

AGENDA

Special Council Meeting

10 November 2015

Notice of Meeting

To: The Mayor and Councillors

The next Special Council Meeting of the City of South Perth Council will be held on Tuesday 10 November 2015 in City of South Perth Council Chamber, Cnr Sandgate Street and South Terrace, South Perth commencing at 7.00pm.



GEOFF GLASS
CHIEF EXECUTIVE OFFICER

6 November 2015



Our Guiding Values

Trust

Honesty and integrity

Respect

Acceptance and tolerance

Understanding

Caring and empathy

Teamwork

Leadership and commitment

Disclaimer

The City of South Perth disclaims any liability for any loss arising from any person or body relying on any statement, discussion, recommendation or decision made during this meeting.

Where an application for an approval, a licence or the like is discussed or determined during this meeting, the City warns that neither the applicant, nor any other person or body, should rely upon that discussion or determination until written notice of either an approval and the conditions which relate to it, or the refusal of the application has been issued by the City.

Further Information

The following information is available on the City's website.

- **Council Meeting Schedule**

Ordinary Council Meetings are held at 7.00pm in the Council Chamber at the South Perth Civic Centre on the fourth Tuesday of every month between February and November. Members of the public are encouraged to attend open meetings.

- **Minutes and Agendas**

As part of our commitment to transparent decision making, the City makes documents relating to meetings of Council and its Committees available to the public.

- **Meet Your Council**

The City of South Perth covers an area of around 19.9km² divided into four wards. Each ward is represented by two Councillors, presided over by a popularly elected Mayor. Councillor profiles provide contact details for each Elected Member.

www.southperth.wa.gov.au/Our-Council/

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Special Council Meeting - Agenda

1. DECLARATION OF OPENING

2. ANNOUNCEMENTS FROM THE PRESIDING MEMBER

2.1 PUBLIC QUESTION TIME FORMS

The Presiding Member advised that Public Question Time forms are available in the Civic Centre foyer and on Council's website for members of the public who wish to submit a written question. In accordance with Clause 6.7 of the Standing Orders Local Law, 'Procedures for Question Time', the Presiding Member requested that questions be received in advance of the Council Meetings in order for the Administration to have the opportunity to prepare responses.

2.2 AUDIO RECORDING OF COUNCIL MEETING

The Presiding Member advised that the meeting is audio recorded in accordance with Council Policy P673 "Audio Recording of Council Meetings" and Clause 6.15 of the Standing Orders Local Law 2007 which states: "A person is not to use any electronic, visual or vocal recording device or instrument to record the proceedings of the Council without the permission of the Presiding Member".

3. ATTENDANCE

3.1 APOLOGIES

3.2 APPROVED LEAVE OF ABSENCE

4. DECLARATION OF INTERESTS

Conflicts of Interest are dealt with in the *Local Government Act, Rules of Conduct Regulations* and the *Administration Regulations* as well as the City's Code of Conduct 2008. Members must declare to the Presiding Member any potential conflict of interest they have in a matter on the Council Agenda.

5. PUBLIC QUESTION TIME

6. DEPUTATIONS

7. REPORTS

7.3 STRATEGIC DIRECTION 3: HOUSING AND LAND USES

7.3.1 Proposed Convenience Store within a Single-Storey Building and Petrol Station. Lot 103 (No. 224) Manning Road & Lot 806 (Nos. 31-39) Walanna Drive, Karawara.

| | |
|----------------------|---|
| Location: | Waterford Plaza Shopping Centre, Karawara |
| Ward: | Manning Ward |
| Applicant: | 7-Eleven Stores Pty Ltd c/- Urbis Pty Ltd |
| File Ref: | D-15-79045 |
| Lodgement Date: | 3 July 2015 |
| Date: | 10 November 2015 |
| Author: | Cameron Howell, Planning Officer |
| Reporting Officer: | Vicki Lummer, Director Development and Community Services |
| Strategic Direction: | Housing and Land Uses -- Accommodate the needs of a diverse and growing population |
| Council Strategy: | 3.3 Review and establish contemporary sustainable buildings, land use and environmental design standards. |

Summary

The Form 1 Responsible Authority Report (RAR) for a planning application for a proposed "7-Eleven" Convenience Store within a Single-Storey Building and Petrol Station, located at Lot 103 (No. 224) Manning Road and Lot 806 (Nos. 31-39) Walanna Drive [Waterford Plaza Shopping Centre], Karawara, is attached for Council to consider, prior to determination by the Metro Central Joint Development Assessment Panel (Metro Central JDAP).

Officer Recommendation

That Council notes the Responsible Authority Report prepared for the Metro Central Joint Development Assessment Panel regarding the proposed Convenience Store within a Single-Storey Building and Petrol Station at Lot 103 (No. 224) Manning Road and Lot 806 (Nos. 31-39) Walanna Drive [Waterford Plaza Shopping Centre], Karawara.

Comment

In accordance with the Council resolution in August 2015, the RAR is attached for Council to consider. The Metro Central JDAP meeting is scheduled for 2.00pm Monday 16 November 2015 at the City of South Perth Council Chambers.

Details of the proposal and planning assessment comments are contained in the RAR and its associated attachments.

Policy and Legislative Implications

Comments are provided in the RAR in relation to Scheme and Policy requirements.

Financial Implications

Nil.

7.3.1 Proposed Convenience Store within a Single-Storey Building and Petrol Station. Lot 103 (No. 224) Manning Road & Lot 806 (Nos. 31-39) Walanna Drive, Karawara.

Strategic Implications

This matter relates to Strategic Direction 3 “Housing and Land Uses” identified within Council’s Strategic Plan 2015-2025 which is expressed in the following terms:

Accommodate the needs of a diverse and growing population.

Attachments

- 7.3.1 (a):** Responsible Authority Report (RAR) - DAP/15/00847 | 11.2015.331.1
- 7.3.1 (b):** RAR Attachment 1 - Development Plans
- 7.3.1 (c):** RAR Attachment 2 - Applicant's Supporting Reports / Letters
- 7.3.1 (d):** RAR Attachment 3 - Photographs of the Subject Site
- 7.3.1 (e):** RAR Attachment 4 - Public Consultation Submission
- 7.3.1 (f):** RAR Attachment 5 - Comments from the City's Design Advisory Consultants
- 7.3.1 (g):** RAR Attachment 6 - Comments from the City's Engineering Infrastructure Services
- 7.3.1 (h):** RAR Attachment 7 - Comments from the City's Environmental Health Services .

7.6 STRATEGIC DIRECTION 6: GOVERNANCE, ADVOCACY AND CORPORATE MANAGEMENT

7.6.1 2014/15 Annual Report and Financial Statements

| | |
|----------------------|--|
| Location: | South Perth |
| Ward: | Not Applicable |
| Applicant: | Council |
| File Ref: | D-15-79399 |
| Date: | 10 November 2015 |
| Author: | Phil McQue, Manager Governance and Administration |
| Reporting Officer: | Geoff Glass, Chief Executive Officer |
| Strategic Direction: | Governance, Advocacy and Corporate Management -- Ensure that the City has the organisational capacity, advocacy and governance framework and systems to deliver the priorities identified in the Strategic Community Plan |
| Council Strategy: | 6.2 Develop and maintain a robust Integrated Planning and Reporting Framework (in accordance with legislative requirements). |

Summary

This report presents the 2014/15 Annual Report and Financial Statements and notes the date for the Elector's General Meeting.

Officer Recommendation

That the Council:

- a) Adopt the 2014/15 Annual Report shown at **Attachment (a)**
- b) Adopt the 2014/15 Financial Statements shown at **Attachment (b)**
- c) Notes that the Electors' General Meeting will be held 7.00pm Monday 14 December 2015.

Background

The City is required to prepare an Annual Report for adoption by the Council not later than 31 December of that financial year.

Comment

The 2014/15 Annual Report provides our community with an open and accountable insight into how we have progressed our vision and strategic objectives outlined in our Strategic Community Plan 2015-2025, including our main achievements and challenges, our financial performance, and our key targets for the year ahead.

The 2014/15 Annual Report framework is aligned with the City's Strategic Plan and reviews the progress of the City's Actions against the key directions and priorities outlined in the Strategic Plan.

The City's 2013/14 Annual Report was the recipient of a Silver Award in the prestigious Australasian Reporting Awards, and this Annual Report will be submitted for consideration in the 2014 /15 Awards.

The Electors' General Meeting is scheduled for 7.00pm Monday 14 December 2015, as required by the *Local Government Act 1995*.

Consultation

The *Local Government Act 1995* provides that the Chief Executive Officer is to give local public notice of the availability of the Annual Report as soon as practicable after it has been accepted by the local government. Public notices will be placed in the *Southern Gazette* advising of the availability of the Annual Report together with details of the proposed Electors' General Meeting, with notices to be displayed on the City's website and City libraries.

This Annual Report will be made available to the public on the City's website with hard copies also available to collect at City Centres and copies also to be made available at the 14 December 2015 Electors' General Meeting.

Policy and Legislative Implications

Section 5.53(1) of the *Local Government Act 1995* requires a local government to prepare an annual report for each financial year. Sections 5.53(2) of the *Local Government Act 1995* specifies that the annual report is to contain the financial report and auditor's statement for that financial year.

Section 5.54 of the *Local Government Act 1995* prescribes that an annual report for the financial year is to be accepted by the local government no later than 31 December after that financial year.

Section 5.27 of the *Local Government Act 1995* requires a local government to hold an Electors' General Meeting no later than 56 days after the adoption of the Annual Report for that financial year.

Financial Implications

There are design and printing expenses associated with the production of the 2014/15 Annual Report, which is provided for within the Governance and Administration Budget.

Sustainability Implications

This report is aligned to the City's [Sustainability Strategy 2012-2015](#)

Attachments

- 7.6.1 (a): 2014/15 Annual Report
- 7.6.1 (b): 2014/15 Financial Statements .

7.6.2 Year End Financial Statements 2015

| | |
|-----------------------------|---|
| Location: | City of South Perth |
| Ward: | Not Applicable |
| Applicant: | Council |
| File Ref: | D-15-79407 and FM/301 |
| Date: | 10 November 2015 |
| Author / Reporting Officer: | Michael Kent, Director Financial and Information Services |
| Strategic Direction: | Governance, Advocacy and Corporate Management -- Ensure that the City has the organisational capacity, advocacy and governance framework and systems to deliver the priorities identified in the Strategic Community Plan |
| Council Strategy: | 6.2 Develop and maintain a robust Integrated Planning and Reporting Framework (in accordance with legislative requirements). |

Summary

Management account summaries comparing actual performance against budget expectations for the 2014/2015 year are presented for Council information. Comments are provided on the significant financial variances disclosed therein.

Officer Recommendation

That...

- (a) the year-end Statement of Financial Position and Financial Summaries provided as **Attachment (a) - (e)** be received;
- (b) the Schedule of Significant Variances normally provided as **Attachment (f)** not be presented for June 2014 as required by Local Government (Financial Management) Regulation 34 - as the detailed information is included in the report narrative;
- (c) the Schedule of Movements between the Adopted & Amended Budget **Attachment (g) & (h)** be received;
- (d) the Rate Setting Statement **Attachment (i)** be received.

Background

Local Government (Financial Management) Regulation 34 requires the City to present monthly financial reports to Council in a format reflecting relevant accounting principles. A management account format, reflecting the organisational structure, reporting lines and accountability mechanisms inherent within that structure is considered the most suitable format to monitor progress against the budget.

The information provided to Council is a summary of the detailed line-by-line information supplied to the City's departmental managers to enable them to monitor the financial performance of the areas of the City's operations under their control. This also reflects the structure of the budget information provided to Council and published in the Annual Budget.

Combining the Summary of Operating Revenues and Expenditures with the Summary of Capital Items gives a consolidated view of all operations under Council's control. It also measures actual financial performance against budget expectations.

7.6.2 Year End Financial Statements 2015

Regulation 35 of the Local Government (Financial Management) Regulations requires significant variances between budgeted and actual results to be identified and comment provided on those identified variances. The City has adopted a definition of 'significant variances' of \$5,000 or 5% of the project or line item value - whichever is the greater.

The local government budget is a dynamic document and is necessarily progressively amended throughout the year to take advantage of changed circumstances and new opportunities. Whilst the original adopted budget is relevant at July when rates are struck, it should, and indeed is required to, be regularly monitored and reviewed throughout the year. Thus the Adopted Budget evolves into the Amended Budget via the regular (quarterly) Budget Reviews.

For comparative purposes, a summary of budgeted revenues and expenditures (grouped by department and directorate) is provided to reflect a reconciliation of movements between the 2014/2015 Adopted Budget and the 2014/2015 Amended Budget including the introduction of the capital expenditure items carried forward from the previous year.

A Statement of Financial Position detailing the City's assets and liabilities and giving comparative values for those assets and liabilities at the equivalent time in the previous year provides financial accountability to the community for resource use.

Comment

The components of the monthly management account summaries presented are:

- Balance Sheet – **Attachments (a) and (b)**
- Summary of Non Infrastructure Operating Revenue and Expenditure **Attachment (c)**
- Summary of Operating Revenue & Expenditure - Infrastructure Service **Attachment (d)**
- Summary of Capital Items - **Attachment (e)**
- Schedule of Significant Variances - Not presented
- Reconciliation of Budget Movements - **Attachment (g) & (h)**
- Rate Setting Statement - **Attachment (i)**

The City's audited statutory financial statements and all accompanying notes and schedules (presented in Agenda **Attachment (b)**) are simply another view of the management accounts as at 30 June 2015 presented in a particular statutory format - as is demonstrated by the table below.

| Management Accounts | Budget | Actual |
|---------------------------------|---------------------|---------------------|
| Revenue - Operating | 51,251,679 | 52,288,750 |
| Revenue - Capital | 1,903,000 | 2,383,883 |
| Revenue Capital - Land Disposal | 24,250,000 | 24,446,623 |
| | \$77,404,679 | \$79,119,256 |
| Expenditure - Operating | 50,986,234 | 49,000,617 |
| Expenditure - Capital | 18,060,965 | 14,458,346 |
| | \$69,047,199 | \$63,458,963 |

| Statutory Program Based Accounts | Budget | Actual |
|--|---------------------|---------------------|
| Revenue - Operating | 51,439,799 | 52,870,951 |
| Revenue - Asset Disposals | 321,880 | 271,097 |
| Revenue - Land Disposal | 24,250,000 | 24,446,623 |
| Revenue - Capital Grants | 1,393,000 | 1,752,015 |
| Movement in Joint Venture Equity | 0 | 0 |
| | \$77,404,679 | \$79,19,256 |
| <hr/> | | |
| Expenditure - Operating | 54,313,847 | 51,294,635 |
| Expenditure - Carrying Amount | 274,135 | 209,802 |
| Expenditure - Interest | 542,267 | 536,593 |
| Expenditure - Capitalised Assets | 4,291,750 | 1,918,948 |
| Expenditure - Capitalised Infrastructure | 9,625,200 | 4,262,689 |
| Expenditure - Software Capitalised | 0 | 202,371 |
| Expenditure - WIP | 0 | 4,996,589 |
| Movement in Joint Venture Equity | 0 | 37,336 |
| | \$69,047,199 | \$63,458,963 |

The detailed management accounts referred to above represent more than 110 pages of detailed operational financial information that is then aggregated into a series of summarised schedules to enable Council Members to take an oversight view of the City's finances.

Operating Items

Organisational Operating Revenue to 30 June 2015 is \$52.29M which represents 102% of the total operating revenue budget. The Chief Executive's Office was 11% short of their revenue budget for the year by \$191,741. The revenue shortfall in this area relates to weaker than budgeted revenue streams from parking enforcement and meter parking plus some vehicle trade-in proceeds that were not realised by 30 June. The parking revenue downturn was the result of a resourcing issue which has since been addressed with the appointment of a dedicated parking officer.

Financial & Information Services have exceeded their revenue budget for 2014/2015 by 2% (\$727,822). Some \$485,114 of this was due to the WA Local Government Grants Commission pre-paying some of the 2015/2016 general grant allocation in the 2014/2015 year. Investment revenues were 5% (\$132,886) ahead of budget expectations at year end and revenue from rates was \$50,757 ahead of budget.

The Planning & Community Services Directorate finished the year 6% (\$184,771) ahead of budget largely due to a \$87,181 favourable variance on planning revenue and a \$51,607 favourable variance on Building Services. Revenue performance at the Collier Park Village was in line with budget expectations.

Infrastructure Services concluded the year 3% (\$316,219) ahead of revenue budget expectations. \$216,573 of this was due to the WA Local Government Grants Commission pre-paying some of the 2015/2016 general grant allocation in the 2014/2015 year. Contributions for third party park-related works were 21% (\$69,886) better than budget expectations in net terms whilst waste management revenues were on budget.

7.6.2 Year End Financial Statements 2015

Golf course revenue finished the year some 2% (\$45,501) over its 2014/2015 revenue budget. Green fees were 1% ahead of budget and lease revenue was also slightly better than had been budgeted for.

Operating Expenditure to 30 June 2015 is \$49.00M which represents 96% of the total budget. Costs within the Chief Executive's Office were 2% (\$87,604) under budget at year end. This was primarily due to an unspent consultancy allocation and less than budgeted costs for utilities at the Civic Centre.

Operating Expenditure for the Financial and Information Services area (after allocations outwards) is reported as being 18% (\$1,142,437) under budget. This result is primarily attributable to a required change to the accounting treatment of a \$1,065,828 realised revaluation book loss on the disposal of the buildings on the Civic Triangle site. The Information Technology and Customer Focus areas were 2% (\$32,776) over budget but this was attributable to several very minor variances rather than any large items.

Library Services delivered an on budget result with only a few very small operational variances.

Operating Expenses in the Planning & Community Services Directorate were 2% (\$164,289) under budget overall at year end. The Planning area contributed \$54,267 of this variance through the deferral of heritage consultancy costs into 2015/2016. Extended vacancies in the Building Services area earlier in the year resulted in that area delivering a \$43,956 saving. Health Services was 4% (19,019) over budget due to additional costs for out of hours responses to noise complaints.

In the Community, Culture and Recreation area expenditure was 3% (\$132,796) over budget partly as a consequence of substantially higher than budgeted cleaning costs for City halls and facilities. Non-controllable (non-cash) costs such as depreciation were higher at several facilities and halls because of revised Fair Value asset valuations.

The Collier Park Village was 7% (\$123,846) over budget at year end - with around 50% of this variance due to higher (non-cash) depreciation expense because of revised Fair Value asset valuations. Most of the remainder was due to higher than anticipated expenditure on minor maintenance including a very substantial (but unbudgeted) investment in termite treatments for the entire CPV complex.

The Infrastructure Services directorate was reported as being 3% (\$919,866) under budget which is essentially attributable to a revision to the (non-cash) depreciation expense attributed to roads, paths, drains and parks infrastructure. Roads Paths and Drains depreciation reduced by \$1.37M but Parks asset depreciation increased by \$0.54M. This reflected a change to the depreciation 'useful lives' and depreciation rates for such infrastructure in line with contemporary asset management practice and City experience.

The largest single part of the cash expenditure in City Environment is park and grounds maintenance which was essentially in line with budget expectations for the year. The City Environment area finished the year less than 1% (\$71,612) favourable - reflecting a well-managed budget in almost all cost areas. Streetscape maintenance was 1% over budget because of the service level necessarily provided to manage risk and maintain the desired standard of streetscapes. Building maintenance was under budget whilst Environmental Management was 4% under budget.

Overheads were under-recovered by 7% in the City Environment area (\$73,525) offsetting a portion of the savings in other areas within this department for the year but it was much better than the previous years' experience.

The Engineering Infrastructure arm of the Infrastructure Services Directorate is disclosed as 6% under budget but this is almost entirely due to lower depreciation expense noted above. Most other cost centres were on budget.

Waste management costs were 2% (\$115,942) under budget at year end with the major factor responsible for this result being savings on the rubbish collection costs and waste site charges. The waste transfer station was 3% over budget largely due to additional staff costs. Golf course expenditure was 2% (\$43,610) unfavourable against budget at year end - mainly attributable to higher than budgeted staff costs and additional expenditure on the bird life sanctuary - although these cost overruns were substantially offset by savings against budgeted course maintenance activities and utilities - especially power and water charges after some very successful management interventions in those areas without adversely impacting course standards.

Employee Costs

Salary and associated costs for the year include superannuation and amounts transferred to provisions for statutory employee entitlements such as annual and long service leave. These costs totalled \$17.79M against a budget of \$17.80M - resulting in a balanced budget result. Employee entitlements mentioned above (annual & long service leave) are partly cash-backed as part of our responsible financial management practice.

Staff costs within the Chief Executive's Office which includes Human Resources, Communications, Governance and Rangers areas were 2.5% over budget overall at year end. The variance was largely due to additional costs in the Communications Team and also the CEO office in relation to reform in the first half of the year. The Financial & Information Services area was under budget for staff costs within Finance area but over budget for Information Services due to the use over an extended period of a highly specialised contractor to drive some critical digital service priorities. The Customer Focus Team was slightly over the budgeted resources for the year. Libraries contributed the major portion of the 1.8% over budget result at year end.

Staff costs in the Planning & Community Services Directorate were 0.7% over budget overall at year end. Planning Services ended the year 4.0% over budget largely as a result of the demands of responding to JDAP applications and SAT appeals whilst Building Services was 21.5% under (but this was offset by consultancy costs) and Health Services was 11.2% over budget. Community Culture & Recreation was 0.5% over budget at year end. Total staff costs at the Collier Park Retirement Complex were 3.4% over budget at year end.

Infrastructure Services staff costs were 2.3% under budget overall. Directorate Support was 0.7% under budget. City Environment salaries finished 8.1% under budget at year end - largely impacted by staff acting in higher roles rather than permanent appointments in senior roles. Engineering Infrastructure finished the year with its salaries expenditure within 1.4% of budget. Collier Park Golf Course finished the year with a 6.2% unfavourable variance on staff costs which was partly offset by less use of outsourced services. This was a 50% reduction on the extent of the over-spend from the previous year.

Staff costs recorded in the accounts include all temporary staff costs for the year as well as costs relating to permanent staff.

Capital Items

Capital Revenue of \$26.83M represents 103% of the total budget of \$26.15M. There are a number of offsetting variances and timing differences within the capital revenue area. The most dominant aspect of the capital program is the profit from the sale of the Civic Triangle land which is close to budget expectations. In relation to the favourable variance however, the City received some \$0.2M of building grants ahead of budget expectations, \$0.1M more than was anticipated from CPV unit turnover and \$0.4M of environmental grants just two days before year end.

Capital road grant revenue was fractionally less (\$31,929) than budget expectations due to some projects showing a timing difference with the funds only able to be claimed when the work is concluded.

Capital Expenditure of \$14.46M represents 80% of the Total Budget of \$18.06M, notwithstanding that this is still actually the largest capital program that the City has ever delivered. When Council adopted the 2015/2016 Annual Budget, potential carried forward expenditure of \$4.00M was flagged. Following adjustment to reflect actual (rather than projected) expenditure after the year end close-off of accounts, an amount of \$3.70M has now been identified and recommended for carry forward into the 2015/2016 budget. Combined with the completed works, this represents 100.5% of the full year budget.

Borrowings

There were no City borrowings planned or undertaken during 2014/2015 but the City did act as a guarantor for a self-supporting loan for \$0.10M for the South Perth Bowling Club during the reporting period. Repayments of principal and interest associated with the South Perth Bowling Club loan are expected to be fully serviced from the club's own funds without impost on City ratepayers.

Statement of Financial Position

Current Assets at year end are \$78.45M compared to \$51.67M in 2013/2014. Cash holdings are some \$27.82M higher - represented in part by \$23.0M higher holdings of cash backed Reserves. Cash was also boosted by Municipal funds held for carried forward works as well as reflecting very good cash collections throughout the year. Receivables are recorded as \$1.0M higher reflecting a \$1.4M higher GST receivable amount (received in July) partly offset by reductions in sundry debtors and UGP receivable. Inventories are slightly lower than last year's levels.

Assets Held for Sale (land and buildings on the Civic Triangle site) reduced by \$3.0M with the sale of this major strategic land asset being concluded in September 2014. Prepaid expenses are slightly higher than the previous year level whilst accrued interest revenue on invested funds is also higher than at 30 June 2014.

Current Liabilities are disclosed as being higher than their position at the end of last year being \$12.81M against \$11.42M. However, this is due to the recognition of a further \$0.6M instalment on the deferred settlement Ray St land disposal as Income in Advance as well as a \$0.8M increase in year-end creditors which was largely a timing difference that was cleared by the end of August.

Employee Entitlements (under legislation) for annual leave & long service leave have necessarily increased by \$0.3M. Current Loan Liabilities are \$0.5M lower than at the same time last year due to reduction of outstanding loan principal.

Non-Current Assets as at 30 June 2015 are \$612.93M after capitalising plant and equipment and infrastructure assets created / acquired during the year - and revaluing buildings, roads, paths, drains, park assets and street furniture to (fair value) current replacement value at 30 June 2015. This compares to \$567.97M at this time last year.

The difference attributable to the fair value revaluation impact of buildings and infrastructure assets for 2014/2015 is shown below:

- Building Assets value increase by \$ 6.39M
- Roads Network value increase by \$ 16.1M
- Paths Network value increase by \$ 0.4M
- Drainage Network value decrease by \$ 24.9M
- Park Assets value increase by \$ 49.7M
- Street Furniture value decrease by \$ 0.3M

These valuation adjustments reflect recognition of Buildings and the nominated Infrastructure Asset classes at fair value (current replacement cost). The remainder of the change in non-current asset reflects the capitalisation of new plant and equipment, technology and fixtures and fittings and the related depreciation expense on all fixed assets. Non-current receivables have decreased by \$0.16M due to collections from self supporting loans whilst Equity in Non-Current Investments has decreased by \$0.04M.

Non-Current Liabilities finished the year at \$38.29M - a decrease of \$0.48M on the 30 June 2014 balance. The CPV Leaseholder Liability increased by increased slightly from \$29.3M to \$29.9M this year. The increase was a consequence of higher market values being paid for the residential units - with the attendant obligation to refund the larger values to departing residents. The resulting increase in leaseholder liability is offset by an increase in Investments associated with the Reserve Fund in which the refundable amounts are quarantined.

The balance of Non-Current Borrowings decreased in net terms by \$1.0M after including the new self-supporting borrowings, reclassifying the current / non-current balance split and removing the loan capital payments made during the year. There was also a \$0.02M decrease in Non-Current Provisions for Employee Entitlements.

Financial Ratios

The City's solid financial position and longer term financial sustainability are reflected in the key financial ratios associated with the Integrated Planning & Reporting Framework with the City meeting the preferred industry benchmark in all financial ratio as is shown in the table below:

Commentary on the financial statements last year highlighted the importance of effectively managing cash liquidity in the upcoming year with conversion of debtors to cash in a timely manner and operating within the approved expenditure budgets needing to be high priorities in the 2014/2015 year.

The improvement in all financial ratios disclosed for 2014/2015 compared to the previous two years demonstrates how effectively the challenge has been met throughout the last year - and it demonstrates that the City does have an appropriate longer term financial strategy in place to steadily build and enhance its financial sustainability.

7.6.2 Year End Financial Statements 2015

| Financial Ratio | 2014/2015 | 2013/2014 | 2012/2013 |
|---|-----------|-----------|-----------|
| Current Ratio (Preferred ratio is greater than 1.1) | 193% | 170% | 161.0% |
| Operating Surplus Ratio (Preferred ratio is positive-up to 5%) | 33.9% | (2.6%) | (2.5%) |
| Operating Surplus Ratio (Adjusted to remove impact of Land disposal) | 1.3% | | |
| Own Source Revenue Ratio (Preferred ratio is greater than 40%) | 143.8% | 93.8% | 92.4% |
| Debt Service Ratio (Preferred ratio is between 2:1 & 5:1) | 16.28:1 | 2.95:1 | 4.49:1 |
| Outstanding Rates Ratio (Preferred ratio is less than 5%) | 0.7% | 0.5% | 1.0% |
| Asset Sustainability Ratio (Preferred ratio is greater than 90%) | 100.0% | 94.0% | 85.1% |
| Asset Consumption Ratio (Preferred ratio is between 50% & 70%) | 70.2% | 61.3% | 55.9% |
| Asset Renewal Funding Ratio (Preferred ratio is between 95% & 100%) | 95.1% | 94.4% | 98.9% |

Consultation

This is a financial report prepared to provide financial information to Council and the City's administration to provide evidence of the soundness of financial management being employed by the administration. It also provides information and discharges financial accountability to the City's ratepayers.

Policy and Legislative Implications

This report is in accordance with the requirements of the Section 6.4 of the *Local Government Act* and Local Government Financial Management Regulation 34.

Financial Implications

The attachments to this report compare actual financial performance to budgeted financial performance for the period. This provides for timely identification of variances which in turn promotes dynamic and prudent financial management.

Sustainability Implications

This report is aligned to the City's [Sustainability Strategy 2012-2015](#). This report addresses the 'financial' dimension of sustainability by promoting accountability for resource use through a historical reporting of performance - encouraging dynamic financial management through pro-active identification and response to apparent financial variances. Furthermore, through the City exercising disciplined financial management practices and responsible forward financial planning, we can ensure that the consequences of our financial decisions are sustainable into the future.

7.6.2 Year End Financial Statements 2015

Attachments

- 7.6.2 (a):** Balance Sheet
- 7.6.2 (b):** Balance Sheet
- 7.6.2 (c):** Summary of Non Infrastructure Operating Revenue and Expenditure Attachment
- 7.6.2 (d):** Summary of Operating Revenue & Expenditure - Infrastructure Services
- 7.6.2 (e):** Summary of Capital Items
- 7.6.2 (f):** Schedule of Significant Variances - Not presented
- 7.6.2 (g):** Reconciliation of Budget Movements
- 7.6.2 (h):** Reconciliation of Budget Movements
- 7.6.2 (i):** Rate Setting Statement .

8. MEETING CLOSED TO PUBLIC

The Chief Executive Officer advises that there are matters for discussion on the Agenda for which the meeting may be closed to the public, in accordance with section 5.23(2) of the Local Government Act 1995.

Reports regarding these matters have been circulated separately to Councillors.

8.1 MATTERS FOR WHICH THE MEETING MAY BE CLOSED

8.1.1 Audit Completion Report for the Period ended 30 June 2015

*This item is considered **confidential** in accordance with the Local Government Act 1995 section 5.23(2) (h) as it contains information relating to "such other matters as may be prescribed"*

| | |
|-----------------------------|---|
| Location: | City of South Perth |
| Ward: | Not Applicable |
| Applicant: | Council |
| File Ref: | D-15-79423 and FM/301 |
| Date: | 10 November 2015 |
| Author / Reporting Officer: | Michael Kent, Director Financial and Information Services |
| Strategic Direction: | Governance, Advocacy and Corporate Management -- Ensure that the City has the organisational capacity, advocacy and governance framework and systems to deliver the priorities identified in the Strategic Community Plan |
| Council Strategy: | 6.2 Develop and maintain a robust Integrated Planning and Reporting Framework (in accordance with legislative requirements). |

Recommendation

That the following Agenda items be considered in closed session, in accordance with section 5.23(2) of the Local Government Act 1995, as specified:

8.1.1 Audit Completion Report for the Period ended 30 June 2015

The item is considered **confidential** in accordance with the Local Government Act 1995 section 5.23(2) (h) as it contains information relating to "such other matters as may be prescribed".

8.2 PUBLIC READING OF RESOLUTIONS THAT MAY BE MADE PUBLIC

9. CLOSURE