



City of **Perth**

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# Agenda

Agenda Briefing Session

5 December 2023

Notice of Meeting

To the Lord Mayor and Councillors

The next Agenda Briefing Session will be held on Tuesday, 5 December 2023 in the Council Chamber, Level 9, 27 St Georges Terrace, Perth commencing at 5:00pm.

**Michelle Reynolds**

Chief Executive Officer

1 December 2023

## Information

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

## Disclaimer

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

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**1. Declaration of Opening**

**2. Acknowledgement of Country/Prayer**

**3. Attendance**

3.1 Apologies

3.2 Leave of Absence

Councillor David Goncalves - 27 November 2023 to 12 December 2023 (inclusive)

Councillor Vitkor Ko – 27 November 2023 to 11 December 2023 (inclusive)

3.3 Applications for Leave of Absence

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

**4. Announcements by the Lord Mayor**

**5. Disclosures of Interests**

**6. Public Participation**

6.1 Public Questions

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

6.2 Deputations

**7. Confirmation of Minutes**

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

**8. Questions by Members which due Notice has been Given**

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

**9. Correspondence**

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

## 10. Petitions

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

## 11. Planning and Economic Development Alliance Reports

Nil.

## 12. Community Development Alliance Reports

### 12.1 Major Event Leveraging Opportunity - Lightscape 2024

Responsible Officer	Kylie Johnson – General Manager Community Development
Voting Requirements	Absolute Majority
Attachments	Confidential Attachment 12.1A – Lightscape Partnership Opportunity Confidential Attachment 12.1B – Lightscape 2024 Partnership Benefits

### Purpose

To present the 2024 Lightscape major event leveraging opportunity for consideration by Council.

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### Recommendation

That Council:

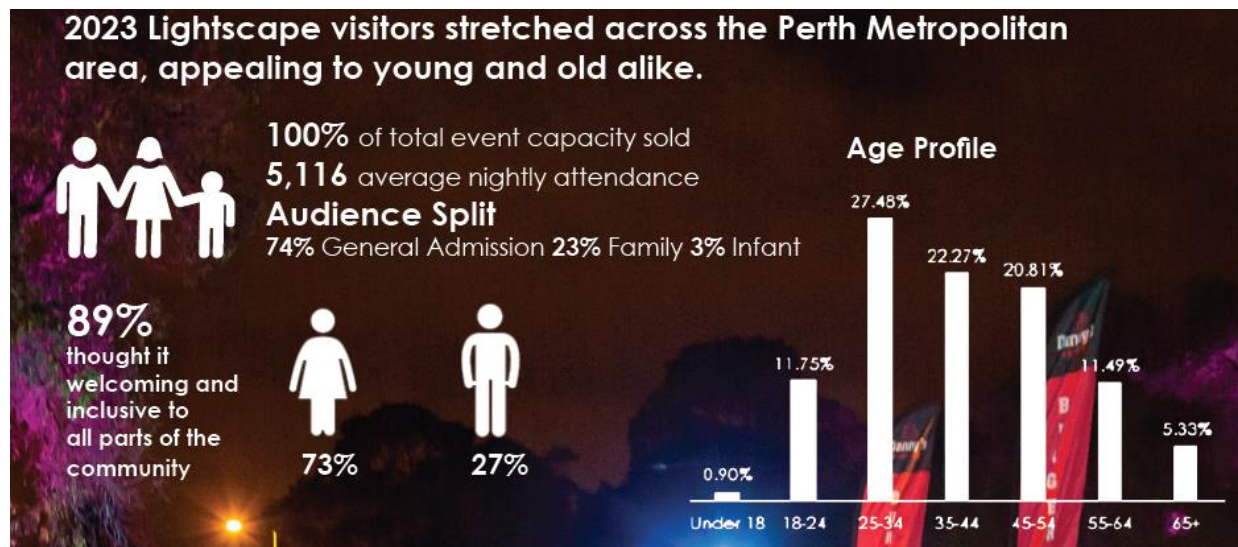
1. APPROVES Option 1, as included below to support the 2024 ‘Lightscape’ event held at Kings Park Botanic Gardens through the Botanic Gardens and Parks Authority (Attachment A).  
*“Option 1 That Council APPROVES to support the Botanic Gardens and Parks Authority for the 2024 Lightscape Event as **Presenting Partner** to the value of: \$290,000 (ex GST).”*
  2. APPROVES an amendment to the 2023/24 Budget to transfer \$290,000 (ex GST) from the Major Events Activation Reserve to support the 2024 Lightscape event.
  3. AUTHORISES the CEO to execute a Partnership Agreement on terms equivalent to or more favourable to the City than those set out by the Botanic Gardens and Parks Authority in its ‘Lightscape 2024 Partnership Benefits document’ (Attachment B) for the amount approved or such lesser amount deemed appropriate by the CEO.
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## Background

1. The City has a vision for Perth to be 'the events heart of WA' (2025 Events Strategy).
2. Lightscape is a 5-year major event at Kings Park Botanic Gardens, that commenced in 2023 taking ticketholders on a 1.8km trail through the iconic Kings Park and Botanic Gardens from 16 June to 30 July 2023.
3. Lightscape is presented and funded by Sony Music and the State Government Authority Botanic Gardens and Parks Authority (BPGA).
4. The theme over the five-year agreement with Sony highlights the wonders of WA flora and fauna while delivering an immersive and entertaining experience in the winter months in Kings Park.
5. This City partnered with BPGA as the Presenting Partner ('powered by City of Perth City of Light') for the 2023 Lightscape event, supporting marketing and community engagement which added to the success of the inaugural event.
6. The installations focus on the WA flora of the WA Botanic Garden. The City of Perth's focus on increasing urban tree canopy and valuing green spaces aligned with the flagship installation of 2023, Neon Trees.
7. The inaugural 2023 Lightscape event was hailed as a huge success with the following event overview:

**Attendees:** 100% total capacity sold (184,000 tickets) :



## Engagement

8. Social media:

<b>BGPA social media – Facebook Posts</b>	<b>Date of Post</b>	<b>Reach</b>
COP partnership announcement - Share of Lord Mayor post	19/05/23	8,502
Behind-the-scenes – Winter Cathedral in the works	26/05/23	16,116
General promotion: River of Light – FB banner	30/05/23	10,273
Behind-the-scenes – Neon Trees at night	2/06/23	17,785
LAUNCH – professional preview photos with tips (FAQs) to enjoy the event	16/06/23	49,453
Free shuttle bus announcement	16/06/23	21,131
Minister Hon Reece Whitby post share + parking information	23/06/23	25,803
Artist feature: Lynley Nargoodah – video.	3/07/23	2,439
‘On to-light’ - Ticketek as the source of Lightscape information	5/07/23	9,098
Artist feature: Tiahna Oxenham	6/07/23	10,717
‘Future Keepers’ Lightscape booklet on sale	14/07/23	8,099
City of Perth Council House lights	17/07/23	5,014
Mottlecah installation feature + new date added	20/07/23	13,275

9. Media Coverage:

Media coverage of Lightscape in 2023 reached over 1 million impressions, with over 7.68 million impressions, generating 285 clips and engaging 135 media personalities and influencers.

## Discussion

10. The internationally renowned Lightscape art and sound spectacular is returning to Kings Park after a sell-out season in 2023.
11. On 24 November 2023, the City received a formal request for support from BGPA.
12. As part of the provision in the 2023/24 Partnership Agreement, the City is to be offered the opportunity to be the *Presenting Partner* (‘powered by City of Perth City of Light’) for the 2024 Lightscape event.
13. Lightscape will take place over 40 nights from 7 June 2024, supported by an 8-month advertising and social media campaign.
14. In 2024, Lightscape (year 2) will once again bring the best of international and local artists to build on a conservation and botanical theme being ‘*The magic of root systems and their role in resilient landscapes*’.
15. The Presenting Partner opportunity will require the full requested amount to be supported (endorsement of option 1 as detailed below).

16. The Administration has provided four options for Council to consider:

**Option 1**

That Council APPROVES to support the Botanic Gardens and Parks Authority for the 2024 Lightscape Event as *Presenting Partner* to the value of:

\$290,000 (ex GST)

**Option 2**

That Council APPROVES to support the Botanic Gardens and Parks Authority for the 2024 Lightscape Event as *Major Partner* to the value of:

\$150,000 (ex GST)

**Option 3**

That Council APPROVES to support the Botanic Gardens and Parks Authority for the 2024 Lightscape Event as *Supporting Partner* to the value of:

\$60,000 (ex GST)

**Option 4**

That Council does not APPROVE any support to Botanic Gardens and Parks Authority for the 2024 Lightscape Event.

## Consultation

17. Discussions have been occurring since 2022 with BGPA, Sony and Culture Creative.
18. Representatives from BGPA have expressed a desire to attend the Council Meeting to enable elected members to clarify any aspect of this leveraging proposal.

## Decision Implications

19. Council Policy 4.3 Outgoing Sponsorship and Grants clause 10a. outlines that the City will not consider applications from the Commonwealth or State Government Departments through our sponsorship and grant programs.
20. Separate to the sponsorship program the City maintains a Major Events Activation Reserve which has the following stated purpose:
- "This reserve was established to allow the City to leverage activations associated with third party run major national or international sporting events. The reserve may also be used to allow the City to partner with state government agencies delivering events with significant state funding support."*
21. The City's involvement in the 2024 Lightscape Event is consistent with the purpose for which the reserve fund was established and could therefore be used to source up to \$290,000 towards leveraging the event.
22. If Council supports, any of the first three options (1, 2 or 3) to provide funding for this major event then the extent of financial impact will require funding from the City's Major Events Activation Reserve.
23. If Council does not support any funding being made available, as outlined in Option 4, no further action will be required.

24. The City strives to encourage events of this nature that drive visitation to the City and showcase Perth as a vibrant, global destination for future major international events.

### Strategic, Legislative and Policy Implications

Strategy	
Strategic Pillar (Objective)	Liveable
Related Documents (Issue Specific Strategies and Plans):	2025 Events Strategy Council Policy 4.3 Sponsorship and Grants

Legislation, Delegation of Authority and Policy	
Legislation:	Regulation 12 of the Local Government (Financial Management) Regulations 1996 – payments from municipal fund or trust fund, restrictions on making. Section 6.8 of the Local Government Act 1995.
Authority of Council/CEO:	Council may by resolution of Council authorise expenditure from the Major Events Activation Reserve.
Policy:	

### Financial Implications

25. The current balance of the Major Events Activation Reserve is \$1.99M.

### Further Information

Nil.

### 13. Infrastructure and Operations Alliance Reports

Nil.

## 14. Commercial Services Alliance Reports

### 14.1 1275 (Lot 1017) Hay Street, West Perth (Colonnade) - Leasing - Approval of Lease Proposal

Responsible Officer	Steve Holden – General Manager Commercial Services
Voting Requirements	Absolute Majority
Attachments	Attachment 14.1A – Lease Proposal <a href="#">↓</a> Attachment 14.1B – Survey Plans <a href="#">↓</a> Attachment 14.1C – Street View <a href="#">↓</a>

### Purpose

To seek Council approval to enter into and advertise the disposal of a new lease for 1275 (Lot 1017) Hay Street (Colonnade), West Perth to Tassone & Singh Pty Ltd as trustee for the Tassone & Singh Unit Trust (“tenant”) as per Attachment A (“Lease Proposal”).

### Recommendation

That Council:

1. APPROVES the proposed Lease Proposal to lease 1275 (Lot 1017) Hay Street (Colonnade), West Perth, for a period of 21 years.
2. AUTHORISES the Chief Executive Officer to give local public notice of the proposed disposition in accordance with Section 3.58(3)(a) of the *Local Government Act 1995*.
3. DELEGATES authority to the Chief Executive Officer to consider any submissions made in response to local public notice of the proposed disposition and to agree to disposed of the property in accordance with Section 3.58(3)(b) of the *Local Government Act 1995*.
4. Subject to the Chief Executive Officer agreeing to dispose of the property in the exercise of authority delegated under item 3, AUTHORISES the Chief Executive Officer to execute the new lease and any subsequent sublease, variation, extension or assignment on behalf of the City.

## Background

1. This report is being submitted at the request of the existing tenant who are requesting a new 21-year lease.
2. 1275 (Lot 1017) Hay Street, West Perth is a two-storey retail/commercial building standing on the corner of Hay Street and Outram Street. The top floor of the property has been constructed over the top of the **road reserve** (footpath).
3. This colonnade and air rights arrangement over the **road reserve** has been documented by way of a 21-year lease between the owners of the property and the City of Perth.
4. The current lease terminates on the 15<sup>th</sup> June 2029.
5. In November 2022, Satac Pty Ltd sold the property and assigned the lease to Tassone & Singh Pty Ltd.
6. Tassone & Singh Pty Ltd is owned by Dhyan Singh and Alberto Tassone, who own Stanley College. It is understood that Stanley College will operate the property as a hospitality training facility with a Development Approval recently issued for a tavern use on the ground floor and education use on the upper floors. The City is now in receipt of the Building Permit application for the refurbishment of the property.
7. The Deed of Consent and Assignment of Lease was formalised on 25<sup>th</sup> November 2022.
8. Reflecting the short period remaining on the existing lease, Tassone & Singh Pty Ltd have now formally requested that the City consider a new lease agreement for a further 21-year term.

## Discussion

9. Assuming Ministerial approval, the Administration is willing to support this request, which will secure the investment by the tenant in the property, including the occupation by Stanley College.
10. Ministerial approval is required as the lease is on Crown Land (road reserve), with 21-years being the maximum possible term that the Minister will approve.

### Market Rental Valuation

11. A market rental valuation of the site was issued by the City's Valuer, Burgess Rawson on 24<sup>th</sup> April 2023, with a confirmation letter dated 23<sup>rd</sup> October 2023.
12. The Valuer determined a market rental valuation of \$5,720.00 per annum.
13. This is in line with the current rental paid by the tenant to the City of \$5,720.00 per annum.

### Lease Transaction

14. The City has now reached agreement on proposed terms for the new lease with the rent set at the market rate of \$5,720 per annum.
15. The proposal does not include any incentives.
16. However, the agreed lease term is outside the scope of Council Policy 2.7 Property Performance Investment and Disposal Policy, which states that the aggregate term, including any options to extend or renew, is not to exceed a maximum of twenty (20) years.
17. The agreed rent is 100% of the market valuation and is accordance with the parameters for an Income Generating property (being not less than 95% of market value).

18. Per Council Policy 2.7 Property Performance, Investment and Disposal, ordinarily the rent should be reviewed to Market Value not less than every five years during the term. Annual percentage increases in rent equal to or not less than the movement in the Perth Consumer Index will also apply on each year of the term where the rent is not reviewed to Market Value.
19. On this occasion, the rent review will be subject to Perth Consumer Index review every two years, which mirrors the existing rent review provisions in the current lease. This approach reflects the lack of suitable comparable evidence for leases of this nature and avoids paying market valuation fees for what is a relatively low value lease.
20. A copy of the Lease Proposal is attached to this report as Attachment A along with a copy of the Survey Plans as Attachment B.
21. Per the norm for such transactions, all negotiations to date have been made subject to formal approval, advertising and all relevant statutory approvals, including Ministerial approval.

## Consultation

22. Not applicable.

## Decision Implications

23. There are no additional risk implications to the City other than if the Lessee fails to perform their Lease obligations.
24. There are no adverse financial implications for the City, as the new rental is the same as their current rental amount. All costs for the preparation of legal documents will be at the cost of the Lessee.
25. If the Council supports the recommendation, then the City will commence the statutory advertising required under Local Government Act 1995, Section 3.58.
26. If the Council does not support the recommendation, the Lessee will be advised of the outcome.

## Strategic, Legislative and Policy Implications

Strategy	
<b>Strategic Pillar (Objective)</b>	Prosperous
<b>Related Documents (Issue Specific Strategies and Plans):</b>	The City of Perth commercial property portfolio provides the opportunity to deliver revenue diversification from the traditional rates income and carparking revenue. The City is guided by the statement “To maximise the potential of our property assets in the context of a triple bottom line approach (Profit, People & Planet)”.



Legislation, Delegation of Authority and Policy	
<b>Legislation:</b>	Section 3.58 of the Local Government Act 1995.
<b>Authority of Council/CEO:</b>	<p>Under section 2.13 Register of Delegations and Authorisations the CEO has the authority to lease a land where its independent market rental valuation is less than \$2,000,000.00 pa.</p> <p>The exercise of this delegation must be consistent with the relevant Council Policy.</p>
<b>Policy:</b>	<p>CP 2.7 Property Performance Investment and Disposal Policy.</p> <p>Section 5(A)(i) states that the aggregate term, including any options to extend or renew, is not to exceed a maximum of twenty (20) years.</p> <p>Section 5(A)(i) also states that the Rent is to be reviewed to Market Value not less than every five years during the Term. Annual percentage increases in Rent equal to not less than the movement in the Perth Consumer Price Index will apply on each year of the term where the Rent is not reviewed to Market Value.</p> <p>As this disposal exceeds the leasing parameters for an Income Generating property, Council must resolve upon this disposal of the property in these circumstances.</p>

## Financial Implications

27. All costs associated with the new lease will be met by the tenant.

## Further Information

Nil.

## Lease Proposal (Commercial Lease) – 1275 (Lot 1017) Hay Street, West Perth (Colonnade)

### Commercial Lease Heads of Agreement

<b>Lessor</b>	City of Perth
<b>Lessee</b>	Tassone & Singh Pty Ltd as trustee for the Tassone & Singh Unit Trust (ABN: 72 119 913 768)
<b>Premises</b>	1275 (Lot 1017) Hay Street, West Perth (Colonnade)
<b>Permitted Use</b>	<ul style="list-style-type: none"> <li>• Lease Area 'A' – Predominantly as offices, education facility, training kitchen and tavern</li> <li>• Lease Area 'B' – As support columns of the office space.</li> </ul>
<b>Commencement Date</b>	To be advised.
<b>Lease Term</b>	21 years
<b>Option</b>	Not applicable
<b>Net Rent</b>	\$5,720.00 per annum plus GST
<b>Leased Area</b>	<ul style="list-style-type: none"> <li>• Lease Area 'A' – Approximately 65.77sqm and marked as 'A1' – 'A5' (inclusive) on Deposited Plan 60762 and</li> <li>• Lease Area 'B' – Approximately 0.9sqm and marked as 'B' on Deposited Plan 60763.</li> </ul>
<b>Variable Outgoings</b>	The Lessee must pay all Rates and Taxes payable separately in respect of the Premises.
<b>Rent Payment Dates</b>	Annually in advance
<b>Rent Reviews</b>	CPI (Perth - All Groups) – every two (2) years from the lease commencement date for Lease Area 'A' and Lease Area 'B' shall not be reviewed.

	Market Review - Not Applicable
<b>Insurance</b>	Public Liability not less than \$20,000,000.
<b>Special Conditions</b>	<ol style="list-style-type: none"> <li>1. Surrender of the existing Assignment of Lease and a new Lease between the Lessor and Lessee.</li> <li>2. The Sub-Lessee acknowledges that the <u>general provisions</u> of the existing lease agreements will apply under the new leases.</li> <li>3. The Lessee acknowledges that all commercial terms offered are subject to formal City of Perth Council Approval and Ministerial consent.</li> <li>4. Any new Lease is subject to satisfactory completion of the statutory process to effect a disposal (lease) of the Property in accordance with Section 3.58 of the <i>Local Government Act 1995 (WA) (LGA)</i></li> </ol>
<b>Legal Costs</b>	<p>The legal documentation for the surrender of the existing Lease and the new Lease will be prepared by the Lessor's solicitors and provided to the Lessee for review.</p> <p>The Lessee is to meet all their own and the Lessor legal fees to prepare and register all legal documents including a new Lease.</p>





City of Perth  
Lease Area B

VER		AMENDMENT	AUTHORISED BY	DATE	[Licensed Surveyors   Engineering Surveyors   Land Development & Strata Consultants] Enquiries: 08 9396 9888 Fax: 08 9396 9877 43 Broadway, Midland WA 6055 Our Ref: 05000-00P Date: 14/05/2023															
A41633 1017 DP 189842 ENLARGEMENT X NOT TO SCALE OUTRAM STREET ENLARGEMENT Y NOT TO SCALE HAY STREET ENLARGEMENT Z NOT TO SCALE		HAY STREET OUTRAM STREET 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000			INITIAL INTERESTS <table border="1"> <thead> <tr> <th>SUBJECT</th> <th>PURPOSE</th> <th>STATUTORY REFERENCE</th> <th>ORIGIN</th> <th>LAND BURDENED</th> <th>BENEFIT TO</th> <th>COMMENTS</th> </tr> </thead> <tbody> <tr> <td>18</td> <td>LEASE</td> <td></td> <td>DOC</td> <td>LOT 1017</td> <td>SEE DOCUMENT</td> <td>LIMITED IN HEIGHT FROM AS SHOWN TO 50.75m AND</td> </tr> </tbody> </table>		SUBJECT	PURPOSE	STATUTORY REFERENCE	ORIGIN	LAND BURDENED	BENEFIT TO	COMMENTS	18	LEASE		DOC	LOT 1017	SEE DOCUMENT	LIMITED IN HEIGHT FROM AS SHOWN TO 50.75m AND
SUBJECT	PURPOSE	STATUTORY REFERENCE	ORIGIN	LAND BURDENED	BENEFIT TO	COMMENTS														
18	LEASE		DOC	LOT 1017	SEE DOCUMENT	LIMITED IN HEIGHT FROM AS SHOWN TO 50.75m AND														
TYPE: CROWN INTEREST PURPOSE: INTEREST PLAN DP: LEASE OVER LOT 1017 ON DP 189842 AND/OR OTHER INTERESTS		DISTRICT: SWAN LOCAL AUTHORITY: CITY OF PERTH TOWN/SHIRE: PERTH LOCALITY: WEST PERTH FORMER TENURE: ON INDEX: BIG24 (11.23.20)		SCALE: 1:100 @ A3 ALL DISTANCES ARE IN METRES 0 1 2 3 4 5																
SSA PREPARED: CHRIS GILL DATE: 14/05/2023 CHECKED: CHRIS GILL DATE: 14/05/2023		APPROVED BY: [Signature] TITLE: [Title] DATE: [Date]		IN ORDER FOR DEALINGS APPROVED: [Signature] TITLE: [Title] DATE: [Date]																
LANDGATE DEPOSITED PLAN 60763																				

1275 Hay Street – Street View - Colonnade



## 15. Corporate Services Reports

### 15.1 Monthly Financial Statements - October 2023

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

### Purpose

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

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### Recommendation

That Council:

1. RECEIVES the following financial reports for the period ended 31 October 2023:
  - a) Statement of Financial Activity (SFA) - Attachment 15.1A.
  - b) Notes on Significant Variances - Attachment 15.1B.
  - c) Supplementary Notes to the Statement of Financial Activity - Attachment 15.1C.
  - d) Monthly Financial Statistics - Attachment 15.1D.
  - e) Statement of Financial Position - Attachment 15.1E.
  - f) Alliance Operating Variances - Attachment 15.1F.
  - g) Capital Variances - Attachment 15.1G.
  - h) Investment Report - Attachment 15.1H.
  - i) Rates Monthly Debtors Report - Attachment 15.1I.

## Background

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

## Understanding the Financials

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



10. A realised unfavourable year to date variance on an expenditure item, (over-expenditure) results in a decrease to the projected budget surplus.
11. The Schedule of Significant Variances (Attachment 15.1B) provides commentary on whether the nature of the variance is savings related, timing related or otherwise.
12. If a realised favourable or unfavourable variance is material in value (of significant size), it will be amended through a formal budget review process.

## Discussion

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

**Table 1:**

Item Details	Annual Budget	YTD Budget	Actual 23/24	Variance	F/ U
Operating Revenue	\$ 113.24 M	\$ 44.85 M	\$ 46.68 M	\$ 1.83 M	F
Rates Revenue	\$ 103.80 M	\$ 103.80 M	\$ 104.50 M	\$ 691 K	F
Cash Operating Exp.	\$ 174.96 M	\$ 55.07 M	\$ 50.80 M	\$ 4.27 M	F
Non-Operating Revenue	\$ 12.92 M	\$ 0.00 M	\$ 111 K	\$ 111 K	F
Capital - Infrastructure	\$ 34.08 M	\$ 5.86 M	\$ 6.58 M	\$ 722 K	U
Property, Plant & Equip.	\$ 36.14 M	\$ 4.07 M	\$ 4.20 M	\$ 130 K	U
Capital Contributions	\$ 19.00 M	\$ 1.25 M	\$ 0.00 M	\$ 1.25 M	F

16. Material operating revenue and expenditure variances from Attachment 15.1A are detailed (with explanatory comments) in the Notes on Significant Variances (Attachment 15.1B).
17. Each line item listed in the SFA by Nature & Type Attachment 15.1A can be cross referenced (using the Note reference) back to the relevant note.
18. Examining the SFA (Attachment 15.1A) in more detail; the aggregation of operating revenues and operating expenses reflects a year-to-date Net Cash Position from Operations of \$100.37M compared to a year-to-date budgeted surplus of \$93.59M. This is a favourable variance of \$6.78M at the end of the month.
19. Investing activities reflect a result of (\$10.74M) compared to a year-to-date budget of (\$11.17M). This is a favourable variance of \$0.43M. This is largely related to an accelerated start to the capital program, albeit a program with a modest budget to date.
20. Construction of infrastructure to month end is ahead of year-to-date budget expectations at \$6.58M, against a \$5.86M year to date budget as noted at paragraph 15.
21. Acquisition of non-infrastructure to month end is \$4.20M and is also ahead of the year-to-date budget.

22. Comments on significant capital variances are contained in Attachment 15.1G.
23. Adjusting for opening funds (Net Current Position), generates the Budget Deficiency before Rates. This then indicates the Amount Required to be Raised from Rates. The difference between the Rates amount, and the Deficiency before Rates, is the Closing Position.
24. The SFA for the period to 31 October shows that a rate yield of \$104.50M has been levied compared to the budget of \$103.80M after adjusting for interim rates.
25. The disclosed year to date SFA Closing Position of \$120.88M compares favourably to the projected budget closing position of \$114.57M - reflecting the combined impact of the favourable variances noted in this report for revenues, expenses, and financing activity.
26. Contributing to this difference are a very positive investment revenue performance and slower than anticipated operating cash outflows.
27. Key financial statistics at each month end are presented graphically in Attachment 15.1D as an alternative representation of the data.
28. The Net Current Position Note (Attachment 15.1C) at month end indicates a year-to-date adjusted Net Current Position value of \$120.95M versus the year end projection of \$7.69M.
29. Headline data from this month's Net Current Position report is shown in Table 2 below.

**Table 2:**

Item Details	June 2023 Actual	June 2024 Annual Budget	Oct 2023 Actual
Current Assets	\$ 210.03 M	\$ 181.80 M	\$ 315.25 M
Current Liabilities	(\$ 35.22 M)	(\$ 41.53 M)	(\$ 50.68 M)
Unadjusted Net Assets	\$ 174.81 M	\$ 140.29 M	\$ 264.57 M
Less Restricted Items	(\$ 155.11 M)	(\$ 132.60 M)	(\$ 143.62 M)
Adjusted Net Current Position	\$ 19.69 M	\$ 7.69 M	\$ 120.95 M

30. The Current Asset position at month end is favourably impacted by three major factors :
  - a. A higher value of reserve funds versus the projected year-end balance - which will be reduced later in the financial year based on planned drawdown of funds.
  - b. A higher municipal cash balance due to a strong rates first instalment collection profile.
  - c. A significantly higher rates receivable balance representing the remaining three rate instalments yet to fall due for collection.
31. As noted above, there is currently a higher value of reserve funds (restricted assets) at present, and this difference will remain until drawn down to make the capital contributions for the WACA Aquatic Facility and Perth Concert Hall when required.
32. The remaining variances are essentially timing differences attributable to 'unusual' but relatively predictable pattern of local government cashflows. That is, revenue is largely recognised at the beginning of the year – but cash collections and expenditure are phased across the whole year.
33. A Statement of Financial Position as at month end (showing 2022/23 Actual balances, the Revised 2023/24 Budget and the 2023/24 Year to Date Actual balances) is presented as Attachment 15.1E.

34. In line with recent local government financial management reporting changes, Attachments 15.1A to Attachment 15.1C form the portion of monthly management accounts that is a statutory obligation.
35. The remaining attachments 15.1D through to 15.1I are supplementary information provided to give Council additional transparency of the City's financial management performance.
36. Attachment 15.1F - Operating Variances and Attachment 15.1G - Capital Variances provide a more granular view of variances by alliance and service.
37. Attachment 15.1H - Investment Report for October 2023 presents detail of the City's cash investment portfolio in terms of performance, percentage exposure of total portfolio by credit risk, counterparty exposure and maturity profile.
38. The report indicates the City has adequate cash flow to meet its financial obligations as and when they will fall due; and it has achieved compliance with the various Investment Policy limits.
39. It also shows the impact of recent uplifts in investment rates and performance is currently comfortably ahead of the upward revision to the interest revenue budget in the 2023/24 annual budget.
40. Attachment 15.1I - Rates Debtors provides a monthly update and analysis of rates collections by differential property rating category and overall. The 2023/24 rates notices were issued on 28 July with a first instalment due date of 6 September 2023.
41. As noted in Table 1, the rates yield is currently \$691K ahead budget. However, it is important to note that anticipated concessions will subsequently reduce the rate yield by approximately \$450K. A retrospective downwards interim rates adjustment of \$155K is also to be processed in December.

## Consultation

Nil.

## Decision Implications

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

## Strategic, Legislative and Policy Implications

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

Legislation, Delegation of Authority and Policy	
<b>Legislation:</b>	<p>Section 6.4(1) and (2) of the <a href="#">Local Government Act 1995</a>            Regulation 34(1) of the <a href="#">Local Government (Financial Management) Regulations 1996</a></p> <p>This section of the Act and the related regulation prescribe the requirement to prepare and present to Council a Monthly Financial Report including a Statement of Financial Activity (SFA).            That Statement of Financial Activity (SFA) should contain:</p> <ul style="list-style-type: none"> <li>• Annual Budget estimates, and approved revisions to these for comparison purposes.</li> <li>• Actual amounts of income and expenditure to the end of the month of the SFA.</li> <li>• Material variances between the comparable amounts and commentary on reasons for these variances.</li> </ul> <p>The Monthly Financial Report should also contain:</p> <ul style="list-style-type: none"> <li>• A Statement of Financial Position at the end of the month.</li> <li>• An explanation of the composition of the Net Current Position at the end of the month to which the SFA relates.</li> </ul> <p>Any other information which the local government deems relevant.</p>
<b>Authority of Council/CEO:</b>	The above legislation prescribes that this report be presented to Council on a monthly basis.
<b>Policy:</b>	CP 2.1 Management of Investments.

## Financial Implications

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

## Further Information

Nil



City of Perth Statement of Financial Activity

Oct - 2023

Attachment A

Detail	Note	Revised Annual Budget \$	YTD Budget \$	YTD Actual \$	YTD Budget Variance \$	YTD Budget Variance %	Budget Impact
<b>Operating Activities</b>							
Revenue from Operating Activities							
Rates	1	103,806,638	103,806,638	104,497,480	690,842	0.7%	✓
Grants, Subsidies and Contributions	2	2,827,255	835,565	586,449	(249,116)	(29.8%)	✗
Fees & Charges - Parking	3A	74,275,326	24,989,244	24,654,818	(334,426)	(1.3%)	✗
Fees & Charges - Waste	3B	10,469,150	10,102,483	10,193,574	91,091	0.9%	✓
Fees & Charges - Other	3C	2,869,888	1,205,644	1,511,976	306,331	25.4%	✓
Interest Revenue	4A	8,000,866	2,982,955	4,263,039	1,280,084	42.9%	✓
Distribution from Investments	4B	500,000	75,000	88,053	13,053	17.4%	✓
Fines & Associated Costs	5	7,081,869	2,527,055	2,768,371	241,316	9.5%	✓
Rental and Hire Revenue	6	5,015,965	1,547,401	1,657,932	110,531	7.1%	✓
Other Revenue	7	1,906,708	579,627	771,279	191,651	33.1%	✓
Change in Valuation of Investment	8	0	0	173,661	173,661	0.0%	!
Profit on Asset Disposals	9	293,288	9,370	13,281	3,911	41.7%	✓
<b>Sub Total</b>		<b>217,046,953</b>	<b>148,660,983</b>	<b>151,179,912</b>	<b>2,518,929</b>	<b>1.7%</b>	✓
Expenditure from Operating Activities							
Employee Costs	10	(85,745,429)	(28,140,263)	(26,550,639)	1,589,624	(5.6%)	✓
Materials and Contracts	11	(55,838,427)	(16,068,713)	(14,453,227)	1,615,486	(10.1%)	✓
Utility Charges	12	(3,798,677)	(1,274,401)	(1,172,518)	101,883	(8.0%)	✓
Finance Costs	13	(115,144)	(38,381)	(39,051)	(670)	1.7%	✗
Insurance	14	(1,535,396)	(510,132)	(545,821)	(35,689)	7.0%	✗
Parking Levy	15	(18,352,533)	(6,117,511)	(5,357,059)	760,452	(12.4%)	✓
Other Expenditure	16	(9,284,874)	(2,912,323)	(3,110,948)	(198,625)	6.8%	✗
Change in Valuation of Investment	17	0	0	(539,128)	(539,128)	0.0%	!
Depreciation & Amortisation	18	(36,512,699)	(12,141,288)	(13,611,719)	(1,470,431)	12.1%	✗
Loss on Asset Disposals	19	(1,275,280)	(347,697)	(1,520,537)	(1,172,840)	337.3%	✗
<b>Sub Total</b>		<b>(212,458,458)</b>	<b>(67,550,708)</b>	<b>(66,900,647)</b>	<b>650,062</b>	<b>(1.0%)</b>	✓
Non Cash Amounts excluded from Operating Activities		37,494,691	12,479,615	16,094,737	3,615,122	29.0%	✓
<b>Amount attributable to Operating Activities</b>		<b>42,083,186</b>	<b>93,589,890</b>	<b>100,374,002</b>	<b>6,784,112</b>	<b>7.2%</b>	✓
<b>Investing Activities</b>							
Inflows from Investing Activities							
Capital Grants, Subsidies and Contributions (Cash)	20	12,091,698	0	39,509	39,509	0.0%	!
Contributed, recognised and Right of use assets	21	0	0	71,564	71,564	0.0%	!
Distribution from Investments in Associates	22	0	0	0	0	0.0%	!
Proceeds from Disposal of Assets	23	824,316	0	0	0	0.0%	!
<b>Sub Total</b>		<b>12,916,014</b>	<b>0</b>	<b>111,073</b>	<b>111,073</b>	<b>0.0%</b>	!
Outflows from Investing Activities							
Purchase of Property, Plant and Equipment	24	(36,143,736)	(4,067,257)	(4,198,179)	(130,922)	3.2%	✗
Construction of Infrastructure	25	(34,084,942)	(5,861,840)	(6,584,197)	(722,357)	12.3%	✗
Contributed, recognised and Right of use assets	26	0	0	(71,564)	(71,564)	0.0%	!
WACA Aquatic Centre Contribution	27	(15,000,000)	(1,250,000)	0	1,250,000	(100.0%)	✓
Perth Concert Hall Contribution	27	(4,000,000)	0	0	0	0.0%	!
<b>Sub Total</b>		<b>(89,228,679)</b>	<b>(11,179,097)</b>	<b>(10,853,940)</b>	<b>325,157</b>	<b>(2.9%)</b>	✓
<b>Amount attributable to Investing Activities</b>		<b>(76,312,665)</b>	<b>(11,179,097)</b>	<b>(10,742,867)</b>	<b>436,230</b>	<b>3.9%</b>	✓
<b>Financing Activities</b>							
Inflows from Financing Activities							
Transfer from Reserves	28	53,664,565	28,304,565	28,304,565	0	0.0%	!
Proceeds from New Borrowings	29	0	0	0	0	0.0%	!
<b>Sub Total</b>		<b>53,664,565</b>	<b>28,304,565</b>	<b>28,304,565</b>	<b>0</b>	<b>0.0%</b>	!
Outflows from Financing Activities							
Transfer to Reserves	30	(43,440,489)	(28,127,543)	(28,819,412)	(691,869)	2.5%	✗
Repayment of Borrowings	31	0	0	0	0	0.0%	!
Payments for Principal Portion of Leases	32	(284,605)	0	(218,675)	(218,675)	0.0%	!
<b>Sub Total</b>		<b>(43,725,094)</b>	<b>(28,127,543)</b>	<b>(29,038,087)</b>	<b>(910,544)</b>	<b>3.2%</b>	✗
<b>Amount attributable to Financing Activities</b>		<b>9,939,471</b>	<b>177,022</b>	<b>(733,522)</b>	<b>(910,544)</b>	<b>514.4%</b>	✓
Movement in Surplus or (Deficit)							
Surplus / (Deficit) at Start of Financial Year	33	31,985,187	31,985,187	31,985,187	0	0.0%	!
Amount attributable to Operating Activities		42,083,186	93,589,890	100,374,002	6,784,112	7.2%	✓
Amount attributable to Investing Activities		(76,312,665)	(11,179,097)	(10,742,867)	436,230	3.9%	✓
Amount attributable to Financing Activities		9,939,471	177,022	(733,522)	(910,544)	514.4%	✓
<b>Surplus / (Deficit) after Imposition of Rates</b>		<b>7,695,179</b>	<b>114,573,001</b>	<b>120,882,800</b>	<b>6,309,799</b>	<b>5.5%</b>	✓

Favourable Impact on Budget Surplus ✓

Unfavourable Impact on Budget Surplus ✗

This Statement is to be read in conjunction with the accompanying notes



**Notes to Statement of Financial Activity - Oct 2023**

**Attachment B**

The Note reference and descriptor in each summary box below link back to the relevant line item on the Financial Activity Statement. The variance is then expressed as both a dollar value and a percentage. Letter F or U refers to the impact of the variance on the budget surplus (favourable / unfavourable).

**Notes to Accompany Statement of Financial Activity - Operating Revenues**

Comments on the 1.7% favourable variances in Operating Revenues are provided below.

Note 1	Rates	Variance \$	Variance %	Type
▲	Increase Actual Surplus	\$ 691K	0.7%	F

A rate yield of \$104.3M has been levied compared to the revised budget of \$103.8M. The rate yield has been further inflated by interim rates. The yield will, however, be reduced by approximately \$450K after allowing for heritage concessions, rate exemptions and a retrospective rates adjustment.

Note 2	Grants, Subsidies & Contributions	Variance \$	Variance %	Type
▼	Decrease Actual Surplus	(\$249K)	(29.8%)	U

Timing variance for the contribution of payments related to the Christmas lights trail.

Note 3A	Fees & Charges - Parking	Variance \$	Variance %	Type
▼	Decrease Actual Surplus	(\$ 334K)	(1.3%)	U

Improvement in parking revenue from September, however parking revenues continue to be impacted by free parking initiatives and lower bay turnover.

Note 3B	Fees & Charges - Waste	Variance \$	Variance %	Type
▲	Increase Actual Surplus	\$ 91K	0.9%	F

Waste services billed at the commencement of the year was slightly above budget expectations.

Note 3C	Fees & Charges - Other	Variance \$	Variance %	Type
▲	Increase Actual Surplus	\$ 306K	25.4%	F

Overall, the Other Fees & Charges classification is \$306K ahead of budget expectations. There are several variances involved:

- \$150K, large building application received in October.
- \$28K, activity approval fees are ahead of budget as booking fees for subsequent events are required to be prepaid.
- \$58K, health approval fees are ahead of budget due to a favourable timing difference on pool inspection fees.
- \$64K, relates to the receipt of unclaimed funds held in trust being recognised as revenue.

Note	Category	Variance \$	Variance %	Type
Note 4A	Interest Revenue			
▲	Increase Actual Surplus	\$ 1,280K	42.9%	F

Interest earned on investments is comfortably ahead of budget due to higher investment rates and higher investment balances. This is being monitored for upwards adjustment in the mid-year review given the continuing positive trend.

Note	Category	Variance \$	Variance %	Type
Note 4B	Distribution from Investments			
▲	Increase Actual Surplus	\$ 13K	17.4%	F

Minor variance against budget on 'mark to market' investment.

Note	Category	Variance \$	Variance %	Type
Note 5	Fines & Costs			
▲	Increase Actual Surplus	\$ 241K	9.5%	F

Fines revenue is higher than budgeted due to poor parking practices.

Note	Category	Variance \$	Variance %	Type
Note 6	Rental & Hire			
▲	Increase Actual Surplus	\$ 110K	7.1%	F

Rental & Hire Revenue reflects \$78K higher than what was budgeted revenue for social housing. Activity approvals (park and reserve bookings) & facility bookings are \$38K ahead of budget.

Note	Category	Variance \$	Variance %	Type
Note 7	Other Revenue			
▲	Increase Actual Surplus	\$ 192K	33.1%	F

The variance is related to proceeds from disposal of impounded vehicles, recoverable works proceeds associated with Perth Concert Hall and improved sales at the community centre.

Note	Category	Variance \$	Variance %	Type
Note 8	Change in Investment Valuation			
▲	Increase Actual Surplus	\$ 174K	0.0%	F

Net change for the year in the City's Colonial First State Investment which is marked to the ASX share index.

Note	Category	Variance \$	Variance %	Type
Note 9	Profit on Disposal of Assets (Non-Cash)			
Nil	No Cash Impact on Surplus	\$ 4K	41.7%	-

Small windfall gain on trade in of depot vehicles.

**Notes to Accompany Statement of Financial Activity - Operating Expenses**

Comments on the 1.0% favourable variance in Operating Expenses are provided below.

Note 10	Employee Costs	Variance \$	Variance %	Type
▲	Increase Actual Surplus	\$ 1,590K	5.6%	F

The employee costs are under budget (5.6%) due to current vacancies (in recruitment) in the Corporate Services, Community Development, Planning & Economic Development, Infrastructure and Commercial Services alliances. The consistency in vacancies across all alliances reflects the very competitive labour market in the wider community. The variance should reverse later in the year.

Note 11	Materials & Contracts	Variance \$	Variance %	Type
▲	Increase Actual Surplus	\$ 1,615K	10.1%	F

The favourable variance in expenditure is mainly caused by the timing of invoices to be paid pending receipt of goods and services. Further details by service are listed below:

- Waste Tipping Fee \$ 260K
- Asset Management \$ 97K
- Park maintenance contractors \$ 260K
- Planning & Economic Development consultancies \$ 146K
- Parking Services - Hosting fees, re-branding costs and cash collections \$ 594K
- Event Management \$ 106K
- ICT services \$ 174K

Note 12	Utilities	Variance \$	Variance %	Type
▲	Increase Actual Surplus	\$ 101K	8.0%	F

This favourable variance is largely attributed to a timing variance in relation to billing of power costs and telecommunications charges.

Note 13	Finance Costs	Variance \$	Variance %	Type
▼	Decrease Actual Surplus	(\$ 0.6K)	(1.7%)	U

Lease interest expenses are broadly in line with the budget.

Note 14	Insurance	Variance \$	Variance %	Type
▼	Decrease Actual Surplus	(\$ 37K)	(7.0%)	U

Insurance expenses were higher than budgeted when the renewal premium was confirmed for 2023/24 and will need to be increased at mid-year budget review.



Note	Description	Variance \$	Variance %	Type
Note 15	Parking Levy			
▲	Increase Actual Surplus	\$ 760K	12.4%	F

Parking levy is currently under the allocated budget (adjusted for rebates claimed for unused bays).

Note	Description	Variance \$	Variance %	Type
Note 16	Other Expenses			
▼	Decrease Actual Surplus	(\$ 199K)	(6.8%)	U

This is mainly related to non-capitalised work in progress, which we do not budget for.

Note	Description	Variance \$	Variance %	Type
Note 17	Change in Investment Valuation			
⌚	No Impact on Surplus	(\$ 539K)	0.0%	-

This variance is offset at year end against the positive variance noted above at Note 8.

Note	Description	Variance \$	Variance %	Type
Note 18	Depreciation & Amortisation (Non-Cash)			
Nil	No Cash Impact on Surplus	(\$ 1,470K)	(12.1%)	-

Depreciation is higher because of the statutory revaluation of roads, paths, kerbs and drains etc as at 30 June. Once the final accounts for June 2023 are signed off, a non-cash budget amendment will be presented to Council.

Note	Description	Variance \$	Variance %	Type
Note 19	Loss on Revaluation of Asset (Non-Cash)			
Nil	No Cash Impact on Surplus	(\$ 1,173K)	-	-

The loss on asset disposals occurs when road, landscaping, paths, and kerbs components are scrapped and disposed of during the construction of new infrastructure and renewal projects. When these still have values recorded in the City's asset register, that value is recognised as a loss on disposal.



































































































## 15.2 Schedule of Accounts Paid - October 2023

<b>Responsible Officer</b>	Michael Kent – Chief Financial Officer
<b>Voting Requirements</b>	Simple Majority
<b>Attachments</b>	Attachment 15.2A – Schedule of Accounts Paid - October 2023

### Purpose

For Council to note details of payments made under delegated authority for the month of October 2023.

### Recommendation

That Council:

- RECEIVES the Schedule of Accounts Paid for the period ended 31 October 2023 as attached as Appendix 15.2A.
- RECORDS in the Ordinary Council Meeting minutes the summary of accounts paid being:

<b>Total Accounts Paid</b>	
<b>Municipal Fund</b>	\$14,861,122.64
<b>Trust Fund</b>	0
<b>Total - All Funds</b>	<b>\$14,861,122.64</b>

## Background

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

## Discussion

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

Schedule of Accounts Paid - October 2023		
<b>Municipal Fund</b>		
EFT & Cheque Payments	Direct Creditor Payments	11,185,969.70
<b>Sub Total - EFT &amp; Cheques</b>		<b>11,185,969.70</b>
Direct Debits	Bank Charges and Merchant Fees	75,098.36
<b>Sub Total - Direct Debits</b>		<b>75,098.36</b>
Payroll	06/10/2023	1,797,295.91
	24/10/2023	1,790,838.05
<b>Sub Total - Payroll</b>		<b>3,588,133.96</b>
Corporate Cards		11,920.62
<b>Sub Total - Cards</b>		<b>11,920.62</b>
<b>Total per Attachment 15.2A</b>		<b>14,861,122.64</b>
<b>Total Payments from Municipal Fund</b>		<b>14,861,122.64</b>
Investments in Term Deposits		<b>10,000,000</b>
<b>Trust Fund</b>		
Trust EFT & Cheques		<b>0</b>
<b>Total - Trust Funds</b>		

## Consultation

Nil.

## Decision Implications

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

## Strategic, Legislative and Policy Implications

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

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

## Financial Implications

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

## Further Information

Nil.





































































































































## 16. Chief Executive Officer Reports

### 16.1 Adopting the Annual Report and Setting the Date for the 2022/23 Electors General Meeting

Responsible Officer	Michelle Reynolds – Chief Executive Officer
Voting Requirements	Absolute Majority
Attachments	Attachment 16.1A – City of Perth 2022-2023 Annual Report <a href="#">↓</a>

#### Purpose

For Council to consider the City of Perth 2022/23 Annual Report and setting the date for the Electors General Meeting.

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#### Recommendation

That Council:

1. ACCEPTS the City of Perth 2022-2023 Annual Report, as provided in Attachment A, in accordance with Section 5.53 and 5.54(1) of the *Local Government Act 1995* (the Act); noting that:
    - a. a draft version of Annual Report (text only) is attached to this report which will be formatted (including structurally) and graphically designed following acceptance before it is made available; and
    - b. minor typographical amendments, that do not affect the materiality of the document, may also be made to improve the presentation and/or make corrections.
  2. APPROVES the advertisement of the availability of the Annual Report in accordance with Section 5.55 of the *Local Government Act 1995*.
  3. APPROVES the 2022-2023 Electors General Meeting to be held at 5.00 pm on Tuesday 30 January 2024, at Council House, Level 9, Council Chamber, in accordance with Section 5.27 of the Act.
-

## Background

1. In accordance with Section 5.53 of the Act, the City of Perth 2022-23 Annual Report has been prepared, summarising the previous year's achievements and challenges and the outlook for the year ahead, as well as addressing stipulated statutory requirements. The Annual Report also demonstrates performance against the City's Strategic Community Plan
2. The Annual Report includes the City's Financial Statements for the 2022-23 financial year, which have been audited by the Office of the Auditor General.
3. The City's Financial Statements for the 2022/23 financial year are included on this Agenda, for consideration by Council, at Item 17.1 – Audit Exit Interview and Presentation of Audited 2022/23 Financial Statements.
4. It is a statutory requirement that Council accepts an Annual Report and for the report to be presented to the Electors General Meeting. The Act requires that an Electors General Meeting is to be held on a day selected by the local government, but not more than 56 days after the Annual Report is accepted.

## Discussion

5. This report recommends that Council accepts the City of Perth 2022/23 Annual Report (Attachment A), advertises the availability of the Annual Report and sets the date for the 2022/23 Electors General Meeting.
6. Following Council's acceptance of the City's Annual Report, the report must be:
  - a. published on the City's official website within 14 days; and
  - b. presented at the Electors General Meeting to be held within 56 days of Council accepting the report.
7. To set a date for the Electors General Meeting, Council is required to have received the audit report for the prior period and accepted the Annual Report.
8. An Electors General Meeting is to consider matters arising with respect to the previous financial year.
9. The proposed date of the Electors General Meeting, following Council's acceptance of the Annual Report is Tuesday 30 January 2024.
10. Section 5.53 of the *Local Government Act 1995* prescribes the following requirements for inclusion in the Annual Report:
  - a. A report from the Lord Mayor;
  - b. A report from the CEO;
  - c. An overview of the plan for the future of the district made in accordance with s.5.56 of the Act, including major initiatives that are proposed to commence or to continue in the next financial year;
  - d. The financial report for the financial year;
  - e. The auditor's report for the financial year;
  - f. Any matter on which a report must be made under s.29(2) of the *Disability Services Act 1993*;
  - g. Details of entries made under s.5.121 of the Act in the register of complaints;

- h. Such information as may be prescribed in relation to payments made to employees; and
- i. Such other information as may be prescribed.

11. In addition to the requirements of the Act

- a. The *State Records Act 2000* states that the City is required to include a statement on their compliance with their Record Keeping Plan.
- b. Part 5 Sections 94, 96 and 97 of the *Freedom of Information Act 1992*, states that the City is required to publish an Information Statement which details the process for applying for information and provide an up-to-date version every 12 months.

## Consultation

Nil.

## Decision Implications

- 12. If Council supports the recommendation, it will ensure compliance with the Act.
- 13. If Council does not accept the Annual Report within the statutory timeframes, the City will be in breach of the Act and would need to report the non-compliance when completing the Annual Compliance Audit Return.

## Strategic, Legislative and Policy Implications

Strategy	
Strategic Pillar (Objective)	Liveable
Related Documents (Issue Specific Strategies and Plans):	Strategic Community Plan and Corporate Business Plan

Legislation, Delegation of Authority and Policy	
<b>Legislation:</b>	<p>Section 5.53(1) of the <i>Local Government Act 1995</i> (the Act) requires a Local Government to prepare an Annual Report for each financial year. Section 5.53(2)(f) of the Act specifies that the Annual Report is to contain the financial report of the financial year and Section 5.53(2)(h) specifies that it must contain the Independent Auditor's report for the financial year.</p> <p>In accordance with Section 5.54(1) of the Act, an Annual Report for the financial year is to be accepted by the Local Government no later than 31 December after that financial year. Section 5.54(2) notes that if the Independent Auditor's report is not available in time for the Annual Report for a financial year to be accepted by 31 December after that financial year, the Annual Report is to be accepted by the local government no later than two months after the Independent Auditor's report becomes available.</p>
<b>Authority of Council/CEO:</b>	In accordance with Section 5.54 of the Local Government Act 1995 Council is required to accept the annual report by absolute majority.
<b>Policy:</b>	Nil.

## Financial Implications

14. Advertising costs associated with giving local public notice and printing of the Annual Report.

## Further Information

Nil.









































































































































## 16.2 World Energy Cities Partnership Closing Report

<b>Responsible Officer</b>	Michelle Reynolds – Chief Executive Officer
<b>Voting Requirements</b>	Absolute Majority
<b>Attachments</b>	Attachment 16.2A – WECP 2023- AGM Program - November 2023 <a href="#">↓</a> Attachment 16.2B – WECP 2023 - AGM Program - Fact Sheet <a href="#">↓</a> Attachment 16.2C – CERAWeek Newsletter - Senior Executives from across the energy value chain, electric power, finance, and emerging technologies at CERAWeek <a href="#">↓</a>

### Purpose

To present an overview of the successful World Energy Cities Partnership (WECP) Event hosted by the City of Perth and to seek approval to redirect the remaining budget to support the attendance by a delegation of representatives at the CERAWeek Conference.

It is anticipated that having a City of Perth delegation attending the CERAWeek Conference will build on the positive outcomes of the WECP Annual General Meeting (WECP AGM) and the State's energy transition initiatives to further establish Perth as a leading city in energy transition.

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### Recommendation

That Council

1. ACKNOWLEDGES the successful hosting of the WECP Annual General Meeting 2023
  2. SUPPORTS a delegation being sent to represent the City of Perth at the CERAWeek Conference 2024
  3. APPROVES the allocation of the unexpended funds (\$113,000) from the World Energy Cities Partnership Budget to be allocated for expenses to support a City of Perth delegation to the CERAWeek Conference 2024
-

## Background

1. Formed in 1995, the World Energy Cities Partnership is a Not-for-Profit organisation, administered through the City of Houston, that connects leading energy cities on all continents that are committed to leveraging industry strengths to foster the transition to a more sustainable energy future.
2. The City of Perth is a founding member of WECP along with Houston, Aberdeen, and Stavanger - the network now features 19 member cities.
3. As hubs for the global energy sector, WECP cities and their Mayors are leading voices on the most pressing challenges facing the urban landscape today, including sustainable economic development, climate action, and building more resilient cities. WECP cities also serve as laboratories of innovation by collaborating with industry and academic partners to accelerate technology advancement in energy transition.
4. In December 2022 the City of Perth bid for and won, the opportunity to host the 2023 WECP AGM and the City of Perth has recently successfully hosted the WECP AGM 2023 from the 31 October to 3 November.
5. The WECP AGM program (Attachment 16.2A) was carefully curated to showcase Perth's advanced technology in resources, and Western Australia's leadership in clean energy production. Its extensive knowledge and expertise were showcased over three days. (Attachment 16.2B)
6. Following the successful hosting of the WECP AGM 2023 it is now recommended that the City of Perth, in collaboration with representatives from Western Australia's energy transition sector, capitalise on the State's energy transition endeavours by supporting a delegation to the CERAWeek Conference 2024 (18-22 March 2024), led by the City of Perth Lord Mayor and in consultation with key stakeholders.
7. The CERAWeek Conference is regarded as the world's leading global energy conference and exhibition, bringing together more than 8000 global leaders to advance new ideas, insight and solutions to the biggest challenges facing the future of energy, the environment, and climate. (Attachment 16.2C)
8. The CERAWeek Conference 2024 (18-22 March 2024) coincides with the WECP Working Group Meeting (WGM), which will be held 20 March 2024. This WGM is ordinarily attended by the Lord Mayor and Chief Executive Officer as founding WECP member representatives from the City of Perth.
9. The City of Perth will receive complimentary admission to the CERAWeek Conference for the mayor and two City attendees.
10. The WECP Secretariat is also working with CERAWeek on a discounted agreement for business leaders from member cities to attend the conference, with final details anticipated soon.

## Discussion

11. The **WECP AGM 2023** program showcased a convergence of global energy leaders from **eleven cities across eight countries**, including from:
  - a. Europe: Esbjerg (Denmark), Groningen (Netherlands), Stavanger (Norway)
  - b. Asia: Kobe (Japan), Dongying and Daqing (China)
  - c. Middle East: Dammam (Saudi Arabia)
  - d. Africa: Cape Town (South Africa)

- e. North America: Houston (USA)
  - f. Australia: Darwin and Perth (Australia)
12. The WECP AGM 2023 program's broad international representation, insightful speakers, and the blend of formal and informal events were crucial for business-to-business collaboration and academic knowledge exchanges among global energy sector leaders towards a more sustainable future.
13. **Post-event feedback** from surveyed attendees was overwhelmingly positive, including the following key areas:
- a. 100% were "Very Satisfied" with the overall event experience.
  - b. 90% found the conference themes "Very Relevant" or "Extremely Relevant" to their interests and industry trends.
  - c. 100% were "Satisfied", with 75% were "Very Satisfied" with the quality of speakers and presentations.
  - d. 100% felt the conference structure was "Well Structured", with 87.5% stating "Very Well Structured".
  - e. 100% rated networking opportunities as "Effective" or "Very Effective".
  - f. 87.5% reported making valuable contacts for future professional endeavours.
14. The following positive comments were also received in response to the survey:
- "Congratulations to the organisers who worked tirelessly to bring us an unforgettable program. Everything was executed flawlessly, from the insightful sessions to the amazing networking opportunities. Thank you for your warmth, hospitality, and fond memories." – Delegate*
- "Hospitality of the Perth AGM team was amazing." – Delegate*
- "This was a fantastic AGM in a wonderful city. The people working with the AGM have done a fantastic job!" – Delegate*
15. **Key business leaders** provided insights into the resources and energy industries, including:
- a. The Hon Madeleine King MP, Minister for Resources and Minister for Northern Australia
  - b. The Hon Bill Johnston MLA, Minister for Mines and Petroleum; Energy; Hydrogen Industry; Industrial Relations
  - c. Mark Hatfield, Managing Director of Chevron Australia,
  - d. Meg O'Neill, CEO of Woodside Energy,
  - e. Dr Mark Hutchinson, Global CEO of Fortescue Energy,
  - f. Rajiv Biswas, Asia-Pacific Chief Economist, S&P Global Market Intelligence, and
  - g. Professor Peter Klinken, Chief Scientist of Western Australia.
16. The panel discussions, across the three days, collectively involved 13 business leaders who provided perspectives on energy topics such as the different roles wind power, hydrogen and WA's abundant commodities and critical minerals, such as lithium, play in facilitating global decarbonisation pathways.

### Key Events and Partnerships

17. There were several key events and partnerships that contributed to the success of the WECP AGM 2023.

18. **Chevron Australia** hosted a standout WECP session (2 November) at their new state-of-the-art Elizabeth Quay Headquarters, providing a platform for several notable speakers, panellists, and delegates to network with local industry leaders.
19. The event gathered more than 100 leaders and experts from government, finance, engineering, education, and industry, with a strong representation from sectors focused on economic development, sustainability, and innovation.
20. **Committee for Perth** also hosted a sell-out lunchtime panel session (2 November), 'The Power Panel: Global Lessons on Building Sustainable Cities', featuring
  - a. Basil Zempilas, Lord Mayor of Perth, Western Australia;
  - b. Jesper Frost Rasmussen, Mayor of Esbjerg, Denmark;
  - c. Sissel Knutsen Hegdal, Mayor of Stavanger, Norway;
  - d. Kadri Nassiep, Executive Director of Energy, Cape Town, South Africa; and
  - e. Andy Icken, Chief Development Officer, Houston, USA.
21. The 200-seat event was attended by state and local government, academia, and private industries such as construction, energy, and consulting.

### Annual General Meeting

22. The WECP AGM 2023 held on 2 November, was led by WECP President and Mayor of Esbjerg Jesper Frost Rasmussen. The meeting discussed the organisation's actions and future growth plans, with members participating both in-person and online.
23. The 2024 AGM plans were outlined, with the City of Stavanger (Norway) selected as the successful host of the next event.
24. The Province of Groningen (Netherlands) also presented a membership pitch and was formally welcomed into the World Energies Cities Partnership.

### Media engagement and performance

25. The following provides a summary of the **social media engagement** and performance relating to the WECP AGM 2023:
  - a. Platforms: Major activity on LinkedIn and other social media channels.
  - b. Statistics: 46 posts over four days generated 1.7k likes, reached 155k viewers, and received 86 comments.
  - c. Key Highlight: The announcement of the hydrogen refuelling station was the most engaging post.
  - d. Exclusions: Figures do not include individual posts from WECP, Lord Mayor, CEO, and local industry representatives.
26. The following provides a summary of the **media engagement** relating to the WECP AGM 2023, noting that most of the media coverage focused on the hydrogen refuelling station announcement:
  - a. Print and Online News: Seven articles published, including in The Western Australian Newspaper and Business News
  - b. Television: One news story and a Voice Over Sound On Tape (VO SOT)

### Venues and Sites

27. The WECP AGM was accommodated in five key locations: Government House, Council House, Chevron Head Office, Woodside Head Office and The University of Western Australia (UWA), integrating formal

sessions with five interactive site visits to BHP, CSIRO, Pawsey Supercomputing Centre, Woodside Robotics Centre and the Oceans Institute (UWA) highlighting Perth's advancements in energy and technology (Attachment 0.0B).

### Support

28. Led by the CEO Alliance, significant internal support was provided from multiple units across the organisation. In addition, the City was supported by the following contributors, who enhanced the event's efficacy and overall success:
  - a. Western Australia Police Force
  - b. Toyota and ATCO
29. At the Ordinary Council Meeting held on 22 November 2022 Council allocated a budget of \$250,000 for expenses related to preparing the bid and hosting the event for the WECP AGM 2023:
  - “1. REQUESTS the Chief Executive Officer to prepare and submit a bid to host the 2023 World Energy Cities Partnership Annual General Meeting; and
  2. ALLOCATES up to \$250,000 from the current budget surplus for expenses related to bid preparation and event hosting (should the bid be successful).”
30. The final event expenditure sits at approximately \$113k, with a remaining budget of approximately \$122k.
31. The City also received a contribution from the WECP Secretariat of \$10,000 USD, which funded activities outside of the agreed program.

### Next stage of energy transitions

32. Following the successful hosting of this event by the City of Perth, it is proposed that the City leverage the momentum created by allocating the remaining WECP AGM allocated funding to support a Perth delegation attending the CERAWeek Conference 2024 (18-22 March 2024).
33. **The CERAWeek Conference** is a leading global energy conference that presents an invaluable opportunity for the City of Perth to continue to lead Western Australia in expanding its standing as a leader in the energy transition. The conference is a platform for global leaders to discuss and advance solutions for energy, environmental, and climate challenges. (Attachment 16.2C)

*“CERAWeek is an annual energy conference organized by the information and insights company S&P Global in Houston, Texas. The conference provides a platform for discussion on a range of energy-related topics; Previous CERAWeek Conferences have featured sessions on the world economic outlook, geopolitics, energy policy and regulation, climate change and technological innovation, among other topics. The conference features prominent speakers from energy, policy, technology, and financial industries.”*
34. If approved, the proposed program and comprehensive delegation details will be presented at an elected members' engagement session early in 2024 for further consideration.

### Consultation

35. The WECP Secretariat has advised that WECP member cities will receive complimentary admission to the CERAWeek Conference for their Mayor and two additional City attendees.

36. The WECP Secretariat, in collaboration with CERAWeek, is currently working on a discount agreement for member cities to facilitate the attendance of business leaders at the conference. Details of this agreement are expected to be finalised shortly.

### Decision Implications

37. The proposal seeks Council's endorsement to allocate the remaining budget (\$113,000) from the WECP AGM budget to support a Perth delegation to attend the CERAWeek Conference 2024.
38. Approval would ensure adequate lead time for thorough planning and preparation for the event.
39. If Council does not approve, it may impede Perth's opportunity to leverage the success of the WECP AGM in promoting the State to establish itself as a leader in energy transition.

### Strategic, Legislative and Policy Implications

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

Legislation, Delegation of Authority and Policy	
Legislation:	<p>Section 6.8(1) and (2) of the <i>Local Government Act 1995</i></p> <p>Regulation 33A of the <i>Local Government (Financial Management) Regulations 1996</i></p> <p>This section of the Act and the related regulation prescribe the requirement to prepare and present to Council a review of the Annual Budget for the period commencing 1 July and no earlier than 31 December.</p> <p>That review of the Budget must consider the following:</p> <ul style="list-style-type: none"> <li>• The local government's financial performance for that period.</li> <li>• The local government's financial position as at review date.</li> <li>• The financial outcomes as forecast in the budget for the end of the financial year.</li> </ul> <p>A local government is not precluded from conducting additional reviews of the Budget considering the preceding factors at any stage of the year as is deemed prudent by the administration.</p>
Authority of Council/CEO:	The above legislation prescribes that Council should consider a budget review whenever appropriate to exercise responsible financial stewardship.
Policy:	C.P 2.6 Budget Variations Policy



## Financial Implications

Account Number	SP 1002-100-50-10726-XXXX	Operating
Account Description	WECP AGM Perth	
Total Budget	\$250,000	
Remaining Budget	\$113,000	

40. It is recommended the unexpended funds (\$113,000) from the World Energy Cities Partnership Budget be allocated for expenses to support a City of Perth delegation at the CERAWeek Conference 2024

## Further Information

Nil.































### 16.3 Audit and Risk Committee - Independent Member Appointment

Responsible Officer	Natasha Balderston – Audit and Risk Manager
Voting Requirements	Absolute Majority
Attachments	Nil.

#### Purpose

For Council to appoint the recommended Independent Member to the Audit and Risk Committee.

#### Recommendation

That Council APPOINTS the following Independent Member to the Audit and Risk Committee:

Independent Member	Term Expiry
Jonathan Seth	25 October 2025



## Background

1. In October 2023, the Independent Members for the Audit and Risk Committee (“ARC”) were selected through a merit-based selection process, that was in line with the processes for selecting members of State Government boards and committees. Candidates were evaluated against the selection criteria in the Expression of Interest advertised on the City of Perth website and shared on LinkedIn.
2. As per *Council Policy 1.7 Independent Committee Members*, the Chief Executive Officer (“CEO”) recommends to Council the appointment of Independent Members to the Audit and Risk Committee. Council must approve this appointment by absolute majority, in accordance with section 5.10 of the *Local Government Act 1995*.
3. At the Special Council Meeting on 25 October 2023, the CEO recommended, and Council appointed the following two (2) Independent Members to the ARC:

Independent Member	Term Expiry
Colin Murphy	25 October 2025
James Lynch	25 October 2025

4. On 20 November 2023, prior to the first meeting of the ARC, Independent Member James Lynch provided written notice of his resignation.
5. Councillor Catherine Lezer was appointed as the Presiding Member of the ARC at the meeting on the 27 November 2023.

## Discussion

6. Following the resignation of Independent Member James Lynch, the Manager Audit and Risk and the Presiding Member of the ARC reassessed the remaining shortlisted candidates.
7. Jonathan Seth was determined to be the next most suitably qualified and experienced candidate to be appointed to the position on independent member of ARC.
8. Jonathan Seth has significant experience working with the local government sector in his role as chief executive officer of the Local Government Insurance Scheme (LGIS) and has held senior executive roles at a range of leading risk management consulting and financial services organisations. He also serves as an independent member on the audit and risk committees of City of Mandurah and Town of Victoria Park.
9. The CEO recommends to Council the appointment of Jonathan Seth for the position of Independent Member on the ARC.

## Consultation

Nil.

## Decision Implications

Should the Council not appoint the Independent Member to the ARC, the position will remain vacant and the membership requirements of the ARC, as per the adopted Terms of Reference, will not be met.

## Strategic, Legislative and Policy Implications

Strategy	
Strategic Pillar (Objective)	A Well-Governed City
Related Documents (Issue Specific Strategies and Plans):	Audit and Risk Committee Terms of Reference

Legislation, Delegation of Authority and Policy	
Legislation:	<p>Section 7.1A of the <i>Local Government Act 1995</i> - this section of the Act directs that a local government establishes an audit committee of three or more persons.</p> <p>Section 5.10 and 5.11 of the <i>Local Government Act 1995</i> - these sections of the Act state that members and deputy members must be appointed to committees by an absolute majority decision of Council.</p> <p><i>Local Government (Administration) Regulations 1996</i></p>
Authority of Council/CEO:	Council.
Policy:	<i>Council Policy 1.7 Independent Committee Members</i>

## Financial Implications

Nil.

## Further Information

Nil.

## 17. Committee Reports

### 17.1 Audit Exit Interview and Presentation of Audited 2022/23 Financial Statements

Responsible Officer	Michael Kent – Chief Financial Officer
Voting Requirements	Absolute Majority
Attachments	Attachment 17.1A – Audit Close Report 2022-23 <a href="#">↓</a> Attachment 17.1B – Auditors Opinion 2022-23 <a href="#">↓</a> Attachment 17.1C – Signed Annual Financial Statements - 2022-23 <a href="#">↓</a>

### Purpose

To present the City’s audited Financial Statements for the period ending 30 June 2023 and provide a forum for the audit exit interview wherein Ernst and Young (EY), as auditors for the Office of the Auditor General (OAG), and the OAG can present their audit opinion and management letter points.

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### Recommendation

That Council:

1. RECEIVES the following reports for the period ended 30 June 2023:
  - a. 2022/23 Annual Audit Close Report
  - b. 2022/23 audited Annual Financial Statements
2. ACCEPTS the audited Financial Statements for the year ended 30 June 2023.

## Background

1. The City's 2022/23 annual financial statements were audited by Ernst & Young (EY) as auditors for the Office of Auditor General (OAG).
2. The audit closing report provides details of audit work conducted as part of the 2023 annual financial statement audit in accordance with the Australian Auditing Standards and practices and the requirements of the *Local Government Act 1995* (the Act) and the *Local Government (Audit) Regulations 1996*.
3. The financial statements are required to be signed by the Chief Executive Officer upon acceptance by the Audit and Risk Committee.
4. Once approved by Council, the Financial Statements will be included within the 2023 Annual Report as required by Section 5.53 of the *Local Government Act (1995)*.

## Discussion

5. The City presented its draft 2022/23 annual financial statement to auditors on 22 September 2023, ahead of the 30 September deadline for submission. Auditors (EY) commenced their audit field work on 18 September 2023 in accordance with their audit program.
6. The financial statements addressed all statutory financial requirements imposed on the city and complied with the Australian Accounting Standards.
7. The audit found no instances of non-compliance.
8. The OAG also conducted a review of the appropriateness of internal controls as part of the interim audit process.
9. The assessment found no serious deficiencies in the City's internal controls.
10. The audit report also noted that the prior year audit findings (2 findings) on internal controls were resolved and closed to the auditor's satisfaction and a third finding in relation to employee leave balances has also been closed out to the satisfaction of the auditor.
11. The city also conducted a comprehensive revaluation of all its infrastructure assets in accordance with [section 17 \(A\) of the Local Government Financial Management Regulations 1996](#).
12. Bespoke and specialty assets were revalued by an independent registered valuer. For other infrastructure assets, internal specialists developed unit rates which were reviewed by an independent construction cost consultant.
13. The asset revaluation resulted in an increase in infrastructure asset value of \$240.218 million.
14. EY specifically acknowledged both the extent of professional work effort and the calibre of the process, documentation and cooperation that they received from the City's Asset Management and Finance Teams in relation to the asset revaluation.
15. There will be no Audit Management Letter issued in relation to the 2022/23 annual audit as there are no items to report.

## Consultation

Nil.

## Decision Implications

16. The Committee and Council’s consideration of this Item will achieve compliance with the Act.

## Strategic, Legislative and Policy Implications

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

Legislation, Delegation of Authority and Policy	
Legislation:	<a href="#">Section 6.4 of Local Government Act 1995</a> <a href="#">Regulation 36 of the Local Government (Financial Management) Regulations 1996</a> The audited annual financial statements comply with the above regulatory requirements.
Authority of Council/CEO:	To comply with Local Government regulations the Annual Report, containing the audited, signed Financial Statements, is to be accepted by Council’s absolute majority. Before the Annual Report is presented to Council for this purpose, the audited Financial Statements must be accepted by the Audit and Risk Committee and then signed by the Chief Executive Officer and Office of Auditor General.
Policy:	Nil.

## Financial Implications

This report presents a historical perspective of the City’s financial performance and financial position for the 2022/23 financial year.

## Further Information

17. During the Audit and Risk Committee Meeting held 27 November 2023, Independent Member Colin Murphy suggested that the Responsible Officer amend the report as follows:
  - a. Adding the word ‘serious’ in point 9.
  - b. Removing the words ‘and the Auditor General’ from point 3.
18. These changes were supported by the Responsible Officer and have been made.



























































































































































































































































**18. Motions of which Previous Notice has been Given**

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

**19. Matters for which the meeting may be closed**

Nil.

**20. Urgent Business**

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

**21. Closure**