

11.1 ADOPTION OF THE ANNUAL BUDGET 2022/23

- Attachments:
1. Statutory Budget Statements
 2. Capital Budget 2022/23
 3. Summary of Income and Expenditure by Service Area
 4. Proposed Fees and Charges 2022/23
 5. Differential Rates and 30 minutes free parking submissions
 6. Presentation Special Council Meeting 7 June 2022
 7. Imagine Vincent - The Sequel

RECOMMENDATION:

That Council BY ABSOLUTE MAJORITY:

1. BUDGET:

Pursuant to the provisions of Section 6.2(1) of the *Local Government Act 1995* and Part 3 of the *Local Government (Financial Management) Regulations 1996*, ADOPTS the City of Vincent Annual Budget as detailed in Attachments 1 and 2 for the year ended 30 June 2023, which includes:

- 1.1 Statement of Comprehensive Income by Nature or Type showing a net result for that year of \$1,714,860;
- 1.2 Statement of Cash Flows showing a net cash provided by operations of \$9,593,571 and net decrease in cash held of \$4,580,313;
- 1.3 Rate Setting Statement by Nature or Type showing an amount required to be raised from rates of \$39,753,189;
- 1.4 Transfers to/from Reserves as detailed on the Cash Backed Reserves Statement showing a 30 June 2023 closing balance of \$12,397,174 which is a net increase in cash reserves of \$405,223;
- 1.6 Notes to and forming part of the Budget as included in Attachment 1; and
- 1.7 Capital Works Program showing a total of **\$20,484,527** (including 2021/2022 carry forward projects of **\$5,378,365**).

2. RATES:

NOTES multiple community submissions were received in response to the Notice published in accordance with section 6.36(1) of the *Local Government Act 1995*, detailed in Attachment 5.

Pursuant to Sections 6.32, 6.33 and 6.35 of the *Local Government Act 1995*, IMPOSES the following differential general rates and minimum payments on Gross Rental Values (GRV):

2.1 General Rates:

Differential General Rate	Cents in the dollar
Residential	8.579
Residential Vacant	8.191
Commercial Vacant	13.791
Other (Commercial and Industrial)	7.229

2.2 Minimum Payments:

Differential General Rate	Minimum Payment on
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	GRV
Residential	\$1,335.32
Residential Vacant	\$1,180.00
Commercial Vacant	\$1,631.65
Other (Commercial and Industrial)	\$1,288.73

2.3 RATE PAYMENT OPTIONS:

Pursuant to Section 6.45 of the *Local Government Act 1995* and Regulation 64(2) of the *Local Government (Financial Management) Regulations 1996*, ADOPTS the following due dates for payment in full by one payment on the due date or in 4 instalments:

Option	Instalment	Date
(a)	Due Date/First instalment	26 August 2022
(b)	Second instalment	28 October 2022
(c)	Third instalment	6 January 2023
(d)	Fourth instalment	10 March 2023

2.4 INSTALMENT, RATES SMOOTHING AND ARRANGEMENTS, ADMINISTRATION FEES AND INTEREST CHARGES:

2.4.1 Pursuant to Section 6.45(3) of the *Local Government Act 1995* and Regulation 67 of the *Local Government (Financial Management) Regulations 1996*, ADOPTS an instalment administration charge of \$8.00 per instalment for payment of rates by 4 instalments, to apply to the second, third and fourth instalment;

2.4.2 Pursuant to Section 6.45(3) of the *Local Government Act 1995* and Regulation 68 of the *Local Government (Financial Management) Regulations 1996*, ADOPTS an interest rate of 5.5% where the owner has elected to pay rates through an instalment option, rates smoothing or alternative payment arrangement.

2.5 LATE PAYMENT INTEREST ON OVERDUE RATES AND AMOUNTS:

ADOPTS an interest rate of 7% per annum, calculated daily from the due date and continuing until the date of payment:

2.5.1 On overdue rates in accordance with Section 6.51(1) of the *Local Government Act 1995* and Regulation 70 of the *Local Government (Financial Management) Regulations 1996*, subject to Section 6.51(4) of the *Local Government Act 1995*; and

2.5.2 Amounts due to the City in accordance with Section 6.13 of the *Local Government Act 1995*.

Subject to the following exclusions - deferred rates, current instalment amounts not yet due under instalment payment options, registered pensioner portions and current government pensioner rebate amounts;

3. REPORTING OF BUDGET VARIANCES:

Pursuant to Regulation 34(5) of the *Local Government (Financial Management) Regulations 1996*, ADOPTS the monthly reporting variance for the 2022/2023 financial year of 10% or more, where that variance is also more than \$20,000;

4. FEES AND CHARGES:

4.1 PURSUANT to Section 6.16 of the *Local Government Act 1995*, ADOPTS the Schedule of Fees and Charges in Attachment 3

4.2 NOTES community submissions were strongly opposed to the proposal to reduce the first hour free parking to 30 minutes free parking in City Car Parks, and this proposal has been withdrawn.

4.3 APPROVES a fee of \$1 for first hour parking, as detailed in the Proposed Fees and Charges 2022/2023 at Attachment 3, in lieu of 4.2.

5. RATES WAIVER:

Pursuant to Section 6.47 of the *Local Government Act 1995*, WAIVES the 2022/2023 local government rates for the following groups:

Floreat Athena Soccer Club Inc.	Litis Stadium	10,680.85
Leederville Cricket Club Inc.	Britannia Reserve	2,439.79
Earlybirds Playgroup Inc.	87 The Boulevarde	1,288.73
Pride Western Australia	4 View Street	2,067.49
Town Team Movement	245 Vincent Street	1,288.73
Highgate Forrest Park Playgroup	Forrest Park	2,124.60
Volleyball WA	Royal Park	3,831.37
North Perth Community Garden	Woodville Reserve	1,288.73
Vincent Men's Shed	Woodville Reserve	1,445.80
North Perth Bowling Club	Woodville Reserve	3,650.65
North Perth Tennis Club	Woodville Reserve	2,638.59
Tennis West	Robertson Park	6,361.52
Forrest Park Croquet Club	Forrest Park	5,204.88
Perth Junior Soccer Club	Forrest Park	1,662.67
Perth Soccer Club	Dorrien Gardens	19,089.62
Azzurri Bocce Club	Dorrien Gardens	4,915.72
Gymnastics WA Inc.	Loftus centre	14,078.84
Loton Park Tennis Club	Loton Park	2,927.75
Leederville Tennis Club	Richmond St Leederville	3,433.78
East Perth Football Club Inc	Leederville Oval	13,241.32
Subiaco Football Club Inc.	Leederville Oval	11,228.69
Mount Hawthorn Toy Library Inc.	Mt Hawthorn Community Centre	1,288.73
Mount Hawthorn Playgroup Inc.	Mt Hawthorn Community Centre	1,288.73
Floreat Athena Junior Soccer Club	Britannia Reserve	2,439.79
Total		119,907.35

6. APPROVES a reserve to be created for *Public Open Space Reserve - General* to be utilised for the future development of public open space in the City.

7. NOTES a provision of \$50,000 within the budget that will be used to assist ratepayers in financial hardship, as determined by the Chief Executive Officer.

PURPOSE OF REPORT:

To consider adoption of the City's Budget for the 2022/2023 financial year, including imposition of differential and minimum rates, adoption of fees and charges, and other consequential matters arising from the budget papers.

BACKGROUND:

Between 1 June and 31 August each year, local governments are required to prepare and adopt a budget for the financial year. As in past years, in preparing the budget, Administration has compiled and analysed relevant information, held a series of budget workshops with Council Members, aligned to the priorities in the

City's Strategic Community Plan 2018 – 2028 (SCP), Long Term Financial Plan and review of the Corporate Business Plan (CBP).

A key part of the budget development is identifying the 'budget deficiency' to be made up from the levying of council rates. Once an estimate of that budget deficiency was known, the City gave local public notice of its intention to levy differential rates which included:

The 2022/2023 draft budget continues Vincent's progress toward long term financial sustainability, and a maturing approach to financial and asset management.

It responds to the impact of COVID-19 on the City's revenue, and more recent inflammatory pressures driving up the cost of projects, materials, and insurance.

In preparing the Differential Rates and Minimum Rates for 2022/2023, Vincent has applied a 7.6% increase to all categories, with the exception of a 0.9% increase on vacant-residential minimum payments. 7.6% includes a 2.1% contribution to an underground power rolling fund.

With respect to the 0.9% minimum rate increase for vacant – residential properties, this has not been increased by 7.6% to comply with the *Local Government Act 1995, Section 6.33 (3)* that the minimum payment cannot be imposed on more than 50% of the total rated properties in each differential category.

The anticipated growth in rateable properties during the year has been budgeted at \$300,000 (interim rates).

An allowance for the waiver of rates to support community and sporting groups has been budgeted at \$140,000. The total of rates waivers is \$119,907, however an allowance has been included for additional community leases negotiated during the year.

As Vincent is one of Perth's lowest rating Councils, the proposed rates increase equate to \$2 per week, or \$104 per year for the median residential household.

At the Special Council Meeting held on 7 June 2022, Council considered a report (Item 11.4) dealing with a proposal to introduce Differential and Minimum Rates in order to fund the estimated budgeted deficit of \$39,375,189.

As a result, the following resolution was adopted:

'That Council:

1. *ADVERTISES by local public notice, in accordance with Section 6.36(1) of the Local Government Act 1995 for a period of 21 days its intention to levy the following differential rates and minimum rates in 2022/2023 and invites submissions on the proposal from electors and ratepayers:*

Rating Category	2022/2023	
	Rate in the Dollar	Minimum Rate
<i>Residential</i>	<i>0.08579</i>	<i>\$1,335.32</i>
<i>Vacant-Residential</i>	<i>0.08191</i>	<i>\$1,180.00</i>
<i>Vacant-Commercial</i>	<i>0.13791</i>	<i>\$1,631.65</i>
<i>Other</i>	<i>0.07229</i>	<i>\$1,288.73</i>

DETAILS:

The 2022/2023 Draft Budget as presented includes the following components:

- Statutory Budget Statements (**Attachment 1**)
 - Statement of Comprehensive Income by Nature or Type – this statement details the operating income and expenditure categorised by the nature of the income or expenditure, together with non-operating (capital) grants and profit/loss on asset disposal. Details of the 2021/22 Adopted Budget, together with projected (forecast) Actual are included for comparative purposes.
 - Rate Setting Statement (RSS) by Nature and Type – identifies the amount of rates that need to be levied to allow the City to undertake all annual activities, once all income is recognised, non-cash

items are adjusted back, Reserve transfers are incorporated and opening and closing balances are factored in.

- Statement of Cash Flows – this statement reflects how cash and cash equivalents have been generated and used over the reporting period.
- Explanatory notes to the Statements.
- 2022/2023 Capital Budget (**Attachment 2**).
- Summary of Income and Expenditure by Service Area (**Attachment 3**).
- Fees and Charges Schedule (**Attachment 4**).
- Executive Director presentation on the budget that was presented at the Special Council Meeting on 7 June 2022 is provided at **Attachment 6**.

FINANCIAL HARDSHIP SUPPORT

The City's financial hardship measures will still be applicable in the 2022/2023 financial year.

These measures include:

- **Rates Smoothing** – all City of Vincent ratepayers can choose to pay their rates in weekly, fortnightly or monthly instalments, via direct debit;
- **Flexible Payment Arrangements** – payment arrangements are facilitated in accordance with section 6.49 of the *Local Government Act* and may include extending payment deadlines, and repayments plans customised to the circumstances of the ratepayer;
- **Deferment of payments for up to 6 months** – ratepayers may request to defer the payment of rates for 6 months;
- **Waiver of penalty interest and charges on payment arrangements** – ratepayers entering into a payment arrangement will have interest and fees waived; and
- **Suspension of debt recovery** – debt recovery will cease once a payment arrangement is in place.

Financial Hardship Guidelines

The City of Vincent Financial Hardship Guidelines were developed in 2020/2021 to assist property owners when paying their rates levy. This support is still available to all residents experiencing financial hardship.

Financial hardship measures include:

- flexible payment plans;
- payment deferment options; and
- a waiver of penalty interest.

A financial hardship payment of up to \$500 may also be available to eligible property owners who are experiencing financial hardship. A financial hardship fund has been created to enable this, totalling \$50,000.

OPENING BALANCE – 1 JULY 2022

The 2021/2022 budget is currently forecasting an end of year result for 30 June 2022 of \$5,657,085, which includes carry forwards of **\$3,114,253, and a net surplus of \$2,542,832.**

REVENUE

Revenue is anticipated to be increased by \$5m compared to the current revised budget. The assumptions resulting in revenue increasing include:

Rates: Rates and annual charges comprise 62.7% 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 Excellent Program 2020).

Grants/Subsidies/Contributions: Vincent actively advocates for grant funding and third-party contributions to deliver important infrastructure and service outcomes for the community. In the DRAFT budget for 2022/2023 the City expects to receive \$4.4m in external funding, of which \$1.07m supports operational activities.

Fees and Charges Fees and charges ('User Charges') increase from \$19.1m (32.7%) to \$21.1m (33.0%) of total revenue. This comprises charges for the delivery of services and the use of community infrastructure, such as Beatty Park Leisure Centre membership fees and paid parking.

Interest Earnings Council receives interest on funds managed as part of its investment portfolio. Investment decisions are managed in accordance with policy and are reasonably risk averse. In the proposed budget for 2022/23 interest earnings are estimated to earn approximately \$500,000.

PROPOSED CHANGES TO CAR PARKING

In the DRAFT budget, the City proposed to reduce free parking in Vincent car parks from 1 hour to 30 minutes, to generate over \$1m in revenue.

Following strong community opposition, detailed at **Attachment 5**, this proposal has been withdrawn.

In place of the 30 minutes free parking proposal, Administration recommends a nominal fee of \$1 only for the first hour in the City's paid car parks, and other amendments to the fees and charges to address this revenue shortfall. This is detailed in the Fees and Charges Schedule (**Attachment 4**).

VINCENT UNDERGROUND POWER PROGRAM

In the draft budget, the City proposed to apply 2.1% of the rates levy toward building reserves for major projects, including creating a rolling fund to enable the implementation of underground power throughout the City.

The City of Vincent has been invited by Western Power to partner on another five underground power projects as part of its proposed Network Renewal Underground Program.

This is in addition to the three project areas already agreed through an MOU signed between the City and Western Power earlier this year.

The five new projects have been identified as potential areas for underground power due to ageing overhead infrastructure and the benefits undergrounding would provide for the community.

The suburbs included in the five new project areas include parts of Perth, Highgate, Mount Hawthorn, North Perth, Leederville and West Perth.

Under the new NRUP program, Western Power will contribute the avoided capital costs (replacing the existing network with overhead assets) and the local government is responsible for paying for the customer's connection costs and any gap in capital costs.

This is the most affordable option for underground power which has been offered to the City of Vincent and its property owners.

The City of Vincent will be looking to sign a second Memorandum of Understanding with Western Power committing to these five new project areas.

OPERATING EXPENDITURE

Operating expenditure has decreased by \$4.1M and the assumptions resulting in the increase of operating expenditure includes:

Employee costs are expected to rise by

\$1.8M due to 3.5% in enterprise bargaining payments, and superannuation payments increasing from 10.0% to 10.5%. Employees had a wage freeze in 2020/2021 which has impacted market competitiveness of Vincent wages and resulted in increased staff turnover.

Materials and contracts expenditure is forecasted to reduce mainly due to the removal of the 2021/2022 one off RRF exit payment of \$7.1m. This is partially offset by additional ICT investment, GRV triennial revaluation costs, unground power project management fees and inflationary cost pressures.

COST PRESSURES

7.6%
ANNUAL CPI INCREASE
AT MARCH 2022

5.7%
FORECASTED INCREASE TO THE LOCAL
GOVERNMENT COST INDEX IN 2021/2022



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

NON-OPERATING BUDGET

As detailed in the Rate Setting Statement, the following Non-Operating transactions are proposed for 2022/23:

- Capital Grants directly associated with the Capital Works Program (including carry forward funding) totalling **\$2,728,847**:
 - \$1.3m has been allocated in grant funding for various road programs,
 - Federal Government grant for the 'Local Roads and Community Infrastructure Program' of \$0.5m which will fund Beatty Park indoor pool works and changerooms.
- Profit on asset disposals of **\$729,188**. This takes into account the current 'book value' of assets being sold against the total proceeds from the sale of \$672,188 and \$57,000 an estimated sale of land.
- Loss on asset disposals of **\$516,540**. As with the above 'profit', this item reflects those assets where the proceeds are lower than the current book value and is a non-cash transaction.
- Proceeds from Disposal of Assets of **\$1,948,000**, which relates to the actual sale/trade-in of plant listed for replacement in the 2022/2023 Capital Works Program and the proceeds from the sale of land.
- Tamala Park proceeds on the sale of land is anticipated to increase by **\$833,333** compared to current budget, due to an increase in sales of new properties.

FINANCING ACTIVITIES

The Rate Setting Statement lists the following annual financing activities scheduled for 2022/23:

- Repayment of long term borrowings – loan principal repayments of **\$1,501,877** has increased due to a full year RRF loan repayments and the Beatty Park Equipment loan due to be settled in August 2022.
- Transfers to Reserves of **\$5,646,083** includes the following movements:
 - Anticipated proceeds of \$1.3m transferred to Tamala Park Reserve, due to increased land sales,
 - Sydney St North Perth land sale \$0.9m transferred to POS reserve – General,
 - Establishment of Underground power rolling fund of \$0.8m to support,
 - The balance of the transfer to reserves is an allocation of interest earnings of \$0.1m.
- Transfer from Reserves of **\$5,240,858**, for the funding of various capital projects as follows:
 - Asset sustainability reserve to fund \$0.6m for the heavy fleet equipment, solar panels \$0.3m, Menzies Park \$0.3m, Beatty Park Heritage Grandstand works \$0.3m and indoor pool works and changerooms \$0.2m and DLGSC a/c & HVAC renewal \$0.2m,
 - Cash in lieu for parking reserve will fund \$0.3m for Accessible City Strategy Implementation and \$0.2m for Wayfinding implementation,
 - DLGSC reserve will fund \$0.2m for DLGSC LED lighting upgrade,
 - Public Open Space Reserves will fund \$0.3m for the Haynes Street Development plan implementation Stages 1 & 2.

CAPITAL BUDGET

In 2022/2023 the City of Vincent plans capital expenditure of **\$20,484,527 (Attachment 2)** including carry forwards of **\$5,378,365** to continue to address asset management priorities that were postponed in previous years. The capital expenditure budget will be largely funded by grants, third party contributions and reserves with the residual **\$10,203,297** (including carry forwards) to come from municipal funds.

The capital works program includes a Federal Government grant for the 'Local Roads and Community Infrastructure Program' of \$541,144, which will assist with funding the construction and fit-out of Beatty Park indoor pool changerooms.

Vincent continues its focus of renewal expenditure in the 2022/23 draft budget, with 85% of new expenditure excluding carry forwards attributable to asset renewal.

The total capital value of **\$20,484,527** includes carry forwards of **\$5,378,365**. This represents a number of multi-year projects. The breakdown of carry forwards from 2021/22 is:

Description	Carry Forward Budget
Arts	
Arts Rebound - Town Centre Artworks (COVID 19 Arts Relief - Phase 2).	221,200
DLGSC	
LED lighting upgrade/renewal	220,050
Air Conditioning & HVAC Renewal	124,250
Beatty Park Leisure Centre	
Gym equipment - Strength and Group Fitness Equipment	827,879
Gym equipment - Cardio and Fans	
Beatty Park Leisure Centre – Construction & Fit Out Indoor Pool Changerooms	100,000
Beatty Park Leisure Centre – Heritage Grandstand Electrical Works	200,970
Beatty Park Leisure Centre – Repair and maintain Heritage Grandstand	264,430
Beatty Park Leisure Centre - Lifeguard Tower renewal	50,033
Beatty Park Leisure Centre - Non Fixed Assets Renewal - unplanned	16,462
Fleet Management Program	
Light Fleet - Annual Allocation (Trade-in value of \$648k in FY2024. Further trade-in's for future years)	245,000
Single Axle Tipper Truck - 1BUF690 - P3261-AS2697	170,000
Drainage	
Britannia Reserve Main Drain Renewal Stages 1 & 2	41,035
IT	
Enterprise Applications upgrade	281,745
ICT infrastructure renewal (switches, UPS, audio visual, network links)	73,392
Land and Building Asset Renewal Projects	
Library Facility Renewals	61,000
North Perth Town Hall - Kitchen and Toilet Renewal - Lesser Hall	120,000
North Perth Town Hall - Kitchen and Toilet Renewal - Main Hall	167,000
North Perth Bowling Club	80,000
Menzies Park Pavilion & Ablutions	260,984
Leederville Oval Stadium - Electrical renewal - 3 boards	163,276
Upgrade Library counter to enhance customer service delivery	48,500
Forrest Park Croquet Club	49,314
Laneway Lighting Program	
Laneway Lighting Program	10,000
Parks	
Eco-Zoning Program - Edinboro Street Reserve	19,802
Eco-Zoning Program - Monmouth Street	9,916

Britannia Reserve – Floodlight Repair	529,376
Beatty Park Reserve Retaining Wall (Flood Mitigation)	50,000
Menzies Park - Replace Irrigation System	130,000
Hyde Park - Renewal of path lighting poles	89,658
Stuart Street Reserve - remove playground and reinstate reserve	60,000
Forrest Park - replace exercise equipment (deferred from 2019/20)	60,000
Les Lilleyman – Playground and softfall replacement	115,000
Gladstone Street Reserve - upgrade & replace playground equipment	105,000
Public Toilet Renewal Program	
Hyde Park West Toilets & Kiosk	160,803
Roads	
Thompson Street - Barnet Street to Loftus Street	5,500
Alma/Claverton Local Area Traffic Management	8,790
Accessible City Strategy Implementation (Action 3.3.1, 3.3.4 & 2.2.1)	205,000
Sports Lighting Renewal Program	
Charles Veryard Reserve - Flood Lighting	20,000
Slab Footpath Program	
Eton St - Haynes Street to Hobart Street	5,000
Eton St - Ellesmere Street to Gill Street	8,000
Total	5,378,365

BORROWINGS

The City has no additional debt planned for 2022/23 with scheduled loan repayments of \$1.5m.

Beatty Park Gym equipment included in the carried forward capital works items above are funded by 2 new loans at a total value of \$827,879. These loans were included in the 2021/22 budget but due to supplier delays will now be settled in Aug 2022 and as a result has been included in the 2022/23 budget. The loans are self-supporting and repayments are funded by an increase in membership fees (i.e. user pays)

CASH BACKED RESERVES

The Reserve Fund Statement (**Attachment 1**) and Rate Setting Statement reflect transfers to Reserves of **\$5,646,083** (including \$100,000 in interest earnings), with the transfer from Reserves totalling **\$5,240,858**, thereby providing in 2022/23 for a net surplus to the City's Reserves of \$405,225.

BUDGET ADJUSTMENT

During our final review and preparation of the Statutory Financial Statements we identified that Local Roads Grant funding of \$1,541,000 had been incorrectly included **in the draft budget. This has been addressed by the allocation of 2021/22 surplus funds** of \$1,124,334 and an increase in TPRC distributions of \$416,666 based on the latest forecast.

FEES AND CHARGES

The fees and charges for 2022/2023 (**Attachment 4**) includes various amendments to fees and charges with the intention to primarily recover costs. All new fees and charges have been highlighted in the attachment.

Some of the increases in new fees and charges have arisen due to:

- Swimming pool inspection fees have increased to reflect a cost recovery model;
- Food premises licence and registration fees have increased to recover administration costs;
- Other inflationary cost pressures.

LOCAL GOVERNMENT PROPERTIES – RATES WAIVER

In recent years, Council has waived the rate on a range of City properties leased to various community and sporting groups. If a waiver is to be considered, it is necessary for it to be considered at the time of the adoption of the budget. Accordingly, Administration has proposed a recommendation to give Council the

opportunity to expressly waive the rates for individual leased local government properties that do not meet any of the defined exemption criteria under section 6.26(2) of the Act.

The total value of the rates waiver of **\$119,907.35** has been included in the Rates modelling, and is as follows:

Floreat Athena Soccer Club Inc.	Litis Stadium	10,680.85
Leederville Cricket Club Inc.	Britannia Reserve	2,439.79
Earlybirds Playgroup Inc.	87 The Boulevarde	1,288.73
Pride Western Australia	4 View Street	2,067.49
Town Team Movement	245 Vincent Street	1,288.73
Highgate Forrest Park Playgroup	Forrest Park	2,124.60
Volleyball WA	Royal Park	3,831.37
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Azzurri Bocce Club	Dorrien Gardens	4,915.72
Gymnastics WA Inc.	Loftus centre	14,078.84
Loton Park Tennis Club	Loton Park	2,927.75
Leederville Tennis Club	Richmond St Leederville	3,433.78
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Subiaco Football Club Inc.	Leederville Oval	11,228.69
Mount Hawthorn Toy Library Inc.	Mt Hawthorn Community Centre	1,288.73
Mount Hawthorn Playgroup Inc.	Mt Hawthorn Community Centre	1,288.73
Floreat Athena Junior Soccer Club	Britannia Reserve	2,439.79
Total		119,907.35

RATES SETTING CONTEXT

The following table details how the rate in the dollar and waste collection charges (where they are applied separately) levied in 2021/2022 impact on the rate levied on an individual residential property at each of the local governments, based on a nominated Gross Rental Value (GRV) of \$17,160, being the Residential category median GRV.

2021/22 Residential Rating Comparison table

Council	Rate in \$	Minimum Rates	Waste Charge	Security	Total		Ranking Based on:	
					Total Minimum Payable	Residential Rates Levy based on a GRV of \$17,160	Minimum	\$17,160
Armadale	10.461500	1,194.00	\$ 385.50	\$ -	\$ 1,579.50	\$ 2,180.69	26	29
Bassendean	8.439500	1,106.00	\$ 395.00	\$ -	\$ 1,501.00	\$ 1,843.22	25	24
Bayswater	7.465000	1,000.00	\$ 368.30	\$ -	\$ 1,368.30	\$ 1,649.29	17	18
Belmont	6.673300	855.00	\$ 303.00	\$ -	\$ 1,158.00	\$ 1,448.14	3	10
Cambridge	6.275260	953.00	\$ 516.00	\$ -	\$ 1,469.00	\$ 1,592.83	24	14
Canning	5.764644	902.00	\$ 393.00	\$ 59.30	\$ 1,354.30	\$ 1,441.51	16	9
Claremont	6.633000	1,314.00	\$ -	\$ -	\$ 1,314.00	\$ 1,314.00	11	3
Cockburn	8.638000	1,373.00	\$ -	\$ 72.57	\$ 1,445.57	\$ 1,554.85	22	13
Cottesloe	7.100100	1,202.00	\$ -	\$ -	\$ 1,202.00	\$ 1,218.38	5	1
East Fremantle	7.637700	1,138.00	\$ -	\$ -	\$ 1,138.00	\$ 1,310.63	2	2
Fremantle	8.517600	1,397.00	\$ -	\$ -	\$ 1,397.00	\$ 1,461.62	19	11
Gosnells	7.493000	990.00	\$ 330.00	\$ -	\$ 1,320.00	\$ 1,615.80	12	17
Joondalup	6.021000	850.00	\$ 360.00	\$ -	\$ 1,210.00	\$ 1,393.20	6	7
Kalamunda	7.084300	882.00	\$ 572.00	\$ -	\$ 1,454.00	\$ 1,787.67	23	22
Kwinana	9.858000	1,083.00	\$ 301.00	\$ -	\$ 1,384.00	\$ 1,992.63	18	28
Melville	7.347628	1,283.43	\$ -	\$ 57.00	\$ 1,340.43	\$ 1,340.43	15	4
Mosman Park	7.457000	907.00	\$ 322.50	\$ -	\$ 1,229.50	\$ 1,602.12	7	15
Mundaring	9.140000	888.00	\$ 413.00	\$ -	\$ 1,301.00	\$ 1,981.42	10	27
Nedlands	6.558000	1,484.00	\$ 298.00	\$ -	\$ 1,782.00	\$ 1,782.00	29	21
Peppermint Grove	8.745000	1,424.00	\$ -	\$ -	\$ 1,424.00	\$ 1,500.64	21	12
Perth	6.450000	750.00	\$ 321.20	\$ -	\$ 1,071.20	\$ 1,428.02	1	8
Rockingham	8.624000	1,218.00	\$ 375.00	\$ -	\$ 1,593.00	\$ 1,854.88	27	25
South Perth	7.783600	1,004.00	\$ 325.00	\$ -	\$ 1,329.00	\$ 1,660.67	14	19
Stirling	5.750300	861.00	\$ 345.00	\$ 30.00	\$ 1,236.00	\$ 1,361.75	8	5
Subiaco	7.604300	1,190.00	\$ 505.00	\$ -	\$ 1,695.00	\$ 1,809.90	28	23
Swan	8.549900	890.00	\$ 436.00	\$ -	\$ 1,326.00	\$ 1,903.16	13	26
Victoria Park	9.340000	1,159.00	\$ -	\$ -	\$ 1,159.00	\$ 1,602.74	4	16
Vincent	7.973000	1,241.00	\$ -	\$ -	\$ 1,241.00	\$ 1,368.17	9	6
Wanneroo	7.772300	998.00	\$ 410.00	\$ -	\$ 1,408.00	\$ 1,743.73	20	20

DIFFERENTIAL RATES AND MINIMUM RATES IN 2022/2023**Rate Modelling Assumptions**

In preparing the Differential Rates and Minimum Rates for 2022/2023, the City has used the following assumptions:

Residential Category:

The *Residential* rate imposes a differential rate on land used primarily for residential purposes.

The rate in the dollar has been set at or about the general rate, on the basis that residential properties represent 74% of the total gross rental value of all Vincent properties and therefore they will make a reasonable contribution to the cost of local government services and facilities.

Vacant - Residential Category:

The *Vacant-Residential* rate is imposed on vacant, inhabitable or undeveloped residential properties that are zoned Residential.

The rate in the dollar is designed to promote development of these properties thereby stimulating growth and development in the community.

Vacant - Commercial:

The *Vacant-Commercial* rate is imposed on vacant or undeveloped non-residential properties that are zoned Mixed Use, Local Centre, District/Regional Centre, Special Use and Commercial.

The rate in the dollar has been set at or about 160% of the general rate. A higher vacant commercial rate encourages the development of vacant properties, improving the City's streetscape and builds business infrastructure that contributes to the local economy.

Other – Commercial/Industrial:

The *Other – Commercial/Industrial* rate is imposed on non-residential properties that are used for commercial or industrial purposes.

Examples of properties that fall within this category are retail shops, storerooms, car bays, advertisements, wholesalers, warehouses, offices, service stations, hotels, taverns, and properties mainly used for business purposes.

The rate in the dollar for all Commercial/Industrial Improved property has been set at or about 85% of the general rate. A lower commercial and industrial rate has been designed to support local businesses which were significantly impacted by the COVID-19 pandemic.

The objective for minimum rating:

A minimum rate is applied to all differential rate categories within the City of Vincent.

The setting of the minimum rate recognises that every property within the City receives a minimum level of benefit from works and services provided throughout the City. By adopting a minimum rate, Council takes this benefit into consideration.

Rates Growth and Waivers

Rates revenue in the draft Rate Setting Statement (**Attachment 1**) has also provided for the following assumptions:

- An increase of approximately \$300,000 due to organic growth in rates revenue arising from property development or improvement (ie interim rates); and
- A decrease of approximately \$140,000 as a waiver of rates for particular community and sporting groups.

The City has been experiencing a moderate level of growth in the number of rateable properties over recent years, averaging nearly 1.32% between 2017 and 2022. However, there was a notable reduction in 2021/2022, due to economic factors.

For the 2022/23 rates cycle an organic growth rate of 0.82% has been included in the rates modelling.

Year (30 June)	RATEABLE PROPERTIES	Increase	
		Number	%
2022	19267	29	0.15%
2021	19238	197	1.03%
2020	19041	163	0.86%
2019	18878	126	0.67%
2018	18752	404	2.20%
2017	18348	530	2.97%

CONSULTATION/ADVERTISING:**Consultation – Intention to Implement Differential and Minimum Rates - Section 6.36(1) of the Act**

Notices which included relevant details of Council's intention to impose Differential and Minimum Rates and an invitation for submissions from electors and ratepayers in respect to the proposed differential rates were published on the City of Vincent's website, social media and local newspapers.

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

- <https://imagine.vincent.wa.gov.au/budget-2022-23>

Submissions were required to be made in writing and provided by 5pm 29 June 2022.

Multiple submissions were received and are detailed in **Attachment 5**.

The City has undertaken extensive community consultation in recent months to review progress against our strategic community plan, and feedback is detailed in **Attachment 7**. In addition to the community submissions received during the budget process, this feedback was also considered in determining the appropriate budget response.

LEGAL/POLICY:

The following clauses from the *Local Government Act 1995* are relevant to the preparation of the Annual Budget.

6.2. Local government to prepare annual budget

- (1) *During the period from 1 June in a financial year to 31 August in the next financial year, or such extended time as the Minister allows, each local government is to prepare and adopt*, in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the 30 June next following that 31 August.*

* Absolute majority required.

- (2) *In the preparation of the annual budget the local government is to have regard to the contents of the plan for the future of the district made in accordance with section 5.56 and to prepare a detailed estimate for the current year of —*
- (a) *the expenditure by the local government; and*
 - (b) *the revenue and income, independent of general rates, of the local government; and*
 - (c) *the amount required to make up the deficiency, if any, shown by comparing the estimated expenditure with the estimated revenue and income.*
- (3) *For the purposes of subsections (2)(a) and (b) all expenditure, revenue and income of the local government is to be taken into account unless otherwise prescribed.*
- (4) *The annual budget is to incorporate —*
- (a) *particulars of the estimated expenditure proposed to be incurred by the local government; and*
 - (b) *detailed information relating to the rates and service charges which will apply to land within the district including —*
 - (i) *the amount it is estimated will be yielded by the general rate; and*
 - (ii) *the rate of interest (if any) to be charged by the local government on unpaid rates and service charges;*
- and*
- (c) *the fees and charges proposed to be imposed by the local government; and*
 - (d) *the particulars of borrowings and other financial accommodation proposed to be entered into by the local government; and*
 - (e) *details of the amounts to be set aside in, or used from, reserve accounts and of the purpose for which they are to be set aside or used; and*
 - (f) *particulars of proposed land transactions and trading undertakings (as those terms are defined in and for the purpose of section 3.59) of the local government; and*
 - (g) *such other matters as are prescribed.*
- (5) *Regulations may provide for —*
- (a) *the form of the annual budget; and*
 - (b) *the contents of the annual budget; and*
 - (c) *the information to be contained in or to accompany the annual budget.*

6.36. *Local government to give notice of certain rates*

- (1) *Before imposing any differential general rates or a minimum payment applying to a differential rate category under section 6.35(6)(c) a local government is to give local public notice of its intention to do so.*
- (2) *A local government is required to ensure that a notice referred to in subsection (1) is published in sufficient time to allow compliance with the requirements specified in this section and section 6.2(1).*
- (3) *A notice referred to in subsection (1) —*
- (a) *may be published within the period of 2 months preceding the commencement of the financial year to which the proposed rates are to apply on the basis of the local government's estimate of the budget deficiency; and*
 - (b) *is to contain —*
 - (i) *details of each rate or minimum payment the local government intends to impose; and*
 - (ii) *an invitation for submissions to be made by an elector or a ratepayer in respect of the proposed rate or minimum payment and any related matters within 21 days (or such longer period as is specified in the notice) of the notice; and*
 - (iii) *any further information in relation to the matters specified in subparagraphs (i) and (ii) which may be prescribed; and*

- (c) *is to advise electors and ratepayers of the time and place where a document describing the objects of, and reasons for, each proposed rate and minimum payment may be inspected.*
- (4) *The local government is required to consider any submissions received before imposing the proposed rate or minimum payment with or without modification.*
- (5) *Where a local government —*
- (a) *in an emergency, proposes to impose a supplementary general rate or specified area rate under section 6.32(3)(a); or*
- (b) *proposes to modify the proposed rates or minimum payments after considering any submissions under subsection (4),*
- it is not required to give local public notice of that proposed supplementary general rate, specified area rate, modified rate or minimum payment.*

6.26. Rateable land

- (1) *Except as provided in this section all land within a district is rateable land.”*

Subsection (2) then goes on to specify the nature of properties that are exempt, which in essence includes:

- (a) *Crown Land being used for a public purpose or is unoccupied;*
- (b) *Local government land used for a local government purpose;*
- (c) *Regional local government land used for that Regional Local Government’s purposes;*
- (d) *Land used exclusively for a religious body as a place of worship, residence of a minister, a convent, nunnery or monastery or occupied exclusively by a religious brotherhood or sisterhood;*
- (e) *Land used exclusively by a religious body as a school;*
- (f) *Land used exclusively as a non-government school;*
- (g) *Land used exclusively for charitable purposes;*
- (h) *Land vested in trustees for agricultural and horticultural show purposes;*
- (i) *Land owned by Co-operative Bulk Handling Limited;*
- (j) *Land exempt from rates under any other written law;*
- (k) *Land which is declared by the Minister to be exempt from rates.*

6.47. Concessions

Subject to the Rates and Charges (Rebates and Deferments) Act 1992, a local government may at the time of imposing a rate or service charge or at a later date resolve to waive a rate or service charge or resolve to grant other concessions in relation to a rate or service charge.*

** Absolute majority required.”*

Fees and Charges

The fees and charges schedule has been reviewed in conjunction with the Budget development. The following provisions are relevant to the implementation of fees and charges.

6.16. Imposition of fees and charges

- (1) *A local government may impose* and recover a fee or charge for any goods or service it provides or proposes to provide, other than a service for which a service charge is imposed.*

** Absolute majority required.*

- (3) *Fees and charges are to be imposed when adopting the annual budget but may be —*
- (a) *imposed* during a financial year; and*
- (b) *amended* from time to time during a financial year.*

* *Absolute majority required.*

RISK MANAGEMENT IMPLICATIONS:

Moderate: The 2022/2023 Budget is based on the best information available and considered to be a reasonable and prudent representation of the financial performance for the year ahead.

STRATEGIC IMPLICATIONS:

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

Innovative and Accountable

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

We are open and accountable to an engaged community

SUSTAINABILITY IMPLICATIONS:

A review of the Long Term Financial Plan (LTFP) is being undertaken, based on available data, to gain a general understanding of the City's financial position going forward based on maintaining service levels and the capacity to manage the activities detailed in the Corporate Business Plan, together with a projected capital works program.

The Annual Budget, Capital Works Program and Long Term Financial Plan provide resources to support the City of Vincent's Sustainability Programs.

PUBLIC HEALTH IMPLICATIONS:

The Annual Budget, Capital Works Program and Long Term Financial Plan provide resources to support the City of Vincent's Public Health Programs.

FINANCIAL/BUDGET IMPLICATIONS:

Subject to Adoption of the Budget on 5 July 2022, the Rates notices will be distributed from 22 July 2022.

Fees and Charges will be updated following the Budget adoption, unless otherwise set by a statutory authority to commence on any other date.

The opening surplus for 2022/23 has been increased from \$5,166,974 in the prior year to \$5,657,085. The opening surplus balance of \$5,657,085 is attributable to:

- **\$3,114,253** Municipal funding for carry forward operating and capital projects
- **\$2,542,832** **Operating and Capital surpluses**

The closing surplus for 2021/22 is an estimate, as is the forecast for carry forward projects. Each of these will be submitted to Council for review following the annual audit of the 2021/2022 Financial Statements. In the interim, the estimates are considered reasonable for calculation of the 2022/23 opening surplus.