



Agenda

Special Meeting of Council

Wednesday 20 July 2022 6pm



Notice of a Special Meeting of Council

Elected Members

A Special Meeting Council of the City of Fremantle will be held on **Wednesday 20 July 2022** in the Council Chamber at the Walyalup Civic Centre, located at 151 High Street, Fremantle commencing at 6.00 pm.

A handwritten signature in black ink, appearing to read "Glen Dougall".

Glen Dougall
Chief Executive Officer

15 July 2022



Table of Contents

1.	Official opening, welcome and acknowledgement.....	3
2.	Attendance, apologies and leave of absence	3
3.	Disclosures of interest by members	3
4.	Public question time.....	3
5.	Petitions.....	3
6.	Elected member communication	3
7.	Reports and recommendations from officers	4
	SC2207-1 ADOPTION OF THE ANNUAL BUDGET 2022-2023	4
8.	Closure	31



1. Official opening, welcome and acknowledgement

Ngala kaaditj Whadjuk moort keyen kaadak nidja Walyalup boodja wer djinang Whadjuk kaaditjin wer nyiting boola yeye.

We acknowledge the Whadjuk people as the traditional owners of the greater Fremantle/Walyalup area and we recognise that their cultural and heritage beliefs are still important today.

2. Attendance, apologies and leave of absence

Cr Doug Thompson and Cr Andrew Sullivan are on an approved leave of absence.

3. Disclosures of interest by members

Elected members must disclose any interests that may affect their decision-making. They may do this in a written notice given to the CEO; or at the meeting.

4. Public question time

Members of the public have the opportunity to ask a question or make a statement at council and committee meetings during public question time.

Further guidance on public question time can be viewed [here](#), or upon entering the meeting.

5. Petitions

Petitions to be presented to council.

Petitions may be tabled at the meeting with agreement of the presiding member.

6. Elected member communication

Elected members may ask questions or make personal explanations on matters not included on the agenda.



7. Reports and recommendations from officers

SC2207-1 ADOPTION OF THE ANNUAL BUDGET 2022-2023

Meeting date:	20 July 2022
Responsible officer:	Acting Director City Business
Decision making authority:	Council
Attachments:	<ol style="list-style-type: none">1. Annual Budget 2022-232. Operating and Capital Projects 2022-233. Annual Fees and Charges 2022-23
Additional information:	Nil

SUMMARY

This report is to consider the adoption of the 2022-23 Budget which includes the Municipal, Trust and Reserve Fund budget for the 2022-23 financial year together with supporting schedules, including imposition of rates and minimum payments, adoption of fees and charges, setting of elected members fees for the year and other consequential matters arising from the budget papers.

Budget 2022-23 includes just over \$115 million in operating and capital expenditure over the coming financial year. The budget has been prepared taking into consideration the Strategic Community Plan, Corporate Business Plan and 10-year financial plan.

This budget proposes a 5% increase in total rates collected from the prior year with a general 6% Rate in the Dollar for differential rates excluding the City Centre Commercial rating category which has been maintained at similar levels to the prior year. The Local Government Cost Index published in March 2022 by the Western Australia Local Government Association forecast an increase of 5.7% over the 2021-22 financial year, while slowing through the coming year. The budget includes a 6% increase in most fees and charges.

The budget document has been prepared in accordance with the *Local Government Act 1995, Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards.

This report recommends that Council adopt the 2022-23 Budget which comprises the Statutory Financial Statements, setting of rates and associated rate charges, annual fees and charges, use of reserve funds and Elected Member fees and allowances.



BACKGROUND

The draft 2022-23 budget has been compiled based on principles contained in the Strategic Community Plan and Corporate Business Plan. In preparing the proposed budget for 2022-23 a thorough review of all base operating, capital and operating projects has been undertaken by Elected Members and Management through a series of long-term financial planning and budget workshops between February and June 2022.

The proposed differential general rates and minimum payments were endorsed for advertising by Council's Finance, Policy, Operations and Legislation Committee at its meeting of the 11 May 2022 and advertised for public comment. Seventeen (17) submissions were received. A register of the submissions received with comments is included in this report for Council consideration.

FINANCIAL IMPLICATIONS

This report sets the 2022-23 annual budget for the City of Fremantle.

LEGAL IMPLICATIONS

The draft budget 2022-23 has been prepared in accordance with the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards.

Section 6.2 of the *Local Government Act 1995* requires that no later than 31 August in each financial year, or such extended time as the Minister allows, each local government is to prepare and adopt, (by Absolute Majority) in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the next following 30 June.

Divisions 5 and 6 of Part 6 of the *Local Government Act 1995* refer to the setting of budgets and raising of rates and charges. The *Local Government (Financial Management) Regulations 1996* details the form and content of the budget. The draft 2022-23 budget as presented is considered to meet statutory requirements.

Section 6.11 of the *Local Government Act 1995* requires the City to establish and maintain a reserve account for the purpose of setting aside money for a specific purpose to be used in a future period. Any change to the purpose or proposed use of reserve funds is to be disclosed in the annual budget.



CONSULTATION

While no specific consultation has occurred on the draft 2022-23 budget, community consultation and engagement has previously occurred during development of the Strategic Community Plan from which the Corporate Business Plan was developed. In addition, the proposed differential rates were advertised in news media and available on the City's webpage from Saturday 14 May 2022.

OFFICER COMMENT

2022/23 Annual Budget

In developing the Budget, consideration has been given to the local and national economic climate. COVID-19 impacted supply chain disruption, the war in Ukraine, high fuel and utility charges and high inflation (March 2022 Perth CPI of 7.6%) have created a significantly challenging economic environment in which to formulate the 2022/23 budget. As such council has proposed a budget focused on responding to the pressures of rising costs, materials, insurance and the impact of COVID-19 on the City's revenue during lockdowns.

The budget seeks to make a visible difference all over Fremantle, every day, with commitments to investing in some of the City's favourite places, sprucing up our suburbs, making it safer and easier to get around, and bringing back the buzz to the CBD.

After consecutive years of low or no rate increases, Council needs to ensure it is setting realistic, sustainable financial plans that will help Fremantle remain as a destination city for all its people - whether it's from around the corner or visitors from all corners of the globe and ensure level of services and facilities meets our community's expectation.

Investing in favourite places

The draft budget delivers on commitments to rebuild or undertake major renovations to several of Fremantle's favourite places and iconic facilities. This includes investment in major community infrastructure projects including refreshing sporting facilities, expanding capacity to encourage greater patronage and improving accessibility.



Sprucing up our suburbs

Refreshed parks and playgrounds along with a city-wide program of street improvements will help make suburbs more liveable for local families.

Hilton residents will see the first phase of a Western Power program to underground powerlines with the City contributing \$1.26 million as part of a seven-year payback scheme for affected households.

The City will spend \$340,000 to provide or replace drinking fountains, lighting, shade sails, bench seats, shelters and signage at parks including Monument Hill, Parmelia Park, Alfred Park, Dick Lawrence Reserve and Samson Reserve, among others.

A new community barbecue will be installed in O'Connor. The former Men's Shed site in Nannine Street, White Gum Valley will be the focus for reticulation works to support plantings of community garden beds and continue the green corridor to Valley Park and the White Gum Valley orchard.

Off-leash dog exercise areas at Stevens Reserve and now at Virginia Ryan Park will be fenced and signed. Seats and drinking fountains will be added.

Bringing back the buzz to CBD

The draft budget invests in re-establishing Fremantle as a destination city as we continue to attract new investment and welcome back visitors to boost spending and reignite the city centre.

It remains important to build on the momentum of the Walyalup Koort precinct and other developments in the heart of the city, create confidence and grow the economy beyond pre-pandemic levels.

The city is planning a bounce-back year for events, with a focus on festivals, activations and creative initiatives to enliven our streets, entice visitors into the city and support local businesses.

Creating a safer, more connected City

The draft budget includes a \$1.65 million program to maintain and improve the city's roads.

Major resurfacing works have been scheduled to include sections along Lefroy Road, South Terrace and Wray Avenue, Carrington Street, Winterfold Road and Edmund Street.



A key benefit of the Lefroy Road project will be improving the Curedale Street roundabout, the scene of at least six crashes in the past five years.

There will also be works to increase road safety for motorists and pedestrians along Lewington Street, Little High Street, Hollis Street, Watkins Street, Humble Way and Amherst Street.

The timber decked footpath at the intersection of Hampton Road and Lefroy Road will be replaced.

Drainage improvements will be carried out in York and Long streets, Beaconsfield, Jenkin and Daily streets, South Fremantle, Johanna Street, North Fremantle and Chamberlain Street, Hilton.

Greening our city, protecting our coast

The City will continue its program of tree and shrub planting as part of its urban forest plan in 2022-23 while \$188,000 will be spent on coastal monitoring.

Rates keep our city running

Rates are necessary to keep our city running. City teams work around the clock delivering essential services from waste and recycling collections to road works and street cleaning, public health and community safety schemes.

After consecutive years of low or no increases to rates, the upsurge due to inflation of the cost of materials, fuel and labour costs has come on the back of the significant impacts of COVID-19 on the City's revenue streams.

In a highly competitive environment, it will be critical to recruit and retain staff capable of delivering the quality programs and services our community deserves. A 3.5% pay increase this year follows several years of wage freezes. Productivity and efficiency measures will continue to be a feature of the new Enterprise Bargaining Agreement which is due to be negotiated this year.

The draft budget also focuses on cutting costs and boosting efforts to earn revenue via other means such as commercial leasing, parking and increasing turnover at Fremantle Arts Centre and Fremantle Leisure Centre.

The City constructs the Budget using "Zero Based Budgeting" principles, which has been in place for a number of years. In doing so, the proposed Operational and Capital Budgets are already precise and have limited capacity for further cuts without alterations to the service levels or program outcomes.



Budget Highlights

The main features of the draft budget for 2022-23 include:

- The budget has been prepared with a 5% general rate revenue increase guided by the long-term financial plan. The 5% increase is the net increase across all differential rate categories, after changes were proposed for the City Centre Commercial and Nightclub categories. The changes include:
 - A decrease in the City Centre Commercial rate reflecting Council's intention to no longer draw the majority cost of its destination marketing program exclusively from CBD businesses. Instead, this cost would be spread across the whole city in recognition that there is a universal benefit via increased visitation to Fremantle, through the retention of a vibrant retail centre, and that other key destinations outside the CBD are marketed.
 - Removal of the nightclub differential rate in recognition of the impacts of COVID-19 on these businesses and that other non-nightclub hospitality businesses also impact on security and cleanliness.
 - An increase of around \$120 per year on the average homeowners' rate bill, with a focus in the 2022-23 budget on sprucing up Fremantle's suburbs, investing heavily in tree planting and playgrounds and delivering some major infrastructure projects such as South Beach change rooms and a new roof for the indoor pool at Fremantle Leisure Centre.
- The rate increase considered the forecast Local Government cost index for 2021-22 and 2022-23, along with Council's long-term financial plan to ensure asset renewal is appropriately funded over the forward 10-year program.
- The City will generate \$52.7m in general rate income, an increase of \$2.3m on last year's budget. The rate income generated by the City for this budget comprises 63% of operating revenue sources, as compared to 65% in the budget set for 2021-22.
- Total budget income is \$110.8m, comprised of \$12.9m in capital grants, \$5m in proceeds from sale of assets and \$92.9m in operating cash income (including rate income and carried forward surplus).
- Total budget expenditure is \$118.3m, comprised of \$27.3m in capital expenditure, \$88.4m in operating cash expenditure and \$2.6m in loan principal and interest repayments.



- The capital works programme (inclusive of carried forward projects) totals \$27.3m, which is being funded by;
 - \$12.9m from grants and contributions,
 - \$4.2m transferred from reserves, and
 - \$10.2m from municipal funds and carried forward funds

A highlight of key capital projects to be undertaken is reported on below. The full capital works programme is contained within attached budget document.

- There are no new loan borrowings proposed for this budget.
- Reserve funds are expected to be increased by \$3.1m during 2022-23. Significant transfers to reserves are:
 - \$4.9m to Investment Reserve from proceeds from sale of land.
 - \$1.0m into Hilton Park Sports Reserve for future masterplan works.

Significant transfers from reserve are:

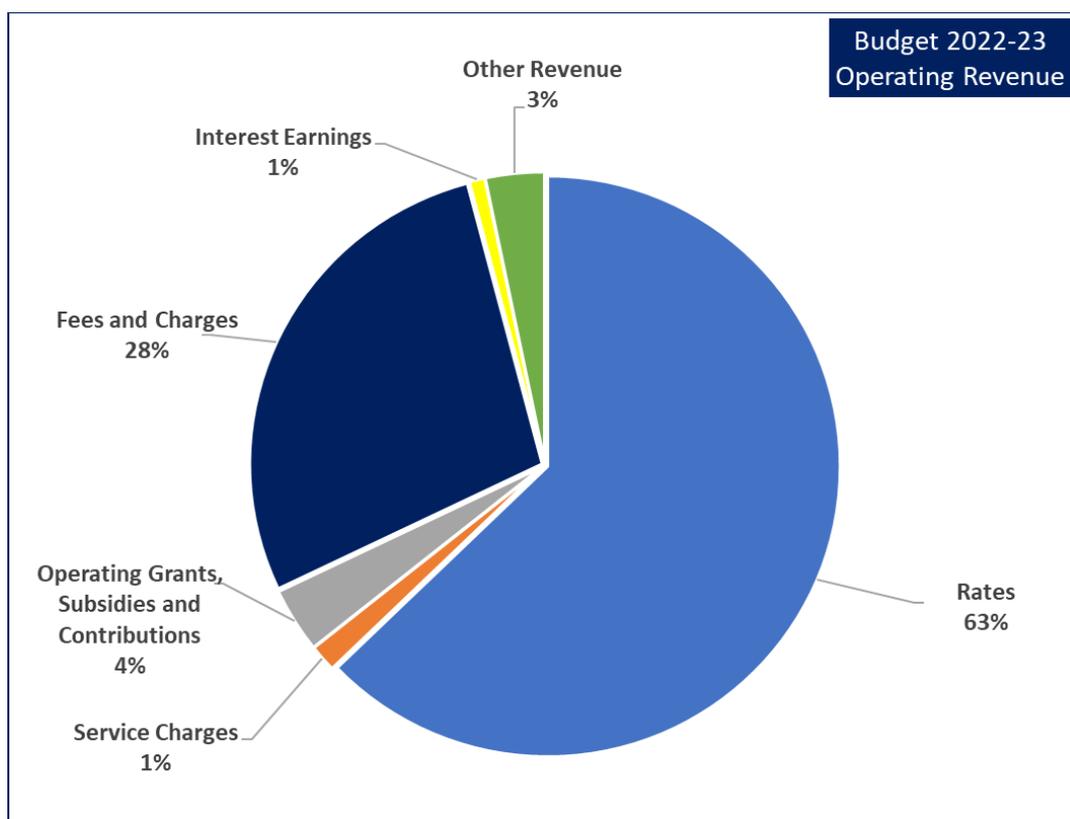
- \$1.6m from Parking Dividend Equalisation Reserve for the replacement of parking ticket machines.
- \$0.9m for from Parking Dividend Equalisation Reserve for balance of Hilton Underground Power installation costs (following on from \$0.4m spent in 2021-22). This will be repaid over the next seven years as contributions are recovered annually from property owners.
- \$0.4m from Investment Reserve fit-out costs related to Walyalup Civic Centre commercial tenancies.



Operating Budget

REVENUE

The total operating revenue budget totals \$84m and is comprised of:



	Budget 2022-23	Budget 2021-22
Rate Income (incl. Specified Area)	\$52.8m	\$50.5m
Service Charges (Underground Power)	\$1.3m	\$0.0m
Operating Grants, Subsidies and Contributions	\$3.0m	\$3.2m
Fees and Charges	\$23.5m	\$22.1m
Interest Earnings	\$0.7m	\$0.6m
Other Revenue	\$2.7m	\$2.1m
Total Operating Revenue	\$84.0m	\$78.5m



- Rates – 63%

Total revenue from rates (general and specified area rates) will increase by \$2.3m due to an average proposed rates increase of 5%, applied to slightly reduced interim property valuations as compared to 2021-22. The increase is modest in keeping with community expectations and ensuring that all services and provision of amenities is maintained.

- Service Charges – 1%

Service charges to be applied for the recoupment of Hilton Underground Power installation costs.

- Operating grants, subsidies and contributions – 4%

Total revenue from operating grants, subsidies and contributions is slightly lower than 2021-22. There is no indication from the commission that the 2023/24 1st quarter of the Commonwealth Federal Assistance Grants payment will be received in 2022/23 hence a reduction of a similar amount required to be shown in 2022/23. This advance payment received in 2021/22 will be carried forward and will be available for necessary purposes in 2022/23 as reflected in the improved bottom line in the 2022/23 Rates Setting Statement.

- Fees and charges – 28%

Fees and charges will generally increase by 6%. The total revenue from fees and charges will increase by \$1.4m which is mostly attributed to a part recovery in parking fees, income from events and commercial property following reduced revenue in 2020-21 and 2021-22 due to COVID.

Details on each individual fee and charge proposed are provided in the Fees and Charges schedule that forms part of the Annual Budget document.

- Interest Earnings – 1%

Total revenue from interest earnings will increase by \$0.1m due to improved interest rates and available cash funds to investment. It is also noted that with the recent RBA official cash rate revision (which is at 1.35% at the time of writing this report), investment return is gradually increasing. This has partially eased the pressure from the high WA Consumer Price Index (CPI).

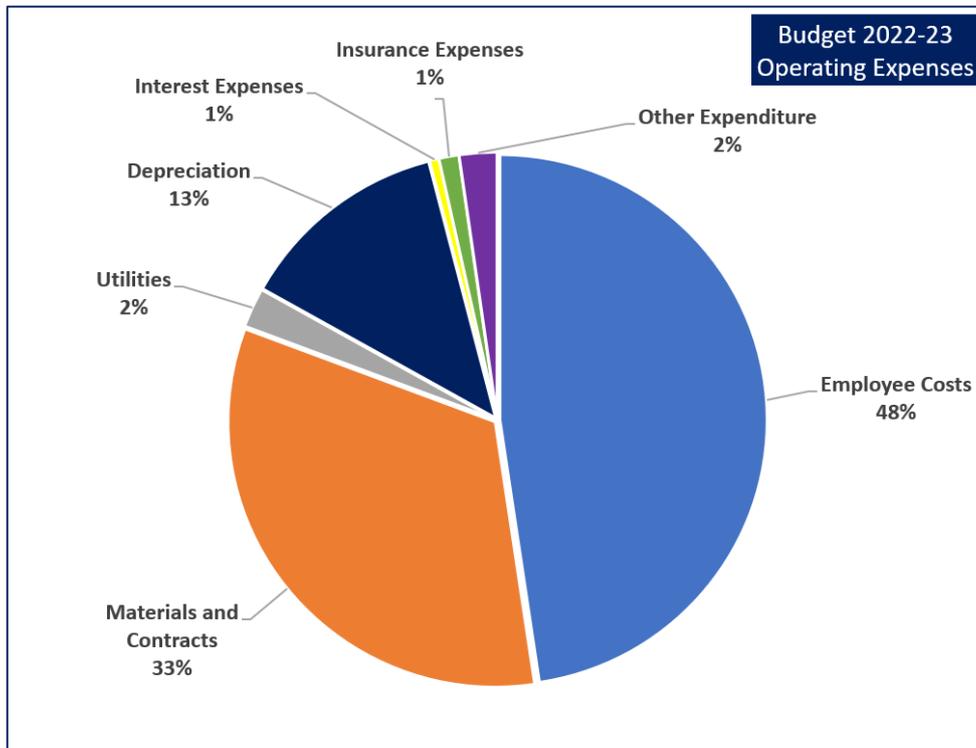


- Other revenue including Profit on sale of assets – 3%

Total revenue from other revenue will increase by \$0.6m mostly attributed to the reimbursement of tenants recoverable on commercial properties, which offsets against the outgoing expenses budgeted under those properties.

EXPENSES

The total operating expenses budget totals \$88.4m and is comprised of:



	Budget 2022-23	Budget 2021-2022
Employee costs	\$42.1m	\$39.6m
Materials and contracts	\$29.1m	\$28.0m
Utilities	\$2.1m	\$1.9m
Depreciation	\$11.4m	\$9.7m
Interest expenses	\$0.6m	\$0.7m
Insurance expenses	\$1.1m	\$1.0m
Other expenses	\$2.0m	\$2.4m
Total Operating Expenses	\$88.4m	\$83.1m



- Employee costs – 48%

Total expenses from employee costs will increase by \$2.5m due to increases in salaries and wages, workers compensation insurance cost and the legislated increase to superannuation guarantee. It should be noted that Western Australia is now facing issues with skills shortages especially for technically qualified staff and may cause potential challenges for the City in attraction and retention of its workforce.
- Materials and contracts – 33%

Total expenses from materials and contracts will increase by \$1.1m due to increased expenditure on operating projects, events & programs and to reinstate some levels of services which continued at a reduced level in 2021-22 due to COVID. Also, these increases are to allow for CPI adjustments to recurring costs and project expenditures to deliver core services and key projects.
- Utility Charges – 2%

Utility charges which comprise electricity, gas and water costs are based on forecast unit charges together with any growth in usage. Total expenses from Utility charges are expected to increase by \$0.2m, mainly because of recent price escalations.
- Depreciation – 13%

This is a non-cash item and does not affect rates and charges. Depreciation is included in the Statement of Comprehensive Income to reflect the reduction in the value of assets. Total expenses from depreciation will increase by \$1.7m, mainly due to capitalisation of the new Walyalup Civic Centre building.
- Interest expenses – 1%

Total expenses from interest expense related to loan agreements with the Western Australian Treasury corporation (WATC) will reduce by \$0.1m as the City's outstanding principal on loan borrowings reduced due to repayment of loan instalments.
- Insurance expenses – 1%

Total expenses from insurance expense will increase by \$0.1m due to the expected increase in annual insurance premiums as indicated by the Local Government Insurance Scheme of Western Australia (LGIS).

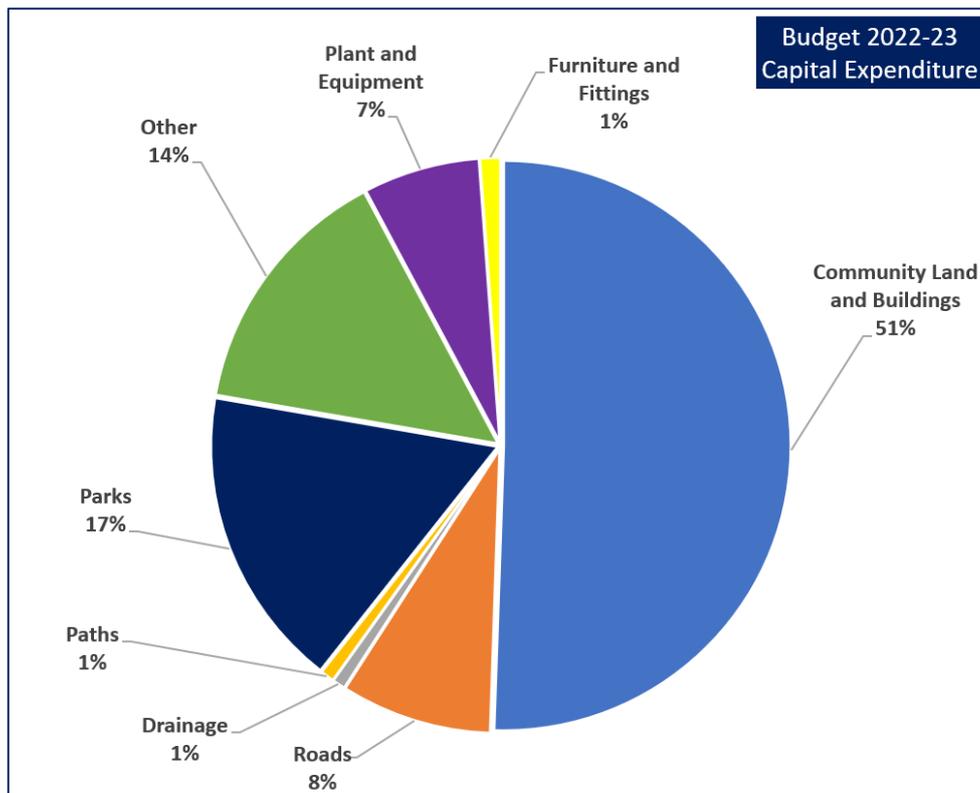


- Other expenses – 2%

Other expenses comprise of Statutory fees, taxes, provision for bad debts, donations and subsidies made to community groups and this will reduce by \$0.4m.

Capital Projects

The capital budget 2022-23 includes \$27.3m in capital expenditure in these key areas:



Below are some of the major projects included in the capital budget, including carried forward projects:

Building works:

- Design and construct Arts Centre Roof
- Design and construct Leisure Centre Pool Roof
- Design and construct South Beach changerooms
- Design and construct Fremantle Golf clubhouse and community facility
- Building works at the Fremantle Markets
- External building works at the Naval Store
- Fitout Walyalup Koort tenancies
- Temporary changeroom facility at Stevens Reserve



Road works:

- Road safety – Carrington and Hughes Street intersection
- Drainage works at Chamberlain Street, Jenkins and Daly Street, Johannah Street, York and Long Street, Port Beach carpark
- Install trees on William Street and lighting on William, Henderson and Queen Streets
- Road improvement and resurfacing works at various locations including Carrington Street, Lefroy Road, South Terrace and Wray Avenue, Winterfold Street, Amhersts Street, Edmund Street, Hebbard Street, Hollis Street, Humbe Way, Letchford Street, Little High Street and Croke Lane, Merchant Road, Ward Street, Watkins Street

Parks:

- Renewal of Dick Lawrence changeroom and installation of lighting
- Design and construct Leighton Reserve playground, and renewal works to toilets and carpark
- Deliver green linkage projects and urban forest tree planting
- Renewal of parks infrastructure

Other:

- Coastal monitoring and adaptation at Port Beach
- Prawn Bay ecological restoration
- Contribution to Biennale Festival

A detailed listing of all individual capital works program is included in the attachment 2 – Proposed Budget for Operating and Capital Projects 2022-23.

The capital budget does not include any new loan borrowings for next financial year. The opening loan principal balance on 1 July 22 is \$22.6m and, taking into account the principal repayments throughout 2022-23, the estimated closing balance at 30 June 2022 is \$20.3m.

The capital budget contains the following land asset disposals with all proceeds being transferred to the Investment Fund Reserve:

7 Quarry Street	\$ 2,720,000
9 Quarry Street	<u>\$ 2,250,000</u>
TOTAL	<u>\$ 4,970,000</u>



Carry forward Capital Projects

As at the end of the 2021/22 financial year, some projects and asset replacements are either incomplete or not commenced. This is due to:

- The size and complexity of projects which will by their very nature, need to be segmented over multiple financial years to accommodate accurate development and effective delivery; and
- Projects which suffered delays and interruptions due to supply chain disruptions and/or labour shortages.

It is estimated that the carry-forward projects from 2021/22 will amount to \$10.2m. This will bring the total Capital Works Program for 2022/23 to \$27.3m. The carried forward project component is (estimated at \$10.2m) fully funded from the 2021/22 Budget. Actual amounts will however be adjusted based on the final end of year results.

Proposed Rates

The valuation of GRV rate properties is undertaken by the State Government's Landgate Valuation Services on a three-yearly cycle. As this was undertaken in 2019-20, valuations remain unchanged for all GRV rates properties in 2022-23. With the exception of interim rate changes applied during the period, the valuations are based on gross rental values as at 1 August 2018.

On 11 May 2022 Council's Finance, Policy, Operations and Legislation Committee endorsed advertising of the Statement of Objects and Reasons and the proposed differential rates and minimum payments for 2022-23.

Rate modelling has been progressed based upon an average general increase of 5%. This increase is the average across all differential rate categories, after concessions being provided to City Centre Commercial and Nightclubs aimed at reducing the differential between those properties and other properties. Rates for City Centre Commercial properties has marginally reduced from 2021-22, and Nightclubs are now included in the same rate category as City Centre Commercial. Other rate categories have increased by an average of 6%.

Minimum rates have also increased 6% and were re-evaluated in accordance with section 6.35(3) of the Local Government Act 1995 to ensure the general minimum is imposed on not less than 50% of the number of properties in each category.

An advertisement calling for public submissions was placed in The Fremantle Herald newspaper and on the City's public notice webpage from Saturday 14 May 2022. The deadline for submissions was 7 June 2022. Seventeen submissions were received as detailed in the table below.



Many of the submissions raised similar feedback and as such a general response to this feedback has been provided below.

- The budget has been developed from the 10-year financial plan with consideration given to the Strategic Plan, Corporate Business Plan and Asset Renewal Plans. Reference to the March 2022 WALGA Economic Briefing (forecast of 5.7% for 2021-22) and CPI (7.6 for Perth March 22 quarter) form a part of this process.
- The 2022-23 rate increase is proposed to be an average of 5% for this annual budget due to the City’s intention to address the backlog of asset renewal that is required because of its ageing infrastructure. The increased rates will help fund additional asset renewal projects and the City’s operating expenses with respect to planned and preventative maintenance of its infrastructure assets.
- Financial Statements for 2020/21 are with the Office of the Auditor General and will be published once the audit is complete and an audit opinion has been issued.

No.	Ward	Submission from Property Owner	Officer’s Recommended Response to Submission
1	South Fremantle	Heavy investment in tree planting is long overdue. Trees planted appropriately down centre of South Tce would not only enhance the environment but would add to a village-like appearance.	Council will consider this suggestion for more trees along South Terrace in upcoming tree planting programs.
2	Fremantle	Opposed to advertised increase. Planned new spending needs to be deferred until later in the financial year.	Refer to response as provided prior to this table.
3	Fremantle	Favour the removal of differential rating and the spread of marketing and development funding to be shared proportionately through a property's GRV provide by the Valuer General.	Response as provided prior to this table.



4	Fremantle	Opposed to increase for residential rates. Council has failed to provide justification and does not have a disciplined and honest approach to fiscal responsibility.	Response as provided prior to this table.
5	Fremantle	Favour the removal of differential rating and the spread of marketing and development funding to be shared proportionately. Benefits spread to all the commercial businesses of Fremantle.	It is proposed to continue to apply differential rating, however rate relief for CBD businesses is also proposed by the reduction of the City Centre Commercial rate by the cost of the destination marketing program resulting in a reduction in the rate in the dollar of 0.35%.
6	Fremantle	Opposed to 6% rate increase and dispute the LGCI and forecast quoted as being correct. Wages growth has not kept up with proposed increase and it is not equitable to hand ball the shortfall of failed commercial development to families.	
7	Fremantle	Opposed to the adoption of the proposed differential rates due to the unavailability of the Financial Statements for year ended 30 June 2021. Cannot therefore make informed comment on the matter.	Refer to response as provided prior to this table.



8	Fremantle	Opposed to an increase in rates of 6% given that the RBA's preferred inflation gauge does not reflect this. Surrounding local governments have not increased rates, households are stretched and wages growth is lower than the proposed increase. In addition, there are no additional services being offered and public facilities are of a poor standard.	Refer to response as provided prior to this table.
9	Hilton	Concerned about the Fremantle Council's planning and fiscal management abilities. Proposed 6.5% increase is outrageous. Lack of audited financial statements for 2020-21.	Refer to response as provided prior to this table.
10	Beaconsfield	Year on year rate increase burdening households with little spent in Beaconsfield over the last decade to upgrade or improve the tree canopy. Amenities being lost such as the CAT bus and condition of CoF assets and fleet is poor. How can the City propose differential rates for 2022-23 when the audited financial statements for the 2020-21 year are yet to be presented? Unfair spread of relief for CBD, if insufficient funds available need to curb spending.	Refer to response as provided prior to this table.
11	South Fremantle	Opposed to the inflation rate referenced. Rates should not be higher due to inability to manage budget. Pensioners find things difficult without this additional impost.	Refer to response as provided prior to this table.
12	Beaconsfield	CoF should adopt similar practice to that of the Federal Government and eliminate excessive expenditures.	Refer to response as provided prior to this table.



		Advertising a differential rate increase of 6% appears premature considering the Auditor General's reports are unavailable for 2020-21.	
13	Fremantle	<p>Support the CBD Security Levy and the removal of the additional imposition on nightclubs for security and cleaning.</p> <p>Supportive of installation of CCTV and push to improved security for CBD.</p> <p>Would like to see ongoing investment in protecting Port Beach and focus on improving the urban realm of the City and surrounds.</p> <p>Would like to see rates benchmarked to other metro LGs. 6.7% (minimum payments) is higher than inflation and much higher than property value appreciation and seems arbitrary.</p> <p>Further differentials across commercial/industrial categories? Rate for Short Term accommodation higher than that of Commercial and Industrial which does not seem reasonable.</p>	<p>It is proposed to continue to apply differential rating however rate relief for CBD businesses is also proposed by the reduction of the City Centre Commercial rate by the cost of the destination marketing program resulting in a reduction in the rate in the dollar of 0.35%.</p> <p>Council will consider suggestions regarding CCTV and improvement of the urban realm.</p> <p>The object of the short term differential rate is to ensure the owners of residential land wholly or partly used for the commercial purpose of short stay accommodation contribute to the provision of services and facilities that may be associated with such commercial use.</p>



14	North Fremantle	<p>Disappointed in another increase. City centric spending with little advantage for those in the suburbs. Services in North Fremantle lack-lustre. Trying get Council's attention is discouraging. We have to tighten our belts and you, as a cost-effective council, are absolutely no different. Simply put as a suburban Ratepayer, I do not feel I am getting value for money.</p>	<p>Refer to response as provided prior to this table.</p>
15		<p>We have lost confidence in the City's ability to manage its finances for the best interests of the City. This cannot be blamed on COVID. Rate increase proposed without the presentation of the Auditor General's report on the City's finances. Failure to implement current plans - 2020 Vision never came close. Needless to say, I do not support the cities planned rate increase, and hope to see an improvement in the cities financial management over the next year.</p>	<p>Refer to response as provided prior to this table.</p>
16	Hilton	<p>Oppose 6.3% increase when CBD businesses are receiving a reduction. We are paying higher rates that other Cities. The rates I pay are already significant and with the soaring cost of fuel, electricity, food and mortgage I wonder how I will pay these.</p> <p>Please take a moment to consider the everyday working folk of Fremantle before pushing forward such an increase.</p>	<p>Refer to response as provided prior to this table.</p>



17	Beaconsfield	The promise of a new administration building with no cost overruns promised by Council for the last several years coupled with no rate increases past two percent for 10 years. Ratepayers have been misled. With new approved development quoted at over \$2b, why are rates even going up? Utilities are going up and our services in CoF have been cut. Support only a modest increase of 2%.	Refer to response as provided prior to this table.
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The proposed 2022-23 rating structure, nominated Rates in the Dollar and minimum payments which are recommended for consideration are as follows:

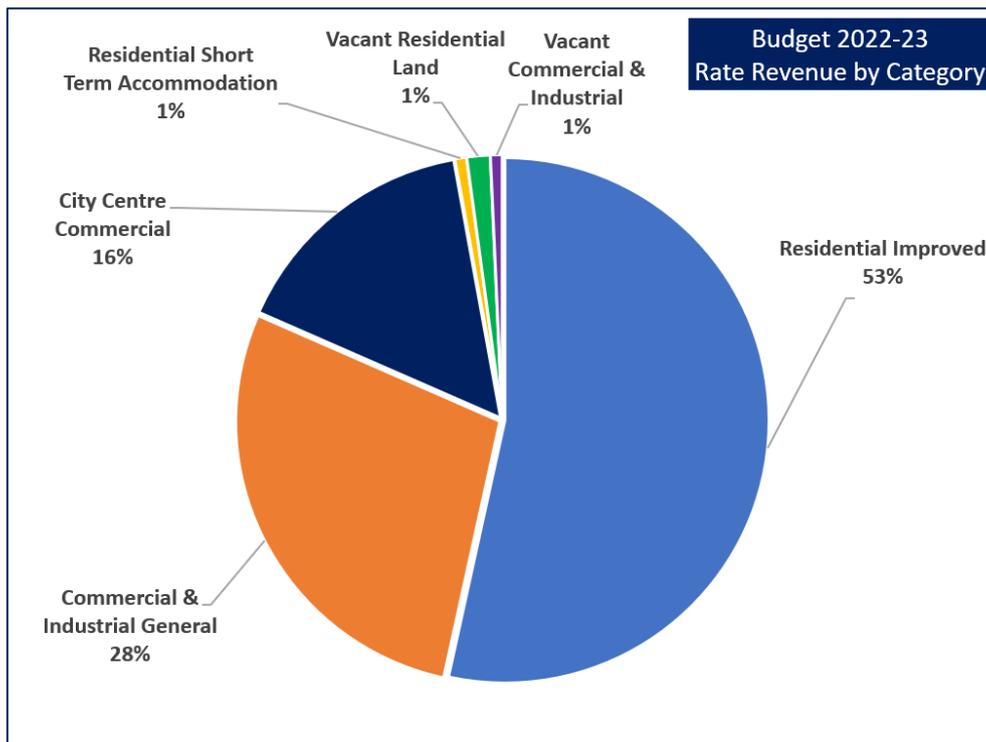
Differential Rating Category	PROPOSED	
	Minimum Payment	Rate in the Dollar
Residential Improved	\$1,481	\$0.090585
Commercial and Industrial General	\$1,481	\$0.096174
Vacant Commercial and Industrial	\$1,481	\$0.171982
City Centre Commercial (incl. Nightclubs)	\$1,481	\$0.098241
Vacant Residential Land	\$1,434	\$0.138413
Residential Short-Term Accommodation	\$1,481	\$0.101024

The proposed 2022-23 specified area rates to be applied, increased 6% on 2021-22, are:

Specified area rate	Purpose of the rate	Rate in the \$
CBD Security Levy	A safety and security strategy for a specified area of the Fremantle CBD.	\$0.001289
Leighton Maintenance	To fund the above normal costs associated with maintaining the higher standard of landscaping of the Leighton residential area.	\$0.005533



The rate revenue generated from each rating differential is represented in the graph below:



Alternative Rate Payment Options

This year the City will continue to provide an option of weekly and fortnightly direct debit payment for rates to allow ratepayers to spread payments over the year to ease their financial burden.

The City also has a Hardship Policy accessible to all ratepayers to ensure that those in financial stress or position of vulnerability have the City’s support.

Reserves

Each year, City reviews the purposes of its existing Reserves and if new ones are required as part of the budget process. The following is a summary of changes proposed:

- New reserve named “Hilton Park Sports Reserve” is proposed to fund sporting, infrastructure, and facility improvements in and around Hilton Park Sports Reserve. This will ensure the City clearly sets aside funds for future project costs which may partly fall into operating expenditure categories as well; and



- Change of purpose of the "Parking Dividend Equalisation Reserve" as below to accommodate wider scope.

"To provide a smoothing out of revenue contributions to municipal operations from commercial parking activities. That is to be achieved as follows

*(a) by transferring net profits in excess of budget to the reserve and
(b) if required, when there is a material (i.e. plus 1%) net loss, transferring funds from the reserve to municipal fund to compensate the loss. Fund commercial parking capital equipment and facilities or parking infringement capital equipment and facilities to the extent the funds available in the reserve exceed 2.5% of budgeted gross parking revenue. Provide temporary funding to the City for its initial contribution to the Hilton Underground Power project. This funding will be returned to the Reserve via a service levy on residential consumers within the Hilton Underground Power project. Further, this Reserve may also make funds available for operational and capital expenditures requirement of the City from time to time as determined by Council."*

Additional draw on Reserves may be called upon during the year if determined at the mid-year review.

VOTING AND OTHER SPECIAL REQUIREMENTS

Absolute majority required



OFFICER'S RECOMMENDATION

Council adopts the following:

1. Annual budget for the financial year ending 30 June 2023;

Pursuant to the provisions of Section 6.2 of the Local Government Act 1995 and Part 3 of the Local Government (Financial Management) Regulations 1996, the Council adopt the Municipal Fund Budget as contained in Attachment 1 for the City of Fremantle for 2022-23 financial year which includes the following:

- **Statement of Comprehensive Income by Nature and Type showing a net result for that year of \$8,569,619.**
- **Statement of Cash Flows, showing cash at end of the year position of \$18,382,360.**
- **Rate Setting Statement showing an amount required to be raised from general rates of \$52,590,835**
- **Notes to and Forming Part of the Budget**
- **Capital Budget Program \$27,326,892 including carry forward projects \$10,248,124.**
- **Transfers to/from Reserve Accounts as per note 9(a) of attachment 1**

2. Differential Rates;

Pursuant to Sections 6.32, 6.33, 6.34 and 6.35 of the Local Government Act 1995 Council impose the following differential general rates and minimum payments on Gross Rental Values for 2022-23 financial year:

Differential Rating Category	PROPOSED	
	Minimum Payment	Rate in the Dollar
Residential Improved	\$1,481	\$0.090585
Commercial and Industrial General	\$1,481	\$0.096174
Vacant Commercial and Industrial	\$1,481	\$0.171982
City Centre Commercial (incl. Nightclubs)	\$1,481	\$0.098241
Vacant Residential Land	\$1,434	\$0.138413
Residential Short-Term Accommodation	\$1,481	\$0.101024



3. Concessions/waiver;

Pursuant to Section 6.47 of the Local Government Act 1995 Council adopts to grant rate concessions of \$160,810 to the properties identified and as prescribed in Note 2(f) of the proposed 2022-23 annual budget.

Concessions adopted prior to 2020/2021 financial year are capped at \$10,000pa maximum per ratepayer in budget 2022/2023. Concessions adopted during 2020/2021 financial year onwards are capped at \$10,000pa maximum per ratepayer in budget 2022/2023.

As per the Local Government (COVID-19 Response) Amendment Order 2022 council approve the waiver of council rates and charges excluding Emergency Service Levy for circumstances that align with the City's Financial Hardship Policy.

4. Instalments;

Pursuant to Section 6.45 of the Local Government Act 1995 and regulation 64(2) of the Local Government (Financial Management) Regulations 1996, Council nominates the following due dates for the payment by instalments:

- a) Full payment:
Due date – Friday 9 September 2022
- b) Two (2) instalment option:
1st instalment due date – Friday 9 September 2022
2nd instalment due date – Friday 25 November 2022
- c) Four (4) instalment option:
1st instalment due date – Friday 9 September 2022
2nd instalment due date – Friday 25 November 2022
3rd instalment due date – Friday 27 January 2023
4th instalment due date – Friday 31 March 2023
- d) Twenty (20) fortnightly instalments (for direct debits only) option:
Commencing direct debit date – Friday 9 September 2022
Final payment direct debit date – Friday 9 June 2023
- e) Forty (40) weekly instalments (for direct debits only) option:
Commencing direct debit date – Friday 9 September 2022
Final payment direct debit date – Friday 16 June 2023



5. Administration Charge;

Pursuant to Section 6.45 of the Local Government Act 1995 and regulation 67 of the Local Government (Financial Management) Regulations 1996, Council adopts an instalment administration charge of \$40.20 fixed for the 4-instalment plan and an instalment administration charge of \$13.40 fixed for the 2-instalment plan where the owner has elected to pay rates and charges through the instalment options; being \$13.40 for each instalment after the initial instalment is paid.

6. Instalment Interest;

Pursuant to Section 6.45 of the Local Government Act 1995 and regulation 68 of the Local Government (Financial Management) Regulations 1996, Council adopts an interest rate of 5.5% where the owner has elected to pay rates and charges through an instalment option.

7. Penalty Interest;

Pursuant to Section 6.51(1) and subject to Section 6.51(4) of the Local Government Act 1995 and regulation 70 of the Local Government (Financial Management) Regulations 1996, Council adopts an interest rate of 7% for rates, charges and costs of proceedings to recover such charges that remains unpaid after becoming due and payable, noting that pursuant to the Local Government (Covid-19 Response) Amendment Order 2022, the rate of interest that may be set by a local government in its 2022/23 annual budget may not exceed 7%.

8. Fees and Charges;

Pursuant to Section 6.16 of the Local Government Act 1995, Council adopts the Fees and Charges included within Proposed Fees and Charges Schedule for 2022-23 as per attachment 3.

9. Elected Members' Fees and Allowances for 2022-23;

Council note that the review of fees has been released by the Salaries and Allowances Tribunal on 6 April 2022 and adopt the following:



a) Pursuant to Section 5.99 of the Local Government Act 1995 and regulation 34 of the Local Government (Financial Management) Regulations 1996, Council adopts the following annual fees for payment of elected members in lieu of individual meeting attendance fees:

- Mayor \$48,704
- Deputy Mayor \$32,470
- Councillors \$32,470

b) Pursuant to Section 5.99A of the Local Government Act 1995 and regulation 34A and 34AA of the Local Government (Financial Management) Regulations 1996, Council adopts the following annual allowances for elected members:

- ICT Allowance \$3,500

c) Pursuant to Section 5.98(5) of the Local Government Act 1995 and regulation 33 of the Local Government (Financial Management) Regulations 1996, Council adopts the following annual local government allowance to be paid in addition to the annual meeting allowance:

- Mayor \$91,997

d) Pursuant to Section 5.98A of the Local Government Act 1995 and regulation 33A of the Local Government (Financial Management) Regulations 1996, Council adopts the following annual local government allowance to be paid in addition to the annual meeting allowance:

- Deputy Mayor \$22,999

10. Material Variance

In accordance with regulation 34(5) of the Local Government (Financial Management) Regulations 1996, and AASB 1031 Materiality, the level to be used in statements of financial activity in 2022-23 for reporting material variances shall be 10% together with minimum value of \$100,000.

11. Reserve Funds

- a) Adopt the newly created Hilton Park Sports Reserve with the purpose of to fund sporting, infrastructure, and facility improvements in and around Hilton Park Sports Reserve; and
- b) Change of purpose of the Parking Dividend Equalisation Reserve with wider scope.



12. Underground Power Service Charge

Pursuant to section 6.38 of the Local Government Act 1995, impose a Underground Power service charge for the Hilton Underground Power Project of \$1.26m, to be recovered over seven years from affected properties with no interest being payable in 2022-23, and an interest charge of 4% being payable between years two (2) and seven (7).

Property owners will incur either a network charge, connection charge or both, with the maximum charge for each property being no greater than the charges specified in the table below.

Charge Type	Charge Amount
Network Charge	\$38.56
Connection Charge	\$2,674.79
Total	\$2713.35



8. Closure