



City of **Perth**

Agenda

Special Council Meeting

12 July 2022

Notice of Meeting

To the Lord Mayor and Councillors

A Special Council Meeting will be held on Tuesday, 12 July 2022 in the Council Chamber, Level 9, 27 St Georges Terrace, Perth commencing at 4.00pm.

The purpose of the meeting is for Council to consider the Adoption of the Annual Budget 2022/23.

Michelle Reynolds

Chief Executive Officer

7 July 2022

Information

This information is provided on matters which may affect members of the public. If you have any queries on procedural matters, please contact a member of the City's Governance team via governance@cityofperth.wa.gov.au.

Question Time for the Public

An opportunity is available at Special Council Meetings for members of the public to ask questions specific to items on the agenda. This time is available only for asking questions and not for making statements. Complex questions requiring research should be submitted as early as possible to allow the City time to prepare a response.

The Presiding Person may nominate a member of staff to answer the question and may also determine that any complex question requiring research be answered in writing. No debate or discussion can take place on any question or answer.

To ask a question, please complete the Public Question Time form available on the City's website www.perth.wa.gov.au/council/council-meetings.

Disclaimer

Members of the public should note that in any discussion during a meeting regarding any item, a statement or indication of approval by any council member, committee member or officer of the City is not intended to be, and should not be taken as, notice of approval from the City. No action should be taken on any item discussed at a meeting of a Committee prior to written advice on the Committee or Council's resolution being received.

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1. Declaration of Opening
2. Acknowledgement of Country/Prayer
3. Attendance
 - 3.1 Apologies
 - 3.2 Leave of Absence
Councillor Viktor Ko
4. Public Participation
 - 4.1 Public Questions
 - 4.2 Deputations
5. Disclosures of Interests

6. Reports

6.1 Adoption of the Annual Budget 2022/23

Responsible Officer	Michael Kent – Project Director Strategic Finance (CFO)
Voting Requirements	Absolute Majority
Attachments	Attachment 6.1A – Statutory Budget 2022-23 ↓  Attachment 6.1B – Fees and Charges Schedule 2022-23 ↓ 

Purpose

This report is for Council to consider the adoption of the Annual Budget 2022/23 and the Schedule of Fees & Charges 2022/23.

Recommendation

That Council:

1. ADOPTS the City of Perth 2022/23 Statutory Annual Budget as detailed in **Attachment 6.1A** inclusive of the following:
 - a. Statement of Comprehensive Income
 - b. Statement of Cash Flows
 - c. Rate Setting Statement
 - d. Capital Expenditure Program
 - e. Transfers to and from Cash Backed Reserves
 - f. Notes to and forming part of the Statutory Budget

2. ADOPTS the following Rates in the Dollar of GRV, based upon the predominant purpose for which the rated land is held, for 2022/23:

a. Commercial Category	6.51092 cents in the dollar
b. Hotel Category	6.44420 cents in the dollar
c. Retail Category	6.51165 cents in the dollar
d. Office Category	5.50450 cents in the dollar
e. Residential	6.51450 cents in the dollar
f. Vacant Land	10.0000 cents in the dollar

3. ADOPTS the following minimum rate payments to be imposed in accordance with Section 6.35 of the *Local Government Act 1995* in respect of any rateable land within the city for 2022/23:

a. Commercial Category	\$ 800.00
b. Hotel Category	\$ 765.00
c. Retail	\$ 750.00
d. Office Category	\$ 800.00

- e. Residential \$ 765.00
 - f. Vacant Land \$1,000.00
4. APPROVES the provision for rates to be paid by either one, two or four instalments.
5. ADOPTS the following due dates for the payment of rates by instalments:
- a. Instalment 1 07 September 2022
 - b. Instalment 2 16 November 2022
 - c. Instalment 3 18 January 2023
 - d. Instalment 4 22 March 2023
6. ADOPTS an instalment charge of \$35 and an interest rate of 5.5% applicable to rate and service charge instalment arrangements, imposed in accordance with section 6.45(3) of the *Local Government Act 1995* and clause 13 of the *Local Government (COVID-19 Response) Ministerial Order 2020*, gazetted on 8 May 2020, subject to:
- a. this additional charge and interest rate not being applied to an excluded person, as defined in the *Local Government (COVID-19 Response) Ministerial Order 2020*, that has been determined as suffering financial hardship as a direct consequence of the COVID-19 pandemic in accordance with Council Policy 2.10 Financial Hardship.
7. APPROVES the Heritage Rate Concession Scheme (Council Policy 2.11 refers), in accordance with Section 6.47 of the *Local Government Act 1995*, for the 2022/23 financial year.
8. APPROVES the proposed transfers to and from Cash-Backed Reserves detailed in the Statutory Annual Budget 2022/23 at Note 10.
9. ADOPTS the Schedule of Fees & Charges 2022/23 as detailed in **Attachment 6.1B**.
10. NOTES that no public submissions were received following the advertising of the proposed differential rates for 2022/23.
11. REQUESTS the Chief Executive Officer to submit a copy of the Annual Budget 2022/23 to the Department of Local Government, Sport and Cultural Industries within 30 days of its adoption by Council.
12. ADOPTS the following thresholds for the reporting of material financial variances in the monthly financial reports:
- a. Operating Items - Greater than 10% and a value greater than \$20,000
 - b. Capital Items - Greater than 10% or a value greater than \$50,000
- (notwithstanding that the Administration may choose to provide comment on items below those thresholds if deemed appropriate).
-

Background

1. Preparing the Annual Budget is a statutory requirement under Section 6.2 of the *Local Government Act 1995* (the Act). More broadly, Division 6 of the Act provides guidance on financial management matters related to budgeting. Regulations 22 - 33 of the *Local Government (Financial Management) Regulations 1996* prescribe the form and content of the statutory Annual Budget.
2. The Annual Budget plays an important role in operationalising the strategic financial management approach detailed in the Long-Term Financial Plan, which exerts persuasive influence on the content of the City's Annual Budget.
3. This Budget ensures that the City has in place the necessary funding arrangements to support delivery of agreed services and programs, proposed capital renewal programs and new capital projects. The City of Perth Annual Budget 2022/23 is consistent with all relevant legislative requirements.

Discussion

4. This Budget presents a \$261.9 Million financial blueprint for the City for the 2022/23 year.
5. It has been developed over a six-month period between December 2021 and June 2022 and has included a series of structured workshops involving Council, City management and representatives of the six neighbourhoods that the City comprises. It is designed to reflect a City that is liveable, sustainable and prosperous.
6. Council has worked hard to deliver a prudent and responsible budget for 2022/23 whilst ensuring that the Administration delivers the range and level of services expected by its community.
7. The centrepiece of the 2022/23 Annual Budget is a very modest rate increase, believed to be the lowest announced to date of all metropolitan local governments.
8. The rating model for the 2022/23 year was developed by applying the principles and guidelines detailed in the City's Rating Methodology Statement which was independently reviewed and assessed against best practice rating principles in May 2021 and reviewed again in May 2022.
9. The City uses a Differential Rating Model consisting of six differential rate categories in setting its rates. That is, it may apply a different rate in the dollar for each different property category. This can help to distribute responsibility for contributing to the rates yield more equitably.
10. The City is anticipating a rate yield of \$99.4M in 2022/23 after allowing for concessions. The increase in rates yield for the year is \$1.2M overall.
11. Properties in the Retail, Hotel & Commercial property classifications will have a 0.5% increase in the rate in the dollar for 2022/23 over the level adopted in the previous year. Properties in the Residential and Office classifications will have a 1% increase.
12. Minimum rates for each category have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of the local government services and facilities. The City uses a tiered approach to setting minimum rates - \$750 for properties in the Retail property category, \$765 for the Hotel and Residential category, \$800 for Commercial and Office properties. Vacant Land has a \$1,000 minimum rate.
13. The modest rates increase result has been achieved through prudent financial management emphasising value for money, and a year-on-year reduction in operating costs of around 1.1% (excluding abnormal expenses).

14. The 2022/23 Annual Budget makes a substantial financial commitment to renewal of community infrastructure, demonstrating Council's acknowledgement of its asset stewardship responsibilities. It has also been informed by valuable inputs from neighbourhood groups so that expenditures are directed towards responding to the identified neighbourhood priorities.
15. The 2022/23 Budget is presented in a summarised view in Table 1, demonstrating the calculation of the required Rates Yield.

Table 1:

Funding Required	\$ Millions
Core Service Delivery (Excluding Non-Cash Items)	\$ 142.3 M
Programs - Sponsorship & Events	\$ 11.0 M
Discretionary Operating Projects	\$ 6.1 M
Sub Total - Operating Expenses	\$ 159.4 M
WACA Aquatic Facility Contribution	\$ 17.5 M
Perth Concert Hall Contribution	\$ 4.0 M
Sub Total - Capital Contributions	\$ 21.5 M
Asset Renewal	\$ 24.8 M
Other Capital Projects	\$ 23.0 M
Sub Total - Capital Expense	\$ 47.8 M
Loan Principal Repayments	\$ 0.7 M
Reserve Funds Created	\$ 29.2 M
Budget Closing Position	\$ 3.3 M
Total - Financing Activities	\$ 33.2 M
Total Funding Required	\$ 261.9 M

Table 2:

Funding Sources	\$ Millions
Fees & Charges	\$ 13.3 M
Parking Revenues	\$ 65.9 M
Rental & Hire Fees	\$ 4.2 M
Grants - Operating	\$ 2.8 M
Interest Revenues	\$ 3.2 M
Other Revenues	\$ 8.1M
Asset Disposal Proceeds	\$ 0.9M
Sub Total - Operating Funds excluding Rates	\$ 98.4 M

Sub Total - Operating Funds excluding Rates (carried down from above)	\$ 98.4 M
Grants for Capital Projects	\$ 14.2 M
Reserve Funds Used	\$ 44.3 M
Opening Position	\$ 5.6 M
Sub Total - Financing Activities	\$ 64.1 M
Total Funding Available - Excluding Rates	\$ 162.5 M
Amount Required to be Raised from Rates - Including Interim Rates	\$ 99.4 M

16. The 2022/23 Budget provides for the required rates yield after allowing for the impacts of concessions and interim rates.
17. A detailed analysis of the City's Rating model for this year is provided at Section 6.2 of the 2022/23 Annual Budget document.
18. The differential rating model and the statement of objects and reasons for each differential rates category was advertised in accordance with statutory requirements for 21 days. The City did not receive any public submissions on the proposed rates in the dollar.
19. The 2022/23 Budget does not propose any new loan borrowings in 2022/23.
20. The 2022/23 Budget makes use of some existing Cash Backed Reserves to support current year projects and initiatives and transfers some funds back to Cash Backed Reserves to support proposed future projects and initiatives.
21. Details of the proposed Reserve fund transfers and their purposes are detailed in the Statutory Annual Budget at Note 10.
22. The 2022/23 Budget also references the City's budgeted financial ratios against industry benchmarks.
23. Whilst some specific indicators may not be met in the 2022/23 year, the City has in place, through its Long-Term Financial Plan, a responsible and realistic plan to ensure that trends and average ratios over the longer term meet or exceed preferred industry benchmarks.
24. This budget reflects a balanced and sustainable response to the challenging economic climate in which it was developed.
25. It will play an essential role in guiding the organisation as it continues to position the City's finances for a sustainable future.
26. Chart 1 below demonstrates the budget funding mix by funding source and shows the relative contributions from each source.
27. Chart 2 below demonstrates the proposed use of the budget funds by type of use and reflects the relative proportions for each fund use.
28. The Annual Budget document is supplemented by the Schedule of Fees & Charges for 2022/23 (Attachment 6.1B).

29. Chart 1 - 2022/23 Funding Mix by Source

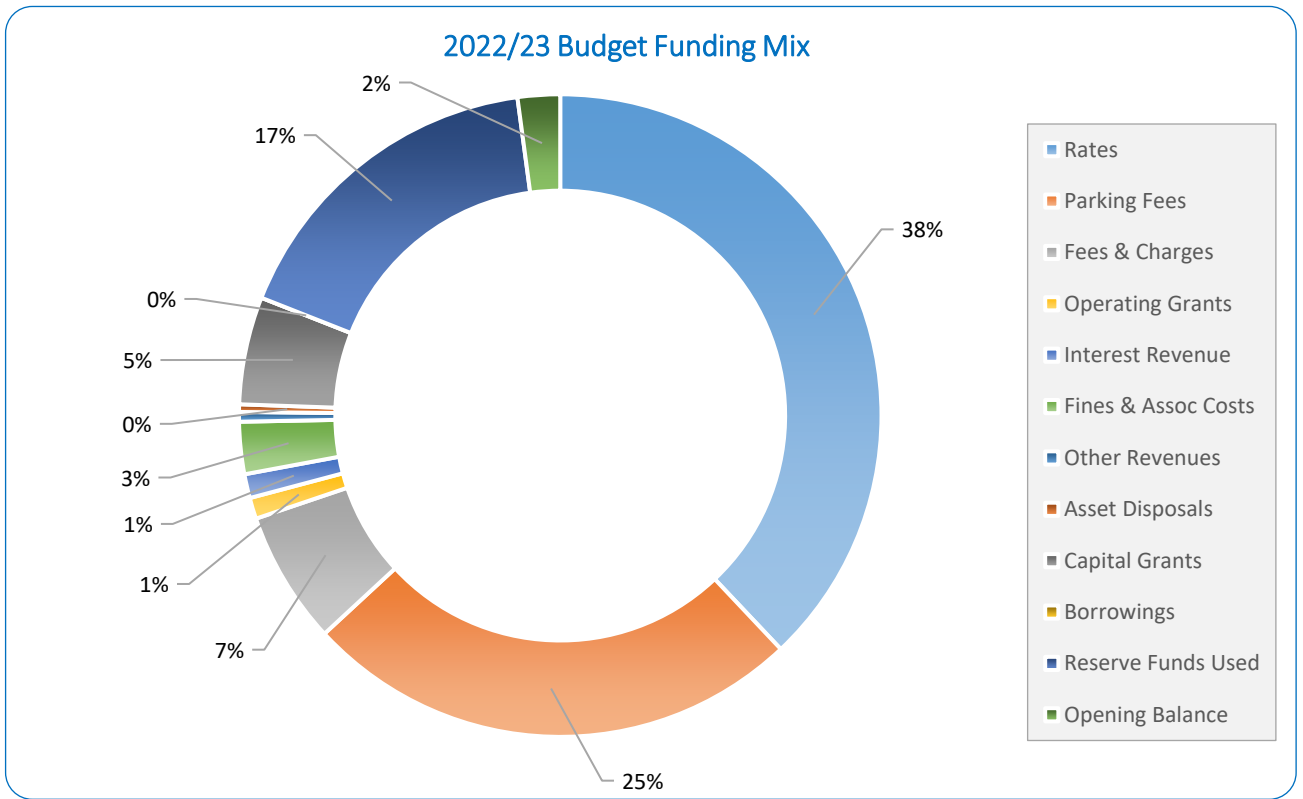
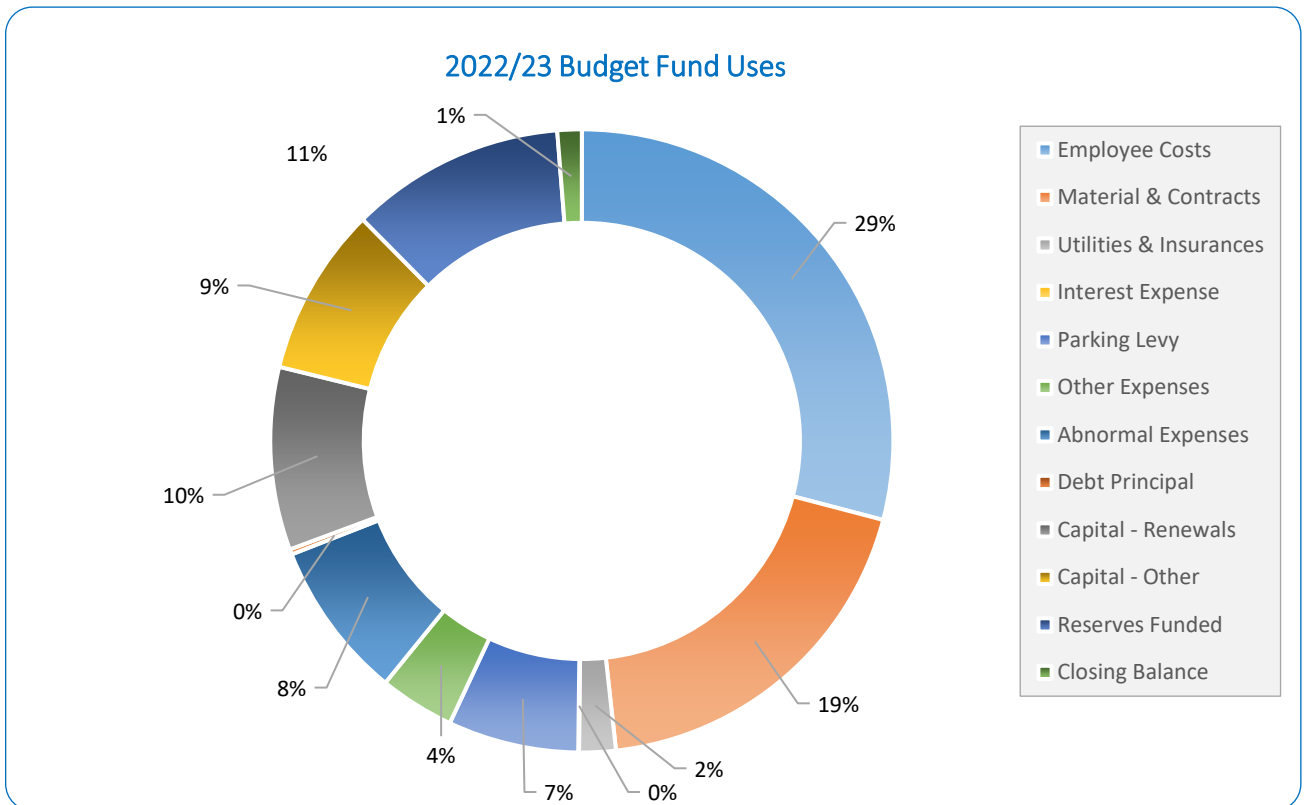


Chart 2 - 2022/23 Fund Uses by Type



30. Full detail of the City’s 2022/23 Annual Budget including all statutory disclosures and supporting information is contained in the attachments to this report.

Consultation

31. Preparation of the Annual Budget has been persuasively influenced by the Long-Term Financial Plan 2022/23 - 2031/32 adopted by Council on 28 June 2022. It is informed by the outputs of various community consultation exercises undertaken over the last year, including the Community Budget Workshop. It also incorporates inputs from Elected Member Engagement Sessions, the City’s Workforce Plan, Asset Management Plans and other strategies and plans.
32. In the development of this Budget, elected members were involved in the following five engagement sessions:
- a. EMES in December 2021 - Capital Projects (Discretionary Projects & Renewal Categories)
 - b. EMES in March 2022 - Capital Projects (Detailed Renewal Projects & Discretionary)
 - c. EMES in March 2022 – Budget Discussion
 - d. EMES in April 2022 - Detailed Operating Budgets & Operating Projects
 - e. EMES in April 2022 - Economic Overview & Differential Rates Model with Options

Decision Implications

33. Council’s adoption of the Statutory Annual Budget will meet its obligations under Section 6.2 and Division 6 more generally of the *Local Government Act 1995* plus Regulations 22 - 33A of the *Local Government (Financial Management) Regulations 1996*. A copy of the adopted Budget must then be lodged with the Department of Local Government, Sport and Cultural Industries within 30 days.

Strategic, Legislative and Policy Implications

Strategy	
Strategic Pillar (Objective)	Prosperous
Related Documents (Issue Specific Strategies and Plans):	Long Term Financial Plan Budget Methodology Rating Methodology Corporate Allocations Methodology The methodology statements provide a sound rationale for the process and clear, consistent advice on the steps involved in producing a best practice budget.
Legislation, Delegation of Authority and Policy	
Legislation:	Section 6.2 of the <i>Local Government Act 1995</i> Regulation 22 – 33 (inclusive) of the <i>Local Government (Financial Management) Regulations 1996</i>

	This legislation prescribes the requirement to prepare and adopt a budget for the municipal (general) fund, in the manner prescribed, by no later than 31 August.
Authority of Council/CEO:	Section 6.2 of the <i>Local Government Act 1995</i> requires Council to adopt the budget by absolute majority.
Policy:	CP 2.3 Strategic Financial Planning & Budgeting CP 2.4 Cash Backed Reserves CP 2.5 Use of Debt as a Funding Option These policies are all highly influential in guiding the development of the Annual Budget.

Financial Implications

34. The financial implications of Council's adoption of the 2022/23 Annual Budget are presented in **Attachment 6.1A** to this report. They result in a (projected) budget surplus of \$3,305,351 - if all budget assumptions are fully realised. This represents around 1.7% of Operating Revenues which is within the target band of 1% to 3% suggested in Council Policy 2.3 Strategic Financial Planning & Budgeting.
35. The Budget also anticipates projects in progress, but not fully invoiced at 30 June 2022. Those projects carried forward from 2021/22 to 2022/23 of around \$14.8M reflect that a number of these are due to the timing of supplier invoicing rather than non-completion of projects.
36. Supply chain disruptions have affected fleet purchases (\$0.6M), mall bollards (\$0.8M), street lighting (\$1.5M) and Roe Street (supply chain & DevelopmentWA delays - \$5.4M).
37. The remaining \$6.5M reflect the typical year-end in progress, but yet to be completed, works.

Further Information

Nil.



Annual Budget 2022/23



21-08-9/2022



City of Perth Annual Budget 2022/23

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About this Document

The 2022/23 Budget allocates the financial resources necessary for the City to deliver on our community's aspirations. It guides our approach to delivering infrastructure and services to the community in a responsible and affordable way.

Preparing the Annual Budget is a statutory requirement under Section 6.2 of the Local Government Act 1995. More broadly, Division 6 of the Local Government Act 1995 provides guidance on financial management matters related to budgeting. Local Government (Financial Management) Regulations 22 - 33A prescribe the form and content of the statutory annual budget.

The Annual Budget plays an important role in operationalising the strategic financial management approach referenced in the Corporate Business Plan and Long Term Financial Plan. The Long Term Financial Plan exerts persuasive influence on the content of the City's Annual Budget.

The budget ensures that we have in place the necessary funding arrangements to support delivery of the agreed services and programs, proposed capital replacement programs and new capital projects for the upcoming year.

The City of Perth Annual Budget 2022/23 is consistent with all relevant legislative requirements.



City of Perth Annual Budget 2022/23

1.0 Message from the Lord Mayor & Chief Executive Officer

This Budget showcases our vision for the growth and development of our great city, while demonstrating our ability to underpin this with robust financial management.

This Plan presents a \$261.9 Million financial blueprint for the City for the 2022/23 year. The City of Perth is responsible for a multi-billion dollar business with a net worth of approximately \$1.3 billion. Over the 2022/23 period this Budget supports a \$47.8 Million capital program and expenditure of \$159.4 Million on delivering key programs and services. It also recognises \$21.5M in capital contributions towards supporting City Deal initiatives promoted by the state and commonwealth governments.

The result of delivering this Budget will be a legacy of quality community infrastructure and social capital for the benefit and enjoyment of our community. We are able to achieve this as a result of a critical review of operational expenditure focused on making the City more financially sustainable into the future.

Over the 2022/23 year, we will see this Budget support:

- The delivery of City of Perth initiatives under the Perth City Deal
- Future growth of the City in line with its incoming Local Planning Strategy
- Contemporary infrastructure and places that complement the City's unique neighbourhood precincts
- Continued delivery of services and programs to activate the City and deliver on the evolving needs on its local community.

This Budget is underpinned by the following financial principles:

- Financial sustainability
- Financial accountability
- Responsible stewardship
- Alignment with strategic aspirations.

Our City is in the midst of a positive and exciting evolution towards excellence. This Plan is foundational to the City's future direction, representing planning that is accountable, transparent and aligned with our vision.



Basil Zempilas
Lord Mayor
City of Perth



Michelle Reynolds
Chief Executive Officer
City of Perth



City of Perth Annual Budget 2022/23

2.0 Our City

2.1 Aspirations



The ability to plan for our short and long-term future is essential to our success in delivering on our vision.

This Budget was firmly guided by our desire for a City that is *liveable, sustainable and prosperous*.

By developing a clear and strong linkage to these aspirational pillars and reflecting them in how we respond to our community's needs, we can focus on creating meaningful differences in our neighbourhoods and for Perth itself as one of the most liveable cities in the world. This approach reflects a triple bottom line philosophy in all we do.

Liveable

We have an aspiration for our city to be socially cohesive, inclusive, activated, and safe. By striving to achieve this, we will ensure that residents and visitors enjoy positive experiences that reflect on Perth as one of the world's most liveable, welcoming, and respected cities. Initiatives to achieve this include:

- Engaging with our community in meaningful ways to understand their priorities.
- Placing an emphasis on community priorities at a neighbourhood level.
- An increased commitment to appropriate asset renewal and new or upgraded community infrastructure as part of the City's stewardship responsibilities.

Sustainable

Maintaining a responsible and healthy balance between the city's natural environment, social and economic systems is a key platform of how the city does business. From local neighbourhoods to the city as a whole, we make decisions and act to nurture, build capacity, and sustain our communities. Initiatives to achieve this include:

- Better matching staffing with agreed service levels and scaling back the capital program to levels more aligned to organisational delivery capacity.
- Structural reform of the City's finances that returned previously burgeoning operating expenses back to sustainable levels.
- Expenditure focus being shifted from discretionary projects back to core service.

Prosperous

Our aspiration for Perth is to be a successful, flourishing city that provides opportunities, sustains its economy, and efficiently and effectively delivers services, projects, and experiences to our community. Achieving prosperity for our city and our communities is a foundation principle for our decision making. Initiatives to achieve this include:



City of Perth Annual Budget 2022/23

- An agile, service-based resource allocation model meaning that the City can deliver quality, targeted services that offer a value for money proposition to our residents, ratepayers, businesses, and visitors whilst ensuring that our City is efficiently run and that service levels are responsive to our community's needs.

2.2 City Snapshot

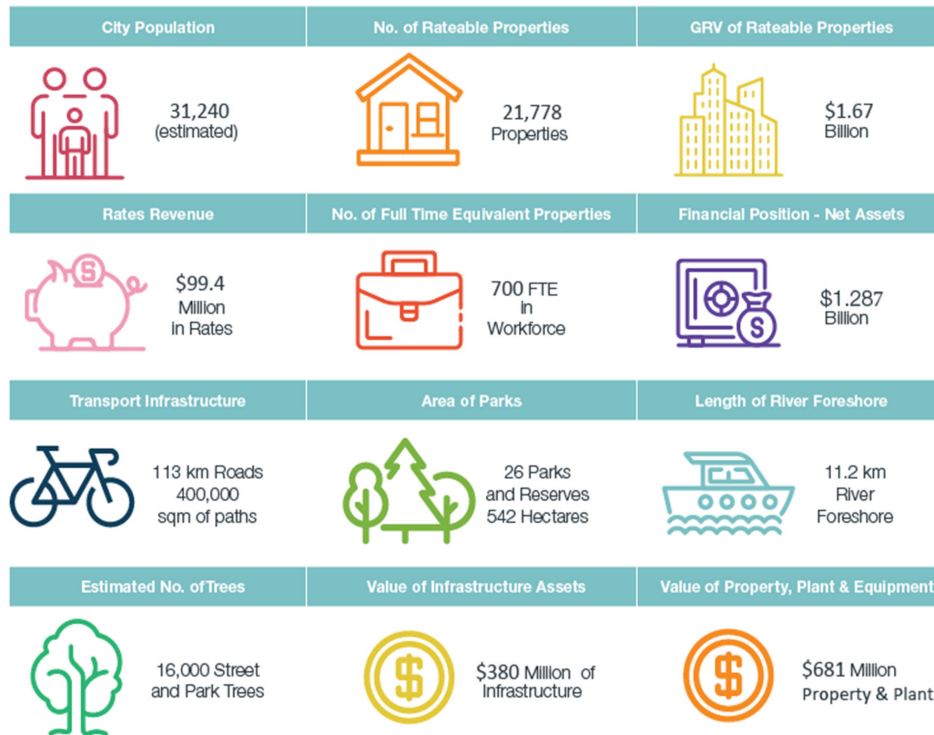
In 2022 the City is home to some 31,240 residents, has about 11,068 businesses, is the workplace of 129,662 workers and a destination for more than 230,000 visitors.

To effectively plan, the City must understand its current state and anticipated future population growth, economic fluctuations, environmental trends, and social and community needs in the future.

This budget reflects the first year of the Long Term Financial Plan and considers the City's anticipated population growth and impact on servicing costs, infrastructure needs and revenue from rates.

Figure 1 - Key Statistics

As at June 2022



Source for population & business data, : Economy ID June 21



City of Perth Annual Budget 2022/23

3.0 Budget Headline

This Budget presents a \$261.9 Million financial blueprint for the City for the 2022/23 year.

It continues our focus on making the City more financially sustainable into the future and driving structural reform of the City's finances. Operating expenses have been critically reviewed and are within sustainable levels, and there is increased commitment to asset renewal and upgraded community infrastructure.

Council has worked hard to deliver only a very modest rates increase for 2022/23 whilst ensuring that the administration delivers the range and level of services expected by our community. This result has been achieved through a reduction in operating expenses of 1.1% (excluding abnormal expenses).

The Budget has been informed by valuable inputs from our neighbourhood groups so that expenditures are directed towards responding to the identified neighbourhood priorities.

The 2022/23 Budget expenditure profile in broad terms is:

Expenditure Type	Amount \$
Core Service Delivery	\$ 142.3 M
Programs - Events & Sponsorships	\$ 11.0 M
Discretionary Operating Projects	\$ 6.1 M
Abnormal Items - WACA Aquatic Facility & Perth Concert Hall Contribution	\$ 21.5 M
Asset Renewal & Community Infrastructure	\$ 47.8 M
Financing Activities - Reserve Funds and Loan Repayments	\$ 29.9 M
Closing Balance (Surplus)	\$ 3.3 M
Total Allocation	\$ 261.9 M

The 2022/23 Budget presents a balanced funding model incorporating funding sources as indicated below:

Funding Source	Amount \$
Rates	\$ 99.4 M
Parking Operations	\$ 65.9 M
Fees & Charges	\$ 13.3 M
Capital Grants	\$ 14.2 M
Other Revenues & Grant Funds	\$ 18.4 M
Asset Sale Proceeds	\$ 0.9 M
Financing Activities - Cash Reserves & Borrowings	\$ 44.3 M
Opening Balance	\$ 5.6 M
Total Funding	\$ 261.9M

This budget model proposes a responsible mix of funding sources including previously accumulated cash reserves to lessen the reliance on rates revenue as a proportion of the total funding package in 2022/23.

It reflects a balanced and sustainable response to the challenging economic climate in which it was developed. It will play an essential role in guiding the organisation as we continue to re-position our capital city's finances for a sustainable future. It also references our financial ratios against industry benchmarks. Whilst a specific indicator may not be met in this particular year, the City has, through its Long Term Financial Plan, a responsible and realistic plan to ensure that trends and average ratios over the longer term meet or exceed preferred industry benchmarks.



City of Perth Annual Budget 2022/23

3.1 Budget Snapshot - Operating Expenditure

Figure 2 - Core Services, Programs and Operating Project Expenditure by Theme

	<p>Community Services Customer Services Community Facilities. Community Support Services - Seniors, Children and Visitors. Homelessness Response Access and Inclusion, Aboriginal Reconciliation</p>	<p>\$ 8.0 M</p>
	<p>Community Amenity Community Safety. Ranger Services. City Surveillance.</p>	<p>\$ 7.7 M</p>
	<p>Marketing, Activation & Events Activations and Events Facilitation. Christmas Light Trail & Skyworks Cultural Collections Management & Exhibitions. Marketing and Promotion.</p>	<p>\$ 10.0 M</p>
	<p>Sponsorships & Grants Sponsorships for Community Festivals. Sponsorships for Arts & Culture Business Sector Development</p>	<p>\$ 8.3 M</p>
	<p>Library Services Library Borrowing Services. E-Resources, Print & Wi-Fi Services Meeting Rooms. Events and Activities.</p>	<p>\$ 6.1 M</p>
	<p>Development Control Urban Planning Strategy and Policy. Development Assessment Building Approvals. Building Compliance</p>	<p>\$ 5.1 M</p>
	<p>City Planning & Economic Development City Future - Master Planning Transport & Urban Design. Economic Development Business Support.</p>	<p>\$ 9.5 M</p>



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	<p>Public Health \$ 4.6 M</p> <p>Health Approvals Public Health Compliance Food Premises Inspections. Activity Approvals.</p>
	<p>Infrastructure Management \$ 33.5 M</p> <p>Asset Planning and Asset Performance Management. Maintenance of Roads, Paths, Drainage, Street Furniture Assets Lighting and Electrical Asset Maintenance. Maintenance of City Owned Buildings and Facilities.</p>
	<p>Parks Management \$ 12.8 M</p> <p>Parks & Gardens Maintenance Activities. Reticulation Systems & Water Economy. Natural Areas Maintenance. Street Tree Maintenance. Sustainability.</p>
	<p>Parking Management \$ 62.0 M</p> <p>Operation of Off Street Parking Facilities * Operation of On Street Parking Precincts * Parking Compliance. <i>* Includes Parking Levy of \$17.8M & Internal Rental of \$15M</i></p>
	<p>Waste & Cleaning \$ 17.2 M</p> <p>Residential & Commercial Rubbish Collection. Street Cleaning. Graffiti Cleaning. Recycling and Container Deposit Scheme.</p>
	<p>Corporate Support & Leadership \$ 14.3 M</p> <p>Governance and Elected Members. Legal Services. Audit and Risk Management. Corporate Communications. Financial Management. ICT & Records Management Human Resource Management.</p>
	<p>Other Costs \$ 1.6 M</p> <p>Project Management Office Fleet Management Other Costs - Not included elsewhere</p>

Figures shown above are inclusive of internal corporate cost allocations and recoveries.



City of Perth Annual Budget 2022/23

3.2 Our Services

The City provides an extensive range of external facing services to our community including:

- Strategic leadership
- Advocacy on behalf of our community
- Strategy development
- Economic development
- Community capacity building
- Community support services
- Homelessness response
- Cultural development
- Cultural and heritage collections management
- Events and activation
- Library services
- Customer service
- Community safety
- Public health
- City planning
- Development approvals
- Transport and urban design
- Infrastructure asset strategy and design
- Infrastructure maintenance
- Project delivery
- Park maintenance
- Waste and cleaning
- Parking management

These services are supported and empowered by internal facing services including:

- Marketing and communications
- Financial management
- ICT services
- Human resource management
- Governance
- Legal services
- Audit and risk
- Information and records management
- Property management services

In developing the 2022/23 Annual Budget, the City has carefully considered the resource and funding requirements necessary to deliver ongoing services and programs, statutory and governance activities, asset network renewal expenditures and opportunities for major discretionary capital expenditure initiatives.

Over the life of the budget, the range and scope of our services may be re-evaluated, or service levels re-assessed in the light of changing circumstances to ensure that there is alignment between community expectations, financial and organisational capacity and agreed service levels.

As the City's service planning becomes more sophisticated, the City will take the opportunity to re-balance the service level versus resourcing equation to ensure that we are delivering value for money outcomes, and we are targeting the priority services and initiatives identified by our community.



City of Perth Annual Budget 2022/23

3.2 Budget Snapshot - Capital Expenditure

Figure 3 - Capital Works Projects by Theme (selected projects identified)

	<p>Roe Street Enhancement</p> <p>This project will convert this precinct into a pedestrian and cycle friendly area with contemporary paving, cooling urban shade, funky street furniture and free wi-fi. This project is part grant funded and is a multi-year project - Completion 2023.</p>	\$ 5.6 M
	<p>Lighting & Electrical Projects</p> <p>Street Lighting - West Perth Neighbourhood. Street Lighting - Hay St West. Street Lighting - Park Ave Crawley. Street Lighting - Northbridge. Street Lighting - Royal Street (Stage 3).</p>	\$ 5.7 M
	<p>Bus Stop Upgrades</p> <p>This project focusses on improving accessibility at involves adjusting the height of kerbs at CBD bus stops. This project is fully grant funded and is a multi-year Project - Completion 2024</p>	\$ 1.2 M
	<p>Parks & Landscape</p> <p>Thomas Street / Winthrop Ave Landscaping (Stage 1) Urban Forrest - Tree Planting Program. Irrigation Renewal Program. Park Furniture, Playground & Exercise Equipment</p>	\$ 1.7 M
	<p>CBD Transport Projects</p> <p>This is the first tranche of a suite of transport-related projects involving cycleways, improvements to pedestrian movements and other enhancements designed to improve transport management in the CBD. These projects are fully grant funded and are part of a multi-year program due for completion in 2028.</p>	\$ 7.3 M
	<p>City Mall Upgrades</p> <p>The City will be investing in a program to de-clutter and update street furniture, drinking fountains and seating to bring a more contemporary flavour to the Hay St and Murray St Malls . This is the second phase of a multi-year project to bring greater vitality to our major street precincts.</p>	\$ 0.8 M
	<p>Building Renewals</p> <p>Building Rectification Works Building Security Works Electrical Enhancements Forrest Place Green Room Water Ingress Treatment Minor Structural Works - Various Buildings</p>	\$ 4.2M



City of Perth Annual Budget 2022/23

	<p>Roads, Paths & Kerb Renewals \$ 6.6 M</p> <p>Road Renewals - Parkway Road Renewals - Kings Park Road Road Renewals - Riverside Drive Road Renewals - King Street Road Renewals - William Street Path Renewals - Royal Street Kerb Renewals - Ventnor Ave Path Renewals - Mounts Bay Road Road Renewals - Francis Street Road Renewals - Wellington Street</p>
	<p>Drainage Renewals \$ 0.8 M</p> <p>Stormwater Drainage Renewal - Pit Covers Stormwater Drainage Renewal - Adelaide Terrace Stormwater Drainage Renewal - Dehli Street Stormwater Drainage Renewal - Spring Street</p>
	<p>River & Foreshore Assets \$ 0.5 M</p> <p>Claisebrook Riverwall Renewal. Heirisson Island Revetment Walls. East Perth Foreshore River Wall.</p>
	<p>Technology Replacements \$ 2.5 M</p> <p>Core System Consolidation - Stage 1 Network & Storage Replacements. Audio Visual Equipment Renewal.</p>
	<p>Fleet & Plant Replacement \$ 3.2M</p> <p>Heavy Plant Replacement. Light Plant Replacement. Fleet Vehicle Replacement.</p>
	<p>Other Capital Works \$ 7.7 M</p> <p>CCTV Camera Replacement. Design for Laneways Refresh & Main Street Refresh Program Hostile Vehicle Mitigation Treatments Christmas Decoration Renewal Street Furniture Replacement Program Winthrop Thomas St Shared Path</p>
	<p>Capital Contributions - WACA & PCH \$ 21.5 M</p> <p>Provision for \$17.5M of the \$25M capital contribution for the development for an aquatic facility at the WACA ground and the \$4.0M capital contribution towards the redevelopment of the Perth Concert Hall (PCH) under the City Deal agreement.</p>



City of Perth Annual Budget 2022/23

4.0 Service Based Resource Allocation

4.1 Allocating our Resources

In compiling this 2022/23 Budget, the City uses a service-based resource allocation model designed to emphasise agile and flexible assignment of employee, financial and equipment resources. Services prioritised through community feedback, agreed community outcomes and service levels will determine the allocation of resources each year rather than a traditional incremental increase to the existing service unit budgets. This approach clearly identifies and separates core service delivery activities from discretionary operating projects to ensure that the community enjoys value for money outcomes and the City is accountable for delivery of agreed service levels and measurable outcomes.

5.0 Annual Budget Modelling

5.1 Context for the Annual Budget

Preparing the Annual Budget is a statutory requirement under Section 6.2 of the Local Government Act 1995. More broadly, Division 6 of the Local Government Act 1995 provides guidance on financial management matters related to budgeting. Local Government (Financial Management) Regulations 22 - 33A prescribe the form and content of the statutory annual budget.

The Annual Budget plays an important role in operationalising the strategic financial management approach referenced in the Corporate Business Plan and Long Term Financial Plan. The Long Term Financial Plan exerts persuasive influence on the content of the City's Annual Budget.

The budget ensures that we have in place the necessary funding arrangements to support delivery of agreed services and programs, proposed capital renewal programs and new capital projects. The City of Perth Annual Budget 2022/23 is consistent with all relevant legislative requirements.

5.2 Assumptions & Modelling Parameters

The Annual Budget is a detailed operational document that guides the deployment of our available financial and people resources to deliver upon our community aspirations and strategic intent. It is necessarily based on financial assumptions relating to the quantum of both revenues and expenditures, the anticipated timeframes for cash flows into and out of the organisation and expectations of the continuation of existing funding initiatives by both commonwealth and state governments.

Included in the financial assumptions are anticipated movements in both the consumer price index, wages growth and interest rates as they relate to both investment returns and borrowing costs. Unexpected changes in any of these parameters, the economic environment or in government policy directions are likely to have an impact on the financial model.

Adoption of the Annual Budget by Council does not constitute an irrevocable commitment to any particular project or service referenced in the budget, nor to its timing. Community engagement, detailed design or procurement processes may result in the modification, re-scheduling or deletion of individual initiatives. Similarly, it does not preclude the possible subsequent inclusion of further service or capital initiatives if the financial modelling and strategic direction of Council indicate that it aligns with that strategic direction and could be supported without adversely impacting on the City's financial sustainability.



City of Perth Annual Budget 2022/23

5.3 Abnormal Factors Impacting the Annual Budget

There are several abnormal factors that impact on the 2022/23 budget, including:

- Payment of the first capital contribution towards the WACA Aquatic Facility as part of the City Deal.
- Payment of the capital contribution to the redevelopment of the Perth Concert Hall as part of the City Deal.
- Increases in state government charges such as the 1.5% increase to the parking levy.

5.4 Annual Budget

The narrative and analysis provided in Sections 5 & 6 of this document are intended to facilitate a shared understanding of the financial schedules underpinning the 2022/23 Annual Budget.

5.4.1 Annual Budget Financial Schedules

The published version of the Annual Budget is presented as:

- Statement of Comprehensive Income by Program
- Statement of Comprehensive Income by Nature & Type
- Statement of Cash Flows
- Rate Setting Statement
- Notes to the Annual Budget
- Supporting Schedules - Summary Management Budget
- Fees & Charges Schedule

An explanation of the purpose of the primary statements is provided below.

Statement of Comprehensive Income

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

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

Statement of Cash Flows

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

Rate Setting Statement

This statement provides a single consolidated view of all aspects of the budget. It includes estimates of all operating and non-operating revenues and expenditures as well as repayments of loan principal, proceeds from loan borrowings, capital expenditure items and transfers to or from cash backed reserves. It does, however, exclude all non-cash items.

The purpose of the statement is to demonstrate the calculation of the amount of Rates revenue expected to be raised to fund the Budget each year.



City of Perth Annual Budget 2022/23

6.0 Budget Analysis & Commentary

6.1 Overall Commentary

The 2022/23 Annual Budget represents a financial commitment of \$261.1M. These funds are applied to towards delivering a program of relevant services to our community whilst maintaining and renewing our infrastructure and creating new community facilities that leave a legacy for our community.

The budget has been presented using a balanced budget philosophy. That is, whatever is proposed to be expended is fully funded by the funding options included in the budget.

Chart 1 - 2022/23 Funding Mix by Source

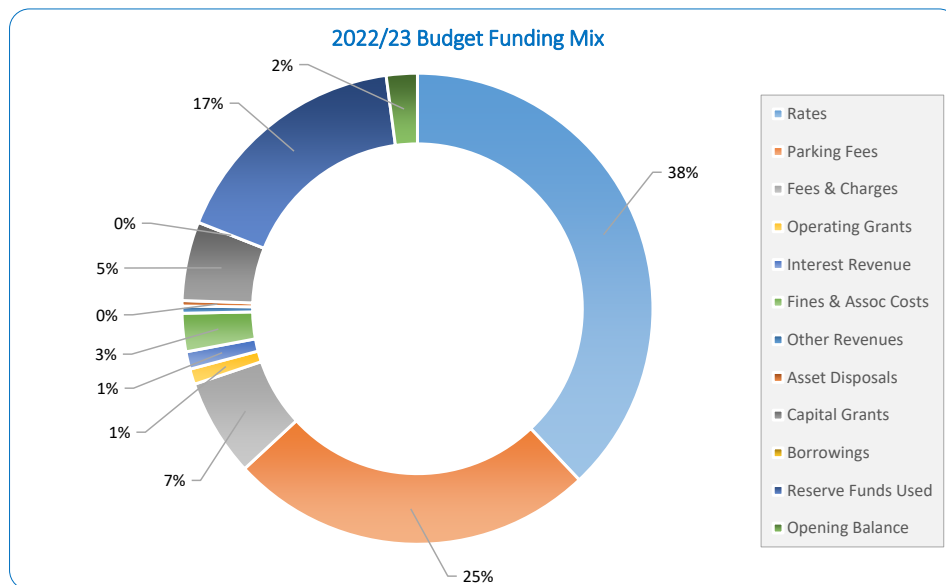


Chart 1 (above) indicates the respective contributions of the different funding sources to the total funding mix over the budget year.

The major elements of the funding model are Rates (38%), Fees & Charges (7%), Parking Revenues (26%), Interest Revenue (1%), Reserves (17%), Fines (3%), Borrowings (0%), Grants (6%), Other Revenues (1%) and Opening Balance (1%).

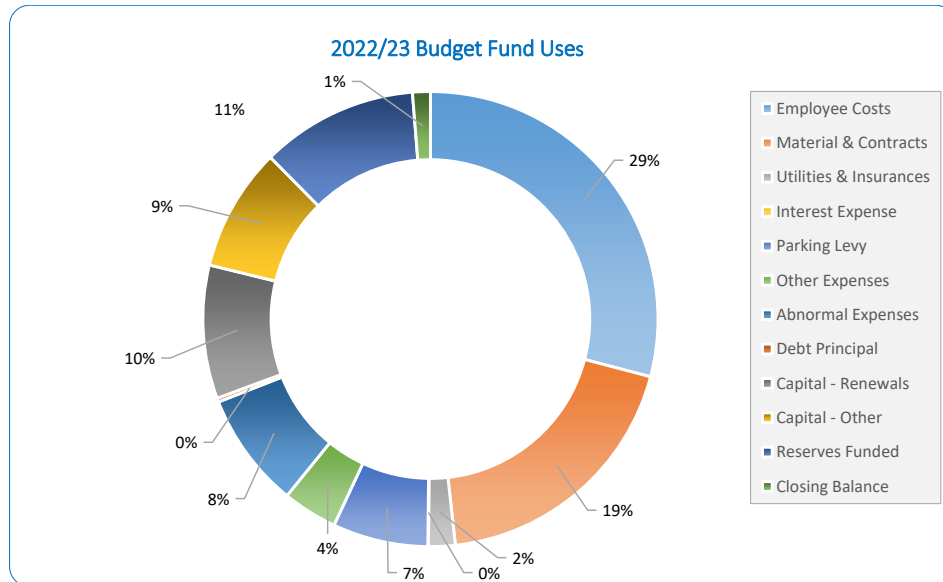
These funds will be applied towards meeting the costs of operational service delivery (premised on the agreed range and scope of services and agreed service levels) as well as expenditure on infrastructure renewals, new community asset creation and debt servicing.

The uses of those funds are shown below in Graph 2 titled 2022/23 Fund Use by Type.



City of Perth Annual Budget 2022/23

Chart 2 - 2022/23 Fund Use by Type



The proposed expenditure program reflects approximately 61% of funds being applied to operational expenditure, 10% on infrastructure renewals and 9% for new asset creation. Less than 0.5% is used for debt servicing. Some 11% of available funds are used for creation of Reserve Funds which are essentially savings for future projects.

Around 8% of available funds are used to make the City Deal capital contributions towards the redevelopment of the WACA facility and the Perth Concert Hall. The remaining 1% of funds represent the Closing Balance.

Fund uses described in Chart 2 (above) as Reserves Created reflect the transfer of funds to cash backed reserves, largely relating to provision of funding for the Parking Bay Levy payable each year, in advance, to the state government as well as allocations towards future projects and initiatives.

Non-cash operating expenditure items such as depreciation have been excluded from the graph above and book gains such as revaluation increases relating to infrastructure assets, land and buildings are also not included in the budget model.

This budget reflects a responsible, prudent, and sustainable financial model for the City's finances given the uncertain economic environment in which we are operating. It proposes a realistic deliverable program of works and a suite of services that reflect our strategic objectives of Liveable, Sustainable and Prosperous.

The projected Closing Balance of \$3.3M represents around 1.7% of the budgeted operating revenue. This value is within the preferred range of 1% - 3% referenced in the City's Strategic Financial Planning and Budgeting Policy.



City of Perth Annual Budget 2022/23

6.2 Rates Commentary

Landgate Valuation Services provides the City with Gross Rental Values (GRV) for all properties within the city boundaries every three years. These valuations (GRV) are one of the two critical variables used in establishing the rates charges for each individual property. The other variable is the Rate in the Dollar which is established each year by Council in the budget process. Multiplying the GRV by the Rate in the Dollar derives the rates charge for the property.

Once a local government has obtained its schedule of property valuations (GRVs) from Landgate and knows the total rates base that it has available to work with, it then applies a differential rate (Rate in the Dollar) for each property category to generate the required amount to be raised from rates. That required overall rates yield is derived from the Rate Setting Statement (refer to the Statutory Budget).

The City of Perth uses a Differential Rating Model consisting of six differential rate categories in setting its rates. That is, it may apply a different rate in the dollar for each different property category. This can help to distribute responsibility for contributing to the rates yield more equitably. Table 1 below shows the 2022/23 database at the initial rates strike date.

Table 1 - 2022/23 Rating Year:

Property Category	No Properties	GRV	Rate in the \$	Minimum Rate
Commercial	728	107,535,870	0.0651092	\$ 800.00
Hotel	1,347	118,079,334	0.0644420	\$ 765.00
Retail	524	128,247,779	0.0651165	\$ 750.00
Office	2,375	981,003,475	0.0550450	\$ 800.00
Residential	15,728	320,683,261	0.0651450	\$ 765.00
Vacant Land	76	14,184,405	0.1000000	\$1,000.00
Total	20,778	1,669,734,124	-	-

Further information on the objects and reasons for each of the six differential rate classifications is provided at Note 1 (c) - Rates Information on page 42 of the statutory budget.

The City is anticipating a rate yield of \$99.2M in 2022/23 at rates strike date after allowing for concessions. The increase in rates yield for the year is \$1.2M overall.

Properties in the Retail, Hotel & Commercial property classifications will have a 0.5% increase in the rate in the dollar for 2022/23 over the level adopted in the previous year. Properties in the Residential and Office classifications will have a 1% increase.

Minimum rates for each category have been determined by Council on the basis that all ratepayers must make a reasonable contribution to the cost of the local government services and facilities.

The City uses a tiered approach to setting minimum rates - \$750 for properties in the Retail property category, \$765 for the Hotel and Residential category, \$800 for Commercial and Office properties. Vacant land has a \$1,000 minimum rate.



City of Perth Annual Budget 2022/23

Modelling rates in a fashion that balances the returns from each property category in a way that is equitable, fair and transparent is a real challenge for local governments. The City of Perth has a detailed Rating Methodology Statement which guides us in setting our rates. That methodology has been independently assessed against best practice rating principles.

To fully understand the respective contributions of each property category for the budget year, the City uses a measure of Relative Rating Effort (RRE) shown in the table below.

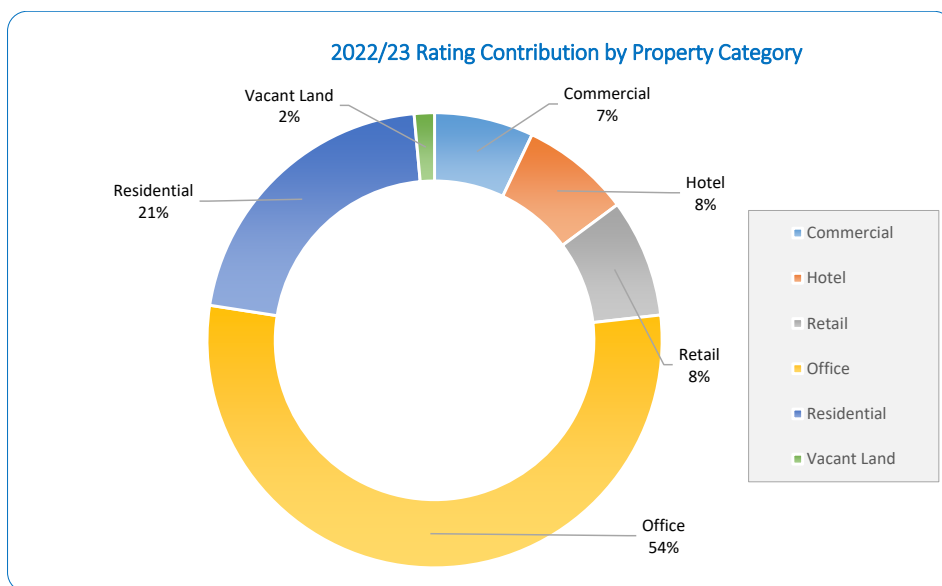
Table 2 - Relative Rating Effort for 2022/23 - before Concessions:

Property Category	% Min Rated	2022/23 GRV	2022/23 Rates	RRE %
Commercial	5.0%	107,535,870	7,018,598	6.53%
Hotel	45.6%	118,079,334	7,766,796	6.58%
Retail	3.6%	128,247,779	8,355,143	6.51%
Office	9.0%	981,003,475	54,035,996	5.51%
Residential	7.4%	320,683,261	21,024,907	6.56%
Vacant Land	15.8%	14,184,405	1,429,360	10.08%
Total	9.9%	1,669,734,124	99,630,800	5.97%

Relative rating effort, (RRE) is a calculation that asks, 'from the available GRV in a property category, what rates revenue was generated from it?'. That is, how hard was the rating opportunity leveraged.

RRE allows comparability across differential rating categories and across local governments.

Chart 3 - 2022/23 Rating Contribution by Property Category





City of Perth Annual Budget 2022/23

Table 3:

Differential Rating Category	Rate in \$ & Min. Rate	No. Props.	Gross Rental Value (\$)	Budgeted Rates (\$)	Budgeted Interims	Total Revenue
General Rate – GRV						
Commercial	0.0651092	691	107,342,714	6,988,998	0	6,988,998
Hotel	0.0644420	732	113,226,580	7,296,321	0	7,296,321
Retail	0.0651165	505	128,090,870	8,340,893	0	8,340,893
Office	0.0550450	2,161	978,559,280	53,864,796	0	53,864,796
Residential	0.0651450	14,563	309,059,517	20,133,682	122,760	20,256,442
Vacant Land	0.1000000	64	14,173,600	1,417,360	0	1,417,360
Sub Total		18,716	1,650,452,561	98,042,050	122,760	98,164,810
Minimum Rate						
Commercial	\$800.00	37	193,156	29,600	0	29,600
Hotel	\$765.00	615	4,852,754	470,475	0	470,475
Retail	\$750.00	19	156,909	14,250	0	14,250
Office	\$800.00	214	2,444,195	171,200	0	171,200
Residential	\$765.00	1,165	11,623,744	891,225	0	891,225
Vacant Land	\$800.00	12	10,805	12,000	0	12,000
Sub Total		2,062	19,281,563	1,588,750	0	1,588,750
Grand Total		20,778	1,669,734,124	99,630,800	122,760	99,753,560
Less Concessions Granted						
Heritage Concessions						(230,080)
WACA Concession						(122,213)
Net Total Rates						99,401,267

Table 3 above shows the full rating model identifying separately the rates generated from properties levied at the general rate as well as the rates generated from the minimum rate set for each property category. A minimum rate is set to ensure that all properties make some reasonable contribution to the costs of running the City.

Table 3 also indicates the estimated value of heritage concessions given (that reduce the rates yield), the WACA rates concession (also reduces the rates yield) and the estimated value of interim rates that may be generated through changes in property values during the year.



City of Perth Annual Budget 2022/23

6.3 Commentary on Reserve Funds

Reserve funds are strategic in nature and, informed by future cash requirements identified in the Long Term Financial Plan, are generally accumulated to provide funding for identified future major community infrastructure projects. Discretionary reserves may also be funded from municipal funds to provide for future replacements of items including plant and equipment, technology, or reticulation systems.

Cash backed Reserve Funds are also a vital part of the 2022/23 Annual Budget funding package. Funds accumulated in cash backed reserves in prior years are available to be used to smooth fluctuations in rates needing to be raised when larger capital programs are being delivered.

The City currently has 21 Cash Reserves classified as:

- Asset Acquisition & Renewal Reserves
- Strategic Reserves
- Parking Related Reserves
- Waste Management Reserves
- Other Purpose Reserves

The 2022/23 Budget involves some important Reserve fund transactions. The budget sees funding for important capital initiatives including heritage incentives, technology and building renewals being quarantined in Reserves. It also sees the City drawing down monies from its existing cash backed reserves for the sponsorship program and the parking levy.

The planned Reserve fund transfers and the reasons for them are shown in Table 4 (A) below.

Table 4 (A):

Reserve Name	Purpose	Amount
Transfer to Reserves	(Excludes Interest Revenue)	
Technology Upgrade Reserve	Planned allocation for the system consolidation project as per LTFP	4,000,000
Heritage Incentive Reserve	Planned allocation as per the LTFP.	2,000,000
Parking Levy Reserve	Top up reserve for levy payment	9,500,000
Employee Entitlement Reserve	Incremental allocation for NPV adjustment	250,000
Major Infrastructure Reserve	Quarantine funding relating to Two Way Streets	1,000,000
Sponsorship Reserve	Drawn down for disbursed sponsorship payments.	6,400,000
Council House Reserve	Allocation to facilitate refurbishment and to rationalise building operational costs.	1,500,000
Provisional Capital Reserve	Prefund anticipated spike in building renewals.	2,000,000
Public Art Reserve	Funding to support unscheduled maintenance.	250,000
Major Events Activation	Additional funding to build reserve balance	1,000,000
Interest Revenue	Allocated in proportion to average balances.	1,318,331
Total Transfers to Reserves		29,218,331

The planned transfers from Reserve funds and the reasons for them are shown in Table 4 (B) below.



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Table 4 (B):

Reserve Name	Purpose	Amount
Transfer from Reserves		
Asset Enhancement	Contribution towards WACA Aquatic Facility	(12,500,000)
Perth Concert Hall Reserve	Contribution to Perth Concert Hall Redevelopment	(4,000,000)
Perth Concert Hall Reserve	Closure of now redundant reserve fund.	(2,852,408)
Strategic Property Reserve	Specialised property initiatives.	(500,000)
Enterprise & Innovation	Support operational efficiency initiatives.	(500,000)
Sponsorship Reserve	Quarantine sponsorships budget in reserve	(6,400,000)
Parking Levy Reserve	Parking levy contribution	(17,467,898)
Total Transfers from Reserves		(44,243,301)

6.4 Loan Borrowings

The use of borrowings to support the funding of long life capital projects is an important part of a balanced local government funding package. Introducing borrowings into the funding mix helps to smooth the spikes in rating from year to year - addressing the challenge of inter-generational equity. This means that those who will benefit from the use of the newly created asset in future years help to pay for the asset through paying rates to service the loan repayments each year.

With local governments able to borrow at fixed interest rates and interest rates at historic lows, the opportunity to include borrowings as part of the funding package should be considered in formulating the Annual Budget. In doing so, it is important to ensure that the City's Debt Service Ratio and Gross Debt to Operating Revenue Ratio remain within acceptable industry benchmarks (as this will be assessed before WA Treasury Corporation accepts any loan applications).

The City's current debt profile indicates that it has some \$0.7M of outstanding loans - but these will be fully repaid by 2022/23. Council has determined that borrowings are not required in the 2022/23 budget, but future borrowings have been foreshadowed in the Long-Term Financial Plan 2022/32 - 2031/32.

Details of the projected debt related financial ratios are provided below.

Debt Service Ratio

This indicator shows how much of the City's annual surplus (before interest and depreciation) is being applied to service debt obligations. It demonstrates that the City has sufficient operating surplus to service repayments of principal and interest on borrowings. The City's budgeted Debt Service Indicator is 31.4, relative to the industry benchmark for the Debt Service Ratio of more than 5.0 times coverage.

Gross Debt to Operating Revenue Ratio

This indicator shows the relationship between outstanding debt and the annual operating revenue (less operating and capital grants). The preferred benchmark for the Gross Debt to Operating Revenue Ratio is less than 20%. The City's budgeted Gross Debt to Operating Revenue Ratio is 0.0% as the City will have no outstanding debt at 30 June 2023.



City of Perth Annual Budget 2022/23

6.5 Commentary on Key Financial Indicators

There are a number of statutory financial indicators that a local government must calculate and disclose in both their financial planning and financial reporting documents. The calculation of each indicator - and the specific inclusions in both the denominator and numerator used in the calculation are strictly prescribed in the Local Government Financial Management Regulations (LGFMR). This ensures that financial indicators published by different local governments are comparable.

However, it must be appreciated that there is no single indicator that demonstrates a local government's financial sustainability, nor does it necessarily mean that it is fatal if the City falls short of the benchmark for a specific indicator in a given year. The circumstances leading to the calculation of an indicator value must be understood to ensure that it is interpreted in context.

Operating Surplus Ratio

This indicator is used as a measure of capacity to meet operational expenses from revenues and the extent to which surpluses are generated to fund capital projects. The preferred ratio for this indicator is a positive value in the range between 0% and 15%. Any ratio over 5% meets or exceeds the industry benchmark.

For 2022/23, the City's projected ratio is 0.2%. This is calculated exclusive of the two capital contributions for the WACA Aquatic Facility and Perth Concert Hall redevelopment.

Long Term Financial Plan modelling suggests that in future years the Operating Surplus Ratio sits more comfortably in a financially responsible range.

Own Source Revenue Ratio

This ratio is used to indicate how much of the City's operating expenditure is covered by revenues directly generated by the City. That is, how financially autonomous is the City without reliance on external funding sources? Revenue used in this calculation does not include external funding such as grants and subsidies.

The 2022/23 projected Own Source Revenue Ratio is 90% which is in line with the preferred industry benchmark. Long Term Financial Plan modelling suggests that in future years, the City's future Own Source Ratio sits comfortably in a financially responsible range.

Current Ratio

This indicator is a broadly used ratio in both the public and private sectors to focus on the liquidity (available working capital) of a business at a given point in time. This ratio indicates capacity to meet short term (current) financial obligations as calculated at a given point in time (generally at year end).

The preferred ratio for this indicator is a number greater than 1.0. The City's projected Current Ratio for 2022/23 is 1.1.

Asset Consumption Ratio

This ratio measures the condition of a local government's physical assets, by comparing their age with their replacement cost. The ratio highlights the aged condition of a local government's stock of physical assets.

The benchmark standard for this ratio is between 50% and 75%. The City's budgeted 2022/23 ratio is 73% assuming the full asset renewal program is delivered.



City of Perth Annual Budget 2022/23

Asset Sustainability Ratio

This ratio indicates the extent to which the City's assets are being replaced as they reach the end of their economic life. The industry benchmark standard for this ratio is between 90% and 110%. The projected ratio for the 2022/23 year is below the lower bound of the industry standard range at 80%. However, the Long Term Financial Plan maps a path to progressively bring this ratio back into the desired range.

Asset Renewal Funding Ratio

This ratio indicates the capacity of a local government to fund asset renewals as required to continue to deliver the existing service levels. The projected 2022/23 Asset Renewal Funding Ratio range shows as 100% as the Asset Management Plan projections are setting the funding level for the Long Term Financial Plan & Budget.

The basic standard for this indicator is a value of between 75% and 95%. The advanced standard for this indicator is a value of between 95% and 105%.

6.6 Capital Program

The 2022/23 Budget includes a \$47.8M allocation for capital expenditure (including asset renewals and the acquisition / creation of new assets). A broad overview of those projects is proved in Table 5 below.

Table 5 (A):

Capital Projects	Expense Type	Amount \$
Asset Renewal – Infrastructure		
Asset Renewal - Roads Network	Renewal	5,697,497
Asset Renewal - Lighting & Electrical	Renewal	5,697,076
Asset Renewal - Drainage	Renewal	836,117
Asset Renewal - Paths & Kerbs	Renewal	1,567,142
Asset Renewal - Parks & Landscape	Renewal	1,330,000
Asset Renewal - River & Foreshore Assets	Renewal	470,815
Asset Renewal - Other Infrastructure	Renewal	205,000
Asset Renewal - Street Furniture	Renewal	355,000
Sub Total		16,158,647
Asset Renewal - Non Infrastructure		
Asset Renewal - Buildings	Renewal	4,195,000
Asset Renewal - Plant & Equipment	Renewal	2,605,000
Asset Renewal - Technology	Renewal	734,000
Asset Renewal - Fleet	Renewal	654,000
Asset Renewal - CCTV	Renewal	500,000
Sub Total		8,688,000
Total Asset Renewal Projects		24,846,647



City of Perth Annual Budget 2022/23

Table 5 (B):

Capital Projects	Expense Type	Amount
Discretionary Capital Projects		
Roe Street Enhancement - Multi-year Project	New / Upgrade	5,600,000
City Deal - CBD Infrastructure	New / Upgrade	7,292,000
Retail Mall Enhancement	New / Upgrade	800,000
Design - Major Streets Enhancement	New / Upgrade	250,000
Design - Laneways Refresh	New / Upgrade	150,000
Design - Entry Statements	New / Upgrade	140,000
Aesthetic Lighting - Light It Up	New / Upgrade	300,000
Dog Park Expansion	New / Upgrade	150,000
Christmas Decoration Renewal	New / Upgrade	650,000
Way Finding Signage	New / Upgrade	90,000
ICT System Consolidation (ERP) - Stage 1	New / Upgrade	1,800,000
Thomas St / Winthrop Ave Landscape - Stage 1	New / Upgrade	400,000
Winthrop Ave / Thomas St Shared Path	New / Upgrade	2,000,000
Bus Shelter Upgrades	New / Upgrade	1,255,000
Landscape / Hostile Vehicle Incursion	New / Upgrade	500,000
CCTV Camera & infrastructure - New	New / Upgrade	255,000
Two Way Street Program Modelling	New / Upgrade	250,000
Toilet Facilities Plan	New / Upgrade	300,000
Depot Fuel Bowser Compliance	New / Upgrade	200,000
Commercial Premises Upgrades	New / Upgrade	200,000
Complaints Management Software	New / Upgrade	80,000
Other Discretionary Minor Capital Works	New / Upgrade	275,500
Total Discretionary Capital Projects		22,937,500
Total Capital Projects		47,784,147

In preparing this budget the City has excluded potential extra-ordinary funding opportunities such as financial stimulus funding from the Commonwealth government.

Whilst the City is proactively pursuing such funding opportunities, the realisation of such opportunities cannot be assumed or modelled with confidence, and so they have not been included in the budget. Should such an opportunity arise, the budget model can easily be modified to incorporate such inputs and the related project expenditures without further impost on ratepayers.



City of Perth Annual Budget 2022/23

6.7 Capital Contributions

The 2022/23 Annual Budget includes provision for a capital contribution of \$17.5M representing instalments one and two of the City's \$25.0M contribution to the WACA Aquatic Facility under the Perth City Deal arrangement.

It also includes provision for a capital contribution of \$4.0M representing the City's contribution to the redevelopment of the Perth Concert Hall under the Perth City Deal arrangement.

7.0 Summary

The development of the 2022/23 Annual Budget represents another important step in the City's financial transformation journey and will play a critical role in continuing to re-position our capital city's finances for a sustainable future.

This budget has been persuasively influenced by the City's Long Term Financial Plan and Corporate Business Plan both of which are aligned to the Community Strategic Plan. Its content reflects a balanced and sustainable response to the challenging economic climate in which it was developed. It supports the delivery of a range of ongoing programs and services plus a significant capital expenditure program.

The statutory 2022/23 Annual Budget schedules are provided on the following pages.

Statutory Budget





City of Perth Annual Budget 2022/23

Statement of Comprehensive Income by Nature & Type For the Year Ended 30 June 2023

Detail	Note	2021/22 Budget	2021/22 Actual (Est)	2022/23 Budget
Revenue				
Rates	1 (a)	98,332,904	97,890,500	99,401,428
Operating Grants & Contributions	5 (a)	2,867,711	5,707,577	2,794,870
Fees & Charges - Parking	4	70,852,790	70,277,908	72,662,679
Fees & Charges - Other	4	18,952,125	17,751,229	17,623,147
Interest Earnings	6 (a)	2,859,146	1,471,393	3,153,172
Other Revenue	6 (b)	900,996	2,831,557	1,271,670
Sub Total		194,765,672	195,930,164	196,906,966
Expenses				
Employee Costs		(76,960,603)	(72,980,302)	(76,168,080)
Materials & Contracts		(49,882,406)	(46,032,625)	(50,199,305)
Utility Charges		(3,562,144)	(3,481,849)	(3,544,518)
Depreciation	7	(37,480,212)	(38,684,106)	(37,493,726)
Interest Expenses	6 (d)	(226,587)	(231,145)	(112,302)
Insurance Expenses		(1,264,278)	(1,188,330)	(1,417,862)
Parking Levy		(17,485,756)	(16,515,729)	(17,760,732)
Other Expenses	6 (g)	(8,816,073)	(6,814,554)	(10,196,439)
Sub Total		(195,678,058)	(185,928,641)	196,892,962
Net Result		(8,912,387)	10,001,523	14,001
Abnormal Expenses				
WACA Aquatic Facility Contribution		(0)	(30,176)	(17,500,000)
Perth Concert Hall Contribution		(0)	(0)	(4,000,000)
Mindarie Regional Council Exit		(8,000,000)	(7,083,333)	0
Sub Total		(8,000,000)	(7,113,509)	(21,500,000)
Non-Operating Grants	5(b)	12,827,340	10,141,241	14,188,903
Non-Operating Contributions		0	333,923	0
Profit on Asset Disposals	8 (b)	259,891	318,815	384,293
(Loss) on Asset Disposals	8 (b)	(2,269,424)	(2,856,791)	(1,996,630)
Sub Total		10,817,807	7,937,188	12,576,566
Total Comprehensive Income		1,905,421	10,825,202	(8,909,433)



City of Perth Annual Budget 2022/23

Statement of Comprehensive Income by Reporting Program
For the Year Ended 30 June 2023

Detail	Note	2021/22 Budget	2021/22 Actual (Est)	2022/23 Budget
Revenue	1,4,5,6			
Governance		699,216	1,619,953	630,628
General Purpose Funding		101,722,050	100,792,740	103,267,205
Law, Order & Public Safety		416,586	381,609	369,000
Health		1,142,300	704,630	804,500
Education & Welfare		1,686,200	1,754,311	783,000
Housing		0	0	0
Community Amenities		10,875,667	10,702,116	11,007,754
Recreation & Culture		1,349,751	2,461,370	1,852,460
Transport		70,987,790	72,157,360	73,070,277
Economic Services		5,796,064	5,174,316	5,032,142
Other Property & Services		90,048	181,760	90,000
Sub Total		194,765,672	195,930,165	196,906,966
Expenses	6,7			
Governance		(14,441,743)	(12,857,278)	(13,363,961)
General Purpose Funding		(1,971,484)	(2,014,150)	(2,207,770)
Law, Order & Public Safety		(7,737,970)	(8,757,444)	(8,668,414)
Health		(2,746,060)	(2,605,313)	(2,681,853)
Education & Welfare		(3,755,970)	(3,764,962)	(2,054,999)
Housing		(0)	(0)	(0)
Community Amenities		(25,202,117)	(23,989,973)	(27,470,392)
Recreation & Culture		(26,367,430)	(26,308,932)	(25,930,937)
Transport		(80,744,625)	(78,456,010)	(80,234,048)
Economic Services		(28,043,033)	(23,301,683)	(29,117,467)
Other Property & Services		(4,441,040)	(3,641,749)	(5,050,822)
Sub Total		(195,451,471)	(185,697,496)	(196,780,663)
Finance Costs				
Governance		(150)	(188)	(0)
Law, Order & Public Safety		(0)	(0)	(0)
Health		(0)	(0)	(0)
Education & Welfare		(0)	(0)	(0)

7. Closure