



City of Perth

Annual Report



STRATEGIC COMMUNITY VISION

Vibrant, connected, progressive; a friendly and beautiful place to be.



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

About The Annual Report

REPORTING

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.

This Annual Report focuses on the City of Perth's financial and operational performance during the 2017/18 financial year. It documents the City's performance against the 2017/18 Budget and its progress in line with the Strategic Community Plan, Shaping Our Capital City.

Adopted in June 2017, Shaping Our Capital City outlines the City of Perth's long-term strategic direction and expresses the community's vision for the future, together with objectives to deliver community aspirations.

Shaping Our Capital City is guided by the following goals:

- a city for people
- an exceptionally well designed functional and accessible city
- a city connected to its natural beauty
- a future focused and resilient city
- a prosperous city
- a city that celebrates its diverse cultural identity
- an open and engaged city
- a city that delivers for its community.

The City of Perth's 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, the city and the community being served.

It also provides employees with information about how well the City of Perth has performed over the past year and how their efforts have contributed to achieving the City's vision.

To ensure its accuracy, the Annual Report was reviewed by the City of Perth's Chief Executive Officer and the financial statements were certified by an independent auditor.

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

Thank You

Thank you for taking the time to read the City of Perth's 2017/18 Annual Report.

The City of Perth hopes you find this information useful and gain valuable insight into the City's achievements for the 2017/18 financial year.

Contact Us

If you have any enquiries, please contact the City of Perth on 9461 3333.

If you are representing the media, please contact the Corporate Communications Unit on 9461 3425.



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 pay their respects to Elders past and present.



Chair Commissioner's Message

The start of a new financial year provides an ideal opportunity to reflect on the achievements and challenges of the past 12 months.

Issues facing the City of Perth led to the State Government suspending the Council and appointing Commissioners in March 2018; myself as Chair Commissioner, Deputy Chair Commissioner Gaye McMath and Commissioner Andrew Hammond.

Our aim is to continue the City's focus on delivering the best outcomes for ratepayers and the community. The City must embrace and be active in pursuing the City of Perth Act's objectives from a whole of government perspective. This is an important, but clearly a fundamental role.

Throughout the past year, staff at the City have maintained the importance of delivering core services and remained committed to further developing Perth as a vibrant and progressive capital city.

Perth city ratepayers and the Perth community are integral to this vision and the City is committed to delivering the best services possible. These include the introduction of ranger bike patrols, a CCTV network expansion near Matagarup Bridge and migration from analogue to digital CCTV.

Environmentally-focused services have also been developed, with Western Australia's first organic waste recycling service diverting commercial food waste from landfill.

With an annual overall sponsorship and grants budget of \$4.7 million, the City of Perth continues to play its role in delivering harmony, vibrancy and economic activity in the CBD by supporting City community groups, businesses and events.

The City has adopted crucial measures to revitalise under-utilised heritage buildings by incentivising upgrades, particularly in the central city malls and the East End of the city. With many heritage buildings in Perth's retail heart, the City will offer significantly reduced rates to encourage owners of key under-utilised heritage sites to repair, upgrade and activate their buildings.

The Perth Concert Hall has already received a \$6 million upgrade with significant structural and heritage maintenance, restroom upgrades and new, sustainable LED lighting for the auditorium and façade.

Positioning it as a global destination of choice, Perth has continued to score highly in liveability rankings over the past decade, maintaining its status as the seventh most liveable city in the world in 2017.

In 2017/18, award-winning publication Condé Nast recognised Perth as the second friendliest city in world. Adding to the inner-city's appeal, Northbridge, Perth City, East Perth and West Perth are also among the top five most walkable suburbs in greater Perth.

The coming year is set to be a busy one. The City of Perth launches into the new financial year with a sense of optimism and continued emphasis on strong governance, transparency and delivery of quality services to the City's stakeholders.

The Annual Budget forecast a 1.9 per cent overall revenue increase to \$201 million. This will be invested into the community through a range of services, activities, grants, events and infrastructure to achieve the vision in the Strategic Community Plan.

This includes a modest rate rise. The City of Perth has worked hard to ensure the overall rates revenue increase is consistent with the Consumer Price Index (CPI) of 0.8 per cent.

Areas where adjustments increased above CPI are due mainly to the City being charged higher fees by State Government agencies, such as the Perth Parking Levy and Landfill Levy. With these increasing levies, the City of Perth has endeavoured to avoid passing costs on where possible while ensuring the City remains financially sustainable.

During the 2018/19 financial year, the City will invest \$56.3 million in capital expenditure. Asset renewals, including parks and landscaping, roads, CCTV, public Wi-Fi and amenities, will receive \$13.8 million. A new parking system will be implemented and Smart Cities projects, involving electronic data collection to monitor and manage assets more efficiently, are set to be rolled out.



We are committed to listening to the stakeholders of this city and endeavour to help achieve the vision of Perth as a vibrant, connected and progressive city.

To achieve the vision in the Strategic Community Plan, revenue from rates is being invested into the community to enhance Perth's liveability, cultural and social identity, public amenity, service excellence and economic prosperity.

In the coming financial year, there will be a focus on ensuring the City's financial stability and economic development and activation of areas within Perth city will become a priority.

This includes an ongoing review of the City's approach to parking needs and my fellow Commissioners and I will undertake a further review of parking operations, where it is provided in

terms of the respective precincts or neighbourhoods within the city.

It is pleasing to note the City of Perth has a well advanced Local Planning Strategy, which will be underpinned by a new City of Perth Planning Scheme in the coming financial year.

The strategy will focus on identifying neighbourhoods or precincts within Perth where the City can undertake appropriate place planning. We will be looking to introduce an active and responsive place management approach to these neighbourhoods.

This of course will include identifying what activations and economic development initiatives the City can take, and where appropriate, what actions can occur in conjunction with the State Government.

This approach will require some refinement due to the City's existing Strategic Community Plan and the development of a detailed integrated Corporate Business Plan, which in turn needs to be reflected in a long-term 10-year financial plan.

This is to ensure the City of Perth is financially sustainable and is positioned to absorb future challenges, particularly in a potentially difficult economic environment in the coming years.

I would like to thank everyone who works at the City of Perth for the valuable contribution they make to this city and for confidently reaffirming our commitment to service excellence for ratepayers, stakeholders and the community.

As the City's Chair Commissioner, I am committed to ensuring all ratepayers and stakeholders can be satisfied with the services and the responses the City provides and that this is reflected in their assessment as to whether they are getting value for their money.

**Chair Commissioner
Eric Lumsden**

About the City of Perth

The State Capital

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

Perth is also one of Australia's fastest growing local government areas and ranks consistently among the Top 10 most liveable cities in the world, as surveyed by The Economist Intelligence Unit.

Most of Western Australia's 2.58 million people live in the greater metropolitan area, of which Perth is the nucleus. The city is a centre for government, commerce, culture, education, sports, recreation, shopping and entertainment.

Set along the beautiful Swan River, a large proportion of the City's 26.93km² area is public open space. Perth has a Mediterranean climate and enjoys more hours of sunshine than any other capital city in the country.

The City of Perth

The City of Perth is a statutory entity constituted under the *Local Government Act 1995* to provide services and facilities to a broad range of stakeholders including residents,

commercial and retail business, workers, and local, national and international visitors.

With approximately 765 people working at the City of Perth located across Council House and its depot, parks and gardens, community centres, library, surveillance centre and car parks, the workforce is diverse and multi-skilled.

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.

Perth formally attained 'city' status in 1856 when it was declared a Bishop's See by Queen Victoria. The first meeting of the Perth City Council was held on 10 December 1858. 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. The City of Perth remained as the capital city of Western Australia.

In February 2015, the State Government announced plans to halve the number of metropolitan councils in WA through amalgamation would not proceed. However, expanded boundaries for the City of Perth and the development of Capital City Legislation did occur.

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 pre-eminent local government authority. This came into effect on 1 July 2016.

City Crest

The full colour City of Perth crest features the red cross of Saint George on a white background. Two black swans support a crown in copper, gilt and bronze, set on granite from London's old Waterloo Bridge. The bottom of the crest reads 'Floreat', which means to flourish or prosper in Latin and is fitting for Perth as a dynamic and vibrant city.




Statistics

GEOGRAPHICAL COORDINATES
Latitude 31S
Longitude 115E

ALTITUDE
11
metres above sea level

CLIMATE
Mediterranean

AVERAGE TEMPERATURE
Summer 30°C (max) 17°C (min) | **Winter** 18°C (max) 8°C (min)



WESTERN AUSTRALIA (WA) AREA
2,525,500 km²

GREATER PERTH AREA
6422.34 km²

CITY OF PERTH AREA
26.93 km²

TIME
Western Australian Time (GMT +8)

CITY OF PERTH FOUNDATION DAY
12 August 1829

ESTIMATED WA RESIDENT POPULATION
2.58 million

ESTIMATED GREATER PERTH RESIDENT POPULATION
2.04 million

ESTIMATED CITY OF PERTH RESIDENT POPULATION
27,432




MEDIAN RESIDENT AGE
30-31 years old

RESIDENTS BORN OVERSEAS
54.5%

RESIDENTS WHO SPEAK NON-ENGLISH AT HOME
38.6%

WORKFORCE POPULATION
147,474

DAYTIME POPULATION
205,750


<p>NUMBER OF HOUSEHOLDS 12,105</p> <hr/> <p>AVERAGE HOUSEHOLD SIZE 1.79 persons</p>		<p>PREDOMINANT HOUSEHOLD TYPES</p> <p>32.1% lone person</p> <p>27.1% couples without children</p>
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TOTAL PRIVATE DWELLINGS
14,762

DWELLING TENURE


54.5% rental

28.4% owner occupied



TOTAL FLOOR SPACE
6,252,172¹ m²

TOTAL OFFICE FLOOR SPACE
1,915,338 m²



TOP THREE LAND USES BY FLOOR SPACE

- 31%** office and business
- 17%** residential
- 16%** health, welfare and community

GROSS REGIONAL PRODUCT
\$40.2 billion
or 23% of greater Perth

ECONOMIC OUTPUT
\$75.1 billion

TOP INDUSTRY SECTORS BY ECONOMIC OUTPUT

- Mining, 33.7%
- Professional, scientific and technical, 13.3%
- Finance and insurance, 10.7%

TOP INDUSTRY SECTORS BY EMPLOYMENT

- Professional, scientific and technical, 17.7%
- Public administration and safety, 13.7%
- Health care and social assistance, 11.0%

TOTAL LENGTH OF ROADS
95km

TOTAL AREA OF PARKLAND AND RESERVES
541.9ha

NUMBER OF PARKLANDS AND RESERVES
26



¹ Floorspace statistics are derived from the DPLH Land Use and Employment Survey 2015 and includes data from Nedlands/Crawley. The LUES Survey captures data for employment-generating land uses. Floorspace from solely residential buildings is not included.

Statistics

CONTINUED

RIVER FRONTAGE

11.25km

LARGEST BUILDING (BY FLOOR AREA)

75,000_{m2}
Brookfield Place

TALLEST BUILDING

261.7 metres
(51 floors)
Central Park



OLDEST BUILDING

The Old Court,
1836

OLDEST PARK

Stirling
Gardens,
1845



SISTER CITIES

Kagoshima

JAPAN (1974)

Megisti

GREECE (1984)

Nanjing

CHINA (1998)

Houston

UNITED STATES (1984)

San Diego

UNITED STATES (1987)

Taipei

TAIWAN (1999)

Rhodes

GREECE (1984)

Vasto

ITALY (1989)

CHARTERS OF MUTUAL FRIENDSHIP

Grenoble, France
(inactive 1985)

Perth, Scotland (2006)

Seocho City, Seoul
Metropolitan Government,
Republic of Korea (2008)

Chengdu City, China (2012)



ANNUAL REVENUE BUDGET

\$198.3 million
(including capital grants)



Elected Members and Commissioners



ERIC LUMSDEN
CHAIR COMMISSIONER

Eric Lumsden recently retired as the Chairman of the Western Australian Planning Commission. Prior to this role, he was the Director General of the Department of Planning from 2007 to 2013.

Eric holds Masters Degrees in Town Planning and Business Administration and 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 and was recently awarded the National Fellow Award by the Institute of Public Administration. He has over 30 years' experience in local government.



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.



ANDREW HAMMOND
COMMISSIONER

Andrew Hammond recently resigned as Chief Executive Officer of the City of Rockingham after 10 years in the role. 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 in Administration from the University of Western Australia. He is also a Fellow of Local Government Managers Australia, the Australian Institute of Management and a graduate of the Australian Institute of Directors.

Council Suspension

The City of Perth Council was suspended pursuant to section 8.19 of the *Local Government Act 1995* on 2 March 2018 and three Commissioners were appointed to perform the role of Council.

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 2017/18 financial year that resulted in any breach orders by the Standards Panel s5.110 (6) (b) or (c).



LISA-M. SCAFFIDI
LORD MAYOR



JAMES LIMNIOS
DEPUTY LORD MAYOR
OCTOBER 2015 - OCTOBER 2017
COUNCILLOR



JIM ADAMOS
COUNCILLOR



LILY CHEN
COUNCILLOR



JANET DAVIDSON, OAM JP
COUNCILLOR



JEMMA GREEN
DEPUTY LORD MAYOR
OCTOBER 2017 - CURRENT
COUNCILLOR



REECE HARLEY
COUNCILLOR



LEXI BARTON
COUNCILLOR



STEVE HASLUCK
COUNCILLOR



JUDY MCEVOY
COUNCILLOR
SERVICE CEASED ON 21 OCTOBER 2017



KEITH YONG
COUNCILLOR
SERVICE CEASED ON 21 OCTOBER 2017

Council Committees

In accordance with the *Local Government Act 1995* (the Act), Council has established a number of committees to support its operations.

The following information provides a brief description of the role of each of these committees.

Upon the suspension of Council, the Commissioners initiated a Council Agenda Briefing Session prior to the Council meeting negating the requirement to hold Standing Committees.

As a result, the following committees ceased:

- Finance and Administration Committee
- Planning Committee
- Marketing, Sponsorship and International Engagement Committee
- Works and Urban Development Committee.

The following committees have continued.

CEO Performance Review Committee

This committee undertakes the following:

- Establishes annual performance objectives of the Chief Executive Officer (CEO).
- Annual performance review of the Chief Executive Officer.
- Reports the outcome of the review to Council.

The CEO Performance Review Committee is not open to the public.

Audit and Risk Committee

This committee, which includes an external independent member, provides guidance and assistance in regards to:

- risk management
- internal controls
- legislative compliance
- internal and external audit planning and reporting.

The Audit and Risk Committee is open to the public to attend.

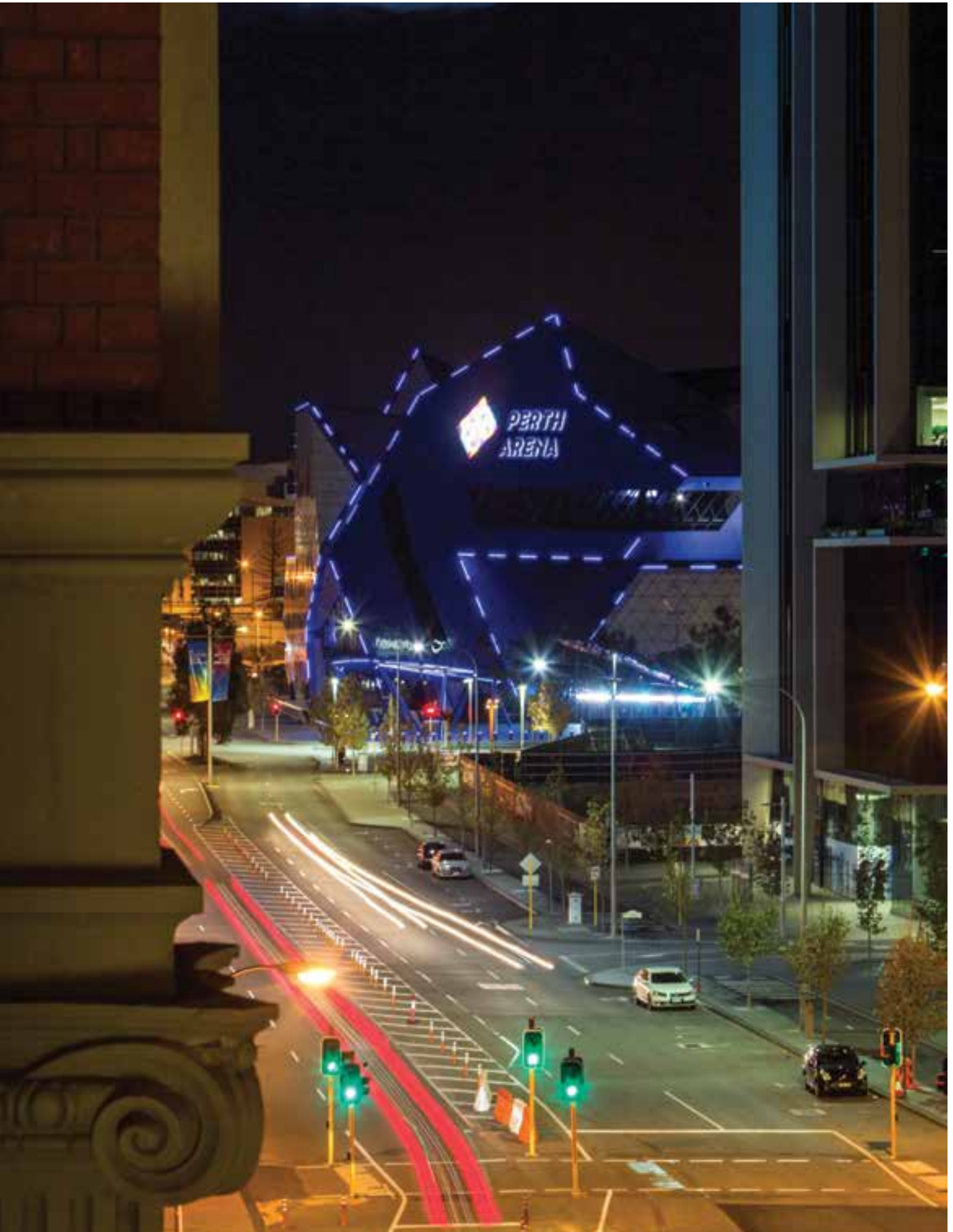
Design Advisory Committee

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

The committee membership comprises:

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

The Design Advisory Committee is not open to the public.



Key Challenges

Throughout 2017/18, the City of Perth overcame a number of challenges while continuing to deliver high quality services to ratepayers and accomplishing several major achievements.

These were varied in nature and included:

- The need to meet an increased demand for services during a tight fiscal environment that saw operational budgets reduced.
- Transitioning Perth city's landscapes to address climate change.
- Building relationships with utilities who use the road reserves within Perth city.

- Managing stakeholder needs while maintaining City-owned buildings.
- Completing works in the east end on time and within budget to support the amenity for surrounding private developments.
- Striving to meet the expectations of stakeholders and the wider community in relation to parking across Perth city.
- Meeting the State's waste strategy target of 65 per cent diversion from landfill.
- The suspension of Council in March 2018.

An additional ongoing key challenge for the City of Perth is the need to adopt new technologies, which presents significant changes for the organisation's workforce, policies and procedures.

In 2017/18, the City of Perth began this process by modernising its corporate information systems.

During the year, the City of Perth also undertook extensive stakeholder engagement activities and coordinated research through consultants and in-house resources, to prepare the City Planning Strategy – one of the key guiding documents for the growth of Perth city over the next 10-15 years.





Key Achievements

Reconciliation Action Plan

In February 2018, Council endorsed the City of Perth's first Reconciliation Action Plan (RAP). The RAP was formally launched in May, alongside Aboriginal Elders, Aboriginal people of influence, community groups, organisations and staff from across the City of Perth.

Through the RAP, the City is engaging in a sincere and formal process of reconciliation with Aboriginal and Torres Strait Islander peoples and its Reflect RAP is the first of four levels in Reconciliation Australia's RISE Framework: Reflect, Innovate, Stretch and Elevate.

As part of the City's commitment to this journey, all employees were provided with a hard copy of the plan and are taking part in cultural awareness training sessions. The City has also established an Internal RAP Working Group, with one representative from across each business unit to ensure the 93 actions within the RAP are being progressed and reported on.

Key areas of focus for the City of Perth are to build relationships, respect and opportunity with the Aboriginal and Torres Strait Islander community while developing a positive internal ethos and offering opportunities for staff to learn about history and culture, particularly that of the Whadjuk Nyoongar community.

Smart Cities Federal Grant

In 2017/18, the City of Perth was awarded the Smart Cities Federal Grant to execute \$2.6 million in innovative projects.

The Smart Cities Collaboration Market Place was designed to create an environment and platform for the City of Perth to facilitate the exchange of

data and information within the Council and across the community. It consists of three workstreams, integrated through a central data hub.

These projects include the establishment of a smart irrigation watering pilot to reduce water consumption, creation of a Smart City Precinct incorporating environmental sensors to support the East Perth community and Matagarup bridge egress and a communication and open data hub.

The projects will deliver a reporting and information sharing platform to provide participants with secure, accurate, near real-time statistics and meaningful information delivered in a simple format.

All findings and blueprints from these projects will be shared with other local governments and similar organisations to benefit from.

City Planning Strategy

The City of Perth commenced production of its City Planning Strategy in 2017/18. The strategy sets the direction for the planning and development of the city over the next 10-15 years, by building the strengths of each neighbourhood and developing a common understanding of them to ensure a more liveable and sustainable city in the future.

Community engagement helped to identify strengths, opportunities and points of difference for each neighbourhood. To acknowledge the importance of working with the State Government and peak bodies, a series of workshops on the spatial planning of each neighbourhood was also undertaken.

Underpinning the City's work is evidence and understanding of how the neighbourhoods and centres of the city are performing. During 2017/18, a technical study was undertaken to understand the 'health' of these activity centres. Completed in March, the work involved the development of a set of indicators across the themes of built form, natural environment, community, economy and movement.

The information collected will inform the City's response to neighbourhood development and will be included in the City Planning Strategy and neighbourhood spatial plans. Other areas of technical investigation included analysis of population and housing forecasts, open space, land use forecasts, economic scenarios, provision of car parking and environmentally sustainable design options for new developments.

Acknowledging the importance of the *City of Perth Act 2016* and the opportunity this presents to the people of Perth, the City is collaborating with the State Government so that a holistic vision can be developed. This has involved working with the State Government's Central Perth Planning Committee and its members, as well as the formation of a Technical Steering Group chaired by the City of Perth.

The draft City Planning Strategy is being reviewed for lodgement with the State Government. This will be followed by consultation with the wider community, which is anticipated for the second half of 2018/19.





Key Achievements CONTINUED

Wellington Square Enhancement Program

The Wellington Square Enhancement Program supports the City of Perth's goal to create a city for people, by implementing a range of facilities in the city.

The program encapsulates the community's desire for the provision of a range of leisure, cultural and celebratory activities at Wellington Square.

In August 2017, the City of Perth Council approved the Wellington Square Enhancement Framework, which provided feedback from the stakeholder consultation process and proposed next steps. In November, approval was

also obtained for the Wellington Square Draft Masterplan.

The Wellington Square Draft Masterplan aims to create a contemporary park with improved plant biodiversity and canopy cover, spaces for relaxation, active spaces for formalised sports, a play area suited to a range of ages and event spaces which include the required infrastructure. Connecting these spaces will be a network of lighted paths.

In May 2018, the City of Perth obtained Section 18 Approval from the Minister for Aboriginal Affairs, which cleared the way for early geotechnical investigative works.

East End Revitalisation Program

In August 2017, Council endorsed a three-year East End Improvement Program following a successful trial along Barrack Street from 2015 – 2017.

The program has targeted property and business owners within the East End Improvement Program area by centralising the City of Perth's existing grant and business incentives, such as its heritage, small business and business improvement grants.

In doing so, this has leveraged private sector improvements in the area and complemented the work undertaken by Historic Heart and the City of Perth capital works programs.

Through this program, the City's initiative will improve the overall vibrancy, appearance and business competitive advantage by assisting with material finishes, building presentation, signage upgrades, maintenance works, security enhancements and improvements to heritage fabric.

In 2017/18, an allocation of \$50,000 was endorsed by Council for business improvement grants specific to the East End, with three businesses being successful in receiving the funding.

Sponsorship

During 2017/18, the City of Perth supported 110 events and projects occurring within the boundaries of the local government area. Some of these key events included Fringe World, the Mastercard Hopman Cup and the Telstra Perth Fashion Festival. The City's support of these projects resulted in a significant direct economic impact.

Adaptive Reuse Grants - Upper Floor Cultural Activation

Following an amendment of the Heritage Rates Concession Policy, the City of Perth developed an Adaptive Reuse Grants program for heritage building adaptations that create upper floor or basement activation and economic outcomes for heritage buildings within the malls locality.

The grants recognise the substantial costs involved with adapting heritage buildings and present building owners with an annual rates rebate in the form of a grant over five years, provided the owner has committed to adaptive reuse within the parameters of the guidelines.

In 2017/18, the City of Perth awarded the maximum value of \$665,575 (\$133,114 annually) to Piccadilly Arcade to complete its upper floor activations and restoration of Piccadilly Theatre to create employment, additional footfall, passive surveillance, activation and night time economy outcomes within the malls.

Customer Relationship Management System

During 2017/18, the City of Perth developed and implemented its own Customer Relationship Management System. The system records all customer interactions, which are then analysed to provide insights into the reasons why customers are calling and identify trends.

This information is used to inform the City of Perth's decision-making process, ensuring the City remains a service-driven organisation and continues to provide exceptional customer service to its ratepayers, stakeholders and the community.



Key Achievements CONTINUED

Enhanced Efficiencies and Cost Savings

During 2017/18, the Construction and Maintenance Directorate underwent a restructure to enhance the efficiency of its resources and achieve better alignment with its core functionality.

This productivity review saw the directorate achieve an overall operating cost reduction of \$2.5 million, when compared to the previous financial year.

Following a comprehensive review of core responsibilities and resource requirements, the directorate's resource allocation was reduced from 210 full-time equivalents (FTE) to 194. Improved productivity also saw a reduction in overtime hours, resulting in a cost saving of \$413,000.

Changing Our Safety Culture

Employee safety is a top priority for the City of Perth and the organisation is committed to delivering exceptional safety performance.

The City of Perth strives to provide a safe workplace and foster a genuine culture of safety. All employees are encouraged to take personal responsibility and contribute towards continual improvement.

To reinforce this message internally, the tagline 'Safety by Choice, Not by Chance' was printed onto all uniforms worn by the City's outside workforce in 2017/18.

Additionally, safety improvements were achieved across the City of Perth's operations, resulting in financial operating gains with a reduction in workers compensation claims and loss time injuries - and ultimately a safer workplace for employees.

Organisational Values

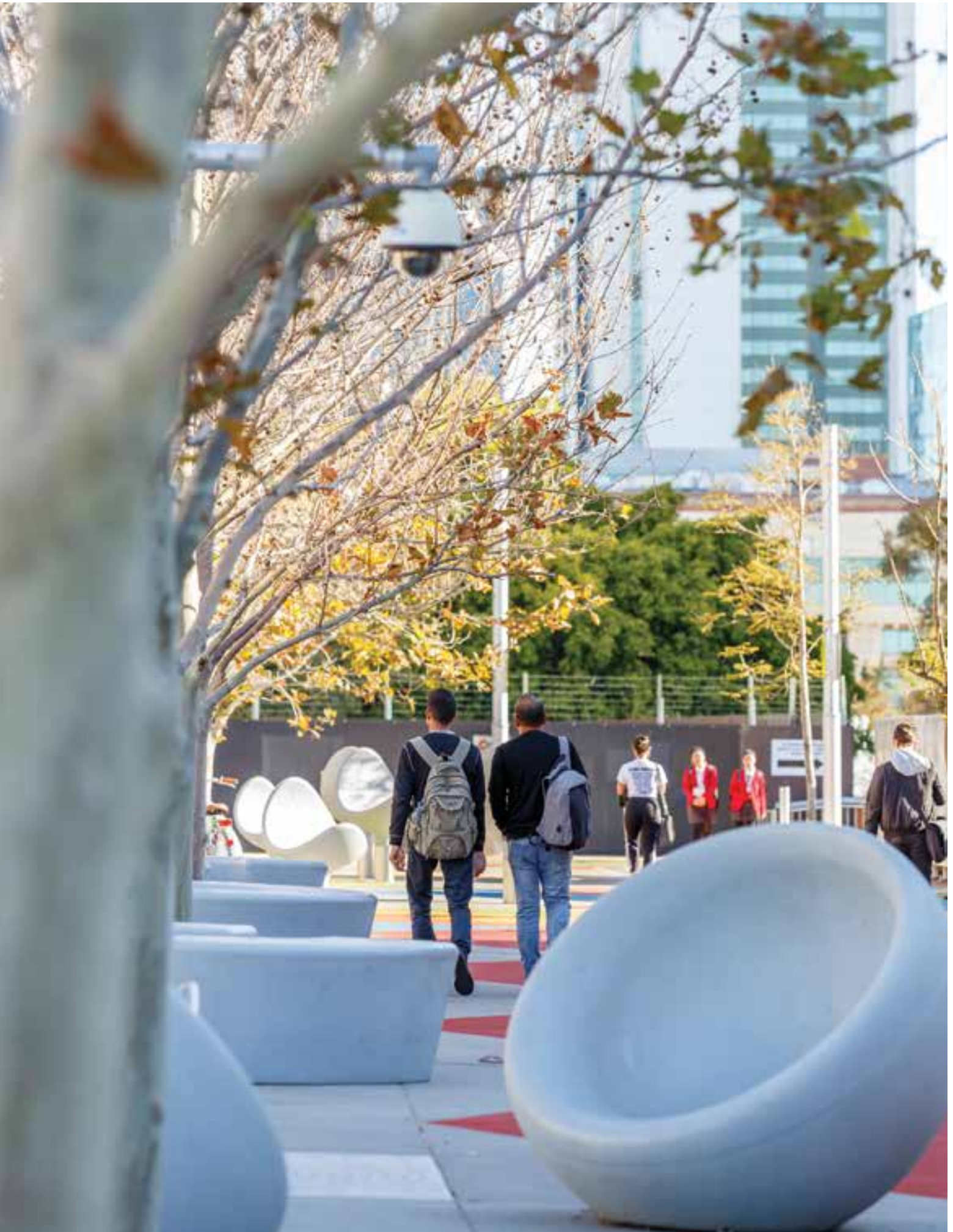
Early in 2018, the City of Perth launched its organisational Values internally to all employees.

The Values were selected for best demonstrating the culture employees wanted to see at the City of Perth – Teamwork, Commitment, Courage and Respect.

Throughout January and February, staff were invited to a series of events to discuss what the Values meant to them individually and collectively.

The City of Perth is now working to embed these Values into everyday life at the City. This includes integrating the Values into our documents and reinforcing them through a culture change program.





City Administration

The City of Perth has transitioned after a major restructure in 2016/17 into a rebuilding phase, focusing on business processes and introducing new and innovative ways of operating to improve productivity and reduce costs.

This has included a review of all systems, technologies, capabilities and skills required by the City and identification of what to introduce, improve or remove. This evaluation has ensured efforts return the largest investment to the community.

The workforce at the City of Perth is diverse and dedicated with:

- Approximately 765 employees.
- Representation of many different cultures and nationalities.
- A balanced gender mix: 48 per cent female and 52 per cent male.
- Strong representation of females in management positions: 50 per cent of executives and 42 percent of managers.
- Established tenure in some units, with the average being more than six years.

- A wide range of ages (20-78), with an average employee age of 46 years.

The wealth of knowledge and expertise displayed by the City of Perth's staff has enabled the City to service the community during a significant growth period.

As the City continues to grow, the administration will adapt to meet new and emerging priorities. In the years ahead, the City's focus will be to ensure Perth is the most sustainable and liveable capital city possible.

Executive Leadership Group



MARTIN MILEHAM
CHIEF EXECUTIVE OFFICER



REBECCA MOORE
DIRECTOR COMMUNITY AND
COMMERCIAL SERVICES



PAUL CROSETTA
DIRECTOR CONSTRUCTION
AND MAINTENANCE



ROBERT MIANICH
DIRECTOR CORPORATE SERVICES



ANNALIESE BATTISTA
DIRECTOR ECONOMIC
DEVELOPMENT AND ACTIVATION



ERICA BARRENGER
DIRECTOR PLANNING AND
DEVELOPMENT



Organisational Structure

Office of the Chief Executive

GOVERNANCE

Governance manages the Council's governance responsibilities to ensure legislative compliance. The unit is responsible for risk management, business continuity, as well as electoral and legal matters

CORPORATE COMMUNICATIONS

Corporate Communications protects and enhances the City of Perth's reputation, by developing and maintaining a constructive and engaging conversation between the City and its stakeholders.

STRATEGY AND PARTNERSHIP

Strategy and Partnership provides advice on strategic planning to enable effective delivery of community goals. The unit is responsible for developing the City's Strategic Community Plan and Corporate Business Plan, as well as providing guidance to ensure an integrated planning approach. They also advise on the City's engagement with the community and government stakeholders.

Community and Commercial Services

Director: Rebecca Moore

CUSTOMER SERVICE

Customer Service is the first point of contact for all customer enquiries. The unit provides advice and information on the City's operations, processes and events. They work with all units to ensure customers are provided with relevant information.

PARKING SERVICES

Parking Services provides street patrolling services and manages infringement processing and event parking. It is also responsible for ensuring traffic continues to move and that buildings and offices can be accessed by the necessary services when required.

COMMERCIAL PARKING

The Commercial Parking Unit operates under the business name City of Perth Parking (CPP) and is a leading provider of off-street parking services. It is responsible for the operation and management of 34 carparks, totalling 10,892 bays. It is also responsible for machine maintenance and the financial management of 6,000 on-street bays.

LIBRARY

The Library provides a range of services to the community from the award-winning building in the centre of the city. Services include the loaning of books, access to a range of data and information, computer, internet and Wi-Fi access, photocopying and printing, meeting rooms, auditorium, event space, public sessions as well as providing a calm and peaceful environment for visitors to relax in.

COMMUNITY AMENITY AND SAFETY

Community Amenity and Safety works closely with key stakeholders to make the city safe and secure while maintaining a lifestyle at the highest possible level. The unit is made up of the key functions of the Surveillance Centre, Ranger Services, Community Development and Support, Public Safety and Disaster Management.

Organisational Structure CONTINUED

COMMUNITY SERVICES

Community Services provides diverse community, customer and cultural services that contribute to the wellbeing of city residents, visitors and workers. It also manages several City of Perth facilities including Citiplace Childcare Centre, Citiplace Community Centre, Citiplace Rest Centre and Public Amenities and the Perth Town Hall.

HEALTH AND ACTIVITY APPROVALS

Health and Activity Approvals is the first point of contact for activities in the city's public realm. The unit is responsible for ensuring city businesses are compliant in environmental health and facilitate all relevant technical and legislative advice, as well as approvals, for events, obstruction permits, bonds and activities.

Construction and Maintenance

Director: Paul Crosetta

CONSTRUCTION

Construction manages the effective delivery of the construction for civil infrastructure projects on time and to budget. With specialist engineering design and project management skills, the unit ensures high quality infrastructure projects are delivered that contribute to the growth and development of the city.

STREET PRESENTATION AND MAINTENANCE

Street Presentation and Maintenance is responsible for the preservation and rehabilitation of the City's physical assets including roads, stormwater facilities, pedestrian pavements, jetties, underpasses, street lighting and electrical infrastructure, street furniture and access ways. The unit provides cost-effective and customer-focused services for the City along with management of Metropolitan Redevelopment Authority and other State Government projects.

WASTE AND CLEANSING

Waste and Cleansing provides essential street cleaning, waste collection and waste disposal services. It actively promotes responsible waste minimisation, re-use and recycling. The unit champions good sanitation and is committed to sustainable environmental management of waste.

PARKS

Parks is responsible for the horticultural presentation of the city, managing 153.5 hectares of open parkland including reserves, boutique gardens, streetscapes and pocket parks. It ensures a level of service and quality commensurate with Perth as the capital city. As part of the City's sustainable approach, the unit is also responsible for replacing annual flowering plants with native and water-wise plantings.

PROPERTIES

Properties is responsible for the management, maintenance and development of the City's portfolio of land and building assets. It provides expert advice on effective property and land management and ensures the City's buildings are managed to the highest safety and maintenance standards.

PLANT AND EQUIPMENT

Plant and Equipment is responsible for the management and technical maintenance of the City's owned plant, fleet and equipment. The unit is responsible for depot operations, purchasing and stores, fleet procurement, fleet maintenance, electrical engineering, mechanical engineering and street lighting.

Corporate Services

Director: Robert Mianich

HUMAN RESOURCES

Human Resources' core function is to manage the lifecycle of the City's most valuable asset – its people. The unit supports the City to make informed decisions about the management and development of its organisational capabilities (people, processes and structures) and ensures employee performance is optimised to meet the City's strategic objectives.

FINANCE

Finance is responsible for the effective management of the City's financial performance and resources. It provides accurate, timely and meaningful financial information, which is used for decision-making and to meet the City's statutory financial obligations, including the important rates and payroll functions.

INFORMATION TECHNOLOGY

Information Technology provides necessary hardware and software. It is responsible for maximising the value of IT services, driving improvements across an experienced service delivery function and maintaining customer service standards.





Organisational Structure CONTINUED

DATA AND INFORMATION

Data and Information supports the City to take advantage of modern technologies and approaches. The unit improves how people connect, work and make decisions by enabling the City's workforce to flourish in a digital environment.

ASSET MANAGEMENT

Asset Management coordinates corporate policies, strategies and processes related to asset management to enhance the future of the City's assets. It is responsible for managing the City's asset data and valuations, as well as providing strategic asset management advice and analysis to stakeholders.

INTERNAL AUDIT

Internal Audit provides an effective internal audit function, enhances risk management and identifies process improvement opportunities within the City of Perth.

Economic Development and Activation

Director: Annaliese Battista

ECONOMIC DEVELOPMENT

Economic Development is responsible for the planning, review and implementation of the City's Economic Development Strategy. This strategy is designed to guide the economic development of the City and provide support to all stakeholders to progress the goals of the City's Strategic Community Plan.

MARKETING AND ACTIVATION

Marketing and Activation is responsible for promoting Perth city by activating spaces and through developing, implementing and managing events that position Perth as a capital city.

ARTS, CULTURE AND HERITAGE

Arts, Culture and Heritage is responsible for developing, implementing, advocating for and managing the City's comprehensive arts, culture and heritage projects. It supports community health and activities within the city.

BUSINESS SUPPORT AND SPONSORSHIP

Business Support and Sponsorship is responsible for developing, implementing and managing the City's Business Support Strategy. The unit is responsible for developing and managing business information and support programs.



Planning and Development

Director: Erica Barrenger

CITY PLANNING

City Planning is responsible for undertaking urban planning for the development of the city. The unit plans how the city will grow and function, the use of land and its built form. It develops urban plans and strategies for the growth of the city, as well as planning schemes and policies, based on knowledge of the city, the critical planning issues facing it and best practice approaches.

TRANSPORT

Transport provides innovative direction and advice on a range of traffic and transport issues. In addition to setting the strategic direction for the city's transport, this unit is also responsible for delivering transport solutions for a range of matters including network management, transport modelling and active transport plans.

COORDINATION AND DESIGN

Coordination and Design is responsible for the design and coordination of award-winning renewal projects and programs within the city's public realm, using collaborative relationship building within the organisation and with key external partners. The unit also provides a design advisory service through the development approval process and manages the interface for key State Government projects such as Perth City Link and Riverside Waterbank.

DEVELOPMENT APPROVALS

Development Approvals is responsible for administering the statutory obligations of local government in terms of town planning and building matters. It facilitates optimal development and compliance outcomes for the city by understanding the need to find an appropriate balance between investment in the city and the protection of the community's needs, safety and expectations.

SUSTAINABILITY

Sustainability effectively leads the development, implementation, integration and evaluation of strategies and programs that improve the sustainable performance of the city, ensuring they are in line with the City of Perth's strategic vision and direction.



Disability Access and Inclusion Plan

The City of Perth's Disability Access and Inclusion Plan (DAIP) 2016-2020 was formally endorsed by Council on 9 August 2016. Extensive consultation was undertaken with internal and external stakeholders. Their feedback, views and aspirations were incorporated and are reflected across 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.

Since formal endorsement of the DAIP in 2016, the City of Perth has been working to improve access and inclusion by executing key actions as a part of the DAIP Implementation Plan.

Throughout 2017/18, the City continued to improve access, information and awareness of the needs of people with disability and their families. Some key successes include:

- Universal access was added as an action to permanent and temporary public art processes.

- An access consultant was engaged to review existing Perth city ACROD bay provisions. The consultant included areas that require a higher provision and recommended changes to the City's design standards. They also supported the City of Perth in the development of standards for different types of ACROD bays, allowing the City to provide more options.
- An access consultant was also engaged to carry out an access audit for the refurbishment of the Customer Service and Concierge areas on the ground floor at Council House.
- The development of a Disability, Access and Inclusion online training module. The training module is currently being finalised and will be implemented as part of the online induction program for all new and existing staff.
- Development and implementation of Disability Awareness Workshops for City of Perth staff. The workshops were aligned with the seven outcomes of the DAIP and made available to staff whose work aligns strongly with the outcomes.
- Accessible signage was installed at the Citiplace Community Centre.

The implementation of the City's DAIP is being monitored through the establishment and facilitation of an internal DAIP Working Group made up of representatives from all business units. The group meets regularly and reports back on any actions being undertaken in their area to ensure the City of Perth keeps access and inclusion at the forefront of its decision-making processes.

The City also has support of the actions within the DAIP Implementation plan through the City of Perth's Access and Inclusion Advisory Group (AIAG).

The AIAG consists of residents and regular visitors to the City of Perth who are passionate about universal access. The group acts as an advisory group on City of Perth universal access initiatives and issues affecting access and inclusion.

Participation in the AIAG is voluntary and the group met six times during 2017/18 to provide feedback to business units on actions within the DAIP Implementation Plan.



Record Keeping 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

With the Data and Information Unit now embedded in the organisational structure, there has been a focus on consolidating and shaping service delivery to the City of Perth's customers. Work has commenced on developing an Information Governance Framework and supporting roadmap.

Implementation of core information governance deliverables will commence in 2018/19 and place the City of Perth in a strong position to deliver on its vision for modern information management practices.

Record Keeping Plan

The City of Perth's reviewed Record Keeping Plan was approved for a five-year period by the State Records Commission in March 2018.

Record Keeping Systems

The City of Perth successfully upgraded its core record keeping system (Content Manager) in September 2017.

SharePoint has been identified as a potential tool to replace Content Manager. It should provide a more easy-to-use, intuitive information system for staff and enable passive record keeping capability. Further work is expected in this area in 2018/19.

Training and Awareness-Raising

The City continues to provide a Record Keeping Training and Awareness program for staff. In 2017/18, new online training products were developed to enhance training delivery for staff.

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



Sponsorships

Event Grants and Sponsorship	\$
City of Perth Festival of Sail	\$40,000
Perth Science Festival	\$20,000
Open House Perth	\$30,000
The Big Splash WA - Perth Children's Hospital Foundation	\$14,000
Perth International Boat Show	\$5,000
Sabre Sailing Association National Champion Regatta	\$5,000
Winter Light Festival	\$20,000
HBF Run for A Reason	\$36,500
Night Noodle Markets	\$26,000
Chinese New Year Fair	\$60,000
Brookfield Winter Lights Festival	\$20,000
Perth Ramble - Ronal McDonald House	\$8,500
Buddha's Birthday and Multicultural Festival	\$20,000
Hawaiian Walk for Women's Cancer	\$5,000
Perth Japan Festival Matsuri	\$10,000
Tee Ball State Championships	\$5,000
Perth Mothers Day Classic	\$5,000
Telstra Perth Fashion Festival	\$255,000
NAIDOC Week Opening Ceremony	\$8,714
QUIT Targa West	\$48,000
Chevron City to Surf for Activ	\$18,000
Swan Festival of Lights	\$25,000
Perth Heritage Days	\$62,100
West Coast Fever 2018 Season	\$120,000
Channel Seven Christmas Pageant	\$120,000
IGA Carols by Candlelight for Variety	\$60,000
Hopman Cup	\$100,000
Aboriginal & Torres Strait Islander Veterans and Services Assoc	\$4,500
TOTAL	\$1,151,314

Arts Grants and Sponsorships	\$
Proximity Festival	\$15,000
TURA Totally Huge New Music Festival	\$15,000
Perth Games Festival	\$10,000
As We Are Art Awards and Exhibition	\$8,500
Perth Symphony Orchestra	\$5,000
St George's Art Award	\$2,500
Propel Youth Arts	\$7,500
Perth Poetry Festival	\$5,000
City Limits Festival, Badlands Bar	\$10,000
STRUT Dance	\$12,500
Paper Mountain	\$10,000
Black Swan Theatre Company	\$18,000
WA Youth Jazz Orchestra	\$10,000
The Stella Prize, Girls Write Up Perth	\$5,350
Co3	\$15,000
Ausdance WA	\$5,500
Revelation Perth International Film Festival	\$90,240
Turner Galleries Taipei Residency Exchange	\$10,000
The Awesome Arts Festival for Bright Young Things	\$100,000
WAM Festival	\$40,000
Opera in the Park	\$120,000
WASO Symphony in the City	\$150,000
PrideFEST	\$50,000
The Blue Room Theatre	\$55,000
PICA Exhibition Program	\$20,000
Perth International Arts Festival	\$300,000
Fringe World Festival	\$300,000
Black Swan Prize for Portraiture	\$60,000
TOTAL	\$1,450,090

Corporate, Industry/Sector and Business Event Sponsorship	\$
Studio Startup - Innovation Cluster (\$75,000)	\$25,000
Perth Convention Bureau	\$284,861
Perth Airport WA Tourism Awards	\$8,000
WA Business News - 40under40 and Success & Leadership Series	\$20,000
Australian Tourism Export Council	\$10,000
National Planning Congress	\$15,000
Sparklab	\$70,000
2017 Qantas Australian Tourism Awards	\$8,000
FACET Annual Program of Events	\$9,000
Australasian Oil and Gas Conference	\$50,000
Flux Perth	\$20,000
2017 West Tech Fest	\$50,000
Unearthed	\$15,000
StartupWA	\$15,000
WAITOC - Aboriginal Tourism Product Development	\$30,000
Council of International Students Western Australia (CISWA) Student of the Year Award	\$1,500
ASMR Research Week 2018	\$2,500
Australian Medical Students Association Conference	\$10,000
UWA Bioinnovation Showcase	\$2,500
Accelerating Australia Pitch Night	\$2,500
AusBiotech Biocheers Networking Event	\$2,750
Start Some Good - Pitch for Good Perth 2018	\$32,000
Export Council of Australia - 30 th Western Australian Industry & Export Awards	\$7,500
Off Shore Europe Conference and Exhibition	\$5,000
Africa Down Under Conference	\$5,000
European Business Expo	\$5,000
AHA WA Accommodation Industry Awards for Excellence	\$5,000

Corporate, Industry/Sector and Business Event Sponsorship (continued)	\$
AHA Hospitality Awards for Excellence	\$5,000
WA Industry and Export Awards	\$5,000
Australia Singapore Exchange Conference	\$1,200
Founder Institute Perth	\$5,000
Kartagup Djinda Ngardak - Prepare Produce Provide	\$5,000
VR Imaginarium - Frame AR	\$5,000
TedxPerth	\$5,000
Playup Perth Awards Night	\$5,000
2018 Young Chef's Competition and Chefs Club - Caterlink	\$5,000
Italian Consulate - Italian National Day Celebrations	\$2,375
Speed Date a Sustainability Expert at the HIA Perth Home Show - Alternative Technology Association	\$5,000
10 th International Conference on Water Sensitive Design and Hydropolis - Institution of Engineers Australia	\$3,200
International Arts Associations Congress - PAC Australia	\$1,500
Hong Kong Business Association of WA Gala Dinner & Business Awards 2018	\$1,400
2018 International Cities, Town Centres and Communities Conference	\$3,590
Australasian Fetal Alcohol Spectrum Disorder Conference - Telethon Kids Institute	\$5,000
TOTAL	\$774,376

Planning and Reporting

The Framework

The City of Perth takes an integrated approach to its strategic planning to ensure the City's operations are focussed on delivering the community's vision for the State's capital. Through extensive research, analysis and consultation, the City develops plans aimed at enhancing the quality of Perth city as a place to live, work, do business and visit.

The City of Perth Integrated Planning and Reporting Framework provides the organisation with a clear structure that guides a coordinated and collaborative process to develop the City's strategic direction and subsequent organisational activities.

While being critical to the effective planning of the City's activities, the framework also satisfies the City's

statutory planning responsibilities under the *Local Government Act 1995*.

Following extensive community consultation and an examination of economic, social, demographic and environmental trends and challenges facing the city, the Strategic Community Plan is developed.

The Strategic Community Plan then informs and ratifies Council Policies and issues specific strategies that the organisation uses to narrow the area of focus for the delivery of initiatives and services to the community.

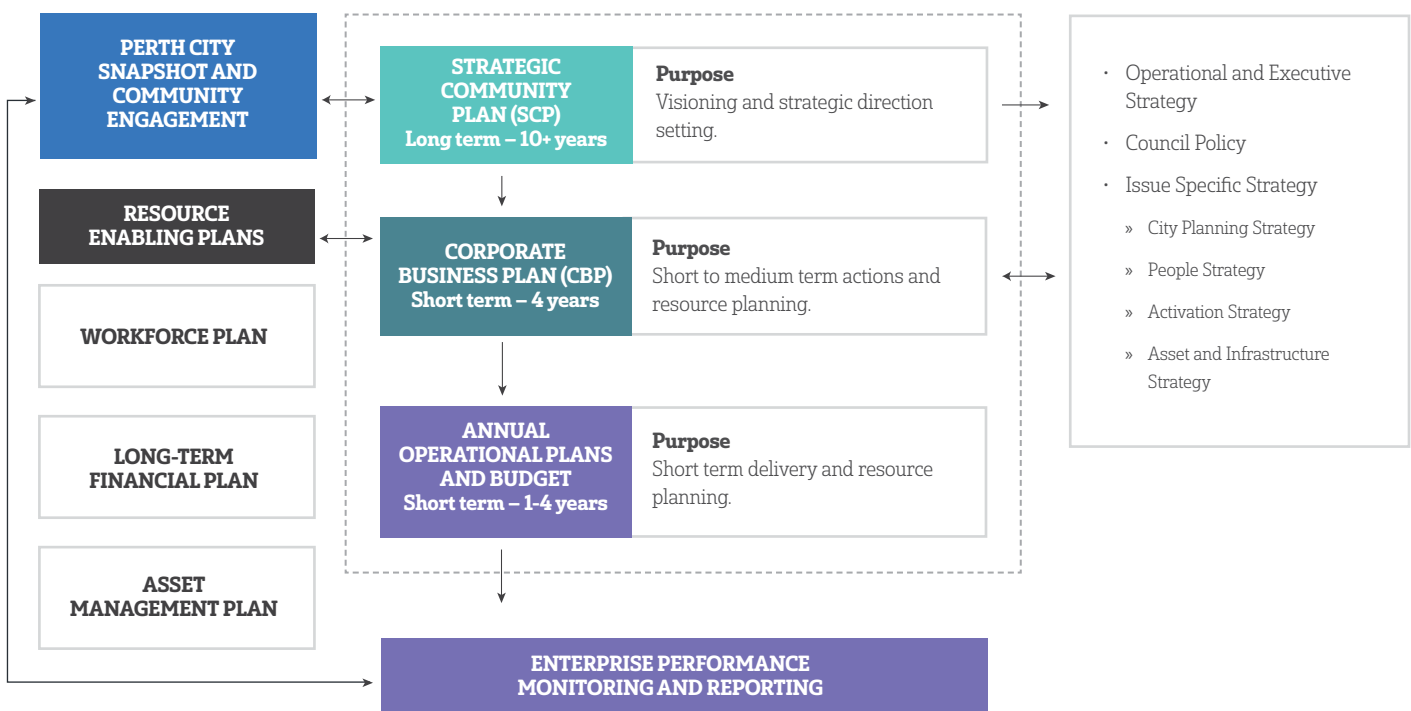
This then informs the Corporate Business Plan, which sets out the City's initiatives and activities over the coming four years and is aimed at achieving the community's goals and ultimately its vision.

The Corporate Business Plan has a mutually informing relationship with the City's Workforce, Long Term Financial and Asset Management Plans, to ensure the organisation has the capacity to deliver planned activities now and into the future.

It directs the City's business unit plans and annual budget process to align operational activity to the strategic objectives indicated by the community. A comprehensive risk management approach is embedded in the Strategic Planning Framework and considered at all levels of the planning cycle.

To ensure the organisation is continuously evolving and delivering quality outcomes for the community, a performance monitoring and reporting process is put in place.

City of Perth Integrated Planning and Reporting Framework





Strategic Community Plan

During 2017, the City conducted a major review of its Strategic Community Plan. This strategic planning process was conducted over a six-month period and included extensive community engagement, as well as the inclusion of a modified deliberative democracy approach.

The community engagement followed six broad themes, as identified in the Perth City Snapshot 2016.

These themes were:

- people
- culture
- natural environment
- economy
- city form
- movement.

The engagement process included the ability for input into the City of Perth's vision for the future, as well as its goals

and priorities for the ten-year period. The types of opportunities to get involved included:

- stakeholder workshops
- community workshops
- stakeholder 'round table' discussions
- online short survey
- online extended survey
- face-to-face surveys at City of Perth facilities
- face-to-face intercept surveys by City of Perth staff
- a pop up conversation lounge at locations across the city.

This approach was arguably the biggest community engagement process the City of Perth has ever conducted to create its strategic direction. At the end of the engagement phase a detailed Synthesis Report was developed, which consolidated the views of more than 1,900 people resulting in more than 10,000 collective ideas.

The report was analysed by a group of seventeen citizens (Citizens Advice Group) recruited independently from a random sample of the community who either lived or operated a business within the City of Perth's local government area boundaries, Elected Members and the Executive Leadership Group.

The group had the purpose of preparing the foundations for the new City of Perth Strategic Community Plan, which included the development of the vision, a series of goal statements and strategic objectives. This was achieved through a series of independently facilitated collaborative workshops, with the outcome being the Strategic Community Plan, Shaping Our Capital City.

Planning and Reporting CONTINUED

SHARED VISION

The Share to Shape Collaboration Group articulated the following shared vision for Perth: Vibrant, connected, progressive; a friendly and beautiful place to be.

The Vision

The feedback from citizens indicated they want Perth to be a city that is a great place for people to live, work and visit. Citizens want Perth to be seen as beautiful and connected city that provides vibrant, diverse and friendly experiences.

Perth should be seen not only as a city that is bold and progressive in its way of life, but should also have a sense of distinctiveness that people can confidently promote – a community that knows itself and one that delivers a unique experience that is Perth.

Through extensive community consultation, the following vision for Perth was developed: Vibrant, connected, progressive; a friendly and beautiful place to be.

The Aspirations

Through the same deliberative democracy process that delivered a shared vision for Perth, the following aspirational goals were created.

GOAL 1 - A CITY FOR PEOPLE

A city that is diverse and community orientated; one in which all people want to live, work and visit.

GOAL 2 - AN EXCEPTIONALLY WELL DESIGNED, FUNCTIONAL AND ACCESSIBLE CITY

As the city grows, it is exceptionally well designed with accessible public and private spaces. Development emphasises Perth's unique location. The ability to move freely and easily throughout the city, in a safe and efficient manner, creates a strong sense of place that can be enjoyed by all.

GOAL 3 - A CITY CONNECTED TO ITS NATURAL BEAUTY

A city that protects and enhances the environment, emphasising the natural beauty of the river and parks. It incorporates native flora to protect and connect green corridors throughout the city.

GOAL 4 - A FUTURE FOCUSED AND RESILIENT CITY

A city that is committed to sustainable principles that promote social, economic and environmental resilience for current and future generations. A focus on equity, social inclusion, economic prosperity and environmental integrity builds the city's resilience levels.

GOAL 5 - A PROSPEROUS CITY

A city that is recognised internationally and locally as a leader in the Indian Ocean Rim for diversity and excellence in business, tourism, education, technology and trade. It uses its competitive advantage to cultivate innovation and creativity, enhancing the city's resilience. It is a city with a vibrant and diverse economy.

GOAL 6 - A CITY THAT CELEBRATES ITS DIVERSE CULTURAL IDENTITY

A city that has a diverse choice of formal and informal places that showcase and celebrate its heritage, identity and cultural narrative. The city is lively and creative which encourages participation and celebrates inclusion. The people are connected to the place through the use of arts, heritage and cultural experiences.

GOAL 7 - AN OPEN AND ENGAGED CITY

A city that involves community, citizens and stakeholders in its future direction. Citizens have trust in the City of Perth and comfort knowing they collaborate with community, governments and businesses alike, working in an open and transparent manner. People feel connected, listened to and engaged with their city.

GOAL 8 - A CITY THAT DELIVERS FOR ITS COMMUNITY






A city that is focussed on the needs of its communities. Recognised as a city that is committed to quality services and continuous improvement, placing its community first. A city that builds effective partnerships between its community, business and government bodies to create a great place to be.

Planning and Reporting

GOAL 1 - CITY FOR PEOPLE

Ref	Corporate Business Plan Initiative	Initiative Status	Activities Undertaken
1.01	Develop and implement a plan for an education precinct in the city, including the development of Wellington Square.	On track	In August 2017, the City of Perth Council approved the Wellington Square Enhancement Framework, which provided feedback from the stakeholder consultation process and proposed next steps. In November 2017, approval was also obtained for the Wellington Square Draft Masterplan.
1.02	Develop and implement a City Planning Strategy to address community housing needs.	On track	A joint steering group between the State Government and the City of Perth has been established. Workshops involving the State Government and peak body groups have been completed that provide input into the spatial planning component of the strategy. Remaining technical studies that provide contextual understanding, as well as the draft strategy, are due to be completed in 2018/19.
1.03	Review planning standards and policies to optimise opportunities for adaption of existing buildings (where appropriate) for residential accommodation and other uses that increase people living and staying in the city.	Scheduled to commence	This has not yet commenced, as per timing within the Corporate Business Plan. Activity to be undertaken as part of preparation of new City Planning Scheme commencing in 2018/19, with completion anticipated for 2019/20.
1.04	Develop a new City Planning Scheme in line with City Planning Strategy Objectives.	Scheduled to commence	This has not yet commenced, as per timing within the Corporate Business Plan. Development of a new City Planning Scheme is expected to commence in 2018/19.

LEGEND

Colour	Status	Definition
	Completed	The operational initiative has been delivered.
	On track	The operational initiative is progressing on time and is on track for delivery as planned.
	Monitor - initiative at risk	There are issues with timescales but it is still expected that with close monitoring the operational initiative will be delivered as planned.
	Not on track	There are significant delays and it is unlikely that the operational initiative will be delivered as planned.
	Scheduled to commence	Scheduled to commence and/or be completed as per the Corporate Business Plan timelines.

Planning and Reporting CONTINUED

GOAL 1 - CITY FOR PEOPLE Continued

Ref	Corporate Business Plan Initiative	Initiative Status	Activities Undertaken
1.05	Assist in creating a 'one stop shop' to tackle homelessness by partnering with State Government as the broker for all agencies to facilitate action.	On track	<p>Considerable activity has been undertaken including the completion of a comprehensive Homeless Sector Review and the establishment of a Homelessness Framework Committee in partnership with Member for Perth, John Carey MLA, key homeless service providers and State Government departments. During this time, there has been three working groups formed to identify current issues and formulate action plans to feed into a 10-year plan, as well as a State Government strategy to end homelessness.</p> <p>During 2018/19, Homeless Connect Perth will be reviewed to determine whether it is still fit for purpose. Other actions in this regard include:</p> <ul style="list-style-type: none"> - The Homeless Services in the Inner City brochure was updated, printed and distributed to service providers and hospitals. - Organisational capacity, specifically responsible for homelessness approach, was created. - Discussions commenced with WALGA and Shelter WA to establish partnerships to develop protocols for all local government authorities. - Completion of a Transitional and Crisis accommodation study to inform housing and crisis needs and available resources in the inner city.
1.06	Through the People Strategy, create a plan to help address homelessness in partnership with relevant agencies.	On track	The Terms of Reference has been drafted and the project will continue in 2018/19.
1.07	Strengthen relationships between the City and the community to understand and deliver on expectations.	On track	<p>The City developed a Stakeholder Engagement Framework and is continuing to identify opportunities to work with the community and key stakeholders to harness thoughts on projects and approaches the City is working on. Some key projects that the City has worked with the community in shaping activity include:</p> <ul style="list-style-type: none"> - Wellington Square Draft Masterplan - East Perth Kerbside Parking - The Avenue Improvements - East End Revitalisation

GOAL 1 - Continued

Ref	Corporate Business Plan Initiative	Initiative Status	Activities Undertaken
1.08	Develop and implement an Asset and Infrastructure Strategy to cater for the future growth identified in the planning strategy.	On track	Stakeholders were identified, a Terms of Reference has been completed and an initiation meeting was held.
1.09	Develop a City Planning Strategy that drives and caters for an increase in the city's residential population.	On track	A joint steering group between the State Government and the City of Perth was established. Workshops involving the State Government and peak body groups were completed that provide input into the spatial planning component of the strategy. Remaining technical studies that provide contextual understanding as well as the draft strategy are due to be completed early in 2018/19.
1.10	Develop and implement a People Strategy aimed at attracting new residents to the city.	On track	The Terms of Reference has been drafted and the project will continue in 2018/19.
1.11	Implement city safety, CCTV and emergency management initiatives to improve current community safety and security concerns	On track	Emergency arrangements with supporting plans were developed and the City's CCTV network is now fully migrated into a digital system. The expansion of the CCTV network into East Perth, licence plate recognition in two locations within the city and the completion of the 'Are You Prepared Perth' project were key achievements during 2017/18.
1.12	Review lighting levels and Ranger service levels to address existing community perceptions of safety.	On track	Internal review has commenced with staff interviews and research identifying the current service levels being conducted. It is anticipated both internal and external stakeholder engagement will continue in 2018/19.
1.13	Develop and implement an Activation Strategy to improve vibrancy, attract visitors and improve perceptions of safety.	On track	The development of the strategy has commenced, with the establishment of a cross-organisational working group. Integration with the City Planning, People and Assets Strategies is anticipated as a core requirement. The strategy will be progressed in 2018/19.

Planning and Reporting CONTINUED

GOAL 1 - Continued

Ref	Corporate Business Plan Initiative	Initiative Status	Activities Undertaken
1.14	Deliver localised support to local businesses and community organisations to activate safer places.	On track	Through a range of small and matched funded business improvement grants, the City of Perth has worked with a number of businesses to improve the interface between their premises and the public realm, including improvements to lighting, façades and awnings. The City has partnered with WA Police to deliver more localised support to businesses to ensure safer places, through various approaches including Business Safety Forums.
1.15	Upgrade lighting through maintenance programming and capital projects.	On track	As part of concept design and project investigations of capital projects, the City is focussed on upgrades to lighting. Operationally there has been lighting upgrades on St Georges Terrace, with further enhancements, such as the East End Revitalisation Program, Hay Street Mall Revitalisation, designed and programmed for delivery in 2018/19.

GOAL 2 - AN EXCEPTIONALLY WELL DESIGNED, FUNCTIONAL AND ACCESSIBLE CITY

Ref	Corporate Business Plan Initiative	Initiative Status	Activities Undertaken
2.01	Develop and implement a City Planning Strategy to address built and open spaces to meet community needs.	On track	A joint steering group between the State Government and the City of Perth was established. Workshops involving the State Government and peak body groups were completed that provide input into the spatial planning component of the Strategy. Remaining technical studies that provide contextual understanding, as well as the draft strategy, are due to be completed in 2018/19.
2.02	Develop and implement an Asset and Infrastructure Strategy to cater for future growth.	On track	Stakeholders were identified, a Terms of Reference has been completed and an initiation meeting was held.

GOAL 2 - Continued

Ref	Corporate Business Plan Initiative	Initiative Status	Activities Undertaken
2.03	Use lighting to uplift city neighbourhoods and create vibrancy.	On track	A review of City-owned lighting commenced during 2017/18, which will continue in 2018/19. Reviews regarding lighting will inform the organisation's maintenance programme. As part of concept design and project investigations of capital projects, the City is focussed on upgrades to lighting. Operationally there has been lighting upgrades on St Georges Terrace, with further enhancements, such as the East End Revitalisation Program, Hay Street Mall Revitalisation, designed and programmed for delivery in 2018/19. The full breakdown can be found in the City's Capital Program.
2.04	Develop and implement new building and development guidelines to ensure greater design quality in new development.	Scheduled to commence	The Corporate Business Plan has scheduled the development of the Building and Development Guidelines to commence in 2018/19.
2.05	Create a plan for the Perth Concert Hall in partnership with the State Government.	On track	The City continued to identify opportunities to work with State Government and key stakeholders on this project and other future strategic projects.
2.06	Advocate for the State Government to design and implement the capping of the freeway between the CBD and Parliament House.	On track	The City has continued to identify opportunities to work with State Government and key stakeholders on this project and other future strategic projects.
2.07	Review and reduce (where possible) regulations to facilitate land and business development in the city.	On track	The City continued to work towards reviewing and reducing regulation. Feedback was provided to the State Government in response to the Green Paper on Planning Reform, as well as a review of the City of Perth Works Bond processes commenced. During the 2017/18 period, Construction Management Plans were reviewed and simplified, with refinements to the e-lodgement processes underway.

Planning and Reporting CONTINUED

GOAL 2 - AN EXCEPTIONALLY WELL DESIGNED, FUNCTIONAL AND ACCESSIBLE CITY

Ref	Corporate Business Plan Initiative	Initiative Status	Activities Undertaken
2.08	Review alfresco regulations to facilitate increased activation opportunities.	Not on track	In November 2017, Council received a report on Alfresco Policy, Local Law Review and Fee Review. At this meeting Council endorsed a change in the program name to Outdoor Dining along with a number improvements that support increased activation opportunities. This included a reduction in the annual Alfresco Dinning Fee Rate which was introduced on 1 January 2018. These improvements were integrated into a new Outdoor Dining Policy and Guidelines which will be finalised in 2018/19.
2.09	Review signage policies to facilitate businesses to be able to access greater advertising opportunities.	Scheduled to commence	The Corporate Business Plan has scheduled the review of the Signage Policy to commence in 2019/20.
2.10	Develop and implement a City Planning Strategy to address community needs regarding movement of people.	On track	A joint steering group between the State Government and the City of Perth was established. Workshops involving the State Government and peak body groups were completed, which provided input into the spatial planning component of the strategy. Remaining technical studies that provide contextual understanding as well as the draft strategy are due to be completed in 2018/19.
2.11	Determine the feasibility for a Swan River Ferry service to link key riverfront destinations.	On track	The City is working and engaging with the Swan River Trust on an ongoing basis, to assist in the feasibility assessment of this initiative.
2.12	Continue to engage with State and Federal Governments to create a plan for inner city public transport.	On track	The City is continuing to identify opportunities to work with State Government and key stakeholders on this project and other future strategic projects.
2.13	Complete the two-way street program.	On track	The program of works for 2017/18 that set out the delivery of two-way streets in the city was completed. Concept design work for Hill Street was also completed. The concept design for Hay Street East and Hay Street West has commenced and is expected to be delivered in 2018/19.

GOAL 2 - Continued

Ref	Corporate Business Plan Initiative	Initiative Status	Activities Undertaken
2.14	Strengthen relationships between the City and community to better understand and deliver on accessibility expectations.	On track	<p>The City is continuing to identify opportunities to work with the community and key stakeholders to harness thoughts on projects and approaches the City is working on. To date, 81 of 129 actions from the Disability Access and Inclusion Plan (DAIP) have been completed or are in progress. Some key projects the City has worked with the community in shaping activity include:</p> <ul style="list-style-type: none"> - Access and Inclusion Advisory Group was established for stakeholder engagement and consultation. - The City has provided access and inclusion training for staff including the development of compulsory online access and inclusion awareness training for all staff. - An audit of community buildings to ensure compliance and accessibility was delivered.



Planning and Reporting CONTINUED

GOAL 3 - A CITY CONNECTED TO ITS NATURAL BEAUTY

Ref	Corporate Business Plan Initiative	Initiative Status	Activities Undertaken
3.01	Undertake research to identify opportunities to connect the community with the city's natural beauty, including an open space research paper.	Completed	The City completed an Open Space Study to inform the future of green spaces within the city. Further considerations from this study will commence in 2018/19.
3.02	Deliver support to increase local community activation and increase the use of our natural assets and facilities.	On track	The City has sought to work with a range of precinct based groups throughout the city and provided sponsorship and grant funding to support a number of community activities. This includes providing assistance with activating spaces, launching campaigns like Eat Drink Perth, Sidewalk Sounds and Brass on the Grass. The City also coordinated and promoted community volunteer events such as the National Tree Day, Clean Up Australia Day, Keep Australia Beautiful Adopt-a-spot program and corporate clean up events.
3.03	Develop and implement an Asset and Infrastructure Strategy to cater for future growth, increased accessibility and natural assets.	On track	Stakeholders were identified, a Terms of Reference has been completed and an initiation meeting was held.
3.04	Progress the deliverables of the Urban Forest Plan.	On track	The City has done an assessment on stock quality for new on-street plantings and scheduled an implementation program for replacement plantings in street and parks. The City commenced the development of an online application to assist the monitoring and auditing of trees, allowing efficient replacements with a view of trialling new tree species. In 2018/19, a Plant Pathogen Management Plan will be progressed to work toward keeping city plants healthy.
3.05	Develop the City of Perth Sustainability Policy to guide improvements to the quality of the Swan River.	On track	The City has developed a draft Sustainability Policy, which was prepared based on stakeholder engagement and best practice approaches. It is anticipated the policy will be further progressed in 2018/19.

GOAL 3 - Continued

Ref	Corporate Business Plan Initiative	Initiative Status	Activities Undertaken
3.06	Identify existing and potential green and biodiversity corridors within the City Planning Strategy.	On track	A joint steering group between the State Government and the City of Perth was established. Workshops involving the State Government and peak body groups were completed that provide input into the spatial planning component of the strategy. Remaining technical studies that provide contextual understanding as well as the draft strategy are due to be completed early in 2018/19.
3.07	Develop a City of Perth Sustainability Policy to guide the City's sustainable use of natural resources.	On track	The City has developed a draft Sustainability Policy, which was prepared based on stakeholder engagement and best practice approaches. It is anticipated that the policy will be further progressed in 2018/19.
3.08	Advocate for the State Government to design and implement the capping of the freeway between the CBD and Parliament House to provide greater access to Kings Park.	On track	The City is continuing to identify opportunities to work with State Government and key stakeholders on this project and other future strategic projects.
3.09	Design, develop and implement a riverfront masterplan to increase the connection, accessibility and usage of the Swan River between Elizabeth Quay and Point Fraser.	On track	The City has developed a Foreshore Masterplan Framework to identify high level opportunities and constraints. Initial site investigative works, including preparation of a request for quotations for initial geotechnical investigations, as well as a site drainage study and initial investigation into Section 18 of the <i>Aboriginal Heritage Act 1972</i> requirements have commenced.

Planning and Reporting CONTINUED

GOAL 4 - A FUTURE FOCUSED AND RESILIENT CITY

Ref	Corporate Business Plan Initiative	Initiative Status	Activities Undertaken
4.01	Develop the City of Perth Sustainability Policy to position the City as a leader in sustainable practices including water, air quality, energy and green technologies.	On track	The City has developed a draft Sustainability Policy, which was prepared based on stakeholder engagement and best practice approaches. It is anticipated that the policy will be further progressed in 2018/19.
4.02	Review existing sustainability commitments based on risk and strategic focus.	On track	A comprehensive review of existing commitments regarding the City's obligations to agreements has commenced. It is anticipated this will be completed in 2018/19.
4.03	Stipulate minimum requirements for the percentage of green or sustainable inclusion's in new builds.	On track	The City has conducted an environmentally sustainable design study, which is expected to be completed early in 2018/19. The outcomes of this are expected to inform the development and review of City Design Planning Policies in 2018/19.
4.04	Implement sustainable practices within the City of Perth to improve outcomes and efficiency and reduce costs (including maturity progression).	On track	<p>The City has commenced and implemented various activities that improve its sustainable practices. Some of these projects include:</p> <ul style="list-style-type: none"> - Development of an environmental monitoring program (soil, leaf tissue, surface water and sediment). - Conducted an investigation into alternative water sources for irrigation purposes. - The conversion of existing plants in selected garden beds to native plants. - The delivery of the Telemetric Irrigation Control system, with expected activity to continue during 2018/19. - The conversion of Ozone Water Treatment Plant to deliver a chemical-free iron removal process. - The creation of sustainability dashboards to highlight opportunities for reducing operational costs in regards to power, water and gas. - The establishment of an Energy Management Working Group and commencement of an Energy Management Plan. - Modifications to grant application forms to identify the sustainability of events and projects to assist in grant approvals.

GOAL 4 - Continued

Ref	Corporate Business Plan Initiative	Initiative Status	Activities Undertaken
4.05	Continue to deliver community enhancement grants program to support social enterprises.	On track	The City launched its first Community Enhancement Grant process where it received 12 applications requesting support totalling \$94,451. Of the 12 applications received, seven were successful, with a total of \$41,045 being awarded. The Community Enhancement Grant process will continue in 2018/19.

GOAL 5 - A PROSPEROUS CITY

Ref	Corporate Business Plan Initiative	Initiative Status	Activities Undertaken
5.01	Develop and implement an Asset and Infrastructure Strategy that addresses business technology and infrastructure needs.	On track	Stakeholders were identified, a Terms of Reference has been completed and an initiation meeting was held.
5.02	Advocate for key organisations or businesses to relocate to the city.	On track	The City launched the Serious Business Move campaign and an investment focussed website (invest.perth.wa.gov.au) during 2017/18. This has enabled the City to promote Perth as an ideal business and investment destination.
5.03	Identify and address barriers to businesses operating in the city.	On track	The City has been working to streamline and improve a number of approval processes. The City's Business Support Officers continue to work with local businesses regarding queries and concerns, while the City works in conjunction with businesses and other industry stakeholders to advocate for legislative changes, such as extension of retail trading hours, to improve local business conditions.
5.04	Review incentives to drive growth in targeted business activities and sectors, for example, start-ups, technology, creative and resources.	Not on track	The City continues to support key industry sectors through a range of grants and sponsorships and has been encouraging businesses to look at the opportunities in Perth through the Serious Business Moves campaign an investment focussed website (invest.perth.wa.gov.au). A review and refresh of incentives will be completed during 2018/19.

Planning and Reporting CONTINUED

GOAL 5 - A PROSPEROUS CITY

Ref	Corporate Business Plan Initiative	Initiative Status	Activities Undertaken
5.05	Develop and implement an Activation Strategy to increase business vibrancy and create a unique experiential offer in the city.	On track	The development of the strategy has commenced, with the establishment of a cross-organisational working group. Integration with the City Planning, People and Assets Strategies is anticipated as a core requirement. The strategy will be progressed in 2018/19.
5.06	Create and implement a masterplan for Hay St Mall.	On track	Preliminary works were undertaken to investigate the potential for revitalisation including event activation infrastructure improvements, upgrade of seating areas, commissioning of public artwork, decluttering of existing mall space and lighting enhancements. This project is currently being reviewed and a revised scope of works will be further developed during 2018/19.
5.07	Activate the city malls to improve visitor patronage and experience.	Completed	The City's marketing and activation activities have focussed on the Hay St and Murray St Malls as key activation sites, with notable activities including Spring in the City and Christmas Light Trails. The 2018/19 financial year is expected to see a continuation of similar campaigns, such as Winter Fest, Spring in the City and Christmas festivities.
5.08	Conduct economic research focussed on balancing parking revenue and city activation.	Scheduled to commence	This project is yet to commence. However, research into the relationship of carpark pricing and its influence on revenue, car parking demand and city activation is anticipated to be progressed early in 2018/19 and still be completed in 2019/20 as per the timings in the Corporate Business Plan.
5.09	Conduct a strategic review of the Parking Strategy and business model to identify opportunities to leverage parking for community benefit.	Completed	The City has completed a commercial review of its operations to inform the development of a Parking Strategy and business plan. This work will be completed during 2018/19.
5.10	Review incentives to drive growth in targeted business activities and sectors, for example, start-ups, technology, creative and resources.	Not on track	The City continues to support key industry sectors through a range of grants and sponsorships and has been encouraging businesses to look at the opportunities in Perth through the Serious Business Moves project an investment focussed website (invest.perth.wa.gov.au). A review and refresh of incentives will be completed during 2018/19.

GOAL 5 - Continued

Ref	Corporate Business Plan Initiative	Initiative Status	Activities Undertaken
5.11	Design, develop and implement a riverfront masterplan that embeds arts, culture and tourism.	On track	The City has developed a Foreshore Masterplan Framework to identify high level opportunities and constraints. Initial site investigative works, including preparation of a request for quotation for initial geotechnical investigations, as well as a site drainage study and initial investigation into Section 18 of the <i>Aboriginal Heritage Act 1972</i> requirements have commenced.
5.12	Engage with potential interstate and international tourists through digital media channels.	On track	The City continues to look at opportunities that are presented by new and emerging digital media channels. In 2018, in collaboration with the Department of Foreign Affairs and Trade, the City hosted a group of media representatives from the Sichuan province in China to promote and build awareness of Perth as a destination. The City continues to investigate the potential benefit of creating social media accounts and content relevant to the Chinese market. Serious Business Moves commenced the focus of targeting overseas stakeholder and this will form a part of the plan for digital content which is being further developed as part of the City's digital approach.

Planning and Reporting CONTINUED

GOAL 6 - A CITY THAT CELEBRATES ITS DIVERSE CULTURAL IDENTITY

Ref	Corporate Business Plan Initiative	Initiative Status	Activities Undertaken
6.01	Local community arts and cultural activation at strategic spaces throughout the city.	On track	The City has commenced numerous projects that assist in the commission of new artwork across the city. Some of these can be found on the Pier St Carpark, as well as the Padlock and GasWorks Buildings. The Perth Town Hall and Citiplace Community Centre continue to be available for hire for cultural activities, as well as community arts and craft programs. The City of Perth has retained placemaking management and activation of the Cathedral Square precinct, with a push to bring activations to Elizabeth Quay and Yagan Square as part of city campaigns commencing in 2018/19.
6.02	Develop stronger relationships between the City and the community to understand stakeholder needs and expectations to promote better utilisation of the City's community and cultural assets.	On track	The City is continuing to identify opportunities to work with the community and key stakeholders to harness thoughts on projects and approaches the City is working on. Some key projects the City has worked on with the community in shaping activity include: <ul style="list-style-type: none"> - Providing City staff with cultural awareness training. - The completion of a Reconciliation Action Plan. - The commencement of a Cultural Plan.
6.03	Invest in marketing Perth city's natural assets, community and cultural offerings and facilities.	On track	The City, as part of normal business, promotes Perth through numerous channels including digital media. Digital content has been shared with the Metropolitan Redevelopment Authority to assist in the marketing of Perth's assets for key sights such as Yagan Square.
6.04	Develop and implement an Activation Strategy around tourism, events and cultural assets that creates or enhances the cultural narrative in areas of the city.	On track	The development of the strategy has commenced, with the establishment of a cross-organisational working group. Integration with the City Planning, People and Assets Strategy is anticipated as a core requirement. The strategy will be progressed in 2018/19.
6.05	Partner with Tourism WA and other stakeholders to promote cultural activities.	On track	During the 2017/18 financial year, the City presented to Tourism WA the Formula E concept. Initial meetings have commenced with key staff at the Department of Local Government, Sport and Cultural Industries to discuss the State's cultural tourism plan.

GOAL 6 - Continued

Ref	Corporate Business Plan Initiative	Initiative Status	Activities Undertaken
6.06	Arts and cultural heritage will be an essential element of the riverfront masterplan.	On track	The City has developed a Foreshore Masterplan Framework to identify high level opportunities and constraints. Initial site investigative works, including preparation of a request for quotation for initial geotechnical investigations, as well as a site drainage study and initial investigation into Section 18 of the <i>Aboriginal Heritage Act 1972</i> requirements have commenced.
6.07	The City Planning Strategy recognises and celebrates the heritage of the city.	On track	A joint steering group between the State Government and the City of Perth was established. Workshops involving the State Government and peak body groups were completed that provide input into the spatial planning component of the strategy. Remaining technical studies that provide contextual understanding, as well as the draft strategy, are due to be completed in 2018/19.
6.08	Develop and implement the Reconciliation Action Plan.	On track	The City of Perth's Reflect Reconciliation Action Plan was endorsed by Council during 2017/18 with actions being implemented throughout 2018/19. The development of the Innovate Reconciliation Action Plan is anticipated to commence in 2019/20.
6.09	Engage and strengthen working relationships with Aboriginal people.	On track	The City has established an external reference group for the development of the City's current and future Reconciliation Action Plans. An ongoing engagement with the Whadjuk Working Party and South West Aboriginal Land and Sea Council was a priority during 2017/18, with the formation of a formal Elders Advisory Group anticipated for 2018/19. Aboriginal engagement was included into the City's Stakeholder Engagement Framework, with a series of actions to continue to build and strengthen relationships with Aboriginal and Torres Strait Islander peoples a focus for 2018/19.

Planning and Reporting CONTINUED

GOAL 7 - AN OPEN AND ENGAGED CITY

Ref	Corporate Business Plan Initiative	Initiative Status	Activities Undertaken
7.01	Implement a system for tracking engagement with the City and how it performs.	On track	The City commenced development of a beta version of a stakeholder management system, including mobile app, which will allow officers to record engagement with stakeholders in real time. The system is expected to be tested and piloted in the first half of 2018/19, before being rolled out across the City.
7.02	Benchmark community perception to measure performance improvements and reach service targets.	On track	The City undertook its planning and procurement for the 2017/18 community perception survey, which has informed this report.
7.03	Review Elected Member expenses and allowances.	Not on track	The City has commenced the review process during the 2017/18 financial year. It is anticipated to be completed early in 2018/19.
7.04	Improve working relationship with State Government.	Completed	The City is continuing to identify opportunities to work with State Government and key stakeholders on future strategic projects.
7.05	Enhance the City's reputation through transparent and authentic leadership, partnerships and communications of programs and services.	On track	The City is working towards being a more transparent and engaging organisation, with activities such as: <ul style="list-style-type: none"> - All Council Meetings are recorded with audio available on the City's website. - Working with the Metropolitan Redevelopment Authority in relation to assisting street cleaning and waste collection at non-City owned sites. - Undertaking effective media relations activities focussing on City activities and initiatives. - Communicating City managed events, activations and economic development initiatives.
7.06	Develop a policy on the application of the <i>City of Perth Act 2016</i> .	Not on track	This activity has not yet commenced. Activity is anticipated to commence during 2018/19.
7.07	Implement open government principles through engagement, active listening and transparency.	On track	The City used the open government principles as part of the engagement process to deliver the Strategic Community Plan, Shaping Our Capital City, which was finalised and implemented during 2017/18. The City has also developed and implemented a Stakeholder Engagement Framework that is based on best practice principles.

GOAL 7 - Continued

Ref	Corporate Business Plan Initiative	Initiative Status	Activities Undertaken
7.08	Develop an engagement framework that builds relationships and trust with community and stakeholders.	Completed	The City developed and implemented a Stakeholder Engagement Framework during 2017/18.
7.09	Deliver Smart City projects in line with Federal Funding received under the Smart Cities and Suburbs program.	On track	The City applied and received Federal Grant Funding for activities and projects that are categorised under the Smart City agenda. Projects have commenced, such as initiatives that create synergies between CCTV, lighting, irrigation control and data requirements. The City has also commenced the delivery of a Telemetric Irrigation Control system, as well as Phase Two of the the Sustainable Reporting Platform.

GOAL 8 - A CITY THAT DELIVERS FOR ITS COMMUNITY

Ref	Corporate Business Plan Initiative	Initiative Status	Activities Undertaken
8.01	Develop a customer centric service model to be implemented across the organisation.	On track	The City continues to look at opportunities to engage better with its customers and the community. The development of a Customer Service Centre has commenced, as has the inclusion of a Customer Relationship Management (CRM) system to ensure a single source of truth for all customers interactions. Work will commence in 2018/19 on embedding the CRM Booking System and Customer Application processes. A centralised approach to customer services commenced in 2017/18.
8.02	Develop internal service standards, processes and service level agreements.	Not on track	The City has commenced work on processes, standards and Service Level Agreements, which will be further progressed during 2018/19 with completion expected in 2019/20.
8.03	Develop and implement the organisational cultural change program to align with customer centric model.	On track	The City has adopted a new set of Values across the organisation to start the process of cultural change. All staff are required to complete training on aspects of organisational culture. Further activities are expected to commence in 2018/19.

Planning and Reporting CONTINUED

GOAL 8 - A CITY THAT DELIVERS FOR ITS COMMUNITY - Continued

Ref	Corporate Business Plan Initiative	Initiative Status	Activities Undertaken
8.04	Review the City of Perth's Business Model and service delivery based on legislation and community expectations.	On track	The City is committed to ensuring it delivers against the needs of the community and its regulatory demands. This project is currently on hold while the City undertakes a review of the 2017 Strategic Community Plan with a focus on identifying the priorities for the City over the short, medium and long term.
8.05	Prioritise and review strategic projects and initiatives in line with Corporate Business Plan.	On track	The City's capital and operational projects have undergone an alignment process to ensure an adequate focus on delivery against the Corporate Business Plan. During 2018/19, the City will be investigating further processes and systems to assist in this regard.
8.06	Create a single source of reliable data.	Monitor - initiative at risk	The City is currently developing an Information Technology Strategy that will determine an appropriate approach to an Enterprise Resource Planning solution. The City has commenced the development of an Information Governance Framework, City Data Warehouse, Finance/Corporate KPI Platform and Sustainability Reporting Platform. Further work to migrate asset data from various systems will continue during 2018/19.
8.07	Review internal processes and systems.	On track	<p>The City has commenced work on processes, standards and Service Level Agreements, which will be further progressed during 2018/19. The following projects commenced during the 2017/18 period:</p> <ul style="list-style-type: none"> - Scope of a system to standardise and improve project and program management. - The procedure to dispose of City assets was reviewed. - The process to perform close-out reports was reviewed, with new forms created. - In-house revaluation processes and techniques centred on condition were reviewed. - A process for the registration of information into asset registers in regard to condition inspection and assessment methodologies was implemented. - A new process to manage asset data for movements of small operational assets was developed.

Ref	Corporate Business Plan Initiative	Initiative Status	Activities Undertaken
8.08	Implement a business and enterprise resource planning transformation project.	Not on track	<p>The City has commenced its approach to implementing changes to enterprise resource planning that has included:</p> <ul style="list-style-type: none"> - Commencement of the HRIS system to manage human resource core services. - Changes to the Chart of Accounts. <p>The City is currently developing an Information Technology Strategy that will determine an appropriate approach to an Enterprise Resource Planning solution.</p>
8.09	Implement the Integrated Parking Management System.	On track	<p>The City has commenced scoping work as part of the tender process. It is anticipated to continue during 2018/19.</p>
8.10	Develop robust decision making process.	Not on track	<p>The City has commenced the identification of changes needed to various systems, structures and processes to assist in developing more robust decision making. Activity will continue during 2018/19.</p>
8.11	Identify external opportunities for revenue protection, diversification, assets sales and development.	On track	<p>A review of the parking business is currently being undertaken and due to be completed by December 2018. A strategy for City advertising will be developed. The City is also considering bus shelter advertising, asset (parks) naming rights, shared local government area services (for example, waste).</p>
8.12	Reduce controllable operational costs by 10 percent over the next four years.	On track	<p>The City is constantly looking at opportunities to perform its services and activities in a more efficient and cost effective way. During 2017/18, the City commenced the following programs of work to look at opportunities for controllable cost reduction:</p> <ul style="list-style-type: none"> - Improved project management approaches and processes that consisted of improved decision-making, risk management and project delivery. - Evaluation of waste operations to identify and reduce manually based activities through the use of mechanised alternatives. This includes footpath sweepers, side loaders, waste software and transfer station activities. - Commencement of digital enhancements to streamline internal services. - Review of organisational functional structure, which will continue during 2018/19.

Planning and Reporting CONTINUED

GOAL 8 - A CITY THAT DELIVERS FOR ITS COMMUNITY - Continued

Ref	Corporate Business Plan Initiative	Initiative Status	Activities Undertaken
8.13	Develop and utilise scenario planning through financial and economic modelling to inform decision making.	Monitor - initiative at risk	The City has begun to develop tools and approaches to help create scenarios and options for future planning needs. This is expected to continue through 2018/19, with activities such as capability planning, as well as review and testing of modelling software and assumptions to assist and inform robust decision-making.
8.14	Develop a robust and sustainable asset management framework.	Not on track	The scope of this deliverable has widened to include not just the remit of Asset Management Unit processes, but all inter-related asset management processes City-wide. It is currently in development with drafts being produced with collaboration and input from multiple units and stakeholders..
8.15	Review the current asset portfolio and address any identified risks.	Not on track	Operational asset custodian units have established rolling programs to inspect infrastructure, parks and building assets to identify hazards, defects and overall operating condition of assets. These units work in partnership with the Asset Management Unit to ensure these inspections are developed with criteria that are consistent, as well as key and long-term indicators that can be trended for analysis and linked to financial outcomes.
8.16	Develop and implement an Asset and Infrastructure Strategy that guides the management and investment in the City's asset portfolio.	On track	Stakeholders were identified, a Terms of Reference has been completed and an initiation meeting was held.
8.17	Critically review the organisation's commercial business units to ensure alignment to long term community objectives.	On track	The City has completed a commercial review of its operations to inform the development of a Parking Strategy and business plan. This work will be completed during 2018/19
8.18	Develop and implement organisational and cultural programs to align the values and strategic priorities.	On track	The City has adopted a new set of Values across the organisation to start the process of cultural change. All staff are required to complete training on aspects of organisational culture. Further activities are expected to commence in 2018/19.



Performance Indicators

For 2017/18, the City of Perth's performance indicators are presented to reflect progress towards the community aspirational goals listed in the Strategic Community Plan, Shaping Our Capital City.

The City of Perth's performance indicators are collected through a combination of qualitative and quantitative research methods. This section summarises these indicators through primary and secondary research gathered by the City of Perth.



GOAL 1 - A CITY FOR PEOPLE

ASPIRATION

A city that is diverse and community orientated; one in which all people want to live, work and visit.

MEASURES OF PROGRESS

42% of dwellings were two bedroom (2016 ABS)

20% were three or more bedrooms (2016 ABS)

There were **27,432** residents in Perth city (ERP 2017)

STAKEHOLDER PERCEPTION SURVEY SUMMARY RESULTS

OVERALL SATISFACTION

74% satisfied and very satisfied with the services and facilities provided by the City of Perth.

HIGHLIGHTS

75% satisfied and very satisfied with the urban environment, public spaces and architecture.

84% satisfied and very satisfied with the ability to come into the city via public transport.

84% satisfied and very satisfied with the ability to move around the city via public transport.

76% satisfied and very satisfied that people of all abilities are able to move around the city and access public spaces and places.

84% satisfied and very satisfied of the quality of parks and green spaces.



GOAL 1 - Stakeholder Perception Study Results

Results from the survey indicate 70 per cent of residents were either satisfied or very satisfied with the overall livability of Perth. As outlined in the Corporate Business Plan, the City of Perth's goal for 2021 is to achieve a satisfaction score of 75 per cent.

This encouraging result reflects the significant efforts the City of Perth has put into enhancing the environment to ensure Perth city is an enjoyable place to live. Perth consistently ranks among the Top 10 most liveable cities in the world, as surveyed by The Economist Intelligence Unit.

Since 2016/17, the number of private dwellings in the city has increased from 13,310 to 14,762 which is an 11 per cent increase. In 2018/19, the City Planning Strategy will focus on continuing to improve livability and population growth in line with the State Government's Directions 2031.

The survey also indicated 56 per cent of workers, residents, ratepayers, tourists, visitors and businesses were either satisfied or very satisfied with Perth as a safe place to live and move around.

In 2017/18, the City of Perth worked closely with other agencies, increased Ranger patrols and expanded its CCTV network with additional extension of coverage planned over the next two years.

GOAL 2 - AN EXCEPTIONALLY WELL DESIGNED, FUNCTIONAL AND ACCESSIBLE CITY

ASPIRATION

As the city grows it is exceptionally well designed with accessible public and private spaces. Development emphasises Perth's unique location. The ability to move freely and easily throughout the city, in a safe and efficient manner, creates a strong sense of place that can be enjoyed by all.

MEASURES OF PROGRESS

8,659,699

cars used City of Perth
carparks (CPP)



GOAL 2 - Stakeholder Perception Study Results

The City of Perth is committed to continuing its efforts in providing a unique urban environment that is accessible and aesthetically pleasing.

Perth is well connected via public transport with bus, train and ferry access. The City of Perth is working with the State Government on the Central Area Transport Strategy to further improve intracity connectivity via public transport.

The survey identified 75 per cent of respondents were either satisfied or very satisfied with Perth city's built environment. In 2018/19, the City Planning Strategy will ensure the development of Perth's urban environment in the future is in keeping with the aspirations of the community.

Additionally, the survey identified 84 per cent of respondents were satisfied or very satisfied with their ability to come into Perth via public transport. The same number of respondents were also satisfied or very satisfied with their ability to move around the city using public transport..

A lower level of satisfaction was expressed for movement within the city, with 76 per cent either satisfied or very satisfied with their ability to move around the city and access public spaces.

The City of Perth's Disability Access and Inclusion Plan informs activity that impacts on public spaces and thoroughfares throughout the city, while the planning scheme sets standards and consideration to ensure the City is accessible to people of all abilities.



Performance Indicators CONTINUED

GOAL 3 - A CITY CONNECTED TO ITS NATURAL BEAUTY



ASPIRATION

A city that protects and enhances the environment, emphasising the natural beauty of the river and parks. It incorporates native flora to protect and connect green corridors throughout the city.

MEASURES OF PROGRESS

One City-owned Green Infrastructure Asset ranked as high (Point Fraser)

716

Western Australian native species (equating to 27%)

17,174.74 tonnes

Total waste collected by the City of Perth

3,643.59 tonnes

Total waste recycled by the City of Perth



21.21%

Total waste diverted from landfill in 2017/18



GOAL 3 - Stakeholder Perception Study Results

Overall, 84 per cent of respondents were satisfied and very satisfied with the quality of the city's parks and green spaces, with 90 per cent of tourists and visitors satisfied as well.

This result is testament to the planning and care the City of Perth invests into green public spaces. Perth city has 26 parks and reserves covering an area of 541.9ha which provide useful, enjoyable and clean spaces for residents, workers and tourists while celebrating Western Australia's natural flora.

When asked about the connection between the city, Kings Park and the river, 69 per cent of respondents reported being satisfied or very satisfied

Connections between the city and the river have improved with the development of Elizabeth Quay, pedestrian access at Point Fraser and access to the Matagarup Bridge. These improvements will be built on through the development of the Riverfront Masterplan, which will focus on increasing the connection, accessibility and usage of the Swan River between Elizabeth Quay and Point Fraser.

GOAL 4 - A FUTURE FOCUSED AND RESILIENT CITY



ASPIRATION

A city that is committed to sustainable principles that promote social, economic and environmental resilience for current and future generations. A focus on equity, social inclusion, economic prosperity and environmental integrity builds the city's resilience levels.

MEASURES OF PROGRESS

- A projected **2.97%** of city-wide energy use is from renewable or low carbon sources

** No questions in the Stakeholder Perception Study directly relate to Goal 4.*

GOAL 5 - A PROSPEROUS CITY

ASPIRATION

A city that is recognised internationally and locally as a leader in the Indian Ocean Rim for diversity and excellence in business, tourism, education, technology and trade. It uses its competitive advantage to cultivate innovation and creativity, enhancing the city's resilience. It is a city with a vibrant and diverse economy.



MEASURES OF PROGRESS

GROSS REGIONAL PRODUCT **\$40.2 billion**

DIVERSITY INDEX

Perth ranks 293rd out of 563 local governments within Australia for economic diversity. On this basis, Perth scores 52.04% for economic diversity

GOAL 5 - Stakeholder Perception Study Results

In 2017/18, the City of Perth provided funding to Startup WA to support and nurture local emerging technology startup companies.

When asked about the City's ability to build business vibrancy and encourage local entrepreneurship and startups, 51 per cent of businesses indicated they were satisfied or very satisfied. This falls short of the Corporate Business Plan goal to achieve 75 per cent satisfaction by 2021.

Additionally, only 44 per cent of business reported they were satisfied or very satisfied with the vibrancy of the city's business environment.

The City of Perth has a team dedicated to assisting businesses located within the local government area to address their barriers for growth, as well as the provision of support programs and grants.

The City also recently conducted research to assess the current business environment and understand future opportunities for the increase of economic activity within Perth city.

Additionally, the City of Perth has established a new program called Serious Business Move aimed at encouraging local and overseas business to relocate to Perth city.

The survey also reported that 42 per cent of respondents were satisfied and very satisfied with Perth city's unique retail experience.

The City of Perth is a partner in the redevelopment of Forrest Chase, which will deliver a world class retail complex and provide a premium shopping experience.

The City has also focussed on the Hay Street Mall and the Murray Street Mall as key activation sites to stimulate and provide an enhanced shopper experience.

Additionally, preliminary works have been undertaken to investigate the potential for the revitalization of key shopping precincts to further enhance the city's shopping and retail experience.

When asked about the attractiveness of Perth city as a location to establish and develop a business, 57 per cent of businesses were satisfied and very satisfied.

By providing attractive parks, public spaces and a clean and secure environment, the City of Perth aims to provide a destination of choice for business. While some of these results fell short of the 2021 targets, the City is tracking well to ensure these targets are met by 2021.



Performance Indicators CONTINUED



GOAL 6 - A CITY THAT CELEBRATES ITS DIVERSE CULTURAL IDENTITY

ASPIRATION

A city that has a diverse choice of formal and informal places that showcase and celebrate its heritage, identity and cultural narrative. The city is lively and creative which encourages participation and celebrates inclusion. The people are connected to the place through the use of arts, heritage and cultural experiences.



MEASURES OF PROGRESS

478 approved events took place during 2017/18

GOAL 6 - Stakeholder Perception Study Results

When asked about the range of cultural experiences available, 66 per cent of respondents were satisfied or very satisfied. Whilst this falls short of the corporate KPI target of 75 per cent, much work is currently underway to achieve the target by 2021.

The City of Perth has an art collection that is open to the public for tours. Additionally, public art is accessible throughout Perth city.

Through the 'visitperthcity' website, the City of Perth coordinates and promotes cultural experiences. The City of Perth also provides community grants to encourage cultural events to enrich the community experience.

With regards to the City of Perth's celebration and acknowledgement of Indigenous aboriginal culture, 62 per cent of respondents were satisfied or very satisfied.

In 2017/18, the City of Perth undertook a variety of activities in support of this including adoption of the City of Perth's first Reconciliation Action Plan (RAP) in February 2018, hosting the Birak Concert as part of the 2017 Australia Day celebrations, provision of grants sponsorship to an Aboriginal tour operator based at Elizabeth Quay and cultural awareness training for employees.

GOAL 7 - OPEN AND ENGAGED CITY

ASPIRATION

A city that involves community, citizens and stakeholders in its future direction. Citizens have trust in the City of Perth and comfort knowing they collaborate with community, governments and businesses alike, working in an open and transparent manner. People feel connected, listened to and engaged with their city.

MEASURES OF PROGRESS

From 486 items of feedback:

9% were compliments

23% were suggestions for improvements.

95% of complaints were resolved within 10 business days

The average time to resolve a complaint was three business days

44% resolved within one business days



GOAL 7 - Stakeholder Perception Study Results

When asked about the extent to which the City of Perth Council engages with the community, ratepayers, businesses and citizens only 38 per cent of respondents were satisfied or very satisfied.

The City of Perth recognises the importance of effective stakeholder engagement and during 2017/18 implemented its Stakeholder Engagement Framework. As part of this, the City of Perth now requires stakeholder engagement plans to be completed for all major projects and initiatives.

During 2017/18, the City of Perth also conducted International Association for Public Participation (IAP2) training for approximately 50 officers to improve further engagement with the community.

The City's community consultation site, Engage Perth, continues to be a valuable portal for key projects and activities where the public can have their say on major projects and initiatives. In 2017/18 there were approximately 25 engagement projects which attracted 11,400 site visits.

When asked about the City of Perth's ability to listen to feedback and comments regarding important issues and consider them in part of its decision-making process 51 per cent of people were satisfied or very satisfied, while 56 per cent of businesses were satisfied or very satisfied.

Stakeholder engagement remains a high priority for the City and will be building on the improvements made to date in order to move towards the 2021 targets.





GOAL 8 - A CITY THAT DELIVERS FOR ITS COMMUNITY

ASPIRATION

A city that is focused on the needs of its communities. Recognised as a city that is committed to quality services and continuous improvement, placing its community first. A city that builds effective partnerships between its community, business and government bodies to create a great place to be.

MEASURES OF PROGRESS

Operating Surplus Ratio

0.04

Current Ratio

1.20

Debt Service Cover Ratio

7.33

Own Source Revenue Coverage Ratio

1.03

Asset Consumption Ratio

0.60

Asset Sustainability Ratio

0.72

Asset Renewal Ratio

1.00

Capital Expenditure

\$42.016m

** No questions in the Stakeholder Perception Study directly relate to Goal 8.*





Sustainability Leadership

The Strategic Community Plan: Shaping Our Capital City outlines the City's commitment to being sustainable by promoting social, economic and environmental resilience for current and future generations. This includes a focus on equity, social inclusion, economic prosperity and environmental integrity.

During 2017/18, the City continued to work towards achieving the objectives and targets outlined in its Environment Strategy, endorsed in March 2015, which include environmental sustainability and health, climate response, energy resilience, water and waste.

The City has a comprehensive program of sustainability-related initiatives – involving many business units and external stakeholders – and delivers diverse benefits to its ratepayers and the broader community.

Some of the City of Perth's recent highlights are outlined in this section.

URBAN FOREST PLAN

In 2017/18, the City's Urban Forest Plan received two additional awards including the Landscape Planning Landscape Architecture Award from AILA WA (2017) and the Best Planning Ideas – Large Project Award from the Planning Institute of Australia WA Chapter (2017).

The Urban Forest Plan is a strategic action plan for integrated management of the City's urban forest. It recognises and values the urban forest as an important asset and a key element of infrastructure capable of delivering a range of benefits. This includes community physical and mental wellbeing, overall liveability, landscape character, biodiversity and climate resilience of Perth city.

Research shows a direct correlation between the amount and quality of canopy cover provided by the urban forest and the level of community benefits it delivers.

A key goal of the Urban Forest Plan is to increase the level of canopy cover within the public realm. This will be partly achieved through the delivery of a targeted program to plant new trees where there are gaps in existing street tree planting.

To date, approximately 700 new trees have been planted within East Perth and Central Perth where they are contributing to improved pedestrian comfort and the quality and amenity of the street.

BIODIVERSITY CONSERVATION

The Subtropical and Temperate Coastal Saltmarsh at Heirisson Island is listed under the Environment Protection and *Biodiversity Conservation Act 1999* as a threatened ecological community. It supports two ant species and a butterfly that are only present in this region because of the saltmarsh.

In a collaborative project between the City of Perth and the Department of Justice, protection of this important vegetation was supported by adult offenders who completed community service on the island performing activities such as litter collection and weed management. The City also hosted one community-based and two corporate-based clean-up events over the past year in other parts of the city.

Additionally, a Spring Invertebrate Study was undertaken which indicated a diverse range of invertebrate fauna exists in the surveyed parks. Bushland habitats had the highest diversity, while low diversity was found in the Swan River Foreshore and JH Abrahams Reserve, pointing at possible opportunities for improving habitat through further rehabilitation.

The Windan Bridge riverbank erosion control project was also successfully completed to protect existing riparian vegetation and establish new intertidal and dryland plantings along a 150-linear

metre stretch of river foreshore. Other river and wetland protection works included ongoing surface water and sediment quality monitoring for all surface water bodies and continued delivery of the soil and tissue nutrient analysis programme to prevent nutrient runoff.

WATER SENSITIVE CITY

During 2017/18, the City of Perth was recognised for its leadership in sustainable water management. The City was awarded gold status in the Water Corporation's Waterwise Council program for delivering a range of water sensitive projects. The projects included a feasibility study on Alternative Water Sources for Irrigation, which will continue in 2018/19 with phase two.

The City also continued to deliver a city-wide irrigation central control system as part of the Smart Cities Project. Once operational, the proposed central control system will generate increased water savings and reduced energy costs.

The City of Perth has also continued its partnership with the Water Corporation and the Property Council of Australia (WA) in the Waterwise Office Program. The program aims to support the commercial office sector to improve water efficiency and forms a key component of the City's overarching strategy to transition to a water sensitive city.

It focuses on commercial office buildings over 5,000m² Net Lettable Area (NLA) or which consume over 5,000kL of water per annum. There are currently 11 endorsed Waterwise Office buildings within the City of Perth's local government area, with others working towards endorsement.

In 2017/18, a study by the Water Corporation and the City of Perth reviewed water use in office buildings within the Perth CBD. The study estimated water savings of 30 per cent of baseline water use, or 270 million litres per annum in water savings, could be achieved through water efficiency measures.

Another important part of the City of Perth's work to become a water sensitive city is continued advocacy of improved water considerations within policy development at a State Government level.

Due to this, the City is a part of the Water Sensitive Transition Network and its Policy and Governance sub-committee. The aim of the group is to achieve greater alignment, cooperation, coordination and to advocate and provide support for Greater Perth's transition to a water sensitive city.

Sustainability Leadership CONTINUED



SUSTAINABLE WASTE MANAGEMENT

The City of Perth is committed to being a waste conscious city. The City has extended its recycling services to six streams since 2015 (food organics, paper, cardboard, comingled recycling, glass, green waste) to support residential and commercial properties in diverting their waste from landfill.

Currently the City of Perth diverts 20 per cent of collected waste from landfill, which has increased from 17 per cent in 2016/17.

Australians generate around 43.8 million tonnes of waste per year and Western Australia has the highest waste generation per capita. The City's Waste Strategy 2014-2024+ outlines the actions required to meet the future waste management needs of the growing city.

These actions aim to improve waste management within commercial and residential buildings (including council buildings), as well as public spaces and events thereby reducing the potential for waste to impact on the environment across the city.

In support of a State Government initiative, the City also established partnerships with the Department of Water and Environmental Regulation, the National Retail Association and the Switch Your Thinking Program to raise awareness and support retailers in preparing for the WA Single-Use Lightweight Plastic Bag Ban.

COMMUNITY EDUCATION

A number of community workshops were held at the City of Perth Library to educate and raise awareness of sustainability-related issues, including waste avoidance and minimisation.

These events highlighted issues such as buying food with less packaging, how to waste less food and keep our bins empty, the secret language of plants (presented by Switch Your Thinking as part of National Science Week) and soil management to enhance garden and vegetable patch growth. The City also supported National Water Week and the Earth Hour campaign.

CLIMATE CHANGE RESILIENCE

Community engagement for the development of the City's Strategic Community Plan identified climate change as a key risk for the City of Perth. The City has already begun a journey to measure and reduce emissions, as well as identify, plan and adapt to the current and projected climate change risks for both its own corporate operations and risks that impact the broader community.

The City is a signatory to WALGA's Declaration on Climate Change, which is a voluntary opportunity for local governments to demonstrate their political commitment to locally appropriate climate change management and to participate in a sector wide leadership approach.

The City also reports annually to the Carbon Disclosure Project, as it provides a platform for climate change mitigation and adaptation, reporting and benchmarking. This sits alongside the City's reporting for the Global Covenant of Mayors for Climate and Energy (formerly known as the Compact of Mayors).

In 2015, the City became a signatory to the Global Covenant of Mayors, which is an international alliance of cities and local governments with a shared long-term vision of promoting and supporting voluntary action to combat climate change and move to a low emission, resilient society.

As a signatory, the City is committed to three years of specific actions relating to climate change mitigation and adaptation. The development of a community wide greenhouse gas inventory and the identification of local climate hazards was completed by the City in 2016.

In 2017/18, the City commenced reviewing its greenhouse gas emission targets, developing a Climate Change Risk Assessment and Adaptation Plan, as well as a Climate Change Mitigation Action Plan.

SUSTAINABILITY MONITORING

The City's new Sustainability Reporting Platform was developed to provide the City and its stakeholders with the information needed to improve sustainability performance. Phase One of the pilot project enabled the City to analyse and measure corporate and community energy, water and emissions and report against reduction targets.

During 2017/18, a \$250,000 Commonwealth Government Smart Cities and Suburbs Grant was awarded to the City to develop Phase Two of the platform, enabling a more sophisticated analysis of the City's asset and infrastructure portfolio.

The Sustainability Reporting Platform creates the City's first data warehouse, providing a single source of truth for the City's data. The clarity and simplicity of the platform will support sustainability reporting and engagement across the City. The platform will eventually be made accessible to community stakeholders, with the intention for it to become a valuable and well-used resource.

As the platform grows, it will increasingly inform planning and development policy, helping to ensure Perth's sustainable, resilient growth. The City understands that to meet corporate and community sustainability targets, it needs to implement actions to reduce the city's resource consumption and greenhouse gas emissions.

Sustainability Leadership CONTINUED



ENERGY EFFICIENCY

The City established a cross-organisational Corporate Energy Working Group in January 2018, comprising several units that have responsibility for projects or planning with energy implications.

A specialist consultant was also engaged to look at the City's overall corporate greenhouse gas emissions, energy use and demand profile, undertake energy audits of key sites and provide recommendations for energy management into the future.

In the meantime, the City has identified lighting as a major consumer of energy and street lighting as a significant contributor to corporate greenhouse gas emissions.

As a result, several street lighting improvements occurred in 2017/18 including a lighting upgrade to the multi-function poles and LED lighting on St Georges Terrace, installation of human scale lighting in West Perth and East Perth for Minor Urban Projects, upgrades to lighting around the Matagurup Bridge and lighting design work for the East End to be implemented during the East End Revitalisation construction.

The City has also continued to make sustainable improvements in the operation of its carparks. In addition to maintaining wind-powered and solar-powered lighting – and electric vehicle charging facilities – new solar lighting was installed at the J.H. Abrahams Reserve Carpark, resulting in further CO₂ emission savings.

Movement activated and daylight sensitive security and safety lighting was also installed at the Point Fraser Carpark, Regal Place Carpark and Citiplace Carpark to minimise electricity use in these areas.

SUSTAINABLE TRANSPORT

The City's Transport Strategy was adopted by Council in 2016. Since this time, the City has been working towards delivering the strategy actions.

The strategy articulates the City's long-term aspirations for transport, highlighting how it will progress towards the future for a more vibrant, sustainable and liveable city.

One of the six key focus areas of the Transport Strategy is the development of 'a cycling city'. To deliver this vision, the City continued to implement improvements to the cycle network in 2017/18.

This included installing advisory signage to encourage appropriate cycling and pedestrian behaviour, installing bike repair stations and bike racks along popular cycle routes to make riding a more reliable and viable mode of transport, as well as undertaking feasibility studies on certain routes to investigate improved facilities.

The City is currently undergoing the process of updating its Cycle Plan and associated Implementation Program. The revised documents will build on the success of their predecessors and guide the City towards delivering a core connected cycle network.

ENVIRONMENTALLY SUSTAINABLE DESIGN

In early 2018, the City Planning Unit commissioned consultants to undertake an Environmentally Sustainable Design (ESD) Options Analysis study. This study seeks to identify robust and viable best practice planning options to promote high levels of environmental sustainability within the design of new buildings in the city.

The aim is to improve the performance of new buildings in the areas of energy resilience, water conservation, health and wellbeing, waste reduction, climate responsiveness and biodiversity. The recommendations are intended to be incorporated into Planning Policies, or the future City Planning Scheme No. 3.

The consultants examined the current performance of existing buildings within the city and the range of planning mechanisms and options available to meet the City's aspirations. Workshops were held with key external stakeholders to gain input and feedback on the pros and cons of their draft recommendations in June.

The report and recommendations are now being finalised. Once this is done, the City will develop the recommendations into planning policy provisions for consideration by the Commissioners and for public consultation. Recommendations that require changes to scheme provisions will be flagged in the City Planning Strategy for development as part of the future City Planning Scheme.

BUILDING UPGRADE FINANCE

The City of Perth and the Property Council of Australia (WA) have partnered in taking a lead advocacy role in lobbying the State Government to change legislation to allow building owners access to low-interest, flexible funds to upgrade buildings.

This will drive down operational costs, increase rental yields, improve tenant retention and lower vacancy rates.

Tenants and owners can share in the costs and savings associated with building upgrades, making Building Upgrade Finance (BUF) a win-win for both parties.

Legislative change is required for BUF to be applicable in Western Australia. Changes are needed in the areas of declaring the charge, application of a levy and collection of payments. An amendment to the *Local Government Act 1995* describing minimum local government involvement, existing mortgagee considerations and tenant pass through criteria is the first step to creating an enabling environment.

Sustainability Leadership CONTINUED

CITYSWITCH GREEN OFFICE PROGRAM

The City is celebrating its tenth year delivering the CitySwitch Green Office Program (CitySwitch) in Perth. CitySwitch is a collaboration between capital city councils and is a no-cost, voluntary program designed to assist commercial office tenants to reduce emissions and to improve the sustainability of their offices.

Commercial buildings account for just over half of greenhouse gas emissions in the City of Perth's local government area. CitySwitch provides these commercial offices with the support, education, events and resources needed so that they can strive towards net zero emissions, improve their energy efficiency, reduce waste, increase recycling and improve staff health, wellbeing and productivity.

In Western Australia, there are 69 tenancies participating in CitySwitch, covering more than 350,000 square metres or one quarter of the City's occupied office space. In 2017, these signatories won two of the three national awards for outstanding achievement in sustainability and was a runner up in the third.

Western Australia's CitySwitch signatories show high levels of engagement, with the highest rate of annual reporting rate of 71 per cent as compared to the next highest reporting rate of 48 per cent by Adelaide.

The City of Perth also leads the development of the national CitySwitch Healthy Buildings campaign. In 2017/18, the City and The Fifth Estate sustainability publication produced a free downloadable eBook on Healthy Buildings. This eBook has become the most popular eBook of the 22 eBooks launched by The Fifth Estate and their sixth most popular story of 2017.

COMMUNITY HEALTH AND SAFETY

In collaboration with the East Metropolitan Health Services, the City prepared a Community Health and Wellbeing Profile to provide an overview of data evidence relating to the City's current community health and wellbeing status.

The data included population demographics, lifestyle, behaviour and psycho-social risk factors, hospital admissions, ambulance call outs, deaths, injuries, illness, health service and screening program attendance, doctor diagnoses and health related service requests received by the City. This information will guide the development of the City's new integrated Public Health and Wellbeing Plan.

In 2017/18, the City was a finalist in the State category of the Resilient Australia Awards, a national program to recognise initiatives that strengthen community disaster resilience.

The City of Perth has undertaken a number of key initiatives to support the safety, resilience and social

wellbeing of the community. The City delivered a series of 'Welcome to my Office – Working on a Safer City' videos, rolled out the Are You Prepared Perth project and finalised the Emergency Management Strategy and Arrangements.

Additionally, CityWatch was established as an Emergency Control Centre, a licence plate recognition system was implemented and the CCTV system was migrated to an improved digital format and expanded across priority areas.

The City also collaborated on a Graffiti Wrap Project with the WA Police, developed an Animal Welfare Plan and delivered the Mt Eliza Fire Awareness Forum at the City of Perth Library with the Department of Fire and Emergency Services.

REMIX PERTH 2017

REMIX explores the intersection between culture, technology and entrepreneurship. REMIX Summits bring together pioneers from different industries to explore the future of culture, creative cities and the creative economy. The events are a unique forum where creative leaders from different industries can exchange insights, ideas and work together towards common goals. In 2017/18, REMIX Academy Perth looked at the trends shaping the future of the creative economy in Western Australia with the aim of building economic sustainability in the region. The City of Perth partnered with the Chamber of Arts and Culture WA to deliver this event in Perth.





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City of Perth

Financial Statements

2017/18





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Understanding the Financial Report

The City's financial report and general purpose financial statements are prepared in accordance with the Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations.

The financial report and general purpose financial statements are accepted by Council at the annual Electors General Meeting.

Financial Statements

The financial statements consist of six financial reports, explanatory notes supporting the reports and endorsement from the Chief Executive Officer and the Auditor General.

The six financial reports are:

- Statement of Comprehensive Income by Nature or Type
- Statement of Comprehensive Income by Program
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows
- Rate Setting Statement by Nature and Type

The explanatory notes detail the City's accounting policies and the make-up of the values contained in the statements.

Restated Financial Reports

The prior period comparative information in the financial report has not been restated except as disclosed in the Statement of Cash Flows and Note 27 Financial Ratios to the financial report.

Statement of Comprehensive Income by Nature or Type and Program

The Statement of Comprehensive Income measures the City's performance over the year.

It lists the sources of the City's revenue under various income headings and the expenses incurred in running the City during the year. The expenses relate only to the operations and do not include the cost associated with the purchase or the

building of assets. Expenses do include an item for depreciation which is the value of the assets used up during the year.

Statement of Financial Position

The Statement of Financial Position shows the assets the City owns and what it owes (liabilities) as at 30 June 2018.

The assets and liabilities are separated into 'current' and 'non-current'. Current refers to assets or liabilities that will fall due within the next 12 months (except for some portions of provisions for annual and long service leave - refer note 11 within the Notes to the Accounts).

Statement of Changes in Equity

The Statement of Changes in Equity summarises the change in value of total ratepayer's equity.

The value of equity can only change as a result of:

- The profit or loss from operations described as surplus or deficit in the income statement.
- The use of monies from the City's reserves.
- A change in the value of non-current assets resulting from a revaluation of these assets.

Statement of Cash Flows

The Statement of Cash Flows summarises the City's cash payments and receipts for the year and the level of cash at the end of the financial year.

Cash in this statement refers to bank deposits and investments capable of being quickly converted to cash.

The City's cash arises from, and is used in, two main areas:

- Cash flows from operating activities - summarises all income and expenses relating to City operations, including service delivery and maintenance.
- Cash flows from Investing Activities - relates to capital works payments recorded as assets in the Statement of Financial Position as well as receipts for the sale of assets.

Rate Setting Statement by Nature or Type

The Rate Setting Statement is a summary of all operating and capital sources of funds and the application of these funds.

The Rate Setting Statement is a critical part of the budget process and establishes the deficit to be made up from rates. The deficit is derived by offsetting all sources of income (except rates) against operating and capital expenditure which is then covered by the raising of rates from the ratepayers of the City.

The Rate Setting Statement is prepared as set out in the Local Government (Financial Management) Regulations and the guidelines issued by the Department of Local Government, Sport and Cultural Industries.

Notes to the Statements

The Notes to the Statements are an informative section of the report and enable the reader to understand the basis on which the values shown in the statements are established.

The notes also advise if there has been any change to the Accounting Standards, Policy or legislation that has impacted on the preparation of the statements.

Within the six Financial Statements, there is a 'Note' column to indicate which Note the reader can refer to for additional information. This is particularly useful where there has been a significant change from the previous year's comparative figure.

Statement by Chief Executive Officer

The Annual Financial Report and supporting notes require certification under the Local Government Act 1995. The certifications are made by the Chief Executive Officer on behalf of the City as a written undertaking to the Statements being correct and not misleading.

Auditor General Report

Under the Local Government Amendment (Auditing) Act 2017, the Auditor General is now responsible for the audit of the City of Perth 2017/18 annual financial audit.

Statement by the Chief Executive Officer

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2018
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 2018 is based on proper accounts and records to present fairly the financial position of the City of Perth at 30th June 2018 and the result 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

11TH

day of

DECEMBER

2018



Murray Jorgensen
Chief Executive Officer

Independent Auditor's Report



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Commissioners 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 2018, 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, and 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 2018 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 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 Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the City's financial reporting responsibilities under the Act, Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Commissioners 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 a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the 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 Commissioners are 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 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 financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Commissioners and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Independent Auditor's Report

Report on Other Legal and Regulatory Requirements

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

- (i) All required information and explanations were obtained by me.
- (ii) All audit procedures were satisfactorily completed.
- (iii) 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.

Other Matter

The financial report of the City for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on that financial report. The financial ratios for 2017 and 2016 in Note 27 of the audited financial report were included in the supplementary information and/or audited financial report for those years.

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 2018 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 financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the 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 financial report to confirm the information contained in this website version of the financial report.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
13 December 2018

Financial Statements

STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Rates	20(a)	89,478,475	89,256,330	88,150,746
Operating grants, subsidies and contributions	2(a)	2,506,221	2,207,521	3,528,866
Fees and charges	2(a)	102,743,275	99,524,414	99,595,463
Interest earnings	2(a)	5,384,627	4,619,401	5,218,660
Other revenue		1,881,018	1,409,636	4,569,755
		201,993,616	197,017,302	201,063,490
Expenses				
Employee costs		(74,720,247)	(74,752,665)	(76,219,264)
Materials and contracts		(49,404,616)	(50,713,391)	(46,187,804)
Utility charges		(3,170,522)	(3,464,509)	(3,061,958)
Depreciation on non-current assets	8(f)	(34,706,879)	(33,534,089)	(34,855,597)
Interest expenses	2(b)	(1,390,400)	(1,380,827)	(1,780,695)
Insurance expenses		(839,483)	(920,937)	(1,111,032)
Expense provision		(1,007,646)	(915,726)	(1,254,694)
Other expenditure	2(b)	(26,332,416)	(25,791,159)	(26,098,405)
		(191,572,209)	(191,473,303)	(190,569,449)
		10,421,407	5,543,999	10,494,041
Non-operating grants, subsidies and contributions	2(a)	3,142,991	1,275,000	2,145,078
Profit on asset disposals	8(e)	177,578	165,189	40,704
(Loss) on asset disposals	8(e)	(1,895,486)	(1,829,315)	(6,841,764)
Revaluation of Investment Land	8(b)	407,500	0	746,500
Revaluation of Investment Buildings	8(b)	239,850	0	(4,583,024)
Contributed Assets - City of Subiaco	28	68,713	0	32,489,177
Contributed Assets- other	28	6,819,210	0	5,093,408
Disposal of development land at Tamala Park		567,832	200,000	98,705
Impairment of investments	28	5,004	0	(94,163)
Initial recognition of assets		2,568,634	0	0
Write off agricultural assets	28	(795,271)	0	0
Write off air rights	28	(2,049,920)	0	0
Extinguishment of PCEC Car Park Provision	28	4,649,307	0	0
Net result		24,327,349	5,354,873	39,588,662
Other comprehensive (loss) / income				
Items that will not be reclassified subsequently to profit or loss				
Changes on Revaluation of Non Current Assets (net)	8(b)	(136,588,243)	0	53,843,718
Total comprehensive (loss) / income		(112,260,894)	5,354,873	93,432,380

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

Financial Statements CONTINUED

STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM FOR THE YEAR ENDED 30TH JUNE 2018

NOTE	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Revenue			
Governance	0	0	564
General purpose funding	96,322,044	95,314,184	95,340,620
Law, order, public safety	138,509	53,534	99,684
Health	1,010,169	788,100	1,004,301
Education and welfare	1,885,275	1,810,125	2,251,908
Housing	934,651	1,078,000	1,293,355
Community amenities	11,397,533	11,754,116	11,196,828
Recreation and culture	1,595,916	1,488,764	1,673,303
Transport	85,858,214	83,229,274	85,526,154
Economic services	1,916,756	727,275	1,037,007
Other property and services	934,549	773,930	1,639,766
	<u>201,993,616</u>	<u>197,017,302</u>	<u>201,063,490</u>
Expenses			
Governance	(10,551,240)	(7,904,924)	(10,479,736)
General purpose funding	(2,232,050)	(2,109,852)	(3,059,950)
Law, order, public safety	(6,136,289)	(5,674,719)	(5,236,240)
Health	(1,498,872)	(1,744,520)	(2,947,931)
Education and welfare	(3,970,996)	(3,738,514)	(3,906,339)
Housing	(689,459)	(636,116)	(645,863)
Community amenities	(26,729,503)	(30,761,301)	(28,840,830)
Recreation and culture	(31,464,583)	(31,838,820)	(34,589,341)
Transport	(80,789,504)	(81,611,822)	(80,914,348)
Economic services	(18,806,651)	(16,435,044)	(12,336,751)
Other property and services	(8,703,062)	(9,017,671)	(7,612,119)
	<u>(191,572,209)</u>	<u>(191,473,303)</u>	<u>(190,569,448)</u>
	10,421,407	5,543,999	10,494,042
Non-operating grants, subsidies and contributions	2(a) 3,142,991	1,275,000	2,145,078
Profit on disposal of assets	8(e) 177,578	165,189	40,704
(Loss) on disposal of assets	8(e) (1,895,486)	(1,829,315)	(6,841,764)
Revaluation of Investment Land	8(b) 407,500	0	746,500
Revaluation of Investment Buildings	8(b) 239,850	0	(4,583,024)
Contributed Assets - City of Subiaco	28 68,713	0	32,489,177
Contributed Assets- other	28 6,819,210	0	5,093,408
Disposal of development land at Tamala Park	567,832	200,000	98,705
Impairment of investments	28 5,004	0	(94,163)
Initial recognition of assets	2,568,634	0	0
Write off agricultural assets	28 (795,271)	0	0
Write off air rights	28 (2,049,920)	0	0
Extinguishment of PCEC Car Park Provision	28 4,649,307	0	0
	<u>24,327,349</u>	<u>5,354,873</u>	<u>39,588,663</u>
Net result			
Other comprehensive (loss) / income			
Items that will not be reclassified subsequently to profit or loss			
Changes on Revaluation of Non Current Assets (net)	8(b) (136,588,243)	0	53,843,718
Total comprehensive (loss) / income	<u>(112,260,894)</u>	<u>5,354,873</u>	<u>93,432,381</u>

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018**

	NOTE	2018	2017
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	20,842,973	16,126,364
Investments	3,4	112,708,017	112,454,335
Trade and other receivables	6	12,462,769	12,435,267
Inventories	7	1,072,442	918,639
TOTAL CURRENT ASSETS		147,086,201	141,934,605
NON-CURRENT ASSETS			
Investments	4	6,601,314	6,339,449
Other receivables	6	62,649	46,356
Property, plant and equipment	8	758,434,806	746,829,005
Infrastructure	8	377,221,243	517,437,142
Investment property	8	20,819,649	20,172,299
TOTAL NON-CURRENT ASSETS		1,163,139,661	1,290,824,251
TOTAL ASSETS	13	1,310,225,862	1,432,758,856
CURRENT LIABILITIES			
Trade and other payables	9	20,967,464	20,773,181
Current portion of long term borrowings	10(a)	7,680,475	6,579,634
Provisions	11	11,117,651	10,451,587
TOTAL CURRENT LIABILITIES		39,765,590	37,804,402
NON-CURRENT LIABILITIES			
Long term borrowings	10(a)	15,683,134	23,131,742
Provisions	11	1,480,878	6,265,558
TOTAL NON-CURRENT LIABILITIES		17,164,012	29,397,300
TOTAL LIABILITIES		56,929,602	67,201,702
NET ASSETS		1,253,296,260	1,365,557,154
EQUITY			
Accumulated Surplus		675,673,431	659,485,259
Reserves - cash backed	5	100,418,439	93,205,998
Asset Revaluation Reserve		477,204,390	612,865,897
TOTAL EQUITY		1,253,296,260	1,365,557,154

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

Financial Statements

CONTINUED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	ACCUMULATED SURPLUS	ASSET REVALUATION RESERVE	RESERVES CASH/INVESTMENT BACKED	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2016		623,860,827	560,035,699	88,228,248	1,272,124,774
Other Comprehensive income		0	53,843,718	0	53,843,718
Net result		39,588,662	0	0	39,588,662
Asset Revaluation Reserve Transfers		1,013,520	(1,013,520)	0	0
Reserve Transfers	5	(4,977,750)	0	4,977,750	0
Balance as at 30 June 2017		659,485,259	612,865,897	93,205,998	1,365,557,154
Balance as at 1 July 2017		659,485,259	612,865,897	93,205,998	1,365,557,154
Other Comprehensive income		0	(136,588,243)	0	(136,588,243)
Net result		24,327,349	0	0	24,327,349
Asset Revaluation Reserve Transfers		(926,736)	926,736	0	0
Reserve Transfers	5	(7,212,441)	0	7,212,441	0
Balance as at 30 June 2018		675,673,431	477,204,390	100,418,439	1,253,296,260

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	Restated* 2017 Actual
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		89,193,076	89,228,696	87,987,047
Operating grants, subsidies and contributions		2,506,221	2,596,843	2,493,108
Fees and charges		101,555,282	99,524,414	101,007,968
Interest earnings		4,997,942	4,619,401	5,049,812
Other revenue		3,286,506	1,351,009	3,877,940
		<u>201,539,027</u>	<u>197,320,363</u>	<u>200,415,875</u>
Payments				
Employee costs		(74,967,192)	(73,748,183)	(77,499,411)
Materials and contracts		(45,923,920)	(50,028,427)	(43,927,451)
Utility charges		(3,170,522)	(3,464,509)	(3,061,958)
Interest expenses		(1,314,980)	(1,380,827)	(1,824,096)
Insurance expenses		(839,483)	(920,937)	(1,111,032)
Other expenditure		(27,338,377)	(26,661,200)	(26,963,279)
		<u>(153,554,474)</u>	<u>(156,204,083)</u>	<u>(154,387,227)</u>
Net cash provided by (used in) operating activities	12	<u>47,984,553</u>	<u>41,116,280</u>	<u>46,028,648</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(38,956,127)	(39,387,906)	(23,067,396)
Payments for construction of infrastructure		(2,519,198)	(20,986,426)	(2,188,991)
Purchase of investments*		(318,992,097)	0	(377,319,969)
Non-operating grants, subsidies and contributions		3,142,991	1,275,000	2,145,078
Proceeds from sale of fixed assets		1,274,283	801,800	1,145,765
Proceeds from disposal of investments*		319,205,391	0	366,091,605
Net cash provided by (used in) investing activities		<u>(36,844,757)</u>	<u>(58,297,532)</u>	<u>(33,193,908)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings		(6,423,187)	(6,423,186)	(6,772,073)
Net cash provided by (used in) financing activities		<u>(6,423,187)</u>	<u>(6,423,186)</u>	<u>(6,772,073)</u>
Net increase (decrease) in cash and cash equivalents		4,716,609	(23,604,438)	6,062,667
Cash and cash equivalents at beginning of year		16,126,364	119,829,671	10,063,697
Cash and cash equivalents at the end of the year	12	<u>20,842,973</u>	<u>96,225,234</u>	<u>16,126,364</u>

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

*The City has restated these balances, see further detail on page 12.

Financial Statements

CONTINUED

STATEMENT OF CASH FLOWS (Continued) FOR THE YEAR ENDED 30TH JUNE 2018

The City during the reporting period, changed what was and needed to be included in the definition of Cash and Cash Equivalents for the previous financial years. The definition included 'other short term highly liquid investments with original maturities of twelve months or less'. The maturities of other short term highly liquid investments to be included was reduced from twelve to three months.

	2017 Published Amount \$	Adjustments \$	Restated 2017 \$
Cash and cash equivalents at beginning of year	110,313,099	(100,249,402)	10,063,697
Cash and cash equivalents at the end of the year	128,580,699	(112,454,335)	16,126,364
Purchase of investments	(23,721)	(377,296,248)	(377,319,969)
Proceeds from disposal of investments	1,000,290	865,091,315	366,091,605

**RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)		35,585,692	20,769,460	21,140,731
		35,585,692	20,769,460	21,140,731
Revenue from operating activities (excluding rates)				
Governance		4,860	0	564
General purpose funding		6,850,950	6,057,854	7,189,874
Law, order, public safety		140,265	53,534	102,034
Health		1,014,024	788,100	1,001,504
Education and welfare		1,885,275	1,810,125	2,255,122
Housing		934,651	1,078,000	1,293,355
Community amenities		11,405,911	11,992,874	11,179,607
Recreation and culture		1,658,261	1,535,264	1,672,073
Transport		85,922,354	83,291,932	85,587,116
Economic services		1,925,495	727,275	1,036,302
Other property and services		958,054	791,203	1,635,897
		112,700,100	108,126,161	112,953,448
Expenditure from operating activities				
Governance		(10,552,648)	(7,910,424)	(10,479,736)
General purpose funding		(2,232,050)	(2,109,852)	(3,059,950)
Law, order, public safety		(6,238,619)	(5,674,719)	(5,236,240)
Health		(1,498,872)	(1,744,520)	(2,947,931)
Education and welfare		(3,970,996)	(3,738,514)	(3,906,339)
Housing		(689,459)	(636,116)	(645,863)
Community amenities		(26,735,928)	(30,761,301)	(29,004,834)
Recreation and culture		(31,555,896)	(31,862,920)	(39,127,012)
Transport		(81,386,818)	(83,411,537)	(83,054,437)
Economic services		(19,891,145)	(16,435,044)	(12,336,751)
Other property and services		(5,539,835)	(9,017,671)	(7,612,119)
		(190,292,266)	(193,302,618)	(197,411,212)
Operating activities excluded				
(Profit) on disposal of assets	8(e)	(177,578)	(165,189)	(40,704)
Loss on disposal of assets	8(e)	1,895,486	1,829,315	6,841,764
Revaluation of fixed assets	8(b)	3,175,429	0	0
Movement in Accounts Receivables and Accrued Income		(27,502)	0	(1,138,354)
Movement in Employee Entitlement		(666,064)	0	(1,280,147)
Movement in Accounts Payables and Accruals		(269,703)	0	1,180,536
Movement in PCEC Provision		(4,649,307)	0	389,820
Impairment of Assets		(5,004)	0	94,163
Non-Capitalised WIP Expensed		1,682,198	0	1,671,437
Movement in deferred pensioner rates (non-current)		(16,293)	0	0
Movement in employee benefit provisions (non-current)		(4,784,680)	0	0
Depreciation and amortisation on assets	8(f)	34,706,879	33,534,089	34,855,597
Amount attributable to operating activities		(11,142,613)	(29,208,782)	(20,742,921)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		3,142,991	1,275,000	2,145,078
Proceeds from disposal of assets	8(e)	1,274,283	801,800	1,145,765
Proceeds from disposal of investments		473,127	0	1,000,290
Purchase of Investments(Non Current)		(6,152)	0	(23,721)
Purchase of property, plant and equipment		(38,956,127)	(39,387,906)	(23,067,396)
Purchase and construction of infrastructure	8(b)	(2,519,198)	(20,986,426)	(2,188,991)
Amount attributable to investing activities		(36,591,076)	(58,297,532)	(20,988,975)
FINANCING ACTIVITIES				
Repayment of long term borrowings	10(a)	(6,423,187)	(6,423,186)	(6,772,073)
Distribution from Tamala Park Regional Council	16	333,333	0	916,666
Transfers to reserves (restricted assets)	5	(33,413,115)	(33,929,087)	(26,090,751)
Transfers from reserves (restricted assets)	5	26,200,674	43,345,720	21,113,001
Amount attributable to financing activities		(13,302,295)	2,993,447	(10,833,158)
Surplus(deficiency) before general rates		(61,035,984)	(84,512,867)	(52,565,054)
Total amount raised from general rates	20	89,478,475	89,256,330	88,150,746
Net current assets at June 30 c/fwd - surplus/(deficit)	21	28,442,491	4,743,463	35,585,692

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

Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

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.

Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or any other sporting or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on 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.

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.

CRITICAL ACCOUNTING ESTIMATES

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect 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.

THE LOCAL GOVERNMENT REPORTING ENTITY (Continued)

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 23 to these financial statements.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

2. REVENUE AND EXPENSES

(a) Revenue	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Fees and Charges			
General purpose funding	432,711	389,480	425,471
Law, order, public safety	80,330	35,571	52,987
Health	996,382	753,500	925,330
Education and welfare	1,524,481	1,477,985	1,428,452
Housing	562,779	678,000	651,394
Community amenities	11,037,972	11,620,594	10,659,627
Recreation and culture	691,107	577,320	628,728
Transport	85,103,485	82,701,409	83,371,066
Economic services	1,605,433	652,775	996,839
Other property and services	708,595	637,780	455,569
	102,743,275	99,524,414	99,595,463

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

SIGNIFICANT ACCOUNTING POLICIES

Modified penalties, fines and costs

Revenue is recognised when the City controls a right to receive consideration for the enforcement of legislation and Council local laws.

Rendering of Services

Where a contract has been completed, all related revenue is recognised when the City controls a right to be compensated for the services provided. Where a contract has not been completed revenue is recognised only to the extent of cost incurred. Contracts generally arise as a result of requests for work to be carried out at a property owner's expense or from compulsory works carried out by the City pursuant to legislation.

Rents, Interest and Distributions

Revenue is recognised when the City has attained control of a right to receive consideration for the provision of, or investment in, assets.

Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

2. REVENUE AND EXPENSES (Continued)

Grant Revenue

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

	2018	2017
	\$	\$
Operating grants, subsidies and contributions		
General purpose funding	911,945	1,444,232
Law, order, public safety	20,000	45,000
Health	7,461	8,491
Education and welfare	52,846	132,777
Housing	371,874	641,962
Community amenities	1,000	2,696
Recreation and culture	786,213	897,691
Transport	115,202	269,066
Economic services	157,054	23,000
Other property and services	82,626	63,951
	<u>2,506,221</u>	<u>3,528,866</u>
Non-operating grants, subsidies and contributions		
General purpose funding	58,705	96,780
Law, order, public safety	42,639	40,000
Recreation and culture	198,972	510,581
Transport	2,185,428	1,497,717
Economic services	657,247	0
	<u>3,142,991</u>	<u>2,145,078</u>
Total grants, subsidies and contributions	<u>5,649,212</u>	<u>5,673,944</u>

SIGNIFICANT ACCOUNTING POLICIES

Grants, Donations and Other Contributions

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over

Grants, Donations and Other Contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 19. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current period.

Interest earnings

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
- Reserve funds	2,516,791	2,430,587	2,490,772
- Other funds	2,348,724	1,620,392	2,156,849
Other interest revenue (refer note 20(c))	519,112	568,422	571,039
	<u>5,384,627</u>	<u>4,619,401</u>	<u>5,218,660</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

	2018	2017
	\$	\$
Other expenses from Ordinary Activities		
Emergency services levy	536,692	513,468
Donations and sponsorships	4,213,094	4,695,146
Parking bays licence fees	17,649,933	17,362,704
Non capitalised work in progress	1,682,198	1,671,437
Other	2,250,499	1,855,650
	<u>26,332,416</u>	<u>26,098,405</u>
Auditors remuneration		
- Audit of the annual financial report		
Statutory audit	90,000	47,000
Other services	11,960	0
	<u>101,960</u>	<u>47,000</u>
Interest expenses (finance costs)		
Long term borrowings (refer Note 10(a))	1,390,400	1,780,695
	<u>1,390,400</u>	<u>1,780,695</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

Borrowing costs (Continued)

is substantially ready for its intended use or sale.

Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018	2017
3. CASH AND CASH EQUIVALENTS AND INVESTMENTS		\$	\$
Cash and Cash Equivalents		20,842,973	16,126,364
Investments	4	112,708,017	112,454,335
	12	133,550,990	128,580,699
Unrestricted		34,016,907	36,995,848
Restricted		99,534,083	91,584,851
	12	133,550,990	128,580,699
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Refuse Disposal and Treatment	5	3,758,150	3,638,248
Concert Hall - Refurbishment and Maintenance	5	5,502,176	6,431,852
Asset Enhancement	5	30,621,651	28,849,413
Street Furniture Replacement	5	358,479	420,867
Parking Levy	5	21,222,806	17,680,824
Art Acquisition	5	399,275	399,511
Heritage Incentive	5	608,930	628,769
Parking Facilities Development	5	23,919,143	22,353,779
Employee Entitlements	5	1,924,579	1,823,030
David Jones Bridge	5	341,960	314,684
Bonus Plot Ratio Contribution	5	655,679	634,650
PCEC Car Park Fixed Plant Replacement	5	5,007,286	4,649,307
Enterprise and Initiative	5	5,477,133	4,974,072
Public Art	5	621,192	406,992
Unspent grants/contributions	19	1,596,677	968,538
		102,015,116	94,174,536
Less: Reserves covered by the non current investment - mortgage backed securities (MBS)	4	(2,481,033)	(2,589,685)
		99,534,083	91,584,851

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 cash equivalents (Continued)

cash and which are subject to an insignificant risk of changes in value.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

4. INVESTMENTS	NOTE	2018	2017
		\$	\$
Current			
Call Funds		19,384,434	6,237,197
Bank Term Deposits		88,000,000	101,500,000
Balanced Funds		5,323,583	4,717,138
	3	112,708,017	112,454,335
Non - Current			
Mortgage Backed Securities (MBS)		2,481,033	2,589,685
Equity in Local Government House (1)		10,000	10,000
Equity in Mindarie Regional Council (2)		450,285	444,132
Equity Tamala Park Regional Council (3)		3,659,996	3,295,632
		6,601,314	6,339,449
Total Investments		119,309,331	118,793,784

(1) The Western Australian Local Government Association as Trustee for the Local Government House Trust, entered into a Joint Venture arrangement with Qube Railway Parade Pty Ltd in which the Local Government House Trust holds a 60% interest. The Joint Venture arrangement was for the purchase and construction of land and building at 168-170 Railway Parade ,West Leederville. The construction of the building was completed on 28 January 2014.

(2) 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 Lot 9504 on Deposit Plan 52070. 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 waste services. Capital contributions paid during establishment are represented in the accounts of the City of Perth as a Non-Current Asset.

(i) Retained Surplus Attributable to Equity Accounted Investments

Balance at beginning of the financial year	2,652,877	2,649,593
Share of (Loss)/Profit from activity after tax	100,665	(1,677)
Adjustment on Asset Disposal	0	4,961
Balance at end of the Financial Year	2,753,542	2,652,877

(ii) Carrying Amount of Equity Accounted Investments

Balance at beginning of the financial year	444,132	420,412
Movement in Capital Contributions	6,153	23,720
Balance at end of the Financial Year	450,285	444,132

The City's interest in the regional council as at 30 June 2018 and 30 June 2017 is as follows:

Interest in Regional Council	5,658,876	5,467,911
Current Assets	2,837,000	2,431,812
Non-Current Assets	4,843,312	4,997,794
Total Assets	7,680,312	7,429,606
Current Liabilities	(609,483)	(579,955)
Non-Current Liabilities	(1,411,953)	(1,381,740)
Total Liabilities	(2,021,436)	(1,961,695)
Net Assets	5,658,876	5,467,911

Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

4. INVESTMENTS

(3) 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. The establishment of the Tamala Park Regional Council was pursuant to 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 Mindarie lot 9504 on Deposit Plan 52070. Lot 9504 (subdivided from 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 City of Perth will contribute one twelfth of any funding required for capital or operating costs and also receive one twelfth of net proceeds.

The City of Perth's original share of Members Equity contributed to the Tamala Park Regional Council (TPRC) as equity investment was \$1,351,787. TPRC has subdivided, developed, and sold during the reporting period 71 lots of land at the Tamala Park project marketed as 'Catalina' (stages 12, 13B, 14B, 15, 17, 17A, 17B and 25). The change of \$364,364 (30 June 2017: \$692,269) in the City's contributed equity in TPRC during the reporting period represents the net difference in the City's share of land development expenses and the proceeds of sale of member land relative to the 71 lots developed and sold and the receipt of dividends and rates equivalent distribution payments during the year.

	2018	2017
	\$	\$
(i) Retained Surplus Attributable to Equity Accounted Investments		
Balance at beginning of the financial year	136,395	113,050
Share of Profit from activity after tax	13,875	23,345
Balance at end of the Financial Year	150,270	136,395

(ii) Carrying Amount of Equity Accounted Investments

Balance at beginning of the financial year	3,295,632	3,987,901
Distribution to participants	(333,333)	(916,666)
Movement in Capital Contributions	697,697	224,397
Balance at end of the Financial Year	3,659,996	3,295,632

The City's interest in the regional council as at 30 June 2018 and 30 June 2017 is as follows:

Interest in Regional Council	3,811,027	3,432,790
Current Assets	3,674,821	3,293,689
Non-Current Assets	160,810	162,491
Total Assets	3,835,631	3,456,180
Current Liabilities	(24,175)	(23,173)
Non-Current Liabilities	(429)	(217)
Total Liabilities	(24,604)	(23,390)
Net Assets	3,811,027	3,432,790

The following restrictions have been imposed by regulations or other externally imposed requirements:

Consolidated Reserves	5	100,418,439	93,205,998
Unspent Grants/Contributions	19	1,596,677	968,538
		102,015,116	94,174,536
Unrestricted		17,294,215	24,619,249
		119,309,331	118,793,785

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

4. INVESTMENTS(Continued)

SIGNIFICANT ACCOUNTING POLICIES

Investments are made in accordance with the Western Australia Trustee Act 1962 (as amended) and the Local Government (Financial Management) Regulations 1996 as amended. All investments are recorded at cost, less impairment where necessary except for Balanced Funds, which are marked to market. The City amended its investment policy to adopt the new restrictions as imposed by amendments to the Local Government (Financial Management) Regulations, gazetted on 19 April 2012 and which included type and term of investments a local government may invest in.

Classification and subsequent measurement

(i) Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the City has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss.

Held-to-maturity investments are included in current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment (Continued)

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the City becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the City commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, (if any), between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the City no longer has any significant continual involvement in the risks and benefits associated with the asset.

Significant Estimates and Uncertainties

The City at balance date utilised independent investment advisors CPG Research and Advisory Pty Ltd in assessing on a monthly basis the market value of interest bearing securities.

The advisors model valuations which are derived from a number of factors including information obtained from the arrangers of individual securities and ratings agencies, reviews of the components of the relevant securities and also movements in applicable credit spreads.

Financial Statements

CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

5. RESERVES - CASH BACKED

	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Closing Balance	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Refuse Disposal and Treatment	3,638,248	120,102	3,758,350	3,655,637	97,236	3,692,873	2,935,852	706,441	3,638,248
Concert Hall - Refurbishment and Maintenance	6,431,852	2,681,506	5,502,176	8,269,103	2,819,948	3,519,551	4,839,979	1,914,700	6,431,852
Asset Enhancement	28,849,413	5,413,228	(3,640,990)	25,520,138	5,378,805	21,913,943	26,232,133	3,895,531	28,849,413
Street Furniture Replacement	420,867	57,631	(120,019)	358,479	369,099	54,818	371,375	60,433	420,867
Parking Levy	17,680,824	21,086,575	17,544,593	17,917,250	21,176,577	21,193,827	18,160,739	16,821,494	17,680,824
Art Acquisition	399,511	71,935	(72,171)	399,275	389,623	70,363	399,986	374,845	399,511
Heritage Incentive	628,769	20,869	(40,705)	608,930	642,745	617,096	659,841	618,109	628,769
Parking Facilities Development	22,353,779	2,735,697	21,629,143	21,629,772	2,576,326	(7,861,220)	16,343,878	23,671,273	22,353,779
Employee Entitlements	1,823,030	101,651	(102)	1,885,454	101,651	1,987,105	1,762,097	62,916	1,823,030
David Jones Bridge	314,684	27,294	(18)	341,960	306,021	50,140	316,161	292,382	314,684
Bonus Plot Ratio Contribution	634,650	21,064	(35)	655,679	638,338	16,979	655,317	613,782	634,650
PCEC Car Park Fixed Plant Replacement	4,649,307	357,979	0	4,793,014	327,488	0	5,120,502	4,244,225	4,649,307
Enterprise and Initiative	4,974,072	503,351	(290)	5,477,133	4,955,387	631,807	3,915,439	1,064,044	4,974,072
Public Art	406,992	214,233	(33)	621,192	408,021	210,853	468,874	200,017	406,992
	93,205,998	33,413,115	(26,200,674)	100,418,439	91,379,620	33,929,087	88,228,247	26,090,751	93,205,998

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report. In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
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.
Concert Hall - Refurbishment and Maintenance	ongoing	This reserve, originally set up in 1972, provides for the future maintenance of the Perth Concert Hall, and the replacement of its existing plant, furniture and carpets. The reserve also accommodates provision for the design and construction of a new WASO facility should that eventuate.
Asset Enhancement	ongoing	This reserve was established in 1998 to fund future capital expenditure for the replacement and enhancement of City assets and smooth the impact of the capital costs in any one rating year. The purpose and title of this reserve was changed from 1 July 2003 to allow for the use of these reserve funds in future financial years for the enhancement, replacement, refurbishment and purchase of new assets or project works of the City. Additional to this purpose is that project works funded from this reserve may not necessarily belong to the City, but may be carried out for the ultimate benefit of the City.
Street Furniture Replacement	3 Years	This reserve was established in 1999 from proceeds received from the sale of a street furniture contract negotiated by the City with Adshel. Funds held are designated to be used for the purchase and improvement of the City's street furniture, including water features. All but \$1 million of this reserve was consolidated into the Asset Enhancement Reserve during the year ended 30 June 2007. The remaining funds in this reserve will be utilised at the discretion of the City.
Parking Levy	ongoing	This reserve was established in 2013 to set aside funds to meet the State Government's parking levy liability.
Art Acquisition	ongoing	This reserve was established in 1999 to fund future additions to the art collection of the City. The reserve is funded from the proceeds of sale of artworks and the transfer of the unexpended annual allocation for art acquisitions.
Heritage Incentive	3 Years	This reserve was established in 2000 to fund heritage incentives to benefit properties on the City's heritage register.
Parking Facilities Development	10 Years	This reserve was established to enable parking facilities to be developed within the City, and parking equipment to be purchased.
Employee Entitlements	ongoing	This reserve was established in 2013 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.
David Jones Bridge	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.
Bonus Plot Ratio Contribution	5 Years	This reserve was established in 2005 to hold contributions in respect of Bonus Plot Ratio entitlements, pending expenditure on relevant streetscape improvements and/or public art.
PCEC Car Park Fixed Plant Replacement	5-10 Years	This reserve was established in 2013 to provide for the future replacement of existing fixed plant not owned by the City, but which the City consumes and is obliged to replace when required at the Perth Convention Exhibition Centre car park.
Enterprise and Initiative	5-10 Years	This reserve is funded from distributions from the Tamala Park Regional Council in respect of land lots developed and sold and marketed as 'Catalina Estate', Clarkson. The purpose of the reserve is to fund strategic projects to introduce and improve efficiencies and effectiveness in the City.
Public Art	3 Years	The Public Art Reserve was established in 2016 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

6. TRADE AND OTHER RECEIVABLES

	2018	2017
	\$	\$
Current		
Rates outstanding	721,402	403,489
Sundry debtors	2,216,562	1,850,146
GST receivable	1,024,489	278,362
Accrued interest and investment income	2,859,965	3,878,767
Modified penalties, fines and costs	7,886,627	7,859,984
Deposits and prepayments	1,737,175	1,835,306
	<u>16,446,220</u>	<u>16,106,054</u>
Less : Provision for Doubtful Debts	(3,983,451)	(3,670,787)
	<u>12,462,769</u>	<u>12,435,267</u>
Non-current		
Rates outstanding - pensioners deferred	62,649	46,356
	<u>62,649</u>	<u>46,356</u>

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

Information with respect to the impairment or otherwise of the total rates outstanding, sundry debtors and modified penalties and costs is as follows:

	2018	2017
	\$	\$
Rates outstanding		
Includes:		
Past due and not impaired		
90+days	721,402	403,489
Sundry debtors		
Includes:		
Past due and not impaired		
30 to 60 days	261,154	525,349
60 to 90 days	78,187	78,770
90+days	<u>305,539</u>	<u>61,380</u>
	644,880	665,499
Modified penalties, fines and costs		
Includes:		
Past due and not impaired		
30 to 60 days	336,798	281,356
60 to 90 days	339,109	353,203
90+days	<u>3,266,883</u>	<u>3,290,390</u>
	3,942,790	3,924,949

Included from the above figures are debts that are outstanding but are within the credit terms for that classification of debt.

Reconciliation of Provision for Doubtful Debts

Balance 1 July	3,670,786	3,423,780
Amounts written off (uncollectable)	(881,978)	(730,811)
Impairment loss	1,007,647	864,872
Amounts recovered	<u>186,996</u>	<u>112,946</u>
Balance 30 June	3,983,451	3,670,787

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 of business. 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. Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off when identified. An allowance for doubtful debts is

Trade and other receivables(Continued)

made when there is objective evidence that they will not be collectable.

Impairment

All of the City's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for losses has been recorded accordingly within other expenses. The impaired trade receivables are mostly related to parking fines and costs outstanding for a considerable period of time and from customers in the business-to-business market that are experiencing financial difficulties.

Financial Statements

CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

7. INVENTORIES

Current

	2018	2017
	\$	\$
Stores, Raw Materials, Fuel and Sundry Stock Items	377,220	367,467
Parking Equipment, Spare Parts, Signs and Tickets	424,603	409,714
Work in Progress - Recoverable Works	270,619	141,458
	<u>1,072,442</u>	<u>918,639</u>

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

8 (a). FIXED ASSETS

	2018	2017
	\$	\$
Land	313,200,533	313,200,533
	<u>313,200,533</u>	<u>313,200,533</u>
Air Rights	0	2,049,920
	<u>0</u>	<u>2,049,920</u>
Land held for Redevelopment	11,753,525	11,909,561
	<u>11,753,525</u>	<u>11,909,561</u>
Heritage Land	15,750,000	15,750,000
	<u>15,750,000</u>	<u>15,750,000</u>
Leasehold Land	65,661,377	65,661,377
Less: accumulated depreciation	(8,224,622)	(7,561,377)
	<u>57,436,755</u>	<u>58,100,000</u>
Buildings	269,235,740	264,954,805
Less: accumulated depreciation	(120,950,354)	(111,436,983)
	<u>148,285,386</u>	<u>153,517,822</u>
Leasehold Buildings	57,418,695	12,099,696
Less: accumulated depreciation	(2,653,264)	(947,200)
	<u>54,765,431</u>	<u>11,152,496</u>
Heritage Buildings	123,033,523	121,127,500
Less: accumulated depreciation	(63,990,791)	(60,564,502)
	<u>59,042,732</u>	<u>60,562,998</u>
Leasehold Improvements	654,500	45,619,000
Less: accumulated depreciation	(94,569)	(773,529)
	<u>559,931</u>	<u>44,845,471</u>
Plant and Mobile Equipment	48,244,193	50,009,822
Less: accumulated depreciation	(32,299,077)	(31,873,703)
	<u>15,945,116</u>	<u>18,136,119</u>
Office Furniture and Equipment	47,137,143	46,358,543
Less: accumulated depreciation	(14,484,640)	(18,360,647)
	<u>32,652,503</u>	<u>27,997,896</u>
Agricultural	0	795,271
Work in Progress	49,042,894	28,810,918
Total Property Plant and Equipment	<u>758,434,806</u>	<u>746,829,005</u>
Infrastructure	601,956,718	823,353,969
Less: accumulated depreciation	(224,735,475)	(305,916,827)
Total Infrastructure	<u>377,221,243</u>	<u>517,437,142</u>
Investment Land	11,805,000	11,397,500
	<u>11,805,000</u>	<u>11,397,500</u>
Investment Buildings	11,701,999	14,871,999
Less: accumulated depreciation	(2,687,350)	(6,097,200)
	<u>9,014,649</u>	<u>8,774,799</u>
Total Investment Properties	<u>20,819,649</u>	<u>20,172,299</u>
Total Fixed Assets	<u>1,156,475,698</u>	<u>1,284,438,446</u>

Financial Statements

CONTINUED

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

8. Fixed Assets (Continued)

(b) Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment, infrastructure and investment properties between the beginning and the end of the previous financial year.

	Balance as at 1/07/2016	Additions	Transfers	Disposals	Contributed Assets	Initial Recognition	Reclassification	Revaluation	Depreciation Expense	Balance as at 30/06/2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	302,780,018	0	0	0	0	0	(1,450,000)	11,870,511	0	313,200,533
Air Rights	2,049,920	0	0	0	0	0	0	0	0	2,049,920
Land held for Redevelopment	12,058,966	1,412,983	0	(1,415,274)	0	0	0	(147,114)	0	11,909,561
Heritage Land	850,000	0	0	0	0	0	0	14,900,000	0	15,750,000
Leasehold Land	50,068,701	0	0	0	0	0	0	8,606,232	(564,933)	58,100,000
Buildings	157,887,311	521,311	1,866,247	(86,032)	414,593	0	(4,773,002)	2,267,389	(4,579,995)	153,517,822
Leasehold Buildings	7,933,990	0	0	0	0	0	0	3,304,508	(86,002)	11,152,496
Heritage Buildings	49,649,259	0	414,116	0	15,000	0	3,734,904	10,127,922	(3,378,203)	60,562,998
Leasehold Improvements	47,094,305	31,041	0	(21,724)	0	0	(2,738,222)	2,767,152	(2,287,081)	44,845,471
Plant and Mobile Equipment	18,109,023	4,863,411	366,140	(1,168,836)	482,585	0	13,268	0	(4,529,472)	18,136,119
Office Furniture and Equipment	26,716,224	2,596,743	1,991,199	(2,616)	0	0	0	0	(3,303,654)	27,997,896
Agricultural	795,271	0	0	0	0	0	0	0	0	795,271
Work in Progress	32,151,367	19,365,585	(22,706,034)	0	0	0	0	0	0	28,810,918
Total Property, Plant and Equipment	708,134,355	28,791,074	(18,068,332)	(2,694,482)	912,178	0	(5,213,052)	53,696,600	(18,729,340)	746,829,005
Infrastructure	485,179,495	2,188,991	12,464,512	(6,667,620)	36,670,411	0	3,727,610	0	(16,126,257)	517,437,142
Investment Land	9,201,000	0	0	0	0	0	1,450,000	746,500	0	11,397,500
Investment Buildings	9,389,999	0	3,932,383	0	0	0	35,441	(4,583,024)	0	8,774,799
Total Investment Properties	18,590,999	0	3,932,383	0	0	0	1,485,441	(3,836,524)	0	20,172,299
Total Assets	1,211,904,849	30,980,065	(1,671,437)	(9,362,102)	37,582,589	0	0	49,860,076	(34,855,597)	1,284,438,446

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

8. Fixed Assets (Continued)

(b) Movements in Carrying Amounts

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

	Balance as at 1/07/2017	Additions	Transfers	Disposals	Contributed Assets	Initial Recognition	Reclassification	Revaluation	Depreciation Expense	Balance as at 30/06/2018
Land	313,200,533	0	0	0	0	0	0	0	0	313,200,533
Air Rights	2,049,920	0	0	(2,049,920)	0	0	0	0	0	0
Land held for Redevelopment	11,909,561	1,112,426	0	(1,114,819)	0	0	0	(153,643)	0	11,753,525
Heritage Land	15,750,000	0	0	0	0	0	0	0	0	15,750,000
Leasehold Land	58,100,000	0	0	0	0	0	0	0	(663,245)	57,436,755
Buildings	153,517,822	513,683	1,001,746	0	0	0	(578,700)	0	(6,169,164)	148,285,386
Leasehold Buildings	11,152,496	0	0	0	0	0	44,545,471	(33,296)	(899,240)	54,765,431
Heritage Buildings	60,562,998	774,227	1,131,795	0	0	0	(43,966,771)	(300,000)	(3,426,289)	59,042,732
Leasehold Improvements	44,845,471	0	0	0	0	0	0	0	(4,062,326)	15,945,116
Plant and Mobile Equipment	18,136,119	3,003,217	186,187	(1,336,681)	18,600	0	0	0	(4,062,326)	15,945,116
Office Furniture and Equipment	27,997,897	402,130	1,045,188	(180,748)	1,754,226	1,661,894	130,784	2,861,374	(3,020,242)	32,652,503
Agricultural	795,271	0	0	(795,271)	0	0	0	0	0	0
Work in Progress	28,810,918	33,691,593	(13,459,617)	0	0	0	0	0	0	49,042,894
Total Property, Plant and Equipment	746,829,005	39,497,276	(10,094,701)	(5,477,439)	1,772,826	1,661,894	130,784	2,374,435	(18,259,273)	758,434,806
Infrastructure	517,437,142	2,519,198	8,412,509	(1,474,762)	5,115,097	906,747	(130,784)	(139,116,322)	(16,447,605)	377,221,243
Investment Land	11,397,500	0	0	0	0	0	0	407,500	0	11,805,000
Investment Buildings	8,774,799	0	0	0	0	0	0	239,850	0	9,014,649
Total Investment Properties	20,172,299	0	0	0	0	0	0	647,350	0	20,819,649
Total Assets	1,284,438,446	42,016,474	*(1,682,192)	(6,952,201)	6,887,923	2,568,641	0	(136,094,537)	(34,706,878)	1,156,475,698

*The Amount of (\$1,682,192) relates to capital costs incurred in previous financial years as work in progress, but on capitalisation in the current financial year were deemed operational and expensed.

Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

8. FIXED ASSETS (Continued)

(c) 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 Liability

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	30/06/2017	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
Buildings	3	cost approach. The cost to replace the asset is calculated and then adjusted to take account of accumulated depreciation.	Independent registered valuer	30/06/2017	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	Internal Valuation	30/06/2016	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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

8. FIXED ASSETS (Continued)

(c) Fair Value Measurements(Continued)

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
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.
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.
Investment land	2	market approach	Independent registered valuer	30/06/2018	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	30/06/2018	Improvements to land using construction costs and current condition, residual values and remaining useful life assessments (Level 3) inputs.

Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

8. FIXED ASSETS (Continued)

(c) Fair Value Measurements(Continued)	2018	2017	Fair Value Hierarchy	Date of Last Valuation
	\$	\$		
Land	340,704,058	342,910,014	2	30/06/2017
Leasehold Land	57,436,755	58,100,000	2	30/06/2017
Buildings	207,328,118	214,080,820	3	30/06/2017
Leasehold Buildings	54,765,431	11,152,496	3	30/06/2017
Leasehold Improvements	559,931	44,845,471	3	30/06/2017
Plant and Mobile Equipment	15,945,116	18,136,119	3	30/06/2016
Office Furniture and Equipment	32,652,503	27,997,896	3	30/06/2018
Infrastructure	377,221,243	517,437,142	3	30/06/2018
Investment Land	11,805,000	11,397,500	2	30/06/2018
Investment Buildings	9,014,649	8,774,799	3	30/06/2018
	<u>1,107,432,804</u>	<u>1,254,832,257</u>		

The net revaluation surplus of \$2,528,079 for office furniture and equipment (revaluation surplus of \$2,861,374 adjusted for revaluation deficits on leasehold buildings (\$33,296) and leasehold improvements (\$300,000) for particular assets in those classes being reclassified as art) was credited directly to Other Comprehensive Income and transferred to the relevant revaluation reserve through the Statement of Changes in Equity.

The revaluation deficit of \$139,116,322 for infrastructure was debited directly to the Other Comprehensive Income and transferred from the relevant revaluation reserve through the Statement of Changes in Equity.

(d) Investment Property

The revaluation surplus attributable to property classified as Investment Property of \$647,350 was directly credited to the Statement of Comprehensive Income (30 June 2017- Deficit \$3,836,524).

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.

Amounts recognised in Other Comprehensive Income for Investment Properties.

	2018	2017
	\$	\$
Property Rental	2,031,842	1,783,994
Operating Expenses for Rental Generating Properties	821,806	797,096

Investment properties are leased out on operating leases. Rental income amounts of \$2,031,842 (30 June 2017 : \$1,783,994) are included within revenue. Direct operating expenses of \$821,806 (2017: \$797,096) were reported within other expenses, of which Nil (30 June 2017 : 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:

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total
	\$	\$	\$	\$
Year ended 30 June 2018	1,470,982	3,098,277	4,253,003	8,822,262
Year ended 30 June 2017	1,482,700	2,712,030	6,058,220	10,252,950

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

8. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either property, 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

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework.

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.

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 from 1 July 2008, the City elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available under Australian Accounting Standard AASB 1051 Land Under Roads and the requirement of Regulation 16(a)(i) of the Local Government (Financial Management) Regulations that prohibits local governments from recognising such land as an asset of local governments. In respect of land under roads acquired on or after 1 July 2008, as detailed above, Regulation 16(a)(i) of the Local Government (Financial Management) Regulations prohibits local 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.

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. 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 assets are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Upon disposal or derecognition of a fixed asset any revaluation surplus or deficit relating to that asset is transferred to or from accumulated surplus.

Vested Land and Crown Land held in Trust

Land vested in the City as recreation or road reserves is recognised at a nominal value of one dollar for record purposes only. Crown Land held in Trust is recognised at fair value.

Capitalisation Threshold

Assets (with the exception of land) with an economic life which is determined to be longer than one year are only capitalised where the cost of acquisition/construction exceeds the capitalisation threshold established by the City.

The City's current capitalisation policy is to expense any purchases considered to be of a capital nature that are less than \$5,000 and in the case of IT software, less than \$50,000.

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 such as roads, drains, public buildings and the like, that are measured under the revaluation model, no annual assessment 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 end of the reporting period.

Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

8. FIXED ASSETS (Continued)

(e) Disposals of Assets

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Plant and Equipment	1,336,681	1,262,010	177,578	(252,248)	679,311	801,800	165,189	(42,700)
Office Furniture and Equipment	180,748	12,273	0	(168,475)	0	0	0	0
Infrastructure	1,474,762	0	0	(1,474,762)	1,786,615	0	0	(1,786,615)
	2,992,191	1,274,283	177,578	(1,895,485)	2,465,926	801,800	165,189	(1,829,315)

(f) Depreciation

	2018	2017
	\$	\$
Leasehold Land	663,245	564,933
Buildings	6,169,164	4,579,995
Leasehold Buildings	899,240	86,002
Heritage Buildings	3,426,289	3,378,203
Leasehold Improvements	18,768	2,287,081
Plant and Mobile Equipment	4,062,326	4,529,472
Office Furniture and Equipment	3,020,242	3,303,654
Infrastructure	16,447,605	16,126,257
	34,706,879	34,855,597

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

8. FIXED ASSETS (Continued)

(f) Depreciation (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

All fixed assets and leasehold interest with the exception of Freehold Land and Work in Progress are systematically depreciated over their useful lives in a manner that reflects the consumption of the service potential embodied in those assets.

Depreciation is based on a straight line basis taking cognisance of the residual value of the asset, whilst amortisation rates are set to amortise the cost of the leasehold interest over the life of the lease. Depreciation rates and residual values are reviewed each year.

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

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 proportionate 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.

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.

Depreciation rates

Major Depreciation and Amortisation periods used are listed below and are consistent with the prior year unless otherwise stated:

<u>Land</u>		Residual Value
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

Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

9. TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
Current		
Trade creditors	15,035,282	11,749,668
Accrued Expenses	2,868,105	6,414,639
Other	3,064,077	2,608,874
	20,967,464	20,773,181

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.

Taxation

The City is exempt from payment of income tax, capital gains tax and payroll tax. Payments for fringe benefits tax and goods and services tax are made in accordance with the relevant legislation.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

10 INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

Particulars	Original	Principal	Principal		Principal		*Interest		Term	Date of	Rate of	Month and
	Principal	1 July 2017	Repayments	Budget	Actual	Budget	Repayments	Budget				
	\$	\$	\$	\$	\$	\$	\$	\$	(Years)	Issue	Interest	Year of Maturity
Recreation and culture											%	
Loan 165 Civic Library	8,011,407	4,409,272	606,508	606,508	3,802,764	3,802,764	194,487	191,540	10	June 2012	4.02	June 2022
Loan 167 Civic Library	23,788,520	13,554,708	2,387,560	2,387,560	11,167,148	11,167,149	531,675	541,769	10	July 2012	3.63	Aug 2022
Transport												
Loan 160 PCEC Car Park	29,180,000	4,678,221	2,000,130	2,000,130	2,678,091	2,189,444	242,212	232,930	15	July 2004	6.15	July 2019
Loan 164 Elder St Car Park	16,000,000	6,321,586	1,347,676	1,347,676	4,973,910	4,973,909	396,424	391,069	10	Sept 2010	6.26	Sept 2020
Loan 166 Goderich St Car Park	1,074,073	591,142	81,313	81,313	509,829	509,829	25,602	23,519	10	June 2012	4.02	June 2022
	78,054,000	29,554,929	6,423,187	6,423,187	23,131,742	22,643,095	1,390,400	1,380,827				

Lender is the Western Australian Treasury Corporation for all the loans stated . 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.

Borrowings

	2018	2017
	\$	\$
Current - Principal	7,448,608	6,423,187
- Accrued Interest	231,867	156,447
	7,680,475	6,579,634
Non Current - Principal	15,683,134	23,131,742
	23,363,609	29,711,376

(b) Loan facilities

Loan facilities - current	7,448,608	6,423,187
Loan facilities - non-current	15,683,134	23,131,742
Total facilities in use at balance date	23,131,742	29,554,929

Unused loan facilities at balance date

NIL NIL

(c) Undrawn Borrowing Facilities

	2018	2017
	\$	\$
Credit Standby Arrangements		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Purchasing Card Limit	60,000	60,000
Credit card limit	80,000	80,000
Credit card and Purchasing Card balance at balance date	(14,774)	(10,113)
Total amount of credit unused	125,226	129,887

The City does not have an overdraft facility

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 and 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 and 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.

Financial Statements

CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

11 PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Provision for Self -Funded Leave	Recognition of Employee Presentation	Workers Compensation	Fixed Plant Replacement PCEC Car park	Total
	\$	\$	\$				\$
Opening balance at 1 July 2017							
Current provisions	4,287,802	5,350,808	155,276	123,401	534,300	0	10,451,587
Non-current provisions	383,359	1,232,892	0	0	0	4,649,307	6,265,558
	4,671,161	6,583,700	155,276	123,401	534,300	4,649,307	16,717,145
Additional provision	5,733,194	1,064,069	138,754	18,604	1,006,711	0	7,961,332
Amounts used	(5,233,044)	(1,110,392)	(130,487)	(27,751)	(928,967)	(4,649,307)	(12,079,948)
Balance at 30 June 2018	5,171,311	6,537,377	163,543	114,254	612,044	0	12,598,529
Comprises							
Current	4,792,212	5,435,598	163,543	114,254	612,044	0	11,117,651
Non-current	379,099	1,101,779	0	0	0	0	1,480,878
	5,171,311	6,537,377	163,543	114,254	612,044	0	12,598,529

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 to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the 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.

Other long-term employee benefits (Continued)

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.

Self-funded Leave

Employee benefits to self-funded leave are recognised as leave not taken at balance date calculated at current rates of pay.

Recognition of Employees Presentation

Provision for employee entitlement due where service with the City exceeds 10 years at reporting date .

Fixed Plant Replacement PCEC Car Park

This provision was extinguished during the reporting period as an internal assessment made has concluded the provision is no longer required.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

12. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Cash and cash equivalents	3	20,842,973	96,225,234	16,126,364

**Reconciliation of Net Cash Provided By
Operating Activities to Net Result**

Net result		24,327,349	5,354,873	39,588,662
Non-cash flows in Net result:				
Depreciation of non-current assets		34,706,879	33,534,089	34,855,597
(Profit)/loss on sale of asset		1,717,907	1,664,126	6,801,061
Revaluation Investment Land		(407,500)	0	(746,500)
Revaluation Investment Buildings		(239,850)	0	4,583,024
Contributed Assets - City of Subiaco		(68,713)	0	(32,489,177)
Contributed Assets- other		(6,819,210)	0	(5,093,408)
Disposal of development land at Tamala Park		(567,832)	0	(98,705)
Impairment of investments		(5,004)	0	94,163
Initial recognition of assets		(2,568,634)	0	0
Write off agricultural assets		795,271	0	0
Write off air rights		2,049,920	0	0
Extinguishment of PCEC Car Park Provision		(4,649,307)	0	0
Changes in assets and liabilities:				
(Increase)/decrease in receivables		(43,795)	148,746	(988,931)
(Increase)/decrease in inventories		(153,803)	(44,168)	97,584
Increase/(decrease) in payables		2,523,174	729,132	2,460,683
Increase/(decrease) in employee provisions		530,691	1,004,482	(890,327)
Non-operating grants /contributions for the development of assets		(3,142,991)	(1,275,000)	(2,145,078)
Net cash from operating activities		47,984,553	41,116,280	46,028,648

Financial Statements

CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

13. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	140,723,043	135,360,816
General purpose funding	3,131,653	1,659,462
Law, order, public safety	5,042,812	3,244,576
Health	890,637	182,780
Education and welfare	4,969,652	5,236,875
Housing	399,996	557,147
Community amenities	64,379,354	72,849,159
Recreation and culture	210,614,325	250,147,183
Transport	829,856,762	916,859,531
Economic services	4,872,491	4,394,262
Other property and services	45,345,137	42,267,065
	1,310,225,862	1,432,758,856

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

14. COMMITMENTS AND CONTINGENT LIABILITY

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.

Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

15 CAPITAL, LEASING AND INTEREST PAYABLE COMMITMENTS

(a) Capital Expenditure Commitments

	2018	2017
	\$	\$
- not later than one year	834,590	4,960,781
- later than one year but not later than two years	44,617	340,345
- later than two years but not later than five years	3,199	7,934
- later than five years	0	0
	882,406	5,309,060

(b) Operating Lease Commitments

	2018	2017
	\$	\$
- not later than one year	1,347,893	1,420,437
- later than one year but not later than two years	1,311,189	1,405,386
- later than two years but not later than five years	3,991,949	4,273,677
- later than five years	118,644,184	119,950,311
	125,295,215	127,049,811

A substantial amount of the lease rental commitments relates to commitments for variable outgoings in relation to the City's 99 year leasehold interest in the Loading Dock at 100 St Georges Terrace. These outgoings are subject to annual CPI increases. Comparative figures for the previous financial year have been adjusted to be consistent with current years calculations.

(c) Interest Payable

	2018	2017
	\$	\$
- not later than one year	914,789	1,189,873
- later than one year but not later than two years	595,949	914,789
- later than two years but not later than five years	386,655	976,202
- later than five years	0	6,402
	1,897,393	3,087,266

This is the interest payable on loan debentures over the remaining life of the loans.

SIGNIFICANT ACCOUNTING POLICIES

Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

The City has never paid for lease incentives under operating leases.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

16. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
The following fees, expenses and allowances were paid to elected members			
Annual Attendance Fees	223,312	298,004	297,958
Local Government Allowance	149,828	172,774	169,886
Reimbursement of Expenses	36,461	125,257	48,993
	<u>409,601</u>	<u>596,035</u>	<u>516,837</u>

Elected members fees and allowances are determined by the Salaries and Allowances Tribunal and reviewed annually.

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Commissioners' Remuneration			
Salaries	313,333	0	0
Superannuation	45,433	0	0
	<u>358,766</u>	<u>0</u>	<u>0</u>

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.

Other Key Management Personnel (KMP) Compensation Disclosure

	2018	2017
	\$	\$
The total of remuneration paid to other KMP of the City during the year are as follows:		
Short-term employee benefits	1,513,065	1,519,073
Post-employment benefits	163,181	164,471
Other long-term benefits	179,445	148,048
Termination benefits	20,495	0
	<u>1,876,186</u>	<u>1,831,592</u>

Short-term employee benefits

These amounts include all salary, fringe benefits and cash bonuses awarded to KMP.

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 both annual leave and long service leave benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP.

Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

16. 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.

The following transactions occurred with related parties:

	<u>2018</u>	<u>2017</u>
	\$	\$
Tamala Park Regional Council		
Sale of goods and services	20,789	22,052
Purchase of goods and services	108,613	129,418
Distributions received from joint venture entities	333,333	916,666
Reimbursement received from joint venture entities	26,167	23,714
Trade and other payables	6,257	5,737
Mindarie Regional Council		
Sale of goods and services	63,760	71,289
Purchase of goods and services	2,619,649	2,538,933
Reimbursement paid to joint venture entities	6,153	23,720
Trade and other receivables	9,055	10,799
Trade and other payables	235,171	211,546

Related Parties

The City's main related parties are as follows:

i. Key management personnel (KMP)

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member or commissioner, are considered key management personnel. A person acting as a KMP for a period of 3 months or less is not included in the disclosure.

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 proportionate consolidation 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 cost accounting method.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

16. Related Party Transactions (Continued)

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 venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Interests in joint arrangements (Continued)

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, revenues and expenses of joint operations are included in the respective line items of the financial statements.

Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

17 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 (*due no later than 31 December 2019*). Since the last 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.

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 \$7,338,391 (30 June 2017: \$7,142,047).

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

18 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	No. in 2018	No. in 2017
\$100,000 - \$109,999	64	41
\$110,000 - \$119,999	18	19
\$120,000 - \$129,999	23	8
\$130,000 - \$139,999	8	4
\$140,000 - \$149,999	6	8
\$150,000 - \$159,999	3	4
\$160,000 - \$169,999	1	1
\$170,000 - \$179,999	0	0
\$180,000 - \$189,999	1	0
\$190,000 - \$199,999	2	0
\$200,000 - \$209,999	0	2
\$210,000 - \$219,999	3	3
\$310,000 - \$319,999	1	1
	130	91

The City's current organisational structure includes a large number of Level 8 Officers which accounts for a significant number of employees earning more than \$100,000 annually.

Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

19. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	Closing Balance ⁽¹⁾	Received ⁽²⁾	Expended ⁽³⁾	Closing Balance
	1/07/16	2016/17	2016/17	30/06/17	2017/18	2017/18	30/06/18
	\$	\$	\$	\$	\$	\$	\$
Total	0	0	0	0	0	0	0

(1) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

	2018	2017
	\$	\$
Grants /Contributions for Capital Works	943,242	463,279
Grants/Contributions for Other Purposes	580,090	505,259
	* 1,523,332	968,538

(2) - Grants/contributions which had been recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor

Grants /Contributions for Capital Works	389,934	270,512
Grants/Contributions for Other Purposes	505,259	0
	895,193	270,512

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period and which were not fully expended in the manner specified by the contributor at the reporting date.

	73,345	0
*	73,345	0

* Unspent grants and contributions as stated in Note 3 \$1,596,677

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

20. RATING INFORMATION

Gross Rental Values

Landgate Valuation Services provides the City with Gross Rental Values (GRV) for the purpose of rating. For the vast majority of properties values were supplied on 1 July 2017, effective for three years from that date.

Differential General Rates

The City imposed differential general rates under Section 6.33 of the Local Government Act 1995 on all rateable land within the City according to the predominant purpose for which the land is held or used, as determined by the City. If the predominant land use forming the basis for the imposition of the differential rate changed during the 2017/18 financial year, the City was not required to amend the assessment of rates payable on that land on account of that change but has chosen to do so.

The rates were set at differential levels that provided as was practically possible a fair and equitable distribution of the rate burden to each category of land having regards to its demands on the City's services. The City has previously rationalised its rates differential categories with Hotel, Retail and Commercial ratepayer classes consolidated as the Commercial category. This followed a review of costs attributable to each class and took into account the triennial revaluation of gross rental values pertaining to each category conducted by Landgate Valuation Services in 2014. None of the differential general rates was more than twice the lowest differential general rate, as proposed in the 2017/18 Annual Budget.

The basis, objects and reasons for the imposition of each differential general rate are as follows :-

Commercial (Includes Hotel and Retail categories)

This classification includes a variety of land uses including transportation services, communication services, wholesalers, warehouses, laboratories, auto sales and services, entertainment services including restaurants sporting facilities, banking/ATM's, laundromats, bakeries, medical laboratories, commercial educational, hotels serviced apartments, boarding, lodging accommodation, retail sales and services. The general rate for this sector of 5.51929 cents in the dollar of GRV was considered reasonable, given the general nature of this classification compared to other specifically identified sectors.

Office

The majority of properties within the City are used for office accommodation. The GRV of the office sector represents the largest percentage of the total rateable values.

The rate of 4.51513 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.

Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

20. RATING INFORMATION (Continued)

Residential

The Residential classification covers properties that are used for single and multi-dwellings. The residential rate of 5.69477 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 Lands

The rate of 6.20898 cents per dollar of GRV applies to all unimproved land within the district. The higher rate is imposed to discourage holdings of undeveloped land within the City, which reduce the amenity of the area. The higher rate encourages early development. There has been a slight increase in the number of vacant properties, being 88 in 2017/18 as compared to 82 in 2016/17.

Minimum Rate

The City imposed one general minimum rate of \$705. 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 30TH JUNE 2018

20. RATING INFORMATION (Continued)

Emergency Services Levy (Continued)

Residential and Vacant Land Commercial, Industrial and Other

ESL Category	ESL Rate (cents per \$GRV)	Minimum Charges by Property Use			Maximum Charges by Property Use			Rate in \$	Number of Properties	Rateable Value	Rate Revenue			Total Revenue	Budget Interim Rates	Budget Back Rates	Budget Total Revenue	2017 Total Revenue
		Property Use	Property Use	Property Use	Property Use	Property Use	Property Use				Property Use	Property Use	Property Use					
1	0.013259	75	395	75	225,000													
Gross rental valuations																		
Residential	0.0569	12,944	290,384,232	16,537,934	(5,905)	2,773	16,534,802	16,546,672	0	0	0	16,546,672	0	0	16,546,672	15,667,617		
Commercial	0.0552	1,964	404,210,892	22,309,207	(5,031)	6,702	22,310,878	22,105,837	0	(48,000)	0	22,057,837	0	0	22,057,837	21,369,936		
Office	0.0452	2,234	1,073,418,733	48,413,903	(5,783)	13,404	48,421,524	48,424,043	0	(72,000)	0	48,352,043	0	0	48,352,043	47,901,428		
Vacant	0.0621	86	24,188,900	1,501,885	44,873	(128,934)	1,417,824	1,472,399	0	0	0	1,472,399	0	0	1,472,399	2,077,840		
Unimproved valuations																		
Sub-Total	Minimum	17,228	1,792,202,757	88,762,929	28,154	(106,055)	88,685,028	88,548,951	0	(120,000)	0	88,428,951	0	(120,000)	88,428,951	87,016,821		
	\$																	
Minimum payment																		
Gross rental valuations																		
Residential	705	771	8,504,184	543,555	0	0	543,555	543,555	0	0	0	543,555	0	0	543,555	840,950		
Commercial	705	548	4,955,793	386,340	0	0	386,340	377,175	0	0	0	377,175	0	0	377,175	357,925		
Office	705	185	2,309,455	130,425	0	0	130,425	131,130	0	0	0	131,130	0	0	131,130	141,780		
Vacant	705	2	3,125	1,410	0	0	1,410	1,410	0	0	0	1,410	0	0	1,410	1,390		
Unimproved valuations																		
Sub-Total	1,506	15,772,557	1,061,730	1,061,730	0	0	1,061,730	1,053,270	0	0	0	1,053,270	0	0	1,053,270	1,342,045		
	\$																	
Discounts/concessions (refer note 20(b))		18,734	1,807,975,314	89,824,659	28,154	(106,055)	89,746,758	89,602,221	0	(120,000)	0	89,482,221	0	0	89,482,221	88,358,866		
Total amount raised from general rate							(275,663)	89,471,095	(225,861)							(225,861)		
Ex-gratia rates								7,380								88,133,005		
Totals								88,478,475								88,150,746		

SIGNIFICANT ACCOUNTING POLICIES

Rates
Rates are recognised as revenue when the City obtains control over the assets acquired from rates.
Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

20. RATING INFORMATION (Continued)

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

Heritage Rate Concession Scheme

The Concession assists owners of Heritage Places to continue the active use of those places and facilitate their ongoing maintenance to ensure long term conservation. The annual concession on general rates only will be equivalent to 10% of the general rates for the Heritage Place, to a maximum of \$20,000 per annum with the minimum concession being equal to the minimum rate payment \$705 (\$695 for 2016/17).

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 2012 .

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 property must be included in the City Planning Scheme Heritage Register list, be a contributory place within a Heritage Area designated under the Deemed Provisions or on the contributory place within a Heritage Area designated under the Deemed Provisions or on the Metropolitan Redevelopment Authority Heritage Inventory.

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.

Discount Granted	Discount %	Discount \$	2018	Budget	2017	Circumstances in which Discount is Granted
			Actual	\$	Actual	
Heritage Rate Relief Concession Scheme	10%		275,663	225,891	225,861	(see outlined above)
			275,663	225,891	225,861	

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 \$167,873 in 2017/18 (2016/17 \$154,614) by granting an exemption from rates for the year for their cricket ground at Nelson Crescent, East Perth.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

20. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

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 \$47.00. An administration fee of \$47.00 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.

Instalment Options	Date Due	Instalment Plan	Instalment Plan	Unpaid Rates
		Admin Charge	Interest Rate	Interest Rate
		\$	%	%
Option One				
Single full payment	18/08/2017	0		11.0%
Option Two				
First instalment	18/08/2017	47	5.5%	11.0%
Second instalment	13/10/2017	0	5.5%	11.0%
Option Three				
First instalment	18/08/2017	47	5.5%	11.0%
Second instalment	13/10/2017	0	5.5%	11.0%
Third instalment	15/12/2017	0	5.5%	11.0%
Fourth instalment	16/02/2018	0	5.5%	11.0%

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Interest on unpaid rates	166,920	180,775	159,619
Interest on instalment plan	352,192	387,647	367,715
Charges on instalment plan	389,480	432,711	341,825
	<u>908,592</u>	<u>1,001,133</u>	<u>869,159</u>

Financial Statements

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

21 NET CURRENT ASSETS

Composition of net current assets for
the purposes of the Rate Setting Statement

	2018 (30 June 2018)	2017 (1 July 2017)
	Carried Forward)	Brought Forward)
	\$	\$
Surplus/(Deficit) 1 July 2017 brought forward	28,442,492	35,585,692
CURRENT ASSETS		
Cash and cash equivalents		
Cash at bank and at hand	20,842,973	16,126,364
Investments		
Call Funds	19,384,434	6,237,197
Balanced Funds	5,323,583	4,717,138
Bank Term Deposits	88,000,000	101,500,000
Receivables		
Rates outstanding	721,402	403,489
Sundry debtors	2,216,562	1,850,146
GST receivable	1,024,489	278,362
Accrued interest and investment income	2,859,965	3,878,767
Modified penalties, fines and costs	7,886,627	7,859,984
Less Provision for Doubtful Debts	(3,983,451)	(3,670,787)
Deposits and prepayments	1,737,175	1,835,306
Inventories		
Stores, Raw Materials, Fuel and Sundry Stock Items	377,220	367,467
Parking Equipment, Spare Parts, Signs and Tickets	424,603	409,714
Work in Progress - Recoverable Works	270,619	141,458
LESS: CURRENT LIABILITIES		
Trade and other payables		
Trade creditors	(15,035,282)	(11,749,668)
Accrued Expenses	(2,868,105)	(6,414,639)
Other	(3,064,077)	(2,608,874)
Current portion of long term borrowings	(7,448,608)	(6,423,187)
Accrued Interest	(231,867)	(156,447)
Provisions		
Provision for annual leave	(4,792,212)	(4,287,802)
Self-Funded Leave	(163,543)	(155,276)
Recognition of Employees - Presentation	(114,254)	(123,401)
Workers Compensation	(612,044)	(534,300)
Provision for long service leave	(5,435,598)	(5,350,808)
Unadjusted net current assets	107,320,611	104,130,203
Adjustments		
Less: Reserves - restricted cash	(100,418,439)	(93,205,998)
Add: Current portion of long term borrowings	7,448,608	6,423,187
Add: Current liabilities not expected to clear	10,728,273	10,339,555
Add: Mortgage Backed Securities	2,481,033	2,589,685
Add: Capital Expenditure Commitments	882,406	5,309,060
Adjusted net current assets - surplus/(deficit)	28,442,492	35,585,692

Difference

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

22. FINANCIAL RISK MANAGEMENT

(a) FINANCIAL INSTRUMENTS

Terms, Conditions and Accounting Policies

The reporting entity's accounting policies, including the terms and conditions of each class of financial asset and financial liability recognised at the financial position date are as follows:

Recognised Financial Instruments	Statement of Financial Position Notes	Accounting Policies	Terms and Conditions
Cash at Bank	3	Cash at Bank is carried at the principal amount. Interest is recognised in the Statement of Comprehensive Income when earned.	Interest is earned at the bank's benchmark rate depending on the balance in the account.
Trade and Other Receivables	6	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.	Receivables are on 14 to 30 day terms, depending on receivable type.
Short-term Deposits	4	Short-term deposits are stated at cost. Interest is recognised in the Statement of Comprehensive Income when earned.	Short-term deposits have an average maturity of 213 days and effective interest rates of 2.56% to 2.61% (2017: 2.62% to 2.99%)
Managed and Balanced Funds	4	Managed and Balanced Funds are marked to market. Interest and Investment earnings are reinvested in the funds and recognised in the Statement of Comprehensive Income when earned.	Holdings in managed funds are redeemable on 72 hours' notice.
Mortgaged Backed Securities	4	The value of these Interest Bearing Securities is stated at cost or impaired value. Interest is recognised in the Statement of Comprehensive Income when earned.	Maturities are greater than 5 years. It is the City's intention to dispose of these securities when the most prudent and advantageous opportunity arises.
Bank Loans	10	The bank loans are carried at the principal amount. Interest is charged as an expense as it accrues.	The bank loans are repayable quarterly or on maturity with the final instalment due in August 2022. Interest is charged at a fixed rate. Details of the security over bank loans are set out in Note 10. Details of the loans are set out in the Loan Liability Schedule in Note 10.
Trade and Other Payables	9	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the entity.	Trade Liabilities are normally settled on 30 day terms.

Financial Instruments

The City invests in a variety of interest bearing securities. The City does not directly enter into any derivative contracts to offset risk to the interest or foreign exchange rates. Additionally, to the best of its knowledge, there are no embedded derivatives in the funds or securities that the City holds that may impact materially on investment earnings. Except for structured investments, investments are marked to market.

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist.

Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

22. FINANCIAL RISK MANAGEMENT (Continued)

The City's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk.

The City's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the City.

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 City's Finance Unit under policies approved by the Council.

The City held the following financial instruments at balance date:

(b) Net Fair Values

The aggregate net fair values of financial assets and financial liabilities recognised at the financial position date are as follows :

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Cash and Cash Equivalents	20,842,973	16,126,364	20,842,973	16,126,364
Trade and Other Receivables	13,657,205	14,038,742	13,657,205	14,038,742
Short-term Deposits	107,384,434	107,737,197	107,384,434	107,737,197
Managed Funds	5,323,583	4,717,138	5,323,583	4,717,138
Interest Bearing Securities	2,481,033	2,589,685	2,481,033	2,589,685
Unlisted Shares/Equity	4,120,281	3,749,764	9,624,570	9,045,462
	153,809,509	148,958,890	159,313,798	154,254,588
Financial liabilities				
Payables	20,967,464	20,773,181	20,967,464	20,773,181
Borrowings	23,363,609	29,711,378	23,363,609	29,711,378
	44,331,073	50,484,559	44,331,073	50,484,559

Fair Value is determined as follows:

- (i) **Cash, Short-term Deposits**
The carrying amount approximates fair value because of their relative short to medium term to maturity.
- (ii) **Managed Funds**
The carrying amount of these investments approximates fair value because they have been marked to market.
- (iii) **Interest Bearing Securities**
The carrying amount of these investments is at cost or impaired value due to the policy of holding these investments to maturity, recognising any impairment when it is warranted.
- (iv) **Trade and Other Receivables and Payables**
The carrying amount approximates fair value.
- (v) **Borrowings**
The carrying amount approximates fair value because the loans were each secured at a fixed rate of interest over the term of the loans.

(c) Credit Risk Exposure

The reporting entity's maximum exposure to credit risk at financial position date in relation to each class of recognised financial assets are the carrying amount of those assets as indicated in the Statement of Financial Position.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

22. FINANCIAL RISK MANAGEMENT (Continued)

(d) Cash and Cash Equivalents, Financial Assets "at Fair Value through Profit & Loss", "Available-for-Sale Financial Assets" and Held-to-Maturity Investments

The City's objective is to maximise its return on cash and investments, whilst maintaining an adequate level of liquidity and preserving capital. The City has an Investment Policy which complies with the relevant legislation. The policy is regularly reviewed by Council and an Investment Report is made available to the Council on a monthly basis setting out the make-up and performance of the portfolio.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns and income.

A further risk associated with cash and investments is credit risk - the risk that the investment counterparty will not complete their obligations particular to a financial instrument, resulting in a financial loss to the City- be it of a capital or income nature. The City manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees in accordance with investment restrictions prescribed in the Local Government (Financial Management) Regulations 1996.

	2018	2017
	\$	\$
Impact of a 1% (1) movement in interest rates on cash and investments		
Equity	1,485,574	1,436,520
Statement of Comprehensive Income	1,485,574	1,436,520

Notes:

(1) Sensitivity percentages based on management's expectations of future possible market movements. (Price movements calculated on investments subject to fair value adjustments. Interest rate movements calculated on cash, cash equivalents and managed funds.)

(e) Receivables

The City's major receivables comprise rates and annual charges, modified penalties fines and costs and user charges and fees. The major risks associated with these receivables is credit risk - the risk that debts due and payable to the City may not be repaid.

The City manages this risk by monitoring outstanding debt and employing stringent debt recovery procedures. It also encourages ratepayers to pay their rates by the due date through incentives. Credit risk on rates and annual charges is minimised by the ability of the City to secure a charge over the land relating to the debts - 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, which encourages the payment of debt. The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The City makes suitable provision for doubtful receivables, as required, and carries out credit checks on most non-rate and non modified penalties fines and costs debtors.

There are no material receivables that have been subjected to a re-negotiation of repayment terms.

A profile of the City's current receivables credit risk at balance date follows:

	2018	2017
	%	%
Percentage of Rates and Annual Charges		
Current	0.00%	0.00%
Overdue	100.00%	100.00%
Percentage of Modified Penalties, Fines and Costs		
Current	50.10%	50.10%
Overdue	49.90%	49.90%
Percentage of Other Receivables		
Current	71.00%	64.10%
Overdue	29.00%	35.90%

Financial Statements CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

FINANCIAL RISK MANAGEMENT (Continued)

(f) Payables and Borrowings

Payables and Borrowings are both subject to liquidity risk - 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 outflows (i.e. principal and interest) of City's payables and borrowings are set out in the Liquidity Table below:

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2018					
Payables	20,967,464	0	0	20,967,464	20,967,464
Borrowings	8,421,938	16,782,398	0	25,204,336	23,363,609
	29,389,402	16,782,398	0	46,171,800	44,331,073
2017					
Payables	20,773,181	0	0	20,773,181	20,773,181
Borrowings	7,597,772	22,307,563	711,835	30,617,170	29,711,376
	28,370,953	22,307,563	711,835	51,390,351	50,484,557

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs and debt servicing requirements. The City manages this risk by borrowing long term and fixing the interest rate on a basis that is most suitable for the circumstance. The City's officers regularly review interest rate movements to determine if it would be advantageous to refinance or renegotiate part, or all, of the loan portfolio.

The following interest rates were applicable to the Council's Borrowings at balance date:

	30/06/2018		30/06/2017	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Bank Loans - Fixed	3.70%	23,363,609	4.09%	29,711,376

Notes:

- Inclusive of 0.7% (Government Guarantee Fee) in the contractual cash flows for borrowings

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

22. FINANCIAL RISK MANAGEMENT (Continued)

(g) Interest Rate Risk

Financial Instruments	Floating Interest Rate		Fixed Interest Rate Maturing in						Non-Interest Bearing		Total Carrying Amount as per the Statement of Financial Position		Weighted Average Effective Interest Rate	
	2018	2017	1 year or less		1 to 5 years		More than 5 years		2018	2017	2018	2017	2018	2017
			2018	2017	2018	2017	2018	2017						
Financial Assets														
Cash and Cash Equivalent	20,662,415	15,916,816	0	0	0	0	0	0	180,568	209,548	20,842,973	16,126,364	1.81	2.12
Trade and Other Receivables	0	0	0	0	0	0	0	0	13,657,205	14,038,742	13,657,205	14,038,742	N/A	N/A
Short-term Deposits	0	0	107,384,434	107,737,197	0	0	0	0	0	0	107,384,434	107,737,197	2.8	3.27
Managed Funds	5,323,583	4,717,138	0	0	0	0	0	0	0	0	5,323,583	4,717,138		
Interest Bearing Securities	2,481,033	2,589,685	0	0	0	0	0	0	0	0	2,481,033	2,589,685		
Unlisted Shares/Equity	0	0	0	0	0	0	0	0	4,120,281	3,749,764	4,120,281	3,749,764	N/A	N/A
Total Financial Assets	28,467,031	23,223,639	107,384,434	107,737,197	0	0	0	0	17,956,044	17,998,054	153,809,509	143,958,890		
Financial Liabilities														
Bank Loans	0	0	7,680,475	6,579,634	15,663,134	22,426,308	0	705,433	0	0	15,663,134	29,711,375	3.7	4.09
Trade and Other Payables	0	0	0	0	0	0	0	0	20,967,468	20,773,181	20,967,468	20,773,181	N/A	N/A
Total Financial Liabilities	0	0	7,680,475	6,579,634	15,663,134	22,426,308	0	705,433	20,967,468	20,773,181	36,650,602	50,484,556		

Financial Statements

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

23. TRUST FUNDS

Funds held at balance date over which the City has no control and which are not included in the financial statements are as follows:

	1 July 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
Footpath Deposits	3,225,961	1,513,017	(748,600)	3,990,378
Unclaimed Monies	15,335	4,957	0	20,292
Other	1,533,357	317,056	(227,731)	1,622,682
	<u>4,774,653</u>	<u>1,835,030</u>	<u>(976,331)</u>	<u>5,633,352</u>

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 2017 \$2,919,600).

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

24. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the City.

Management's assessment of the new and amended pronouncements that are relevant to the City, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued / Compiled	Applicable (1)	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the City, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend on the nature of future transactions the City has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the City, the impact is not expected to be significant.

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

Financial Statements

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

24. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (Continued)

Title	Issued / Compiled	Applicable (1)	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities	December 2016	1 January 2019	This standard is likely to have a significant impact on the income recognition for NFPs. Key areas for consideration are: - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services.

Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the City's operations.

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

Adoption of New and Revised 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.

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

- (i) AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities
1 January 2017
- (ii) AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities
1 January 2017

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

25. 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 operating 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 in Australian Dollars.

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. The funds to which the City contributes are a defined contribution plan and accumulated benefit funds. Details of these arrangements are set out in Note 17.

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.

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 measurement date.

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 indirectly.

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 market data, the asset or liability is included in Level 3.

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 information available about such assumptions are considered unobservable.

i) Functional Currency

The presentation currency of the City is the Australian dollar. The functional currency is also the Australian dollar.

Financial Statements CONTINUED

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

26. ACTIVITIES/PROGRAMS

In order to discharge its responsibilities to the community, the City has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the City's Community Vision, and for each of its broad activities/programs.

COMMUNITY VISION

The City's Corporate Business Plan identifies result areas that it must focus on to achieve its Vision. To achieve this, the City provides a broad range of services and maintains and improves its infrastructure including roads, parks and public areas. The City adopted the Integrated Planning and Reporting Framework and developed a set of operational and financial objectives in consultation with the community to establish its 'Vision 2029+ Strategic Community Plan'. A framework was established to meet these objectives and is contained in the City of Perth Corporate Business Plan and a series of strategic enabling documents for preparation and enhanced visibility of priority areas in its Corporate Business Plan.

The City's 2017/18 budget was developed in consideration with the updated Corporate Business Plan (2016-2020) and associated Long Term Financial, Corporate Asset Management and Workforce Plans.

PROGRAM NAME	OBJECTIVE	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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

27. FINANCIAL RATIOS

	2018	Restated 2017	Restated 2016
Current ratio	1.20	1.33	1.08
Asset consumption ratio	0.60	0.56	0.57
Asset renewal funding ratio	1.00	1.00	1.00
Asset sustainability ratio	0.72	0.60	0.95
Debt service cover ratio	7.33	8.66	4.85
Operating surplus ratio	0.04	0.02	0.04
Own source revenue coverage ratio	1.03	1.00	1.04

The above ratios are calculated as follows:

	Note :	
Current ratio	1	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
	2	
Asset consumption ratio	3	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	4	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
	5	
Asset sustainability ratio	6	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expenses}}$
Debt service cover ratio		$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	7	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
	8	
Own source revenue coverage ratio	9	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

- 1** Restricted Assets include reserve funds (current) and tied grants/contributions not utilised at year end.
- 2** Liabilities associated with Restricted Assets means the lesser value of a current liability or the cash component of Restricted Assets held to fund that liability.
- 3** Current replacement cost of Depreciated Assets means the cost of replacing assets at current prices.
- 4** Planned capital renewals means capital renewal and replacement expenditure as estimated in the long term financial plan.
- 5** Required capital expenditure means capital renewal and replacement expenditure as estimated in the asset management plan.
- 6** Capital renewal and replacement expenditure means expenditure to renew or replace existing assets.
- 7** Operating revenue means that revenue that is operating revenue for the purpose of the Australian Accounting Standards (AAS) excluding Grants and Contributions for the development and acquisition of assets and other comprehensive income.
- 8** Operating expenses means the expense that is operating expense for the purpose of the AAS including net interest expense and depreciation.
- 9** Own source operating revenue means revenue from rates and service charges, fees and user charges, reimbursements and recoveries, interest income and profit on disposal of assets.

The City undertook a comprehensive review of the methodology utilised when calculating the financial ratios during 2017/18. The published ratios in previous years financial reports that were altered in the current years disclosures were as follows:

	2017 Published Amount	2016 Published Amount
Debt service cover ratio	4.72	4.84
	Restated 2017	Restated 2016
Debt service cover ratio	8.66	4.85

Financial Statements

CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

28 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.

During the reporting period fixed assets to the value of \$3,498,794 were written off and comprised the following.

Non Capitalised Work in Progress

This relates to costs incurred on capital projects in prior years, but now expensed, as the projects did not proceed to completion, were not closed out, or the cost of individual assets when established were under the capitalisation threshold of \$5,000 each. Amount expensed \$1,682,191 (30 June 2017: \$1,671,437).

Obsolete and Extinguished Assets

This relates to assets deemed obsolete or are no longer in use at the reporting date. The value of these assets written off \$1,816,603 (30 June 2017: \$6,841,764) of which \$1,474,762 (30 June 2016: \$6,667,618) relates to infrastructure assets.

Write off Agricultural Assets \$795,271

The City engaged a reputable external valuer to value its agricultural assets (3 tree plantations in Koorda and 1 in Kojonup) at year end, as it is ten years since the first plantation was established in Kojonup and it was deemed prudent and timely. That valuation established that the plantations had no value and were in effect a contingent liability for the City due to the future financial commitments entered into for the maintenance of those plantations. Hence the assets were written off. In addition no value was attached to the carbon offsets as the City is not registered to trade in them.

Write off Air Rights \$2,049,920

An audit of the Air Rights sourcing documents from 1987, has established that while the City at the time paid Westrail \$2,049,920 for the Air Rights over the City Station Complex and the No 16 Car Park, those Air Rights had to be and were subsumed back into the land prior to the redevelopment of the City Station Complex and the No 16 Car Park. The land itself is owned by the State Government but vested in the City for the purpose of the establishment of the City Station Complex and the No 16 Car Park. Hence the Air Rights had to be extinguished from the City's asset register as they no longer exist. The buildings relative to both these locations are assets of the City.

Extinguishment of PCEC Car Park Provision \$4,649,307

At the time of the construction of the PCEC car park, it was thought prudent then by the City to establish a provision for the replacement of assets that were not owned but which the City was obliged to replace at the end of their useful lives. This provision was extinguished during the reporting period as an internal assessment made has concluded this provision is no longer required.

Impairment of Investments

The impairment charge was reduced by \$5,004 at 30 June 2018 (30 June 2017: increased by \$94,163) following both an increase and a decrease in the market value of two tranches of mortgage backed securities. The mortgage backed securities continue to suffer from liquidity risk resulting in their market value at 30 June 2018 being \$2,481,033 as compared to an original cost after redemption of a portion of the security, of \$4,195,022.

Elizabeth Quay

The Elizabeth Quay development opened in January 2016. The development incorporates commercial, retail and cultural attractions which are set around a 2.7 hectare inlet. The Metropolitan Redevelopment Authority (MRA) have initiated a process to normalise and handover the public realm areas and assets to the City, which will progress over a number of years. The MRA is responsible for activation, presentation, maintenance and public services in the precinct until such time that handover is complete, unless agreed otherwise with the City. MRA will sell and oversee development of nine private lots over an extended period of time. A two tiered funding approach to the development is being negotiated as follows:

Current and future rate income will be levied by the City to fund 'normal' levels of services provided by the City; MRA will explore alternative avenues of funding for any extraordinary or additional services required for the precinct as well as place management functions and associated costs.

The City's forecasts indicate that it will take a number of years for the revenue generated from ratepayers to cover the cost of servicing the precinct. This forecast is based on the latest development schedule provided by the MRA. If the development of the proposed residential and office buildings is delayed, then this period of deficit for the City will be extended.

Infrastructure Road Reserve Assets- Elizabeth Quay and Perth City Link

Several of the infrastructure road reserves at the Elizabeth Quay and Perth City Link sites were created with titles vesting them to the City. The City has brought to book some of these road reserves assets where the handover information provided sufficient detail as to their quantity and construction costs that allowed recognition at fair value. The City is endeavouring at the reporting date to obtain the requested and required details for the remaining outstanding vested road reserves from the MRA. The value of these assets when established is not expected to be material relative to the City's total assets.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

28 SIGNIFICANT ITEMS(Continued)

Contributed Assets - City of Subiaco

An Audit of the City's infrastructure assets prior to revaluation identified additional infrastructure assets not transferred to the City from the City of Subiaco on 1 July 2016, as a result of the City of Perth Act. These additional assets brought to account during the period were :

	2018	2017
	\$	\$
Building	0	43,590
Infrastructure	68,713	32,386,147
Plant and Equipment	0	59,440
	<u>68,713</u>	<u>32,489,177</u>

The City completed the appropriate due diligence on the assets identified. This encompassed confirming the assets existence and establishing their existing condition. All the assets outlined above were brought to account at their deemed fair value. The City's Asset Management Unit established in house the fair value of the infrastructure concerned.

Ownership issues in relation to portion of the land adjacent to JH Abrahams Reserve that operate under the "Bruce Family Trust" and Public Art identified as "Asteroid" have as at the reporting date not been resolved and therefore have not been brought to book by the City as at 30 June 2018.

Contributed Assets

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

Contributor	Infrastructure \$	Plant and Equipment \$	Furniture and Equipment \$	Total \$
Metropolitan Redevelopment Authority (MRA)	4,899,508	18,600	1,744,000	6,662,108
Main Roads WA	25,851	0	0	25,851
Public Transport Authority(PTA)	121,025	0	0	121,025
The Public	0	0	10,226	10,226
	<u>5,046,384</u>	<u>18,600</u>	<u>1,754,226</u>	<u>6,819,210</u>

Fair values for infrastructure and plant and equipment assets as contributed by the MRA, Main Roads and PTA were established in house and reclassified by the City's Asset Management Unit. Fair values for the office furniture and equipment assets (Artworks and Memorabilia) contributed by MRA and the public were as determined by external valuers (Artwork) and internally by the Arts, Culture and Heritage Unit (Memorabilia).

Assets Reclassification

Certain of the City's Assets with a written down value of \$44,676,255, were reclassified . These reclassifications were necessary to better reflect the nature and use of the assets concerned.

Assets Reclassified	From Asset Class	To Asset Class	Amount @WDV
Cultural Centre Car Park Toilet	Buildings	Leasehold Buildings	578,700
Library	Leasehold Improvements	Leasehold Buildings	43,966,771
Art	Infrastructure	Office Furniture and Equipment	130,784
			<u>44,676,255</u>

Financial Statements

CONTINUED

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2018

29 Events occurring after the Reporting Period

Events that occur between the end of the reporting period (ending 30 June 2018) and the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

The date of issue of the Auditors' Report is the applicable "authorised for issue" date relating to these General Purpose Financial Statements.

Events that occur after the Reporting Period represent one of two types:

(1) Events that provide evidence of conditions that existed at the Reporting Period

These financial statements (and the figures therein) incorporate all "adjusting events" that provided evidence of conditions that existed as 30 June 2018.

(2) Events that provide evidence of conditions that arose after the Reporting Period

There has not been any material or significant "non-adjusting events" that should be disclosed.

FIVE YEAR STATISTICAL HISTORY

All dollar figures are in A\$000's

Year Ended 30 June	2018	2017	2016	2015	2014
Rates					
Rateable Properties	18,734	18,222	16,598	16,389	15,750
Rates Revenue	\$89,478	\$88,151	\$83,185	\$75,465	\$71,122
Increase in Rate Revenue	1.5%	5.96%	10.23%	6.10%	5.80%
Rate Revenue as a % of Total Revenue	44.29%	43.84%	43.49%	40.47%	40.26%
Financial	\$	\$	\$	\$	\$
Rates Revenue	89,478	88,151	83,185	75,465	71,122
Parking Fees	74,117	72,278	73,219	73,303	70,136
Other Fees and Charges	28,626	27,318	26,273	26,230	25,216
Investment Income	5,384	5,219	4,722	5,562	6,331
Other Revenue	4,388	8,097	3,869	5,923	3,867
Total Revenue	201,993	201,063	191,268	186,483	176,672
Total Operating Expenditure	191,572	190,569	181,348	167,525	151,299
Capital Grants and Contributions	3,143	2,145	5,443	1,764	2,955
Gain/(Loss) on Disposal/Write Off/Contribution of Assets	(1,718)	(6,801)	(1,569)	(2,584)	(6,474)
Operating Surplus	11,846	5,838	13,794	18,137	21,854
Capital Expenditure	42,016	27,048	41,740	50,770	52,826
Borrowings	23,364	29,711	36,327	42,769	48,897
Reserves – Cash Backed	100,418	93,206	88,228	87,574	85,606
Revaluation Reserves	477,204	612,866	560,036	560,795	372,942
Net Assets	1,253,296	1,365,557	1,272,125	1,260,478	1,045,838
Human Resources					
Employee Costs (including costs capitalised)	\$76,990	\$77,866	\$69,579	\$66,631	\$60,573
Number of Employees (including fulltime, part-time and casuals)	765	752	743	720	696
City Development					
Building Licences Issued	675	618	552	509	500
Value of Building Licences Issued	\$1,546,493	\$1,542,058	\$715,000	\$827,200	\$924,600
Planning Applications Issued	330	355	437	407	357
Value of Planning Applications Issued	\$486,142	\$368,276	\$420,670	\$2,206,700	\$1,774,300
Refuse					
Total Waste to Landfill (tonnes)	13,441	20,553	17,591	19,456	21,964
Recycling Tonnage	3,736	2,465	1,879	1,938	1,909
General					
Estimated Residential Population	27,340	26,893	23,065	21,092	20,762
Approved Residential Strata Lots added to Market for the Year	Not available	314	505	882	338

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