



City of Perth

ANNUAL REPORT 2019/20







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ACKNOWLEDGEMENT

The City of Perth acknowledges the Whadjuk Nyoongar people as the Traditional Owners of the lands and waters where Perth city is situated today and pays respects to Elders past and present.

About the Annual Report

The City of Perth Annual Report is an important part of the Integrated Strategic Planning and Reporting Framework. It details the City's financial and operational performance in the 2019/20 financial year (FY2019/20) and documents the City's progress in line with the Strategic Community Plan.

The Strategic Community Plan 2019/29 provides the City's long-term strategic direction and guides the organisation's decision-making, services, projects and financial commitments that will deliver a Perth that is vibrant, connected and progressive. The Community Aspirations within the Strategic Community Plan are:

People: A safe, activated and welcoming city that celebrates its diversity and sense of community, providing unique educational, cultural, sporting and lifestyle offerings.

Place: A well planned and functional built form environment, promoting world class architecture, appreciation of heritage, diversity of land use and a sustainable, affordable and accessible integrated transport system.

Planet: A city that respects, protects and fosters its natural environment, embraces the principles of sustainability and acknowledges the impacts of a changing climate.

Prosperity: A city with a diverse and resilient economy capitalising upon its unique competitive advantages and creative reputation, attracting sustainable investment in education, tourism, entertainment, commerce, technology and trade.

Performance: A city led by a Council and supported by an administration that is committed to sound strategy and governance, excellence in customer service and effective and sincere engagement with all stakeholders.

Partnership: A City that has earned the respect and support of the local industry through strong partnerships with state bodies, industry and community groups and other key stakeholders.

The City of Perth Annual Report includes a snapshot of performance and an overview of the City's outlook for the future. It includes plans to ensure the sustainability of the organisation, Perth city and the community being served. It also provides the community and employees with information about how well the City of Perth has performed over the past year and how its efforts have contributed to achieving the City's vision.

In line with the City's sustainability goals, only a limited number of hard copies of this Annual Report were produced. However, it can be downloaded through the website: perth.wa.gov.au

For any enquiries, contact the City of Perth on 9461 3333 or email info@cityofperth.wa.gov.au. Any media representative is invited to contact the Media and Communications team on 9461 3425.

Local Government Act 1995

The Local Government Act 1995 requires local governments to produce an Annual Report by 31 December each year. The City of Perth reports to the community and its stakeholders in a number of ways and goes beyond statutory requirements by producing a dynamic report.



Chair Commissioner's Message

Andrew Hammond
Commissioner



The end of a financial year brings the opportunity to both reflect and turn our attention to the future.

It is a chance to take stock on the year that has passed, recognise achievements and assess how we responded to new and unforeseen challenges.

For the City of Perth, 2019/20 was a year of two distinct halves. The first was focussed on service delivery and restoring the City as a benchmark for local government. The second saw the COVID-19 pandemic demand the organisation respond in an unprecedented way.

Early in the year, Commissioners delivered the City's Corporate Recovery Implementation Plan (CRIP), a target-driven three-year plan focused on significant organisational recovery.

Born from extensive assessments of operational effectiveness, the CRIP set out to return good governance to the City of Perth. It provided the direction required to unlock the City's full potential by creating an organisation that is customer centric in its decision-making, strategic in its thinking and agile in its response.

In the second half of the year, shortly after COVID-19 was formally defined as a pandemic, Commissioners adopted a Relief and Rebound Plan to respond to the changing needs of the community.

Initiatives included free and discounted parking, expanded assertive outreach services, expanded SafeCity patrols, accelerated capital works projects and the launch of the City of Perth Community Careline.

Then, at the final Council Meeting of the financial year, Commissioners adopted the Economic Rebound Strategy.

This 12-month, \$18 million package, provides both immediate and long-term support for businesses, residents and the wider community to get back on their feet and thrive. In the coming year, the City will focus on delivering this plan to return economic prosperity to Perth.

The 2019/20 financial year was also the year that the City of Perth Inquiry came to a conclusion. On 30 June, the Inquiry performed their final hearing, and the City can now focus on implementing Inquiry recommendations.

With the learnings of 2019/20, we can enter 2020/21 with clear focus and direction. During 2020/21 a new Perth City Council will be elected and Commissioners will hand over an Administration with stable and aligned leadership and an abundance of positive reforms and initiatives that benefit the organisation, ratepayers and wider community.



City of Perth Commissioners



Eric Lumsden

Chair Commissioner

Until 9 August 2019

Prior to commencing at the City of Perth, Eric Lumsden was the Chairman of the Western Australian Planning Commission. Before this, he was the Director General of the Department of Planning from 2007 to 2013. Eric held Masters degrees in Town Planning and Business Administration, as well as postgraduate qualifications in local government and social sciences. In 2005, Mr Lumsden was awarded the Public Service Medal and a place on the Queen's Birthday Honours List for his contribution to local government. In 2010, he was awarded the LGMA Gold Medal for his outstanding achievements and contributions to the profession of local government management. Eric was also awarded the National Fellow Award by the Institute of Public Administration and had more than 30 years' experience in local government. Due to health reasons, Eric Lumsden resigned as Chair Commissioner in August 2019. He sadly passed away in December 2019. Eric made a significant contribution to the City of Perth and is sadly missed.



Andrew Hammond

Chair Commissioner

Since 10 August 2019

Commissioner

Until 9 August 2019

Andrew Hammond joined the City of Perth shortly after serving ten years as Chief Executive Officer at the City of Rockingham. Andrew has significant senior experience in local government having held CEO positions in Albany, Wyndham East Kimberley and Nannup. He also sits on the Board of Governance of the International Institute of Business and Technology Pty Ltd. Andrew holds an Executive Master of Business Administration from the University of Western Australia. He is also a Fellow of Local Government Professionals Australia, the Australian Institute of Management and a graduate of the Australian Institute of Directors.

In 2012 Andrew was awarded the inaugural Institute of Public Administration W.A. Local Government Leader of the Year and in 2013 the LGMA Medal for Services to the Local Government Profession.



Gaye McMath

Deputy Chair Commissioner

Gaye McMath is the former Executive Director of Perth Education City. She was previously the Chief Operating Officer at The University of Western Australia following a 23-year career with BHP. Gaye has had several non-executive directorships and her experience spans 20 years on listed companies, government trading enterprises, not for profit and national member organisations. Gaye is currently on the Board of Gold Corporation, Committee for Perth and the Chamber of Arts and Culture WA. Gaye holds a Bachelor of Commerce from Melbourne University, a Masters of Business Administration from Melbourne Business School and has completed the Advanced Management Program at the Harvard Business School.



Len Kosova

Commissioner

Since 10 August 2019

Len has held many senior roles at the Cities of Wanneroo, Gosnells, Swan and the Shire of Mundaring and more recently was the Chief Executive Officer of the City of Vincent. Degree qualified in Urban and Regional Planning and a Graduate of the Australian Institute of Company Directors, Len is also a Member of the Australian Institute of Company Directors, Local Government Professionals Australia and Urban Development Institute of Australia.

Register of complaints

Section 5.121 of the Local Government Act 1995 requires a local government to maintain a register of complaints that result in an action under Section 5.110(6) (b) or (c). There were no complaints to the Local Government Standards Panel during the 2019/20 financial year which resulted in any breach orders by the Standards Panel s5.110 (6) (b) or (c). Therefore no costs were incurred.

While there were no complaints, the City was invoiced \$3,251.60 for matters determined by the Standards Panel in the 18/19 financial year. These relate to complaints made in early 2018 in relation to former Council members. Those complaints were not upheld and no reimbursement applies.

Commissioner Attendance 2019/20

MEETING	MEMBER	ORDINARY MEETINGS HELD	NUMBER OF ORDINARY MEETINGS ATTENDED	SPECIAL MEETINGS HELD	NUMBER OF SPECIAL MEETINGS ATTENDED
Council Meetings	Chair Cm Eric Lumsden	11	1	8	1
	Cm Andrew Hammond	11	9	8	6
	Cm Gaye McMath	11	11	8	7
	Cm Len Kosova	11	9	8	7
Agenda Briefing Session	Chair Cm Eric Lumsden	11	1	N/A	N/A
	Cm Andrew Hammond	11	10	N/A	N/A
	Cm Gaye McMath	11	10	N/A	N/A
	Cm Len Kosova	11	9	N/A	N/A
Audit & Risk Committee	Maurich, Robert (PM)	3	2	0	N/A
	Chair Cm Eric Lumsden	3	0	0	N/A
	Cm Andrew Hammond	3	1	0	N/A
	Cm Gaye McMath	3	3	0	N/A
	Cm Len Kosova	3	2	0	N/A
CEO Performance Review	Chair Cm Eric Lumsden	N/A	N/A	N/A	N/A
	Cm Andrew Hammond	N/A	N/A	N/A	N/A
	Cm Gaye McMath	N/A	N/A	N/A	N/A
Local Development Assessment Panel	Cm Andrew Hammond	9	5	N/A	N/A
	Cm Gaye McMath	9	1	N/A	N/A
	Cm Len Kosova	9	3	N/A	N/A

Design Advisory Committee Attendance 2019/20

MEETING	MEMBER	ORDINARY MEETINGS HELD	NUMBER OF ORDINARY MEETINGS ATTENDED	SPECIAL MEETINGS HELD	NUMBER OF SPECIAL MEETINGS ATTENDED
Design Advisory Committee	Mr Karotkin (PM)	7	2	N/A	N/A
	Mr Melsom	7	3	N/A	N/A
	Mr Ciemitis	7	3	N/A	N/A
	Mr Howe	7	3	N/A	N/A
	Mr Mackay	7	2	N/A	N/A
	Mr Kerr	7	4	N/A	N/A
	Mr Brookfield	7	0	N/A	N/A
	State Govt Architect/Nominee	7	2	N/A	N/A
	Director Planning and Development	7	4	N/A	N/A
	Mr Pullyblank	7	5	N/A	N/A
	Mr Smith	7	6	N/A	N/A
	Mr Hobbs	7	5	N/A	N/A
	Ms Crook	7	1	N/A	N/A
	Mr De Marchi	7	1	N/A	N/A
	Mr Blackwell	7	0	N/A	N/A

Leadership and Administration

The City has implemented a new and more efficient Alliance structure. Under this structure, the organisation has clear and strong cultural direction from an aligned and cooperative leadership team.

An entirely new Executive Leadership Team (ELT), comprising four General Managers, two Project Directors and the Chief Executive Officer is highly experienced and leads the organisation in a collaborative manner.

With the overall goal to inspire a 'One City' mindset, drive a sense of ownership and remove bureaucracy, the City has also established a more streamlined Managerial Leadership Team. Previously the City had 31 managers - this has reduced to 16, with services being amalgamated to remove silos and drive city-wide internal collaboration.

The structure was implemented mid-way through the year and many of the City's service units are reporting to be benefiting from closer and more effective working relationships. Collaboration across the City has vastly improved and as such, service units are becoming increasingly agile in responding to community needs.

As a result of these changes, the City has reduced staff headcount by 100; returning an expected saving of approximately \$100 million over ten years.

Office of the Chief Executive CEO, Murray Jorgensen



The CEO Alliance helps the organisation manage its business environment and provides strategic advice to the City's executive leadership; informing policy and advocacy decisions. The Alliance comprises two Service Units, the Strategy and Recovery Unit and Marketing and Communications Unit.



Community Development

General Manager, Anne Banks-McAllister

The Community Development Alliance delivers services that ignite and unite the community to enrich Perth city. The Alliance brings together the unique aspects needed to build a sense of community. The Community Development Alliance comprises four services including Customer Experience, Community Services, Activation and Cultural Experience and Community Safety and Amenity.



Corporate Services

General Manager, Bill Parker

The Corporate Services Directorate provides corporate and related services to all City of Perth directorates. It has responsibility for the following corporate matters: Finance, Human Resources, Governance, Information and Communication Technology and Strategic Finance.



Infrastructure and Operations

General Manager, Chris Kopec

The Infrastructure and Operations Alliance designs, constructs, manages and maintains infrastructure, buildings, fleet assets and parks in the city to the highest standards. The alliance also delivers contemporary residential and commercial waste management services and has responsibility for the City's parking services.

Planning and Economic Development

General Manager, Jayson Miragliotta



The Planning and Economic Development Alliance provides a future planning and growth focus; driving research and creating the vision and plans for a liveable, prosperous and sustainable city. The Alliance includes the following Service Units: City Planning, Development Approvals, Transport and Urban Design and Economic Development.

Disclosure of annual salaries

Regulation 19B of the Local Government (Administration) Regulations 1986, requires the Annual Report of a local government to contain information on the number of employees of the local government entitled to an annual salary of \$130,00 or more, and the number of employees with an annual salary entitlement that falls within each band of \$10,00 over \$130,000.

SALARY RANGE	NUMBER OF EMPLOYEES
\$130,000 - \$139,999	6
\$140,000 - \$149,999	2
\$150,000 - \$159,999	9
\$160,000 - \$169,999	5
\$170,000 - \$179,999	4
\$180,000 - \$189,999	0
\$190,000 - \$199,999	0
\$200,000 - \$209,999	1
\$210,000 - \$219,999	2
\$220,000 - \$229,999	0
\$230,000 - \$239,999	0
\$240,000 - \$249,999	0
\$250,000 - \$259,999	4
\$320,000 - \$329,999	1

The CEO remuneration package is \$379,532.

WORKFORCE

SIZE

700
Employees

TENURE



The average tenure at the City of Perth is seven years.



FEMALE

Employees

48%

Managers/ELT/CEO

27%



MALE

Employees

52%

Managers/ELT/CEO

73%



Age range
20-80

Average age
45



Representation of many different cultures and nationalities

About Perth City

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

Economic

Total office floorspace
1,935,300m²

Gross regional product
\$45.5 billion

Economic output
\$83.1 billion

Top industry sectors by economic output

Daily workforce population
149,474

33%
Mining

13.6%
Finance
Insurance

10.9%
Professional
Scientific
Technical



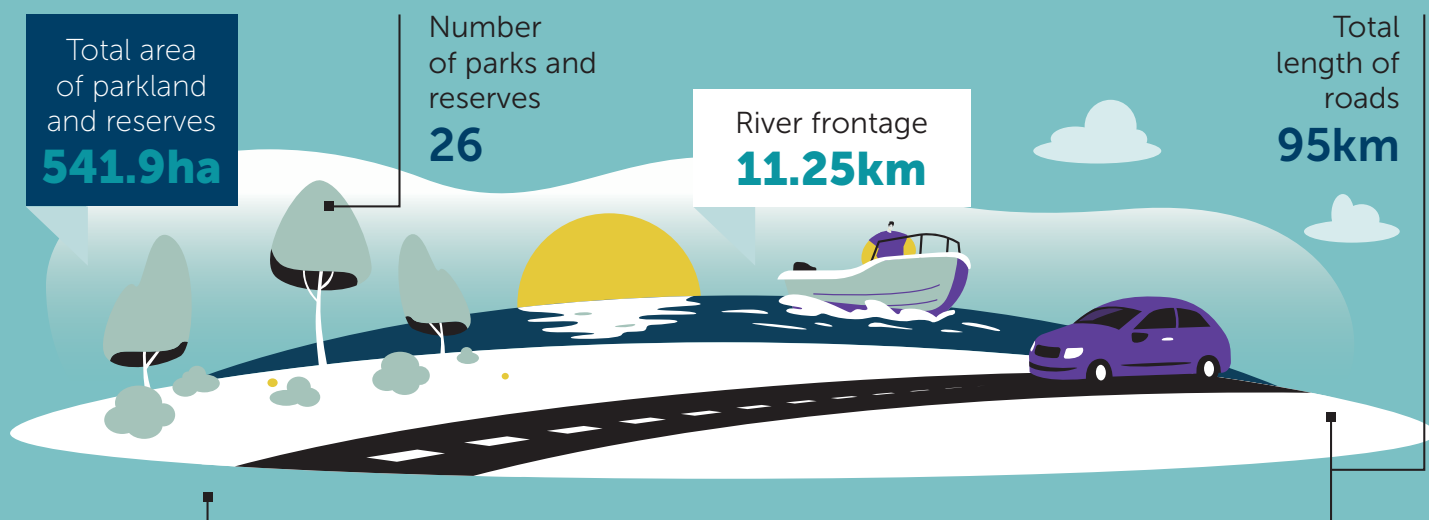
Environmental

Total area
of parkland
and reserves
541.9ha

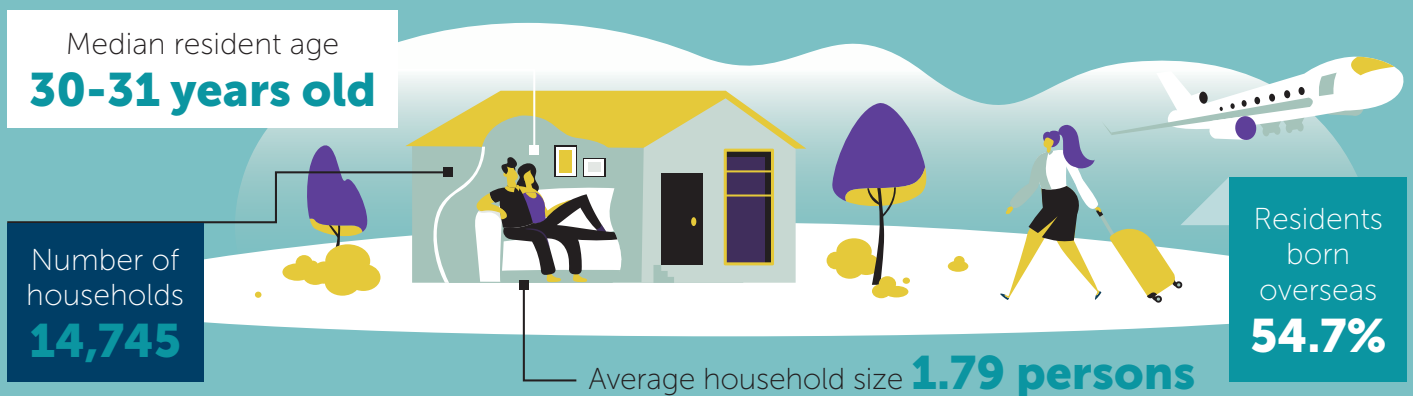
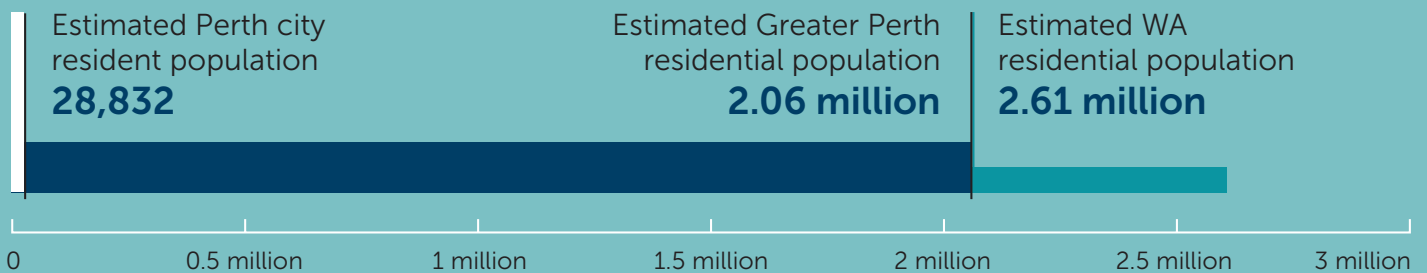
Number
of parks and
reserves
26

River frontage
11.25km

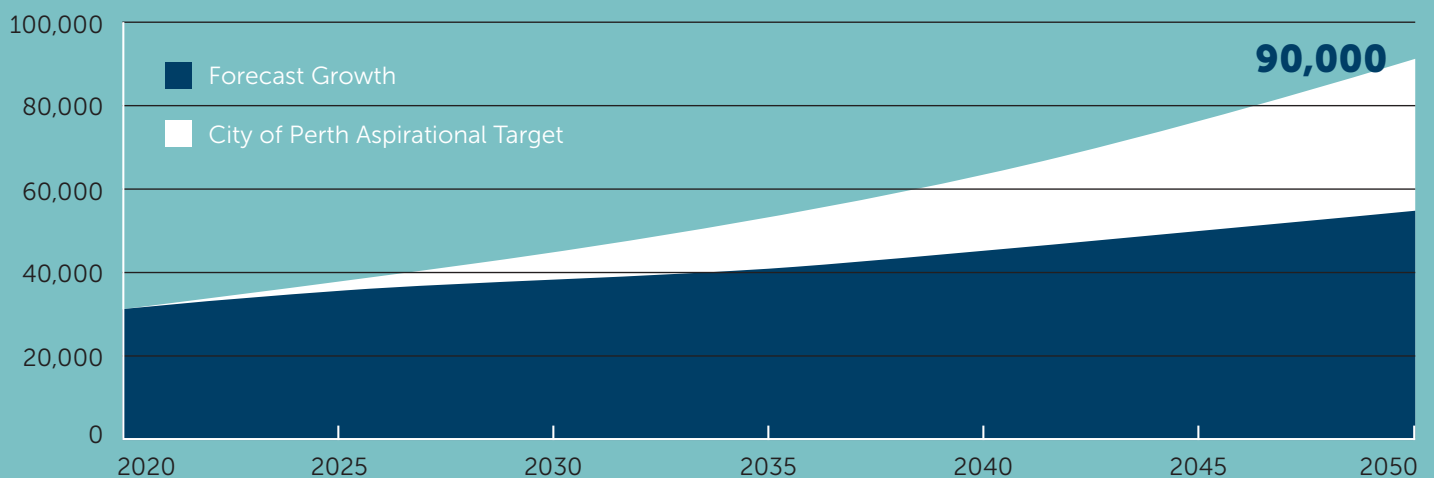
Total
length of
roads
95km



Residential



Residential Growth



At this growth rate, by 2035 Perth city's density will be on par with the City of Melbourne of today, and by 2050, the City of Sydney.

About the City of Perth

The City of Perth is Perth's local government authority; proudly serving the people of Western Australia and their vibrant and rapidly growing capital city. In living the values of teamwork, commitment, courage and respect, City staff form one solid team. A group of public servants, ready to listen, lead and support the community.

Constituted under the *Local Government Act 1995*, the City of Perth provides services and facilities to a broad range of stakeholders including residents, businesses, workers and local, national and international visitors.

The City of Perth has origins from 1829 when the Swan River Colony was established by the British Government and was named after Perth in Scotland. For thousands of years prior, the area had been an important meeting place for the Nyoongar people who have lived in the South-West Region of Western Australia for more than 35,000 years.

In 1856, Perth formally attained 'city' status 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. However, it was not until the Centenary of Foundation in 1929 that the position of Mayor was elevated to Lord Mayor.

The Council has met at several locations over the years, before moving to 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.

In May 2015, a Bill was introduced in State Parliament to establish the *City of Perth Act 2016* to recognise Perth as the capital city of Western Australia and to establish the City of Perth Council as the State's preeminent local government authority. This came into effect on 1 July 2016.



Statistics compiled from the following sources:

City of Perth; profile.id (<https://profile.id.com.au/perth>); Australian Bureau of Statistics, 2018, Australian Demographic Statistics, Cat. no. 3101.0; Department of Lands, Planning and Heritage Land Use Survey for office floor space (2015); and REMPLAN.





SISTER CITIES

Kagoshima

JAPAN (1974)

Megisti

KASTELLORIZO(1984)

Houston

UNITED STATES (1984)

Rhodes

GREECE (1984)

San Diego

UNITED STATES (1987)

Vasto

ITALY (1989)

Nanjing

CHINA (1998)

Chengdu

CHINA (2012)

CHARTERS OF MUTUAL FRIENDSHIP

Perth

SCOTLAND (2006)

Seocho

REPUBLIC OF KOREA (2008)

Taipei

TAIWAN (1999)

City Services



WASTE RECYCLED
3,927 t



LIBRARY VISITS
315,330

GRAFFITI REMOVED

12,900sqm



PHONE CALLS RECEIVED
94,336



COMMUNITY
ENGAGEMENT PROJECTS
75

VISITORS TO ENGAGE PERTH
ENGAGEMENT PLATFORM

33,300



COMMUNITY
CENTRE VISITS
41,000



SOCIAL MEDIA FOLLOWERS
657,886

TREES PLANTED

239



KANGAROOS
CARED FOR

7



Key Achievements

Economic Rebound Strategy

The City developed a comprehensive COVID-19 Economic Rebound Strategy, which identifies activities and services to the value of \$20,115,000 over the next three years.

The strategy focuses on three aspects: return and recover; reinvent and revive; and recalibrate and repeat. Several measures have already been implemented to provide immediate support including increased safety, hygiene and outreach services, waiving of fees and charges for businesses, free parking initiatives and business support through grants, workshops and campaigns.



Strategic Community Plan

In November 2019, Commissioners adopted the City's new Strategic Community Plan. The simplified Plan outlines future aspirations for Perth city and provides transparency, accountability and clear path forward. Importantly, it clarifies the City's objectives and priorities for the next ten years.

The Strategic Community Plan is comprehensive, considers community aspirations and economic, environment and residential statistics. The Plan articulates the Community's aspiration for Perth as: Vibrant, connected, progressive. It presents six focus areas for the City; People, place, planet, prosperity, performance and partnership.

Corporate Business Plan

In June 2020, Commissioners adopted the City of Perth Corporate Business Plan (CBP) 2020/21 – 2023/24, which sets out how the City will grow Perth as an iconic, global city that is positioned for future prosperity.

The document is guided by the City's Strategic Community Plan and Long-Term Financial Plan. It details clear actions, initiatives and projects that will benefit not only the City's ratepayers, but all Western Australians.

The Corporate Business Plan is the most important and valuable resource when planning for Perth's economic prosperity and social and environmental wellbeing. The adoption signals an important milestone in the City's steps towards corporate recovery; with the establishment of a fully Integrated Strategic Planning and Reporting Framework (ISPRF) now complete.





Appointment of ELT and CEO

During FY2019/20, the City appointed an entirely new Executive Leadership Team. The group leads the organisation within a more efficient Alliance structure comprising of Service Units.

The team has undertaken leadership coaching and developed a Leadership Charter, Code of Conduct and Business Rules. In addition, the ELT has established and embedded organisational Key Performance Indicators (KPIs) across the City's Alliances.

Accreditation of Homeless Services in the Public Realm and Moore Street Services Hub

The City of Perth continues to lead with strong projects and initiatives focused on responding to homelessness within the City's boundaries. Initiatives include expanding culturally appropriate assertive outreach services and establishing safe spaces for rough sleepers, working to provide immediate relief for those experiencing homelessness in the city.

In the City of Perth's Interim Homelessness Plan, the City committed to coordinating goodwill groups and service provision in the public realm. The City launched the Accreditation of Homeless Services in the Public Realm on 12 December 2019 as a twelve-month trial.

In realising the City's role in supporting All Paths Lead to a Home: Western Australia's 10-year Strategy on Homelessness, the City of Perth will also continue to support the coordination of homelessness service providers and goodwill groups to operate from Moore Street.

With 20 accredited service providers delivering food, health, hygiene and assertive outreach services, the Moore Street accreditation site saw almost 15,000 touch points of support for the City's most vulnerable from January through to May, including 2000 health and hygiene services and 13,000 meal services.



Key Achievements

Parking

Parking that best services the needs of the community remains a priority for the City of Perth. As such, the City has responded to community feedback and offered more flexibility from its parking services to encourage shoppers and visitors to high street areas. During FY2019/20, the City undertook various temporary parking trials including:

- One-hour free parking in the high street shopping precincts of Claisebrook, East Perth and West Perth.
- Three-hour free parking on weekends and public holidays in the three shopper car parks of His Majesty's, Pier Street and Cultural Centre.

During the COVID-19 pandemic, offering suitable parking initiatives that responded to the changing needs of the community was essential. In particular, it was critical to support essential services by removing parking as an obstacle during the pandemic. Over the course of four months, the City offered the following:

- A flat \$10 fee for all day parking in each of the 34 City owned car parks during COVID-19 pandemic.
- Removed all on-street parking fees.



Campaigns

In the first half of the financial year, the City undertook the planning and implementation of three refreshed marketing campaigns with the aim to highlight seasonal offerings. The 'Shop in full colour', 'All you want for Christmas' and 'Sun's out Fun's out' campaigns all contained sharpened messaging and new creative concepts to entice visitation.

From mid-year onwards, and in alignment with new strategic direction, the City undertook audience segmentation and brand positioning framework projects across its corporate, visitation and investment brands. That activity resulted in a shift from seven annual, typically event-based campaigns, to a 12-month long, 'Always On' approach. This involved brand building and performance marketing activities that elevate Perth as the premier destination to live, work, learn, invest and visit.



Events and Activations Overview

In 2019, City of Perth Commissioners approved an additional \$1,435,000 towards an expanded Christmas and New Year Retail Activation Campaign. Activities undertaken between November 2019 and February 2020 included the Christmas Lights Trail, Christmas Carnivals, Summer Backyard, Nativity Concerts, Sidewalk Sounds, Perth Home Grown Markets, Brass on the Grass, New Year's Eve, City Splash, Lunar New Year, Beach Tower Redemption and Skyworks. The campaign aimed to increase vibrancy in Perth, activate city spaces and encourage people to explore new areas and was boosted by contributions from external stakeholders exceeding \$260,000.

The City also ran events and activations during the school holidays, delivered Hawker Markets and sporting events took place to celebrate the Bledisloe Cup and T20 Women's World Cup. During the peak of the COVID-19 pandemic, the City pivoted on usual event programming to deliver a curated hub of online experiences entitled Visit Perth Online. This featured online exhibitions, podcasts, music performances, virtual walk-throughs and image galleries.

Major Projects

Wellington Square

Works commenced on the first major upgrade of Wellington Square in more than a century following a traditional smoking ceremony and sod turn on 4 February 2020.

Planning for the upgrade included extensive consultation with the community, outreach services and local organisations such as Royal Perth Hospital, the WACA, East Perth Community Group, Mercedes Ladies College and local sporting groups.

Wellington Square is a significant community space in East Perth, and the City is excited to work with the local residents, businesses and park users for the transition of the site into a contemporary city park.

The redeveloped Wellington Square will feature a state of the art intergenerational playground, supported by Lotterywest, a Stolen Generation place of reflection, basketball courts and new automated ablution facilities.





East End Revitalisation

Construction works on the much-anticipated East End Revitalisation program began in early June 2020.

The program will improve the environment, character and quality of the East End precinct through revitalisation of the streetscape in Hay, Pier and Irwin Streets. Construction will also focus on the development of a Pedestrian Priority Zone (PPZ) on Hay Street; extending between the Pier and Irwin Street intersections.

With alfresco dining, new street trees and attractive street furniture, visitors, residents and workers will be encouraged to dwell, eat and shop in the area.

Key features of the precinct include wider footpaths, upgraded lighting and a greater opportunity for outdoor dining to encourage people to stay longer and activate the area which will support businesses in their recovery from this crisis.

To encourage visitors and to support local businesses impacted, the City developed a business continuity guide and a voucher scheme for the East End. Patrons were encouraged to visit Hay Street between Irwin and Victoria Streets and keep an eye out for City of Perth staff handing out \$10 vouchers to spend at selected businesses in the area.

Key Challenges

COVID-19 Pandemic

The City is responding to the significant financial and economic impacts arising from the COVID-19 pandemic.

It is estimated that Perth is likely to experience a decline of up to 11% in GDP during 2020; significantly more than the national average of 6.7%. Projections are that Perth's economy will bounce back fairly quickly as restrictions lift. However, the rate of economic recovery is highly dependent on variables such as social distancing restrictions, a possible 'second wave' and the return of international migration and travel.

The City has a responsibility to support Perth's social and economic recovery during and after the pandemic, while also maintaining its current services.

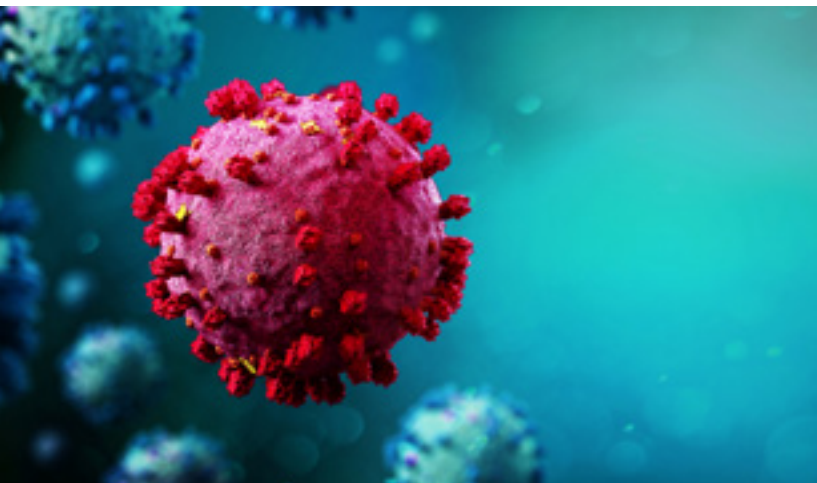
On 30 June 2020, Commissioners adopted the COVID-19 Economic Rebound Strategy. The document sets out how the City will continue to deliver on the community's aspirations for Perth, while also supporting a return to Perth's sustainable economic prosperity. It identifies activities and services to the value of \$20,115,000 over the next three years.

Homelessness

Wealth is growing in key populations, resulting in increased demand for services. However, this is coupled with increased societal income inequality. Already evident on the streets, this inequality results in disadvantaged rough sleepers seeking comfort and safety close to support services. To address homelessness challenges, a mutually agreed reporting pathway and response is required between the City of Perth and WA Police.

During FY2019/20 the City led numerous projects and initiatives that responded to homelessness including:

- Expanding assertive outreach services.
- Coordinating goodwill groups and service provision from Moore Street.
- Launched the Accreditation of Homeless Services in the Public Realm as a twelve-month trial.





Antisocial Behaviour and Safety

Antisocial behaviour and crime is a key factor in addressing a difficult retail trading environment which includes high retail vacancy rates and low growth in visitor numbers with concerns from businesses and the community about public safety. Addressing this issue will complement many of the objectives of the Strategic Community Plan including increased residential population, more tourist and business visitors, attracting new retail businesses and the global brand position and reputation for Perth. The City of Perth is working with WA Police to create an action plan to address this.

During FY2019/20, the City worked with the WA Police collaboratively through its services of SafeCity Patrols and surveillance activities (Citywatch). Through these initiatives, the City monitored more than 600 CCTV Cameras; utilising video analytics to support with lost/left baggage detection, licence plate recognition and people and vehicle counting.

In addition, the City audited 23 identified sites as part of the Protecting Crowded places from Terrorism Strategy and commenced mitigation works against identified vulnerabilities.

Inquiry and Corporate Recovery

On Friday, 2 March 2018, the Minister for Local Government announced the City of Perth Council was suspended with immediate effect and three Commissioners would perform the duties of Council. At the same time, he announced that there would be a formal Inquiry into the City of Perth.

In April 2018, legal practitioner Tony Power was appointed as Inquirer and led the formal Inquiry process. The process was extensive and included both public and private hearings. The final hearing took place on 30 June 2020 and the findings were provided to the Minister on the same day. The final report will be released by the Minister to the public in during FY 2020/21.



Since the Inquiry began almost two years ago, the City has been on an extensive journey of transformation. A vast and fast paced effort has been made towards corporate recovery, which is guided by the organisation's target-driven Corporate Recovery Implementation Plan (CRIP).

Integrated Planning and Risk Management

A big focus during FY2019/20 has been to embed a solid Integrated Strategic Planning and Reporting Framework (ISPRF) and further instil risk management practices into the ISPRF.

With improved systems and the Integrated Strategic Planning and Reporting Framework now in place, the City can provide significantly improved results for the community.

Corporate Business Plan 2020-24

The City's Corporate Business Plan was adopted by Commissioners in June 2020. This is the most important and valuable resource when planning for Perth's economic prosperity and social and environmental wellbeing. It details the City's intended achievements and priorities, how it will commit resources and how success in meeting the needs of the community will be measured.

Long-Term Financial Plan

For more than a year, the City has deconstructed its financial management systems to establish a new and reliable strategic financial framework. The Long-Term Financial Plan is the 10-year plan that guides the City's approach to delivering infrastructure and services to the community in a responsible and affordable way.

Through this process, the organisation has removed its reliance on parking revenue, diversified income streams, lowered spend on discretionary operating projects and is now practicing a more responsible use of cash flow, reserves and debt. In addition, the City has reduced staff headcount by 100; returning an expected saving of \$100 million over the life of the plan.

Risk Management

Risk management is an integral part of good management practice and an essential element of sound corporate governance. Identifying and managing risk enables a more robust basis for effective decision-making and facilitates continuous improvement in performance.

The City's Risk Management Framework sets out the key principles that guide how risk management is embedded at all levels; among them, customer service, development approvals, events, government and commercial partnerships, and services to ratepayers and Perth visitors.

The framework outlines how the City will ensure that risk is managed effectively and appropriately. Effective risk management allows the City to:

- Have increased confidence in achieving its priorities and business objectives.
- Constrain threats to acceptable levels.
- Make informed decisions about maximising opportunities.
- Ensure the right balance between rewards and risks in decision-making.
- Improve partnership and working arrangements.
- Maintain a robust corporate governance structure.

Effective risk management enables the City of Perth to minimise the impact of risk, thereby supporting the City's ability to deliver on its Strategic Community Plan.

City of Perth Integrated Strategic Planning and Reporting Framework



Disability Access and Inclusion Plan

Since the City of Perth's Disability Access and Inclusion Plan (DAIP) was formally endorsed by Council in 2016, the City has been focused on achieving seven outcome areas:

1. People with disability have the same opportunities as other people to access the services of the City of Perth and any events organised by the City of Perth.
2. People with disability have the same opportunities as other people to access the buildings and other facilities of the City of Perth.
3. People with disability receive information from the City of Perth in a format that enables them to access the information as readily as other people are able to access it.
4. People with disability receive the same level and quality of service from the staff of the City of Perth as other people receive.
5. People with disability have the same opportunities as other people to make complaints to the City of Perth.
6. People with disability have the same opportunities as other people to participate in any public consultation with the City of Perth.
7. People with disability have the same opportunities as other people to obtain and maintain employment with the City of Perth.

Throughout FY2019/20, the City continued to improve access, information and awareness of the needs of people with disability and their families. Some key successes include:

- A set of event guidelines to educate and inform event organisers on access and inclusion requirements and recommendations was developed.
- The Access and Inclusion online training module was updated to ensure it offers succinct and relevant information to employees.
- The City developed bookable spaces (external) within the City of Perth website to display information about bookable spaces within city boundaries, including key facilities and features, images, downloadable maps and accessibility information.
- The Access and Inclusion Advisory Group (AIAG) webpage was reinstated to allow external stakeholders to find out more information on the AIAG role in the City, its members, guidance notes for presenting to the AIAG, and AIAG agendas and minutes. The webpage is also relevant to prospective AIAG members seeking more information about the group.
- Guide Dogs Victoria were engaged to assess the accessibility of Wellington Square Intergenerational Playground and provide advice on key access considerations.
- A total of four portable hearing loops were purchased and can be used at the Council House front counter and meetings rooms.
- A person with disability was employed through a traineeship program in Customer Experience.

- Various community engagement opportunities were facilitated in June and July for the development of the new DAIP.
- Access audits of footpaths within City of Perth boundaries were undertaken and the scope extended to include areas such as West Perth, Northbridge and Crawley/Nedlands.

The implementation of the City of Perth's DAIP is monitored through an internal DAIP Working Group made up of representatives from all City Alliances. The group meets bi-monthly and reports on actions being undertaken. This keeps access and inclusion at the forefront of its decision-making processes.

Community consultation for the development of DAIP 2021-2025 will take place during FY2020/21.

Access and Inclusion Advisory Group

The Access and Inclusion Advisory Group (AIAG) consists of residents and regular visitors to the Perth who are passionate about access and inclusion. The group has been providing advice to the City on various plans and strategies since 1998, including recent initiatives such as the development of DAIP 2021-2025, Australia Day Skyworks and East End Revitalisation project. The group met seven times during FY2019/20 to provide feedback on actions within the DAIP Implementation Plan and to inform the development of DAIP 2021-2025.



Reconciliation Action Plan

The City commenced the rebuilding of its relationship with Aboriginal people in November 2016 and developed its first Reconciliation Action Plan (RAP), the *Reflect* RAP, throughout 2017. Since launching the *Reflect* RAP in April 2018, 91 of the initial 93 actions have been completed or have commenced and are ongoing. Many of these actions have been internally focussed to build the organisation's understanding and capacity.

For the City to progress on its journey towards reconciliation it is essential to progress to the next stage in the RAP framework. The next stage for the City is the development of an Innovate Reconciliation Action Plan, these actions will continue to build the foundations at the City and start to include actions external from the organisation.

The City of Perth has a distinct leadership role as the Capital City authority of Western Australia to ensure it continue to develop and flourish without compromising future generations. By continuing to the Innovate RAP, the City will be demonstrating leadership and commitment to reconciliation with the Aboriginal community and setting an example for organisations that are yet to commence their reconciliation journey.

The City's actions include:

- The City continues its relationship with the City of Perth Elders Advisory Group. The City has engaged with the Elders eight times over the last 12 months to seek guidance and feedback on the actions outlined within the Reconciliation Action Plan
- The City has curated Aboriginal Artist Sandra Hill in collaboration with non-Aboriginal fabricator Stuart Green, to deliver a Stolen Generation Artwork at Wellington Square. This artwork is due for installation in 2021
- Wellington Square redevelopment has been designed to feature a bush tucker garden, this will be installed in 20/21
- All City of Perth staff receive cultural awareness training and have specific training on the City of Perth's Reconciliation Action Plan to ensure they can deliver on the City's commitment
- The City committed to raise awareness of the Human Rights Commission anti-racism campaign. All City of Perth staff undertake Diversity and Inclusion training and this campaign is embedded in the training to ensure shut down of any racist behaviour within the organisation
- As part of the wildflower initiative, Mainroads WA upgraded both the causeway and Mounts Bay road entries in to the city to feature wildflowers. The City of Perth Parks team maintain these feature entries
- The City of Perth parks team has implemented revegetation of the City's river line corridor to establish and support native flora and fauna. The City has implemented this at the Exhibition Centre Foreshore, Point Fraser and Windan Bridge. The City engaged an Aboriginal business (WA Landscapes Pty Ltd) to undertake the Windan Bridge soft landscaping
- The City has drafted a residential verge policy to encourage residents to install native plants and low water species on residential verges
- The City has prioritised acquisition of Aboriginal oral histories and the Elders Advisory Group has provided the team with the list of people to engage as part of this initiative
- The City has developed an oral history podcast – 'Untold Stories of Perth'. This includes episodes on Aboriginal experiences in relation to White City and the Coolbaroo Club
- The City of Perth respects Traditional Owners and engages with the South West Land and Sea Council and the Whadjuk Working Party on projects that impact Aboriginal Heritage Sites. The City engaged with the Whadjuk Working Party on; Wellington Square Enhancement, Riverfront masterplan, Skyworks fireworks set up
- As part of the East End Revitalisation project, The City of Perth worked with the Elders Advisory Group to give the new Plaza a Nyoongar name – Kaal Yimniny – meaning 'Fire Here'



- The City celebrated the Elders Advisory Group in NAIDOC week 2019 with Welcome to Country, cultural performances and key speakers from the Aboriginal community talking about Reconciliation
- The City of Perth engaged Aboriginal artists to deliver a new mural on the Citiplace Childcare Centre showing the original lands in Perth before the colonisation
- The City engaged an Aboriginal artist to deliver new branding for the City that reflects the season of Makuru. The branding is featured along the flag poles, t-shirts for customer facing roles during days of importance, two ranger vehicles and two fleet vehicles
- The City worked with the Elders Advisory Group to rename the City's meeting rooms to be named in Nyoongar language. Twenty-three rooms are now named in Nyoongar language and some rooms feature the branding as designed by an Aboriginal artist
- The City has worked in collaboration with the Elders Advisory Group to consider and explore an agreement on how to work together for all Aboriginal peoples
- City of Perth once again provided \$30,000 for an Aboriginal tourism academy in 2020, through WAITOC, this has been underway since January 2020
- A collaboration between the City of Perth, Tourism WA and Development WA allowed Nyumbi to bring Yagan square to life with world's oldest living culture. This launched in January 2020 – March 2020
- The City was a foundation member of Nyoongar Chamber of Commerce and Industries
- The City provided \$20,000 sponsorship to NAIDOC week 2019 launch
- Australia Day 2020 featured the Birak concert, which is curated by an Aboriginal events company. The concert features Aboriginal artists and acknowledges the impact of Australia Day to Aboriginal peoples
- The Library delivered programs throughout the year including:
 - o Indigenous Community Stories
 - o Cyclones and Shadows with Laura Dudgeon
 - o Weaving with Lea Taylor
 - o Yarn Bombing the Tree of Knowledge during NAIDOC Week 2019
 - o Listening to Sea Country: Blending Traditional Knowledge with Contemporary Science and Noongar Singing for Beginners with Gina Williams and Guy Ghouse.

As an organisation, the City of Perth has come a long way in acknowledging and recognising Traditional Owners and demonstrating respect and commitment to relationships and reconciliation with Aboriginal peoples. The City's commitment to this journey is strongly supported by the community.

Recordkeeping Statement

The City of Perth is committed to the reliable and systematic management of government records in accordance with legislative requirements and best practice standards.

Information and Records Management Environment

The City Records and the Business Systems teams concluded a successful pilot on Modern Recordkeeping in June 2020. A new SharePoint electronic document and records management system was rolled out. This allows users to create, save, edit and collaborate on documents in a space that is records managed.

It is envisaged that in-place and passive recordkeeping will reduce the risk of unmanaged corporate information and promote better decision-making.

Other business systems acquired or currently used by the City were assessed for recordkeeping compliance using a systems checklist. These systems are tracked on the application compliance register and reviewed on a regular basis.

Training and Awareness-Raising

All new staff to the City are required to complete Recordkeeping Awareness Training using the online learning platform. A new recordkeeping awareness training course was launched in October 2019. All new staff must complete the induction as part of the onboarding process. All existing staff were enrolled in the course as a refresher of their recordkeeping awareness.

In March 2020, an updated information management induction course was launched for all new staff. All existing staff were enrolled in the course as a refresher in May 2020. This coincided with Information Awareness month. During the month of May, information tips and articles were published internally to raise staff awareness.

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



Grants and Sponsorships

The City of Perth offers a suite of grants and sponsorship programs to assist the City in delivering on the community's aspirations as outlined in the Strategic Community Plan. Grants and sponsorships support recipients to deliver quality programs, events and services that are of great benefit to the Perth community, and bring a high level of social, cultural and economic return to the city.

Many of the City's confirmed grants and sponsorships were affected due to the onset of the COVID-19 pandemic. Events and projects that were approved for funding but cancelled or postponed as a result of COVID-19 have been noted in this Annual Report.

NOTE



Event or Project was postponed as a result of COVID-19 and will be delivered in FY 20/2021



Event or Project was cancelled as a result of COVID-19 and the grant or sponsorship did not go ahead.

All amounts specified are excluding GST

Major Events and Festivals Sponsorship

Available for organisations delivering large scale annual events of national significance. The program is designed to support events that enhance Perth's local, national and international reputation as a major events destination.

ORGANISATION	PROGRAM	FUNDING APPROVED BY COUNCIL		FUNDING STATUS AT 30 JUNE 2020		NOTES
		CASH	IN-KIND	CASH	IN-KIND	
Artrage	Fringe World	\$300,000		\$300,000		
Fashion Council WA	Perth Fashion Festival	\$200,000	\$25,000	\$200,000	\$0	Inkind sponsorship was not utilised
Perth Festival	Perth Festival	\$300,000		\$300,000		
Tennis Australia	ATP Cup	\$120,000	\$10,000	\$120,000	\$0	Inkind sponsorship was not utilised
TOTAL		\$920,000	\$35,000	\$920,000	\$0	

Arts Grants and Sponsorship

Through Arts Grants and Sponsorship the City supports activities that attract increased visitation, encourage broad community participation and engagement, celebrate inclusion and connect people through arts and cultural experiences.

ORGANISATION	PROGRAM	FUNDING APPROVED BY COUNCIL		FUNDING STATUS AT 30 JUNE 2020		NOTES
		CASH	IN-KIND	CASH	IN-KIND	
Australian Baroque	Festival Baroque	\$14,000	\$0	\$0	\$0	Event postponed due to COVID-19 (to be delivered and acquitted in Financial Year 2020/21)
Awesome Arts Australia	Awesome Festival for Bright Young Things	\$90,000	\$0	\$90,000	\$0	
Black Swan State Theatre Company	Engagement Program	\$45,000	\$0	\$45,000	\$0	
Centre for Stories	Stories En Route	\$6,000	\$0	\$6,000	\$0	
Centre for Stories	Inner City Residency	\$6,000	\$0	\$0	\$0	Event postponed due to COVID-19 (to be delivered and acquitted in Financial Year 2020/21)
Co3	Community Program	\$40,000	\$0	\$20,000	\$0	Event postponed due to COVID-19 (to be delivered and acquitted in Financial Year 2020/21)
Co3	Dance In Our City	\$18,000	\$0	\$18,000	\$0	
Environmental Consultants Association (WA) Inc	Biodiversity in Western Australia Art Exhibition	\$1,500	\$0	\$0	\$0	Event postponed due to COVID-19 (to be delivered and acquitted in Financial Year 2020/21)
Fremantle Chamber Orchestra	15th Anniversary Gala Concert	\$7,000	\$0	\$7,000	\$0	
Miss Jasmine Leivers	WA Made Film Festival	\$6,500	\$0	\$6,500	\$0	
Mr Mace Francis	Beautiful Mundane Spaces	\$7,500	\$0	\$7,500	\$0	
Ms Dawn Pascoe	Natural Wings - Pop Up Shows	\$15,000	\$0	\$15,000	\$0	
Ms Melissa Cantwell	Whale Fall	\$10,000	\$0	\$0	\$0	Event postponed due to COVID-19 (to be delivered and acquitted in Financial Year 2020/21)
Ms Sandra Murray	Embedded 2020	\$11,500	\$0	\$11,500	\$0	
Ms Sandra Murray	Unseen: art from the Kimberley	\$11,500	\$0	\$0	\$0	Event postponed due to COVID-19 (to be delivered and acquitted in Financial Year 2020/21)

Arts Grants and Sponsorship Continued

ORGANISATION	PROGRAM	FUNDING APPROVED BY COUNCIL		FUNDING STATUS AT 30 JUNE 2020		NOTES
		CASH	IN-KIND	CASH	IN-KIND	
Nulsen Disability Services	As We Are Arts Award	\$8,000	\$0	\$8,000	\$0	
Performing Lines WA	Gui Shu (Belong)	\$20,092	\$0	\$20,092	\$0	
Perth Centre for Photography	Artistic Program	\$15,000	\$0	\$0	\$0	Event postponed due to COVID-19 (to be delivered and acquitted in Financial Year 2020/21)
Perth Institute for Contemporary Arts (PICA)	Community Access Program	\$60,000	\$0	\$60,000	\$0	
Perth Institute for Contemporary Arts (PICA)	Taipei / Perth Artist Exchange and Exhibition	\$28,000	\$0	\$28,000	\$0	
Propel Youth Arts	Mosaic	\$8,000	\$0	\$8,000	\$0	
Propel Youth Arts WA	Youth Week WA KickstART Festival 2020	\$15,000	\$0	\$15,000	\$0	
pvi collective	tiny revolutions	\$10,000	\$0	\$10,000	\$0	
Revelation Perth International Film Festival	XR:WA	\$32,000	\$0	\$0	\$0	Event postponed due to COVID-19 (to be delivered and acquitted in Financial Year 2020/21)
RTRFM 92.1	In The Pines 2020	\$6,000	\$0	\$0	\$0	Event postponed due to COVID-19 (to be delivered and acquitted in Financial Year 2020/21)
STRUT Dance	Hofesh Shechter	\$25,000	\$0	\$25,000	\$0	
The Blue Room Theatre	Summer Nights and Development Seasons	\$58,000	\$0	\$58,000	\$0	
The Chamber of Arts and Culture Western Australia	Keystone Partnership	\$20,000	\$0	\$20,000	\$0	
The Last Great Hunt	Hunting for Place: STAY WITH US	\$20,000	\$0	\$0	\$0	Event postponed due to COVID-19 (to be delivered and acquitted in Financial Year 2020/21)
The Lester Prize	The Lester Prize	\$60,000	\$0	\$60,000	\$0	
Tone List	FLEX Festival Exchange	\$3,500	\$0	\$3,500	\$0	
Tone List	Audible Edge Festival of Exploratory Music: City Program	\$5,000	\$0	\$5,000	\$0	
WA Poets	Perth Poetry Festival	\$5,500	\$0	\$5,500	\$0	
WA Youth Jazz Orchestra	King Street Corner Pocket Jazz Festival	\$27,000	\$0	\$0	\$0	Event postponed due to COVID-19 (to be delivered and acquitted in Financial Year 2020/21)

Arts Grants and Sponsorship Continued

ORGANISATION	PROGRAM	FUNDING APPROVED BY COUNCIL		FUNDING STATUS AT 30 JUNE 2020		NOTES
		CASH	IN-KIND	CASH	IN-KIND	
West Australian Ballet	Community Dress Rehearsals	\$25,000	\$0	\$25,000	\$0	
West Australian Music	WAMFest	\$20,000	\$0	\$20,000	\$0	
West Australian Opera	Opera in the Park	\$145,000	\$0	\$145,000	\$0	
West Australian Symphony Orchestra	Christmas Symphony	\$180,000	\$0	\$180,000	\$0	
Western Australian Academy of Performing Arts (WAAPA)	Really Big Democracy	\$7,000	\$0	\$7,000	\$0	
Western Australian Indigenous Tourism Operators Council (WAITOC)	First Nations Cultural Sharing Program	\$20,000	\$0	\$0	\$0	Project postponed due to COVID-19 (to be delivered and acquitted in Financial Year 2020/21)
Writing WA	Quantum Words Perth	\$5,000	\$0	\$5,000	\$0	
Yirra Yaakin Theatre Company	Youth Ensemble Collaboration	\$25,000	\$0	\$0	\$0	Project postponed due to COVID-19 (to be delivered and acquitted in Financial Year 2020/21)
TOTAL		\$1,142,592	\$0	\$934,592	\$0	

Event Grants and Sponsorship

The City supports events that attract increased visitation into the city, encourage broad community participation and create activation of city spaces for residents and visitors to enjoy.

ORGANISATION	PROGRAM	FUNDING APPROVED BY COUNCIL		FUNDING STATUS AT 30 JUNE 2020		NOTES
		CASH	IN-KIND	CASH	IN-KIND	
Activ Foundation	Chevron City to Surf	\$15,000	\$0	\$15,000	\$0	
Brookfield Commercial Operations	Winter Lights at Brookfield Place	\$25,000	\$0	\$0	\$0	Event cancelled due to COVID-19 and no sponsorship fee was paid.
Buddha's Light International Association	Buddha's Birthday & Multicultural Festival	\$25,000	\$0	\$0	\$0	Event cancelled due to COVID-19 and no sponsorship fee was paid.
Chung Wah Association	Chinese New Year Fair	\$75,000	\$0	\$75,000	\$0	
Consular Corps of Western Australia Inc.	World Food Festival	\$3,500	\$0	\$3,500	\$0	
Conservation Council of Western Australia	CCWA Eco Festival	\$5,000	\$0	\$0	\$0	Event cancelled
Fairfax Events	Good Food Month	\$50,000	\$71,000	\$0	\$0	Project postponed due to COVID-19 (to be delivered and acquitted in Financial Year 2020/21)
Fairfax Events	Night Noodle Market	\$30,000	\$0	\$0	\$0	Event cancelled due to COVID-19 and no sponsorship fee was paid.
Farming Champions Inc	Farmer on your plate	\$5,000	\$0	\$0	\$0	Project postponed due to COVID-19 (to be delivered and acquitted in Financial Year 2020/21)
HBF	HBF Run for a Reason	\$36,500	\$0	\$0	\$0	Event cancelled due to COVID-19 and no sponsorship fee was paid.
Hellenic Community of Western Australia	Perth Greek Festival	\$25,000	\$0	\$25,000	\$0	
Japan Festival	Perth Japan Festival Matsuri 2020	\$15,000	\$0	\$15,000	\$0	
Mother's Day Classic Foundation	Perth Mother's Day Classic	\$5,000	\$0	\$5,000	\$0	
NAIDOC WA	NAIDOC Week	\$20,000	\$0	\$20,000	\$0	
Netball WA	West Coast Fever	\$140,000	\$10,000	\$0	\$0	Project postponed due to COVID-19 (to be delivered and acquitted in Financial Year 2020/21)
Open House Perth	Open House Perth	\$40,000	\$0	\$40,000	\$0	
Perth City Farm	Perth City Farm 25th Birthday	\$9,900	\$0	\$9,900	\$0	

Event Grants and Sponsorship Continued

ORGANISATION	PROGRAM	FUNDING APPROVED BY COUNCIL		FUNDING STATUS AT 30 JUNE 2020		NOTES
		CASH	IN-KIND	CASH	IN-KIND	
Perth Dinghy Sailing Club	International 14 Perth 2020 Worlds	\$6,000	\$0	\$6,000	\$0	
Perth Indonesian Community Incorporated	Forrest Place Multicultural Festival and Food Bazaar	\$13,327	\$0	\$13,327	\$0	
Perth International Jazz Festival Inc.	2019 Perth International Jazz Festival	\$28,000	\$0	\$28,000	\$0	
Pride WA	Pride Festival	\$65,000	\$0	\$65,000	\$0	
Ronald McDonald House Charities Western Australia	Up All Night	\$5,000	\$0	\$5,000	\$0	
Rowing WA	2020 Elizabeth Quay Rowing Regatta	\$7,000	\$0	\$3,500	\$0	
Seven West Media	Christmas Pageant	\$120,000	\$0	\$120,000	\$0	
Sports Aircraft Association of Australia	SAAA 65th Birthday Fly-In	\$35,000	\$0	\$0	\$0	Event cancelled due to COVID-19 and no sponsorship fee was paid.
Targa West	Targa West Tarmac Rally	\$70,000	\$0	\$0	\$0	
Tee-Ball Association of W.A.	Tee-Ball State Championship	\$5,000	\$0	\$5,000	\$0	
Town Team Movement	SHIFT: Cooperative Innovation Series	\$15,000	\$0	\$0	\$0	Project postponed due to COVID-19 (to be delivered and acquitted in Financial Year 2020/21)
Voicemoves	Sing Along Perth World Singing Day 2019	\$3,000	\$0	\$3,000	\$0	
West Australian Marathon Club	Bridges Fun Run	\$5,000	\$0	\$0	\$0	Project postponed due to COVID-19 (to be delivered and acquitted in Financial Year 2020/21)
Western Australian Brewers Association	WA Beer Week	\$5,000	\$0	\$0	\$0	Event cancelled due to COVID-19 and no sponsorship fee was paid.
Western Australian Yachting Foundation	City of Perth Festival of Sail	\$35,000	\$0	\$35,000	\$0	
TOTAL		\$942,227	\$81,000	\$492,227	\$0	

Neighbourhood and Precinct Grants

Available to incorporated associations for initiatives including place branding and identity, marketing and promotional activities, capacity building and improvements to the public realm, for the benefit of a neighbourhood or precinct in Perth.

ORGANISATION	PROGRAM	FUNDING APPROVED BY COUNCIL		FUNDING STATUS AT 30 JUNE 2020		NOTES
		CASH	IN-KIND	CASH	IN-KIND	
Activate Perth	Strategic Branding and Website design	\$7,500	\$0	\$7,500	\$0	
East Perth Community Group	Renew Royal Street	\$20,000	\$0	\$20,000	\$0	
East Perth Community Group	Claisebrook Village Enhancements	\$34,460	\$0	\$34,460	\$0	
Happy Heart	Northbridge Sign	\$35,000	\$0	\$35,000	\$0	
Northbridge Common	Creating Community	\$15,111	\$0	\$0	\$0	Project wasn't delivered and funding was forfeited
West Perth Local	Community Programs	\$20,000	\$0	\$20,000	\$0	
TOTAL		\$132,071	\$0	\$116,960	\$0	

Community Grants

The Community Enhancement Grant program assists the City in building strong, connected, inclusive and resilient communities. The program supports local not-for-profit groups to deliver projects that address a diverse range of community needs.

ORGANISATION	PROGRAM	FUNDING APPROVED BY COUNCIL		FUNDING STATUS AT 30 JUNE 2020		NOTES
		CASH	IN-KIND	CASH	IN-KIND	
ConnectGroups Support Groups Association WA Inc	Hand to Heart		\$13,000	\$0	\$13,000	\$0
Perth City Farm	Kids in the Garden		\$4,500	\$0	\$4,500	\$0
The Underground Collaborative	Ground+Co Café		\$11,596	\$0	\$11,596	\$0
Volunteering WA	Perth School Vollieday Program		\$13,000	\$0	\$13,000	\$0
Western Australia Youth Theatre Company	Open Access Performance Classes		\$14,000	\$0	\$14,000	\$0
TOTAL			\$56,096	\$0	\$56,096	\$0

ORGANISATION	PROGRAM	FUNDING APPROVED UNDER DELEGATION		FUNDING STATUS AT 30 JUNE 2020		NOTES
		CASH	IN-KIND	CASH	IN-KIND	
Australian Red Cross	Soup Patrol	\$14,897	\$0	\$14,897	\$0	
Derbarl Yerrigan Health Services	COVID-19 Response	\$15,000	\$0	\$15,000	\$0	
East Perth Community Group	East Perth Community TV	\$11,200	\$0	\$11,200	\$0	
Hygge Community Life	Homes for Good	\$15,000	\$0	\$15,000	\$0	
Marr Mooditj Training	Change Da Shame	\$2,535	\$0	\$2,535	\$0	
One Voice for Aussie Youth	Mobile Shower Services	\$8,150	\$0	\$8,150	\$0	
Shelter WA	Institute for Global Homelessness	\$5,000	\$0	\$5,000	\$0	
TOTAL		\$71,782	\$0	\$71,782	\$0	

Economic Development

Through Economic Development Sponsorship the City supports projects and initiatives that position Perth as a thriving centre for business and support commerce, employment, ongoing investment and economic growth.

ORGANISATION	PROGRAM	FUNDING APPROVED BY COUNCIL		FUNDING STATUS AT 30 JUNE 2020		NOTES
		CASH	IN-KIND	CASH	IN-KIND	
32 Degrees South	WestTech Fest	\$50,000		\$50,000		
Australian Hotels Association (WA)	Hospitality Awards for Excellence	\$5,000		\$5,000		
Australian Institute of Mining & Metallurgy	International Lithium and Battery Metals Conference 2020	\$5,000		\$0		Event cancelled due to COVID-19 and no sponsorship fee was paid.
Australian Tourism Export Council (ATEC)	Building International Readiness - China Host	\$15,000		\$0		Project postponed due to COVID-19 (to be delivered and acquitted in Financial Year 2020/21)
Diversified Communications Australia	2020 Australasian Oil & Gas Exhibition & Conference	\$50,000		\$50,000		
Encanta Event Management	24th Annual Human Genome Meeting	\$10,000		\$0		Event cancelled due to COVID-19 and no sponsorship fee was paid.
Export Council of Australia	West Australian Industry and Export Awards	\$7,500		\$7,500		
Forum Advocating Cultural and Eco-Tourism (FACET)	FACET Annual Professional Development Events Program	\$9,000		\$0		Project postponed due to COVID-19 (to be delivered and acquitted in Financial Year 2020/21)
Innovate Australia	Event Program	\$10,000		\$10,000		
Perth Convention Bureau	Annual program of activities	\$308,077		\$308,077		
Perth USAsia Centre	In the Zone	\$15,000		\$15,000		
Seven West Media	Resource Technology Showcase	\$30,000		\$30,000		
SpaceCubed	Start Up Weekend Perth	\$10,000		\$10,000		
Startup WA	Startup WA	\$15,000		\$15,000		
Study Perth	International Education Action Plan	\$175,000		\$175,000		
TedX Perth	TedX Perth	\$15,000	\$5,000	\$15,000	\$5,000	
Tourism Council of WA	WA Tourism Awards	\$10,000		\$10,000		
University of Western Australia	Bio-innovation Symposium	\$10,000		\$10,000		
Volunteering WA	Volunteering WA conference	\$10,000		\$10,000		

Economic Development Continued

ORGANISATION	PROGRAM	FUNDING APPROVED BY COUNCIL		FUNDING STATUS AT 30 JUNE 2020		NOTES
WA Business News	40under40	\$18,000		\$0		Project postponed due to COVID-19 (to be delivered and acquitted in Financial Year 2020/21)
Western Australian Indigenous Tourism Operators Council (WAITOC)	Aboriginal Tourism Academy 2020	\$30,000		\$0		Project postponed due to COVID-19 (to be delivered and acquitted in Financial Year 2020/21)
Wise Realities	Healthcare Immersive Technologies Symposium 2020	\$10,000		\$10,000		
TOTAL		\$817,577	\$5,000	\$730,577	\$5,000	

ORGANISATION	PROGRAM	FUNDING APPROVED UNDER DELEGATION		FUNDING STATUS AT 30 JUNE 2020		NOTES
		CASH	IN-KIND	CASH	IN-KIND	
Australian Hotels Association (WA)	Accommodation Awards for Excellence	\$5,000	\$0	\$5,000	\$0	
Frame Lab VR	Fright Fest VR	\$5,000	\$0	\$5,000	\$0	
TOTAL		\$10,000	\$0	\$10,000	\$0	

Business Improvement Grants

The Business Improvement Grants Program aims to stimulate and encourage diverse inner-city commerce by supporting new and established local businesses to improve precinct amenity, stimulate business activity and provide direct benefits to the Perth community.

ORGANISATION	PROGRAM	FUNDING APPROVED BY COUNCIL		FUNDING STATUS AT 30 JUNE 2020		NOTES
		CASH	IN-KIND	CASH	IN-KIND	
Bright Tank Brewery	East Perth	\$15,000		\$15,000		
Lion Oriental	Northbridge	\$10,000		\$10,000		
Mustang Bar	Northbridge	\$15,000		\$15,000		
Picabar	Northbridge	\$20,000		\$20,000		
The Royal Hotel	East Perth	\$20,000		\$20,000		
Universal Bar	Northbridge	\$10,000		\$10,000		
TOTAL		\$90,000		\$90,000		

Small Business Grants

The Small Business Grant program supports Perth-based businesses to develop capacity, invest in their premises, promote themselves to the market and build sustainability.

ORGANISATION	PROGRAM	FUNDING APPROVED UNDER DELEGATION		FUNDING STATUS AT 30 JUNE 2020		NOTES
		CASH	IN-KIND	CASH	IN-KIND	
Ailtire Architects	Perth CBD	\$5,000		\$5,000		
Bella Gina Café	East Perth	\$5,000		\$5,000		
Bodysmart Health Solutions	Perth CBD	\$5,000		\$5,000		
Brittons Formal Wear	Perth CBD (Hay St Mall)	\$4,550		\$4,550		
B-Store	Perth CBD (Hay St Mall)	\$5,000		\$5,000		
Cool Change Contemporary	Perth CBD (Barrack St)	\$5,000		\$5,000		
Cribb Lane	West End	\$5,000		\$5,000		
Croff Bakery	Perth CBD (Barrack St)	\$5,000		\$5,000		
Financial Pathfinders	Perth CBD	\$3,750		\$3,750		
Kafka	Northbridge	\$5,000		\$5,000		
Milktooth	West Perth	\$5,000		\$5,000		
Moana Hall	Perth CBD	\$4,952		\$4,952		
Peddle Perth	Perth CBD (Forrest Chase)	\$5,000		\$5,000		
Periscope	Northbridge	\$5,000		\$5,000		
Ruck Rover	Northbridge	\$5,000		\$5,000		
The Comedy Lounge	Perth CBD (Murray St)	\$5,000		\$5,000		
Thomasisha Wareham Artistry	West Perth	\$5,000		\$5,000		
Thompsons of West Perth	West Perth	\$5,000		\$5,000		
Urban Om	East Perth	\$5,000		\$5,000		
Vino and Vino PL (No Mafia)	Northbridge	\$5,000		\$5,000		
Whipper Snapper Distillery	East Perth	\$5,000		\$5,000		
TOTAL		\$103,252		\$103,252		

City of Perth Parking Commercial Partnerships

City of Perth Parking (CPP) Commercial Partnerships leverage and promote CPP offers as part of annual marketing activities.

ORGANISATION	PROGRAM	FUNDING APPROVED BY COUNCIL		FUNDING STATUS AT 30 JUNE 2020		NOTES
		CASH	IN-KIND	CASH	IN-KIND	
Perth Glory Football Club	Perth Glory football games	\$0	\$10,098	\$0	\$10,098	
Channel 7 Telethon Trust	Telethon	\$40,000	\$70,827	\$40,000	\$70,827	
Artrage	Rooftop Movies	\$0	\$85,000	\$0	\$85,000	
Targa West	Targa West Tarmac Rally	\$0	\$21,015	\$0	\$21,015	
TOTAL		\$40,000	\$186,940	\$40,000	\$186,940	

Principal Partnerships

Principal Partnerships support core funding to organisations for specific projects and activities that provide tangible and measurable outcomes to the Perth community.

ORGANISATION	PROGRAM	FUNDING APPROVED BY COUNCIL		FUNDING STATUS AT 30 JUNE 2020		NOTES
		CASH	IN-KIND	CASH	IN-KIND	
Perth Public Art Foundation	19/20 Principal Partnership	\$203,419	\$7,904	\$173,815	\$7,904	
TOTAL		\$203,419	\$7,904	\$173,815	\$7,904	

Donations

Donations by the City of Perth reflect its commitment to improve the wellbeing of the community within its boundaries, as well as the residents of Western Australia and Australia as a whole. The provision of a donation by the City of Perth is of a philanthropic nature.

ORGANISATION	PROGRAM	FUNDING APPROVED BY COUNCIL		FUNDING STATUS AT 30 JUNE 2020		NOTES
		CASH	IN-KIND	CASH	IN-KIND	
RSL WA	ANZAC Day	\$39,338	\$45,662	\$0	\$0	Event cancelled due to COVID-19 and no sponsorship fee was paid.
TOTAL		\$39,338	\$45,662	\$0	\$0	

Venue Support Grants and Inkind Sponsorship (non-cash)

The City of Perth provides assistance to eligible groups via the waiving of venue and reserve hire fees through the Venue Support Grants Program. This increases the community's use of City-managed venues and reserves for meetings, forums, projects, activities and events.

ORGANISATION	PROGRAM	FUNDING APPROVED UNDER DELEGATION		FUNDING STATUS AT 30 JUNE 2020		NOTES
		CASH	IN-KIND	CASH	IN-KIND	
Alcoholics Anonymous	Alcoholics Anonymous Weekly Meetings	\$0	\$3,744	\$0	\$3,744	
Australian Pensioners and Superannuants League WA	Australian Pensioners and Superannuants League WA	\$0	\$210	\$0	\$210	
Parkrun Australia	Claisebrook Cove parkrun	\$0	\$2,165	\$0	\$2,165	
So Change Inc	Live Lighter Basant Festival	\$0	\$2,948	\$0	\$2,948	
Cat Haven	Cat Haven Annual Street Appeal	\$0	\$168	\$0	\$168	
St Andrew's Church	East Perth Urban Village	\$0	\$318	\$0	\$318	
Mission Australia	Christmas Lunch in The Park 2019	\$0	\$5,973	\$0	\$5,973	
Perth Firefighters Calendar	Sale of Perth Firefighters Calendar	\$0	\$2,110	\$0	\$2,110	
David Gardiner (DGPR)	Forrest LIVE	\$0	\$7,500	\$0	\$7,500	
Jane Armstrong (Homelessness We Care)	CBD Christmas Café 2019	\$0	\$212	\$0	\$212	
Secret Suppers	Children of the 80s Immersive	\$0	\$2,500	\$0	\$2,500	
Britt Niven	Bushfire Bootcamp Appeal	\$0	\$3,982	\$0	\$3,982	
Rhodesian Association of WA Inc	Monthly Social Meeting	\$0	\$864	\$0	\$864	
Indian Society WA	2020 Holi Festival	\$0	\$2,987	\$0	\$2,987	
Australian Minifootball Federation	World Minifootball Federation World Cup	\$0	\$124,000	\$0	\$124,000	
TOTAL		\$0	\$159,680	\$0	\$159,680	

Financial Summary

The New Financial Philosophy

The City has undertaken a detailed analysis of all aspects of its financial management approach and historical financial performance - examining value for money, project delivery outcomes and financial trends.

The objective of this critical assessment was to inform the development of an approach to re-position the finances of our capital city.

The City has now transitioned to a more transparent, accountable and sustainable approach to managing

its financial resources. This approach includes an integrated strategic financial planning model that ensures proposed services and capital projects delivered to the community are properly funded and appropriately resourced.

Key initiatives supporting the financial transformation will be the implementation of a new enterprise wide financial system, a service-based resource allocation model, new reporting models to support more informed decision making and customer-centric contemporary financial processes.

Expected outcomes from the financial transformation include targeting best value from the use of the City's financial resources, enhanced accountability for the use of those financial resources and rigorous forward financial planning activities that realistically align community aspiration with organisational capacity.

Together, these financial management initiatives should provide a structured framework for responsible, sustainable financial management that ensures effective stewardship of our financial and community assets into the future.

1. FINANCIAL PERFORMANCE – 4-YEAR TRENDS	2016/17	2017/18	2018/19	2019/20
Operating Revenue	201.06	201.99	206.66	191.36
Non Operating Revenue	2.15	3.32	1.84	1.86
Total Operating Revenue	190.57	191.57	194.40	192.42
Non Operating Adjustments/Revaluation	6.80	(10.59)	6.59	(12.48)
Operating Result	5.84	24.33	7.87	13.08
Total Assets	1,432.77	1,315.84	1,319.00	1,290.63
Total Liabilities	67.20	56.93	52.21	48.44
Equity/Net Assets	1,365.57	1,258.91	1,266.79	1,242.19
Net Cash from Operating Activities	46.03	47.99	52.63	33.36

(\$ Millions)

Table 1 above shows that the value of community assets (our net asset position) has remained consistent across the last four years as a result of ongoing capital investment in enhancing important community infrastructure. It does, however, indicate that the challenging economic climate over recent years has seen operating costs growing at a faster rate

than revenues until a forced remedial intervention was required in 2019/20 to manage the significant financial impacts of COVID-19. The City has since begun re-positioning its finances in support of a more sustainable financial model.

Through proactive financial modelling and management actions, the City

was able to accommodate the \$15M adverse financial impact of COVID-19 between March and June 2020. The City was also able to proactively re-position its finances to accommodate funding for a \$20M Economic Rebound Strategy in the 2020/21 budget.

Summary

Responsible, sustainable financial management that ensures the effective stewardship of financial and community assets is a core responsibility of local government. The community is entitled to expect rigorous, strategically focused financial planning that ensures that community expectations are met and that the services and capital projects delivered to the community are properly funded and appropriately resourced.

Proactive treasury management and effective operational financial management should deliver best value to the community from the use of the City's financial resources whilst regular reporting should provide accountability for the use of those financial resources.

The annual financial statements provide one perspective on how the City has performed against those

expectations. Whilst this report focusses specifically on the 2019/20 financial year results, it is important to view those results within the context of financial trends over a period of at least four years. The tables below provide summarised data and key financial ratio trends that indicate how the City has performed financially over the past four years.

2. KEY FINANCIAL RATIOS – 4-YEAR TRENDS	2016/17	2017/18	2018/19	2019/20
Current Ratio (ideally should be greater than 1.00)	1.33	1.20	1.52	2.03
Operating Surplus Ratio (ideally positive between 0% and 15%)	2%	4%	5%	(2%)
Own Source Revenue Ratio (ideally greater than 40%)	100%	103%	101%	98%
Debt Service Ratio (ideally greater than 5.00)	8.66	7.33	5.02	6.67
Asset Consumption Ratio (ideally between 50% and 70%)	56%	60%	58%	55%
Asset Sustainability Ratio (ideally greater than 90%)	60%	72%	55%	48%
Asset Renewal Funding Ratio (ideally between 95% and 100%)	100%	100%	99%	100%
Financial Health Indicator (ideally 70 or above out of 100)	86	80	84	67

As shown in Table 2 (above), the trends in most financial ratios are consistent with industry benchmarks with the exception of the operating surplus ratio and the asset sustainability ratio.

The adverse general trend in the operating surplus ratio reflects the challenge the City faces in responsibly balancing service delivery costs against the available funding streams particularly in COVID-19 impacted 2019/20.

The asset ratio trends suggest that the City is adequately funding for important asset renewal activities, but it has not been able to consistently execute the delivery of those proposed asset renewal works, particularly in the 2019/20 year when the renewals target fell below the lower bound of the industry preferred ratio..

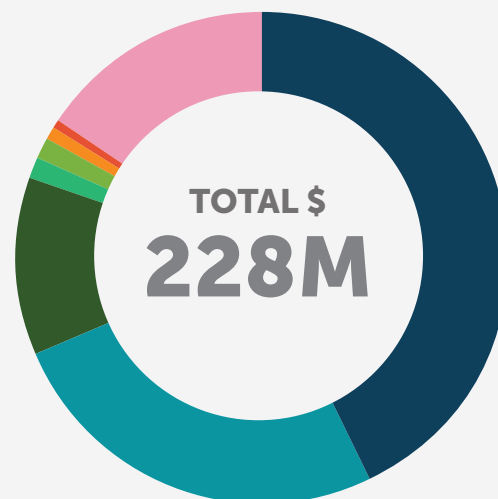
The information provided below relates specifically to the City's financial position and performance in relation to the 2019/20 financial year.

3. FINANCIAL SNAPSHOT 2019/20	\$ MILLION
Operating Revenue	191.36
Profit on Sale of Assets	0.10
Other Non Recurrent Revenue	1.86
Operating Expenditure	(192.40)
Loss on Disposal of Assets	(1.58)
Asset Revaluation Adjustments	(1.34)
Contributed Assets	15.40
Operating Result	13.28
Capital Program Delivered	27.95
Cash Reserves - Discretionary & Quarantined	101.13
Net Assets	1,242.49

Funding Sources & Expenditure Types

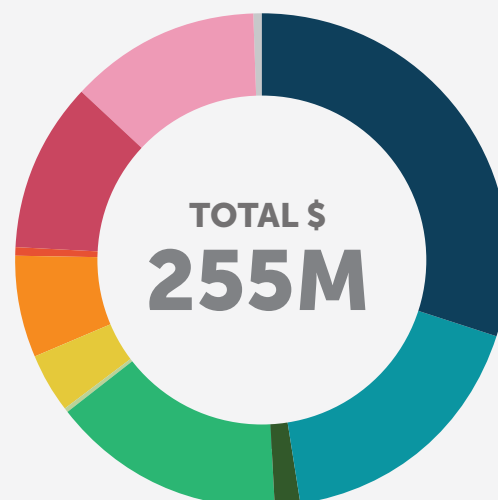
Funding Sources

Rates Revenue	98,267,415	43%
Parking Revenue	58,473,018	26%
Fees & Charges	26,996,999	12%
Grants - Operational	3,088,208	1%
Interest Revenue	3,329,537	1%
Profit on Sale of Assets	107,347	0%
Grants - Asset Acquisition	1,754,712	1%
Other Revenue	1,202,886	1%
Borrowings	0	0%
Cash Reserves Used	35,098,622	15%
	228,318,744	100%



Cash expenditure

Employee Costs	76,739,952	30%
Material & Contracts	44,957,801	18%
Utilities & Insurances	4,249,451	2%
Depreciation & Amortisation	38,559,160	15%
Interest Expense	702,721	0%
Other Expenses	10,535,026	4%
Parking Levy	16,672,711	7%
Loss on Disposal	1,585,308	1%
Assets Created	27,949,939	11%
Cash Reserves Created	31,893,669	12%
Asset Valuation Changes	1,337,900	1%
	255,183,638	100%



Add back Non Cash Items (40,144,468)

Net Cash Expenses 215,039,170

Net Result 13,279,574

Financial Performance 2019/20

Annual revenue for the year reached \$191.36M against a budget of \$207.34M. The overall unfavourable variance of 7.7% was almost entirely due to the adverse impacts of the unanticipated COVID-19 driven shutdown of the capital city's economy.

These impacts included:

- forfeiture of \$13.8M in parking revenues,
- shortfall of \$ 0.8M in fees & charges, and
- shortfall of \$ 0.7M in anticipated investment revenues.

Revenues from fees and charges were around 4% below budget with both commercial rental and commercial waste collection revenues impacted by the weaker economy and relief measures related to COVID-19.

Operating grants and contribution revenues were disclosed as being 9% under budget, but this was largely due to the non-receipt of some minor event grants due to COVID-19.

Rates revenue was 1.8% above budget expectations due to a strong performance on interim rates levied after the initial rates strike.

Investment revenues were 20.8% under budget as a consequence of weak investment rates and the poor performance of a long term investment that was marked to the performance of the Australian share market during the COVID-19 impacted period between March and June. Invested capital was protected, but investment returns were much weaker than was anticipated.

Capital revenue of \$1.41M was 27% under budget expectations for the year after the certain capital projects could not be completed until after 30 June.

Operating expenditure was \$194.0M against a budget target of \$203.5M. Employee costs were 8% under budget in

total as a direct consequence of the significant reduction of employee numbers to bring them back to financially sustainable levels. This initiative was a key platform in re-positioning the capital city's finances for a sustainable future.

Materials and contracts were 16% under budget at year end largely reflecting the inability to undertake a number of operating projects, events and sponsorship activities due to the impact of COVID-19 restrictions. In addition, a number of city facilities including the library and community facilities were closed or operated at low capacity for the period between March and June.

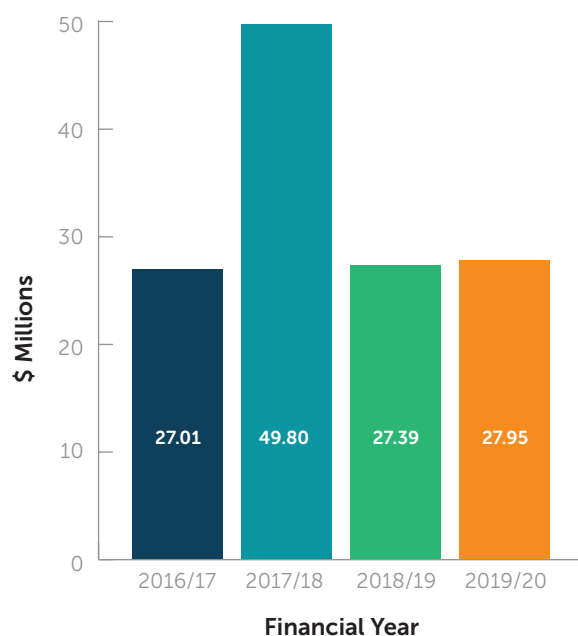
Utilities expenses were close to budget whilst insurance costs were significantly higher than budgeted due to the impact of past claims history and closing out of previous claims. Other expenses were 3.9% over budget but it should be noted that all major budgeted cost components within this category (including the \$16.7M state government parking levy) were on or close to budget. The unfavourable variance arose from a change in accounting treatment to expense some costs that were incorrectly capitalised in previous years.

Depreciation (a non-cash cost) was higher than budgeted due to the revaluation of various classes of infrastructure assets and furniture and equipment.

Capital Program

The City's capital expenditure program reflects the creation of new assets as well as renewal of existing ones. 2019/20 was a challenging year for the City with a particularly ambitious capital program being impacted by limited availability of sufficiently skilled contractors and project management resources due to the four month COVID-19 lockdown restrictions as well as other operational issues which emerged during the year.

From the proposed capital works program, some \$27.95M worth of projects were completed. Capital projects



4. CAPITAL PROGRAM	2016/17	2017/18	2018/19	2019/20
Assets Acquired/Created	27.05	42.02	30.02	18.27
Increase/(Decrease) in Work in Progress	(1.67)	(1.68)	(2.83)	(4.65)
Contributed Assets	1.63	6.89	0.18	14.33
Assets – Initial Recognition	0.00	2.57	0.02	0.00
Total	27.01	49.80	27.39	27.95
Budget	62.73	60.37	56.29	50.08
% of Capital Budget Delivered	43.1%	82.5%	48.7%	55.8%

completed represented 55.8% of budget expectations at 30 June. At that time, there were some in-progress but incomplete capital works that are being carried forward into the 2020/21 year. These projects totaled around \$14.02M in value.

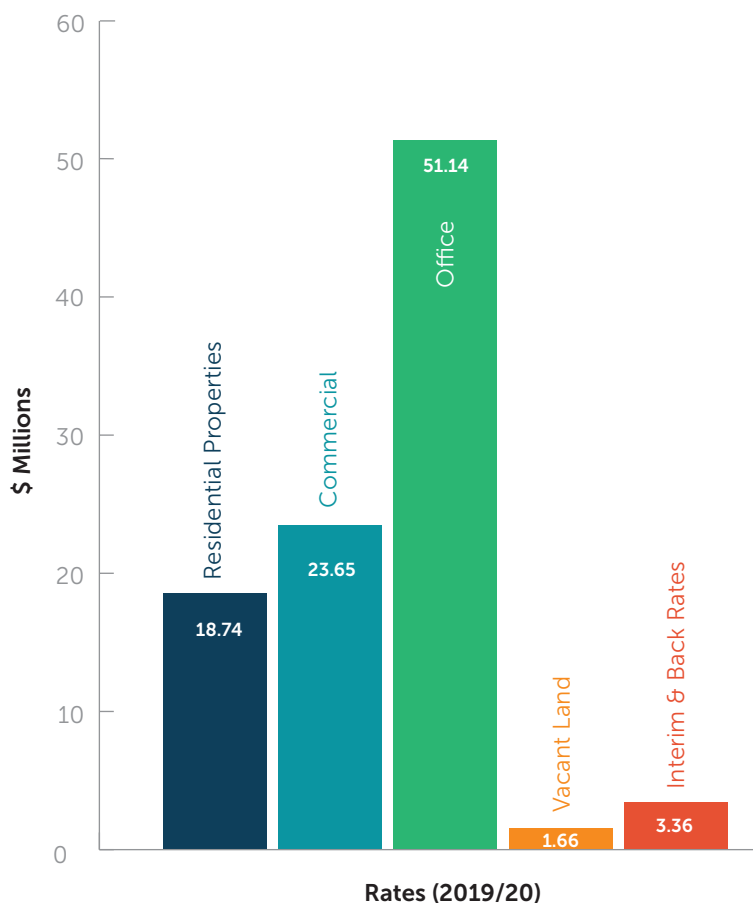
Currently, \$27.35M is recorded as Capital Work in Progress (from previous years and 2019/20) and will subsequently be capitalised upon commissioning of the new asset.

Rates

The data shown in Table 5 below provides a concise summary of the City's 2019/20 differential rating model. It shows the respective revenue contributions from each rating property class and then, by contrasting the revenue generated from each property class with the available gross rental values (GRV) from each property class; it derives a relative rating effort (RRE) co-efficient for each property class.

By contrasting the revenues generated from each property class in this way, you can derive a comparative measure of how each property class is contributing relatively to the total rates revenue.

Analysis of the current status of this model when setting the budget indicates to Council the proportionate contribution of each class allowing Council to adjust the rate in the dollar applied to differential rating categories - the first step in achieving a greater equity of contribution from ratepayers.



5. DIFFERENTIAL RATING MODEL

PROPERTY TYPE	NUMBER OF PROPERTIES	GRV \$M	RATES \$M	REVENUE CONTRIBUTION	RELATIVE RATING EFFORT*
Residential Properties	14,401	316.42	18.74	19.0%	5.92%
Commercial	2,618	420.30	23.65	24.0%	5.63%
Office	2,386	1,093.13	51.14	51.9%	4.68%
Vacant Land	81	25.75	1.66	1.7%	6.44%
Interim & Back Rates	-	-	3.36	3.4%	
	19,486	1,855.60	98.55	100.0%	
Adjust for Heritage Rate Concession			(0.29)		
Net Rates Revenue			98.26		

* Relative Rating Effort refers to a comparable indicator of the rates revenue return generated from the available Gross Rental Values of a particular property category.

Financial Ratios

The long term strength of the City's financial position is reflected in the financial ratios disclosed in the annual financial statements. The financial ratios show that the City meets or betters the preferred industry benchmarks for five of the seven measures in 2019/20. Overall, the headline financial ratios provide evidence of the City's solid statutory financial position - although it should be noted that these ratios do not reflect measures such as value for money or efficiency of operations.

The current ratio of 2.03 demonstrates the City's effective day to day management of its cash liquidity ensuring that it has the financial capacity to meet its financial obligations as and when they become due. This ratio shows a consistent short term liquidity ratio trend that exceeds industry benchmarks. The own source revenue ratio of 98% reflects the City's continuing financial autonomy.

The City's borrowings program reflects a debt service ratio of 6.67 which betters the industry benchmark level of 5.00. There were no new borrowings in 2019/20 but there will be in 2020/21 as the City leverages its solid financial position to support a COVID-19 economic rebound for Perth.

The outstanding rates ratio of 2.6% reflects a deterioration from the excellent collection result of 1.0% for 2018/19 - but this is not surprising given the late 2019/20 impacts of COVID-19 on the community. Maintaining this ratio at such a low level is important though, as it ensures that the City has reliable cash inflows to support its planned expenditure programs.

The operating surplus ratio (as disclosed) is below the industry benchmark parameters for 2019/20 at (2.0%). It should, however, be acknowledged that the impact

of COVID-19 on revenues, partly offset by the deferral of some operational expenses as noted in the discussion above regarding materials and contracts, has the effect of artificially inflating this ratio.

The trend in this ratio over recent years and indicative ratios in the Long Term Financial Plan moving forward, highlight the importance of the City taking a more strategic, long term financial planning perspective to improve this financial indicator in the medium term.

The asset consumption and asset renewal ratios are within the preferred industry ranges but the asset sustainability ratio continues to be below the preferred industry benchmark. The ideal industry benchmark reflects a balanced combination of all of these three asset ratios.

This infers that whilst the City appears to be providing adequate funding to support the renewal of its infrastructure and property plant and equipment assets; it has faced significant challenges to delivering the proposed renewal activities. The City has recognised this and is in the process of implementing and resourcing new, more sophisticated approaches to improve its project management and project delivery outcomes in future years.

Successfully implementing these approaches should ensure that Council's stewardship of its community assets will result in appropriate and sustainable levels of funding being allocated to deliver on this important local government area of responsibility.

6. KEY FINANCIAL INDICATOR	2019/20	BENCHMARK	
Current Ratio	2.03	1.00	●
Rates Outstanding Ratio	2.6%	Less than 5%	●
Operating Surplus Ratio	(2.0%)	0% - 5.0%	●
Own Source Revenue Ratio	98.0%	More than 40%	●
Debt Service Ratio	6.67	5.00	●
Asset Consumption Ratio	55.0%	50.0%	●
Asset Sustainability Ratio	48.0%	90.0%	●
Asset Renewal Funding Ratio	100.0%	95.0%	●

Financial Health Indicator (FHI)

The results from calculating each of the above ratios are then 'standardised' and used to calculate a Financial Health Indicator (FHI) score which is a composite assessment of a local government's financial health.

The FHI score is derived using a specialised model developed by the Western Australian Treasury that allows comparison of the financial health of all local governments.

A FHI score of at least 70 is required to demonstrate sound financial health for a local government. The City's FHI score as at 30 June 2020 is 67. This score reflects the poor asset management performance of only 16.7 out of the available 30 points due to the failure to successfully execute the capital program.

7. RATIOS	RAW 2019/20	STANDARDISED RATIO
Current Ratio	2.03	10.00
Operating Surplus Ratio	(2.0%)	0.00
Own Source Revenue Ratio	0.98	10.00
Debt Service Ratio	6.67	10.00
Asset Consumption Ratio	0.55	7.96
Asset Sustainability Ratio	0.48	0.00
Asset Renewal Funding Ratio	1.00	9.14
Financial Health Indicator Score		67

Cash Reserves

Cash backed reserves, which play an important role in ensuring the long term financial sustainability of local governments, are used to responsibly accumulate funds for projects in future years. Without these cash reserves, major community building projects and other important community infrastructure projects such as the Wellington Square Project, East End Revitalisation, Roe St Upgrade and conversion to two way traffic flows in Hay and Hill St would not be able to be delivered without significant impost on ratepayers.

At 30 June 2020, a total of \$101.13M was held in cash backed Reserves. Of this, \$50.11M is quarantined in reserves relating to parking management, waste management and specific facility reserves. The remaining \$51.02M represents prudently accumulated funds to support currently planned and future projects - and is to be specifically identified as contributing to the funding models for major discretionary projects in the City's Long Term Financial Plan.

Accountability for Use of Financial Resources

The audited financial statements shown on pages 61 to 127 of this annual report include disclosures that meet all statutory requirements and demonstrate the City's ongoing commitment to financial accountability to the community.



FINANCIAL STATEMENTS
2019/20

Understanding our Financial Statements

A guide to some of the terminology contained in the statutory financial statements and the financial report.

Statement of Comprehensive Income

Page 61

The 'Statement of Comprehensive Income' demonstrates whether the City's operations were in surplus or deficit for the year. It shows the revenue and expenditure items grouped by local government program and also by nature & type classification. The net result is calculated as Total Revenue less Total Expenses.

The 'Statement of Comprehensive Income' includes non-cash entries in our accounts to reflect the increase in value of community assets (buildings, roads, paths, land etc) held by the City.

A positive result does not necessarily mean that there are extra funds available for spending - nor does a negative result mean that there are insufficient funds, providing the shortfall is made up from other sources such as existing cash reserves or borrowings.

Statement of Financial Position

Page 63

The 'Statement of Financial Position' shows what the City owns (our Assets) and what we owe (our Liabilities).

'Current Assets' are items that can be readily converted into cash within 12 months. Any other assets such as infrastructure, property and equipment are classified as 'Non Current' as it would generally take longer than 12 months to convert them to cash.

Liabilities that are expected to have to be paid within the next 12 months are classified as 'Current Liabilities' whilst all other liabilities are 'Non Current'.

Statement of Changes in Equity

Page 64

The 'Statement of Changes in Equity' shows how much our investment in community assets is worth. Our 'Net Worth' is calculated as Total Assets less Total Liabilities.

Some of this 'Net Worth' is represented by 'Cash Backed Reserves' whilst the remainder (Retained Surplus from Prior Years and Asset Revaluation Surplus) is backed by other assets rather than by cash.

Statement of Cash Flows

Page 65

The 'Statement of Cash Flows' indicates how cash flows into the City and what the cash outflows are over the year. It indicates our ability to pay our debts when they are due and have money left for the future.

Cash flows can occur through:

- **Operating Activities**
(receipt of rates, fees, interest, operating grants or other revenue)
- **Investing Activities**
(sale, purchase or construction of property, plant or equipment, capital grants)
- **Financing Activities**
(repayment of borrowings or proceeds of new loans)

Rate Setting Statement

Page 66

The 'Rate Setting Statement Flows' demonstrates how the City arrived at the amount of money required to be derived from Rates. In effect, it looks at the proposed expenditures then allows for funding from all sources other than rates. The remaining portion then represents the cash required to be raised from Rates.

Each of these major financial statements will have cross references to the 'Notes to the Accounts' which provide more detail on how a particular number shown on the statements is made up.

Financial Ratios

Page 123

A good way to get an understanding of the City's financial health is to look at the 'Financial Ratios'. These demonstrate the relationships between key numbers in the financial reports. Each ratio has an industry benchmark that indicates a preferred measure if a local government is to be financially sustainable. It is important to look at the trends indicated by the ratios and not just at a single year in isolation. The major financial ratios include:

Current Ratio: This indicates our capacity to meet our short term (current) financial obligations. The preferred ratio is a number greater than 1.00

Operating Surplus Ratio: This is an indicator of how well the revenue raised covers operational expenses and provides available cash for capital expenditures. Ideally the ratio should be positive and between 0% and 15% - but it is not fatal if the ratio is less than zero providing there are cash reserves or borrowings to fund the deficit.

Own Source Revenue Coverage Ratio: This indicates the extent of the City's financial autonomy. That is, it our capacity to generate revenues to meet operating costs from our own sources. The preferred ratio is a number greater than 40.0%

Debt Service Ratio: This ratio indicates our capacity to meet our debt obligations (loan repayments) as they become due and payable. Ideally the ratio should be a number larger than 5.00.

Rates Outstanding Ratio: This indicates the effectiveness of our rates collection processes. That is, how much of the rates revenue raised has been collected and converted to cash. The smaller the number indicated by this ratio - the better, but it should always be less than 5%.

Asset Consumption Ratio: This ratio indicates the aged condition of our fixed assets. It shows the written down (depreciated) value of our assets today as compared to the cost of replacing them with brand new ones. The preferred ratio is between 50.0% and 70.0% of their new asset costs.

Asset Sustainability Ratio: This indicates the extent to which assets are being either replaced or renewed as they reach the end of their useful lives. Ideally the expenditure on asset renewal and replacement should be more than 90.0% of the amounts the assets depreciate by each year.

Asset Renewal Funding Ratio: The ratio shows the relationship between what the City plans to spend on renewing its assets (from the Long Term Financial Plan) and what is required to be spent on renewing its assets (from its Asset Management Plans). The preferred ratio is between 95.0% and 100.0%

Financial Health Indicator (FHI)

The results from calculating each of the above ratios are then 'standardised' and used to calculate a Financial Health Indicator (FHI) score which is a composite assessment of a local government's financial health. This is derived using a standard model developed by Western Australian Treasury.

A FHI score of at least 70 is required to demonstrate sound financial health.

**CITY OF PERTH
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Perth for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the City of Perth at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the

8

day of

December 2020



Chief Executive Officer

Michelle Reynolds

Name of Chief Executive Officer

CITY OF PERTH
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	28(a)	98,267,415	96,419,628	92,515,866
Operating grants, subsidies and contributions	2(a)	3,088,208	2,289,998	3,411,494
Fees and charges	2(a)	85,470,017	102,166,481	103,038,634
Interest earnings	2(a)	3,329,537	5,012,305	6,016,681
Other revenue	2(a)	1,202,886	1,456,110	1,678,597
		191,358,063	207,344,522	206,661,272
Expenses				
Employee costs		(76,739,952)	(83,404,020)	(78,297,805)
Materials and contracts		(44,957,801)	(53,499,590)	(47,542,031)
Utility charges		(3,074,617)	(3,244,992)	(3,056,549)
Depreciation on non-current assets	11(c)	(38,559,160)	(35,541,567)	(35,181,475)
Interest expenses	2(b)	(702,721)	(573,408)	(989,869)
Insurance expenses		(1,174,834)	(1,040,519)	(990,869)
Other expenditure		(27,207,737)	(26,183,619)	(28,345,184)
		(192,416,822)	(203,487,715)	(194,403,782)
		(1,058,759)	3,856,807	12,257,490
Non-operating grants, subsidies and contributions	2(a)	1,754,712	1,191,862	1,572,765
Profit on asset disposals	11(a)	107,347	226,663	119,576
(Loss) on asset disposals	11(a)	(1,585,308)	(1,996,392)	(7,288,847)
Fair value adjustments to financial assets at fair value through profit or loss		2,882	-	20,503
Share of net (loss)/profit of associates accounted for using the equity method	26(a)	(207,201)	-	76,174
Reversal of prior year loss on revaluation of plant and equipment	9(a)	-	-	543,113
Revaluation of Investment Land	9(b)	6,500	-	(371,500)
Revaluation of Investment Buildings	9(b)	(1,805,500)	-	190,510
Contributed Assets	36	15,402,511	-	182,606
Disposal of development land at Tamala Park	19	381,306	350,000	298,776
Fair value adjustments to financial assets at amortised cost		21,853	-	9,206
Initial recognition of assets	9(b)	65,396	-	17,815
		14,144,498	(227,867)	(4,629,303)
Net result for the period		13,085,739	3,628,940	7,628,187
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	(39,524,472)	-	-
Share of comprehensive income of associates and joint ventures accounted for using the equity method	26	-	-	144,489
Total other comprehensive income for the period		(39,524,472)	-	144,489
Total comprehensive income for the period		(26,438,733)	3,628,940	7,772,676

This statement is to be read in conjunction with the accompanying notes.

CITY OF PERTH
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue	2(a)			
General purpose funding		103,136,623	102,487,081	100,179,107
Law, order, public safety		55,819	85,674	91,825
Health		743,795	981,000	1,132,090
Education and welfare		1,698,258	1,951,603	1,875,126
Housing		1,035,744	885,259	1,047,838
Community amenities		11,345,084	13,033,342	11,628,784
Recreation and culture		1,837,643	1,767,438	2,700,982
Transport		69,013,740	84,507,422	86,056,797
Economic services		1,822,476	1,116,620	1,329,821
Other property and services		668,881	529,083	618,902
		<u>191,358,063</u>	<u>207,344,522</u>	<u>206,661,272</u>
Expenses	2(b)			
Governance		(7,530,353)	(7,851,722)	(8,485,119)
General purpose funding		(1,637,441)	(1,669,591)	(1,599,244)
Law, order, public safety		(7,114,152)	(6,635,762)	(6,469,675)
Health		(1,783,627)	(2,467,498)	(1,676,325)
Education and welfare		(4,154,224)	(4,580,602)	(4,419,195)
Housing		(600,893)	(668,931)	(686,753)
Community amenities		(26,375,581)	(28,410,176)	(25,463,604)
Recreation and culture		(34,760,903)	(37,803,006)	(37,903,579)
Transport		(78,343,047)	(81,477,431)	(79,953,296)
Economic services		(18,519,165)	(18,993,788)	(17,776,394)
Other property and services		(11,597,436)	(12,929,208)	(9,970,598)
		<u>(192,416,822)</u>	<u>(203,487,715)</u>	<u>(194,403,782)</u>
		<u>(1,058,759)</u>	<u>3,856,807</u>	<u>12,257,490</u>
Non-operating grants, subsidies and contributions	2(a)	1,754,712	1,191,862	1,572,765
Profit on disposal of assets	11(a)	107,348	226,663	119,576
(Loss) on disposal of assets	11(a)	(1,585,309)	(1,996,392)	(7,288,847)
Fair value adjustments to financial assets at fair value through profit or loss		2,882	-	20,503
Share of net (loss)/profit of associates accounted for using the equity method	26(a)	(207,201)	-	76,174
Reversal of prior year loss on revaluation of plant and equipment	9(a)	-	-	543,113
Revaluation of Investment Land	9(b)	6,500	-	(371,500)
Revaluation of Investment Buildings	9(b)	(1,805,500)	-	190,510
Contributed Assets	36	15,402,511	-	182,606
Disposal of development land at Tamala Park	19	381,306	350,000	298,776
Fair value adjustments to financial assets at amortised cost		21,853	-	9,206
Initial recognition of assets	9(b)	65,396	-	17,815
		<u>14,144,498</u>	<u>(227,867)</u>	<u>(4,629,303)</u>
Net result for the period		13,085,739	3,628,940	7,628,187
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	(39,524,472)	-	-
Share of comprehensive income of associates and joint ventures accounted for using the equity method	26	-	-	144,489
Total other comprehensive income for the period		(39,524,472)	-	144,489
Total comprehensive income for the period		(26,438,733)	3,628,940	7,772,676

This statement is to be read in conjunction with the accompanying notes.

CITY OF PERTH
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	3	37,727,249	46,473,723
Trade and other receivables	6	9,445,816	9,230,787
Other financial assets	5(a)	123,229,198	108,181,271
Inventories	7	806,691	829,609
Other assets	8	1,961,292	1,384,093
TOTAL CURRENT ASSETS		173,170,246	166,099,483
NON-CURRENT ASSETS			
Trade and other receivables	6	42,539	59,293
Other financial assets	5(b)	2,548,969	2,623,566
Investment in associate	26(a)	9,702,975	9,797,817
Property, plant and equipment	9	712,961,244	750,154,092
Infrastructure	10	372,071,666	371,427,927
Investment property	14	16,932,000	18,731,000
Right of use assets	12(a)	3,201,792	-
TOTAL NON-CURRENT ASSETS		1,117,461,185	1,152,793,695
TOTAL ASSETS		1,290,631,431	1,318,893,178
CURRENT LIABILITIES			
Trade and other payables	15	20,894,381	23,876,131
Contract liabilities	16	264,042	100,530
Lease liabilities	17(a)	61,830	-
Borrowings	18(a)	4,233,037	6,904,163
Employee related provisions	19	10,665,967	10,544,276
Other provisions	20	485,863	387,726
TOTAL CURRENT LIABILITIES		36,605,120	41,812,826
NON-CURRENT LIABILITIES			
Contract liabilities	16	2,153,243	-
Lease liabilities	17(a)	3,181,311	-
Borrowings	18(a)	4,545,934	8,778,971
Employee related provisions	19	1,954,198	1,719,113
TOTAL NON-CURRENT LIABILITIES		11,834,686	10,498,084
TOTAL LIABILITIES		48,439,806	52,310,910
NET ASSETS		1,242,191,625	1,266,582,268
EQUITY			
Retained surplus		708,421,629	692,321,888
Reserves - cash/financial asset backed	4	101,133,864	104,338,817
Revaluation surplus	13	432,636,132	469,921,563
TOTAL EQUITY		1,242,191,625	1,266,582,268

This statement is to be read in conjunction with the accompanying notes.

CITY OF PERTH
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

		RESERVES CASH/FINANCIAL		
	NOTE	RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS
		\$	\$	\$
Balance as at 1 July 2018		681,287,292	100,418,440	477,204,390
Comprehensive income				
Net result for the period		7,628,187	-	-
Asset Revaluation Reserve Transfers		7,282,827		(7,282,827)
Other comprehensive income	13	144,489	-	-
Total comprehensive income		15,055,503	-	(7,282,827)
Transfers from reserves	4	23,878,507	(23,878,507)	-
Transfers to reserves	4	(27,798,884)	27,798,884	-
Balance as at 30 June 2019		692,422,418	104,338,817	469,921,563
Change in accounting policy	31(d)	(100,530)	-	-
Restated total equity at 1 July 2019		692,321,888	104,338,817	469,921,563
Comprehensive income				
Net result for the period		13,085,739	-	-
Asset Revaluation Reserve Transfers		(190,951)	-	2,239,041
Other comprehensive income	13	-	-	(39,524,472)
Total comprehensive income		12,894,788	-	(37,285,431)
Transfers from reserves	4	35,098,622	(35,098,622)	-
Transfers to reserves	4	(31,893,669)	31,893,669	-
Balance as at 30 June 2020		708,421,629	101,133,864	432,636,132

This statement is to be read in conjunction with the accompanying notes.

CITY OF PERTH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		97,001,971	96,419,628	92,524,562
Operating grants, subsidies and contributions		2,658,608	2,289,998	2,533,807
Fees and charges		85,964,729	102,166,481	104,045,826
Interest received		3,506,881	5,012,305	6,240,051
Other revenue		1,896,528	1,806,110	2,556,284
		191,028,717	207,694,522	207,900,530
Payments				
Employee costs		(76,519,705)	(83,404,020)	(77,223,174)
Materials and contracts		(48,932,496)	(53,499,590)	(44,695,864)
Utility charges		(3,074,617)	(3,244,992)	(3,056,549)
Interest expenses		(763,885)	(573,408)	(1,069,025)
Insurance paid		(1,174,834)	(1,040,519)	(990,869)
Other expenditure		(27,207,737)	(26,183,619)	(28,236,172)
		(157,673,274)	(167,946,148)	(155,271,653)
Net cash provided by (used in) operating activities	21	33,355,443	39,748,374	52,628,877
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for financial assets at amortised cost		(277,821,422)	-	(304,371,683)
Payments for purchase of property, plant & equipment	9(a)	(22,354,255)	(34,536,050)	(25,466,524)
Payments for construction of infrastructure	10(a)	(3,165,712)	(22,281,475)	(1,643,888)
Non-operating grants, subsidies and contributions	2(a)	3,807,425	1,191,862	1,572,765
Proceeds from financial assets at amortised cost - term deposits		263,193,534	-	289,942,738
Proceeds from sale of property, plant & equipment	11(a)	1,202,474	1,325,391	1,032,639
Net cash provided by (used in) investment activities		(35,137,956)	(54,300,272)	(38,933,953)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	18(b)	(6,904,163)	(6,904,163)	(7,448,608)
Payments for principal portion of lease liabilities	17(b)	(59,797)	-	-
Net cash provided by (used in) financing activities		(6,963,961)	(6,904,163)	(7,448,608)
Net increase (decrease) in cash held		(8,746,474)	(21,456,061)	6,246,316
Cash at beginning of year		46,473,723	149,719,007	40,227,407
Cash and cash equivalents at the end of the year	21	37,727,249	128,262,946	46,473,723

This statement is to be read in conjunction with the accompanying notes.

CITY OF PERTH
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

NOTE	2020 Actual \$	2020 Budget \$	2019 Actual (restated) \$	2018 Actual (restated) \$
OPERATING ACTIVITIES				
Net current assets at start of financial year				
- surplus/(deficit)	29 (b)	29,626,699	34,052,456	14,227,917
		29,626,699	34,052,456	14,227,917
				19,390,766
				19,390,766
Revenue from operating activities (excluding rates)				
Governance	-	13,185	-	4,860
General purpose funding	4,869,208	6,067,453	7,663,242	6,850,950
Law, order, public safety	59,889	93,674	101,021	140,265
Health	743,795	986,127	1,137,109	1,014,024
Education and welfare	1,698,258	1,951,603	1,875,126	1,885,275
Housing	1,035,744	885,259	1,047,838	934,651
Community amenities	11,398,375	13,086,829	11,655,328	11,405,911
Recreation and culture	1,857,147	1,798,284	2,702,648	1,658,261
Transport	69,026,184	84,590,526	86,111,938	85,922,354
Economic services	1,822,476	1,118,986	1,339,312	1,925,495
Other property and services	686,920	559,631	631,421	958,054
	93,197,996	111,151,557	114,264,983	112,700,100
Expenditure from operating activities				
Governance	(7,530,353)	(7,851,722)	(8,485,119)	(10,552,648)
General purpose funding	(1,637,441)	(1,669,591)	(1,599,244)	(2,232,050)
Law, order, public safety	(7,141,928)	(6,635,762)	(6,514,991)	(6,238,619)
Health	(1,783,627)	(2,467,498)	(1,676,325)	(1,498,872)
Education and welfare	(4,154,224)	(4,580,602)	(4,419,195)	(3,970,996)
Housing	(600,893)	(668,931)	(686,753)	(689,459)
Community amenities	(26,453,704)	(28,561,176)	(25,493,693)	(26,735,928)
Recreation and culture	(35,477,236)	(37,803,006)	(38,097,056)	(31,555,896)
Transport	(79,097,066)	(83,164,006)	(80,636,635)	(81,386,818)
Economic services	(18,519,165)	(18,993,788)	(24,111,664)	(19,891,145)
Other property and services	(11,606,494)	(13,088,024)	(9,609,831)	(5,539,835)
	(194,002,131)	(205,484,106)	(201,330,506)	(190,292,266)
Non-cash amounts excluded from operating activities	29(a)	42,726,417	31,502,830	45,489,100
Amount attributable to operating activities		(28,451,019)	(28,777,263)	(27,348,506)
				(24,890,212)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	1,754,712	1,191,862	1,572,765
Proceeds from disposal of assets	11(a)	1,202,474	1,325,391	1,032,639
Purchase of property, plant and equipment	9(a)	(26,254,621)	(34,536,050)	(25,466,524)
Purchase and construction of infrastructure	10(a)	(3,165,711)	(22,281,475)	(1,643,888)
Amount attributable to investing activities		(26,463,146)	(54,300,272)	(24,505,008)
				(37,058,051)
FINANCING ACTIVITIES				
Repayment of borrowings	18(b)	(6,904,163)	(6,904,163)	(7,448,608)
Payments for principal portion of lease liabilities	17(b)	(59,797)	-	-
Disbtibution from Tamala Park Regional Council	11(b)	250,000	350,000	333,333
Transfers to reserves (restricted assets)	4	(31,893,669)	(52,067,823)	(27,798,884)
Transfers from reserves (restricted assets)	4	35,098,622	50,525,111	23,878,507
Amount attributable to financing activities		(3,509,007)	(8,096,875)	(11,035,652)
				(13,302,295)
Surplus/(deficit) before imposition of general rates		(58,423,173)	(91,174,410)	(62,889,166)
Total amount raised from general rates	28(a)	98,267,415	96,419,628	92,515,865
Surplus/(deficit) after imposition of general rates	29(b)	39,844,242	5,245,218	29,626,699
				14,227,917

This statement is to be read in conjunction with the accompanying notes.

CITY OF PERTH
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FOR THE YEAR ENDED 30 JUNE 2020

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1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Amended Regulation 17A prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads paragraph 15* and *AASB 116 Property, Plant and Equipment paragraph 7*. Under amended Regulation 17A, land not owned by but under the control or management of the local government must be valued at the cost of the lease. If nil or nominal lease arrangements are in place then the asset is valued at nil or the nominal value.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

On 1 July 2020 the following new accounting standards are to be adopted:

- *AASB 1059 Service Concession Arrangements: Grantors*
- *AASB 2018-7 Amendments to Australian Accounting Standards - Materiality*

AASB 1059 Service Concession Arrangements: Grantors is not expected to impact the financial report. Specific impacts of *AASB 2018-7 Amendments to Australian Accounting Standards - Materiality*, have not been identified.

CRITICAL ACCOUNTING ESTIMATES

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

THE LOCAL GOVERNMENT REPORTING ENTITY

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

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 32 to these financial statements.

CITY OF PERTH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates - general rates	General rates	Over time	Payment dates adopted by council	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agree milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or
Grants, subsidies or contributions with no contractual commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment of the licence, registration or approval
Fees and charges - pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annual fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Fees and charges - other inspections	Regulatory food, health and safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Fees and charges - waste management	Kerbside collection service	Over time	Payment dates adopted by council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Fees and charges - Parking	Use of car parks	Single point in time	In advance or at conclusion of parking	Refund if parking card paid in advance but no longer required	Adopted by council annually	Based on timing of entry, location and duration of parking	Not applicable	On entry or at conclusion of parking
Fees and charges - property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund dependent on days cancellation notice prior to event	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction	On entry or at conclusion of hire
Fees and charges - fines	Fines issued for breaches of local laws	Single point in time	Payment in full within defined time	None	Adopted by council through local law	When taxable event occurs	Not applicable	When fine notice is issued
Other revenue - reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

CITY OF PERTH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

(a) Grant revenue

Grants, subsidies and contributions are included as both operating and non-operating revenues in the Statement of Comprehensive Income:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions			
Governance	991,261	527,948	1,107,037
Law, order, public safety	-	10,000	-
Housing	506,538	322,483	524,631
Community amenities	4,980	-	-
Recreation and culture	746,345	782,785	959,011
Transport	96,035	95,158	173,693
Economic services	649,959	419,624	555,526
Other property and services	93,090	132,000	91,598
	3,088,208	2,289,998	3,411,496
Non-operating grants, subsidies and contributions			
General purpose funding	110,141	103,000	103,298
Recreation and culture	491,096	-	142,847
Transport	1,153,475	1,088,862	669,395
Economic services	-	-	657,225
	1,754,712	1,191,862	1,572,765
Total grants, subsidies and contributions	4,842,920	3,481,860	4,984,261
Fees and charges			
General purpose funding	477,436	441,200	441,191
Law, order, public safety	52,189	71,203	83,994
Health	739,975	975,000	1,129,292
Education and welfare	1,377,283	1,657,603	1,570,343
Housing	529,045	562,776	523,207
Community amenities	11,238,105	12,359,918	11,278,968
Recreation and culture	1,008,470	1,341,550	1,636,079
Transport	68,632,094	83,966,508	85,319,400
Economic services	970,984	588,496	646,646
Other property and services	444,436	202,227	409,514
	85,470,017	102,166,481	103,038,634

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

CITY OF PERTH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2020 Actual \$	2020 Budget \$	2019 Actual \$
Contracts with customers and transfers for recognisable non-financial assets			
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City was recognised during the year for the following nature or types of goods or services:			
Operating grants, subsidies and contributions	3,088,208	2,289,998	3,411,494
Fees and charges	85,470,017	102,166,481	103,038,634
Other revenue	1,202,886	1,456,110	1,678,597
Non-operating grants, subsidies and contributions	1,754,712	1,191,862	1,572,765
	91,515,823	107,104,451	109,701,490
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City is comprised of:			
Contracts with customers included as a contract liability at the start of the period	100,530	-	-
Other revenue from contracts with customers recognised during the year	89,761,111	105,912,589	108,128,725
Other revenue from performance obligations satisfied during the year	1,654,182	1,191,862	1,572,765
	91,515,823	107,104,451	109,701,490
Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:			
Trade and other receivables from contracts with customers	1,855,703		2,280,076
Contract liabilities from contracts with customers	(264,042)		100,530
Financial assets held from transfers for recognisable financial assets	2,153,243		-
Contract liabilities from transfers for recognisable non financial assets	(2,153,243)		-

Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'.

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected

Consideration from contracts with customers is included in the transaction price.

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

CITY OF PERTH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2020	2020	2019
	Actual	Budget	Actual
	\$	\$	\$
Interest earnings			
Interest on reserve funds	1,309,372	-	2,568,883
Rates instalment and penalty interest (refer Note 28(c))	684,293	595,900	615,708
Other interest earnings	1,335,873	-	2,832,090
	<u>3,329,538</u>	<u>595,900</u>	<u>6,016,681</u>

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

2. REVENUE AND EXPENSES (Continued)

(b) Expenses	Note	2020	2020	2019
		Actual	Budget	Actual
		\$	\$	\$
Auditors remuneration				
- Audit of the Annual Financial Report		148,000	140,000	105,000
		<u>148,000</u>	<u>140,000</u>	<u>105,000</u>
Interest expenses (finance costs)				
Borrowings	18(b)	588,471	573,408	984,955
Interest expense on late payments		1,950	-	4,915
Lease liabilities	17(b)	112,300	-	-
		<u>702,721</u>	<u>573,408</u>	<u>989,870</u>
Other expenditure				
Impairment loss on trade and other receivables from contracts with customers		5,135,178	-	4,451,723
Sundry expenses		22,072,559	26,183,619	23,893,461
		<u>27,207,737</u>	<u>26,183,619</u>	<u>28,345,184</u>

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

CITY OF PERTH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

3. CASH AND CASH EQUIVALENTS

	NOTE	2020 \$	2019 \$
Cash at bank and on hand		18,164,658	26,703,914
Term deposits		19,562,591	19,769,809
Total cash and cash equivalents		37,727,249	46,473,723

Restrictions

The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents	-	2,189,347
- Financial assets at amortised cost	117,750,000	102,250,000
- Financial assets at amortised cost - unrestricted	(14,198,851)	-
	103,551,149	104,439,347

The restricted assets are a result of the following specific purposes to which the assets may be used:

Reserves - cash/financial asset backed	4	101,133,864	104,338,817
Contract liabilities from contracts with customers	16	264,042	100,530
Contract liabilities from transfers for recognisable non financial assets	16	2,153,243	-
Total restricted assets		103,551,149	104,439,347

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts, of which the City has nil, would be reported as short term borrowings in current liabilities in the statement of financial position.

Restricted assets

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

CITY OF PERTH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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4. RESERVES - CASH/FINANCIAL ASSET BACKED

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
(a) Refuse Disposal and Treatment	3,814,075	555,183	(19,594)	4,349,664	3,790,736	38,476	(380,995)	3,448,217	3,758,149	126,807	(70,881)	3,814,075
(b) Concert Hall - Refurbishment and Maint.	6,694,102	94,336	0	6,788,438	6,954,877	70,592	(100,000)	6,925,469	5,502,176	2,537,138	(1,345,212)	6,694,102
(c) Asset Enhancement	32,496,838	570,672	(8,036,745)	25,030,765	33,834,374	9,843,419	(14,130,246)	29,547,547	30,621,651	4,715,007	(2,839,820)	32,496,838
(d) Street Furniture Replacement	136,725	628	(137,353)	-	319,539	3,243	(322,782)	-	358,479	49,451	(271,205)	136,725
(e) Parking Levy	21,972,143	4,085,006	(17,653,798)	8,403,351	21,972,144	14,023,017	(17,798,036)	18,197,125	21,222,806	18,576,673	(17,827,336)	21,972,143
(f) Art Acquisition	419,074	5,512	(74,578)	350,008	412,606	64,188	(60,000)	416,794	399,276	71,265	(51,467)	419,074
(g) Heritage Incentive	697,406	9,885	-	707,291	630,835	406,403	(400,000)	637,238	608,930	88,536	(60)	697,406
(h) Parking Facilities Development	23,318,098	5,579,017	(230,955)	28,666,160	24,133,560	5,584,684	(7,004,704)	22,713,540	23,919,144	780,158	(1,381,204)	23,318,098
(i) Employee Entitlements	1,989,973	28,164	-	2,018,137	2,107,613	152,505	-	2,260,118	1,924,579	65,582	(188)	1,989,973
(j) David Jones Bridge	392,102	5,550	-	397,652	356,085	45,614	(40,000)	361,699	341,959	50,176	(33)	392,102
(k) Bonus Plot Ratio	675,474	9,560	-	685,034	676,042	6,862	-	682,904	655,680	19,858	(64)	675,474
(l) PCEC Fixed Plant Replacement	5,177,940	23,678	(5,201,618)	-	5,286,075	53,654	(5,339,729)	-	5,007,286	171,143	(489)	5,177,940
(m) Enterprise and Initiative	6,003,159	1,770,536	(1,311,117)	6,462,578	8,178,226	433,009	-	8,611,235	5,477,133	526,593	(567)	6,003,159
(n) Public Art	551,708	7,810	-	559,518	821,524	8,338	(14,800)	815,062	621,192	20,497	(89,981)	551,708
(o) Council House Refurbishment	-	1,508,928	-	1,508,928	-	4,933,819	(4,933,819)	-	-	-	-	-
(p) Technology Upgrade	-	4,028,777	(1,300,916)	2,727,861	-	5,000,000	-	5,000,000	-	-	-	-
(q) Major Infrastructure	-	5,917,556	-	5,917,556	-	4,000,000	-	4,000,000	-	-	-	-
(r) Provisional Capital	-	2,657,905	(1,131,948)	1,525,957	-	5,900,000	-	5,900,000	-	-	-	-
(s) Organisational Reform	-	5,034,966	-	5,034,966	-	1,500,000	-	1,500,000	-	-	-	-
	104,338,817	31,893,669	(35,098,622)	101,133,864	109,474,236	52,067,823	(50,525,111)	111,016,948	100,418,440	27,796,884	(23,878,507)	104,338,817

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

In accordance with Council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows

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Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Refuse Disposal and Treatment	3 Years	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 when recycling processes are extended
(b) Concert Hall - Refurbishment and Maint.	ongoing	This reserve 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 a new WASO facility should that eventuate.
(c) Asset Enhancement	ongoing	This reserve was established to fund future capital expenditure for the replacement and enhancement of City assets and smooth the impact of the capital costs in any 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.
(d) Street Furniture Replacement	3 Years	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. For administrative efficiency, this reserve will incorporate the Street Furniture Replacement Reserve from July 2019
(e) Parking Levy	ongoing	This reserve was established in 1999 from proceeds received from the sale of a street furniture contract negotiated by the City with Adshel
(f) Art Acquisition	ongoing	Funds held are designated to be used for the purchase and improvement of the City's street furniture, including water features. For administrative efficiency, this reserve is being incorporated into the Asset Enhancement Reserve from July 2019.
(g) Heritage Incentive	3 Years	This reserve is being incorporated into the Asset Enhancement Reserve from July 2019.
(h) Parking Facilities Development	10 Years	This reserve was established to set aside funds to meet the State Government's parking levy liability
(i) Employee Entitlements	ongoing	This reserve was established 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.
(j) David Jones Bridge	5-10 Years	This reserve was established to fund heritage incentives to benefit properties on the City's heritage register
(k) Bonus Plot Ratio	5 Years	This reserve was established to enable parking facilities to be developed within the City, and parking equipment to be purchased
(l) PCEC Fixed Plant Replacement	5-10 Years	This reserve was established to fund the non-current portion of employee entitlements for long service leave. During 2015, the purpose of this reserve was changed to also include the non-current portion for annual leave entitlements. This reserve will vary from year to year but it is likely to increase over time
(m) Enterprise and Initiative	5-10 Years	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
(n) Public Art	3 Years	This reserve was established to hold contributions in respect of Bonus Plot Ratio entitlements, pending expenditure on relevant streetscape improvements and /or public art.
(o) Council House Refurbishment	1 Year	This reserve was established 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
(p) Technology Upgrade	3 Years	The reserve is funded from distributions from the Tanala Park Regional Council in respect of land lots developed and sold and marketed as 'Catalina Estate', Clarkson.
(q) Major Infrastructure	ongoing	The purpose of the reserve is to fund strategic projects to introduce and improve efficiencies and effectiveness in the City.
(r) Provisional Capital	1 Year	The Public Art Reserve was established to provide sufficient financial capacity to deliver new commissions of enduring public art identified in the City's draft Public Art Strategy and any associated strategic plans developed for public art. The Reserve is funded through an annual capital budget allocation from the City. It is also proposed that the City adopts a percent for art schemes, as proposed in the draft Public Art Strategy. This source of funding is intended to augment or eventually replace the annual allocation to the Reserve. Monetary donations, gifts or bequests given to the City for public art may also be added to the reserve.
(s) Organisational Reform	3 Years	This reserve is established to fund future refurbishment to Council House to optimise use of the available floor space.
		This reserve is established to provide funding to enhance the City's core technology systems to facilitate service based resource allocation models and more transparent reporting of financial performance.
		This reserve is established to provide funding flexibility to allow the accelerated delivery of large multi-year infrastructure projects where delivery synergies and cost savings can be gained through aggregation of project stages.
		This reserve is established to match delivery capacity with the proposed Capital Program. As projects are completed, this reserve will be drawn down to fund Capital programs expected to occur later in the year.
		This reserve is established to fund the anticipated costs of the City of Perth Inquiry and to provide funding towards corporate recovery, organisational development and capacity building.

5. OTHER FINANCIAL ASSETS

	2020	2019
	\$	\$
(a) Current assets		
Financial assets at amortised cost	117,750,000	102,250,000
Financial assets at fair value through profit and loss	5,479,198	5,931,271
	<u>123,229,198</u>	<u>108,181,271</u>
Other financial assets at amortised cost		
Term deposits	117,750,000	102,250,000
	<u>117,750,000</u>	<u>102,250,000</u>
Financial assets at fair value through profit and loss		
Units held in unlisted Australian equity portfolio	5,479,198	5,931,271
	<u>5,479,198</u>	<u>5,931,271</u>
(b) Non-current assets		
Financial assets at amortised cost	2,370,916	2,448,395
Financial assets at fair value through profit and loss	178,053	175,171
	<u>2,548,969</u>	<u>2,623,566</u>
Financial assets at amortised cost		
Mortgage Backed Securities (MBS)	2,370,916	2,448,395
	<u>2,370,916</u>	<u>2,448,395</u>
Financial assets at fair value through profit and loss		
<i>Unlisted equity investments</i>		
Units in Local Government House Trust	178,053	175,171
	<u>178,053</u>	<u>175,171</u>

The City of Perth holds 10 of the 620 units in the Local Government House Trust and recognises its share of the net assets reported in the latest audited Financial Statements.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

The City classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit and loss

The City classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the City has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 30.

6. TRADE AND OTHER RECEIVABLES

	2020	2019
	\$	\$
Current		
Rates receivable	2,552,460	914,187
Trade and other receivables	1,855,703	2,280,076
GST receivable	1,002,673	642,097
Allowance for impairment of receivables	(5,135,178)	(4,451,723)
Accrued interest and investment income	691,488	868,832
Accrued Income	902,744	892,905
Modified penalties, fines and costs	7,575,926	8,084,413
	<u>9,445,816</u>	<u>9,230,787</u>
Non-current		
Pensioner's rates and ESL deferred	42,539	59,293
	<u>42,539</u>	<u>59,293</u>

The amounts shown relate to rates deferred by pensioners in accordance with the Rates and Charges (Rebates and Deferment Act) 1992.

Please refer to Note 28(c) for details of the payment terms and interest charged on Rates outstanding.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

For aging of trade receivables and expected default rates, please refer to note 30(b).

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 30.

Classification and subsequent measurement

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

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7. INVENTORIES

	2020	2019
	\$	\$
Current		
Parking Equipment Spare Parts	384,192	377,331
Stores, Stock, Corporate and International Gifts	328,170	426,237
Recoverable Works	94,329	26,041
	806,691	829,609

The following movements in inventories occurred during the year:

Carrying amount at beginning of period	829,609	1,072,442
Inventories expensed during the year	(1,572,046)	(2,034,635)
Write down of inventories to net realisable value	(35,728)	(1,411)
Additions to inventory	1,584,856	1,793,213
Carrying amount at end of period	806,691	829,609

SIGNIFICANT ACCOUNTING POLICIES

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

8. OTHER ASSETS

	2020	2019
	\$	\$
Other assets - current		
Prepayments	1,961,292	1,384,093
	1,961,292	1,384,093

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

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9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land - freehold land	Leasehold Land	Heritage Land	Land - held for redevelopment	Total land	Buildings	Buildings - Heritage	Buildings - Leasehold	Total buildings	Leasehold Improvements	Total land and buildings
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	313,200,533	57,436,755	15,750,000	11,753,525	398,140,813	148,285,384	59,042,731	54,765,432	262,093,547	559,932	660,794,292
Additions	-	-	-	443,647	443,647	46,893	-	-	46,893	-	490,540
(Disposals)	-	-	-	(529,450)	(529,450)	(168,291)	-	-	(168,291)	-	(697,741)
Revaluation (loss) / reversals transferred to profit or loss	-	-	-	-	-	-	-	-	-	-	-
Reclassification	2,600,000	-	-	-	2,600,000	2,317,421	513,970	-	2,831,391	8,002	5,439,393
Depreciation (expense)	-	(663,246)	-	-	(663,246)	(6,229,049)	(3,590,286)	(892,483)	(10,711,818)	(18,883)	(11,393,947)
Transfers	-	-	-	-	0	1,048,782	3,971,643	47,851	5,068,276	-	5,068,276
Carrying amount at 30 June 2019	315,800,533	56,773,509	15,750,000	11,667,722	399,991,764	145,301,140	59,938,058	53,920,800	259,159,998	549,051	659,700,813
Comprises:											
Gross carrying amount at 30 June 2019	315,800,533	65,661,377	15,750,000	11,667,722	408,879,632	275,422,512	127,524,251	57,466,547	460,413,310	669,758	869,962,700
Accumulated depreciation at 30 June 2019	-	(8,887,868)	-	-	(8,887,868)	(130,121,372)	(67,586,193)	(3,545,747)	(201,253,312)	(120,707)	(210,261,887)
Carrying amount at 30 June 2019	315,800,533	56,773,509	15,750,000	11,667,722	399,991,764	145,301,140	59,938,058	53,920,800	259,159,998	549,051	659,700,813
Additions	-	-	-	320,079	320,079	250,362	899,952	-	1,150,314	-	1,470,393
(Disposals)	-	-	-	(371,828)	(371,828)	(13,809)	-	-	(13,809)	-	(385,638)
Revaluation increments / (decrements) transferred to revaluation surplus	(16,097,000)	(12,228,742)	(12,890,000)	-	(41,215,742)	9,329,973	(275,735)	(5,345,114)	3,709,124	30,233	(37,476,384)
Contributed Assets	-	-	-	-	-	14,335,581	-	-	14,335,581	-	14,335,581
Depreciation (expense)	-	(663,246)	-	-	(663,246)	(7,019,751)	(3,957,335)	(899,884)	(11,876,970)	(75,756)	(12,615,972)
Transfers	-	-	-	-	-	8,085,467	5,173,403	54,250	13,313,120	180,743	13,493,863
Carrying amount at 30 June 2020	299,703,533	43,881,521	2,860,000	11,615,973	358,061,027	170,268,963	61,778,343	47,730,052	279,777,358	684,271	638,522,656
Comprises:											
Gross carrying amount at 30 June 2020	299,703,533	51,204,479	2,860,000	11,615,973	365,383,985	306,850,844	124,920,892	61,205,417	492,977,153	915,820	859,276,958
Accumulated depreciation at 30 June 2020	-	(7,322,958)	-	-	(7,322,958)	(136,581,881)	(63,142,549)	(13,475,365)	(213,199,795)	(231,549)	(220,754,302)
Carrying amount at 30 June 2020	299,703,533	43,881,521	2,860,000	11,615,973	358,061,027	170,268,963	61,778,343	47,730,052	279,777,358	684,271	638,522,656

CITY OF PERTH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Movements in Carrying Amounts (Continued)

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Total land and buildings	Furniture and equipment	Plant and equipment	Work in Progress	Total property, plant and equipment
	\$	\$	\$	\$	\$
Balance at 1 July 2018	660,794,292	32,652,502	15,945,114	49,042,894	758,434,802
Additions	490,540	476,728	3,195,406	24,212,421	28,375,096
(Disposals)	(697,741)	(10,494)	(1,230,497)	-	(1,938,732)
Revaluation (loss) / reversals transferred to profit or loss	-	-	543,113	-	543,113
Reclassification	5,439,393	(1,540,465)	(3,201,895)	-	697,033
Depreciation (expense)	(11,393,947)	(3,190,612)	(3,385,456)	-	(17,970,015)
Transfers	5,068,276	1,987,188	1,438,954	(26,481,622)	(17,987,204)
Carrying amount at 30 June 2019	659,700,813	30,374,847	13,304,739	46,773,693	750,154,092
Comprises:					
Gross carrying amount at 30 June 2019	869,962,700	46,921,365	41,847,767	46,773,693	1,005,505,525
Accumulated depreciation at 30 June 2019	(210,261,887)	(16,546,518)	(28,543,028)	-	(255,351,433)
Carrying amount at 30 June 2019	659,700,813	30,374,847	13,304,739	46,773,693	750,154,092
Additions	1,470,393	1,588,644	1,994,495	21,201,089	26,254,621
(Disposals)	(385,638)	(11,653)	(1,221,813)	-	(1,619,104)
Revaluation increments / (decrements) transferred to revaluation surplus	(37,476,384)	-	-	-	(37,476,384)
Contributed Assets	14,335,581	25,500	-	-	14,361,081
Depreciation (expense)	(12,615,972)	(4,664,537)	(3,287,268)	-	(20,567,777)
Transfers	13,493,863	7,569,995	1,413,984	(40,623,127)	(18,145,285)
Carrying amount at 30 June 2020	638,522,656	34,882,796	12,204,137	27,351,655	712,961,244
Comprises:					
Gross carrying amount at 30 June 2020	859,276,958	54,871,554	40,845,269	27,351,655	982,345,436
Accumulated depreciation at 30 June 2020	(220,754,302)	(19,988,758)	(28,641,132)	-	(269,384,192)
Carrying amount at 30 June 2020	638,522,656	34,882,796	12,204,137	27,351,655	712,961,244

CITY OF PERTH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

The City measures the following asset and liability classes at fair value on a recurring basis:

Property Plant Equipment and Infrastructure
 Financial Assets and Liabilities

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition or measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the year there were no changes in the valuation techniques used by the City to determine the fair value of fixed assets using either Level 2 or Level 3 inputs.

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land	2	Market approach taking into consideration public sector restrictions	Independent registered valuer	30/06/2020	Applied to land held in freehold title and assessed on the basis of the estimated amount which the interest in each property being valued might reasonably be expected to realise on the date of valuation in an exchange between market participants given highest and best use or highest and best alternative use. This was determined by comparison to recent sales of land with similar characteristics. This was then adjusted to reflect condition and comparability and based on observable evidence. The valuation of some restricted or otherwise non-saleable land has been valued using the cost approach. This approach was used where, assuming the City needed to purchase the land or acquire additional land from an adjoining neighbour, the value of that land could be determined based on known zoning and town planning restrictions. This was determined by comparison to recent sales of land with similar characteristics. This was then adjusted to reflect condition and comparability and based on observable evidence. As this was based on observable evidence they have been classified as Level 2

CITY OF PERTH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements (Continued)

Buildings	3	Cost approach. The cost to replace the asset is calculated and then adjusted to take account of accumulated depreciation.	Independent registered valuer	30/06/2020	The valuation of building, structural improvements and site services includes those items that form part of the building services installation (e.g. heating, cooling and climate control equipment, lifts, escalators, fire alarms, sprinklers and fire fighting equipment, and general lighting). Excluded from this report are all items of plant, machinery, equipment, cranes, tools, furniture or chattels. The valuer determined a value based on inter-relationship between a range of factors. These include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value and the pattern of consumption of the future economic benefit.
Plant and Mobile Equipment	3	Market conditions and the availability of sales evidence	Independent registered valuers and Internal Valuation	30/06/2019	Current condition and remaining useful life of the assets.
Office Furniture and Equipment (Other)	3	Carrying cost	Internal Valuation	30/06/2018	No material variance exists between the fair value and the carrying cost of this class. It is considered that the value disclosed (WDV) is fairly stated as the assets will be held until obsolete and there is no second hand market.
Office Furniture and Equipment - Concert Pianos	3	Market and cost approach	Independent registered valuer	30/06/2018	What could be reasonably expected on an open market and the depreciated replacement cost approach.
Office Furniture and Equipment - Major Computer Software	3	Cost approach	Internal Valuation	30/06/2018	The cost to re-establish and use the softwares cognisant that copies each of the software's structures presently exists offsite of the Main Administration Building.
Office Furniture and Equipment - Artworks, Memorabilia and History Collection	2	Market and cost approach	Independent registered valuers and Internal Valuation	30/06/2018	What could reasonably be expected on an open market and depreciated replacement cost approach.
Investment land	2	Market approach	Independent registered valuer	30/06/2020	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 present use, regardless of whether that represents the highest and best use of the asset.
Investment buildings	3	Improvements to land valued using cost approach and utilising the depreciated replacement cost	Independent registered valuer	30/06/2020	Improvements to land using construction costs and current condition, residual values and remaining useful life assessments (Level 3) inputs.

CITY OF PERTH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Infrastructure - roads	Infrastructure - paths and kerbs	Infrastructure - drains	Infrastructure - landscape	Infrastructure - elec/comm/lighting	Other infrastructure	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	161,741,277	80,461,508	43,044,508	37,023,021	13,779,268	41,171,662	377,221,244
Additions	335,959	320,443	327,755	-	14,100	645,631	1,643,888
(Disposals)	(1,868,075)	(1,277,082)	(10,992)	(200,873)	(77,004)	(3,358,604)	(6,792,630)
Contributed Assets	-	182,607	-	-	-	-	182,607
Initial Recognition Assets	-	-	17,816	-	-	-	17,816
Reclassification	-	-	-	-	1,904,472	4,749	1,909,221
Depreciation (expense)	(6,835,049)	(4,973,370)	(1,135,117)	(914,624)	(1,548,753)	(1,810,801)	(17,217,714)
Transfers	3,326,935	4,216,628	1,542,306	1,388,167	2,947,960	1,041,499	14,463,495
Carrying amount at 30 June 2019	156,701,047	78,930,734	43,786,276	37,295,691	17,020,043	37,694,136	371,427,927
Comprises:							
Gross carrying amount at 30 June 2019	256,437,362	137,997,023	86,713,744	44,176,345	28,453,444	54,986,581	608,764,499
Accumulated depreciation at 30 June 2019	(99,736,315)	(59,066,289)	(42,927,468)	(6,880,654)	(11,433,401)	(17,292,445)	(237,336,572)
Carrying amount at 30 June 2019	156,701,047	78,930,734	43,786,276	37,295,691	17,020,043	37,694,136	371,427,927
Additions	513,833	804,033	152,859	459,025	332,617	903,344	3,165,711
(Disposals)	(279,649)	(243,961)	(19,016)	(384,312)	(414,595)	(91,626)	(1,433,160)
Contributed Assets	192,224	549,297	60,010	-	156,310	83,589	1,041,430
Initial Recognition Assets	-	7,527	19,661	-	38,207	-	65,396
Depreciation (expense)	(6,798,115)	(5,009,855)	(1,157,638)	(961,330)	(2,123,467)	(1,839,832)	(17,890,236)
Transfers	1,297,167	1,320,185	496,859	1,595,662	8,230,455	2,754,270	15,694,597
Carrying amount at 30 June 2020	151,626,507	76,357,960	43,339,011	38,004,736	23,239,570	39,503,881	372,071,665
Comprises:							
Gross carrying amount at 30 June 2020	256,957,135	139,876,407	87,425,386	45,665,549	36,195,887	58,627,450	624,747,814
Accumulated depreciation at 30 June 2020	(105,330,628)	(63,518,447)	(44,086,375)	(7,660,813)	(12,956,316)	(19,123,569)	(252,676,148)
Carrying amount at 30 June 2020	151,626,507	76,357,960	43,339,011	38,004,736	23,239,571	39,503,881	372,071,666

CITY OF PERTH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads, Drainage, Landscape, Lights, Footpaths and Kerbs, River Walls, Other Infrastructure	3	Depreciated cost valuation technique. This method uses the asset current replacement cost less accumulated depreciation calculated on the basis of such cost to reflect potential of the asset as established then adjusted to take into account the expired service potential of the asset based on visual condition assessment where relevant. The current replacement cost was measured by referencing the lowest cost at which the asset could be obtained in the normal course of business. The total cost values have been calculated using unit cost rate based on current tender and general market rates. These unit cost rates were verified by an independent third party company that specialises in benchmarking construction costs.	Independent construction cost consultant and internal valuation	30/06/2018	Level 3 valuation inputs have been applied to all infrastructure asset classes, being construction cost and current condition and remaining useful life assessments.

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

CITY OF PERTH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Initial recognition and measurement between mandatory revaluation dates

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5). These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least once every five years in accordance with the regulatory framework, or when Council is of the opinion that the fair value of an asset is materially different from its carrying amount. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2) which requires property, plant and equipment to be shown at fair value.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Land under roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008.

This accords with the treatment available in *Australian Accounting Standard AASB 1051 Land Under Roads and Local Government (Financial Management) Regulation 17(a)(i) and (ii)*.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, *Local Government (Financial Management) Regulation 17(a)(i) and (ii)* prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, *Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the City.

Impact of amendments to *Local Government (Financial Management) Regulations on the City's Financial Statements*.

The deletion of *Local Government (Financial Management) Regulation 16* and the amendment to *Local Government (Financial Management) Regulation 17A* has not had an impact on the City's Financial Statements as right-of-use assets are carried at cost.

The City's right to use a) Crown land' or b) other land that is not owned by the local government, that is vested in the local government at nil or nominal cost is measured using the cost model in accordance with *Australian Accounting Standards*. Measurement of right-of-use assets at cost is consistent with *Australian Accounting Standard AASB 16*.

FOR THE YEAR ENDED 30 JUNE 2020

11. FIXED ASSETS

(a) Disposals of Assets

	2020	2020	2020	2020	2020	2020	2020	2019	2019	2019	2019
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Actual	Actual	Actual	Actual
	Net Book	Sale	Profit	Loss	Net Book	Sale	Profit	Net Book	Sale	Profit	Loss
	Value	Proceeds	\$	\$	Value	Proceeds	\$	Value	Proceeds	\$	\$
Land - held for redevelopment	371,828	753,135	381,306	-	-	-	350,000	529,450	828,226	298,776	-
Buildings	13,809	-	-	(13,809)	101,811	-	-	168,291	-	-	(168,291)
Furniture and equipment	11,653	-	-	(11,653)	57,006	6,440	-	10,494	-	-	(10,494)
Plant and equipment	1,221,813	1,202,474	107,348	(126,687)	1,259,082	1,318,951	226,663	1,230,497	1,032,639	119,576	(317,434)
Infrastructure - roads	279,649	-	-	(279,649)	-	-	-	1,868,075	-	-	(1,868,075)
Infrastructure - paths and kerbs	243,961	-	-	(243,961)	-	-	-	1,277,082	-	-	(1,277,082)
Infrastructure - drains	19,016	-	-	(19,016)	-	-	-	10,992	-	-	(10,992)
Infrastructure - landscape	384,312	-	-	(384,312)	-	-	-	200,873	-	-	(200,873)
Infrastructure - elec/comm/lighting	414,595	-	-	(414,595)	-	-	-	77,004	-	-	(77,004)
Other infrastructure	91,626	-	-	(91,626)	1,677,221	-	-	3,358,604	-	-	(3,358,604)
	3,052,262	1,955,608	488,654	(1,585,308)	3,095,120	1,325,391	576,663	8,731,361	1,860,865	418,352	(7,288,848)

CITY OF PERTH
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

11. FIXED ASSETS (Continued)

(a) Disposals of Assets (Continued)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$
Law, order, public safety				
<i>Gains on Disposal</i>				
Plant and Equipment	30,550	34,620	4,070	-
<i>Losses on Disposal</i>				
Infrastructure	27,776	-	-	(27,776)
Community amenities				
<i>Gains on Disposal</i>				
Land - held for redevelopment	371,828	753,135	381,306	-
Plant and Equipment	216,656	269,947	53,291	-
<i>Losses on Disposal</i>				
Furniture and Equipment	6,920	-	-	(6,920)
Plant and Equipment	226,201	154,998	-	(71,202)
Recreation and culture				
<i>Gains on Disposal</i>				
Plant and Equipment	117,825	137,330	19,504	-
<i>Losses on Disposal</i>				
Buildings	13,809	-	-	(13,809)
Furniture and Equipment	3,086	-	-	(3,086)
Plant and Equipment	210,453	187,784	-	(22,670)
Infrastructure	676,768	-	-	(676,768)
Transport				
<i>Gains on Disposal</i>				
Plant and Equipment	15,000	27,444	12,444	-
<i>Losses on Disposal</i>				
Furniture and Equipment	1,183	-	-	(1,183)
Plant and Equipment	112,752	88,531	-	(24,221)
Infrastructure	728,616	-	-	(728,616)
Other property and services				
<i>Gains on Disposal</i>				
Plant and Equipment	181,817	199,856	18,039	-
<i>Losses on Disposal</i>				
Plant and Equipment	110,558	101,964	-	(8,594)
Furniture and Equipment	464	-	-	(464)
	3,052,262	1,955,608	488,654	(1,585,309)

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the City which are currently in use yet fully depreciated are shown in the table below.

	2020	2019
	\$	\$
Buildings	-	871,036
Furniture and equipment	2,309,611	1,931,981
Plant and equipment	9,261,246	8,869,139
Investment Buildings	2,658,500	2,596,000
Computers and IT	4,646,839	3,727,317
Infrastructure	279,889	149,738
	19,156,085	18,145,211

As a result of the Land and Buildings revaluation and re-grouping of component assets there are no buildings reported as fully depreciated at 30 June 2020.

11. FIXED ASSETS

(c) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Leasehold Land	663,246	-	663,246
Buildings	7,019,751	10,350,761	6,229,049
Buildings - Heritage	3,957,335	-	3,590,286
Buildings - Leasehold	899,884	-	892,483
Leasehold Improvements	75,756	1,636,429	18,883
Furniture and equipment	4,664,537	2,784,819	3,190,612
Plant and equipment	3,287,268	2,868,628	3,378,638
Infrastructure - roads	6,798,115	7,366,660	6,835,049
Infrastructure - paths and kerbs	5,009,855	5,167,248	4,973,370
Infrastructure - drains	1,157,638	1,186,250	1,135,117
Infrastructure - landscape	961,330	911,048	914,624
Infrastructure - elec/comm/lighting	2,123,467	1,357,019	1,548,753
Other infrastructure	1,839,832	1,912,705	1,810,801
Right of use assets - buildings	101,146	-	-
	38,559,160	35,541,567	35,180,911

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

11. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life	Residual Value
<u>Land</u>		
Leasehold Interest	99 years	Nil
<u>Buildings</u>		
Buildings (including components and leasehold interest)	10 to 100 years	Nil
<u>Leasehold Improvements</u>	Term of Lease	Nil
<u>Infrastructure</u>		
Roads – Pavement	80 years	Nil
– Seal	20 years	Nil
– Ancillary	20 to 50 years	Nil
Footpaths – Footpaths	15 to 50 years	Nil
– Kerbs	20 to 50 years	Nil
Street Lighting	10 to 40 years	Nil
Drainage	20 to 80 years	Nil
Reticulation	10 to 40 years	Nil
Overpasses and Underpasses	40 to 70 years	Nil
Street Furniture	5 to 50 years	Nil
Riverwall	50 to 60 years	Nil
Other	5 to 10 years	Nil
<u>Plant and Mobile Equipment</u>		
Major Plant and Equipment	4 to 10 years	10 to 40%
Sedans and Utilities	2 to 3 years	50 to 65%
Pumps and Bores	7 to 15 years	Nil
Minor Plant and Equipment	2 to 7 years	5% to Nil
Specialised Parking Equipment	7 to 15 years	Nil
<u>Office Furniture and Equipment</u>		
Furniture and Equipment	2 to 15 years	Nil
Computer Equipment and Software	3 to 5 years	Nil

Depreciation on revaluation

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

(a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or

(b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

12. LEASES

(a) Right of Use Assets

Movement in the carrying amounts of each class of right of use asset between the beginning and the end of the current financial year.

	Right of use assets - buildings	Right of use assets Total
	\$	\$
Carrying amount at 30 June 2019	-	-
Recognised on initial application of AASB 16	3,302,938	3,302,938
Restated total equity at the beginning of the financial year	3,302,938	3,302,938
Depreciation (expense)	(101,146)	(101,146)
Carrying amount at 30 June 2020	3,201,792	3,201,792
(b) Cash outflow from leases		
Interest expense on lease liabilities	(112,300)	(112,300)
Lease principal expense	(59,797)	(59,797)
Total cash outflow from leases	(172,097)	(172,097)

SIGNIFICANT ACCOUNTING POLICIES

Leases

At inception of a contract, the City assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right of use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the City uses its incremental borrowing rate.

Right of use assets are subsequently measured under the revaluation model as they relate to asset classes that are also revalued.

Right of use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right of use asset reflects that the City anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

All contracts that are classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease. Leases for right of use assets are secured over the asset being leased.

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13. REVALUATION SURPLUS

	2020 Opening Balance	2020 Total Movement on Revaluation	2020 Asset Reclassification	2020 Closing Balance	2019 Opening Balance	2019 Total Movement on Revaluation	2019 Asset Reclassification	2019 Closing Balance
Revaluation surplus - Land	\$ (302,208,249)	\$ 28,987,000	-	\$ (273,221,249)	\$ (302,073,680)	\$ (134,569)	-	\$ (302,208,249)
Revaluation surplus - Leasehold Land	(12,976,790)	12,976,790	-	-	(12,976,790)	-	-	(12,976,790)
Revaluation surplus - Buildings	(94,325,622)	(9,054,238)	-	(103,379,860)	(100,565,076)	(1,080,196)	7,319,650	(94,325,622)
Revaluation surplus - Leasehold Buildings	(6,156,491)	5,314,880	-	(841,611)	(6,156,491)	-	-	(6,156,491)
Revaluation surplus - Furniture and equipment	(921,951)	-	-	(921,951)	(921,951)	-	-	(921,951)
Revaluation surplus - Artworks	(7,124,995)	-	-	(7,124,995)	(7,124,995)	-	-	(7,124,995)
Revaluation surplus - Infrastructure	(46,207,464)	(939,002)	-	(47,146,466)	(47,385,407)	8,497,593	(7,319,650)	(46,207,464)
	(469,921,562)	37,285,430	-	(432,636,132)	(477,204,390)	7,282,828	-	(469,921,562)

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

Land and Buildings were revalued in the reporting period ending 30 June 2020 using an external valuer. \$939,002 revaluation adjustment on infrastructure was made reflecting revaluation on disposals. As at 30 June 2019, \$7,319,650 was reclassified from buildings to infrastructure during the reporting period. This relates to Padbury Walkways being reclassified as Bridges (infrastructure) not Buildings.

14. INVESTMENT PROPERTY

	2020 Actual \$	2019 Actual \$
Investment Land		
Carrying balance at 1 July	8,833,500	8,720,000
Transfers	-	485,000
Net gain/(loss) from fair value adjustment	6,500	(371,500)
Closing balance at 30 June	8,840,000	8,833,500
Investment Buildings		
Carrying balance at 1 July	9,897,500	9,014,650
Transfers	-	692,340
Net gain/(loss) from fair value adjustment	(1,805,500)	190,510
Closing balance at 30 June	8,092,000	9,897,500
Total Investment Property	16,932,000	18,731,000

Investment Land and Properties are revalued annually by an independent valuer. The result of the valuation carried out at 30 June 2020 was an increase to the value of Investment Land of \$6,500 and a decrease to the value of Investment Buildings of \$1,805,500.

There was no change in the valuation method used in the valuation of Investment Properties during the reporting period.

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.

	2020 Actual \$	2019 Actual \$
Amounts recognised in profit or loss for investment properties		
Rental income	1,369,353	1,692,334
Direct operating expenses from property that generated rental income	529,952	316,651

Leasing arrangements

Investment properties are leased out on operating leases. Rental income amounts of \$1,369,353 (30 June 2019 : \$1,692,334) are included within revenue. Direct operating expenses of \$529,952 (2019: \$316,651) were reported within other expenses, of which Nil (30 June 2019 : Nil) were incurred on vacant properties that did not generate rental income.

Lease contracts are all non-cancellable for the term of each lease. Future minimum lease rentals are as follows:

	2020 Actual \$	2019 Actual \$
Within one year	1,365,607	1,624,187
Later than one year but not later than 5 years	2,081,675	2,315,298
Later than 5 years	2,297,573	2,666,470
	5,744,855	6,605,955

SIGNIFICANT ACCOUNTING POLICIES

Investment properties

Investment properties are principally freehold buildings, held for long-term rental yields and not occupied by the City. They are carried at fair value. Changes in the fair values are presented in profit or loss as a part of other revenue.

Fair value of investment properties

A management valuation was performed to determine the fair the valuation were discount rates, terminal yields, expected vacancy rates and rental growth rates estimated by management based on comparable transactions and industry data.

15. TRADE AND OTHER PAYABLES

	2020	2019
	\$	\$
Current		
Sundry creditors	9,147,362	13,305,757
Prepaid rates	539,622	328,421
Accrued expenses	4,792,578	3,366,309
Bonds and deposits held	3,299,093	3,778,875
Income in advance	1,450,360	1,622,426
Accrued interest	91,547	152,711
Other payables	1,573,819	1,321,632
	<u>20,894,381</u>	<u>23,876,131</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request recognises revenue for the prepaid rates that have not been refunded.

16. CONTRACT LIABILITIES

	2020	2019
	\$	\$
Current		
Contract liabilities from contracts with customers	264,042	100,530
	<u>264,042</u>	<u>100,530</u>
Non-current		
Contract liabilities from transfers for recognisable non financial assets	2,153,243	-
	<u>2,153,243</u>	<u>-</u>
Performance obligations from contracts with customers are expected to be recognised as revenue in accordance with the following time bands:		
Less than 1 year	992,285	
1 to 2 years	1,425,000	
	<u>2,417,285</u>	

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

Contract liabilities represent the City's obligation to transfer goods or services to a customer for which the City has received consideration from the customer.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

CITY OF PERTH
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17. LEASE LIABILITIES

(a) Lease Liabilities	2020	2019
	\$	\$
Current	61,830	-
Non-current	3,181,311	-
	<u>3,243,141</u>	-

(b) Movements in Carrying Amounts

Purpose	Institution	Lease Interest Rate	Lease Term	Actual Lease Principal 1 July 2019	Actual New Leases 30 June 2020	Actual Lease Principal Repayments 30 June 2020	Actual Lease Principal Outstanding 30 June 2020	Actual Lease Interest Repayments 30 June 2020
				\$	\$	\$	\$	\$
Community amenities								
AMP Access Ramp	Crown	3.40%	53 years	121,990	-	852	121,138	4,147
Transport								
Allendale - Trinity Underpass	Crown	3.40%	32 years	527,636	-	9,778	517,858	17,940
City Arcade - Trinity Underpass	Crown	3.40%	32 years	2,653,312	-	49,167	2,604,145	90,213
				<u>3,302,938</u>	-	<u>59,797</u>	<u>3,243,141</u>	<u>112,300</u>

The City holds leases for the three buildings identified above.

The City has adopted the partial retrospective application of AASB16 recognising the present value of remaining lease payments using the incremental borrowing cost provided by WATC for public institutions as the discount rate.

CITY OF PERTH
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18. INFORMATION ON BORROWINGS

(a) Borrowings

	2020	2019
	\$	\$
Current	4,233,037	6,904,163
Non-current	4,545,934	8,778,971
	8,778,971	15,683,134

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020				30 June 2020				30 June 2020				30 June 2020			
				Actual		Actual		Actual		Actual		Budget		Budget		Budget		Actual	
				Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Recreation and culture				1 July 2019	repayments	1 July 2019	repayments	1 July 2019	repayments	1 July 2019	repayments	1 July 2019	repayments	1 July 2019	repayments	1 July 2018	repayments	1 July 2018	repayments
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Civic Library	165	WATC *	4.02%	2,965,258	1,095,109	(116,391)	1,870,150	2,965,258	1,095,109	(114,376)	1,870,149	3,802,764	837,506	(156,228)	2,965,258				
Civic Library	167	WATC *	3.63%	8,691,734	2,566,502	(322,281)	6,125,232	8,691,735	2,566,502	(316,732)	6,125,233	11,167,148	2,475,414	(429,621)	8,691,734				
Transport																			
PCEC Car Park	160	WATC *	6.15%	552,087	552,087	-	-	552,086	552,086	-	-	2,678,091	2,126,004	(105,886)	552,087				
Elder Street Car Park	164	WATC *	6.26%	3,076,509	2,543,647	(134,195)	532,862	3,076,508	2,543,647	(126,966)	532,861	4,973,910	1,897,401	(272,274)	3,076,509				
Goderich Street Car Park	166	WATC *	4.02%	397,546	146,819	(15,604)	250,727	397,546	146,819	(15,334)	250,727	509,829	112,283	(20,946)	397,546				

* WA Treasury Corporation

The mode of payment is quarterly.

Loan debentures issued by the City are secured over the general funds of the City

* Interest repayments include the guarantee fee.

All loan repayments were financed by general purpose revenue.

18. INFORMATION ON BORROWINGS (Continued)

	2020	2019
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Credit card limit	80,000	80,000
Credit card balance at balance date	(3,864)	(6,358)
Total amount of credit unused	76,136	73,642
Loan facilities		
Loan facilities - current	4,233,037	6,904,163
Loan facilities - non-current	4,545,934	8,778,971
Lease liabilities - current	61,830	-
Lease liabilities - non-current	3,181,311	-
Total facilities in use at balance date	12,022,112	15,683,134
Unused loan facilities at balance date	Nil	Nil

The City does not have an overdraft facility and no longer uses Purchasing Cards.

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are recognised at fair value when the City becomes a party to the contractual provisions to the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Borrowing costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset.

Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

Risk

Information regarding exposure to risk can be found at Note 30.

CITY OF PERTH
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19. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2019			
Current provisions	4,904,535	5,639,741	10,544,276
Non-current provisions	419,791	1,299,322	1,719,113
	5,324,326	6,939,063	12,263,389
 Additional provision	5,441,973	1,087,028	6,529,001
Amounts used	(5,104,628)	(1,067,597)	(6,172,225)
Balance at 30 June 2020	5,661,671	6,958,494	12,620,165
 Comprises			
Current	5,222,850	5,443,117	10,665,967
Non-current	438,821	1,515,377	1,954,198
	5,661,671	6,958,494	12,620,165
 Amounts are expected to be settled on the following basis:	2020	2019	
	\$	\$	
Expected reimbursements from other WA local governments	699,433	630,740	
	12,620,165	12,263,389	

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

Provision is made for the City's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected related service, including wages, salaries and sick leave.

Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The City's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The City's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The City's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the City does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Provisions

Provisions are recognised when the City has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

20. OTHER PROVISIONS

	Total
	\$
Opening balance at 1 July 2019	
Current provisions	387,726
Non-current provisions	-
	387,726
Additional provision	255,466
Amounts used	(157,329)
Balance at 30 June 2020	485,863
Comprises	
Current	485,863
Non-current	-
	485,863

Self- funded Leave

Other Provisions includes employee benefits to self-funded leave which are recognised as leave not taken at balance date calculated at current rates of pay.

21. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents.

The City has no bank overdrafts.

Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cash and cash equivalents	37,727,249	128,262,946	46,473,723
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	13,085,739	3,628,940	7,628,187
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(2,882)	-	(20,503)
Adjustments to fair value of investment land	(6,500)	-	371,500
Adjustments to fair value of investment buildings	1,805,500	-	(190,510)
Depreciation on non-current assets	38,559,160	35,541,567	35,181,475
(Profit)/loss on sale of asset	1,477,960	1,419,729	7,169,271
Share of profits of associates	207,201	-	(76,174)
Loss on revaluation of fixed assets	-	-	(543,113)
Contributed Assets	(15,402,511)	-	(182,606)
Disposal of development land at Tamala Park	(381,306)	-	(298,776)
Fair value adjustments to financial assets at amortised cost	(21,853)	-	(9,206)
Initial recognition of assets	(65,396)	-	(17,815)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(375,619)	-	1,274,792
(Increase)/decrease in inventories	22,918	-	242,833
(Increase)/decrease in Deposits and Prepayments	(577,199)	-	353,082
(Increase)/decrease in Accrued Interest and Dividend Income	177,344	-	223,370
Increase/(decrease) in payables	(4,111,356)	-	3,043,249
Increase/(decrease) in provisions	454,913	-	52,586
Increase/(decrease) in contract liabilities	264,042	-	-
Non-operating grants, subsidies and contributions	(1,754,712)	(1,191,862)	(1,572,765)
Net cash from operating activities	33,355,443	39,398,374	52,628,877

22. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	173,863,672	158,211,661
General purpose funding	4,291,012	12,084,055
Law, order, public safety	7,229,901	5,553,502
Health	199,477	309,136
Education and welfare	5,289,755	5,165,636
Housing	472,711	502,874
Community amenities	57,732,046	68,721,823
Recreation and culture	197,010,567	207,747,356
Transport	765,751,599	806,053,413
Economic services	4,910,148	5,729,049
Other property and services	74,177,082	48,917,377
	<u>1,290,631,431</u>	<u>1,318,893,178</u>

23. CONTINGENT LIABILITIES

Commitment – Deed of Guarantee

In line with other equity holders in the Mindarie Regional Council (MRC) the City has guaranteed, proportionate to its equity share (one twelfth), the obligations of MRC to the contractor who built and is operating the Neerabup 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.

City of Perth Superannuation Plan (CPSP) Defined Benefit Members

The plan has a number of different participating employers contributing to the defined benefit 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.

In the event that the plan has a deficiency of assets to meet benefits due, all participating employers are liable to contribute to the plan to fund any shortfall.

CONTINGENT LIABILITIES (continued)

Mindarie Regional Council

In February 2020, Mindarie Regional Council (MRC) received the Mandatory Auditor's Report (MAR) as requested by the Department of Water and Environmental Regulation (DWER) in respect of the Tamala Park Waste Management Facility site.

Among other things, the purpose of the report was to:

- o confirm that earlier investigations undertaken adequately characterised the contamination status of the site and
- o whether potentially significant risks to human health, the environment or environmental values exist on-site or off-site.

The report notes that groundwater impacts from landfill activities are currently evident in the aquifer immediately beneath the landfill at concentrations above the relevant DWER irrigation or drinking water guidelines. Further testing and analysis is still required to understand the full extent of the offsite impact on potential ground water contamination.

The MRC has commenced work on the MAR recommendations identified. At this stage, it is not possible to make a reasonable estimate of the financial impact that may arise from possible remedial action.

(a) Capital Expenditure Commitments

25. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

The following fees, expenses and allowances were paid to elected members.

The Council was suspended by the Minister of Local Government on 2 March 2018.

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Local Government Allowance	-	-	23,514
Commissioners' Fees	965,409	1,076,300	1,098,354

Commissioners are paid remuneration, allowances and reimbursement of expenses in accordance with determinations made by the Minister for Local Government. The Department of Local Government, Sport and Cultural Industries is responsible for remunerating the Commissioners and the City reimburses the Department, for the remuneration and expenses incurred.

Key Management Personnel (KMP) Compensation Disclosure

	2020 Actual	2019 Actual
	\$	\$
The total of remuneration paid to KMP of the City during the year are as follows:		
Short-term employee benefits	1,905,091	1,888,986
Post-employment benefits	175,586	160,947
Other long-term benefits	16,162	22,920
Termination benefits	-	788,667
	2,096,839	2,861,520

Short-term employee benefits

These amounts include all salary, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the City's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

25. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

Transactions between related parties and the City are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

	2020 Actual \$	2019 Actual \$
The following transactions occurred with related parties:		
Tamala Park Regional Council		
Sale of goods and services	21,857	20,003
Purchase of goods and services	28,828	41,025
Distributions received from Joint Venture entities	250,000	333,333
Reimbursement paid to Joint Venture entities	25,426	22,914
Trade and other payables	24,481	5,962
Mindarie Regional Council		
Sale of goods and services	79,117	67,846
Purchase of goods and services	2,497,004	2,978,124
Trade and other receivables	5,577	5,512
Trade and other payables	1,375	228,340

Related Parties

The City's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

ii. Entities subject to significant influence by the City

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence.

Significant influence may be gained by share ownership, statute or agreement.

iii. Joint venture entities accounted for under the equity method

Tamala Park Regional Council

The City 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. The City contributes one twelfth of any funding required for capital or operating costs and is entitled to one twelfth of revenue from the sale of the land. The City's one twelfth interest in the Tamala Park Regional Council is accounted for in the financial statements using the equity accounting method.

Mindarie Regional Council

The City 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 Mindarie Regional Council. The City's one twelfth interest in the Mindarie Regional Council is accounted for in the financial statements using the equity accounting method.

25. RELATED PARTY TRANSACTIONS (Continued)

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. Local Government Superannuation Plan (W.A. Super)

Accumulation Members

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 City contributes to the W.A. Local Government Superannuation Plan (WA Super) amounts nominated by the Council. As such, assets are accumulated in the WA Super to meet members' benefits as they accrue. The latest available audited financial report of the plan, 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)

Defined Benefit Members

The City contributes in respect of certain of its employees to a defined benefit superannuation fund established for the employees of the City and known as the City of Perth Superannuation Plan (CPSP). 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 the members' benefits as they accrue. The latest available audited financial report of the plan, which was not subject to any audit qualification, indicates that the assets of the plan are sufficient to meet accrued benefits. The plan has a number of different participating employers contributing to the defined benefit section of the plan and as such is 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 2009.

On 31 March 2016, plan assets relating to defined benefit members were transferred from Australian Super to Equip Super Pty Ltd.

An Actuarial investigation of the Plan as at 30 June 2016 was completed by the Heron Partnership in March 2017. It was agreed that it would be appropriate to continue the reduced employer contributions for defined benefit members to the Superannuation Guarantee (SG) Rate (currently 9.5%) from 1 July 2016 until at least the completion of the next actuarial investigation with an effective date of 30 June 2019. The actuarial investigation completed in December 2019 for the Plan as at 30 June 2019 confirmed that, since the previous actuarial investigation the financial position of the plan has improved.

In the event that the plan has a deficiency of assets to meet benefits due, all participating employers (including the City) are liable to contribute to the plan to fund any shortfall.

Accumulation Members

The City contributes in respect of certain of its employees to an accumulated benefit superannuation fund for the employees of the City 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 CPSP to meet members' benefits as they accrue. The latest available audited financial report of the plan, which was not subject to any audit qualification, indicates that the assets of the plan are sufficient to meet accrued benefits.

25. RELATED PARTY TRANSACTIONS (Continued)

Effective 1 July 2009, the City of Perth Superannuation Fund was subsumed into an industry fund Australian Super, operated by the trustee Australian Super Pty Ltd.

Due to changes in legislation impacting on superannuation, Australian Super has moved accumulated members into a new fund called My Super. This fund is part of Australian Super. The change was implemented for both legislative reasons and to take advantage of lower member fees.

Total Superannuation contributions paid by the City during the reporting period was \$8,939,062 (30 June 2019: \$7,576,627).

EMPLOYEE REMUNERATION

The number of employees, whose salary (excluding termination payments) exceeded \$100,000 during the financial year, is shown below in their relevant income bands:

Income Range	Number in 2020	Number in 2019
\$100,000 - \$109,999	60	48
\$110,000 - \$119,999	43	42
\$120,000 - \$129,999	21	32
\$130,000 - \$139,999	24	9
\$140,000 - \$149,999	6	7
\$150,000 - \$159,999	5	6
\$160,000 - \$169,999	3	3
\$170,000 - \$179,999	5	-
\$180,000 - \$189,999	2	4
\$190,000 - \$199,999	-	1
\$200,000 - \$209,999	1	1
\$210,000 - \$219,999	1	1
\$220,000 - \$229,999	1	1
\$230,000 - \$239,999	1	-
\$240,000 - \$249,999	1	-
\$320,000 - \$329,999	1	-
	175	155

The increase to the number of staff reported in the lowest bracket is the result of EBA increases to Salaried Officers on the top level of Band 7 and Band 8 as well as Surveillance Team Leaders on the top Band (5C).

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26. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

	2020	2019 restated
	\$	\$
Equity in Mindarie Regional Council (a)	5,794,883	5,988,718
Equity Tamala Park Regional Council (b)	3,908,092	3,809,099
	9,702,975	9,797,817

(a) Mindarie Regional Council

The City of Perth, along with the City of Wanneroo, City of Joondalup, City of Stirling, City of Vincent, Town of Cambridge and Town of Victoria Park is a member of the Mindarie Regional Council. The Mindarie Regional Council's objective is to establish and operate a long term refuse disposal site on Mindarie Super Lot 118. The City of Perth has contributed one twelfth of the land and establishment costs of the refuse disposal facility. The City uses the refuse disposal facility at Mindarie to deposit all non recyclable waste collected by the City's domestic and commercial waste services. Capital contributions paid during establishment are represented in the accounts of the City of Perth as a Non-Current Asset. The City currently has a contingent liability in relation to the Mindarie Regional Council Details of this contingent liability are provided in note 23.

	2020	2019 restated
	\$	\$
(i) Retained Surplus Attributable to Equity Accounted Investments		
Balance at beginning of the financial year	1,010,022	858,592
Share of associates profit/(loss) from ordinary activities		75,546
Share of associates transfer (to)/from Reserves		65,491
Share of associates revaluation of assets		10,393
Balance at end of the Financial Year	1,010,022	1,010,022

(ii) Carrying Amount of Equity Accounted Investments

Balance at beginning of the financial year	5,988,718	5,768,683
Share of associates profit/(loss) from ordinary activities	(193,835)	75,546
Share of associates other comprehensive income	-	144,489
Movement in Capital Contributions	-	-
Balance at end of the Financial Year	5,794,883	5,988,718

(iii) Mindarie Regional Council Financial Position

Current Assets	40,659,608	37,247,209
Non Current Assets	64,690,790	57,938,907
Total Assets	105,350,398	95,186,116
Current Liabilities	8,355,529	7,487,383
Non Current Liabilities	28,773,967	17,151,807
Total Liabilities	37,129,496	24,639,190
Net Assets	68,220,902	70,546,926
Retained Surplus	15,946,037	10,313,069
Reserves	22,712,639	21,953,499
Revaluation Surplus	25,476,500	34,194,632
Council contributions	4,085,726	4,085,726
Total Equity Mindarie Regional Council	68,220,902	70,546,926
City's Share of Equity (one twelfth)	5,794,883	5,988,718

The Mindarie Regional Council Financial Statements include restatement of 2019 comparatives following an adjustment to fair value of the excavation asset which resulted in an increase to depreciation expenses.

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26. INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD (continued)

(b) Tamala Park Regional Council

The City of Perth, along with the City of Wanneroo, City of Joondalup, City of Stirling, City of Vincent, Town of Cambridge and Town of Victoria Park is a member of the Tamala Park Regional Council. On the 21 February 2006 the City received a report advising the formal establishment of the Tamala Park Regional Council under Section 3.61 of the Local Government Act 1995. The Tamala Park Regional Council formally came into existence on the 3 February 2006. The Tamala Park Regional Council's activities centre around the development of part Lot 118 Mindarie. Lot 118 was initially purchased in 1981 to provide a refuse landfill site for member councils of the Mindarie Regional Council, this lot is now being developed with a purpose of creating a new urban land development and a new urban community. The investment in the Tamala Park Regional Council has been recognised at the value of its equity contributions. The City has undertaken a revaluation of its investments to fair value according to Local Government (Financial Management) Regulations.

	2020	2019
	\$	\$
(i) Retained Surplus Attributable to Equity Accounted Investments		
Balance at beginning of the financial year	150,898	150,270
Share of associates profit/(loss) from ordinary activities	(13,366)	628
Balance at end of the Financial Year	137,532	150,898
(ii) Carrying Amount of Equity Accounted Investments		
Balance at beginning of the financial year	3,809,099	3,810,795
Share of associates profit/(loss) from ordinary activities	(13,366)	628
Distribution to participants	(250,000)	(333,333)
Movement in Capital Contributions	362,359	331,009
Balance at end of the Financial Year	3,908,092	3,809,099
(iii) Tamala Park Regional Council Financial Position		
Current Assets	45,517,277	44,320,816
Non Current Assets	1,757,617	1,723,283
Total Assets	47,274,894	46,044,099
Current Liabilities	345,026	326,286
Non Current Liabilities	29,968	5,719
Total Liabilities	374,994	332,005
Net Assets	46,899,900	45,712,094
Retained Surplus	1,650,364	1,810,759
Reserves		
Revaluation Surplus	6,353	6,353
Council contributions	45,243,183	43,894,982
Total Equity Tamala Park Regional Council	46,899,900	45,712,094
City's Share of Equity (one twelfth)	3,908,092	3,809,099

26. INVESTMENT IN ASSOCIATES

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The City's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

Initial recognition and subsequent measurement

Under the equity method, the investment in associates is initially recognised at cost and adjusted thereafter for the post-acquisition change in the City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

Investment in associates

An associate is an entity over which the City has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the City's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired. Profits and losses resulting from transactions between the City and the associate are eliminated to the extent of the City's interest in the associate. When the City's share of losses in an associate equals or exceeds its interest in the associate, the City discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the City will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

27. MAJOR LAND TRANSACTIONS

Tamala Park Regional Council

(a) Details

The Tamala Park Regional Council was established for the specific purpose of creating an urban development on 165 hectares of land immediately south of Neerabup Road and the Mindarie Regional Council. The project is expected to have a ten-year life cycle with more than 2,500 lots developed for housing that will be progressively sold in stages. The first stage of the development commenced in early 2011 and the first lots were released for sale in July 2012.

(b) Current year transactions

	2020	2019
	Actual	Actual
Other revenue	\$	\$
- Sale proceeds	753,135	828,234
Other expenditure		
- Purchase of land	(51,749)	(85,803)
- Development costs	(320,080)	(443,655)
	<u>381,306</u>	<u>298,776</u>

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28. RATING INFORMATION

(a) Rates

Gross Rental Values

Landgate Valuation Services provides the City with Gross Rental Values (GRV) on a triennial basis. The current triennial valuation has been applied since 1 July 2017 and may be adjusted with interim valuations from the same source.

Differential General Rates

The objective of differential rating is to provide equity in the rating of properties across the City.

An increase of 2.85% in the Rate in the Dollar for the Office, Residential and Vacant rating categories has been applied for 2019-20. An increase of 1.3% in the Rate in the Dollar has been applied for Commercial, Hotel and Retail rating categories.

The City of Perth imposes differential rates under the provisions of 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. The objects and reasons for the imposition of each differential general rate are:

Commercial (includes Hotel and Retail categories)

This classification includes a variety of land uses including wholesalers, warehouses, industrial, entertainment and sporting facilities hotels, short-stay serviced apartments, hostels, board and lodging accommodation and shops. All these assets have a common factor in being commercial operations with the object of attracting visitors and tourists to the City to contribute to city vitality. The City supports this ratepayer category to a material extent with marketing and promotional programmes. The City has set a rate for this sector at 5.6358 cents per dollar of GRV.

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 4.6809 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 5.9039 cents in the dollar of GRV was set at a low level to support the City's aim of encouraging living in the City. The City 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 Land

The rate of 6.4370 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.

Minimum Rate

The City imposed one general minimum rate payment of \$726 that applies to all rateable properties within the City. 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.

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 as itemised on page 47. 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

28. RATING INFORMATION (Continued)

Emergency Services Levy										Residential and Vacant Land										Commercial, Industrial and Other									
ESL Category		ESL Rate		Minimum Charges by Property Use		Maximum Charges by Property Use		Minimum Charges by Property Use		Maximum Charges by Property Use																			
		(cents per \$GRV)																											
1		0.014839		84		441		84		251,000																			
RATE TYPE		Number of Properties		2019/20 Actual Rateable Value		2019/20 Actual Rate		2019/20 Actual Interim Rates		2019/20 Actual Back Rates		2019/20 Actual Total Revenue		2019/20 Budget Total Revenue		2019/20 Budget Interim Rate		2019/20 Budget Back Rate		2019/20 Budget Total Revenue		2018/19 Actual Total Revenue							
Differential general rate / general rate		Rate in \$		Properties		Value		Revenue		Rates		Rates		Revenue		Revenue		Rate		Rate		Revenue							
Gross rental valuations		0.0563576		2,073		415,330,219		23,255,329		1,113,588		(1,631)		24,367,286		23,084,768		1,400,000		111,047		24,595,815							
Commercial		0.0468096		2,200		1,090,816,598		51,008,212		488,589		157,383		51,654,184		51,025,307		-		-		51,025,307							
Office		0.0590393		13,635		307,982,596		18,184,078		1,548,394		215,362		19,947,834		18,175,494		-		148,953		18,324,447							
Residential		0.0643702		79		25,747,300		1,657,359		(138,336)		(25,782)		1,493,241		1,655,721		-		-		1,655,721							
Vacant																													
Unimproved valuations																													
Sub-Total		17,987		1,839,876,713		94,104,978		3,012,235		345,332		97,462,545		93,941,290		1,400,000		260,000		95,601,290		91,748,581							
Minimum payment		726																											
Gross rental valuations		726		545		4,967,892		395,670		-		-		395,670		394,944		-		-		394,944							
Commercial		726		186		2,315,485		135,036		-		-		135,036		135,036		-		-		135,036							
Office		726		766		8,442,304		556,116		-		-		556,116		556,842		-		-		556,842							
Residential		726		2		3,125		1,452		-		-		1,452		1,452		-		-		1,452							
Vacant																													
Unimproved valuations																													
Sub-Total		1,499		15,728,806		1,088,274		-		-		1,088,274		1,088,274		-		-		-		1,047,630							
Discounts (Note 28(b))		19,486		1,855,605,519		95,193,252		3,012,235		345,332		98,550,819		95,029,564		1,400,000		260,000		96,689,564		92,796,211							
Total amount raised from general rate												(291,052)										(287,782)							
Ex-gratia rates												98,259,767										96,415,514							
Prepaid rates												7,648										4,114							
Totals												98,267,415										96,419,628							
																						92,515,865							

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial

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28. RATING INFORMATION (Continued)

(b) Discounts, Incentives, Concessions, & Write-offs

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 Heritage Place, to a maximum of \$20,000 per annum with the minimum concession being equal to the minimum rate payment \$726 (\$705 for 2018/19).

In accordance with the updated Heritage Rate Concession Policy 9.2 (14 February 2017):

The concession will apply until the 30 June 2022, and does not apply retrospectively to previous financial years, including applications previously approved under Policy 9.2 Heritage Rate Concession adopted by the City on 26 June

The concession will be reduced by an amount equivalent to any other rate concessions for which the owner of the property is eligible (seniors and pensioners).

Applicants must be the registered rate payer of the Heritage Place and submit a completed Application Form – Heritage Rate Concession prior to the issue of the current rate notice or no later than 60 days from the issue date of the current rate notice.

The rateable property must listed in the City of Perth City Planning Scheme Heritage as a Place of Cultural Significance.

Applicants must provide a pest inspection report and a current full building insurance certificate dated no later than a year from the application date and must sign the City's Property Maintenance Agreement.

The owner must not be bound by a Heritage Agreement that commits the owner to the ongoing care and maintenance of the property and/or where a development based incentive has been granted by the City.

The owner must not have an overdue rate debt to the City on the property.

For strata units in complexes where the heritage floor space comprises less than 50% of the total development floor space, economic justification must be provided to demonstrate the strata fees are unduly 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.

Rates Discounts

Rate or Fee	Discount	Discount	2020	2020	2019
Discount Granted	%	\$	Actual	Budget	Actual
Heritage Rate Relief Concession	10.00%	\$	291,052	274,050	287,782
			291,052	274,050	287,782

Concessions

In accordance with the provisions of the Rates and Charges (Rebates and Deferrals) 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.

Exemptions

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 for the year for their cricket ground at Nelson Crescent, East Perth. A concession of 88.5% was granted resulting in a rebate of \$175,789 in 2019/20 (2018/19 88.4% Exemption: \$148,421).

28. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	13/09/2019	0.00	0.00%	11.00%
Option Two				
First instalment	13/09/2019	49.00	5.50%	11.00%
Second instalment	11/11/2019	0.00	5.50%	11.00%
Option Three				
First instalment	13/09/2019	49.00	5.50%	11.00%
Second instalment	11/11/2019	0.00	5.50%	11.00%
Third instalment	10/01/2020	0.00	5.50%	11.00%
Fourth instalment	20/03/2020	0.00	5.50%	11.00%
		2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates		291,192	175,900	260,369
Interest on instalment plan		393,101	420,000	355,339
Charges on instalment plan		356,733	325,000	323,799
		1,041,026	920,900	939,507

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 \$49.00. An administration fee of \$49.00 was charged on all arrangements made for payment outside the normal terms.

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.

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29. RATE SETTING STATEMENT INFORMATION

		2019/20	2019/20	2019/20	2018/19	2017/18
		Budget	Budget	Brought	Carried Fwd	Carried Fwd
		(30 June 2020	(30 June 2020	(1 July 2019	(30 June 2019	(30 June 2018
		Carried	Carried	Forward)	- restated)	- restated)
Note		Forward)	Forward)	Forward)	- restated)	- restated)
		\$	\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities						
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with Financial Management Regulation 32.						
Adjustments to operating activities						
Less: Profit on asset disposals	11(a)	(107,347)	(226,663)	(119,576)	(119,576)	(177,578)
Less: Movement in employee benefit provisions associated with restricted cash		(28,164)	(5,808,466)	65,394	65,394	5,177
Movement in PCEC Provision		-	-	-	-	(4,649,307)
Movement in pensioner deferred rates (non-current)		16,754	-	3,356	3,356	(16,294)
Movement in employee benefit provisions (non-current)		235,085	-	238,235	238,235	(135,373)
Add: Non-Capitalised WIP expensed		2,465,621	-	2,831,369	2,831,369	1,682,198
Add: Loss on disposal of assets	11(a)	1,585,308	1,996,392	7,288,847	7,288,847	1,895,486
Add: Depreciation on non-current assets	11(c)	38,559,160	35,541,567	35,181,475	35,181,475	34,706,879
Non cash amounts excluded from operating activities		42,726,417	31,502,830	45,489,100	45,489,100	33,311,188

(b) Surplus/(deficit) after imposition of general rates

The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with Financial Management Regulation 32 to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets						
Less: Reserves - cash/financial asset backed	4	(101,133,864)	(111,016,948)	(104,338,817)	(104,338,817)	(100,418,439)
- Contract Liabilities/Movement in conditions over contributions		(1,838,194)	-	1,213,674	-	(2,047,443)
Add: Current liabilities not expected to be cleared at end of year						
- Current portion of borrowings	18(a)	4,233,037	8,778,971	6,904,163	6,904,163	7,448,608
- Employee benefit provisions		2,018,137	3,448,217	1,989,973	1,989,973	1,924,579
Total adjustments to net current assets		(96,720,884)	(98,789,760)	(94,231,007)	(95,444,681)	(93,092,695)
Net current assets used in the Rate Setting Statement						
Total current assets		173,170,246	142,739,447	166,099,483	166,099,483	147,086,201
Less: Total current liabilities		(36,605,120)	(38,704,469)	(42,241,777)	(41,812,826)	(39,765,589)
Less: Total adjustments to net current assets		(96,720,884)	(98,789,760)	(94,231,007)	(95,444,681)	(93,092,695)
Net current assets used in the Rate Setting Statement		39,844,242	5,245,218	29,626,699	28,841,976	14,227,917

(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards

Total current assets at 1 July 2019		166,099,483
Total current liabilities at 30 June 2019		(41,812,826)
- Contract liabilities from contracts with customers	31(a)	(100,530)
- Contract liabilities from transfers for recognisable non financial assets	31(a)	-
- Rates paid in advance	31(b)	(328,421)
- Lease liabilities	31(c)	-
Total current liabilities at 1 July 2019		(42,241,777)

30. FINANCIAL RISK MANAGEMENT

This note explains the City's exposure to financial risks and how these risks could affect the City's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The City does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The City's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the City to cash flow interest rate risk

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the City to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2020					
Cash and cash equivalents	1.43%	37,727,249	2,000,000	35,560,362	166,887
Financial assets at amortised cost					
- term deposits	1.82%	117,750,000	112,270,802	5,479,198	-
2019					
Cash and cash equivalents	1.83%	46,473,723	19,769,809	26,544,902	159,012
Financial assets at amortised cost	2.70%	102,250,000	96,318,729	5,931,271	-

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity	1,554,772	1,487,237

* Holding all other variables constant

Borrowings

Borrowings are entered into with the Western Australian Treasury Corporation and attract fixed interest rates therefore the City of Perth is not exposed to interest rate risk on loans and borrowings.

30. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

The City's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The City manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the City to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The City is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The City applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2020 and 1 July 2019 (on adoption of AASB 9) was determined under the modified retrospective approach. No expected credit loss was forecast on 1 July 2019 or 30 June 2020 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0%
Gross carrying amount	2,069,665	337,357	74,970	70,468	2,552,460
Loss allowance	-	-	-	-	-
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	\$0
Gross carrying amount	682,273	131,249	30,546	70,119	914,187
Loss allowance	-	-	-	-	-

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	4.64%	4.70%	2.18%	64.90%	53.30%
Gross carrying amount	944,405	444,841	447,515	7,797,591	9,634,352
Loss allowance	43,850	20,919	9,765	5,060,643	5,135,178
30 June 2019					
Trade and other receivables					
Expected credit loss	4.73%	4.86%	5.42%	53.03%	42.71%
Gross carrying amount	1,536,201	399,642	284,713	8,143,933	10,364,489
Loss allowance	72,654	19,440	15,419	4,318,833	4,426,346

30. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

The contractual undiscounted cash flows of the City's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2020					
Payables	20,894,381	-	-	20,894,381	20,894,381
Borrowings	4,233,037	4,545,934	-	8,778,971	8,778,971
Contract liabilities	992,285	1,425,000	-	2,417,285	2,417,285
Lease liabilities	61,830	3,181,311	-	3,243,141	3,243,141
	26,181,533	9,152,245	-	35,333,778	35,333,778
2019					
Payables	23,876,131	-	-	23,876,131	23,876,140
Borrowings	6,751,452	8,778,971	-	15,530,423	15,683,134
	30,627,583	8,778,971	-	39,406,554	39,559,274

CITY OF PERTH
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31. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

During the current year, the City adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

(a) AASB 15: Revenue from Contracts with Customers

The City adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the City adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	Note	AASB 118 carrying amount 30 June 2019 \$	Reclassification \$	AASB 15 carrying amount 01 July 2019 \$
Contract liabilities - current				
Contract liabilities from contracts with customers	16	-	(100,530)	(100,530)
Contract liabilities non-current				
Contract liabilities from transfers for recognisable non financial asse	16	-	-	-
Adjustment to retained surplus from adoption of AASB 15	31(d)		(100,530)	

(b) AASB 1058: Income For Not-For-Profit Entities

The City adopted AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the City adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods was not restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 118: Revenue and AASB 1004: Contributions before the change:

	Note	AASB 118 and AASB 1004 carrying amount 30 June 2019 \$	Reclassification \$	AASB 1058 carrying amount 01 July 2019 \$
Trade and other payables				
Rates paid in advance	15	(328,421)	-	(328,421)
Adjustment to retained surplus from adoption of AASB 1058	31(d)		-	

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance gave rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates were recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the City. When the taxable event occurred, the financial liability was extinguished and the City recognised income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the City to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

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31. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 118 and 1004 and related Interpretations that were in effect before the change.

		2020 \$	Adjustment due to application of AASB 15 and AASB 1058	2020 \$
	Note	As reported under AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004	
Statement of Comprehensive Income				
Revenue				
Rates	28(a)	98,267,415	539,622	98,807,037
Operating grants, subsidies and contributions	2(a)	3,088,208	2,417,285	5,505,493
Fees and charges	2(a)	85,470,017	-	85,470,017
Non-operating grants, subsidies and contributions	2(a)	1,754,712	-	1,754,712
Net result		13,085,739	2,956,907	16,042,646
Statement of Financial Position				
Trade and other payables	15	20,894,381	(2,113,441)	18,780,940
Contract liabilities	16	2,417,285	(2,417,285)	-
Net assets		1,242,191,625	4,530,726	1,246,722,351
Statement of Changes in Equity				
Net result		13,085,739	2,956,907	16,042,646
Retained surplus		708,421,629	2,956,907	711,378,536

Refer to Note 2(a) for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058.

(c) AASB 16: Leases

The City adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the City has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. In applying AASB 16, under the specific transition provisions chosen, the City will not restate comparatives for prior reporting periods.

	Note	2020 \$
Operating lease commitments at 30 June 2019 applying AAS 117		3,360,768.76
Discount applied using incremental borrowing rate		(57,830.76)
Lease liability recognised as 1 July 2019 discounted using the City's incremental borrowing rate of 3.4%	17(b)	3,302,938.00
Lease liability - current		59,797.00
Lease liability - non-current		3,243,141.00
Right-of-use assets recognised at 1 July 2019		3,302,938.00

In applying AASB 16 for the first time, the City will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

(d) Impact of New Accounting Standards on Retained Surplus

The impact on the City's retained surplus due to the adoption of AASB 15, AASB 1058 and AASB 16 as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			692,422,418
Adjustment to retained surplus from adoption of AASB 15	31(a)	(100,530)	
Adjustment to retained surplus from adoption of AASB 16	31(c)	-	
Adjustment to retained surplus from adoption of AASB 1058	31(b)	-	(100,530)
Retained surplus - 1 July 2019			692,321,888

32. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
Other	322,579	49,179	(104,864)	266,894
	322,579	49,179	(104,864)	266,894

A review of the City's trust account was undertaken during the reporting period. All individual account balances were examined to determine whether ownership resided with the City or with the stated parties. No amounts were brought to account as general revenue during the reporting period (30 June 2019 \$nil).

33. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the City's operational cycle. In the case of liabilities where the City does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the City's intentions to release for sale.

c) Rounding off figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Amounts are presented

d) Comparative figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the City applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

e) Budget comparative figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

f) Superannuation

The City contributes to a number of Superannuation Funds on behalf of employees. All funds to which the City contributes are defined

g) Fair value of assets and liabilities

Fair value is the price that the City would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

33. OTHER SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable

Valuation techniques

The City selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the City are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of the service capacity of an asset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the City gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best

i) Impairment of assets

In accordance with Australian Accounting Standards the City's cash generating non-specialised assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the

CITY OF PERTH
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34. ACTIVITIES/PROGRAMS

City operations as disclosed in these financial statements encompass the following service orientated activities/programs.

PROGRAM NAME	OBJECTIVES	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of limited resource.	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	To collect revenue to allow for the provision of services.	General rate revenue, penalty for late payment, ex gratia rates, rate administration fee, rate instalment fee, 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	To provide services to help ensure a safer and environmentally conscious community.	Fire prevention including the clearing for fire hazards, animal control, by-law control, public security, civil emergency services, park rangers, neighbourhood watch.
HEALTH	To provide an operational framework for environmental and community health.	Preventive services including, food control, health inspections, pest control, other health.
EDUCATION AND WELFARE	To provide services to disadvantaged persons, the elderly, children and youth.	Child care centres, aged and disabled, senior citizen's centres, welfare administration, donations to welfare organisations, other welfare, education services.
HOUSING	To provide and maintain elderly or affordable housing to residents.	Maintain and administer affordable housing.
COMMUNITY AMENITIES	To provide services required by the community.	Rubbish collections, recycling, refuse site operations, 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	To establish and efficiently manage infrastructure and resources to help the social wellbeing of the community.	Public halls, civic centre, parks, sports grounds, community recreation programs, cycle ways, library, community arts program, Concert Hall, Perth Town Hall, donations to cultural institutions, parades and festivals, Christmas decorations, event and corporate sponsorship, Skyworks, state and precinct events.
TRANSPORT	To provide safe, effective and efficient transport services to the community.	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	To help promote the Capital City of Perth and improve its economic wellbeing.	Tourism and promotions, Perth Convention Bureau subsidies, building control, retail marketing, Christmas events and destination promotions.
OTHER PROPERTY AND SERVICES	To monitor and control Council's overheads and operating accounts.	Public works overheads, plant/vehicle operations, sundry property and other outlays that cannot be assigned to one of the preceding programs.

35. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	2.03	1.52	1.20
Asset consumption ratio	0.55	0.58	0.60
Asset renewal funding ratio	1.00	0.99	1.00
Asset sustainability ratio	0.48	0.55	0.72
Debt service cover ratio	6.67	5.02	7.33
Operating surplus ratio	(0.02)	0.05	0.04
Own source revenue coverage ratio	0.98	1.01	1.03

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

36. 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.

Elizabeth Quay and Perth City Link

Several road reserves and public open spaces at Elizabeth Quay and Perth City link were subdivided and custodianship of the land was transferred to the City in previous reporting periods. However, asset handover which is defined as the transfer of asset ownership and associated responsibilities, has not been transferred to the City. For Perth City Link, the City has brought to book some of the road reserves and public open spaces where the handover information provided is sufficient in detail in terms of the quantity and valuation of assets. This information has allowed the City to recognise these assets at fair value as nearest to the date of practical completion. Future asset handovers from Development WA (formerly the MRA) to the City are expected to continue over the coming years. As it currently stands, the City has not received any asset handover from Development WA at Elizabeth Quay. All asset ownership resides with Development WA regardless of titles being vested to the City.

The City is endeavouring at the reporting date to obtain the requested and required details for any outstanding asset handover where vesting has already occurred. Development WA have proposed beginning the asset handover process in late 2020 and finalising the handover of all public infrastructure at Elizabeth Quay by 2024.

Contributed Assets

The following assets were transferred to the City and listed as contributed assets during the reporting period.

	Buildings \$	Artwork \$	Infrastructure \$	Total \$
Contributor				
ISPT Pty Ltd (Forrest Chase - Padbury Walkway)	14,335,581	-	-	14,335,581
Perth City Link	-	-	1,041,430	1,041,430
The Public	-	25,500	-	25,500
	14,335,581	25,500	1,041,430	15,402,511

Fair values for buildings were included in the revaluation of land and buildings carried out by external valuer JLL.



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the City of Perth

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the City of Perth which comprises the Statement of Financial Position as at 30 June 2020, and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, as well as notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the City of Perth:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the City in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Notes 1 and 11 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the City's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

- (i) Regulation 17A requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 *Leases* which would have required the entity to measure the vested improvements also at zero cost.
- (ii) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the City is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of the annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual financial report, the CEO is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the City.

The Council is responsible for overseeing the City's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual financial report.

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the City:
 - a. The Asset Sustainability Ratio as reported in Note 35 of the annual financial report has been below the Department of Local Government, Sport and Cultural Industries' basic standard of 0.9 for the last three financial years.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the City of Perth for the year ended 30 June 2020 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
10 December 2020



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