



CITY OF VINCENT

REVENUE & RATING PLAN

.....

2022/23 – 2025/26



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.

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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)



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.



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.



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).



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



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 \(mrc.wa.gov.au\)](https://www.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.



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 or 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 rate²

² *Local Government Act 1995, Section 6.28*



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).

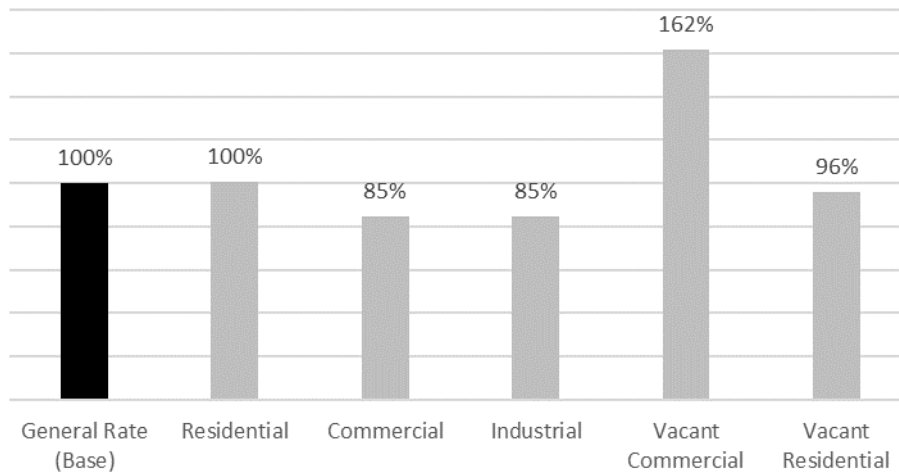
Providing a lower DGR to any group of ratepayers, means the rates burden must be borne by increases to other ratepayers.

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:

$$\text{General Rate} = 100\% \text{ (base)}$$

Differential Rates Relativities (2021)



Residential Rates, compared to the General Rate

$$\text{Residential Rate} = 100\%$$

$$\text{Vacant Residential Rate} = 96\%$$

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

$$\text{Commercial \& Industrial Rate} = 85\%$$

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

$$\text{Vacant Commercial \& Industrial Rate} = 162\%$$

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%		

The City of Vincent's Minimum Rate Levy is the 9th lowest of 29 metropolitan Councils

Includes waste & security charges

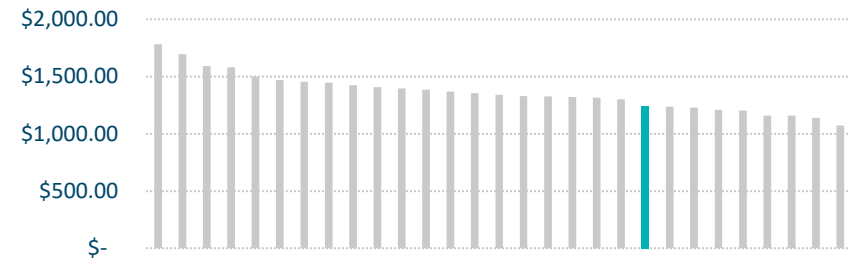


Figure 1: In 2021 the City of Vincent has the 9th lowest rated minimum rates levy of 29 metropolitan Councils. This is calculated using the minimum residential rate, including all waste and security charges

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.



Calculating Rates

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

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

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 June³ 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.

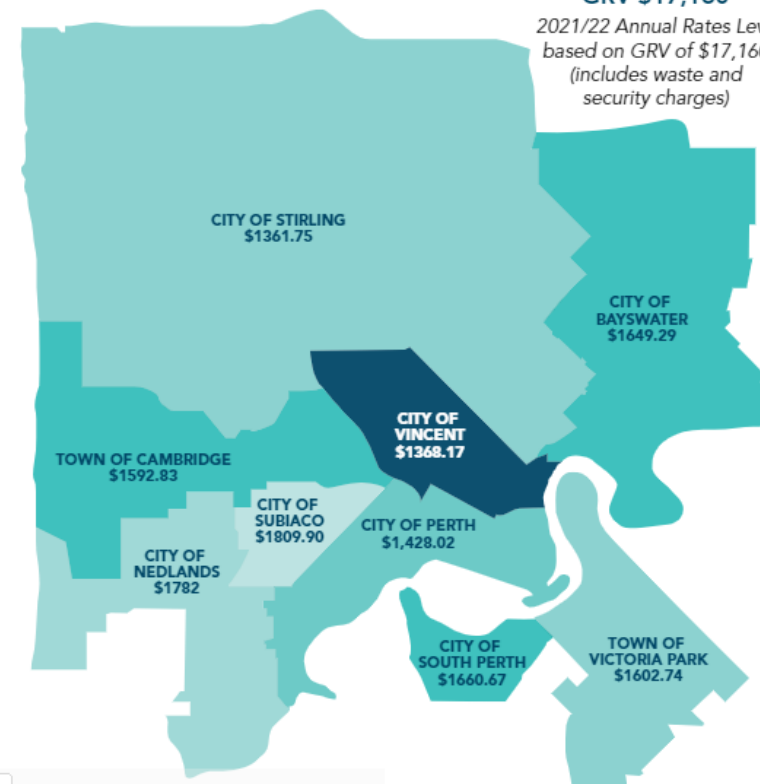
HOW WE COMPARE TO OUR NEIGHBOURS



Vincent is the 6th lowest rating council of 29 metropolitan areas.

GRV \$17,160

2021/22 Annual Rates Levy based on GRV of \$17,160 (includes waste and security charges)



Residential Rates Levy - Perth Metro Area

Based on a median GRV of \$17,160 includes waste & security charges

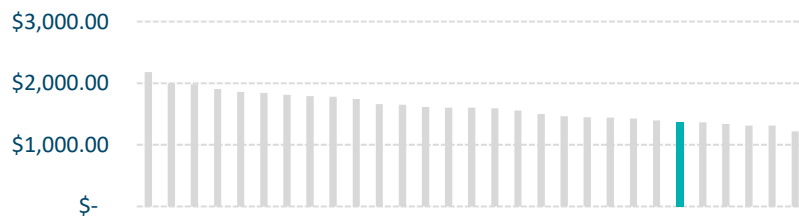


Figure 2: In 2021 the City of Vincent is the 6th lowest rated Council of 29 metropolitan Councils. This is calculated using the median GRV for residential properties in Vincent, and includes all waste and security charges



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]

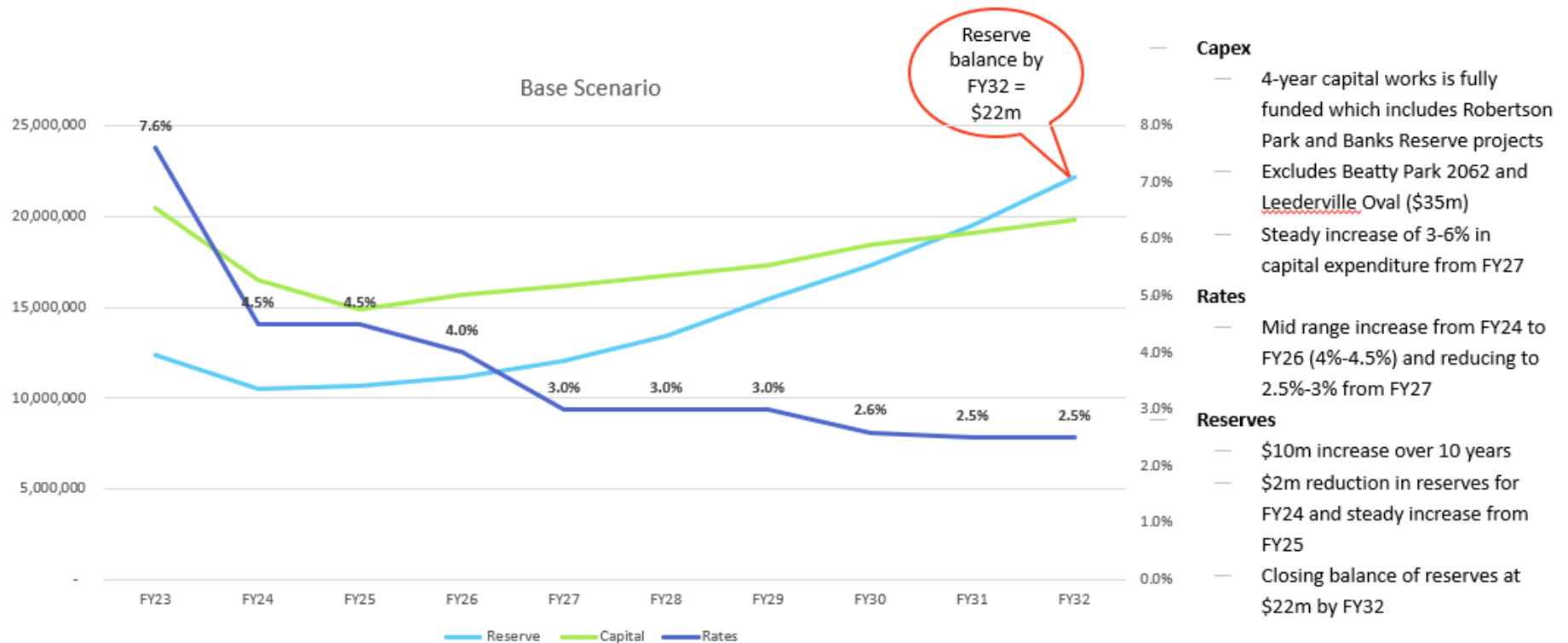
2021 Ranking	Statistics	Local Government Authority	Population	Area (km2)	Revenue (\$M)	Expenditure (\$M)	Assets under Management (\$M)	Rate in the Dollar (cents)	Minimum Rate (\$)	Waste & Security Charges	Total if GRV is \$17,160
1	Low	Cottesloe	8,258	4	13.3	13.9	123.98	7.100100	1,202.00	-	1,218.38
6		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



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.



*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



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 difficulty 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.

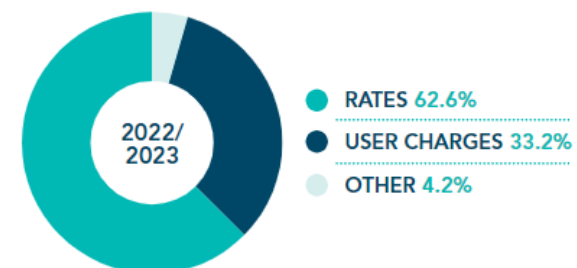


Figure 3: Proposed Revenue Ratios for 2022/2023



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



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



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.



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.

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%



- 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 planting, 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)



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.



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.