



City of **Perth**

Agenda

Agenda Briefing Session

21 May 2024

Notice of Meeting

To the Lord Mayor and Councillors

The next Agenda Briefing Session will be held on Tuesday, 21 May 2024 in the Council Chamber, Level 9, 27 St Georges Terrace, Perth commencing at 5:00pm.

Michelle Reynolds

Chief Executive Officer

16 May 2024

Information

This information is provided on matters which may affect members of the public. If you have any queries on procedural matters, please contact a member of the City's Governance team via governance@cityofperth.wa.gov.au.

Disclaimer

Members of the public should note that in any discussion during a meeting regarding any item, a statement or indication of approval by any council member, committee member or officer of the City is not intended to be, and should not be taken as, notice of approval from the City. No action should be taken on any item discussed at a meeting of a Committee prior to written advice on the Committee or Council's resolution being received.

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1. Declaration of Opening

2. Acknowledgement of Country/Prayer

3. Attendance

3.1 Apologies

3.2 Leave of Absence

Councillor David Goncalves (7 May 2024 to 28 May 2024, inclusive)

3.3 Applications for Leave of Absence

This item will be dealt with at the Ordinary Council Meeting.

4. Announcements by the Lord Mayor

5. Disclosures of Interests

6. Public Participation

6.1 Public Questions

This item will be dealt with at the Ordinary Council Meeting.

6.2 Deputations

7. Confirmation of Minutes

This item will be dealt with at the Ordinary Council Meeting.

8. Questions by Members which due Notice has been Given

This item will be dealt with at the Ordinary Council Meeting.

9. Correspondence

This item will be dealt with at the Ordinary Council Meeting.

10. Petitions

This item will be dealt with at the Ordinary Council Meeting.

11. Planning and Economic Development Alliance Reports

11.1 Draft Ord and Outram Streets Character Area Local Planning Policy

Responsible Officer	Dale Page – General Manager Planning and Economic Development
Voting Requirements	Simple Majority
Attachments	Attachment 11.1A – Ord and Outram Street Character Area Location Plan ↓ Attachment 11.1B – Draft Ord and Outram Streets Character Area Local Planning Policy ↓

Purpose

For Council to consider the preparation and advertising of the draft *Ord and Outram Streets Character Area Local Planning Policy*.

Recommendation

That Council, in accordance with clause 4 of Schedule 2 the *Planning and Development (Local Planning Schemes) Regulations 2015* (the Deemed Provisions) RESOLVES to prepare and advertise the draft *Ord and Outram Streets Character Area Local Planning Policy* as shown in **Attachment B** to this report.

Background

1. The City's *Local Planning Strategy* (Strategy) sets out the strategic direction for the future planning and development of the city, to be implemented via the new local planning scheme and supporting local planning policies. The Strategy was adopted by Council on the 13 December 2022 and endorsed by the Western Australian Planning Commission (WAPC) on 30 May 2023.
2. The Strategy identifies several character areas within the city, including the Ord and Outram Streets Character Area. These areas have unique built and landscape elements that create a special sense of place.
3. The Strategy includes an action for built form controls to be introduced for these areas, where they do not already exist, to ensure that important elements of the character area are reinforced and enhanced in new development.
4. On 30 April 2024, the Council resolved to seek approval from the WAPC to advertise draft *Local Planning Scheme No. 3* (LPS3). Draft LPS3 will replace all existing local planning schemes within the city.
5. There are approximately 100 local planning policies that support the existing local planning schemes. These are proposed to be consolidated and presented to Council in the coming months, with key policies intended to be advertised concurrently with the draft LPS3.
6. The State Government requires the Residential Design Codes (R-Codes) to be applied across the city to ensure a consistent approach to residential development throughout the State.
7. Local governments can prepare local planning policies for residential development that amend or replace certain development provisions of the R-Codes. Some variations to the development provisions only require local government approval, and some require the approval of the WAPC.

Discussion

8. The Ord and Outram Streets Character Area is located in West Perth between Kings Park Road to the south, Hay Street to the north, Thomas Street to the west and Havelock Street to the east. A location plan is provided at Attachment A.
9. The following character statement describes the unique elements of the Ord and Outram Streets Character Area:

Ord and Outram Streets provide a predominately business and mixed use area set in tree-lined streets with high quality landscaping. Medium scale development is seen throughout, set back from the street and side boundaries, reflecting the landscaped setting of the area. The grid layout creates a mix of north-south and east-west street blocks. The laneway network allows for uninterrupted pedestrian access along the street. Historically, fine grain lots dominated the area and are still common throughout despite the amalgamation of some narrow lots. Built form articulation assists to reinforce the finer urban grain. Heritage values are present throughout, with clusters of older mansions and cottage houses, with many adapted for office use.
10. The draft *Ord and Outram Streets Character Area Local Planning Policy* (draft LPP) seeks to ensure that these important character elements are protected. The draft LPP is at Attachment B.
11. This character statement informs the key objectives of the policy which are:
 - a. *To encourage medium scale mixed use development within a high quality pedestrian and landscaped setting.*

b. To preserve and respect the traditional streetscape rhythm, grid layout and character of the area.

Building Heights and Setbacks

12. Currently a maximum 29 metre height limit (approximately 8 storeys) applies within the Ord and Outram Streets Character Area with building setbacks required from the street and other lot boundaries to provide for landscaping.
13. The Strategy identifies the Ord and Outram Street Character Area as a medium scale mixed use area with an indicative building height of <12 storeys. It also specifies it as a landscaped setting area.
14. The current approach of linking the achievability of plot ratio to the achievability of the City's built form objectives is proposed to continue under the draft LPS 3 and supporting local planning policies.
15. The draft LPP proposes a maximum building height of 12 storeys. Building setbacks are proposed from the street and other lot boundaries to allow for landscaping to the street and between buildings.
16. The 12-storey building height is considered appropriate as it aligns with the medium scale development envisaged by the Strategy.
17. In line with the proposed built form controls, the draft LPS 3 proposes a maximum base plot ratio of 4:1 and a maximum bonus plot ratio of 2:1 for the Ord and Outram Street Character Area.

Landscaping

18. Currently 25% of the site area and the predominant portion of the street setback area must be landscaped. This is proposed to be retained and enhanced in the draft LPP, which requires 25% of the total site area and 75% of the street setback area to comprise soft landscaping.
19. The R-Codes Volume 2 does not include a requirement for landscaping within the street setback area or for a percentage of the site to be landscaped. It only requires 10% of the site area to be provided with deep soil area and a minimum tree requirement. The proposed landscaping provisions modify and enhance this requirement.
20. The landscaped setting is a key feature of this character area and must be retained.
21. The definition of 'soft landscape' in the R-Codes refers to any landscaped area with a minimum soil depth of 300mm that contains in-ground planting, including turf. The draft LPP proposes to increase the minimum soil depth to 1 metre which will provide sufficient soil depth for the landscaped area to be planted with large shrubs and small trees. Turf is not envisaged in the side setbacks as it is unlikely to survive in shade between tall buildings.
22. These modifications to the R-codes will require the approval of the WAPC.

Car Parking

23. Car parking areas are currently required to be located in a basement or towards the rear of the site and screened from public view.
24. The R-Codes Volume 2 require that car parking areas are not located within the street setback area, are not visually prominent from the street and are designed, landscaped or screened to mitigate visual impacts. The draft LPP requires car parking areas to be sleeved with building entry lobbies or other land uses such as habitable floorspace, offices or shops. This is to prevent blank facades to the street. Landscaping or other screening is not considered sufficient as the parking areas will still be visible and present an inactive land use to the street.

- 25. The R-Codes Volume 2 also allow basement parking to protrude a maximum of 1 metre above natural ground level. This is not considered appropriate in this character area due to the landscape setting. Any basement parking must be located below natural ground level so that it is not visible from the street.
- 26. These modifications to the R-codes will require the approval of the WAPC.

Consultation

- 27. The draft LPP is required to be advertised for 21 days under the *Planning and Development (Local Planning Schemes) Regulations 2015* but given its relationship with the draft LPS 3, the draft LPP will be advertised concurrently for 90 days. Commencement of advertising is dependent on the WAPC providing consent to advertise the draft LPS 3.

Decision Implications

- 28. If Council supports the recommendation, the draft LPP will be advertised with draft LPS3 and the suite of key supporting policies.
- 29. If Council does not support the recommendation, draft LPS3 will be advertised without one of the supporting local planning policies and the Strategy will not be implemented.

Strategic, Legislative and Policy Implications

Strategy	
Strategic Pillar (Objective)	Liveable
Related Documents (Issue Specific Strategies and Plans):	<u>Local Planning Strategy</u> The draft Ord and Outram Streets Character Area LPP aligns with the Local Planning Strategy.

Legislation, Delegation of Authority and Policy	
Legislation:	Planning and Development (Local Planning Schemes) Regulations 2015 (Schedule 2 clause 3)
Authority of Council/CEO:	Under the LPS Regulations, the local government must resolve to prepare a local planning policy, which if supported, must be advertised in accordance with the Regulations.
Policy:	Nil.

Financial Implications

- 30. Budget of \$59,500 will be requested as part of the City's 2024/25 budget to advertise and undertake consultation on the new LPS 3 and key supporting local planning policies.

31. This will enable community information sessions with information boards, hire of the City of Perth library auditorium, public notices, and advertisements in newspapers, as well as letters to all city ratepayers.

Further Information

Nil.

Attachment 1 – Location Plan – Ord and Outram Streets Character Area



Ord and Outram Streets Character Area Local Planning Policy

Draft June 2024

DRAFT



Ord and Outram Streets Character Area Local Planning Policy – June 2024

Version Control

Version #	Date	Action
1	Date of Adoption (00/00/00)	Adopted
2	Date of Amendment	Amended
3	Date of Amendment	Amended

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Ord and Outram Streets Character Area Local Planning Policy - June 2024

1. Citation

This is a local planning policy prepared under Schedule 2 of the *Planning and Development (Local Planning Schemes) Regulations 2015*. This policy may be cited as the *Ord and Outram Streets Character Area Local Planning Policy*.

2. Purpose and Application

2.1 Purpose

The purpose of this policy is to:

- (a) Define the boundaries of and the characteristics unique to the Ord and Outram Streets Character Area.
- (b) Guide appropriate design outcomes for development within the character area.

2.2 Application

This policy applies to all applications for development approval within the Ord and Outram Streets Character Area, the extent of which is shown in Figure 1.

This policy is structured to provide both objectives and provisions. Development must align with the objectives. The provisions provide a means of fulfilling the objectives. Variations to the provisions may be considered where consistent with the relevant objectives.



Figure 1. Ord and Outram Streets Character Area

Ord and Outram Streets Character Area Local Planning Policy - June 2024

2.3 Relationship to other Planning Documents

This policy should be read in conjunction with the *City of Perth Local Planning Scheme No. 3* (LPS3) and other relevant local planning policies.

Where this policy is inconsistent with LPS3, the provisions of LPS3 prevail to the extent of any inconsistency.

Where this policy is inconsistent with other relevant local planning policies, the provisions of this policy prevail to the extent of any inconsistency.

It is noted that a portion of this character area is affected by a Clause 32 resolution area under the Metropolitan Region Scheme, relating to the Parliament House Precinct Policy, as shown in Figure 1. Where this policy is inconsistent with the Parliament House Precinct Policy, the Parliament House Precinct Policy prevails to the extent of any inconsistency.

2.3.1. Relationship to the Residential Design Codes

For residential development within the Ord and Outram Streets Character Area, this policy should be read in conjunction with the *Residential Design Codes Volume 2* (R-Codes Volume 2) and the *Residential Design (Variation of R-Codes) Local Planning Policy*.

This policy amends, replaces or augments the Acceptable Outcomes of the R-Codes Volume 2 as detailed in Table 1. This policy also contains additional Objectives that augment the Element Objectives of the R-Codes Volume 2 and provide specific guidance to ensure that residential development aligns with the local context and characteristics of this character area.

Table 1. Relationship to the R-Codes Volume 2

Design Element	Acceptable Outcome Modification	Applicable Provision
2.2 Building height	Replace A2.2.1	5.1.2(a)
2.3 Street setbacks	Replace A2.3.1	5.1.2(a) 5.1.2(e)
2.4 Side and rear setbacks	Replace A2.4.1	5.1.2(a) 5.1.2(c) 5.1.2(d)
2.7 Building separation	Replace A2.7.1	5.1.2(a) 5.1.2(b)
3.3 Tree canopy and deep soil areas	Augment A3.3.4 A3.3.5 Delete A3.3.6 A3.3.7	5.7.2(a) 5.7.2(b) 5.7.2(c) 5.7.2(a) 5.7.2(b) 5.7.2(c)
3.6 Public domain interface	Replace A3.6.2 A3.6.5	5.6.2(a) 5.4.2(b)

Ord and Outram Streets Character Area Local Planning Policy - June 2024

	A3.6.6	5.5.2(a) 5.5.2(b)
3.7 Pedestrian access and entries	Augment A3.7.1 A3.7.2	5.4.2(a) 5.4.2(c)
3.8 Vehicle access	Replace A3.8.1 A3.8.2 A3.8.5	5.6.2(b) 5.6.2(b) 5.6.2(d) 5.6.2(c)
3.9 Car and bicycle parking	Replace A3.9.5 A3.9.6 A3.9.10	5.6.2(a) 5.6.2(a) 5.1.2(e) 5.6.2(a)
4.10 Façade design	Replace A4.10.1 A4.10.3 Delete A4.10.2	5.2.2(a) 5.2.2(b) 5.2.2(a) 5.2.2(b)

3. Character Statement

The objectives of this policy have been informed by the following character statement which articulates the unique built and landscape elements that create a special sense of place and streetscape within the character area.

Ord and Outram Streets provide a predominately business and mixed use area set in tree-lined streets with high quality landscaping. Medium scale development is seen throughout, set back from the street and side boundaries, reflecting the landscaped setting of the area. The grid layout creates a mix of north-south and east-west street blocks. The laneway network allows for uninterrupted pedestrian access along the street. Historically, fine grain lots dominated the area and are still common throughout despite the amalgamation of some narrow lots. Built form articulation assists to reinforce the finer urban grain. Heritage values are present throughout, with clusters of older mansions and cottage houses, with many adapted for office use.

4. Objectives

- (a) To encourage medium scale mixed use development within a high quality pedestrian and landscaped setting.
- (b) To preserve and respect the traditional streetscape rhythm, grid layout and character of the area.

5. Development Provisions

5.1 Building Heights and Setbacks

5.1.1 Objectives

- (a) To enable building heights to reflect the desired medium scale character of the area.
- (b) To provide a high level of internal building amenity including access to natural light and ventilation by maintaining built form separation.
- (c) To provide sufficient space between buildings and along the street to accommodate high quality landscaping.

5.1.2 Provisions

- (a) Building heights and setbacks shall be in accordance with Table 2, and Figures 2 and 3.
- (b) Where two or more buildings are proposed on a single development site, they shall be set back from each other as though there were a boundary between them. Refer to Figure 4.
- (c) Where a lot adjoins a laneway, variation of the side and rear setback requirements along that boundary may be considered where it can be demonstrated that sufficient building separation is achieved.
- (d) For lots less than 17 metres wide, variation to the side setback requirement may be considered where it can be demonstrated that the objectives can be achieved.
- (e) Basements constructed within the street setback area shall be set back a minimum of 3 metres from the street and shall be wholly located below natural ground level of the adjacent boundary.

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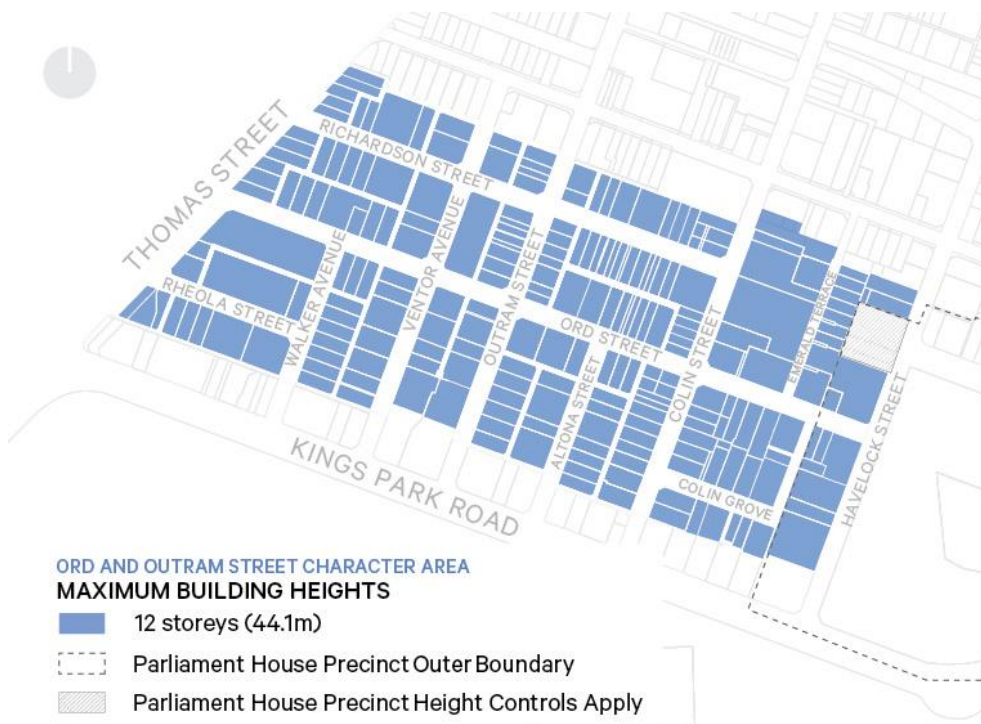


Figure 2. Maximum building heights

Table 2. Building Heights and Setbacks for the Ord and Outram Streets Character Area

	Built Form
Maximum Building Height	12 storeys (44.1m*)
Minimum Street Setback	4.5m
Minimum Secondary Street Setback	3m
Minimum Side and Rear Setbacks	4m
Notes:	
* plus maximum 600mm for roof structure	

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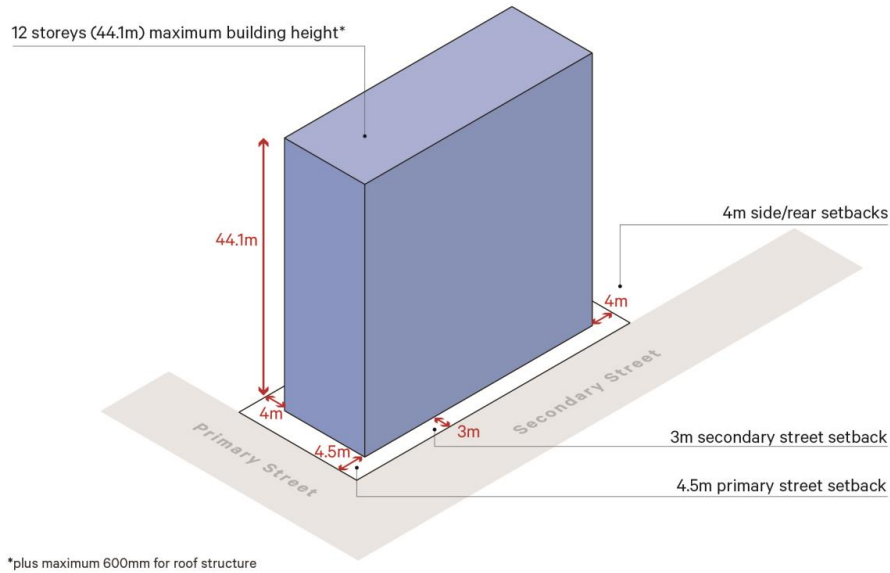


Figure 3. Building heights and setbacks

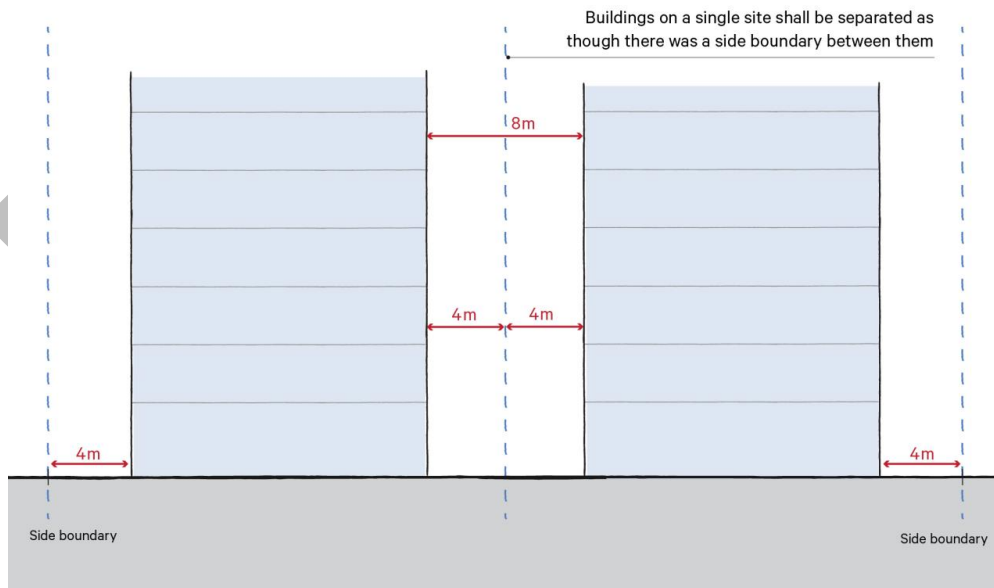


Figure 4. Separation between two buildings on the same development site

5.2 Articulation and Detailing

5.2.1 Objectives

- (a) To encourage building articulation that reflects the traditional streetscape rhythm and narrow lot frontages within the area.
- (b) To encourage buildings on corner sites to emphasise the street corner.

5.2.2 Provisions

- (a) Street building facades shall generally not be wider than 30m.
- (b) Street building facades shall be articulated in 10m to 15m wide vertical bands or bays to achieve a finer grain of built form and reduce the overall appearance of bulk and width. Refer to Figure 5.
- (c) Corner buildings shall include additional articulation to emphasise the street corner and provide a point of difference within the streetscape.



Figure 5. Vertical articulation of buildings wider than 30m

5.3 Materials and Finishes

5.3.1 Objectives

- (a) To encourage the use of materials and finishes that complement the traditional character of the area.

5.3.2 Provisions

- (a) Buildings shall have a balance of solid and open (glazed) materials.

Ord and Outram Streets Character Area Local Planning Policy - June 2024

- (b) Buildings shall include high-quality materials that are durable and long lasting.
- (c) Walls and letterboxes shall be constructed with colours and materials that complement the main building.

5.4 Public Realm Interface

5.4.1 Objectives

- (a) To provide for buildings in a landscape setting.
- (b) To ensure building entry points are clearly visible and easily accessible from the street.
- (c) To maintain visual connection between the building and the street.

5.4.2 Provisions

- (a) The main building entry shall match the level of the adjoining footpath level. Any change in ground floor level must occur inside the building.
- (b) The finished ground floor level of buildings shall be no more than 1 metre above the adjoining footpath level. Refer to Figure 6.
- (c) Building entries shall be visually prominent and highlighted through design features such as shallow recesses, minor projections, decorative features, awnings, colours, or materials.
- (d) Corner buildings shall address both street frontages.
- (e) Structures within the street setback area will generally not be supported.
- (f) Walls within the street setback area shall have a maximum height of 0.6 metres above the adjoining footpath level. Refer to Figure 7.
- (g) Walls shall allow clear sightlines between the building and the street.

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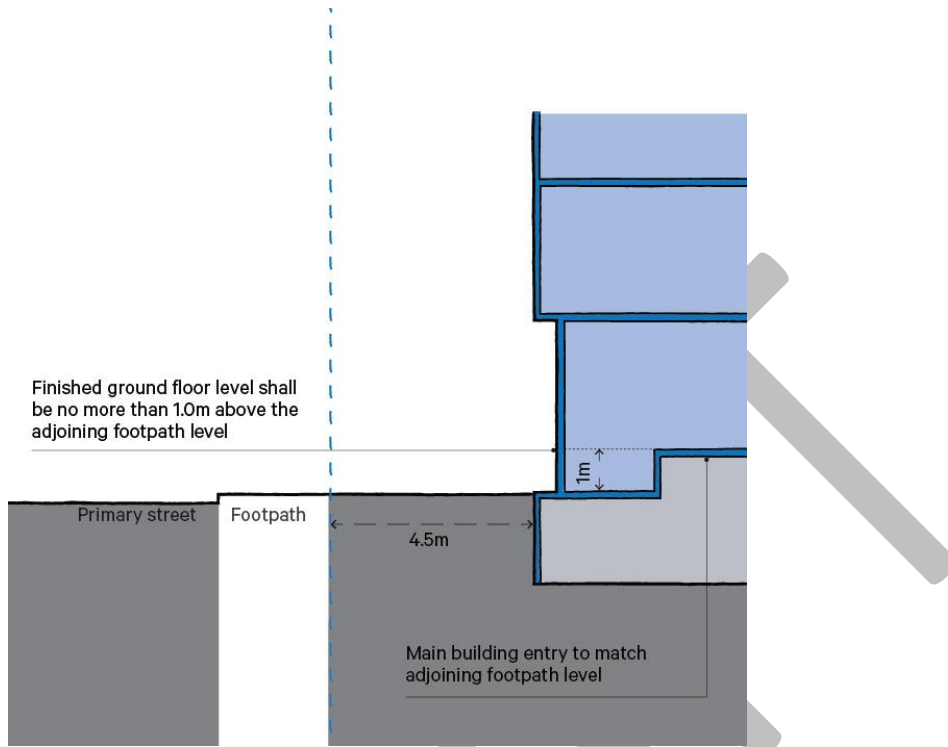


Figure 6. Building entries and ground floor levels



Figure 7. Walls within the street setback area

5.5 Vehicular Access and Parking

5.5.1 Objectives

- (a) To ensure car parking is not visible from the street or public realm.
- (b) To minimise disruption to the pedestrian experience along streets within the character area.

5.5.2 Provisions

- (a) Car parking areas should be incorporated within the building. Car parking areas located at, or above natural ground level shall be sleeved along the street with building entry lobbies or habitable or lettable floorspace. Refer to Figure 8.
- (b) Vehicular access shall be taken from a laneway where possible. Vehicular access from the street will only be supported where there are no alternative options. In these instances, driveways shall be a maximum of 6m wide at the street boundary. Refer to Figure 9.

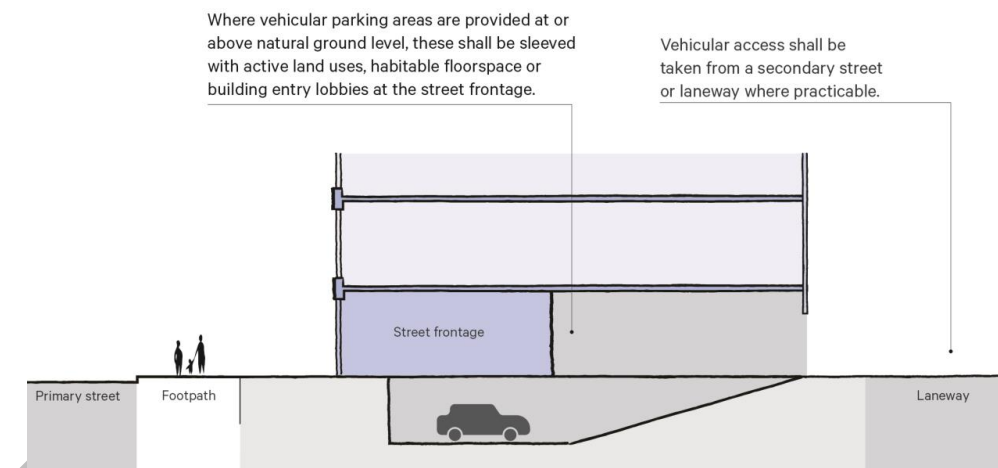


Figure 8. Vehicular parking areas to be sleeved at the street frontage

5.6 Landscaping

5.6.1 Objectives

- (a) To provide high quality landscaping that contributes to an attractive streetscape and enhances the private realm.
- (b) To encourage the retention and provision of trees as part of the landscaping in the area.

5.6.2 Provisions

- (a) A minimum of 25% of the total site area shall comprise soft landscaping, located predominantly in the front third of the lot. Refer to Figure 10.

Ord and Outram Streets Character Area Local Planning Policy - June 2024

- (b) A minimum of 75% of the required street setback area shall comprise soft landscaping. The majority of the required deep soil area shall be located in the street setback area. Refer to Figure 10.
- (c) The soft landscaping area shall have a minimum soil depth of 1 metre to accommodate large shrubs.
- (d) Clause 3.3 (tree canopy and deep soil areas) of the R-Codes Volume 2 applies to both residential and non-residential development.

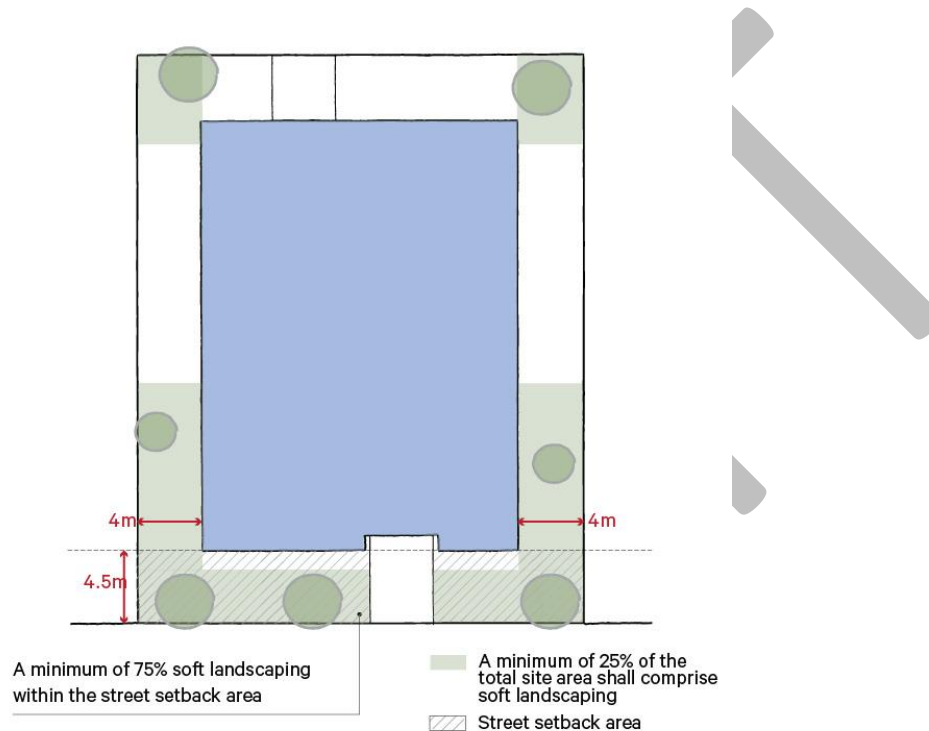


Figure 10. Landscaping requirements

5.7 Subdivision and Amalgamation

5.7.1 Objectives

- (a) To maintain the traditional streetscape rhythm within the character area.

5.7.2 Provisions

- (a) Amalgamation of lots will generally not be supported.
- (b) Where amalgamation has previously occurred, development shall retain an understanding of the original lot pattern through articulation and proportioning of the façade.

11.2 Modified Amendment No. 48 to City Planning Scheme No. 2 - Outcomes of Consultation

Responsible Officer	Dale Page – General Manager Planning and Economic Development
Voting Requirements	Simple Majority
Attachments	Attachment 11.2A – Modified Scheme Amendment Report ↓ Attachment 11.2B – Minister for Planning Notice of Decision ↓ Attachment 11.2C – Schedule of Submissions ↓

Purpose

To present the outcomes of advertising of the Minister for Planning’s modifications to Amendment No. 48 to City Planning Scheme No. 2 (CPS2) and resolve whether to support modified Amendment No. 48.

Recommendation

That Council:

1. SUPPORTS the modification to Amendment No. 48 to City Planning Scheme No. 2, without further modification, as per **Attachment A**, pursuant to Regulations 50(3) of the *Planning and Development (Local Planning Schemes) Regulations 2015*.
 2. NOTES the late submissions received during the formal consultation period for the modifications to Amendment No. 48 to City Planning Scheme No. 2.
-

Background

1. Amendment No. 48 modifies the existing plot ratio provisions for Special Control Area 27 (SCA27) to extend the maximum plot ratio of 3:1 that currently applies to 'Residential' and 'Special Residential' land uses to apply to all land uses that can be considered over No. 32 (Lot 52) Troode Street and No. 196 (Lot 200) Colin Place, West Perth.
2. At its Ordinary Council Meeting held on 28 February 2023, Council resolved to support Amendment No. 48 for final adoption. The amendment was subsequently forwarded to the Western Australian Planning Commission (WAPC) for a final decision by the Minister for Planning.
3. The Minister has directed the City to modify Amendment No. 48 to increase the maximum plot ratio to 5:1 for 'Residential' and 'Special Residential' land uses and 3:1 for all other land uses that can be considered under CPS2. A copy of the Minister's decision is provided as **Attachment B**.
4. The amendment was re-advertised in accordance with Part 5 of the *Planning and Development (Local Planning Schemes) Regulations 2015* (LPS Regulations) to comply with the Minister's requirements.
5. The amendment is required to be considered by Council before re-submission to the WAPC for a final decision by the Minister.

Discussion

6. The Local Planning Strategy identifies the subject site in an 'Intensification Investigation Area' with an indicative built form of 'High Scale Mixed Use (16 Storeys and above)'. The Neighbourhood Priority for West Perth includes increasing the residential population and delivering affordable and diverse housing.
7. The draft Local Planning Scheme No. 3 (LPS3) proposes a base plot ratio of 5.5:1.0 for the subject site. Noting the draft LPS3 shift in what is included in the calculation of floor area for plot ratio, and use of the R-Codes definition, it is considered the proposed maximum plot ratio of 5:1 for this site is sufficiently aligned with draft LPS3.
8. Council Policy 3.5 (CP 3.5) provides a framework to assess the appropriateness of progressing a scheme amendment ahead of the new LPS3. The modification to Amendment No. 48 satisfies the provisions of CP 3.5 for the following key reasons:
 - a. The amendment will incentivise new high scale residential development, which aligns with the Strategy's Neighbourhood Priority for West Perth and will contribute to reaching West Perth's residential dwelling target of 5,326 by 2036.
 - b. The amendment relates to a small area of land, which is identified as an Intensification Investigation Area under the Strategy. Increasing base plot ratio in an Investigation Intensification area does not present any unintended consequences or risk.
 - c. The proposed increase to maximum base plot ratio to 5:1 for Residential and Special Residential development is within the limits of growth envisioned in the draft LPS3, which includes a base plot ratio of 5.5:1.0 and up to 8:1 with plot ratio bonuses.
 - d. The amendment will facilitate a mixed-use development that will deliver additional commercial and residential development, which is consistent with the vision for the area under the Hamilton Precinct Plan.
9. The strong strategic alignment with the Strategy and draft LPS3 provides the basis for the amendment being progressed ahead of the LPS3.

Consultation

10. The Minister’s modification to Amendment No. 48 was advertised for 21 days (excluding the Easter holiday period) in accordance with Regulation 51 (4) to (7) of the Local Planning Scheme Regulations. The method of advertising included:
 - a. Letters being sent to adjoining landowners and relevant public authorities
 - b. A notice being placed in the local newspaper
 - c. A notice being placed in the Council House foyer window
 - d. An Engage Perth webpage containing the scheme amendment information.
11. Two late submissions were received from Department of Transport and Main Roads WA with no objection to the proposal (refer **Attachment C**).

Decision Implications

12. Council has the option to support the Minister’s modification to Amendment No. 48 without further modifications, or not support the modification. Council’s decision will be forwarded to the WAPC for a final decision by the Minister.

Strategic, Legislative and Policy Implications

Strategic Community Plan	
Strategic Pillar (Objective)	Liveable
Related Documents (Issue Specific Strategies and Plans):	<p>Strategic Community Plan 2022-2032</p> <p>The amendment will facilitate a new mixed-use development (predominantly residential), which aligns with the ‘Liveable’ pillar of the Strategic Community Plan 2022-2032.</p> <p>Local Planning Strategy</p> <p>The Neighbourhood Priority for West Perth is to increase the residential population to create more vibrancy and activity outside of office hours, while maintaining the neighbourhood’s function as a Secondary Office Area. The amendment will facilitate a new mixed-use development (predominantly residential), which will deliver additional residential dwellings with diverse housing types. This aligns with the Neighbourhood Priority for West Perth.</p>

Legislation, Delegation of Authority and Policy	
Legislation:	<p>Planning and Development Act 2005</p> <p>Clauses 75, 84 and 87 outline the process for amending a local planning scheme.</p> <p>Planning and Development (Local Planning Schemes) Regulations 2015</p> <ul style="list-style-type: none"> • Regulation 51 outlines the process for the local government advertising a proposed modification to a standard amendment to a local planning scheme.

	<ul style="list-style-type: none"> • Regulation 47 outlines the process for advertising a standard amendment to a local planning scheme. • Regulation 49 and 50 outline the process for the consideration of submissions on a standard amendment to a local planning scheme. • Regulation 53 outlines the information required to be provided to the WAPC for the Minister’s consideration of a standard amendment to a local planning scheme. • Regulation 56 outlines the process for advertising modifications to a standard scheme amendment. <p>City of Perth Act 2016</p> <ul style="list-style-type: none"> • 8(1)(a) to provide for the good government of persons in the City of Perth, including residents, ratepayers and visitors. • 8(1)(b) to represent the community and encourage community participation in decision-making. • 8(1)(f) to initiate and promote the continued growth and environmentally sustainable development of the City of Perth and ensure its continued role as a thriving centre of business with vibrant cultural and entertainment precincts, while enhancing and protecting its natural environment and having due regard to the flow-on impact on the Perth metropolitan area. <p>City Planning Scheme No. 2 Clause 39 refers to Special Control Areas.</p>
Authority of Council/CEO:	The <i>Planning and Development Act 2005</i> and <i>Planning and Development (Local Planning Schemes) Regulations 2015</i> gives local governments powers in relation to Local Planning Schemes. The above provisions of the <i>Planning and Development Act 2005</i> require a decision to amend a Local Planning Scheme by Council resolution.
Policy:	City of Perth City Planning Scheme No. 2 Precinct Plan 11 (P11) Hamilton Precinct. Provides a statement of intent for development of the area.

Financial Implications

Account Number	1079-100-10-10568-7243	Operating
Account Description	Advertising cost for modified Amendment No. 48	
Total Budget	\$12,500	
Budget – his report	\$926.86	
Remaining Budget	\$11,573.14	
Budget Impact	\$926.86	

Further Information

Nil.



City of Perth
City Planning Scheme
No. 2

Amendment No. 48

Modifications to Special Control Area 27 over land situated at 28-32 (Lot 51-52) Troode Street and 196 (Lot 200) Colin Place, West Perth



CITY of PERTH

FORM 2A | Regulation 35(1)

RESOLUTION TO PREPARE AMENDMENT TO LOCAL PLANNING SCHEME

CITY OF PERTH

CITY PLANNING SCHEME NO. 2

AMENDMENT NO. 48

RESOLVED that the local government, pursuant to section 75 of the *Planning and Development Act 2005*, amend City Planning Scheme No. 2 by:

1. Amending Schedule 8 Special Control Area 27.0, Clause 27.3.1 as follows:

27.3.1 For the purpose of determining the maximum plot ratio within the Special Control Area:

27.3.1.1 The Special Control Area shall be treated as one site

27.3.1.2 The maximum 2.0:1.0 plot ratio for use groups other than Residential or Special Residential identified on the Plot Ratio Plan does not apply to the Special Control Area and the maximum plot ratio for all land uses within the Special Control Area is 3:1


2. Amending Schedule 8 Special Control Area 27.0, Clause 27.3.2.1 as follows:

27.3.2.1 Lot 51 – 2,970m²

The Amendment is a Standard Amendment under the provisions of the *Planning and Development (Local Planning Schemes) Regulations 2015* for the following reason(s):

- the amendment would have minimal impact on land in the scheme area that is not the subject of the amendment; and
- the amendment does not reflect in any significant environmental, social, economic or governance impacts on land in the scheme area

Dated this 4 day of May 2022


CHIEF EXECUTIVE OFFICER

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SCHEME AMENDMENT REPORT

1.0 INTRODUCTION

The purpose of this amendment to City Planning Scheme No. 2 (CPS2) is to modify existing plot ratio provisions for Special Control Area 27 (SCA27) over the land situated at 28-32 Troode Street (Lot 50-51) and 196 (Lot 200) Colin Place, West Perth (the subject site). The proposed scheme amendment will facilitate future development at a size and scale already contemplated by the scheme but with more flexibility for all land uses.

2.0 BACKGROUND

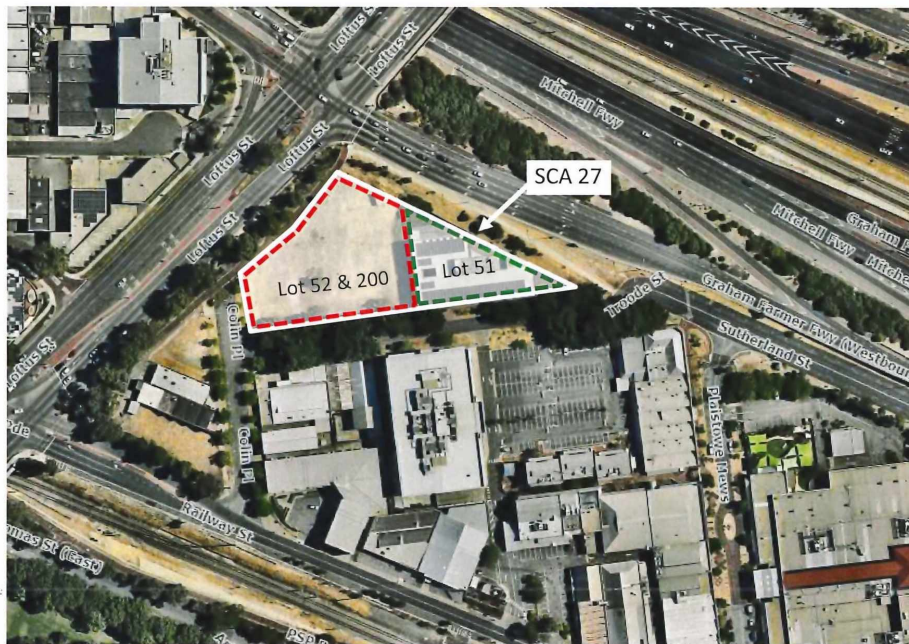
2.1 Location

The subject site (SCA27) is bound by the Mitchell Freeway off ramp to the north-east, Loftus Street to the north-west, Colin Place to the west and Troode Street to the south.

Table 1: SCA Lot Characteristics

Lot	Address	Volume/Folio	Deposit Plan	Area (m ²)	Landowner
Lot 51	28 Troode Street	2884/17	403858	2098	Capricorn Pty Ltd
Lot 52	32 Troode Street	2884/18	403858	2770	Georgiou Property 4 Pty Ltd
Lot 200	196 Colin Place	2760/721	68422	1275	Georgiou Property 4 Pty Ltd

Figure 1: SCA Location Plan



11.3 Kings Park Road Character Area Local Planning Policy

Responsible Officer	Dale Page – General Manager Planning and Economic Development
Voting Requirements	Simple Majority
Attachments	Attachment 11.3A – Kings Park Road Character Area Location Plan ↓ Attachment 11.3B – Draft Kings Park Road Character Area Local Planning Policy ↓

Purpose

For Council to consider preparation and advertising of the draft *Kings Park Road Character Area Local Planning Policy*.

Recommendation

That Council in accordance with clause 4 of Schedule 2 the *Planning and Development (Local Planning Schemes) Regulations 2015* (the Deemed Provisions) RESOLVES to prepare and advertise the draft *Kings Park Road Character Area Local Planning Policy* as shown in **Attachment B** to this report.

Background

1. The City's *Local Planning Strategy* (Strategy) sets out the strategic direction for the future planning and development of the city, including the new local planning scheme and supporting local planning policies. The Strategy was adopted by Council on the 13 December 2022 and endorsed by the Western Australian Planning Commission (WAPC) on 30 May 2023.
2. The Strategy identified several character areas within the city, including the Kings Park Road Character Area. These areas have unique built and landscape elements that create a special sense of place.
3. The Strategy includes an action for built form controls to be introduced for these areas, where they do not already exist, to ensure that important elements of the character areas are reinforced and enhanced in new development.
4. On 30 April 2024, the Council resolved to seek approval from the Western Australian Planning Commission to advertise draft *Local Planning Scheme No. 3* (LPS3). Draft LPS3 will replace all existing local planning schemes within the city.
5. There are approximately 100 local planning policies that support the existing local planning schemes. These are proposed to be consolidated and presented to Council in the coming months, with key policies intended to be advertised concurrently with draft LPS3.
6. The State Government requires the Residential Design Codes (R-Codes) to be applied across the city to ensure a consistent approach to residential development throughout the State.
7. Local governments can prepare local planning policies for residential development that amend or replace certain development provisions of the R-Codes. Some variations to the development provisions only require local government approval, and some require the approval of the WAPC.

Discussion

8. The Kings Park Road Character Area is located in West Perth, along Kings Park Road - opposite Kings Park. A location plan is at Attachment A.
9. The following character statement outlines the unique elements of the Kings Park Road character area:
The Kings Park Road Character Area overlooks Kings Park and is situated along Kings Park Road, a tree-lined, wide boulevard and major entry point into the city. The area accommodates high scale mixed use development with larger floorplates within a landscape setting.
10. The draft *Kings Park Road Character Area Local Planning Policy* (draft LPP) seeks to ensure that these important character elements are protected. The draft LPP is at Attachment B.
11. This character statement informs the key objective of the policy which is:
To encourage high scale prominent buildings within a high quality pedestrian and landscaped setting reflective of the area's importance as a key gateway to the city and Kings Park.

Building Heights and Setbacks

12. Currently a maximum 29 metre height limit (approximately 8 storeys) applies within the Kings Park Road Character Area, with building setbacks required from the street and other lot boundaries to provide for landscaping.

13. The Strategy identifies the Kings Park Road Character Area as a high scale mixed use area with an indicative building height of >16 storeys. It also identifies it as intensification investigation area for plot ratio increases and a landscaped setting area.
14. The current approach of linking the achievability of plot ratio to the achievability of the City's built form objectives, along with only controlling building heights where there is a need to, is proposed to continue under the draft LPS3 and supporting local planning policies.
15. The draft LPP proposes a maximum height of 12 storeys on the street (lower built form) with no maximum height limit for built form set back from the street (upper built form). Building setbacks are proposed from the street and other lot boundaries to allow for landscaping to the street and between buildings.
16. A high scale of development and unprescribed building height is considered appropriate given its location on Kings Park Road, which is a prominent boulevard and major entrance to the city, and opposite Kings Park.
17. The medium scale lower built form height of 12 storeys is proposed to minimise building bulk on the street. Any additional height above 12 storeys is required to be further setback.
18. In line with the proposed built form controls, the draft LPS 3 proposes a maximum base plot ratio of 7:1 and maximum bonus plot ratio of 3:1 for the Kings Park Road Character area.

Landscaping

19. Currently 25% of the site area and the predominant portion of the street setback area must be landscaped. This is proposed to be retained and enhanced in the draft LPP, which requires 25% of the total site area and 75% of the street setback area to comprise soft landscaping.
20. The R-Codes Volume 2 do not include a requirement for landscaping within the street setback area or for a percentage of the site to be landscaped. They only require 10% of the site area to be provided with deep soil area and a minimum tree requirement. The proposed landscaping provisions modify and enhance this requirement.
21. The landscaped setting is a key feature of this character area and must be retained.
22. The definition of 'soft landscape' in the R-Codes refers to any landscaped area with a minimum soil depth of 300mm that contains in-ground planting including turf. The draft LPP proposes to increase the minimum soil depth to 1 metre which will provide sufficient soil depth for the landscaped area to be planted with large shrubs and small trees. Turf is not envisaged in the side setbacks as it unlikely to survive in shade between tall buildings.
23. These modifications to the R-codes will require the approval of the WAPC.

Car Parking

24. Car parking areas are currently required to be located in a basement or towards the rear of the site and screened from public view.
25. The R-Codes Volume 2 require that car parking areas are not located within the street setback area, are not visually prominent from the street and are designed, landscaped or screened to mitigate visual impacts. The draft LPP requires car parking areas to be sleeved with building entry lobbies or other land uses such as habitable floorspace, offices or shops. This is to prevent blank facades to the street. Landscaping or other screening is not considered sufficient as the parking areas will still be visible and present an inactive land use to the street.

- 26. The R-Codes Volume 2 also allow basement parking to protrude a maximum of 1 metre above natural ground level. This is not considered appropriate in this character area due to the landscape setting. Any basement parking must be located below natural ground level so that it is not visible from the street.
- 27. These modifications to the R-codes will require the approval of the WAPC.

Consultation

- 28. The draft LPP is required to be advertised for 21 days under the *Planning and Development (Local Planning Schemes) Regulations 2015* but given its relationship with the draft LPS3, the draft LPP will be advertised concurrently for 90 days. Commencement of advertising is dependent on the WAPC providing consent to advertise the draft LPS3.

Decision Implications

- 29. If Council supports the recommendation, the draft LPP will be advertised with draft LPS3 and the suite of key supporting policies.
- 30. If Council does not support the recommendation, draft LPS3 will be advertised without one of the supporting local planning policies and the Strategy will not be implemented.

Strategic, Legislative and Policy Implications

Strategy	
Strategic Pillar (Objective)	Liveable
Related Documents (Issue Specific Strategies and Plans):	<u>Local Planning Strategy</u> The draft Kings Park Road Character Area LPP aligns with the Local Planning Strategy.

Legislation, Delegation of Authority and Policy	
Legislation:	Planning and Development (Local Planning Schemes) Regulations 2015 (Schedule 2 clause 3)
Authority of Council/CEO:	Under the LPS Regulations, the local government must resolve to prepare a local planning policy, which if supported, must be advertised in accordance with the Regulations.
Policy:	Nil.

Financial Implications

- 31. Budget of \$59,500 will be requested as part of the City’s 2024/25 budget to advertise and undertake consultation on the new LPS3 and key supporting local planning policies.

32. This will enable community information sessions with information boards, hire of the City of Perth library auditorium, public notices, and advertisements in newspapers, as well as letters to all city ratepayers.

Further Information

33. Nil.

11.4 Community Energy Fund - Grant Application

Responsible Officer	Dale Page – General Manager Planning and Economic Development
Voting Requirements	Simple Majority
Attachments	Nil.

Purpose

To seek Council’s agreement to co-fund the projects proposed in the City’s Community Energy Fund Grant Application, should the grant application be successful.

Recommendation

That Council AGREES* to co-fund the following projects proposed in the City’s Community Energy Fund Grant Application, should the grant application be successful:

- a. Replacement of Council House heating, ventilation, and air-conditioning system (HVAC) (current estimated cost of \$2.020 million)
- b. Upgrade to His Majesty’s Car Park lifts (current estimated cost of \$700,000)
- c. Solar and Battery for His Majesty’s Car Park (current estimated cost of \$700,000)
- d. Lighting upgrades to Council House (current estimated cost of \$460,000)

**Noting that funding for three of the four listed projects is already contemplated in the City’s Long-Term Financial Plan and savings that could result from a successful grant application could be used to fund the fourth project.*

Background

1. The Federal Department of Climate Change, Energy, the Environment and Water (DCCEEW) has advertised a Community Energy Fund Grant available to local governments in support of the national energy performance strategy.
2. DCCEEW has three primary objectives for the grant:
 - a. Contribute to Australia meeting its emission reduction targets of 43 percent by 2030
 - b. Support local governments to decarbonise their operations and reduce energy bills
 - c. Improve energy performance to more easily utilise renewable electricity and improve system reliability
3. Eligible activities include:
 - a. Energy Efficiency
 - b. Electrification
 - c. Load flexibility/demand management
 - d. Other – could include supportive infrastructure needed to deliver the activity
4. The following selection criteria have been provided:
 - a. Criteria 1 - Describe how your project will reduce local government greenhouse gas emissions and/or provide load flexibility (30 points).
 - b. Criteria 2 - Wider impact of the grant funding (20 points)
 - c. Criteria 3 - Capacity, capability and resources to deliver the project (30 points)
 - d. Criteria 4 - Economic and social benefits (20 points)
5. Grants are 50:50 matched funding up to \$5 million (\$2.5 million from DCCEEW and \$2.5 million from other non-federal government sources).
6. Applicants that are unsuccessful or do not apply in Stage 1 will be eligible for Stage 2.
7. Delivery of all projects proposed must be completed within 2 years, September 2024 – September 2026.
8. Up to \$50 million will be available as part of Round 1.

Discussion

9. The following projects have been identified as being suitable for inclusion in a grant submission:
 - a. **Replacement of Council House HVAC** – a project currently proposed in the Long-Term Financial Plan for 2024/25. The City's proposed HVAC systems replacement is forecast to reduce carbon emissions by 155 tCO₂-e per annum¹. The current cost of this project to the City is estimated at \$2.020 million. This project meets the energy efficiency criteria.
 - b. **Upgrade to His Majesty's Car Park Lifts** – a project currently proposed in the Long-Term Financial Plan for 2025/26. Lifts systems can account for approximately 5-10% of a building's carbon

¹ CO₂-e estimates are based on standard grid energy emission factors contained with the National Greenhouse and Energy Reporting Scheme (NGERS). The City's actual CO₂-e savings will be lower due to the purchase of 25% green energy

emissions. The current cost of this project to the City is estimated at \$700,000. This project meets the energy efficiency criteria and is estimated to save 3 tCO₂-e per annum.

- c. **Solar and battery for His Majesty's Car Park** – a new project not currently contemplated in the Long-Term Financial Plan. Solar will offset the full cost of carbon associated with electricity during peak solar periods. Solar and batteries can potentially reduce electricity associated carbon to zero throughout the day and evening peak period. The current cost of this project to the City is estimated at \$700,000. This project meets the load flexibility/demand management criteria and is estimated to save 139 tCO₂-e per annum.
 - d. **Lighting upgrades to Council House** – a project currently proposed in the Long-Term Financial Plan for 2024/25 and 2025/26. Lighting upgrades can account for approximately 40% of a building's carbon emissions. The current cost of this project to the City is estimated at \$460,000. This project meets the energy efficiency criteria and is estimated to save 32 tCO₂-e per annum.
10. It should be noted that only projects where the necessary data was available to meet the selection criteria have been put forward. The initial project list focussed on projects already identified in the Long-Term Financial Plan (a, b and d above). The solar and battery projects was included as it provides the highest value against the selection criteria.
 11. DCCEEW was unable to provide guidance on whether the projects put forward would be considered as a single package, or whether they would fund single projects nominated.
 12. The current total cost of the projects to the City is estimated to be \$3,777,100. The City has requested a 50:50 funding arrangement - therefore the grant application is for \$1,888,550.
 13. This could save the City \$1,590 million on projects already anticipated in the Long-Term Financial Plan and \$350,000 on a future solar and battery project for His Majesty's Car Park.
 14. The projects are expected to result in an estimated carbon reduction of 329 tCO₂-e per annum and an annual energy cost saving of \$182,500.

Consultation

15. The timeframes for grant submission did not allow for engagement with Council ahead of the submission due date.
16. The submission was lodged given three out of four projects are already captured in the Long-Term Financial Plan and on the basis that the application could be withdrawn if Council does not agree with the recommendations of this report.
17. Internal consultation has been undertaken as part of development of the grant submission.

Decision Implications

18. If Council supports the recommendations, the City could potentially receive \$1,888,550 in grant funding while reducing our ongoing energy costs by \$182,500 and our carbon emissions by 329 tCO₂-e per annum.
19. If Council does not support the recommendations, the City will withdraw the application. Most of the projects would then be proposed individually through the City's annual budgeting process.

Strategic, Legislative and Policy Implications

Strategy	
Strategic Pillar (Objective)	Sustainable
Related Documents (Issue Specific Strategies and Plans):	Sustainability Strategy Project proposals will reduce the quantity of carbon emissions resulting from City of Perth operations.

Legislation, Delegation of Authority and Policy	
Legislation:	<p>Sections 3.1(1) and 3.1(1A) of the Local Government Act 1995</p> <ul style="list-style-type: none"> • Outlines the function of a local government is to provide good government of persons in its district and in exercising this function to give regard to promoting the district’s environmental, economic and social sustainability; planning for mitigating climate change risks; and consider future generations when making decisions. Cite relevant legislation (section and Act name)Add sentence that describes how your report/recommendation aligns with the related legislation <p>Section 6.2 of the Local Government Act 1995</p> <ul style="list-style-type: none"> • Outlines the requirements for the preparation of the local government’s annual budget.
Authority of Council/CEO:	Section 6.2 of the Local Government Act 1995 requires Council to adopt the annual budget by absolute majority.
Policy:	Nil.

Financial Implications

Support for the grant submission will not have any financial impacts in the current financial year.

If the grant submission is successful, it will save the City around \$1,590 million on projects already anticipated in the Long-Term Financial Plan but will commit the City to inclusion of these projects in annual budgets in future years.

Further Information

Nil.

12. Community Development Alliance Reports

Nil.

13. Infrastructure and Operations Alliance Reports

Nil.

14. Commercial Services Alliance Reports

Nil.

15. Corporate Services Reports

15.1 Monthly Financial Statements - March 2024

Responsible Officer	Michael Kent – Chief Financial Officer
Voting Requirements	Simple Majority
Attachments	<p>Attachment 15.1A – Statement of Financial Activity P9 ↓</p> <p>Attachment 15.1B – Notes to Statement of Financial Activity P9 ↓</p> <p>Attachment 15.1C – Supplementary Notes to Statement of Financial Activity P9 ↓</p> <p>Attachment 15.1D – Monthly Financial Performance Statistics P9 ↓</p> <p>Attachment 15.1E – Statement of Financial Position P9 ↓</p> <p>Attachment 15.1F – Alliance Operating Variances P9 ↓</p> <p>Attachment 15.1G – Capital Variances P9 ↓</p> <p>Attachment 15.1H – Investment Report P9 ↓</p> <p>Attachment 15.1I – Rates Monthly Debtors Report P9 ↓</p>

Purpose

This suite of reports provides Council with timely, meaningful financial insights regarding the City’s operating activities, financial performance, and financial position.

Recommendation

That Council:

1. RECEIVES the following financial reports for the period ended 31 March 2024:
 - a. Statement of Financial Activity (SFA) - Attachment 15.1A.
 - b. Notes on Significant Variances - Attachment 15.1B.
 - c. Supplementary Notes to the Statement of Financial Activity - Attachment 15.1C.
 - d. Monthly Financial Statistics - Attachment 15.1D.
 - e. Statement of Financial Position - Attachment 15.1E.
 - f. Alliance Operating Variances - Attachment 15.1F.
 - g. Capital Variances - Attachment 15.1G.
 - h. Investment Report - Attachment 15.1H.
 - i. Rates Monthly Debtors Report - Attachment 15.1I.

Background

1. Presentation of a monthly financial report to Council is both a statutory obligation and good financial management practice that:
 - a. Demonstrates the City's commitment to managing its operations in a financially responsible and sustainable manner.
 - b. Provides timely identification of variances from budget expectations for revenues and expenditures and identification of emerging opportunities or changes in economic conditions.
 - c. Ensures proper accountability to the community for the use of financial resources.
2. Preparation of a monthly Statement of Financial Activity (SFA) is the minimal statutory requirement of the *Local Government Act 1995* and regulation 34 of the *Local Government (Financial Management) Regulations 1996*. It is also a responsible financial management practice to allow Council to effectively execute their financial management responsibilities.
3. Financial information that is required to be reported directly to Council monthly includes:
 - a. Operational financial performance against budget expectations.
 - b. Explanations for identified variances from expectations.
 - c. Financial position of the City at each given month end.
4. This statutory financial information is supported by additional supplementary information including investments performance and reports on rates and general debtors.

Understanding the Financials

5. When reading the financial information provided in this report, 'variances' (deviations from budget expectations) are classified as being either:
 - a. Favourable variance.
 - b. Unfavourable variance.
 - c. Timing variance.
6. A timing variance relates to a budgeted revenue or expense that has not occurred at the time it was expected, but which is still expected to occur within the budget year. That is, the financial transaction will still occur - but just in a different month. There should be no impact on the projected budget surplus by year end.
7. A realised favourable or unfavourable variance is different to a timing variance. It represents a genuine difference between the actual and budgeted revenue or expenditure item.
8. A realised favourable year to date variance on a revenue item is a positive outcome for the City as it increases the projected budget surplus. An unfavourable variance on a revenue item has the opposite effect, resulting a decrease to the projected budget surplus.
9. A realised favourable variance on an expenditure item may have either of two causes - one being a saving because the outcome was achieved for a lesser cost, which has the effect of increasing the projected budget surplus. The other cause may be that the proposed expenditure may not have been undertaken and is not expected to be incurred in that financial year. Whilst this may seem positive from the financial position perspective, it may not be a positive outcome for the community if the service or project is not delivered.

10. A realised unfavourable year to date variance on an expenditure item, (over-expenditure) results in a decrease to the projected budget surplus.
11. The Schedule of Significant Variances (Attachment 15.3B) provides commentary on whether the nature of the variance is savings related, timing related or otherwise.
12. If a realised favourable or unfavourable variance is material in value (of significant size), it will be amended through a formal budget review process.

Discussion

13. It is a statutory requirement to present a set of Monthly Management Accounts within two months of the end of the month to which they refer.
14. The SFA by Nature & Type - Attachment 15.1A presents a whole of organisation perspective on the attainment of revenue and expenditure targets overall - classified by nature and type.
15. The headline data from the SFA is shown in Table 1 below.

Table 1:

Item Details	Annual Budget	YTD Budget	YTD Actual 23/24	Variance	F/ U
Operating Revenue	\$ 117.55 M	\$ 90.02 M	\$ 91.99 M	\$ 1.97 M	F
Rates Revenue	\$ 103.81 M	\$ 103.81 M	\$ 104.30 M	\$ 497 K	F
Cash Operating Exp.	\$ 178.62 M	\$ 130.57 M	\$ 123.83 M	\$ 6.74 M	F
Non-Operating Revenue	\$ 10.25 M	\$ 2.35M	\$ 1.70 M	\$ 0.65 M	U
Capital - Infrastructure	\$ 28.20 M	\$ 17.88 M	\$ 13.85 M	\$ 4.03 M	F
Property, Plant & Equip.	\$ 21.43 M	\$ 10.20 M	\$ 8.30 M	\$ 1.90 M	F
Capital Contributions	\$ 1.25 M	\$ 0.00 M	\$ 0.00 M	\$ 0.00 M	F

16. Material operating revenue and expenditure variances from Attachment 15.1A are detailed (with explanatory comments) in the Notes on Significant Variances (Attachment 15.1B).
17. Each line item listed in the SFA by Nature & Type Attachment 15.1A can be cross referenced (using the Note reference) back to the relevant note.
18. Examining the SFA (Attachment 15.1A) in more detail; the aggregation of operating revenues and operating expenses reflects a year-to-date Net Cash Position from Operations of \$72.47M compared to a year-to-date budgeted surplus of \$63.25M. This is a favourable variance of \$9.21M at the end of the month.
19. Investing activities reflect a result of (\$20.10M) compared to a year-to-date budget of (\$25.73M). This is a favourable variance of \$5.63M.
20. Construction of infrastructure to month end is 22% under budget expectations at \$13.85M, against a \$17.88M year to date budget as noted at paragraph 15.
21. Acquisition of non-infrastructure to month end is \$8.30M against the year-to-date budget of \$10.20M.
22. Comments on significant capital variances are contained in Attachment 15.1G.

23. Adjusting for opening funds (Net Current Position), generates the Budget Deficiency before Rates. This then indicates the Amount Required to be Raised from Rates. The difference between the Rates amount, and the Deficiency before Rates, is the Closing Position.
24. The SFA for the period to 31 March shows that a rate yield of \$104.34M has been levied compared to the budget of \$103.81M after adjusting for interim rates.
25. The disclosed year to date SFA Closing Position of \$60.98M compares favourably to the projected year to date budget closing position of \$46.14M - reflecting the combined impact of the favourable variances noted in this report for revenues, expenses, and financing activity.
26. Contributing to this difference are a very positive investment revenue performance and slower than anticipated operating cash outflows, and revised transfers from Reserves.
27. Key financial statistics at each month end are presented graphically in Attachment 15.1D as an alternative representation of the data.
28. Significant variances were identified and addressed in the statutory Mid-Year Budget Review considered by Council at the February Ordinary Council Meeting.
29. The Net Current Position Note (Attachment 15.1C) at month end indicates a year-to-date adjusted Net Current Position value of \$73.19M which is expected to reduce to the year-end projection of \$9.23M excluding carry forward works.
30. Headline data from this month's Net Current Position report is shown in Table 2 below.

Table 2:

Item Details	June 2023 Actual	June 24 Annual Budget	Mar 24 Actual
Current Assets	\$ 210.21 M	\$ 218.49 M	\$ 260.33 M
Current Liabilities	(\$ 35.22 M)	(\$ 41.51 M)	(\$ 33.52 M)
Unadjusted Net Assets	\$ 174.98 M	\$ 176.98 M	\$ 226.81 M
Less Restricted Items	(\$ 142.82 M)	(\$ 167.75 M)	(\$ 165.23 M)
Adjusted Net Current Position	\$ 32.16 M	\$ 9.23 M	\$ 61.58 M

31. The Net Current Asset position at month end is favourably impacted by these major factors :
 - a. A higher municipal cash balance due to a strong revenue performance, good cash collections and slower than anticipated cash outflows for capital contributions and capital works.
 - b. A higher rates receivable balance representing the remaining rate instalment and ESL yet to fall due for collection.
 - c. Yet to be expensed pre-paid parking levies which will progressively reduce to zero by year end.
32. The remaining variances are essentially timing differences attributable to 'unusual' but relatively predictable pattern of local government cashflows. That is, revenue is largely recognised at the beginning of the year - but cash collections and expenditure are phased across the whole year.
33. A Statement of Financial Position as at month end (showing 2022/23 Actual balances, the Revised 2023/24 Budget and the 2023/24 Year to Date Actual balances) is presented as Attachment 15.1E.
34. In line with recent local government financial management reporting changes, Attachments 15.31 to Attachment 15.1C form the portion of monthly management accounts that is a statutory obligation.

35. The remaining attachments 15.1D through to 15.1I are supplementary information provided to give Council additional transparency of the City’s financial management performance.
36. Attachment 15.1F - Operating Variances and Attachment 15.1G - Capital Variances provide a more granular view of variances by alliance and service.
37. Attachment 15.1H - Investment Report for March 2024 presents detail of the City’s cash investment portfolio in terms of performance, percentage exposure of total portfolio by credit risk, counterparty exposure and maturity profile.
38. The report indicates the City has adequate cash flow to meet its financial obligations as and when they will fall due; and it has achieved compliance with the various Investment Policy limits.
39. Attachment 15.1I - Rates Debtors provides a monthly update and analysis of rates collections by differential property rating category and overall. The 2023/24 rates notices were issued on 28 July. At the end of February, after the fourth instalment due date, 98% of the rates levied for 2023/24 have been collected.
40. As noted in Table 1, the rates yield is currently \$530K ahead budget. However, it is important to note that the City has been advised that the WA Cricket Association has again been granted a discretionary ministerial exemption for \$203K for the 2023/24 rates year. The exemption has yet to be formally gazetted.
41. It is also anticipated that applying the heritage rate concessions by 30 June 2024 will reduce the rate yield by approximately another \$170K.

Consultation

Nil.

Decision Implications

42. Council’s acknowledgement of receiving the Statement of Financial Activity and supporting documents will meet its statutory obligation in respect of overseeing the City’s financial resources.

Strategic, Legislative and Policy Implications

Strategy	
Strategic Pillar (Objective)	Well Governed
Related Documents (Issue Specific Strategies and Plans):	Nil.

Legislation, Delegation of Authority and Policy	
Legislation:	Section 6.4(1) and (2) of the Local Government Act 1995 Regulation 34(1) of the Local Government (Financial Management) Regulations 1996

	<p>This section of the Act and the related regulation prescribe the requirement to prepare and present to Council a Monthly Financial Report including a Statement of Financial Activity (SFA).</p> <p>That Statement of Financial Activity (SFA) should contain:</p> <ul style="list-style-type: none"> • Annual Budget estimates, and approved revisions to these for comparison purposes. • Actual amounts of income and expenditure to the end of the month of the SFA. • Material variances between the comparable amounts and commentary on reasons for these variances. <p>The Monthly Financial Report should also contain:</p> <ul style="list-style-type: none"> • A Statement of Financial Position at the end of the month. • An explanation of the composition of the Net Current Position at the end of the month to which the SFA relates. <p>Any other information which the local government deems relevant.</p>
Authority of Council/CEO:	The above legislation prescribes that this report be presented to Council on a monthly basis.
Policy:	CP 2.1 Management of Investments.

Financial Implications

43. There are no direct financial implications of receiving this report as it reflects a historical accounting of financial transactions. When material variances are noted, appropriate remedial action will be initiated by the administration in a timely and prudent manner.

Further Information

44. In November 2023, an entry was made in the City’s financial accounts for \$28.2M which relates to the de-recognition of the Perth Concert Hall (PCH) building, land, furniture and equipment assets following the City’s relinquishment to the state of the management order for the venue. As the facility is no longer controlled by the City, all residual values for the PCH associated assets must be removed from the City’s financial accounts. The written down (depreciated) values of the assets is required to be written out of the Statement of Financial Position, reducing the Net Equity by \$28.2M.
45. The depreciated value of the building was \$26.6M, furniture and equipment was \$1.3M, and land value was \$0.3M.
46. The total loss on disposal of \$28.2M is a non-cash cost and is therefore shown as a Loss on Disposal and also disclosed on the Statement of Financial Activity as a Non-Cash Amount excluded from Operating Activities.

15.2 Schedule of Accounts Paid - March 2024

Responsible Officer	Michael Kent – Chief Financial Officer
Voting Requirements	Simple Majority
Attachments	Attachment 15.2A – Schedule of Accounts Paid - March 2024 ↓

Purpose

For Council to note details of payments made under delegated authority for the month of March 2024.

Recommendation

That Council:

- RECEIVES the Schedule of Accounts Paid for the period ended 31 March 2024 as attached as Appendix 15.2A.
- RECORDS in the Ordinary Council Meeting minutes the summary of accounts paid being:

Total Accounts Paid	
Municipal Fund	\$23,616,750.65
Trust Fund	0
Total - All Funds	\$23,616,750.65

Background

1. In accordance with Regulation 13(2) and 13(3) of the *Local Government (Financial Management) Regulations 1996*, where this power has been delegated, a list of payments for each month is to be compiled and presented to the Council. The Chief Executive Officer is delegated this authority under Delegation 2.14.
2. This authority has then been subdelegated by the Chief Executive Officer.
3. The listing of payments with full disclosure of all required information, is presented as an attachment to this report.
4. The listing of payments was made available to the Elected Members via the Council Hub, ahead of the agenda distribution, to provide additional time for review.
5. This summary report then facilitates the acknowledgement of the listing having been received.

Discussion

6. The Schedule of Accounts Paid (Attachment 15.2A) contains the following payments made under Delegated Authority 2.14 - Payments from the Municipal & Trust Fund:

Schedule of Accounts Paid – March 2024		
Municipal Fund		
EFT & Cheque Payments	Direct Creditor Payments	19,927,373.22
Sub Total - EFT & Cheques		19,927,373.22
Direct Debits	Bank Charges and Merchant Fees	25,487.77
Sub Total - Direct Debits		25,487.77
Payroll	12/03/2024	1,850,330.54
	26/03/2024	1,781,474.44
Sub Total - Payroll		3,631,804.98
Corporate Cards		32,084.68
Sub Total - Cards		32,084.68
Total per Attachment 15.2A		23,616,750.65
Total Payments from Municipal Fund		23,616,750.65
Investments in Term Deposits		0
Trust Fund		
Trust EFT & Cheques		0
Total - Trust Funds		

Consultation

Nil.

Decision Implications

7. Council’s acknowledgement of receiving the Schedule of Accounts Paid will meet its statutory obligation under Regulation 13(1) of the *Local Government (Financial Management) Regulations 1996*.

Strategic, Legislative and Policy Implications

Strategy	
Strategic Pillar (Objective)	Prosperous
Related Documents (Issue Specific Strategies and Plans):	Annual Budget

Legislation, Delegation of Authority and Policy	
Legislation:	<p>Section 6.10 of the <i>Local Government Act 1995</i> Regulation 13(1) of the <i>Local Government (Financial Management) Regulations 1996</i></p> <p>This section of the Act and the related regulation prescribes the requirement to prepare a list of all payments made for each month and to present them to Council. The Schedule of Accounts Paid (the ‘list’) should contain, for each payment:</p> <ul style="list-style-type: none"> • Payee Name • Amount of the Payment • Date of the Payment • Sufficient information to identify the transaction
Authority of Council/CEO:	In accordance with Regulation 13(2) and 13(3) of the <i>Local Government (Financial Management) Regulations 1996</i> , where this power has been delegated, a list of payments for each month is to be compiled and presented to the Council.
Policy:	Nil.

Financial Implications

8. There are no direct financial implications of receiving this report as it reflects a historical accounting of financial transactions that were provided for in the adopted budget (as amended).

Further Information

Nil.

15.3 Differential Rates 2024/25

Responsible Officer	Michael Kent – Chief Financial Officer
Voting Requirements	Absolute Majority
Attachments	Attachment 15.3A – Differential Rates - Statement of Objects & Reasons 2024-25 ↓ Attachment 15.3B – Draft Rate Setting Statement 2024-25 ↓

Purpose

To seek Council’s approval for the advertising of proposed differential rates for the 2024/25 financial year in accordance with section 6.36 of the *Local Government Act 1995*.

Recommendation

That Council APPROVES:

1. Local public notice being given for the following differential rates (based on the predominant purpose for which the land is held) and the minimum rate for each differential rate classification:

a. Commercial	6.82044 cents in the dollar of GRV	\$825 Minimum Rate
b. Retail	6.83073 cents in the dollar of GRV	\$785 Minimum Rate
c. Hotel	7.10355 cents in the dollar of GRV	\$795 Minimum Rate
d. Office	5.71373 cents in the dollar of GRV	\$825 Minimum Rate
e. Residential	6.07405 cents in the dollar of GRV	\$785 Minimum Rate
f. Vacant Land	11.32540 cents in the dollar of GRV	\$1,025 Minimum Rate

2. The Statement of Objects & Reasons for each differential rate and each minimum rate as detailed in Attachment 14.3B.

Background

1. It is essential that local governments have current, meaningful, and accurate financial information on which to base their annual financial decisions.
2. From a budgeting perspective, the starting point for sound financial management is the preparation of the Rate Setting Statement. This statement is a crucial component of the budget process and establishes the amount required to be made up from rates.
3. The Rate Setting Statement provides a single consolidated view of all aspects of the budget. It includes estimates of all operating and non-operating revenues and expenditures as well as repayments of loan principal, proceeds from loan borrowings, capital expenditure items and transfers to or from cash backed reserves. It does, however, exclude all non-cash items such as depreciation or loss on disposal of a fixed asset.
4. The indicative Required Rates Yield shown in the Long-Term Financial Plan exerts persuasive influence on the development of the budget - but may be further refined by Council through the development of the annual budget which should be informed by review of critical inputs including:
 - a. Asset renewal (informed by asset management plans) and discretionary capital projects
 - b. Services, operating programs, and projects
 - c. Revenues from sources other than Rates
 - d. Planned transfers to or from Cash Backed Reserves
 - e. New borrowings and repayment of borrowings (if relevant)
 - f. Projected Opening & Closing Position
5. It is particularly important to note that the Budget Deficiency before Rates on the Rate Setting Statement (**Attachment 14.3A**); and therefore, the Amount Required to be Raised from Rates; is not a direct input into the Rate Setting Statement. Rather, it is a consequence of the inputs in the other sections of the Rate Setting Statement.
6. These inputs reflect Council's commitment towards funding core service delivery, operational projects (both discretionary and mandatory), capital works programs and ensuring the long-term financial sustainability of the City.
7. It is important that there is a well-considered and well documented rationale that justifies the quantum of rates being raised - and the Rate Setting Statement helps provide that justification.
8. The Rate Setting Statement for 2024/25, presented in draft form as **Attachment 14.3A**, reflects a 2.95% increase in the rates yield on a like for like basis (after allowing for concessions). This appears to be at the lower end of currently advertised rate yield increases of local government peers - reflecting the City's prudent financial management approach.
9. Like all local governments, the City is facing a 'hot' economy with cost pressures on numerous fronts in 2024/25. Employee costs, outsourced services, utilities, insurances, have all increased significantly - but the City has worked to find any offsetting savings or other funding opportunities.
10. The City has also explored non-rates funding options including taking advantage of improved investment revenue funding opportunities, the return to higher patronage levels in the parking business and leveraging rental and hire opportunities.

11. The proposed asset renewals and discretionary capital program has been matched with delivery capacity and external grant funding opportunities have also been taken to minimise any additional rates impost.
12. Having established the Amount Required to be Raised from Rates through that process, the next step is to establish how the respective contributions towards that funding pool from each property classification will be determined.
13. When determining the respective contributions and, therefore, differential rates based on the predominant (primary) use of the rateable land, local governments are required to observe the best practice principles of:
 - a. Objectivity
 - b. Fairness & Equity
 - c. Consistency
 - d. Transparency
 - e. Administrative Efficiency
14. The prospects of a satisfactory rating outcome are significantly improved if these principles are correctly applied.

Table 1

Principle	Interpretation
Objectivity	As far as possible, the predominant use of land should be reviewed and determined based on an objective assessment of relevant criteria. External parties should be able to understand how and why a particular determination was made.
Fairness & Equity	Rating principles should be applied fairly and equitably. Each property should make a fair contribution to rates based on a method of valuation that appropriately reflects predominant use.
Consistency	Rating principles should be applied, and determinations should be made, in a consistent manner. Like properties should be treated in a like manner.
Transparency	Systems and procedures for determining the method of valuation of land should be clearly documented and available for the public to inspect. This is fundamental to the “good government” principle upon which the Act is based. The right to govern accompanies the obligation to do so openly and fairly.
Administrative Efficiency	Rating principles and procedures should be applied and implemented in an efficient and cost-effective manner.

15. In January 2021, Council commissioned an independent expert review of the City’s Rating Methodology, including an assessment of compliance with the five best practice principles referenced at paragraph 11 of this report and a further 8 principles of good tax design.

16. The final report presented to Council in August 2021, found that the City's Rates Methodology (in place every year since the 2020/21 rates year) was sound, well-reasoned and fully compliant with best practice principles, including exceeding best practice in 2 of the 13 assessment criteria.
17. The City has independent consultants review the proposed rating strategy annually for compliance with best practice principles prior to advertising the proposed differential rates for comment.

Discussion

18. The City of Perth applies a differential rating approach aligned to a clearly enunciated Rating Methodology.
19. That is, it distinguishes between different classifications of properties based upon the predominant (primary) use of the land - and then uses that differentiation to influence the level of rating contribution from that property classification.
20. This provides the opportunity to levy different rates in the dollar (RID) on the GRVs of different property classifications to reflect the differing levels of demand placed on City services and public realm infrastructure by ratepayers in each differential rating classification.
21. Currently, the City uses six differential rate classifications to distribute required contributions to the rates funding pool as detailed below:
 - a. Commercial
 - b. Retail
 - c. Hotel
 - d. Office
 - e. Residential
 - f. Vacant Land
22. A description of each differential rates classification and the reason for each differential rate is provided in **Attachment 14.3B - Statement of Objects & Reasons for Differential Rates**, which forms the basis of the statutory advertising of proposed differential rates.
23. The City also establishes individual minimum rate values for each of the differential rating classifications to recognise that all ratepayers have equal opportunity to enjoy the facilities and services provided by Council, regardless of the value of the ratepayer's property or the level of use they choose to make of those services and facilities.
24. Accordingly, the minimum rate ensures that all ratepayers make a reasonable contribution to the cost of providing services, programs, and facilities.
25. This minimum rate is applied when the calculation of (GRV * Rate in \$) results in a value smaller than what has been determined to be the minimum equitable ratepayer contribution.
26. A local government may have up to 50% of the properties within a particular property classification subject to the minimum rate, but no more than 50% of all properties overall subject to the minimum rate.
27. The City's philosophical target for minimum rated properties is no more than 15% of all properties being subject to the minimum rate and for the overall financial yield from minimum rated properties to be no more than 2.5% of the total amount raised from Rates.

28. Under the proposed differential rating model for 2024/25, the City has 9.5% of properties being minimum rated, with these properties generating 1.5% of the rates yield.
29. The required rates yield for 2024/25 as determined through the rate setting process is \$107.45M before concessions.
30. In determining the respective contributions from the properties in each differential rating category, careful consideration has been given to the relative rating effort (rates generated from the available GRV of all the properties in that category) of each category, the objects and reasons for each differential rating category and minimum rates as applied to each category.
31. The City uses Gross Rental Values (GRV) for every property in the city to determine the relative contributions for each property.
32. GRV is one of the two critical variables used in determining the rates levied on each property. Landgate Valuation Services supplies GRVs to all local governments as the basis on which to levy rates.
33. Council then applies a Rate in the dollar (of GRV) to establish what the rate for each property is. There can only be one consistent Rate in the Dollar for all properties in a differential rating category.
34. Alternative iterations of the rating model are run by changing the Rate in the Dollar and Minimum Rate, to find the optimum model, that best achieves the desired financial outcome.
35. Council has also considered the prevailing economic environment and its impacts on the properties in the differential rating categories and then made its determination of distribution of the rating burden in accordance with the best practice principles of local government rating.
36. Modelling the proposed Rate in the Dollar and Minimum Rate for each differential rate classification provides for the following anticipated rates yield from each category:

Table 2:

Property Category	Number of Properties	Gross Rental Value \$M	Rate in the \$ of GRV	Minimum Rate	Anticipated Rates Yield \$M
Commercial	728	\$ 108.060	6.82044	\$ 825	\$ 7.389
Retail	517	\$ 111.503	6.83073	\$ 785	\$ 7.620
Hotel	1,370	\$ 112.443	7.10355	\$ 795	\$ 8.154
Office	2,355	\$ 1,057.325	5.71373	\$ 825	\$ 60.448
Residential	15,842	\$ 363.594	6.07405	\$ 785	\$ 22.160
Vacant Land	83	\$ 14.755	11.32450	\$ 1,025	\$ 1.681
					\$ 107.452 M

37. The City adopts a tiered approach with respect to setting its minimum rate for each differential rating classification.

- 38. Tier 1 is the lowest minimum rate of \$785 - and this applies to small retail tenancies. It covers 17 properties (approximately 3% of the Retail classification). This minimum rate also applies to the lowest GRV residential properties in the Residential classification. This applies to 1,062 properties (approximately 7% of that classification).
- 39. Tier 2 has a minimum rate of \$795 - and this applies to the lowest GRV short stay apartments in the Hotel & Short Stay Accommodation classification. This applies to 658 properties (approximately 48% of that classification.)
- 40. That classification is a hybrid property grouping containing both hotels in the conventional sense and short stay apartments.
- 41. Tier 3 has a minimum rate of \$825 - and this applies to the lowest GRV commercial and small office properties. This applies to 35 commercial properties (approximately 5% of the Commercial property classification) and 208 office properties (approximately 9% of the Office classification).
- 42. Tier 4 has a minimum rate of \$1,025 - and this applies to 11 properties in the Vacant Land classification including several large prominent land parcels currently deemed to be minimum rated under Heritage Lands legislation until such time as they are built out.

Consultation

- 43. The City has engaged with the community through numerous consultation processes during the year to understand the community's aspirations. There have also been regular consultations with representatives of the six community neighbourhoods which have informed the development of the draft annual budget.
- 44. Based on the identified community and Council priorities, the draft budget has been formulated and the amount required to be raised from rates has been established. This report represents an important step in the budget process, which is to now advertise the proposed differential rates for 2024/25.

Decision Implications

- 45. Council's approval of the proposed Differential Rates and the supporting Statement of Objects & Reasons for Differential Rates will allow the City to meet its statutory obligation to publicly advertise the proposed rate in the dollar and minimum rate for each differential rates classification for 21 days to allow public submissions on the proposed rates.
- 46. Following the statutory advertising period and consideration of submissions (if any) the City will continue to finalise the 2024/25 Annual Budget

Strategic, Legislative and Policy Implications

Strategy	
Strategic Pillar (Objective)	Well governed
Related Documents (Issue Specific Strategies and Plans):	City of Perth Rating Methodology Long Term Financial Plan The differential rating process is applied to distribute the required rating contribution fairly and equitably across the rateable properties in the city and to ensure the City's ongoing financial sustainability.

Legislation, Delegation of Authority and Policy	
Legislation:	<p>Section 6.33(1) of the <i>Local Government Act 1995</i></p> <p>This section of the Act allows a local government to impose differential general rates according to the predominant purpose for which rateable land is held or used.</p> <p>Section 6.35(1) to (6) of the <i>Local Government Act 1995</i></p> <p>These sections of the Act prescribe the way minimum rates are to be calculated and applied.</p> <p>Section 6.36(1) and (3A) of the <i>Local Government Act 1995</i></p> <p>This section of the Act prescribes the requirement to publicly advertise the proposed differential rates, minimum rates and reasons and objects of each differential rate classification.</p>
Authority of Council/CEO:	The above legislation prescribes the process that Council must follow to be fully compliant in levying its rates.
Policy:	2.3 Strategic Financial Planning & Budgeting.

Financial Implications

47. There are no direct financial implications of receiving this report as it relates to a statutory part of the budget development process. However, following the public advertising period, the proposed rates model will influence the final 2024/25 Annual Budget document.

Further Information

Nil.

15.4 2023/24 Year End Reserve Fund Transfer

Responsible Officer	Michael Kent – Chief Financial Officer
Voting Requirements	Absolute Majority
Attachments	Nil.

Purpose

This report is for Council to consider a proposed transfer of a funding windfall to the Community Infrastructure Reserve.

Recommendation

That Council APPROVES the transfer of \$5.0M from Municipal Funds to the Community Infrastructure Reserve.

Background

1. The Annual Budget is an informed financial forecast of the anticipated revenues and expenditures arising from the City's operations over the year.
2. As such, it is reasonably expected that some variations will occur between those forecasts and the actual financial outcomes. These differences may arise from cost savings, change of project scope, release of project contingency, changed economic conditions or receipt of unanticipated revenues.
3. The variations may be either favourable or unfavourable - and it is important that the budget is dynamically managed so that Council maintains an informed perspective on the City's financial position.

Discussion

4. Following the mid-year budget review, the 2023/24 Budget had an estimated Closing Position of \$9.2M.
5. It should be noted that the estimated surplus referenced above was contingent on all funding and expenditure patterns running true to budget for the remainder of the year.
6. As part of the City's dynamic treasury management approach, a further review of the City's budget has been undertaken with engagement across relevant service areas. Items considered in the review included the following:
 - Recognition of revenues that exceed budget estimates.
 - Recognition of savings in delivering operational projects
 - Release of savings and contingencies from certain capital works projects.
7. Over the course of the year, some of the City's operating activities (such as investment revenue, rates and building license revenues) have resulted in outperformance relative to budget.
8. The City has also been notified on 8 May of receipt of a dividend of \$1.25M from its one twelfth share in the operations of the Catalina Regional Council. This amount had not been previously budgeted for.
9. A further windfall revenue of \$0.5M relates to insurance recoveries for costs previously paid from municipal funds.
10. Review of certain operating and capital projects that have now concluded, or are about to conclude, has revealed savings and / or released contingencies which are also harvested in this review.
11. These items are summarised in the table below.

Table 1:

Details	Impact on Surplus \$	Budget Impact
Catalina Regional Council Dividend	1,25M	▲
Investment Revenue	0.25M	▲
Rates Revenue	0.15M	▲
Building Licence Fees	0.50M	▲
Insurance Recoveries / Recoverable Works	0.50M	▲
Capital & Operating Projects - Savings / Unused Contingency	1.65M	▲

12. In total, these variances represent around \$4.3M in available funds.
13. The projected year end position including those variances plus other minor favourable variances infer a year end closing position of around \$14.9M.
14. The draft 2024/25 budget is premised on an Opening Position of \$10.0M.
15. Rather than absorbing the additional monies into general funds, it is proposed that that they should be quarantined in a cash backed reserve to support known future capital projects.
16. Specifically, the City is currently progressing a number of property portfolio initiatives (including a future Community, Sport & Recreational Hub at 2 Plain St, Perth).
17. It is recommended that an amount of \$5.0M (representing the approximate amount of this windfall) be transferred into the Community Infrastructure Reserve and is explicitly identified as part of the funding package to support this project when it progresses.
18. This approach is entirely consistent with the principles underpinning the Long-Term Financial Plan 2024/25 - 2033/34 and the Reserve Funding Strategy whereby funds are accumulated in specific reserves to support identified future capital initiatives.

Consultation

Nil

Decision Implications

Council's receipt of this Budget Review will meet its obligation under Regulation 33A of the *Local Government (Financial Management) Regulations 1996*.

Strategic, Legislative and Policy Implications

Strategy	
Strategic Pillar (Objective)	Well Governed
Related Documents (Issue Specific Strategies and Plans):	Long Term Financial Plan
Legislation, Delegation of Authority and Policy	
Legislation:	<p>Section 6.2(2) (b) of the Local Government Act 1995 Regulation 33(A) of the Local Government (Financial Management) Regulations 1996</p> <p>This section of the Act and the related Financial Management Regulation prescribe the requirement to prepare and present to Council, a review of the Annual Budget for the period commencing 1 July and no earlier than 31 December.</p> <p>That review of the Budget must consider:</p> <ul style="list-style-type: none"> • The local government's financial performance for that period. • The local government's financial position as at review date. • The financial outcomes as forecast in the budget for the end of the financial year.

	<p>Council must consider and adopt the review, or any parts of the review and any recommendations made in the review.</p> <p>The requirement to undertake the statutory budget review does not preclude a local government from reviewing and adjusting its budget subsequently - where such adjustment is deemed appropriate.</p>
Authority of Council/CEO:	Amendments to the City’s budget are required to be presented to, and formally approved by Council by absolute majority.
Policy:	<p>CP 2.3 - Strategic Financial Planning & Budgeting</p> <p>CP 2.6 - Budget Variations.</p>

Financial Implications

19. This Budget Review will result in a (projected) budget surplus in line with the requirement for the opening position in the draft 2024/25 Budget.
20. Local governments are allowed to rate up to 110% of the budget deficiency in any given year to provide for future financial sustainability.
21. Transferring the \$5.0M to the Community Infrastructure Reserve to support an identified future community facility supports the City’s future financial sustainability.
22. The 2024/25 proposed rate yield is then 105% of the budget deficiency (well within the target range), yet it meets the Long-Term Financial Plan rates target for financial sustainability.

Further Information

Nil

16. Chief Executive Officer Reports

16.1 Voting Delegates for the WALGA AGM

Responsible Officer	Michelle Reynolds – Chief Executive Officer
Voting Requirements	Absolute Majority
Attachments	Attachment 16.1A – Poposed Council Policy 1.2 Professional Development ↓

Purpose

For Council to determine its position on the selection of Voting Delegates for the WALGA Annual General Meeting.

Recommendation

That Council APPROVES an amendment to Council Policy 1.2 Professional Development, by including new point 9 as shown below (**Attachment A**) and renumbering subsequent clauses as required:

- “9. The City’s Voting Delegates at the WALGA Annual General Meeting are:
- a. The City’s WALGA Central Metropolitan Zone **Members**.
 - b. If Members are unavailable, the City’s WALGA Central Metropolitan Zone **Deputy Members**.
 - c. If Deputy Members are unavailable, other Council Members as nominated by the Chief Executive Officer.”

Background

1. Each year, the Western Australian Local Government Association (WALGA) holds an Annual General Meeting of Members alongside the annual WALGA Convention.
2. Member Local Governments are entitled to be represented by up to two Voting Delegates at the Annual General Meeting.
3. There is currently no formal process for the selection of the City's Voting Delegates at the Annual General Meeting.
4. Voting Delegates have previously been selected by the City's Chief Executive Officer based on Council Member interest and approved attendance at the WALGA Convention.

Discussion

5. A suggestion has been received from an Elected Member to formalise this process by including a provision in the relevant Council Policy outlining how Voting Delegates will be selected for the WALGA AGM.
6. As the WALGA Convention is recognised as a Pre-approved Conference in Council Policy 1.2 Professional Development and the AGM is held alongside the convention, it is recommended that this policy be amended to include the following and renumber subsequent clauses as required:
 - "9. *The City's Voting Delegates at the WALGA Annual General Meeting are:*
 - a. *The City's WALGA Central Metropolitan Zone **Members**.*
 - b. *If Members are unavailable, the City's WALGA Central Metropolitan Zone **Deputy Members**.*
 - c. *If Deputy Members are unavailable, other Council Members as nominated by the Chief Executive Officer."*
7. WALGA Central Metropolitan Zone Members will be given first preference as they have been formally appointed by Council to represent the City at meetings of the WALGA Central Metropolitan Zone.
8. The amended policy is provided in **Attachment A**, showing the addition in green text.

Consultation

9. A Current Issues Briefing Note (CIBN) was circulated to council members for feedback. No feedback was received.

Decision Implications

10. If Council approve this amendment to Council Policy 1.2 Professional Development, Voting Delegates will be selected for the WALGA AGM in line with the new position.

Strategic, Legislative and Policy Implications

Strategy	
Strategic Pillar (Objective)	A Well-Governed City
Related Documents (Issue Specific Strategies and Plans):	Nil.

Legislation, Delegation of Authority and Policy	
Legislation:	<p><i>Local Government Act 1995</i></p> <p>Section 2.7 provides that council is to determine the local government's policies.</p> <p>Section 5.128(2) empowers council to amend the professional development policy by absolute majority.</p>
Authority of Council/CEO:	Council
Policy:	Council Policy 1.2 Professional Development

Financial Implications

Nil.

Further Information

Nil.

17. Committee Reports

17.1 2023-24 OAG Annual Audit Plan - Entrance Meeting

Responsible Officer	Michael Kent – Chief Financial Officer
Voting Requirements	Simple Majority
Attachments	Attachment 17.1A – 2023-24 OAG Audit Plan ↓

Purpose

To present the Office of Auditor General’s (OAG) audit plan for the year ending 30 June 2024 and provide a forum for the audit entrance interview wherein Ernst and Young (EY), as the auditors for the OAG could present the scope of the audit.

Recommendation

That Council RECEIVES the Office of Auditor General’s audit plan for the year ending 30 June 2024.

Background

1. Section 7.2 of the *Local Government Act 1995* requires the accounts and annual financial report of a local government for each financial year be audited.
2. The Office of the Auditor General has appointed Ernst & Young to conduct the City's financial audit for a three-year period commencing with the audit for the 2023-2024 financial year. The appointment also contains the option for the OAG to extend the contract for a further two years (1 year each).
3. The financial audit consists of two phases:
 - a. Interim audit - to review appropriateness of the City's financial controls and ensure accounts are properly kept.
 - b. Annual financial statement audit – to ensure the annual financial report is prepared in accordance with the financial records and represents fairly the results of the operations of the local government and its financial position of 30 June.

Discussion

4. In April, the city was informed by Ernst & Young the interim audit was scheduled to commence on 14 May 2024 and performed until 7 June 2023.
5. Ernst & Young has provided the attached 2023-2024 Draft Audit Plan. The plan provides the scope, areas of audit focus, audit approach and audit timeline.
6. The OAG will issue the following reports, once the interim and annual financial audit has been completed:
 - a. Audit management report – provides an overview of the OAG's assessment of the appropriateness of internal controls for the audit period.
 - b. Audit closing report – provides details of audit work conducted as part of the 2024 annual financial statement audit.
 - c. Audited 2024 Annual financial statements.
7. The 2023-2024 Draft Audit Plan is attached.

Consultation

Nil.

Decision Implications

8. Completing the audit, will ensure compliance with the Local Government Act and Regulations.

Strategic, Legislative and Policy Implications

Strategy	
Strategic Pillar (Objective)	Sustainable
Related Documents (Issue Specific Strategies and Plans):	Nil.

Legislation, Delegation of Authority and Policy	
Legislation:	Section 7.2 of the Local Government Act 1995 Section 6.4 of Local Government Act 1995 Regulation 36 of the Local Government (Financial Management) Regulations 1996
Authority of Council/CEO:	The Audit and Risk Committee assists the Council in fulfilling their oversight responsibilities in relation to systems of risk management and internal control, the City's processes for monitoring compliance with laws and regulations, including financial and performance reporting and external and internal audit.
Policy:	Nil.

Financial Implications

Nil.

Further Information

Nil.

17.2 Proposed 3-year Strategic Internal Audit Plan FY 24/25 to FY 26/27

Responsible Officer	Natasha Balderston – Audit and Risk Manager
Voting Requirements	Simple Majority
Attachments	Attachment 17.2A – Proposed 3-year Strategic Internal Audit Plan FY 24/25 to FY 26/27 ↓ Attachment 17.2B – Current 3-year Strategic Internal Audit Plan FY 23/24 to FY 25/26 ↓ Attachment 17.2C – Assurance Map ↓

Purpose

To provide the Audit and Risk Committee with the proposed 3-year Strategic Internal Audit Plan and to consider it for recommendation to Council.

Recommendation

That Council APPROVES the proposed 3-year Strategic Internal Audit Plan.

Background

1. The 3-year Strategic Internal Audit Plan (“the Plan”) was developed in accordance with the Institute of Internal Auditors’ International Professional Practices Framework, which requires the Manager Audit and Risk to produce a risk-based strategic audit plan, that considers the organisation’s risk management framework, its strategic objectives and priorities, and its assurance environment. In addition, when developing the 3-year Strategic Internal Audit Plan, the views of the CEO, Executive Leadership Team (“ELT”), and the ARC were considered.
2. The Plan is a rolling plan that is produced every three financial years and updated annually. The current 3-year Strategic Internal Audit Plan FY23/24 to FY25/26 was approved by Council at the Ordinary Council Meeting on 30 May 2023, on recommendation from the Audit and Risk Committee (“ARC”).
3. The objective of audit planning is to provide sufficient assurance that key strategic risks are being managed effectively and value-for-money is being achieved for the City.
4. Audits at the City usually take to form of a “performance audit”, a “health check” or a “compliance review”. The definitions provided for these by the Institute of Internal Auditors Australia are as follows:
 - a. Performance audit – An audit conducted to evaluate the economy, efficiency, and effectiveness of the organisations’ operations to assure management that its strategic objectives are being carried out and whether they can be improved on.
 - b. Health check – Management may request Internal Audit to perform a health check of a part of their business unit. The idea is to quickly evaluate the health of the area reviewed to assess the state of its governance, risk, and control environment.
 - c. Compliance Review – These reviews are legislative requirements, to be conducted on a regular cycle (for example, the Compliance Audit Return is required to be conducted annually).

Discussion

5. In developing the Plan, which covers FY24/25 to FY26/27, the Manager Audit and Risk and the Internal Audit Team:
 - a. Undertook assurance mapping based on the City’s “Audit Universe”, which was developed in FY22/23, to determine other assurance work completed, independent of the Internal Audit Team, within the organisation. To do so, information was independently obtained through a review of:
 - i. The City’s Strategic and Operational Risk Registers.
 - ii. The City’s Strategic Community Plan, Corporate Business Plan, and Evolution to Excellence documents.
 - iii. The current 3-Year Strategic Audit Plan FY23/24 to FY25/26
 - iv. Previous internal audit reports.
 - v. External audit reports and plans.
 - vi. The City’s website and intranet.
 - vii. Annual reports.
6. Assurance mapping was done in line with the Institute of Internal Auditor’s four lines of defence model:
 1. Management based Assurance
 - Policies – Council and operational
 2. Functional Assurance
 - Functional reviews and service reviews
 3. Independent Oversight

- Internal audits and compliance audits
4. Regulatory Assurance
- External audits/OAG audits and other accreditations and certifications.
7. Please find attached the proposed 3-Year Strategic Internal Audit Plan FY24/25 to FY26/27 in Attachment A, the current 3-Year Strategic Audit Plan FY23/24 to FY25/26 as Attachment B, and the Assurance Mapping exercise in Attachment C.

Consultation

8. All City Business Units were consulted in the development of the Audit Universe in FY22/23, which helped inform the audit plan.
9. The Executive Leadership Team provided feedback on the proposed 3-Year Strategic Internal Audit Plan FY24/25 to FY26/27, which was built upon the assurance map.

Decision Implications

If the plan is not approved by Council on recommendation of the ARC, the implementation of the FY24/25 Audit Plan may be delayed.

Strategic, Legislative and Policy Implications

Strategy	
Strategic Pillar (Objective)	A Well-Governed City
Related Documents (Issue Specific Strategies and Plans):	3-year Strategic Internal Audit Plan

Legislation, Delegation of Authority and Policy	
Legislation:	<i>Local Government (Audit) Regulations 1996.</i>
Authority of Council/CEO:	As the Committee has no delegated authority, Council is required to approve the 3-year Strategic Internal Audit Plan.
Policy:	Nil.

Financial Implications

Any financial implications will be detailed as part of progress reporting.

Further Information

Nil.

17.3 Council Policy 2.15 Fraud and Corruption Control Review

Responsible Officer	Natasha Balderston – Audit and Risk Manager
Voting Requirements	Simple Majority
Attachments	Attachment 17.3A – Draft Revised CP 2.15 Fraud and Corruption Control showing tracked changes ↓

Purpose

The purpose of this report is to seek the Audit and Risk Committee’s recommendation for Council to adopt the amendments to *CP2.15 Fraud and Corruption Control* at the Ordinary Council meeting on 28 May 2024.

Recommendation

That Council:

1. ADOPTS the proposed amendments to *CP2.15 Fraud and Corruption Control* (**Attachment A**)
 2. APPROVES minor typographical amendments, where the materiality of the policy is not affected, and placing the policy in future new templates may be made to improve the presentation and/or make corrections.
-

Background

1. The current *CP2.15 Fraud and Corruption Control* (“the Policy”) was endorsed by Council in August 2021.
2. The Policy outlines the City of Perth’s (“the City”) commitment to minimising the instances of fraud, misconduct, bribery, and corruption within the organisation, and to implementing strategies to prevent, detect, and respond to fraud and corruption.

Discussion

3. Since the last review of the Policy, there have been revisions to relevant legislation, such as the *Local Government (Model Code of Conduct) Regulations 2021*, and best practice standards related to fraud and corruption control, including the *Australian Fraud and Corruption Standard AS8001-2021* and *International Risk Management Standard AS ISO 31000:2018*.
4. Additionally, updates have been made to the *Code of Conduct for Council Members, Committee Members and Candidates*, *Employee Code of Conduct*, *CP2.14 Risk Management*, and *CP2.16 Complaints Management*.
5. This policy review accounts for these updates and aims to further clarify Council, employee, and external service provider responsibilities and expectations relating to preventing, detecting, and responding to fraud and corruption.
6. The existing policy is also not on the City’s current Policy template.
7. A marked-up version of the draft Policy, showing proposed changes and in the current Policy template is attached as **Attachment A**. A summary of the changes and rationales is included below:

Table 1: Summary of changes and reasons - CP2.15 Fraud and Corruption Control:

Table 1: Summary of changes and reasons - CP2.15 Fraud and Corruption Control:		
Reference	Change	Reason
Objective	<p>Deleted: This Policy seeks to eradicate fraud or corrupt conduct at the City of Perth.</p> <p>Amended: Council recognises that fraudulent and corrupt conduct has the potential to cause significant financial and non-financial harm to the City of Perth (“the City”).</p> <p>The City is committed to implementing strategies to prevent, detect, and respond to allegations of fraud and corruption within the organisation.</p>	Objective amended to expressed commitment to fraud and corruption control rather than eradication.
Scope	<p>Reworded to: This policy applies to all City of Perth Elected Members, Candidates, Committee Members, Advisory Group members, City employees, agency staff, volunteers, and interns, and third parties such as a consultants, contractors, and suppliers.</p>	Amended for clarity

Point 2	<p>Deleted:</p> <p>2. The Council’s Risk Appetite Statement states the City has a zero tolerance for Fraud and Corruption. This means that every reasonable practical measure will be taken to prevent the occurrence of an adverse event.</p> <p>Added:</p> <p>3. As per the Risk Appetite Statements in <u>CP2.14 Risk Management Policy</u>, the Council will not tolerate fraud and corrupt conduct by Councillors and/or workers and has a VERY LOW appetite for fraud and misconduct.</p>	Amended to reflect changes made to CP2.14 Risk Management in March 2023.
Point 3-5	<p>Amended:</p> <p>4. Elected members will lead an ethical organisational culture through compliance with the:</p> <p>4. Local Government (Rules of Conduct) Regulations 2007;</p> <p>5. City’s Code of Conduct; and</p> <p>6. City’s Statement of Business Ethics.</p> <p>a. <i>Local Government (Model Code of Conduct) Regulations 2021.</i></p> <p>b. <i>The City’s Code of Conduct for Council Members, Committee Members and Candidates.</i></p> <p>4. Employees covered by the <i>Employee Code of Conduct</i> are expected to comply with its requirements, not engage in any fraudulent, corrupt, or illegal behaviour, and report any information about actual or potential fraudulent, corrupt, or illegal activities.</p> <p>5. The City expects goods and service providers and contractors to adhere to the <i>City’s Statement of Business Ethics</i> within any dealings with the City.</p>	Amended to separate expectations on Council, Employees and service providers and contractors, and to reflect updates to legislation the <i>Code of Conduct for Council Members, Committee Members and Candidates</i> and <i>Employee Code of Conduct</i> .
Point 4	<p>Moved from point 12:</p> <p>4. The Council will appropriately resource the City to implement fraud and corruption prevention, detection, and response strategies.</p>	To improve readability.
Point 5	<p>Amended:</p> <p>5. The City will protect employees who report suspected or alleged acts of fraud and corruption, from retaliation, consistent with the requirements of the <i>Public Interest Disclosure Act 2003</i>.</p>	Amended for clarity and to reflect updates to legislation
Point 6	<p>Added:</p> <p>6. The City will handle investigations into fraud and corruption confidentially and consistently, in line with <i>CP2.16 Complaints Management</i>.</p>	Added to align with the City’s current Complaints Management Policy.
Point 7 and 8	References to “people” have been changes to “employees”	Amended for clarity.
Point 11	The City will reasonably seek to recover losses suffered through acts of fraud and corruption.	Amended for clarity.

Point 12	<p>Added:</p> <p>12. The Chief Executive Officer will develop and implement a Fraud and Corruption Control Plan to deliver the policy objective, <i>in compliance with the requirements of the Australian Fraud and Corruption Standard AS8001-2021</i>. The Fraud and Corruption Control Plan will be reviewed on a biennial basis.</p>	<p>Added to fulfil an audit action from the Misconduct and Fraud Audit (March 2022) and to ensure currency of the Corruption and Control Plan and alignment with best practice established by the OAG and the current standard.</p>						
N/A	<p>Deleted:</p> <p>14. The Audit and Risk Committee will review the performance of the Fraud and Corruption Control Plan and report the results to Council annually.</p>	<p>This is no longer a responsibility of the ARC following updates to the ARC Terms of Reference (approved October 2023). The Fraud and Corruption Control Plan is an operational document which is authorised by the CEO.</p>						
Document Control	<p>Amended:</p> <p>Policy Context</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">Legislation:</td> <td><i>Corruption, Crime and Misconduct Act 2003</i> <i>Public Interest Disclosure Act 2003</i> <i>Local Government Act 1995</i> <i>Local Government (Model Code of Conduct) Regulations 2021</i></td> </tr> <tr> <td>Policies and Procedures:</td> <td><i>CP2.14 Risk Management Policy</i> <i>CP2.16 Complaints Management</i> <i>Code of Conduct for Council Members, Committee Members and Candidates</i> <i>Employee Code of Conduct</i> <i>Statement of Business Ethics</i> <i>PR0439 Conduct Management Procedure</i> <i>PR0442 Grievance Resolution Procedure</i></td> </tr> <tr> <td>Strategies, Plans and Frameworks:</td> <td>Fraud and Corruption Control Plan Risk Management Framework</td> </tr> </table>	Legislation:	<i>Corruption, Crime and Misconduct Act 2003</i> <i>Public Interest Disclosure Act 2003</i> <i>Local Government Act 1995</i> <i>Local Government (Model Code of Conduct) Regulations 2021</i>	Policies and Procedures:	<i>CP2.14 Risk Management Policy</i> <i>CP2.16 Complaints Management</i> <i>Code of Conduct for Council Members, Committee Members and Candidates</i> <i>Employee Code of Conduct</i> <i>Statement of Business Ethics</i> <i>PR0439 Conduct Management Procedure</i> <i>PR0442 Grievance Resolution Procedure</i>	Strategies, Plans and Frameworks:	Fraud and Corruption Control Plan Risk Management Framework	<p>Policy Context amended for currency.</p>
Legislation:	<i>Corruption, Crime and Misconduct Act 2003</i> <i>Public Interest Disclosure Act 2003</i> <i>Local Government Act 1995</i> <i>Local Government (Model Code of Conduct) Regulations 2021</i>							
Policies and Procedures:	<i>CP2.14 Risk Management Policy</i> <i>CP2.16 Complaints Management</i> <i>Code of Conduct for Council Members, Committee Members and Candidates</i> <i>Employee Code of Conduct</i> <i>Statement of Business Ethics</i> <i>PR0439 Conduct Management Procedure</i> <i>PR0442 Grievance Resolution Procedure</i>							
Strategies, Plans and Frameworks:	Fraud and Corruption Control Plan Risk Management Framework							

Consultation

8. Consultation was undertaken with the Executive Leadership team while reviewing the Policy and Plans.

Decision Implications

If the ARC does not support the recommendation, there may be a delay in the completion of the Audit and Risk Unit Workplan for FY 23/24.

Strategic, Legislative and Policy Implications

Strategy	
Strategic Pillar (Objective)	A Well-Governed City
Related Documents (Issue Specific Strategies and Plans):	<i>Code of Conduct for Council Members, Committee Members and Candidates</i> <i>Employee Code of Conduct</i> Fraud and Corruption Control Plan

Legislation, Delegation of Authority and Policy	
Legislation:	<i>Corruption, Crime and Misconduct Act 2003</i> <i>Public Interest Disclosure Act 2003</i> <i>Local Government Act 1995</i> <i>Local Government (Model Code of Conduct) Regulations 2021</i>
Authority of Council/CEO:	Council
Policy:	CP2.14 Risk Management Policy

Financial Implications

Nil.

Further Information

Nil.

18. Motions of which Previous Notice has been Given

This item will be dealt with at the Ordinary Council Meeting.

19. Matters for which the meeting may be closed

In accordance with Section 5.23(2)(a) of the Local Government Act 1995, the following Item 19.1 and its attachments are confidential.

- 19.1 CEO Key Performance Indicators update report - Q3 2023/24 (1 January - 31 March 2024)

Responsible Officer	Michelle Reynolds – Chief Executive Officer
Voting Requirements	Simple Majority
Attachments	Attachment 19.1A – CEO KPIs - 2023 / 2024 Attachment 19.1B – CEO KPI Quarterly Update Report - Q3 2023 -24

20. Urgent Business

This item will be dealt with at the Ordinary Council Meeting.

21. Closure