CITY of PERTH

Lord Mayor and Councillors,

NOTICE IS HEREBY GIVEN that the next meeting of the **Audit and Risk Committee** will be held in Committee Room 1, Ninth Floor, Council House, 27 St Georges Terrace, Perth on **Monday, 16 November 2015 at 4.30pm**.

Yours faithfully

GARY STEVENSON PSM
CHIEF EXECUTIVE OFFICER

12 November 2015

Committee Members:

Members:	**1st Deputy:**	**2nd Deputy:**
The Lord Mayor		
Cr Davidson OAM JP	Cr Adamos	Cr Harley
Cr Green		
Mr Linden (Independent Member)	N/A	N/A

Please convey apologies to Governance on 9461 3250 or by email to governance@cityofperth.wa.gov.au

EMERGENCY GUIDE

Council House, 27 St Georges Terrace, Perth

CITY of PERTH

The City of Perth values the health and safety of its employees, tenants, contractors and visitors. The guide is designed for all occupants to be aware of the emergency procedures in place to help make an evacuation of the building safe and easy.

KNOW YOUR EXITS

BUILDING ALARMS

Alert Alarm and Evacuation Alarm.

ALERT ALARM

beep beep beep

All Wardens to respond.

Other staff and visitors should remain where they are.

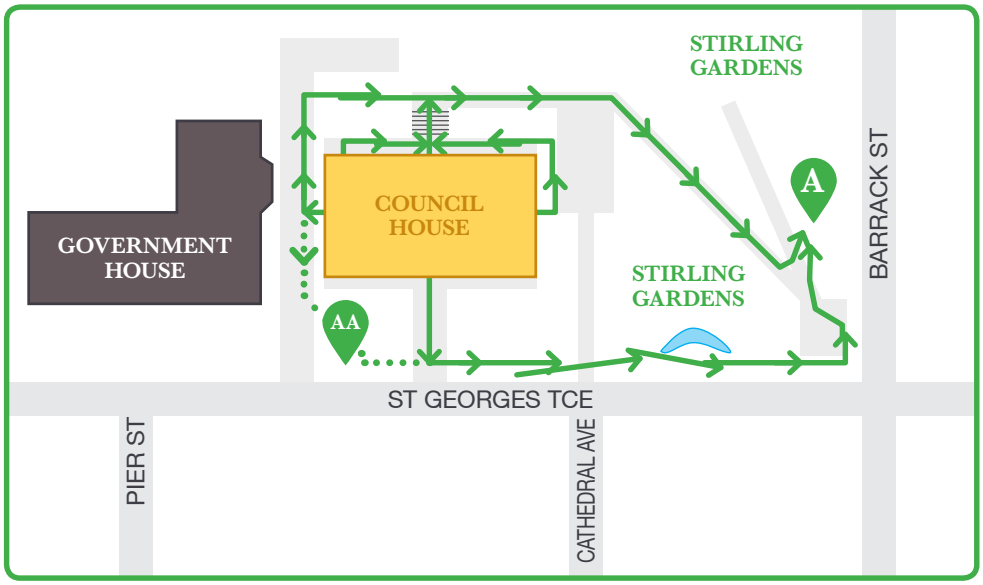
EVACUATION ALARM/PROCEDURES

whoop whoop whoop

On hearing the Evacuation Alarm or on being instructed to evacuate:

1. Move to the floor assembly area as directed by your Warden.
2. People with impaired mobility (those who cannot use the stairs unaided) should report to the Floor Warden who will arrange for their safe evacuation.
3. When instructed to evacuate leave by the emergency exits. Do not use the lifts.
4. Remain calm. Move quietly and calmly to the assembly area in Stirling Gardens as shown on the map below. Visitors must remain in the company of City of Perth staff members at all times.
5. After hours, evacuate by the nearest emergency exit. Do not use the lifts.

EVACUATION ASSEMBLY AREA



A Assembly Area | AA Alternate Assembly Area

INFORMATION FOR THE PUBLIC ATTENDING COMMITTEE MEETINGS

Question Time for the Public

- An opportunity is available at all Committee meetings open to members of the public to ask a question about any issue relating to the City. This time is available only for asking questions and not for making statements. Complex questions requiring research should be submitted as early as possible in order to allow the City sufficient time to prepare a response.
- The Presiding Person may nominate a Member or officer to answer the question, and may also determine that any complex question requiring research be answered in writing. No debate or discussion is allowed to take place on any question or answer.
- To ask a question please write it on the white Question Sheet provided at the entrance to the Council Chamber and hand it to a staff member at least an hour before the meeting begins. Alternatively, questions can be forwarded to the City of Perth prior to the meeting, by :
  - Letter: Addressed to GPO Box C120, Perth, 6839;
  - Email: governance@cityofperth.wa.gov.au.
- Question Sheets are also available on the City's web site*: www.perth.wa.gov.au.*

Deputations

A deputation wishing to be received by a Committee is to apply in writing to the CEO who will forward the written request to the Presiding Member. The Presiding Member may either approve the request or may instruct the CEO to refer the request to the Committee to decide whether or not to receive the deputation. If the Presiding Member approves the request, the CEO will invite the deputation to attend the meeting.

Please refer to the 'Deputation to Committee' form provided at the entrance to the Council Chamber for further information on the procedures for deputations. These forms are also available on the City's web site: www.perth.wa.gov.au.

Disclaimer

Members of the public should note that in any discussion regarding any planning or other application that any statement or intimation of approval made by any Member or officer of the City during the course of any meeting is not intended to be and is not to be taken as notice of approval from the City. No action should be taken on any item discussed at a Committee meeting prior to written advice on the resolution of the Council being received.

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AUDIT AND RISK COMMITTEE

Established: 11 May 2010 (Appointed 22 October 2015)

Members:	**1st Deputy:**	**2nd Deputy:**
The Lord Mayor	Cr Adamos	Cr Harley
Cr Davidson OAM JP		
Cr Green		
Mr Linden (Independent Member)	N/A	N/A

Quorum: Two
Expiry: October 2017

TERMS OF REFERENCE: [Adopted OCM 19/11/13]

1. The Audit and Risk Committee's role, in accordance with Regulation 16 of the Local Government (Audit) Regulations 1996, is to provide guidance and assistance to the local government regarding:

   a. the matters to be audited;
   b. the scope of audits; and
   c. financial, risk and compliance management functions as prescribed in the Local Government Act 1995; as well as
   d. other matters specified in these Terms of Reference.

2. The Committee may resolve to request the Chief Executive Officer (CEO) to provide any information or make arrangements to provide independent expert advice, as appropriate and required by the Committee in order to fulfil its duties and responsibilities.

3. The Committee is to review and make recommendations to the Council regarding:

   a. Financial Management
   i. the annual Financial Statements with a view to being satisfied as to their accuracy and timeliness and the inclusion of prescribed disclosures and information;
   ii. changes in accounting practices, policies and material changes in accounting treatment, providing advice on the appropriateness of implementation strategies; and
   iii. the City's financial status and performance.

   b. Risk Management
   i. the City's risk management strategies and policies;
   ii. the adequacy of the City's risk management systems and practices; and

(Cont'd)

iii. the management of strategic risks, identifying as appropriate, specific risks for more detailed review and response.

c. Internal Controls

i. the standard and effectiveness of the City's corporate governance and ethical considerations; and

ii. the integrity, adequacy and effectiveness of the City's financial and administration policies, systems and controls in providing financial and governance information which:

- is accurate and reliable;
- complies with legislative obligations and requirements; and
- minimises the risk of error, fraud, misconduct or corruption.

d. Legislative Compliance

i. the integrity, adequacy and effectiveness of the City's systems and controls for legislative compliance;

ii. the level of compliance with legislative obligations as well as the City's policies;

iii. the CEO's report on the review of the City's legislative Compliance systems, at least once biennially; and

iv. the annual statutory Compliance Audit.

e. Internal and External Audit Planning and Reporting

i. the process to select and the appointment of an External Auditor;

ii. the integrity, adequacy and effectiveness of the City's Internal Audit Plan and External Audit Plan;

iii. reports, findings and recommendations arising from Internal and External Audits;

iv. the audit of the City's Annual financial statements;

v. the integrity, adequacy and effectiveness of the management response and any actions proposed to be taken to address issues raised by the Internal or External Auditor; and

vi. the oversight and monitoring of implementation of agreed actions.

Delegated Authority 1.1.3 – Audit and Risk Committee provides authority for the Committee to fulfil the duty of the Council to meet with the City's External Auditor at least once per year [s.7.12A(2)].

This meeting is open to members of the public.

AUDIT AND RISK COMMITTEE
16 NOVEMBER 2015

ORDER OF BUSINESS

1. Declaration of Opening

2. Apologies and Members on Leave of Absence

3. Question Time for the Public

4. Confirmation of Minutes – 25 May 2015

5. Correspondence

6. Disclosure of Members' Interests

7. Matters for which the Meeting may be Closed

In accordance with Section 5.23(2) of the *Local Government Act 1995*, the meeting will be required to be closed to the public prior to discussion of the following:

Cofidential Item and/or Schedule No.	Item No. and Title	Reason
Schedule No. 7	Item No. 7 – Internal Audit 2015/16 – Purchasing Review	Section 5.23(2)(f)(i)
Schedule No 8	Item No 8 – Internal Audit 2015/16 – Management of Tenancies Audit	Section 5.23(2)(f)(i)
Schedule No 9	Item No 9 – Internal Audit 2015/16 – Rates Audit	Section 5.23(2)(f)(i)
Item No. 10 and Schedule No 10	Item No. 10 – Outstanding Internal Audit Recommendations – November 2015	Section 5.23(2)(a)
Item No. 11	Item No 11 – Compliance Audits – Access To Victorian and NSW Registered Driver Details	Section 5.23(2)(f)(i)

Confidential reports and schedules are distributed to Members under separate cover.

8. Reports

9. Motions of which Previous Notice has been Given

(Cont'd)

10. General Business

10.1 Responses to General Business from a Previous Meeting

Nil

10.2 New General Business

11. Items for Consideration at a Future Meeting

Outstanding Items:

Nil

12. Closure

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ITEM NO: 1

AUDIT AND RISK COMMITTEE – ELECTION OF PRESIDING MEMBER

RECOMMENDATION: ***(APPROVAL)***

That in accordance with Section 5.12 of the Local Government Act 1995, the Audit and Risk Committee elects a Presiding Member.

BACKGROUND:

FILE REFERENCE:	P1026043
REPORTING UNIT:	Governance
RESPONSIBLE DIRECTORATE:	Corporate Services
DATE:	12 October 2015
MAP / SCHEDULE:	N/A

LEGISLATION / STRATEGIC PLAN / POLICY:

Legislation	Section 5.12 of the *Local Government Act 1995*
Integrated Planning and Reporting Framework Implications	**Strategic Community Plan** Council Four Year Priorities: Capable and Responsive Organisation S18 Strengthen the capacity of the organisation

At its meeting held on **4 June 2013**, Council resolved to establish the Audit and Risk Committee with the following Terms of Reference:

1. The Audit and Risk Committee's role, in accordance with Regulation 16 of the *Local Government (Audit) Regulations 1996*, is to provide guidance and assistance to the local government regarding:
   a. the matters to be audited;
   b. the scope of audits; and
   c. financial, risk and compliance management functions as prescribed in the *Local Government Act 1995*; as well as
   d. other matters specified in these Terms of Reference.

2. The Committee may resolve to request the Chief Executive Officer (CEO) to provide any information or make arrangements to provide independent expert advice, as appropriate and required by the Committee in order to fulfil its duties and responsibilities.

3. The Committee is to review and make recommendations to the Council regarding:

a. Financial Management

i. the annual Financial Statements with a view to being satisfied as to their accuracy and timeliness and the inclusion of prescribed disclosures and information;

ii. changes in accounting practices, policies and material changes in accounting treatment, providing advice on the appropriateness of implementation strategies; and

iii. the City's financial status and performance.

b. Risk Management

i. the City's risk management strategies and policies;

ii. the adequacy of the City's risk management systems and practices; and

iii. the management of strategic risks, identifying as appropriate, specific risks for more detailed review and response.

c. Internal Controls

i. the standard and effectiveness of the City's corporate governance and ethical considerations; and

ii. the integrity, adequacy and effectiveness of the City's financial and administration policies, systems and controls in providing financial and governance information which:

- is accurate and reliable;
- complies with legislative obligations and requirements; and
- minimises the risk of error, fraud, misconduct or corruption.

d. Legislative Compliance

i. the integrity, adequacy and effectiveness of the City's systems and controls for legislative compliance;

ii. the level of compliance with legislative obligations as well as the City's policies;

iii. the CEO's report on the review of the City's legislative Compliance systems, at least once biennially; and

iv. the annual statutory Compliance Audit.

e. Internal and External Audit Planning and Reporting

i. the process to select and the appointment of an External Auditor;

ii. the integrity, adequacy and effectiveness of the City's Internal Audit Plan and External Audit Plan;
iii. reports, findings and recommendations arising from Internal and External Audits;
iv. the audit of the City's Annual financial statements;
v. the integrity, adequacy and effectiveness of the management response and any actions proposed to be taken to address issues raised by the Internal or External Auditor; and
vi. the oversight and monitoring of implementation of agreed actions.

Delegated Authority:

Audit and Risk Committee provides authority for the Committee to fulfil the duty of the Council to meet with the City's External Auditor at least once per year [s.7.12A(2)].

It is noted that at the Special Council meeting held on **22 October 2015**, Council resolved to refer the Terms of Reference to each of the relevant Committees for review.

Membership:

Membership (Members appointed 22 October 2015):

Members:	**1st Deputy:**	**2nd Deputy:**
The Lord Mayor	Cr Harley	Cr Adamos
Cr Davidson OAM JP		
Cr Green		
Mr Stephen Linden*	N/A	N/A

Quorum:
Two

Terms Expire:
Local Government Elections October 2017
*Independent Member (Term expires 31 October 2016)

DETAILS:

Section 5.12 of the *Local Government Act 1995* requires the members of the Committee to elect a Presiding Member.

The procedure that is required to be followed is detailed in Schedule 2.3, Division 1 of the Act which is as follows:

When the Committee elects a Presiding Member

2. (1) The office of Presiding Member is to be filled as the first matter dealt with –
   (a) at the first meeting of the Committee after an inaugural election or a section 4.13 or 4.14 election or after an ordinary elections day; and
   (b) at the first meeting of the Committee after an extraordinary vacancy occurs in the office of Presiding Member.
   (2) If the first ordinary meeting of the Committee is more than three weeks after an extraordinary vacancy occurs in the office of Presiding Member, a special meeting of the Committee is to be held within that period for the purpose of filling the office of Presiding Member.

CEO to preside

3. The Chief Executive Officer (CEO) is to preside at the meeting until the office of Presiding Member is filled.

How the presiding member is elected

4. (1) The Committee is to elect a Committee member to fill the office of Presiding Member.
   (2) The election is to be conducted by the CEO in accordance with the procedures prescribed.
   (3) Nominations for the office of presiding member are to be given to the CEO in writing before the meeting or during the meeting before the close of nominations.
   (3a) Nominations close at the meeting at a time announced by the CEO which is to be sufficient time after the announcement by the CEO that nominations are about to close to allow for any nominations made to be dealt with.
   (4) If a committee member is nominated by another committee member the CEO is not to accept the nomination unless the nominee has advised the CEO, orally or in writing, that he or she is willing to be nominated for the office.
   (5) The committee members are to vote on the matter by secret ballot as if they were electors voting at an election.
   (6) Subject to clause 5(1), the votes cast under sub-clause (5) are to be counted, and the successful candidate determined, in accordance with the procedures set out in Schedule 4.1 (which deals with determining the result of an election) as if those votes were votes cast at an election.
   (7) As soon as practicable after the result of the election is known, the CEO is to declare and give notice of the result in accordance with the regulations, if any.

Votes may be cast a second time

5. (1) If when the votes cast under clause 4(5) are counted there is an equality of votes between two or more candidates who are the only candidates in,

or remaining in, the count, the count is to be discontinued and the meeting is to be adjourned for not more than seven days.

(2) Any nomination for the office of presiding member may be withdrawn, and further nominations may be made, before or when the meeting resumes.

(3) When the meeting resumes the Committee members are to vote again on the matter by secret ballot as if they were electors voting at an election.

(4) The votes cast under sub-clause (3) are to be counted, and the successful candidate determined, in accordance with Schedule 4.1 as if those votes were votes cast at an election.

The votes are to be counted in accordance with Schedule 4.1 of the *Local Government Act 1995* as if those votes were cast at an election. If two or more candidates receive the same number of votes so that Clause 2, 3 or 4 cannot be applied, the CEO is to draw lots in accordance with regulations to determine which candidate is elected.

COMMENTS:

The Audit and Risk Committee is required to elect a Presiding Member.

ITEM NO: 2

AUDIT AND RISK COMMITTEE – REVIEW OF TERMS OF REFERENCE

RECOMMENDATION: ***(CONSIDERATION)***

That the Audit and Risk Committee:

1. ***considers the Terms of Reference for the Audit and Risk Committee, as detailed in Schedule 1;***

2. ***notes that any amendments will require the consideration and endorsement of Council.***

BACKGROUND:

FILE REFERENCE:	P1029513
REPORTING UNIT:	Governance
RESPONSIBLE DIRECTORATE:	Corporate Services
DATE:	2 November 2015
MAP / SCHEDULE:	Schedule 1 – Terms of Reference for Committees as at 22 October 2015.

At its meeting held on **4 June 2013**, Council adopted a revised Committees of Council structure, establishing the resulting Committees and adopting the terms of reference for each Committee.

Following the 2015 Local Government Elections, at its special meeting held on **22 October 2015**, Council resolved to refer the Terms of Reference to each of the relevant Committees for review.

The current Terms of Reference for the Audit and Risk Committee are included in Schedule 1 for review. It is noted that any amendments proposed will require the endorsement of Council.

LEGISLATION / STRATEGIC PLAN / POLICY:

Legislation	Section 5.8 of the *Local Government Act 1995*
Integrated Planning and Reporting Framework Implications	**Corporate Business Plan** Council Four Year Priorities: Capable and Responsive Organisation A capable, flexible and sustainable organisation with a

strong and effective governance system to provide leadership as a capital city and provide efficient and effective community centred services.

DETAILS:

The Audit and Risk Committee considered a total of 19 items in 2014 and has so far considered 10 items in 2015. The inclusion of an external member in the Committee structure has enhanced the decision making process of the Committee and promoted the independence and objectivity of the City's internal and external auditing processes.

FINANCIAL IMPLICATIONS:

There are no financial implications related to this report.

STANDING COMMITTEES OF COUNCIL

Convened in accordance with s.5.8 of the Local Government Act 1995

Marketing, Sponsorship & International Engagement Committee

TERMS OF REFERENCE OCM 04/06/13

1. To oversee and make recommendations to the Council on matters related to:
   a. marketing of the city (including marketing of the City's car parks);
   b. initiatives to promote Perth as a tourist destination;
   c. events held in Forrest Place and the Hay and Murray Street Malls and other Council reserves and parks;
   d. international relations including Sister City relationships and U.S. Naval visits and the World Energy City Partnership;
   e. the implementation of the Christmas Decorations Strategy;
   f. the management of the Australia Day Celebrations;
   g. street busking in the City;
   h. use of the City's banner and flag sites;
   i. corporate communications and public relations.
2. To assess and determine:
   a. requests made to the Council for donations and sponsorship, with authority to approve or decline requests of $10,000 or less;
   b. requests to waive fees associated with the hire of the City's exhibition screens in accordance with Procedure PR0720, with authority to approve or decline requests over $5,000.

Works & Urban Development Committee

TERMS OF REFERENCE: OCM 04/06/13

To oversee and make recommendations to the Council on matters related to:

1. works required to construct, upgrade and maintain streets, footpaths, thoroughfares and other public places, including streetscape upgrades, landscaping initiatives and directional signage and graffiti;

2. design, construction and upgrading of parks, reserves, recreational and civic amenities and facilities and Council owned buildings, excluding Council House, the Perth Town Hall, City of Perth Public Lending Library and the Perth Concert Hall;

3. the façade lighting of buildings;

4. waste management.

Finance & Administration Committee

TERMS OF REFERENCE: OCM 04/06/13

1. To oversee and make recommendations to the Council on matters related to:
   a. the financial management of the City including budgeting, payment of accounts, collection of debts, investment of funds and write-offs;
   b. strategic and annual plans;
   c. management of local government property, including issues relating to the City's civic buildings (Council House, Perth Town Hall, Perth Concert Hall and the City of Perth Library);
   d. business opportunities and proposals, including those related to parking, having the potential to achieve new income or savings for the City, which may have been initiated by other Committees of the Council;
   e. fees and charges levied by the City in accordance with Sections 6.16 or 6.32 of the Local Government Act 1995;
   f. Elected Members, including protocols and procedures, benefits and allowances;
   g. Council's policies, local laws and Register of Delegations;
   h. the management and enforcement of permanent and temporary on-street parking proposals or restrictions and any associated fees or signage;
   i. any other issues requiring a decision of the Council and not specifically defined in the Terms of Reference for any other Committee of the Council.
2. To determine:
   a. public art, art purchases and management of the City's art collection with the authority to purchase artworks over $5,000 (excluding GST) and the deaccession of artworks in accordance with Policy 18.2 – Collection Management;
   b. requests for receptions referred to the Committee by the Lord Mayor, with authority to approve or decline requests of $5,000 or less.

Planning Committee

TERMS OF REFERENCE: OCM 04/06/13

To oversee and make recommendations to the Council on matters related to:

1. development, building, demolition, sign and alfresco dining applications and proposals for subdivision or amalgamation;
2. the City Planning Scheme and planning policies;
3. identification of long term planning opportunities and major projects, including the Perth City Link, Elizabeth Quay and Waterbank;
4. strategic town planning initiatives and economic development;
5. Heritage, including:
   - 5.1 the City of Perth Municipal Inventory;
   - 5.2 the Register of Places of Cultural Heritage Significance referred to in City Planning Scheme No 2, and management of same;
   - 5.3 heritage incentive initiatives;
6. transport and traffic network planning issues;
7. environmental improvement strategies including environmental noise management;
8. liquor licensing;
9. land administration issues, such as street names, closures of roads and rights-of-way and vesting of reserves;
10. applications for events held within the City of Perth that require planning approval as a result of excessive noise or traffic management proposals.
11. legislation and compliance in relation to land use planning.

OCCASIONAL COMMITTEES OF COUNCIL

Convened in accordance with s.5.8 of the Local Government Act 1995

Audit and Risk Committee

TERMS OF REFERENCE: OCM 19/11/13

1. The Audit and Risk Committee's role, in accordance with Regulation 16 of the Local Government (Audit) Regulations 1996, is to provide guidance and assistance to the local government regarding:
   a. the matters to be audited;
   b. the scope of audits; and
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   iii. the City's financial status and performance.

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   i. the City's risk management strategies and policies;
   ii. the adequacy of the City's risk management systems and practices; and
   iii. the management of strategic risks, identifying as appropriate, specific risks for more detailed review and response.

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i. the standard and effectiveness of the City's corporate governance and ethical considerations; and

ii. the integrity, adequacy and effectiveness of the City's financial and administration policies, systems and controls in providing financial and governance information which:

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- complies with legislative obligations and requirements; and
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iii. the CEO's report on the review of the City's legislative Compliance systems, at least once biennially; and

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i. the process to select and the appointment of an External Auditor;

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iii. reports, findings and recommendations arising from Internal and External Audits;

iv. the audit of the City's Annual financial statements;

v. the integrity, adequacy and effectiveness of the management response and any actions proposed to be taken to address issues raised by the Internal or External Auditor; and

vi. the oversight and monitoring of implementation of agreed actions.

Delegated Authority 1.1.3 – Audit and Risk Committee provides authority for the Committee to fulfil the duty of the Council to meet with the City's External Auditor at least once per year [s.7.12A(2)].

CEO Performance Review Committee

TERMS OF REFERENCE: OCM 04/06/13

To:

1. Undertake an annual review of the performance of the Chief Executive Officer as required by Section 5.38 of the Local Government Act 1995;
2. Establish annual performance objectives for the Chief Executive Officer;
3. Report the outcome of the review referred to in part 1 above to Council.

ITEM NO: 3

RISK MANAGEMENT UPDATE - NOVEMBER 2015

RECOMMENDATION: ***(INFORMATION)***

That the Council receives the report titled Risk Management Update – November 2015.

BACKGROUND:

FILE REFERENCE:	P1029155 TRIM 178370/15
REPORTING UNIT:	Governance
RESPONSIBLE DIRECTORATE:	Corporate Services
DATE:	12 October 2015
MAP / SCHEDULE:	Schedule 2 – Risks Register

LEGISLATION / STRATEGIC PLAN / POLICY:

Legislation	*Local Government Act 1995* Regulation 17 of the *Local Government (Audit) Regulations 1996*
Integrated Planning and Reporting Framework Implications	**Corporate Business Plan** Council Four Year Priorities: Capable and responsive organisation S18 Strengthen the capacity of the organisation 18.1 Implement Organisational Development Plan Organisational Development Plan: G4 Risk Management
Policy Policy No and Name:	19.1 – Enterprise Risk Management

DETAILS:

Policy and Framework

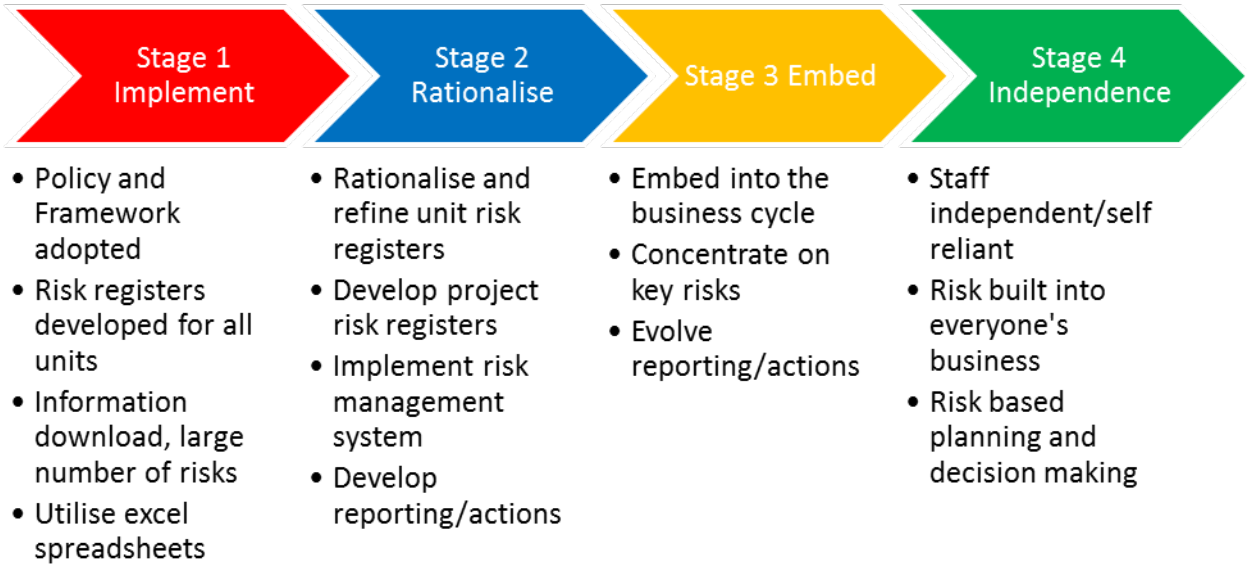
The Enterprise Risk Management Policy 19.1 and Risk Management Framework were adopted by Council on **4 June 2013**. The Policy states the purpose of risk management as being:

"To protect the community, the City of Perth and its workers against foreseeable risks through that provide information to assist in informed decision making, maximising asset potential and enhancing community wellbeing."

Under the framework the Audit and Risk Committee has the responsibility for the systems and processes for risk management in line with the *Local Government (Audit) Regulations 1996*. The framework states that strategic and high level operational risks will be reported to the Audit and Risk Committee and Council on a six monthly basis. This report fulfils the reporting requirements of the framework.

Implementation process

The diagram below indicates the path that is being followed to embed risk management within all functions of the organisation.



The City is now nearing the completion of stage two of the above and will commence working on stage three being embedding risk into the business cycle, concentrating on key risks.

Subsequent to the last report to the Audit and Risk Committee in October 2014, a number of actions have taken place within the City:

- Presentations have been given at unit meetings and staff inductions to raise awareness of risk management and the City's risk management framework;
- All organisational and strategic risks for each unit have been reviewed and updated by the respective managers and their units;
- All organisational and strategic risks have been transferred from manual spreadsheets and uploaded into the City's software system Risk Management and Safety Systems (RMSS). The figures below have been extracted using the RMSS reporting function;
- RMSS has been implemented to record, manage and report on health and safety incidents, it is also being used to record, monitor and investigate workplace safety inspection completed by safety representatives;

- RMSS has been reconfigured for the new organisation structure;
- Risks have been rationalised to combine organisation wide risks and assign responsibility to a single manager rather than include it multiple times within unit risk registers;
- The Enterprise Risk Management Framework has been reviewed and proposed amendments are presented to this Audit and Risk Committee in a separate paper;
- The process of developing business continuity plans for the organisation has progressed, an external consultant, Riskwest, has been working with the City on this process, which is now at the preparation of draft plans stage.

Risk Profile

The distribution of risk ratings throughout the organisation is shown in the following risk matrix and pie chart.

The pie chart demonstrates the overall image of the City's risk categorised into Low, Medium, High and Extreme risks. As indicated by the pie graph the City is proactively managing its risks with no risks rated as Extreme and only 1.29% rated as High.

Since the 2014 review of risk registers there has been some significant changes which has brought the ratings of some risks down to more acceptable levels. The changes are due both to controls put in place but also due to more realistic ratings of risks in accordance with the Enterprise Risk Management Framework. The risks that were extreme and high in the 2014 review have been re-evaluated using the proposed changes to the scoring of likelihood outlined in the paper proposing changes to the Enterprise Risk Management Framework provided to this meeting. Should the Committee accept these changes the remaining organisation risks will also be reviewed which is expected to move a number of risks from the medium to low categories.

There are 464 risks identified within RMSS, zero of which are rated extreme which is 20 less since last reported and 6 of which are rated high which is 93 less since last reported.

Detailed information on each of the organisational risks including the controls, risk ratings and any further action required is provided for in RMSS Risk Module.

CITY of PERTH

Residual Risk Matrix

Consequence

Likelihood	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	7 Risk(s)	H	H	E	E
Likely	7 Risk(s)	24 Risk(s)	4 Risk(s)	E	E
Moderate	15 Risk(s)	57 Risk(s)	47 Risk(s)	2 Risk(s)	E
Unlikely	5 Risk(s)	57 Risk(s)	73 Risk(s)	22 Risk(s)	H
Rare	9 Risk(s)	23 Risk(s)	60 Risk(s)	29 Risk(s)	23 Risk(s)

L	Low	Low level residual risks generally do not need to be treated, however they should be recorded in the risk register and reviewed periodically to determine if the level of risk has changed.
M	Medium	Medium level residual risks should be treated if it is practical and cost effective to do so.
H	High	All extreme and high rated residual risks are to be immediately treated (where practical to do so) and will be reported to the Risk Management Task Force with treatment solutions.
E	Extreme	All extreme and high rated residual risks are to be immediately treated (where practical to do so) and will be reported to the Risk Management Task Force with treatment solutions.

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Figure 1 Risk Matrix

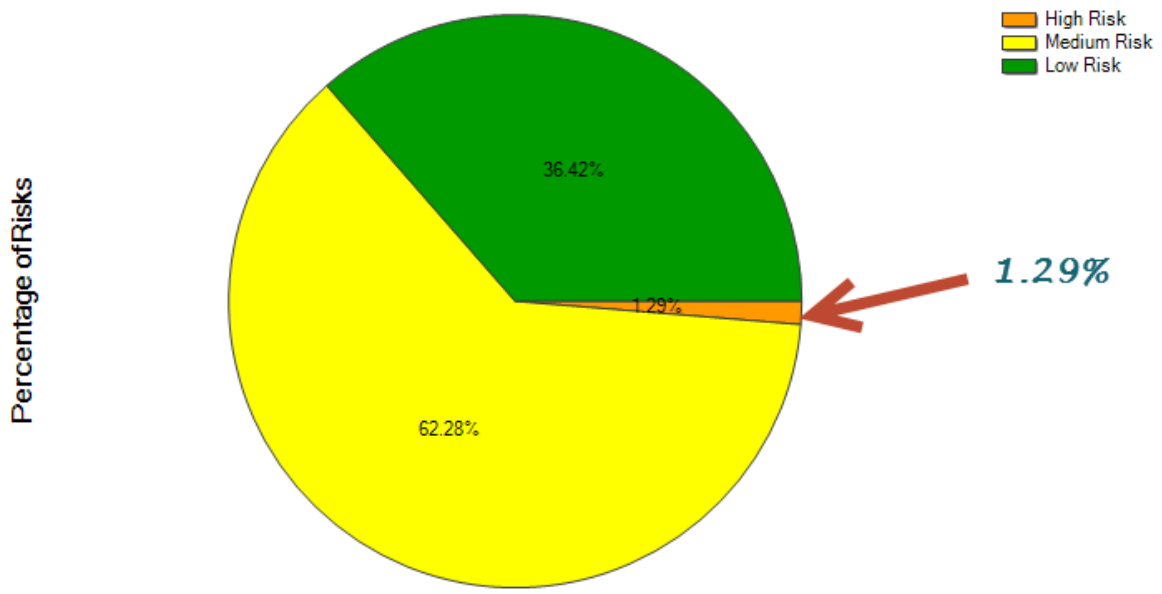

Figure 2 Distribution of risk ratings

High Risks

The following table indicates the organisations high rated risks as of 12 October 2015.

Rating	Risk
High	Condition rating of assets completed on an ad hoc basis.
High	Decrease in Parking Revenue
High	Injury to staff - general
High	Library building not completed on time
High	Shifting of costs from other sectors onto the City resulting in financial impacts or affecting service delivery
High	Short to medium term financial pressures to fund maintenance costs for assets contributed by MRA

Figure 3 Organisation high risks

The risk register for these risks including existing controls and proposed actions is detailed in Schedule 2.

Future direction

- Annual review of all unit risks in RMSS including completing assigned actions, reviewing consequence and likelihood and rationalising risks.
- Working with project managers to identify, evaluate and manage project risks
- Finalisation of organisation wide business continuity plans for key services and begin testing of the plans.

FINANCIAL IMPLICATIONS:

There are no financial implications related to this report. Each risk identified may have its own financial implications which will be the subject of normal budget consideration.

COMMENTS:

Risk management within the organisation is maturing and risks are being proactively managed.

Risk Register

CITY of PERTH

Risk Score >= 4 **Risk Score <=** 6

Directorate	All Directorates	**Unit**	All Units
Team	All Teams	**Location / Project / Event**	Council House - General

Assessment Record: 34 **Risk Category:** Strategic - Strategic

ID	Risk	Risk Description	Control	Residual	Risk Owner
78	Shifting of costs from other sectors onto the City resulting in financial impacts or affecting service delivery	Shifting of costs from other sectors onto the City resulting in financial impacts or affecting service delivery	Resulting in financial impacts or affecting service delivery	High (5)	Manager Finance

Existing Controls:

Monitoring of government policy direction

Causes:

Parking Levy increases of approx. $3M are happening annually. State guarantee fee.
CONTEXT - in the context of all government services, cost shifting to Council might occur at some time

ID	Action Description	Responsible Person	Due Date	Cost	Progress	Control Type
2954	Annual review of risks - review controls and risk ratings	Risk Management Coordinator	Thu, 31 Mar 2016	$0.00	Not yet started	Administrative

SCHEDULE 2

ID	Risk	Risk Description	Control	Residual	Risk Owner
83	Short to medium term financial pressures to fund maintenance costs for assets contributed by MRA	Short to medium term financial pressures to fund maintenance costs for assets contributed by MRA	Financial and operational impacts for the City	High (5)	Chief Execuitve Officer

Existing Controls:

Policy and procedure, audit

Causes:

ID	Action Description	Responsible Person	Due Date	Cost	Progress	Control Type
2964	Annual review of risks - review controls and risk ratings	Risk Management Coordinator	Thu, 31 Mar 2016	$0.00	Not yet started	Administrative

Directorate	Community & Commercial Services	**Unit**	Commercial Parking
Team	All Commercial Parking Teams	**Location / Project / Event**	Carpark

Assessment Record: 48 **Risk Category:** Budget / Financial - Reduction in income

ID	Risk	Risk Description	Control	Residual	Risk Owner
108	Decrease in Parking Revenue	Parking revenue decreases leading to revenue loss for the City	Resulting in loss of revenue	High (5)	Interim Manager Commercial Parking

Existing Controls:

Market research, annual budget. Liaison with officials

Causes:

Economic market (fuel prices, spot pricing by competitors, interest rates etc.)
change in government and Council policies
change in vehicle technology
Competitors Undercutting prices

ID	Action Description	Responsible Person	Due Date	Cost	Progress	Control Type
3041	Annual review of risks - review controls and risk ratings	Interim Manager Commercial Parking	Thu, 31 Mar 2016	$0.00	Not yet started	Administrative

Directorate	Community & Commercial Services	**Unit**	Library
Team	Library	**Location / Project / Event**	Library

Assessment Record: 206 **Risk Category:** Service Delivery - Service disruption or failure

ID	Risk	Risk Description	Control	Residual	Risk Owner
511	Library building not completed on time	Library building not completed on time	Resulting in Loss of patronage and damage reputation	High (5)	Manager Library Services

Existing Controls:

Communication
signage
alternate arrangements for return of items

Causes:

delays with building project

ID	Action Description	Responsible Person	Due Date	Cost	Progress	Control Type
4435	Annual review of risks - review controls and risk ratings	Manager Library Services	Thu, 31 Mar 2016	$0.00	Not yet started	Administrative

Directorate	All Directorates	**Unit**	All Units
Team	All Teams	**Location / Project / Event**	Council House - General

Assessment Record: 307 **Risk Category:** People - Worker health and safety

ID	Risk	Risk Description	Control	Residual	Risk Owner
828	Injury to staff - general	Staff sustain occupational safety and health related ailments or injury.	Injury to staff. Absence of staff from work. Workers compensation claims. Affect on service delivery and strategic objectives	High (5)	Manager Human Resources

Existing Controls:

City of Perth induction training. OSH policies and procedures. Team OSH meetings. Workplace safety inspections. Staff training on risk assessment. Job safety analysis, safe work statements. PPE provided, cut out switches, guards

Causes:

Poor work practices, inattention, fatigue, poor communication, operational decisions made in isolation, staff not following procedures, unsafe working environments. safety in design issues. equipment failure or improper operation

ID	Action Description	Responsible Person	Due Date	Cost	Progress	Control Type
6403	Annual review of risks - review controls and risk ratings	Manager Human Resources	Thu, 31 Mar 2016	$0.00		Administrative

Hierarchy of Control	Justification Text
Eliminate	
Substitute	
Isolate	
Engineering	

Directorate	Construction & Maintenance	**Unit**	Properties
Team	Assets and Leasing	**Location / Project / Event**	Council House - General

Assessment Record: 357 **Risk Category:** Service Delivery - Service disruption or failure

ID	Risk	Risk Description	Control	Residual	Risk Owner
1053	Condition rating of assets completed on an ad hoc basis.	Condition rating of assets completed on an ad hoc basis. Approximately 70% of assets have no condition rating.	What effect will it have Renewals and maintenance cannot be planned appropriately. Assets cannot be managed appropriately. The City has $1B in property that it does not adequately know the condition of.	High (5)	Manager Property Management

Existing Controls:

Adhoc property inspections
Feedback from applicants

Causes:

Historic lack of record keeping, lack of resources, financial cost

ID	Action Description	Responsible Person	Due Date	Cost	Progress	Control Type
9450	Condition rate all assets within the property portfolio	Manager Property Management	Sun, 30 Apr 2017	$1200000.00		Eliminate

Hierarchy of Control	Justification Text
Eliminate	
Substitute	
Isolate	
Engineering	

ID	Action Description	Responsible Person	Due Date	Cost	Progress	Control Type
9655	Annual review of risks - review controls and risk ratings	Manager Property Management	Thu, 31 Mar 2016	$0.00		Administrative

Hierarchy of Control	Justification Text
Eliminate	
Substitute	
Isolate	
Engineering	

ITEM NO: 4

REVIEW OF ENTERPRISE RISK MANAGEMENT FRAMEWORK

RECOMMENDATION: ***(APPROVAL)***

That Council amends the Enterprise Risk Management Framework as detailed in Schedule 3

BACKGROUND:

FILE REFERENCE:	TRIM 178249/15
REPORTING UNIT:	Governance
RESPONSIBLE DIRECTORATE:	Corporate Services
DATE:	8 October 2015
MAP / SCHEDULE:	Schedule 3 - Revised Enterprise Risk Management Framework (TRIM 158226/15)

The Enterprise Risk Management Framework (ERMF) was endorsed by Council at its meeting held on **4 June 2013** with a minor amendment endorsed at the Council meeting held **28 October 2014**. The framework is required to be fully reviewed every three years and as such is due for a review by June 2016. The Governance 2015/16 Business Plan had this review scheduled to coincide with the 16 November 2015 Audit and Risk Committee meeting. This report outlines the results of the review and the changes that are proposed.

LEGISLATION / STRATEGIC PLAN / POLICY:

Legislation	*Local Government Act 1995* Regulation 17 of the *Local Government (Audit) Regulations 1996*
Integrated Planning and Reporting Framework Implications	**Strategic Community Plan** Council Four Year Priorities: Community Outcome S18 Strengthen the capability of the organisation
Policy No and Name:	19.1 – Enterprise Risk Management

DETAILS:

There are three significant changes proposed to the Enterprise Risk Management Framework being:

1. A change to the way the likelihood of a risk is determined.
2. An amendment to the risk rating matrix.
3. Inclusion of a table for rating consequences for projects

Each of these is discussed in greater detail below.

Major Amendment 1
Likelihood
It has been determined that using the quantitative descriptor for likelihood in the existing ERMF (copied below) was resulting in risks being scored higher than what they should.

Likelihood	Qualitative descriptor	Quantitative descriptor
Almost certain	Is expected to occur in most circumstances	More than once a year
Likely	Will probably occur in most circumstances	At least once a year
Moderate	Might occur at some time	At least once in three years
Unlikely	Could occur at some time	At least once in ten years
Rare	May occur only in exceptional circumstances	Less than once in fifteen years

For example last financial year the City produced 101 agendas for Council and Committee meetings. These agendas all included numerous papers. If there were substantial errors in say 2 papers a year then using the table above the likelihood would be almost certain even though the probability of an error is low (approximately 2%).

It is proposed to amend the table to one similar to that below which keeps the qualitative column but that replaces the quantitative with probability percentages. This is shown below.

Likelihood	Qualitative descriptor	Quantitative descriptor
Almost certain	Is expected to occur in most circumstances	Greater than 95% probability of occurring
Likely	Will probably occur in most circumstances	66% to 95% probability of occurring
Moderate	Might occur at some time	36% to 65% probability of occurring
Unlikely	Could occur at some time	5% to 35% probability of occurring
Rare	May occur only in exceptional circumstances	Less than 5% probability of occurring

The example of the agendas used above would now yield a likelihood of rare. This intuitively makes sense as it is only in exceptional circumstances that there are substantive errors in agendas.

This change will result in a lowering of risk ratings throughout the organisation. As at 14 August 2015 there were 3 extreme risks and 26 high risks. Reviewing these using the above methodology has resulted in no extreme risks and 6 high risks which is a better reflection of risks for an organisation of this scale. Also the risks that now score as high are truly risks that we need to be aware of and actively managing, whereas previously some risks scored high that intuitively were not high risks.

Major Amendment 2
Risk Matrix
The existing risk matrix contained in the Enterprise Risk Management Framework is as follows:

	Consequence				
Likelihood	**1 Insignificant**	**2 Minor**	**3 Moderate**	**4 Major**	**5 Catastrophic**
A Almost certain	Medium	High	High	Extreme	Extreme
B Likely	Medium	Medium	High	Extreme	Extreme
C Moderate	Low	Medium	Medium	High	Extreme
D Unlikely	Low	Low	Medium	Medium	High
E Rare	Low	Low	Low	Medium	Medium

When risks have been evaluated using this matrix those risks that are almost certain but have minor consequences are scoring as high risk and yet intuitively they are not. A more realistic risk rating for these would be medium. It is therefore proposed to amend the matrix to the following.

	Consequence				
Likelihood	**1 Insignificant**	**2 Minor**	**3 Moderate**	**4 Major**	**5 Catastrophic**
A Almost certain	Medium	Medium	High	Extreme	Extreme
B Likely	Medium	Medium	High	Extreme	Extreme
C Moderate	Low	Medium	Medium	High	Extreme
D Unlikely	Low	Low	Medium	Medium	High
E Rare	Low	Low	Low	Medium	Medium

Major Amendment 3
Project Risks
To date the ERMF has focused on organisational strategic and operational risks. The next step is to evaluate and manage project risks. The consequences for project risks differ from those for organisation wide risks so a separate table has been developed in consultation with the organisation. It is proposed to include this within the ERMF to be used for projects. There is no need to amend the likelihood table or the risk matrix as the amended versions of these are relevant for projects as well as for organisation wide risks.

The Project Gateways Accountability Framework Guide requires that risk management be used for all levels of project control with the requirements for rigor increasing as the control on the project increases. The following table is an excerpt from the guide.

	Minimum	Lite	Regular	Strong
4. Risk Management	Conduct Risk and Scale Assessment (within project brief)	Identify risks with input from team members and key stakeholders Review of Mitigation Strategies by desktop review by project team members Regular review of risks and scanning for potential risk by assigned project manager Maintain a project risk register	Identify risks with input from team members and key stakeholders Review of Mitigation Strategies by workshop with project team and Reference Group of Stakeholders Conduct meetings with the specific purpose of monitoring of risk with project team Maintain a project risk register	Conduct workshop to identify risk and plan mitigation strategies Use Experts (risk/technical) to review risk management plan including mitigation strategies Conduct meetings with the specific purpose of monitor of risk with reference group of stakeholders Maintain a project risk register

The consequences that have been developed are included on the following page. It is proposed that they will be included within the framework.

		PROJECT CONSEQUENCES				
		Consequence				
		Insignificant	**Minor**	**Moderate**	**Major**	**Catastrophic**
Risk Category	**Legal and regulatory**	Potential breach managed at a local level	Potential breach with letter from authority requesting action	Potential breach with legal rebuke/abatement notice/restrictions	Potential for an individual prosecution	Potential for high profile prosecutions with custodial sentence
	Business Impact	Minimal impact to existing services	Moderate impact to existing services	Major impact to existing services	An existing service cannot be delivered	An existing significant service cannot be delivered
	People	Incident only, no medical treatment required	Minor injuries treated by first aid	Serious injury requiring medical treatment, OR 0 to 9 days Lost Time Injury	Life threating injury or multiple serious injuries requiring hospitalisation, OR 10 or more days Lost Time Injury	Fatality, OR Injured person unable to be reintroduced to the workplace
	Project delivery	Potential for schedule overrun with insignificant impact on City services	Potential for schedule overrun with impact on City services	Potential for major schedule overrun with impact on city services and financial impact on project contingency	Potential for major schedule overrun with impact on city services and requiring a budget adjustment	Project unable to be completed.
	Environmental	Transient impact on environment	Short term effects on environment	Medium term effects on environment	Major environmental impact	Irreversible environmental harm
	Strategic	Negligible impact on project objectives.	Minor setbacks that are easily remedied.	Some of the project's objectives cannot be met.	Some important objectives of the project cannot be met or objectives of the City are impacted	Most of the project's objectives cannot be met or important City objectives cannot be met
	Ethical	Negligible impact on organisation, dealt with through disciplinary process	State agency investigation into incident	State agency investigation into incident and sanction	State agency investigation into incident and sanction, staff member dismissed	State agency investigation into incident and sanction, staff member dismissed and convicted of a crime.
	Reputation	Insignificant public/stakeholder comment or local media coverage	Heightened concerns from a narrow group of residents/stakeholders, one off negative metro media coverage	Concerns from cross section of public/stakeholders, ongoing negative metro media coverage	Significant outcry from public/stakeholders, significant negative state level media coverage	Significant and widespread public/stakeholder outcry, sustained negative national media coverage
	Financial	Potential for minor financial impact on contingency (less than 50% of contingency used)	Potential for major financial impact on contingency (more than 50% of contingency used)	Potential for financial impact requiring minor budget adjustment	Potential for financial impact requiring major budget adjustment	Potential for major financial impact resulting in the project being unable to be completed

FINANCIAL IMPLICATIONS:

There are no financial implications related to this report.

COMMENTS:

The review of the Enterprise Risk Management Framework has identified a number of minor changes for clarity as well as three more substantial changes. The changes proposed will ensure that risks are rated accurately and extends risk management to project risks as well as organisation risks.

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Enterprise Risk Management Framework

November 2015 Revision

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1. CEO Message/Foreward

Risk influences all of us everyday, especially at work. As an organisation providing a diverse range of services across a variety of workplaces there are many opportunities, threats and uncertainties and these may have negative or positive impacts on the organisations operations and the community's interests.

In order to serve, lead and grow in our organisation and in our community, the consideration of risks, their consequences and mitigation must be a natural part our processes, planning and decision making.

Risk management is the responsibility of us all and I am sure that the Council Policy 19.1 Enterprise Risk Management and this Framework will provide the direction to assist you to play your part.

Gary Stevenson PSM
Chief Executive Officer

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2. Introduction

The purpose of Council Policy 19.1 and this framework is to assist in maintaining the direction and impetus currently in place and to ensure that enterprise risk management is considered and included in the business and operations of City of Perth.

Risk is defined as "*the effect of uncertainty on objectives*". It is measured in terms of consequences and likelihood." (AS/NZS ISO 31000:2009). Risk is usually construed to be negative (i.e. adverse), but it can provide opportunities for an organisation as well.

Risk is inherent in the functions and activities of the City and its service providers. As the consequences of an adverse event may include an inability to meet community and customer requirements, financial loss, organisational or political embarrassment, operational disruption, legal problems, and so forth, it is important that management policies, procedures and practices are in place to minimise exposure to risk.

Risk can be detrimental or beneficial. The opportunity to understate risk to move forward is always there, however, this can prove to be a costly way forward. Before any decision is made to accept a risk it needs to be carefully considered and the consequences weighed against the benefits.

Enterprise risk management involves adopting and applying a systematic process to identify, analyse, evaluate, treat and monitor risk so that it is reduced and maintained within acceptable levels.

The objectives of enterprise risk management in the City of Perth are as follows:-

- To ensure that the organisation has identified risk threats and opportunities, and has taken steps to categorise and properly manage these risks.
- To ensure that the corporate and business planning processes include a focus on areas where enterprise risk management is needed.
- To maintain a process which will formally identify risks and provide a platform by which such risks and their respective control measures are monitored and mitigated according to need.
- Allow the realisation of opportunity through the proper management of risk.

This framework adheres to the principles as defined in:

- AS/NZS ISO 31000:2009. Risk Management – Principles & Guidelines.
- Council Policy 19.1 Enterprise Risk Management.

The culture of an organisation is a "key" factor in establishing the success or failure of any risk management program. The right balance between risk taking and risk aversion needs to be carefully established and clearly communicated.

The following diagram illustrates how the various risk management components fit together and linkages with other plans within the organisation

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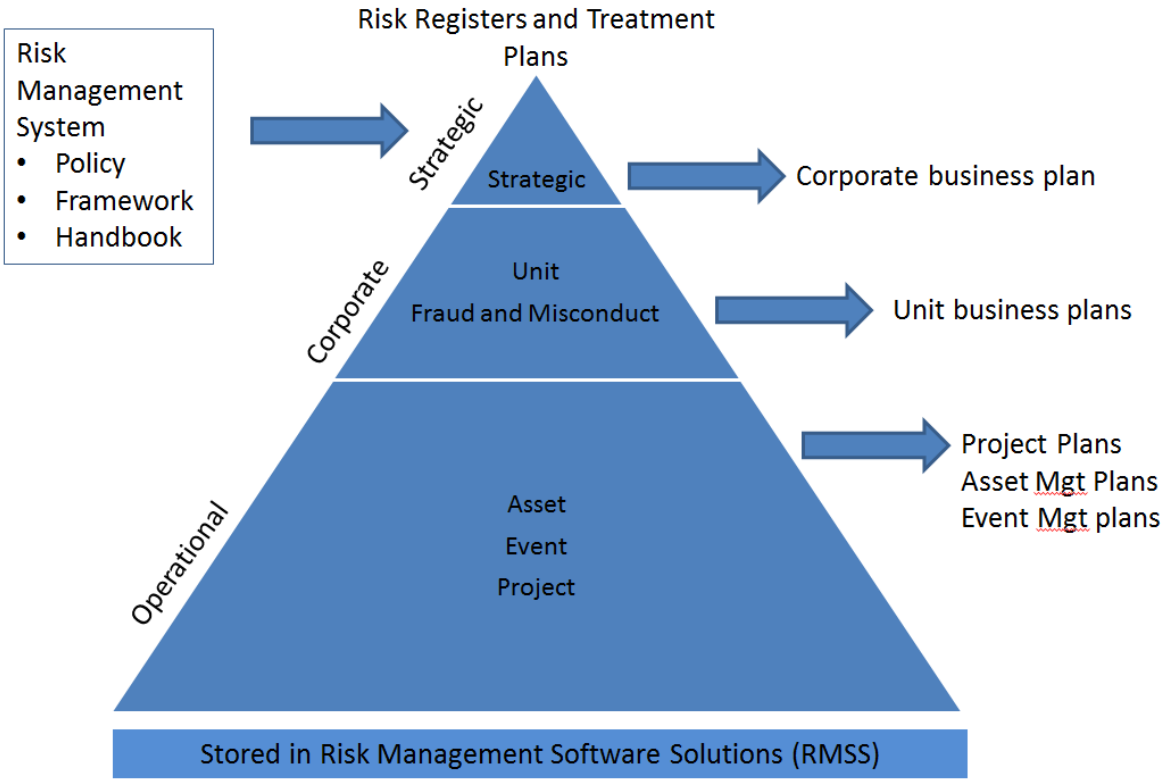
Risk Registers and Treatment Plans
Risk Management System
• Policy
• Framework
• Handbook
Strategic
Strategic
Corporate business plan
Corporate
Unit
Fraud and Misconduct
Unit business plans
Operational
Asset
Event
Project
Project Plans
Asset Mgt Plans
Event Mgt plans
Stored in Risk Management Software Solutions (RMSS)

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3. Mandate and commitment

It is recognised that whilst risk is inherent in all its activities, the management of risk is good business practice, creates value, is integral to sound corporate governance and in some instances, a legal requirement. In particular, effective risk management will lead to better decision-making and planning as well as enhanced identification of opportunities and threats and is an integral element of sound strategic business management.

Further commitment to implementing the State Government's requirements for risk management strategies are to be included in the planning and activities the City undertakes as a requirement under the integrated planning and reporting framework. This particularly applies in relation to long-term financial planning and asset management.

3.1 Council Policy 19.1 Enterprise Risk Management

The City of Perth adopted the Enterprise Risk Management Policy 4 June 2013. It is aligned with the principles and practices outlined in the
Australia / New Zealand and International Risk Management Standard AS/NZS ISO 31000:2009.

> *"To protect the community, the City of Perth and its workers against foreseeable risks through developing a whole of enterprise culture of risk awareness, plans that reduce our risk exposure and systems that provide information to assist in informed decision making, maximising asset potential and enhancing community wellbeing."*

Council Policy 19.1 Enterprise Risk Management is contained in the City's Council Policy Manual and can be viewed through the City's website and intranet portals.

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4. Context and background

4.1 What is enterprise risk management

- Enterprise risk management is the management of risk not only in conventional hazard categories such as workplace health and safety, IT and finance, but in the full spectrum of operations including project and service delivery.

- Enterprise risk management is the structured approach of aligning strategy, processes, people, technology and knowledge with the purpose of evaluating and managing risk. Enterprise wide means the removal of traditional functional, structural or cultural barriers.

- Enterprise risk management is an organisation wide approach, rather than the traditional approach of departmental silos. It is based on and supportive of organisational strategy that is focused on new ways to manage risks of highest priority.

- The moving away from a fragmented approach to risk management to the adoption of enterprise risk management involves an organisation wide shift in thinking about risk as something always adverse, to an occurrence that may present opportunities that are likely to have positive consequences.

- To be successful the principles of enterprise risk management must be embedded in the culture of the organisation by an integrated approach in the methodology employed and the acceptance of ownership of risk by all.

Enterprise risk management must be seen as a business tool and an integral part of good "Corporate Governance" and fundamental planning processes. It sits within an overarching governance program. This is a three tier approach that provides a systematic and documented management process.

- Governance establishes accountability and responsibility in relation to risk approval.

- Risk management is a tool used to ensure governance principles are applied in a manner that supports achievement of organisational objectives.

- Business continuity is the process in place, if a significant risk event occurs that results in a disruption to normal business, to ensure that service delivery continues and returns to normal within a short period of time.

The three processes are interlinked with each requiring effective management to ensure the most effective delivery of the governance principles.

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4.2 What will enterprise risk management provide?

4.2.1 Ensuring the realisation of corporate objectives

Corporate Objectives will be achieved by:-

- Integrating the various risk control measures currently used into one holistic view of what the City is doing to minimise its risk exposures. This single view will show priorities and any gaps that need to be addressed;
- Implementing a visible, formalised and consistent process for managing the organisation's exposures to risk, thereby supporting continuous improvement in programs and providing an assurance of more effective outcomes;
- Incorporating identified risk management solutions into planning and administrative processes resulting in more structured, accountable and effective business planning and project management;
- Building on existing risk management strategies such as administrative, engineering, contractual, safety and quality management controls; and
- Requiring all stakeholders [management in particular] to think about risk in their own day to day work programs, as well as contractor and project management, and in forward planning activities.

4.2.2 Providing financial safeguards

Presenting to Insurers a professional approach to risk with the objective of less claims all of which results in a saving in uninsured losses and insurance premiums.

4.2.3 Risk mitigation strategies

It is proposed that the organisation's risk mitigation strategies will continue to include administrative, contractual, technical, safety and management controls as a part of business and program activities. These will include but not be limited to:-

- Policy, procedure manuals and guidelines;
- Clearly defined management accountabilities including specific KPI's and appraisals;
- Appropriate delegations and authorisations in place;
- Reconciliations of data;
- Detailed tender specifications, evaluations and selection of tenderers;
- Supply chain risk evaluation and implementation of appropriate control measures;
- Detailed standards, engineering checks, tests, maintenance check lists and quality assurance generally;

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- High level reporting, review and analysis, including Risk Management Task Force scrutiny;
- Oversight and supervision of contractors to the City and lessees of City owned property and facilities;
- Training and development;
- Safety for employees, contractors and the public;
- Physical controls, such as security systems and fire protection measures;
- Contractual arrangements which include indemnities, insurances and the like;
- Detailed budget papers (with special emphasis on the rationale behind maintenance budgets);
- The application and integration of risk into the management of the City's assets;
- Consideration of risk management issues for all submissions to the Council and management appropriate to the level of risk involved in the subject matter by way of a section within reports;
- Business continuity planning;
- Contingency planning;
- Internal audit;
- Fraud prevention & control programs;
- Risk & liability audits of currently imposed control measures.

4.2.4 Corporate governance

To maximise benefits it is imperative that enterprise risk management is applied to appropriate City of Perth activities, including those delivered by external service providers and project contractors. This will help to:-

- Ensure that the quality and reliability of services and other program outputs are of a high standard;
- Ensure services meet requirements and are delivered within cost and on schedule;
- Protect employees, property, information and all other assets; and
- Comply with all legal requirements relative to areas of risk.

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5. Framework

The City of Perth's enterprise risk management framework is a set of components that provides the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management of both its day-to-day operations and strategic direction.

The City is committed to maintaining an effective, efficient and tailored risk management framework that includes:

- the Council Policy and this framework document;
- a risk management handbook specifying the approach, the management components and resources to be applied to the management of risk; and
- a risk register recording key information about identified risks, including risk levels and controls and actions required.

The framework supports:

- a formal, structured approach to risk management that is appropriate to the City's activities and operating environment; and
- a risk management approach consistent with the principles of the Australian/New Zealand and International Risk Management Standard, AS/NZS ISO 31000:2009.

This framework is not intended to prescribe a management system, but rather to assist the organisation to integrate risk management into its overall management system.

The unwavering commitment of management is imperative if the application of the risk management principles embodied in AS/NZS ISO 31000:2009 and this framework are to be embraced by the organisation at large. The framework, like all risk management initiatives, must be constantly reviewed to remain relevant in changing times.

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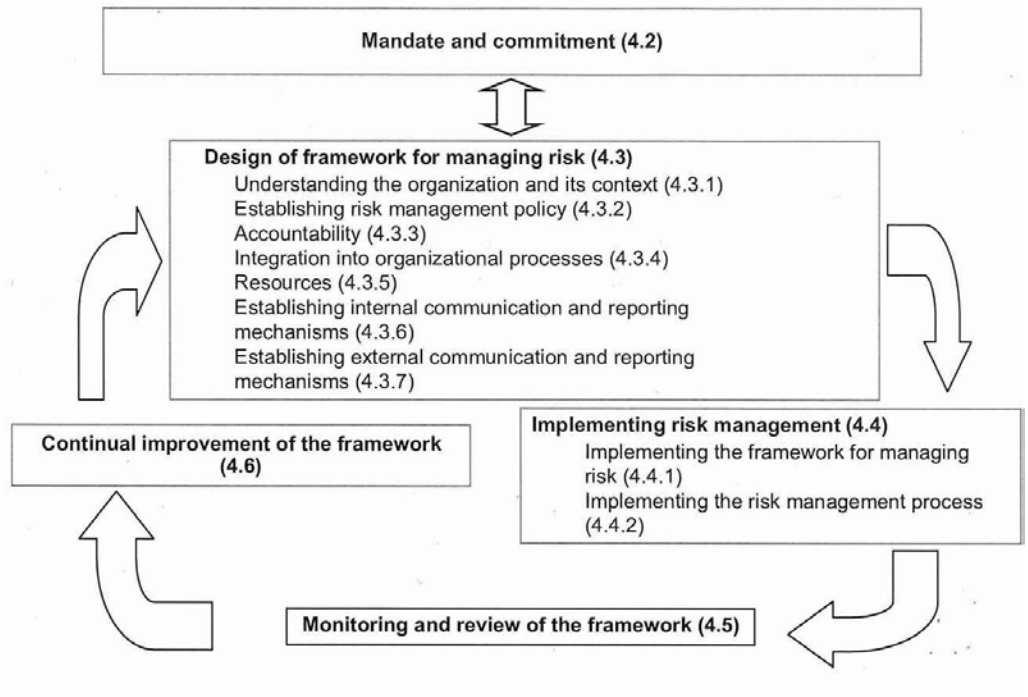
The process of developing and maintaining the framework is clearly discernible in the following diagram extracted from *AS/NZS ISO 31000:2009.*



5.1 Responsibilities for managing risk

Council is ultimately responsible for adopting and committing to the Policy and this risk management framework. Specifically the Council's risk management responsibilities comprise:

- reviewing and approving the Council Policy and the Enterprise Risk Management Framework;
- considering risk management issues in reports to the Council;
- providing feedback on risk management issues raised by the Executive Leadership Group.

Audit Committee This is a committee of the Council who has responsibility for the systems and processes for risk management in line with the Local Government (Audit) Regulations 1996.

The ***Chief Executive Officer*** is responsible for leading the development of an enterprise risk management culture across the organisation and ensuring that Council Policy 19.1 Enterprise Risk Management and the Enterprise Risk Management Framework and handbook are being effectively implemented and utilised. Specific responsibilities include:

- where appropriate reporting known risks, emerging risks or major incidents to the Audit and Risk Committee in a timely manner;
- ultimately determining if levels of residual risk are acceptable;
- ensuring that risk management activities are aligned to the Council's strategy and objectives;

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- ensuring sufficient funds are available to support effective and efficient management of risks;
- ensuring that the risk management program is resourced appropriately.

The ***Risk Management Task Force*** is responsible for establishing and reviewing the framework for identifying, monitoring and managing business risks. The task force's specific responsibilities include:

- developing and promoting risk management as a core activity of the City;
- coordinating risk management across the organisation including implementation, review and communication of the Enterprise Risk Management Framework and handbook;
- monitoring compliance with the Enterprise Risk Management Framework through regular reporting and auditing;
- reviewing the risk management register to ensure that enterprise level risks are being adequately identified, assessed, managed and where appropriate retired;
- overseeing development, implementation and review of the corporate risk management plan and corporate business continuity plan.

The ***Risk Management Coordinator*** is responsible for the day to day coordination of the risk management program for the City of Perth. Specific responsibilities include:

- developing and promoting risk management as a core activity of the City;
- coordinating risk management across the organisation including implementation, review and communication of Council Policy 19.1 Enterprise Risk Management and the Enterprise Risk Management Framework and handbook;
- providing reports to the Risk Management Task Force;
- providing risk management advice to managers and staff at all levels, including on identification, assessment, treatment and control of risks;
- coordinating the analysis and evaluation of identified risks across the organisation;
- coordinating the use and maintenance of the City's risk register;
- arranging training and information relating to risk management for staff.

Directors are responsible for ensuring that Council Policy 19.1 Enterprise Risk Management and Enterprise Risk Management Framework and handbook are being effectively implemented within their areas of responsibility. Specific responsibilities include:

- ensuring that the risk management processes in the Enterprise Risk Management Framework and handbook are followed;

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- ensuring that managers are effectively managing and reviewing the risks in their areas of responsibility;
- ensuring the directorates risks are recorded and regularly updated in the City's risk register;
- ensuring that risks outside the responsibility/capability of the directorate are escalated to the Risk Management Task Force.

Managers at all levels, are the risk owners and are required to create an environment where the management of risk is accepted as the personal responsibility of all staff, volunteers and contractors. Managers are accountable for the implementation and maintenance of sound risk management processes and structures within their area of responsibility in conformity with Council Policy 19.1 Enterprise Risk Management and the Enterprise Risk Management Framework and handbook. Specific responsibilities include:

- identifying and managing or escalating as appropriate the risks to the business objectives for which the manager is responsible;
- ensuring that the risks associated with their area of responsibility are recorded within the risk register and that the top priority risks are then reported within the annual unit business plans;
- ensuring that their assigned risks are managed, monitored and reviewed in accordance with the processes set out within the Enterprise Risk Management Framework and handbook;
- ensuring that treatment plans and actions are completed effectively, in a timely manner, and, where necessary, are included in the business unit plans;
- ensuring that all reporting requirements are met;
- Reporting immediately the actual or likely occurrence of any material risks.

All ***staff*** are required to act at all times in a manner which does not place at risk the health and safety of themselves or any other person in the workplace. Staff are responsible and accountable for taking practical steps to minimise the organisation's exposure to risk in so far as is reasonably practicable within their area of activity and responsibility. In particular staff should:

- Contribute to risk management activities, including identification of risks and controls;
- Report all emerging risks, issues and incidents to their manager or other appropriate officer;
- Follow the City's policies and procedures.

5.2 Corporate risk attitude

Risk attitude is the amount and type of risk that an organisation is prepared to pursue, retain or take. It is expressed in the form of a risk attitude statement which covers a number of critical risk categories.

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Throughout this document reference is made to the acceptance of risk where the acceptance thereof is necessary to realise opportunities considered beneficial to the organisation.

To be risk adverse can stifle progress and stagnation can result, on the other hand, to recklessly take on avoidable risk can result in irreparable harm to the organisation.

When realising opportunity involves the need for the voluntary assumption of significant levels of risk the following principles need to be considered:-

- The potential benefits must clearly outweigh the assumption of the risks involved.
- A balance needs to be established and all the risks freely accepted need to be identified and treated to minimise the likelihood of harm to the organisation.
- Irrespective of the perceived benefits, the integrity of the City's enterprise risk management risk management context must not be compromised.
- The principles contained in the City's risk attitude statement are to be carefully considered and applied in all instances.

5.2.1 Risk attitude statement

The following risk attitude statement is not designed to be a definitive list and/or totally descriptive in its definitions.

It is intended to provide a broad outline upon which managers can base risk acceptance decisions i.e. what is justifiable, what is not and what is integral to the organisational risk ethic.

City of Perth provides a large and diverse range of services to a rapidly growing population. In order to provide these services the City must accept and take some level of risk. The City therefore has some appetite for risks which need to be taken in order to:

- improve efficiency, reduce costs and/or generate additional sources of income;
- develop and maintain the City of Perth's assets; and
- maintain and, where necessary, improve levels of service to the community

While the level of risk that is acceptable will be assessed and determined on a case by case basis, as a public authority, the City has a natural and in some cases statutory predisposition to a conservative attitude to risk. In particular the City has little or no tolerance for risks which bring a moderate or higher likelihood of any of the following events or circumstances occurring:

- a significant negative impact on the City of Perth's long term financial sustainability;
- a major breach of legislative requirements and/or significant successful litigation against the City of Perth;
- compromised safety and welfare of staff, contractors and/or members of the community;
- significant and irreparable damage to the environment;

- major disruption to the delivery of key City of Perth services;
- widespread and sustained damage to the City's reputation;
- significant adverse impact on the City's ability to recruit and retain staff.

The following is a guide on the treatment and reporting required for the different levels of risk. The determination as to whether a risk is to be treated or not lies with the relevant Director.

- All extreme and high rated residual risks are to be reported to the Risk Management Task Force and treated, unless it is not practical to do so.
- Medium level residual risks should be treated if it is practical and cost effective to do so.
- Low level residual risks generally do not need to be treated, however they should be recorded in the risk register and reviewed periodically to determine if the level of risk has changed.

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6. Risk management process

6.1 Hierarchical approach

Risk assessment comprises a hierarchical process to apply at the levels as illustrated below.

STRATEGIC	High-level issues that affect the sustainability of the organisation or its ability to deliver on its corporate objectives
OPERATIONAL	Medium-level issues that affect the delivery of services from units that have corporate implications
PROJECT	Issues that affect the outcome of a project

At corporate strategic and operational level

The City will establish a corporate risk register comprising the strategic and operational risk registers. Identification of strategic and operational risks is primarily focused on the achievement of the desired outcomes of the organisation.

Strategic level

Strategic risks will be identified through analysis of the corporate business plan and what can impede the organisation from delivering on corporate objectives.

Operational level

Operational risks will be identified through analysis of the risks facing middle management in delivering the corporate business plan and any other planning instruments (corporate strategies, audit plans, asset management plans etc.) effectively.

Project level

The desired deliverables from the project risk management process is a risk register plan for the project. The risk register documents the identification, analysis, and assessment of risks as well as the existing risk controls and future actions required.

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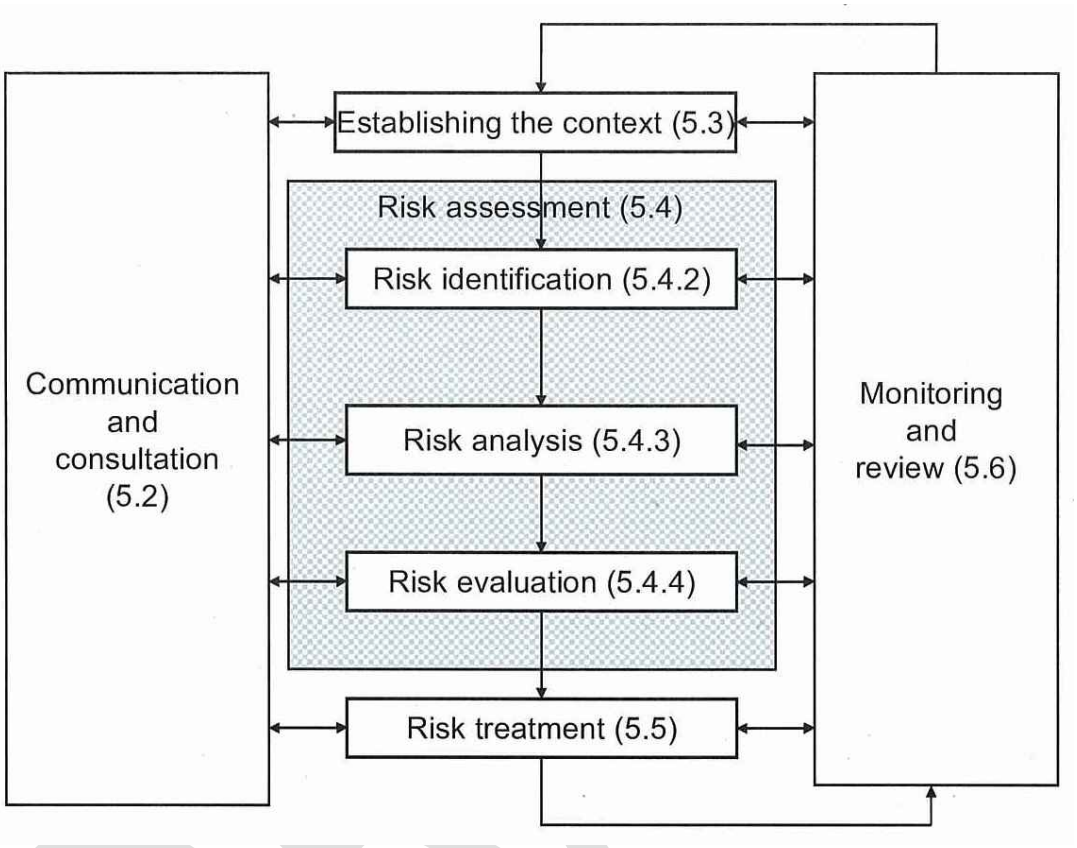
6.2 *Process elements*

The elements of the risk management process are outlined in the following diagram extracted from *AS/NZS ISO 31000:2009.* The numbers within the diagram refer to sections of the standard. A brief description of each of the processes follows along with pertinent tables. For a detailed "how to guide" please refer to the handbook on the Risk Management Task Force page of the intranet.



6.2.1 Establishing the context

The context of risk management within the City of Perth is described within this framework document. When preparing a risk assessment the first step is to develop an understanding of the objectives for the area being assessed and of what internal or external factors may adversely affect or create benefits to the objectives.

6.2.2 Risk identification

The aim of risk identification is to develop as comprehensive as possible a list of possible events or circumstances that may occur and have an impact on the objectives of the City (for strategic risks), on the objectives of the unit (for operational risks) or on the objectives of the project (for project risks).

6.2.3 Risk analysis

Once risks have been identified they need to be analysed. This involves consideration of the causes and sources of risk, their positive and negative consequences and the likelihood that those consequences can occur.

6.2.3.1 Likelihood

The likelihood is the probability or frequency of an event or set of circumstances occurring. The likelihood table below provides guidance on the likelihood ratings used by the organisation in assessing risks. Note that the likelihood table is the same for strategic, operational and project risks. When determining the likelihood it should be evidence based. That is, how often has it happened in the past? Where statistics are not known then the qualitative description can be used.

Code	Likelihood	Qualitative descriptor	Probability of occurance
A	Almost certain	Is expected to occur in most circumstances	Greater than 95%
B	Likely	Will probably occur in most circumstances	66% to 95%
C	Moderate	Might occur at some time	36% to 65%
D	Unlikely	Could occur at some time	5% to 35%
E	Rare	May occur only in exceptional circumstances	less than 5%

Some examples of likelihood follow:

1. If there are 10,000 widgets produced a year and 10 are defective this is 0.1% and therefore rare
2. If we produce 100 agendas a year and there are errors in 10 of the agendas then this is 10% and therefore the likelihood is unlikely
3. If we have 700 staff and in a year we have 200 staff injuries then this is 29% and therefore the likelihood is unlikely

6.2.3.2 Consequence

The consequence analyses the effect or impact of the risk event. The consequence table on the following page provides guidance on the severity rating of a risk should it occur. It is not practical to give the risk different consequences and therefore the highest rating made against the criteria should be used. Strategic and operational risks use the consequence table on the following page (page 17) and for project risks use the table on page 18.

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Financial				Strategic and Operational Risk Consequences
Strategic	**Operational**	**Activity**	**Consequence**	**Description**
>$10M recurrent reduction in Council budget >$25M one off loss	>30% recurrent reduction in directorate budget	>30% recurrent reduction in unit budget	**Catastrophic**	**Legal and regulatory:** Serious breach of contractual or statutory obligations resulting in significant prosecution and fines. The City sued or fined or otherwise liable for more than $1M. **People:** Fatality, sustained and serious industrial action, loss of multiple key staff at once. **Service delivery:** Key services disrupted for over 60 days. Systemic customer complaints or serious complaints relating to more than one programmed area over a sustained period. **Environmental:** Irreversible environmental harm or permanent negative impact on urban design. **Strategic:** Most of the organisation's objectives cannot be met. **Ethical:** Systemic fraud and corruption, major external investigation with adverse findings. **Reputation:** Significant and widespread public outcry, sustained negative national media coverage.
$2.5M - $10M recurrent reduction in Council budget $10M - $25M one off loss	20% - 30% reduction in directorate budget	20% - 30% recurrent reduction in unit budget	**Major**	**Legal and regulatory:** Major breach of contractual or statutory obligations resulting in significant legal action. The City sued or fined or otherwise liable for between $250K and $1M. **People:** Life threating injury or multiple serious injuries requiring hospitalisation, staff turnover well above 20%, ongoing industrial action. **Service delivery:** Key services disrupted for between 20 and 60 days. High level of customer complaints over sustained period. Repeated service standard failure or one that affects multiple people. **Environmental:** Major environmental impact, long term recovery or long term negative impact on urban design, or loss of sense of place for whole of area. **Strategic:** Some important objectives of the organisation cannot be met. **Ethical:** Major one off fraud or corruption by a senior person. **Reputation:** Significant outcry from public, significant negative state level media coverage.
$1M - $2.5M recurrent reduction in Council budget $2M - $10M one off loss	10% - 20% recurrent reduction in directorate budget	10% - 20% recurrent reduction in unit budget	**Moderate**	**Legal and regulatory:** Breach of contractual or statutory obligations resulting in investigation, ongoing legal issues not easily addressed. The City sued or fined or otherwise liable for between $50K and $250K. **People:** Serious injury requiring medical treatment, staff turnover slightly higher than 20%, one off industrial issues. **Service delivery:** Key services disrupted for between 2 and 20 days. Higher than normal level of one off customer complaints. One off service standard failure affecting multiple people. **Environmental:** medium term effects on environment, long term recovery or long term negative impact on urban design, or loss of sense of place for part of area. **Strategic:** Some of the organisation's objectives cannot be met. **Ethical:** Planned unethical action by one or more staff. **Reputation:** Concerns from cross section of public, ongoing negative metro media coverage.
$100K - $1M recurrent reduction in Council budget $500K - $2M one off loss	5% - 10% recurrent reduction in directorate budget	5% - 10% recurrent reduction in unit budget	**Minor**	**Legal and regulatory:** Minor breach of contractual or statutory obligations with request to comply. The City sued or fined or otherwise liable for up to $50K **People:** Minor injuries treated by first aid, routine industrial issues. **Service delivery:** Key services disrupted for 1 to 2 days. Isolated customer complaints. Isolated service standard failure. **Environmental:** short term effects on environment, no long term effect or short term negative impact on urban design, or loss of sense of place for part of area. **Strategic:** Minor setbacks that are easily remedied. **Ethical:** Opportunistic incident involving several people. **Reputation:** Heightened concerns from a narrow group of residents, one off negative metro media coverage.
<$100K recurrent reduction in Council budget <$500K one off loss	<5% recurrent reduction in directorate budget	<5% recurrent reduction in unit budget	**Insignificant**	**Legal and regulatory:** Minor breach of contractual or statutory obligations with request to comply. One off minor legal matters. **People:** incident only, no medical treatment required. **Service delivery:** Key services disrupted for less than 1 day, usual scheduled interruptions. **Environmental:** Transient impact on environment, no long term effect or short term negative impact on urban design, or loss of sense of place for part of area. **Strategic:** Negligible impact on objectives. **Ethical:** Minor opportunistic incident involving a single person. **Reputation:** Insignificant public comment or local media coverage.

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		Project Risk				
		Consequence				
		Insignificant	**Minor**	**Moderate**	**Major**	**Catastrophic**
Risk Category	**Legal and regulatory**	Potential breach managed at a local level	Potential breach with letter from authority requesting action	Potential breach with legal rebuke/abatement notice/restrictions	Potential for an individual prosecution	Potential for high profile prosecutions with custodial sentence
	Business Impact	Minimal impact to existing services	Moderate impact to existing services	Major impact to existing services	An existing service cannot be delivered	An existing significant service cannot be delivered
	People	Incident only, no medical treatment required	Minor injuries treated by first aid	Serious injury requiring medical treatment, OR 0 to 9 days Lost Time Injury	Life threating injury or multiple serious injuries requiring hospitalisation, OR 10 or more days Lost Time Injury	Fatality, OR Injured person unable to be reintroduced to the workplace
	Project delivery	Potential for schedule overrun with insignificant impact on City services	Potential for schedule overrun with impact on City services	Potential for major schedule overrun with impact on city services and financial impact on project contingency	Potential for major schedule overrun with impact on city services and requiring a budget adjustment	Project unable to be completed.
	Environmental	Transient impact on environment	Short term effects on environment	Medium term effects on environment	Major environmental impact	Irreversible environmental harm
	Strategic	Negligible impact on project objectives.	Minor setbacks that are easily remedied.	Some of the project's objectives cannot be met.	Some important objectives of the project cannot be met or objectives of the City are impacted	Most of the project's objectives cannot be met or important City objectives cannot be met
	Ethical	Negligible impact on organisation, dealt with through disciplinary process	State agency investigation into incident	State agency investigation into incident and sanction	State agency investigation into incident and sanction, staff member dismissed	State agency investigation into incident and sanction, staff member dismissed and convicted of a crime.
	Reputation	Insignificant public/stakeholder comment or local media coverage	Heightened concerns from a narrow group of residents/stakeholders , one off negative metro media coverage	Concerns from cross section of public/stakeholders, ongoing negative metro media coverage	Significant outcry from public/stakeholders, significant negative state level media coverage	Significant and widespread public/stakeholder outcry, sustained negative national media coverage
	Financial	Potential for minor financial impact on contingency (less than 50% of contingency used)	Potential for major financial impact on contingency (more than 50% of contingency used)	Potential for financial impact requiring minor budget adjustment	Potential for financial impact requiring major budget adjustment	Potential for major financial impact resulting in the project being unable to be completed

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6.2.4 Risk evaluation

Evaluation takes the initial analysis and reviews it against existing controls already in place to manage the risk. The residual risk is the overall risk after existing controls are taken into account. The level of residual risk is determined by combining the likelihood and consequence ratings. The outcomes of the evaluation stage are an assessment of the residual level of risk and the acceptability or otherwise of the risk. In evaluating the risks, a decision must be made as to whether the risk is acceptable or unacceptable. If there is no intent to treat a particular risk then it is deemed to be acceptable.

	Consequence				
Likelihood	**1 Insignificant**	**2 Minor**	**3 Moderate**	**4 Major**	**5 Catastrophic**
A Almost certain	Medium	Medium	High	Extreme	Extreme
B Likely	Medium	Medium	High	Extreme	Extreme
C Moderate	Low	Medium	Medium	High	Extreme
D Unlikely	Low	Low	Medium	Medium	High
E Rare	Low	Low	Low	Medium	Medium

6.2.5 Risk treatment

Risk treatment (also known as mitigation), consists of determining what further, if anything, will be done in response to the identified, analysed and evaluated risks. Risk treatment can look to reduce either the likelihood of the event occurring or the consequence if the event does occur. When considering the treatment, resource implications and timing for the implementation of any such actions need to also be considered.

The following is a guide to follow in determining the acceptability or otherwise of assessed risks. It should be read in conjunction with the risk attitude statement in section 2 of this document.

- All extreme and high rated residual risks are to be reported to the Risk Management Task Force and treated, unless it is not practical to do so.
- Medium level residual risks should be treated if it is practical and cost effective to do so.
- Low level residual risks generally do not need to be treated, however they should be recorded in the risk register and reviewed periodically to determine if the level of risk has changed.

The determination as to whether a risk is to be treated or not lies with the relevant director.

6.2.6 Communication and consultation

Communication and consultation with internal and external stakeholders should take place at all stages of the risk management process and therefore the creation and adoption of appropriate methodologies to achieve this is imperative.

6.2.7 Monitoring and reporting of risk

The end result of enterprise risk management is to provide the City's leadership with a regular snapshot of the risk profile of the organisation including the individual status of all major risks and risk mitigation measures across the organisation to enable informed decision making. The figure on the following page summarises reporting requirements.

Managers are responsible for monitoring and reporting on the scope and effectiveness of their risk management of their business activities, including the timeliness and effectiveness of the treatment of risks for which they are responsible.

Each business unit will include risk management as an integral part of doing business, the tracking of which will be included in business plans.

The Risk Management Task Force is responsible for continually monitoring the City's risk profile and the risk management program to ensure that all material risks, particularly enterprise-level risks are being adequately identified, assessed and managed.

The City of Perth's annual report is to include a summary of the achievements and main activities in risk management during the reported year.

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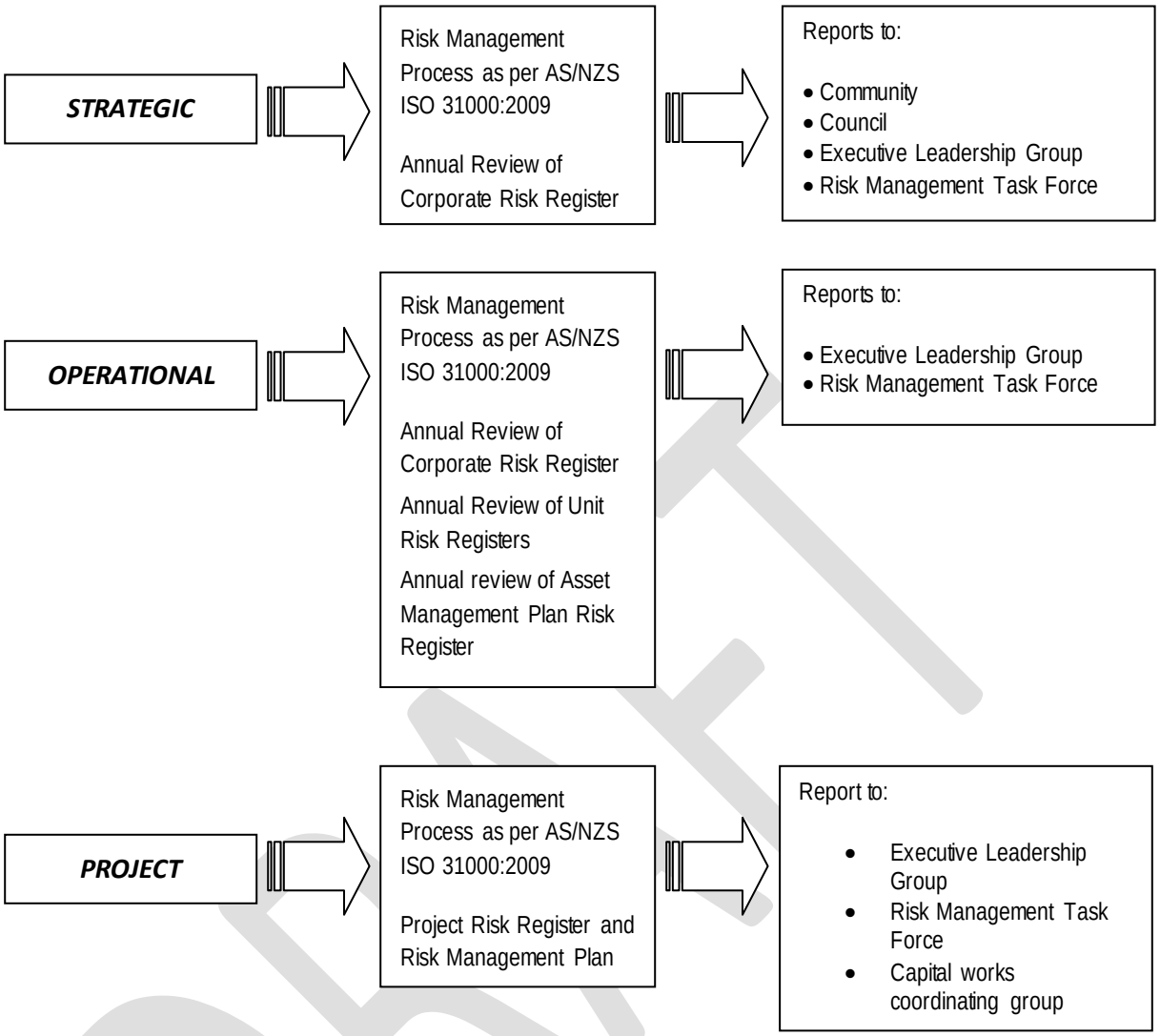

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6.2.8 Reviews

The risk registers will be formally reviewed and updated annually as a part of the corporate planning process, although more regular reviews and updates by service unit, contract and program managers are encouraged in accordance with any significant changes to activities or appointments.

It is anticipated that these formal reviews will be concurrent with, and part of, business and budget planning processes because of the complementary nature of the two processes.

These formal annual reviews will include:

- A summary ranking of risks by overall rating level to identify all "extreme" and "high" level risks across the organisation as a whole to ensure that all are accounted for in the City's broader planning and reviewing processes of its services.
- Extreme and high level risks are reviewed and control measures reassessed in accordance with statutory requirements with the view to eliminating or reducing the risk.

- A statement of the City's performance over the previous twelve months showing the reduction in risk and the improvements made in risk controls shall be presented to the Executive Leadership Group.

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7 Implementation

7.1 Approach

This document presents the key elements for the City's enterprise risk management in terms of an overarching framework.

Risk management commences with an understanding and awareness of risks. Assessment, analysis and treatment of risks ensure a documented approach and methodology. Monitoring and review demonstrates the ongoing management of risk. It is this phase that is fundamental to the ongoing success and implementation of enterprise risk management into normal business processes.

The Risk Management Task Force has implemented an integrated team approach to the management of risk to ensure that there is a coordinated approach to risk mitigation across the organisation.

The City will achieve risk management requirements by:

- Using the Risk Management process in (AS/NZS ISO 31000:2009) for assessment of the following functions within the City of Perth:
    - Strategic
    - Operational; and
    - Project.
- Documenting risks in a risk register which is open to review and updating, and provides a record should staff change. Risk information will be filtered to focus on risk exposures that are significant and relevant to providing assurance.
- Including risk management into all unit business plans (business plans to identify high and extreme risks and mitigation measures to be put in place) and used to support capital and operational budget submissions.
- Incorporating risk management into the various performance management instruments both corporate and individual with varying degrees of accountability according to management responsibility.
- Developing a contract management system that ensures risks are addressed at all stages of the contract processes.
- Requiring a documented risk analysis and management plan from contractors for service-critical projects.
- Monitoring and reviewing risk in external services and where appropriate, providing direction to contractors' risk management processes.

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- Incorporating risk management strategies, particularly action plans arising from the risk registers, into the City's broader business and corporate planning processes, and if necessary budget processes.
- Reviewing and updating of the risk registers to account for changes in risks and related issues, as a minimum on an annual basis.
- Providing risk management training for managers and staff.
- Providing a safe work environment for its employees and contractors by being active in the pursuit of occupational health and safety initiatives.
- Providing a safe street environment for members of the public.
- Where risks are such that they have a potentially high financial impact on the organisation, insurance cover is arranged to transfer some financial risk to the insurer. Insurance is maintained for, including but not limited to, public and products liability, professional indemnity, property, personal accident, fidelity guarantee and motor vehicles.
- Managing risks through properly developed and documented management systems.
- Regularly reviewing and testing of business continuity plans (BCP).

7.2 Cost implications

The development of the City's enterprise risk management systems and processes will be budgeted by the Governance Unit. This includes the maintenance of the electronic risk management software system (RMSS).

Other costs associated with the management of risk are carried across the organisation. As enterprise risk management is an essential element of managing the City these costs cannot be separated from costs of running the organisation.

As enterprise risk management inevitably results in the improved allocation of productive resources, time spent in identifying and reducing or eliminating risk more than recovers the costs associated with its implementation. It is from this perspective that it could be held that a quality enterprise risk management program is not only cost neutral to the organisation but ultimately will result in substantial savings.

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7.3 Timeframes

Program	Frequency
Review of Council Policy 19.1 Enterprise Risk Management, Enterprise Risk Management Framework, handbook and supporting documentation.	Ongoing with a major review every three (3) years or with any changes in standards and legislation.
Reporting: 1. Risk Management Task Force 2. Executive Leadership Group 3. Audit Committee and Council	 1. At each meeting 2. Three monthly 3. Six monthly
Training: 1. Staff induction risk management introductory sessions. 2. Risk training workshops (Manager orientated).	Completed as required.
Review of corporate (strategic and operational) and business unit (activity and project) risk registers.	Annually (or more frequently in response to material changes in circumstances)
Assist managers research and complete complex risk assessments as required.	Ongoing
Perform an audit function of risk treatments.	Ongoing
Continual development and implementation of enterprise risk management strategies.	Ongoing
Placement of insurances.	Annually
Ongoing maintenance of insurance program.	Ongoing
Handling of insurance and third party claims.	Ongoing
Business continuity plan: 1. Maintenance 2. Formal scenario testing.	 1. Ongoing 2. Annually

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7.4 Risk assessment handbook – a step by step guide

An adjunct to this Enterprise Risk Management Framework is the City of Perth Risk Assessment Handbook. It has been created to more fully explain the risk assessment process and to facilitate the identification and rating of the City's risks.

The Risk Assessment Handbook is a living document and will be updated from time to time to reflect current risk management practices and procedures.

Changes to the handbook may be authorised by the Corporate Services Director in consultation with the Risk Management Task Force as and when required.

It is proposed to review and amend the handbook following any amendments to this Enterprise Risk Management Framework document.

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ITEM NO: 5

ADOPTION – STATEMENT OF BUSINESS ETHICS

RECOMMENDATION: ***(APPROVAL)***

That Council:

1. ***approves the "City of Perth Statement of Business Ethics" as detailed in Schedule 4;***

2. ***approves the Internal Communications and External Communications Strategies as detailed in this report titled "Adoption – Statement of Business Ethics" to implement the Statement.***

BACKGROUND:

FILE REFERENCE:	P1020408-2
REPORTING UNIT:	Governance
RESPONSIBLE DIRECTORATE:	Corporate Services
DATE:	2 November 2015
MAP / SCHEDULE:	Schedule 4 – draft Statement of Business Ethics

Finding No. 13 of the RSM Bird Cameron Report on 'Local Government Authority Procurement Audit – City of Perth' 2013 recommended the following:

"The City should develop a policy in respect to its business relationships with suppliers and contractors and an appropriate statement of Business Ethics with the necessary process for reporting breaches."

LEGISLATION / STRATEGIC PLAN / POLICY:

Legislation	*Public Interest Disclosures Act 2003* *Corruption and Crime Commission Act 2003* *Local Government (Rules of Conduct) Regulations 1997*
Integrated Planning and Reporting Framework Implications	**Strategic Community Plan** Council Four Year Priorities: Community Outcome Capable and Responsive Organisation A capable, flexible and sustainable organisation with a strong and effective governance system to provide leadership as a capital city and provide efficient and effective community centred services.

Policy
Policy No and Name: 9.7 – Purchasing Policy
10.1 – Code of Conduct

DETAILS:

Finding No. 13 of the RSM Bird Cameron Report on 'Local Government Authority Procurement Audit – City of Perth' identified that the City does not have a Policy and a Statement of Business Ethics for conducting business with suppliers and contractors, including a process through which breaches can be reported.

Although Finding 13 specifically states that a Policy in conjunction with a Statement be developed in relation to its business relationships with suppliers and contractors, staff and Elected Members are already required to comply with Council Policy 10.1 – Code of Conduct, which details the ethical standards of behaviour expected of them. Current practices at the Cities of Stirling, Melville, Sydney and Brisbane demonstrate that in conjunction with a Code of Conduct policy, all have an endorsed Statement of Business Ethics, or at least provide advice on their websites, reinforcing these standards.

Without a Statement of Business Ethics, there is an increased risk that all sectors of the community conducting business with the City, not limited to suppliers and contractors, are not being made fully aware of the City's ethical behavioural expectations. Furthermore, there is also the risk for misconduct to occur.

City of Perth Statement of Business Ethics

Taking into account Finding 13, Officers undertook internal consultation with relevant Business Units to develop a draft "City of Perth Statement of Business Ethics" (the Statement). Refer Schedule 4.

If endorsed by Council, a formal Statement with appropriate graphics will be developed. This Statement will then be disseminated throughout the organisation and to businesses via the following Internal and External Communications Strategies:

<u>External Communications Strategy</u>

- The Statement included with all future tender, quotation and purchase order documentation to suppliers and contactors;
- Reference to the Statement included in standard Terms and Conditions of tender, quotation and purchase orders;
- An additional section for suppliers and contractors to acknowledge Statement on the Tender Checklist (which forms part of tender documentation); and
- The Statement to major/existing suppliers and contractors.

Internal Communications Strategy

- The Statement included on the City of Perth Website under the "Business" section. Staff can direct businesses to view it on the website if required;
- The Statement included on the Governance Unit Intranet Homepage for staff information. Initially the Governance Unit will also post on the Intranet Bulletin Board advising of its publication;
- The Governance Unit will email a link from the Intranet to the Statement to all Managers advising to communicate to all staff;
- The Governance Unit will communicate publication of the Statement to Elected Members via Memorandum and/or the Elected Members Portal;
- An article published in the staff newsletter "Inside City" advising of the Statement's publication;
- Reference to the Statement will be included in the Governance Unit's Code of Conduct induction training; and
- The Governance Unit will send out annual education reminder via Intranet Bulletin Board to remind staff of the City's Business Ethics obligations (directing staff to the Statement on the Intranet).

The introduction of a Statement will have an impact on the below Council policies:

Review of Council Policy 10.1 – Code of Conduct

In conjunction with establishing a Statement, it is proposed to review Council Policy 10.1 – Code of Conduct as the policy has not been reviewed since 2010. As previously stated above, although the policy details the ethical standards of behaviour expected of staff and Elected Members, it does not specially set out ethical standards of behaviour expected when conducting business with all sectors of the community.

Review of Council Policy 9.7 – Purchasing Policy

It is to be noted that Council Policy 9.7 – Purchasing Policy, may need to be amended to align with relevant components of the Statement, and that this consideration should be included in a review of the policy.

FINANCIAL IMPLICATIONS:

There will be nominal costs associated with the production of a formal Statement with appropriate graphics.

External labour costs of $2,526 may be incurred to amend the purchase order template in Finance One to electronically include the Statement.

All figures quoted in this report are exclusive of GST.

COMMENTS:

It is considered prudent that the City action Finding No. 13 of the RSM Bird Cameron Report on 'Local Government Authority Procurement Audit – City of Perth' by implementing a Statement of Business Ethics and reviewing Council Policy 10.1 – Code of Conduct and Council Policy 9.7 – Purchasing Policy, to include reference to ethical standards of behaviour expected of staff and Elected Members when conducting business with all sectors of the community.

SCHEDULE 4

Statement of Business Ethics

Serving	Leading	Growing	Teamwork	Excellence	Pride

Overview

This Statement of Business Ethics provides guidance for all sectors of the community when conducting business with the City of Perth (the City). It outlines the City's ethical standards and expectations that goods and service providers and contractors are to adhere with in any dealings with the City. This Statement also outlines what goods and service providers and contractors can expect from the City.

City of Perth's Key Business Principles

Ethics and Integrity – All the City business relationships are honest, respectful, responsible, ethical, fair and consistent. All parties involved in business activities with the City must operate with integrity and maintain high standards of ethical conduct to maintain sound decision making processes and ensure community confidence and trust in the City.

Value for Money – Value for money is an overarching principle governing business that allows the best possible outcome to be achieved for the City. Compliance with specifications is more important than obtaining the lowest price.

Transparency and Accountability – Business activities are to be open, transparent and comply with relevant legislation and the City's policies, procedures and practices. The City's business dealings will be transparent and open to public scrutiny wherever possible.

Sustainability – The City is committed to setting up efficient, effective, economical and sustainable procedures in all purchasing activities and to consider the environmental and social impacts when purchasing goods and services.

What to expect from the City

All employees, Elected Members, Committee members and contractors are accountable for their actions and are expected to:

- Deal fairly, ethically, lawfully and honestly with all individuals and organisations;
- Act in a professional and responsible manner and respect others to meet a high standard of behaviour;
- Protect and responsibly manage the resources of the City;
- Protect confidential information;
- Utilise opportunities to achieve continual social, economic and environmental improvement in operations and activities carried out by and on behalf of the City;
- Disclose any situation that involves or could be perceived to involve a conflict of interest;
- Immediately report any unethical behaviour (actual or perceived); and
- Not seek or accept any financial or other benefits for performing official duties.

What the City expects from goods and service providers and contractors

The City expects that all providers of goods and services and contractors must:

- Ensure compliance with all Australian Laws and regulations, the City's procurement policies and procedures and this Statement of Business Ethics;
- Be aware of the legislation, Codes of Practice, Australian Standards and procedures of Work Health and Safety required when undertaking work or supplying goods and services to the City;
- Gain an understanding of other City policies, procedures and practices in relation to conducting business with the City;
- Act ethically, honestly and fairly when dealing with the City;
- Give reliable advice and accurate information when requested;
- Take all necessary measures to prevent the disclosure of confidential information;
- Consider the environmental and economic impacts when providing goods and services;
- Strive to ensure materials and equipment used in the provision of goods and services are carbon neutral in their manufacture, supply, and maintenance;
- Take all necessary steps to ensure the supply of goods and services is sourced in an ethical and sociably responsible manner;
- Not engage in any form of collusion;
- Not make any statement or behave in any way that could mislead anyone to believe that they are representing the City, or expressing City views or policies;
- Not offer City employees, Elected Members, contractors, sub-contractors and consultants any financial inducements, or any gifts or other benefits (including employment);
- Declare any actual or perceived conflicts of interest;
- Notify the City immediately if there are any errors or omissions in documents; and
- Immediately report any unethical behaviour (actual or perceived).

Why Compliance is important?

By complying with this Statement of Business Ethics, all sectors of the community undertaking business with the City will be able to advance objectives and interests fairly and ethically.

Non-compliance with the City's ethical requirements when doing business with the City and/or improper or unethical conduct could lead to negative consequences such as termination of contracts, being excluded from procurement and business activities or loss of future work with the City. Overall business reputations can also be detrimentally affected if corrupt and criminal behaviour is made public.

Complying with the City's business principles will also prepare businesses for dealing with the ethical requirements of other local governments and public sector agencies.

Practical Guidelines

Incentives, gifts and benefits
The City's employees, Elected Members, Committee members and contractors do not expect to receive incentives, gifts or benefits as a consequence of business relationships. It is requested to refrain from offering such incentives, gifts or benefits.

Conflicts of interest
All City employees, Elected Members, Committee members, contractors and business partners must disclose any actual or potential conflicts of interest. The City extends this requirement to all sectors of the community undertaking business with the City.

Misconduct
Where a breach of this Statement or procurement activity is suspected during a business activity, it should be reported in a confidential manner to the City's Chief Executive Officer or Public Interest Disclosure Officer via details listed below.

Confidentiality
Information which is marked confidential, or which a reasonable person would expect to be confidential, should be treated as such.

Communication between parties
All communication shall be clear, direct and accountable to minimise the risk or perception of inappropriate influence being brought to bear on the business relationship.

Code of conduct
All employees, Elected Members and Committee members are bound by the City's Code of Conduct.

Use of City equipment, resources and information
All City equipment, resources and information must only be used for acceptable purposes.

Contracting employees
All contracted and subcontracted employees are expected to comply with this Statement. If subcontractors are employed to assist with work for the City, they must be made aware of this Statement.

Intellectual property rights
All parties are to respect intellectual property rights and formally negotiate any access, licence or use of intellectual property.

Safety
All parties shall observe legal and moral obligations to protect the safety of City employees, Elected Members, Committee members, contractors, and the public.

Who to contact?

If you have any questions regarding this Statement or to provide information about suspected corrupt conduct, please contact the City by letter, phone or email via the following or through the City's website at www.perth.wa.gov.au:

Chief Executive Officer
City of Perth
GPO Box C120
Perth WA 6829

Phone (08) 9461 3333
Email info.city@cityofperth.wa.gov.au

Public Interest Disclosure Officer
Manager Governance
Phone (08) 9461-3268

The Corruption and Crime Commission Act 2003 and other 'whistleblower' protection laws (such as the Public Interest Disclosure Act 2003) protect persons disclosing misconduct or corruption-related matters from reprisal or detrimental action and ensure disclosures are properly investigated and dealt with.

Insert Picture here

Links

Relevant Legislation
https://www.slp.wa.gov.au/legislation/statutes.nsf/default.html
Local Government Act 1995
Corruption and Crime Commission Act 2003
Public Interest Disclosures Act 2003
Local Government (Rules of Conduct) Regulations 2007
Local Government (Functions and General) Regulations 1996
Local Government (Administration) Regulation 1996

Public Interest Disclosures
http://www.perth.wa.gov.au/council/finance-and-governance/public-interest-disclosure
City of Perth Public Interest Disclosure Guide

City of Perth Policy Manual
http://www.perth.wa.gov.au/sites/default/files/documents/Policymanual_0.pdf
Policy 10.1 – Code of Conduct
Policy 9.7 – Purchasing Policy
Policy 8.0 – Environmental Policy
Policy 8.5 – Towards Energy Resilient City
Policy 19.1 – Enterprise Risk Management

CITY *of* PERTH

Insert City of Perth contact details here

ITEM NO: 6

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

RECOMMENDATION: ***(APPROVAL)***

That Council in accordance with Section 5.54(1) of the Local Government Act 1995 approves BY AN ABSOLUTE MAJORITY the Annual Report, attached as Schedule 5, which is inclusive of the Audited Financial Statements for the year ended 30 June 2015.

BACKGROUND:

FILE REFERENCE:	P1003392-8
REPORTING UNIT:	Finance
RESPONSIBLE DIRECTORATE:	Corporate Services
DATE:	10 November 2015
MAP / SCHEDULE:	Schedule 5 – Annual Report 2014/15 including Audited Financial Statements Report for the Year Ended 30 June 2015 Schedule 6 – Grant Thornton Report

Section 5.54(1) of the *Local Government Act 1995* requires the Annual Report for the 2014/15 financial year, be presented at the Annual General Meeting of the City of Perth scheduled to be held on Tuesday, 15 December 2015.

The Financial Statements for the year ended 30 June 2015 have been audited and signed off on 30 October 2015 (refer to Schedule 5).

Section 5.53 (2) of the Act prescribes that the following information must be included in the Annual Report:

"(a) a report from the Mayor or President;
(b) a report from the CEO;
(e) an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year;
(f) the financial report for the financial year.
(g) such information as may be prescribed in relation to the payments made to employees;
(h) the auditor's report for the financial year;

(ha) a matter on which a report must be made under section 29(2) of the Disability Services Act 1993;
(hb) details of entries made under section 5.121 during the financial year in the register of complaints, including -
(i) the number of complaints recorded in the register of complaints;
(ii) how the recorded complaints were dealt with; and
(iii) any other details that the regulations may require; and
(iv) such other information as may be prescribed."

The information contained in Schedule 5 addresses all the details required for a Local Government's Annual Report.

LEGISLATION / STRATEGIC PLAN / POLICY:

Legislation	Section 6.4 of the *Local Government Act 1995* Regulation 36 of the *Local Government (Financial Management Regulations 1996* Regulations 9 and 10 of the *Local Government (Audit) Regulations 1996* Principle 6 of the State Records Principles and Standards 2002
Integrated Planning and Reporting	**Corporate Business Plan** Council Four Year Priorities: Capable and Responsive Organisation. S18 Strengthen the capacity of the organisation

DETAILS:

The Financial Statements (refer to Schedule 5) address all statutory financial requirements imposed on the City and comply with the Australian Accounting Standards

The Annual Report is an important document through which the City communicates with its stakeholders, notes its achievement during the preceding financial year and sets out its vision for the future.

Additionally considerable information is provided including that required statutorily and the Annual Financial Statements. This will enable stakeholders to assess the financial health of the City.

The Financial Statements for the year ended 30 June 2015 have been audited and an unqualified report has been issued (Refer Schedule 5).

The net operating result prior to capital grants and contributions amounts to $18.9 million. This compares with a budget of $13.3 million. Capital grants amount to $1.8 million. Significant items amounted to a net credit of $196.5 million, $184.3 million of which resulted from the revaluation of infrastructure assets.

REVENUE

- Rates collected are $0.8 million below the original budget due to slower than anticipated level of building completions and the Valuer General reducing some valuations.

- Fees and charges are $4.9 million below budget mainly due to a fall in parking revenue, but are $4.2 million higher than last year.

EXPENDITURE

- Employee costs at $64.5 million were in line with the budget for the year.

- Materials and contracts are $4.7 million below the original budget. Major savings emerged in property maintenance, consultancy, other professional fees, security, printing, tipping fees and assets not capitalised.

- Depreciation and amortisation is $5.4 million under the original budget. Delays on bringing to account the revaluation of infrastructure and the resultant impact on depreciation account for the major part of this underspend.

- Capital grants were in line with the budget for the year.

SIGNIFICANT ITEMS

- Investment properties are valued each year which resulted in a gain of $1.8 million.

- The City revalued its infrastructure assets having no active markets to fair value, which was determined as depreciated replacement cost based on condition assessments.

- Five major classes were revalued including roads, drainage, street and parks infrastructure, plus traffic control devices, giving a net $184.3 million revaluation surplus. This initial revaluation will be conducted in future on a triennial basis in accordance with the *Local Government (Financial Management) Amended Regulations 1996.*

- During the year an inventory of public works of Art (including Memorabilia and History collections) was carried out resulting in $5.3 million of assets being initially recognised at fair value by the City and a value established through both internal and external valuations. These items include assets originally

purchased in previous years or contributed by third parties with insufficient information being provided to the City.

- All of the City's Public Works of Art including memorials and art works in the public realm and plaques were professionally revalued by an independent expert and a revaluation surplus of $4.6 million recognised in the financial statements.

- $2.6 million represents the City's share of profit on land sold by the Tamala Park Regional Council (TPRC).

- $150,000 represents a write-back in the previous impairment taken in relation to the Barclay Emerald Mortgage Backed Securities.

- Infrastructure assets, with a written down value of $2.4 million were recognised during the year as part of the City's contribution to the Elizabeth Quay project.

BALANCE SHEET

- Net assets have increased by $214.7 million over the year.

- Current assets increased by $1.6 million due to the total of cash and investments increasing.

- Non-current assets have increased by $206.3 million as a result of the revaluation of assets.

- Investment property increased by $1.8 million as previously disclosed.

- Trade creditors decreased by $1.3 million, a fall of 6%.

- Non-current loans fell by $6.5 million due to principal repayments with no new loans drawn down.

- The total liability for employee benefits increased marginally by $277,000 to $13.3 million at 30 June 2015.

- The Accumulated Surplus increased by $24.8 million due mainly to the net surplus from operations.

- The Asset Revaluation Reserve increased by $187.9 million due to the revaluation of infrastructure assets. Other reserves increased by $2.0 million as

a result of an increase in the Parking Levy Reserve used for the payment of the Parking Levy which was due in July 2015.

Cash Flow was positive $4.6 million over the year. Operating activities generated $48.9 million, capital expenditure $42.1 million net of disposal proceeds, $6.1 million of loan principal was repaid. $4.0 million of grants were received.

AUDIT ISSUES

There were no significant issues recorded in the Grant Thornton's audit management letter (refer Schedule 6).

FINANCIAL IMPLICATIONS:

This report and the financial statements demonstrate the strong financial position of the City at 30 June 2015.

COMMENTS:

The City's financial position remains strong with the operating result for the year being well up on the budgeted result due to lower operating expenditure.

SCHEDULE 5

CITY of PERTH

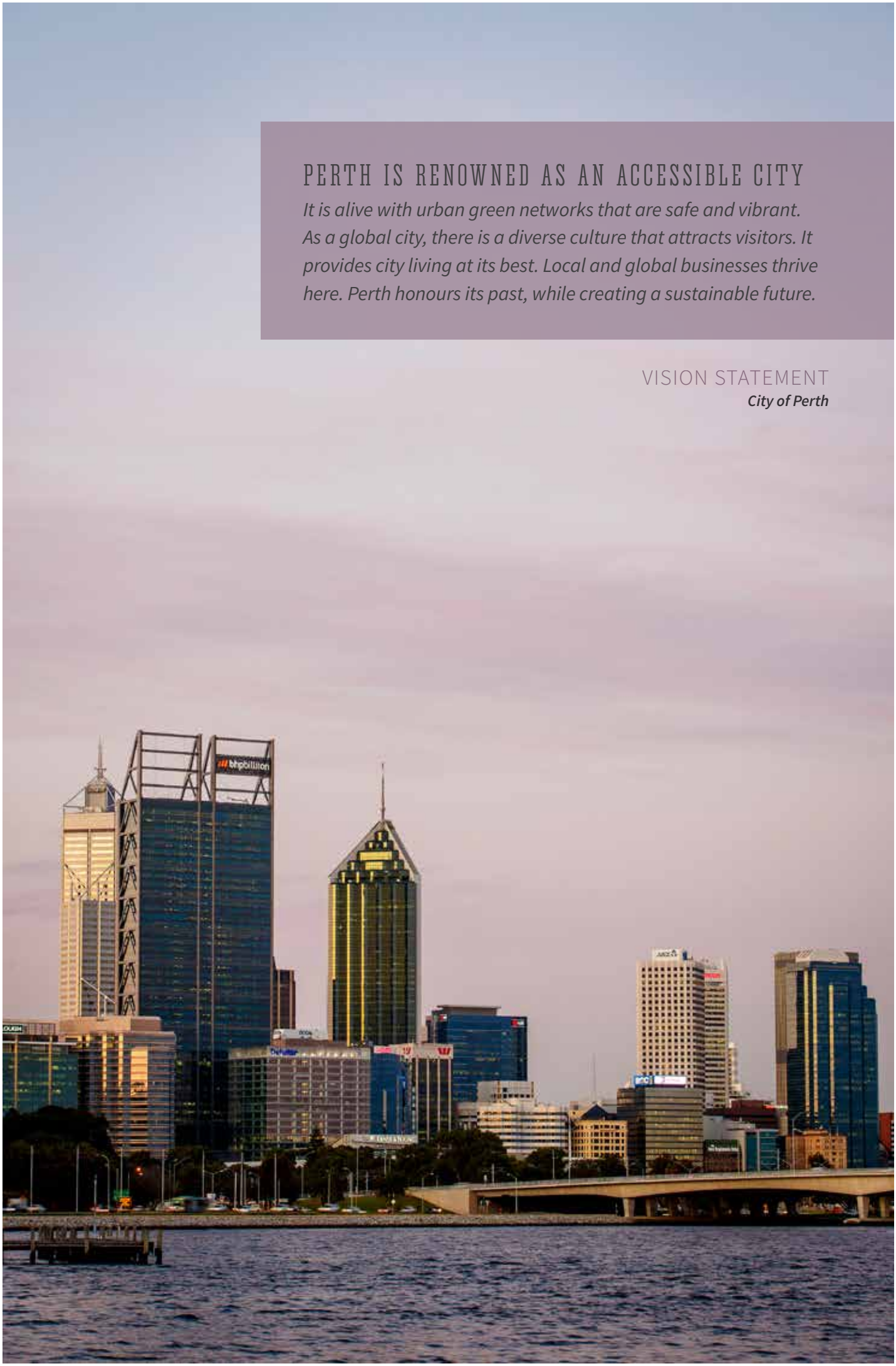
ANNUAL REPORT 2014/15

PERTH IS RENOWNED AS AN ACCESSIBLE CITY

It is alive with urban green networks that are safe and vibrant. As a global city, there is a diverse culture that attracts visitors. It provides city living at its best. Local and global businesses thrive here. Perth honours its past, while creating a sustainable future.

VISION STATEMENT

City of Perth



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Wherever possible the City of Perth prints with environmentally certified print suppliers, on environmentally friendly and recyclable paper stocks. This year, the Annual and Financial Report has been designed for digital viewing, and therefore limited print copies were produced. Printed copies can be borrowed, or viewed, at the City Library on request.

OUR ANNUAL REPORT

REPORTING

The West Australian Local Government Act 1995 requires local governments to produce an annual report by 31 December each year. We report to our community and stakeholders in a number of ways. We go beyond statutory requirements by producing a dynamic report.

Our Annual Report focuses on the financial and operational performance of the City of Perth in 2014/15, documenting our performance against the 2014/15 Budget, and our progress in line with our Strategic Community Plan, Vision 2029+, adopted in June 2013.

Our Strategic Community Plan, Vision 2029+, outlines our long term strategic direction that expresses our community's vision for the future, together with strategies to deliver community outcomes.

It is our guide to delivering our strategic vision which is based on the following themes:

- Major Strategic Investments
- Getting Around Perth
- Perth as a Capital City
- Living in Perth
- Perth at Night
- Healthy and Active in Perth
- Capable and Responsive Organisation

Our Annual Report includes a snapshot of our performance, and an overview of our outlook for the future, including our plans to ensure the sustainability of our organisation, our City, and the community we serve.

It also provides our people with information about how well we have performed over the year, and how our efforts have contributed to achieving our vision.

Our Annual Report is produced in house, and is reviewed and approved by the Chief Executive Officer.

Our Annual Report can be downloaded at *www.perth.wa.gov.au/publications* as we only produce a limited number of hard copies.

Our financial statements have been certified by an independent auditor.

Thank you

Thank you for taking the time to read our 2014/15 Annual Report. We hope you find this information useful and gain valuable insight into our achievements for the 2014/15 financial year.

Contact Us

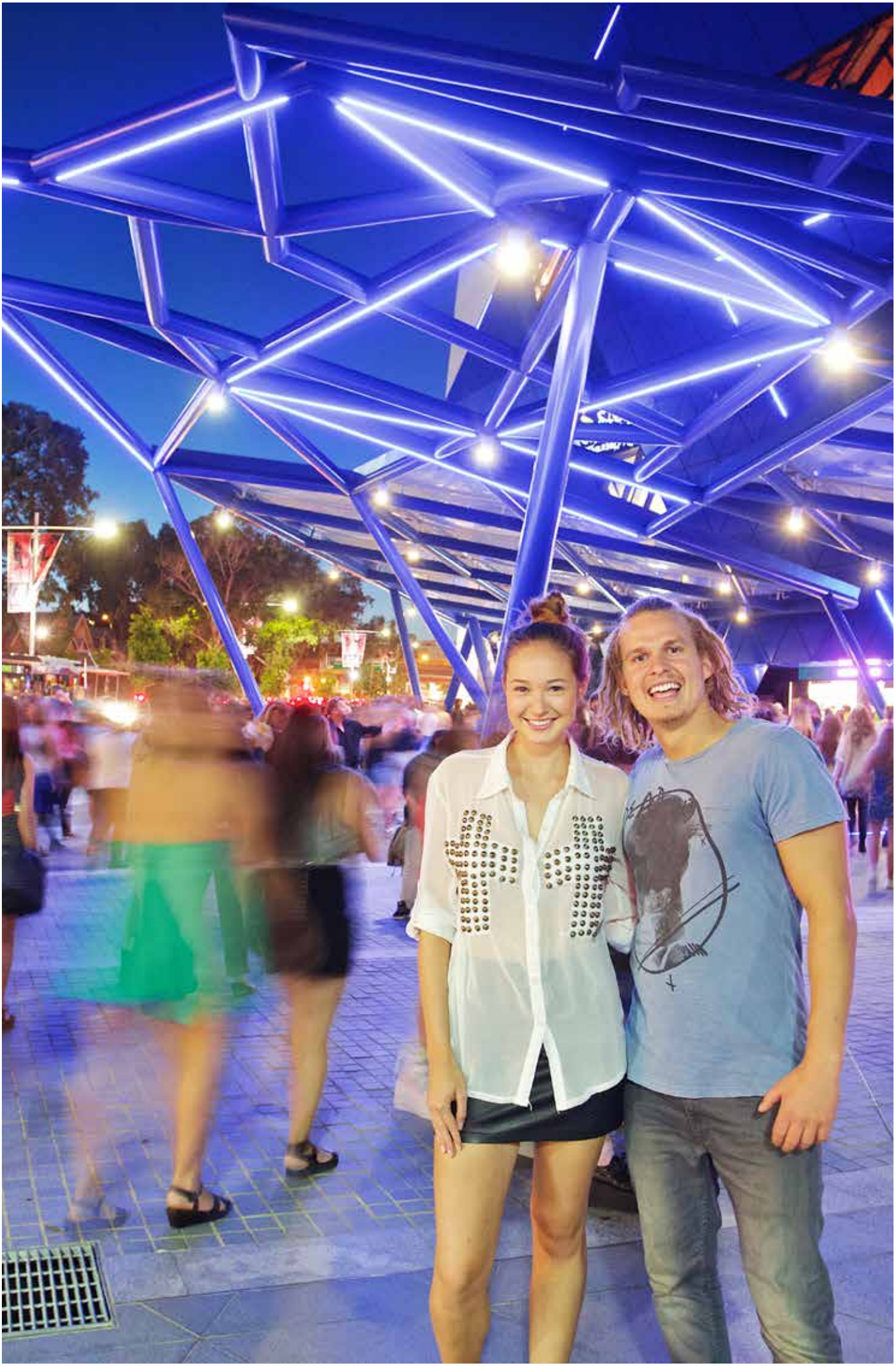
If you have any enquiries, please contact us on 9461 3333.

If you are representing the media and have a media enquiry, please contact our media team on 9461 3425.

Acknowledgement

The City of Perth acknowledges the Noongar people as the traditional custodians of this land.

This document is available in other formats on request



OUR CITY

The State Capital

Perth is the dynamic and rapidly growing capital city of the State of Western Australia, located on the Indian Ocean Rim within the Asia Pacific region, one of the world's fastest growing and developing economic zones.

Our City is one of the nation's fastest growing local government areas, and has ranked consistently among the Top 10 most liveable cities in the world by The Economist Intelligence Unit.

Most of Western Australia's 2.58 million people live in the greater metropolitan area of Perth, of which the City of Perth is the nucleus.

Our City is a centre of government, commerce, culture, education, sports, recreation, shopping and entertainment.

It is set between the beautiful Swan River, and the 400 hectares of Kings Park.

A large proportion of the City's 8.1km^2 area is public open space.

Our City has a Mediterranean climate, and enjoys more hours of sunshine than any other capital city in the nation.

The City of Perth

The City of Perth is a dynamic statutory entity, constituted under the Local Government Act 1995, to provide services and facilities to a broad range of City stakeholders including residents, commercial and retail business, workers, and local, national, and international visitors.

With approximately 700 people working across the City, and in our facilities including Council House, our depot, the Rod Evans Centre, our Childcare Centre, Citiplace Community Centre, Library, Surveillance Centre, car parks, and the Northbridge Piazza, our workforce is diverse and multi-skilled.

The City of Perth has its origins in 1829 when the Swan River Colony was established by the British Government. The city was named after Perth in Scotland.

Prior to that, the area had, for thousands of years, been an important meeting place for the Indigenous Noongar people who have lived in the south-west region of WA for more than 35,000 years.

Perth formally attained 'City' status in 1856 when it was declared a Bishop's See by Queen Victoria. The first meeting of the Perth City Council was held on 10 December 1858. It was not until the Centenary of Foundation in 1929 that the position of Mayor was elevated to Lord Mayor. The Council met at a number of locations over the years, moving to its current home, Council House, in 1963.

In 1994, the sprawling local government area was split into four separate authorities with the creation of the Towns of Vincent, Victoria Park and Cambridge. The City of Perth remained as the capital city of Western Australia.

In February 2015, the State Government announced that plans to halve the number of metropolitan councils in Western Australia through reform would not proceed, however it would continue with expanded boundaries for the City of Perth, and the development of Capital City Legislation.

In May 2015, a Bill was introduced in State Parliament to establish the City of Perth Act to recognise Perth as the capital city of Western Australia, and to establish Perth City Council as the State's pre-eminent local government authority.

City Crest

The City of Perth crest features the red cross of Saint George on a white background. Two black swans support a crown in copper, gilt and bronze, set on granite from London's old Waterloo Bridge.

OUR STATISTICS

OUR TALLEST BUILDING
CENTRAL PARK

OUR OLDEST PARK
STIRLING GARDENS

OUR OLDEST BUILDING
OLD COURT HOUSE

Western Australia area	2,525,500km^2
City of Perth area	8.10km^2
Western Australian estimated residential population	2.58 million, ABS, December 2014
Perth metropolitan estimated residential population	2.02 million, ABS, March 2015
City of Perth estimated residential population	20,762, Informed Decisions & ABS, June 2014
Number of households	9,144, ABS, August 2011
Total private dwellings	10,884, ABS, August 2011
Daily workforce population in Perth	124,679, ABS, 2011 census
Total office floor space in Perth CBD:	1,625,118m^2, Property Council of Australia (February 2015)
Total office floor space in West Perth:	422,840m^2, Property Council of Australia (February 2015)
Total length of roads	95km
Total area of parkland and reserves	118ha
Number of parkland areas and reserves	26
Oldest park	Stirling Gardens, 1845
Oldest building	The Old Court House, 1836
Largest building (by floor area)	Brookfield Place, 75,000m^2 of office space
Tallest building	Central Park, 261.7m (51 floors)
City of Perth Foundation Day	12 August 1829
Geographical coordinates	Latitude 31° S, Longitude 115° E
Altitude	11.2m above Sea Level
Climate	Mediterranean
Average temperatures	Summer 30°C (max) 17°C (min) Winter 18°C (max) 8°C (min)
Time	Western Australian Time (GMT +8)
Sister Cities	Kagoshima, Japan (1974), Houston, Texas, USA (1984), Rhodes, Greece (1984), Megisti, Greece (1984), San Diego, California, USA (1987), Vasto, Italy (1989) Nanjing, China (1998), Taipei, Taiwan (1999)
Charters of Mutual Friendship	Grenoble, France (inactive 1985), Perth, Scotland (2006), Seocho City, Seoul Metropolitan Government, Republic of Korea (2008), Chengdu City, China (2012)
Council composition	Lord Mayor and 8 Elected Members
Annual Revenue Budget including capital grants	$192 million (2014/15)
International Airport	10km from Perth CBD

HE HERITAGE
BRASSERIE BAR BOARDROOM

LORD MAYOR'S MESSAGE

Perth, as we know it, is maturing. Our skyline is evolving as new precincts and projects reshape our City, making it more accessible, vital, and connected as a modern capital city. Despite economic impacts that influence job numbers, and overall city vitality, our central business district, and indeed all precincts, continue to transform at a strong pace as major development projects such as Perth City Link and Elizabeth Quay near completion and attract more business and residents into our boundaries.

Council has long advocated for recognition of its capital city status in keeping with capital cities in other states. Appreciating the need to implement structure and legislation to enable the State Government and Capital City Council to work more cooperatively as the two main tiers of government overseeing the needs of key business and community stakeholders, it is clear a lot more can be achieved via such a legislative mechanism.

The City of Perth has an ambassadorial and investment attraction role to play in ensuring that the capital city truly is operating as the engine room, or magnet, for the whole State. Increasingly, our location is now regarded as strategic for many businesses across a variety of sectors, but it is our role to ensure the right welcome and that early enquiries are met with a proactive commercial and business-like approach for flow-on benefit to all. Perth is seen as an increasingly important city in the Asia region, and globally, in a 21st Century world.

It is essential that Perth's special role as the capital city of Western Australia is recognised by the State Government. The City of Perth Act was introduced into Parliament in mid-February after the State Government abandoned plans for state-wide local government reform. The Act represents a one in 100 year opportunity to shape a stronger capital city. Ensuring we have a dedicated vision that puts Perth front and centre is vital, and the flow-on benefit goes further to metropolitan Perth, and regional Western Australia.

The Act will redefine our purpose, and empower us to achieve an open and collaborative working relationship with the State Government.

In the creation of strong constitutional governance, led by a Lord Mayor whose leadership role is officially recognised, we also want to ensure the existing voter franchise group's (particularly non-residential voters) entitlements are not diminished, and to achieve a basis for the City of Perth to operate in a more commercial manner that properly reflects the business environment in which it is based.

As the excitement and anticipation of Perth's new developments increases, the City of Perth is hard at work making sure that our amenity will be able to facilitate and accommodate the demands of all the new precincts.

Together with the State Government, we are undertaking and planning for a number of traffic, transport, and street enhancement projects that will improve the accessibility and friendliness of our City streets and spaces.

The appreciation for the contribution of culture and arts to our City is more noticeable. We are so proud of our ongoing financial support to a variety of great art and cultural initiatives and festivals. No one could have anticipated the strong community support as witnessed for *The Incredible and Phenomenal Journey of The Giants to the Streets of Perth*. Over three memorable days in February, we were immersed in the modern-day fable played out by the Giants across our streets, taking inspiration from uniquely Western Australian stories of ancient lands, Gallipoli-bound troops, and a little girl in a lighthouse who buoyed their spirits. It was Perth's chance to ensure a new generation of Western Australians came to hold dear that which has shaped us. And for us it was truly remarkable that this all played out in our City.

Over a year, a lot occurs in a City, and Perth is demonstrating great potential and purpose. We look forward to delivering more to all the citizens of Perth.

The Right Honourable the Lord Mayor
LISA-M SCAFFIDI

1 July 2015

CEO'S MESSAGE

1 JULY 2015

The 2014/15 financial year represented a major milestone for local government across Western Australia when the State Government's strategy to reform local government boundaries was abandoned in February.

We directed our focus to achieving capital city legislation through the development of the City of Perth Act to enable the development of a stronger capital city, and to bring its position and powers in line with those of other Australian capital cities.

In May, Western Australian Premier Colin Barnett introduced legislation to Parliament to facilitate minor boundary changes bringing several of Perth's iconic landmarks including Kings Park, the University of Western Australia (UWA), the Queen Elizabeth II Medical Centre and the new Perth Children's Hospital, along with 1,158 residents from Subiaco and Nedlands, into the City of Perth's boundaries to create a bigger and stronger capital city.

The Act will provide the structure and legislation to ensure local government and State Government, via the Premier and Lord Mayor, can work together on vitally important issues.

Our priority as a capital city is to establish a stronger platform for economic development across the State.

The Act will give us the competitive edge we have been lacking in many ways through an open and collaborative relationship between the tiers of government.

On 24 February 2015, I announced the reactivation of our 2014-16 Organisational Development Plan to conduct a significant organisational structure review.

With local government reform abandoned, the Council unanimously endorsed a new organisational structure to enable the City of Perth to drive growth and innovation to shape a stronger capital city, with an increased focus on enhancing customer service and development within the City, an in line with the considerable growth and revitalisation of the CBD.

Organisational change at the City of Perth is about our people working together into the future to further improve services and facilities in a stronger capital city.

Our new structure comprises five Directorates (each headed with a Director) that reflect the following five core functions of the City of Perth in a virtual value chain of delivery of services, facilities and activity to the community:

- ***Governing*** – Corporate Services with a primary focus on the organisation
- ***Planning and Designing*** – Planning and Development with a primary focus on the City
- ***Serving*** – Community and Commercial Services with a primary focus on customers
- ***Building and Maintaining*** – Construction and Maintenance with a primary focus on assets
- ***Growing and Activating*** – Economic Development and Activation with a primary focus on activation

Our Strategic Community Plan, Vision 2029+, continues to guide the Council's activities and is supported by a Four Year Corporate Business Plan, which facilitates the implementation of the Plan. Vision 2029+ will be subject to ongoing review, including ongoing consultation with the community.

Our Plan sets out our community's aspirations, objectives and vision for the City based on five key themes: Getting Around Perth, Perth as a Capital City, Living in Perth, Perth at Night and Healthy and Active in Perth. Our Corporate Business Plan also reflects these.

The past year saw us complete our $12 million Affordable Rental Housing Demonstration Project, a 48-unit complex in Goderich Street, East Perth and the $5 million Goderich Street Carpark, to ensure our capital city has a residential mix which includes lower paid key city workers, and is not a location predominantly for the more affluent.

Our Forrest Place redevelopment was completed and our $1.2 million iCity information pod was opened on 7 October 2014. The pod is located at the intersection of Murray Street Mall and Forrest Place. iCity volunteers assist more than 200,000 visitors per year with their questions about our City, providing them with City maps and all the latest information on events, shopping, activities and attractions.

In 2014/15, we completed our $1.4 million upgrade of Harold Boas Gardens, replacing the ornamental lake structure, and ensuring our parks and gardens, our major assets, continue to play a central role in city planning strategies. There aren't many cities in the world that mix commerce and retail with beautifully crafted green open

space combining heritage, public art and water features. Within our City boundaries there are 16 major parkland areas and many smaller parks, road reserves and car parks covering a total of 140 hectares, and our Swan River foreshore parklands form a 10 kilometre natural boundary for the City.

In 2014/15, we continued revitalising, activating and improving City precincts to attract more visitors, including spending almost $2.5 million upgrading footpaths, and $2.7 million upgrading roads. We are making the City safer every day, and in 2014/15 spent $1.3 million upgrading our CCTV network. The City of Perth surveillance system is one of several initiatives designed to assist in preventing crime and anti-social behaviour.

During the 2014/15 financial year, our net assets increased by $215 million, mainly due to the revaluation of infrastructure assets. We continue to generate strong cash flow from operating activities, which allow significant investment in major projects.

During the year, we continued development of improved governance and internal audit functions to help to protect our operating and capital requirements.

Taking into account increasing State Government costs, and the reduction in Commonwealth Government grants to local governments, the Council has made every effort to ensure a sustainable financial position for the City while continuing to cater for its growth.

Chief Executive Officer

GARY STEVENSON PSM

1 July 2015

OUR ELECTED MEMBERS

LISA SCAFFIDI

Lord Mayor

Lisa Scaffidi was elected to the City of Perth as a Councillor in July 2000, and as Lord Mayor in October 2007. Ms Scaffidi is in her second term as Lord Mayor (in 2014/15), and is a City resident. Working in a full-time capacity as Lord Mayor, Ms Scaffidi is focused on Perth's growth and is committed to delivering vitality, maintaining amenity and improving the liveability of the capital city. Ms Scaffidi is active in economic development and works with the creative sectors to enhance Perth's diversity.

As Lord Mayor, Ms Scaffidi is a member of various external committees and boards including the Central Perth Planning Committee, the Local Redevelopment Committee (LRC) of the MRA, and the Taxi Council of Western Australia.

Ms Scaffidi chairs the Lord Mayor's Distress Relief Fund and is also Patron of the Perth Public Art Foundation. Ms Scaffidi is also Patron for a number of other Western Australian charities and is the Perth Fashion Festival Ambassador.

Ms Scaffidi represents the City of Perth on the Council of Capital City Lord Mayors and is a Past President of the World Energy Cities Partnership, a group of 21 cities around the world whose economy is largely based on the oil and gas industry.

ROB BUTLER

Deputy Lord Mayor

Rob Butler brings to the City of Perth extensive local government experience. Councillor Butler was initially elected to the City of Perth Council in May 2003, and was re-elected in October 2007 and October 2011. Councillor Butler holds the office of Deputy Lord Mayor.

During 2014/15, Councillor Butler chaired the Council's Planning Committee and is a member of the Council's Finance and Administration and Audit and Risk Committees.

Councillor Butler is a member of the Central Perth Planning Committee, Perth Local Development Assessment Panel, Perth Theatre Trust, Local Chambers Perth City Executive Committee and Perth Fashion Festival Advisory Board, and is one of the Council's delegates to the Western Australian Local Government Association (WALGA) in the Central Metropolitan Zone.

Councillor Butler is the Western Australian Executive Manager of three successful manufacturing and supply companies servicing the mining, oil and gas and general engineering industries throughout Australia.

JIM ADAMOS

Councillor

Jim Adamos was elected to Council in October 2011 and is a member of the Council's Marketing, Sponsorship and International Relations Committee.

Councillor Adamos represents the Council at the Perth Theatre Trust, Heritage Perth and the Heritage Council of WA.

Councillor Adamos holds a Bachelor of Business with a major in Accounting and works in management consulting developing business improvement strategies for various organisations.

A father of two young children, Councillor Adamos is a long-term resident of the City. He brings to Council an interest in culture and the arts, sustainability, and community safety and security, and is keen to encourage further business investment in the City.

LILY CHEN

Councillor

Lily Chen was elected to Council in 2011 and has been a member of various committees including the former Parking and General Purpose Committees. From 2013, Councillor Chen has chaired the Marketing, Sponsorship and International Relations Committee. She has also sat on a number of external committees, including the Heirisson Island Sculpture Park Committee, and the Perth Safe City Working Group.

Apart from her role as Councillor, she has sat on the Board of the Migration Institute of Australia (MIA), was elected Vice President of MIA nationally in 2013, and is President of MIA in WA.

Councillor Chen's interests have been in promoting the City of Perth as a tourism and investment destination, and facilitating business deals between local businesses and overseas investors, assisting stakeholders in her capacity as a Councillor and as a legal practitioner. She is concerned about issues including homelessness and begging, and is one of the strongest advocates for establishing a permanent shelter for the homeless in Perth. Each year she has made small donations to charitable organisations, and this year participated in the Vinnie's CEO sleep out, raising $16,000. Councillor Chen is interested in promoting renewable energy and green coverage in City developments, and in working hand-in-hand with State and Federal Governments to resolve transport and parking issues in Perth.

Councillor Chen is keen to work with people of all backgrounds, and is always willing and ready to lend a helpful hand to others in need.

JANET DAVIDSON, OAM JP

Councillor

Janet Davidson has been a Councillor at the City of Perth since 1998 and held the office of Deputy Lord Mayor from 2011 to 2013 and in 2009. During 2014/15, Councillor Davidson continued to chair the City of Perth's Finance and Administration and Audit and Risk Committees.

Councillor Davidson is a member of the City of Perth's Public Lending Library and Public Plaza Project Working Group, Mindarie Regional Council, Tamala Park Regional Council, Perth Theatre Trust, Library Board of WA (past Chairman) and the Australia Day Council of WA (Management Committee).

She is a State Councillor on the Western Australian Local Government Association (WALGA) and is the Chairperson for the Central Metropolitan Zone. Councillor Davidson held the position of National Vice-President of the Australian Local Government Women's Association (ALGWA) for seven years (2004-2011), remains the Western Australian delegate to the National Board and is President of ALGWA WA.

Councillor Davidson's background is in education and training and quality assurance/human resource management. She is the Executive Officer to the WA Regional Office of the Royal Australian and New Zealand College of Obstetricians and Gynaecologists.

With a Masters Degree in Management from the University of Western Australia and a GAICD (Graduate of the Australian Institute of Company Directors), Councillor Davidson is also a trained teacher and a Justice of the Peace. She is a member of the Australian Institute of Management and the Australian Institute of Company Directors.

REECE HARLEY

Councillor

Reece Harley was elected to Council in October 2013 and is a proud resident of West Perth. Councillor Harley serves as a member of the Council's Planning and Audit and Risk Committees, and is a Board Director of the Perth Public Art Foundation, the Perth Convention Bureau, and Heritage Perth.

Prior to his election to Council, Councillor Harley ran weekly history walking tours of the city, sharing his knowledge of, and passion for, Perth. He is committed to making the city a more walkable, well-designed, economically successful, environmentally sustainable and safer place for everyone to enjoy.

While studying for his Bachelor Degree in Communications at Murdoch University, Councillor Harley worked at the University of Western Australia in the Office of Governance Services. He is also involved in a number of community organisations including the Rotary Club of Crawley, the White Ribbon Foundation, Perth Modernian Society and is Chair and Founder of the recently established Museum of Perth.

Councillor Harley is the Western Australian Director of an Indigenous mentoring organisation managing a team of 16 staff members who support more than 1,000 Indigenous high school students across Western Australia.

OUR ELECTED MEMBERS

CONTINUED

JAMES LIMNIOS

Councillor

James Limnios was elected to Council in October 2009. He is Chair of the Council's Works and Urban Development Committee and is a member of the Marketing, Sponsorship and International Relations Committee. During 2012/13 he was also a member of Council's General Purposes Committee and Parking Committee.

Councillor Limnios is the Council's delegate to the Local Chambers Perth City Executive Committee, Perth SafeCity Working Group and the Metropolitan Regional Road Group. He is also Chair of the Perth Liquor Accord (Perth Liquor Accord Sub Committee) and a member of the Rotary Club of Perth.

Councillor Limnios won a WA Business News "40under40" award in 2004 as one of Western Australia's top 40 entrepreneurs under the age of 40. Councillor Limnios was the Chief Executive Officer of Limnios Property Group, a family owned and managed, city-based business.

Councillor Limnios is now the Managing Director of Limnios Equity & Development, a private property business. In 2006, Councillor Limnios completed an Executive Masters of Business Administration through the University of Western Australia and has further qualifications in property and real estate.

JUDY MCEVOY

Councillor

Judy McEvoy was first elected to the Council of the City of Perth in May 1997 and has been re-elected every four years since. Councillor McEvoy is a long term member of the Council's Planning, and Works and Urban Development Committees, which ensure the highest standards of presentation of the city.

Councillor McEvoy was a business owner/operator in Perth for more than 30 years, and was involved with Council in the major upgrade of King Street in the 1990s prior to running for Council. Councillor McEvoy has been a residential owner-occupier in West Perth since selling her business in the City in 2004.

KEITH YONG

Councillor

Keith Yong was elected to Council in October 2013 and appointed as a member of the Finance and Administration Committee. He is a Council delegate to the East Perth Community Safety Group, Chamber of Commerce and Industry, WA Tourism Committee and Perth Safe City Working Group, which works with the community to reduce crime and improve the quality and security of life for the people of Perth.

He promotes a safer and cleaner City and the Council's continuing efforts to make the City a more dynamic, vibrant, connected and sustainable place to live. He believes this can be achieved by encouraging business and leisure, promoting local and foreign ventures and investment, and encouraging domestic and international tourism to the City.

Councillor Yong is a lawyer and senior associate in a law firm in the City. He is the President of the Hakka Association of Western Australia, legal consultant to various Asian community associations, and is actively involved in voluntary and charitable organisations. He is a strong advocate for a safer and more business-friendly community in the City.

ELECTED MEMBER MEETING ATTENDANCE

Committee	*Members*	*Ordinary Meetings Held*	*Number of Ordinary Meetings Attended*	*Special Meetings Held*	*Number of Special Meetings Attended*
Marketing, Sponsorship and International Relations	Cr Adamos	14	12	N/A	N/A
	Cr Chen	14	14	N/A	N/A
	Cr Limnios	14	9	N/A	N/A
Works and Urban Development	Lord Mayor Scaffidi	18	12	N/A	N/A
	Cr Limnios	18	15	N/A	N/A
	Cr McEvoy	18	18	N/A	N/A
Finance and Administration	Cr Yong	16	15	1	1
	Cr Butler	16	15	1	1
	Cr Davidson	16	16	1	1
Planning	Cr Butler	13	12	N/A	N/A
	Cr Harley	13	13	N/A	N/A
	Cr McEvoy	13	12	N/A	N/A
Audit and Risk	Cr Butler	4	4	1	1
	Cr Harley	4	2	1	1
	Cr Davidson	4	4	1	1
	Mr Linden	4	4		
CEO Performance Review	Lord Mayor Scaffidi	3	3	N/A	N/A
	Cr Davidson	3	3	N/A	N/A
	Cr Butler	3	3	N/A	N/A
Design Advisory	Ciemitis	11	8	N/A	N/A
	MacKay	11	8	N/A	N/A
	Kerr	11	9	N/A	N/A
	Karotkin	11	6	N/A	N/A
	Sharp	11	3	N/A	N/A
	Woodland/Payne	11	11	N/A	N/A
	Director City Planning and Development	11	9	N/A	N/A
Council	Lord Mayor Scaffidi	16	14	4	4
	Cr Butler	16	13	4	3
	Cr Davidson	16	16	4	3
	Cr Adamos	16	15	4	4
	Cr Chen	16	12	4	4
	Cr Limnios	16	12	4	3
	Cr McEvoy	16	16	4	4
	Cr Yong	16	15	4	4
	Cr Harley	16	16	4	4

OUR COMMITTEES

IN ACCORDANCE WITH THE LOCAL GOVERNMENT ACT 1995,

we established a number of Committees to support our operations. With the exception of the Design Advisory Committee, the membership of all Committees comprises a number of Elected Members, as determined, and appointed by, the Council. The following information provides a brief description of the role of each of our Committees during the 2014/15 Financial Year.

Finance and Administration Committee

This Committee makes recommendations to Council regarding the financial management of the City, including budgeting, payment of accounts, the collection of debts, investment of funds, and setting of fees and charges. It also deals with property management issues, off street parking, and the City's Strategic Community Plan Vision 2029+, Corporate Business Plan and Strategic Enabling Documents. This Committee has delegated authority from Council for determining public art purchases and de-accession valued up to $5,000.

Audit and Risk Committee

The Audit and Risk Committee, which includes an external independent member (Mr S. Linden), provides guidance and assistance in regards to:

- Financial Management;
- Risk Management;
- Internal Controls;
- Legislative Compliance; and
- Internal and External Audit Planning and Reporting.

This Committee has delegated authority from Council to meet with the external auditor on an annual basis as required by the Act.

Planning Committee

The Planning Committee makes recommendations to Council on a wide variety of planning issues; its primary role being to consider applications for development within the City. It also considers the City Planning Scheme and planning policies, identification of long-term planning opportunities, strategic town planning initiatives, economic development, heritage matters, transport and traffic network planning issues, environmental noise management, liquor licensing and applications for major events.

Marketing, Sponsorship and International Relations Committee

This Committee is responsible for marketing of the City, such as initiatives to promote Perth as a tourist destination, events held within Forrest Place and the Malls, and Christmas decorations. The Committee also assesses requests for donations and sponsorship and deals with international relations including Sister City relationships, US Naval visits, and the World Energy Cities Partnership. This Committee has delegated authority from Council for determining donations and sponsorship valued below $10,000.

CEO Performance Committee

This Committee plays a major role in the recruitment and performance reviews of the Chief Executive Officer.

Works and Urban Development Committee

This Committee considers works related to the City's infrastructure, such as streets, reserves, recreational and civic facilities, and other public places. The Committee also makes recommendations on waste management issues and initiatives, and considers proposals for the facade lighting of buildings.

Design Advisory Committee

The Design Advisory Committee provides independent technical advice and recommendations to Council in respect to applications requesting a Plot Ratio Bonus in the Central Area, as well as advising on design issues on other applications referred to it for consideration.

The Committee membership comprises of:

- Two architects selected from a panel of five nominations presented by the Australian Institute of Architects;
- Two town planners selected from a panel of four nominations from the Planning Institute of Australia;
- One landscape architect selected from a panel of two nominations presented by the Landscape Architects Institute of Australia;
- State Government architect; and
- Director Planning and Development of the City of Perth.

OUR GOVERNANCE

Council structure

The Council of the City of Perth consists of a popularly elected Lord Mayor and eight Councillors. Each is elected for a four-year term. Elections are held every two years with half of the Council seats contested at each election. The next local government election will be conducted in October 2015.

The Council meets every third Tuesday evening as part of a three-week business cycle. Council meetings are open to the public.

During the 2014/15 financial year, seven committees established by Council met. The four main committees each comprised three Elected Members and met on the first and second weeks of a three-week business cycle. Other committee meetings are scheduled as required.

Decision-making process

Reports to the Council and its committees are the formal method by which the administration provides advice to Elected Members. The committees consider matters relevant to their role and subsequently make recommendations to Council. Where a committee has been provided Delegated Authority to make decisions on behalf of the Council, the committee can make determinations without the matter being referred to the Council.

Committees with Delegated Authority are open for the public to attend. Agendas of the Council and committees with Delegated Authority are available publicly on the City's website, and for inspection prior to meetings. Minutes of all Council and committee meetings are also available to the public.

Register of complaints

No complaints were recorded under section 5.121 of the *Local Government Act 1995*, during the 2014/15 financial year.

Legal issues

Each year, local governments must complete a Compliance Audit Return for the Department of Local Government and Communities. The Audit Return provides prompts in relation to the local government's statutory obligations in a number of areas, such as tenders, meetings, disclosure of financial interests, and financial management.

Matters identified as non-compliant were reported to the Council at its meeting held in March 2015.

The annual Audit Return provides the City with the opportunity to review practices and implement improvements that contribute to the long-term capacity of the City to operate in accordance with *Local Government Act 1995* requirements.

Remedies have been put in place to ensure that the City's legal obligations are fully met in the future.

The *Local Government Act 1995* requires that the City's Delegations of Authority Register be reviewed annually. A report on the review of the Council's statutory delegations was considered by the Council at its meeting held in June 2015.

As a result of continual review of the City's local laws, in the 2014/15 financial year the City reviewed its Parking Local Law 2010, Public Trading Local Law 2005 and Property Local Law 2005. Reviews are underway for the City's Thoroughfares and Public Places Local Law 2007, Signs Local Law 2007 and Fencing Local Law 2005.

OUR PEOPLE ARE INNOVATIVE AND CREATIVE, TRUSTED AND RESPECTED. WE STRIVE FOR EXCELLENCE IN EVERYTHING WE DO

OUR PEOPLE

With approximately 700 people working across the City, and in our facilities including Council House, our depot, parks and gardens, the Rod Evans Community Centre, our Childcare Centre and Citiplace Community Centre, the City of Perth Library, our Surveillance Centre, car parks, and the Northbridge Piazza, our workforce is diverse and multi-skilled. We are one team, working together towards our shared vision, which is outlined in our Strategic Community Plan: Vision 2029+.

Our Values

TRUST AND RESPECT

At the City of Perth we are honest, we keep our promises, we respect others, we are fair, we support each other and appreciate each others' contributions, we recognise that we are all different; and we share information and communicate openly

STRIVE FOR EXCELLENCE

At the City of Perth we do our best, we are enthusiastic, we are outcome-focussed, we take ownership through accountability and responsibility; and we are proud of our City and the work we do.

BE CREATIVE

At the City of Perth we look for new ways, we think laterally, we seek opportunities, we are flexible and adaptable, and we are receptive to ideas and feedback

We strive to be a workplace which understands what employees value.

We support professional development, and the personal endeavours of our people, by offering a range of staff amenities and benefits.

With a large number of projects under way in a variety of fields, we offer a diverse selection of career paths to suit many types of skills.

Our people help to shape the City of Perth, the heart of Western Australia, in a rewarding and exceptional working environment.

Our Executive

DIRECTOR OF CITY PLANNING & DEVELOPMENT

MARTIN MILEHAM

DIRECTOR OF CITY SERVICES

GARRY DUNNE

DIRECTOR OF CORPORATE SERVICES

ROBERT MIANICH

DIRECTOR OF CITY INFRASTRUCTURE & ENTERPRISES

DOUGLAS FORSTER

OUR ADMINISTRATION

City Planning & Development

APPROVAL SERVICES

ROLE: Responsible for administering the statutory obligations of local government in terms of town planning and building matters, issuing health approvals and licences, and approvals for events and activities in streets and reserves. It strives to mitigate risk while promoting an attractive, vibrant, liveable and well-planned City.

ECONOMIC DEVELOPMENT

ROLE: Assists in guiding the delivery of sustained prosperity in Perth's business community. It aims for Perth to achieve a diversified economic base with a general improvement in the quality of economic productivity and facilitates communication between the public, business community and government agencies to create an environment that fosters sustainable economic growth. The Unit also drives the City's continued international engagement through programs and initiatives associated with the City's various Sister Cities and other international relationships.

SUSTAINABLE CITY DEVELOPMENT

ROLE: Responsible for the long-term planning of the City to ensure that growth achieves liveable and sustainable outcomes for the community. It develops strategies and plans focusing on the needs of the community, strategic environmental issues, contemporary development management and heritage outcomes.

CITY DESIGN

ROLE: Responsible for the physical improvements of the existing public domain, the creation of new public spaces and facilities, and preparing and implementing strategic transport initiatives that will produce an attractive, functional and sustainable City environment.

City Services

COMPLIANCE SERVICES

ROLE: Delivers parking, safety and security and environmental health services within the City. The unit places a strong emphasis on educating and informing the public and businesses of their compliance responsibilities. Cases of non-compliance are pursued in accordance with local, State and Federal laws as required and in a fair and equitable manner.

PROPERTY MANAGEMENT

ROLE: To manage, maintain and develop the City's property portfolio.

LIBRARY SERVICES

ROLE: The public library is a multi-purpose community facility which provides access to recreation, leisure, culture, research and life-long learning to residents and visitors.

COMMUNITY SERVICES

ROLE: Provides and facilitates diverse community, customer and cultural services, and the provision of facilities that assist and contribute to the wellbeing of City residents, visitors and workers.

MARKETING, COMMUNICATIONS & EVENTS

ROLE: To encourage visitation to the City by carrying out destination marketing campaigns and presenting a varied program of events throughout the year. To provide a quality visitor information service in Forrest Place. To ensure quality internal and external communications through a variety of media with all stakeholders of the City while striving to create a sense of pride in the capital city for all Western Australians.

CUSTOMER SERVICE

ROLE: To provide a central point for customer service provision for both internal and external customers.

City Infrastructure & Enterprises

PARKS AND LANDSCAPE SERVICES

ROLE: The presentation and maintenance of the City's expansive open spaces, streetscapes and parklands to a level of service and quality commensurate with Perth as a City for people, and the capital of Western Australia.

WORKS AND SERVICES

ROLE: The preservation and rehabilitation of the City's physical assets including roads, stormwater facilities, pedestrian pavements and access ways. Works and Services provides cost-effective, customer-focused services for city cleaning, waste management, recycling and litter.

CITY OF PERTH PARKING

ROLE: The planning, management and maintenance of off-street car parking in the City so as to provide convenient, low-cost and easily-accessible facilities suited to the needs of users.

CONTRACT AND ASSET MANAGEMENT SERVICES

ROLE: To facilitate the provision and maintenance of assets and services to the city in a cost-efficient and effective manner.

Corporate Services

FINANCIAL SERVICES

ROLE: To manage the City's financial resources in an effective and efficient manner, to provide accurate, timely and meaningful financial information for decision making, and to meet the City's statutory financial obligations.

GOVERNANCE

ROLE: In addition to effectively managing Council's governance responsibilities to ensure legislative compliance, this unit is responsible for risk management, business continuity and corporate planning and performance, as well as electoral and legal matters.

HUMAN RESOURCES

ROLE: To support the City in making informed and strategic decisions in the management and development of its organisational capabilities (people, structures and processes). To provide practical and effective HR services to enable business units to meet their organisational goals.

INFORMATION SERVICES

ROLE: To provide the information technology, information governance and record management services required to enable the City to achieve its business goals, priorities and objectives.

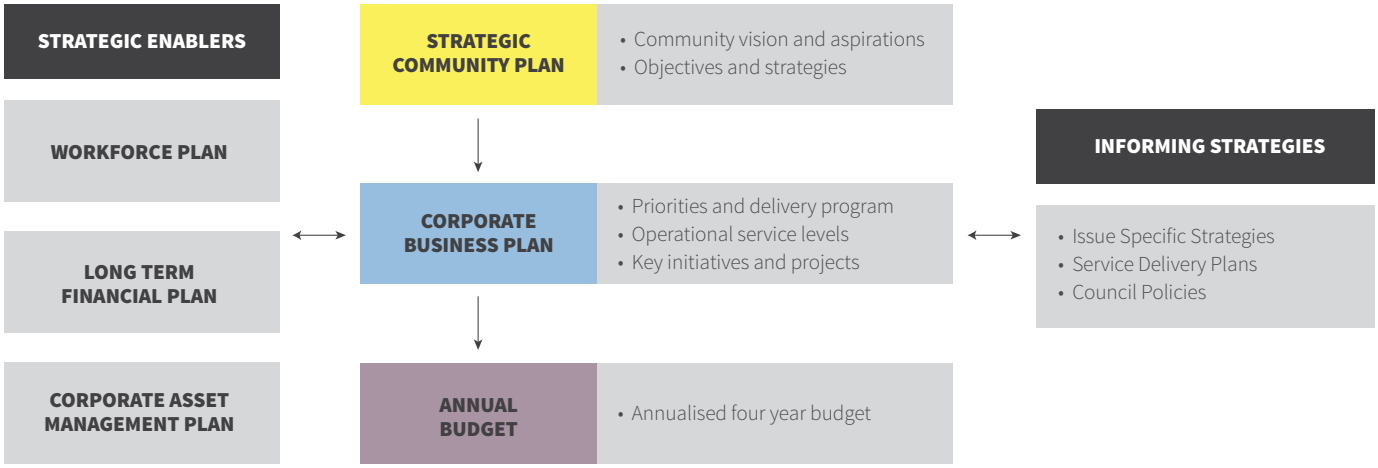
INTERNAL AUDIT

ROLE: To provide an effective internal audit function, enhance risk management and identify process improvement opportunities within the City.

OUR PLAN

INTEGRATED PLANNING & REPORTING FRAMEWORK

Our Integrated Planning and Reporting Framework establishes the interaction between our various strategic documents, with emphasis given to a mutual informing relationship to the Framework, which works to ensure that priorities, and services we provide, are aligned with community needs and aspirations.



Strategic Community Plan, Vision 2029+

Our Strategic Community Plan, Vision 2029+, is our long term strategic direction that expresses our community's vision for the future, together with strategies to deliver community outcomes. It is a 15-year strategy, and is reviewed biennially.

Our Strategic Community Plan, Vision 2029+ drives our Corporate Business Plan, which is the detailed implementation plan for services, key projects, and capital investments, over the next four years.

Our key strategic enablers show how we are equipped to deliver on the commitments we have made in our Corporate Business Plan.

These key strategies are:

LONG TERM FINANCIAL PLAN

This plan allows for appropriate decision-making with emphasis on financial sustainability.

WORKFORCE PLAN

This plan identifies the workforce requirements needed for current and future operations.

CORPORATE ASSET MANAGEMENT PLAN

This plan provides guidance on service provision to inform the City's financial and key service needs.

Our Annual Budget is then created based on the projected costing of year one of the Corporate Business Plan, with opportunity to review during the mid-year budget review processes.

The implementation of this framework ensures we continuously work towards delivering the best outcomes for the community.

DELIVERING VISION 2029+

Extensive community engagement was conducted to develop our Strategic Community Plan, Vision 2029+, adopted in June 2013. A variety of methodologies were used to gather information from the community to ensure the creation of our strategic direction reflected their views. This provided the basis for our strategic vision.

Strategic Vision

Perth is renowned as an accessible city. It is alive with urban green networks that are safe and vibrant. As a global city, there is a diverse culture that attracts visitors. It provides city living at its best. Local and global businesses thrive here. Perth honours its past, while creating a sustainable future.

To help deliver our strategic vision, the following themes were identified to guide us:

- Major Strategic Investments
- Getting Around Perth
- Perth as a Capital City
- Living in Perth
- Perth at Night
- Healthy and Active in Perth
- Capable and Responsive Organisation

The following initiatives were identified in our Corporate Business Plan as opportunities to activate the strategic community inspired themes. Over the course of the year, these initiatives have been progressed, with reporting provided to Council for monitoring purposes. Below is an overview on the annual status of each initiative.

MAJOR STRATEGIC INVESTMENTS

NO.	PROJECT/INITIATIVE	STATUS
S1	***Ensure that major developments effectively integrate into the City with minimal disruption and risk.***	
1.1	Coordination of interface with major projects and new precincts currently under construction (Elizabeth Quay, Perth City Link and Riverside) including logistics planning.	On Target
1.2	Prepare for the delivery of enhanced services needed for the introduction of the Perth City Library.	On Target
1.3	Implementation of the Central Institute of Technology Urban Design Master Plan in conjunction with the State Government and CIT.	On Target
1.4	In conjunction with the proponents assess current and planned development and projects that impact the City to consider implications for logistical issues both during construction and following completion.	On Target
1.5	Develop a business plan for the construction of Newcastle Street car park to ensure land use meets community outcomes.	Not Commenced
S2	***Optimise the commercial and community outcomes within the property portfolio***	
2.1	Ongoing promotion of City of Perth Parking (CPP) with a focus on having a healthy influence on parking options available to the community.	On Target

OUR PLAN

GETTING AROUND PERTH

NO.	PROJECT/INITIATIVE	STATUS
S3	***Proactive planning for an integrated transport system, including light rail, that meets community needs and makes the sustainable choice the easy choice***	
3.1	Increased focus on interagency collaboration and communication.	Yet to commence
S4	***Enhanced accessibility in and around the City including parking***	
4.1	Advocate and work in partnership with others to provide safe and convenient ways to get around Perth, including cycling, light rail and CAT buses.	On Target
4.2	Continue two-way street conversion program.	On Target

PERTH AS A CAPITAL CITY

NO.	PROJECT/INITIATIVE	STATUS
S5	***Increased place activation and use of under-utilised space***	
5.1	Deliver and facilitate a greater range and frequency of small-scale and temporary activities such as pop up shops, markets and entertainment.	On Target
5.2	Contribute to and facilitate the activation and use of vacant private and public space.	On Target
5.3	Review regulatory framework with a view to facilitate upper floor activation.	On Target
S6	***Maintain a strong profile and reputation for Perth as a city that is attractive for investment***	
6.1	Work with State and Federal Governments to attract international companies to set up offices in the Perth CBD.	On Target
6.2	Promote collaboration, networking, knowledge-exchange and business mentoring and development for tourism-based businesses.	On Target
S7	***Collaborate with private sector to leverage City enhancements***	
7.1	Promote connectivity and free Wi-Fi.	On Target
S8	***Contribute to a strong service culture and an attitude of gratitude in the private sector***	
8.1	Investigate opportunities to emphasise the importance of customer service within the private sector.	On Target

LIVING IN PERTH

NO.	PROJECT/INITIATIVE	STATUS
S9	***Promote and facilitate CBD living***	
9.1	Investigate options to better manage conflicting activities with a focus on noise management.	On Target
9.2	Develop a communication strategy to promote CBD living.	Yet to commence
9.3	Enhance and maintain public spaces and streets to high standards to ensure the City centre is an attractive place for people.	On Target
S10	***Improve the diversity in housing stock***	
10.1	Investigate options to promote and assist in the delivery of an increased diversity of housing stock.	Yet to commence
S11	***Increase community awareness of environmentally sustainable ways of living***	
11.1	Develop an approach to community awareness and partnership programs in relation to sustainability.	On Target
11.2	Develop a Carbon Reduction and Adaptation strategy.	On Target
S12	***Provide facilities to cater for the growth of the residential community***	
12.1	Strategic Community Infrastructure Study 2031.	On Target

PERTH AT NIGHT

NO.	PROJECT/INITIATIVE	STATUS
S13	***Development of a healthy night time economy***	
13.1	Investigate ways to expand safe and healthy options for night time activity in Perth City in collaboration with the business community and other stakeholders.	On Target
S14	***Further improve safety and security***	
14.1	Continue to focus on reducing community harm caused by excessive use of alcohol and illegal drugs.	On Target
14.2	Consider and develop ways to achieve higher efficiency and brighter lighting for both public and private space.	On Target
14.3	Review and implement the Community Safety & Crime Prevention Plan.	On Target

HEALTHY AND ACTIVE IN PERTH

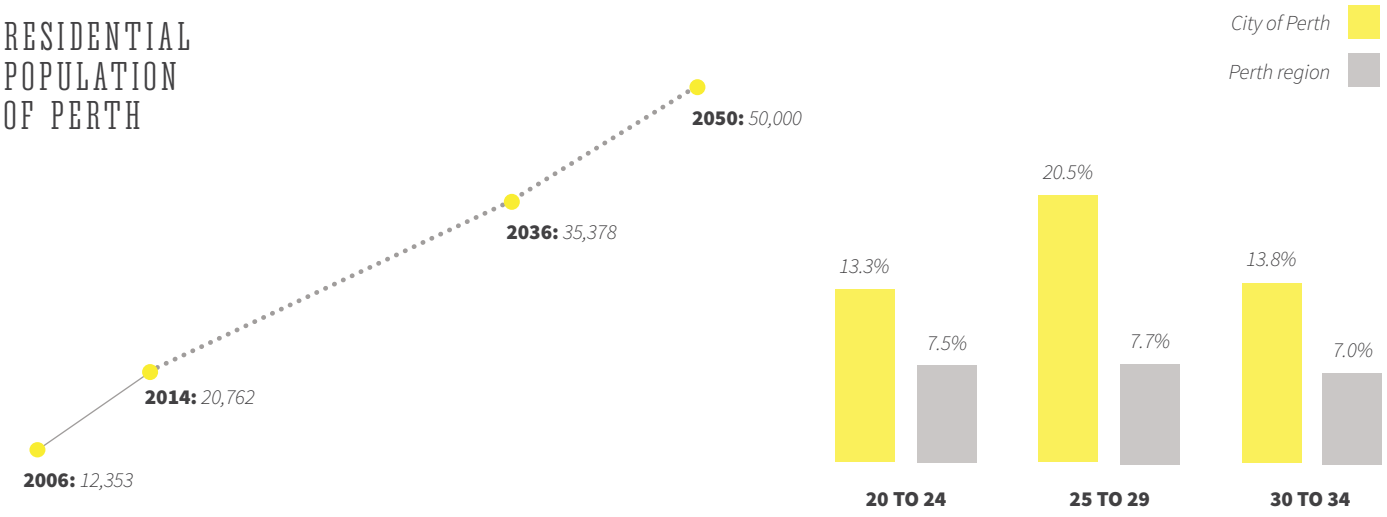
NO.	PROJECT/INITIATIVE	STATUS
S15	***Reflect and celebrate the diversity of Perth***	
15.1	Support and deliver events that reflect and celebrate cultural diversity.	On Target
15.2	Adopt and implement a Health and Wellbeing Plan.	On Target
15.3	Review and further develop the City's approach to the conservation, management and celebration of its cultural heritage.	On Target
15.4	Investigate the regulation of smoking in specified public places.	On Target
S16	***Increase accessibility to green networks in the city***	
16.1	Undertake a "Green Audit" that: • Prioritises gaps • Identifies areas for protection (to allow tree growth) • Considers and promotes opportunities for creative greening"	On Target
S17	***Recognition of Aboriginal culture and strong relationships with the Indigenous community***	
17.1	Prepare for the development of a Reconciliation Action Plan.	Yet to commence

CAPABLE AND RESPONSIVE ORGANISATION

NO.	PROJECT/INITIATIVE	STATUS
S18	***Strengthen the capacity of the organisation***	
18.1	Implement Organisational Development Plan.	Completed
18.2	Implement electronic service options.	On Target
18.3	Consider and develop opportunities for revenue diversification.	On Target
S19	***Improve the customer focus of the organisation***	
19.1	Enhance customer service including call centre management.	On Target
S20	***Meaningful and contemporary community engagement and communications***	
20.1	Develop a Community Engagement Framework.	On Target
20.2	Increase focus on promoting and marketing City services and achievements.	On Target

The monitoring and reporting of the Corporate Business Plan's key initiatives will continue on a quarterly basis to the Elected Members to ensure the organisation continues to work towards meeting the community's aspirations.

OUR COMMUNITY



Our Residents

The residential population of Perth has grown significantly, from 12,353 people in 2006, to an estimated 20,762 persons in 2014.

This represents a 2.37 per cent increase in our residential population from the previous year.

This trend is expected to continue, with Perth likely to achieve a residential population of 35,378 persons by 2036. The growth forecasted to occur between 2015 and 2036 is a solid 58.48 per cent, and recent analysis and draft housing targets set by the Department of Planning point towards a visionary population of 50,000 by 2050.

The City of Perth includes the suburbs of Crawley (part), East Perth (part), Northbridge, Perth and West Perth (part).

The major growth areas have been Perth Central which has seen a 95 per cent increase in residents from 2,125 in 2006 to 4,147 in 2011.

Similarly the southern part of East Perth centred around Hay Street and Adelaide Terrace has seen a 67 per cent increase in residents from 2,895 in 2006 to 4,835 in 2011.

Our Households

The major growth in population has been households consisting of couples and lone persons, with the predominant age profile of the City's residents being people aged between 20 and 34.

These groups have a significantly higher representation compared to the Perth Region average as follows:

Age	*City of Perth*	*Perth Region*
20 to 24	13.3%	7.5%
25 to 29	20.5%	7.7%
30 to 34	13.8%	7.0%

This age profile extends into the types of dwellings in the City of Perth, with 96 per cent of dwellings considered to be medium to high density, and the highest proportion being two bedroom apartments, followed by one bedroom, and then three bedroom apartments.

A smaller but growing number of households with children is evident, with these households now making up 8.3 per cent of all households in the City.

Nonetheless, as a percentage of the population, families with children are significantly lower than the Perth region average.

Population forecasts indicate that by 2036 there will be more than 1,000 children under age four living in the City of Perth.

Those aged over 60 are predicted to grow from 2,491 in 2011 to 4,560 in 2036.

This is an 83 per cent increase, although the group is expected to decline as a proportion of the population from 13.58 per cent to 12.89 per cent.

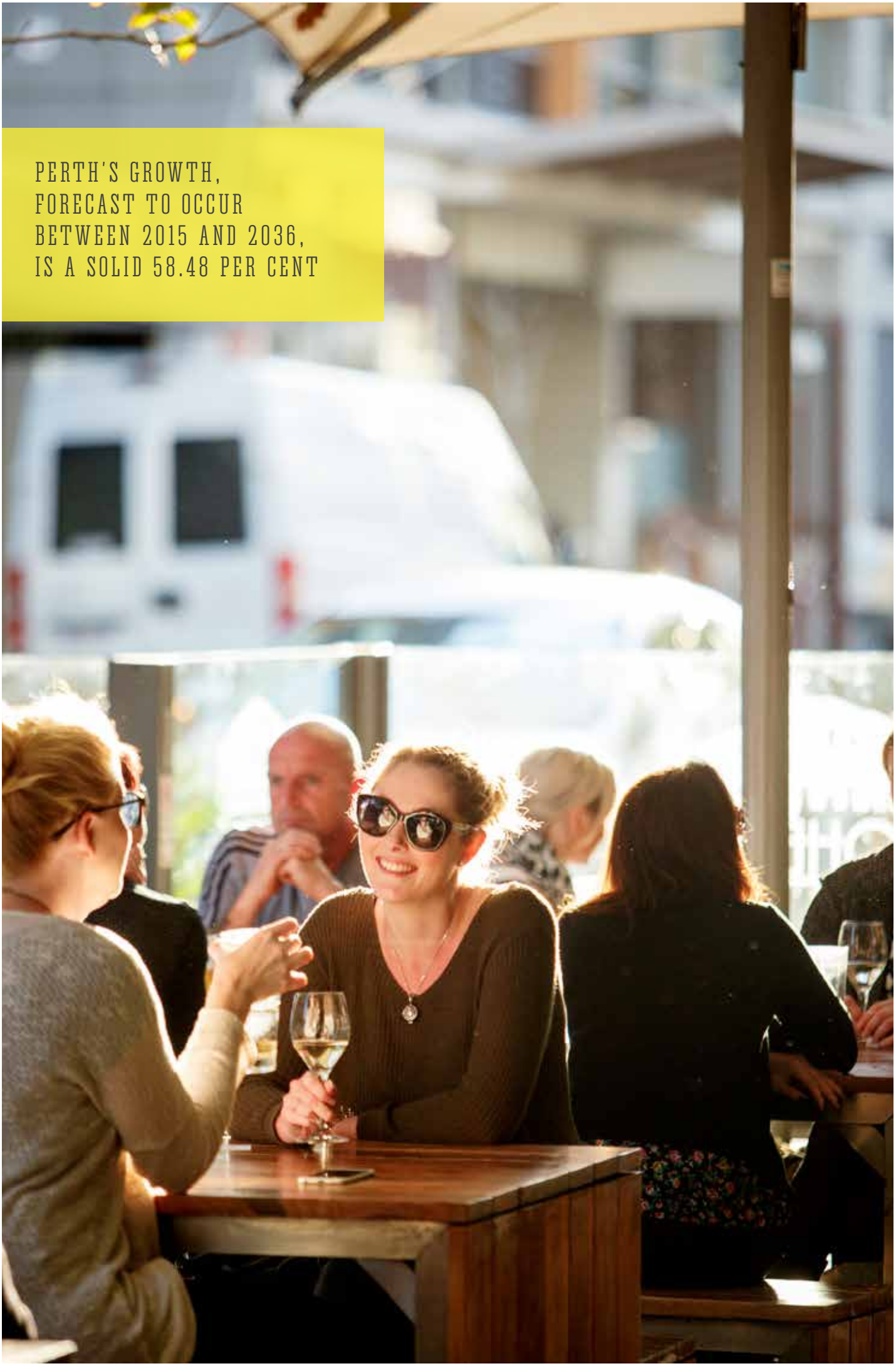
Our Workforce

The number of people working within our City boundaries has grown 13.6 per cent between 2006 and 2011, reaching a total of 124,679 workers.

As can be expected, our City is strongly represented in the professional sector and saw a significant increase between 2006 and 2011 in the workforce associated with the mining sector.

In 2014/15 the top three industries for the City of Perth workforce were:

- Professional, scientific and technical services (46,554 people or 24.4 per cent)
- Public administration and safety (29,361 people or 15.4 per cent)
- Mining (21,001 people or 11.0 per cent)



PERTH'S GROWTH, FORECAST TO OCCUR BETWEEN 2015 AND 2036, IS A SOLID 58.48 PER CENT

OUR MAJOR PROJECTS

IT WAS A YEAR OF STEADY PROGRESS ON MAJOR NEW DEVELOPMENTS IN THE CITY

Construction of our new City of Perth Library and Public Plaza at 567-579 Hay Street created much interest as its unique design features emerged from the maze of form work.

Our library complex will include meeting rooms, gallery space, a history centre, and a café, and is part of the Cathedral Square precinct, which includes the restoration of the Old Treasury Buildings, and a new office tower. During 2014/15, progress on the tower was clearly visible as the individual levels were completed, on track for an ultimate 33 storeys.

The Old Treasury Buildings are being converted into a luxury hotel. The former Public Trustee Building, adjacent to our new library, has undergone a complete refurbishment and now presents a modern, fresh face to the City. The State Administrative Tribunal has moved into the newly refurbished building.

The Cathedral Square precinct is a coordinated development carried out by the State Government, City of Perth, Anglican Diocese of Perth, FJM Property, Mirvac and the Public Trustee.

The Perth City Link project progressed with demolition of the 40-year old Wellington Street Bus Station completed in January, making way for a new underground facility.

The advertising tower and surrounding structures were also demolished as part of the works. This will create a space for Yagan Square, the Perth City Link's flagship public space, to be built adjacent to the historic Horseshoe Bridge.

Construction of four building towers in the Kings Square development at Perth City Link began in 2013/14.

On the foreshore, progress was clearly evident with the Elizabeth Quay development as its inlet continued to take shape on what was once the Esplanade Reserve.

Elizabeth Quay and Perth City Link are projects undertaken by the Metropolitan Redevelopment Authority on behalf of the State Government, in close consultation with the City of Perth.

OUR AWARDS

Economic Development and International Relations

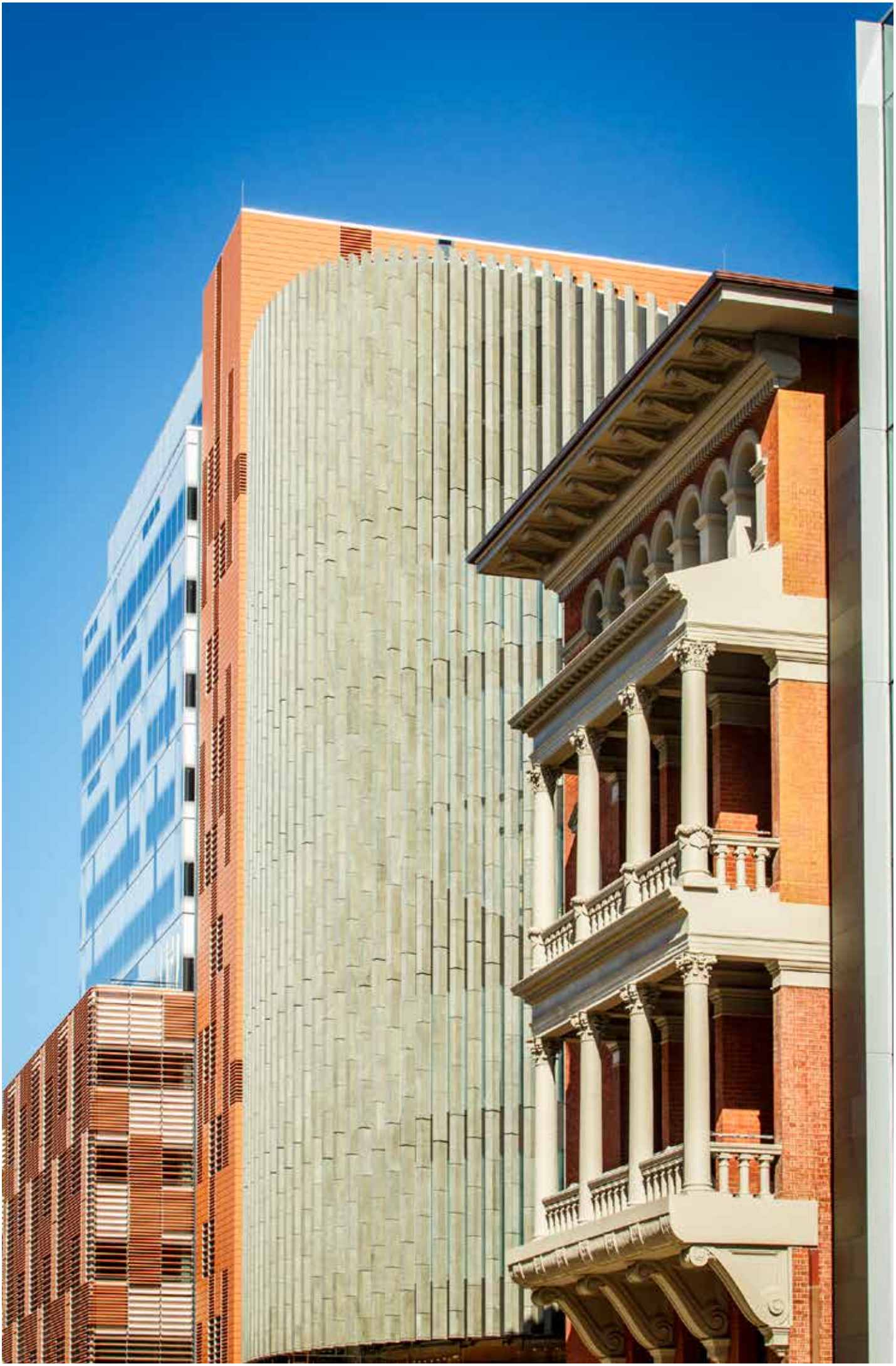
The City received an Award to Friendship Cities, for Exchanges and Cooperation by the Chinese People's Association for Friendship with Foreign Countries, and the China International Friendship Cities Association at the 2014 China International Friendship Cities Conference in Guangzhou, China. Picture Yourself in Perth, a photo competition run by our Sister City Chengdu and sponsored by the City and StudyPerth, won the award for Best Practice/Innovation in International Education at the 2014 International Education Association of Australia (IEAA) Excellence Awards.

Marketing, Communications and Events – Tourism

The City of Perth is home to a number of attractions and activities designed to cater for a diverse range of visitors. Tourism represents an essential inflow of people into our City, adding to its critical mass and vitality. We received a number of Perth Airport WA Tourism Awards in 2014/15, including silver in the Destination Marketing Category for our Perth City 'Get to Know Me' Campaign, bronze in the Festival & Events Category for our City of Perth Australia Day Skyworks, and bronze in the Excellence in Food & Drink Category for Eat Drink Perth.

City Design

Our new iCity Information Kiosk in Forrest Place, run by volunteers who provide visitor information about the City and conduct walking tours of significant sites, received a Commendation for Public Architecture Award from the Australian Institute of Architects. Our lighting design for the redevelopment of Forrest Place received an Award of Commendation from the Illuminating Engineering Society of Australia & New Zealand.

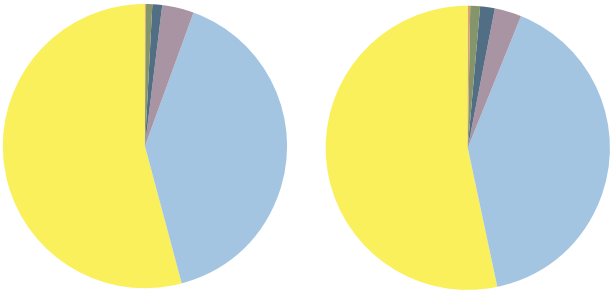


FINANCIAL HIGHLIGHTS

ORDINARY REVENUE

from ordinary activities

2013/14 2014/15

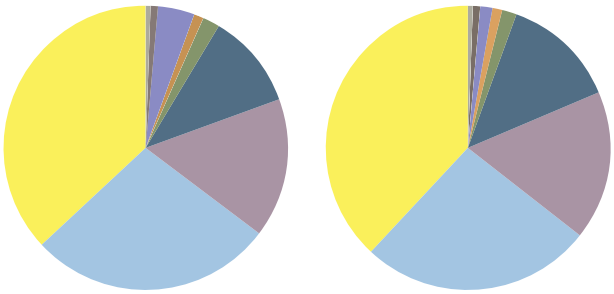


	2013/14	2014/15	
	54.0%	**53.3%**	*Fees and Charges*
	40.2%	**40.4%**	*Rates*
	3.6%	**3.0%**	*Investment Income*
	1.1%	**1.8%**	*Grants and Contributions*
	0.9%	**1.1%**	*Other Revenues*
	0.2%	**0.3%**	*Donations and Reimbursements*
	0.0%	**0.1%**	*Gain from Disposal of Assets*

ORDINARY EXPENDITURE

from ordinary activities

2013/14 2014/15



	2013/14	2014/15	
	36.9%	**37.9%**	*Employee Costs*
	27.8%	**26.3%**	*Material, Contractors and Suppliers*
	15.7%	**17.1%**	*Depreciation and Amortisation*
	10.8%	**13.0%**	*Other Expenses*
	2.1%	**1.8%**	*Utilities*
	1.1%	**0.9%**	*Interest*
	4.2%	**1.6%**	*Loss on Disposal of Assets*
	0.8%	**0.7%**	*Insurance*
	0.6%	**0.7%**	*Expense Provision*

Income

- Our operating revenue amounted to $186.5 million in 2014/15, an increase of 5.6 per cent on last year.
- We raised $75.5 million in rates, an increase of 6.1 per cent from the previous year, due to the growth in rates base with new building completions, and an increase in the rate per dollar to cover CPI, and to fund our programmed capital works.
- We collected $73.3 million in parking fees through our on-street and off-street parking businesses. This represents a 4.5 per cent increase on last year.
- The past financial year saw investment income at $5.6 million, $0.8 million down on the previous year due to the lower interest rate environment.

Expenses

- Our operating expenditure for the year amounted to $167.5 million, representing a 10.7 per cent increase on last year.
- The increase in operating expenditure was predominantly due to Employee Costs (increase of $6.3 million), Depreciation and Amortisation (increase of $4.3 million) and a $3.4 million increase in the State Parking Levy which is shown in Other Expenses.

Significant Items

- The revaluation of infrastructure assets resulted in a gain of $184.3 million.
- A $2.4 million contribution of assets to the Elizabeth Quay project was recognised during the year. This sum represents City assets that were handed over as part of the development.
- The initial recognition of artwork assets at $5.4 million was the result of a detailed inventory and valuation of the assets, not previously recognised at their fair value.
- Our share of profit on the sale of land being developed by the Tamala Park Regional Council was $2.6 million.

Funding Capital Expenditure

- $50.8 million was expended in cash on capital expenditure during the year.
- No borrowings were made to fund capital expenditure during the year, however unspent loan funds of $9.9 million were fully utilised at year end.
- Capital grants and contributions received amounted to $1.8 million a 40.3 per cent fall from the prior year.
- $10.7 million was drawn down from reserves to fund capital expenditure.

WE RECOGNISE THE IMPORTANT CONTRIBUTION BUSINESS MAKES TO OUR CITY, SO WE PROVIDE A RANGE OF PROMOTIONAL ACTIVITIES, INCENTIVES, AND ADVOCACY, TO SUPPORT A RANGE OF LOCAL BUSINESSES

OUR BUSINESS

International scope

In 2014/15 we received a large number of international business enquiries, and provided support to a range of international companies with business interests in Perth. We supported a number of international industry conferences and events including the Australian Oil and Gas (AOG) Conference held in the City, G'Day USA events in Los Angeles in the US, the 2015 ICC Cricket World Cup Business Breakfast, and the 2014 Hotels World Conference. In partnership with the State Government, we also led an oil and gas business mission to Stavanger Norway for WECP meetings and the 2014 Offshore Northern Seas Conference. In the past financial year we received international business delegations from China, USA, Singapore, and Malaysia, and provided a number of information briefings and program development support. We have also been engaged as a key stakeholder in preparations for the LNG 18 Conference which will take place in Perth in April 2016.

Tourism Industry Exchange

In March 2015, we held our first Perth Tourism Industry Exchange event at Town Hall. The exchange brought together a range of service and experience providers, venue managers, retailers, and other tourism stakeholders to exchange information, network among peers, learn about recent developments in the local tourism market, and hear from leading industry professionals in an "expo" type environment.

Retail Business Support Network

Our Retail Business Support and Network Series encourages local businesses to develop connections, collaborations and to seek out opportunities to strengthen their operations. Three presentations were held in 2014/15 and more than 180 City retailers attended. Topics and presenters included:

- Metropolitan Redevelopment Authority and WA Police updates
- Martin Grunstein – international expert on retail change and transformation
- Deidre Willmott, CEO, Chamber of Commerce and Industry of WA

We also held two business information sessions with former Australian of the Year nominee, and noted environmentalist, John Dee, about energy saving solutions for businesses.

Supporting innovation

We recognise the growing importance of innovation and helping to support the development of new jobs and industries. In 2014/15, we continued our support for a range of initiatives including Startup Weekend and the Founder Institute which encourages the development and growth of the local innovation and entrepreneurial sector. We expanded our support of the sector by sponsoring the first Unearthed program, which helped to develop prototype solutions for problems experienced in the mining and resources sector, and the 2014 OzApp Awards/West Tech Fest which celebrates local innovation and technology entrepreneurs.

Global focus

We celebrated significant Sister City relationship anniversaries and milestones over the past financial year including:

- Kagoshima, Japan (40 years)
- Houston, USA (30 years)
- Kastellorizo, Greece (30 years)
- Rhodes, Greece (30 years)
- Vasto, Italy (25 years)

As part of these celebrations, we welcomed delegations from Kagoshima and Vasto in August 2014 and February 2015 respectively. Our Lord Mayor led outbound delegations to Houston in November 2014 and to Kagoshima in March 2015.

Business grants

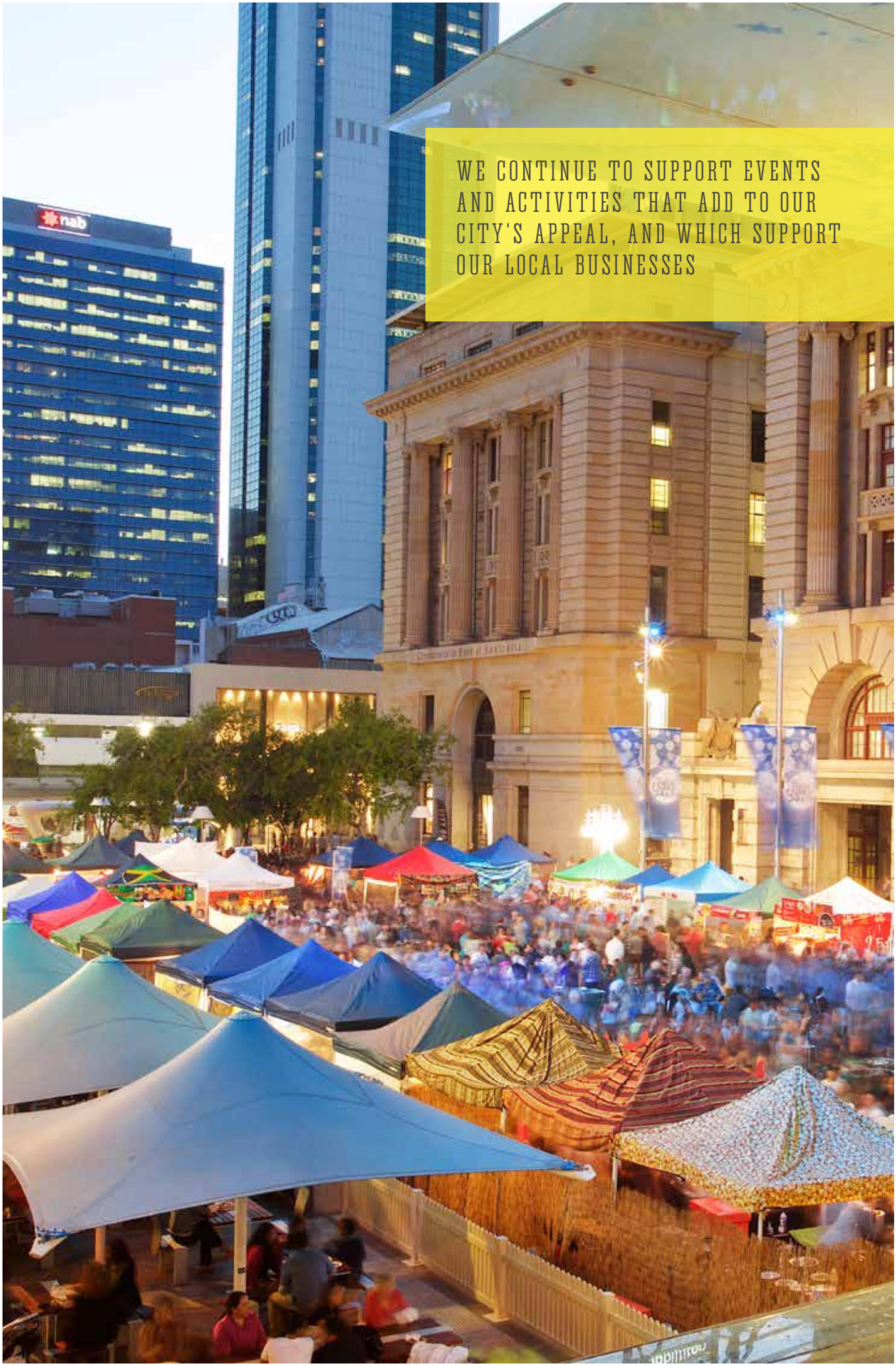
In 2014/15, we awarded 13 business grants to local businesses, with a combined value of $127,305 between Matched Funding and Small Business Grants.

MATCHED FUNDING GRANTS

In the 2014/15 funding round, Matched Funding Business Grants were awarded to six projects with a total funding allocation of $114,500. These grants contributed to private sector investment in City-based projects with an estimated value of more than $423,000.

SMALL BUSINESS GRANTS

We approved seven Small Business Grant applications, representing a financial contribution of $12,805 to assist local small businesses.



WE CONTINUE TO SUPPORT EVENTS AND ACTIVITIES THAT ADD TO OUR CITY'S APPEAL, AND WHICH SUPPORT OUR LOCAL BUSINESSES

OUR VIBRANCY & VITALITY

Twilight Hawkers Market

Our Twilight Hawkers Market returned to Forrest Place during the warmer months, running with an extended season, from October to April, and a longer duration, from 4.30pm to 9.00pm. Our Friday market has proven extremely successful offering international cuisine and attracting evening crowds to the CBD with approximately 260,000 enjoying the 2014/15 season.

Sunday markets

We hold Sunday markets under the banner of *Perth Home Grown* from March to December. Our popular markets feature fresh, organic, and local produce including farm-fresh fruit, vegetables, free range eggs, honey, and nuts.

Festival of Christmas

Our Festival of Christmas is launched in mid-November with Turning On the Christmas Lights, and runs through to the end of December with more than 20 free events to entice shoppers into our City.

School Holidays

Each school holidays in April, July, and October, we present a free event in Forrest Place to entertain thousands of families that come into the City.

Skyworks 2015

Our City of Perth Australia Day Skyworks again attracted approximately 300,000 people to the Swan River foreshore for a truly spectacular pyrotechnic display. We organised a large range of Australia Day events and entertainment from 3.00pm, culminating in the 31st annual Skyworks display.

Eat Drink Perth

Our popular food and wine promotion, Eat Drink Perth, was held between 18 March and 24 April 2015. It featured food tours and degustation dinners, markets, cooking classes, and traditional cultural fare.

A record number of 108 City businesses participated in the event, which included a program launch at Brookfield Place, hosted by West Australian food critic, Rob Broadfield, and the inaugural *Night Noodle Market* in the Perth Cultural Centre, attended by more than 115,000 people. Other key activities included a Northbridge food panel discussion hosted by The Big N, the Food Truck Rumble, and a special bumper edition of the Twilight Hawker Markets attended by an estimated 18,000 people.

Northbridge Piazza

Our Piazza continued to be a hive of activity during the year, with regular film screenings, and other entertainment on offer. These included:

- ***Piazzarama*** – a series of monthly, free, family activities from September to May.
- ***Sunday Sounds*** – regular Sunday afternoon sessions featuring live bands and musicians in two seasons; during Spring and Autumn.
- ***Free Flicks for Kids*** – specially chosen films on Saturday afternoons.
- ***Date Night*** – Wednesday Date Night presents a finely-tuned selection of romantic feature films and crowd favourites.
- ***Festive Flicks*** – Christmas film season in December.

Innovation Month

Our Northbridge Piazza was the venue for Innovation Month in April. The event featured seminars, demonstrations, performances, art installations, films and workshops, all in the name of forward thinking.

OUR VIBRANCY & VITALITY CONTINUED

Hyundai Hopman Cup

We contributed $110,000 to support this internationally recognised tennis tournament which was staged at the Perth Arena for the second time.

Fashion Festival

Once again we provided strong sponsorship of $303,000 for the Telstra Perth Fashion Festival in September. The Festival featured more than 50 events, including fashion parades, workshops and pop-up events.

Event approvals

In 2014/15, we continued to attract major events to our foreshore, and approved 260 events on the City's roads and reserves including the Wonderland Music Festival (5,000 people), the Colour Run (15,000 people), New Year's Eve on the foreshore (5,000 people), and Listen Out (8,000 people).

Perth City Arts

A diverse program of more than 120 events at numerous arts venues around the City was on offer as part of our Perth City Arts program. Promoted over the winter months of June, July, and August, the annual event profiles the local arts and culture scene, and draws on the talent and creativity of local arts organisations, businesses and artists. Food and beverage businesses and hotels are also featured within the program.

Arts & Cultural sponsorship

We sponsor arts and cultural programs and projects to support cultural development and diversity, innovation, and the year-round vitality of our City. We recognise that engagement in arts and culture contributes to community and social wellbeing, and enhances quality of life. We partnered with some of Western Australia's major cultural organisations to present annual events including *Symphony in The City, Opera in the Park, Perth International Arts Festival, Awesome Festival* and *Fringe World*. We also supported individual artists, arts organisations, and community groups to present a broad range of one-off cultural projects, within a range of indoor and outdoor venues, both temporary and permanent. This year, we supported 43 programs, comprising approximately 155 events, that reached more than 809,934* people.

** Excludes The Giants (Royal De Luxe) presented as part of the Perth International Arts Festival, with an estimated audience of 1.4 million.*

Foodchain

Foodchain is the City's program for young people. In addition to developing all-age music events, projects and mentoring programs, Foodchain works to provide young emerging artists with exhibition sites and commissions that enliven public spaces with exciting and innovative contemporary arts programming.

Public Art Strategy

Development of our Public Art Strategy culminated in the adoption of the Strategy by Council at its meeting on 9 June 2015. This informing strategy articulates our vision for public art, and outlines strategic objectives across three focus areas: Enduring Art, Art Interventions, and Public Art Development. Our Public Art Strategy provides us with a firm foundation on which to develop a City-wide approach to public art, with buy-in from across the organisation, and from the full range of external stakeholders engaged in delivering public art in Perth. It is a decisive step towards nurturing a world class collection, and in delivering inspiring and engaging public art for the benefit of present and future stakeholders in Western Australia's capital city.

WE ARE COMMITTED TO PURSUING POLICIES THAT CONTRIBUTE TO AN ENVIRONMENTALLY SUSTAINABLE CITY, AND TO LEADING BY EXAMPLE

OUR ENVIRONMENTAL SUSTAINABILITY

Strategic Environmental Framework

We renewed our commitment to creating an environmentally sustainable City for the future with a new Environment Policy and we began drafting a 15-year Environment Strategy for Perth.

Environmental Sustainability and Health

MONITORING AND REPORTING

An Environment Snapshot Report was prepared in March 2015 to establish a baseline of our progress towards our objectives set out in our renewed Environment Policy. We also participated in the Carbon Disclosure Project's global CDP Cities reporting initiative.

COMMUNITY EDUCATION

Approximately 8,000 community members have been engaged in our sustainability awareness initiatives including sustainable transport, energy and water efficiency, health and wellbeing, and waste and recycling initiatives. Our online sustainability hub, EcoHub Perth, continued to grow to a community of 238 members, and 1,500 unique visitors per month. The site, launched in 2012, features information and inspiration to encourage the community to live, work, and play more sustainably and is a space for users to share ideas.

SUSTAINABLE TRANSPORT

The development of our Integrated Transport Strategy has sought to embed a sustainability focus for our long-term approach to transport planning and infrastructure development. Our capital works program has seen an emphasis on sustainable transport, and has included the roll out of our Cycle Plan 2029, which saw works on Barrack Street, Harvest Terrace and Roe Street progress, as well as the completion of a concept design for a pedestrian/cycle facility on Kings Park Road.

Our walkability improvements have included a further 11 intersections converted to pedestrian parallel walks, and the implementation of a pedestrian crossing at Victoria Square.

Improvements to the public transport network, which are planned to yield significant sustainability benefits, have progressed through work on the Integrated Transport Strategy, as well as significant input to the development of the Department of Transport's 10 year Central Area Transport Plan.

LOCAL FLORA AND FAUNA

We've installed bird identification signs at significant breeding locations for wetland birds, and Quenda at Victoria Gardens and Arden Street Reserve. Recent fauna sightings have included wetland species recognised under the EPBC Act, JAMBA & CAMBA agreements. We assisted with installation of fishing line disposal units at eight locations along the Swan River, in collaboration with Swan River Trust, with the potential to prevent approximately 2,800m of fishing line from entering the river every year.

POINT FRASER STORMWATER TREATMENT WETLAND

We completed our five-year Point Fraser Monitoring and Evaluation Program in 2014, and commenced erosion control works including a Gabion Sedge trial along the Point Fraser foreshore.

Climate Response

CLIMATE CHANGE PLANNING

We continued to collaborate across the organisation to develop a holistic approach to climate change adaptation.

RIVERBANK ASSET PLANNING

We recently developed a comprehensive Asset Management Plan for all riverbank assets in the City of Perth to assess asset condition and plan for future management of all riverbank assets in our City. Our Plan covers a total of 10,146 metres of riverbank assets, inclusive of the 7,784 metres of hard landscape and 2,362 metres of soft landscape assets.

URBAN FOREST PLAN

We are developing an Urban Forest Plan to ensure that our urban forest remains healthy, is resilient to climate change, and continues to deliver a range of environmental, social and economic benefits for our community. Our Urban Forest Plan will set targets to increase canopy cover in public areas, improve diversity, and proactively protect, manage, and maintain, our existing street and parkland trees.

Energy Resilience

ERC PROJECT

In 2014, Council approved Policy 8.5 Towards an Energy Resilient City and endorsed the *Towards an Energy Resilient City Strategic Directions Paper*. This Paper outlined our strategic direction to work with stakeholders to reduce GHG emissions and develop energy resilience across central Perth.

CARBON OFFSET

Our initiative to help offset carbon emissions generated by our car parks continued with the planting of a further 85,000 trees in rural Western Australia. It is envisaged that a minimum of 62,500 tonnes of CO^2 will be sequestered by the program's cumulative 380,000 trees upon maturity in approximately 40 years' time. We also offset the greenhouse gas emissions of our passenger vehicle fleet fuel use in 2014/15.

CITYSWITCH

Our strong commitment to the CitySwitch Green Office partnership continued, with more signatories joining the program in 2014/15. The CitySwitch program in Perth now counts 56 signatory businesses, representing some 288,000 square metres of nett lettable area across the City.

CORPORATE ENERGY

In March 2015, we installed an induction lighting system at the Convention Centre car park reducing electricity consumption by approximately half. An LED lighting system was also installed at His Majesty's car park in June 2015 with the expectation we will reduce electricity consumption by up to half.

CLEANTECH INDUSTRY SUPPORT

In 2015, we became a city partner of the Australian Cleantech Network (ACN). The ACN is an industry-led organisation that focuses on attracting investment into the sector.

A Water Wise City

WATERWISE COUNCIL

We decreased our water usage by around eight per cent in 2014/15, with a total saving of more than 7,800kL, and are aiming to achieve Waterwise Council status. The Waterwise program focuses on operational and behavioural water efficiency and conservation and is coordinated by Water Corporation and the Department of Water.

WATERWISE OFFICES

Eight city buildings achieved recognition at the 2014 Waterwise Office Recognition event, leading the way in commercial office water efficiency.

WATER RECYCLING

In 2014/15, we installed water wise infrastructure at our Osborne Park Works Depot. A water recycling plant recycles water returned from road cleaning operations and from the workshop wash bay, and a rainwater harvesting system collects flows from the main workshop roof. The recycled water is used for our street presentation and maintenance operations.

WATER EFFICIENCY IN FOREST PLACE

Changes to the Water Labyrinth, including hours of operation, and retrofitting to the pipework, have resulted in a reduction in mean water consumption of 27kL/day. Soil sensors, and rain water harvesting, save water while maintaining smart irrigation of Forrest Place Trees.

A Waste Conscious City

SKYWORKS

Local community groups helped us to recycle rubbish at our City of Perth Australia Day Skyworks event helping to achieve a 37 per cent recycling rate, up from 36 per cent in 2014. The event also achieved a significant reduction in the total amount of waste generated, with 20.34 tonnes generated in 2015, down from 21.92 tonnes in 2014.

WASTE AVOIDANCE

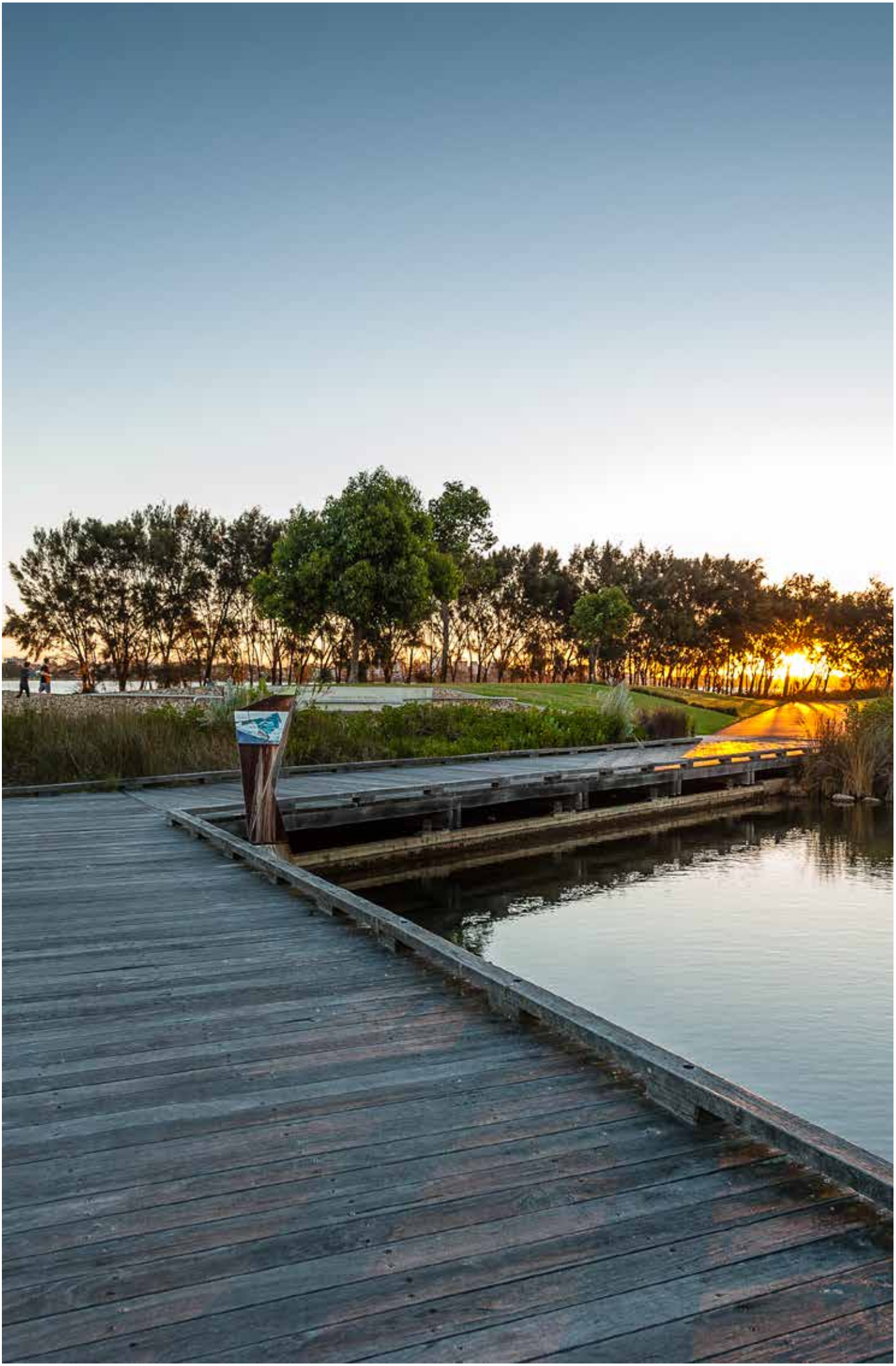
We adopted a disposal of property policy that incorporates lifecycle assessment into asset management planning in City activities.

IMPROVING WASTE AND RECYCLING SERVICES

In April 2014, Council adopted the City of Perth Waste Strategy 2014-2024+. Adoption of the Strategy has led to the introduction of a new co-mingled recycling service, the introduction of a variety of bin sizes, and an increase in frequency of collections.

On site evaluations are now available for property managers of both residential and commercial properties to assist in maximising recycling and efficiency of their waste management and collection.

We've also reviewed waste management in our own buildings to ensure waste management and collection is efficient and recycling is maximised.



OUR SERVICES

Digital Services

Our website *visitperthcity.com* was relaunched in November 2014 as a mobile responsive site, considerably improving the user experience across all devices. The average number of monthly unique visitors to the *visitperth city* website increased from 71,168 to 77,097. Retailers and event holders have the ability to use our site as a free marketing tool by creating a free account and managing their own content. Our *Perth City* Facebook followers increased by 36 per cent to 57,470, Twitter followers increased by 73 per cent to 17,715, Instagram followers increased at the fastest rate (217 per cent), and our Pinterest followers increased by 75 per cent. Followers across all *Perth City* social media platforms totalled 85,883, representing an increase of 53 per cent in 2014/15.

Volunteer hosts

Our iCity volunteers continued to perform a valuable role in providing visitor information about the City and conducting walking tours of significant sites.

In October 2014, we officially opened our new iCity Information booth in the Murray Street Mall. Visitation has increased significantly at the booth with volunteers recording enquiry statistics of 19,722 for the month of February 2015, compared to 9,478 in February 2014. Collectively, 72 iCity volunteers contributed more than 8,000 hours of their time to our iCity information service in the 2014/15 financial year.

Homeless guide

Our listing of Homeless Services in the Inner City directory was updated during the year. It is a one-stop-shop to help people find a variety of services and assistance. Its contents include emergency contacts, the location of support services and outreach assistance in times of need.

Homeless Connect

More than 1,000 homeless and disadvantaged people attended our Homeless Connect event and were able to engage with a wide range of government and non-government service providers in the delivery of housing, legal, medical, dental, employment, and other support. Homeless Connect is sponsored by the City of Perth and organised through Volunteering WA.

Community Centre

Our Citiplace Community Centre provides services to meet the needs of people aged 55 and over, and people with disabilities. We provide meals and refreshments, podiatry, hairdressing, computer training, social and leisure activities. In 2014/15, an estimated 126,159 people visited the centre to access the diverse services available.

Rod Evans Community Centre

Located at 160 Hay Street, at the eastern end of the City, the Rod Evans Community Centre offers a range of services, including centre-based and delivered meals, social and exercise opportunities, podiatry, hairdressing, and support for City residents. In 2014/15, some 18,812 people received services.

Rest Centre

Our Citiplace Rest Centre, located near the Perth Station concourse, continues to provide a valuable service to the community with 24-hour accessibility on Friday and Saturday nights. Services provided include lockers, showers, and stroller hire. In 2014/15, 212,397 people visited our facility.

Child Care Centre

In 2014/15, our Citiplace Child Care Centre provided long day care for 217 children (197 families) and occasional care for 137 children (122 families).

Town Hall

Our Perth Town Hall handled 356 bookings which included weddings, corporate, and civic functions, exhibitions, and the regular Tuesday Morning Show in 2014/15.

Drainage works

In 2014/15, we installed a new drainage system on Kings Park Avenue, between Park Avenue and Mounts Bay Road, to reduce surface runoff. A new drainage system was also installed at Wickham Street, between Plain and Bennett Streets, to improve stormwater flow and minimise flooding to properties. We also replaced the old pipes on Mercantile Lane between St Georges Terrace and Mounts Bay Road.

Graffiti removal

More than 4,400 instances of graffiti were recorded in our graffiti management system in 2014/15. The vast majority of these were treated and removed successfully. All recorded graffiti hits are photographed and reported weekly to Western Australia Police through its online portal. The Graffiti Removal Hotline number is 1800 109 010.

Library

Our City of Perth Library welcomed 2,296 new members during 2014/15, and visitor numbers increased by 50 per cent on the previous year. While loan transactions decreased, confirming a downwards trend, the use of digital resources continued to grow. The loan of eMagazines increased by 28 per cent, with eBooks loans more than tripling from 2,350 loans in 2013/14 to 10,718 in 2014/15.

History Centre

Digitising of our History Centre's photograph collection continued during the year. The Centre held workshops for primary school classes visiting the City to learn about the history of Perth, and Heritage Studies students from Curtin University accessed the History Centre facilities to write their final research papers. An additional 20 oral history interviews were added to the Oral History Collection including new interviews with people who had worked in the Land Titles and Treasury Buildings.

WE ARE COMMITTED TO PROVIDING A HIGH LEVEL OF SERVICES TO RESIDENTS, VISITORS AND OTHER CITY STAKEHOLDERS

WE STRIVE FOR EXCELLENCE IN PROVIDING FACILITIES AND STREETSCAPES THAT ENHANCE OUR CITY'S APPEARANCE AND FUNCTIONALITY

OUR BUILT ENVIRONMENT

City of Perth Library and Public Plaza

Construction of our new City of Perth Library and Public Plaza at 567-579 Hay Street is nearing completion. The seven-storey, circular, granite-clad building was designed by the award-winning Kerry Hill Architects. Our new state-of-the-art public library will provide unique facilities including a range of meeting rooms, dedicated levels for children and young adults, our History Centre, a digital media wall and café. The café will open out to an alfresco area as part of the new Plaza with seating, as well as a large tree-lined grass sitting area. Other unique features include a four-level green living wall and a refection pond.

Forrest Place

Our iCity Information Kiosk at the Murray Street Mall end of Forrest Place was completed and is an important facility and landmark in the heart of the City. The design (by Coniglio Ainsworth Architects) received a commendation for Public Architecture in the Western Australian Architecture Awards 2015.

Barrack Street

We commenced work to revitalise Barrack Street between St George's Terrace and Wellington Street, including a two-way traffic conversion, to revive the historically important precinct, and ready the CBD road network to facilitate the Elizabeth Quay development. To accompany road upgrades, the Barrack Street precinct will be subject to significant streetscape enhancements including new, larger street trees, improved lighting, upgraded street furniture and cycle lanes.

Museum Street

Prioritising pedestrians and place activation, we continued planning to makeover Museum Street between Aberdeen Street and Francis Street. In 2015/16, traffic will be changed from northbound and southbound lanes to a one-way northbound lane, creating space for a dedicated pedestrian area. The new precinct will feature a pedestrian friendly connection to Perth's Cultural Centre, more trees, street furniture, artwork, lighting, CCTV and free public Wi-Fi upgrades.

Supreme Court Gardens – Concept Plan

We approved the Concept Plan for the upgrade of Supreme Court Gardens to upgrade them to respect the historic value of the place, and build on the original design intent of providing a robust place for public recreation and events within our City.

Minor Urban Interventions Program

We continued to introduce Minor Urban Interventions around the City including a pair of human-sized bird cage seats suspended from a heritage-listed Moreton Bay Fig tree in Murray Street, and an outdoor 'dining room' with unique custom-designed seating, new paving and planting in Hay Street.

Lighting Strategy

We adopted a strategy for public lighting to guide critical decisions to ensure our City is developed in a sustainable manner, and to build a strong and unique night-time identity. Our Lighting Strategy and Action Plan represent a major first step towards achieving this.

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OUR TRANSPORT

WE PLAN, DESIGN AND MANAGE THE CITY'S STREETS AND TRANSPORT NETWORKS AND WORK CLOSELY WITH STATE GOVERNMENT AGENCIES TO ENSURE THAT MOVEMENT TO, FROM, AND WITHIN THE CITY, IS EFFICIENT AND SUSTAINABLE

Improving transport safety

In 2014/15, we implemented black spot schemes at the Wellington Street/Outram Street intersection, and at the Victoria Square pedestrian crossing to improve safety for road users in those areas.

Improving connectivity

We continued to design and develop our two-way street program, which is intended to improve safety and connectivity on our streets. In this regard, the Mounts Bay Road Two-Way scheme was constructed and design for the Barrack Street Two-Way scheme was completed.

Facilitating Active Travel

Pedestrian footpaths on the Barrack Street Bridge and under the freeway at Wellington Street have been converted to allow for cyclists. We also developed concept designs for a pedestrian/cycle facility on Kings Park Road and a further 11 intersections were converted to pedestrian parallel walks, bringing the total to 34 completed in a three-year program.

Future Transport Needs

We've undertaken successful engagement of stakeholders to assist us to develop our Integrated Transport Strategy (ITS). ITS work has also included examination of public transport accessibility and walkability in the City. We've also provided significant input to the development of the Department of Transport's 10-year Central Area Transport Plan.

Licence plate recognition

Licence plate recognition technology was introduced at our Goderich Street Car Park in East Perth as part of a pilot scheme in late 2013. The system involves the use of cameras to capture licence plate information on entry to the car park. Users enter vehicle registration details into payment machines to pay for parking. Upon exit, the system detects whether payment has been made. We have expanded the use of LPR technology in car parks, with Mayfair St car park and Regal Place car park being converted in the 2014/15 financial year. Council House car park will be converted in the 2015/16 financial year.

Global standard

Work is ongoing to ensure full EMV (Europay, Mastercard, Visa) compliance, a global standard for operation of microchip cards, to authenticate debit and credit card transactions at point of sale terminals and ATMs. This work is due to be completed during the 2015/16 financial year, and will include PayPass technology on all our parking payment equipment.

Car Park Activity Management System – CPAMS

City of Perth Parking (CPP), in conjunction with software developer Lockard Consultants, has developed a Car Park Activity Management System (CPAMS) that enables the integration of operating systems and allows legacy and contemporary information to be accessed and updated via a user friendly mobile app. This results in all operational and office staff having access to real-time operational and financial information and the ability to update systems regardless of location. It is a system that can be utilised in other areas in the City, and further afield such as private industry.

OUR HEALTH & SAFETY

Smoke-Free Malls

Our City of Perth Rangers issued 12 fines, and cautioned 3,315 people during the first 12 months infringement notices came into force. Anecdotal evidence suggests smoking is becoming less common in the Malls since bans were implemented in 2013. Rangers report the majority of people spoken to are tourists or aren't regular visitors to the City, and aren't aware of the ban. Other offenders include people who have walked into the Mall with a lit cigarette and have forgotten about the ban. In 2014/15 we installed a range of signs to enhance our Smoke-Free Malls initiative.

Food sampling

As part of our routine food monitoring and sampling, 65 samples were collected and 22 were found non-compliant (33 per cent) when assessed against the requirements of the Australia – New Zealand Food Standards Code. Issues included labelling, undeclared allergens, and non-compliant nutritional information.

Health inspections

We have 942 registered food businesses in the City, and in 2014/15, 3,379 inspections/assessments were conducted (compared with 3,765 in 2013/14). A total of 20 Food Act Improvement Notices and three Food Act Infringements were issued, and one business was prosecuted.

Noise incidents

We received 332 registered noise complaints in 2014/15, including 100 for construction noise, 81 for amplified music, 74 for other types of noise, 46 for concert/event noise, 13 for air-conditioning, 13 for commercial works, and five about noisy alarms.

Community Safety

We marked Community Safety Month in October with a wide range of events and activities for all ages. These included a family fun day at the Northbridge Piazza, where children aged between three and 12 were educated about being safe, with police and fire services in attendance. Our Lord Mayor was State Patron for the event

Lighting Rebates

Our Light Up for Safety rebate program provided up to $1,650 each to five residential, 22 business, and five mixed development buildings. More than 100 external lights were installed or upgraded, resulting in major lighting improvements across our City. Feedback from a number of participants indicated that anti-social behaviour that occurred prior to the lighting improvements had stopped, or decreased, in many cases.

CCTV coverage

After the opening of our new CCTV Surveillance Centre in 2014, our CCTV system was upgraded from analogue to digital. Our staff monitor more than 210 cameras situated throughout the City. Our Surveillance Centre is staffed 24/7 and has a police presence so that serious incidents can be attended to promptly.

Planning for new areas

Consultation is ongoing with the Metropolitan Redevelopment Authority and developers regarding planning and design for safety in the new areas of the City, including Elizabeth Quay and Perth City Link. We are including crime prevention in our environmental design principles to support prevention and management of these areas in the future. Some initiatives include lighting, CCTV and way-finding in well activated areas.

Ranger Services

Our trusted City Rangers patrol and help to manage public spaces in our City. They care for animals, building sites, buskers, and take care of other safety issues. Our Rangers were actively involved in major events including Skyworks, The Giants and street parades in 2014/15.

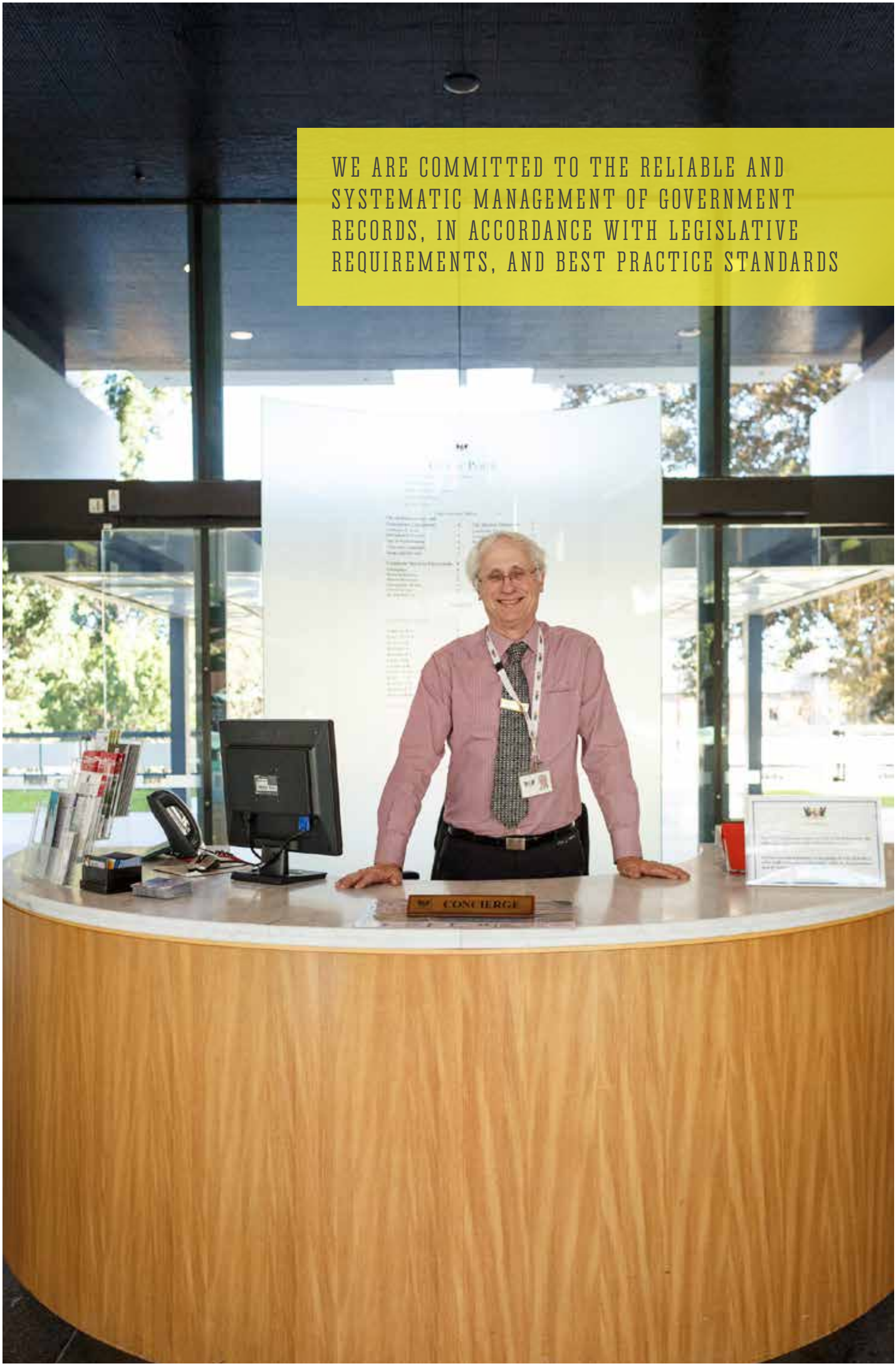
SAFETY AND A SENSE OF SECURITY IS OUR PRIORITY, AS IS A CLEAN AND HEALTHY ENVIRONMENT

Toilets

We are increasing the number of Automated Public Toilets (APTs) in the city. Our Council approved a tender to supply and install a minimum of four, and a maximum of eight, APTs over a five-year period.

Risk Management

We are committed to promoting a culture of awareness and active management of risk. In 2014/15 we continued to embed our Enterprise Risk Management Policy and Framework, adopted in June 2013 throughout our organisation. Our policy is the foundation of our vision to create a dynamic risk culture into the future. Our people have been trained in the identification and management of risks, and an electronic risk management system records risks and allocates appropriate reduction processes. Our awareness of risk management significantly increased during the year and continues to grow.



WE ARE COMMITTED TO THE RELIABLE AND SYSTEMATIC MANAGEMENT OF GOVERNMENT RECORDS, IN ACCORDANCE WITH LEGISLATIVE REQUIREMENTS, AND BEST PRACTICE STANDARDS

RECORD KEEPING STATEMENT

Record Keeping Plan

Our Record Keeping Plan RKP2009049 expired in December 2014. An extension of time to submit an updated Record Keeping Plan was sought from the State Records Office of Western Australia due to our decision to significantly review its organisational structure. An updated Plan is to be submitted by June 2017.

Record Keeping systems

All corporate record keeping procedures have been reviewed and updated in 2014/15. The Administrative Policy on Record Keeping is currently under review.

Work has continued in reviewing our record keeping capabilities, including our land management system (Pathway). Findings from our review have led to further systems integration with our record keeping system (TRIM), with some record keeping aspects still to be addressed. Improvements implemented will be incorporated in our Record Keeping Plan when updated. We plan to undertake a review of other major information systems during 2015/16.

Original source records to December 2012 were disposed of in 2014/15, in accordance with Disposal Authority RD2007017.

Training and Awareness-Raising

We continue to provide the following training to staff:

- Record Keeping Inductions – focusing on record keeping processes at the City;
- Record Keeping Awareness Training (RAT) – focusing on obligations under the *State Records Act 2000*; and
- Record Keeping Systems Training – focusing on how to use TRIM to manage records.

We continue to raise record keeping awareness by:

- Holding record keeping forums;
- Broadcasting record keeping tips;
- Providing information for staff on good record keeping practices.

Improvements in record keeping practices continue with the provision of one-on-one training for staff. Assessment of our Training Program reflects that the duration, content and support materials we provide meet the users' needs.

This report has been published in accordance with the requirements of the *State Records Act, 2000*.

DISABILITY ACCESS & INCLUSION

We are committed to furthering the principles and objectives of the Disability Services Act 1993, with a particular focus on the seven outcomes identified in the Disability Services Regulations 2004. The guiding principle is inclusiveness for all people.

Our Disability Access and Inclusion Plan (DAIP) 2011 – 2015, was endorsed by Council in December 2011, and lodged with the Disability Services Commission as per statutory requirements. It is the fourth disability plan we've implemented under the Disability Services Act and is reviewed annually, with regular progress reports provided to the Disability Services Commission.

Our DAIP contains seven outcomes, 24 strategies, and 72 tasks, that have been assigned, and agreed for implementation, over the life of the plan.

Throughout 2014/15, we continued to improve access, information, and awareness of the needs of people with disability and their families, resulting in greater participation and involvement in services and programs, accessing facilities and information, and events.

In 2014/15 we revised our recruitment procedures to ensure inclusiveness, included Universal Access Awareness in our Induction Program for new staff, organised training workshops for our planners and designers addressing Disability Access Requirements for the Public Realm, and worked closely with our State Government Metropolitan Redevelopment Authority (MRA) Interface Projects team to ensure a high level of universal access is promoted in major projects around the City, including Elizabeth Quay, Perth City Link, and Riverside.

Other achievements include the development of a Staff DAIP Training and Reference Tool: E-books, the ongoing provision of toilet facilities for people with high support needs at the Citiplace Rest Centre, and the installation of a new car park guidance system at the Perth Convention and Exhibition Centre Car Park to assist and guide all customers to vacant spaces. Customers with disabilities are guided to designated available ACROD bays at key decision points through a blue wheelchair symbol. The available bays have matching blue LED bay indicators.

OUR DONATIONS & SPONSORSHIP

Donations	*$*
WA Special Children's Needs Children's Xmas Party (DA)	$350
Mercedes College (Report)	$3,000
Volunteering WA Inc (Report)	$5,000
Juvenile Diabetes Research Foundation (DA)	$544
UnitingCare West (DA)	$1,900
Women's Council for Domestic Violence (DA)	$2,000
Royal WA Historical Society (DA)	$495
Hellenic Community of WA (Report)	$15,000
Mission Australia (Report)	$2,500
Rotary Club of East Perth (DA)	$150
RSL WA (Report) ANZAC Day	$96,617
Shelter WA (Report)	$1,359
Women In Super Mother's Day Classic (Report)	$12,000
Bringing Them Home Committee – Sorry Day (Report)	$7,000
National Flag Association (Report)	$4,864
Hellenic Women's Association (DA)	$1,500
Lions Club – West Perth(DA)	$275
North American Veterans Unit (DA)	$600
East Perth Community Safety Group (DA)	$8,500
Australian Society for Medical Research(DA)	$1,500
Corporate Challenge (DA)	$2,000
Rotary Club of West Perth (DA)	$1,100
PCYC	$500
WA AIDS COUNCIL INC	$1,000
Gnarwa (CEO Heirrison Island)	$8,030
TOTAL	**$177,784**

Cultural Sponsorship	*$*
Perth International Arts Festival	$368,578
West Australian Symphony Orchestra	$203,747
West Australian Opera	$161,722
Awesome Arts Australia	$100,000
Artrage Inc	$72,531
Blue Room Theatre	$62,531
West Australian Ballet	$57,253
Artrinsic	$41,000
West Music Industry Association Inc.	$37,000
Perth Institute for Contemporary Arts	$35,000
NAIDOC Perth Inc.	$34,000
Black Swan State Theatre Co.	$30,000
Propel Youth Arts	$20,000
Perth Theatre Company	$20,000
Barking Gecko	$15,000
Strut Dance	$10,000
Ms R.A Ogle	$10,000
Perth Centre for Photography	$10,000
Western Australian Football Commission	$9,690
Ausdance	$9,350
Uniting Church in the City	$8,000
Paper Mountain	$8,000
Tura New Music	$8,000
Nulsen Association	$8,000
International Art Space	$7,000
WA Poets Inc	$5,857
Ms E. Humphries	$5,500
ROAD Theatre	$5,250
St Georges Art	$5,000
Gallery Central	$4,500
Fremantle Chamber Orchestra	$3,700
Perth Undergraduate Choral Society	$3,344
Youth Affairs Council WA	$3,000
Ms C. Williams	$2,960
Perth Folk & Roots Club	$2,000
Lets Make Games	$2,000
Mr M. Gray	$2,000
Australia China Young Professionals	$2,000
Ms. M Blades	$2,000
Perth Folk and Roots	$2,000
Cinema & Cultura Latino Americana Inc.	$1,630
Unkempt Dance	$1,900
TOTAL	**$1,401,043**

Event and Sports Sponsorship	*$*
Venice Architecture Biennale	$15,000
Open House Perth	$40,000
Rotary Ramble	$18,750
Swan Festival of Lights	$30,000
Miss Universe Registration Day	$18,750
Targa West Tarmac Rally	$54,500
Perth Science Festival	$30,000
Chevron City to Surf	$35,000
WALGA Banners in the Terrace	$4,413
Santos Great Bike Ride for Charity	$16,875
Perth Greek Glendi Festival	$25,000
Young Butchers Picnic	$20,000
Claisebrook Carnivale and Duck Derby	$20,000
Sanitarium Weet-Bix Kids TRYathlon	$12,660
ASICS Bridges Fun Run	$6,750
State Tee-Ball Championships	$5,000
HBF Run for a Reason	$26,500
Freeway Bike Hike for Asthma	$31,750
Japan Festival 2015	$8,400
Perth International Jazz Festival	$15,000
Perth Medieval Fayre 2015	$10,000
Buddha's Birthday and Multicultural festival	$39,000
Songkran Festival 2015	$11,760
Order of Australia National Conference	$2,000
Slidestreet	$25,000
WA Squash	$5,300
Hyundai Hopman Cup	$110,000
Pride Festival 2014	$45,000
Channel Seven Christmas Pageant	$144,000
Taste of Perth 2015	$86,595
IGA Carols	$36,015
Perth Chinese New Year Fair 2015	$60,000
Bar Wars	$5,000
Northbridge: Then and Now	$9,000
Food Truck Rumble	$10,000
TOTAL	**$1,033,018**

Corporate Sponsorship	*$*
Startup Weekend Perth	$11,000
Founder Institute Perth	$15,000
AHA Hotel Management Awards	$5,700
FACET 2014/15 events program	$5,500
40under40 Awards	$22,000
G'Day USA	$25,000
Local Chambers City of Lights Business Dinner	$8,800
PIA 2015 State Planning Conference	$6,600
OzApp Awards	$11,000
AOG Conference 2015	$55,000
Study Perth International Student Festival	$11,000
UWA In the Zone Conference	$22,000
Cleantech Awards	$6,350
2015 Entrepreneurs And Innovators Awards	$5,500
WorldSkills Australia 'The Ultimate Skills Challenge	$27,500
Unearthed 2015	$11,000
Asia-Pacific Model United Nations Conference	$11,000
Perth Convention Bureau annual funding	$256,547
Perth Convention Bureau Scholarship Program	$20,000
Telstra Perth Fashion Festival and Western Australian Fashion Awards	$303,000
Night Noodle Markets	$50,000
Rotary Club of Perth	$2,000
Permanent Impressions Exhibition	$1,976
Performing Arts WA	$2,000
TOTAL	**$895,473**

Economic Development Sponsorship	*$*
CIT Student of the Year Awards	$1,000
Ted X	$27,500
ICC Cricket World Cup Breakfast	$1,000
Hipflask – Summer Laneway events	$3,300
TOTAL	**$32,800**

PERFORMANCE INDICATORS

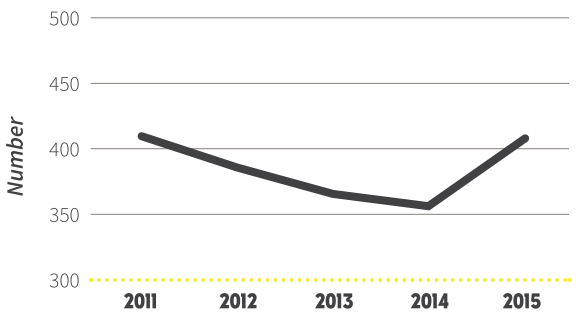
For 2014/15, our performance indicators are presented to reflect the progress towards the outcomes we will focus on as listed in our "City of Perth Vision 2029+ and Four Year Strategic Plan".

ECONOMY AND CITY VIBRANCY OUTCOMES

- *A sustainable business and tourism destination recognised for its distinctive qualities (including its liveability, river setting and cleanliness) and for its Indigenous history, heritage and people*
- *A globally-connected City playing a key role in the Indian Ocean Rim and the Pacific Rim, with a diverse and resilient economy with a spirit of innovation*
- *Increased City vibrancy while maintaining its high ranking as a liveable city*

Number of Planning Applications

2014/15: 407

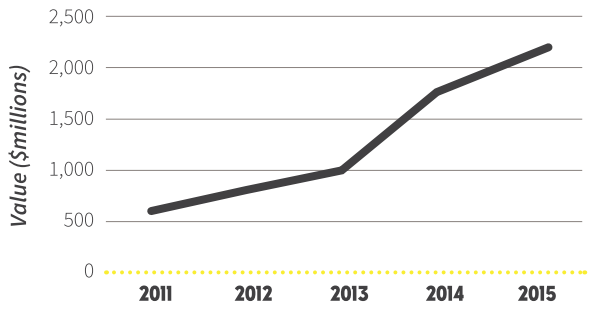


COMMENTARY

The number of planning applications has increased in the past few years. This year saw the approval of the refurbishment of the heritage listed Melbourne Hotel as part of a larger development involving a 20-level office development, redevelopment of the former FESA site into a $200 million hotel, office and residential mixed-use development, and the approval of a mixed-use development consisting of three towers at Capital Square (Mounts Bay Road).

Value of Planning Applications

2014/15: $2,206.7 million

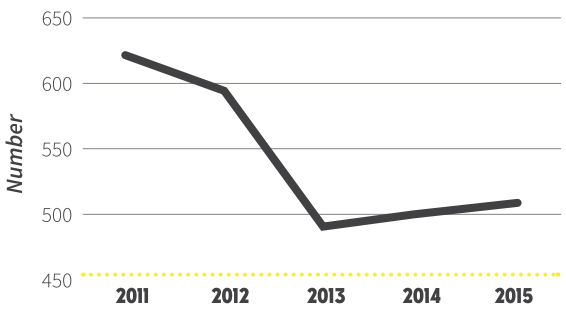


COMMENTARY

$2,206,568,120 was the total value of planning determinations issued in the past year, which is significantly the highest in the past seven years, and more than 20 per cent higher than last year. This included two significant Metropolitan Redevelopment Authority applications at Elizabeth Quay and the Perth City Link, with a total value of $588 million, that were referred to the City for comment/advice.

Number of Building Licences

2014/15: 509

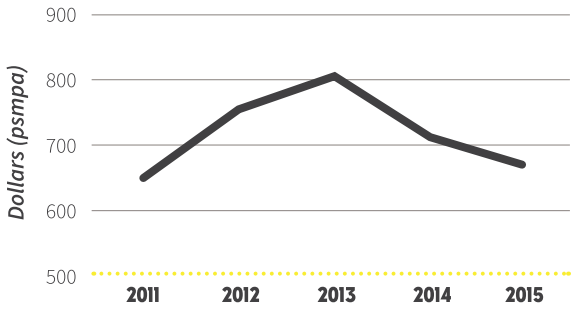


COMMENTARY

In 2014/15, we issued 509 Building Permits, which is a slight increase from the past two years. This year saw the approval of two additional student accommodation buildings at the University of Western Australia, the continued development at Queens Riverside, the commencement of the first of the three towers at Capital Square, and the continuing development of residential apartments and new short-stay apartments.

Average Office Rent

2014/15: $668.75/sqm per annum



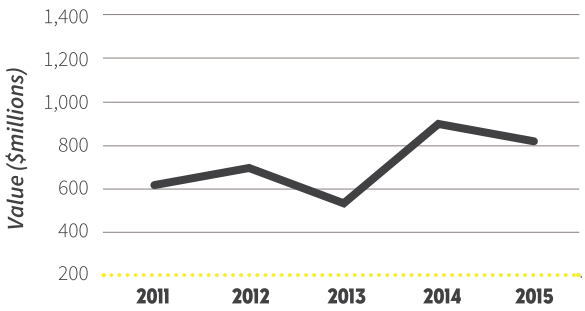
COMMENTARY

Savills Australia, with the Property Council of Australia (WA), has recorded average Premium Grade net face rents as at July 2015 at $675 to $775 per square metre, while A-Grade range between $525 and $700 and B Grade range from $350 to $525. With 135,000m^2 of office space scheduled to come online by the end of 2015, and in the current economic climate, vacancy rates continue to increase. Perth is leading the National CBD office market 'total vacancy rate', followed closely by Canberra.

Source: *Savills and Property Council of Australia*.

Value of Building Licences

2014/15: $827.2 million

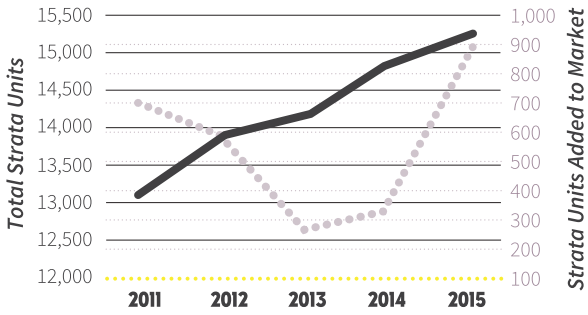


COMMENTARY

The total value of Building Permits Issued during 2014/2015 was slightly down from 2013/2014, however was still quite high compared to the previous five years.

Residential Strata Units

2014/15: 882



COMMENTARY

The number of approved residential strata lots within the City continued to grow, with a significant number of new dwellings entering the market as developments are completed.

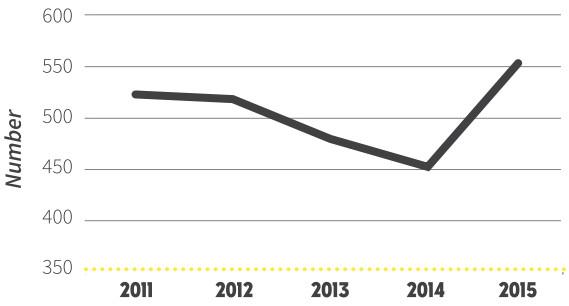
Source: Landgate.

COMMUNITY OUTCOMES

- *The services and facilities needed by the community are planned for and provided by the City of Perth, other government and non-government organisations or the community itself*
- *The physical and mental health of the community is enhanced through the City's role as regulator and service provider*
- *A diverse and fair community that caters equally for people's needs*
- *Appreciation and support for the culture and heritage value of the City.*
- *The City is a safe place for residents, workers and visitors*

Urban Environment Complaints

2014/15: 551

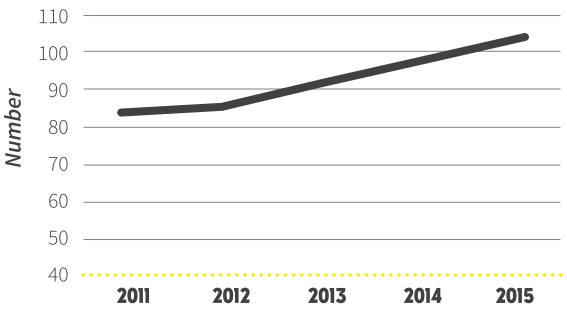


COMMENTARY

We received a total of 551 customer requests (complaints). The top three complaint types were 60 per cent noise, 15 per cent health nuisance (rubbish, bins, laneways etc), and 13 per cent food complaints. The increase in complaints this year can be attributed in part to construction noise issues.

Events Sponsored by the City

2014/15: 103

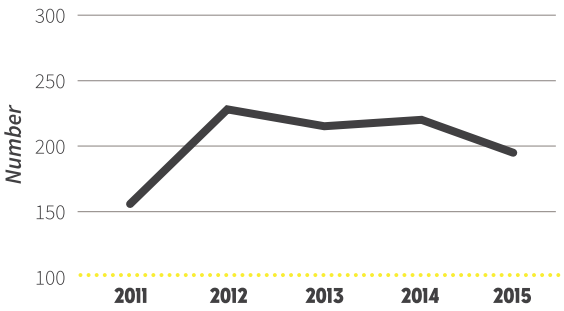


COMMENTARY

We continued our important sponsorship of events throughout the year, ensuring a lively and enjoyable City for the people of Perth. This year we sponsored significant annual events including Symphony in the City, Opera in the Park, Perth International Arts Festival, Awesome Festival, Fringe World, Telstra Perth Fashion Festival, City to Surf for Active and the Christmas Pageant, plus new events including the Night Noodle Markets and the Greek Glendi Festival. We also continued our support for the economic growth of the City, sponsoring events such as TedX, WorldSkills Australia 'The Ultimate Skills Challenge', 40under40 Awards and the International Australiasian Oil and Gas Conference.

Events Approved

2014/15: 195



COMMENTARY

The number of event approvals declined slightly in comparison to the past three years. An event highlight for 2015 was the hosting of the 'The Giants' (Royal De Luxe) over three days in February, which involved the complex coordination of numerous stakeholders, and logistical challenges never before undertaken by the City. With increasing demands to use Langley Park for a variety of events, and to host sporting and entertainment events requiring significant road closures, we will continue to maintain the appropriate balance between the activation of our public spaces, access to the City centre, and impacts on City residents and businesses.

Piazaran
Balloons

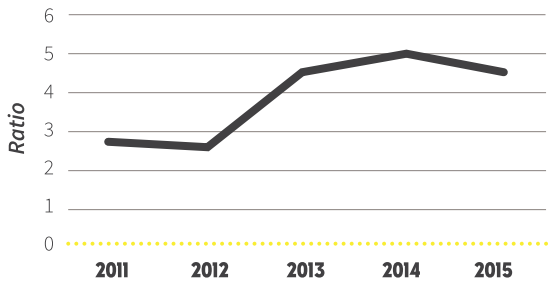
CAPABLE AND RESPONSIVE ORGANISATION OUTCOMES

- *A high standard of governance is maintained and is seen to be maintained by Elected Members and staff who understand their obligations and make decisions accordingly*
- *A capable and motivated workforce to deliver the City's services into the future*
- *The tax regime required to fund City programs is kept to a minimum*
- *A diverse revenue base with new sources of revenue*
- *The utilisation of assets to produce revenue is maximised*
- *Technological innovation and systems support the efficient delivery of service.*
- *Capital expenditure initiatives can be adequately funded*

PERFORMANCE INDICATORS

Debt Service Ratio

2014/15: 4.48%

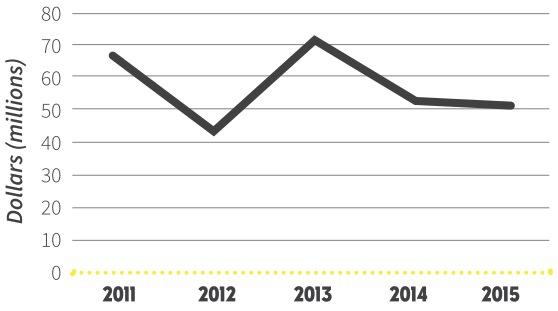


COMMENTARY

The Debt Service Ratio measures our ability to service debt (principal and interest) from available operating revenue. The lower the ratio, the greater the ability of the City to service the debt. The Debt Service Ratio decreased from 2013/14. There were decreases in capital and interest repayments made in 2014/15, due to borrowings reducing and available operating income increasing by $9.8 million during the year.

Capital Expenditure

2014/15: $50.8 million

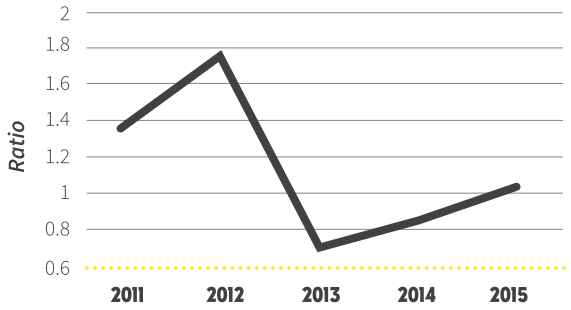


COMMENTARY

Capital expenditure decreased by $2 million on 2013/14 expenditure of $52.8 million. The main items of expenditure were $18.8 million for the development of our new City of Perth Library, and the Plaza at Cathedral Square, $3.7million for our plant replacement program, $1.8 million for the revamping of Wellington Street between Little Milligan Street and King Street, $1.3 million for replacing the lake structure at Harold Boas Gardens, and $2 million for development of land at Tamala Park.

Current Ratio

2014/15: 1.02

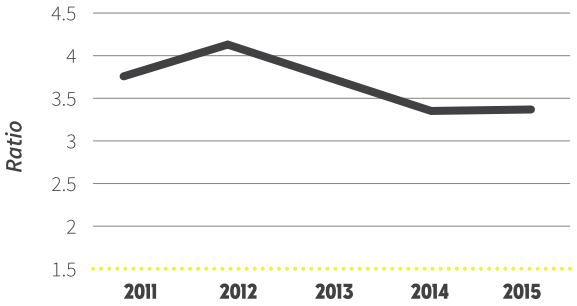


COMMENTARY

The current ratio is an indication of our short-term debt obligations. The higher the ratio, the greater the liquidity. The current ratio is equal to current assets, minus restricted assets, divided by current liabilities, minus liabilities associated with restricted assets. The increase in the ratio is mainly due to a decrease in unspent loan funds of $9.9 million during the year.

Liquidity Ratio

2014/15: 3.31



COMMENTARY

The liquidity ratio shows our liquid assets in relationship to our liquid liabilities. There has been a very marginal increase in the liquidity ratio this financial year.

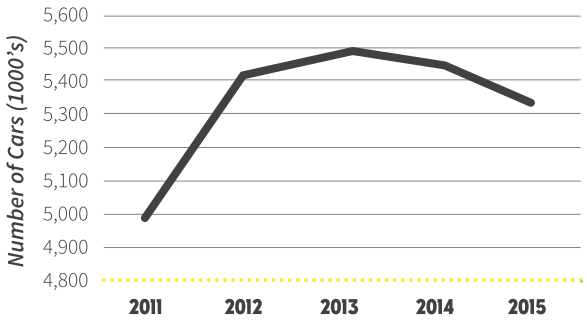
PERFORMANCE INDICATORS

URBAN OUTCOMES

- *A City achieving high-quality design in all projects and improving the urban and built environment to a standard comparable to the best cities in the world, but unique to Perth*
- *Agreement with the State Government on an overarching framework to guide the development of the City, including the river and foreshore, to achieve the City of Perth's long-term vision to maintain an open foreshore with nodes of development to bring people to the river*
- *The City of Perth is known for a diverse range of quality public spaces that attract people to our capital city to work, live and play. Vibrant public spaces ensure that Perth is a safe and enticing destination offering a "point of difference" from suburban experiences. Public places will be accessible and welcoming to all people and provide a range of opportunities to meet and contribute to the cultural heart of Western Australia*

Use of City of Perth Car Parks

2014/15: 5,334,604



COMMENTARY:

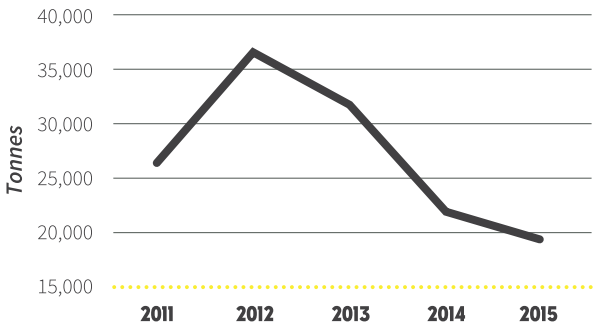
Off street patronage for 2014/15 saw a two per cent (112,963) reduction in use compared to the previous year. The number of long-term parking permits, as of 30 June 2015, was 1,092, representing a reduction of 127 (10 per cent). On street patronage for 2014/15 saw a 7.5 per cent (3,856,003) reduction in use compared to the previous year. During 2014/15 we saw increasing use of public transport for journeys into the City, a significant increase in weekend use of the free CAT bus service, increasing office vacancy, and more maintenance and works in our car parks.

ENVIRONMENT OUTCOMES

- *Our City is a model of how a liveable urban environment can coexist with its natural environment and contribute to global sustainability*

Waste

2014/15: 19,456 tonnes

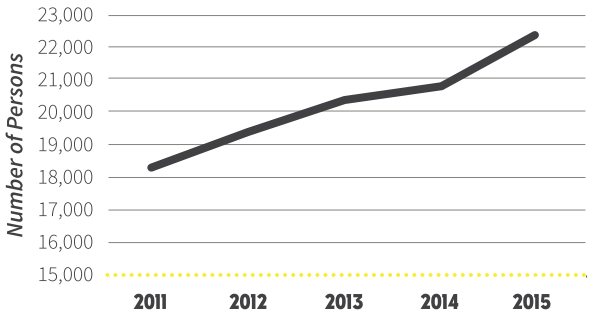


COMMENTARY

Construction and demolition waste was down by 22.4 per cent from the previous year. General waste was down by five per cent from 2013/14. Volume reduced due to lower building occupancy in the City.

City Population

2014/15: 22,324

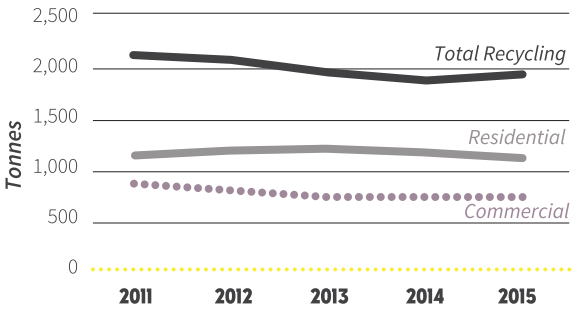


COMMENTARY:

At June 2015 the forecast residential population of the City was 22,324. Over the last five years, our residential population has grown by 22 per cent, with the strongest growth occurring in West Perth (36 per cent) and East Perth (40 per cent).

Recycling

2014/15: 1,938 tonnes



COMMENTARY

Residential: 1196 up four per cent from 2013/14.
Commercial: 742 down two per cent from 2013/14. Volume reduced due to lower building occupancy in the City.

City of Perth

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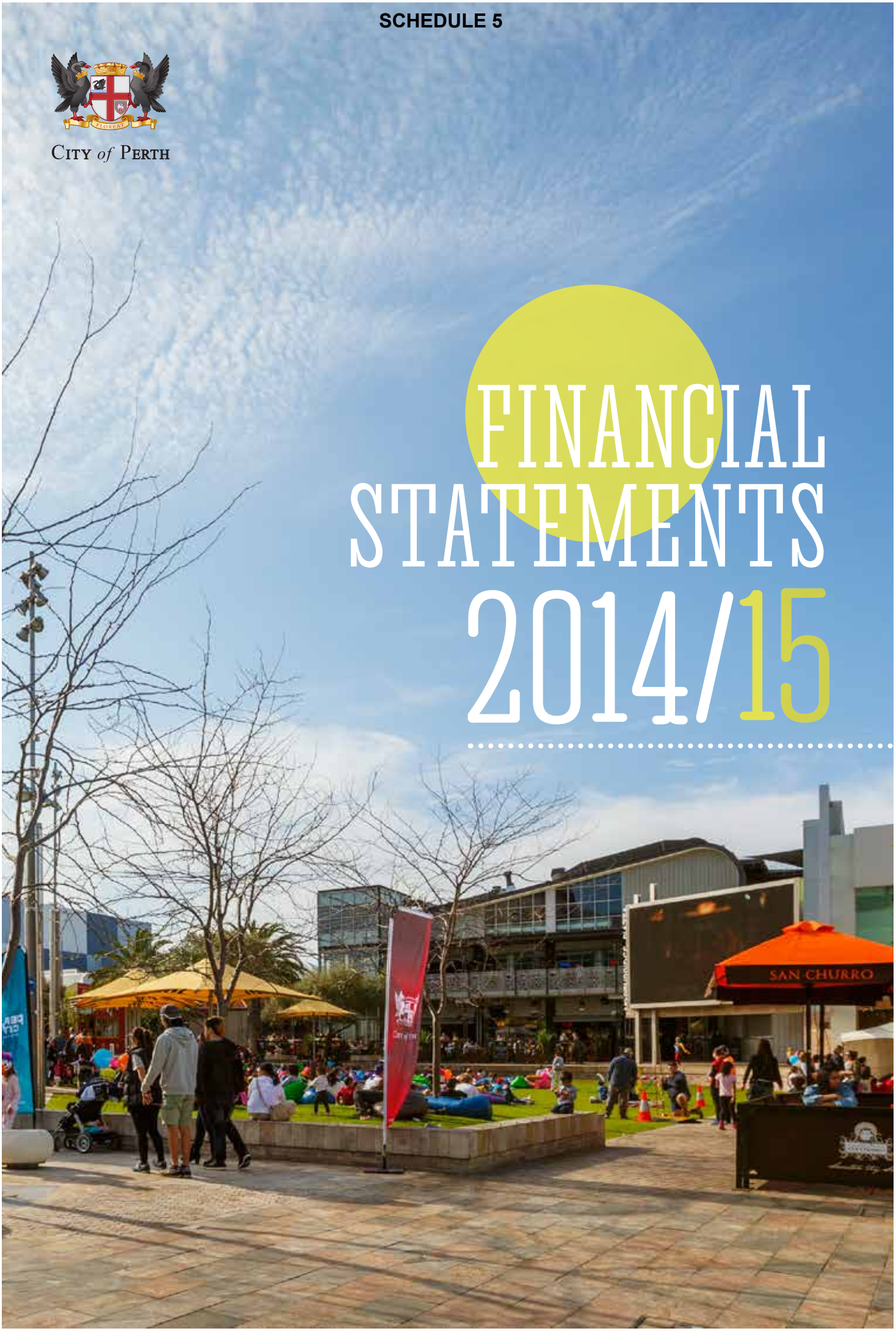
SCHEDULE 5

City of Perth

FINANCIAL STATEMENTS 2014/15



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Statement by

RESPONSIBLE EMPLOYEE

The attached financial report of the City of Perth being the annual financial report and supporting notes and other information for the financial year ended 30 June 2015 are, in my opinion, properly drawn up to present fairly the financial position of the City of Perth at 30 June 2015 and the results of the operation for the financial year then ended in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 30 day of OCTOBER 2015

.....

Gary Stevenson PSM
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

To the ratepayers of the City of Perth

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10 Kings Park Road
West Perth WA 6005

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Independent Auditor's Report
To the Ratepayers of City of Perth

We have audited the accompanying financial report of the City of Perth (the "City"), which comprises the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the Responsible Employee.

Responsibility of the Council for the financial report

The Council of the City of Perth is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1995 Part 6. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

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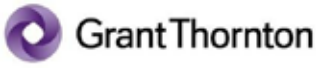

entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 Part 6 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the City's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

Auditor's opinion

In our opinion, the financial report of the City of Perth:

(i) gives a true and fair view of the City of Perth's financial position as at 30 June 2015 and of its performance for the financial year ended 30 June 2015;

(ii) complies with Australian Accounting Standards (including the Australian Accounting Interpretations); and

(iii) is prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under that Act.

Statutory Compliance

I did not, during the course of my audit, become aware of any instance where the Council did not comply with the requirements of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 as they relate to financial statements.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Partner - Audit & Assurance

Perth, 30 October 2015

Statement of

COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Note	Budget 2014/15 $	Year Ended 30/06/2015 $	Year Ended 30/06/2014 $
Operating Revenue				
Governance		-	1,061	1,483
General Purpose Funding		82,789,037	82,822,282	78,471,372
Law, Order, Public Safety		43,850	63,320	61,484
Health		794,500	961,193	921,989
Education and Welfare		2,004,694	1,964,627	1,911,007
Housing		599,130	1,540,870	726,890
Community Amenities		8,834,955	9,239,686	8,209,215
Recreation and Culture		2,020,167	2,296,400	1,656,825
Transport		90,391,399	84,999,330	82,033,090
Economic Services		1,271,410	1,316,362	1,303,853
Other Property and Services		1,688,879	1,277,688	1,374,814
		190,438,021	186,482,819	176,672,022
Operating Expenditure				
Governance		(10,146,717)	(9,647,600)	(8,006,717)
General Purpose Funding		(2,780,601)	(2,558,175)	(2,402,269)
Law, Order, Public Safety		(3,754,876)	(3,981,196)	(3,805,594)
Health		(2,079,830)	(1,866,350)	(1,947,559)
Education and Welfare		(3,485,384)	(3,623,704)	(3,339,475)
Housing		(586,705)	(723,440)	(548,103)
Community Amenities		(27,934,599)	(27,285,377)	(24,347,388)
Recreation and Culture		(32,733,026)	(30,343,130)	(26,714,974)
Transport		(78,645,533)	(75,125,556)	(68,104,781)
Economic Services		(10,502,529)	(9,920,934)	(9,732,396)
Other Property and Services		(4,508,297)	(2,450,275)	(2,349,412)
		(177,158,097)	(167,525,737)	(151,298,668)
NET FROM OPERATIONS		13,279,924	18,957,082	25,373,354
Grants/Contributions				
For the Development of Assets				
General Purpose Funding		76,885	80,200	76,885
Law, Order, Public Safety		-	(56,624)	165,000
Community Amenities		-	15,000	-
Recreation and Culture		60,000	24,333	224,162
Transport		1,684,010	1,701,223	2,488,659
		1,820,895	1,764,132	2,954,706
Disposal/Write Off/Contribution of Assets				
Gain/(Loss) on Disposal of Assets	10	(1,032,366)	(2,584,351)	(6,474,168)
		(1,032,366)	(2,584,351)	(6,474,168)
Change in net assets resulting from operations before Significant Items		14,068,453	18,136,863	21,853,892

Statement of

COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

Continued

	Note	Budget 2014/15 $	Year Ended 30/06/2015 $	Year Ended 30/06/2014 $
Significant Items				
Revaluation of Investment Properties	16(a)	-	1,820,350	6,590,850
Revaluation of Infrastructure	15	-	184,311,650	-
Revaluation of Artworks	15	-	4,609,946	575,625
Contribution of Assets – Infrastructure		-	-	602,144
Contribution of Assets – Artworks		-	-	14,198
Initial Recognition of Assets – Infrastructure		-	21,824	90,463,219
Initial Recognition of Assets – Artworks	26(c)	-	5,365,341	12,800
Disposal of Development Land at Tamala Park	26(d)	-	2,585,991	1,441,838
Impairment of Investments	26(b)	-	150,004	491,373
Distribution from TPRC		1,667,000	-	-
Contribution to Perth City Link	26(e)	-	-	(12,774,181)
Contribution to Elizabeth Quay	26(f)	-	(2,361,679)	-
Total Significant Items		1,667,000	196,503,427	87,417,866
Change in net assets resulting from operations after Significant Items Gain/(Reduction)		15,735,453	214,640,290	109,271,758

The Statement of Comprehensive Income should be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 12 to 50.

Statement of

COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

(Classification by Nature)

	Note	Budget 2014/15 $	Year Ended 30/06/2015 $	Year Ended 30/06/2014 $
Revenues From Ordinary Activities				
Rates	3(b)	76,236,923	75,465,369	71,122,002
Grants and Contributions for Non Capital Purposes		1,857,558	3,412,959	1,883,117
Donations and Reimbursements		518,722	440,154	436,421
Fees and Charges	7(c)	104,440,404	99,533,164	95,351,766
Investment Income	7(d)	5,487,586	5,561,702	6,330,591
Other Revenues		1,896,828	2,069,471	1,548,125
Gain from Disposal of Assets	10	193,000	212,114	96,849
Total Revenue from Ordinary Activities		190,631,021	186,694,933	176,768,871
Expenses From Ordinary Activities				
Employee Costs		(64,501,116)	(64,524,948)	(58,226,999)
Materials, Contracts and Suppliers		(49,484,905)	(44,745,399)	(43,902,083)
Utilities		(2,995,573)	(3,105,828)	(3,348,733)
Depreciation and Amortisation	7(b)	(34,536,990)	(29,115,795)	(24,865,362)
Interest		(1,640,018)	(1,531,216)	(1,760,331)
Insurance		(1,179,533)	(1,224,032)	(1,246,223)
Expense Provision		(992,713)	(1,100,815)	(901,007)
Other Expenses from Ordinary Activities	8(a)	(21,827,249)	(22,177,704)	(17,047,930)
Loss on Disposal/Write off of Assets	10	(1,225,366)	(2,796,465)	(6,571,017)
Total Expenses from Ordinary Activities		(178,383,463)	(170,322,202)	(157,869,685)
Change in Net Assets from Ordinary Activities before Capital Amounts and Significant Items		12,247,558	16,372,731	18,899,186
Grants and Contributions				
Grants and Contributions – Capital		1,820,895	1,764,132	2,954,706
Significant Items				
Revaluation of Investment Properties	16(a)	-	1,820,350	6,590,850
Revaluation of Infrastructure	15	-	184,311,650	-
Revaluation of Artworks	15	-	4,609,946	575,625
Contribution of Assets – Infrastructure		-	-	602,144
Contribution of Assets – Artworks		-	-	14,198
Initial Recognition of Assets – Infrastructure		-	21,824	90,463,219
Initial Recognition of Assets – Artworks	26(c)	-	5,365,341	12,800
Disposal of Development Land at Tamala Park	26(d)	-	2,585,991	1,441,838
Impairment of Investments	26(b)	-	150,004	491,373
Distribution from TPRC		1,667,000	-	-
Contribution to Perth City Link	26(e)	-	-	(12,774,181)
Contribution to Elizabeth Quay	26(f)	-	(2,361,679)	-
Total Significant Items		1,667,000	196,503,427	87,417,866
Change in Net Assets from Ordinary Activities After Capital Amounts and Significant Items		15,735,453	214,640,290	109,271,758

The Statement of Comprehensive Income by Nature should be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 12 to 50.

Statement of

FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	Year Ended 30/06/2015 $	Year Ended 30/06/2014 $
Current Assets			
Cash and Cash Equivalents	19	21,164,777	4,464,366
Investments	12,19	91,045,389	103,131,912
Trade and Other Receivables	11	9,758,589	12,086,835
Inventories	13	1,394,201	2,107,372
Total Current Assets		123,362,956	121,790,485
Non Current Assets			
Investments	12	7,110,313	9,660,340
Trade and Other Receivables	11	39,567	44,205
Property, Plant and Equipment	15	1,190,393,051	983,364,481
Investment Property	16(a)	19,366,599	17,546,249
Total Non Current Assets		1,216,909,530	1,010,615,275
TOTAL ASSETS		1,340,272,486	1,132,405,760
Current Liabilities			
Trade and Other Payables	14(a)	19,859,029	21,171,998
Financial Liabilities	17,22	6,441,709	6,128,375
Employee Benefits	14(b)	11,405,126	10,712,176
Total Current Liabilities		37,705,864	38,012,549
Non Current Liabilities			
Financial Liabilities	17,22	36,327,002	42,768,711
Employee Benefits	14(b)	1,891,737	2,306,727
Provisions	14(c)	3,869,667	3,479,847
Total Non Current Liabilities		42,088,406	48,555,285
Total Liabilities		79,794,270	86,567,834
NET ASSETS		1,260,478,216	1,045,837,926
Equity			
Accumulated Surplus		612,108,629	587,289,902
Asset Revaluation Reserve	18	560,795,095	372,942,447
Other Reserves	18	87,574,492	85,605,577
Total Equity		1,260,478,216	1,045,837,926

The Statement of Financial Position should be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 12 to 50.

Statement of

CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	Note	*Accumulated Surplus*	*Asset Revaluation Reserve*	*Cash Backed Reserves*	*Total Equity*
		$	$	$	$
Balance at 1 July 2013		468,362,919	377,710,375	90,492,874	936,566,168
Change in net assets resulting from operations		109,271,758	-	-	109,271,758
Transfers to Cash Backed Reserves		(26,612,491)	-	26,612,491	-
Transfers to Asset Revaluation Reserves		(575,625)	575,625	-	-
Transfers from Asset Revaluation Reserves		5,343,553	(5,343,553)	-	-
Transfers from Cash Backed Reserves		31,499,788	-	(31,499,788)	-
Balance at 30 June 2014	18	**587,289,902**	**372,942,447**	**85,605,577**	**1,045,837,926**
Balance at 1 July 2014		587,289,902	372,942,447	85,605,577	1,045,837,926
Change in net assets resulting from operations		214,640,290	-	-	214,640,290
Transfers to Cash Backed Reserves		(25,386,259)	-	25,386,259	-
Transfers to Asset Revaluation Reserves		(189,027,761)	189,027,761	-	-
Transfers from Asset Revaluation Reserves		1,175,113	(1,175,113)	-	-
Transfers from Cash Backed Reserves		23,417,344	-	(23,417,344)	-
Balance at 30 June 2015	18	**612,108,629**	**560,795,095**	**87,574,492**	**1,260,478,216**

The Statement of Changes in Equity should be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 12 to 50

Statement of

CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Note	30/06/2015 $	30/06/2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates		75,422,543	71,042,019
Fees and Charges		101,230,844	92,394,112
Interest and Investment Income		6,311,427	6,839,210
Other		3,211,683	2,675,398
Total Receipts		186,176,497	172,950,739
Payments			
Employee Costs		(64,246,988)	(57,021,512)
Materials, Contracts and Suppliers		(44,282,898)	(42,239,912)
Interest and Financing Costs		(1,575,008)	(2,085,091)
Other		(27,218,559)	(22,154,073)
Total Payments		(137,323,453)	(123,500,588)
Net Cash Inflow from Operating Activities	20	48,853,044	49,450,151
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from Disposal of Assets		1,568,519	1,374,211
Contributions from Other Parties		15,000	140,233
Proceeds from Disposal of Investments (Non Current)		5,769,636	6,833,333
Total Receipts		7,353,155	8,347,777
Payments			
Purchase of Agricultural Assets		-	(175,400)
Purchase of Land and Buildings		(1,620,519)	(606,685)
Purchase of Infrastructure Assets		(7,248,204)	(16,269,522)
Purchase of Plant and Mobile Equipment		(5,762,981)	(4,841,653)
Purchase of Office Furniture and Equipment		(636,637)	(454,758)
Work in Progress		(34,213,698)	(26,963,010)
Purchase of Investments (Non Current)		(21,063)	(330,821)
Total Payments		(49,503,102)	(49,641,849)
Net Cash Outflow from Investing Activities		(42,149,947)	(41,294,072)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Repayment of Borrowings		(6,128,375)	(6,362,309)
Total Payments		(6,128,375)	(6,362,309)
Net Cash Outflow from Financing Activities		(6,128,375)	(6,362,309)
CASH FLOWS FROM GOVERNMENT			
Receipts from Appropriations/Grants/Contributions			
Recurrent		2,290,034	1.560,770
Capital		1,749,132	2,814,473
Total Receipts		4,039,166	4,375,243
Payments			
Contribution to Perth City Link		-	(12,774,181)
Net Cash Outflow from Appropriations/Grants/Contributions		4,039,166	(8,398,938)
Net Increase/(Decrease) in Cash Held		4,613,888	(6,605,168)
Cash at 1 July 2014		107,596,278	114,201,446
Cash at 30 June 2015	19	112,210,166	107,596,278

The Statement of Cash Flows should be read in conjunction with the notes to and forming part of the Financial Statements set out on pages 12 to 50.

RATE SETTING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

PROCEEDS FROM OPERATING ACTIVITIES	*Budget* 2014/15	*Actual* 2014/15	*Actual* 2013/14
Operating Revenue	**$**	**$**	**$**
Parking Fees	78,528,324	73,302,963	70,136,012
Fines and Costs	9,552,550	9,253,979	9,392,996
Investment Income and Interest	5,487,586	5,561,702	6,330,591
Community Service Fee	1,500,430	1,416,853	1,419,690
Rubbish Collection Fees	6,140,750	6,079,979	5,698,948
Rental and Hire Charges	5,200,161	5,468,734	5,337,738
Recurrent Grants and Contributions	1,857,558	3,412,959	1,883,117
Donations and Reimbursements	518,722	440,141	436,422
Other Income	5,415,017	6,080,140	4,914,507
Gain from disposal of Assets	193,000	212,114	-
	114,394,098	**111,229,564**	**105,550,021**
Less: Operating Expenditure			
Employee Costs	(64,501,116)	(64,524,948)	(58,226,999)
Materials and Contracts	(49,484,905)	(44,745,399)	(43,902,083)
Utilities	(2,995,573)	(3,105,828)	(3,348,733)
Insurance Expenditure	(1,179,533)	(1,224,032)	(1,246,223)
Depreciation and Amortisation	(34,536,990)	(29,115,795)	(24,865,362)
Interest Expenses	(1,640,018)	(1,531,216)	(1,760,331)
Expense Provisions	(992,713)	(1,100,815)	(901,007)
Loss on Disposal of Assets	(1,225,366)	(2,796,465)	(6,474,168)
Other Expenditure	(21,827,249)	(22,177,704)	(17,047,930)
Non-Recurrent Contribution – Perth City Link	-	-	(12,774,181)
	(178,383,463)	**(170,322,202)**	**(170,547,017)**
Non-Cash Adjustments			
Depreciation of Non-Current Assets	34,536,990	29,115,795	24,865,362
Loss on Disposal of Assets	1,032,366	2,584,351	6,474,168
Movement in Accounts Receivables and Accrued Income	-	3,046,055	(2,961,729)
Movement in Employee Entitlements	-	277,960	1,205,487
Movement in Accounts Payables and Accruals	-	(1,312,969)	2,138,627
Movement in PCEC Provision	-	389,820	389,820
Impairment of Investments	-	150,004	491,373
	35,569,356	**34,251,016**	**32,603,108**
Net Surplus / (Deficit) from Operations	**(28,420,009)**	**(24,841,622)**	**(32,393,888)**
Investing Activities			
Capital Expenditure	(67,973,162)	(49,482,039)	(49,311,028)
Repayment of Borrowings	(6,128,375)	(6,128,375)	(6,362,309)
Purchase of Investment (Non-Current)	-	(21,063)	(330,821)
Transfers to Reserves	(21,748,677)	(25,386,259)	(26,612,491)
	(95,850,214)	**(81,017,736)**	**(82,616,649)**
Financing Activities			
Transfer from Reserves	29,721,214	23,417,340	31,499,788
Carry Forwards	15,685,285	-	-
Contributions from Other Parties	-	15,000	140,233
Proceeds from Disposal of Assets	1,139,000	1,568,519	1,374,211
Distribution from Tamala Park Regional Council	1,667,000	2,617,464	833,333
Proceeds on Sale of Investments (Non-current)	-	3,152,172	6,000,000
Proceeds from Borrowings	1,032,988	-	-
Capital Grants and Contributions	1,820,895	1,749,132	2,814,473
	51,066,382	**32,519,627**	**42,662,038**
Net Surplus / (Deficit) before Rates	**(73,203,841)**	**(73,339,731)**	**(72,348,499)**
Add: Opening Funds	(2,486,664)	16,073,145	17,299,643
Net Surplus / (Deficit) before Rates	(75,690,505)	(57,266,586)	(55,048,856)
Amount Sourced from Rates	76,236,923	75,465,369	71,122,001
BALANCE OF CLOSING FUNDS	**546,418**	***18,198,783**	**16,073,145**

* *The balance of closing funds figure of $18,198,783 at 30 June 2015 includes amounts set aside of $17,562,468 as adjusted carried forward capital commitments for the 2015/16 budget year. The calculation of the closing funds at 30 June 2015 differs from the estimated figure in the Rate Setting Statement adopted in the Annual Budget 2015/16. In accordance with Regulation 33A, reports detailing additional capital commitments carried forward and a review of the total budget in October 2015 are to be approved by Council.*

This Financial Report is a general purpose financial report that consists of a statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, rate setting statement and notes accompanying these financial statements. The general purpose Financial Report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations, the Local Government Act 1995, and the Local Government (Financial Management) Regulations 1996.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the presentation of these financial statements are:

(A) THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this report.

In the process of reporting on the City as a single unit, all transactions and balances between those funds have been eliminated.

Trust and other Deposits

Funds held in the trust account are on behalf of outside parties. The Council performs only a custodial role in respect of these monies, because they cannot be used for Council purposes, and therefore they are not brought to account in the financial statements, but are disclosed in Note 28.

Amounts received as tender deposits and retention amounts controlled by the Council are included in the amount disclosed as "other creditors" within current liabilities until they are refunded or forfeited.

(B) BASIS OF PREPARATION

The Financial Report has been prepared on the going concern basis and historical costs, except where otherwise stated, and accrual accounting principles. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Where appropriate, comparative figures have been amended to accord with current presentation and disclosure made of material changes to comparatives.

Under Australian Accounting Standards there are requirements that apply specifically to Government and not-for-profit entities. The City has analysed its purpose, objectives and operating philosophy and determined that it does not have profit generation as a prime objective. Consequently, where appropriate, the City has elected to apply options and exemptions within the Australian Accounting Standards that are applicable to not-for-profit entities.

(C) DEPRECIATION AND AMORTISATION

All fixed assets and leasehold interest with the exception of Freehold Land, Air Rights, Investment Properties, Artwork, Agricultural and Work in Progress are systematically depreciated and amortised over their useful lives in a manner that reflects the consumption of the service potential embodied in those assets. Depreciation is based on a straight line basis taking cognisance of the residual value of the asset, whilst amortisation rates are set to amortise the cost of the leasehold interest over the life of the lease. Depreciation rates and residual values are reviewed each year.

Major Depreciation and Amortisation periods used are listed in the table on the following page and are consistent with the prior year unless otherwise stated.

Assets are depreciated from the date of acquisition, or in respect of assets being constructed from the time an asset is completed and held ready for use.

Following a review of the life expectancies of infrastructure assets, changes in the life expectancies for footpaths (from 20 years to a range of 20 to 50 years), street lighting (from a range of 15 to 25 years to a range of 10 to 30 years), reticulation (from a range of 15 to 30 years to a range of 5 to 30 years) and overpasses and underpasses (from a range of 50 to 80 years to a range of 45 to 80 years) took place during the reporting

Asset Categories	*Life Expectancy* YEARS	*Residual Values*
Land		
Leasehold Interest	99 years	Nil
Buildings		
Buildings (including leasehold interest)	10 to 100 years	Nil
Stationary Plant in Buildings	15 years	Nil
Improvements		
Leasehold Improvements	Term of Lease	Nil
Ground Level Improvements	5 to 50 years	Nil
Infrastructure Assets		
Roads – Pavement	40 to 80 years	Nil
– Seal	25 years	Nil
Footpaths – Footpaths	20 to 50 years	Nil
– Kerbs	20 to 80 years	Nil
Street Lighting	10 to 30 years	Nil
Drainage	80 years	Nil
Reticulation	5 to 30 years	Nil
Overpasses and Underpasses	45 to 80 years	Nil
Plant and Mobile Equipment		
Major Plant and Equipment	3 to 10 years	10 to 40%
Sedans and Utilities	2 to 3 years	50 to 70%
Pumps and Bores	15 years	Nil
Minor Plant and Equipment	2 to 7 years	5% to Nil
Specialised Parking Equipment	7 to 15 years	Nil
Office Furniture/Equipment		
Furniture and Equipment	10 to 15 years	Nil
Computer Equipment and Software	3 to 5 years	Nil

period. There was in addition a reclassification of kerbs from roads to footpaths assets during the same reporting period.

Residual values percentage ranges for major plant and equipment (10% to 45%), and sedans and utilities (60% to 85%) have changed to 10% to 40% and 50% to 70% respectively to better reflect market value conditions.

(D) VALUATION OF ASSETS AND ASSET MANAGEMENT

Council's assets were being progressively revalued to fair value in accordance with a staged implementation advised by the Department of Local Government.

Fair value estimations are determined in accordance with the policy stated in paragraph *(q)* of Note 1 – Statement of Significant Accounting Policies.

At balance date, the following classes of property, plant and equipment were stated at their fair value:

- Land (external valuation)
- Buildings (external valuation)
- Improvements (external valuation)
- Infrastructure (internal valuation)
- Plant and Mobile Equipment (internal valuation)
- Office Furniture and Equipment including Art, Memorabilia and History Collections (internal and external valuations)
- Full revaluations are undertaken for all assets shown at fair value on a minimum 3 year cycle.

Additionally a program to introduce Asset Management disciplines to the City has been implemented. This included the initial recognition of additional and the completion of the revaluation of all Property, Plant and Equipment assets of the City to fair value as advised by the Department of Local Government.

Infrastructure Assets, in terms of their revaluation, were progressively incorporated into the Asset Register during the reporting period. Infrastructure assets not previously recorded were initially recognised at their Fair Value (depreciated replacement cost) of $21,824 during the reporting period (30 June 2014: $90,463,219).

Increases in the carrying amounts arising on revaluation are credited to the asset revaluation reserve. To the extent that the increase reverses a decrease previously recognising profit or loss, the increase is first recognised in the Statement of Comprehensive Income. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the asset; all other decreases are charged to the Statement of Comprehensive Income.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the City and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

(E) EMPLOYEE ENTITLEMENTS

(i) Wages and Salaries

A liability for wages and salaries is recognised and is stated as the amount unpaid at balance date calculated at current rates of pay.

(ii) Annual Leave

Employee entitlements to annual leave are recognised as leave not taken at balance date calculated at current rates of pay plus related on-costs in accordance with Australian Accounting Standard AASB119 – Employee Benefits.

The expected amount to be paid to employees within the next twelve months (set at 6 weeks) is recognised as a current liability in the Statement of Financial Position. Amounts exceeding 6 weeks accrual is recognised and measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

The amended standard AASB119 pertaining to annual leave entitlements was first applied in the previous reporting period.

(iii) Long Service Leave

Employee entitlements for long service leave are accrued on a pro-rata basis from the date of commencement in accordance with Australian Accounting Standard AASB119 – Employee Benefits. Such liability is recognised and measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Consideration is given to future wage and salary levels, experience of employee departures and periods of service. Estimated future outflows are discounted using average Commonwealth Government Bond rates that match as closely as possible estimated future cash outflows. The expected amount to be paid to employees within the next twelve months is recognised as a current liability in the Statement of Financial Position.

(iv) Self-Funded Leave

Employee benefits to self-funded leave are recognised as leave not taken at balance date calculated at current rates of pay.

(v) Superannuation

The superannuation expense for the period is the amount of contribution the City of Perth made to the superannuation funds which provide benefits to its employees. Details of these arrangements are set out in Note 21.

(F) RECEIVABLES AND PAYABLES

Trade receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable. Receivables are generally settled within 30 days.

Trade creditors and accruals are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity. The amounts are unsecured and are usually settled on 30 day terms.

(G) PROVISION OF DOUBTFUL DEBTS

The collectability of debts is assessed at financial position date and specific provision is made for any doubtful accounts. All known bad debts are written off in the year in which they are recognised as such.

No provision is made for rate debtors where the debts are collectable against the property.

(H) INVESTMENTS

All current investments are recorded at cost except for balanced funds which are marked to market and therefore valued at market value on 30 June 2015, to more appropriately relate the value of securities to current conditions. Realised and unrealised gains and losses arising from changes in the market value of these assets are included in the Statement of Comprehensive Income as they arise.

Structured investments, comprising a floating rate note and mortgage backed securities are valued at cost. Impairment charges or reduction in impairment charges against cost are taken reducing or increasing their cost base where appropriate and necessary. It is the organisation's intention to hold structured investments to maturity.

Other non-current investments are valued at cost.

(I) LEASES

Operating leases are included in operating expenditures in accordance with lease arrangements.

The City has no obligations under finance leases at financial position date.

(J) REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the City, and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates. Control over granted assets is normally obtained upon their receipt or upon prior notification that a grant has been secured and the timing of commencement of control depends upon the arrangement that exists between the grantor and the City.

(ii) Rendering of Services

Where a contract has been completed, all related revenue is recognised when the City controls a right to be compensated for the services provided. Where a contract has not been completed revenue is recognised only to the extent of cost incurred. Contracts generally arise as a result of requests for work to be carried out at a property-owner's expense, or from compulsory works carried out by the City pursuant to legislation.

(iii) Sale of Assets

Revenue is recognised when control of the assets has passed to the buyer.

(iv) Fines

Revenue is recognised when the City controls a right to receive consideration for the enforcement of legislation and Council local laws.

(v) Rents, Interest and Distributions

Revenue is recognised when the City has attained control of a right to receive consideration for the provision of, or investment in, assets.

(K) INVENTORIES AND WORK IN PROGRESS

Inventories and work in progress are valued at the lower of cost and net realisable value.

(L) ROUNDING

Amounts shown in the Financial Statements have been rounded to the nearest dollar. This may result in minor variations between schedules.

(M) ACQUISITION OF ASSETS

The cost method of accounting is used for the initial acquisition of assets. Cost is determined as the fair value of assets given as consideration plus costs incidental to the acquisition, including architects fees, engineering design fees, and all other costs incurred. Assets acquired at no cost, or for nominal consideration are initially recognised at their fair values as at the date of acquisition.

(N) NON-CURRENT ASSETS CONSTRUCTED BY THE CITY

The cost of non-current assets constructed by the City includes the cost of materials, direct labour, and an appropriate proportion of fixed and variable overheads. Unallocated additions to non-current assets are brought to account as works in progress and are not depreciated until completed or installed for use.

(O) VESTED LAND AND CROWN LAND HELD IN TRUST

Land Vested in the City is recognised at a nominal value of one dollar for record purposes only. Crown Land held in Trust is recognised at fair value.

(P) LAND UNDER ROADS

Effective from 1 July 2008, the City elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available under Australian Accounting Standard AASB 1051 Land Under Roads and the requirement of Regulation 16(a)(i) of the *Local Government (Financial Management) Regulations* that prohibits local government from recognising such land as an asset of local government.

In respect of land under roads acquired on or after 1 July 2008, as detailed above Regulation 16(a)(i) of the *Local Government (Financial Management) Regulations* prohibits local government from recognising such land as an asset of local government.

(Q) FAIR VALUE ESTIMATION

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of non-current assets is determined as follows:

- Land and Buildings are determined by a professionally qualified external valuer.
  - from market-based evidence by appraisal, or;
  - where there is no market-based evidence because of the specialised nature of the land or building and it is rarely sold, an estimate using a depreciated replacement cost approach.
  - Improvements are determined by a professionally qualified external valuer using depreciated current replacement cost approach.
- Infrastructure is determined internally using depreciated replacement cost approach after appraisal of their condition.

- Mobile plant and equipment are determined internally from market-based evidence after appraisal of their condition.
- Plant and equipment are determined as approximated by depreciated historical cost.
- Artwork is both determined by professionally qualified external valuers from market based evidence by appraisal and current replacement cost, and internally by current replacement cost.
- Office furniture and equipment are determined as approximated by depreciated historical cost.

(R) MATERIALITY

Assets (with the exception of land and art and memorabilia) with an economic life which is determined to be longer than one year are only capitalised where the cost of acquisition/construction exceeds the materiality threshold established by Council. Council's current capitalisation policy is to expense any purchases considered to be of a capital nature that are less than $5,000 and in the case of IT software, less than $50,000.

(S) TAXATION

The City is exempt from payment of income tax, capital gains tax and payroll tax.

Payments for fringe benefits tax and goods and services tax are made in accordance with the relevant legislation.

(T) GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the item of expense to which it relates. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the ATO is included as a current asset or liability in the Statement of Financial Position. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities, which are recoverable from or payable to the ATO, are classified as operating cash flows.

(U) FINANCIAL INSTRUMENTS

The City of Perth invests in a variety of interest bearing securities. The City does not directly enter into any derivative contracts to offset risk to the interest or foreign exchange rates. Additionally, to the best of its knowledge, there are no embedded derivatives in the funds or securities that the City holds that may impact materially on investment earnings. Except for structured investments, investments are marked to market. Exposure to interest and credit risk as at reporting date is as detailed in Note 29.

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial Assets at Fair Value through Statement of Comprehensive Income

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Financial Instruments: Recognition and Measurement. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the Statement of Comprehensive Income in the period in which they arise.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in any active market and are stated at amortised cost using the effective interest rate method.

Available-for-Sale Financial Assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value of these assets are recorded in the Statement of Comprehensive Income.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(V) IMPAIRMENT OF ASSETS

The recoverable amount of an asset is determined at the higher of net selling price and value in use.

Certain of the City's operations are conducted with a partially commercial orientation and it is necessary to test for impairment of assets on a discounted cash flow basis for each of these units. The impact of this standard (AASB139: Financial Instruments: Recognition

and Measurement) may lead to some volatility in operating earnings. There was no material impact for the reporting period.

(W) STATEMENT OF COMPREHENSIVE INCOME

An additional statement of comprehensive income in nature and type format has been prepared and included to ensure the City complies with both the Local Government Act 1995 and the Australian Accounting Standards.

(X) INVESTMENT PROPERTY

Investment property is held to generate long-term rental yields. All tenant leases are on an arms-length basis apart from two short term tenancies that are on peppercorn rentals as they are deemed to be of benefit to the community.

Investment property is carried at fair value, being market value assuming the highest and best use permitted by the relevant land use planning provisions or existing public use whichever is the greater.

The most recent revaluation of investment properties at 30 June 2015 was carried out by Landgate – Property and Valuation Services through Mr Stephen Fern, AAPI Certified Practicing Valuer, Specialist Valuer. Changes to fair value are recorded in the Statement of Comprehensive Income. Investment properties are not depreciated.

(Y) NEW AND REVISED STANDARDS THAT ARE EFFECTIVE FOR THESE FINANCIAL STATEMENTS

A number of new and revised standards and an interpretation became effective for the first time to annual periods beginning on or after 1 July 2014. Information on these new standards is presented below:

- ***AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities***

  AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

  AASB 2012-3 is applicable to annual reporting periods beginning on or after 1 January 2014.

  The adoption of these amendments has not had a material impact on the City as the amendments merely clarify the existing requirements in AASB 132.

- ***AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets***

  These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

  When developing IFRS 13 *Fair Value Measurement*, the IASB decided to amend IAS 36 *Impairment of Assets* to require disclosures about the recoverable amount of impaired assets. The IASB noticed however, that some of the amendments made in introducing those requirements resulted in the requirement being more broadly applicable than the IASB had intended. These amendments to IAS 36 therefore clarify the IASB's original intention that the scope of those disclosures is limited to the recoverable amount of impaired assets that is based on fair value less costs of disposal.

  AASB 2013-3 makes the equivalent amendments to AASB 136 *Impairment of Assets* and is applicable to annual reporting periods beginning on or after 1 January 2014.

  The adoption of these amendments in this financial report has not had a material impact on the City as they are largely of the nature of clarification of existing requirements.

- ***AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities***

  The amendments in AASB-2013-5 provide an exception to consolidation to investment entities and require them to measure unconsolidated subsidiaries at fair value through profit or loss in accordance with AASB 9 *Financial Instruments (or AASB 139 Financial Instruments: Recognition and Measurement* where AASB 9 has not yet been adopted). The amendments also introduce new disclosure requirements for investment entities that have subsidiaries.

  These amendments apply to investment entities, whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. Examples of entities which might qualify as investment entities would include Australian superannuation entities, listed investment companies, pooled investment trusts and Federal, State and Territory fund management authorities.

  AASB 2013-5 is applicable to annual reporting periods beginning on or after 1 January 2014.

  This Standard has not had any impact on the City as it does not meet the definition of an 'investment entity' in order to apply this consolidation exception.

- ***AASB 2014-1 Amendments to Australian Accounting Standards (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles)***

  Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the IASB of International Financial Reporting Standards *Annual Improvements to IFRSs 2010-2012 Cycle and Annual Improvements to IFRSs 2011-2013 Cycle.*

  Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2010-2012 Cycle:*

- clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity)
- amend AASB 8 *Operating Segments* to explicitly require the disclosure of judgements made by management in applying the aggregation criteria.

  Among other improvements, the amendments arising from Annual Improvements to *IFRSs 2011-2013 Cycle* clarify that an entity should assess whether an acquired property is an investment property under AASB 140 *Investment Property* and perform a separate assessment under AASB 3 *Business Combinations* to determine whether the acquisition of the investment property constitutes a business combination.

  Part A of AASB 2014-1 is applicable to annual reporting periods beginning on or after 1 July 2014.

  The adoption of these amendments has not had a material impact on the City as they are largely of the nature of clarification of existing requirements.

(Z) IMPACT OF STANDARDS ISSUED BUT NOT YET APPLIED BY THE CITY

New and revised accounting standards and amendments that are currently issued for future reporting periods that are relevant to the City include:

- ***AASB 9 Financial Instruments***

  AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

  The effective date is for annual reporting periods beginning on or after 1 January 2018.

  The City is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

- ***AASB 14 Regulatory Deferral Accounts***

  AASB 14 permits first-time adopters of Australian Accounting Standards who conduct rate-regulated activities to continue to account for amounts related to rate regulation in accordance with their previous GAAP. Accordingly, an entity that applies AASB 14 may continue to apply its previous GAAP accounting policies for the recognition, measurement, impairment and de-recognition of its regulatory deferral account balances. This exemption is not available to entities who already apply Australian Accounting Standards.

  The effective date is for annual reporting periods beginning on or after 1 January 2016.

  When AASB 14 becomes effective for the first time for the year ending 30 June 2017, it will not have any impact on the City.

- ***AASB 15 Revenue from Contracts with Customers***

  AASB 15 replaces AASB 118: Revenue, AASB 111 Construction Contracts and some revenue related Interpretations. In summary, AASB 15:

- establishes a new revenue recognition model;
- changes the basis for deciding whether revenue is to be recognised over time at a point in time;
- provides a new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return and warranties); and
- expands and improves disclosures about revenue.

  When this Standard is first adopted for the year ending 30 June 2018, there will be no material impact on the transactions and balances recognised in the financial statements.

- ***AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations***

  This amendment impacts on the use of AASB 11 when acquiring an interest in a joint operation.

  The effective date is for annual reporting periods beginning on or after 1 January 2016.

  When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

- ***AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation***

  The amendments to AASB 116 prohibit the use of a revenue based depreciation method for property, plant and equipment. Additionally, the amendments provide guidance in the application of the diminishing balance method for property, plant and equipment.

  The effective date is for annual reporting periods beginning on or after 1 January 2016.

  When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the transactions and balances recognised in the financial statements.

- ***AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements***

  The amendments introduce the equity method of accounting as one of the options to account for an entity's investments in subsidiaries, joint ventures and associates in the entity's separate financial statements.

  The effective date is for annual reporting periods beginning on or after 1 January 2016.

  When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

- ***AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture***

  The amendments address a current inconsistency between AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates and Joint Ventures (2011). The amendments clarify that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, any gain or loss recognised will depend on whether the assets or subsidiary constitute a business, as defined in AASB 3 *Business Combinations.* Full gain or loss is recognised when the assets or subsidiary constitute a business, whereas gain or loss attributable to other investors' interests is recognised when the assets or subsidiary do not constitute a business.

  The effective date is for annual reporting periods beginning on or after 1 January 2016.

  When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

(Z1) CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In application of the City's accounting policies, the City is required to make judgements, estimates and assumptions about the carrying values of certain assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period of revision and future periods if the revision affects both current and future periods.

(Z2) FUNCTIONAL CURRENCY

The presentation currency of the City of Perth is the Australian dollar.

The functional currency is also the Australian dollar.

(Z3) SIGNIFICANT ESTIMATES AND UNCERTAINTIES

The City of Perth at balance date utilised independent investment advisors CPG Research and Advisory Pty Ltd in assessing on a monthly basis the market value of interest bearing securities.

The advisors model valuations which are derived from a number of factors including information obtained from the arrangers of individual securities and ratings agencies, reviews of the components of the relevant securities and also movements in applicable credit spreads.

(Z4) PROVISIONS

Provisions are recognised when the City has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2. COMPONENT FUNCTIONS / ACTIVITIES

The Statement of Comprehensive Income is presented in a program format using the following classifications:

GOVERNANCE

Members of Council, civic receptions and functions, public relations, electoral and other issues relating to the task of assisting Councillors and the ratepayers which do not concern specific Council services.

GENERAL PURPOSE FUNDING

General rate revenue, penalty for late payment, ex gratia rates, rate administration fee, rate instalment fee, Emergency Services Levy commission, back rates, general purpose grants, untied road grants, interest on deferred rates, investment returns, discounts received, interest on long term borrowings.

LAW, ORDER, PUBLIC SAFETY

Fire prevention, including the Emergency Services Levy, clearing for fire hazards, animal control, by-law control, public security, civil emergency services, park rangers, neighbourhood watch.

HEALTH

Maternal and infant health, preventive services including, immunisation, food control, health inspections, pest control, other health.

EDUCATION AND WELFARE

Child care centres, aged and disabled, senior citizen's centres, welfare administration, donations to welfare organisations, other welfare, education services.

HOUSING

Affordable Rental Housing.

COMMUNITY AMENITIES

Rubbish collections, recycling, refuse site operation, litter control, public litter bins, abandoned vehicles, pollution control, town planning control/studies, Citiplace administration, pedestrian malls, Forrest Place, street seats, memorials, bus shelters, rest centres, public conveniences.

RECREATION AND CULTURE

Public halls, civic centre, parks, sports grounds, community recreation programs, cycleways, library, community arts program, concert hall, donations to cultural institutions, parades and festivals, Christmas decorations, event and corporate sponsorship, Skyworks.

TRANSPORT

Roads, footpaths, rights of way, drainage, road verges, median strips, overpasses, underpasses, street lighting, street cleaning, street trees, traffic surveys, traffic management, depot operations, parking facilities.

ECONOMIC SERVICES

Tourism and promotions, Perth Convention Bureau subsidies, building control, undergrounding of power, retail marketing, economic development support.

OTHER PROPERTY AND SERVICES

Public works overheads, plant/vehicle operations, sundry and other outlays that cannot be assigned to one of the preceding programs.

3. RATING INFORMATION

(A) GROSS RENTAL VALUES

Landgate Valuation Services provides the City with Gross Rental Values (GRV) for the purpose of rating. For the vast majority of properties values were supplied on 1 July 2014, effective for three years from that date.

(B) DIFFERENTIAL GENERAL RATES

The City of Perth imposed differential general rates under Section 6.33 of the Local Government Act 1995 on all rateable land within the City according to the predominant purpose for which the land is held or used, as determined by the City. If the predominant land use forming the basis for the imposition of the differential rate changed during the 2014/15 financial year, the City was not required to amend the assessment of rates payable on that land on account of that change, but has chosen to do so.

The rates were set at differential levels that provided as was practically possible a fair and equitable distribution of the rate burden to each category of land having regards to its demands on the City's services.

The City has previously rationalised its rates differential categories with Hotel, Retail and Commercial ratepayer classes consolidated as the Commercial category. This followed a review of costs attributable to each class and took into account the triennial revaluation of gross rental values pertaining to each category conducted by Landgate Valuation Services in 2011.

None of the differential general rates was more than twice the lowest differential general rate, as proposed in the 2014/15 Annual Budget.

Differential General Rates details are as follows:

Total General Rates Revenue	*Budget* 2014/15 $	*Actual* 30/06/2015 $	*Actual* 30/06/2014 $
Commercial	20,576,850	20,668,232	18,374,430
Office	40,187,374	39,968,881	40,668,273
Residential	12,365,307	12,478,304	9,693,647
Vacant Land	1,254,831	1,215,340	899,406
Total	**74,384,362**	**74,330,757**	**69,635,756**

General Rates Information	*No. of Properties*	*Rate in the dollar*	*Gross Rental Values* $
Commercial	1,937	5.073	410,863,296
Office	2,175	2.700	1,483,224,035
Residential	10,729	4.220	316,835,534
Vacant Land	81	5.400	21,457,300
Total	**14,922**		**2,232,380,165**

Total General Rates Revenue from	*Budget* 2014/15 $	*Actual* 30/06/2015 $	*Actual* 30/06/2014 $
General Rates	75,282,096	75,209,747	71,024,155
Interim Rates	1,000,000	652,940	96,440
Back rates	(45,173)	(397,319)	1,407
Total	**76,236,923**	**75,465,368**	**71,122,002**

The basis, objects and reasons for the imposition of each differential general rate are as follows:-

Commercial (Includes Hotel and Retail categories)

This classification includes a variety of land uses including transportation services, communication services, wholesalers, warehouses, laboratories, auto sales and services, entertainment services including restaurants and nightclubs, sporting facilities, banking/ ATM's, laundromats, bakeries, medical laboratories, commercial educational facilities, hotels, serviced apartments, boarding, lodging accommodation, retail sales and services. The general rate for this sector of 5.073 cents in the dollar of GRV was considered reasonable, given the general nature of this classification compared to other specifically identified sectors.

Office

The majority of properties within the City are used for office accommodation. The GRV of the office sector represents the largest percentage of the total rateable values.

The rate of 2.700 cents in the dollar of GRV is seen as a fair rate of contribution by the office sector towards a reasonable level and standard of infrastructure provided by the City for the benefit of that sector.

Residential

The Residential classification covers properties that are used for single and multi-dwellings.

The residential rate of 4.220 cents in the dollar of GRV was set at a low level to support the City of Perth's aim of encouraging living in the City. The City of Perth recognises that the benefits of increased residential population will flow to all other sectors within the district and believe a comparatively lower residential rate serves as an incentive to attract people to live in the City.

Vacant Lands

The rate of 5.400 cents per dollar of GRV applies to all unimproved land within the district. The higher rate is imposed to discourage holdings of undeveloped land within the City, which reduce the amenity of the area. The higher rate encourages early development. There has been an increase in the number of vacant properties, being 80 in 2013/14 as compared to 83 in 2014/15.

(C) MINIMUM RATE

The City imposed one general minimum rate of $654. Recognising that the majority of properties on the minimum rate are residential properties, the minimum rate was maintained at a relatively low level to support the City's strategy of encouraging living in the City.

Minimum rate details are as follows:

Minimum Rate Revenue	*Budget* 2014/15 $	*Actual* 30/06/2014 $	*Actual* 30/06/2014 $
Commercial	218,875	255,060	469,247
Office	134,295	124,260	138,529
Residential	543,256	498,362	779,375
Vacant Land	1,308	1,308	1,248
Total	**897,734**	**878,990**	**1,388,399**

Minimum Rates Information	*No. of Properties*	*Minimum Payment* $	*Gross Rental Values* $
Commercial	394	654	6,089,888
Office	198	654	3,628,006
Residential	873	654	11,459,365
Vacant Land	2	654	3,850
Total	**1,467**		**21,181,109**

Emergency Services Levy

The State Government introduced an Emergency Services Levy (ESL) which, from 1 July 2003, is collected by Local Governments on behalf of the Department of Fire and Emergency Services of Western Australia.

The City falls under the Career Fire and Rescue Services boundary, ESL Category 1. The Levy is based on the Property GRV's and appears as a separate charge on the Rate Notices. The applicable ESL Rates for the financial year were:

		MINIMUM AND MAXIMUM CHARGES BY PROPERTY USE			
		Residential and Vacant Land		*Commercial, Industrial and Other*	
ESL Category	ESL Rate *(cents per $GRV)*	*Minimum*	*Maximum*	*Minimum*	*Maximum*
1	0.0112	$64	$330	$64	$186,000

The interest rate imposed by the Emergency Services Legislation on ESL charges that remained unpaid after the due date was 11% pa applicable from the due date for payment.

(E) OPTIONS FOR PAYMENT OF RATES

The City operated an instalment option plan where the payment of rates could be made under one of the following options:

(i) by a single payment due 35 days from the date of issue of the rates notice and payable on 15 August 2014.

(ii) by two equal or nearly equal instalments payable on the following dates:

First instalment
on 15 August 2014

Second instalment
on 17 October 2014

(iii) by four equal or nearly equal instalments payable on the following dates:

First instalment
on 15 August 2014

Second instalment
on 17 October 2014

Third instalment
on 19 December 2014

Fourth instalment
on 20 February 2015

The first instalment was due within 35 days from the date of issue of the rate notice and comprised of any arrears, waste management charge, one quarter of current rates and ESL, plus an administration charge and instalment interest. The second, third and fourth instalments comprised of one quarter of current rates and ESL, plus an administration charge and instalment interest.

(F) RATES INSTALMENTS, INTEREST AND CHARGES

The City imposed an additional charge for the payment of rates and ESL by instalments as follows:

The rate of interest charged on instalment payments was 5.5% p.a. and was only applied if either the two or the four instalments option was selected.

The administration charge on both instalment options was $45.00.

An administration fee of $45.00 was charged on all arrangements made for payment outside the normal terms.

The total revenue raised from the imposition of the instalment interest and charges was $619,131 (30 June 2014 – $586,871). The original budget estimate was $604,083 (30 June 2014 – $607,513).

(G) RATES EARLY PAYMENT INCENTIVE SCHEME

The ANZ Bank Group Limited sponsored an early rate payment incentive scheme under which ratepayers who paid their rates and ESL in full within 35 days from the date of issue of the rate notice (payment received by 15 August 2014) were entered into a draw to win a prize as follows:

A cheque for $1,500 in the name of the winner.

This incentive scheme excluded pensioners rates deferred under the provision of the Rates and Charges (Rebates and Deferments) Act 1992. The selection method involved a computer program that selected from all assessments eligible to be in the draw. The draw was conducted in the presence of several senior officers.

The City of Perth incurred no cost in the operation of the early rate payment incentive scheme.

(H) INNER CITY RESIDENTIAL RATE CONCESSION

The City of Perth operates an inner city residential rate concession scheme, under which purchasers of newly developed residential properties will qualify for three years rate concession up to $2,000 per annum per rateable property. This is effective from the beginning of the financial year following the year in which the property was completed and purchased. The scheme applies to any type of single or multiple residential accommodation newly constructed.

The rate concession only applies to inner city developments within the area bounded by Victoria Avenue in the east, the freeway in the west, the river in the south and the railway to the north.

The rate concession is available by application from qualified first purchasers and is transferable to the next purchasers to the extent that it remains available to the original purchasers of newly developed residential properties.

In the case of a mixed development, the rate concession only applies to purchasers of the residential portion of the development.

The inner city residential rate concession was introduced to promote living in the city and encourage people to relocate and reside in the specified inner city area.

The scheme was modified to expire on 30 June 2010 but was applicable to all building applications received up to that date. The scheme was withdrawn when the existing concessions expired in 2014/15.

Revenue foregone arising from inner city residential rate concession was $144,885 (30 June 2014 – $152,164). The original budget estimate was $120,311 (30 June 2014 – $106,267).

(I) HERITAGE RATE CONCESSION SCHEME

The Concession assists owners of heritage places to continue the active use of those places and facilitate their ongoing maintenance to ensure long term conservation. The annual concession on general rates only will be equivalent to 10% of the general rates for the property, to a maximum of $20,000 per annum with the minimum concession being equal to the minimum rate payment $654 ($624 for 2013/14).

In accordance with the Heritage Rate Concession Policy 9.2 (26 June 2012):

- The concession will apply until 30 June 2017 and does not apply to applications approved prior to 26 June 2012;
- Applications must be received within 60 days from the date of the issue of the current rate.
- The property must be included in the City Planning Scheme Heritage Register of Metropolitan Redevelopment authority heritage inventory;
- Applicants must provide evidence of a current pest control and full building insurance for each eligible year and must sign the City's Maintenance Agreement;
- The owner must not be bound to a Heritage Agreement for the property and there must not be an outstanding debt to the City on the property;
- For strata units, economic justification must be provided to demonstrate the strata fees are high, due to cost of maintaining heritage fabric.

The City undertakes external building condition inspections to monitor compliance with the Maintenance Agreement, and may cancel the concession if not being suitably maintained and if supporting documents are not received.

Revenue foregone arising from Heritage Rate Relief Scheme was $232,333 (30 June 2014 – $263,200). The original Budget estimate was $260,000 (30 June 2014 – $130,000).

(J) CONCESSIONS

In accordance with the provisions of the Rates and Charges (Rebates and Deferments) Act 1992, concessions were offered to eligible persons to allow them to either defer their rates or receive a percentage of rebate on their rates. This is provided they register within the specified period and pay the balance of the rates within the year in which they are assessed. To be eligible for a concession, a ratepayer is required to be an "eligible person" in terms

of the Act and to be the registered owner of the property at 1 July of the rating year. Eligible persons are also entitled to a concessional rate for a standard waste management charge.

(K) EXEMPTION

In terms of S6.26(k) of the Local Government Act 1995, the Minister exercised his discretion in favour of the West Australian Cricket Association (WACA) in respect of rates raised of $116,069 in 2014/15 by granting an exemption from rates for the year for their cricket ground at Nelson Crescent, East Perth.

4. LATE PAYMENT INTEREST

The interest rate imposed by the City on rates ESL and service charges that remained unpaid after its due date was 11% p.a. applied from the due date for payment.

The amount of revenue raised from the imposition of late payment interest on unpaid rates ESL and service charges was $84,321 (30 June 2014 – $79,347). The original budget estimate was $107,829 (30 June 2014 – $113,563).

5. BAD DEBTS

The total amount of bad debts written off during the financial year was $619,490 (30 June 2014: $592,554) of which $604,568 related to parking fines and costs deemed uncollectable for a number of years (30 June 2014 – $591,109). The original budget estimate was $602,893 (30 June 2014 – $544,745).

6. ELECTED MEMBERS FEES, EXPENSES & ALLOWANCES

Fees, expenses and allowances paid to elected members in accordance with the provisions of the Local Government Act 1995 are as follows:

	Budget 2014/15 $	*Year Ended* 30/06/2015 $	*Year Ended* 30/06/2014 $
Annual Attendance Fees	285,000	293,550	275,951
Local Government Allowance	162,500	167,375	162,588
Reimbursement of Expenses	120,240	83,081	88,495
	567,740	**544,006**	**527,034**

Elected Members fees and allowances are determined by the Salaries and Allowances Tribunal and reviewed annually.

7. STATUTORY INFORMATION

(A) ASSETS CLASSIFIED BY PROGRAM

	30/06/2015 $	30/06/2014 $
Governance	119,608,939	117,554,355
General Purpose Funding	1,049,522	2,295,619
Law, Order, Public Safety	2,428,617	2,376,992
Health	190,423	226,893
Education and Welfare	3,254,375	3,464,089
Housing	571,293	179,887
Community Amenities	63,742,885	61,658,582
Recreation and Culture	244,982,595	200,980,425
Transport	860,516,496	698,829,710
Economic Services	5,391,297	5,714,828
Other Property and Services	38,536,044	39,124,380
	1,340,272,486	**1,132,405,760**

(B) DEPRECIATION AND AMORTISATION

Depreciation and amortisation expense for the financial year was charged in respect of:

Depreciation and Amortisation by Classification	*Budget* 2014/15	*Year Ended* 30/06/2015 $	*Year Ended* 30/06/2014 $
Leasehold Land	764,803	564,933	564,932
Buildings	7,672,670	7,982,378	8,001,380
Improvements	380,290	461,886	419,619
Infrastructure Assets	19,150,454	12,897,090	8,925,760
Plant and Mobile Equipment	4,644,299	4,991,528	4,931,779
Office Furniture and Equipment	1,924,474	2,217,980	2,021,892
	34,536,990	**29,115,795**	**24,865,362**

Depreciation and Amortisation by Program	*Budget* 2014/15 $	*Year Ended* 30/06/2015 $	*Year Ended* 30/06/2014 $
Governance	8,319	14,312	18,108
Law, Order, Public Safety	191,732	83,621	166,225
Health	9,801	11,872	23,970
Education and Welfare	174,385	176,957	182,093
Housing	409,835	366,367	365,339
Community Amenities	3,082,433	2,433,672	2,567,860
Recreation and Culture	7,148,215	4,910,152	3,537,740
Transport	20,064,529	17,177,050	14,635,806
Economic Services	408	408	1,914
Other Property and Services	3,447,333	3,941,384	3,366,307
	34,536,990	**29,115,795**	**24,865,362**

(C) FEES AND CHARGES

Fees and Charges by Program	*Budget* 2014/15 $	*Year Ended* 30/06/2015 $	*Year Ended* 30/06/2014 $
General Purpose Funding	353,019	354,709	344,337
Law, Order, Public Safety	43,050	39,035	26,638
Health	782,500	915,691	810,101
Education and Welfare	1,468,015	1,398,760	1,387,853
Housing	599,130	762,440	726,890
Community Amenities	8,680,391	9,081,824	8,055,467
Recreation and Culture	559,045	516,984	579,952
Transport	89,842,525	84,193,164	81,092,313
Economic Services	1,246,710	1,282,797	1,278,724
Other Property and Services	866,019	987,760	1,049,491
	104,440,404	**99,533,164**	**95,351,766**

(D) INTEREST AND INVESTMENT INCOME

Reserves	*Budget* 2014/15 $	*Year Ended* 30/06/2015 $	*Year Ended* 30/06/2014 $
Refuse Disposal and Treatment	59,066	170,447	275,692
Concert Hall Refurbishment and Maintenance	161,499	178,024	216,589
Asset Enhancement	873,237	1,101,641	1,125,046
Community Recreation Centres/Facilities	7,176	7,640	16,822
Street Furniture Replacement	16,773	18,247	20,112
Art Acquisition	8,035	9,637	9,513
Heritage Incentive	32,154	42,795	51,606
Parking Facilities Development	964,413	987,141	1,379,249
David Jones Bridge	8,393	9,972	11,884
Bonus Plot Ratio Contribution	19,899	21,984	26,185
Employee Entitlements	37,441	39,467	47,016
PCEC Car Park Fixed Plant Replacement	121,795	138,142	154,479
Parking Levy	-	52,908	121,273
Enterprise and Initiative	29,155	57,680	1,883
	2,339,036	2,835,725	3,457,349
General Purpose Funds	3,148,550	2,725,977	2,873,242
	5,487,586	**5,561,702**	**6,330,591**

8.

(A) OTHER EXPENSES FROM ORDINARY ACTIVITIES

	Budget 2014/15 $	*Year Ended* 30/06/2015 $	*Year Ended* 30/06/2014 $
Emergency Services Levy	430,804	430,848	491,712
Donation and Sponsorships	5,462,246	4,929,365	3,956,889
Parking Bays Licence Fees	14,053,880	14,018,838	10,573,212
Non Capitalised Work in Progress	-	1,014,539	527,268
Other	1,880,319	1,784,114	1,498,849
	21,827,249	**22,177,704**	**17,047,930**

(B) AUDITORS REMUNERATION

	Year Ended 30/06/2015 $	*Year Ended* 30/06/2014 $
Statutory Audit	25,000	24,000
Other Services	6,000	3,000
	31,000	**27,000**

9. CONDITIONS OVER GRANTS/CONTRIBUTIONS

(A)

Grants/Contributions which were recognised as revenue during the current financial year and which were obtained on the condition that they be expended in a specific manner but had yet to be applied in that manner as at financial position date were:

	Year Ended 30/06/2015 $	*Year Ended* 30/06/2014 $
Grants/Contributions for Capital Works	39,730	275,581
Grants/Contributions for Other Purposes	8,361	161,456
	48,091	**437,037**

(B)

Grants/Contributions which were recognised as revenue in a previous financial year and were expended in the current financial year in the manner specified by the grant/contribution were:

	Year Ended 30/06/2015 $	*Year Ended* 30/06/2014 $
Grants/Contributions for Capital Works	201,422	50,000
Grants/Contributions for Other Purposes	161,456	405,407
	362,878	**455,407**

10. GAIN / (LOSS) ON DISPOSAL/WRITE OFF/CONTRIBUTION OF ASSETS

(A) GAIN/(LOSS) ON DISPOSAL/WRITE OFF/CONTRIBUTION OF ASSETS BY TYPE

	Budget 2014/15 $	*Year Ended* 30/06/2015 $	*Year Ended* 30/06/2014 $
Land and Buildings			
Proceeds on Disposal	-	-	-
Less: Carrying amount of assets sold/written off	-	(374,000)	(3,755,295)
Gain(Loss) on Disposal /Write off	-	(374,000)	(3,755,295)
Gain on Disposal	-	-	-
(Loss) on Disposal/Write off	-	(374,000)	(3,755,295)
Gain(Loss) on Disposal /Write off	-	(374,000)	(3,755,295)
Infrastructure			
Proceeds on Disposal	-	-	-
Less: Carrying amount of assets sold/written off	(1,157,145)	(2,077,691)	(2,424,685)
(Loss) on Disposal /Write off	(1,157,145)	(2,077,691)	(2,424,685)
Plant and Equipment			
Proceeds on Disposal	1,139,000	1,562,375	1,368,068
Less: Carrying amount of assets sold/written off	(1,014,221)	(1,688,233)	(1,520,880)
Gain(Loss) on Disposal /Write off	124,779	(125,858)	(152,812)
Gain on Disposal	193,000	206,283	94,548
(Loss) on Disposal/Write off	(68,221)	(332,141)	(247,360)
Gain(Loss) on Disposal /Write off	124,779	(125,858)	(152,812)
Office Furniture and Equipment			
Proceeds on Disposal	-	6,144	6,143
Less: Carrying amount of assets sold/written off	-	(12,946)	(147,519)
(Loss) on Disposal /Write off	-	(6,802)	(141,376)
Gain on Disposal	-	5,831	2,301
(Loss) on Disposal/Write off	-	(12,633)	(143,677)
(Loss) on Disposal /Write off	-	(6,802)	(141,376)
(Loss) on Disposal /Write off	(1,032,366)	(2,584,351)	(6,474,168)
Gain on Disposal	193,000	212,114	96,849
(Loss) on Disposal/Write Off	(1,225,366)	(2,796,465)	(6,571,017)
(Loss) on Disposal /Write Off /Contribution of Assets	**(1,032,366)**	**(2,584,351)**	**(6,474,168)**

Gain (Loss) on Disposal /Write Off/Contribution of Assets by Program

	Budget Gain/ (Loss) on Disposal $	*Proceeds on Disposals* $	*Carrying Amount* $	*Gain/(Loss) on Disposals/Write Offs* $
Law, Order Public Safety	7,000	31,228	29,165	2,063
Health	-	24,923	25,000	(77)
Education and Welfare	-	-	2,397	(2,397)
Community Amenities	2,000	770,270	689,338	80,932
Recreation and Culture	24,000	167,954	175,093	(7,139)
Transport	(1,074,145)	456,869	1,854,899	(1,398,030)
Economic Services	1,000	28,611	1,287,797	(1,259,186)
Other Property and Services	7,779	88,664	89,181	(517)
	(1,032,366)	1,568,519	4,152,870	(2,584,351)

11. TRADE AND OTHER RECEIVABLES

Current	30/06/2015 $	30/06/2014 $
Rates	82,756	65,897
Bins Levy	(18,660)	(13,809)
Emergency Services Levy (ESL)	63,463	32,858
Accrued Interest and Investment Income	600,297	1,350,022
Accrued Income	1,251,900	831,046
Modified Penalties/Fines and Costs	7,156,124	6,600,487
Deposits and Prepayments	1,339,244	1,420,810
Other	2,337,659	4,586,125
	12,812,783	14,873,436
Less: Provisions for Doubtful Debts	(3,054,194)	(2,786,601)
	9,758,589	12,086,835
Non Current		
Pensioners' Rates Deferred #	39,567	44,205
	39,567	44,205

 # Pensioners' Rates Deferred

The amounts shown relate to rates deferred by pensioners in accordance with the Rates and Charges (Rebates and Deferment Act) 1992.

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

All of the City's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for credit losses of $710,995 (2014: $503,594) has been recorded accordingly within other expenses. The impaired trade receivables are mostly related to parking fines and costs outstanding for a considerable period of time and from customers in the business-to-business market that are experiencing financial difficulties.

The movement in the allowance for credit losses can be reconciled as follows:

Reconciliation of allowance credit losses	30/06/2015 $	30/06/2014 $
Balance 1 July 2014	2,786,601	2,675,141
Amounts written off (uncollectable)	(619,490)	(592,554)
Impairment loss	710,995	503,594
Amounts recovered	176,088	200,420
Balance at 30 June 2015	**3,054,194**	**2,786,601**

12. INVESTMENTS

Investments are made in accordance with the Western Australia Trustee Act 1962 (as amended) and the Local Government (Financial Management) Regulations 1996 as amended. All investments are recorded at cost, less impairment where necessary except for Balanced Funds, which are marked to market.

The City amended its investment policy to adopt the new restrictions as imposed by amendments to the Local Government (Financial Management) Regulations, gazetted on 19 April 2012 and which included type and term of investments a local government may invest in.

Current	30/06/2015 $	30/06/2014 $
Call Funds *	23,629	1,043,523
Bank Term Deposits *	83,900,000	98,190,000
Balanced Funds *	4,118,105	3,898,389
Structured Investments		
Floating Rate Notes (FRN)*	3,003,655	-
	91,045,389	103,131,912
Non-Current		
Structured Investments		
Floating Rate Note (FRN)	-	3,003,655
Mortgage Backed Securities (MBS)	2,766,406	2,764,918
	2,766,406	5,768,573
Equity in Local Government House #	10,000	10,000
Equity in Mindarie Regional Council +	398,074	377,011
Equity Tamala Park Regional Council >	3,935,833	3,504,756
	7,110,313	9,660,340
Total Investments	**98,155,702**	**112,792,252**

* Short Term Cash Investments as stated in Note 19. The Western Australian Local Government Association as Trustee for the Local Government House Trust, entered into a Joint Venture arrangement with Qube Railway Parade Pty Ltd in which the Local Government House Trust holds a 60% interest. The Joint Venture arrangement was for the purchase and construction of land and building at 168-170 Railway Parade, West Leederville. The construction of the building was completed on 28 January 2014.

± The City holds a minority interest of one twelfth of the equity in the Mindarie Regional Council (MRC).

≥ The City of Perth's original share of Members Equity contributed to the Tamala Park Regional Council (TPRC) as equity investment was $1,351,787. TPRC has subdivided, developed, and sold during the reporting period 215 lots of land at the Tamala Park project marketed as 'Catalina' (stages 6B, 6C, 10, 11, 12, 13A, 13B and 14).

The change of $431,077 (30 June 2014: $1,010,811) in the City's contributed equity in TPRC during the reporting period represents the net difference in the City's share of land development expenses and the proceeds of sale of member land relative to the 215 lots developed and sold and the receipt of dividends and rates equivalent distribution payments during the year.

The following restrictions have been imposed by regulations or other external requirements:

Investments	30/06/2015 $	30/06/2014 $
Cash Backed Reserves (Note 18)	87,574,492	85,605,577
Unspent Grants/Contributions	122,250	437,037
Unspent Loan Funds (Note 17)	-	9,882,135
	87,969,742	95,924,749
Unrestricted	10,458,960	16,867,503
	98,155,702	**112,792,252**

* For the definition of cash in this context, structured interest bearing investments which are readily convertible when reserves are scheduled to be expended, are regarded as cash.

13. INVENTORIES

	30/06/2015 $	30/06/2014 $
Stores, Raw Materials, Fuel and Sundry Stock Items	632,733	617,983
Parking Tickets	44,492	55,169
Parking Equipment Spare Parts and Signs	483,309	408,545
Work in Progress	233,667	1,025,675
	1,394,201	**2,107,372**

14. TRADE AND OTHER PAYABLES, EMPLOYEE BENEFITS AND PROVISIONS

(A) TRADE AND OTHER PAYABLES

Current	30/06/2015 $	30/06/2014 $
Trade Creditors	13,260,443	13,831,285
Income Raised/Received in Advance	949,024	927,595
Accrued Interest	241,015	284,807
Accrued Expenses	2,977,893	3,848,510
Other	2,430,654	2,279,801
	19,859,029	**21,171,998**

(B) EMPLOYEE BENEFITS

Current		
Leave Entitlements	$	$
Annual Leave	4,795,260	4,397,244
Long Service Leave	6,189,337	5,855,705
Self Funded Leave	270,891	307,440
Recognition of Employees – Presentation	149,638	151,787
	11,405,126	**10,712,176**

Non-current		
Leave Entitlements	$	$
Annual Leave	838,090	1,214,292
Long Service Leave	1,053,647	1,092,435
	1,891,737	**2,306,727**

(C) PROVISIONS

Non-Current	30/06/2015 $	30/06/2014 $
Provision for Fixed Plant Replacement PCEC Car Park	3,869,667	3,479,847
	3,869,667	**3,479,847**

(D) RECOGNITION OF MOVEMENTS

	30/06/2015 $	30/06/2014 $
Annual Leave		
Balance as at 1 July 2014	5,611,536	5,125,633
Additional Provisions	4,401,762	4,104,827
Amounts Utilised	(4,379,948)	(3,618,924)
Balance as at 30 June 2015	**5,633,350**	**5,611,536**
Long Service Leave		
Balance as at 1 July 2014	6,948,140	6,293,324
Additional provisions	1,133,387	1,208,601
Amounts Utilised	(838,543)	(553,785)
Balance as at 30 June 2015	**7,242,984**	**6,948,140**
Self Funded Leave		
Balance as at 1 July 2014	307,440	302,003
Additional Provisions	223,355	222,448
Amounts Utilised	(259,904)	(217,011)
Balance as at 30 June 2015	**270,891**	**307,440**
Recognition of Employees - Presentation		
Balance as at 1 July 2014	151,787	92,456
Additional provisions	11,333	71,451
Amounts Utilised	(13,482)	(12,120)
Balance as at 30 June 2015	**149,638**	**151,787**
Provision for Fixed Plant Replacement PCEC Car Park		
Balance as at 1 July 2014	3,479,847	3,090,027
Additional provisions	389,820	389,820
Amounts Utilised	-	-
Balance as at 30 June 2015	**3,869,667**	**3,479,847**

15. PROPERTY, PLANT AND EQUIPMENT

Acquisition of assets in 2014/15 are capitalised in accordance with the Australian Accounting Standards. Assets are to be depreciated in accordance with the method detailed in Note 1(c).

	30/06/2015	30/06/2014
	$	$
Land *– at fair value*	304,112,018	304,486,018
Air Rights *– at cost*	2,049,920	2,049,920
Land held for Redevelopment *– at fair value*	12,288,982	12,751,533
Heritage Land *– at fair value*	850,000	850,000
Leasehold Land *– at cost/fair value*	53,193,773	53,193,773
Less: Accumulated Depreciation	(2,570,139)	(2,005,206)
	50,623,634	51,188,567
Buildings *– at fair value*	265,380,555	263,010,053
Less: Accumulated Depreciation	(102,148,571)	(95,803,984)
	163,231,984	167,206,069
Leasehold Buildings *– at cost/fair value*	8,515,000	8,515,000
Less: Accumulated Depreciation	(495,008)	(409,006)
	8,019,992	8,105,994
Heritage Buildings *– at fair value*	88,921,124	88,921,124
Less: Accumulated Depreciation	(37,790,380)	(36,275,144)
	51,130,744	52,645,980
Improvements *– at cost/fair value*	8,010,840	7,837,188
Less: Accumulated Depreciation	(4,564,395)	(4,102,509)
	3,446,445	3,734,679
Infrastructure Assets *– at cost/fair value*	741,999,705	414,735,709
Less: Accumulated Depreciation	(261,392,201)	(109,581,432)
	480,607,504	305,154,277
Plant and Mobile Equipment *– at cost/fair value*	45,505,811	44,379,151
Less: Accumulated Depreciation	(25,351,476)	(25,496,556)
	20,154,335	18,882,595
Office Furniture and Equipment *– at cost/fair value*	36,740,437	22,007,987
Less: Accumulated Depreciation	(12,873,309)	(11,325,996)
	23,867,128	10,681,991
Agricultural *– at cost*	795,271	594,507
Work in Progress *– at cost*	69,215,093	45,032,351
Total Property, Plant and Equipment	**1,190,393,050**	**983,364,481**

Cost/Fair Value Movement – Property, Plant and Equipment

	Cost/Fair Value 30/06/2014 $	*Additions* 30/06/2015 $	*Initially Recognised Assets* 30/06/2015 $	*Disposals* 30/06/2015 $	*Transfers* 30/06/2015 $	*Revaluation* 30/06/2015 $	*Cost/Fair Value* 30/06/2015 $
Land	304,486,018	-	-	(374,000)	-	-	304,112,018
Air Rights	2,049,920	-	-	-	-	-	2,049,920
Land held for Redevelopment	12,751,533	1,957,707	-	(1,964,355)	-	(455,903)	12,288,982
Heritage Land	850,000	-	-	-	-	-	850,000
Leasehold Land	53,193,773	-	-	-	-	-	53,193,773
Buildings	263,010,053	1,446,867	-	(36,552)	960,187	-	265,380,555
Leasehold Buildings	8,515,000	-	-	-	-	-	8,515,000
Heritage Buildings	88,921,124	-	-	-	-	-	88,921,124
Improvements	7,837,188	173,652	-	-	-	-	8,010,840
Infrastructure Assets	414,735,709	7,248,204	21,824	(8,434,358)	1,124,270	327,304,056	741,999,705
Plant and Mobile Equipment	44,379,151	5,762,981	-	(6,824,842)	2,188,521	-	45,505,811
Office Furniture and Equipment	22,007,987	636,637	5,365,341	(683,611)	4,804,137	4,609,946	36,740,437
Agricultural	594,507		-	-	200,764	-	795,271
Work in Progress	45,032,351	33,544,362	-	-	(9,361,620)	-	69,215,093
	1,268,364,314	**50,770,410**	**5,387,165**	**(18,317,718)**	**(83,741)**	**331,458,099**	**1,637,578,529**

Accumulated Depreciation Movements – Property, Plant and Equipment

	Accumulated Depreciation 30/06/2014 $	*Depreciation* 30/06/2015 $	*Initially Recognised Assets* 30/06/2015 $	*Accumulated Depreciation on Disposals* 30/06/2015 $	*Transfers* 30/06/2015 $	*Revaluation* 30/06/2015 $	*Accumulated Depreciation* 30/06/2015 $
Leasehold Land	2,005,206	564,933	-	-	-	-	2,570,139
Buildings	95,803,984	6,381,141	-	(36,554)	-	-	102,148,571
Leasehold Buildings	409,006	86,002	-	-	-	-	495,008
Heritage Buildings	36,275,144	1,515,236	-	-	-	-	37,790,380
Improvements	4,102,509	461,886	-	-	-	-	4,564,395
Infrastructure Assets	109,581,432	12,897,090	-	(3,994,986)	(83,741)	142,992,406	261,392,201
Plant and Mobile Equipment	25,496,556	4,991,527	-	(5,136,607)	-	-	25,351,476
Office Furniture and Equipment	11,325,996	2,217,980	-	(670,667)	-	-	12,873,309
	284,999,833	**29,115,795**	**-**	**(9,838,814)**	**(83,741)**	**142,992,406**	**447,185,479**

Revaluation of Artworks

All of the City's Public Works of Art were revalued during the reporting period.

The City's Public Works of Art include memorials and monuments, artworks in the public realm and plaques. All Public Works of Art were revalued during the reporting period and were valued at fair value based on current replacement cost. Values have been considered based on the original artist commission price plus installation costs. This is the industry standard for valuing public works of art. The City's Public Works of Art were revalued at $6,797,488 and the revaluation surplus of $4,609,946 is reflected in the Statement of Comprehensive Income (30 June 2014: $575,625). The revaluations of public works of arts and plaques were completed by professional experts within the City's Community Services Unit. Dr Robyn Taylor, a professional valuer and historian for art, architecture and heritage, completed the revaluations for memorials and monuments. The City has not acquired any public works of art from Dr Taylor, therefore she remains impartial.

Revaluation of Infrastructure

The City revalued during the reporting period, its infrastructure to fair value in accordance with the staged implementation required by the Department of Local Government under the Local Government (Financial Management) Amendment Regulation 1996. Infrastructure as an asset class was revalued as separate sub classes including roads, footpaths, drainage, street and park infrastructure including lighting, furniture, landscape, irrigation, trees, features, structures and traffic control devices.

Fair value was determined as depreciated replacement cost as there is no active market for these assets, and the City has the capacity to utilise these asset types until they reach the end of their useful life and are replaced. All sub-classes of infrastructure were either revalued internally by the Asset Management Unit or externally by Griffin Valuation Advisory and fair value was based on the current replacement cost to replace the asset adjusted for depreciation based on condition assessments. The revaluation surplus of $184,311,650 established reflects the condition based evidence at the reporting date with deficits recorded against four sub-classes of assets more than offset by surpluses recorded against the remaining fifteen sub-classes. The overall surplus recorded reflects the net surplus of the infrastructure asset class as a whole.

Summary of Infrastructure Revaluation

		REVALUATION			
		Surplus	***(Deficit)***	***Total***	***Valuation***
Asset Sub Class		**$**	**$**	**$**	***Source***
Roads		159,082,459		159,082,459	Internal
Drainage		4,122,160		4,122,160	Internal
Street:	Footpaths		(6,428,770)	(6,428,770)	Internal
	Lighting		(2,020,061)	(2,020,061)	Internal
	Furniture		(728,078)	(728,078)	Internal
	Landscape	3,858,735		3,858,735	Internal
	Irrigation	27,645		27,645	Internal
	Trees	885		885	Internal
	Features	4,928,658		4,928,658	Internal
	Structures	2,320,735		2,320,735	Internal/External
Traffic Control Devices		119,944		119,944	Internal
Parks:	Footpaths		(409,029)	(409,029)	Internal
	Lighting	217,472		217,472	Internal
	Furniture	195,380		195,380	Internal
	Landscape	11,108,413		11,108,413	Internal
	Irrigation	30,129		30,129	Internal
	Trees	922		922	Internal
	Features	7,075,241		7,075,241	Internal
	Structures	808,810		808,810	Internal/External
		193,897,588	**(9,585,938)**	**184,311,650**	

16. INVESTMENT PROPERTY

(A)

Acquisition of assets in 2014/15 are capitalised in accordance with the Australian Accounting Standards.

	30/06/2015	30/06/2014
	$	$
Land – at fair value	7,871,500	8,376,000
Buildings – at fair value	11,495,099	9,170,249
Total Investment Property	19,366,599	17,546,249

Fair Value Movement – Investment Property

	Cost/ Fair Value 30/06/2014	*Transfers* 30/06/2015	*Revaluation* 30/06/2015	*Cost/ Fair Value* 30/06/2015
	$	$	$	$
Land	8,376,000	-	(504,500)	7,871,500
Buildings	14,741,999	-	2,335,000	17,076,999
	23,117,999	-	1,830,500	24,948,499

Investment Assets – Accumulated Depreciation

	Accumulated Depreciation 30/06/2014	*Transfers* 30/06/2015	*Revaluation* 30/06/2015	*Accumulated Depreciation* 30/06/2015
	$	$	$	$
Land	-	-	-	-
Buildings	(5,571,750)	-	(10,150)	(5,581,900)
	(5,571,750)	-	(10,150)	(5,581,900)
TOTAL	**17,546,249**	**-**	**1,820,350**	**19,366,599**

Valuation of Investment Property

The valuation basis of investment property is fair value based either on the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition, or based on the continuation of its use, regardless of whether that represents the highest and best use of the asset.

The most recent revaluation of investment properties at 30 June 2015 was determined by Landgate – Property and Valuation Services, through Mr Stephen Fern, AAIP Certified Practicing Valuer, Specialist Valuer, and resulted in the aggregated fair value of the investment property assets being stated at that date as $19,366,599.

The revaluation surplus attributable to property classified as Investment Property of $1,820,350 was credited directly to the Statement of Comprehensive Income (30 June 2014 – Surplus $6,590,850).

There was no change in the valuation method used in the valuation of Investment Properties during the reporting period.

(B)

Amounts Recognised in Income Statement for Investment Properties.

	Year Ended 30/06/2015 $	*Year Ended* 30/06/2014 $
Property Rental	1,692,559	1,566,487
Operating Expenses for Rental Generating Properties	570,109	470,607

Investment properties are leased out on operating leases. Rental income amounts to $1,692,559 (2014: $1,566,487) included within revenue. Direct operating expenses of $570,109 (2014: $470,607) were reported within other expenses, of which $12,608 (2014: Nil) was incurred on vacant properties that did not generate rental income.

The lease contracts are all non-cancellable for the term of each lease except for one which is subject to cancellation with six months' notice by either party. Future minimum lease rentals are as follows:

	MINIMUM LEASE INCOME DUE			
	Within 1 year $	*2 to 5years* $	*After 5 years* $	*Total* $
30 June 2015	1,514,300	4,374,900	2,320,600	8,209,800
30 June 2014	1,508,400	5,374,000	2,320,600	9,206,000

17. FINANCIAL LIABILITIES

	30/06/2015 $	30/06/2014 $
Current		
Western Australian Treasury Corporation	6,441,709	6,128,375
	6,441,709	6,128,375
Non Current		
Western Australian Treasury Corporation	36,327,002	42,768,711
	36,327,002	42,768,711
Total Financial Liabilities	**42,768,711**	**48,897,086**

Loan Debentures issued by the City of Perth are secured over the general funds of the City.

The City is developing a site for a new City of Perth Library and Public Plaza for completion in 2015/16. Settlement on the purchase of the leasehold interest in land at 567/579 Hay Street, Perth, occurred in July 2012. Demolition of the existing building and construction of the new library commenced during 2012/13.

A loan of $8,014,407 was raised by the City from the Western Australian Treasury Corporation on 21 June 2012 to partially fund the City of Perth New Library Project including the purchase of the leasehold interest in the land at 567/579 Hay Street. The loan is for a period of 10 years commencing June 2012.

The City borrowed a further amount of $23,788,520 from the Western Australian Treasury Corporation (WATC) to partially fund the construction of the City of Perth Library project. The amount was drawn down on 31 July 2012 to take advantage of the prevailing low interest rates and was borrowed for a period of ten years. None of the loan funds raised were unutilised at 30 June 2015 (30 June 2014: $9,882,135).

Interest of $704,880 on loan funds raised for the City of Perth New Library project, was capitalised during the reporting period (30 June 2014: $781,376). The capitalisation rate used to determine the amount of costs eligible for capitalisation was:

> *100% of Loan 167, as all the borrowings raised, was in respect of the capital project itself.*

The interest capitalised of $704,880 (30 June 2014: $781,376) was offset by interest earned and capitalised to the project of $68,579 (30 June 2014: $618,576). The interest was earned on the investment of the un-utilised portion of the loan funds raised during the reporting period. The net amount of interest capitalised as a result of this offset was $636,301 (30 June 2014: $162,800).

18. RESERVES

As at 30 June 2015 the City of Perth maintained reserves for various purposes relating to the provision of facilities and amenities throughout the City of Perth.

Purpose of Reserve Fund	*Note*	*Opening Balance* 01/07/2014 $	*Amounts Appropriated year ended* 30/06/2015 $	*Amounts Utilised year ended* 30/06/2015 $	*Closing Balance* 30/06/2015 $
Refuse Disposal and Treatment	(a)	4,755,638	553,546	(2,465,661)	2,843,523
Concert Hall Refurbishment and Maintenance	(b)	4,640,441	186,076	-	4,826,517
Asset Enhancement	(c)	30,427,043	4,150,037	(5,568,149)	29,008,931
Community Recreation Centres/Facilities	(d)	337,664	7,640	(345,304)	-
Street Furniture Replacement	(e)	476,186	64,148	-	540,334
Art Acquisition	(f)	257,641	63,914	(6,159)	315,396
Heritage Incentive	(g)	1,113,338	44,727	(570,695)	587,370
Parking Facilities Development	(h)	26,316,679	1,027,081	(3,391,024)	23,952,736
David Jones Bridge	(i)	260,015	17,209	-	277,224
Bonus Plot Ratio Contribution	(j)	573,017	22,978	-	595,995
Employee Entitlements	(k)	1,028,800	41,252	(16,405)	1,053,647
PCEC Car Park – Fixed Plant Replacement	(l)	3,479,847	389,820	-	3,869,667
Parking Levy	(m)	11,099,114	17,087,334	(11,053,947)	17,132,501
Enterprise and Initiative	(n)	840,154	1,730,497	-	2,570,651
		85,605,577	25,386,259	(23,417,344)	87,574,492
Asset Revaluation*		372,942,447	189,027,761	(1,175,113)	560,795,095
		458,548,024	**214,414,020**	**(24,592,457)**	**648,369,587**

Components of Cash Reserves	30/06/2015 $	30/06/2014 $
Current	84,808,086	79,837,003
Non-Current	2,766,406	5,768,574
Total	87,574,492	85,605,577

* The Asset Revaluation Reserve is a non-cash backed reserve and cannot be used except for adjustments to fixed assets on their revaluation, disposal or write off.

Reserve Account Budget Information

Purpose of Reserve Fund	*Opening Balance* 1/07/2014 $	*Amounts Appropriated year ended* 30/06/2015 $	*Amounts Utilised year ended* 30/06/2015 $	*Closing Balance* 30/06/2015 $
Refuse Disposal and Treatment	3,002,279	59,066	(2,629,336)	432,009
Concert Hall Refurbishment and Maintenance	4,639,243	161,499	(50,000)	4,750,742
Asset Enhancement	27,969,641	3,873,237	(11,040,000)	20,802,878
Community Recreation Centres/Facilities	350,825	7.176	(291,609)	66,392
Street Furniture Replacement	479,236	61,773	-	541,009
Art Acquisition	259,580	68,035	(60,000)	267,615
Heritage Incentive	1,118,690	432,154	(400,000)	1,150,844
Parking Facilities Development	29,632,811	964,413	(4,156,322)	26,440,902
David Jones Bridge	259,803	50,393	(40,000)	270,196
Bonus Plot Ratio Contribution	568,531	19,899	-	588,430
Employee Entitlements	1,069,742	88,006	-	1,157,748
PCEC Car Park Plant Replacement	3,479,846	376,615	-	3,856,461
Parking Levy	11,053,947	13,890,256	(11,053,947)	13,890,256
Enterprise and Initiative	833,000	1,696,155	-	2,529,155
	84,717,174	**21,748,677**	**(29,721,214)**	**76,744,637**

Note: The opening balance at 1 July 2014 reflects the reserve balances at the time of drafting the Budget and before adjusting entries were processed in finalising the financial statements for the year ended 30 June 2014.

(A) REFUSE DISPOSAL AND TREATMENT RESERVE

The purpose of this reserve is to allow for the development, construction and purchase of facilities and plant for the treatment, transportation and disposal of non-industrial refuse. It may also be utilised to assist with the phasing in of significant increases in standard rubbish service charges anticipated to occur when recycling processes are extended.

The City anticipates utilising the funds in this reserve within two years.

(B) CONCERT HALL REFURBISHMENT AND MAINTENANCE RESERVE

This reserve, originally set up in 1972, provides for the future maintenance of the Perth Concert Hall, and the replacement of its existing plant, furniture and carpets. The reserve also accommodates provision for the design and construction of the new WASO facility.

The City anticipates utilising the funds in this reserve within three to ten years.

(C) ASSET ENHANCEMENT RESERVE

This reserve was established in 1998 to fund future capital expenditure for the replacement and enhancement of City assets and smooth the impact of the capital costs in any one rating year.

The purpose and title of this reserve was changed from 1 July 2003 to allow for the use of these reserve funds in future financial years for the enhancement, replacement, refurbishment and purchase of new assets or project works of the City.

Additional to this purpose is that project works funded from this reserve may not necessarily belong to the City, but may be carried out for the ultimate benefit of the City.

The funds in this reserve will be utilised at the discretion of Council within ten years.

(D) COMMUNITY RECREATION CENTRES AND FACILITIES RESERVE

Set up in 1985 with proceeds from the sale of Burswood Island, the intent of this reserve is to provide for the development of Community Recreation Centres and Facilities.

The City utilised fully the funds in this reserve during the reporting period.

(E) STREET FURNITURE REPLACEMENT RESERVE

This reserve was established in 1999 from proceeds received from the sale of a street furniture contract negotiated by the City with Adshel. Funds held are designated to be used for the purchase and improvement of the City's street furniture, including water features and public art.

All but $1 million of this reserve was consolidated into the Asset Enhancement Reserve during the year ended 30 June 2007.

The remaining funds in this reserve will be utilised at the discretion of the City over an expected period of two years.

(F) ART ACQUISITION RESERVE

This reserve was established in 1999 to fund future additions to the art collection of the City. The reserve is funded from the proceeds of sale of artworks and the transfer of the unexpended annual allocation for art acquisitions.

The City anticipates utilising the funds in this reserve within three years.

(G) HERITAGE INCENTIVE RESERVE

This reserve was established in 2000 to fund heritage incentives to benefit properties on the City of Perth's heritage register.

The City anticipates utilising the funds in this reserve within two years.

(H) PARKING FACILITIES DEVELOPMENT RESERVE

This reserve was established to enable parking facilities to be developed within the City, and parking equipment to be purchased.

The City anticipates utilising the funds in this reserve over an expected period of ten years.

(I) DAVID JONES BRIDGE RESERVE

This reserve was established in 2003 to fund major repairs, renovations or replacement of the pedestrian bridge over the Murray Street Mall between David Jones and Forrest Chase.

The allocations to this reserve are the unexpended maintenance contribution from the owner of the David Jones site, at the end of each financial year.

The City anticipates utilising the funds in this reserve within five to ten years.

(J) BONUS PLOT RATIO CONTRIBUTION RESERVE

This reserve was established in 2005 to hold contributions in respect of Bonus Plot Ratio entitlements, pending expenditure on relevant streetscape improvements and/or public art.

The City anticipates utilising the funds in this reserve within five years.

(K) EMPLOYEE ENTITLEMENTS RESERVE

This reserve was established in 2013 to fund the non-current portion of employee entitlements for Long Service Leave. This reserve will vary from year to year but is likely to increase over time.

The City anticipates utilising these funds within ten years.

(L) PERTH CONVENTION EXHIBITION CENTRE CAR PARK – FIXED PLANT REPLACEMENT RESERVE

This reserve was established in 2013 to provide for the future replacement of existing fixed plant not owned by the City, but which the City consumes and is obliged to replace when required at the Perth Convention Exhibition Centre car park.

The City anticipates utilising the funds in this reserve within five to ten years.

(M) PARKING LEVY RESERVE

This reserve was established in 2013 to set aside funds to meet the State Government's parking levy liability.

The City anticipates utilising the funds in this reserve within one year.

(N) ENTERPRISE AND INITIATIVE RESERVE

This reserve was established in April 2014. The reserve is funded from distributions from the Tamala Park Regional Council in respect of land lots developed and sold and marketed as 'Catalina Estate', Clarkson. The purpose of the reserve is to fund strategic projects to introduce and improve efficiencies and effectiveness in the City.

The City anticipates utilising the funds in the reserve within three to five years.

19. RECONCILIATION OF CASH

For the purposes of the Statement of Cash Flows the City of Perth considers cash to include cash on hand and in banks and investments net of outstanding bank overdrafts and non cash investments. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	30/06/2015	30/06/2014
	$	$
Cash at Bank and on Hand	21,164,777	4,464,366
Short Term Cash Investments	91,045,389	103,131,912
	112,210,166	107,596,278

20. RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING SURPLUS FOR THE YEAR ENDED 30 JUNE 2015

	30/06/2015	30/06/2014
	$	$
Change in Net Assets Resulting from Operations	18,136,863	21,853,892
Adjustment for items not involving the movement of Funds:		
Depreciation and Amortisation	29,115,795	24,865,362
Doubtful Debts	267,593	111,460
Loss/(Gain) on Disposal of Assets	2,584,351	6,474,168
	50,104,602	53,304,882
Revenues Provided By :		
Government Grants	(4,039,166)	(4,375,243)
Contribution from Other Parties	(15,000)	(140,233)
	(4,054,166)	(4,515,476)
Change in Operating Assets and Liabilities		
Add Back		
Decrease in Deposits and Prepayments	81,566	-
Decrease in Inventories	713,171	-
Decrease in Accrued Interest and Investment Income	749,725	508,619
Decrease in Accrued Income	-	368,504
Decrease in Trade and Other Receivables	1,650,216	-
Decrease in Deferred Debtors	4,638	-
Increase in Income and Investment Income Received/Raised in Advance	21,429	-
Increase in Trade and Other Payables	-	3,136,600
Increase in Provisions	667,780	1,595,307
Deduct		
Decrease in Trade and Other Payables	(420,002)	-
Decrease in Accrued Interest and Expenses	(245,061)	(422,757)
Increase in Trade and Other Receivables	-	(3,031,268)
Increase in Deposits and Prepayments	-	(336,491)
Increase in Inventories	-	(576,185)
Increase in Accrued Income	(420,854)	-
Decrease in Income and Investment Income Received/Raised in Advance	-	(575,216)
Increase in Deferred Debtors	-	(6,368)
	2,802,608	660,745
Net Cash Provided by Operating Activities	**48,853,044**	**49,450,151**

21. SUPERANNUATION

The City of Perth complies with the minimum obligations under federal law and contributes in respect of its employees to one of the following superannuation plans:

(A) W.A. SUPER PLAN

The City contributes in respect of certain of its employees to an accumulated benefit superannuation fund established in respect of all Local Governments in the State. In accordance with statutory requirements, the Council contributes to the W.A. Super Plan ("the plan") amounts nominated by the Council. As such, assets are accumulated in the plan to meet members' benefits as they accrue. The latest available audited financial report of the plan as at 30 June 2014, which was not subject to any audit qualification, indicates that the assets of the plan are sufficient to meet accrued benefits.

(B) CITY OF PERTH SUPERANNUATION PLAN (CPSP) – A SUB PLAN IN THE AUSTRALIANSUPER CORPORATE DIVISION

Defined Benefit Members

The City contributes in respect of certain of its employees to a defined benefit superannuation plan established for the employees of the City of Perth. In accordance with statutory requirements, the City contributes to the plan amounts determined by the plan actuary. As such, assets are accumulated in the plan to meet members' benefits as they accrue. The latest available audited financial report of the plan as at 30 June 2014, which was not subject to any audit qualification, indicates that the assets of the plan are sufficient to meet accrued benefits.

An Actuarial Update was last received from John Smith BA (Maths) of the Heron Partnership dated 19 February 2013. The latest update recommended that contributions in the year to 30 June 2015 be maintained at 15% (now adjusted to 15.5% as a result of recent changes to the Superannuation Guarantee Levy (SGL) by the Federal Government) of salary as advised in the latest actuarial report.

The plan has a number of different participating employers contributing to the defined benefit and pension section of the plan. There is no segregation of the assets applicable to each employer on a day to day basis and the individual employer may not be able to accurately identify its share of the underlying financial position of the multi-employer plan with sufficient reliability for accounting purposes. The plan is therefore accounted for as a defined contribution plan.

The defined benefit section of the plan was closed to the admission of new members from 1 July 2010.

Accumulation Members

The City contributes in respect of certain of its employees to an accumulated benefit superannuation plan for the employees of the City of Perth and known as the City of Perth Superannuation Plan (CPSP). In accordance with statutory requirements, the City contributes to the CPSP amounts nominated by the Council.

As such, assets are accumulated in the plan to meet members' benefits as they accrue. The latest available audited financial report of AustralianSuper Pty Ltd as at 30 June 2014, which was not subject to any audit qualification, indicates that the assets of the plan are sufficient to meet accrued benefits.

Total Superannuation contributions paid by the City during the reporting period was $6,745,225.83 (30 June 2014: $6,114,341).

22. LOAN FACILITIES

Loan Facilities	30/06/2015 $	30/06/2014 $
Current	6,441,709	6,128,375
Non Current	36,327,002	42,768,711
Total Loan Facilities in use at Reporting Date	**42,768,711**	**48,897,086**
Unused Loan Facilities at Reporting Date	Nil	9,882,135

23. EMPLOYEE REMUNERATION

The number of employees, whose salary exceeded $100,000 during the financial year, is shown below in their relevant income bands:

Income Range	*No. in 2015*	*No. in 2014*
$100,000 - $109,999	33	20
$110,000 - $119,999	18	9
$120,000 - $129,999	8	3
$130,000 - $139,999	1	7
$140,000 - $149,999	9	1
$150,000 - $159,999	-	-
$160,000 - $169,999	-	-
$170,000 - $179,999	-	-
$180,000 - $189,999	-	-
$190,000 - $199,999	-	4
$200,000 - $209,999	4	-
$310,000 - $319,999	-	1
$320,000 - $329,999	1	-
	74	45

The City's current organisational structure includes a large number of Level 8 Officers which accounts for the significant increase in the number of employees earning more than $100,000 per annum.

As a result of salary increases consistent with Enterprise Bargaining Agreements, all Level 8 Salaried Officers are now reflected in the schedule for the first time.

24. COMMITMENTS AND CONTINGENT LIABILITIES

(A) As at 30 June 2015 a commitment existed in respect of interest payable on loan debentures over the life of the loans.

	30/06/2015 $	30/06/2014 $
Interest Payable	6,602,472	9,096,295

(B) LEASE RENTAL COMMITMENTS

Future operating lease rentals of property not provided for in the financial statements and payable:

Lease Rental Commitments	30/06/2015 **$**	30/06/2014 **$**
Not later than 1 year	1,482,889	2,000,492
Later than 1 year but not later than 2 years	1,437,835	1,352,355
Later than 2 years but not later than 5 years	4,313,505	4,057,065
Later than 5 years	60,582,373	69,488,848
	67,816,602	**76,898,760**

A substantial amount of the lease rental commitments relates to commitments for variable outgoings in relation to the City's 99 year leasehold interest in the Loading Dock at 100 St Georges Terrace.

At reporting date the City of Perth had no obligations under finance leases.

(C) COMMITMENTS FOR CAPITAL EXPENDITURE

Capital expenditure contracted for at the reporting date but not recognised in the financial statements as liabilities:

	30/06/2015 **$**	30/06/2014 **$**
Buildings	3,595,629	24,863,258
Infrastructure Assets	2,257,290	4,070,383
Plant and Mobile Equipment	132,488	2,278,868
Office Furniture and Equipment	60,836	459,354
	6,046,243	**31,671,863**

(D) COMMITMENT – DEED OF GUARANTEE

In line with other equity holders in the Mindarie Regional Council (MRC) the City of Perth has guaranteed, proportionate to its equity share (one twelfth), the obligations of MRC to the contractor building and operating the Neerabup Resource Recovery Facility.

Such guarantee can be called upon in the event of a *default* event during the contractors operation of the facility. The share of the liability that could be generated by the exercise of the guarantee is estimated at an amount between $7.21 million diminishing to $1.5 million depending on the time of any such *default* event.

(E) CONTINGENT LIABILITY – INVESTMENT IN TAMALA PARK REGIONAL COUNCIL (TPRC).

The City of Perth, along with the City of Stirling, City of Joondalup, City of Wanneroo, City of Vincent, Town of Cambridge and Town of Victoria Park is a member of the Tamala Park Regional Council. As at 30 June 2015 there is an increase in the value of the City's equity share of its investment as a consequence of the development and sale of land by TPRC reduced by the distributions made by the TPRC to the participating members during the reporting period.

Due to the availability of draft financial statements for Tamala Park Regional Council when the City of Perth's Financial Report was compiled, the City was able to reliably determine the value of its investment as at 30 June 2015.

25. FINANCIAL INFORMATION BY RATIO

	2012/13	2013/14	2014/15
(a) Current Ratio			
Current Assets minus Restricted Assets[1] / Current Liabilities minus Liabilities[2] associated with Restricted Assets	0.71:1	0.83:1	1.02:1
(b) Asset Consumption Ratio			
Depreciated Replacement Cost of Assets / Current Replacement Cost of Depreciable Assets[3]	56.04%	56.00%	61.00%
(c) Asset Renewal Funding Ratio			
Net Present Value of Planned Capital Renewals over 10 years[4] / Net Present Value of Required Capital Expenditure over 10 Years[5]	90.5%	145.00%	100.00%
(d) Asset Sustainability Ratio			
Capital Renewal and Replacement Expenditure[6] / Depreciation Expense	56.18%	46.00%	50.00%
(e) Debt Service Cover Ratio			
Annual Operating Surplus before Interest and Depreciation / Principal and Interest	6.73:1	5.11:1	5.62:1
(f) Operating Surplus Ratio			
Operating Revenue[7] Minus Operating Expense[8] / Own Source Operating Revenue	15.77%	10.82%	8.94%
(g) Own Source Revenue Coverage Ratio			
Own Source Operating Revenue[9] / Operating Expense[8]	1.17:1	1.11:1	1.08:1

1 Restricted Assets include reserve funds (current) and tied grants/contributions not utilised at year end.
2 Liabilities associated with Restricted Assets means the lesser value of a current liability or the cash component of Restricted Assets held to fund that liability.
3 Current replacement cost of Depreciated Assets means the cost of replacing assets at current prices.
4 Planned capital renewals means capital renewal and replacement expenditure as estimated in the long term financial plan.
5 Required capital expenditure means capital renewal and replacement expenditure as estimated in the Long Term Financial Plan.
6 Capital renewal and replacement expenditure means expenditure to renew or replace existing assets.
7 Operating revenue means that revenue that is operating revenue for the purpose of the Australian Accounting Standards (AAS) excluding Grants and Contributions for the development and acquisition of assets and other comprehensive income.
8 Operating expenses means the expense that is operating expense for the purpose of the AAS including net interest expense and depreciation.
9 Own source operating revenue means revenue from rates and service charges, fees and user charges, reimbursements and recoveries, interest income and profit on disposal of assets.

Financial information ratios reported upon with the exception of the current ratio, are as legislated under the Local Government (Financial Management) Regulations 1996. Comparative figures for the two previous years are also provided.

26. SIGNIFICANT ITEMS

The following items are of such a size, nature or incidence that its disclosure is relevant in explaining the City's financial performance for the reporting period.

(A) FIXED ASSETS WRITE OFF

During the reporting period fixed assets to the value of $3,712,213 were written off and comprised the following.

(i) Non Capitalised Work in Progress

This relates to costs incurred on capital projects in prior years, but now expensed, as the projects did not proceed to completion or the cost of individual assets when established were under the capitalisation threshold of $5,000 each. Amount expensed $1,014,539 (30 June 2014 – $527,268).

(ii) Obsolete and Extinguished Assets

This relates to assets deemed obsolete or are no longer in use at the reporting date. The value of these assets written off was $2,697,674 of which $2,077,691 relates to infrastructure assets (30 June 2014: $6,330,352).

(B) IMPAIRMENT OF INVESTMENTS

The impairment charge was reduced by $150,004 at 30 June 2015 (30 June 2014: $491,373) following an increase in the market value of three tranches of mortgage backed securities. The mortgage backed securities continue to suffer from liquidity risk resulting in their market value at 30 June 2015 being $2,766,406 as compared to an original cost, after redemption of a portion of the security, of $4,476,426.

The City's investment advisors CPG Advisory Services utilises market data from Barclays Bank DCO to complete the impaired valuations of the mortgage backed securities held by the City.

(C) INITIAL RECOGNITION OF ASSETS – WORKS OF ART (INCLUDING THE MEMORABILIA AND HISTORY COLLECTIONS)

The City during the reporting period completed a further reconciliation of its Works of Art Asset Register. It was established that a number of public art, the memorabilia and the History Centre collections were not reflected in the Art Asset Register. All the assets concerned were acquired by the City in previous years either by way of purchase or were contributed to the City. These assets were initially recognised at a fair value of $5,365,341 during the reporting period (30 June 2014: $12,800) a value established through both external and internal valuations.

(D) DISPOSAL OF DEVELOPMENT LAND AT TAMALA PARK

Tamala Park Regional Council (TPRC) has on behalf of its equity holders, subdivided developed and sold during the financial year, 215 lots of land at the Tamala Park project marketed as 'Catalina' (Stages 6B, 6C, 9, 10, 11, 12, 13A, 13B and 14). The amount of $2,585,991 represents the City's profit on the 215 lots developed and sold during the reporting period (30 June 2014: $1,441,838). The City is a one twelfth equity holder in the TPRC.

(E) CONTRIBUTION TO PERTH CITY LINK (FOR COMPARATIVE PURPOSES ONLY)

At its meeting on 21 June 2005, the Council agreed to:

(i) Make a contribution of $25 million in November 2004 dollar value towards the Perth City Link Project. This contribution had been indexed at 6% up to the point of payment(s) but not increased. The contribution was split into two parts with the major part totalling $25.6 million (after indexation) paid in April 2011. A further amount of $12.8 million was paid during the reporting period.

(ii) Forego its leasehold interest of Lot 1192 Wellington Street to enable the State Government to make Lot 1192 available for redevelopment. The written down value of this leasehold interest as at the date of hand over was $6,174,339. The property was handed over to the State Government in July 2009.

The State of Western Australia signed the Link Implementation Deed on 26 June 2008 which included the above terms with 70% of the $25 million (in 2004 dollars) to be paid on signing of the principal construction contracts for the sinking of the rail lines and 30% to be paid on the signing of the principal construction contracts for the new Perth City Link Bus Station.

The effective date for execution of the Project Alliance Agreement was 16 March 2011 and the City paid the initial instalment contribution towards the Perth City Link Undergrounding of the Railway of $25,583,928. A further amount of $12,774,181 was paid at the award of the contract to build the Perth City Link Bus Station which occurred during the year ended 30 June 2014. The amount was funded from the Asset Enhancement Reserve.

Additionally the agreement contains an obligation on the City to upgrade infrastructure in the vicinity of The Perth City Link Project on the completion of certain works by the State including the Perth Arena.

(F) CONTRIBUTION TO ELIZABETH QUAY PROJECT

At the Council Meeting held on 8 November 2011, it was resolved that the Council "Approves in principle the State Government taking by agreement Lot 79 the Esplanade, Lots 901 and 302 Riverside Drive, and associated assets including the Alan Green Conservatory, The Landing, Alf Curlewis Gardens and the Florence Hummerston building for the purposes of developing the Perth Waterfront Project" (now known as the Elizabeth Quay Project).

This was subject to certain conditions including recognition of the City's contribution of approximately 50% of the land for the Waterfront project. The City separately acquired a valuation of the land in accordance with the "reinstatement method" to properly record the value of the City's contribution to the project.

The valuation was $25 million. No monetary compensation for the agreement was sought, on the basis that the development of the Waterfront Project was in the best interests of the City.

The land transfer agreement was signed on 10 April 2012 and the net book value of the assets associated with the land transfer was $389,413 and transferred in the year ended 30 June 2012.

During the reporting period, infrastructure assets, with a written down value of $2,361,679, that remained on the Asset Register of the City, and were not previously recognised as having been transferred, were handed over to the project as a contribution. The infrastructure assets transferred included drainage, paths, parks and landscape, roads, street furniture and traffic control devices.

27. EVENTS SUBSEQUENT TO BALANCE DATE

City of Perth Bill

The State Government has introduced a City of Perth Bill to recognise its Capital City Status. It is proposed that an area including the QEII Medical Centre, the University of Western Australia and a residential area of approximately 1,800 residents will be added to the City. This will result in changes to revenue, expenditure, and assets (not at present quantifiable) held by the City if the Bill is passed with a prospective commencement date of 1 July 2016.

28. TRUST FUNDS

Trust Fund Information

Purpose for which Money Received	*Opening Balance* 1/07/2014 $	*Receipts year ended* 30/06/2015 $	*Payments year ended* 30/06/2015 $	*Closing Balance* 30/06/2015 $
Footpath Deposits	3,576,195	1,543,245	(1,183,500)	3,935,940
Unclaimed Monies	1,187,685	23,704	(3,400)	1,207,989
Other	2,092,520	59,124	-	2,151,644
	6,856,400	**1,626,073**	**(1,186,900)**	**7,295,573**

The above monies are not recognised in the financial statements as the City performs only a custodial role. These funds cannot be used by the City and are shown here for information only.

29. FINANCIAL INSTRUMENTS

(A) TERMS, CONDITIONS AND ACCOUNTING POLICIES

The reporting entity's accounting policies, including the terms and conditions of each class of financial asset and financial liability recognised at the financial position date are as follows:

Recognised Financial Instruments	*Statement of Financial Position Notes*	*Accounting Policies*	*Terms and Conditions*
(i) Financial Assets			
Cash at Bank	19	Cash at Bank is carried at the principal amount. Interest is recognised in the Statement of Comprehensive Income when earned.	Interest is earned at the Bank's benchmark rate depending on the balance in the account.
Trade and Other Receivables	11	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.	Receivables are on 14 to 30 day terms, depending on receivable type.
Short-term Deposits	12	Short-term deposits are stated at cost. Interest is recognised in the Statement of Comprehensive Income when earned.	Short-term deposits have an average maturity of 159 days and effective interest rates of 3.34% to 4.00% (2014: 4.04% to 4.30%)
Managed and Balanced Funds	12	Managed and Balanced Funds are marked to market. Interest and Investment earnings are reinvested in the funds and recognised in the Statement of Comprehensive Income when earned.	Holdings in managed funds are redeemable on 72 hours notice.
Floating Rate Note	12	The value of these Interest Bearing Securities is stated at cost or impaired value. Interest is recognised in the Statement of Comprehensive Income when earned.	Maturities are less than five years. It is the City's intention to hold these securities until maturity.
Mortgaged Backed Securities	12	The value of these Interest Bearing Securities is stated at cost or impaired value. Interest is recognised in the Statement of Comprehensive Income when earned.	Maturities are greater than 5 years. It is the City's intention to dispose of these securities when the most prudent and advantageous opportunity arises.
(ii) Financial Liabilities			
Bank Loans	17,22	The bank loans are carried at the principal amount. Interest is charged as an expense as it accrues.	The bank loans are repayable quarterly or on maturity with the final instalment due in August 2022. Interest is charged at a fixed rate. Details of the security over bank loans are set out in Note 17. Details of the loans are set out in the Loan Liability Schedule in Note 30.
Trade and Other Payables	14	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the entity.	Trade Liabilities are normally settled on 30 day terms.

Notes to and forming part of the

FINANCIAL STATEMENTS

(B) INTEREST RATE RISK

The reporting entity's exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities recognised at the financial position date are as follows:

Financial Instruments	*Floating Interest Rate*		*Fixed Interest Rate Maturing in*						*Non Interest Bearing*		*Total Carrying Amount as per the Statement of Financial Position*		*Weighted Average Effective Interest Rate*	
			1 YEAR OR LESS		*OVER 1 TO 5 YEARS*		*MORE THAN 5 YEARS*							
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	$	$	$	$	$	$	$	$	$	$	$	$	%	%
Financial Assets														
Cash and Cash Equivalent	21,016,119	-	-	-	-	-	-	-	148,658	4,464,366	21,164,777	4,464,366	2.19	2.48
Trade and Other Receivables	-	-	-	-	-	-	-	-	8,458,912	10,710,230	8,458,912	10,710,230	N/A	N/A
Short-term Deposits	-	-	83,923,629	99,233,523	-	-	-	-	-	-	83,923,629	99,233,523		
Managed Funds	4,118,105	3,898,389	-	-	-	-	-	-	-	-	4,118,105	3,898,389	4.05	4.47
Interest Bearing Securities	5,768,573	5,768,573	-	-	-	-	-	-	-	-	5,768,573	5,768,573		
Unlisted Shares/Equity	-	-	-	-	-	-	-	-	4,343,907	3,891,767	4,343,907	3,891,767	N/A	N/A
Total Financial Assets	**30,902,797**	**9,666,962**	**83,923,629**	**99,233,523**	**-**	**-**	**-**	**-**	**12,951,477**	**19,066,363**	**127,777,903**	**127,966,848**		
Financial Liabilities														
Bank Loans	-	-	-	-	8,330,228	-	34,438.483	48,897,086	-	-	42,768,711	48,897,086	4.40	4.68
Trade and Other Payables	-	-	-	-	-	-		-	18,910,005	20,244,403	18,910,005	20,244,403	N/A	N/A
Total Financial Liabilities	**-**	**-**	**-**	**-**	**8,330,228**	**-**	**34,438,483**	**48,897,086**	**18,910,005**	**20,244,403**	**61,678,716**	**69,141,489**		

N/A – not applicable for non-interest bearing financial instruments.

(C) NET FAIR VALUES

The aggregate net fair values of financial assets and financial liabilities recognised at the financial position date are as follows:

	Total Carrying Amount as per the Statement of Financial Position		*Aggregate Net Fair Value*	
	2015	2014	2015	2014
	$	$	$	$
Financial Assets				
Cash and Cash Equivalents	21,164,777	4,464,366	21,164,777	4,464,366
Trade and Other Receivables	8,458,912	10,710,230	8,458,912	10,710,230
Short-term Deposits	83,923,629	99,233,523	83,923,629	99,233,523
Managed Funds	4,118,105	3,898,389	4,118,105	3,898,389
Interest Bearing Securities	5,768,573	5,768,573	5,768,573	5,768,573
Unlisted Shares/Equity	4,343,907	3,891,767	4,503,502	4,061,711
Total Financial Assets	**127,777,903**	**127,966,848**	**127,937,498**	**128,136,792**
Financial Liabilities				
Bank Loans	42,768,711	48,897,086	42,768,711	48,897,086
Trade and Other Payables	18,910,005	20,244,403	18,910,005	20,244,403
Total Financial Liabilities	**61,678,716**	**69,141,489**	**61,678,716**	**69,141,489**

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities:

Recognised Financial Instruments:

(i) Cash, Short-term Deposits

The carrying amount approximates fair value because of their relative short to medium term to maturity.

(ii) Managed Funds

The carrying amount of these investments approximates fair value because they have been marked to market.

(iii) Interest Bearing Securities

The carrying amount of these investments is at cost or impaired value due to the policy of holding these investments to maturity, recognising any impairment when it is warranted.

(iv) Trade and Other Receivables and Payables

The carrying amount approximates fair value.

(v) Borrowings

The carrying amount approximates fair value because the loans were each secured at a fixed rate of interest over the term of the loans.

(vi) Credit Risk Exposure

The reporting entity's maximum exposure to credit risk at financial position date in relation to each class of recognised financial assets, is the carrying amount of those assets as indicated in the Statement of Financial Position.

Notes to and forming part of the

FINANCIAL STATEMENTS

30. LOAN LIABILITY SCHEDULE FOR THE YEAR ENDED 30 JUNE 2015

Loan No.	Particulars	Term (Yrs)	Date of Issue	Original Principal	Rate of Interest	Lender	Mode of Payment	Month & Year of Maturity	Amount of Principal Outstanding	Principal		Interest		Amount of Principal Outstanding	
										BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
									30/06/14	30/06/15	30/06/15	30/06/15	30/06/15	30/06/15	30/06/15
				$	%		pa		$	$	$	$	$	$	$
	Recreation & Culture														
165	Civic Library	10	June 2012	8,011,407	4.02	W.A.T.C.	4	June 2022	6,661,276	720,849	720,850	261,402	261,312	5,940,427	5,940,426
167	Civic Library	10	July 2012	23,788,520	3.63	W.A.T.C.	4	Aug 2022	20,220,884	2,142,263	2,142,263	705,019	702,706	18,078,621	18,078,621
	Transport														
160	Perth Convention Exhibition Centre	15	July 2004	29,180,000	6.15	W.A.T.C.	4	July 2019	9,995,712	1,665,486	1,665,484	561,355	558,787	8,330,226	8,330,228
164	Elder Street Car Park	10	Sept 2020	16,000,000	6.26	W.A.T.C.	4	Sept 2020	11,126,150	1,503,134	1,503,135	670,691	670,410	9,623,016	9,623,015
166	Goderich Street Car Park	10	June 2012	1,074,073	4.02	W.A.T.C.	4	June 2022	893,064	96,643	96,643	35,044	35,034	796,421	796,421
	Newcastle Street Car Park	-	-	-	-	-	-	-	-	(1,032,988)	-	-	-	1,032,988	-
	Total Loans								**48,897,086**	**5,095,387**	**6,128,375**	**2,233,511**	**2,228,249**	**43,801,699**	**42,678,711**

	30 JUNE 2015	30 JUNE 2014
Loan Interest Capitalised	**$**	**$**
Loan 167 Civic Library	636,301	162,800
Unused Loan Facilities		
Loan 167 Civic Library	-	9,882,135

Loan interest capitalised is the net of the amount of interest payable on the loans during the construction phase offset against interest earned on unutilised loan funds up to the time the asset is made available for use.

Due to delays in the proposed development of the Newcastle Street Car Park, new borrowings of $1,032,988 originally budgeted to be drawn down in 2014/15 did not eventuate. The loan was intended to partially fund the preliminary stages of the car park development

DETAILS OF LENDERS

W.A.T.C Western Australian Treasury Corporation

Loan Debentures issued by the City are secured over the general funds of the City

CITY OF PERTH
FIVE YEAR STATISTICAL HISTORY

ALL DOLLAR FIGURES ARE IN A$000'S

Year Ended 30 June	2015	2014	2013	2012	2011
Rates					
Rateable Properties	16,389	15,750	15,345	15,256	14,577
Rates Revenue	$75,465	$71,122	$67,226	$60,747	$58,492
Increase in Rate Revenue	6.10%	5.80%	10.70%	3.86%	6.73%
Rate Revenue as a % of Total Revenue	40.47%	40.26%	39.72%	38.36%	38.49%
Financial	**$**	**$**	**$**	**$**	**$**
Rates Revenue	75,465	71,122	67,226	60,747	58,492
Parking Fees	73,303	70,136	66,504	62,825	56,475
Other Fees and Charges	26,230	25,216	24,028	23,339	22,396
Investment Income	5,562	6,331	8,037	7,767	10,766
Other Revenue	5,923	3,867	3,444	3,687	3,856
Total Revenue	186,483	176,672	169,239	158,365	151,985
Total Operating Expenditure	(167,525)	(151,299)	(141,167)	(138,880)	(127,900)
Capital Grants and Contributions	1,764	2,955	2,843	1,550	5,000
Gain/(Loss) on Disposal/Write Off/Contribution of Assets	(2,584)	(6,474)	(1,561)	(1,659)	(729)
Operating Surplus	18,137	21,854	29,354	19,376	28,356
Capital Expenditure	50,770	52,826	70,895	43,266	67,346
Borrowings	42,769	48,897	55,259	36,308	29,537
Reserves – Cash Backed	87,574	85,606	90,493	73,535	79,697
Revaluation Reserves	560,795	372,942	377,710	375,509	360,399
Net Assets	**1,260,478**	**1,045,838**	**936,566**	**906,925**	**873,334**
Human Resources					
Employee Costs (including costs capitalised)	$66,631	$60,573	$56,258	$53,380	$48,833
Number of Employees (including fulltime, part-time and casuals)	720	696	680	668	642
City Development					
Building Licences Issued	527	500	491	593	622
Value of Building Licences Issued	$997,336	$916,987	$712,984	$706,504	$612,967
Planning Applications Issued	521	335	366	385	410
Value of Planning Applications Issued	$1,139,632	$752,730	$1,012,400	$828,603	$630,823
Refuse					
Total Waste to Landfill (tonnes)	13,344	21,964	31,413	36,055	27,145
Recycling Tonnage	1,938	1,909	1,959	2,079	2,105
General					
Estimated Residential Population	*	20,762	20,282	19,366	18,315
Approved Residential Strata Lots added to Market for the Year	882	338	242	454	694

* Data to be released in April 2016

City of Perth

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ABN 83 780 118 628

Grant Thornton

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SCHEDULE 6

City of Perth

Audit Findings Report

To the Audit and Risk Committee for the year ended 30 June 2015

Grant Thornton
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The Audit Committee
City of Perth
GPO Box C120
PERTH, WA 6839

30 October 2015

Dear Sirs/Madams,

REPORT TO THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2015

Please find attached our Report to the Audit Committee for the year ended 30 June 2015.

We have completed our audit work and signed an unqualified audit report on the 30th of October 2015.

We take this opportunity to extend our appreciation to the finance team for their assistance and cooperation during the course of the audit.

This report has been prepared for the Audit Committee of the City of Perth only. It should not be quoted or referred to, in whole or in part, without our prior written consent. No warranty is given to, and no liability will be accepted from, any party other than the City of Perth. This report should be read in conjunction with our audit engagement letter and any other formal correspondence addressed to the Audit Committee regarding this year's audit.

We strive for a high level of client satisfaction, and our business is built around the relationships we maintain with our clients. We want to hear feedback from our clients, both positive and negative, to ensure the services we provide exceed expectations.
If you receive our Client Satisfaction Survey, we would greatly appreciate if you would please take the time to provide your feedback.

We trust that you find this report informative and we appreciate the opportunity to be of service to you. If you have any queries or wish to discuss any issues further, please do not hesitate to contact either Lorenzo Stella or myself.

Yours faithfully
GRANT THORNTON AUDIT PTY LTD

M J Hillgrove
Partner

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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Winner Best managed international firm Grant Thornton An instinct for growth

Top 50 World's Most Attractive Employers

FINANCIAL REVIEW CLIENT CHOICE AWARDS 2015 FINALIST beaton

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Key areas of audit focus – Summary page

Focus area	Risk*	Management judgement	Material adjustment	Control recommendation	Control deficiency classification	Pending matters
Revenue recognition	✓	n.a	No	No	-	None
Property, plant & equipment and infrastructure	✓	✓	No	No	-	None
Operating expenses and trade payables	n.a	✓	No	No	-	None
Employee Costs and Entitlements	✓	✓	No	No	-	None

** Risk refers to Reasonably Possible Risk (per Grant Thornton audit methodology) or a Significant Risk (per ASA 315)*

Audit materiality

Basis	Normal range	Account value $000	Materiality - 2015 $000
Expenses	0.5% - 3%	170,322	3,350

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Key areas of audit focus

Account description	Type	Value – 2015 $000	Value – 2014 $000	Risk	Management judgement
Operating Revenue	Revenue	186,482	176,672	✓	x
Trade and other receivables	Asset	9,758	12,086	✓	x

Details of risk

Revenue relates to the following:

- Rates
- Parking
- Operating grants, subsidies and contributions
- Interest earnings
- Other revenue
- Non-operating grants, subsidies and contributions

Each of these revenue streams are recognised under varying revenue recognition criteria and, thus, the Council's recognition of revenue in the period is scrutinised against the criteria, ensuring validity in recording of the related transactions and balances.

Audit procedures performed

- For rates recorded, we performed analytical procedures, comparing amounts recorded in the year to approved budgets by Council and investigated any significant variations.

- Rates receivable balances were tested on a sample basis to ensure the debtor balance was valid and appropriately classified. This test placed an emphasis on pensioner balances that had been deferred. For those accounts deferred, we ensured the ratepayer was a certified pensioner.

- On a sample basis, rates and parking amounts recorded were traced to proof of receipt. The focus of this test was to ensure that controls implemented are operating effective as designed by the Council.

- For interest earnings, our audit procedures compared amounts recorded to our expectations, which were formed by recomputing interest earned based on cash and term deposit balances held throughout the year and the related interest rates.

- We performed substantive testing on amounts recorded as fees and charges, tracing recorded entries to supporting deposits or invoices. A high level analysis of each trial balance account was used to identify any significant variances from budget. These variances were investigated and resolved through discussions with management and corroborating evidence.

Conclusion

The substantive procedures did not uncover any material misstatement of rates, fee and investment revenue balances. At balance date these amounts were reasonably accounted for and recognised appropriately.

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Key areas of audit focus

Account description	Type	Value – 2015 $000	Value – 2014 $000	Risk	Management judgement
Property, plant & equipment	Asset	1,190,939	983,364	✓	✓
Changes on revaluation	Other Comprehensive Income	190,741	7,166	✓	✓
Depreciation	Expense	29,115	24,865	✓	✓

Details of risk

Property, plant and equipment and infrastructure are key risk areas for the City of Perth given the judgment applied in computing fair value amounts as in line with legislation, as well as determining and calculating the depreciation charge.

Expenditures in the year are also at risk of being recorded inappropriately if capitalisation policies are not being followed correctly.

Audit procedures performed

- Asset reconciliation schedules were verified to the trial balance and financial report amounts.
- We reviewed the depreciation charge, comparing the amounts recorded to our own calculated expectations using asset cost and written-down balances, useful lives of the assets, and depreciation rates as outlined in the accounting policy note within the financial report.
- For those expenditures incurred and capitalised in the period, we selected a sample from invoices and charges, and vouched to supporting documentation to ensure the expenditures were capital by nature.
- Management performed an internal valuation of its infrastructure assets, inclusive of roads, footpaths, kerbs, bridges, and drainage. Our approach to auditing the fair value determination and related adjustments is outlined below:
- We obtained an understanding of the processes and controls in place at the Council to record fair value. This was accomplished via discussions with the infrastructure team and review of the infrastructure register and systems. We were able to gain comfort over how management ensured its valuation was inclusive of all assets in the Council's jurisdiction.
- We scrutinised management's inputs and calculations. This included a re-calculation of the fair value to ensure the system was performing the calculations correctly. On a sample basis, unit costs and units of measurement were traced to source documents. For example, costs per unit of paving were vouched to source tender documents. Lengths and widths of infrastructure assets were traced to source results
- Independent experts used to determine the fair value of council assets were assess to the independent expert assumptions around fair value.

Conclusion

We noted no material misstatements of property, plant and equipment, infrastructure assets and the related depreciation expense or revaluation adjustments.

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Key areas of audit focus

Account description	Type	Value – 2015 $000	Value – 2014 $000	Risk	Management judgement
Operating expense	Expense	170,322	157,869	✓	✓
Trade and other payables	Liability	19,859	21,171	✓	✓

Details of risk

The Council expends significant amounts on it operating activities and derives large trade payable and accrual balances. There is a risk that the accruals and trade payable balances owing as at 30 June 2015 are understated due to the timing of invoices received from suppliers and the nature of the estimates required for accruals.

Audit procedures performed

- We obtained the creditors (trade payables) sub ledger and used our audit software to search for debit balances or duplicate invoices within the sub ledger.
- We reviewed the Vendor Masterfile to identify employees that were paid through Accounts Payable as well as reviewing for duplicate or missing bank accounts and addresses. Where exceptions were noted, we obtained explanations from management and corroborated those explanations.
- We reviewed the calculations of prepayments and accruals and ensured they were reasonably by agreeing to supporting documentation.
- We performed an analytical review of operating expenses by comparing general ledger account balances to prior year and budgets. Where significant variations were identified, we obtained explanations from management and corroborated those explanations.
- In order to search for possible unrecorded misstatements, our audit procedures included a review of disbursements incurred by the Council post 30 June 2015. For significant disbursements, we ensured that the related payable was captured in the correct period.

Conclusions

We noted no material misstatements of trade and other payables or operating expenses were identified.

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Key areas of audit focus

Account description	Type	Value – 2015 $000	Value – 2014 $000	Risk	Management judgement
Employee costs	Expense	64,524	58,226	✓	x
Employee provisions	Liability	13,296	13,018	✓	✓

Details of risk

The recording of the employee entitlement provision requires rigorous tracking, a reliance on payroll systems and also includes the application of management's judgements and estimates. Management applies wage inflation rates and discount factors for those entitlements that are expected to be realised beyond one year from the balance date. On-costs, such as superannuation, are also factored into the computations.

Employee costs are the most significant costs of the Council. Thus, there is risk that the costs are not being accounted for appropriately in the period and that fictitious or fraudulent activity is occurring in the payment of employees.

Audit procedures performed

- We performed a review of payroll expenditures recorded in the period, using disaggregated payroll information by department and by month. We analysed the data against both budgeted figures and prior period comparatives. Any significant variances were discussed with management and corroborated through the review of source documents, such as employee contracts, termination letters or letters of resignation.

- The annual leave and long service leave schedules were reviewed to ensure that management was appropriately and reasonably applying wage inflation rates, discount factors, and on-costs.

- We tested the annual leave and long service leave schedules by ensuring each schedule contained all entitled employees. This was performed by using our audit software to match employees included on the last pay run in the period to the schedules. Any unmatched employees were reviewed with management and resolved. Typically, an employee did not appear on the annual leave schedule because they were not entitled given their casual status.

- On a sample basis, we selected employee data from the annual leave and long service leave schedule, comparing all inputs to source documents. An example of this is employee leave taken in the period. This data was traced to evidence of leave approval by management.

Conclusions

Per the substantives procedures performed, no misstatements of employee entitlements and costs were identified.

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Fraud

Scope of audit services regarding fraud

In accordance with Auditing Standard ASA240, our required objectives with regards to fraud are:

- To identify and assess the risks of **material misstatement** of the financial report due to fraud;
- To obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- To respond appropriately to fraud or suspected fraud identified during the audit

Responsibility of the directors and management

The directors and management are required to consider the risk of fraud within the company, and are responsible for maintaining a system of internal control to prevent, or detect material misstatements to the financial statements arising from instances of fraud.

Detailed fraud detection services?

Grant Thornton's Forensic Consulting division specialise in providing fraud detection services, and can efficiently perform this value-add service. This testing is designed to detect fraud of values far lower than audit materiality.

What have we done in our audit to address the risk of fraud?

- Considered conditions present that increase the risk of fraud
- Conducted planning discussions with management regarding the risk or existence of fraud, policies and procedures in place to prevent and detect fraud
- Planned the nature and extent of our audit tests having regard to the risk of fraud.
- Reviewed accounting estimates for management bias
- Evaluated the business rationale for unusual transactions
- Maintained professional scepticism throughout the audit
- Reviewed the appropriateness of journal entries and year-end accounting adjustments
- Evaluated if any identified audit misstatements are indicative of fraud
- Incorporated unpredictable audit procedures into our audit plan and testing

Conclusion

Management confirmed that to the best of its knowledge and belief there have been no instances of fraud during the period, and our procedures did not uncover any matters to report.

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Communication of audit matters with those charged with governance

In accordance with Auditing Standards, we are required to communicate a number of matters with those charged with governance which is covered by our audit planning report, within this audit findings report, and in the table below.

Matters for Grant Thornton to consider	Description*	Exceptions
Irregularities and illegal acts	We have not become aware of any material irregularities or illegal acts	No
Non-compliance with laws and regulations	We have not become aware of any material non-compliance with laws and regulations	No
Access to books & records, and conduct of audit	We have been presented with all the necessary books and records and explanations requested of management	No
Appropriateness of accounting policies	We have not detected any material deficiencies in the accounting policies disclosed	No

Matters for Grant Thornton to consider	Description*	Exceptions
Material uncertainties and going concern	We have not detected any material deficiencies in management's assessment of the going concern assumption	No
Disagreements with management	We have had no material disagreements with management	No
Independence of auditor	National internal independence checks are performed annually	No

* Reference to “material” implies the exception would cause the financial report to be materially misstated.

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About Grant Thornton Australia

Australia

1,100+ people nationally

6 offices

$223M turnover

132+ partners nationally

Global

40,000 people globally

130 countries

$4.7BN worldwide revenue 2015 (USD)

Industry specialisations
Automotive dealerships
Energy & resources
Financial services
Food & beverage
Health & aged care
Hospitality & tourism
Life sciences
Major projects & infrastructure
Manufacturing
Not for Profit
Professional services
Public sector
Real estate & construction
Retail
Technology & media

Grant Thornton is one of the world's leading organisations of independent assurance, tax and advisory firms.

These firms help dynamic organisations unlock their potential for growth by providing meaningful, forward looking advice. Proactive teams, led by approachable partners in these firms, use insights, experience and instinct to understand complex issues for privately owned, publicly listed and public sector clients and help them to find solutions.

Grant Thornton Australia has more than 1,100 people working in offices in Adelaide, Brisbane, Cairns, Melbourne, Perth and Sydney. We combine service breadth, depth of expertise and industry insight with an approachable 'client first' mindset and a broad commercial perspective.

More than 40,000 Grant Thornton people, across over 130 countries, are focused on making a difference to clients, colleagues and the communities in which we live and work. Through this membership, we access global resources and methodologies that enable us to deliver consistently high quality outcomes for owners and key executives in our clients.

Our services to dynamic businesses

Tax
Business planning
Corporate tax risk management services
GST & indirect taxes
Fringe benefits tax
Employment taxes
International tax
Transfer pricing
Expatriate taxes
Research & development
Corporate advisory services
Audit & assurance
External audits
Reviews of financial reports
Technical IFRS & accounting advice
IFRS training
Expert accounting & audit opinions
Systems & controls reviews
Compliance audits & reviews
Privately held business
Business & strategic planning
Compliance services
Tax advisory services
Private wealth advisory
Outsourced accounting solutions

Advisory services
Financial advisory
Acquisition & investments
Due diligence
Valuations
Fraud risk management & investigation
Initial Public Offering
Investigating Accountant's Reports
Independent Expert's Report
Financial modelling
Transaction advisory services
Merger integration
Operational advisory
Internal audit
Information technology risk & security
Corporate governance
Risk management
Data analytics
Project governance & management
Capital Integrity – alignment of programs to deliver organisation strategy
Strategy design & implementation
Performance improvement & process re-engineering
Workforce advisory services
Technology advisory & solutions

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ITEM NO: 7

INTERNAL AUDIT 2015/16 – PURCHASING REVIEW

RECOMMENDATION: ***(APPROVAL)***

That Council approves the review of key controls and practices related to purchase requisitions as part of the Internal Audit Plan 2015/16 as detailed in Confidential Schedule 7.

BACKGROUND:

FILE REFERENCE:	P102969-8
REPORTING UNIT:	Internal Audit
RESPONSIBLE DIRECTORATE:	Corporate Services
DATE:	29 September 2015
MAP / SCHEDULE:	Confidential Schedule 7 – Purchasing Review September 2015 Confidential Schedules are distributed to Elected Members under separate cover

The City of Perth Internal Audit Plan 2015/16 was approved by Council at its meeting held on **9 June 2015.**

As part of the City's 2015/16 Internal Audit Plan, a review of key controls and practices related to purchase requisitions was carried out in August and September 2015. Confidential Schedule 7 details the findings of this audit.

LEGISLATION / STRATEGIC PLAN / POLICY:

Legislation	*Local Government (Audit) Amendment Regulations 2013*	
Integrated Planning and Reporting Framework Implications	**Corporate Business Plan** Council Four Year Priorities: **Capable and Responsive Organisation**	
	S18	Strengthen the capacity of the organisation. A capable, flexible and sustainable organisation with a strong and effective governance system to provide leadership as a capital city and deliver efficient and effective community centred services.

Policy

Policy No and Name: 19.1 – Enterprise Risk Management

DETAILS:

The findings of the internal audit are detailed in the attached Confidential Schedule 7.

FINANCIAL IMPLICATIONS:

There are no financial implications related to this report.

ITEM NO: 8

INTERNAL AUDIT 2015/16 – MANAGEMENT OF TENANCIES AUDIT

RECOMMENDATION: ***(APPROVAL)***

That Council approves the audit of existing controls and practices in regards to the management of tenancies (commercial leases) as part of the Internal Audit Plan 2015/16 as detailed in Confidential Schedule 8.

BACKGROUND:

FILE REFERENCE:	P102969-8
REPORTING UNIT:	Internal Audit
RESPONSIBLE DIRECTORATE:	Corporate Services
DATE:	11 September 2015
MAP / SCHEDULE:	Confidential Schedule 8 – Management of Tenancies Audit July 2015 Confidential Schedules are distributed to Elected Members under separate cover

The City of Perth Internal Audit Plan 2015/16 was approved by Council at its meeting held on **9 June 2015.**

As part of the City's 2015/16 Internal Audit Plan, an audit of existing controls and practices in regards to the management of tenancies (commercial leases) was carried out in July 2015. Schedule 8 details the findings of this audit.

LEGISLATION / STRATEGIC PLAN / POLICY:

Legislation	*Local Government (Audit) Amendment Regulations 2013*
Integrated Planning and Reporting Framework Implications	**Corporate Business Plan** Council Four Year Priorities: **Capable and Responsive Organisation** S18 Strengthen the capacity of the organisation. A capable, flexible and sustainable organisation with a strong and effective governance system to provide leadership as a capital city and deliver efficient and effective community centred services.
Policy	
Policy No and Name:	19.1 – Enterprise Risk Management

DETAILS:

The findings of the internal audit are detailed in the attached Confidential Schedule 8.

FINANCIAL IMPLICATIONS:

There are no financial implications related to this report.

ITEM NO: 9

INTERNAL AUDIT 2015/16 – RATES AUDIT

RECOMMENDATION: ***(APPROVAL)***

That Council approves the audit of existing controls and practices over the raising, collection and reconciliation of rates revenue as part of the Internal Audit Plan 2015/16 as detailed in Confidential Schedule 9.

BACKGROUND:

FILE REFERENCE:	P102969-8
REPORTING UNIT:	Internal Audit
RESPONSIBLE DIRECTORATE:	Corporate Services
DATE:	20 October 2015
MAP / SCHEDULE:	Confidential Schedule 9 – Rates Audit September 2015 Confidential Schedules are distributed to Elected Members under separate cover

The City of Perth Internal Audit Plan 2015/16 was approved by Council at its meeting held on **9 June 2015.**

As part of the City's 2015/16 Internal Audit Plan, an audit of existing controls and practices over the raising, collection and reconciliation of rates revenue was carried out in September 2015. Schedule 9 details the findings of this audit.

LEGISLATION / STRATEGIC PLAN / POLICY:

Legislation	*Local Government (Audit) Amendment Regulations 2013*	
Integrated Planning and Reporting Framework Implications	**Corporate Business Plan** Council Four Year Priorities: **Capable and Responsive Organisation**	
	S18	Strengthen the capacity of the organisation. A capable, flexible and sustainable organisation with a strong and effective governance system to provide leadership as a capital city and deliver efficient and effective community centred services.

Policy

Policy No and Name: 19.1 – Enterprise Risk Management

DETAILS:

The findings of the internal audit are detailed in the attached Confidential Schedule 9.

FINANCIAL IMPLICATIONS:

There are no financial implications related to this report.

CONFIDENTIAL ITEM NO: 10

OUTSTANDING INTERNAL AUDIT RECOMMENDATIONS – NOVEMBER 2015

RECOMMENDATION: ***(INFORMATION)***

That the Audit and Risk Committee receives the report summarising the status of outstanding internal audit recommendations as at November 2015.

BACKGROUND:

FILE REFERENCE:	P1029698
REPORTING UNIT:	Internal Audit
RESPONSIBLE DIRECTORATE:	Corporate Services Directorate
DATE:	27 October 2015
MAP / SCHEDULE:	Confidential Schedule 10 – Outstanding Recommendations - November 2015

In accordance with Section 5.23 (2)(a) of the *Local Government Act 1995*, this item is confidential and has been distributed to the Elected Members under separate cover.

CONFIDENTIAL ITEM NO: 11

COMPLIANCE AUDITS – ACCESS TO VICTORIAN AND NSW REGISTERED DRIVER DETAILS

RECOMMENDATION: ***(APPROVAL)***

That Council approves the compliance audits - Access to Victorian and NSW registered driver details.

BACKGROUND:

FILE REFERENCE:	P102969-8
REPORTING UNIT:	Internal Audit
RESPONSIBLE DIRECTORATE:	Corporate Services
DATE:	26 August 2015
MAP / SCHEDULE:	N/A

In accordance with Section 5.23 (2)(f)(i) of the *Local Government Act 1995,* this item is confidential and has been distributed to the Elected Members under separate cover.