



Council Policy Manual

CP9.1 BUDGET POLICIES

POLICY OBJECTIVE

To establish guidelines for the preparation of the Council's Annual Budget.

POLICY STATEMENT

1. Review of Capital Expenditure Proposals

- 1.1 All requests for capital expenditure for projects must be assessed against the Council's Strategic Plan objectives and priorities.
- 1.2 The Strategic Plan provides the basis of determination of Capital Expenditure proposals for the Budget submissions. Any project or proposal should not be submitted for inclusion in the Budget estimates unless it contributes towards the achievement of goals identified in the Council's Strategic Plan.
- 1.3 All submissions are to demonstrate how the proposal is consistent with the intent of the Strategic Plan and identify the key result areas affected.
- 1.4 Identified disposals of property (assets) shall be noted and referenced to Council Policy 9.14 Disposal of Property.

2. Borrowings

Debt raising (Loan Funds) is able to be considered as a valid funding source for projects provided that the following criteria are met:-

- 2.1 The project contributes towards the achievement of goals identified in the Council's Strategic Plan;
- 2.2 The debt raising capital amount is no greater than 50% of the capital cost of the Project;
OR
The project or proposal will provide an income stream adequate to meet the debt repayment of principal and interest over a period of no greater than 50% of the expected asset life (before it is expected to require upgrading) as well as providing an additional income stream or service benefit to justify the project;
- 2.3 The raising of the additional debt will not detrimentally affect the financial standing of the Council such that financial institutions might reassess financial support for the Council, or



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the Councils financial position would be judged as counter to best practice or industry trends;

- 2.4 A business plan is prepared and adopted by the Council for the particular project;
- 2.5 The project will reduce operating costs to an extent sufficient to cover the cost of the project and generate further saving to the City; OR
The project contributes to the achievement of an identified strategic objective and its borrowing cost could be supported by additional rate revenue over the effective life of the project.

3. Assets

3.1 Sale of Assets

Proceeds from the sale of assets in accordance with Council Policy 9.14 Disposal of Property (Capital Revenue) will be applied:

- 3.1.1 To the reduction of any debt associated with the Asset acquisition or upgrade since the original purchase or construction.
- 3.1.2 To offset the cost of replacement assets required for City of Perth operations arising from identified asset sale.
- 3.1.3 Transferred to a specific Reserve Fund if appropriate or to the Asset Enhancement Reserve

3.2 General Review of Asset Holdings

At least once every four years the Chief Executive Officer is to report to the appropriate Committee of the Council on the asset holdings of the City of Perth on the following items and make recommendations on utilisation of the Assets:-

- 3.2.1 Value of the asset
- 3.2.2 Purpose or Use
 - Commercial
 - Community
 - Capital Growth
 - Income Generation (Combination of Community and Commercial)
- 3.2.3 Income Return
- 3.2.4 Expenditure on the Asset by financial year



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3.2.5 Projected Long term viability of the Asset

- Hold
- Sale

The report is to provide information by the following asset classes:-

- Land
- Buildings
- Motor Vehicles (5 year plan exists)
- Plant / Machinery (5 year plan exists)
- Information Technology
- Intellectual Property

4. Fees and Charges

As required by Section 6.16 of the Local Government Act 1995, the Council will at least once per annum, prior to the Budget process, review all fees and charges levied. In addition to the factors required to be considered by the Council in determining the amount of a fee or charge as prescribed by section 6.17 of the Local Government Act 1995, the Council will consider the following additional factors when reviewing its fees and charges.

- 4.1 Purpose of the service.
- 4.2 Level of current fee/charge.
- 4.3 Revenue recovery of the cost of provision of the service thereby identifying any subsidy provided by the City.
- 4.4 Long term projections.

Price Increases

With the exception of goods or services provided under section 5.96, 6.16(2)(d) or 6.16(2)(f), or any service charge levied under Section 6.38 of the Local Government Act 1995, each fee will increase by at least Consumer Price Index (CPI) each year to ensure that the City achieves a reasonable rate of return on the Capital investment.

5. Parking Business



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The City is engaged in a Parking business for the following purpose:-

- 5.1 To ensure that there is adequate public parking for both commuters and shoppers to ensure the long term viability of the City as the premier business district of Perth and the state of Western Australia and that the Parking business be operated at a profit.
- 5.2 To that end the City has adopted the following principles in relation to the business operations:-
 - 5.2.1 Commuter car parks are developed for revenue production purposes with the intent to levy fees at market price.
 - 5.2.2 Multi-storey shopper car parks will be operated to achieve a reasonable return on investment. At the same time fees will be set at levels to assist and ensure visitation to the city.
 - 5.2.3 Special events will be charged as per the Council's adopted fee schedule. Parking for City Sponsored events/programs will be considered under Policy 9.5 – Sponsorship of City of Perth Activities and Policy 18.8 – Provision of Sponsorship and Donations.
 - 5.2.4 Parking fees are to be determined taking into account the control and management of traffic in the City.

6. Rates

Rates on properties within the City's boundary will be reviewed annually with the following factors being considered:-

- 6.1 Consumer Price Index (CPI).
- 6.2 Sector growth and prevailing economic conditions.
- 6.3 Comparison with other Capital Cities and local governments.
- 6.4 Servicing costs for each differentially rated sector.
- 6.5 Rates on vacant land shall be set at a level that encourages development to enhance amenity.
- 6.6 Special area rates may be considered where special or increased services are delivered.



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