



CITY OF VINCENT

Proposed Budget & Rates 2022/2023

Special Council Meeting

7 June 2022



Budget Themes

- Focus on **Long Term Sustainability** and a maturing approach to **financial and asset management**
 - Revenue & Rating Plan provide transparency to the
- Responds to challenges:
 - COVID-19 impact on **City's lost revenue \$4.7m** due to lockdowns
 - Responds to **inflationary pressures** impacting cost of projects, materials, wages & insurance
- Prepares for the once-in-a-generation **Underground Power** project
- Continuing focus on **service delivery** and efficiency
- Capital works program continues to focus on **asset renewal**, and the completion of large Federal Government funded projects
- Proposal to **reduce free parking** in City-owned car parks from 1 hour to 30 minutes, in lieu of 2.8% rate increase
- Proposed **7.6% rate increase, includes 2.1%** toward Underground Power



Rate Setting Statement

✓	Operating Revenue increased by 9.25%, \$2m
✓	Operating Expenditure decreased by 5.77%, \$4.1m #

Adjusted for one-off RRF payment of \$7m in 2021/22, reflects an expenditure increase of \$2.9m or 4.5%. See slide 13.

Updated for clarity, 8 June 2022

RATES SETTING STATEMENT - 2022/23

Revenue (exclude Rates)		\$	21,757,028	\$	23,770,314	Increase 9.25%
Operating Expenses		-\$	71,420,378	-\$	67,302,952	Decrease 5.77%
Net Operating exc Rates	[B]	-\$	49,663,350	-\$	43,532,638	Deficit Reduced by \$6.1m or 12.34%
Depreciation & other excl	[C]	\$	11,774,828	\$	12,865,818	Increase 9.3%
Attributable to Operating Activity	[D]=[B]+[C]	-\$	37,888,522	-\$	30,666,820	Deficit Reduced by 12.34%

Rate Setting Statement

RATES SETTING STATEMENT - 2022/23

✓	Operating Revenue increased by 9.25%, \$2m
✓	Operating Expenditure decreased by 5.77%, \$4.1m #
✓	Grants Increased by 50%, \$1.6m
✓	Sale of 25 Sydney Street, \$900K -> Reserve
✓	Tamala Park Revenue \$1.25m -> Reserve

Non Operating Grants	\$ 3,208,355	\$ 4,821,577	3rd Party Grants Increase by 50%
Asset Disposal	\$ 1,157,303	\$ 1,778,000	Includes Property Sale & Vehicle Trade Ins
Joint Venture Proceeds	\$ 833,333	\$ 1,250,000	Tamala Park Revenue
Capital Projects	-\$ 16,444,239	-\$ 15,106,162	Capital Projects Reduced by 8.14%
Investing Activity Sub Total	-\$ 11,245,248	-\$ 7,256,585	

[E]

Adjusted for one-off RRF payment of \$7m in 2021/22, reflects an expenditure increase of \$2.9m or 4.5%. See slide 13.

Updated for clarity, 8 June 2022

Rate Setting Statement

RATES SETTING STATEMENT - 2022/23

✓	Operating Revenue increased by 9.25%, \$2m
✓	Operating Expenditure decreased by 5.77%, \$4.1m #
✓	Grants Increased by 50%, \$1.6m
✓	Sale of 25 Sydney Street, \$900K-> Reserve
✓	Tamala Park Revenue \$1.25m -> Reserve
✓	Underground Power Rolling Fund \$785K -> Reserve

Repayments on Treasury Loans	-\$ 1,447,716	-\$ 1,675,767	Loan Repayments
Proceeds from new Loans	\$ 7,951,699	\$ -	RRF Contract Exit
			Includes Tamala Park, Property Sale,
Transfer to Reserves	-\$ 4,632,133	-\$ 4,215,000	Underground Power
Transfer from Reserves	\$ 4,296,201	\$ 4,078,541	Funding of Capital Projects
Financing Activity Sub Total	\$ 6,168,051	-\$ 1,812,226	Last year's loan impacts these figures

[F]

Adjusted for one-off RRF payment of \$7m in 2021/22, reflects an expenditure increase of \$2.9m or 4.5%. See slide 13.

Updated for clarity, 8 June 2022

Rate Setting Statement

RATES SETTING STATEMENT - 2022/23

✓	Operating Revenue increased by 9.25%, \$2m
✓	Operating Expenditure decreased by 5.77%, \$4.1m #
✓	Grants Increased by 50%, \$1.6m
✓	Sale of 25 Sydney Street, ~\$900K -> Reserve
✓	Tamala Park Revenue \$1.25m -> Reserve
✓	Underground Power Rolling Fund \$785K -> Reserve
✓	Balanced Budget with surplus position of \$132,958

Adjusted for one-off RRF payment of \$7m in 2021/22, reflects an expenditure increase of \$2.9m or 4.5%. See slide 13.

Updated for clarity, 8 June 2022

Surplus/Deficit before Rates	[G]=[A]+[D]+[E]+[F]	-\$ 36,840,392	-\$ 39,815,775	Deficit increases by 8.1%
TOTAL RATES LEVIED	[H]	\$ 36,760,248	\$ 39,948,733	Rate Yield increases by 8.67%
Surplus/Deficit	[I]=[H]-[G]	-\$ 80,144	\$ 132,958	Surplus Position



CITY OF VINCENT

Rate Setting Statement

✓	Operating Revenue increased by 9.25%, \$2m
✓	Operating Expenditure decreased by 5.77%, \$4.1m #
✓	Grants Increased by 50%, \$1.6m
✓	Sale of 25 Sydney Street, ~\$900K -> Reserve
✓	Tamala Park Revenue \$1.25m -> Reserve
✓	Underground Power Rolling Fund \$785K -> Reserve
✓	Balanced Budget with surplus position of \$132,958

Adjusted for one-off RRF payment of \$7m in 2021/22, reflects an expenditure increase of \$2.9m or 4.5%. See slide 13.

Updated for clarity, 8 June 2022

RATES SETTING STATEMENT - 2022/23

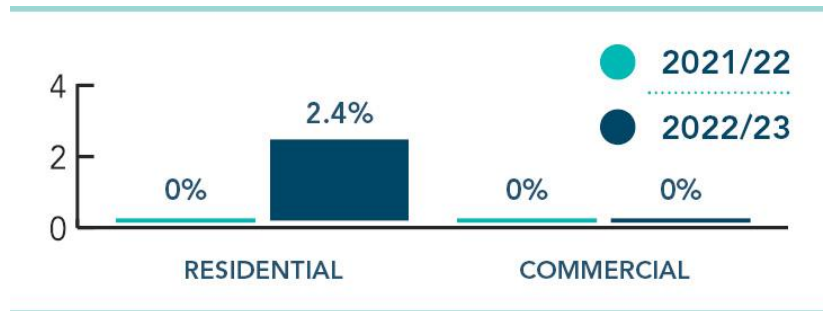
		2021/22	2022/23	Comment
Opening Surplus	[A]	\$ 6,125,327	-\$ 80,144	<i>This figure will change at financial year end</i>
Revenue (exclude Rates)		\$ 21,757,028	\$ 23,770,314	Increase 9.25%
Operating Expenses		-\$ 71,420,378	-\$ 67,302,952	Decrease 5.77%
Net Operating exc Rates	[B]	-\$ 49,663,350	-\$ 43,532,638	<i>Deficit Reduced by \$6.1m or 12.34%</i>
Depreciation & other excl	[C]	\$ 11,774,828	\$ 12,865,818	Increase 9.3%
Attributable to Operating Activity	[D]=[B]+[C]	-\$ 37,888,522	-\$ 30,666,820	Deficit Reduced by 12.34%
Non Operating Grants		\$ 3,208,355	\$ 4,821,577	3rd Party Grants Increase by 50%
Asset Disposal		\$ 1,157,303	\$ 1,778,000	Includes Property Sale & Vehicle Trade Ins
Joint Venture Proceeds		\$ 833,333	\$ 1,250,000	Tamala Park Revenue
Capital Projects		-\$ 16,444,239	-\$ 15,106,162	Capital Projects Reduced by 8.14%
Investing Activity Sub Total	[E]	-\$ 11,245,248	-\$ 7,256,585	
Repayments on Treasury Loans		-\$ 1,447,716	-\$ 1,675,767	Loan Repayments
Proceeds from new Loans		\$ 7,951,699	\$ -	RRF Contract Exit
				Includes Tamala Park, Property Sale,
Transfer to Reserves		-\$ 4,632,133	-\$ 4,215,000	Underground Power
Transfer from Reserves		\$ 4,296,201	\$ 4,078,541	Funding of Capital Projects
Financing Activity Sub Total	[F]	\$ 6,168,051	-\$ 1,812,226	<i>Last year's loan impacts these figures</i>
Surplus/Deficit before Rates	[G]=[A]+[D]+[E]+[F]	-\$ 36,840,392	-\$ 39,815,775	Deficit increases by 8.1%
TOTAL RATES LEVIED	[H]	\$ 36,760,248	\$ 39,948,733	Rate Yield increases by 8.67%
Surplus/Deficit	[I]=[H]-[G]	-\$ 80,144	\$ 132,958	Surplus Position



CITY OF VINCENT

Rate Setting

COVID IMPACT



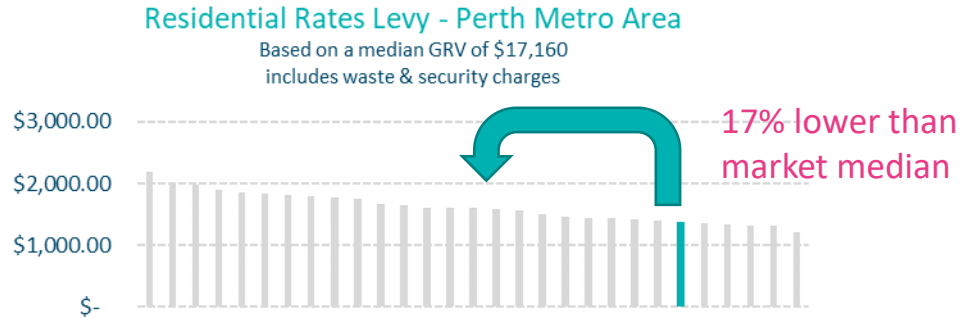
APPROXIMATE INCREASE*

\$2 PER WEEK OR **\$104** PER YEAR

*based on median Vincent Gross Rental Value (GRV) of \$17,160

7.6% = 5.5% + 2.1%
UNDERGROUNDING POWER

Rates Benchmarking



- Vincent is the **2nd lowest rating Council** compared to our neighbours (after Stirling)
- **17% lower than the median** Council in Metro Area

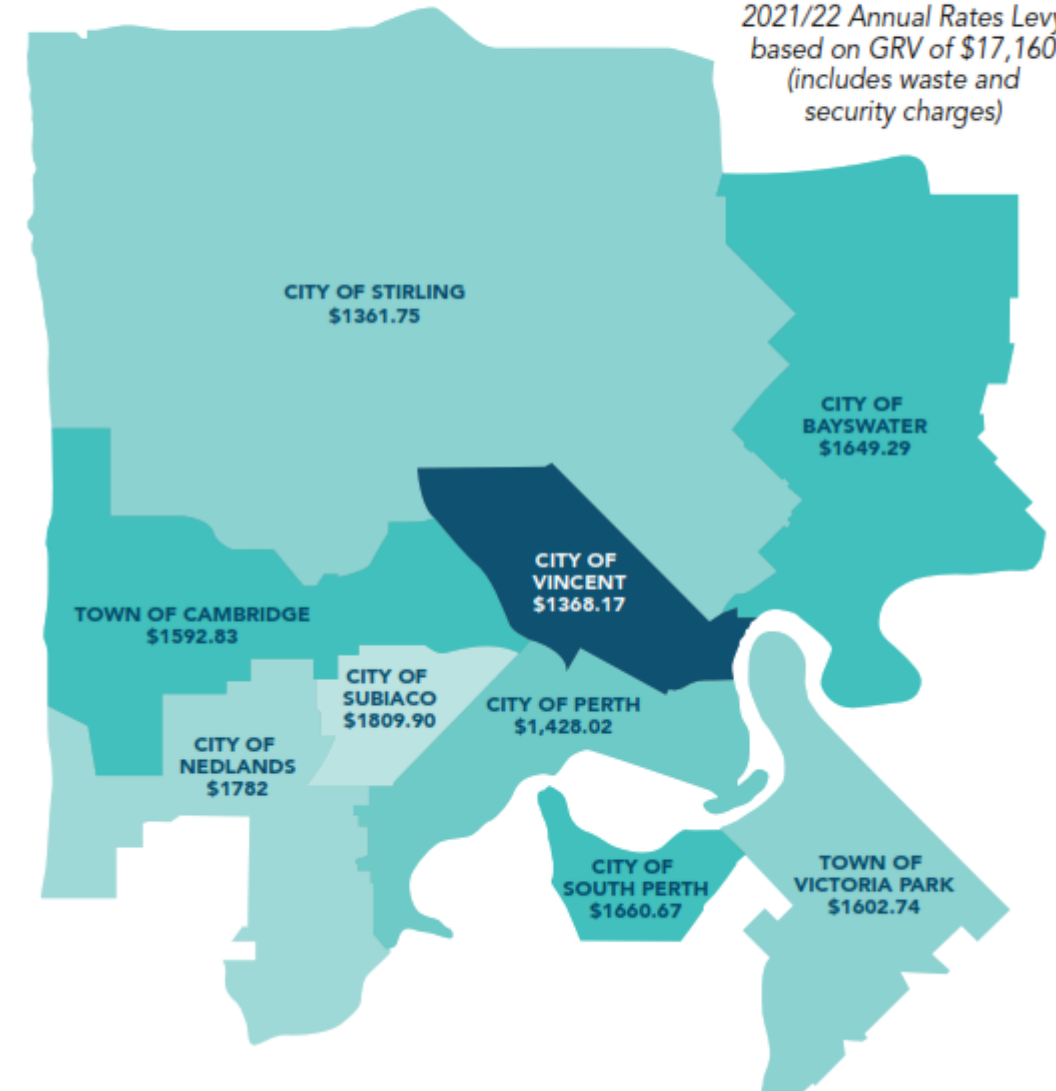
VINCENT IS THE **6TH LOWEST** RATING COUNCIL OF 29 METROPOLITAN AREAS



How we compare to our neighbours.

GRV \$17,160

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



Parking Changes

- **\$1m Operating Revenue**
- Shifts the cost of providing parking to those users
- Population and car use has increased
- Supports a shift to other transport modes
- ACROD users are not impacted

REDUCE FREE PARKING FROM 1HR TO 30MIN

Vincent carpark have had first hour free parking since 2011.

- Reducing the free period to 30 minutes would bring in revenue equivalent to a 2.8% rate rise across the City to spread the impact.
- It would also support our Accessible City Strategy by encouraging less car use in our town centres.
- If supported, this would come into effect 1 October 2022.

83%

OF CONSUMERS TO
VISIT LEEDERVILLE
ARE NON-VINCENT
RESIDENTS.

(Spendmapp data)

**30MINS FREE
PARKING**

EQUIVALENT
TO

**2.8% RATE
INCREASE**

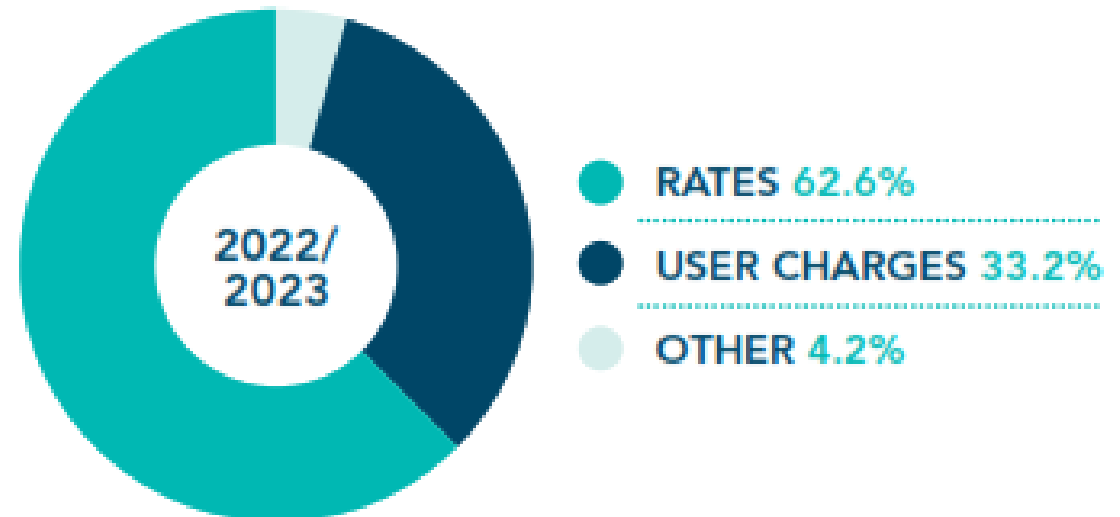
Other Revenue

- **62.6% of Operating Revenue** comes from Rates -> the WA metro average is 63.6%
- User Charges ~
 - Beatty Park Leisure Centre Membership Fee – 3%
 - BPLC delivers an operating surplus of \$300k, after covering loans for building and equipment, and overheads
- Statutory Charges~
 - Planning & Subdivision Fees
- Operating and Capital Grants
- Third Party Contributions
- Interest on Investments
- Tamala Park JV ~ \$1.25m
- Property Management + Tenancies ~ \$1.3m
- Leederville Car Parks Expression of Interest (EOI)

See: DRAFT Revenue & Rating Plan 2022-2027

OTHER INCOME SOURCES

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



Underground Power

- **\$785K -> Builds Reserve**
- Used for current and future underground power projects

$$7.6\% = 5.5\% + 2.1\%$$

UNDERGROUNDING POWER

Underground Power Rolling Fund

In 2022/23, Vincent will work with Western Power to deliver underground power to parts of the City. The fund will be used to provide longer payback periods for ratepayer contributions, for current and future projects.

Expenditure

- Operating Expenditure decreased by 5.77%, \$4.1m
- Cuts to expenditure in City programs and initiatives are also included, valued at \$727,935
- Adjusted for a one-off payment of \$7,083,333m in 2021/22, this reflects an expenditure increase from 2021/22 of 960K or 4.67%
- Materials & Contracts
 - \$220K IT Projects
 - Landgate GRV triennial reval'n \$210K
 - Inflationary pressures are driving up the cost of projects, materials and insurance
- Employee Costs increased by 6.7%:
 - 3.5% EBA Increase
 - 0.5% Superannuation Increase
 - \$250K Benchmarking (market adjustment)
 - \$200K BPLC casuals (offset by \$477K revenue)
 - \$24K Workers comp insurance
 - \$13K Aboriginal trainee program
 - \$67K Staff training
 - Maximum of 1 new position

Updated for clarity, 8 June 2022

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.

Expenditure

RATES SETTING STATEMENT - 2022/23

	Audited Annual Results				Mid Year Budget Review	Proposed	1-year	5-year	5-year Avg
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23			
Revenue (excludes Rates)	24,532,104	24,451,252	20,314,887	20,993,740	21,757,028	23,770,314	9.25%	-3.11%	-0.62%
Operating Expenses	57,746,530	61,255,620	62,228,485	58,554,566	71,420,378	67,302,952	-5.77%	16.55%	3.31%
Materials and Contracts	17,896,936	13,791,388	16,586,788	16,391,088	27,641,604	21,518,777	-22.15%	20.24%	4.05%
Materials and Contracts (Adjusted)	17,896,936	13,791,388	16,586,788	16,391,088	20,558,271	21,518,777	4.67%		
Total Rates Levied	33,377,748	34,102,294	35,678,835	35,819,566	36,760,248	39,948,733	8.67%	19.69%	3.94%
Abnormal Years Due to COVID									

- Operating Expenditure decreased by 5.77%, or \$4.1m from last year
- However, the City is experiencing inflationary pressures, driving up the cost of projects, materials and insurance
- Adjusted for a one-off payment of \$7,083,333m in 2021/22, this reflects an expenditure increase from 2021/22 of 960K or 4.67%
- Over the past 5 years, materials and contracts have increased by 20.24%, or roughly 4% per year
- Cuts to expenditure in City programs and initiatives are also included, valued at \$727,935

Operating Efficiency

- Annual Service Review
- Contract Management Framework
- Procurement Framework
- Project Management Framework
- Property Management Framework
- Corporate Business Plan (4-year)
- Capital Works Program (4-year)
- Audit Committee with External Chair
- Asset Management Sustainability Strategy (10-Year)
- NEW Revenue & Rating Plan (4-Year)
Due: August 2022
- DRAFT Long Term Financial Plan (10-Year)
Due: August 2022

Organisational Efficiency Metrics FY20

	Measure	Vincent	Median		
Organisational Structure	Span of Control	5.5	3.7	✓	Top 5%
Employee Engagement	Turnover	13%	13%	✓	
Overtime	\$ per FTE	\$1,710	\$1,084	✗	
Capital Expenditure	\$ per resident	\$260	\$380	✗	
Spend on Roads	\$ per Km	\$44,200	\$19,000	✗	Bottom 8%
Rangers Revenue	\$ Revenue per Ranger	\$153,000	N/A	✓	
Planning approvals	# per 10,000 residents	97	70	✓	
Building permits	# per 10,000 residents	170	156	✓	
Parks & sport ground	\$ per resident	\$170	\$153	✓	
Employee costs	% of total operating	41%	39%	✓	
Corporate & Governance staffing	Staff per 100 employees	12.5	12.7	✓	
Finance staffing	Staff per 100 employees	4.0	4.2	✓	
Customer Service staffing	Staff per 10,000 resident	2.6	1.3	✓	
IT staff per 100 employees	Staff per 100 employees	1.5	3.0	✓	
HR staff per 100 employees	Staff per 100 employees	2.9	2.4	✓	
IT Investment	\$ per employee	\$5,100	\$8,100	✗	Bottom 10%
Staff Development	\$ per FTE	\$713	\$1,273	✗	

Source: PWC Local Government Benchmarking Program as at 30 June 2020

Capital Expenditure

- Capital Expenditure \$15.1m
- Depreciation \$12.9m vs Total Renewal of \$10,998,222

Asset Sustainability Ratio = 0.85

Funding Source	Amount
Reserve/Savings	\$3,878,541
Grants	\$4,169,847
3-rd Party Contribution	\$1,529,730
Municipal Funded (36.6%)	\$5,528,044
Total	\$15,106,162

Asset Class	Amount
Land & Building (19%)	\$2,876,800
Infrastructure (63%)	\$9,585,662
Plant & Equipment (14%)	\$2,079,000
Furniture & IT (4%)	\$564,700
Total	\$15,106,162

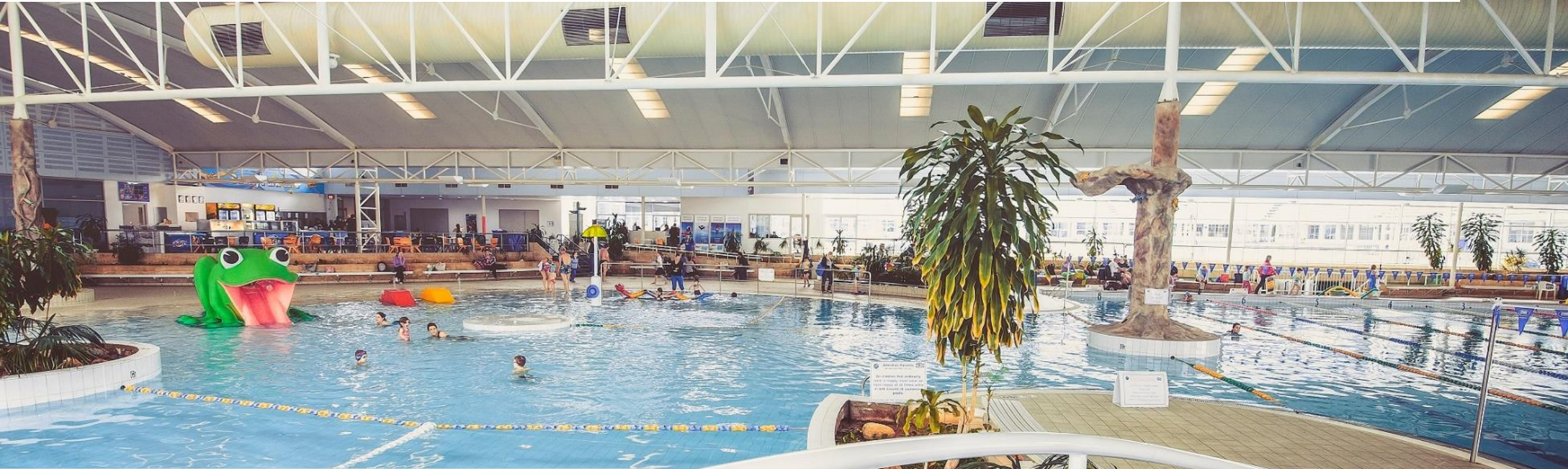


Capital Projects of Note

A photograph of a park area. In the foreground, a paved path leads from a bench towards a grassy field. The bench is made of metal slats. To the left of the path, there is a small playground structure with a wooden frame. In the background, a modern building with large windows and a flat roof is visible, surrounded by trees and landscaping. The sky is overcast.

Roads, Drainage, Footpaths, Parks &
Playgrounds
\$4.6 M

Capital Projects of Note



Beatty Park Leisure Centre
\$1.6 Million

Indoor Pool Changerooms [750K Grant Funded]
Heritage Grandstand Electrics [250K Reserve]
Municipal Funded 508k [BPLC Surplus 300k]

Capital Expenditure

- Leederville Oval Sports Lighting - 1.3m
 - [164K muni-funded]
- Solar Panel Install 216K
 - [tenant funded]
- Robertson Park – refurbish courts for multisports 232K
 - [100K grants, 132K muni-funded]
- Mt Hawthorn Youth Skate Park – 230K
 - [200K grant funded]
- Haynes Street Reserve – 340K
 - [works required as per agreement with Attorney General, funded from land sale]
- Banks Reserve Toilets – 200K
- Technology Upgrades - 252K
- Fleet Management
 - Road Sweeper 380K
 - Light fleet 899k, Trade in 648K
 - 5 Tonne Rubbish Compactor 340K
- Public Artwork – 162,500
 - [Percent for Art Reserve]
- Bicycle Network - 335K
 - [Cash-in-Lieu Reserve & Grants]
- Beaufort St Art Deco Light Pole Renewal - 220k
- Accessible City Implementation – 500K
 - [Cash-in-lieu Reserve]

Borrowing - \$1.6m Debt

Description	1 Jul 22	How is it paid
246 Vincent Street	\$763,286	Tenant Funded
Loftus Centre Redevelopment	\$1,149,549	Tenant Funded
Underground Car Park Loftus	\$44,483	Loan Ends
Beatty Park Redevelopment	\$5,028,914	Beatty Park Funded
Beatty Park Equipment	\$778,666	Beatty Park Funded
Resource Recovery Facility	\$6,748,886	Positive Business Case to exit long term contract
Total	\$14,513,785	

Rate Setting – Differential Rates

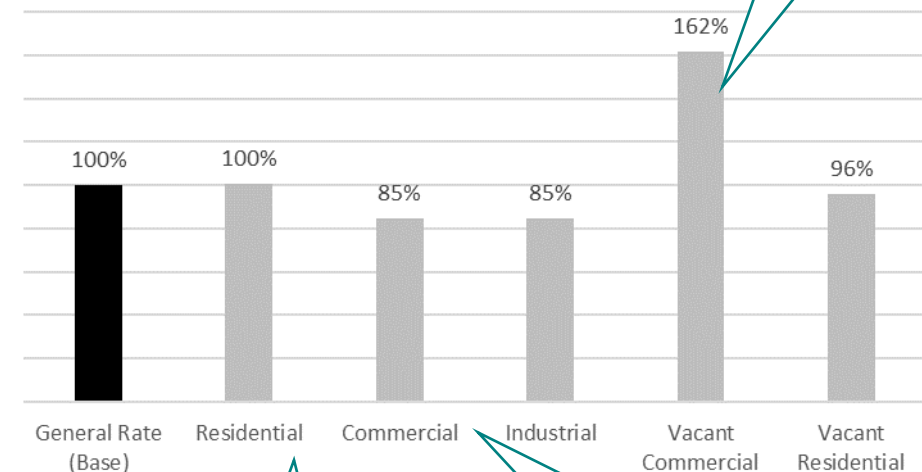
$$\text{General Rate} = \frac{\text{Budget Deficiency (excluding rates growth)}}{\text{Total GRV for Vincent Properties}}$$

$$\text{General Rate} = \frac{\$39,765,511}{\$463,253,990}$$

$$\text{General Rate} = 0.085840$$

Budget Deficiency from Rate Setting Statement = \$39,948,733
Less Rates Growth and Rates Waivers = \$183,222
Balance = \$39,765,511

Differential Rates Relativities (2021)



Higher vacant commercial rate encourages commercial development

74% of GRV is residential, therefore make a reasonable contribution to rates load

Lower commercial rate is designed to support local businesses who were impacted by COVID-19 and

For more information see the Draft Revenue & Rating Plan 2022-2027



CITY OF VINCENT

Rate Setting – Differential Rates

$$\text{General Rate} = \frac{\text{Budget Deficiency (excluding rates growth)}}{\text{Total GRV for Vincent Properties}}$$

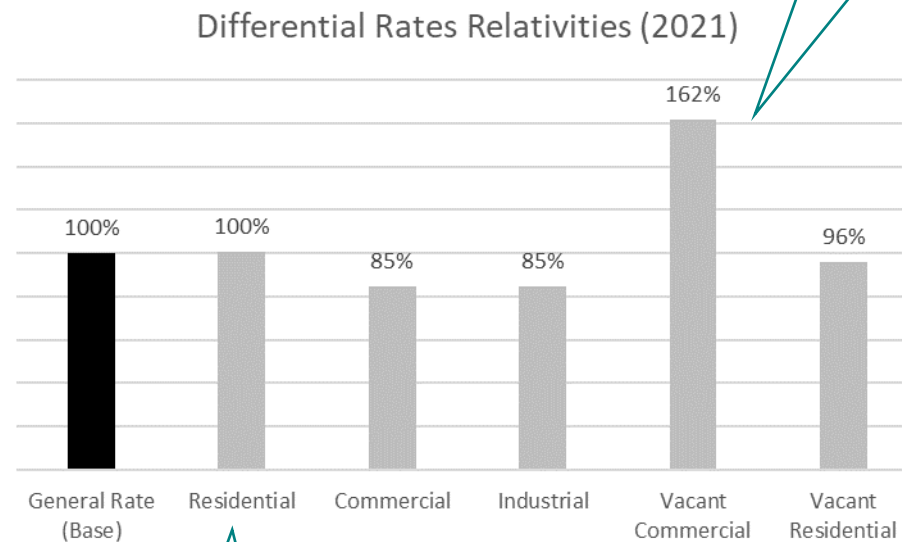
$$\text{General Rate} = \frac{\$39,765,511}{\$463,253,990}$$

$$\text{General Rate} = 0.085840$$

Budget Deficiency from Rate Setting Statement = \$39,948,733
Less Rates Growth and Rates Waivers = \$183,222
Balance = \$39,765,511

For more information see the Draft Revenue & Rating Plan 2022-2027

Rate Setting – Differential Rates



Higher vacant commercial rate encourages commercial development

74% of GRV is residential, therefore make a reasonable contribution to rates load

Lower commercial rate is designed to support local businesses who were impacted by COVID-19 and



CITY OF VINCENT

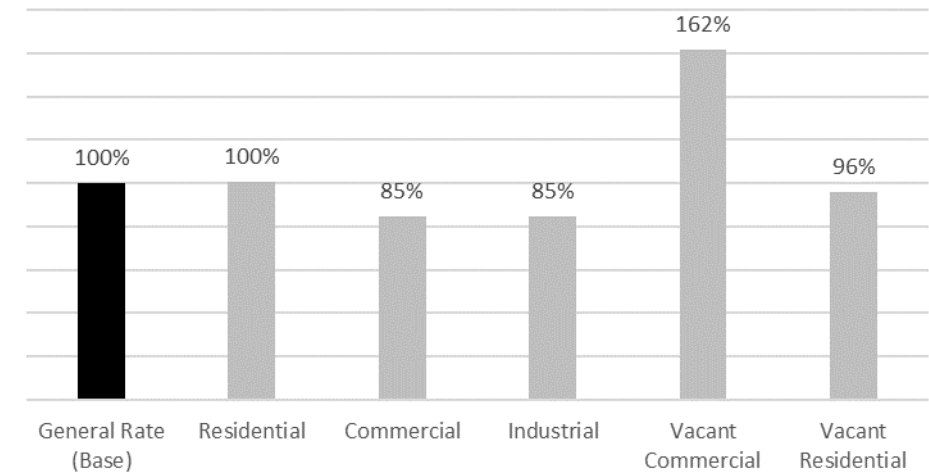
Rate Setting – Differential Rates

$$\text{General Rate} = \frac{\text{Budget Deficiency (excluding rates growth)}}{\text{Total GRV for Vincent Properties}}$$

$$\text{General Rate} = \frac{\$39,765,511}{\$463,253,990}$$

$$\text{General Rate} = 0.085840$$

Differential Rates Relativities (2021)



Rating Category	Rate in dollar (+7.6%)	Minimum rates (+7.6%)
Residential	0.08579	\$1,335.32
Vacant-Residential	0.08191	\$1,180.00
Vacant-Commercial	0.13791	\$1,631.65
Other – Commercial/Industrial	0.07229	\$1,288.73

For more information see the Draft Revenue & Rating Plan 2022-2027



CITY OF VINCENT

Financial Hardship

Rates Smoothing for ALL ratepayers

- Pay weekly, fortnightly or monthly instalments

Financial Hardship Program

- Deferred payments for up to 6 months
- Flexible payment plans to suit
- Waiver of interest and fees on hardship plans
- Suspension of debt recovery when a payment plan is in place

Financial Hardship Payment

- Up to \$500 to eligible property owners experiencing financial hardship
- Hardship fund established ~ \$50K





CITY OF VINCENT

Proposed Budget & Rates 2022/2023

Special Council Meeting

7 June 2022

