



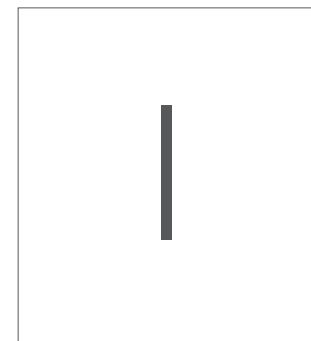
Annual Report 2007/2008

City of
SouthPerth



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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.”

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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.

It is a great privilege to present this Annual Report to you on behalf of the City of South Perth Council, outlining the major initiatives that have been progressed during the 2007/2008 financial year.

Some fresh faces joined Council in the last year and I congratulate those members who were successfully elected along with myself. The Council are honoured to be your representatives and I'm pleased to report we have been working hard on the areas outlined below, amongst others detailed in this report.

Strategic Approach

The Council continues to take a visionary and strategic approach to the development of future projects and has made progress in a number of important areas. These include decisions and initiatives relating to the City's Sustainability Strategy, community visioning, and involvement in a number of important precinct studies such as for the Waterford Triangle, the Rail Stations, and the Bentley Technology Precinct - ensuring proposed developments will provide maximum benefit while minimising potential negative impact to the community.

Partnerships

This Council places great importance on joining forces with groups where together we can make a difference. We are working with schools, the Youth Sustainability Advisory Board, Millennium Kids, Moorditch Keila, the Community Sustainability Advisory Group, service clubs, not for profit organisations and many other community and sporting associations.

Sustainability

Throughout the year the City has focused on sustainability issues. We have continued to progress through ICLEI's Cities for Climate Protection Campaign and the Water Campaign, and also endorsed a new Sustainability Policy and an Ecologically Sustainable Building Design Policy, undertaken home energy audits, launched Planet Footprint, and facilitated a Friends of McDougall Park group. These are just the tip of the iceberg and a range of other sustainability activities are outlined in this Report.

Managing Large Scale Events

We have been working hard to manage the impact on local amenity of large scale foreshore events such as the Red Bull Air Race and Australia Day Skyshow. The City collaborates with event organisers to minimise disruption and has been listening to feedback from local residents and businesses. The strategies currently in place have enabled the City to cope well with the huge influx of people, and these are continually being improved with your input - so please keep your feedback coming.

Cultural Events and Resources

Our cultural resources and events are a celebration of all that this City is - and an integral part of its vitality - providing a chance for everyone to connect to the community spirit and enjoy diverse activities. The City works to provide a wealth of events and programs, extending from Fiesta to other community concerts and family days, the Art Award and other exhibitions, Pioneer Luncheon and Thank a Volunteer Breakfast, through to a range of recreational and social activities run by the Leisure Centre and local Seniors Centres.

Openness and Consultation

The City acted positively to engage the community in decision-making processes during 2007/2008, informing and involving the community in the projects embarked upon during the year. These ranged from small playground upgrades right through to the implementation of the Sir James Mitchell Park beaches project. Council also opened briefing sessions to the public to demonstrate our transparent and accountable decision-making approach, and most importantly, decided to initiate a community visioning process. This project will enable the South Perth community to identify what are considered the key issues and approaches for the next 20 years.

Providing for the Future

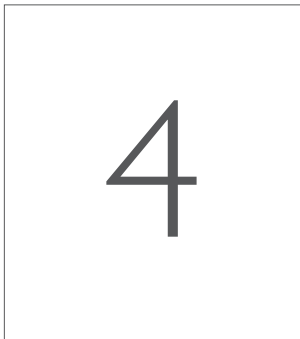
One of Council's fundamental responsibilities is providing effective and sustainable stewardship of the City's finances. This challenge continues to be met and is demonstrated with the City's annual budgets and overarching Strategic Financial Plan, providing funding for responsible governance, a range of community services, and capital initiatives. One important project provided for is the redevelopment of the Civic Library and Halls. Following extensive investigation and consultation, work will commence in 2009 on a state of the art community hub, designed to meet community needs.

This is my first delivery of the City's Annual Report and I would like to take the opportunity to thank to the City's team of hard working professionals and also my fellow elected members for their commitment and vision. Lastly, I extend my thanks to the South Perth community - a great deal has been achieved within the last year and this would not be possible without the input and support you provide to us.



James Best
Mayor





Throughout the last financial year the City has continued to strive to achieve the goals set out in the Strategic Plan. This plan is our blueprint for the City and it revolves around relevant and realistic objectives relating to Customer Focus, Community Enrichment, Environmental Management, Infrastructure, Organisational Effectiveness and Financial Viability. The 2007/08 financial year has certainly been a year of achievement and progress made in each of these important areas is detailed in this report.

Sustainable Financial Management

The Annual Budget reflects the financial cost of implementing the actions contained in the Strategic Plan and is an extremely important aspect of planning undertaken by the City - its development requiring a significant amount of resources over a six month period prior to its adoption. In 2007/2008 the budget was again a testament to the City's commitment to sustainable financial management, providing funding for responsible governance, an impressive range of community services, and numerous capital initiatives aimed at maintaining and improving the City's infrastructure, community buildings and parklands.

Climate Change Impact and River Walls

Whilst there are many areas that the City is responsible for that compete for funding, one issue in need of more immediate attention is that of the river walls. Many areas of the walls are in a serious state of decay and there is also evidence of escalating damage caused by increasingly frequent high tides and more severe storm events. To remedy the situation the City has been working with the Swan River Trust to develop a partnership for the long term maintenance of the river walls and an asset plan is being developed to aid in securing State Government grant funding.

Community Satisfaction

To further assist the Council's future planning, a comprehensive customer survey was conducted to gauge community satisfaction with the City's performance across a range of areas. Highlights of the survey showed that an outstanding 96% of residents are delighted or satisfied with weekly rubbish collection, 89% with fortnightly recycling collections, 85% with the City's library and information services and 86% with the City's streetscapes, parks and sporting grounds.

Our festivals, events and cultural activities met with a very rewarding 82% satisfaction rating. This is not a surprising result following on from Fiesta 2008, which offered residents a range of dynamic events from the stunning opening concert event through to the colourful Mends Street Carnivalé. A range of other cultural events also took place

throughout the year and it is pleasing to see that these remain relevant and enjoyable for the local community.

Significantly, 80% of those surveyed also said they were happy with traffic, parking and cleanup management for major public events such as the Skyworks and Red Bull Air Race, indicating that the City's strategies in this respect are increasingly effective in dealing with the influx of people and associated factors. These continue to be improved with each year so that residents and visitors alike can experience maximum enjoyment and minimum inconvenience.

Overall the survey found that 78% cent of respondents were either delighted or satisfied with the City - this is a solid result and one which is above the industry average but the City will aim to not only achieve further great results in those areas we excel at, but will strive to improve our service provision in those areas where we can do better to serve you.

Staff Retention

Like many organisations in the current economic climate, the City continued to face issues with attracting and retaining the quality employees who are vital to the delivery of the services we provide. This is a result of the increasing skills shortage within the Local Government and the broader workforce spheres, and the resulting competition for labour. To combat this, the City implemented strategies such as offering ongoing staff development programs and further developing traineeships. Measures aimed at attracting graduates, undergraduates and people returning to the workforce, have also proven to be effective and these combined strategies have enabled the City to manage and foster its team with some success. Further initiatives are being considered.

A great deal of thanks goes to the City's staff for their dedication, commitment and initiative, and for their outstanding contribution in progressing the City's organisational goals throughout a challenging and busy year. The achievements noted above merely scratch the surface of what has been undertaken throughout 2007/08 and I encourage you to read through this Annual Report for a more comprehensive understanding of the City's achievements.

A handwritten signature in black ink, appearing to read 'Cliff Frewing'. The signature is fluid and cursive.

Cliff Frewing
Chief Executive Officer

Council Leadership Team

Chief Executive Officer



Cliff Frewing

Moresby Ward



Sue Doherty
Term Expires
October 2011

Manning Ward



Travis Burrows
Term Expires
October 2011

Mill Point Ward



Rob Grayden
Term Expires
October 2011

Mayor



James Best
Term Expires
October 2011

Financial and Information Services



Michael Kent

Moresby Ward



Kevin Trent RFD
Term Expires
October 2009

Manning Ward



Les Ozsdolay
Term Expires
October 2009

Mill Point Ward




David Smith
Term Expires
October 2009

Mayor



John Collins
Retired October
2007

Mill Point Ward




Deputy Mayor
Barry Maddaford
Term Expired
October 2007

Infrastructure Services



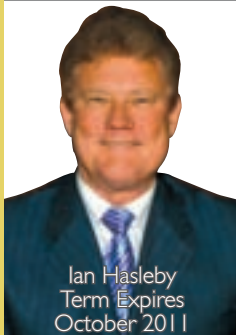
Stephen Bell

Como Beach Ward




Brian Hearne
Term Expires
October 2009

Civic Ward



Ian Hasleby
Term Expires
October 2011

McDougall Ward



Deputy Mayor
Colin Cala
Term Expires
October 2009

Manning Ward



Lindsay Jamieson
Term Expired
October 2007

Como Beach Ward



Lauraine Macpherson
Resigned July 2007

Development and Community Services




Steve Cope

Como Beach Ward



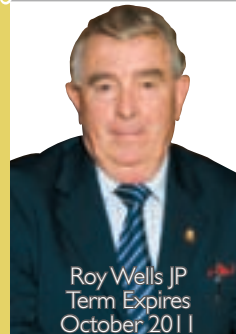
Peter Best
Term Expires
October 2011

Civic Ward



Bill Gleeson
Term Expires
October 2009

McDougall Ward



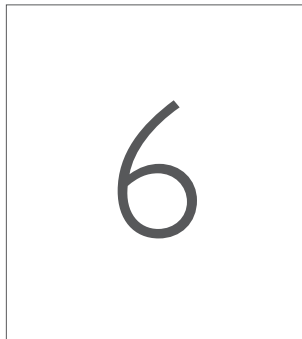
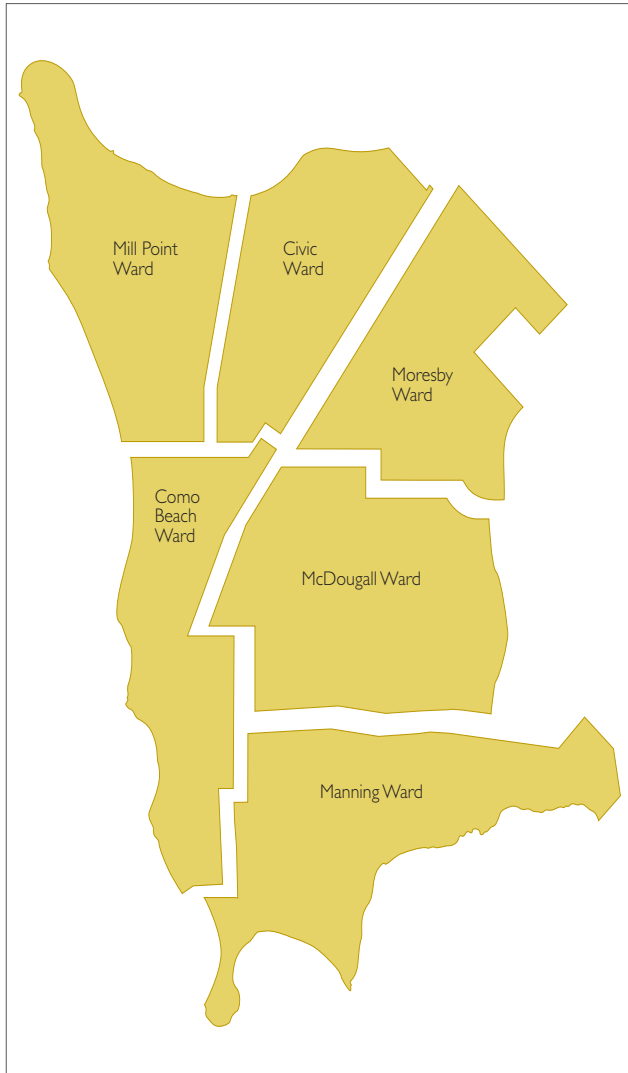
Roy Wells JP
Term Expires
October 2011

Infrastructure Services



Glen Flood
Resigned
February 2008

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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 2008

Estimated Resident Population	42,000
Number of Electors	23,522
Residential Dwellings	19,341
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	\$19.43M
City Employees	192.1 full-time equivalent
Major parks and reserves	14
Length of roads	198.1 km
Length of pathway	241.5 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	06/07	07/08
Building Licences	901	775
Demolition licences	83	107
Strata Title Clearances	14	12
Verge Licences	23	67

Planning	06/07	07/08
Planning Approvals	531	537
Planning Appeals	6	14
Subdivision/Amalgamations	51	45
Local Industry	Offices, Private Colleges, Tourism, Hotel/Motel Accommodation, and Shopping Precincts	

Customer Focus Model

The City's customer focus initiative continued its place at the heart of our service delivery model during 2007/08. It is a model based around well trained customer-focused staff using leading edge technology solutions, supporting efficient and consistent customer service over the telephone, the internet, or at the counter.

City staff are challenged to ensure they reflect the City's corporate values of excellence and customer focus. Visitors to the foyer are welcomed by a Concierge who puts them in contact with the City Officer best able to assist them, while the call centre is operated by a team of Customer Liaison Officers, who are encouraged to continually enhance their knowledge and processes, ensuring the City is meeting and exceeding customer's expectations.

Monitoring and tracking of customer responsiveness is achieved by phone management systems and direct customer feedback. Front line customer service staff are supported by a comprehensive information database, meaning they are well equipped to deliver timely, accurate information. A specialist telephone service provider maintains responsive after hours customer service and a wide range of information is made available on the City's website for convenient access at all hours.

Red Bull Air Race and Skyworks 2008

The Red Bull Air Race and Australia Day Skyworks result in a large influx of people to the City, making the adoption of responsible strategies a must to improve amenities for the wider community. The City's strategies have focussed on revised traffic management and road closures, Special Events Local Laws, increased crowd control measures, improvements to public transport and waste management, significant media and communications campaigns, youth activities and alcohol diversion tactics. Post-event feedback and analysis contributes to the continual refinement of these strategies.

Sponsored by the State Government and Tourism WA, the Red Bull Air Race was held in Perth for the second time in November 2007, attracting some over 300,000 people during the final racing day. The strategy ensured the City was able to cope with the influx of people and some minor changes are proposed for the 2008 event in relation to traffic and parking management.

The Australia Day Skyworks brought another 125,000 people to the South Perth foreshore this year, and the strategy again proved to be very successful. The Traffic Management Plan was effective in addressing

the traffic and parking issues that have occurred in previous years, while the Litter Management Plan saw 30.1 tonnes of waste collected by the following morning - a very swift and thorough effort.

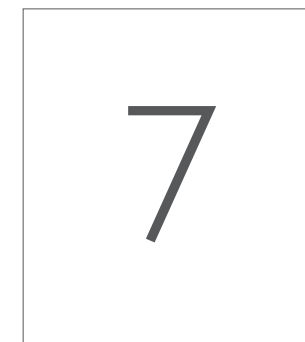
Additionally, the Youth Activity Area provided some fun diversionary activities, as well as rehydrating event-goers with giveaways, including up to 20,000 litres of fresh drinking water.

Communication and Consultation

The City is committed to communicating with residents in an open, transparent and respectful manner, as reflected by the tone and approach of its Communication and Consultation Policy. Throughout all consultation and dialogue with the community, the City takes an inclusive approach as it relates to language, layout and access, providing user-friendly information via the website and making printed versions available at the Civic Centre, libraries, via direct mail out, at events, or by request.

Specific forms of communication undertaken in 2007/08 included the Peninsula community newsletter, which was delivered to all households on a quarterly basis, as well as a Budget Edition Peninsula and the Annual Report. Furthering our commitment to accountability and openness in communication, 103 media releases were issued on the City's operations and initiatives throughout the year, while 115 media statements were released in response to questions from various media. These publications, media releases and statements continued to be made available promptly on the City website and the 'Out for Comment' section housed all information in relation to consultation processes. The City also provided news and information relevant to community members via a weekly City Update column in the Southern Gazette, and a range of other communications were undertaken on a project by project basis as appropriate.

In addition to ongoing consultation with the City's various networks and community advisory groups, some of the projects that used consultation throughout the year included land rezoning, upgrades to reserves and sporting facilities, community events and capital works projects, as well as the Sir James Mitchell Park beaches project, the 2008 Community Perceptions Survey, and the new community centre and civic library upgrade. Major development forums were also opened to the public and significant community consultation is planned for later in 2008 for projects such as the Canning Bridge Rail Station Precinct Study and the community visioning project.





Civic Library and Hall Refurbishment

The City has been undertaking comprehensive project planning in readiness for the refurbishment of the library and halls. This project will create a dynamic community hub incorporating a bigger and better library, and a multi-purpose community facility integrating community meeting spaces, an adult learning centre, and infant health centre.

Significant consultation has been undertaken to gain an understanding of community needs and expectations, while specialist input has been sought on contemporary approaches towards the provision of such services and facilities. Opportunities to incorporate sustainability initiatives within the buildings have also been investigated.

The City has been working with the appointed architect to ensure the best possible design solution is achieved and detailed design is underway. Tenders for construction are expected to be called early in 2009.

City of South Perth Fiesta 2008

The City's 2008 Fiesta was one to remember with spectacular Opening Concert performances from Chris Murphy and multi artform circus company, Skadada, capped off with a blaze of fireworks. Other Fiesta events included family concerts, Aboriginal cultural workshops, the vibrant Mends Street Carnivalé, Antiques Roadshow and Storytelling at the Old Mill, the Peter Kendall art exhibition, sport and recreational activities, and much much more.

Art Award

The City's fifth annual Art Award attracted an exceptional range of works from artists all over the metropolitan area, indicative of the growing awareness of the Award in the local arts community. The exhibition was held at Heritage House and Jennie Nayton received the major acquisitive award for her work 'Upriver Ed 1/5', which has been added to the City's growing art collection.

Other 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 70 new citizens and outstanding community members and organisations were recognised with Awards
- Concerts - in addition to the Cygnet Cinema Concerts, a special concert at Comer Reserve saw the South Perth Lions Club Big Band and jazz performer Heidi Lake entertain the crowd into the late afternoon
- Thank a Volunteer Day - celebrating the contribution made by volunteers in the local community, an afternoon tea was held at Comer Reserve
- Citizenship Ceremonies - seven ceremonies were conducted, nationalising over 250 new citizens
- Pioneer Luncheon - the 29th Annual Pioneer Lunch was celebrated by over 300 longstanding community members and City representatives
- Young Writers Awards - 435 prose entries were received and 14 winners were awarded from the five age categories. The Christobel Mattingley Bronze Medallion went to Penrhos student Amy-Jane Miocevich.

Poetry in the Park

The City launched 'Poetry Park' at Neil McDougall Park, to celebrate the outstanding work and achievements of Western Australia's poets. The first phase of the project involved the installation of panels displaying the work of twelve of WA's highly acclaimed poets, as well as a 'Poets Walk of Honour' bearing the names of the WA Premier's Book Award poetry winners.

Sparking international interest, the opening event was held in association with the Singapore Arts Council and also launched a collection of Australian and Singaporean poems entitled *Over There: Poems from Singapore & Australia*, edited by John Kinsella and Singaporean poet Alvin Pang.

Heritage House Exhibitions

The City's Heritage House hosted a vast array of popular exhibitions throughout the year, featuring artworks with both local and international flavours. These have included:

- Japanese Pottery: the rising generation from traditional Japanese kilns - a travelling exhibition that introduces Japanese culture and promotes cultural understanding, held in co-operation with the Japan Foundation and the Japanese Consulate
- Abiding Passions - the annual May and Herbert Gibbs exhibition was launched the 131st anniversary of May's birth. Works highlighted May's passion for theatre and illustration, and Herbert's passion for boats.
- Peter Kendall: a celebration of portraiture from Ghana and Australia - a stunning exhibition of works by the local artist and former Archibald prize finalist.





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Community Safety

The City is proud to offer support to the dedicated and enthusiastic community based Neighbourhood Watch (NHW) group that operates within South Perth. NHW members have coordinated regular activities to promote a more connected and safe community, such as information displays at local shopping precincts and neighbourhood barbecues.

Community Rangers have also continued to play a vital role - as well as monitoring the relevant laws and regulations in the City, the team are involved in the 'Eyes on the Street' program and note down suspicious behaviour, offences or items, to aid ongoing Police investigations into neighbourhood crime.

Young People

The City's youth were involved in a number of initiatives including the Speak with Confidence Awards, Young Writers Awards, the libraries' 'Frog Club' reader rewards program, and the Fiesta Footprints community art project. The City's Youth Advisory Council (YAC) was active in organising YACstac for Fiesta and assisting with Skyworks youth activities, while the City's Youth Sustainability Ambassadors have undertaken a range of projects focused on the environment and sustainability.

Recreational Development

The George Burnett Leisure Centre continued to be a focal point for recreational programs. In addition to providing facilities for regular use by community groups, schools, and fitness / wellbeing operators, the City supports programs such as the South Perth Church of Christ's Wild Life holiday program, the seniors focussed Lifeball, and Flex Ability, which provides recreational activities for children with disabilities.

The City's Club Development Officer continued to provide advice and support for local sporting and recreational clubs with initiatives such as the quarterly Spirit of the South newsletter and a column in the Southern Gazette.

Partnerships

Support was awarded to 24 organisations and 29 individuals through the Community Funding Program, with projects covering a range of community service, sporting and cultural activities.

The City also partnered with Government agencies, funding bodies and sponsors who have provided funds or support for joint initiatives. These included: Lotterywest, Healthway, Sustainability Energy Development Office, ArtsWA, Como IGA, the Karalee on Preston, Satterley Property Group, Cygnet Cinema, Kareelya Property Group, Millennium Kids, Waterford Plaza, Cleanaway, and local Rotary Clubs, to name but a few.

Seniors

The City supports the very active South Perth Learning Centre, which offers a wide variety of courses and social activities inclusive of seniors. Further seniors based activities are coordinated by the City's two senior citizens centres, with the South Perth Centre also providing up to 500 meals a week to residents through Meals on Wheels. The City was also pleased to continue the Cygnet Cinema Concert series, with seniors enjoying some first class performances.

Collier Park Hostel

After several reviews, Council decided to call for Expressions of Interest (EOI) for an experienced 'not for profit' organisation to manage the Hostel. It is no longer viable to manage and own a small 40 bed Hostel and the trend is towards increased specialisation. The EOI closed on 30 June 2008, with one submission lodged for Council's consideration.

The Hostel gained another three year accreditation in March, achieving all four Standards and 44 Outcomes. The year ahead will see a comprehensive review of its direction and operations.

Collier Park Village

The City strives to maintain the Village in a cost effective manner while providing the best possible service and environment for the residents. Benchmarking was completed in March with St Ives, Anglican Homes, Craigwood and Meath Care, and the Village compared very well, while a resident's survey also attracted very favourable responses. The year ahead will see a review of the Village's strategic direction, with an accreditation exercise conducted.

The Village has 169 independent units with 220 residents. A turnover of 15 units occurred during the year and they were renovated and released with strong demand.

Planning - Policies and Amendments

Part I of the City's draft revised Residential Design Policy Manual was substantially modified, updated and endorsed for community consultation. Complementing the City's Town Planning Scheme No. 6 and the Residential Design Codes, it is a major policy document that will guide design for years to come, leading to improvements in the built form of the City's residential development. Part I comprises 14 City-wide Planning Policies covering various aspects of the design of residential development, with Policy I being an important new addition relating to Sustainable Design.

Several other City policies were adopted during the year:

- Policy P371, relating to the selection and operation of the City's Design Advisory Consultant architects
- Policy P397, removing the need for materials and colours to match in the case of 'battle-axe' residential development
- Policy P398, setting out additional responsibilities for applicants when applying for Planning Approval
- Policy P321, providing a framework that allows the City to build, refurbish and maintain Civic buildings in an ecologically sustainable way.

The City also processed one Town Planning Scheme amendment to finality, with Amendment No. 10 rezoning surplus land at the end of Burch Street, South Perth, for the future use of the South Perth Hospital. Additionally, Amendment No. 11 was initiated for the purpose of community comment - this amendment provides for very small variations to car bay dimensions in particular circumstances.

Strategic Planning Projects

The City has been involved in a number of strategic projects throughout 2007/08, including the following:

Bentley Technology Precinct Study, led by the Department of Industry and Resources and involving land in the City and the Town of Victoria Park. The study is examining the future development of this unique precinct with an emphasis on sustainable technological planning and design, and promotion of the use of buses for commuting by workers.



Canning Bridge Rail Station Precinct Study, in partnership with City of Melville and the WA Planning Commission, examining ways of enhancing the precinct as an 'activity centre' in accordance with the principles of the State government Network City program.

South Perth Rail Station Precinct Study in partnership with the WA Planning Commission, examining ways of enhancing the precinct in line with the WA Planning Commission's Network City principles.

Development Application Processing Achievements

The Planning Services team processed 537 applications for planning approval (compared with 531 during 2006/07). Approximately 91% of applications for planning approval were processed under delegated authority (compared with 94.5% during 2006/07).

The Planning Services team also assessed 45 applications for subdivision/amalgamation and 29 requests for clearance of subdivision conditions were processed.

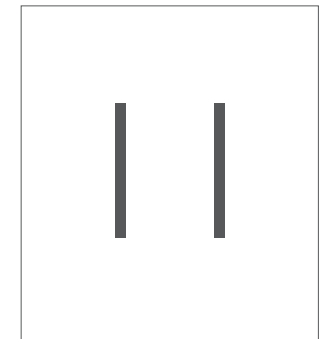
The City's Building Services team issued a total of 775 building licences (compared with 901 during 2006/07). The estimated value of these building projects amounted to \$90,996,685.



Water Campaign and Lake Catchment

Work progressed towards the completion of Milestone 3 of the Water Campaign (City Water wise Strategy and Local Action Plan), with involvement by several in-house departments setting the broad operational framework for implementation. Bore and scheme water use will be covered in the strategy, which is due to go before Council later in 2008.

Additionally, the City, in conjunction with the South East Region for Urban Landcare initiated the development of the Friends of Neil McDougall Park group with the primary aim of assisting with management of the lake catchment. This group meets regularly and is developing an education and awareness package for the City to use to help improve the quality of stormwater reaching the lake from the catchment.





Natural Area Management, Green Plan Implementation and Street Trees

Comprehensive works were undertaken by the City Environment Department during the year. Implementation of the Salter Point Master Plan saw temporary fencing and revegetation signs installed, repairs and extensions to the lagoon boardwalk, revegetation of the western side of the lagoon, and improvements to the limestone pathway linking Salter Point Parade and Redmond Reserve.

City staff supported the Mount Henry Conservation Group in dieback treatment, weed control and the installation of fire access paths on the peninsula, and the City and MRWA were also involved in completing planning for the restoration of the foreshore in the vicinity of the Edgewater overpass. Funding assistance of approximately \$80,000 was secured from the Swan River Trust to support this project.

Other activities included:

- Removing weed trees from the Neil McDougall Park island and replacing them with indigenous vegetation, also planting rushes around the lake
- Continued review of the Western Foreshore Management Plan
- Planting at the Cloisters foreshore, Milyu Nature Reserve and in the vicinity of the Cale Street pedestrian overpass
- Completion of stage one works on the Bodkin Park Living Stream
- Involvement of eight schools the Schools Nurturing Nature Program, as well as Youth Sustainability Ambassadors and Footprints Conferences held in partnership with Millennium Kids
- 'Plants to Residents' delivered around 3,000 plants to residents in the Civic and Mill Point Wards
- 440 street trees planted either as new plantings or as replacements for trees lost
- A further 90 street trees planted under the Cape Lilac Replacement program.

Community Rangers

In addition to their important community safety work (see page 10) the Ranger team also operate a busy pound and maintain a successful rehoming program in conjunction with the Southern Gazette Community Newspaper to advertise stray and homeless dogs.

Refuse and Recycling

Efforts continue to be focused on raising community awareness of the importance of sustainable approaches to waste management.

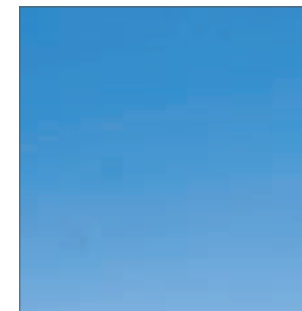
A range of recycling initiatives have been maintained to divert materials such as plastics, cardboard, paper, and mobile phones from landfill as we strive towards 'zero waste'. Two Resource Recovery Days were conducted with the Town of Victoria Park and the Rivers Regional Council, whereby materials from recycled items are diverted from landfill and utilised in the manufacture of new and useful products. Two kerbside collections were also undertaken with suitable materials recycled.

During the year 4,890 tonnes of recyclables were diverted for re-use, while 12,628 tonnes of general household waste was sent to the Southern Metropolitan Regional Council for processing into compost

Environmental Health

The City's Environmental Health Department undertake a range of initiatives to ensure public health is maintained to a high-standard in the community and that community members are protected from unnecessary hazards. Ongoing activities include:

- **Mosquito Management** - A mosquito monitoring and treatment management program was carried out, implementing an alternative treatment program in Waterford and susceptible mosquito breeding areas, using ecological friendly treatments
- **Infectious Diseases** - 18 notifiable infectious diseases were investigated to determine the sources of infections
- **Environmental Health Complaints** - 156 complaints were investigated, including matters relating to odour, noise, refuse, pests, asbestos and air pollution
- **Rodent Control** - 180 samples of free rodent bait were issued to residents throughout the year to control rats in domestic situations
- **Food Premises and Food Stall Holders Licence** - 620 routine inspections of food premises were undertaken to ensure hygiene and food handling compliance, as well as complaints relating to sub-standard food being investigated. 108 stall holders licences were issued for events such as the 2008 Fiesta and Skyworks
- **FoodSafe** - The City plays an accreditation and management role in the national Program, and is urging more businesses to adopt food safety program such as FoodSafe and FoodSafe Plus to ensure high-quality food products and services. This continues to be promoted during regular routine inspections of food premises.



TravelSmart and Roadwise Programs

Working with schools remained the primary focus to extend the TravelSmart message to the wider community. South Perth, Kensington and Manning Primary schools have active parent groups which complimented the school programs being supported by the City. The 'Kiss and Drive' facility in Ley Street was a shared funding arrangement formed with Manning Primary School, while the South Perth Primary School 'School Travel Plan' is another successful example of cooperation between the school community and the TravelSmart program, with funding from the Premiers Activity Task Force and the City.

The TravelSmart/Roadwise Advisory Group continued to provide valuable support in furthering the Local Action Plan and a number of programs were actively pursued through the year to contribute to the road safety and the uptake of alternative travel modes, including:

- Two child car seat restraint checking events (WALGA Roadwise initiative)
- Supply of 'Slow Down Consider our Kids' stickers to residents within the immediate vicinity of school areas to target speeding drivers
- Prevalence of TravelSmart displays at events such as Fiesta
- Active participation in events such as Bike Week

- Infrastructure improvements to the Public Bicycle Network routes throughout the City

Landscape and Streetscape Upgrades

A number of landscape and streetscape upgrades were undertaken during the year to enhance the City's natural and built environment.

Neil McDougall Park received a landscape upgrade, with works including the purchase and installation of park furniture, as well as major revegetation works around the lake and on the island.

The Como Beach landscape upgrade project was completed and is a significant improvement to the amenity of this popular foreshore recreation area. The City will be completing upgrades to the river wall and foreshore in spring 2008 to complete the overall project.

Also in Como, the Preston Street streetscape upgrade included the development of new garden beds to reduce the amount of paving in the street, additional trees, new bins and greatly increased seating capacity in front of the Cygnet Cinema.

Additionally, playground equipment was upgraded at David Vincent Reserve following on from community consultation, and shade sails were repaired, replaced and uplifted during the year at a number of parks and reserves throughout the City.

Sir James Mitchell Park Esplanade Landscape

Council approved a tender by Downer Edi Works in February 2008 to develop and enhance a series of beaches within Sir James Mitchell Park under the Foreshore Renovation Plan. Work is scheduled for completion in September with landscaping to follow immediately after, including new shade shelters, barbecues, park furniture, paths and shrub planting.

The \$1.6 million dollar project included \$510,000 from the Swan River Trust's Riverbank grant program and will give residents better access to the river while helping combat the effects of climate change.

River Walls

The City has been working with the Swan River Trust to develop a partnership for the long term maintenance of the river walls, which are in need of regular maintenance and in many cases, replacement. An asset plan is being developed to ascertain the condition and remaining life of the walls and this will be utilised for future grant funding applications for this important City infrastructure.

Remedial river wall repairs were carried out in Sir James Mitchell Park and Como Beach during the year in those areas needing the most urgent attention.





Building Program

Upgrade works were undertaken on a number of significant City buildings throughout the year, to improve both aesthetics and functionality for future use.

The external surfaces of the iconic Old Mill Theatre were upgraded, eliminating the rising damp problem, replacing broken or damaged bricks and tuck-pointing the original walls. The walls of the additions and the external wood finishes will be treated in 2008/09.

Work also commenced on additions and upgrades to both the Collier Pavilion and the Challenger Pavilion with changes to these sporting facilities due for completion by August and December 2008 respectively.

Other building works completed during the year included the Manning Senior Citizens Centre, Salter Point Sea Scouts centre, the Como Beach toilets and Hensman Child Health Centre.

Graffiti

The City remained active in its endeavours to minimise the impact of graffiti within its borders, continuing to remove all new graffiti on City and private property as quickly as possible. The City has been successful in maintaining removal within 48 hours of reporting or within 24 hours where the graffiti is racist or obscene in nature (weather permitting). The total number of graffiti incidents removed by the City for the year was 1457.

State Undergrounding of Powerlines Project (SUPP)

The Como East Round Three Underground Power (UGP) Project commenced in March with the first of the House Service Connections. Some 40% of houses in the UGP area have had the household connection installed to the front of the house in readiness for meter box connection once all of the street mains are in place.

Street Services also commenced in March with the initial drilling and to date some 18% of the street cable is in the ground. The installation of street light columns and lights then commenced late May with over 27% now in place. The lights will become operational later when removal of the current overhead system commences.

Integrated Catchment Management Plan

Now into the third year of a Five Year Action Plan the priority remains to verify each catchment area and the below ground infrastructure making up the drainage system. As the City continues to collect reliable drainage data it will become increasingly able to identify drainage issues before they arise and effect the necessary upgrades as part of the ongoing commitment to effective Asset Management.

The catchment area bounded by Melville Parade, Richardson Street, Labouchere Road and Judd Street was reviewed as part of a wider commitment from the Water Corporation and Main Roads.

Street Infrastructure Improvements

Some 75,000 square metres of road rehabilitation was undertaken during the year, with funding from the Commonwealth AusLink Roads to Recovery, the Metropolitan Region Road Group program, and municipal sources. Major projects included Labouchere Road (Angelo Street to Hensman Street), Hayman Road (west side South Terrace to Kent Street), and Kent Street (north side Hayman Road to Manning Road).

The first year in a concentrated Five Year Plan to complete the replacement of the existing concrete slab path network with the wider standard width poured concrete path resulted in the placement of some 15,800 square metres of path, making the City more TravelSmart friendly.

Local Area Traffic Management

The City was successful in attracting funding to the tune of \$134,000 from National and State Blackspot programs on a shared basis for intersection treatments around the City - the signal installation at Manning Road and Elderfield Road, signal modifications at Mill Point Road and Mends Street, and the roundabout at Ley Street and Davilak Street being the more significant treatments. As part of the ongoing commitment to slowing traffic in residential streets and the overall improvement in road safety the City also independently funded roundabouts at Patterson Street and Lockhart Street, and the intersection modifications in Mill Point Road at Way Road.

Sustainability

The City's Sustainability Strategy provides an overarching strategic approach to integrating the City's direction in a sustainable manner. Further to this, a new Sustainability Policy was endorsed by Council in March and outlines the City's commitment to sustainability, in its practices and service provision, as well as assisting and facilitating the community to become more sustainable.

To achieve a sustainable community and ensure the City's operations are in line with the Sustainability Policy it will undertake a range of practices covering all aspects of the City's ventures. These include adopting working practices that minimise and monitor the effects the City has on the environment and community, and developing an Action Plan that adequately reflects the economic, environmental and social goals of the City.

The City participates in a number of programs which compliment these sustainability based aspirations, including Cities for Climate Protection and Planet Footprint. The City launched Planet Footprint in WA during October 2007 and subscribes to the program, with organisational resource consumption and greenhouse gas generation now being tracked and measured. Continued involvement will enable trends to be analysed and the City's assets managed appropriately with regard to energy and water consumption, as well as vehicle fleet resource consumption and waste/resource recovery efforts. Reports are made available at www.southperth.wa.gov.au/sustainability.

During the year the sustainability function was reallocated to the Office of the Chief Executive Officer in order to reflect the increasing importance of sustainability and the need for it to be a priority across the whole of the organisation.

Record Keeping Plan

The City recognises the importance of effective management of corporate knowledge and the

important contribution that it makes to informed decision making and customer responsiveness. To support this a comprehensive Record Keeping Plan is progressively being implemented to ensure secure storage, controlled access and the preservation of all relevant correspondence, plans and contracts.

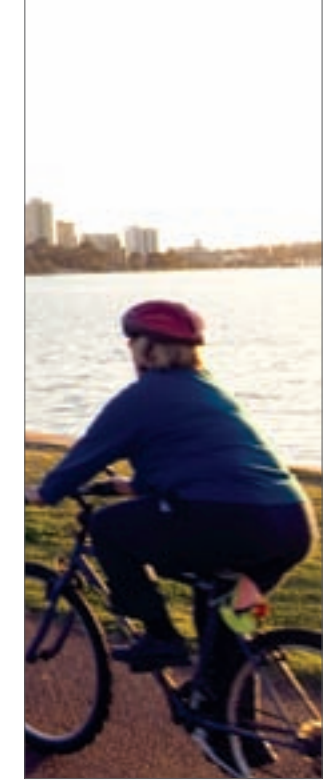
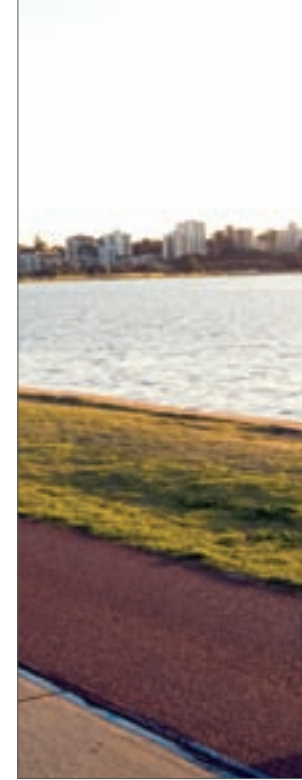
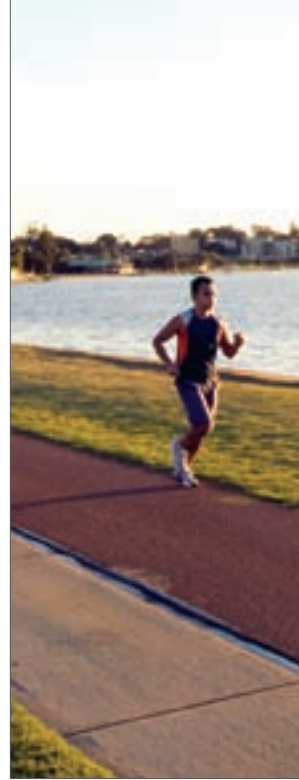
The centralisation of the record keeping function has continued during 2007/2008 with consolidation of records into the central corporate system. A program of staff training on record keeping obligations has been developed and was delivered during the year, and this will be complimented in the upcoming year by regular reporting of key performance indicators on record management.

Information about the City's record keeping practices and measures of success in meeting our statutory obligations under the plan may be found within the Statutory Reports section.

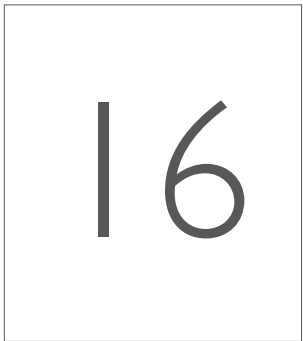
Online Information Sharing

The City continued to maintain its website as a convenient source of information about the City and its services for ratepayers and the wider public. The site combines information about facilities and events, town planning and building, environment and infrastructure projects, media releases, tender documents Council agendas, City maps, and much more. A comprehensive A-Z guide also offers helpful information on almost 200 different topics and an on-line payment system allows residents to pay rates, underground power levies, and a number of other fees and charges at their convenience.

Corporate information is shared through a staff service information database that supports efficient customer service. Council Members 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.



15



Risk Management

The City's uses a comprehensive and customised process based on the Australian Risk Management Standard to monitor, identify and assess emerging business, physical and financial risks to our operations. This allows the City to minimise potential adverse impacts on the community and environment.

Throughout the year the Risk Management Committee proactively monitors and reviews the Risk Register and evaluates all active risk treatments to ensure they provide responsible, effective and sustainable risk management controls. Internal audits, structured maintenance programs, regular and accountable reporting, staff training, occupational health and safety initiatives, policy and governance frameworks, and the Business Excellence Framework are examples of the treatments that support this approach.

The City's insurers have acknowledged the sophistication of this risk management approach and the results delivered, and the City's insurance premiums have been reduced following a re-assessment of our risk profile.

Sustainable Funding

The release of the Systemic Sustainability Study Report into the financial sustainability of Local Governments has heightened awareness of this increasingly challenging issue. Ever increasing demands on Local Government services and the declining financial support from other levels of government have demanded greater emphasis is placed

on ensuring funding models and service delivery costs are sustainable in future years.

The City's strategic financial position has again strengthened during the current year as reflected in the key financial ratios, and assessments by external bodies have reiterated this financial sustainability. Under the City's financial management approach a rigorous Strategic Financial Plan matches financial capability with strategic vision, with financial reserves responsibly accumulated for future projects and external funding opportunities embraced when they are available. A 'best practice' Budget process combining community feedback with responsible financial management practices ensures that operational needs and capital projects continue to be funded in a realistic, sustainable way.

Timely financial management reports demonstrate accountability for the use of the City's financial resources and responsible stewardship of its assets.

Value for Money

The City regularly monitors and reviews service levels and delivery models as part of the budget process, to ensure that the community is enjoying the best value from the use of financial resources. Informed financial planning and timely, accountable financial reporting to Council, the community, and internal management staff supports informed decision making and efficient use of the available resources.

The Council and administration share responsibility for effective stewardship of community assets by monitoring

and regularly reviewing the asset base, assisting in resource allocation decisions and ensuring the best use is made of City assets. Accountable reporting of performance assists in planning for future infrastructure needs and achieves value for money outcomes.

The City's financial performance for 2007/2008 again provides convincing evidence of the success of our financial management model in delivering a value for money result.

Collier Park Golf Course

Continuing to generate good attendances, the Collier Park Golf Course has again provided a profitable return to our community with over around \$334,000 in dividends to the City in 2007 / 2008. Those funds are reinvested in delivering services and new community initiatives to our ratepayers.

Furthermore, the lease for the collection of green fees and use of the function room, cart store, pro-shop, and kiosk at the golf course has been reviewed and renewed for two years. The review involved a valuation of the leased facilities and an assessment of the fees paid by similar arrangements, and has resulted in an increased financial return to the City from the new lease.

Works were also completed on the golf course to ensure this City asset is kept on par. These included provision of new sand storage bays, planning of a new irrigation system, and planting of 5000 native plants around the course perimeter.

Office of Chief Executive

The Chief Executive's Office manages elected member relations, liaises with industry groups and all levels of Government, and builds inter-Governmental relations.

Strategic Planning, economic development, sustainability, corporate performance, public relations, legal and governance matters, human resource management, staff recruitment and training, occupational health and safety, employee relations, and Council minutes and agendas are also coordinated by this department.



Cliff Frewing

Chief Executive Officer

Financial and Information Services

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

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



Michael Kent

Director Financial and Information Services

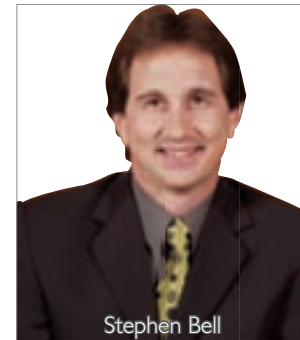
Infrastructure Services

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. The City's Collier Park Golf Course also falls under the banner of Infrastructure Services.



Glen Flood
Resigned February 2008



Stephen Bell

Director Infrastructure Services

Development and Community Services

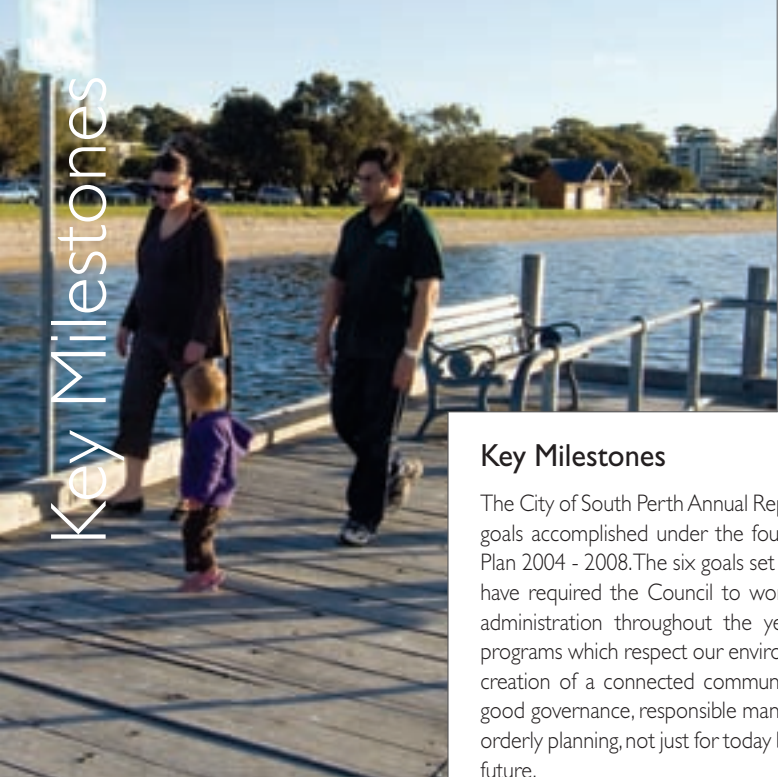
The Development and Community Services Directorate is responsible for a broad range of services and major strategic projects.

The key functions of Development Services are urban planning, building control, environmental health, waste management and Ranger services. Community Services looks after community, cultural and recreational development including responsibility for youth, seniors and aged care, community funding and consultation, the George Burnett Leisure Centre, community events festivals, citizenship ceremonies, community and public art.

Director Development and Community Services



Steve Cope



Key Milestones

The City of South Perth Annual Report 2007 / 2008 features goals accomplished under the fourth 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 throughout the year, developing a raft of programs which respect our environmental heritage and the creation of a connected community, as well as supporting good governance, responsible management, and proper and orderly planning, not just for today but for a more sustainable future.

Achievements in the year that was - 2007/2008

2007 / 2008 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 Friends of Neil McDougall Park group was established with the primary aim of assisting with the management of the lake catchment
- 3,000 plants were provided to residents in the Mill Point and Civic Wards under the 'Plants to Residents' Scheme
- 1457 reported incidences of graffiti were removed promptly from City and private property
- The City continued embracing its Communication and Consultation policy, reflecting its commitment to informing the community and enabling public participation in decision-making
- 4,890 tonnes of recyclables were diverted from landfill and utilised in the manufacture of new products, while

12,628 tonnes of general household waste was sent to the Southern Metropolitan Regional Council for processing into compost

- The City successfully attracted \$134,000 from National Blackspot Funding for intersection treatments
- Support was given to 24 organisations and 29 individuals for with projects covering a range of community service, sporting and cultural activities
- Indicative of the City's corporate values of excellence and customer focus, our customer focus model continued strongly into its fourth year
- The Como Beach landscape upgrade project was completed forming a significant improvement to the amenity of this popular foreshore recreation area
- Some 75,000 square metres of road rehabilitation was undertaken
- The outstanding work and achievements of Western Australia's poets was celebrated with the launch of Poetry Park at Neil McDougall Park
- 200 households took part in the Household Energy Audit Project, aimed at educating and enabling participating households to minimise their energy and water consumption
- Part I of the City's draft revised Residential Design Policy Manual was substantially modified and updated, and endorsed for community consultation
- Heritage House hosted a series of well attended and varied exhibitions including Japanese Pottery: the rising generation from traditional Japanese kilns, and Peter Kendall: a celebration of portraiture from Ghana and Australia

• The Como East Round Three Underground Power Project commenced in March

• Strategies employed for the Red Bull Air Race and Australia Day Skyworks meant the City was able to cope with the huge influx of people experienced

• A new Sustainability Policy was endorsed, outlining the City's commitment to sustainability

• The WA School Travel Plan Pilot Project was developed in conjunction with the South Perth Primary School and the Department for Planning and Infrastructure, and was launched at the school in March

• Design briefs were developed for Civic Centre Library and Halls redevelopment to create a state of the art community facility

• The City launched Planet Footprint in WA, a benchmarking program designed for Local Government, which measures and tracks resource consumption and greenhouse gas generation

• The City was involved in a number of strategic projects, including the Bentley Technology Precinct Study and the Waterford Triangle Precinct Study, as well as precinct studies for the South Perth and Canning Bridge Rail Stations

• Fiesta 2008 provided a range of events and activities for everyone in the South Perth community

• The City's George Burnett Leisure Centre played host to Flex Ability an active participation program for children and teens with disabilities, with financial support from local Rotary Clubs

• Preliminary estimates put greenhouse gas abatement for the year at 1800 tonnes for the City as an organisation, and community abatement at 3500 tonnes.

Planning for the Future in 2008/2009

- The City's community visioning project will advance towards identifying key issues over the next 20 years, and will include major community consultation
- The Como East Underground Power Project will be completed, with all customers reconnected to the below ground system and all street lighting operational
- Designs will be finalised for the streets surrounding the proposed South Perth Railway Station to establish a boulevard/pedestrian precinct
- The first step in the separation of the shared use path along Sir James Mitchell Park will be commenced, separating pedestrians and recreational user paths from those used by high speed cyclists
- The Angelo Street Carpark will be reopened in September / October with an increase in capacity of over 60%
- Road maintenance and rehabilitation works to the value of \$1.62 million will continue throughout the city, with major projects on Manning Road
- The second full year of the extended footpath replacement program will be progressed, with the Clontarf Foreshore path remaining a firm priority
- Following the endorsement of the City Water Wise Strategy and Local Action Plan, the City can start working on Milestone 4 of the Water Campaign - putting the plans to work and quantifying actions to demonstrate the City is moving towards its goals
- The creation of a series of beaches within Sir James Mitchell Park will be completed and landscaping will progress including new shade shelters, barbecues, park furniture and shrub planting
- Works on the Collier Pavilion and Challenger Pavilion will be completed to achieve significant additions and upgrades to the City's sporting facilities
- A comprehensive review of the Collier Park Hostel's direction and operations will be undertaken following the end of call for Expressions of Interest for an experienced 'not for profit' organisation to manage the Hostel in June 2008
- Tenders for the construction of the redeveloped Civic Library and Halls are expected to be called early in 2009, with construction anticipated to begin around May 2009.





Statutory Reports - 2007/2008

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.

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 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 its management of corporate records in accordance with legislative obligations and recognises the positive impact on customer service, and in meeting statutory obligations, that results from a systematic approach. The City's Record Keeping Plan was approved by the State Records Commission in October 2004 and is periodically reviewed and updated by the administration. A comprehensive five yearly review of the plan is scheduled to take place during the 2008/2009 year.

The City lodged a further statutory update detailing the City's progress in implementing the plan and its objectives with the State Records Commission during 2007/2008. Progression of new initiatives was regrettably slowed in the last year due to significant staff shortages, however; operational tasks and statutory compliance were maintained for the full year.

In order to maintain an effective awareness of record keeping obligations, all City employees receive compulsory training on their record keeping obligations as part of the staff induction program. This is supplemented by the in-house publication of newsletters on record management and ad hoc training and refresher sessions. 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.

The creation of the expanded restricted access records storage area (including a confidential records area) and installation of new compactus units during the year 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, are being implemented.

Disability Access and Inclusion Plan

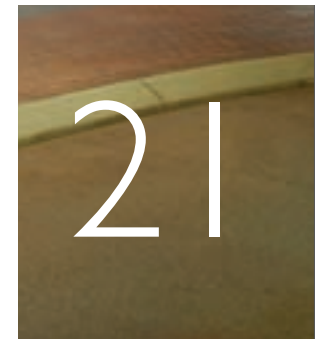
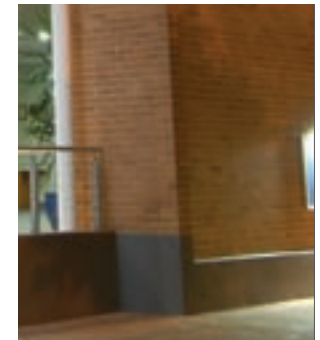
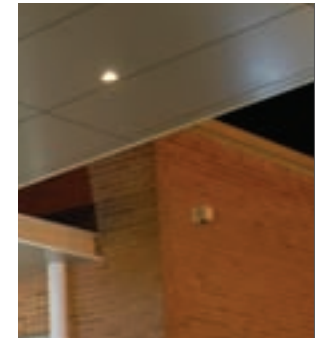
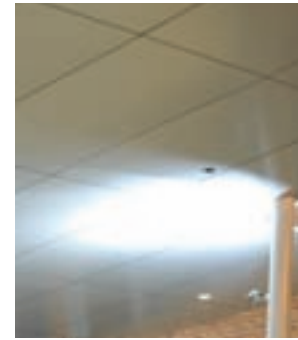
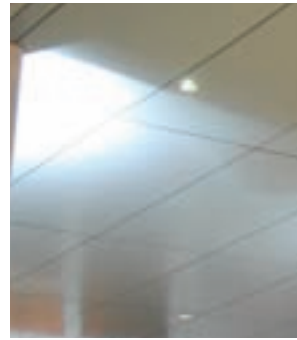
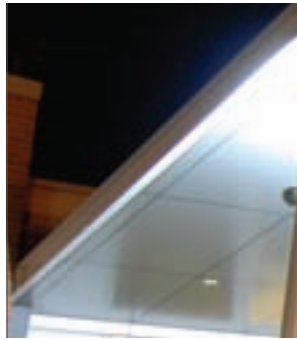
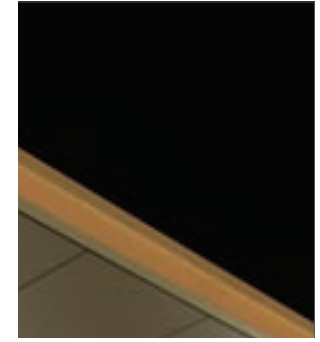
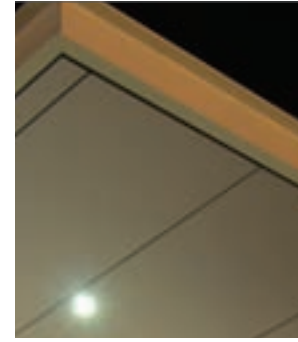
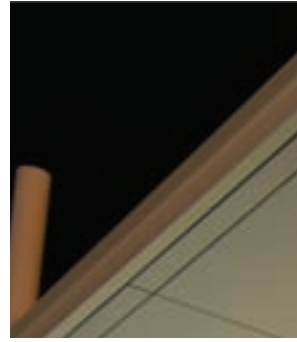
The Disability Services Act requires the City to demonstrate how it is meeting the objectives of the act in relation to providing access and opportunities for inclusion to everyone in relation to its facilities, information and consultative mechanisms. The City's Disability Access and Inclusion Plan (2006 - 2010) articulates our commitment to providing safe, efficient and welcoming facilities and the City has been actively committing resources to initiatives that demonstrate this philosophy of universal access. During the year the City also reported to the Disability Services Commission on its achievements in relation to universal access. Copies of the Disability Access & Inclusion Plan are available at www.southperth.wa.gov.au - or in alternative formats by contacting the City's offices.

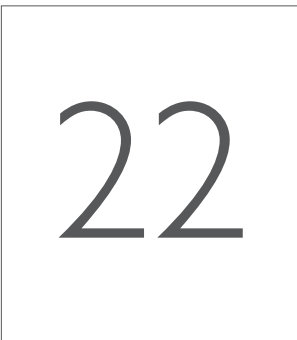
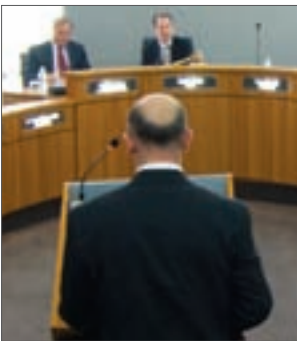
Senior Officers Remuneration

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 of more than \$100,000.

Salary Band

\$170,000 - \$180,000	1
\$160,000 - \$170,000	0
\$150,000 - \$160,000	0
\$140,000 - \$150,000	0
\$130,000 - \$140,000	0
\$120,000 - \$130,000	3
\$110,000 - \$120,000	0
\$100,000 - \$110,000	0





July 2007 - October 2007

		Ordinary Council Meetings	Special Council Meetings	Total Attended
Mayor Collins, JP	-	4	1	5
Cr G W Gleeson	Civic	4	1	5
Cr J Best	Civic	4	1	5
Cr B W Hearne	Como Beach	4	1	5
Cr L M Macpherson	Como Beach	-	1	1
Cr L J Jamieson	Manning	4	1	5
Cr L P Ozsdolay	Manning	4	1	5
Cr C A Cala	McDougall	4	1	5
Cr R D Wells, JP	McDougall	4	1	5
Cr R B Maddaford	Mill Point	4	1	5
Cr D S Smith	Mill Point	4	1	5
Cr S Doherty	Moresby	3	1	4
Cr K R Trent, RFD	Moresby	3	1	4

Period July - October 2007

4 x Ordinary Council Meetings | x Special Council Meeting

Note: During July - October 2007 Council Members attended a range of Concept Forums, Briefings and Workshops, which totalled 19.

November 2007 - June 2008

		Ordinary Council Meetings	Special Council Meetings	Total Attended
Mayor J Best	-	7	1	8
Cr G W Gleeson	Civic	6	1	7
Cr I Hasleby	Civic	6	1	7
Cr P Best	Como Beach	6	0	6
Cr B W Hearne	Como Beach	6	1	7
Cr T Burrows	Manning	6	1	7
Cr L P Ozsdolay	Manning	7	1	8
Cr C A Cala	McDougall	7	1	8
Cr R D Wells, JP	McDougall	7	1	8
Cr R Grayden	Mill Point	7	1	8
Cr D S Smith	Mill Point	6	1	7
Cr S Doherty	Moresby	6	1	7
Cr K R Trent, RFD	Moresby	6	1	7

Period November 2007 - June 2008

7 x Ordinary Council Meetings | x Special Council Meeting (Swearing-In)

During November 2007 - June 2008 Council Members attended a range of Concept Forums, Briefings and Workshops, which totalled 35.



The City's audited 2007/2008 financial statements again reflect the results of a responsible, sustainable financial management approach and the effective stewardship of our financial assets. Rigorous strategic financial planning, supported by effective treasury management that allows timely access to the funds needed, ensures that the community enjoys relevant and cost-effective service delivery. Robust internal controls provide effective management of the City's financial assets. Accountably for the use of those assets is achieved through high quality financial management and reporting systems that ensure 'value for money outcomes' are delivered to our community.

Successfully delivering these best value outcomes in difficult economic times is a challenge that the City strives to meet through a culture of continuous improvement in its financial management.

At the conclusion of the 2007/2008 year, the City's net asset position had improved from \$181.5M to \$190.6M - largely as the result of a significant capital investment to enhance the value of our civic buildings and our infrastructure. This reflects a 5.2% improvement in the net asset position over the previous year.

The strength of the City's financial position is reflected in the continuing positive trends in the financial ratios disclosed in the financial statements. Dependence on rates as a funding source remains within benchmark levels, whilst short term liquidity and the debt service ratio compare very favourably to our Local Government peers. The outstanding rates ratio at 1.3% reflects another outstanding collection result. Together, these ratios provide convincing evidence of the City's continued commitment to responsible and sustainable financial management.

Annual revenue reached \$43.3M against a budget target of \$43.4M due to excellent investment

performance but slightly less than anticipated success in completing works necessary to secure road grant funding and vehicle trade-in proceeds. This revenue will still be accessible in 2008/2009. Operating expenditure of \$35.99M (including the underground power project) was less than the \$36.19M budget allocation due to staff vacancies and savings on interest expense on borrowings that were not required in 2007/2008. Approximately 82% 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 2008/2009 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 2008, a total of \$23.1M was held in cash backed reserves. Of this, \$15.0M are quarantined reserves relating to waste management, the Collier Park Golf Course and Collier Park Retirement Complex. The remaining \$8.1M represents accumulated funds for future projects including \$4.6M in the Future Fund and \$3.5M in general reserves.

Looking forward to the new year, the 2008/2009 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. Important community initiatives, particularly in relation to our facilities and buildings, can be supported by thoughtful forward financial planning to ensure that the burden for funding them is equitably distributed across both present and future ratepayers.

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 2008**

	NOTE	BUDGET \$	2008 \$	2007 \$
REVENUE FROM ORDINARY ACTIVITIES	3,4			
General Purpose Funding		22,675,021	22,865,381	21,402,773
Governance		268,000	270,527	75,193
Law, Order & Public Safety		140,500	216,027	112,706
Education		0	0	0
Health		21,500	15,744	22,336
Welfare		0	0	0
Housing		2,473,060	2,696,119	2,250,230
Community Amenities		4,578,750	4,611,690	3,964,713
Recreation & Culture		3,162,750	3,103,946	2,591,196
Transport		7,531,500	7,448,528	1,137,902
Economic Services		461,500	535,666	483,931
Other Property & Services		97,500	101,365	121,902
TOTAL OPERATING REVENUE		41,410,081	41,864,993	32,162,882
EXPENSES FROM ORDINARY ACTIVITIES	3,4			
General Purpose Funding		253,866	188,242	229,178
Governance		4,117,237	3,818,337	3,240,289
Law, Order & Public Safety		571,837	517,801	517,590
Education		63,900	67,082	60,330
Health		504,790	528,213	415,630
Welfare		286,373	323,823	251,485
Housing		2,880,290	2,985,758	2,778,219
Community Amenities		6,038,611	5,863,402	4,947,359
Recreation & Culture		10,339,576	10,495,912	9,803,010
Transport		9,889,175	10,010,705	7,796,846
Economic Services		600,730	576,801	547,583
Other Property & Services		187,267	274,954	38,702
TOTAL OPERATING EXPENSES		35,733,652	35,651,030	30,626,221
BORROWING EXPENSES				
General Purpose Funding		195,000	148,912	165,616
DISPOSAL OF ASSETS				
Proceeds on Disposal		468,992	284,983	391,718
Carrying Amount		(263,055)	(198,852)	(262,170)
PROFIT / (LOSS) ON DISPOSAL		205,937	86,131	129,548
GRANTS - DEVELOPMENT OF ASSETS				
Grants - Asset Acquisition		1,523,427	1,179,574	781,657
NET RESULT		\$7,210,793	\$7,330,756	\$2,282,250

The accompanying notes form part of the financial statements

**CITY OF SOUTH PERTH
BALANCE SHEET
AS AT 30 JUNE 2008**

	NOTE	2008 \$	2007 \$
CURRENT ASSETS			
Cash & Cash Equivalents	5, 24	25,744,853	23,188,970
Trade & Other Receivables	6	2,494,064	958,450
Inventories	7	54,254	87,594
Financial Assets	8	1,517,178	1,000,000
Other Current Assets	9	517,351	317,642
TOTAL CURRENT ASSETS		30,327,700	25,552,656
NON-CURRENT ASSETS			
Other Receivables	6	4,049,310	687,043
Infrastructure, Property, Plant & Equipment	10, 30	186,529,531	184,534,672
TOTAL NON-CURRENT ASSETS		190,578,841	185,221,715
TOTAL ASSETS		220,906,541	210,774,371
CURRENT LIABILITIES			
Trade & Other Payables	11	2,190,134	2,643,838
Interest Bearing Loans & Borrowings	12, 27	316,402	298,707
Provisions	13	1,735,945	1,719,722
TOTAL CURRENT LIABILITIES		4,242,481	4,662,267
NON-CURRENT LIABILITIES			
Other Payables	11	328,277	524,110
Leaseholder Liability	11	23,280,198	21,214,773
Interest Bearing Loans & Borrowings	12, 27	2,074,537	2,390,939
Provisions	13	355,682	406,276
TOTAL NON-CURRENT LIABILITIES		26,038,694	24,536,098
TOTAL LIABILITIES		30,281,175	29,198,365
NET ASSETS		\$190,625,366	\$181,576,006
EQUITY			
Retained Surplus		122,298,964	120,741,001
Reserves - Cash Backed	14	23,103,303	17,330,509
Reserves - Asset Revaluation	14	45,223,099	43,504,496
TOTAL EQUITY		\$190,625,366	\$181,576,006

The accompanying notes form part of the financial statements

**CITY OF SOUTH PERTH
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008**

	NOTE	2008 \$	2007 \$
RESERVES			
Cash Backed			
Balance at Beginning of Year		17,330,510	15,890,895
Amount transferred from Retained Surplus		(6,419,638)	(4,594,642)
Amount transferred to Retained Surplus		12,192,431	6,034,256
Balance at End of Year	14	23,103,303	17,330,509
Non Cash Backed - Asset Revaluation Reserve			
Balance at Beginning of Year		43,504,496	34,755,577
Amount transferred to Reserve - Revaluation of Roads		1,268,640	623,123
Amount transferred to Reserve - Revaluation of Paths		(401,881)	2,275,998
Amount transferred to Reserve - Revaluation of Drains		851,844	5,697,807
Amount transferred to Reserve - Revaluation of Artworks		0	151,991
Amount transferred to Retained Earnings		0	0
Balance at End of Year	14	45,223,099	43,504,496
TOTAL RESERVES AT END OF YEAR		68,326,402	60,835,005
RETAINED SURPLUS			
Balance at Beginning of Year		120,741,001	119,898,365
Net Operating Result		7,330,756	2,282,250
Aggregate Transfers to Reserves		(12,192,431)	(6,034,256)
Aggregate Transfers from Reserves		6,419,638	4,594,642
Balance at End of Year		122,298,964	120,741,001
TOTAL EQUITY		\$190,625,366	\$181,576,006

The accompanying notes form part of the financial statements

**CITY OF SOUTH PERTH
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	NOTE	BUDGET \$	2008 \$	2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates Revenue		19,478,021	19,255,799	18,476,541
Fees & Service Charges		10,395,159	9,214,763	10,033,695
Interest Revenue		2,358,000	2,512,408	2,019,161
Other Revenue		3,900,570	4,542,944	968,355
Grants - Operating		1,907,500	1,945,763	1,662,989
GST Refunded		1,648,309	1,649,309	1,532,560
Total Operating Cash Receipts		39,687,559	39,120,986	34,693,301
Payments				
Employee Costs		(13,940,390)	(13,823,560)	(12,294,070)
Materials & Contracts		(15,034,319)	(15,488,746)	(12,216,284)
Interest Expense		(175,000)	(148,912)	(165,616)
Utilities & Insurance Costs		(1,373,950)	(1,681,708)	(1,390,631)
Other Expenses		(1,041,061)	(1,425,437)	(1,268,946)
Total Operating Cash Payments		(31,564,720)	(32,568,363)	(27,335,547)
Net Cash Flows from Operating Activities	24	8,122,839	6,552,623	7,357,754
CASH FLOWS FROM INVESTING				
Proceeds from Sale of Property, Plant & Equipment		468,992	284,983	391,718
Purchase / Construction of Assets		(8,712,588)	(6,710,837)	(6,774,286)
Grants for Development of Assets		1,523,427	1,179,574	781,657
Net Cash used in Investing Activities		(6,720,169)	(5,246,280)	(5,600,911)
CASH FLOWS FROM FINANCING				
Proceeds from Borrowings		0	2,065,425	286,419
Self Supporting Loan Receipts		50,000	50,387	32,489
Repayment of Borrowings		(450,000)	(349,094)	(314,492)
Net Cash Flow from Financing Activities		400,000	1,766,718	4,416
Net Increase / (Decrease) in Cash Held		1,002,670	3,073,061	1,761,259
Cash & Cash Equivalents at Beginning of Year		24,188,970	24,188,970	22,427,711
Cash & Cash Equivalents at End of Year	24	\$25,191,640	\$27,262,031	\$24,188,970

The accompanying notes form part of the financial statements

**CITY OF SOUTH PERTH
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	NOTE	BUDGET \$	2008 \$	2007 \$
OPERATING REVENUE (Excluding Rates)				
General Purpose Funding		3,267,000	3,430,521	3,050,930
Governance		268,000	270,527	75,193
Law, Order & Public Safety		140,500	216,027	112,706
Education		0	0	0
Health		21,500	15,744	22,336
Welfare		0	0	0
Housing		2,473,060	2,696,119	2,250,230
Community Amenities		4,578,750	4,611,690	3,964,713
Recreation & Culture		3,162,750	3,103,946	2,591,196
Transport		7,531,500	7,448,528	1,137,902
Economic Services		461,500	535,666	483,931
Other Property & Services		97,500	101,365	121,902
		22,002,060	22,430,133	13,811,040
OPERATING EXPENDITURE				
General Purpose Funding		(448,866)	(337,154)	(394,794)
Governance		(4,197,892)	(3,882,678)	(3,334,390)
Law, Order & Public Safety		(571,837)	(517,801)	(517,590)
Education		(63,900)	(67,082)	(60,330)
Health		(524,740)	548,409)	(415,630)
Welfare		(286,373)	(323,823)	(251,485)
Housing		(2,880,290)	(2,985,758)	(2,795,923)
Community Amenities		(6,070,145)	(5,878,393)	(4,947,813)
Recreation & Culture		(10,395,550)	(10,535,567)	(9,355,254)
Transport		(9,964,117)	(10,070,373)	(7,374,053)
Economic Services		(600,730)	(576,801)	(558,607)
Other Property & Services		(187,267)	(274,954)	(1,048,137)
		(36,191,707)	(35,998,793)	(31,054,006)
NET RESULT		(14,189,647)	(13,568,660)	(17,242,966)
Add back Non Cash Items *1		6,469,805	6,398,342	6,345,242
Proceeds from Disposal of Assets		468,992	284,983	391,718
Contributions for Acquisition of Assets		1,523,427	1,179,574	781,657
		(5,727,423)	(5,705,761)	(9,724,349)
FUNDS DEMAND FROM OPERATIONS				
ACQUISITION OF NON CURRENT ASSETS				
Purchase of Buildings		(673,000)	(0)	(3,888,591)
Construction of Infrastructure Assets		(6,596,800)	(4,983,753)	(4,005,734)
Purchase of Plant & Equipment		(100,000)	(113,192)	(123,917)
Purchase of Mobile Plant		(993,310)	(993,363)	(984,139)
Purchase of Furniture		(54,500)	(31,990)	(592,624)
Purchase of Equipment & Technology		(278,978)	(148,372)	(315,614)
Work in Progress		0	(441,516)	3,135,584
		(8,696,588)	(6,712,186)	(6,775,035)

**CITY OF SOUTH PERTH
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	NOTE	BUDGET \$	2008 \$	2007 \$
FINANCING ACTIVITIES				
Incoming Accommodation Bond Contributions		460,000	2,065,425	286,419
Repayment of Loan Borrowings		(425,000)	(298,707)	(282,003)
Transfers from Reserves		5,918,076	6,419,638	4,594,642
Transfers to Reserves		(9,331,161)	(12,192,431)	(6,034,256)
Self Supporting Loan - Recoup of Principal		25,000	26,698	32,489
Movement in Non Current Restricted Assets (Cash backed Bonds & Deposits)		115,000	(195,833)	13,342
Movement in Non Current UGP Debt		(5,150,000)	(3,379,014)	0
		(8,388,085)	(7,554,224)	(1,389,367)
DEMAND - NON OPERATING RESOURCES				
		(17,084,673)	(14,266,410)	(8,164,402)
Opening Position Brought Forward		3,583,928	3,583,928	3,120,838
Closing Position to be Carried Forward		(179,853)	(335,617)	(683,678)
Funds relating to Carry Forward Works			(2,685,000)	(2,900,250)
AMOUNT TO BE MADE UP FROM RATES		(\$19,408,021)	(\$19,434,860)	(\$18,351,841)

*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 2008**

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 2008. 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.

(f) Investments & Other Financial Instruments

Classification

Investments are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial Assets at Fair Value through Profit and Loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short term. Council's investment policy specifically precludes the use of derivative financial instruments.

(ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included as Current Assets, except for those with maturities greater than 12 months after the Balance Sheet date - which are classified as Non-Current Assets. Loans and receivables are included in trade and other receivables in the Balance Sheet.

(iii) Held-to-Maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities for which the City's management has both positive intention and ability to hold to maturity. Should other than an insignificant amount of held-to-maturity financial assets be sold, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included as Non Current Assets, except for those with maturities less than 12 months from the reporting date, which are classified as Current Assets.

(iv) Available-for-Sale Financial Assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in Non Current Assets unless management intends to dispose of the investment within 12 months of the Balance Sheet date. Investments are only designated as available for sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and De-recognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the City commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

(f) Investments & Other Financial Instruments (continued)

Subsequent Measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the Income Statement within Other Revenue or Other Expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the Income Statement as part of revenue from continuing operations when the City's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

The City assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

Fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The City uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value (less estimated credit adjustments of trade receivables and payables) are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(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.

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

(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.

(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

In accordance with Australian Accounting Standards, the City's assets other than inventories are assessed at each reporting date to determine whether or not there is any indication that they may be impaired.

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with the provisions of AASB 136 Impairment of Assets - and appropriate adjustments are made. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating capacity exceeds its recoverable amount. Impairment losses are recognised immediately in the Income Statement.

For non cash generating assets such as roads, paths, drains and public buildings, value in use is represented by the written down replacement value of the asset.

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

(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.

(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. Fees paid on the establishment of loan facilities that are yield related are included in the carrying amount of the borrowings. 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. This is calculated based on the remuneration rates the City expects to pay and includes related on costs.

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. Consideration is also given to expected future wage and salary levels and past experience with staff departures and periods of service.

(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.

(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.

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

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, 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 2008**

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 2008**

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	2008	2007
	\$	\$	\$
Employee Costs	13,763,068	13,469,961	12,396,073
Materials and Contracts	13,038,401	13,112,159	9,497,155
Depreciation	6,236,750	6,235,730	6,101,183
Interest Expense	195,000	148,912	165,616
Utilities and Insurance Expense	1,478,950	1,603,576	1,467,962
Carrying Amount of Assets Disposed	263,055	198,852	262,169
Other Expenses / Allocated Outwards	1,216,483	1,229,604	1,163,850
	\$36,191,707	\$35,998,794	\$31,054,008

(b) Operating Revenue Classified by Nature and Type			
Rates	19,408,021	19,434,860	18,351,841
Fees and Charges	9,865,990	10,065,289	9,117,226
Interest Revenue	2,298,000	2,513,870	2,062,516
Grants and Subsidies	3,430,927	3,125,337	2,470,350
Contributions, Reimbursements & Donations	289,500	311,553	337,897
Proceeds on Disposal of Assets	468,992	284,983	391,718
Service Charges	6,865,000	6,787,588	0
Other Revenue	776,070	806,070	604,710
	\$43,402,500	\$43,329,550	\$33,336,258

Net Operating Result	\$7,210,793	\$7,330,756	\$2,282,250
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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	1,190,000	1,392,248	1,029,919
Interest Income - Municipal	950,000	951,798	866,168
Interest Income - Rates Debts	158,000	169,824	166,429
Total Interest Revenue	\$2,298,000	\$2,513,870	\$2,062,516

(d) Other Expenses

Auditors Remuneration - Audit Fees	25,000	21,029	21,435
Impaired Debts Expense	50,000	62,218	55,948
	\$75,000	\$83,247	\$77,383

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

(e) Assets attributed by Function / Program	WDV Value	Depreciation
Governance	15,988,006	482,228
Law, Order and Public Safety	218,285	36,440
Education	870,367	20,775
Health	2,243,225	24,086
Welfare	1,828,026	37,386
Housing	19,266,319	396,499
Community Amenities	1,442,496	126,723
Recreation and Culture	59,315,531	870,619
Transport	74,369,469	3,549,440
Economic Services	19,846	5,779
Other Property and Services	10,967,960	685,755
	\$186,529,530	\$6,235,730

(f) Depreciation Expense by Asset Category	2008 \$	2007 \$
Artworks	6,157	2,554
Buildings	1,139,414	1,049,579
Computer Equipment	204,508	173,471
Furniture and Fittings	118,126	67,487
Mobile Plant	720,119	716,414
Plant and Equipment	53,470	44,629
Infrastructure - Roads	2,906,570	2,928,445
Infrastructure - Footpaths	201,237	251,995
Infrastructure - Drains	204,395	232,785
Infrastructure - Street Furniture	103,775	97,973
Infrastructure - Parks Equipment	577,959	535,851
	\$6,235,730	\$6,101,183

(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	1,445	(1,445)
Mobile Plant	284,983	197,407	87,577
Plant & Equipment	0	0	0
	\$284,983	\$198,851	\$86,132

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	468,992	263,055	205,937
Plant & Equipment	0	0	0
	\$468,992	\$263,055	\$205,937

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

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

	BUDGET	2008	2007
	\$	\$	\$
General Purpose Funding	205,000	193,661	227,126
Governance	0	0	0
Law, Order and Public Safety	49,000	56,276	14,458
Health	9,500	3,775	11,982
Housing	1,757,990	1,944,537	1,548,367
Community Amenities	4,546,750	4,548,782	4,001,286
Recreation and Culture	2,270,750	2,262,759	2,270,024
Transport	601,000	573,783	601,917
Economic Services	423,500	481,353	441,562
Other Property and Services	2,500	363	504
	\$9,865,990	\$10,065,289	\$9,117,226

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:

	2008	2007
	\$	\$
Cash at Bank	251,194	193,681
At Call / Term Deposits - less than 180 days to maturity	25,493,659	22,995,289
Total Cash & Cash Equivalents	\$25,744,853	\$23,188,970

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	795,827	731,456
Future Municipal Works Reserve	1,460,603	1,224,043
Collier Park Village Residents Loan Offset Reserve	8,096,147	5,444,615
Collier Park Hostel Capital Works Reserve	619,217	572,307
Collier Park Hostel Loan Offset Reserve	1,174,122	1,297,348
Collier Park Golf Course Reserve	1,849,556	2,243,176
Waste Management Reserve	3,320,370	2,891,485
Reticulation and Pump Reserve	208,137	193,717
Information Technology Reserve	257,712	334,980
Insurance Risk Reserve	42,560	37,915
Footpath Reserve	113,038	105,206
Underground Power Reserve	65,186	580,817
Parking Facilities Reserve	134,150	172,499
Collier Park Village Reserve	983,253	872,722
River Wall Reserve	348,441	305,329
Railway Station Precincts Reserve	398,356	322,894
Future Building Projects Reserve	3,157,189	0
Future Transport Projects Reserve	79,439	0
Future Parks Works Reserve	0	0
Future Streetscapes Reserve	0	0
Monies held in Trust - Current	277,701	274,659
Cash set aside for Employee Entitlements - Current	1,735,945	1,719,722
Total Restricted Cash	\$25,116,949	\$19,324,890

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

5. CASH & CASH EQUIVALENTS (Continued)	2008	2007
	\$	\$
Reconciliation of Cash & Cash Equivalents		
Unrestricted Cash and Cash Equivalents	627,904	3,864,080
Restricted Cash and Cash Equivalents	25,116,949	19,324,890
Total Cash & Cash Equivalents	\$25,744,853	\$23,188,970

6. TRADE & OTHER RECEIVABLES

Current

Rates Outstanding	249,861	169,618
Loans - Clubs and Institutions	41,928	42,429
Sundry Debtors	494,298	126,681
Grants / Contributions Receivable	210,598	233,963
Infringement Debtors	212,821	276,183
GST Receivable from ATO	285,774	127,868
Pensioner Rebate Receivable	113,155	14,336
Underground Power - Stage 3	900,537	0
ESL Debtors	49,062	26,025
	2,558,034	1,017,103
Less: Provision for Impairment of Debts	(63,970)	(58,653)
Total Current Trade & Other Receivables	\$2,494,064	\$958,450

Non Current

Rates Outstanding - Pensioner Deferrals	390,219	387,695
ESL Outstanding - Pension Deferrals	31,835	24,909
Loans - Clubs and Institutions	248,242	274,439
Underground Power - Stage 3	3,379,014	0
Total Non-Current Trade & Other Receivables	\$4,049,310	\$687,043

7. INVENTORIES

Materials and Fuel at Cost	25,147	40,554
Nursery Green Stock	29,107	47,040
Total Inventories	\$54,254	\$87,594

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:

	2008	2007
	\$	\$
Held to Maturity Financial Assets - Current		
Term Deposits with a term to maturity of 6 to 12 months	1,517,178	1,000,000
Total Current Financial Assets	\$1,517,178	\$1,000,000

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

9. OTHER CURRENT ASSETS	2008	2007
	\$	\$
Prepayments	321,108	122,861
Accrued Income	196,243	194,781
Total Other Current Assets	\$517,351	\$317,642

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 2008. 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. The valuation was last updated at 30 June 2008. All other classes of infrastructure assets are currently carried at cost.

Details of movements in the carrying amounts of all asset classes are disclosed at Note 30.

ASSET CATEGORY	2008	2007
	\$	\$
Land at cost	60,160,120	60,160,120
	60,160,120	60,160,120
Buildings		
Independent valuation	80,331,417	76,442,825
Buildings - Current Year Additions at cost	0	3,888,592
Less Accumulated Depreciation	(34,369,542)	(33,230,128)
	45,961,875	47,101,289
Artworks		
Independent valuation	318,687	313,932
Less Accumulated Depreciation	(22,654)	(16,497)
	296,033	297,435
Computer Equipment at cost	1,248,201	1,129,102
Less Accumulated Depreciation	(622,572)	(442,583)
	625,629	686,519
Furniture and Fittings at cost	2,048,290	2,026,208
Less Accumulated Depreciation	(1,340,675)	(1,231,011)
	707,615	795,197
Mobile Plant at cost	6,634,221	6,132,429
Less Accumulated Depreciation	(4,287,385)	(3,861,430)
	2,346,836	2,270,999

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

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

	2008 \$	2007 \$
Plant and Equipment at cost	1,837,526	1,726,496
Less Accumulated Depreciation	(1,429,464)	(1,378,158)
	408,062	348,338
Infrastructure - Roads at valuation	60,378,622	58,131,401
Less Accumulated Depreciation	(23,413,863)	(21,587,202)
	36,964,759	36,544,199
Infrastructure - Drains at valuation	24,007,850	22,886,622
Less Accumulated Depreciation	(6,855,870)	(6,534,992)
	17,151,980	16,351,630
Infrastructure - Paths at Valuation	16,349,854	15,155,939
Less Accumulated Depreciation	(5,805,707)	(5,094,102)
	10,544,147	10,061,837
Infrastructure - Street Furniture at cost	2,184,244	2,050,187
Less Accumulated Depreciation	(991,522)	(887,747)
	1,192,722	1,162,440
Infrastructure - Parks Equipment at cost	18,828,692	17,275,814
Less Accumulated Depreciation	(9,100,455)	(8,522,495)
	9,728,237	8,753,319
Capital Work in Progress		
Artworks	0	1,350
Building Refurbishment - Challenger Pavillion	55,977	0
Building Refurbishment - Old Mill Theatre	175,649	0
Building Refurbishment - Collier Pavillion	209,890	0
	441,516	1,350
Total Infrastructure, Property, Plant & Equipment	\$186,529,531	\$184,534,672

11. TRADE & OTHER PAYABLES

Current

Accounts Payable	1,874,838	2,024,214
Income in Advance	37,595	25,737
Accrued Wages	0	319,228
Bonds & Deposits	277,701	274,659
Total Current Trade & Other Payables	\$2,190,134	\$2,643,838

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

11. TRADE & OTHER PAYABLES (Continued)	2008	2007
	\$	\$
Non Current		
Bonds & Deposits	328,277	524,110
Leaseholder Liability - Collier Park Village	22,106,077	19,917,426
Leaseholder Liability - Collier Park Hostel	1,174,121	1,297,347
Total Non Current Trade & Other Payables	23,608,475	\$21,738,883

12. INTEREST BEARING LOANS & BORROWINGS

Current		
Loans - City	279,906	264,273
Loans - Self Supporting	36,496	34,434
Total Current Interest Bearing Loans & Borrowings	\$316,402	\$298,707
Non-Current		
Loans - City	1,857,984	2,137,890
Loans - Self Supporting	216,553	253,049
Total Non-Current Interest Bearing Loans & Borrowings	\$2,074,537	\$2,390,939

The City did not undertake any new borrowings during the 2007/2008 reporting period. Borrowings initially proposed for 2007/2008 in relation to the UGP Stage 3 project (disclosed in the adopted budget) were deferred until 2008/2009 due to the delay in Western Power commencing the contract works. The borrowings and related expenditure were removed from the 2007/2008 budget via a budget review.

The City uses loan borrowings as part of a responsibly balanced funding strategy to support the construction of long term assets or major infrastructure works. 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 the self supporting loans. A receivable amount equivalent to the outstanding balance on the loan is also recognised in the Balance Sheet.

Details of all loan borrowings - City loans and Self Supporting Loans, are disclosed in the Schedule of Loan Borrowings at Note 27.

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	1,041,735	1,106,430
Long Service Leave	694,210	613,292
Total Current Provisions	\$1,735,945	\$1,719,722
Non-Current		
Long Service Leave	335,682	406,276
Total Non-Current Provisions	\$335,682	\$406,276

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

14. RESERVES	BUDGET \$	2008 \$	2007 \$
Plant Replacement Reserve No. 1			
Balance at 1 July	731,456	731,456	687,349
Transfers from Retained Surplus	541,982	554,371	544,107
Transfer to Retained Surplus	(490,000)	(490,000)	(500,000)
Balance at 30 June	783,438	795,827	731,456
Future Municipal Works Reserve			
Balance at 1 July	1,224,043	1,224,043	997,463
Transfers from Retained Surplus	1,033,582	1,086,560	657,580
Transfer to Retained Surplus	(850,000)	(850,000)	(431,000)
Balance at 30 June	1,407,625	1,460,603	1,224,043
Collier Park Village Loan Offset Reserve			
Balance at 1 July	5,444,615	5,444,615	4,740,510
Transfers from Retained Surplus	1,945,244	4,180,280	2,064,416
Transfer to Retained Surplus	(1,200,000)	(1,528,748)	(1,360,311)
Balance at 30 June	6,189,859	8,096,147	5,444,615
Collier Park Hostel Capital Works Reserve			
Balance at 1 July	572,307	572,307	513,922
Transfers from Retained Surplus	116,919	133,644	186,007
Transfer to Retained Surplus	(94,030)	(86,734)	(127,622)
Balance at 30 June	595,196	619,217	572,307
Collier Park Hostel Loan Offset Reserve			
Balance at 1 July	1,297,348	1,297,348	1,399,368
Transfers from Retained Surplus	480,000	412,300	468,084
Transfer to Retained Surplus	(420,000)	(535,526)	(570,104)
Balance at 30 June	1,357,348	1,174,122	1,297,348
Collier Park Golf Course Reserve			
Balance at 1 July	2,243,176	2,243,176	2,075,045
Transfers from Retained Surplus	665,880	721,235	744,251
Transfer to Retained Surplus	(1,240,495)	(1,114,855)	(576,120)
Balance at 30 June	1,668,561	1,849,556	2,243,176
Waste Management Reserve			
Balance at 1 July	2,891,485	2,891,485	2,867,684
Transfers from Retained Surplus	300,836	564,151	242,555
Transfer to Retained Surplus	(112,727)	(135,266)	(218,754)
Balance at 30 June	3,079,594	3,320,370	2,891,485
Reticulation & Pump Reserve			
Balance at 1 July	193,717	193,717	182,376
Transfers from Retained Surplus	161,957	164,420	161,341
Transfer to Retained Surplus	(150,000)	(150,000)	(150,000)
Balance at 30 June	205,674	208,137	193,717

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

14. RESERVES (Continued)	BUDGET \$	2008 \$	2007 \$
Information Technology Reserve			
Balance at 1 July	334,980	334,980	277,366
Transfers from Retained Surplus	164,432	172,732	307,614
Transfer to Retained Surplus	(250,000)	(250,000)	(250,000)
Balance at 30 June	249,412	257,712	334,980
Insurance Risk Reserve			
Balance at 1 July	37,915	37,915	30,906
Transfers from Retained Surplus	23,105	24,645	27,009
Transfer to Retained Surplus	(20,000)	(20,000)	(20,000)
Balance at 30 June	41,020	42,560	37,915
Footpath Reserve			
Balance at 1 July	105,206	105,206	99,029
Transfers from Retained Surplus	6,494	7,832	6,177
Transfer to Retained Surplus	(0)	(0)	(0)
Balance at 30 June	111,700	113,038	105,206
Underground Power Reserve			
Balance at 1 July	580,817	580,817	627,149
Transfers from Retained Surplus	20,765	34,369	38,668
Transfer to Retained Surplus	(550,000)	(550,000)	(85,000)
Balance at 30 June	51,582	65,186	580,817
Parking Facilities Reserve			
Balance at 1 July	172,499	172,499	162,074
Transfers from Retained Surplus	7,556	11,651	10,425
Transfer to Retained Surplus	(50,000)	(50,000)	(0)
Balance at 30 June	130,055	134,150	172,499
Collier Park Village Reserve			
Balance at 1 July	872,722	872,722	766,095
Transfers from Retained Surplus	486,309	679,040	392,358
Transfer to Retained Surplus	(400,824)	(568,509)	(285,731)
Balance at 30 June	958,207	983,253	872,722
River Wall Reserve			
Balance at 1 July	305,329	305,329	209,992
Transfers from Retained Surplus	125,064	133,112	115,337
Transfer to Retained Surplus	(90,000)	(90,000)	(20,000)
Balance at 30 June	340,393	348,441	305,329
Railway Station Precincts Reserve			
Balance at 1 July	322,894	322,894	254,567
Transfers from Retained Surplus	73,036	75,462	68,327
Transfer to Retained Surplus	(0)	(0)	(0)
Balance at 30 June	395,930	398,356	322,894

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

14. RESERVES (Continued)	BUDGET	2008	2007
	\$	\$	\$
Future Building Works Reserve			
Balance at 1 July	0	0	0
Transfers from Retained Surplus	3,100,000	3,157,189	0
Transfer to Retained Surplus	(0)	(0)	(0)
Balance at 30 June	3,100,000	3,157,189	0
Future Transport Works Reserve			
Balance at 1 July	0	0	0
Transfers from Retained Surplus	78,000	79,439	0
Transfer to Retained Surplus	0	(0)	(0)
Balance at 30 June	78,000	79,439	0
Future Streetscapes Works Reserve			
Balance at 1 July	0	0	0
Transfers from Retained Surplus	0	0	0
Transfer to Retained Surplus	(0)	(0)	(0)
Balance at 30 June	0	0	0
Future Parks Works Reserve			
Balance at 1 July	0	0	0
Transfers from Retained Surplus	0	0	0
Transfer to Retained Surplus	(0)	(0)	(0)
Balance at 30 June	0	0	0
TOTAL CASH BACKED RESERVES	\$20,743,594	\$23,103,303	\$17,330,509
NON CASH BACKED RESERVES			
Asset Revaluation Reserve			
Balance at 1 July	43,504,496	43,504,496	34,755,577
Current Year Revaluation Decrement	0	(401,881)	0
Current Year Revaluation Increment	0	2,120,484	8,748,919
Balance at 30 June	\$43,504,496	\$45,223,099	\$43,504,496
TOTAL RESERVES	\$64,248,090	\$68,326,402	\$60,835,005

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.

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

14. RESERVES (Continued)

- **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.
- **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. The reserve is used to accumulate and quarantine cash collections from each precinct as power is undergrounded.
- **PARKING RESERVE**
Used to quarantine funds contributed by developers in lieu of providing parking facilities. Funds are used to provide parking within the district in the vicinity of these developments as opportunities arise in the future.

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

14. RESERVES (Continued)

- **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 railway stations constructed as part of the Perth to Mandurah railway.
- **FUTURE BUILDING WORKS RESERVE**
Established to quarantine monies to be used to support identified future major upgrades of City and Civic buildings in line with approved building management strategies. The creation of this reserve represents a conscious decision to address the infrastructure funding gap.
- **FUTURE TRANSPORT WORKS RESERVE**
Established to quarantine monies to be used to provide future road projects or to hold previously allocated monies for projects that are unable to be completed within the current year due to contractor or material shortages - until those shortages are addressed and the project can proceed.
- **FUTURE STREETSCAPE WORKS RESERVE**
Established to quarantine monies to be used for future streetscape works.
- **FUTURE PARK WORKS RESERVE**
Established to quarantine monies to be used to provide for future major park upgrades

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 Trust monies are fully cash backed by separately identified bank accounts. At reporting date the classes of controlled trusts were:

	2008	2007
	\$	\$
Current Trust Funds		
Footpath Deposits	237,907	227,615
Tender Deposits	0	0
Hall Bonds	1,685	5,628
Lessee Bonds	0	0
Sundry Trusts	38,109	34,270
Private Crossover Deposits	0	7,146
Total Current Controlled Trusts	\$277,701	\$274,659

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

15. TRUST FUNDS (Continued)	2008	2007
	\$	\$
Non Current Trust Funds		
Footpath Deposits	293,998	475,064
Tender Deposits	0	10,431
Hall Bonds	90	476
Lessee Bonds	0	2,500
Sundry Trusts	23,986	32,582
Private Crossover Deposits	10,203	3,057
Total Non Current Controlled Trusts	\$328,277	\$524,110

(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	21,547	27,497
Miscellaneous Trusts	0	1,196
Total Non Controlled Trusts	\$21,547	\$28,693

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

Footpath Deposits		
Opening Balance	702,679	778,886
Trust Deposits Received	259,650	260,464
Refunds & Retentions	(430,425)	(336,671)
Closing Balance	\$531,904	\$702,679

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

Hall Bond Deposits		
Opening Balance	6,104	8,779
Trust Deposits Received	28,775	69,575
Refunds & Retentions	(33,104)	(72,250)
Closing Balance	\$1,775	\$6,104

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

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

15. TRUST FUNDS (Continued)	2008	2007
	\$	\$
Sundry Deposits		
Opening Balance	66,852	66,964
Trust Deposits Received	93,901	70,205
Refunds & Retentions	(98,657)	(70,317)
Closing Balance	<u>\$62,096</u>	<u>\$66,852</u>
Crossover Bonds		
Opening Balance	10,203	34,053
Trust Deposits Received	0	0
Refunds & Retentions	0	(23,850)
Closing Balance	<u>\$10,203</u>	<u>\$10,203</u>
Non Controlled Trusts		
Opening Balance	28,693	28,567
Trust Deposits Received	0	456
Refunds & Retentions	(7,146)	(330)
Closing Balance	<u>\$21,547</u>	<u>\$28,693</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>\$1,369,667</u>	<u>\$1,264,450</u>
Number of Employees at Balance Date	<u>213</u>	<u>213</u>

17. COUNCIL MEMBERS ENTITLEMENTS

For the year ended 30 June 2008, 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. Because fees and allowances are paid quarterly 'in advance', the change of election date to October (mid quarter) has meant that both incoming and outgoing Council Members were paid for the Oct - Dec quarter only in contested seats.

	BUDGET	2008	2007
	\$	\$	\$
Meeting Attendance Fees	98,000	108,319	96,483
Local Government Allowance - Mayor	45,000	49,512	40,004
Local Government Allowance - Deputy Mayor	11,250	12,378	10,000
Communication Allowances	28,600	29,710	28,600
Technology Allowances	15,600	16,138	15,600
Other Reimbursements	5,000	3,281	1,489
	<u>\$203,450</u>	<u>\$219,338</u>	<u>\$192,176</u>

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

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 2007/2008 Budget are carried forward into the new year to complete these works.

Building refurbishment - Challenger Pavillion (Tender)	194,000
Building refurbishment - Collier Pavillion (Tender)	45,000
SJMP / foreshore beaches project (Tender)	482,000
Lead consultant fees - Civic building refurbishment (Tender)	135,000
Precinct studies (Tender)	85,000
	<u><u>\$941,000</u></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 2007 for the purpose of the budget was \$533,366 (after indicative Carry Forward Works of \$2,427,750). This differs from the net current (unrestricted) assets shown in the audited financial report for the year ended 30 June 2007 of \$683,678 after allowing for Carry Forward Works of \$2,900,250.

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 7.4000 cents in the dollar (7.065 cents in 2007) 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 \$590.00 Minimum Rate was applied (\$565.00 in 2007). This rate was determined to reflect the basic cost incurred in servicing lots within the district for the 2007/2008 rating year.

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

(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 2007/2008 rating year. To be eligible, ratepayers were required to pay current year rates plus any arrears in full before the due date of 27 August 2007. 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	2008	2007
	\$	\$	\$
Administration Fee - Instalments	60,000	61,210	62,210
Interest on Rating - Pre Interest on Instalments	80,000	80,351	80,030
Interest on Overdue Rates	78,000	89,473	86,399
Total Charges and Interest	\$218,000	\$231,034	\$228,639

(h) **Emergency Services Levy**

During the 2007/2008 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 2007/2008 year, the City used the method of progressively remitting nominated portions of the total ESL levies to the Fire & Emergency Services Levy irrespective of whether they had been collected on not at 30 June 2008. Accordingly, the uncollected ESL funds at year end 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 2008**

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.

	2008	2007
	\$	\$
Cash on Hand	3,035	3,035
Cash at Bank	248,159	190,646
Bank Overdraft	0	0
Cash Equivalents	25,493,659	22,995,289
Financial Assets with 6 - 12 months to maturity	1,517,178	1,000,000
	\$27,262,031	\$24,188,970

RECONCILIATION OF NET CASH USED IN OPERATIONS TO NET OPERATING RESULT

Net Operating Result	7,330,756	2,282,250
Add/(less) Non Cash Items		
Depreciation	6,235,730	6,101,183
Profit on Sale of Assets	(86,131)	(129,549)
Non Operating Items reflected in Operating Statement		
Grants for the Construction of Assets	(1,179,574)	(781,657)
Changes in Assets & Liabilities during Financial Year		
(Increase) / Decrease in Current Receivables	(1,535,614)	588,651
(Increase) / Decrease in Non Current Receivables	(3,362,267)	25,748
Increase / (Decrease) in Income in Advance	11,858	(41,314)
Increase / (Decrease) in Current Payables	(146,334)	(656,874)
Increase / (Decrease) in Non Current Payables	(195,833)	(105,096)
(Increase) / Decrease in Inventory	33,340	(11,381)
Increase / (Decrease) in Non Current Provisions	(50,594)	108,571
(Increase) / Decrease in Prepayments	(198,247)	27,145
Increase / (Decrease) in Current Provisions	16,223	(15,593)
Increase / (Decrease) in Accrued Expenses	(319,228)	9,025
(Increase) / Decrease in Accrued Income	(1,462)	(43,355)
Net Cash Provided by Operations	6,552,623	7,357,754

(b) LOAN FACILITIES

Self Supporting Loans	253,079	287,513
City Loans	2,137,860	2,402,133
Net Loan Liability	\$2,390,939	\$2,689,646

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

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 unrepresented 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 RISK MANAGEMENT

The City's activities may expose it to financial risks including price risk, credit risk, liquidity risk and interest rate risk. The overall risk management strategy focuses on the unpredictability of financial markets - seeking to minimise potential adverse effects on the City's financial performance. There is no exposure to foreign currency risk as the City does not engage in foreign currency transactions.

Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2008	2007	2008	2007
Financial Assets				
Cash & Cash Equivalents	25,744,853	23,188,970	25,744,853	23,188,970
Other Financial Instruments	1,517,178	1,000,000	1,517,178	1,000,000
Receivables	6,543,374	1,645,493	6,543,374	1,645,493
Total Financial Assets	33,805,405	25,834,463	33,805,405	25,834,463
Financial Liabilities				
Payables	25,798,609	24,382,721	25,798,609	24,382,721
Borrowings	2,390,939	2,689,646	2,390,939	2,689,646
Total Financial Liabilities	28,189,548	27,072,367	28,189,548	27,072,367

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables & Payables
Estimated as the carrying value - which approximates net market value.
- Borrowings
Estimated as the carrying value - which approximates net market value.

(a) Cash & Cash Equivalents

The City's objective is to maximise its return on cash and investments - whilst preserving capital and maintaining an adequate level of liquidity to support operational needs. Financial Services manages the cash and investment portfolio in accordance with Policy P603 - Investment of Surplus Funds and the Department of Local Government Guideline 19. A comprehensive Investment Register is maintained at all times and an Investment Report disclosing the composition of the portfolio, counterparty risk, credit quality and investment performance is provided to Council on a monthly basis.

The major risk associated with investments is price risk - that is, the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market. Cash and investments are subject to interest rate risk - the risk that movements in interest rates could affect returns. Cash and investments are also subject to credit risk - the risk that a contracting entity may not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees.

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

26. FINANCIAL RISK MANAGEMENT (Continued)

The impact of a 1% change in interest rates on holdings of Cash & Investments is shown below:

Sensitivity Analysis	2008	2007
Impact of a 1% change in interest rates on Cash & Investments	\$	\$
Equity	272,620	241,890
Income Statement	272,620	241,890

(b) Receivables

The City's major receivables comprise rates, service charges and user fees and charges. The major risk associated with these receivables is credit risk - the risk that the debts may not be repaid. This risk is managed by monitoring outstanding debts and employing timely, effective debt recovery practices.

Credit risk on Rates, Rubbish Charges and UGP Service Charges is minimised through the City's ability to recover these debts as a secured charge over the land - that is, the land can be sold to recover the debt. The City also charges interest on overdue rates and rubbish charges at higher than market rates - which further encourages payment. The level of outstanding receivables is monitored against benchmarks for acceptable collection performance and reported to Council on a monthly basis.

A suitable provision for doubtful receivables is made as required following a critical assessment of outstanding receivables by class each year. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the City's credit risk at balance date was:

Type of Receivables	2008	2007
	\$	\$
Rates & Charges		
Current	98.7%	99.1%
Overdue	1.3%	0.9%
Other Receivables		
Current	86.0%	78.6%
Overdue	14.0%	21.4%

(c) 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 75 days. The average interest rate yield was 7.24% on investments and 6.57% on at call funds.

(d) Payables & Borrowings

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

Payments are made in accordance with agreed terms or statutory obligations - whichever is applicable. Credit terms may be extended or overdraft facilities drawn upon if required.

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing over long terms and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below.

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

26. FINANCIAL RISK MANAGEMENT (Continued)

Payables - Classified by Year

	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total Contractual Cash Flows	Carrying Values
2008					
Payables	2,190,134	328,277	0	2,518,411	2,518,411
Leaseholder Liability (Retirement Facility)	1,954,970	7,819,880	13,505,348	23,280,198	23,280,198
Borrowings	447,619	1,772,303	672,950	2,892,872	2,390,939
	4,592,723	9,920,460	14,178,298	28,691,481	28,189,548
2007					
Payables	2,643,838	524,110	0	3,167,948	3,167,948
Leaseholder Liability (Retirement Facility)	1,757,542	7,030,168	12,427,063	21,214,773	21,214,773
Borrowings	447,619	1,769,470	1,114,511	3,331,600	2,689,646
	4,848,999	9,323,748	13,541,574	27,714,321	27,072,367

Borrowings with Interest Rate Sensitivity

	< 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	> 5 Years	Total	Weighted Average Interest Rate
2008								
Fixed Rate								
Debtentures	316,402	332,135	348,647	369,304	391,157	633,294	2,390,939	5.78%
Weighted Ave Interest Rate	5.79%	5.79%	5.79%	5.79%	5.79%	5.75%		
2007								
Fixed Rate								
Debtentures	298,707	316,402	332,135	348,647	369,304	1,024,451	2,689,646	5.78%
Weighted Ave Interest Rate	5.78%	5.79%	5.79%	5.79%	5.79%	5.76%		

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

27. INTEREST BEARING BORROWINGS

The City undertakes borrowings for its own purposes as part of a balanced funding model. It also acts as a guarantor for Self Supporting Loans to a number of community groups. City borrowings are regarded as part of the overall municipal funding package and are not directly attributed to operational programs other than General Purpose Revenue. They are secured against the future general revenue of the local government. Loan No 221 & 222 are City loans.

Self Supporting Loans are guaranteed by the City on behalf of a nominated community sporting group. Responsibility for all payments of principal and interest rests with the beneficiary community sporting group. All payments are reimbursed by the relevant group - meaning that there is no financial impost on the City for these loans. Loan No 214, 218, 219 and 220 are Self Supporting Loans.

All loans borrowings detailed below are undertaken with WA Treasury Corporation. Loan terms, payment frequencies and interest rates vary as agreed at the time of negotiating the loan. Individual loan details are as specified in the following table.

Loan No	Loan Term	Maturity Date	Loan Principal	Interest Rate	Instalment Frequency	Balance 1 Jul 07	Principal Repayment	Interest Repayment	Total Repayment	Balance 30 Jun 08
City Loans										
221	10 Yr	Jun 2014	1,500,000	6.06%	Quarterly	1,140,343	135,036	66,076	201,112	1,005,307
222	10 Yr	Jun 2015	1,500,000	5.48%	Monthly	1,261,790	129,237	66,756	195,993	1,132,553
Self Supporting Loans										
214	5 Yr	Jan 2010	25,996	5.91%	Quarterly	13,980	5,336	722	6,058	8,644
218	15 Yr	Nov 2015	85,000	6.59%	Monthly	57,610	5,136	3,639	8,775	52,474
219	10 Yr	Jul 2013	225,000	5.60%	Quarterly	154,863	21,308	8,230	29,538	133,555
220	17 Yr	Nov 2021	62,542	6.28%	Monthly	61,060	2,654	3,489	6,143	58,406
						2,689,646	298,707	148,912	447,619	2,390,939

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

28. STATEMENT OF GENERAL PURPOSE FUNDING

	BUDGET 2008 \$	ACTUAL 2008 \$	ACTUAL 2007 \$
General Rate			
GRV - 15,440 Assessments at Rate in \$ of 7.400 cents	16,959,611	16,959,590	
GRV - 15,430 Assessments at Rate in \$ of 7.065 cents			16,027,106
Minimum Rate			
GRV - 3,901 Assessments at \$ 590.00 each	2,300,660	2,301,590	
GRV - 3,883 Assessments at \$ 565.00 each			2,193,895
Interim Rating			
GRV - Rate in \$ of 7.400 cents	147,750	173,680	
GRV - Rate in \$ of 7.065 cents			130,840
Sub Total	19,408,021	19,434,860	18,351,841
Plus - Late Payment Penalties / Interest on Rating	158,000	169,824	166,429
Plus - Administration Fees	65,000	66,574	74,181
Less - Rates written off	(5,000)	(3,438)	(6,892)
Total amount made up from Rates	19,626,021	19,667,820	18,585,559
Grant Revenue			
General (Untied) Grant	685,000	689,509	665,030
	685,000	689,509	665,030
Other General Purpose Income			
Pensioner's Deferred Rates Interest Grant	24,000	24,155	24,067
Interest Revenue (Including Reserve Funds)	2,080,000	2,268,166	1,844,629
ESL Transaction Processing Fee	45,000	44,550	55,665
Other General Purpose Revenue	210,000	167,743	220,931
	2,359,000	2,504,614	2,145,292
TOTAL GENERAL PURPOSE REVENUE	22,670,021	22,861,943	21,395,881
Expenses Associated with General Purpose Funding			
Rates Collection / Valuation Expenses	(260,098)	(189,774)	(233,850)
Interest Expense - Loans	(195,000)	(148,912)	(165,616)
Financing Expense	(50,000)	(62,218)	(55,948)
Allocated Outwards	61,232	67,188	67,512
GENERAL PURPOSE FUNDING EXPENSES	(443,866)	(333,716)	(387,902)
TOTAL GENERAL PURPOSE FUNDING	\$22,226,155	\$22,528,227	\$21,007,979

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

29. SCHEDULE OF RATING INFORMATION

ACTUAL

Particulars	Rateable Value \$	Rate in \$ Cents	Rate Yield \$	Min No.	Min Yield (\$)	Total \$
General Rate - GRV						
Residential	226,546,044	7.4000	14,816,500	3,803	2,243,770	17,060,270
Commercial	29,095,025	7.4000	2,143,090	98	57,820	2,200,910
Interim Rates	3,029,714	7.4000	173,680			173,680
RATES LEVIED	\$258,670,783		\$17,133,270	3,901	2,301,590	19,434,860

BUDGET

Particulars	Rateable Value \$	Rate in \$ Cents	Rate Yield \$	Min No.	Min Yield (\$)	Total \$
General Rate - GRV						
Residential	226,811,578	7.4000	14,782,514	3,801	2,242,840	17,025,354
Commercial	28,662,433	7.4000	2,177,097	98	57,820	2,234,917
Interim Rates		7.4000	147,750			147,750
RATES LEVIED	\$255,474,011		\$17,107,361	3,899	\$2,300,660	\$19,408,021

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

30. 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 2007	60,160,120	47,101,289	297,435	686,519	795,196	2,270,998	348,340	72,873,425	184,533,322
Additions	0	0	4,755	143,617	31,990	993,363	113,192	4,983,753	6,270,670
Disposals	0	0	0	0	(1,445)	(197,406)	0	0	(198,851)
Revaluation Increments	0	0	0	0	0	0	0	2,120,484	2,120,484
Revaluation Decrements	0	0	0	0	0	0	0	(401,881)	(401,881)
Write Down / Adjustments	0	0	0	0	0	0	0	0	0
Depreciation Expense	0	(1,139,414)	(6,157)	(204,508)	(118,126)	(720,119)	(53,470)	(3,993,936)	(6,235,730)
Category Balance	60,160,120	45,961,875	296,033	625,628	707,615	2,346,836	408,062	75,581,845	186,088,014
Capital Work in Progress									
Balance at 1 July 2007	0	0	1,350	0	0	0	0	0	1,350
Additions	0	441,516	0	0	0	0	0	0	441,516
Capitalised Assets	0	0	(1,350)	0	0	0	0	0	(1,350)
Capital WIP Balance	0	441,516	0	0	0	0	0	0	441,516
Balance at 30 June 2008	\$60,160,120	\$46,403,391	\$296,033	\$625,628	\$707,615	\$2,346,836	\$408,062	\$75,581,845	\$186,529,530

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

31. SEGMENT REPORTING - AGED CARE HOSTEL

The City operates a frail aged care hostel known as the Collier Park Hostel (CPH). This facility is not a separate legal or taxation entity - although the financial results of its operations are quarantined and associated monies are held discrete from the City's funds. Beneficial control of the Collier Park Hostel's assets, responsibility for its liabilities and the day to day control of its operations reside with the City. All staff engaged at the hostel are employed directly by the City which also assumes responsibility for future employee entitlements. Treasury management activities (accounts payable, accounts receivable and investment) are all performed centrally by the City on behalf of the hostel.

Accounting standards relating to segment reporting do not generally apply to the operations of local governments. Notwithstanding this, the Collier Park Hostel is required to comply with the Aged Care Act 1997 and the reporting and disclosure regimes associated with the Conditional Adjustment Payment (CAP) funding initiative. This legislation requires the City to separately identify and disclose the aggregated results of the Collier Park Hostel's operations and the assets and liabilities attributed to it in the City's general purpose financial report as though it were a separate financial entity. This financial disclosure is best effected through the City providing a reporting note that reflects the Collier Park Hostel's financial position and performance for the year as a separate operational segment.

Operating Performance - 2008	HOSTEL SEGMENT	OTHER SEGMENTS	2008 TOTAL
	\$	\$	\$
Operating Revenue	1,342,055	41,987,495	43,329,550
Operating Expenses - Cash	(1,356,501)	(28,207,711)	(29,564,212)
Operating Expenses - Non Cash	(57,030)	(6,377,552)	(6,434,582)
Segment Result	(\$71,476)	\$7,402,232	\$7,330,756

Aggregated Balance Sheet - 2008	HOSTEL SEGMENT	OTHER SEGMENTS	2008 TOTAL
Current Assets			
Cash - Restricted *1	1,174,122	23,942,827	25,116,949
Cash - Unrestricted *2	619,217	8,687	627,904
Other Current Assets	0	4,582,847	4,582,847
Total Current Assets	\$1,793,339	\$28,534,361	\$30,327,700
Non Current Assets			
Infrastructure, Property , Plant & Equipment	3,002,302	183,527,229	186,529,531
Other Non Current Assets	0	4,049,310	4,049,310
Total Non Current Assets	\$3,002,302	\$187,576,539	\$190,578,841
Total Assets	\$4,795,641	\$216,110,900	\$220,906,541
Current Liabilities			
Other Current Liabilities	0	4,242,481	4,242,481
Total Current Liabilities	\$0	\$4,242,481	\$4,242,481
Non Current Liabilities			
Liabilities - Refundable Accommodation Bonds	1,174,122	0	1,174,122
Other Current Liabilities	0	24,864,572	24,864,572
Total Non Current Liabilities	\$1,174,122	\$24,864,572	\$26,038,694
Total Liabilities	\$1,174,122	\$29,107,053	\$30,281,175
Net Assets	\$3,621,519	\$187,003,847	\$190,625,366

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

Operating Performance - 2007	HOSTEL SEGMENT	OTHER SEGMENTS	2007 TOTAL
Operating Revenue	1,261,558	32,074,700	33,336,258
Operating Expenses - Cash	(1,366,439)	(23,324,217)	(24,690,656)
Operating Expenses - Non Cash	(56,933)	(6,306,419)	(6,363,352)
Segment Result	(\$161,814)	\$2,444,064	\$2,282,250
Aggregated Balance Sheet - 2007	HOSTEL SEGMENT	OTHER SEGMENTS	2007 TOTAL
Current Assets			
Cash - Restricted * ¹	1,297,348	18,027,542	19,324,890
Cash - Unrestricted * ²	572,307	3,291,773	3,864,080
Other Current Assets	0	2,363,686	2,363,686
Total Current Assets	\$1,869,655	\$23,683,001	\$25,552,656
Non Current Assets			
Infrastructure, Property , Plant & Equipment	3,059,332	181,475,340	184,534,672
Other Non Current Assets	0	687,043	687,043
Total Non Current Assets	\$3,059,332	\$182,162,383	\$185,221,715
Total Assets	\$4,928,987	\$205,845,384	\$210,774,371
Current Liabilities			
Other Current Liabilities	0	4,662,267	4,662,267
Total Current Liabilities	\$0	\$4,662,267	\$4,662,267
Non Current Liabilities			
Liabilities - Refundable Accommodation Bonds	1,297,348	0	1,297,348
Other Current Liabilities	0	23,238,750	23,238,750
Total Non Current Liabilities	\$1,297,348	\$23,238,750	\$24,536,098
Total Liabilities	\$1,297,348	\$27,901,017	\$29,198,365
Net Assets	\$3,631,639	\$177,944,367	\$181,576,006

*¹ All Accommodation Bonds held on behalf of residents of the CPH are fully cash backed in the Collier Park Hostel Residents Offset Reserve - a cash reserve created exclusively for this purpose. Funds from this reserve may not be used for any other purpose besides refunding accommodation bonds upon the departure of residents from the CPH facility. Accountability for the proper management and application of these monies are facilitated by the City's completion of the Prudential Compliance Return which is lodged annually with the Dept of Aged Care.

*² The results of the CPH operations and other funding allocations from the city's resources are held in the Collier Park Hostel Capital Reserve which contains funds that may be applied to offset operating deficits or to fund capital improvements at the CPH facility.

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

32. KEY PERFORMANCE INDICATORS

Performance Measure	2008	2007	2006
Liquidity Ratios			
CURRENT RATIO	2.36:1	2.34:1	1.92:1
<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	5,168,823	6,185,337	6,400,806
Current Liabilities - Liabilities related to Restricted Assets	2,190,134	2,643,838	3,333,001
UNTIED CASH TO CREDITORS RATIO	1.14:1	2.40:1	1.69:1
<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	2,145,082	4,864,080	4,529,093
Trade Creditors	1,874,838	2,024,214	2,683,339
Debt Ratios			
DEBT SERVICE RATIO	1.06%	1.38%	1.45%
<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	447,619	449,134
Available Operating Revenue	42,149,976	32,548,601	30,956,245
GROSS DEBT TO REVENUE RATIO	0.06:1	0.08:1	0.10:1
<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	2,390,939	2,689,646	2,971,649
Available Operating Revenue	42,149,976	32,548,601	30,956,245
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	2,390,939	2,689,646	2,971,649
Total Assets - Infrastructure Assets	145,324,696	137,900,946	136,122,255
Coverage Ratios			
RATES COVERAGE RATIO	45.4%	55.8%	55.8%
<i>Indicates the dependence on rates to fund operations. Preferred value for this ratio is less than 60%.</i>			
Net Rate Revenue	19,667,820	18,585,559	17,771,700
Operating Revenue	43,329,550	33,336,258	31,871,960

**CITY OF SOUTH PERTH
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2008**

KEY PERFORMANCE INDICATORS (Continued)

Effectiveness Ratios

OUTSTANDING RATES RATIO **1.3%** **0.9%** **1.5%**

*Indicates the effectiveness of rates collection procedures.
 Preferred value for this ratio is less than 5%.*

Rates Outstanding	249,861	169,618	269,547
Total Rates Collectible	19,667,820	18,585,559	17,771,700

Financial Position Ratios

DEBT RATIO **13.7%** **13.9%** **14.9%**

*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.*


Total Liabilities	30,281,175	29,198,365	29,895,230
Total Assets	220,906,541	210,774,371	200,440,067

**CITY OF SOUTH PERTH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

STATEMENT BY CHIEF EXECUTIVE

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 2008 are, in our opinion, properly drawn up so as to present fairly the financial position of the City of South Perth at 30 June 2008 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: 30 September 2008

Signed: 
A C FREWING
CHIEF EXECUTIVE OFFICER

Dated: 30 SEPT 2008

Signed: 
M. J. KENT
DIRECTOR FINANCIAL & INFORMATION SERVICES

Dated: 30 SEPT 2008

Signed: 
D. M. GRAY
MANAGER FINANCIAL SERVICES

INDEPENDENT AUDIT REPORT

TO: RATEPAYERS OF CITY OF SOUTH PERTH

We have audited the financial report of the City of South Perth, which comprises the Balance Sheet as at 30 June 2008 and the Income Statement, 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 on that date.

The Responsibility of the Council for the Financial Report

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

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

- (i) gives a true and fair view of the financial position of the City of South Perth as at 30 June 2008 and of its financial performance for the year ended on that date; and
- (ii) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards (including the Australian Accounting Interpretations).

Statutory Compliance

During the course of our audit we became aware of the following instance 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

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

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 1st DAY OF OCTOBER 2008.**



Civic Centre - Cnr Sandgate Street & South Terrace SOUTH PERTH WA 6151
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