CITY OF Fremantle

Minutes

Special Meeting of Council

Wednesday 8 July 2026 6:00 pm

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Official opening, welcome and acknowledgement

The Presiding Member declared the meeting open at 6:00 pm and welcomed members of the public to the meeting.

The Presiding Member informed members of the public that the meeting was being recorded and streamed live on the internet. They further advised that while all care is taken to maintain privacy, visitors in the public gallery and members of the public submitting a question, may be captured in the recording.

Attendance, apologies and leave of absence

Attendance

Mr Ben Lawver	Mayor/Presiding Member
Cr Fedele Camarda	Deputy Mayor/Central Ward
Cr Geoff Graham	Central Ward
Cr Andrew Sullivan	Coastal Ward
Cr Frank Mofflin	East Ward
Cr Pip Slaughter	East Ward
Cr Melanie Clark	North Ward

Mr Glen Dougall	Chief Executive Officer
Mr Matt Hammond	Director City Business
Mr Pete Stone	Director Creative Arts and Community
Mr Graham Tattersall	Director Infrastructure
Ms Chloe Johnston	A/Director, Planning, Place and Urban Development
Mr Thomas Wood	A/Manager Community Development
Ms Melody Foster	Manager Governance
Ms Sinta Rosita	Manager Financial Services
Mr David Settelmaier	Manager Strategic Communications & Stakeholder Relations
Ms Bindiya Shah	Rates & Management Accounting Team Leader
Ms Natalie Hett	Rates Coordinator
Mr Mark Donnelly	Manager Regulatory Services
Ms Gabrielle Woulfe	Meeting Support Officer
Ms Donna Ross	Meeting Support Officer

There were approximately 16 members of the public and no member of the press in attendance.

Apologies

Cr Jemima Wlliamson-Wong	Coastal Ward
Cr Ingrid van Dorssen	North Ward

Leave of absence

Nil.

Disclosures of interest by members

Nil.

Public question time

Lehani Williams spoke in relation to item SC2607-1 and asked the following questions:

1. Could the City please advise the budget allocation for the APACE Native Plant Subsidy Scheme in 2024–25, 2025–26 and 2026–27?

2. Given the Fremantle allocation of the APACE Subsidy Scheme sells out well before the advertised closing date due to strong community demand, has Council considered increasing allocation in future budgets so more residents can participate, or use alternative sources, such as Trillion Trees?

3. Has the City benchmarked its funding for the APACE Subsidy Scheme against neighbouring local governments who participate, and if not, would it consider doing so before preparing next year's budget?

4. Has this year's budget allocated any funding to progress Council's review of the Significant Tree Register, including any scientific or arborist assessment required to strengthen the register?

5. Given the Urban Forest Plan fell behind partly because of operational capacity and resourcing, what new investment in this year's budet is specifically aimed at accelerating canopy growth and helping Fremantle try to move closer to our 20% target and to neighbouring councils who have already achieved around 20% canopy cover?

6. Of the existing trees that meet the Significant Tree criteria, approximately how many are there across the City, and how much funding is allocated in this year's budget to administer, assess, monitor and maintain the Significant Tree Register?

Response: Director Infrastructure

The City has increased the budget for the Apace Subsidised Plants Scheme from approximately $15,000 in previous years to $34,000 in 2026/27 and this has been in response to the high community demand.

Last year the City subsidised approximately 8,000 plants and this year the City will subsidise approximately 11,000 plants.

The City does monitor demand and Council can review and update the budget as part of the annual budget process.

The City does not benchmark itself against other Councils but this could be considered in the future.

The Significant Tree Register relates to trees on private land and any advice and support is managed internally and does not require a budget allocation. Should arborist reports be required, they are accounted for within existing tree management budgets.

The City has increased the focus and resources into our urban forest program. The aftercare program has improved significantly and tree survival rates have increased. The 25/26 and 26/27 adopted Budget includes budget and staff resources have been realigned to achieve the planting of 900 trees a year.

The Significant Tree Register Policy is currently being reviewed and will be presented to July's Ordinary Council Meeting for adoption.

The following member of the public spoke in relation to item SC2607-1:
Chrissie Maus

Petitions

Nil.

Deputations

Nil.

Presentations

Nil.

Elected member communication

Nil.

Reports and recommendations from officers
Statutory report

SC2607-1 ADOPTION OF THE ANNUAL BUDGET 2026-2027

Meeting date:	8 July 2026
Responsible officer:	Director City Business
Voting requirements:	Absolute Majority Required
Decision making authority	Council
Attachments:	1. Submissions for Proposed Differential Rates 2026-27 2. Budget 2026-27 3. Capital Works 2026-27 4. Transfer From Reserves Detail 2026-27 5. Fees and Charges 2026-27

SUMMARY

This report is to consider the adoption of the 2026-27 Budget, which includes the Municipal, Trust and Reserve Fund budget for the 2026-27 financial year together with supporting schedules, including imposition of rates and minimum payments, adoption of fees and charges, establishment of new reserves, setting of Elected Members fees for the year and other consequential matters arising from the budget papers.

Budget 2026-27 includes just over $142.49 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 long-term financial plan.

This budget proposes an average increase in rate revenue of 5.5% as well as increases in most non-statutory fees and charges in line with CPI where appropriate.

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 2026-27 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 2026-27 budget has been compiled based on principles contained in the Strategic Community Plan, Corporate Plan and Long-Term Financial Plan. In preparing the proposed budget for 2026-27 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 2026.

The proposed differential general rates and minimum payments were endorsed for advertising by Council at its meeting on 13 May 2026 and advertised for public comment.

FINANCIAL IMPLICATIONS

This report sets the 2026-27 annual budget for the City of Fremantle.

LEGAL IMPLICATIONS

The draft budget 2026-27 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 2026-27 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.

STRATEGIC IMPLICATIONS

This item is in keeping with the City of Fremantle’s Strategic Community Plan 2024 – 2034:

Corporate - Lead and empower the organisation to deliver the vision of 'strong reputation, stronger future'

- Support the City through financial, procurement and revenue functions whilst ensuring legislative compliance and providing excellent customer service.

CONSULTATION

The City has engaged Elected Members on the development of the 2026/27 budget via a series of long-term financial planning and budget workshops between February and June 2026. While no specific community consultation has occurred on the draft 2026-27 budget, community consultation and engagement has previously occurred during development of the Strategic Community Plan.

As per the resolution of Council dated 13 May 2026, the City advertised the proposed differential rates for public comment (minimum 21 days). During the public submission period, the City received 2 submissions. These submissions are provided in Attachment 1 for Council consideration. In addition, the City received 1 submission after the closing period, which is also included for Council consideration. The City also advertised the proposed service charge for the South Fremantle and Fremantle South targeted underground power project (TUPP) for public comment

OFFICER COMMENT

2025/26 Budget Achievements

The 2025/26 financial year has seen the delivery of a significant capital program with over $15.8m invested in the Fremantle community. Notable projects completed included:

- Over $3.8m invested into the renewal and upgrade of city owned buildings
- Over $2.2m invested in heritage assets including major facade upgrades to 38-40 Henry Street, electrical upgrades to the Old Fire Station building, maintenance upgrades to Victoria Hall, upgrades to the Fremantle Arts Centre via the federally funded creative hub project, and upgrades to the Local History Centre.
- Significant upgrades to the Fremantle Leisure Centre main pool and filtration system
- Installation of new CBD public toilets in Collie Street
- Completion of the Bathers Beach Safe Swimming Enclosure
- Completion of additional parking at South Beach
- Upgrades to commercial tenancies at the Walyalup Civic Centre which have now been fully tenanted.
- Over $2.1m invested in the renewal and upgrade of roads

- Over $850K invested in renewal of plant, equipment and vehicles
- Over $550K invested in road safety and traffic calming initiatives
- Over $500K invested in the renewal and upgrade of playgrounds
- Over $400k invested in the renewal of footpaths

In addition to the capital program, the City delivered over $32 million in operating activities (excluding staffing) over the 2025/26 financial year which included the following highlights:

- Over $6.8 million spent on the maintenance of our parks and landscapes, including over $1.1m invested in the planting and maintenance of trees.
- Over $5.3 million invested in the management of waste and resource recovery.
- Over $4 million invested in the maintenance of our community facilities and buildings.
- Over $3.6 million invested in arts and culture related programming, events and facilities.
- Over $1.8 million invested in the maintenance of existing roads, footpaths, and drainage.
- Over $2 million invested in the delivery of community programs, services, safety, and well-being.
- Over $1.3 million invested in community safety and ranger patrols, and a further $500K invested in managing and monitoring the City's extensive CCTV network which has now grown to more than 200 cameras. Since 2021 the City has conducted over 30,000 hours of live CCTV monitoring and provided over 3,700 video evidence files to the Police alongside over 5,000 incidents being reported to police after being captured on CCTV.
- Over $1 million in economic development and activation related initiatives.
- Completion of the State Government Funded business case for the future redevelopment of Fremantle Oval. Site investigation and civil engineering concept design work was also commenced.

State and Local Economic Context

While the second half of 2025 began to indicate a path to more stable economic conditions, geopolitical tensions and the escalation of conflict in the Middle East saw volatility return in early 2026. Global supply issues relating to the current conflict have triggered increases in fuel prices as well as uncertainty around future supply. This is widely expected to have flow on affects further throughout the supply chain and broader economy.

The current situation has been broadly flagged as being likely to impact the WA State economy and the local government sector throughout 2026-27, which is reflected in State budget forecasts and the WALGA Local Government Cost index.

State Budget Economic and Fiscal Forecasts

As widely anticipated, the State's 2026-27 Budget has been influenced by the uncertain global economic environment, which has been exacerbated by conflict in the Middle East, resultant increases in fuel prices, and weakened confidence in the global economic outlook.

The state budget flagged growth in the domestic economy of 3.3% over 2025, which outpaced national growth. This was identified as being driven by the private sector, which accounted for 85% of this growth. This included a significant lift in business investment, the strongest level of dwelling investment since 2018, and solid growth in household spending.

This has also driven strength in employment figures which reached a record 1.68 million persons in March 2026, resulting in the unemployment rate remaining at historical lows.

The State budget flags the re-emergence of inflationary pressures both nationally and internationally, due to higher prices for oil and refined products attributed to the Middle East conflict, which is expected to flow through to local inflation over the near-term.

The State has cautioned that due to the considerable uncertainty regarding the scale and duration of the conflict, impacts outside of inflation are not reflected in their central forecasts. However, they represent a potential source of downside risk to the economic outlook.

The State budget has been predicated on the following economic assumptions:

	24-25	25-26	26-27	27-28	28-29	29-30
Real Gross State Product (%)	1.3	3.25	2.25	2.0	2.0	2.0
Real State Final Demand Growth (%)	3.0	3.5	2.25	2.25	2.75	2.75
Employment Growth (%)	3.1	1.5	1.75	1.5	1.5	1.5
Unemployment Rate (%)	3.7	4.0	4.25	4.25	4.25	4.5
Wage Price Index Growth (%)	3.7	3.75	3.25	3.25	3.25	3.0
Perth CPI (%)	2.8	5.5	3.75	2.75	2.5	2.5
Population Growth (%)	2.2	1.8	1.6	1.5	1.5	1.5

Source: WA State Government*. Note: 24-25 = Actual; 25-26 = est. Actual; 26-27 = Budget Year; 27-30 = outyears.*

The forecasts assume a spike in Perth CPI at the end of 2025-26 at 5.5%, which then softens and returns to the RBA target band for inflation in budget outyears.

Wage growth has been estimated to remain strong well into outyears, while they estimate employment growth will soften and the unemployment rate will see a modest increase as the economy slows into budget outyears.

WALGA Local Government Cost Index

WALGA's Local Government Cost Index (LGCI) is based on statewide cost data collected from across WA Local Governments. WALGA's economic briefing for the March quarter of 2026 identified the following key observations in relation to the LGCI.

- Local Governments have not been immune from the impact of inflation in recent years with the LGCI increasing 4.4% in 2022-23, 3.6% in 2023-24, and 3.8% in 2024-25. Over the year to December, the LGCI increased by 4.8%, however it started to slow with the 0.9% increase recorded in the December quarter.

- Growth in construction costs, which comprise around a quarter of the index, have continued to stabilise primarily driven by the construction market moving closer to a balance between supply and demand, linked to a range of factors including a moderation in supply chain challenges and the completion of major public infrastructure projects, in particular the Metronet program.

- Macro monitor (an economic forecasting consultancy engaged by WALGA) forecasts annual construction cost growth in Western Australia for Non-Residential Building, Non-Road Infrastructure, and Road and Bridge Construction to sit within a range of 2-3.5% over the three-year period between 2026-27 and 2028-29.

- The LGCI is forecast to end 2025-26 up 3.1% and remain at this level in 2026-27. Subsequently, annual growth of the LGCI is forecast to decline marginally to 3% in 2027-28 and to 2.8% in 2028-29.

- WALGA advises that given current conditions, Local Governments should adopt flexible budgeting strategies, incorporate contingencies, and use adaptive procurement approaches to manage volatility.

- Notwithstanding current forecasts within the LGCI and noting that the full impacts of the Middle East situation have yet to fully flow through this index - the WALGA economic briefing also provided the following scenario analysis with respect to oil price impacts on Local Governments.

- Fuel supply has emerged as an area of significant concern for the Local Government sector in Western Australia and across the nation.

- There are a wide range of services provided by Local Government which rely on fuel and are subject to the pressure of increased prices, including urgent road repair, waste services, and water and sewerage operations. As a specific example, diesel is critical for all stages of road construction and maintenance, from aggregate heating and drying at asphalt plants, to the operation of pavers, rollers, and bitumen sprayers, to material haulage from quarry to site.

- The impact of price movements in the oil price extends beyond diesel prices, and flows through to other critical inputs used widely throughout the WA economy, a number of which are critical to Local Government sector, such as bitumen.

- Australia imports the majority of its bitumen supply for asphalt and bitumen spray seal applications, primarily from Asian refineries in South Korea, Singapore, and Thailand, which depend on Middle Eastern crude oil as feedstock. It is understood a number of those suppliers may have cancelled supply commitments or invoked force majeure provisions in response to current conditions.

- Bitumen is just one example of what are clear and observable relationships between movements in the price of oil, the price of fuel, and associated input and output prices which impact on the costs faced by the Local Government sector in WA. ACIL Allen developed and applied the following shocks to selected sub-components for calendar year 2026 (on a quarterly basis) within the Macro monitor forecasts:

    - Material costs: 12% (6% in the March quarter of 2026, then 2% in each subsequent quarter)
    - New Construction Equipment: 20% (5% in each quarter of 2026)
    - Plant Hire: 8% (2% in each quarter of 2026)
    - Fuel: 80% (quarterly changes of 75%, 25%, -10%, -10%)
    - Freight: 15% (quarterly changes of 5%, 10%, 0%, 0%)

  The application of the shocks under this scenario to the selected subcomponents would result in a 4.8% increase in the LGCI in 2025-26 (compared to 3.1%) and to 3.3% in 2026-27 (compared 3.1%).

Consumer Price Index

Perth CPI experienced a modest annual increase from 3.9% to 4.0% across the month of May 2026. It is noted that transport dropped from 18.6% at the end of April to 7.7% at the end of May. This reflects the impacts of the halving of the fuel excise on 1 April which suggests inflation may have been higher without the subsidy being in place. The subsidy has currently only been extended to the end of July and there is no further indication as to whether it will continue beyond that date.

Despite the headline CPI figure of 4.0% (national), key CPI groups such as housing remain high at 6.5% driven by increases in electricity costs, new dwellings and rents. Retail spending also appeared to remain relatively high with clothing and footwear at 5% primarily driven by growth in purchase of accessories and garments.

The figures for May indicate that inflation remains above the RBA’s target band despite intervention via fiscal policy (fuel excise). As such the City will continue to maintain reference to the the State Government's budget estimate of 5.5% over June.

Our Financial Priorities

The City is continuing to monitor economic information reflected in State Government forecasting, the LGCI provided by WALGA and other sources to ensure the 2026/27 budget (and future years) remains responsive to and reflective of the current situation. Other emerging matters such as restricted supply of preferred fertilizer products, bitumen, and plastic-based products such as reticulation supplies are also being monitored.

Based on the economic data available and assessment of impacts to ongoing service delivery, the City has developed a financially responsible budget that maintains the flexibility to be responsive to global economic volatility but continues to deliver on the objectives of its long-term financial plan.

In doing so the City is anticipating and planning for increases to the cost-of-service delivery but also acknowledges parts of the community have been and will continue to be impacted by current cost of living pressures being faced across the Western Australian Economy.

Having given consideration to the current global economic situation and ongoing cost of living pressures being faced by the community, the City is there for proposing to contain the increase to revenue generated by rates to an average of 5.5%. The intent being that this figure will be reflective of or within relative proximity to the estimated Consumer Price Index (CPI) at time of budget adoption.

The proposed budget and advertised differential rates have therefore been modelled on an average increase in rate revenue of approximately 5.5%.

Following the adoption of the City's Long Term Financial Plan (LTFP) in 2025, focus has been on continuing to grow investment into the renewal of existing assets, growing financial reserves, diversifying discretionary revenue sources and planning/budgeting for capital programs that are in line with the City's capacity to deliver. This has resulted in the City continuing to maintain a strong financial position.

Despite current economic volatility requiring the City to plan for scenarios outside of some of those existing focus areas, the proposed 26/27 budget continues to maintain a particular focus on two of those key areas. This will include refining the City's capital program to more closely reflect operational capacity as well as increasing contributions to the City's reserves in order to mitigate any potential exposure to current economic volatility. This has also enabled the city to contain any rate increase required more closely in line with CPI, in recognition of cost-of-living pressure being faced by the community.

In pursuing the objectives of the LTFP, the City's approach to allocating expenditure will prioritise the achievement of the following core objectives:

- Continue to deliver core services that meet the needs of our growing community.
- Invest in the upgrade and renewal of public infrastructure and amenity.
- Manage and maintain our parks, reserves & community infrastructure.

This will include investment into the delivery of capital projects and renewal activities across the following areas:

- $7.9m across our parks and recreation reserves
- $4.7m towards road/pedestrian safety and traffic calming
- $2.6m across key heritage assets
- $1.8m for the improvement of public amenity and infrastructure
- $1.0m towards the upgrade of community facilities

2026-27 will see an estimated 60% of the capital projects budget allocated to projects outside of our CBD indicating that the majority of our capital projects budget is focused on investing in the suburbs.

In addition to capital projects, the City's ongoing capital renewal programs will also result in the investment of over $10.2m into following areas:

- Building maintenance and renewal
- Drainage
- Footpaths
- Parks and reserves
- Plant, equipment and vehicles
- Road safety and maintenance

- Street lighting
- Bike infrastructure

The City will also continue to deliver core services to the community via a substantial $100m operating program reflected in the draft budget document presented with this report.

Following the adoption of the 2026-27 annual budget, the City's long term financial plan will be updated early in the financial year to better reflect the recent volatility being experienced within state, national and global economies so that the City can maintain a clear and more accurate view of our longer-term financial priorities amid uncertain economic times.

Key 2026/27 Budget Highlights

In noting the previously mentioned priorities, further 2026/27 budget highlights include:

- $22.5m in expenditure on delivery of capital projects and renewal
- $100m in operational expenditure for the delivery of services to the community

Operational expenditure highlights include:

- $15.2m towards the operation of our key community facilities including the Fremantle Library, Fremantle Leisure Centre, Fremantle Arts Centre and Fremantle Community Legal Centre, a large portion of which is offset by the fees and charges income and grant revenue generated by those facilities.
- $12.7m towards parks, landscapes and natural areas
- $10.1m towards the delivery of waste and resource recovery initiatives
- $7.3m towards the ongoing maintenance of our buildings and facilities
- $3.2m towards the delivery of economic development, business support, tourism marketing, visitor servicing and investment attraction initiatives
- $2.2m towards the delivery of arts, culture and festivals
- $2.2m towards community safety

Capital project expenditure highlights include:

- $4.7m for Hilton Park Master Plan Projects
- $1.55m for Samson Park Master Plan Projects
- $1.11m for drainage works at Fremantle Saling Club and Johannah Street
- $600K for Pedestrian Crossings at Douro Rd and Sth. Tce. Roundabout
- $300K for drainage works at the Town Hall
- $250K for forward works on South Beach dog beach toilets
- $220K for electrical upgrades at the Old Fire Station
- $200K for public toilets at Pioneer Park

- $25K for floodlights at Fremantle Park

Capital renewal expenditure highlights include:

- $4.1m for roads and road safety
- $1.4m for plant, equipment and vehicles
- $1.12m for footpaths
- $917K for buildings
- $715K for playgrounds
- $483K for irrigation
- $350K for drainage
- $260K for bike projects
- $250K for street lighting
- $250K for asbestos removal

Other key features of the draft budget for 2026-27 are provided to follow:

- The City will generate $70.77m in rate income, an increase of $3.23m on last year's budget. The rate income comprises 62.78% of total operating revenue, compared to 61.83% in the 2025-26.

- Total operating revenue is $112.72m, comprising $70.77m in rates, $8.06m in operating grants, subsidies and contributions, $26.87m from fees and charges, $2.60m in interest revenue, $1.80m in service charges (underground power), $0.05m in profit on asset disposals, and $2.57m in other income.

- Total operating expenditure is $119.91m, comprising $53.28m in employee cost, $40.64m in materials and contracts, $20.07m in non-cash depreciation, $2.55m in utilities, $1.25m in insurance and $2.12m in all other expenditure (including finance costs, loss on asset disposals and other expenditure)

- Total capital expenditure is $22.58m funded from $9.87m in capital grants, $1.73m in reserve funds, and $10.98m in municipal funding. Carried forward projects from 2025-26 into 2026-27 total $4.55m, which is included in the total capital expenditure.

  The full capital works list is contained within the attachments.

- There are no new loan borrowings proposed for this budget.
- Reserve funds are expected to increase by $1.71m during 2026-27, with the closing balance as at 30 June 2026 projected at $19.77m.
- Significant transfers to reserves are:
  - $0.50m to the Hilton Park Sports Reserve to fund the Hilton Park Master Plan Stage 1 project.

- $1.20m to the Strategic Asset Investment and Renewal Reserve to manage the City's asset renewal program in line with Long Term Financial Plan.
- $1.86m to the Service Charge Reserve to manage the service charge collected to fund the South Fremantle Targeted Underground Power project.

Significant transfers from reserve are:

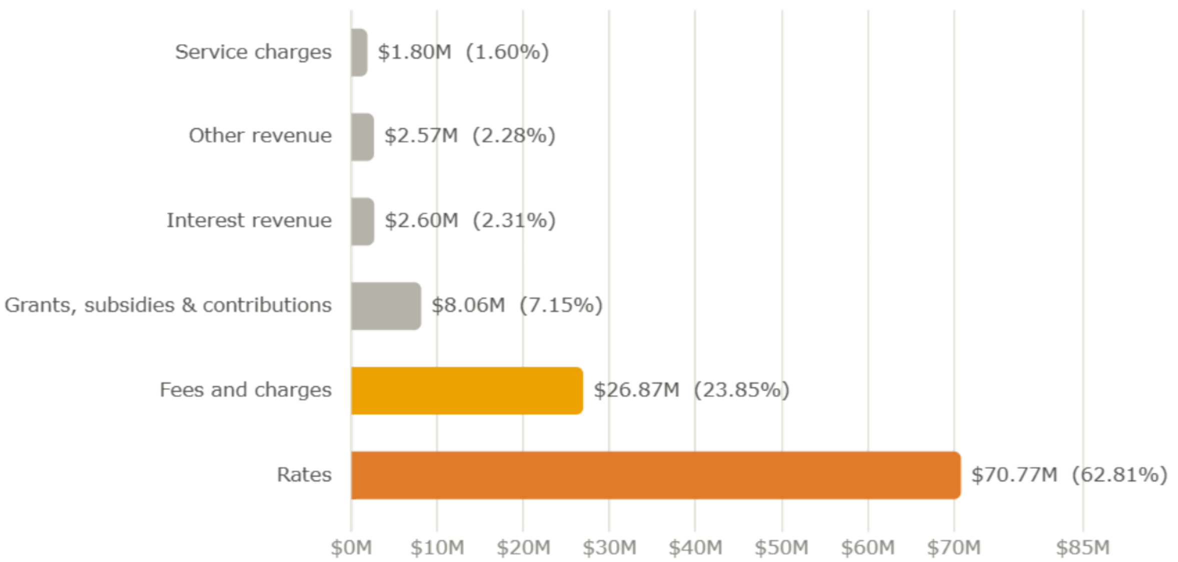
- $0.51m from Hilton Park Sports Reserve towards the Hilton Park Master Plan- Northern Zone Projects.
- $0.72m from Projects Unexpended Municipal Reserve to fund various capital projects in 2026-27.
- $0.50m from Strategic Asset Investment and Renewal Reserve to fund the Respite Centre capital project.

Operating Budget

REVENUE

The operating revenue budget totals $112.68m and is comprised of:

Operating Revenue
2026-27 Budget



	Budget 2026-27	Budget 2025-26
Rates (incl. Specified Area)	$70.77m	$67.5m
Service Charges	$1.80m	$1.8m
Operating Grants, Subsidies and Contributions	$8.06m	$8.8m
Fees and Charges	$26.87m	$26.4m
Interest Earnings	$2.60m	$2.4m
Other Revenue	$2.57m	$2.2m
Total Operating Revenue	**$112.68m**	**$109.2m**

- Rates – 62.81%

  Total revenue from rates will increase by $3.23m due to an average proposed rates increase of 5.5%. The increase is in line with rising cost pressures outlined earlier in this report, ensuring that renewal works, services and provision of amenities are maintained within a changing economic environment.

- Service Charges – 1.60%

  The 2026-27 budget includes $1.80m service charge income for South Fremantle Targeted Underground Power and $9k service charge income for povision of a community bore in White Gum Valley.

- Operating grants, subsidies and contributions – 7.15%

  Total revenue from operating grants, subsidies and contributions is $0.73m lower than the 2025-26 adopted budget of $8.79m. This variance is largely attributable to $3.4m in grants associated with the Carnevale event that were included in the 2025-26 adopted budget but did not proceed. As a result, the 2025-26 budget was subsequently amended to $4.91m to reflect the removal of these grants. The 2026-27 budget of $8.06m therefore represents an increase of $3.15m above the 2025-26 amended budget position, reflecting a return to a more normalised grants profile.

- Fees and charges – 23.85%

  Fees and charges will increase by $0.43m compared to the 2025-26 budget. The main contributors are an increase in parking revenue, leisure centre health club revenue, and commercial leases.

  Details on each individual fee and charge proposed are provided in the Fees and Charges schedule that forms part of the Annual Budget document, attachment 5.

- Interest Earnings – 2.31%

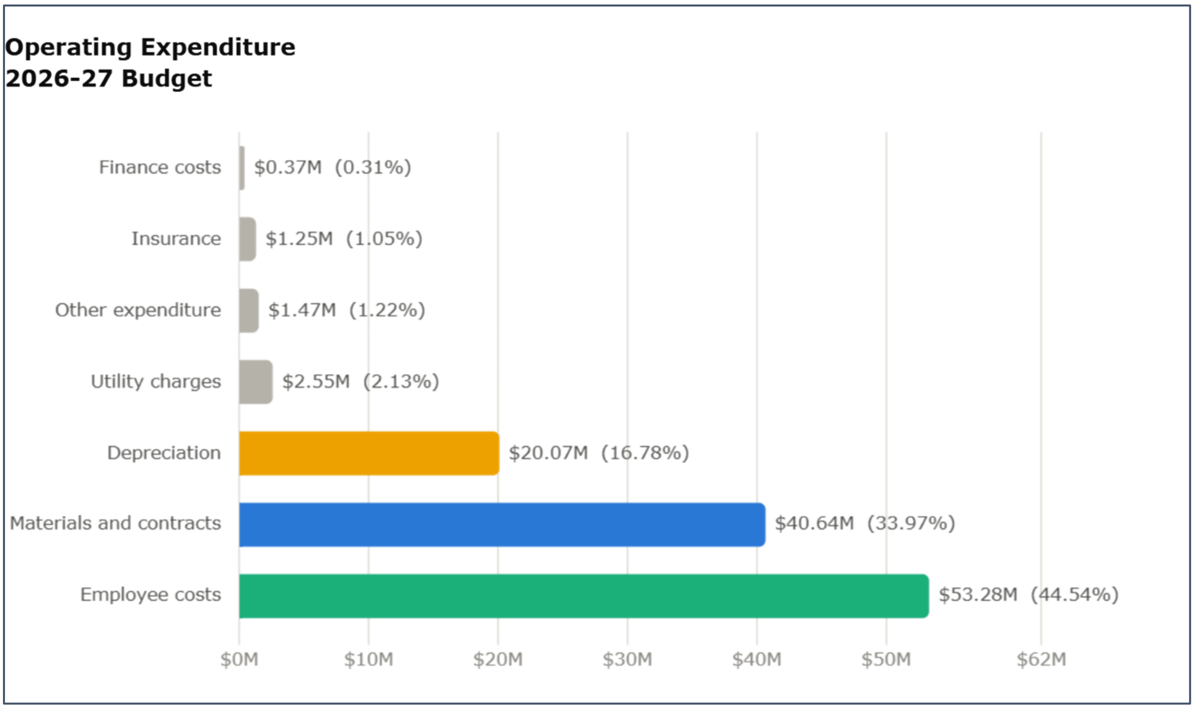
  Total revenue from interest earnings is estimated to increase by $0.19m based on the current interest rate settings and available cash funds for investment.

- Other revenue – 2.28%

  Total revenue from other revenue will increase by $0.40m, mostly attributed to South Lawn events and the Containers for Change program.

EXPENSES

The operating expenses budget totals $119.62m and is comprised of:



	Budget 2026-27	Budget 2025-26
Employee costs	$53.28m	$51.4m
Materials and contracts	$40.64m	$40.8m
Utilities	$2.55m	$2.5m
Depreciation	$20.07m	$21.9m
Finance costs	$0.37m	$0.4m
Insurance	$1.25m	$1.2m
Other expenditure	$1.47m	$1.3m
Total Operating Expenses	**$119.62m**	**$119.5m**

- Employee costs – 44.54%

  Total expenses from employee costs will increase by $1.87m compared to 2025-26 budget, driven by increases in salaries and wages and workers compensation insurance cost.

- Materials and contracts – 33.97%

  Total expenses from materials and contracts will increase marginally by $0.14m as the City focuses on delivering core services and key projects in response to cost-of-living pressures. Increases also reflect CPI and market adjustments applied to recurring costs.

- Utility Charges – 2.13%

  Utility charges comprise electricity, gas and water costs, based on forecast unit charges together with any growth in usage. Total utility expenses are expected to increase slightly from 2025 -26 primarily due to price escalations anticipated in the energy market.

- Depreciation – 16.78%

  Depreciation of $20.07m reflects the consumption of the City's asset base across all asset classes during the year. While it is a non-cash item, depreciation is an indicator of the rate at which the City's assets are being used up, and informs the level of capital investment required to sustain service delivery over the long term. The City's asset renewal strategy, reflected in its Long Term Financial Plan, uses depreciation as a key benchmark in planning future capital expenditure to ensure the City's infrastructure and facilities remain fit for purpose for the community.

- Finance costs– 0.31%

  Total expenses from interest expense will increase by $16k, reflecting interest on new lease agreements entered into during the year. Interest expense on loan agreements with the Western Australian Treasury Corporation (WATC) remains stable and is reducing progressively as outstanding principal balances are repaid.

- Insurance – 1.05%

  Total insurance expense is estimated to increase by $6k, reflecting higher premiums across the City’s insurance portfolio, excluding workers compensation which is reported under employee costs.

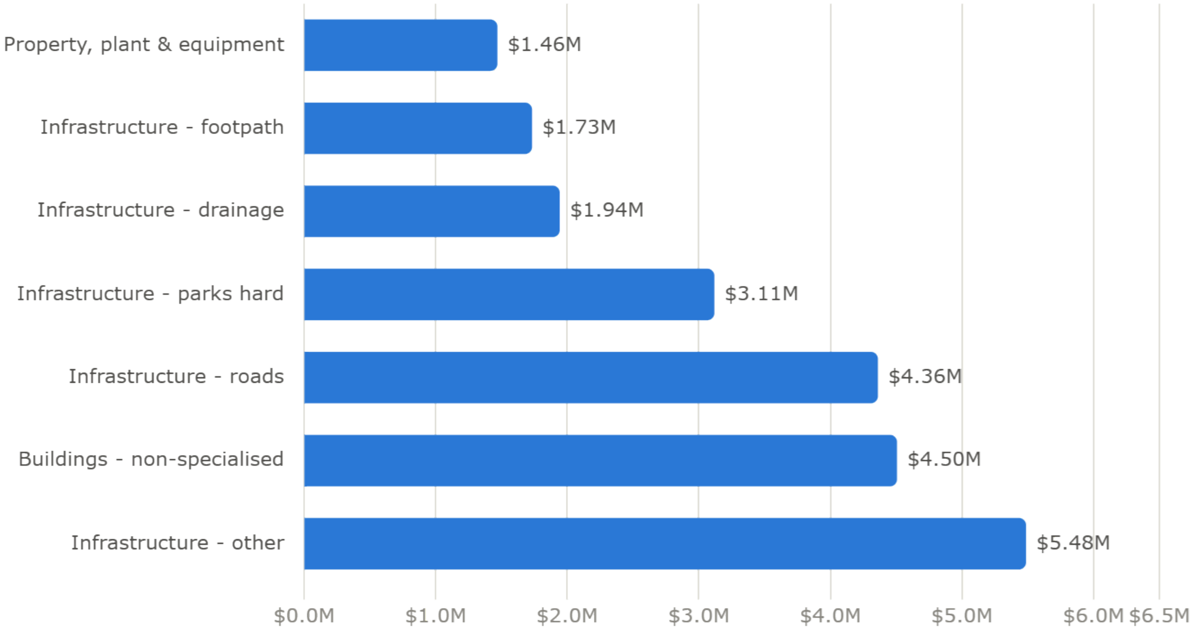
- Other expenditure – 1.22%

  Other expenditure comprises statutory fees, councillor fees and donations and subsidies made to community groups. This will decrease by $0.13m mainly due to the cessation on the City’s contributions to the Resource Recovery Group (RRG) following the City’s withdrawal from that entity.

Capital Projects

The 2026-27 capital budget includes $22.58m in capital expenditure across key areas outlined in the chart:

Capital Expenditure
2026-27 Budget



Some of the major projects included in the capital budget are referenced in the budget highlights section. A detailed listing of all capital works projects is included in Attachment 3 – Proposed Budget for Capital Works 2026-27.

The capital budget includes no new loan borrowings for 2026-27. The opening loan principal balance as at 1 July 26 is $15.23m and, after scheduled principal repayments during the year, the estimated closing balance as at 30 June 2027 is $14.08m.

Carry Forward Capital Projects

As at 30 June 2026, a number of capital projects and asset replacements remain incomplete. This may be due to:

- The size and complexity of projects that require delivery across multiple financial years to ensure accurate planning and effective implementation; and
- Projects that experienced delays due to supply chain disruptions and/or labour shortages.

It is estimated that the carry-forward capital projects from 2025-26 will amount to $4.55m, bringing the total Capital Works Program for 2026-27 to $22.58m. The carry forward component is fully funded from the 2025-26 budget, with actual amounts to be adjusted based on final end of year results.

In prior years, projects that had not yet commenced were also carried forward into the following year's budget. For 2026-27, the City has adopted a more disciplined approach by removing projects yet to commence from the capital budget, ensuring the program reflects a realistic and deliverable work plan.

Proposed Rates

An advertisement calling for public submissions on the differential rates was placed on the webpage from Saturday 16 May 2026. The advertisement was also placed in The Fremantle Herald newspaper, the City's public notice board and the City's social media pages. Two submissions were received for the differential rates within the closing period and 1 additional submission received after the closing period.

The City also advertised the proposed service charge for the South Fremantle and Fremantle South targeted underground power project.

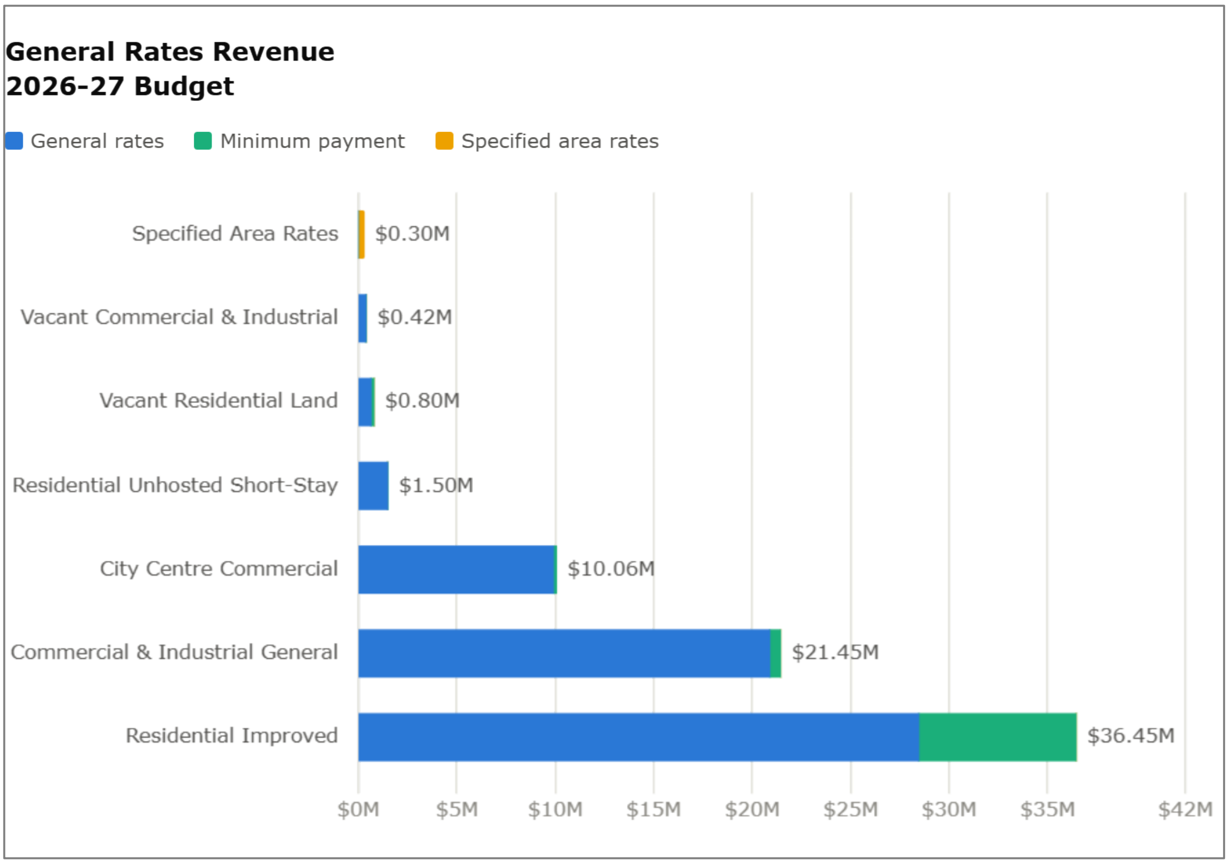
The proposed 2026-27 rating structure, nominated Rates in the Dollar and minimum payments which are recommended for consideration are as follows:

DIFFERENTIAL RATE CATEGORY	RATE IN THE $	MINIMUM PAYMENT
Residential Improved	0.071562	$1,925
Commercial and Industrial General	0.109900	$1,925
City Centre Commercial	0.109900	$1,925
Residential Un-hosted Short-Term Accommodation	0.140000	$1,925
Vacant Residential Land	0.143053	$1,925
Vacant Commercial and Industrial	0.143053	$1,925

The proposed 2026-27 specified area rates to be applied, increased by 5.5% on 2025-26, are provided in the table to follow:

SPECIFIED AREA RATES	PURPOSE	RATE IN THE $
CBD Security Levy	A safety and security strategy for a specified area of the Fremantle CBD.	0.0016052
Leighton Maintenance	To fund the above normal costs associated with maintaining the higher standard of landscaping of the Leighton residential area.	0.0069447

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



<u>Alternative Rate Payment Options</u>

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 amended its Financial Hardship Policy to provide more accessibility to all ratepayers to ensure that those in financial stress or a position of vulnerability have the City's support.

Gross Rental Valuation (GRV) Year

The gross rental value (GRV) is the total annual rent a property might reasonably be expected to earn each year if it was rented out.

The GRV is determined by the Valuer-General for all rateable and leviable properties in Western Australia. Landgate provides these figures to Local Governments who use it to work out the rates, service charges, and levies that property owners must pay.

To determine rates charges Local Governments set their own rate in the dollar to be charged. The rate in the dollar figure is then multiplied by the GRV to determine the charge. Every three years the Valuer General conducts a revaluation of the GRV attributable to each property. Depending on market conditions this will either result in a reduction or increase in the GRV, which is then used to calculate rates.

A GRV revaluation has recently been completed and therefore updated GRV values will apply to 2026/27 rating. Due to the strength of the Western Australian property market, this year's revaluation has seen a relatively strong increase in GRVs across most residential properties within the Fremantle LGA.

The City has adjusted the rate in the dollar (RID) in line with the average valuation change in each rating category to ensure that where possible rates generally remain in line with the general increase to rating revenue required to be raised.

Western Power Targeted Underground Power Program

The 2026/27 financial year will see the continuation of the Targeted Underground Power Project (TUPP) being delivered by Western Power for the South Fremantle and Fremantle South project area.

This will be the second year the City collects a service charge from properties within the project area to fund the resident and Western Power owned infrastructure being delivered as part of the project. While this does not impact the proposed differential rates, the service charge was advertised with the differential rates to ensure the community remains aware of the project and associated charges.

In 2025/26 the City collected $1.79m in service charges from property owners for the South Fremantle Underground Power project. The funds are held in the South Fremantle Underground Power Reserve. Any interest generated on the funds being held is contributed back into the project. The funds will be drawn down upon by Western Power as and when they make cash calls at varying stages throughout the project.

The total project cost is currently estimated by Western Power at approximately $53.8m (+/-30%). Based on the number of properties in the project area, this roughly equates to a cost of $24,000 per property however Western Power are substantially subsidising the project to the tune of around 80%. This means the City will only be required to recover an estimated cost to ratepayers of approximately $14.3m. This cost is being recovered via the collection of the service charge as part of annual rates notices over a 7-year period. This does not include any interest costs, as it is still the City's intent not to take on any borrowings for this project.

Two service charges are collected from residential and commercial property owners within the project area, being the property connection service charge and the transmission infrastructure service charge. Further information about how service charges are applied to different categories of property is available at www.fremantle.wa.gov.au/tupp

The table to follow provides an overview of estimated service charges by category for year 2 (2026/27), noting that costs may be subject to change pending any scope or cost changes applied to the project by Western Power and will be assessed annually.

Category	Estimated Number of properties	Estimated Transmission Service Charge per property	Estimated Connection Service Charge per property (if applicable)	Estimated Total Service Charge Yr 2
Single Residential	1162	$421.40	$612	$971,923
Multi-Dwelling (2-4 Units)	485	$339.31	$612	$380,601
Multi-Dwelling (5-10 Units)	188	$240.80	$612	$109,530
Multi-Dwelling (10+ Units)	416	$218.91	$612	$147,983
Micro/Shop House	104	$421.40	$612	$76,873
Commercial Small	42	$842.80	$612	$50,698
Commercial Medium	38	$1,264.20	$612	$52,935
Commercial Large	3	$1,685.60	$612	$5,669

All funds collected via the service charge will be placed in a reserve and drawn upon to fund the project. The project remains in the design stage and the City will continue to keep the community updated as Western Power progresses with the project.

Short Term Accommodation Differential Rate

The City currently applies a short-term accommodation differential rate to properties that utilise part or all their home for the purposes of short-term holiday rentals. Tourists utilising short term accommodation access and utilise infrastructure, facilities, and services across the City and not just at the properties they are staying in so it’s important that there is mechanism to cover the additional cost of providing this.

Commercial properties that provide tourism related services such as hotels cover the cost of this additional service delivery via payment of commercial rates, as well as contribute significantly to the promotion of Fremantle as a tourism destination via their own investment in marketing, promotion and visitor servicing. The short-term accommodation differential rate is therefore applied to the owners of residential land used for the commercial purpose of short stay accommodation to ensure those properties contribute to the additional service delivery required to service tourism activity.

Following changes to State legislation in 2024, all properties listed on short-term accommodation platforms (i.e. AirBnB, Stays) are required to be listed on the State Government's Short Term Rental Accommodation (STRA) Register. As a result of this change, the City applied its existing short-term accommodation differential rate to all properties appearing on the State's STRA register.

Following the implementation of this change, the City received feedback from a number of residential short-term accommodation providers who provide hosted accommodation options (i.e. they remain living in the home but make 1 or 2 rooms available for guests). Feedback suggested that the application of the differential rate in its current form to providers of 'hosted' accommodation was making it difficult to remain viable for community members making only parts of their property available, with many retirees suggesting they also use it as an opportunity to socialise and stay connected with people.

Upon consideration of this feedback, the City is proposing a change to the objects and reasons for the short-term accommodation differential rating category for 2026/27, to only include properties on the STRA register that provide un-hosted accommodation options (entire house is made available for the purpose of commercial accommodation).

Notwithstanding the need to cover the additional cost of service delivery associated with these properties, housing pressures that are currently being faced across Western Australia may also be exacerbated by entire residential properties being made available for short term accommodation, when they could be providing suitable longer term rental accommodation – particularly as Fremantle continues to see positive growth in commercial hotel investment across its key tourism precincts.

VOTING AND OTHER REQUIREMENTS

Absolute Majority Required

DECISION MAKING AUTHORITY

Council

COUNCIL DECISION ITEM SC2607-1
(Officer's recommendation)

Moved: Cr Frank Mofflin **Seconded: Cr Fedele Camarda**

Council:

1. **Notes the submissions received regarding the differential rates which were advertised for a minimum of 21 days from 16 May 2026 in attachment 1.**

2. **Council adopts the following:**

2.1. Annual budget for the financial year ending 30 June 2027;

Pursuant to the provisions of Section 6.2 of the Local Government Act 1995, Part 3 of the Local Government (Financial Management) Regulations 1996, and in accordance with the provisions of Australian Accounting Standards, the Council adopt the Municipal Fund Budget as contained in Attachment 2 for the City of Fremantle for the 2026-27 financial year which includes the following:

- **Statement of Comprehensive Income by Nature and Type showing a net result for that year of $2,681,749.**
- **Statement of Cash Flows, showing cash at end of the year position of $7,402,351.**
- **Statement of Financial Activity, showing an amount required to be raised from general rates of $61,810,664.**
- **Notes to and Forming Part of the Budget**
- **Capital works projects listing of $22,583,722 contained in attachment 3.**
- **Transfers to/from Reserve Accounts as per note 9(a) of attachment 4.**

2.2. New Reserve;

Pursuant to Section 6.11(1) of the *Local Government Act 1995* create a New Reserve titled "Strategic Asset Investment and Renewal Reserve" the purpose of which is to fund strategic asset delivery and renewal, in line with the City's long-term financial plan.

2.3. Rename Reserve;

Rename the Reserve titled "Projects Unexpended Municipal Reserve" to "Carried Forward Projects Reserve" the purpose of which remains the same; To hold municipal funding for uncompleted or deferred projects, that will be completed and expended in ensuing financial years.

2.4. 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 2026-27 financial year:

DIFFERENTIAL RATE CATEGORY	RATE IN THE $	MINIMUM PAYMENT
Residential Improved	0.071562	$1,925
Commercial and Industrial General	0.109900	$1,925
City Centre Commercial	0.109900	$1,925
Residential Un-hosted Short-Term Accommodation	0.140000	$1,925
Vacant Residential Land	0.143053	$1,925
Vacant Commercial and Industrial	0.143053	$1,925

2.5. Service charge;

Pursuant to Section 6.38 of the Local Government Act 1995 Council impose the following service charge for the Targeted Underground Power Project South Fremantle and Fremantle South for 2026-27 financial year for the boundary in Appendix 1 in Attachment 2:

CATEGORY	Transmission Service Charge per property	Connection Service Charge per property (if applicable)
	$	$
Single residential	421.40	612
Multi Dwelling (2-4 Units)	339.31	612
Multi Dwelling (5-10 Units)	240.80	612
Multi Dwelling (10+ Units)	218.91	612
Micro/Shop House - GRV under $50K	421.40	612
Small - GRV $50K - $100K	842.80	612
Medium - GRV $100K - $1 million	1,264.20	612
Large - GRV over $1 million	1,685.60	612

2.6. Concessions/waiver;

Pursuant to Section 6.47 of the Local Government Act 1995, Council adopts to grant rate concessions of $211,872 to the properties identified and as prescribed in Note 2(g) of the proposed 2026-27 annual budget.

Concessions adopted are capped at $12,000pa maximum per ratepayer in budget 2026-27.

2.7. 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: Option 1 (Full Payment)
Full amount of rates and charges, including arrears, to be paid on or before 11 September 2026 or 35 days after the date of issue appearing on the rate notice, whichever is later.

Option 2 (Four Instalments)
First Instalment to be paid on or before 11 September 2026 or 35 days after the date of issue appearing on the rate notice, whichever is later, including all arrears; and

Second Instalment to be paid on or before 13 November 2026, or 2 months after the due date of the first instalment, whichever is later.

Third Instalment to be paid on or before 15 January 2027, or 2 months after the due date of the second instalment, whichever is later.

Fourth Instalment to be paid on or before 19 March 2027, or 2 months after the due date of the third instalment, whichever is later.

Option 3 Forty (40) weekly instalments (for direct debits only):
Commencing direct debit date – Friday 11 September 2026
Final payment direct debit date – Friday 11 June 2027

Option 4 Twenty (20) fortnightly instalments (for direct debits only):
Commencing direct debit date – Friday 11 September 2026
Final payment direct debit date – Friday 4 June 2027

2.8. 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 the following instalment administration charges for ratepayers who elect to pay rates and charges by instalment:

- **A fixed administration charge of $43.20 for the four-instalment plan, being $14.40 for each instalment after the initial instalment is paid; and**

- **A fixed administration charge of $33.00 for payment by direct debit, applicable to both the weekly (40 payments) and fortnightly (20 payments) direct debit options.**

2.9. 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.

2.10. 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 11% for rates, charges and costs of proceedings to recover such charges that remains unpaid after becoming due and payable, the rate of interest that may be set by a local government in its 2026-27 annual budget may not exceed 11%.

2.11. Fees and Charges;

Pursuant to Section 6.16 of the Local Government Act 1995 and other legislation, Council adopts the Fees and Charges included within Proposed Fees and Charges Schedule for 2026-27 as per attachment 5.

2.12. Elected Members' Fees and Allowances for 2026-27;

Council adopt the following Elected Members' fees and allowances, in accordance with the Salaries and Allowances Tribunal determination dated 12 June 2026:

a) Pursuant to Section 5.99 of the Local Government Act 1995, Council adopts the following annual attendance fee for payment of elected members in lieu of individual meeting attendance fees:
- **Mayor $55,078**
- **Deputy Mayor $36,722**
- **Councillors $36,722**

b) Pursuant to Section 5.99A of the Local Government Act 1995, 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, Council adopts the following annual allowance, to be paid in addition to the annual meeting attendance fee:
- **Mayor $104,032**

d) Pursuant to Section 5.98A of the Local Government Act 1995, Council adopts the following annual allowance, to be paid in addition to the annual meeting allowance fee:
- **Deputy Mayor $26,008**

2.13. Elected Member superannuation contribution payment; Pursuant to Section 5.99B of the Local Government Act 1995, Council notes that Elected Members will receive a superannuation contribution payment in accordance with the *Superannuation Guarantee (Administration) Act 1992*.

2.14. Meeting attendance fee for independent committee members for 2026-27; Pursuant to Section 5.100 of the Local Government Act 1995, Council adopts the following meeting attendance fee (per meeting), as per the Salaries and Allowances Tribunal determination dated 12 June 2026:
- **Independent Committee Member $1,215**

3.0 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 2026-27 for reporting material variances shall be 10% together with minimum value of $100,000.

Carried: 7/0
For:
Mayor Ben Lawver, Cr Fedele Camarda, Cr Geoff Graham, Cr Andrew Sullivan, Cr Frank Mofflin, Cr Pip Slaughter and Cr Melanie Clark

Against:
Nil

Closure

The Presiding Member declared the meeting closed at 6:08 pm.