

# Peninsula

July 2016  
Special Edition

## Message from your Council

**THE CITY OF SOUTH PERTH COUNCIL** is proud to present the 2016/2017 Annual Budget. Council acknowledges the hard work and effort that has gone into developing this budget. It has evolved through a carefully considered process that demonstrates the responsible management of our community's financial resources.

Developed over the past six months, this budget delivers real, tangible benefits to our community and residents through the allocation of funds for major community projects, high quality services and infrastructure that will actively enhance the wonderful City we live in.

The budget sees the completion of the Manning Community Hub, a fabulous new facility which is due to open in early 2017. The Hub will include the new Manning Library, a community hall, health clinic, sporting clubrooms and much more. It will create a vibrant, new heart for Manning and surrounding areas.

The budget also allocates funds for the upgrade of Ernest Johnson Reserve in South Perth. This project will see the replacement of the old clubrooms, change-rooms, toilets and meeting hall with a modern, purpose built, integrated facility providing a home for the football and cricket clubs, WAFL umpires, South Perth RSL, Rotary and community groups that currently use the site.

In addition, the City is committing further funding to upgrade the Millers Pool precinct to make this iconic South Perth foreshore site even more appealing and accessible for residents and

visitors to our community. Upgraded landscaping in the precinct, revamped parking areas, improved pedestrian paths and amenity improvements including picnic and seating areas with shelters and shady trees will create a welcoming public space that also recognises the history associated with this site.

This budget really does provide maximum community benefit from each dollar spent. It demonstrates a 'value for money' philosophy, providing funding for responsible governance, an extensive range of community services and capital initiatives that maintain and improve the City's infrastructure, community buildings and parklands.

In order to fund these community services and projects, rates will increase by 3.65% in 2016/2017. The combined increase in Council Rates, Rubbish Charges and Emergency Services Levy for an 'average' property in the City for 2016/2017 will be 4.06% or \$1.73 per week.

This increase is a result that stands up very well against our metropolitan local government peers. Minimum rated properties will experience a 3.32% increase in combined charges.

In the context of the challenging economic climate in which this budget was developed, Council prides itself on delivering a responsible, value for money budget. We are pleased to present the 2016/2017 Budget to our community and we look forward to working with you to make our vision for the City of South Perth a reality. ■

# Budget Snapshot



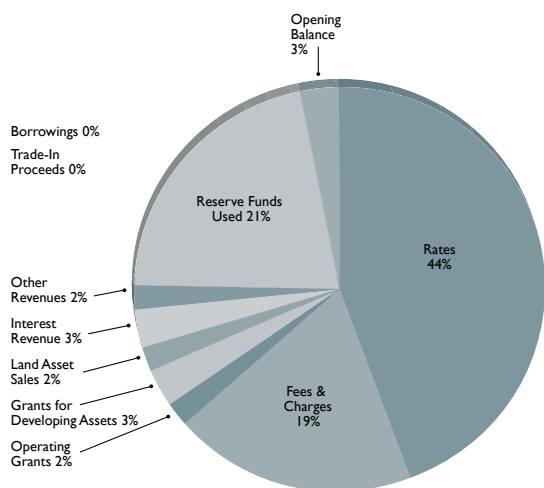
## Funding

- Budget supports the City's long-term financial sustainability
- Strong Financial Health Indicator (FHI) score is maintained
- Rate in the \$ of Gross Rental Value (GRV) increases 3.65% from 6.3098 cents to 6.5400 cents
- Rubbish Service Charge increases 3.81% from \$262 to \$272
- Capital Grants of \$2.61M obtained to support infrastructure works
- Operating Grants of \$1.71M obtained
- Investment revenue of \$2.58M reduces dependence on rates
- Strategic land disposal proceeds of approximately \$2.00M are anticipated
- Major capital projects receive a \$10.3M net contribution from cash-backed reserves.

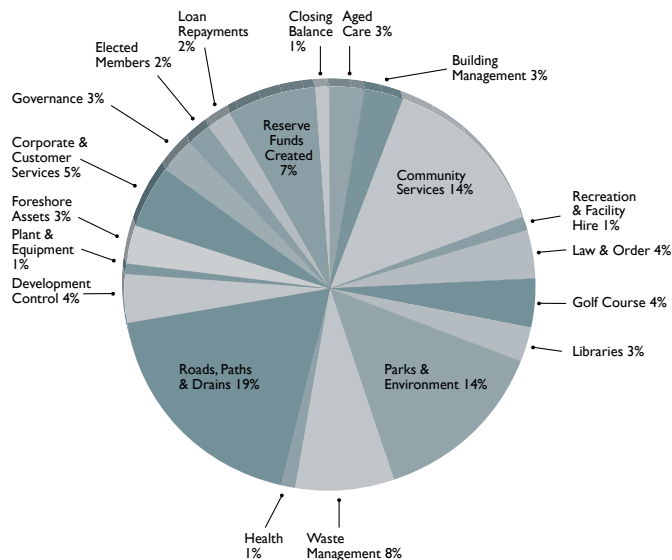
## Expenditure

- Capital program to acquire, construct or replace infrastructure and assets of \$34.33M
- \$3.50M carried forward to complete the Manning Community Hub
- \$7.50M for the Ernest Johnson Reserve precinct upgrade - Stage 1
- \$2.00M to complete the Millers Pool precinct redevelopment
- \$3.50M to commence the Connect South project - Stage 1
- \$2.87M towards maintaining and improving our road network
- \$0.91M for upgrading storm water drainage infrastructure
- \$0.45M to provide safer and better paths in and around the City
- \$1.39M for traffic management initiatives.
- \$0.95M to upgrade our parks and reticulation systems
- \$0.33M to enhance our streetscapes
- \$0.23M towards managing our natural environmental
- \$0.53M to upgrade existing City and community buildings
- \$0.50M to introduce more efficient water management systems at the Collier Park Golf Course
- \$0.20M towards planning studies and developing planning strategies
- \$0.31M for new library management systems
- \$2.26M non-recurrent spending on studies, forward planning and design activities
- \$1.40M funding for new technology/digital service delivery models
- \$53.83M to support all operational services delivered by the City.

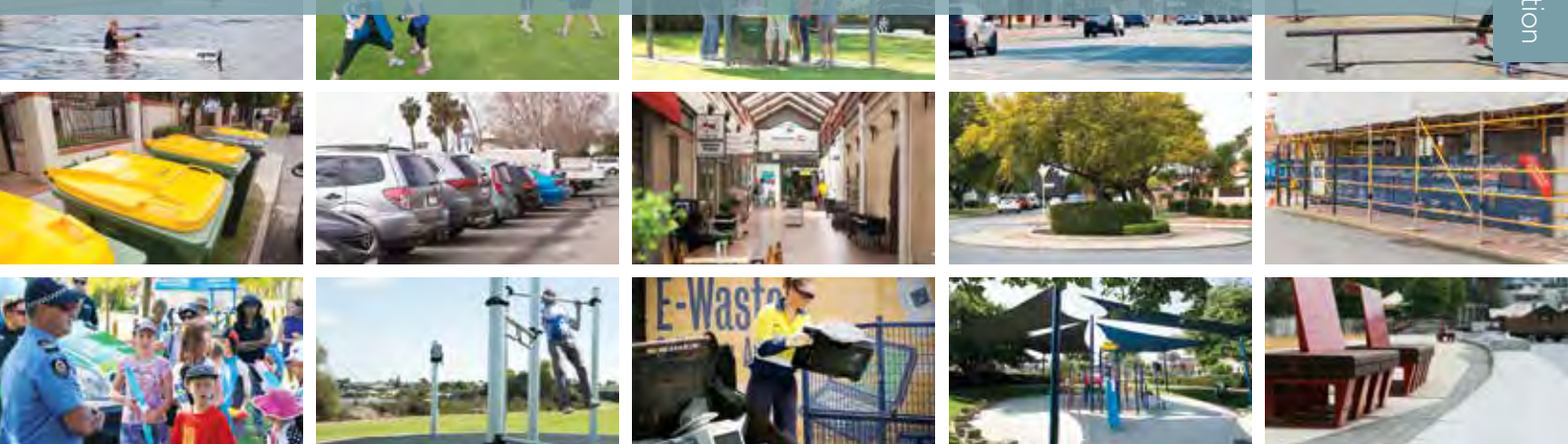
## 2016/2017 Annual Budget – Where the Funds Come From



## 2016/2017 Annual Budget – Where the Funds are Spent



# Investing in the community and value for money



**WE BELIEVE THAT** it is important that our ratepayers understand and appreciate what they get in return for paying their rates. Unlike some other transactions, the direct value that you receive from payment of rates and charges may not be readily apparent.

Paying your rates and charges is like paying for a membership of the South Perth community. The average property owner in our City pays around \$38 per week for that 'membership'.

In return for paying this fee, you and your family are entitled to enjoy around 200 different services or facilities that are provided or supported by the City of South Perth.

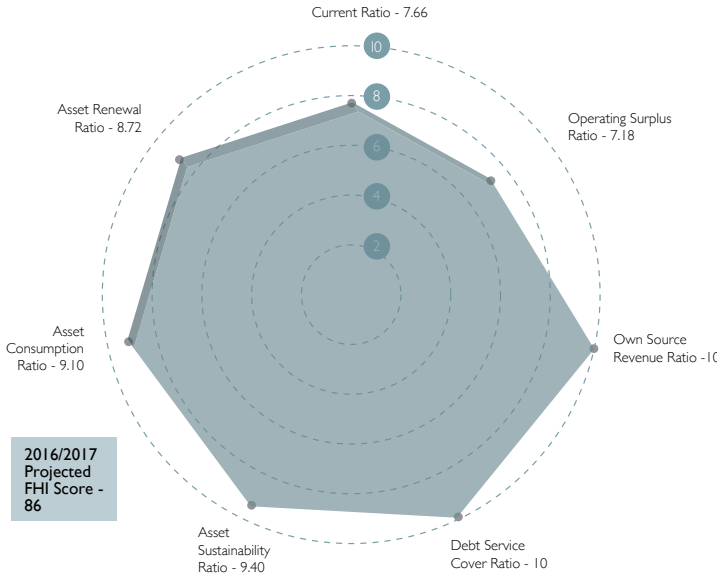
This is just a small sample of the many value for money services and facilities that are provided by your local government. The City also advocates on your behalf to state and federal governments to secure their support and funding for larger initiatives such as a railway station, major transit routes, river walls and other essential community infrastructure. ■

## Projected Key Financial Indicators (at 30 June 2017)

<b>Operating Surplus Ratio</b> (Industry benchmark is between 0% and 15%)	1.9%
<b>Own Source Revenue Ratio</b> (Industry benchmark is greater than 90%)	98.5%
<b>Current Ratio</b> (Industry benchmark is greater than 100%)	111%
<b>Debt Service Ratio</b> (Industry benchmark is greater than 5.0)	5.61
<b>Asset Consumption Ratio</b> (Industry benchmark is 50% - 75%)	67.8%
<b>Asset Sustainability Ratio</b> (Industry benchmark is 90% - 110%)	114%
<b>Asset Renewal Ratio</b> (Industry benchmark is 75% - 95%)	94.3%

The projected key financial indicators (KFI) shown above demonstrate the City's solid financial fundamentals and potential for long term financial sustainability. These indicators provide convincing evidence that the strategies underpinning the City's Long Term Financial Plan create a responsible financial blueprint for the future of our City.

## Financial Health Indicator



This is a visual representation of WA Treasury's independent assessment of the City's financial standing. It was calculated using the 7 statutory Key Financial Indicators (KFI) required to be disclosed by all local governments.

The more 'plump and rounded' the graph is, the better the financial health. The further inside the radar 'web', the more likely it is that a local government may be under some financial stress.

The KFI ratio calculations also are used to derive a Financial Health Indicator (FHI) score for each local government. A minimum score of 70 is required to demonstrate sound financial management.

# Why is CPI not a relevant basis for setting the rates increase?

**THE DEPARTMENT OF LOCAL GOVERNMENT'S** guidelines on rating procedures state that Councils should not just increase the previous year's rates by a %, but rather that the amount required to be raised from rates should be derived through the process known as the 'Rate Setting Statement'. This process is explained on Page 1.03 of the City's 2016/2017 Annual Budget in narrative form - and the resulting financial statement is presented on Pages 2.04 to 2.06 of that document.

As shown in this statement, the rate setting process is a structured and balanced process to ensure that local governments have financial capacity to deliver what they plan to.

The proper 'rate setting process' carefully considers not only what is required to maintain the status quo in terms of service delivery, but it also considers what funding will be available for asset renewal and the creation of new community facilities. The necessary capital funding is unlikely to be provided through a Consumer Price Index (CPI) increase in rate revenues.

CPI is a measure of the increase in the cost of goods and services determined using a typical household 'basket of goods'

that includes among other things; food, tobacco, clothing and footwear, household appliances, medical services, holiday travel and education - many of which have no relevance to local government.

Many costs that are highly relevant to local government are actually priced by state government and their increases bear little resemblance to CPI. Examples of these cost increases include electricity (general use), electricity (street lighting), water use, ESL, Western Australian Treasury Corporation Loan Guarantee Fee, Waste Levy and Fuel & Petroleum Products (used not only for fleet and machinery running costs, but also impacts on the cost of rubbish collection services and roadworks - which rely heavily on bituminous products). Many of these costs have increased by between three and five times CPI over the last five years and some by up to 60 times CPI. The non-residential construction cost index is also highly relevant to local government capital works projects, but also has little relevance to CPI. Therefore, CPI is not considered to be a suitable basis for setting rates increases. ■

## Rubbish Service Levy

The most recognised service provided by local government is waste management. Your rubbish service levy provides for a weekly rubbish service and fortnightly recycling service - supplemented by two green waste, one general waste bulk kerbside collection and three free entries a year to the City's Collier Park Waste Transfer Station for all resident ratepayers.

A modest increase in the rubbish service levy was necessary for 2016/2017 with the standard rubbish service levy increasing from \$262 to \$272. Despite this increase, the City's rubbish service charge remains very much at the lower end of the levies charged by our peer local governments.

## Strategic Land Disposals

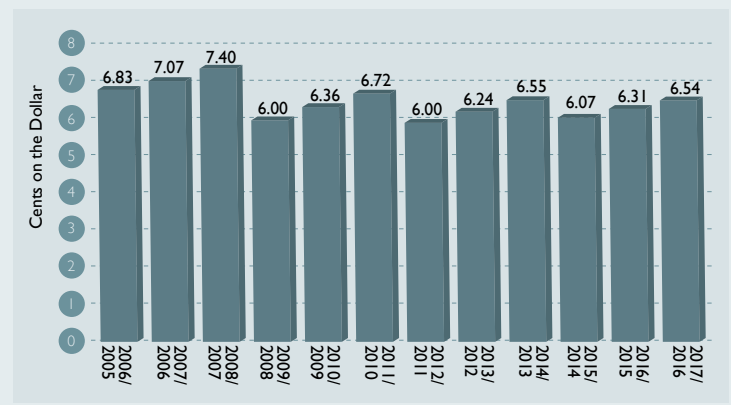
In 2016/2017, the City will conclude the disposal of a strategic land parcel at Manning to convert this unproductive land asset into cash that will provide funding towards major community facilities such as the Manning Community Hub and upgrade of the Ernest Johnson Reserve Precinct.

Funds realised through this planned land disposal form part of discrete funding models for such projects in the Long Term Financial Plan. They will be quarantined in the cash backed Major Community Facilities Reserve where they will remain (flagged for their specific purpose) until funds are required to deliver those initiatives.

## How your rates are calculated

**PROPERTIES** in the City are rated based on the Gross Rental Value (GRV) of the property. GRV is an independent determination of the likely annual return on a property after deduction of rates and land taxes. For example, a property assessed as having a GRV of \$26,000 would reflect an assessed rental return after rates and taxes of \$500 per week.

Landgate provided an independently assessed GRV for every property in the City as at 1 July 2014 and it does so on a three yearly cycle. The City is required to use these values to establish the 2016/2017 rates. The rates are determined by applying a nominated rate in the dollar (6.5400 cents) to the GRV of each property to set the rates payable for each property. ■



# Major community projects in the budget

Ernest Johnson Reserve - artist rendering



## Ernest Johnson Reserve Precinct Upgrade - Stage I

\$7.50M is allocated in the 2016/2017 budget for the first stage of the Ernest Johnson Reserve Precinct Upgrade. This project will see the demolition of the current scattered and very aged clubrooms, change-rooms, toilets and meeting hall. It will be replaced with a new, modern, purpose built, integrated facility providing a proper home for the football and cricket clubs, WAFL umpires, community groups and Rotary group that currently use the various buildings in the precinct. Provision is being made for all current users of the site including personal trainers and playgroups to be accommodated in the new precinct.

Works to be undertaken will also include relocation of the cricket net area and improvements to parking and pedestrian movements in the precinct.

When finished, the upgraded precinct facilities will complement the extensive work undertaken by the City in 2010 to create the new South Perth Library and Community Centre. Work on this project is largely funded from the sale proceeds of the Civic Triangle, grant funding and monies quarantined in City cash reserves specifically for this project which is testimony to the City's very effective long term financial planning.

## Manning Community Hub

\$3.5M will be carried forward into 2016/2017 from the 2015/2016 budget allocation to complete the new Manning Community Hub. The Manning Community Hub project aims to create a new 'heart' for Manning and provide the community with a vibrant, connected and attractive precinct integrating community services and social activities.

It will include relocating Manning Library, creating a new community hall, Manning Child Health Clinic, a home for the Moorditj Keila Aboriginal Group, a sporting clubroom to house the Manning Rippers Football Club and an early years' centre that will be the home of the Manning Toy Library and a new Manning Playgroup association. The facility is expected to open in February 2017.

## Millers Pool

The City is committing a further \$2.00M in 2016/2017 to make this iconic site more appealing and accessible. Upgraded landscaping in the precinct, revamped parking areas, improved pedestrian paths and amenity improvements including picnic and seating areas with shelters and shady trees will create a welcoming public space that also recognises the history associated with this site.

## Connect South - Stage I

The 2016/2017 budget allocates \$3.5M towards Stage I of the Connect South project. Connect South is an exciting project that is critical in the context of the Perth Waters. The project will provide the amenity and public space needed to support the rapid growth in high density living that has already begun in the South Perth Foreshore precinct. It will also provide the opportunity to increase the City's cultural capital through night markets and various events.

An increasing population in the CBD and East Perth, and the new Perth Stadium, will provide impetus for an improved water ferry service. The Mends Street Jetty and surrounding piazza will be strategically activated with partnerships ensuring diverse employment opportunities for the community.

Connect South will also help the City capitalise on the increased residential numbers in the surrounding areas who will be seeking additional recreational and commercial opportunities which will provide commercial sustainability for Mends Street traders. ■



# Budget Highlights

## Maintaining Our Roads

The budget provides \$2.62M towards maintaining and rehabilitating our road infrastructure. Around 40% (\$1.06M) of this amount has been obtained from Commonwealth and State Government grants, reducing the cost to our ratepayers. Major road projects include Edgumbe St, Hovia Tce, Labouchere Rd, Waterford Ave, Welwyn Ave, Bessell Ave, Lowan Loop and the Hayman Rd/Thelma St intersection. In addition \$210,000 is provided for traffic modelling and design work in the South Perth Station Precinct.

A further \$1.27M is provided for traffic management initiatives in various precincts, with the most significant projects being the Hayman Rd/Thelma St roundabout and a 'Puffin' (pedestrian friendly) Crossing at Kent St. In addition, there will be one-way traffic treatments at Banksia Tce and no-right-turn treatments on Canning Hwy at Dyson St, Saunders St and Birdwood Ave.

The City has been successful in securing \$825,000 in grant funds to support this program.

## Storm Water Management

As recent storm events around the country have demonstrated, planning for and enhancing the capacity of our drainage systems to cope with severe storm events is an important infrastructure management responsibility.

Funding of \$0.91M has been provided in the budget for upgrading of drainage infrastructure in a number of locations around the City - with these locations including Anstey St and South Tce, Albert St, Elizabeth St and Melville Pde. Funding is also provided for the replacement of gross pollutant traps and storm water drainage infrastructure at various catchment locations across the City.

## Safer Paths

We have continued our commitment in this budget to upgrading and expanding our path network to provide safe, convenient pedestrian thoroughfares across the City. In addition to our \$200,000 program to replace slab paths with in-situ concrete paths, we have provided a further \$350,000 for paths as part of the path infill program at various locations within the City. These works will occur following public consultation on the proposed program.

## Better Parks and Playgrounds

The City recognises the importance of responsible use of our scarce water resources. \$110,000 is allocated in the budget for pump and bore replacement and \$66,000 is allocated to landscaping in hydro-zoned parks. More importantly, \$250,000 is provided to commence a program of installing more efficient, lower water use reticulation systems in our parks.

To make our parks more welcoming and family friendly, \$133,000 has been provided

for park furniture, shelters and BBQ upgrades. A further \$218,000 has been provided to upgrade playground equipment at various playground areas including the Coode St and Hope St/Roeback Dr playgrounds.

## Looking After Our Environment

A total of \$0.23M (excluding carry forward works) is committed for environmental projects. This includes \$30,000 for revegetation and management of natural areas in Cygnia Cove, \$13,000 for the Mt Henry Spit foreshore restoration and revegetation and a further \$60,000 for the Salter Point/Waterford foreshore area. The budget also makes a \$40,000 contribution towards the Perth Biodiversity weed mapping project, \$45,000 for the Collier Park Golf Course sanctuary area, \$30,000 for the water quality action plan and \$10,000 funding for the McDougall Lake restoration.





platforms to ensure that we can offer best practice systems that deliver efficient and streamlined processes, accessible and intuitive digital services and an excellent, seamless user experience.

The City will be investing in a major new implementation of its core corporate property and financial system, upgrades to its electronic document management system, a contemporary CMS website and leading edge library catalogue management and RFID systems.

Although the City is already considered to be a leader in digital service delivery by peer local governments, we recognise that there are still many opportunities that can be pursued to ensure that customer access to our services is not constrained by walls or clocks. Our customers are able to interact with us at the time of their choice, at the place of their choice and using their device of choice; personal computer, smartphone or tablet.

In addition to our already successful Customer Relationship Management System, online payments module and Report It mobile app, the City is currently in the final stages of delivering a solution to allow our customers to lodge planning or building applications online or to book parks, halls and recreation centres online in real time. This is an exciting new initiative for our local government and one that will deliver an enhanced user journey for our customers.

The new website will launch in September 2016 and is a cornerstone of this budget's technology initiatives. ■

### Improving Our Streetscapes

\$325,000 has been allocated to beautify our City streetscapes. Major initiatives funded include the enhancement of traffic management measures, removal of senescent (aged and tired) street trees and the scheduled street tree planning program.

### Improving Community Buildings

The budget allocates \$533,000 for upgrades and refurbishments at civic buildings, community buildings and pavilions. These include minor refurbishments, security and access improvements and expansions at a number of different facilities including Manning Tennis Club, Salter Point Sea Scouts Hall, McDougall House, Como Bowling Club and the Civic Centre. Funding of a further \$140,000 is also provided for energy audits, disability access improvements and building asset condition reports.

### Asset Management

Responsible management of community infrastructure requires that decisions on the creation, maintenance and service levels offered by infrastructure assets are based on informed, objective information and responsible long term financial planning.

Through its commitment to implementing the local government integrated planning and reporting framework, the City has allocated funding in the budget for the collection of infrastructure condition data and the development of robust asset management financial modeling. This initiative will ensure that future infrastructure funding allocations will be targeted, focused and will maximise return on each dollar invested.

### Technology and Digital Service Initiatives

During the 2016/2017 year, the City will be making a significant investment in moving a number of long serving, but effective legacy systems to contemporary technology

## Useful information about rates

Have you ever wondered how rates are calculated or what they are used for?

Visit the City's website and check out our Rates section.

It is a great place to find useful information about:

- Who pays rates?
- How are rates calculated?
- Who can get a pensioner or senior's concession?
- What payment options do we provide?
- When are the instalment due dates?



## Important information for pensioners and seniors

The Western Australian state government has recently changed the way that pensioner rate rebates are calculated. From 1 July 2016, the rates rebate available to eligible pensioners will be capped at a maximum of \$750.

This is not a decision of our local government, but rather it is a change announced by the state government in their 2014/2015 budget to take effect from 1 July 2016.

To be eligible for a concession, an applicant must be

- the owner and reside in the property on 1 July of the rates year; and
- in receipt of a pension or hold a valid Pensioner Concession Card or State Concession Card; or
- in receipt of a valid Senior's Card or Commonwealth Seniors Health Care Card.

Eligible pensioners are entitled to claim a rebate of 50% of the current year's rates - up to a maximum of \$750. Alternatively, they may apply to defer those rates. Seniors who meet the eligibility criteria are entitled to claim a rebate of 25% of the current year's rates up to a maximum of \$288.70.

Rebates or deferments apply only to Rates and the Emergency Services Levy. Other charges such as rubbish or pool fees must be paid in full.

Concessions apply after eligible ratepayers have registered their entitlement with either the City of South Perth or Water Corporation. Pro-rata rebates may be offered.

You must notify the City or Water Corporation if you change your circumstances in relation to your pension, ownership of the property or whether you continue to occupy the property.

### Payment by instalments

A small administration and interest charge is levied for this convenient payment option. To qualify for the instalment payment option, the City must receive your first instalment amount by the close of business on **24 August 2016**.

Instalment amounts received after that time cannot be entered onto the instalment payment plan. Instalment reminder notices will not be issued in such cases.

### How about a digital rates notice?

Would you like to experience the convenience of having your rates notice and reminders sent directly to your smartphone, tablet or iPad?

No more missing notices in the mail or trying to remember where you put the printed statement when it arrived a month ago! You'll never be late or miss the payment date when you

## How to pay your rates

We offer a variety of convenient options for the payment of rates:



Pay via BPay through your financial institution. Automatically schedule future installments to occur later in the year. (24 hours / 7 days a week)



Secure online payment at [www.southperth.wa.gov.au](http://www.southperth.wa.gov.au) Select 'Pay Online' (24 hours / 7 days a week)



By phone to Post Billpay on 13 18 16 – via credit card (24 hours / 7 days a week)



In person at any Australia Post branch in Australia (office hours) – cash, debit or credit card



By mail to City of South Perth, Civic Centre, Cnr Sandgate St & South Tce, South Perth WA 6151



By phone using your credit card to City of South Perth (operator assisted – office hours only) Phone 9474 0777



In person at the South Perth Civic Centre (office hours only) – cash, debit or credit card

register for eRates. Simply go to [www.erateswa.com.southperth](http://www.erateswa.com.southperth) and complete the online registration form.

### Experiencing problems paying your rates?

If you are experiencing difficulties in paying your rates by the due date, please contact the City on 9474 0777 to arrange an alternative payment scheme. You can also request a payment plan by completing a Rates Payment Arrangement Form. Application forms are available on the City's website.

**Civic Centre** Cnr Sandgate St & South Tce SOUTH PERTH WA 6151

Monday - Friday 8.30am - 5pm

**Phone 9474 0777** Fax 9474 2425

Email [enquiries@southperth.wa.gov.au](mailto:enquiries@southperth.wa.gov.au)

**[www.southperth.wa.gov.au](http://www.southperth.wa.gov.au)**

