assets handed over to council from developers at the completion of a subdivision, such as roads, drainage, and streetlights.

Examples of third-party contributions received by the City of Vincent include:

- Tenants contributing to the cost of installing solar panels where they receive the benefit of a lower electricity bill
- Sports club contributing 1/3 of the cost of installing sports lighting
- Developers' contribution to the Percent-for-Art reserve

CITY OF VINCENT

INTEREST ON INVESTMENTS

Council receives interest on funds managed as part of its investment portfolio. The investment portfolio is managed in accordance with Council's Investment Policy, which seeks to earn the best return on funds whilst minimising risk.

Investments in 2022/23 are budgeted to result in $0.5 million interest earned which is consistent with interest earned in year 2021/22.

Vincent is reasonably risk averse, and any investment will be taken prudently having regards to risk. The *Local Government Act 1995 WA* also provides strict regulatory requirements for Local Government.

BORROWING

Whilst not a source of income, borrowings are an important cash management tool in Council's overall financial and funding strategy.

Description	1 July 2021	How is this loan repaid?
246 Vincent Street	$1,335,293	Building is tenanted and rent covers the loan repayment
Loftus Centre Redevelopment	$1,335,293	Loan is repaid by tenant
Underground Car Park Loftus	$305,474	Loan is fully repaid in 2022
Beatty Park Redevelopment	$5,417,205	Loan paid by Beatty Park users
Beatty Park Equipment	$868,366	Loan paid by Beatty Park users
Resource Recovery Facility	$7,083,333[4]	This was cost beneficial for the City to exit the RRF contract rather than remain in the contract and pay higher fees. NPV Positive business case over 10 years (after finance).

[4] The RRF exit was initially estimated to be valued at $7,500,000.

COMMERCIAL OPERATIONS

Vincent has specific financial strategies for the management of the following commercial operations. These strategies comply with the requirements of the *Local Government Act 1995*.

Beatty Park Leisure Centre

Beatty Park Leisure Centre is a significant operation that delivers recreation services to over 1 million patrons each year. Sound commercial management practices are applied that ensure Beatty Park is run efficiently and delivers a competitive, value for money, service.

Beatty Park Leisure Centre is managed as a contestable and integrated business unit. Where possible and appropriate, it operates on a user-pays basis. Fees and charges consider the competitive market context and are set annually during the budget process. Fees and charges may be used to fund Beatty Park operational requirements, such as equipment upgrades, such that the users pay for the delivery of these service improvements.

A positive Gross Profit Margin is to be achieved for the following services:

- Gym and Fitness
- Swim School
- Retail Store
- Tenancies – Beatty Park Physio and Beatty Park Café

This is used to offset a negative Gross Profit Margin for Aquatic Services (indoor and outdoor pool) and the subsidised creche, with the overall objective that the centre seeks to break even.

CITY OF VINCENT

The business unit profit and loss statement includes:

- Revenue generated through fees and charges
- Revenue generated from commercial leases in the centre
- Repayment of debt associated with capital works and substantial equipment purchases
- Depreciation of assets, excluding the Heritage Grandstand
- Operating and capital expenditure required to deliver services
- Reasonable and proportionate administrative and corporate overheads, including HR, Finance and technology support

To create a contestable benchmark for market comparison, the business unit profit and loss statement excludes revenue and expenditure that is unrelated to Beatty Park Leisure Centre, including:

- City of Vincent sport and recreation functions
- City of Vincent parks, halls and facility bookings
- Expenditure imposed on Beatty Park by virtue of association with the City of Vincent, that would not be applied to a commercial operator

Beatty Park Leisure Centre surplus will be directed to the Beatty Park Leisure Centre Reserve and will fund the major upgrade and redevelopment of the Beatty Park Leisure Centre including the replacement or purchase of major plant, equipment, fixtures, and fittings (excluding the Heritage Grandstand).

Beatty Park is forecasted to deliver an operating surplus of $0.4m in 2022/23.

Tamala Park Regional Council

Vincent is a 1/12th owner of the Tamala Park Regional Council, along with 6 other local authorities.

The purpose of the Tamala Park Regional Council is to undertake the rezoning, subdivision, development, marketing, and sale of the Tamala Park land.

The objectives of the TPRC are:

- to develop and improve the value of the land;
- to maximise, within prudent risk parameters, the financial return to the participants;
- to balance economic, social and environmental issues; and
- to produce a quality development demonstrating the best urban design and development practice.

Revenue received by Vincent from Tamala Park Regional Council is directed to the Tamala Park Land Sales Reserve and used to fund future significant/major capital works, infrastructure, project or debt reduction programs.

Tamala Park is forecasted to deliver $0.8 million or 1.4% of total revenue for 2021/22, increasing to $1.66m in 2022/23.

CITY OF VINCENT

Property Management

Vincent provides access to property for the benefit of the Vincent community.

The Property Management Framework determines how these leases and licences operate across four categories:

Category One	Small Community Groups
Category Two	Sporting Clubs, Community Groups and Organisations
Category Three	Commercial entities, state and national clubs, associations and community organisations
Category Four	Government agencies

The City does not seek to derive profit from leases in categories 1 or 2. The annual fee methodology for these categories is based on the Gross Rental Value (GRV) of the property with a subsidy applied based on a community benefit matrix.

Organisations that fall into categories three and four are responsible for all costs associated with the property. Rent for category three and four tenants is negotiated by reference to the total GRV for a property. More information can be found on the City of Vincent website: Property Management Framework » City of Vincent

Tenancies are forecasted to deliver $1.3 million or 2.2% of total revenue in 2022/23.

Community Feedback

Imagine Vincent, the Sequel

In early 2022 the City of Vincent conduct a review of progress against the Strategic Community Plan and sought feedback through surveys and community pop-ups.

Community members rated the City's performance against the strategic plan as Very High or High (on a 5-point scale):

- Progress toward our vision 52%
- Our vision reflects where we want to be in 10 years 68%
- Maintaining Parks and Reserves 95%
- Planting trees and undergrounding power lines to improve the tree canopy 87%
- Improving our waste management and resource efficiency 70%
- Minimising our impact on the environment 76%
- Creating and maintaining safe and connected path networks for pedestrians and cyclists 83%
- Improving access to transport across the City 70%
- Utilising new technology dedicated to transport 54%
- Supporting and celebrating a strong arts culture 71%
- Supporting community connectedness 71%
- Celebrating our many cultures within the City 65%
- Recognising, engaging and partnering with the Whadjuk Noongar people and culture 64%
- Providing and promoting local community spaces and facilities 83%
- Being an inclusive, accessible and equitable City 75%
- More people living in and enjoying our town centres 62%
- Supporting small and local businesses 88%

CITY OF VINCENT

- Supporting our town centres to be safe, attractive and pedestrian focused 92%
- Supporting local innovation and imaginative uses of public and private spaces 81%
- Efficient management & maintenance of City assets 82%
- Built form and land uses are attractive and diverse, in line with our growing and changing community 74%
- Protecting character and heritage buildings within the City 78%
- Ensuring new buildings fit in within the local community context 77%
- Managing the City's resources and assets in a sustainable way 80%
- Communicating what the City is doing and how we are meeting our goals 73%
- Providing good service to our community 89%
- Communicating the decisions made by Council 76%

Budget 2022/23

The City of Vincent advertises its differential rates for community feedback each year during the budget setting process. In 2022, the City received 116 responses, provided in the context of an intended 7.6% rate increase in 2022/23.

"Services, Programs & Projects to Cut or Reduce"

86 text responses were received in response to the question "Outline alternative ways the City should meet the revenue required to provide maintenance, parks and services across the City. Are there any services, programs or projects that you would like to see cut to reduce costs?"

These responses are a useful indicator of community sentiment but may not be representative of the broader Vincent population.

The top 15 responses were:

1. Stop discretionary spending, get back to basics (20 responses)
2. Delay non-essential building works due to inflationary costs (9 responses)
3. Cuts to staff (7 responses)
4. Council should determine what should be cut from operations (6 responses)
5. Less beautification, tree planning, parks and playgrounds (6 responses)
6. Less community programs, social and support services (5 responses)
7. Less traffic calming projects (5 responses)
8. Less adopt a verge projects (5 responses)
9. Focus on operating inefficiency (4 responses)
10. Less place making projects (4 responses)
11. Lower wage increases to staff (4 responses)
12. Stop the Hyde Park Kiosk Project (4 responses)
13. Change or stop FOGO (3 responses)
14. Less Grants and Sponsorships, including for Town Teams (3 responses)
15. Stop the wayfinding project (3 responses)

CITY OF VINCENT

Differential Rates Categories & Rates Setting

A handful of community members commented on the design of the differential rates categories and proposed increases.

These responses are a useful indicator of community sentiment but may not be representative of the broader Vincent population.

Responses included:

1. Why are vacant rates lower?
2. Why are commercial rates lower?

Ratepayers were sensitive to the increases faced by inflationary pressures and their impact on cost of living. For those residents who experienced a GRV increase in the last Landgate revaluation, this was of particular concern.

There was also some scepticism of the City's commentary that it is a low rating Council, indicating this was not a reasonable comparison, and/or disagreeing with the methodology.

NEXT STEPS

During the life of this plan, the City of Vincent will review:

1. Its approach to differential rates, including the relativity of commercial and vacant rates.
2. The way in which it subsidises its fees for services, on a user pays basis.
3. Improved Asset Management Planning, allowing for improved forward planning of asset maintenance and renewal.
4. New revenue and debt reduction opportunities.
5. Operating efficiency in the delivery of City services.

CITY OF VINCENT

APPENDIX 1: RATE SETTING LEGISLATION

Legislation regulating Rate Setting:

- *Local Government Act 1995 (Part 6, Division 6) (**the Act**)*
- *Local Government (Financial Management) Regulations 1996 (Part 5)*
- *Valuation of Land Act 1978*
- *Rates and Charges (Rebates and Deferments) Act 1992*

Specific Provisions of the Local Government Act influencing the Rate Setting Strategy:

Section 6.26	Except as provided in Section 6.26, all land within a district is rateable land.
Section 6.28	The Minister is to determine the method of valuation of land to be used by a local government as the basis for a rate.
Section 6.32	In order to make up the budget deficiency, a local government is to impose a general rate which may be imposed either uniformly or differentially. A local government may also impose a specified area rate, a minimum rate and a service charge.
Section 6.33	A local government may impose a differential general rate (DGR) according to land zoning, land use, whether the land is vacant or not, or a combination of each characteristic.
Section 6.34	The amount shown in the Annual Budget as being the amount estimated to be yielded by the general rate is not to vary by +/- 10% of the budget deficiency.
Section 6.35	The local government can impose differential minimum rates, however it is not to be applied to more than 50% of the properties within the district or within each category.
Section 6.35	A minimum is to be applied separately for each differential rating category where a differential rate is imposed.
Section 6.35	If a separate DGR is imposed on the basis of vacant land status, a separate minimum rate can be imposed with the approval of the Minister not in accordance with the 50% requirements
Section 6.35	A lesser minimum charge can be applied to any portion of the district, providing the total is less than 50% of the properties on minimum rates (within the district or within the category)
Section 6.36	Before imposing any differential general rates or minimum rates a local government is to give local public notice of its intention to do so and invite public submissions for a minimum period of 21 days.