

City of Melville Budget 2023-24 – No need to increase rates!

Dear Mayor, deputy Mayor and Councillors,

Why are we presented with a 142-page agenda on the Friday before a special meeting of Council the following Wednesday at the very end of June just prior to the start of the new financial year? Is it to limit any serious consideration by the ratepayers who pay the rates? Council has a practice that complex questions must be submitted at least a week before the meeting – that is not possible here – a deliberate strategy?

Good governance would see a draft budget considered by the Finance Committee in say April which would then be considered by Council in May to allow for any changes to be finalised at the June Meeting.

Nevertheless, we make the following comments for your consideration next Wednesday:

1. Federal and State Governments have introduced measures to mitigate the interest rate and inflationary shocks experienced by a rapidly rising number of households.
2. An 8% increase in rates is neither acceptable nor necessary (see below). The estimated CPI for Perth for 2022-23 is between 5 and 5.5 %. However, in a time of inflationary pressures on your ratepayers you should and can do better than this. (Note rates increased by 3.5% the previous year).
3. Employment Costs are budgeted to increase by 9.3% or \$4.9m. In tight times this is unacceptable. One of the reasons given is to help retain skilled staff – many ratepayers would be pleased to see some long-standing members of the Planning Department moved on! Although, to be fair, we agree that there is a need to increase the resourcing of the planning department – both quality and quantity.
4. We note that “no specific public consultation has taken place” (page 21) and clearly given the time frame, none is wanted!
5. Overall revenue is forecast to increase by 11% on the Budgeted revenue for 2022-23 – twice the increase in the CPI.
6. Page 18 offers a reason to discourage Councillors from suggesting lower rate increases – “Council may choose to adopt a rate of increased greater or less than the recommended amount. However, in doing so it would need to identify which operating program (or capital works) it wishes to see amended”. This is misleading and undermines your role. It would be appropriate for Council to determine that an increase of 8% is unacceptable and then ask the management to identify the least priority expenditure that can be reduced to achieve an acceptable target for Council to consider. Perhaps this is why the Budget does not come forward sooner than at the very end of the financial year.
7. **Rate increase not needed.**

Page 16 says the 2023-24 budget had been prepared on the basis there will be no surplus funds carried forward from 2022-23 (and in the event there is it should be put into reserves). Management should know by now whether there will be a surplus. Indeed, later in the papers it forecasts a surplus for 2022-23 of \$17.39m - \$11.35m higher than the budgeted surplus for 2022-23 of \$6.04m. In addition, the budget for 2023-24 predicts a surplus of \$10m. The increase of 8% in rates equates to around \$8.5m – transferring half of the predicted surplus in 2022-23 to the 2023-24 budget would mean **no need to increase rates at all** and still transfer around \$9m to reserves and still have a budgeted surplus for 2023-24 of \$10m.

8. We note the recent Council decision at the April OMC this year – to proceed forthwith to the conversion of Council owned land at 13 The Esplanade and 64 Kishorn Road, Mt Pleasant and the Council owned land at 50-52 Kishorn Road and 23, 29 & 31 Moreau Mews, Applecross to public open space. We can find no mention of funding being allocated to these two projects. Consistent with Management's request to identify funding or savings, we suggest that some of the forecast surplus for 2022-23 (the \$17.39m referred to above which under no rate increase would still see \$9 allocated to reserves) be allocated to these projects rather than be added to reserves.
9. There are no clear indications in the documents to suggest the City will introduce process efficiency measures to capture forward cost savings or the re-focusing of its available resources on its core legislated obligated functions, services, and duties, such as roads, rubbish, planning, building, health, environmental protection, freedom of information and the like. Reducing the budget now, that is forcing the CEO to proactively deliver for less, will drive much needed process efficiencies and the reassessment of the many non-core, non-legislated functions and services that consume a significant portion of the City's resources.

Finally, we strongly urge you all to reject the 8% increase in rates – in the current economic climate it is not acceptable, and in any case, is not needed.

Our Association will keep residents and ratepayers informed of which Elected Members (and prospective Mayors) are listening to the community ahead of the looming October Council elections.

Yours sincerely,

Committee

City of Melville Residents and Ratepayers Association

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