

Annual Report



2006 - 2007

City of
SouthPerth



Table of Contents

City's Vision, Mission Statement and Values-----	2
Mayor's Report -----	3
CEO's Report-----	4
Council and City Administration -----	5
Past and Particulars -----	6
Goal 1 Customer Focus-----	7
Goal 2 Community Enrichment -----	8
Goal 3 Environmental Management -----	10
Goal 4 Infrastructure -----	12
Goal 5 Organisational Effectiveness-----	13
Goal 6 Financial Viability-----	14
Corporate Governance-----	15
Key Milestones-----	16
2006/2007 Statutory Reports -----	17
Attendances by Council Members July 2006 - June 2007 -----	19
Financial Summary - 2006/2007-----	20



Vision

Our vision statement describes where and what we want to be. These are the hopes and aspirations of the City of South Perth.

“The City of South Perth will be Perth’s most liveable community — celebrating our history and riverside location, and creating the opportunities of the future.”

Mission

Our mission statement outlines the purpose and core business of the City of South Perth.

“To enhance the quality of life and prosperity of our community.”

Values

The City of South Perth will conduct its business based on its identified values.

Excellence

To develop a culture of flexibility, innovation and responsiveness in the delivery of service.

Trust

To develop an environment of openness and transparency.

Customer Focus

To work together with our customers to achieve positive outcomes.

Respect

To recognise and acknowledge individuals, their opinions and their contributions.

Leaders ensure that the organisation’s values are created and sustained through:

- Establishing and communicating the City’s Vision and Strategic Plan
- Creating and sustaining a supportive environment, which encourages all staff to achieve their full potential
- Demonstrating the values through their behaviour.



This Annual Report identifies the major activities and decisions that have been undertaken by the City of South Perth during the 2006-2007 financial year and it is an honour and a privilege to present it to you on behalf of Council.

The City continues to provide its residents with a vibrant lifestyle through its vision and strategic approach to planning. Throughout the last year Council has progressed a number of significant decisions that will reveal their impact during the years ahead, as well as through their present influence - particularly those relating to the Strategic Financial Plan, the City's Sustainability Strategy and initiatives, the Civic Triangle, and the Civic Halls and Library.

For each of the past five years you will have seen the cumulative progress made, not only on major infrastructure projects but also with the abundance of lifestyle initiatives that are essential to a lively, connected community. The City prides itself on the wealth of events and cultural programs we are able to provide, including not only the exciting flagship of Fiesta, but also the Cygnet and Windsor Park concerts, the Art Award and a range of exhibitions, the Pioneer Luncheon, Have a Go Expo and Australia Day activities to name but a few.

Notably, the redevelopment of the administration building and Council Chambers has paved the way towards ensuring increasingly open and accountable governance, with the incorporation of modern day technology providing greater governance controls, offering improved audiovisual systems and technology initiatives to residents and Councillors alike.

The increasing relevance of environmental issues has effectively given endorsement to the sustainability initiatives this City has been pursuing, in ensuring that we are not only presently putting measures into place such as our recycling initiatives and household energy audits, but also planning for the future

sustainability of our City and in particular, climate change, which certainly has a bearing on our river-bounded City.

From a perspective of financial sustainability, the City would have to be recognised as a forerunner among Local Governments, as we are fortunate to have in place a professional and forward thinking administration team. Demonstrating responsible stewardship of the City's financial assets while engaging with community feedback and responsible financial management practices, the City has ensured that operational needs and capital projects are funded in a realistic and sustainable way.

Community consultation is a prominent ingredient of the decision making process for City projects and we have continued to invite input from the community during 2006/2007 on a range of important decisions. These have included, amongst many others, underground power for Como East, the redevelopment of the Civic Library and Halls, the Disability Access and Inclusion Plan, the South Perth and Canning Bridge Train Station Precincts, the Waterford Triangle, and various ongoing networks and advisory groups.

This year also saw the release of a Local Government Inquiry Report into the City and whilst it produced findings relating to personal behaviour, the activity which prompted the Inquiry is now some two years past and the City must look to the future, while ensuring that the boundaries governing behavioural guidelines are adhered to. The Report recommendations, which have been adopted by this Council, will ensure through processes of mediation, education, and activation, that these guidelines are followed. Despite these issues, the City has been maintained to a high standard, vision has been shown for the future and progress has been made.

This will be my last delivery of the City's Annual Report and I would like to take the opportunity to thank the staff of the City of South Perth, who have provided tremendous commitment, professionalism and support to myself and Council in the administration of the City, enabling the realisation of the goals set out in this report.

The efforts and time given by the City's Councillors is also deserving of much gratitude and recognition, and last but certainly not least, my thanks goes out to the South Perth community for your support and encouragement during the last five years.

City of South Perth Mayor John Collins JP



The 2006/2007 financial year saw the City continue striving to achieve goals and objectives set out in the Strategic Plan, encompassing the priorities of Customer Focus, Community Enrichment, Environmental Management, Infrastructure, Organisational Effectiveness and Financial Viability. The existing Plan has served the City well and much has been achieved during its lifespan. However, over the year to come it will need to be revisited in close association with both the community and the newly elected Council, to ensure that it remains the most effective and relevant blueprint for the City.

Other major plans adopted by the City following on from community engagement continue to be progressively implemented, such as the Connected Community Plan, Strategic Financial Plan, Sustainability Strategy, Community Safety and Crime Prevention Plan, and the Integrated Transport Plan. Actions contained in these and other City plans are regularly reviewed against the set targets and reported to ensure that the desired progress is being made.

The Annual Budget is another form of plan employed by the City, and while it is short term in nature and expressed in financial terms, it is one that is of paramount importance. The development of the budget incurs a significant amount of resources over a six month period prior to its adoption and provides funding for responsible governance, a range of community services and capital initiatives aimed at maintaining and improving the lifestyle for residents in the City.

The City is not exempt from the issues associated with the nation wide skills shortage - like any other organisation we must compete for the quality of skills and labour needed to deliver our strategic goals. The City's approach has been to remain responsive to the market, ensuring greater versatility in the way we recruit and advertise. Creating opportunities for the development for internal employees, as well as attracting graduates, undergraduates and people returning to the workforce, are measures that are proving effective. Changes in the area of traineeships and apprenticeships also mean we can take advantage of the broadened scope of these schemes. These combined strategies have enabled the City to sustainably manage and foster its workforce with considerable success.

Notably, the City has played host to a number of large-scale events throughout the year. The Red Bull Air Race and Australia Day Skyworks both saw people flocking to Sir James Mitchell Park to enjoy the festivities from the vantage point our City

has to offer. These events required the adoption of strategies to ensure the City was able to cope with the influx of people, and these continue to be honed with each progressive year so that residents and visitors alike can experience maximum enjoyment and minimum inconvenience.

On a more community based front, Fiesta 2007 offered residents a range of vibrant events in the City's wonderful surrounds, commencing with the spectacular opening concert and ending with the inaugural Mends Street Carnivalé. The post-event feedback received has been positive and it is pleasing to note that Fiesta remains relevant for the local community and true to its primary aim of celebrating and showcasing the unique features and attractions of the City to its residents and maximising their involvement.

One exciting development is that planning is now well underway to commence the keenly awaited redevelopment of the Civic Library and Civic Halls. The City undertook significant consultation during the year to ensure effective community participation in the planning, with the final design and costings to be presented to Council for approval later in 2007. Construction on the development is anticipated to commence in early 2008 and the project's completion will see the provision of a more dynamic community hub, encompassing relevant and useful community spaces.

A brief summary of some of the other achievements that occurred during the year includes the following.

The South Perth and Canning Bridge Train Station Precinct consultant reports were completed and the City was granted further WA Planning Commission funding for the next phase of planning.

September 2006 saw the refurbishment of the City Administration and Council Chambers completed, paving the way for the maximisation of technology and productivity opportunities.

The City has continued to progress on the sustainability front, joining the Carbon Neutral program, introducing recycling initiatives and obtaining funding for a household energy audit program.

The City's first Disability Access and Inclusion Plan was endorsed to provide a greater level of access to City facilities and information for people with disabilities.

Graffiti management became an increasing priority and a new Graffiti Management Program was introduced to reduce the incidence of graffiti in the City and increase the effectiveness of removal strategies.

Finally, I would like to express my appreciation to the City's staff for another productive year in the face of somewhat difficult and challenging circumstances - their efforts and dedication in contributing towards the achievement of the City's organisational goals deserves much recognition.

Cliff Frewing
Chief Executive Officer

Council and City Administration

MAYOR



John Collins JP

MILL POINT WARD



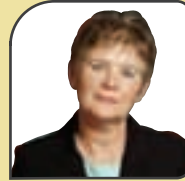
DEPUTY MAYOR
Barry Maddaford

CIVIC WARD



James Best

MORESBY WARD



Sue Doherty



David Smith



Bill Gleeson



Kevin Trent

COMO BEACH WARD



Lauraine Macpherson
(resignation effective
July 2007)

MCDUGALL WARD

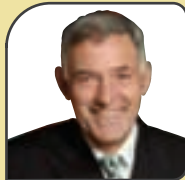


Colin Cala

MANNING WARD



Lindsay Jamieson



Brian Hearne



Roy Wells JP



Les Ozsdolay

CHIEF EXECUTIVE OFFICER



Cliff Frewing

CORPORATE AND
COMMUNITY SERVICES



Roger Burrows

FINANCIAL AND
INFORMATION SERVICES



Michael Kent

INFRASTRUCTURE
SERVICES



Glen Flood

STRATEGIC AND
REGULATORY SERVICES



Steve Cope



Gazetted as a Roads Board 19 June 1892
 First Meeting of Roads Board 19 September 1892
 Proclaimed as a City 1 July 1959
 Location Civic Centre located
 4km South of Perth GPO

Particulars as at June 2007

Estimated Resident Population	38,361
Number of Electors	25,359
Residential Dwellings	18,602 (ABS)
Area	19.9sq km
Area of Parks, Gardens, Reserves and Golf Course	614.2ha
Suburbs: Como, Karawara, Kensington, Manning, Salter Point, South Perth and Waterford	
Rate Revenue	\$18.35M
City Employees	210 full-time equivalent
Major parks and reserves	14
Length of roads	197.9 km
Length of pathway	241.3 km

Community Services and Facilities

Leisure Centre	1
Libraries	2
Senior Citizens Centres	2
Child Health Centres	3
Pre-Schools	6
Primary Schools	12
Secondary Colleges	5
Tourist Attractions: Old Mill, Swan River, Canning River, Perth Zoo, Collier Park Golf Course, Heritage House, Sir James, Mitchell Park, Restaurants, Water Sports, Old Mill Theatre.	

Building Approvals	05/06	06/07
Building Licences	828	901
Demolition licences	97	83
Strata Title Clearances	24	14
Verge Licences	35	23

Planning	05/06	06/07
Planning Approvals	589	531
Planning Appeals	3	6
Subdivision/Amalgamations	45	51
Local Industry	Offices, Private Colleges, Tourism, Hotel/Motel Accommodation, and Shopping Precincts	



Customer Focus Model

The City's customer focus model, which continues to be refined with the benefit of community feedback, reflects the City's corporate values of excellence and customer focus.



The customer-friendly foyer with its private customer studios has been combined with technology solutions that support efficient and consistent customer service delivery over the telephone, internet, or counter. Monitoring and tracking of customer responsiveness is achieved via sophisticated phone management systems. A comprehensive service information database relating to City services, events and processes ensures that City Officers are well equipped to deliver timely and accurate information to our customers.

Responsive after hours customer service is provided through a locally-based after hours telephone service provider. Detailed information sheets on a wide variety of topics and demographic information are also available through the City's website, allowing those seeking information about the City and its services to access this information unconstrained by walls or clocks.

The customer focus model and the Customer Liaison Officers continue to receive much favourable comment from the community, however they are continually challenged to enhance their knowledge and their processes to ensure that we keep meeting and exceeding customers' expectations.

Communication and Consultation

The Communication and Consultation Policy throughout 2006/2007 continued to increase the level of public information and participation in the City's decision making processes.

The City's commitment to communicating with residents continued with the Peninsula community newsletter being produced and delivered to all households on a quarterly basis, and in the 2006/2007 year a Budget Edition Peninsula, Strategic Financial Plan Peninsula and Annual Report were also distributed to the community. Media releases continued to be available on the City website and the 'Out for Comment' section was used to house all information in relation to consultation processes. Additionally, the City maintained a weekly City Update column in the Southern Gazette, providing valuable information relevant to the local community.

Projects that used consultation in the year included the following: Skyworks 2007 Youth Activity Area Survey, Canning Bridge and South Perth Train Station precincts,

Waterford Triangle, underground power - Como East, Ley Street Rehabilitation Concept Plan, Draft Disability Access and Inclusion Plan 2006 - 2010, proposed Andrew Thomson Conservation Reserve, Fiesta 2007, Richardson Reserve and street parking area, Mends Street Precinct parking permit, Strategic Financial Plan 2007/2008 - 2011/2012, proposed new Community Centre project (620), Civic Library upgrade (620), numerous localised traffic management processes and neighbourhood consultation in relation to planning applications, various ongoing networks and advisory groups, eg. Community Services Forum, Youth Advisory Council (YAC), Local Drug Action Group (LDAG), Community Sustainability Advisory Group (CSAG), TravelSmart RoadWise Group, Bicycle User Group (BUG), and Neighbourhood Watch.

Throughout the consultation processes the City has sought a consistently inclusive approach to language and layout, offering user-friendly access to information via the website and making printed versions available at the Civic Centre, Libraries, via direct mail out, at events or by request. The estimated number of people who participated in community consultation during 2006/2007 is more than 11% of the City's population or approximately 4,220 of 38,361.

Red Bull Air Race and Skyworks 2007

Both the Red Bull Air Race and Australia Day Skyworks required the adoption of strategies aimed at improving amenities for the wider community. The strategies focussed on Special Events Local Laws, increased crowd control measures, revised traffic management and road closures, improved public transport and waste management, a significant media and communications campaign, and youth activities and alcohol diversion tactics.

The first Red Bull Air Race was in November 2006 and some 300,000 people attended the event during the final day of racing. The strategy ensured the City was able to cope with the influx of people, with some minor changes being proposed for the 2007 event.

The Australia Day Skyworks attracted approximately 150,000 people to the South Perth foreshore in 2006. The strategy, particularly the Traffic Management Plan, was found to be very successful in addressing the traffic and parking issues that had occurred in previous years.

Additionally, the Youth Activity Area's free give-aways, including up to 15,000 litres of fresh drinking water, was successful in re-hydrating those attending the event on a day when temperatures soared.



Community Safety

The City received a National Crime and Violence Prevention Award in recognition of the ongoing operations of the Community Safety Resource Centre.

The Graffiti Management Program was introduced to reduce the incidence of graffiti and increase the effectiveness of removal strategies, including a new partnership agreement with Main Roads to ensure graffiti will be removed from their assets in a shorter timeframe.

Access For Everybody

The City's first Disability Access and Inclusion Plan (DAIP) was endorsed and will ensure people with disabilities have a greater level of access to City facilities and to information. The DAIP also encourages a raised awareness of access issues in the community and advocates a philosophy of 'universal access'.

Partnerships

Through the Community Funding Program, the City has supported 27 organisations and 29 individuals with projects covering a range of services, sporting and cultural activities of benefit to the community.

Also significant was the signing of a Memorandum of Understanding by the City and the Rotary Clubs of Como, Mill Point and South Perth, paving the way for community beneficial collaboration.



Additionally, the City partnered with Government agencies, funding bodies and sponsors who have provided funds or support for joint initiatives. Some of the organisations include: Lotterywest, Healthway, Office of Crime Prevention, Disability Services Commission, Community Arts Network, ArtsWA, Department of Sport and Recreation, Como Beach IGA, the Karalee on Preston, Satterley Property Group, Kareelya Property Group, Millennium Kids, Cygnet Cinema, Waterford Plaza, Cleanaway and Westrac.

Recreational Development

The George Burnett Leisure Centre continues to be a focal point for recreational programs with community members having access to more activities than ever before. Key initiatives have included the Wildlife School Holiday Program coordinated by the South Perth Church of Christ, the Kikstart Multi Sport program and a social badminton program.

A Club Development Officer has also been employed to assist sporting and recreational clubs in the area with sustainability and growth.



Seniors

As well as the South Perth and Manning Senior Citizens' Centres providing opportunities for social interaction, a number of initiatives have been implemented to encourage seniors to remain active, such as *Lifeball* and the *Walking to Connect* outings through the City's parklands. South Perth Seniors also provides an invaluable 'Meals on Wheels' service.

Young People

The City's youth were involved in a number of projects including the Speak with Confidence Awards and Waterworks Community Art project. The City's Youth Advisory Council (YAC) was active in organising YACJAM for Fiesta 2007, assisting with the Skyworks youth activities and participating in a range of consultations.

City Of South Perth Fiesta 2007

The City's annual community based festival took place over 13 days and included a range of activities such as family concerts, fireworks, a Shaun Tan art exhibition, sporting and recreational activities, a celebration of Aboriginal culture, art workshops, the Waterworks Art Project, a family day, and the inaugural Mends Street Carnivalé.

Art Award

An unprecedented number of entries (over 174) were received from artists for the City's fourth annual Art Award, reflecting the growing awareness of the Award among the Perth arts community. The quality of work was outstanding, with Mr Peteris Ciemitis taking out the major award for his work, 'Everything's Fine', which has been added to the City's art collection.



Concerts

The Cygnet Cinema Concerts entertained seniors with top shelf performers such as singing ensemble, The Real Sing, and the always fabulous James Flynn Trio. The twilight McDougall Concert also featured James Flynn, this time with his eight piece 'mini big band', delighting over 700 community members with jazz and swing hits. Two free concerts were presented in the 'village green' of Windsor Park, with performances from local professional and community entertainers.

Civic Centre Library and Civic Halls Redevelopment

The City has been undertaking significant consultation to ensure effective community participation in the planning of the proposed redevelopment of the Civic Centre Library and Civic Halls. Design briefs have been developed for Civic Centre Library to create a community hub which promotes a sense of belonging for the whole community.

Significant Events

City residents enjoyed an range of free community concerts and events throughout the year. Events included:

- ANZAC Day service - a record attendance of 500 people commemorated the ANZACS with the morning service
- Australia Day - a special Citizenship Ceremony was held for 35 new citizens and outstanding community members and organisations were recognised with awards
- Thank a Volunteer Day - an afternoon tea was held at Windsor Park to celebrate the contribution made by volunteers in the local community
- Citizenship Ceremonies - six ceremonies were conducted throughout the year, nationalising 238 new citizens
- Pioneer Luncheon - the 28th Annual Pioneer Luncheon was celebrated by over 300 longstanding community members and City representatives
- Have a go Expo - a range of sporting and recreation clubs provided the opportunity for children and their families to enjoy demonstrations and try a variety of sports and activities
- The City launched award winning artist and author Shaun Tan's book *The Arrival* with a ceremony attended by over 400 people at the Perth Zoo
- An exhibition entitled 'P.S. ... an intimate glimpse into the lives of May and Herbert Gibbs' showcased works by both artists. This exhibition was also the launch of the Gibbs website: www.southperth.wa.gov.au/gibbs

Collier Park Village Complex

Collier Park Village Complex has 169 independent units and a frail aged low-care Hostel of 40 beds.

There are now currently 204 residents residing in the Village.

Ten units were re-leased during 2006/2007 and the Hostel had a turnover of approximately nine residents.



State Undergrounding of Powerlines Project (SUPP)

Progress on the Como East Underground Power Project was temporarily delayed by Western Power when it became apparent during the delivery of earlier projects that continuing with the then current tender arrangements was unsustainable - project costs were escalating and an alternative process was required. The SUPP project team secured the necessary approvals and finalised a new schedule of rates for use with a number of pre-qualified contractors.

While the new delivery model was being developed, the SUPP engineers finalised the electrical design and the placement of transformers, with City Officers involved in the collaboration. The anticipated commencement date is December 2007, with the mobilisation of contractors' equipment to site and initial site works. The project duration is expected to be 12 months.

Strategic Planning Projects

The City processed Amendment No. 9 to Town Planning Scheme No. 6 to rectify a drafting error in the Scheme Maps relating to the building height limits for five lots in South Perth Esplanade and Parker Street. Council endorsed the Amendment in April 2007 and it became operational on 20 July 2007.

The revised Planning Policy P104 relating to community consultation in planning processes was considered at a Council Members' Workshop on 8 May 2007 and a number of issues were identified for further modification and review.

The City's draft Residential Design Policy Manual is being further reviewed. Part 1 of the Policy Manual will contain City-wide policies dealing with specific design aspects of residential development. Part 2, to be developed later, will contain Precinct Streetscape Policies for precincts where a desired streetscape character is identified. The community will be invited to participate in the process.

Development application processing achievements

The Planning Services team processed 531 applications for planning approval (compared with 589 during 2005/06). Approximately 94.54% of applications for planning approval were processed under delegated authority (compared with 94.2% during 2005/06).

The Planning Services team also assessed 51 applications for subdivision/amalgamation and 24 tasks associated with requests for clearance of subdivision conditions were undertaken.

The City's Building Services team issued a total of 901 building licenses (compared with 828 during 2005/06). The estimated value of these building projects amounted to \$178,646,839 (compared with \$115,318,540 during 2005/06).

South Perth and Canning Bridge Train Station Precincts

Consultant reports were completed and delivered on the Community Engagement Projects for the South Perth and Canning Bridge Train Station Precincts.

These studies were completed with joint funding from the City and the Western Australian Planning Commission (WAPC) under the Network City Community Program, and copies of the reports are available on the City's website.

The City has recently been awarded further WAPC funding for the next phase of preparation towards precinct plans for both train station precincts. These studies will be undertaken collaboratively with the WAPC and, in the case of the Canning Bridge Train Station, with the City of Melville.

Sustainability Strategy

A number of sustainability projects and programs were undertaken during the year, building on the foundation of the City's sustainability program. These included:

- The completion of an update of the implementation status of the Sustainability Strategy and Action Plan
- Involvement as the only WA participant in a nationwide education for sustainability project managed by the Australian Research Institute in Education for Sustainability (ARIES) and Macquarie University
- Development of a sustainability logo and website (www.southperth.wa.gov.au/sustainability/)
- Facilitation of community sustainability advisory groups, one for residents and one for City staff
- A Fiesta community exhibition on sustainability and energy efficiency.

Integrated Catchment Management Strategy

A section of the Water Corporation drain through Bodkin Park was upgraded to a 'living stream', which is expected to create a significant improvement to the quality of water entering into the Canning River. Partially funded by a Federal Government Community Water Grant, it is anticipated that further sections of the drain will be upgraded in the same way in future years.

Cities for Climate Protection Campaign (CCP)

The CCP Measures Evaluation Report for 2005-06 was released in December 2006, revealing that the City abated approximately 1,000 tonnes of greenhouse gases. The City also began its CCP Plus review and joined the Carbon Neutral organisation to offset vehicle fleet carbon emissions.

A successful application for funding was made to the Sustainable Energy Development Office (SEDO) for a community household energy audit program, incorporating education and promotion regarding energy efficiency, which will extend to May 2008.





Green Plan Implementation, Natural Area Management and Street Trees

Green Plan implementation continued with the upgrading of Coolidge Reserve and the Neil McDougall lake island with local native plantings, the 'Plants to Residents' scheme extended to Kensington, and the upgrade of the Civic Centre's demonstration waterwise garden.

Natural Area Management was progressed also, with works implemented in accordance with Salter Point/Waterford and Mount Henry Management Plans, and six schools were engaged in the Schools Nurturing Nature program in partnership with Millennium Kids.

The City was active in its management of street trees with 800 new trees planted as a result of resident requests, the Como Beach Ward infill program, or as a part of the Cape Lilac Replacement program.

Environmental Health

The City's Environmental Health Officers undertake routine and proactive initiatives to ensure that the community enjoys a high standard of public health, and is protected from unnecessary hazards. Ongoing activities include:

- Food Control - investigation of complaints relating to sub-standard food, participation in the WA Food Monitoring Program, the Southern Food Monitoring Group and groups surveys
- Rodent Control - 145 samples of free rodent bait were issued to residents throughout the year to control rats in domestic situations
- Food Premises and Food Stall Holders Licences - 517 routine inspections of food premises were undertaken to ensure compliance and 115 stall holders licences were issued for events
- FoodSafe - The City plays an accreditation and management the role in the national program and is urging more businesses to adopt food safety programs such as FoodSafe and FoodSafe Plus
- Mosquito Management - A mosquito monitoring and ecologically friendly treatment management program was carried out, implementing an alternative treatment program in the Waterford area and susceptible mosquito breeding areas
- Infectious Diseases - 21 notifiable infectious diseases were investigated by the Officers to determine the sources of infections
- Microbiological/Chemical Water Sampling - public and semi public swimming pool and environmental water sampling to determine water quality
- Environmental Health Complaints - investigation of 170 complaints, including matters relating to refuse, pests, odour, noise, food, asbestos and air pollution.

Refuse and Recycling Collection and Disposal Services

Efforts were focussed on raising community awareness of the importance of sustainable approaches to waste management, promoting initiatives under the banner 'recycle, reduce, reuse'.

Two kerb-side bulk rubbish collections were undertaken and much of the waste from these collections is recycled. During the year, 4585 tonnes of recycling and 12458 tonnes of general household waste were recycled.

New Recycling Initiatives

The City has been pleased to undertake a number of new recycling initiatives, diverting materials from landfill that can also be environmentally hazardous. These have included printer cartridges, rechargeable batteries, pot plant pots (in conjunction with Pot Recyclers), cardboard and paper, mobile phones, accessories and batteries (in association with the SEMRC). The City also took part in a Computer Recycling Day in partnership with the SEMRC. Materials from the recycled items are recovered and utilised in the manufacture of new and useful products.

Community Rangers

In addition to being responsible for monitoring the various laws and regulations relevant to the City, the Community Rangers have also carried out talks at Neighbourhood Watch Meetings and neighbourhood Connected Communities BBQs, discussing local issues and exchanging information with the community. They are involved in the Eyes on the Street program, noting down suspicious behaviour or items to aid ongoing Police investigations into neighbourhood crime.



The City's 'Ranger Team of the Year' also operate a busy pound and have undertaken a successful re-homing program in conjunction with the community newspaper to advertise stray and homeless dogs. Additionally, Rangers have implemented the Proud Pet Owner Program, designed to reward outstanding pet owners.

Street Infrastructure Improvements

Some 33,120 square metres of road rehabilitation was undertaken under the funding sources of municipal funds, Roads to Recovery and the Metropolitan Regional Road Group Urban Road Grants, with projects such as Labouchere Road (Thelma Street to Saunders Street), Ley Street (Manning Road to Patterson Street) and Mount Henry Road (Patterson Street to Hope Avenue) completed.

The replacement of the slab path network was continued with 8,943 metres of path replaced with concrete path, constructed to the higher standard width of 1500mm. The City also remains committed to an infill program of new paths and provided an additional nine kilometres of path, further encouraging walking as a viable travel option and a recreational pursuit.

Stormwater drainage

The priority for the Integrated Catchment Plan in 2006/07 was to document all existing systems within the designated stormwater catchments so that the structure can be appropriately treated to capture gross pollutants. Documentation included a condition assessment of the existing system, detailed data collection and capacity verification, with project management undertaken by Engineering Design through external surveying and engineering consultants.

Local Area Traffic Management

The City attracted some \$300,000 in National and State Black Spot Funding to supplement its own contribution to local area traffic management throughout South Perth, with projects amounting to a total cost of \$480,000. Traffic management projects undertaken during the year included South Terrace at Coode Street (right turn facility), Labouchere Road at Thelma Street (pre-deflection measures) and Marsh Avenue at Potter Street (roundabout).



TravelSmart and RoadWise Programs

TravelSmart/Roadwise Local Action Plan for the years to 2009 was finalised by TravelSmart/Roadwise Advisory Group and was adopted in December. TravelSmart/Roadwise action continued to be prominent in Fiesta events, with every opportunity utilised to promote messages of transport choices and travel safety.

George Burnett Park and Neil McDougall Park Landscape Upgrades

The George Burnett Park landscape project is now largely completed, with work in 2006/07 focussing on consolidating the project and completing minor details. The remaining works to be completed include a connecting

path between the passive area and the Goss Avenue bushland and an entry statement off Manning Road.

A further addition to the internal path network at Neil McDougall Park was completed, as was stage one of the lighting upgrade. Proposals for 2007/08 including a further stage of the lighting upgrade and detailed designs for garden beds, boardwalks and an adventure playground.



Como Beach Landscape Upgrade

Work completed on this project during 2006/07 included detailed design, specification and documentation, in order to ready the project for tender. It took some time to appoint an appropriate contractor; however construction work commenced early in 2007 and was scheduled for completion in August.

Sir James Mitchell Park Esplanade Landscape and Foreshore Renovation Plan

2006/07 saw work continued on the beaches project including detailed design on the beaches construction and associated landscaping. The project is ready for construction and is awaiting the outcome of a Swan River Trust funding application under the Riverbank Program.

Streetscape Upgrade - Preston Street

The project progressed during the year with concept and detailed design work, project specification and documentation. The project will be managed using in-house resources and will be completed during 2007/08.

Irrigation upgrades

The City continued updating park reticulation controllers to a central computer controlled system and there are now 40 parks on the system. One proposal for the year ahead is to ensure best practice in water management is achieved by updating the system to run effectively on a weather station.

The second stage of the irrigation upgrade for the Karawara Greenways was also completed during the year.

Building Program

Heritage work on the Old Mill Theatre continued during the year. This included stripping the exterior coating and completing the fire control upgrade works inside the building. The exterior walls of the building will be renovated to improve the building's outward appearance during 2007/08.

Civic Centre Refurbishment

Refurbishment of the City administration and Council facilities was completed in September 2006, maximising technology and productivity opportunities, whilst respecting the architectural integrity and tradition of the buildings.



of the sources, locations and storage mediums of information across the organisation and a program of staff training on record keeping obligations was also delivered during the year.

Information regarding the City's record keeping practices and measures of our success in meeting our statutory obligations under the Plan may be found within the Statutory Reports section of this Annual Report.

Online Information Sharing

Customer surveys have indicated that the City's website is recognised as an important medium for sharing information. Highly regarded as a convenient source of information about the City and its services, the website combines both static information and 'live' transaction models that allow our community to interact with the City at a time convenient to them - unrestrained by either walls or clocks.

The website now includes a streamlined community feedback process, statistical and demographic information about our community, access to the Library catalogue, tender documents and maps, whilst aerial photographs can be downloaded as required. Combined with our well supported online payment initiatives and up to date media releases, information sheets and details of City events,

New business models, ever increasing dependence on technology, and the expanding range of services that Local Governments deliver to their communities led to the need to create a civic building that supports our aspirations for high professional standards and excellence in customer service.

The reconfigured administration area now offers more effective work areas that support collaborative processes, exploit technology opportunities and provide meeting, training and resource spaces.

The Council Chamber and public areas have been significantly expanded. Additional public seating in the gallery allows much larger numbers of interested ratepayers to attend meetings. Additionally, improved audiovisual systems and other technology initiatives, which are used to provide briefings and deputations to Council, encourage more informed participation in the decision making process.

Clever re-use and modernisation of the existing building has been financially responsible and demonstrates appropriate respect for the tradition of the current building. Effective management of the project during the construction phase ensured both an excellent financial outcome and the delivery of quality service to our residents throughout the construction period.

Record Keeping Plan

The City's comprehensive Record Keeping Plan recognises the importance of effective management of corporate knowledge. Secure storage, controlled access and the preservation of all relevant correspondence, plans and contracts, all contribute to informed decision making and customer responsiveness.

During the last year, the centralisation of the record keeping function continued to progress in earnest. A comprehensive review was undertaken

the website has become an increasingly important information source for our community.

Corporate information is shared via a staff service information database and intranet, that act as an information gateway, supporting efficient customer service and providing a valuable self learning tool to increase corporate knowledge. Council members now also have access to a Council intranet that provides a single reference point for all legislation, town planning information, briefing notes, discussion papers and other topical information, providing the necessary tools for good decision making.



Risk Management

During the last year the Risk Management Committee proactively reviewed the City's Risk Register and in-place risk treatments to ensure that they continue to provide responsible, effective and sustainable risk management controls. These controls include internal audits, regular and accountable reporting, staff training, occupational health and safety initiatives, the policy and governance frameworks and the Business Excellence Framework.

The City's customised process, based on Australian Risk Management Standard, is used by the Committee to monitor, identify and assess emerging business, physical and financial risks to our operations. Using this comprehensive business analysis, the Risk Management Committee is able to minimise potential adverse impacts on the community and our environment. The City's insurers have acknowledged the sophistication of this approach and the results that it has delivered.

Testimony to the success of our Risk Management Strategy is also evident in the fact that other Local Government circles are adapting the City's approach for use in their own organisations.



Value For Money

The City regularly monitors and reviews its service levels, service delivery models, costing structures and asset portfolio to ensure that the community is enjoying the best value from the City's use of its financial resources. Timely, accountable financial reporting to Council, the community and internal management staff supports both informed decision making and efficient use of the available resources. The City's financial performance for 2006/2007 provides convincing evidence of the success of our financial management model in delivering a value for money result.

Collier Park Golf Course

The Collier Park Golf Course continues to generate good attendance and has again provided a profitable return to our community, with over \$400,000 in dividends to the City in 2006 / 2007. These funds are reinvested in delivering services and new community initiatives to our ratepayers.

Golf Course satisfaction feedback for the Course was sought via an on-site survey during the early months of 2007 and responses received were outstandingly favourable - the majority of respondents placed the Course in the above average and excellent categories for survey sections regarding not only the grounds, but also the kiosk/bar and pro-shop. This indicates a high level of customer satisfaction and bodes well for repeated patronage and growth.

Sustainable Funding

Financial sustainability has become an increasingly challenging issue for all Local Governments. The ever increasing demands being placed on Local Governments and the declining levels of financial support from other levels of Government have required greater emphasis on ensuring that the City's funding model and service delivery costs are sustainable in future years.

The City's strategic financial position has again strengthened during 2006/2007, giving the community continuing confidence in its future financial sustainability.

A rigorous five year Strategic Financial Plan aligned to the City's agreed strategic direction and a 'best practice' Annual Budget process, combining community feedback with responsible financial management practices, ensure the City's operational needs and capital projects are funded in a realistic, sustainable way.

Accountability for the use of the City's financial resources is achieved through timely and responsible financial management practices and reports that demonstrate responsible stewardship of the City's financial assets. The responsible accumulation of financial reserves for future projects and a willingness to embrace external funding opportunities when they are available are also important contributors to this outcome.





Office of Chief Executive
Chief Executive Officer — Cliff Frewing

The Chief Executive's Office ensures the City of South Perth community is represented at all levels of Government and builds inter-Governmental relations.

Economic development of the City, human resource management, staff recruitment and training, occupational health and safety, and employee relations are also coordinated by this department.

The Chief Executive Officer manages Council member liason for the City and is responsible for statutory compliance.



Corporate and Community Services
Director — Roger Burrows

The Community and Corporate Services Directorate provides a wide range of services and facilities — including libraries, recreation, cultural development, community funding, youth services, public relations, seniors care, Council minutes and agendas, and Collier Park Golf Course.



Infrastructure Services
Director — Glen Flood

The Infrastructure Services Directorate is responsible for the management and enhancement of the City's built infrastructure, parklands and natural bushland areas. The Directorate is responsible for roads, drains, footpaths, buildings, street lighting, bus shelters, parks, reserves, river foreshore areas, street verges, street trees and bushland areas throughout your City.



Strategic and Regulatory Services
Director — Steve Cope

Strategic and Regulatory Services is responsible for a broad range of services and major strategic projects. Services provided include urban planning, building control, environmental health, waste management and Ranger services.



Financial and Information Services
Director — Mike Kent

The Financial and Information Services Directorate performs a number of important functions to support the delivery of quality service to customers.

The Directorate has two departments — Financial Services and Information Services. The key functions include strategic financial management, treasury management, financial reporting, information technology, records management and customer services.

The City of South Perth Annual Report 2006/2007 features goals accomplished under the third year of our Strategic Plan 2004 - 2008. The six goals set out in the Annual Report have required the Council to work closely with the City's administration over the last year, developing programs that respect our environmental heritage and the creation of a connected community, as well as supporting good governance, responsible management, and proper and orderly planning.

Achievements in the year that was - 2006/2007

2006/2007 was a period where the City strove to effectively embrace its vision to make the City Perth's most liveable community - celebrating our history and riverside location, and creating the opportunities of the future. Some of the key milestones achieved throughout the financial year include the following:

- The City continued embracing its Communication and Consultation policy, increasing the level of informing and public participation in decision-making
- The Red Bull Air Race and Australia Day Skyworks saw the adoption of strategies that ensured the City was able to cope with previously identified issues
- Support was given to 27 organisations and 29 individuals for projects covering a range of community service, sporting and cultural activities
- An unprecedented number of entries (over 174) were received for the City's fourth annual Art Award
- The Graffiti Management Program was introduced to reduce the incidence of graffiti and increase the effectiveness of removal strategies
- The Library service commenced Better Beginnings in May 07, an early intervention literacy program that works with families to provide positive language and literacy influences for children



- Heritage House hosted a series of well attended and varied art exhibitions beginning with an exhibition of Japanese kimono embroidery in August 2006
- A National Crime and Violence Prevention Award was awarded to the City for the ongoing operations of the Community Safety Resource Centre and the City's Ranger Services Team was named 'Ranger Team of the Year' at the Rangers Association of WA Awards
- Consultant reports were completed on the Community Engagement Projects for the South Perth and Canning Bridge Train Station precincts
- The Travelsmart/Roadwise Local Action Plan for the years to 2009 was finalised and adopted
- A reassessment of the City's greenhouse gas emissions from its vehicle fleet showed a substantial reduction in GHG from the base year (1998) to the present year of around 11%

- The Como Beach Landscape project was successfully contracted and scheduled for completion in August 2007
- It was announced in June 2007 that the City was successful in attracting funding from the Sustainable Energy Development Office for a household energy audit program - the project will extend to May 2008.
- The City embarked on the International Council for Local Environmental Initiatives (ICLEI) Cities for Climate Protection Plus Program and in December 2006 received the outcome of the 2005/06 report, revealing the City abated approximately 1,000 tonnes of greenhouse gases
- The City's first Disability Access and Inclusion Plan was endorsed, ensuring people with disabilities will have a greater level of access to City facilities and to information
- The refurbishment of the City administration and Council Chambers was completed in September 2006, maximising technology and productivity opportunities, whilst respecting the architectural integrity and tradition of the buildings
- The City promoted cultural events such as Fiesta, a book launch for Shaun Tan's *The Arrival*, the Cygnet and Windsor Park Concerts, Have a Go Expo and many others.

Planning for the future in 2007/2008

Striving towards its vision to become Perth's most liveable community, many important City projects are set to commence over the 2007/2008 financial year - including the following:

- The Como East Underground Power Project, which will commence in December 2007
- Road maintenance and rehabilitation works (\$1.64 million) including Manning Road, Hayman Road, Kent Street, Pether Road, Murray Street, Glyde Street and Bickley Crescent
- A five year expanded path replacement program will deliver a comprehensive path network. The 2007/08 program has a value of over \$900,000, plus selected infill new path works and the Waterford Foreshore path (\$1.4 million total for the year)
- Blackspot programs will continue to feature prominently in traffic management initiatives, - traffic signal modifications at Mill Point Road and roundabouts at Patterson Street/Lockhart Street and Ley Street/Davilak Street are some of the more substantial projects
- Building enhancement and maintenance works are to be undertaken on the Challenger and Collier Reserve Pavilions
- Heritage restoration works at the Old Mill Theatre will be completed
- Stage 2 of the Preston Street streetscape upgrade is due for completion
- Stage 3 of the Karawara Greenways reticulation upgrade and Stage 2 of the Neil McDougall Park lighting upgrade are due for completion
- A major erosion control project will be undertaken on the river foreshore in the vicinity of the Edgewater Road pedestrian overpass, in conjunction with Main Roads WA and the Swan River Trust
- A strategic plan will be prepared for the Collier Park Village complex, with the first workshop being held in August 2007
- Design briefs for the redevelopment of the Civic Library and Halls will be completed. It is anticipated that work on the redevelopment will commence in early 2008 and will take approximately 12 months.

Each year the City is required to provide a series of Statutory Reports that discharge our accountability for compliance with various legislative obligations. These brief statutory reports are presented below. More detailed information on specific aspects of the statutory reports may be accessed by contacting the City.



was approved by the State Records Commission in October 2004 and is periodically reviewed and updated by the administration. A comprehensive statutory update detailing the City's progress in implementing the Plan and its objectives was lodged with the State Records Commission during 2006/2007 and received favourable comment.

All City employees receive compulsory training in relation to their record keeping obligations as part of the staff induction program. This is supplemented by the in-house publication of newsletters/brochures relating to record management matters and ad hoc training sessions for staff. The training program includes awareness of the State Records Act, Policy P518 - Management of Corporate Records, retention and disposal requirements, and hands on training in the City's records management software solution.

The creation of the new expanded restricted access records storage area (including a confidential records area) as part of the administration building refurbishment has provided a more appropriate physical environment for the introduction of a centralised record keeping function. Further refinements that support the safe storage, responsible access and protection of all corporate records as well as increased storage capacity continue to be progressed.

Freedom of Information

Under the Freedom of Information Act (FOI) 1992, the City is required to publish an annual FOI Information Statement detailing its administrative process and compliance in respect to providing information to the public. The Information Statement has been recently reviewed and updated and can be accessed through the City's website at www.southperth.wa.gov.au or by contacting the Legal and Governance Officer.

National Competition Policy and Competitive Neutrality

The National Competition Principles Agreement between the Commonwealth and State Governments stipulates the manner in which competition policy principles must be applied to public sector organisations. Local Governments are required to apply these same competition principles to their activities, regulations and functions, and to report on their progress in implementing these principles.

The City has previously conducted a competitive neutrality review of its significant business operations including the Collier Park Golf Course, Collier Park Village, Collier Park Hostel and the Collier Park Waste Transfer Station. It continues to monitor for any business changes that may have a significant impact on competitive neutrality. During the reporting period no other City business enterprise has been identified as a Public Trading Enterprise or Public Financial Enterprise. There have been no allegations of non-compliance with competitive neutrality principles.

Record Keeping

The City is committed to a systematic approach to its management of corporate records in accordance with legislative obligations. It recognises the positive impact on both customer service and meeting statutory obligations that result from such an approach. The City's Record Keeping Plan

Internal record keeping audits conducted during the year to monitor the level of awareness and compliance with the City's approved Record Keeping Plan indicated a fair level of compliance with the following improvement opportunities being identified:

- The use of physical and electronic satellite record keeping systems outside of the Record Keeping System/approved core business systems is to be discontinued as it adversely impacts upon efficient work practices
- Further staff training is required to increase record keeping awareness
- Staff training focussing on the functionality of the record management system should result in enhanced access and retrieval of corporate documents
- Regular compilation of relevant statistical information about record keeping for review by executive management should result in improved record keeping practices
- There is an opportunity for staff to develop greater discernment in identifying corporate records.



Disability Access and Inclusion Plan

The Disability Services Act requires the City to demonstrate how it is meeting the objectives of the Act in relation to providing access and opportunities for inclusion to everyone in relation to its facilities, information and consultative mechanisms. The City's Disability Access and Inclusion Plan (2006 - 2010) extends our commitment to providing safe, efficient and welcoming facilities. This Plan was reviewed during the year with the benefit of extensive community involvement in the process. Copies of the Disability Access and Inclusion Plan are available at www.southperth.wa.gov.au - or in alternative formats by contacting the City's offices.

Senior Officers' Remuneration

In accordance with Regulation 19B of the Local Government (Administration) Regulations, the City is required to disclose the number of employees with an annual cash salary entitlement \$100,000 or more for the reporting period.

Salary Band	Number of Employees
\$140,000 - \$150,000	0
\$130,000 - \$140,000	1
\$120,000 - \$130,000	0
\$110,000 - \$120,000	3
\$100,000 - \$110,000	1



Attendances by Council Members July 2006 - June 2007

		Ordinary Council Meetings	Special Council Meetings	Total Meetings
Mayor Collins, JP		11	6	17
Cr G W Gleeson	Civic	11	5	16
Cr J Best (Sworn in 15 Sept 06)	Civic	9	4	13
Cr B W Hearne	Como Beach	10	6	16
Cr LM Macpherson	Como Beach	10	6	16
Cr L J Jamieson	Manning	9	5	14
Cr L P Ozsdolay	Manning	9	5	14
Cr C A Cala	McDougall	11	6	17
Cr R D Wells, JP	McDougall	11	6	17
Deputy Mayor R B Maddaford	Mill Point	10	6	16
Cr D S Smith	Mill Point	10	6	16
Cr S Doherty	Moresby	9	5	14
Cr K R Trent, RFD	Moresby	11	6	17
Ordinary Council Meetings:		11		
Special Council Meetings:			6	

During the year Council Members attended a range of Concept Briefings and Workshops, which totalled 65 over the year.



Financial Overview - 2006/2007

The results of responsible and sustainable financial management strategies are again evident in the City's 2006/2007 audited financial statements. By using best practice strategic financial planning models, the City is able to ensure that its services and projects are funded in a responsible, sustainable way. Effective treasury management allows the City to have timely access to the funds needed to deliver relevant and cost effective services to our community. Combining these funding models with robust internal controls provides effective stewardship of the City's financial assets.

Accountability for the use of those assets to deliver value to our community is achieved through high quality financial management and reporting systems.

Successfully delivering best value outcomes from the use of our financial resources is a challenge that the City strives to meet through a culture of continuous improvement in its financial management.

At the conclusion of the 2006/2007 year, the City's net asset position had improved from \$170.5M to \$181.5M, largely as the result of a significant capital investment to enhance the value of our civic buildings and infrastructure. This reflects a 6.4% improvement in the net asset position over the previous year.

The continued strengthening of the City's financial position is reflected in the positive trends in the financial ratios disclosed in the financial statements. Dependence on rates as a funding source has remained within benchmark levels, whilst short term liquidity and the debt service ratio compare very favourably with our Local Government peers. A further reduction in the outstanding rates ratio from 1.5% last year to 0.9% this year is an outstanding result. Collectively, these ratios provide convincing evidence of the City's continued commitment to responsible and sustainable financial management.

Annual revenue reached \$32.1M against a budget target of \$31.7M due to excellent investment performance and successfully securing extra grant funding and contributions. Operating expenditure of \$29.8M was less than the \$30.1M budget allocation due to staff vacancies and savings on interest expenses on borrowings that did not proceed. Approximately 73% of the planned capital program was completed by 30 June, with monies associated with incomplete capital works for construction and infrastructure being carried forward into 2007/2008 to complete the approved projects.

Cash backed reserves, which play an important role in ensuring our long term financial sustainability, are used to responsibly accumulate funds for projects in future years. At 30 June 2007 a total of \$17.3M was held in cash backed reserves. Of this, \$13.3M are quarantined reserves and the remaining \$4.0M are general cash reserves.

Looking forward to the new year, the 2007/2008 budget reflects a further consolidation of the City's sound financial foundations to ensure that we remain a City that is financially, socially and environmentally sustainable.

The financial statements on the following pages include disclosures that are in excess of statutory requirements and demonstrate the City's commitment to financial accountability to our community.

**CITY OF SOUTH PERTH
INCOME STATEMENT BY FUNCTION / PROGRAM
FOR THE YEAR ENDED 30 JUNE 2007**

	NOTE	BUDGET \$	2007 \$	2006 \$
OPERATING REVENUE	3,4			
General Purpose Funding		21,235,944	21,402,773	20,251,914
Governance		91,000	104,371	99,279
Law, Order & Public Safety		710,500	693,900	689,469
Education		0	0	0
Health		19,000	22,336	28,947
Welfare		0	0	0
Housing		2,261,710	2,250,230	2,271,571
Community Amenities		3,970,000	3,964,713	3,618,804
Recreation & Culture		2,385,630	2,562,018	2,471,465
Transport		455,000	556,708	336,832
Economic Services		482,000	483,931	530,607
Other Property & Services		115,000	121,902	49,993
TOTAL OPERATING REVENUE		31,725,784	32,162,882	30,348,881
OPERATING EXPENSES	3,4			
General Purpose Funding		245,345	229,178	196,823
Governance		2,735,294	2,725,923	2,762,010
Law, Order & Public Safety		770,678	725,841	724,720
Education		72,100	60,330	72,900
Health		435,815	415,630	392,485
Welfare		409,718	251,485	272,022
Housing		2,807,543	2,778,219	2,670,087
Community Amenities		5,186,566	4,943,037	4,648,811
Recreation & Culture		10,530,458	10,595,478	10,252,691
Transport		6,898,758	6,591,308	6,701,224
Economic Services		592,836	547,583	657,668
Other Property & Services		752,779	762,209	664,844
TOTAL OPERATING EXPENSES		31,437,890	30,626,221	30,016,285
BORROWING EXPENSES				
General Purpose Funding		293,000	165,616	181,754
DISPOSAL OF ASSETS				
Proceeds on Disposal		608,528	391,718	534,093
Carrying Amount		(446,775)	(262,170)	(364,517)
PROFIT / (LOSS) ON DISPOSAL		161,753	129,548	169,576
GRANTS - DEVELOPMENT OF ASSETS				
Transport (Road Grants)		1,171,851	781,657	988,987
NET RESULT		\$1,328,498	\$2,282,250	\$1,309,405

The accompanying notes form part of the financial statements

**CITY OF SOUTH PERTH
BALANCE SHEET
AS AT 30 JUNE 2007**

	NOTE	2007 \$	2006 \$
CURRENT ASSETS			
Cash & Cash Equivalents	5, 24	23,188,970	19,249,182
Trade & Other Receivables	6	958,450	1,547,101
Inventories	7	87,594	76,213
Financial Assets	8	1,000,000	3,178,529
Other Current Assets	9	317,642	301,432
TOTAL CURRENT ASSETS		25,552,656	24,352,457
NON-CURRENT ASSETS			
Other Receivables	6	687,043	712,791
Infrastructure, Property, Plant & Equipment	10, 29	184,534,672	175,374,819
TOTAL NON-CURRENT ASSETS		185,221,715	176,087,610
TOTAL ASSETS		210,774,371	200,440,067
CURRENT LIABILITIES			
Trade & Other Payables	11	2,643,838	3,333,001
Interest Bearing Loans & Borrowings	12	298,707	282,003
Provisions	13	1,719,722	1,735,315
TOTAL CURRENT LIABILITIES		4,662,267	5,350,319
NON-CURRENT LIABILITIES			
Other Payables	11	524,110	629,206
Leaseholder Liability	11	21,214,773	20,928,354
Interest Bearing Loans & Borrowings	12	2,390,939	2,689,646
Provisions	13	406,276	297,705
TOTAL NON-CURRENT LIABILITIES		24,536,098	24,544,911
TOTAL LIABILITIES		29,198,365	29,895,230
NET ASSETS		\$181,576,006	\$170,544,837
EQUITY			
Retained Surplus		120,741,001	119,898,365
Reserves - Cash Backed	14	17,330,509	15,890,895
Reserves - Asset Revaluation	14	43,504,496	34,755,577
TOTAL EQUITY		\$181,576,006	\$170,544,837

The accompanying notes form part of the financial statements

**CITY OF SOUTH PERTH
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007**

	NOTE	2007 \$	2006 \$
RESERVES			
Cash Backed			
Balance at Beginning of Year		15,890,895	13,939,024
Amount transferred from Retained Surplus		(4,594,642)	(4,831,511)
Amount transferred to Retained Surplus		6,034,256	6,783,382
Balance at End of Year	14	17,330,509	15,890,895
Non Cash Backed - Asset Revaluation Reserve			
Balance at Beginning of Year		34,755,577	34,755,577
Amount transferred to Reserve - Revaluation of Roads		623,123	0
Amount transferred to Reserve - Revaluation of Paths		2,275,998	0
Amount transferred to Reserve - Revaluation of Drains		5,697,807	0
Amount transferred to Reserve - Revaluation of Artworks		151,991	0
Amount transferred to Retained Earnings		0	0
Balance at End of Year	14	43,504,496	34,755,577
TOTAL RESERVES AT END OF YEAR		60,835,005	50,646,472
RETAINED SURPLUS			
Balance at Beginning of Year		119,898,365	120,540,831
Net Operating Result		2,282,250	1,309,405
Aggregate Transfers to Reserves		(6,034,256)	(6,783,382)
Aggregate Transfers from Reserves		4,594,642	4,831,511
Balance at End of Year		120,741,001	119,898,365
TOTAL EQUITY		\$181,576,006	\$170,544,837

The accompanying notes form part of the financial statements

**CITY OF SOUTH PERTH
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	NOTE	BUDGET \$	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates Revenue		18,381,944	18,476,541	17,596,868
Fees & Service Charges		9,532,438	10,033,695	9,418,621
Interest Revenue		2,005,000	2,019,161	1,742,075
Other Revenue		539,500	968,355	673,646
Grants - Operating		1,583,530	1,662,989	1,536,343
GST Refunded		1,532,560	1,532,560	1,607,925
Total Operating Cash Receipts		33,574,972	34,693,301	32,575,478
Payments				
Employee Costs		(13,111,699)	(12,294,070)	(11,931,390)
Materials & Contracts		(11,716,461)	(12,216,284)	(11,381,150)
Interest Expense		(273,000)	(165,616)	(181,754)
Utilities & Insurance Costs		(1,305,900)	(1,390,631)	(1,379,008)
Other Expenses		(1,012,458)	(1,268,946)	(1,116,490)
Total Operating Cash Payments		27,419,518	27,335,547	25,989,792
Net Cash Flows from Operating Activities	24	6,155,454	7,357,754	6,585,686
CASH FLOWS FROM INVESTING				
Proceeds from Sale of Property, Plant & Equipment		608,528	391,718	534,093
Purchase / Construction of Assets		(8,990,953)	(6,774,286)	(8,767,313)
Grants for Development of Assets		1,171,851	781,657	864,147
Net Cash used in Investing Activities		(7,210,574)	(5,600,911)	(7,369,073)
CASH FLOWS FROM FINANCING				
Proceeds from Borrowings		256,500	286,419	1,505,903
Self Supporting Loan Receipts		30,000	32,489	21,802
Repayment of Borrowings		(350,000)	(314,492)	(289,182)
Net Cash Flow from Financing Activities		(63,500)	4,416	1,238,523
Net Increase / (Decrease) in Cash Held		(1,118,620)	1,761,259	455,136
Cash & Cash Equivalents at Beginning of Year		22,427,711	22,427,711	21,972,575
Cash & Cash Equivalents at End of Year	24	\$21,309,091	\$24,188,970	\$22,427,711

The accompanying notes form part of the financial statements

**CITY OF SOUTH PERTH
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	NOTE	BUDGET \$	2007 \$	2006 \$
OPERATING REVENUE (Excluding Rates)				
General Purpose Funding		2,727,272	2,953,712	2,650,687
Governance		223,478	180,867	208,105
Law, Order & Public Safety		774,750	714,623	689,469
Education		0	0	0
Health		19,000	22,336	28,967
Welfare		0	0	0
Housing		2,261,710	2,250,231	2,271,571
Community Amenities		3,970,000	3,964,713	3,618,804
Recreation & Culture		2,385,630	2,562,018	2,471,466
Transport		455,000	556,708	336,832
Economic Services		482,000	483,932	530,607
Other Property & Services		115,000	121,902	49,993
		13,413,840	13,811,042	12,856,501
OPERATING EXPENDITURE				
General Purpose Funding		(538,345)	(394,794)	(378,577)
Governance		(2,948,094)	(2,820,024)	(2,884,431)
Law, Order & Public Safety		(818,678)	(745,522)	(726,298)
Education		(72,100)	(60,330)	(72,900)
Health		(439,480)	(415,630)	(413,938)
Welfare		(409,718)	(251,485)	(272,022)
Housing		(2,827,593)	(2,795,923)	(2,677,025)
Community Amenities		(5,186,566)	(4,943,492)	(4,675,341)
Recreation & Culture		(10,634,833)	(10,668,538)	(10,350,795)
Transport		(6,945,643)	(6,637,454)	(6,788,716)
Economic Services		(603,836)	(558,607)	(657,668)
Other Property & Services		(752,779)	(762,209)	(64,844)
		(32,177,665)	(31,054,008)	(29,962,555)
NET RESULT		(18,763,825)	(17,242,966)	(17,106,054)
Add back Non Cash Items *1		6,479,975	6,345,242	6,182,775
Proceeds from Disposal of Assets		608,528	391,718	534,072
Contributions for Acquisition of Assets		1,171,851	781,657	988,986
FUNDS DEMAND FROM OPERATIONS		(10,503,471)	(9,724,349)	(9,400,221)
ACQUISITION OF NON CURRENT ASSETS				
Purchase of Buildings		(5,201,605)	(3,888,591)	(148,021)
Construction of Infrastructure Assets		(4,853,425)	(4,005,734)	(4,085,545)
Purchase of Plant & Equipment		(165,000)	(123,917)	(102,421)
Purchase of Mobile Plant		(1,216,528)	(984,139)	(1,001,367)
Purchase of Furniture & Equipment		(294,329)	(592,624)	(39,823)
Purchase of Equipment		(382,000)	(315,614)	(434,216)
Work in Progress		3,136,934	3,135,584	(3,136,935)
		(8,975,953)	(6,775,035)	(8,948,328)

**CITY OF SOUTH PERTH
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	NOTE	BUDGET \$	2007 \$	2006 \$
FINANCING ACTIVITIES				
Incoming Accommodation Bond Contributions		520,000	286,419	1,505,903
Repayment of Loan Borrowings		(350,000)	(282,003)	(267,381)
Transfers from Reserves		4,722,120	4,594,642	4,831,511
Transfers to Reserves		(6,257,973)	(6,034,256)	(6,783,382)
Self Supporting Loan Recoups		0	32,489	21,802
Movement in Restricted Assets (Cash backed Bonds & Provisions)		0	13,342	0
		(1,365,853)	(1,389,367)	691,547
DEMAND - NON OPERATING RESOURCES				
		(10,341,806)	(8,164,402)	(9,639,875)
Opening Position Brought Forward		2,589,988	3,120,838	4,668,533
Closing Position to be Carried Forward		(56,655)	(683,678)	(1,172,838)
Funds relating to Carry Forward Works			(2,900,250)	(1,948,000)
AMOUNT TO BE MADE UP FROM RATES		(\$18,311,944)	(\$18,351,841)	(\$17,492,401)

*¹ Non Cash Items include Depreciation, Carrying Amount of Assets Disposed & Increase in Nursery Stock Value

The accompanying notes form part of the financial statements

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

(a) Basis of Accounting

This general purpose financial report has been prepared in accordance with the Australian Accounting Standards, the disclosure requirements of the Local Government Act (1995) as amended and the Local Government (Financial Management) Regulations (1996). It has been prepared on an accrual basis under the convention of historical cost accounting except where stated otherwise.

International Financial Reporting Standards (IFRS) form the basis of Australian Accounting Standards adopted by the AASB. This financial report complies with Australian Equivalents to the International Financial Reporting Standards - subject to the matters noted below.

Australian Accounting Standard AAS27 - Financial Reporting by Local Governments, to which there is no IFRS equivalent, was applied in the preparation of this financial report. The method of recognition of non reciprocal revenues differs from IFRS as does the definition of value in use for the purposes of estimating the recoverable amount of impaired assets. The other principal area of non compliance with IFRS is, as qualified at Note 2, in relation to the disclosure of the leaseholder liability associated with the Collier Park Retirement Complex.

Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted by the City for the annual reporting period ended on 30 June 2007. The City is of the view that these standards or amendments will have no direct impact on the amounts included in the financial report although they may impact upon the manner in which some financial information is disclosed.

All accounting policies are consistently applied unless otherwise stated in Note 2.

(b) The Local Government Reporting Entity

All Funds through which the City controls resources to carry on its functions have been included in the financial statements forming part of this financial report. In the process of reporting on the local government as a single entity, all interfund transactions and balances have been eliminated upon consolidation.

(c) Critical Accounting Estimates

Preparation of this financial report in conformity with Australian Accounting Standards has required management to make professional judgements and estimates that may affect both the application of policies and the reported amounts of assets, liabilities, revenues and expenses.

All such estimates are based on historical experience and other factors that are believed to be reasonable under the circumstances. This experience and other relevant factors combine to form the basis for making professional judgements about the carrying values of assets and liabilities that may not otherwise be readily apparent. Realised actual results may therefore differ from these professional estimates.

(d) Comparatives

Where applicable, prior year comparative figures have been adjusted to reflect changes in presentation for the current year.

(e) Allocation of Corporate Costs

Allocation of corporate costs using Activity Based Costing principles has been included in this financial report. This allocation of costs has a neutral impact upon the overall operating result of the City but results in a more accurate reflection of the costs of providing specific services by incorporating an allocation for corporate costs and services provided by other service areas.

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

(f) Investments

Investments include fixed term deposits with a term to maturity of less than 6 months. These are treated as cash equivalents due to their highly liquid nature. Fixed term deposits with terms to maturity of between 6 and 12 months are treated as held to maturity assets. Interest on these investments is recognised by accrual at reporting date. Investment values are assessed against market value at reporting date.

(g) Inventories - Stores and Materials

Inventories held at reporting date have been valued at the lower of cost and net realisable value on a weighted average cost basis.

(h) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the City obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating year. Control over granted assets is normally obtained upon their receipt or upon prior notification that a grant has been secured. Contributions over which the City has control but which had not been received at reporting date are accrued and recognised as receivable.

(i) Trade & Other Receivables

Trade receivables are carried at their nominal amounts due less a provision for impairment of debts. Collectibility of debts is reviewed on an ongoing basis. Debts that are recognised as uncollectible are written off when identified. A provision for impaired debts is made when there is objective evidence that the debt will not be collectible.

(j) Infrastructure, Property, Plant and Equipment

(i) Cost and Valuation

Non-current assets are carried at either cost or at an independent or City officers' valuation less, where applicable, any accumulated depreciation or amortisation. Assets revaluations are conducted in accordance with the revaluation cycles disclosed at Note 10. Any gain or loss on disposal of non-current assets is determined as the difference between the carrying amount of the asset at the time of disposal and the proceeds from disposal and is included in the operating results in the year of disposal.

(ii) Depreciation

All non-current non-monetary assets except for land are brought to account at cost or valuation and carried at net written down values. They are depreciated over their estimated useful lives in a manner which reflects the consumption of the future economic benefits embodied in such assets. Depreciation is recognised on a straight-line basis using the following useful lives:

• Artwork	50 years
• Buildings	40 years upwards - as assessed
• Plant and Equipment	10 years
• Furniture and Fittings	10 years
• Computer Equipment	5 years
• Mobile Plant	5 years
• Infrastructure - Roads	15 - 60 years for individual components
• Infrastructure - Drains	80 years
• Infrastructure - Paths	20 - 40 years dependent on path type
• Infrastructure - Street Furniture	20 years
• Infrastructure - Parks Equipment	20 years

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

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

(iii) Infrastructure Assets

Infrastructure assets have been valued on the basis of cost or engineering estimates for current replacement and, having consideration for the age of such assets and the estimated remaining useful life of such assets; accumulated depreciation to date has been deducted from the current estimated replacement cost.

(k) Impairment of Assets

Non-current assets are tested for impairment where an impairment trigger has occurred. To the extent that any impairment is determined, this amount is recognised immediately in the Income Statement. In determining if any impairment of assets has occurred, recoverable amounts are determined as the greater of net selling price or value in use. For infrastructure assets, this is always value in use.

(l) Trade & Other Payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services that are unpaid at the end of the reporting period. The liability arises when the City becomes obligated to make future payments in respect of those goods and services. These amounts are generally unsecured and are paid in accordance with the payment terms disclosed at Note 26.

(m) Interest Bearing Loans & Borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. Following initial recognition, interest bearing loans and borrowings are measured at amortised cost. Borrowing costs are recognised as an expense when incurred. Interest bearing loans and borrowings are classified as current liabilities unless the City has an unconditional right to defer settlement of that liability for at least 12 months after Balance Sheet date.

(n) Employee Entitlements

Employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date are accrued annually. These benefits include wages and salaries, annual leave, long service leave and other relevant associated costs such as superannuation and workers compensation premiums.

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities which have terms to maturity approximating the terms of the related liability are used.

(o) Superannuation

Superannuation expense for the period reflects the City's contribution to the WA Local Government Superannuation Fund which provides benefits to the City's employees. The plan is a cash accumulation scheme and the City bears no liability for obligations that may otherwise arise if the scheme were a defined benefit scheme.

(p) Trust Funds

The City is required under the Local Government Act to maintain a separate and distinct Trust Fund to account for all monies held by way of deposit or in trust for any person, all monies held on behalf of the Government for specific purposes, and all monies and property held in trust for any charitable or public purpose. Where the City performs only a custodial role in respect of these monies, and because the monies cannot be used for City purposes, they are excluded from the annual financial statements.

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

(q) Leaseholders Liability / Accommodation Bonds

The leaseholder liability represents the City's obligation to repay the unit lease purchase price paid by residents of the Collier Park Village upon individual leaseholders relinquishing their leases. Notwithstanding that some leases within the complex will be relinquished in the next twelve months, the entire liability is disclosed in the notes to the financial statements as a non-current liability. This treatment is adopted due to the subjectivity of establishing the rate of turnover in tenancies and the quantum of payments to individual leaseholders in different stages of the complex. Liquidity is not affected because an amount greater than the anticipated outgoing payment for the next twelve months is quarantined in a cash-backed reserve maintained exclusively for this purpose.

Accommodation Bonds associated with the Collier Park Hostel are also disclosed as a non current liability - although this liability is fully cash backed at balance date.

(r) Goods & Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST) except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet. Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to the ATO are classified as operating cash flows in the statement.

2. CHANGES IN ACCOUNTING POLICY

All accounting policies adopted are consistent with those of the previous year unless otherwise noted. Where it has been necessary to accommodate changes in disclosure requirements upon receipt of definitive guidance from the Department of Local Government (calculation of financial ratios), the comparative figures have been adjusted to reflect changes in presentation for the current year.

Statement of Liabilities at Net Present Value

The City's has opted not to disclose the non current liability for monies to be refunded to outgoing residents of the Collier Park Village and Hostel at their net present value preferring to continue to show them at the nominal values at which they are have previously been disclosed.

The practice of disclosing these liabilities at their current nominal value is considered by the City to be a more meaningful, objective and useful disclosure to users of the financial statements - including the residents of the Collier Park Village and Collier Park Hostel for the following reasons:

- The liability to each individual resident of the Retirement Complex has no defined term - and is subject to change according to the state of health of each individual resident.
- There is therefore considerable subjectivity in determining the likely due dates for repayment of refundable monies to departing residents.
- The aggregate liability is required to be specifically 'cash backed' by quarantined Reserve Funds rather than being represented by unspecified assets.
- Statutory reporting arrangements relating the Department of Aged Care require that the liability to Hostel residents must be fully cashed backed at nominal values at all times.
- The difficulties in reconciling a liability recorded at Net Present Value to an associated cash backing of that liability maintained at nominal value are problematic.
- The disclosure of a lesser value of refundable monies to aged care residents than the nominal amount disclosed on their individual lease documents is sufficiently confusing to a principal group of the users of the financial statements for the disclosure to be deemed inconsistent with the desired qualitative characteristics of financial information.

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

3. OBJECTIVE AND FUNCTIONS (PROGRAMS) OF THE CITY

Mission Statement

The City of South Perth's mission is to enhance the quality of life and prosperity of our community.

Statement of Objective

The City of South Perth is dedicated to providing high quality customer focussed services to the community through its adoption of the principles of business excellence. Outcomes are pursued through the various service orientated programs that the City has established.

The activities relating to the components reported on the income statement are as follows:

- **LAW, ORDER & PUBLIC SAFETY**
Embraces parking management, animal control, fire prevention and the Safer Cities program.
- **EDUCATION**
Operation and maintenance of pre-school facilities. Included are the operating costs for utilities, building maintenance and grounds maintenance for each of these facilities.
- **HEALTH**
Includes food inspections, pest control, environmental health administration and operation and maintenance of the buildings and grounds of child health centres.
- **WELFARE**
The operation and maintenance of the buildings and grounds of senior citizens centres located at Manning and South Perth represent the major components of this program. Also included are staff costs for coordinators at the centre and other voluntary services.
- **HOUSING**
The largest single component of this program is the operation and maintenance of the Collier Park Retirement Village and Hostel complex. This includes all operating costs for both facilities and the revenue streams arising from residents' fees and government subsidies in relation to both. It also includes the revenue and expenditure relating to the City's housing portfolio.
- **COMMUNITY AMENITIES**
This program includes household rubbish collection services, recycling collections and operation of the rubbish transfer station. Also embraced within this program are environmental management and noise control. Administration of the town planning scheme and other related activities concerning the orderly planning of the district are other major components of the Community Amenities program.
- **RECREATION & CULTURE**
This program includes operation and maintenance of halls and their surrounds plus the operation of two libraries and a local studies facility. A major component of the revenue stream for this program is the operation of a 27 hole golf course at Collier Park. The acclaimed regional festival 'City of South Perth Fiesta' also forms part of the Recreation & Culture program.

This program also includes the maintenance and upkeep of sporting and passive reserves (including Sir James Mitchell Park) and various sporting pavilions and public facilities. Grants and donations to community and cultural organisations also form part of this program.
- **TRANSPORT**
The maintenance and rehabilitation of roads, drainage works, footpaths and parking facilities are major components of the Transport program. Streetscapes and verge maintenance are also included as are the maintenance of traffic devices and traffic signs and expenses relating to street lighting .

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

3. OBJECTIVE AND FUNCTIONS (PROGRAMS) OF THE CITY (continued)

- **ECONOMIC SERVICES**
Includes building control, swimming pool inspections and the operation of the City's plant nursery.
- **OTHER PROPERTY & SERVICES**
Includes public works overheads and maintenance of the City's fleet services. Also included is property development and sale.

4. OPERATING REVENUE AND EXPENSES

(a) Operating Expenses Classified by Nature & Type	BUDGET	2007	2006
	\$	\$	\$
Employee Costs	12,941,183	12,396,073	12,193,014
Materials and Contracts	9,829,633	9,497,155	9,520,249
Depreciation	6,078,200	6,101,183	5,874,888
Interest Expense	293,000	165,616	181,754
Utilities and Insurance Expense	1,410,900	1,467,962	1,454,406
Carrying Amount of Assets Disposed	446,775	262,169	364,517
Other Expenses / Allocated Outwards	1,177,974	1,163,850	973,727
	\$32,177,665	\$31,054,008	\$30,562,555

(b) Operating Revenue Classified by Nature and Type			
Rates	18,311,944	18,351,841	17,492,401
Fees and Charges	9,029,310	9,117,226	8,777,033
Interest Revenue	1,945,000	2,062,516	1,769,095
Grants and Subsidies	2,840,381	2,470,350	2,597,968
Contributions, Reimbursements & Donations	181,500	337,897	184,328
Proceeds on Disposal of Assets	608,528	391,718	534,093
Service Charges	0	0	790
Other Revenue	589,500	604,710	516,252
	\$33,506,163	\$33,336,258	\$31,871,960

Net Operating Result	\$1,328,498	\$2,282,250	\$1,309,405
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(c) Investment Revenue

The City invests funds awaiting dispensation in short-term financial instruments. Interest is recognised when earned rather than when received.

Interest Income - Reserves	945,000	1,029,919	853,373
Interest Income - Municipal	840,000	866,168	731,178
Interest Income - Rates Debts	160,000	166,429	184,544
Total Interest Revenue	\$1,945,000	\$2,062,516	\$1,769,095

(d) Other Expenses

Auditors Remuneration - Audit Fees	30,000	21,435	24,654
Impaired Debts Expense	50,000	55,948	5,258
	\$80,000	\$77,383	\$29,912

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

(e) Assets attributed by Function / Program	WDV Value	Depreciation
Governance	16,310,674	325,039
Law, Order and Public Safety	212,222	33,842
Education	891,142	20,775
Health	2,256,953	21,372
Welfare	1,865,412	35,516
Housing	19,658,210	396,250
Community Amenities	1,465,133	130,049
Recreation and Culture	59,485,071	870,683
Transport	72,398,501	3,624,206
Economic Services	24,574	5,402
Other Property and Services	9,966,780	638,049
	\$184,534,672	\$6,101,183

(f) Depreciation Expense by Asset Category	2007 \$	2006 \$
Artworks	2,554	1,609
Buildings	1,049,579	1,034,434
Computer Equipment	173,471	175,981
Furniture and Fittings	67,487	65,693
Mobile Plant	716,414	708,235
Plant and Equipment	44,629	38,979
Infrastructure - Roads	2,928,445	2,821,823
Infrastructure - Footpaths	251,995	249,998
Infrastructure - Drains	232,785	231,324
Infrastructure - Street Furniture	97,973	93,518
Infrastructure - Parks Equipment	535,851	453,294
	\$6,101,183	\$5,874,888

(g) Assets disposed of by Asset Category - Actual	Sale Proceeds	Carrying Amount	Profit (Loss)
Artworks	0	0	0
Building	0	0	0
Computer Equipment	0	0	0
Furniture & Fittings	0	0	0
Mobile Plant	391,718	262,170	129,548
Plant & Equipment	0	0	0
	\$391,718	\$262,170	\$129,548

Assets disposed of by Asset Category - Budget	Sale Proceeds	Carrying Amount	Profit (Loss)
Artworks	0	0	0
Building Equipment	0	0	0
Computer Equipment	0	0	0
Furniture & Fittings	0	0	0
Mobile Plant	608,528	446,775	161,753
Plant & Equipment	0	0	0
	\$608,528	\$446,775	\$161,753

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

Assets disposed of by Function / Program - Actual

	Sale Proceeds	Carrying Amount	Profit (Loss)
Governance	97,220	94,100	3,120
Law, Order and Public Safety	20,724	19,681	1,043
Education	0	0	0
Health	0	0	0
Welfare	0	0	0
Housing	18,675	17,704	971
Community Amenities	16,609	455	16,154
Recreation and Culture	147,885	73,059	74,826
Transport	78,016	46,147	31,869
Economic Services	12,589	11,024	1,565
Other Property and Services	0	0	0
	\$391,718	\$262,170	\$129,548

Assets disposed of by Function / Program - Budget

	Sale Proceeds	Carrying Amount	Profit (Loss)
Governance	196,728	212,800	(16,072)
Law, Order and Public Safety	64,250	48,000	16,250
Education	0	0	0
Health	0	3,665	(3,665)
Welfare	0	0	0
Housing	22,499	20,050	2,449
Community Amenities	14,409	0	14,409
Recreation and Culture	181,273	104,375	76,898
Transport	113,369	46,885	66,484
Economic Services	16,000	11,000	5,000
Other Property and Services	0	0	0
	\$608,528	\$446,775	\$161,753

(h) **Fees and Charges disclosed by Function / Program**

	BUDGET	2007	2006
	\$	\$	\$
General Purpose Funding	64,000	67,236	82,773
Governance	160,000	159,890	186,405
Law, Order and Public Safety	638,500	616,375	617,172
Education	0	0	0
Health	9,000	11,982	5,582
Housing	1,566,710	1,548,367	1,674,044
Community Amenities	4,032,000	4,001,286	3,624,676
Recreation and Culture	2,146,600	2,270,024	2,144,951
Economic Services	410,500	441,562	438,778
Other Property and Services	2,000	504	2,652
	\$9,029,310	\$9,117,226	\$8,777,033

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

5. CASH & CASH EQUIVALENTS

Cash & Cash Equivalents includes cash held in bank accounts, deposits held at call with banks and term deposits with financial institutions with a term to maturity at reporting date of 3 months or less. At reporting date, Cash & Cash Equivalents was represented by:

	2007	2006
	\$	\$
Cash at Bank	193,681	232,174
At Call / Term Deposits - less than 180 days to maturity	22,995,289	19,017,008
Total Cash & Cash Equivalents	\$23,188,970	\$19,249,182

Restricted Cash

The following cash holding restrictions are imposed either by regulations or other externally imposed requirements. Restricted Cash represents the portion of the City's Net Current Asset position that must be excluded in the calculation of the Budget Opening Position.

Plant Replacement Reserve No. 1	731,456	687,350
Future Municipal Works Reserve	1,224,043	997,463
Collier Park Village Residents Loan Offset Reserve	5,444,615	4,740,510
Collier Park Hostel Capital Works Reserve	572,307	513,921
Collier Park Hostel Loan Offset Reserve	1,297,348	1,399,368
Collier Park Golf Course Reserve	2,243,176	2,075,044
Waste Management Reserve	2,891,485	2,867,684
Reticulation and Pump Reserve	193,717	182,376
Information Technology Reserve	334,980	277,366
Insurance Risk Reserve	37,915	30,907
Footpath Reserve	105,206	99,029
Underground Power Reserve	580,817	627,149
Parking Facilities Reserve	172,499	162,074
Collier Park Village Reserve	872,722	766,094
River Wall Reserve	305,329	209,992
Railway Station Precincts Reserve	322,894	254,568
Monies held in Trust - Current	274,659	272,408
Cash set aside for Employee Entitlements - Current	1,719,722	1,735,315
Total Restricted Cash	\$19,324,890	\$17,898,618

Reconciliation of Cash & Cash Equivalents

Unrestricted Cash and Cash Equivalents	3,864,080	1,350,564
Restricted Cash and Cash Equivalents	19,324,890	17,898,618
Total Cash & Cash Equivalents	\$23,188,970	\$19,249,182

6. TRADE & OTHER RECEIVABLES

Current

Rates Outstanding	169,618	269,547
Loans - Clubs and Institutions	42,429	53,033
Sundry Debtors	536,340	1,006,302
Grants / Contributions Receivable	24,066	21,434
GST Receivable from ATO	230,314	190,758
Pensioner Rebate Receivable	14,336	39,107
	1,017,103	1,580,181
Less: Provision for Impairment of Debts	(58,653)	(33,080)
Total Current Trade & Other Receivables	\$958,450	\$1,547,101

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

6. TRADE & OTHER RECEIVABLES (Continued)	2007	2006
	\$	\$
Non Current		
Rates Outstanding - Pensioner Deferrals	387,695	396,923
ESL Outstanding - Pension Deferrals	24,909	0
Loans - Clubs and Institutions	274,439	315,868
Total Non-Current Trade & Other Receivables	\$687,043	\$712,791

7. INVENTORIES		
Materials and Fuel at Cost	40,554	28,261
Nursery Green Stock	47,040	47,952
Total Inventories	\$87,594	\$76,213

8. FINANCIAL ASSETS

Investments made in accordance with the Western Australian Trustee Act with terms longer than 180 days to maturity at reporting date are treated as held to maturity financial assets. They are recorded at cost with interest revenues being recognised when earned rather than when received. Interest is disclosed by fund and in aggregate at Note 4 (c). At the end of the reporting period, held to maturity financial assets were:

	2007	2006
	\$	\$
Held to Maturity Financial Assets - Current		
Term Deposits with a term to maturity of 6 to 12 months	1,000,000	3,178,529
Total Current Financial Assets	\$1,000,000	\$3,178,529

9. OTHER CURRENT ASSETS

Prepayments	122,861	150,006
Accrued Income	194,781	151,426
Total Other Current Assets	\$317,642	\$301,432

10. INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Freehold land is recorded in the financial statements at cost. Buildings are re-valued on an ongoing cycle and are recorded at current replacement value.. This includes an allowance for the expired portion of each building's estimated useful life. The valuation was undertaken by Mr Aaron Genoni of DTZ Australia, Licensed Valuer No 42987, in June 2005 as part of a scheduled revaluation cycle. In accordance with relevant accounting pronouncements, the City has satisfied itself that these values continue to reflect the current written down values at the 30 June 2007.

All other classes of property, plant and equipment (excluding infrastructure assets) are recorded at cost - subject to the impairment test acknowledged at Note 1.

Roads, Drains and Paths Infrastructure are valued using engineering estimates of the current replacement value having regard to the age and remaining useful lives of the assets. This valuation is performed by Council Officers using approved valuation techniques and the valuation was last updated at 30 June 2007.

All other classes of infrastructure assets are currently carried at cost.

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

10. INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (Continued)

	2007	2006
	\$	\$
Land at cost	60,160,120	60,160,120
	60,160,120	60,160,120
Buildings		
Independent valuation	76,442,825	76,294,804
Buildings - Current Year Additions at cost	3,888,592	148,021
Less Accumulated Depreciation	(33,230,128)	(32,180,549)
	47,101,289	44,262,276
Artworks		
Independent valuation	313,932	168,600
Less Accumulated Depreciation	(16,497)	(20,325)
	297,435	148,275
Computer Equipment at cost	1,129,102	878,763
Less Accumulated Depreciation	(442,583)	(333,914)
	686,519	544,849
Furniture and Fittings at cost	2,026,208	1,436,412
Less Accumulated Depreciation	(1,231,011)	(1,166,352)
	795,197	270,060
Mobile Plant at cost	6,132,429	5,880,141
Less Accumulated Depreciation	(3,861,430)	(3,614,701)
	2,270,999	2,265,440
Plant and Equipment at cost	1,726,496	1,602,651
Less Accumulated Depreciation	(1,378,158)	(1,333,600)
	348,338	269,051
Infrastructure - Roads at valuation	58,131,401	56,436,454
Less Accumulated Depreciation	(21,587,202)	(21,777,037)
	36,544,199	34,659,417
Infrastructure - Roads at cost	0	2,125,618
Less Accumulated Depreciation	0	0
	0	2,125,618
Infrastructure - Drains at valuation	22,886,622	0
Less Accumulated Depreciation	(6,534,992)	0
	16,351,630	0

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

10. INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (Continued)

	2007 \$	2006 \$
Infrastructure - Drains at cost	0	17,348,236
Less Accumulated Depreciation	0	(6,549,634)
	0	10,798,602
Infrastructure - Paths at Valuation	15,155,939	12,499,914
Less Accumulated Depreciation	(5,094,102)	(5,463,233)
	10,061,837	7,036,681
Infrastructure - Paths at cost	0	99,547
Less Accumulated Depreciation	0	0
	0	99,547
Infrastructure - Street Furniture at cost	2,050,187	1,937,366
Less Accumulated Depreciation	(887,747)	(789,774)
	1,162,440	1,147,592
Infrastructure - Parks Equipment at cost	17,275,814	16,437,001
Less Accumulated Depreciation	(8,522,495)	(7,986,645)
	8,753,319	8,450,356
Capital Work in Progress		
Artworks	1,350	0
Building Refurbishment - Civic Building	0	2,868,606
Furniture - Civic Building Refurbishment	0	268,329
	1,350	3,136,935
Total Infrastructure, Property, Plant & Equipment	\$184,534,672	\$175,374,819

11. TRADE & OTHER PAYABLES

Current

Accounts Payable	2,024,214	2,683,339
Income in Advance	25,737	67,051
Accrued Wages	319,228	310,203
Bonds & Deposits	274,659	272,408
Total Current Trade & Other Payables	\$2,643,838	\$3,333,001

Non Current

Bonds & Deposits	524,110	629,206
Leaseholder Liability - Collier Park Village	19,917,426	19,528,987
Leaseholder Liability - Collier Park Hostel	1,297,347	1,399,367
Total Non Current Trade & Other Payables	\$21,738,883	\$21,557,560

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

12. INTEREST BEARING LOANS & BORROWINGS

Current	2007	2006
	\$	\$
Loans - City	264,273	249,514
Loans - Self Supporting	34,434	32,489
Total Current Interest Bearing Loans & Borrowings	\$298,707	\$282,003
Non-Current		
Loans - City	2,137,890	2,402,163
Loans - Self Supporting	253,049	287,483
Total Non-Current Interest Bearing Loans & Borrowings	\$2,390,939	\$2,689,646

The City did not undertake any new borrowings during the 2006/2007 reporting period. The City had previously borrowed \$1,500,000 in 2003/2004 (Loan 221) for a term of 10 years payable quarterly in arrears at a fixed interest rate of 6.06%. A further \$1,500,000 was borrowed in 2004/2005 (Loan 222) for a term of 10 years payable monthly in arrears at a fixed interest rate of 5.48%.

The financial statements also reflect self supporting loans to community groups. The City's role in respect of these loans is that of guarantor only. All payments are met by the relevant community group and there is no impost on City funds for repayment of self supporting loans. A receivable amount equivalent to the outstanding balance on the loan is also recognised in the Balance Sheet.

All borrowings relate to the General Purpose Funding program and were undertaken in accordance with Section 6.20 of the Local Government Act and City Policy P604 - Use of Debt as a Funding Option. Loans are secured over the future rate revenue of the City but there are no encumbrances on specific assets in relation to any of the loan borrowings.

13. PROVISIONS

Current		
Annual Leave	1,106,430	1,043,328
Long Service Leave	613,292	691,987
Total Current Provisions	\$1,719,722	\$1,735,315
Non-Current		
Long Service Leave	406,276	297,705
Total Non-Current Provisions	\$406,276	\$297,705

14. RESERVES

	BUDGET	2007	2006
	\$	\$	\$
Plant Replacement Reserve No. 1			
Balance at 1 July	687,349	687,349	675,726
Transfers from Retained Surplus	532,436	544,107	438,623
Transfer to Retained Surplus	(500,000)	(500,000)	(427,000)
Balance at 30 June	719,785	731,456	687,349
Future Municipal Works Reserve			
Balance at 1 July	997,463	997,463	1,011,996
Transfers from Retained Surplus	502,730	657,580	310,467
Transfer to Retained Surplus	(431,000)	(431,000)	(325,000)
Balance at 30 June	1,069,193	1,224,043	997,463

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

14. RESERVES (Continued)	BUDGET \$	2007 \$	2006 \$
Collier Park Village Loan Offset Reserve			
Balance at 1 July	4,740,510	4,740,510	3,126,915
Transfers from Retained Surplus	1,876,450	2,064,416	2,765,390
Transfer to Retained Surplus	(1,200,000)	(1,360,311)	(1,151,795)
Balance at 30 June	5,416,960	5,444,615	4,740,510
Collier Park Hostel Capital Works Reserve			
Balance at 1 July	513,922	513,922	442,196
Transfers from Retained Surplus	686,822	186,007	210,538
Transfer to Retained Surplus	(671,500)	(127,622)	(138,812)
Balance at 30 June	529,244	572,307	513,922
Collier Park Hostel Loan Offset Reserve			
Balance at 1 July	1,399,368	1,399,368	1,290,470
Transfers from Retained Surplus	572,484	468,084	548,873
Transfer to Retained Surplus	(360,000)	(570,104)	(439,975)
Balance at 30 June	1,611,852	1,297,348	1,399,368
Collier Park Golf Course Reserve			
Balance at 1 July	2,075,045	2,075,045	2,045,688
Transfers from Retained Surplus	628,601	744,251	804,242
Transfer to Retained Surplus	(529,867)	(576,120)	(774,885)
Balance at 30 June	2,173,779	2,243,176	2,075,045
Waste Management Reserve			
Balance at 1 July	2,867,684	2,867,684	3,283,618
Transfers from Retained Surplus	343,099	242,555	204,140
Transfer to Retained Surplus	(170,000)	(218,754)	(620,074)
Balance at 30 June	3,040,783	2,891,485	2,867,684
Reticulation & Pump Reserve			
Balance at 1 July	182,376	182,376	268,849
Transfers from Retained Surplus	160,491	161,341	113,527
Transfer to Retained Surplus	(150,000)	(150,000)	(200,000)
Balance at 30 June	192,867	193,717	182,376
Information Technology Reserve			
Balance at 1 July	277,366	277,366	348,725
Transfers from Retained Surplus	300,224	307,614	168,641
Transfer to Retained Surplus	(250,000)	(250,000)	(240,000)
Balance at 30 June	327,590	334,980	277,366
Insurance Risk Reserve			
Balance at 1 July	30,906	30,906	48,404
Transfers from Retained Surplus	27,066	27,009	2,502
Transfer to Retained Surplus	(20,000)	(20,000)	(20,000)
Balance at 30 June	37,972	37,915	30,906

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

14. RESERVES (Continued)	BUDGET \$	2007 \$	2006 \$
Footpath Reserve			
Balance at 1 July	99,029	99,029	141,338
Transfers from Retained Surplus	5,698	6,177	57,691
Transfer to Retained Surplus	(0)	(0)	(100,000)
Balance at 30 June	104,727	105,206	99,029
Underground Power Reserve			
Balance at 1 July	627,149	627,149	375,145
Transfers from Retained Surplus	34,369	38,668	277,004
Transfer to Retained Surplus	(85,000)	(85,000)	(25,000)
Balance at 30 June	576,518	580,817	627,149
Parking Facilities Reserve			
Balance at 1 July	162,074	162,074	153,093
Transfers from Retained Surplus	9,344	10,425	8,981
Transfer to Retained Surplus	(0)	(0)	(0)
Balance at 30 June	171,418	172,499	162,074
Collier Park Village Reserve			
Balance at 1 July	766,095	766,095	624,949
Transfers from Retained Surplus	392,642	392,358	510,116
Transfer to Retained Surplus	(334,753)	(285,731)	(368,970)
Balance at 30 June	823,984	872,722	766,095
River Wall Reserve			
Balance at 1 July	209,992	209,992	101,912
Transfers from Retained Surplus	117,898	115,337	108,080
Transfer to Retained Surplus	(20,000)	(20,000)	(0)
Balance at 30 June	307,890	305,329	209,992
Railway Station Precincts Reserve			
Balance at 1 July	254,567	254,567	0
Transfers from Retained Surplus	67,619	68,327	254,567
Transfer to Retained Surplus	(0)	(0)	(0)
Balance at 30 June	322,186	322,894	254,567
TOTAL CASH BACKED RESERVES	\$17,426,748	\$17,330,509	\$15,890,895
NON CASH BACKED RESERVES			
Asset Revaluation Reserve			
Balance at 1 July	34,775,577	34,755,577	34,755,577
Transfers from Retained Surplus	0	0	0
Current Year Revaluation	0	8,748,919	0
Balance at 30 June	\$34,775,577	\$43,504,496	\$34,755,577
TOTAL RESERVES	\$52,202,325	\$60,835,005	\$50,646,472

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

14. RESERVES (Continued)

PURPOSE OF RESERVES

- **PLANT REPLACEMENT RESERVE**
Used to fund the balance of the purchase price of plant and equipment associated with City works (after trade-in, discounts and allowances). Funded by annual allocations from the Municipal Fund.
- **FUTURE MUNICIPAL WORKS RESERVE**
Established to fund significant future municipal works, this reserve receives discretionary allocations from the Municipal Fund when required to quarantine monies for major capital projects to be carried out in future years. The funds retain the nominated purpose whilst in the reserve and may only be applied to that specified use.
- **COLLIER PARK VILLAGE RESIDENTS' LOAN OFFSET RESERVE**
Established to partially cash back the loan liability due to residents on departing the village complex. The reserve is funded by the premium on the difference between the sale price of the units in the village to the ingoing resident and the amount of refund to the departing resident. Funds in the reserve are maintained at an appropriate level to ensure that the draw of funds by departing residents in any given year is fully cash backed and available on demand.
- **COLLIER PARK HOSTEL CAPITAL WORKS RESERVE**
Established to finance ongoing capital works associated with the Hostel and also applied to cover operating losses sustained by the Hostel. The annual operating result (before depreciation) of the Hostel is transferred to the reserve.
- **COLLIER PARK HOSTEL LOAN OFFSET RESERVE**
Established to quarantine monies refundable to departing hostel residents. The fully funded reserve represents quarantined ingoing accommodation bonds deposited by residents.
- **COLLIER PARK GOLF COURSE RESERVE**
Established to quarantine funds relating to the Collier Park Golf Course. Monies are used to finance capital expenditure associated with the Golf Course. This reserve is funded by an amount equal to the annual operating surplus of the facility before depreciation but after capital expenditure and dividends paid to the Municipal Fund in accordance with Council Policy P612.
- **WASTE MANAGEMENT RESERVE**
Established to provide for investment in new waste management technology or buy into a waste management facility. It is maintained by an annual allocation, equal to the operating surplus from the waste budget. The reserve is expected to be used in the next 5 to 10 years as technologies deemed consistent with the triple bottom line perspective emerge.
- **RETICULATION AND PUMP RESERVE**
Established to provide funds for the replacement of reticulation equipment and pumps in City parks and gardens. It is funded from annual allocations from the Municipal Fund.
- **INFORMATION TECHNOLOGY RESERVE**
Established to finance the acquisition and replacement of information technology across the City. Funded by annual appropriation from the Municipal Fund.
- **INSURANCE RISK RESERVE**
This reserve is set up to manage the 'burning cost' workers compensation premium. It meets the difference between the deposit premium and adjusted premium in the event of a significant claim.

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

14. RESERVES (Continued)

- **FOOTPATH RESERVE**
Established to finance the replacement of existing footpaths with in-situ concrete sections rather than slabs. It may be funded by annual allocations from the Municipal Fund in years when the full Municipal Fund allocation is not deployed directly to path works within the City.
- **UNDERGROUND POWER RESERVE**
Established to accumulate funding to support the City's contribution to the under-grounding of existing overhead electrical cables within specified precincts in the city. Initially funded by an allocation from the Municipal Fund, the reserve has since been used to accumulate and quarantine cash collections from each precinct as power is undergrounded.
- **PARKING RESERVE**
Established to quarantine funds contributed by developers in lieu of providing parking facilities. These funds will be used to provide parking within the district in the vicinity of these developments as opportunities arise in the future.
- **COLLIER PARK VILLAGE RESERVE**
This reserve is used exclusively to fund items associated with the Collier Park Retirement Village Complex. Funds may be applied only to capital expenditure and refurbishment of units at the village or to meet the operational losses incurred at the village.
- **RIVER WALL RESERVE**
Established to quarantine monies to be used to attract matching funding from state government with a view towards sharing financial responsibility for maintaining the river walls.
- **RAILWAY STATION PRECINCTS RESERVE**
Established to quarantine monies to be used to provide streetscapes and infrastructure around stations constructed as part of the Perth to Mandurah railway.

MOVEMENTS TO / FROM RESERVES

All active reserves other than the Collier Park Village, Collier Park Hostel, Collier Park Golf Course Reserve, Waste Management Reserve and Underground Power Reserve have funds applied to projects and may be reimbursed from the Municipal Fund on an ongoing basis each year as determined by Council during the budget process. The current year's movements in to or out from all reserves are disclosed at Note 14 above. Any change in the purpose of reserve funds is made in accordance with the Local Government Act and Local Government Financial Management Regulations.

15. TRUST FUNDS

(a) **Controlled Trust Items**

Trust items over which the City has the capacity to determine the final deployment are included in the financial statements for the period. These monies held in the Trust Fund are fully cash backed by funds held in separately identified bank accounts or financial instruments. At reporting date the classes of trusts controlled by the City were:

	2007	2006
	\$	\$
Current Trust Funds		
Footpath Deposits	227,615	233,666
Tender Deposits	0	3,129
Hall Bonds	5,628	5,267
Lessee Bonds	0	0
Sundry Trusts	34,270	20,089
Private Crossover Deposits	7,146	10,257
Total Current Controlled Trusts	\$274,659	\$272,408

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

15. TRUST FUNDS (Continued)	2007	2006
	\$	\$
Non Current Trust Funds		
Footpath Deposits	475,064	545,220
Tender Deposits	10,431	7,302
Hall Bonds	476	3,512
Lessee Bonds	2,500	2,500
Sundry Trusts	32,582	46,875
Private Crossover Deposits	3,057	23,797
Total Non Current Controlled Trusts	\$524,110	\$629,206

(b) **Non Controlled Trust Items**

The City has custody of the following monies but not the capacity to deploy them in the pursuit of Council objectives. The City's responsibility in respect of these monies is simply that of collecting agent. Accordingly, they are disclosed as non-controlled items but are not included in the financial statements.

Non controlled trust funds held by the City at reporting date include :

Unclaimed Monies	27,497	27,371
Miscellaneous Trusts	1,196	1,196
Total Non Controlled Trusts	\$28,693	\$28,567

Movements in the balances of each category of Trust Funds during the year are summarised below :

Footpath Deposits		
Opening Balance	778,886	857,226
Trust Deposits Received	260,464	236,571
Refunds & Retentions	(336,671)	(314,911)
Closing Balance	\$702,679	\$778,886

Tender Deposits		
Opening Balance	10,431	10,686
Trust Deposits Received	0	0
Refunds & Retentions	(0)	(255)
Closing Balance	\$10,431	\$10,431

Hall Bond Deposits		
Opening Balance	8,779	14,779
Trust Deposits Received	69,575	68,660
Refunds & Retentions	(72,250)	(74,660)
Closing Balance	\$6,104	\$8,779

Lessee Bonds		
Opening Balance	2,500	2,500
Trust Deposits Received	0	0
Refunds & Retentions	(0)	(0)
Closing Balance	\$2,500	\$2,500

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

15. TRUST FUNDS (Continued)	2007	2006
	\$	\$
Sundry Deposits		
Opening Balance	66,964	71,614
Trust Deposits Received	70,205	75,160
Refunds & Retentions	(70,317)	(79,810)
Closing Balance	<u>\$66,852</u>	<u>\$66,964</u>
Crossover Bonds		
Opening Balance	34,053	52,927
Trust Deposits Received	0	0
Refunds & Retentions	(23,850)	(18,874)
Closing Balance	<u>\$10,203</u>	<u>\$34,053</u>
Non Controlled Trusts		
Opening Balance	28,567	26,744
Trust Deposits Received	456	1,823
Refunds & Retentions	(330)	(0)
Closing Balance	<u>\$28,693</u>	<u>\$28,567</u>

16. EMPLOYEE CONTRIBUTIONS - SUPERANNUATION

The City contributes on behalf of its employees to a defined contribution superannuation plan established in respect of all Local Governments in Western Australia. In accordance with statutory requirements, the City contributes the amount required by statute to the plan. These funds accumulate in the plan to meet members' benefits as they accrue. The City has no further liability at reporting date in respect of its employee superannuation benefits.

Contributions by the City during the reporting period	<u>\$1,264,450</u>	<u>\$1,068,074</u>
Number of Employees at Balance Date	<u>210</u>	<u>210</u>

17. COUNCIL MEMBERS ENTITLEMENTS

For the year ended 30 June 2007, meeting attendance fees, local government allowances and communications and technology allowances within the permissible limits have been paid to the City's Council Members as provided for under the Local Government Act.

	BUDGET	2007	2006
	\$	\$	\$
Meeting Attendance Fees	98,000	96,483	98,004
Local Government Allowance - Mayor	40,000	40,004	40,000
Local Government Allowance - Deputy Mayor	10,000	10,000	10,000
Communication Allowances	28,600	28,600	28,600
Technology Allowances	15,600	15,600	15,600
Other Reimbursements	5,000	1,489	5,644
	<u>\$197,200</u>	<u>\$192,176</u>	<u>\$197,848</u>

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

18. OPERATING LEASES

The City has no outstanding obligations under non cancellable operating leases at reporting date.

19. CAPITAL COMMITMENTS

The City has contracted for items of Capital Expenditure that were not recognised as liabilities in the Balance Sheet at reporting date. These items were not included in the financial statements but are detailed as commitments because they are the subject of an irrevocable commitment for the goods or services as at reporting date. The items listed below are the subject of either an approved tender or a legal contract to acquire the item. Funds from the 2006/2007 Budget are carried forward into the new year to complete these works.

Como Beach restoration / landscaping works (Tender)	355,000
Motor vehicle acquisitions	80,000
Lead Consultants fees - Building Refurbishment (Tender)	150,000
	<u>\$585,000</u>

20. TRADING UNDERTAKINGS & MAJOR LAND TRANSACTIONS

During the reporting period, Council did not engage in any trading undertakings or major land transactions as defined in the Local Government Financial Management Regulations.

21. CONTINGENT LIABILITIES

The City had no identified Contingent Liabilities at reporting date.

22. OPENING POSITION

Net current (unrestricted) assets carried forward at 1 July 2006 for the purpose of the budget was \$426,625 (after indicative Carry Forward Works of \$1,890,000). This differs from the net current (unrestricted) assets shown in the audited financial report for the year ended 30 June 2006 of \$1,172,838 after allowing for Carry Forward Works of \$1,948,000.

Net current assets for the purposes of preparing the Annual Budget is calculated as the projected difference between current assets (adjusted by the exclusion of "restricted" assets - money set aside exclusively to cash back Reserves, monies held in Trust and current employee entitlements) and current liabilities as disclosed on the budgeted balance sheet (less loan liabilities and employee provisions).

The difference arose as a consequence of the use of 'estimated' account balances to facilitate the early adoption of the Annual Budget on 10 July 2007. This has no detrimental effect on operations during the year. The practice of deriving the budget position using projected balances allows Council to adopt its Annual Budget in early July and levy its rates promptly, thereby avoiding the need to arrange short term cash accommodation with its bankers to fund Council's operations during July and August each year.

23. RATING INFORMATION

(a) Rate In the Dollar

A rate of 7.065 cents in the dollar (6.825 cents in 2006) was applied to the Gross Rental Value (GRV) of all rateable properties in the municipality excepting for those subject to the approved minimum rate. This rate was applied to both residential and commercial property within the district.

(b) Minimum Rate

A \$565.00 Minimum Rate was applied (\$550.00 in 2006). This rate was determined to reflect the basic cost incurred in servicing lots within the district for the 2006/2007 rating year.

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

(c) **Instalment Options**

In accordance with the Local Government Act (1995) and Local Government Financial Management Regulations (1996), the City offers Ratepayers a choice of payment of rates by either one, two or four instalments.

To offset the cost of offering the instalment payment option, the Local Government Act (1995) allows the City to charge a \$5.00 Administration Fee on the second, third and fourth instalments plus interest at the prescribed rate of 5.5% per annum on instalment payments. This fee supports the cost of administering debts, issuing instalment reminder notices and processing payments received.

(d) **Penalty Interest**

An interest charge of 11% was applied to all rates outstanding beyond the due date for the rates notice (excluding pensioner deferrals) as provided in the Local Government Act (1995). The rate of interest on outstanding rates is consistent with the penalty interest rate gazetted by the state government and applied to outstanding balances for the Emergency Services Levy.

(e) **Concessions**

In accordance with the provisions of the Pensioner Rates Rebates and Deferrals Act, concessions were offered to eligible pensioners and seniors to allow them to either defer their rates or receive a percentage rebate of their rates provided they registered within the specified period and paid the balance of the rates within the year in which they were assessed. Eligibility for a concession is determined by meeting the requirements specified in the Pensioner Rates (Rebates & Deferrals) Act.

(f) **Incentive Scheme**

An incentive scheme to encourage the early payment of rates operated in the 2006/2007 rating year. To be eligible, ratepayers were required to pay current year rates plus any arrears in full before the due date of 23 August 2006. Amounts legitimately deferred under the pensioner deferrals scheme did not need to be cleared to be eligible.

Prizes offered in the incentive scheme were provided by sponsors external to the organisation. The City incurred no direct cost in facilitating the Early Payment Incentive Scheme.

(g) **Rates Charges and Interest**

	BUDGET	2007	2006
	\$	\$	\$
Administration Fee - Instalments	60,000	62,210	61,945
Interest on Rating - Pre Interest on Instalments	80,000	80,030	77,227
Interest on Overdue Rates	80,000	86,399	107,319
Total Charges and Interest	\$220,000	\$228,639	\$246,491

(h) **Emergency Services Levy**

During the 2006/2007 year the City was required to perform the role of third party collection agent for the Emergency Services Levy (ESL) for properties within the district. The ESL is a state government levy used to fund the operations of the career and volunteer fire brigades.

For the 2006/2007 year, a change in the method of remitting ESL collections meant that all ESL monies levied must be forwarded directly to the Fire and Emergency Services Authority (FESA) irrespective of whether they had been collected on not at 30 June 2007. Accordingly, the uncollected ESL funds of \$50,935 are now included in the City's Balance Sheet as a debt owing to the City.

Accountability for management of the ESL charges by the City on behalf of FESA is achieved by submission of reports to FESA each year. These reports are independently audited on behalf of FESA.

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

24. NOTES TO THE CASH FLOW STATEMENT

(a) RECONCILIATION TO THE CASH FLOW STATEMENT

For the purpose of preparing the Cash Flow Statement, the City considers cash and cash equivalents to include cash on hand, in banks and invested in money market instruments. Cash at the end of the reporting period as shown on the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows.

	2007	2006
	\$	\$
Cash on Hand	3,035	3,035
Cash at Bank	190,646	229,139
Bank Overdraft	0	0
Cash Equivalents	22,995,289	19,017,008
Financial Assets with 6 - 12 months to maturity	1,000,000	3,178,529
	\$24,188,970	\$22,427,711

RECONCILIATION OF NET CASH USED IN OPERATIONS TO NET OPERATING RESULT

Net Operating Result	2,282,250	1,309,405
Add/(less) Non Cash Items		
Depreciation	6,101,183	5,874,888
Profit on Sale of Assets	(129,549)	(169,576)
Non Operating Items reflected in Operating Statement		
Grants for the Construction of Assets	(781,657)	(864,147)
Changes in Assets & Liabilities during Financial Year		
(Increase) / Decrease in Current Receivables	588,651	49,810
(Increase) / Decrease in Non Current Receivables	25,748	63,592
Increase / (Decrease) in Income in Advance	(41,314)	(18,500)
Increase / (Decrease) in Current Payables	(656,874)	196,960
Increase / (Decrease) in Non Current Payables	(105,096)	(73,923)
(Increase) / Decrease in Inventory	(11,381)	(13,441)
Increase / (Decrease) in Non Current Provisions	108,571	(12,578)
(Increase) / Decrease in Prepayments	27,145	30,659
Increase / (Decrease) in Current Provisions	(15,593)	136,691
Increase / (Decrease) in Accrued Expenses	9,025	102,866
(Increase) / Decrease in Accrued Income	(43,355)	(27,020)
Net Cash Provided by Operations	7,357,754	6,585,686

(b) LOAN FACILITIES

Self Supporting Loans	287,483	319,972
City Loans	2,402,163	2,651,677
Net Loan Liability	\$2,689,646	\$2,971,649

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

25. CREDIT STANDBY ARRANGEMENTS

An Overdraft facility exists with the Commonwealth Banking Corporation for the daily operational requirements of the City. This facility has no specific dollar value limit but is guaranteed and monitored by the level of short term deposits held with the bank. Any overdraft shown in the Balance Sheet exists only as a consequence of timing differences in unpresented cheques and does not represent a draw-down of funds from a facility provided by the City's bankers. The City has access to a corporate credit card facility to a potential funding limit of \$50,000. Any outstanding balances are settled monthly.

26. FINANCIAL INSTRUMENTS

The City's accounting policies including the terms and conditions of each class of financial asset and liability recognised at balance date are :

(a) **Receivables**

Trade receivables are carried at their nominal amounts due less any provision for doubtful debts. The provision is based upon identified receivables whose collection is no longer considered probable. Credit terms offered to the City's non-rates debtors are 30 days net. The credit terms relating to rates debtors are in accordance with the legislative requirements of the Local Government Act (1995) and are detailed separately at Note 23.

(b) **Short Term Deposits**

The accounting policy applied in respect of short term deposits is as stated at Note 1 (f) and Note 4 (c). Interest is recognised as earned rather than upon receipt. The average maturity of short term investments undertaken during the reporting period was 78 days and the average interest rate yield was 6.30%.

(c) **Trade Creditors**

Liabilities are recognised for amounts to be paid in the future for goods and services supplied to the City irrespective of whether or not the amounts have yet been billed. Trade creditors are normally settled on 28 day terms. Remittances to the Australian Taxation Office of group tax are made by electronic funds transfer within 7 days of the conclusion of each pay period. GST remittances are made monthly in accordance with current legislative requirements.

(d) **Net Fair Values**

All financial assets and liabilities are recognised and carried in the Balance Sheet at net fair values. There is no divergence between carrying amounts and net fair values of these financial instruments. The carrying amounts of cash, cash equivalents, receivables, trade creditors and short term deposits all approximate net fair value because of the short term to maturity whilst the carrying amount of loans approximate net fair value because the fixed rate of interest allows precise determination of carrying amounts.

(e) **Interest Rate Risk**

The City's exposure to interest rate risk is considered minimal. The only financial instrument subject to fluctuations in interest rates is the cash balance. Other balances are governed by fixed rates of interest.

(f) **Credit Risk Exposure**

The City's maximum exposure to credit risk at balance date in relation to each class of financial instrument recognised in the Balance Sheet is the carrying amount disclosed therein with the exception of rates debtors. There is effectively a zero credit risk exposure in relation to rates debtors because of the powers granted by the Local Government Act (1995) giving the City the capacity to seize rateable land upon which payment of rates is more than 3 years in arrears. The City is not exposed to any significant industry concentration of credit risk in respect to receivables. Whilst the majority of rates debtors are geographically concentrated within the municipality, this is not considered to represent any credit risk.

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

27. STATEMENT OF GENERAL PURPOSE FUNDING

	BUDGET 2007 \$	ACTUAL 2007 \$	ACTUAL 2006 \$
General Rate			
GRV - 15,430 Assessments at Rate in \$ of 7.065 cents	16,027,004	16,027,106	
GRV - 15,004 Assessments at Rate in \$ of 6.825 cents			15,050,702
Minimum Rate			
GRV - 3,883 Assessments at \$ 565.00 each	2,189,940	2,193,895	
GRV - 4,158 Assessments at \$ 550.00 each			2,286,900
Interim Rating			
GRV - Rate in \$ of 7.065 cents	95,000	130,840	
GRV - Rate in \$ of 6.825 cents			154,799
Sub Total	18,311,944	18,351,841	17,492,401
Plus - Late Payment Penalties / Interest on Rating	160,000	166,429	184,545
Plus - Administration Fees	69,000	74,181	98,418
Less - Rates written off	(3,000)	(6,892)	(3,665)
Total amount made up from Rates	18,537,944	18,585,559	17,771,700
Grant Revenue			
General (Untied) Grant	660,000	665,030	645,760
	660,000	665,030	645,760
Other General Purpose Income			
Pensioner's Deferred Rates Interest Grant	22,500	24,067	21,434
Interest Revenue (Including Reserve Funds)	1,740,000	1,844,629	1,542,242
Underground Power Service Charge	0	0	790
ESL Transaction Processing Fee	55,000	55,665	46,300
Other General Purpose Revenue	217,500	220,931	220,024
	2,035,000	2,145,292	1,830,790
TOTAL GENERAL PURPOSE REVENUE	21,232,944	21,395,881	20,248,250
Expenses Associated with General Purpose Funding			
Rates Collection / Valuation Expenses	(257,424)	(233,850)	(266,594)
Interest Expense - Loans	(293,000)	(165,616)	(181,754)
Financing Expense	(50,000)	(55,948)	(5,258)
Allocated Outwards	65,079	67,512	78,693
GENERAL PURPOSE FUNDING EXPENSES	(535,345)	(387,902)	(374,913)
TOTAL GENERAL PURPOSE FUNDING	\$20,697,599	\$21,007,979	\$19,873,337

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

28. SCHEDULE OF RATING INFORMATION

ACTUAL

Particulars	Rateable Value \$	Rate in \$ Cents	Rate Yield \$	Min No.	Min Yield (\$)	Total \$
General Rate - GRV						
Residential	224,538,745	7.065	14,038,421	3,785	2,138,525	16,176,946
Commercial	28,635,473	7.065	1,988,685	98	55,370	2,044,055
Interim Rates	2,671,407	7.065	130,840			130,840
RATES LEVIED	\$255,845,625		\$16,157,946	3,883	\$2,193,895	\$18,351,841

BUDGET

Particulars	Rateable Value \$	Rate in \$ Cents	Rate Yield \$	Min No.	Min Yield (\$)	Total \$
General Rate - GRV						
Residential	223,780,309	7.065	14,018,225	3,780	2,135,700	16,153,925
Commercial	29,074,161	7.065	2,008,779	96	54,240	2,063,019
Interim Rates	1,344,657	7.065	95,000			95,000
RATES LEVIED	\$254,269,898		\$16,122,004	3,876	\$2,189,940	\$18,311,944

**CITY OF SOUTH PERTH
KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2007**

Performance Measure	2007	2006	2005
Liquidity Ratios			
CURRENT RATIO	2.34:1	1.92:1	2.64:1
<i>Indicates the City's short term liquidity. Preferred value for this ratio is greater than 1.00:1</i>			
Current Assets - Restricted Assets - Self Supporting Loans	6,185,337	6,400,806	8,053,087
Current Liabilities - Liabilities related to Restricted Assets	2,643,838	3,333,001	3,051,675
UNTIED CASH TO CREDITORS RATIO	2.40:1	1.69:1	2.45:1
<i>Indicates the City's capacity to pay creditors in accordance with normal trading terms. Preferred value for this ratio is greater than 1.00:1</i>			
Unrestricted Cash	4,864,080	4,529,093	6,010,314
Trade Creditors	2,024,214	2,683,339	2,452,184
Debt Ratios			
DEBT SERVICE RATIO	1.38%	1.45%	0.85%
<i>Indicates the capacity to meet loan debt repayments from available revenue as they become due and payable. Preferred value for this ratio is less than 10%</i>			
Debt Service Costs - Principal & Interest	447,619	449,134	253,306
Available Operating Revenue	32,548,601	30,956,245	29,708,409
GROSS DEBT TO REVENUE RATIO	0.08:1	0.10:1	0.11:1
<i>Reflects the ability of the City in any year to service debt out of Total Revenue. Preferred value for this ratio is less than 0.60:1</i>			
Total Borrowings & Utilised Overdraft	2,689,646	2,971,649	3,239,029
Available Operating Revenue	32,548,601	30,956,245	29,708,409
GROSS DEBT TO ECONOMICALLY REALISABLE ASSETS RATIO	0.02:1	0.02:1	0.02:1
<i>Measures the ability of the City to retire debt from readily realisable assets. Preferred value for this ratio is less than 0.30:1</i>			
Total Borrowings & Utilised Overdraft	2,689,646	2,971,649	3,239,029
Total Assets - Infrastructure Assets	137,900,946	136,122,255	133,443,754
Coverage Ratios			
RATES COVERAGE RATIO	55.8%	55.8%	55.3%
<i>Indicates the dependence on rates to fund operations. Preferred value for this ratio is less than 60%.</i>			
Net Rate Revenue	18,585,559	17,771,700	16,883,207
Operating Revenue	33,336,258	31,871,960	30,505,928

**CITY OF SOUTH PERTH
KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2007**

Effectiveness Ratios

OUTSTANDING RATES RATIO	0.9%	1.5%	2.1%
<i>Indicates the effectiveness of rates collection procedures. Preferred value for this ratio is less than 5%.</i>			
Rates Outstanding	169,618	269,547	362,979
Total Rates Collectible	18,585,559	17,771,700	16,883,206

Financial Position Ratios

DEBT RATIO	13.9%	14.9%	14.3%
<i>Measures the relationship between debt and assets. That is, how much of the value of assets is represented by liabilities. The smaller this value is, the better.</i>			
Total Liabilities	29,198,365	29,895,230	28,290,546
Total Assets	210,774,371	200,440,067	197,525,978

**CITY OF SOUTH PERTH
STATEMENT BY CHIEF EXECUTIVE
FOR THE YEAR ENDED 30 JUNE 2007**

The attached financial statements of the City of South Perth being the Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, Rate Setting Statement and supporting notes to the financial statements, for the year ended 30 June 2007 are, in our opinion, properly drawn up so as to present fairly the financial position of the City of South Perth at 30 June 2007 and the results of its operations for the year then ended in accordance with Australian Accounting Standards (except to the extent that these have been varied in the Statement of Accounting Policies and the accompanying notes to the financial statements) and comply with the provisions of the Local Government Act 1995 (as amended) and the Local Government Financial Management Regulations 1996.

Dated: _____

Signed: _____

A C FREWING
CHIEF EXECUTIVE OFFICER

Dated: _____

Signed: _____

M. J. KENT
DIRECTOR FINANCIAL & INFORMATION SERVICES

Dated: _____

Signed: _____

D. M. GRAY
MANAGER FINANCIAL SERVICES

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

29. INFRASTRUCTURE, PROPERTY PLANT & EQUIPMENT - MOVEMENTS IN CARRYING AMOUNTS

Movements in the carrying amounts of each class of Property, Plant and Equipment between the beginning and the end of the current financial year are reflected in the table below.

Movement	Land	Buildings	Artwork	Computer Equipment	Furniture & Fittings	Mobile Plant	Plant & Equipment	Infrastructure (All classes)	\$ Total
Balance at 1 July 2006	60,160,120	44,262,276	148,274	544,849	270,059	2,265,442	269,052	64,317,812	172,237,884
Additions	0	3,888,592	473	315,141	592,624	984,139	123,918	4,005,733	9,910,620
Disposals	0	0	0	0	0	(262,169)	0	0	(262,169)
Revaluation Increments	0	0	151,991	0	0	0	0	8,596,928	8,748,919
Revaluation Decrements	0	0	0	0	0	0	0	0	0
Write Down / Adjustments	0	0	(749)	0	0	0	0	0	(749)
Depreciation Expense	0	(1,049,579)	(2,554)	(173,471)	(67,487)	(716,414)	(44,630)	(4,047,048)	(6,101,183)
Category Balance	60,160,120	47,101,289	297,435	686,519	795,196	2,270,998	348,340	72,873,425	184,533,322
Capital Work in Progress									
Balance at 1 July 2006	0	2,868,606	0	0	268,329	0	0	0	3,136,935
Additions	0	0	1,350	0	0	0	0	0	1,350
Capitalised Assets	0	(2,868,606)	0	0	(268,329)	0	0	0	(3,136,935)
Capital WIP Balance	0	0	1,350	0	0	0	0	0	1,350
Balance at 30 June 2007	\$60,160,120	\$47,101,289	\$298,785	\$686,519	\$795,196	\$2,270,998	\$348,340	\$72,873,425	\$184,534,672

INDEPENDENT AUDIT REPORT

TO: RATEPAYERS OF CITY OF SOUTH PERTH

SCOPE

The financial report and Council's responsibility

We have audited the financial report of the City of South Perth, comprising the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, Rate Setting Statement and the notes to and forming part of the financial report for the year ended 30 June 2007.

The Council is responsible for the preparation and presentation of the financial report and the information contained therein. This includes responsibility for the establishment and maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. In Note 1, the Council also states that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Audit approach

We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the City of South Perth. Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

Our audit involves performing procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 (as amended), including compliance with Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Council's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Council.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

The audit opinion expressed in this report has been formed on the above basis.

INDEPENDENCE

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.



AUDIT OPINION

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

- (a) presents fairly the financial position of the City of South Perth as at 30 June 2007 and the results of its operations and its cash flows for the year then ended in accordance with applicable Accounting Standards; and
- (b) is prepared in accordance with the requirements of the Local Government Act 1995 (as amended) and Regulations under that Act, and the Australian Accounting Standards (including the Australian Accounting Interpretations).

STATUTORY COMPLIANCE

During the course of our audit we became aware of the following instances where the Council did not comply with the Local Government Act 1995 (as amended) and the Local government (Financial management) Regulations 1996:

Annual Financial Report


- (i) The Annual Financial Report did not contain the original budget estimates as required under Financial Management Regulation 36 (2) (b).

Monthly Financial Reports

The Monthly Financial Reports, whilst presented to Council as required by Financial Management Regulation 34, did not contain the following information as required:

- (i) Reporting on the sources and applications of funds as set out in the annual budget under Financial Management Regulation 22 (1) (d).
- (ii) The net current assets at the end of the month to which the statement relates - as required under Financial Management Regulation 34 (1) (e).

Except as detailed above, no other matters of non-compliance were noted during the course of our audit where the Council did not comply with the requirements of the Local Government Act 1995 (as amended) and Local Government (Financial Management) Regulations 1996.



MACRI PARTNERS
CERTIFIED PRACTISING ACCOUNTANTS
28 THOROGOOD STREET
BURSWOOD WA 6100



A MACRI
PARTNER

PERTH
DATED THIS 14th DAY OF SEPTEMBER 2007.

