

AGENDA.

Ordinary Council Meeting

22 February 2022

Notice of Meeting

Mayor and Councillors

The next Ordinary Council Meeting of the City of South Perth Council will be held on Tuesday 22 February 2022 in the the City of South Perth Council Chamber, corner Sandgate Street and South Terrace, South Perth commencing at 6.00pm.



MIKE BRADFORD
CHIEF EXECUTIVE OFFICER

18 February 2022

Acknowledgement of Country

Kaartdjinin Nidja Nyungar Whadjuk Boodjar Koora Nidja Djining Noonakoort kaartdijin wangkiny, maam, gnarnk and boordier Nidja Whadjuk kura kura.

We acknowledge and pay our respects to the traditional custodians of this land, the Whadjuk people of the Noongar nation and their Elders past and present.

Our Guiding Values



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.

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Ordinary Council Meeting - Agenda

1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

2. DISCLAIMER

3. ANNOUNCEMENTS FROM THE PRESIDING MEMBER

4. ATTENDANCE

4.1 APOLOGIES

4.2 APPROVED LEAVE OF ABSENCE

- Councillor Glenn Cridland for the period 1 February 2022 to 28 February 2022 inclusive.

5. DECLARATIONS OF INTEREST

- Councillor André Brender-A-Brandis – Financial Interest in Item 10.3.2 as ‘I am a property owner within the boundaries of this underground project’.
- Councillor Mary Choy – Financial Interest in Item 10.3.2 as ‘my husband and I live and own property within the Hurlingham project area. I also have extended family members and close friends who live and own properties in both South Perth and Hurlingham project areas.’

6. PUBLIC QUESTION TIME

6.1 RESPONSES TO PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil.

6.2 PUBLIC QUESTION TIME: 22 FEBRUARY 2022

7. CONFIRMATION OF MINUTES AND TABLING OF NOTES OF BRIEFINGS

7.1 MINUTES

7.1.1 Ordinary Council Meeting Held: 14 December 2021

Officer Recommendation

That the Minutes of the Ordinary Council Meeting held 14 December 2021 be taken as read and confirmed as a true and correct record with the following amendment:

- That page 30 of 139 in the Minutes be amended as follows –
 2. Accepts the eQuote price of \$1,082,491 excluding GST.

7.2 CONCEPT BRIEFINGS

7.2.1 Council Agenda Briefing - 15 February 2022

Officers of the City presented background information and answered questions on Items to be considered at the February Ordinary Council Meeting at the Council Agenda Briefing held 15 February 2022.

Attachments

7.2.1 (a): Briefing Notes

7.2.2 Concept Briefings and Workshops

Officers of the City/Consultants provided Council with an overview of the following matters at Concept Briefings and Workshops:

Date	Subject	Attendees
8 February 2022	RAF Briefing	Mayor Greg Milner and Councillors André Brender-A-Brandis, Carl Celedin, Mary Choy, Blake D'Souza, Ken Manolas, Jennifer Nevard and Stephen Russell.
9 February 2022	Preston Street Update, South Perth ACP and Amendment 61	Mayor Greg Milner and Councillors André Brender-A-Brandis, Carl Celedin, Mary Choy, Blake D'Souza, Ken Manolas, Jennifer Nevard and Stephen Russell.

Attachments

Nil.

Officer Recommendation

That Council notes the following Council Briefings/Workshops were held:

- 7.2.1 Council Agenda Briefing - 15 February 2022
- 7.2.2 Concept Briefings and Workshops

8. PRESENTATIONS

8.1 PETITIONS

Nil.

8.2 GIFTS / AWARDS PRESENTED TO COUNCIL

- Message Stick presented to the City of South Perth by Mr Joe Collard at the Australia Day Ceremony.

8.3 DEPUTATIONS

Deputations were heard at the Council Agenda Briefing held 15 February 2022.

9. METHOD OF DEALING WITH AGENDA BUSINESS

10. REPORTS

10.3 STRATEGIC DIRECTION 3: ENVIRONMENT (BUILT AND NATURAL)

10.3.1 Proposed Significant Tree - 32 Jubilee Street, South Perth

File Ref: D-22-7981
Author(s): Steve Atwell, Manager Programs Delivery
Reporting Officer(s): Mark Taylor, Director Infrastructure Services

Summary

This report seeks Council endorsement of a recently issued Tree Preservation Order in favour of a Port Jackson Fig (*Ficus rubiginosa*) tree located on private property at Lot 50, 32 Jubilee Street, South Perth, and its inclusion on the City's Significant Tree Register.

The Tree Preservation Order was issued after the City became aware that the Body Corporate of the strata property was considering removal of the tree.

The Strata Company for this property has advised the City that the owners propose to pursue its redevelopment in the future, and this will impact on the tree.

Endorsing the Tree Preservation Order will ensure the tree remains at least until a considered assessment can be made of its future retention in respect to any proposed redevelopment of the site.

Officer Recommendation

That Council:

1. Endorses the establishment of a Tree Preservation Order for the Port Jackson Fig (*Ficus rubiginosa*) tree (Tree I.D. 37294) located on private property at (Lot 50) 32 Jubilee Street, South Perth as per **Attachment (a)**;
2. Approves the addition of the Port Jackson Fig on the City's Register of Significant Trees; and
3. Notes that the City will advise the Strata Company of 32 Jubilee Street, South Perth, that it does not support their request to amend the tree preservation order for the Port Jackson Fig tree at this time.

Background

The City of South Perth established provisions to prevent the damage, cutting, pruning or interference to trees via the establishment of Tree Preservation Orders under amendment No. 17 of the previous Town Planning Scheme No.5 in 1995. Tree Preservation Orders, when established, are recorded in the City's Significant Tree Register.

In November 2002, Council recognised the potential loss of tree canopy cover, due to increasing infill development within the City and adopted Policy P205 'Tree Preservation'. P205 reinforces the City's commitment to preserving trees by seeking to protect them via establishing Tree Preservation Orders and listing them on the Significant Tree Register.

10.3.1 Proposed Significant Tree - 32 Jubilee Street, South Perth

The provisions of the current Town Planning Scheme 6 (part 6.13 Tree Preservation) facilitate the preservation of a tree based on an assessment of its aesthetic quality, historical association, rarity, or other characteristics, which make the tree worthy of preservation. The City has developed an assessment model, adapted from the process utilised by the Tree Society and National Trust, to determine if a Tree Preservation Order and subsequent inclusion on the Significant Tree Register is warranted.

Where a tree is identified as being suitable for preservation and subsequent inclusion on the Significant Tree Register, the procedural requirements established within the Town Planning Scheme facilitates the City's establishment of a Tree Preservation Order and its subsequent registration. If the tree in question is located on private land it is necessary to either:

- Seek agreement or comment from the landowner prior to recommending Council endorse the establishment of the Tree Preservation Order; or
- Seek Council endorsement of the establishment of the Tree Preservation Order and listing on the Register with acknowledgement that the landowner is to be advised after registration and invited to make submissions on whether the order should be retained, amended or repealed.

Town Planning Scheme 6 also provides that where a tree growing on private land is assessed as being significant and is considered to be at risk of imminent damage or removal, the City can issue an "emergency" tree preservation order in favour of the tree. In such a scenario the City is to subsequently seek Council endorsement of the establishment of the preservation order. The City, when advising the landowner of the establishment of the tree preservation order, must also provide the landowner an opportunity to support its establishment, or alternatively to seek its amendment or its repeal.

Further to the objectives of both the Town Planning Scheme part 6.13 'Tree Preservation' and Policy P205, Council adopted the City of South Perth Urban Forest Strategy (UFS) in July 2018. The UFS provides for planting of additional, retention of existing and continuing maintenance of suitable trees. The UFS proposes a number of targets designed to assist in meeting the objectives within the strategy, including an intention to increase the number of trees protected within the Significant Tree Register by 25%. Council Policy P206 'Urban Forest' supports the objectives of the UFS.

To date, the Council has endorsed the establishment of 189 Tree Preservation Orders for significant trees which are included on the Significant Tree Register. Preservation details and tree locations are recorded within a hard copy register which is available for inspection at the Civic Administration Centre and are identified within the City's GIS Mapping System.

Comment

In late 2021 the City received a number of written and verbal enquiries from members of the community in relation to the status of a large and old Port Jackson Fig tree (*Ficus rubiginosa*) located within the strata unit development at Lot 50, 32 Jubilee Street, South Perth. Community members advised that they were aware that the Strata Company was considering the removal of the tree to address ongoing maintenance concerns and to facilitate the future redevelopment of the site. The community members expressed their concern and dissatisfaction with any intention to remove the tree.

The Port Jackson Fig tree had not previously been considered for assessment and therefore was not listed on the Significant Tree Register.

10.3.1 Proposed Significant Tree - 32 Jubilee Street, South Perth

Following confirmation that the Strata Company was considering the removal of the tree, the City reviewed the original 1976 development approval for the property and identified that the tree was referenced on the approved development plan with “plan notes” referring to limiting pruning of the tree to a minimum dimension (16m diameter) and only under supervision. It was also evident that the approved building development was designed in a manner which facilitated retention of the existing tree.

City officers subsequently viewed and assessed the Port Jackson Fig tree and determined that it is significant. The assessment process involves scoring the tree on a number of “primary” and “secondary” criteria. The total scores under the primary and secondary categories determine whether the tree is significant.

The tree is approximately 15m high and some 26m in diameter and has heritage significance as it is estimated to be in excess of 100 years old. The tree is structurally sound, provides valuable fauna habitat and contributes to tree canopy cover within the district. **Attachment (b)** is an aerial photograph circa 1930 which shows the tree, already established within the market gardens at this location.

In addition, the tree contributes significantly to the visual amenity of the current development being a central focus within the complex. The tree compliments the scale of the current development and may add significantly to landscape values for any future development proposal.

Subsequent to the assessment the City wrote to the Strata Manager for 32 Jubilee Street in early January 2022 requesting that it advise the Strata Company that the tree is referenced on the original approved development plans for the complex and that any works proposed to be conducted in relation to the tree would require prior approval from the City.

To further ensure the protection of the tree, the City initiated the urgent establishment of a Tree Preservation Order for the Port Jackson Fig tree as prescribed within Town Planning Scheme 6 in **Attachment (a)**.

Consultation

The City wrote to the Strata Manager on 12 January 2022 (letter dated 11 January) advising of the establishment of the Tree Preservation Order and inviting the Strata Company to respond in writing to this advice indicating the property owners’ support for the order to be retained or alternatively seeking it be amended or repealed.

In reply to this correspondence, the Strata Manager wrote to the City on 24 January 2022, on behalf of the 32 Jubilee Street Strata Council of Owners shown at **Attachment (c)**. The letter primarily states:

As owners of the land, we are seeking amendment of the tree preservation order to acknowledge that the Body Corporate propose to submit a Development Application in the foreseeable future.

We request that the Council acknowledge that the tree preservation order and status of the tree be reconsidered at that time.

The complex was established in the Mid 1970’s. It should be noted that the tree does create significant limitations on the site and any redevelopment would be difficult and cost prohibitive with the tree in the current location.

We would also like to inform you that the annual costs of the tree are somewhere in the order of \$3000 - \$4000 for maintenance involved with tree related issues.

10.3.1 Proposed Significant Tree - 32 Jubilee Street, South Perth

Due to the above reasons, a recent survey of owners resulted in a majority in favour of removal of the tree.

We look forward to your favourable consideration of this matter...

In addition to the correspondence from the Strata Manager on behalf of the Council of Owners, the City also received an email message from one of the property owners, seeking to make the City and the Council aware that in October 2021, a survey of owners was conducted which indicated a majority of owners were in support of removing the tree. The author of the email is also requesting the Council repeal the tree preservation order.

The City has also received one formal submission from a community member seeking the City’s intervention to prevent the removal of the tree. A number of informal email and telephone enquiries have also expressed concern in relation to possible removal of the tree.

No broader consultation has been pursued in relation to this matter at this time.

Conclusion

The City considers the added protection provided via the establishment of a Tree Preservation Order for the Port Jackson Fig tree at Lot 50, 32 Jubilee Street is an important measure to ensure the significance of this tree is acknowledged and protected.

The City notes the Strata Company’s advice that it proposes to pursue the redevelopment of Lot 50, 32 Jubilee Street in the future, which is likely to impact on the tree. The Tree Preservation Order will ensure the tree remains until a considered assessment can be made of its future retention in respect to any proposed redevelopment of the site.

Policy and Legislative Implications

City of South Perth Town Planning Scheme No.6 Text Section 6:13 - Tree Preservation

Policy P205 - Tree Preservation

Policy P206 - Urban Forest

City of South Perth – Urban Forest Strategy 2018

Financial Implications

Nomination of the tree to the register of significant trees will impose negligible additional administrative costs and will not affect maintenance costs.

Key Risks and Considerations

Risk Event Outcome	Environmental Damage Includes any detrimental impact upon the natural environment within the City. This includes pollutant spillages and leakages, failure to maintain or enhance the natural environment within the City or its connections with its natural or municipal neighbours
Risk rating	Low
Mitigation and actions	No Action Required – Action Consistent with Town Planning Scheme 6 Provisions

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2021-2031](#):

Strategic Direction:	Environment (Built and Natural)
Aspiration:	Sustainable urban neighbourhoods that respect and value the natural and built environment
Outcome:	3.4 Resource management and climate change
Strategy:	3.4.2 Manage the risks associated with climate change and finite resource availability. Actively manage and promote sustainable water, waste, land and energy practices

Attachments

- 10.3.1 (a): 32 Jubilee Street - Tree Preservation Order Form and Photos
- 10.3.1 (b): 32 Jubilee Street - 1930 Aerial Photo
- 10.3.1 (c): 32 Jubilee Street – Westpoint Apartments – Request for Amendment of Tree Preservation Order

10.3.2 Retrospective Underground Project South Perth and Hurlingham

File Ref: D-22-7982
Author(s): Rodney Markotis, Engineering Technical Officer
Reporting Officer(s): Mark Taylor, Director Infrastructure Services

Summary

This report discusses the progression of underground power in the South Perth and Hurlingham project areas as part of the Western Power Retrospective Undergrounding Program.

Western Power is offering to amalgamate the South Perth and Hurlingham projects into one project area. This will result in reduced costs to property owners for both areas.

The City recommends that Council accept the offer from Western Power and proceed with the combined project by authorising the Chief Executive Officer to sign the funding agreement.

Officer Recommendation

That Council:

1. Authorises the Chief Executive Officer to sign the Western Power Retrospective Undergrounding Projects Co-Funding Agreement for the delivery of underground power to a combined South Perth and Hurlingham project area; and
2. Notes that options relating to the residential underground power charge, repayment options, and loan composition will be considered by Council as part of the development of the 2022/23 Annual Budget.

Background

The State Underground Power Program (SUPP) is a State Government initiative through the Office of Energy with involvement by Western Power and participating local governments. Funding for projects is jointly between program partners.

The objectives of the SUPP are to:

- improve reliability and security of electricity supply for consumers;
- enhance streetscapes and visual amenity;
- reduce street tree maintenance costs for local governments;
- improve street lighting and community safety; and
- reduce maintenance costs for Western Power.

The SUPP was established in 1996 to improve the reliability of electricity supply after a severe storm in 1994 caused significant disruptions in Perth and southern parts of Western Australia. Western Power later reported that 80% of the power failures could be attributed to trees and branches falling on power lines.

10.3.2 Retrospective Underground Project South Perth and Hurlingham

The SUPP has operated successfully since its inception, and about 55% of houses in the Perth metropolitan area now have underground power.

At the commencement of the SUPP, Council resolved to progress a 'whole of city' approach to underground power. The Guidelines for Funding require a participating local government to subdivide its area into manageable underground power areas, comprising between 1,000 to 1,200 properties. In 1996, the City was subdivided into seven underground power areas. In 2009, to satisfy the amended guidelines for Round Five, the remaining four regions were again subdivided to form seven underground power areas of between 500 and 800 properties.

The City has successfully participated in four projects in the five rounds of the SUPP completed to date. The projects were:

- Round One – Como
- Round Two – South Perth
- Round Three – Como East
- Round Four – No project
- Round Five – Salter Point

In 2016 the City submitted five projects for the sixth round of the SUPP.

1. Manning underground power area
Bounded by Challenger Avenue, Manning Road, Freeway, and Hope Avenue.
2. Collier underground power area
Bounded by Canning Highway, Ryrie Avenue, Blamey Place, and South Terrace.
3. Kensington West underground power area
Bounded by Banksia Terrace, George Street, Anketell Street, Rathay Street, Gwentyfred Road, and Canning Highway.
4. Kensington East underground power area
Bounded by South Terrace, George Street, Banksia Terrace, and Canning Highway.
5. South Perth underground power area
Bounded by Douglas Avenue, Canning Highway, Hovia Terrace, and Mill Point Road.

Hurlingham is a further project area awaiting underground power. Hurlingham is bounded by the Swan River Foreshore, Douglas Avenue, Mill Point Road, and Ellam Street. Hurlingham was not eligible for consideration as a SUPP project because it contained less than 500 properties (the minimum amount for a SUPP). Instead, the City nominated this area as a Retrospective Undergrounding Project (RUP), which has lower qualification requirements, to ensure it would be progressed.

In April 2016, successful projects were announced. Three City SUPP projects (the maximum allowed for a local government authority) were approved due to the evaluation process. They were:

- Manning;
- Collier; and
- South Perth.

The Hurlingham RUP project was approved by Western Power at the same time.

Comment

In 2020 Western Power was finalising +/-10% estimates for the South Perth SUPP and the Hurlingham RUP and determined that by amalgamating these two project areas and delivering the entire project as a RUP, Western Power could apply their net benefit contribution to the whole area, which involves a different assessment process to a typical SUPP.

Western Power’s net benefit assessment consists of improved reliability, network performance, and avoided maintenance costs in an ageing overhead network (present value over a 50-year evaluation period).



South Perth / Hurlingham Project Area

By applying Western Power’s net benefit to a combined South Perth and Hurlingham project area, the project can be delivered at a discounted price. Had the South Perth SUPP proceeded in 2016, the residents of this project area would have contributed 80% towards the costs to underground powerlines. However, under the combined project, resident contribution will now be 64% of the total cost of the project.

The average cost per property owner of the South Perth and Hurlingham RUP will therefore be \$4,820, which compares very favourably against the 2016 South Perth SUPP survey estimate of \$6,650 average cost per property owner.

The payment schedules (cash calls) that ensure contractors are paid as their work is completed are outlined in the Retrospective Undergrounding Projects Co-Funding Agreement shown at **Confidential Attachment (a)**. Western Power has approved the first cash call to be 28 July 2022. This will allow the Council to adopt the 2022/23 Annual Budget, facilitating the inclusion of underground power charges in the Rates notice to be issued in late July 2022.

The timing of the cash calls is consistent with those agreed for the Collier and Manning SUPP projects. The residential charge model, repayment options, and the funding and timing of loans will also be in line with the Collier and Manning SUPP projects as presented to Councillors at a Concept Briefing held on 7 September 2021.

If the project is endorsed and the funding agreement signed, it is expected that construction will commence in September 2022 and take approximately 15 months to complete.

Consultation

Elected members have been engaged via ongoing bulletin items and briefing sessions concerning the project most recently in September 2021.

Information relating to a combined South Perth and Hurlingham RUP has been updated on the City’s website to advise residents that Council will be considering this project for construction.

Residents of the South Perth project area were surveyed about a potential SUPP in 2016. The results of the survey showed that a majority of residents were in favour of the project.

The Hurlingham RUP project area was not part of the SUPP process, therefore a resident survey was not undertaken. It is proposed to organise a session primarily for Hurlingham residents to communicate information about the project and its benefits. Western Power has indicated it will support the City with this engagement.

Policy and Legislative Implications

The proposal to charge the directly benefiting residents of the project is outlined within the *Local Government Act 1995*.

Financial Implications

If the funding agreement is endorsed, the total cost to residents within the project area is anticipated to be \$7,490,076, plus \$100,000 in administration and project management costs. The average price per resident is expected to be \$4,820.

The 2022/23 Annual Budget will include the underground power charging model, resident repayment options, and City loan options to finance the project over the period, all to be determined by Council.

Key Risks and Considerations

Risk Event Outcome	Reputational Damage Deals with adverse impact upon the professional reputation and integrity of the City and its representatives whether those persons be appointed or elected to represent the City. The outcome can range from a letter of complaint through to a sustained and co-ordinated representation against the City and or sustained adverse comment in the media.
Risk rating	Medium
Mitigation and actions	Approval of the project in a timely manner

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2021-2031](#):

Strategic Direction:	Environment (Built and Natural)
Aspiration:	Sustainable urban neighbourhoods that respect and value the natural and built environment
Outcome:	3.3 Enhanced environment and open spaces
Strategy:	3.3.3 Improve the amenity value and sustainable uses of our streetscapes, public open spaces and foreshores

Attachments

10.3.2 (a):	Retrospective Undergrounding Projects (RUP) Co-Funding Agreement – South Perth & Hurlingham (<i>Confidential</i>)
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10.4 STRATEGIC DIRECTION 4: LEADERSHIP

10.4.1 Listing of Payments December 2021

File Ref: D-22-7983
Author(s): Abrie Lacock, Manager Finance
Reporting Officer(s): Garry Adams, Director Corporate Services

Summary

This report presents to Council a list of accounts paid under delegated authority between 1 December 2021 and 31 December 2021 for information. During the reporting period, the City made the following payments:

EFT Payments to Creditors	(486)	\$8,301,071.92
Cheque Payment to Creditors	(5)	\$9,283.28
Total Monthly Payments to Creditors	(491)	\$8,310,355.20
EFT Payments to Non-Creditors	(88)	\$460,492.65
Cheque Payments to Non-Creditors	(25)	\$19,590.41
Total EFT & Cheque Payments	(604)	\$8,790,438.26
Credit Card Payments	(7)	\$18,675.80
Total Payments	(611)	\$8,809,114.06

Officer Recommendation

That Council receives the Listing of Payments for the month of December 2021 as detailed in **Attachment (a)**.

Background

Council has delegated to the Chief Executive Officer (CEO) the exercise of its power to make payments from its Municipal and Trust Funds. In accordance with regulation 13(1) of the Local Government (Financial Management) Regulations 1996 a list of accounts paid by the CEO is to be prepared each month and presented to the Council at the next Ordinary Meeting of the Council after the list is prepared.

Comment

The payment listing for December 2021 is included at **Attachment (a)**.

The attached report includes a "Description" for each payment. City officers have used best endeavours to redact (in black) information of a private or confidential nature.

10.4.1 Listing of Payments December 2021

The report records payments classified as:

- **Creditor Payments**

These include payments by both cheque and EFT to regular suppliers with whom the City transacts business. The reference number represent a batch number of each payment.

- **Non Creditor Payments**

These one-off payments that include both cheque and EFT are made to individuals / suppliers who are not listed as regular suppliers. The reference number represent a batch number of each payment.

- **Credit Card Payments**

Credit card payments are now processed in the Technology One Finance System as a creditor payment and treated as an EFT payment when the bank account is direct debited at the beginning of the following month.

Details of payments made by direct credit to employee bank accounts in accordance with contracts of employment are not provided in this report for privacy reasons nor are payments of bank fees such as merchant service fees which are directly debited from the City's bank account in accordance with the agreed fee schedules under the contract for provision of banking services.

Consultation

Nil.

Policy and Legislative Implications

Regulations 12 and 13(1) of the Local Government (Financial Management) Regulations 1996. Policy P602 Authority to Make Payments from the Municipal and Trust Funds.

Financial Implications

The payment of authorised amounts is within existing budget provisions.

Key Risks and Considerations

Risk Event Outcome	Legislative Breach Refers to failure to comply with statutory obligations in the manner in which the City, its officers and Elected Members conduct its business and make its decisions and determinations. This embraces the full gamut of legal, ethical and social obligations and responsibilities across all service areas and decision making bodies within the collective organisation
Risk rating	Low
Mitigation and actions	Monthly Financial reporting time lines exceeding statutory requirements

10.4.1 Listing of Payments December 2021

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2021-2031](#):

Strategic Direction: Leadership
Aspiration: A visionary and influential local government
Outcome: 4.3 Good governance
Strategy: 4.3.1 Foster effective governance through quality decision-making with honesty and integrity and quality decision making to deliver community priorities

Attachments

10.4.1 (a): Listing of Payments December 2021

10.4.2 Monthly Financial Statements- December 2021

File Ref: D-22-7993
Author(s): Abrie Lacock, Manager Finance
Reporting Officer(s): Garry Adams, Director Corporate Services

Summary

The monthly Financial Statements are provided within **Attachments (a)–(i)**, with high level analysis contained in the comments of this report.

Officer Recommendation

That Council notes the Financial Statements and report for the month ended 31 December 2021.

Background

Regulation 34(1) of the Local Government (Financial Management) Regulations 1996, requires each local government to present a Statement of Financial Activity reporting on income and expenditure as set out in the annual budget. In addition, regulation 34(5) requires a local government to adopt a percentage or value to report on material variances between budgeted and actual results. The 2021/22 budget adopted by Council on 22 June 2021, determined the variance analysis for significant amounts of \$10,000 or 10% for the financial year. Each Financial Management Report contains an Original and Revised Budget column for comparative purposes.

Comment

The Statement of Financial Activity, a similar report to the Rate Setting Statement, is required to be produced monthly in accordance the Local Government (Financial Management) Regulations 1996. This financial report is unique to local government drawing information from other reports to include Operating Revenue and Expenditure, Capital Income and Expenditure as well as transfers to reserves and loan funding.

COVID-19 declared a pandemic on 11 March 2020 by the World Health Organisation, continues to cause havoc on the global health scene with a significant impact on world economic activities. Despite rising vaccination rates the COVID-19 variant Omicron continues to hit business in the eastern states hard. The Council of Small Business of Australia said conditions were the worst they had been since the pandemic began, with businesses in eastern states reporting a dramatic fall in turnover, this may be as sign of what is to come for Western Australia.

In framing the Annual Budget 2021/22, the City considered the current economic environment and the impact of COVID-19, it may well be that the impact of ending Western Australia's isolation and Omicron has unforeseen budgetary outcomes. As Western Australia remains at risk the State Government continues to extend the emergency period initially enacted 30 March 2020. For now Western Australia continues its hard borders stance, committing to review the boarder restrictions during February 2022.

Actual income from operating activities for December year-to-date (YTD) is \$66.83m in comparison to budget of \$66.18m, favourable to budget by 0.99% or \$652k.

Actual expenditure from operating activities for December is \$38.34m in comparison to budget of \$39.63m, favourable to budget by 3.24% or \$1.29m. Slower activity in the first half of the financial year are common, as the year progress this variance will reduce. The December Net Operating Position of \$28.49m was \$1.94m favourable in comparison to budget.

Actual Capital Revenue YTD is \$436k in comparison to the budget of \$1.08m. Actual Capital Expenditure YTD is \$3.34m in comparison to the budget of \$4.10m. Timing variations are mainly responsible for the variances included in the above. This is because capital spending typically accelerates in the second half of the year as projects move from the design and procurement phase to construction. As described during the Budget deliberations, the estimation of Capital projects that may carry-forward from one year to the next is challenging as it is dependent on estimating the completion of work by 30 June by a contractor. As in previous years, there is a number of Capital projects that require a budget adjustment during the midyear review process.

Cash and Cash Equivalents amounted \$68.21m. Traditionally the December cash balance is higher following the rates being issued and payments received in the first half of the financial year. Consistent with previous monthly reports, the Cash and Cash Equivalents balance is contained within the Statement of Financial Position. In addition, further detail is included in a non-statutory report (All Council Funds).

The record low interest rates in Australia are impacting the City's investment returns, with banks offering average interest rates of 0.43% for investments under 12 months. The City holds a portion of its funds in financial institutions that do not invest in fossil fuels. Investment in this market segment is contingent upon all of the other investment criteria of Policy P603 Investment of Surplus Funds being met. At the end of December 2021 the City held 23.78% of its investments in institutions that do not provide fossil fuel lending. The Summary of Cash Investments illustrates the percentage invested in each of the non-fossil fuel institutions and the short term credit rating provided by Standard & Poors for each of the institutions.

Consultation

Nil.

Policy and Legislative Implications

This report is in accordance with the requirements of the Section 6.4 of the *Local Government Act 1995* and regulation 34 of the Local Government (Financial Management) Regulations 1996.

Financial Implications

The preparation of the monthly financial reports occurs from the resources provided in the annual budget.

Key Risks and Considerations

Risk Event Outcome	Legislative Breach Refers to failure to comply with statutory obligations in the manner in which the City, its officers and Elected Members conduct its business and make its decisions and determinations. This embraces the full gamut of legal, ethical and social obligations and responsibilities across all service areas and decision making bodies within the collective organisation
Risk rating	Low
Mitigation and actions	Monthly Financial reporting time lines exceeding statutory requirements

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2021-2031](#):

Strategic Direction:	Leadership
Aspiration:	A visionary and influential local government that is receptive and proactive in meeting the needs of our community
Outcome:	4.3 Good governance
Strategy:	4.3.1 Foster effective governance through quality decision-making with honesty and integrity and quality decision making to deliver community priorities

Attachments

10.4.2 (a):	Statement of Financial Position
10.4.2 (b):	Statement of Change in Equity
10.4.2 (c):	Statement of Financial Activity
10.4.2 (d):	Operating Revenue & Expenditure
10.4.2 (e):	Significant Variance Analysis
10.4.2 (f):	Capital Revenue and Expenditure
10.4.2 (g):	Statement of Council Funds
10.4.2 (h):	Summary of Cash Investments
10.4.2 (i):	Statement of Major Debtor Categories

10.4.3 Listing of Payments January 2022

File Ref: D-22-7995
Author(s): Abrie Lacock, Manager Finance
Reporting Officer(s): Garry Adams, Director Corporate Services

Summary

This report presents to Council a list of accounts paid under delegated authority between 1 January 2022 to 31 January 2022 for information. During the reporting period, the City made the following payments:

EFT Payments to Creditors	(323)	\$3,948,720.70
Cheque Payment to Creditors	(6)	\$1,848.22
Total Monthly Payments to Creditors	(329)	\$3,950,568.92
EFT Payments to Non-Creditors	(77)	\$385,785.55
Cheque Payments to Non-Creditors	(42)	\$35,483.40
Total EFT & Cheque Payments	(448)	\$4,371,837.87
Credit Card Payments	(7)	\$18,675.80
Total Payments	(455)	\$4,390,513.67

Officer Recommendation

That Council receives the Listing of Payments for the month of January 2022 as detailed in **Attachment (a)**.

Background

Council has delegated to the Chief Executive Officer (CEO) the exercise of its power to make payments from its Municipal and Trust Funds. In accordance with regulation 13(1) of the Local Government (Financial Management) Regulations 1996 a list of accounts paid by the CEO is to be prepared each month and presented to the Council at the next Ordinary Meeting of the Council after the list is prepared.

Comment

The payment listing for January 2022 is included at **Attachment (a)**.

The attached report includes a "Description" for each payment. City officers have used best endeavours to redact (in black) information of a private or confidential nature.

The report records payments classified as:

- **Creditor Payments**

These include payments by both cheque and EFT to regular suppliers with whom the City transacts business. The reference number represent a batch number of each payment.

- **Non Creditor Payments**

These one-off payments that include both cheque and EFT are made to individuals / suppliers who are not listed as regular suppliers. The reference number represent a batch number of each payment.

- **Credit Card Payments**

Credit card payments are now processed in the Technology One Finance System as a creditor payment and treated as an EFT payment when the bank account is direct debited at the beginning of the following month.

Details of payments made by direct credit to employee bank accounts in accordance with contracts of employment are not provided in this report for privacy reasons nor are payments of bank fees such as merchant service fees which are directly debited from the City’s bank account in accordance with the agreed fee schedules under the contract for provision of banking services.

Consultation

Nil.

Policy and Legislative Implications

Regulations 12 and 13(1) of the Local Government (Financial Management) Regulations 1996. Policy P602 Authority to Make Payments from the Municipal and Trust Funds.

Financial Implications

The payment of authorised amounts is within existing budget provisions.

Key Risks and Considerations

Risk Event Outcome	Legislative Breach Refers to failure to comply with statutory obligations in the manner in which the City, its officers and Elected Members conduct its business and make its decisions and determinations. This embraces the full gamut of legal, ethical and social obligations and responsibilities across all service areas and decision making bodies within the collective organisation
Risk rating	Low
Mitigation and actions	Monthly Financial reporting time lines exceeding statutory requirements

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2021-2031](#):

Strategic Direction:	Leadership
Aspiration:	A visionary and influential local government that is receptive and proactive in meeting the needs of our community
Outcome:	4.3 Good governance
Strategy:	4.3.1 Foster effective governance through quality decision-making with honesty and integrity and quality decision making to deliver community priorities

Attachments

10.4.3 (a): Listing of Payments January 2022

10.4.4 Monthly Financial Statements- January 2022

File Ref: D-22-7996
Author(s): Abrie Lacock, Manager Finance
Reporting Officer(s): Garry Adams, Director Corporate Services

Summary

The monthly Financial Statements are provided within **Attachments (a)–(i)**, with high level analysis contained in the comments of this report.

Officer Recommendation

That Council notes the Financial Statements and report for the month ended 31 January 2022.

Background

Regulation 34(1) of the Local Government (Financial Management) Regulations 1996, requires each local government to present a Statement of Financial Activity reporting on income and expenditure as set out in the annual budget. In addition, regulation 34(5) requires a local government to adopt a percentage or value to report on material variances between budgeted and actual results. The 2021/22 budget adopted by Council on 22 June 2021, determined the variance analysis for significant amounts of \$10,000 or 10% for the financial year. Each Financial Management Report contains an Original and Revised Budget column for comparative purposes.

Comment

The Statement of Financial Activity, a similar report to the Rate Setting Statement, is required to be produced monthly in accordance the Local Government (Financial Management) Regulations 1996. This financial report is unique to local government drawing information from other reports to include Operating Revenue and Expenditure, Capital Income and Expenditure as well as transfers to reserves and loan funding.

COVID-19 declared a pandemic on 11 March 2020 by the World Health Organisation, continues to cause havoc on the global health scene with a significant impact on world economic activities. Despite rising vaccination rates the COVID-19 variant Omicron continues to hit business in the eastern states hard. The Council of Small Business of Australia said conditions were the worst they had been since the pandemic began, with businesses in eastern states reporting a dramatic fall in turnover, this may be as sign of what is to come for Western Australia.

In framing the Annual Budget 2021/22, the City considered the current economic environment and the impact of COVID-19, it may well be that the impact of ending Western Australia's isolation and Omicron has unforeseen budgetary outcomes. As Western Australia remains at risk the State Government continues to extend the emergency period initially enacted 30 March 2020. Premier Mark McGowan committed to review Western Australia's boarder restrictions during February 2022 with staged boarder relaxation measures being introduced.

Actual income from operating activities for January year-to-date (YTD) is \$68.13m in comparison to budget of \$67.10m, favourable to budget by 1.54% or \$1.03m.

10.4.4 Monthly Financial Statements- January 2022

Actual expenditure from operating activities for January is \$44.64m in comparison to budget of \$45.93m, favourable to budget by 2.81% or \$1.29m. The January Net Operating Position of \$23.49m was \$2.33m favourable in comparison to budget.

Actual Capital Revenue YTD is \$555k in comparison to the budget of \$1.39m. Actual Capital Expenditure YTD is \$3.73m in comparison to the budget of \$5.46m. Capital spending typically accelerates in the second half of the year as projects move from the design and procurement phase to construction. As described during the Budget deliberations, the estimation of Capital projects that may carry-forward from one year to the next is challenging as it is dependent on estimating the completion of work by 30 June by a contractor. As in previous years, there is a number of Capital projects that require a budget adjustment during the midyear review process.

Cash and Cash Equivalents amounted \$66.83m, almost at the same level than the prior year comparative period. Payment and spending trends are similar to previous years. Consistent with previous monthly reports, the Cash and Cash Equivalents balance is contained within the Statement of Financial Position. In addition, further detail is included in a non-statutory report (All Council Funds).

The record low interest rates in Australia are impacting the City's investment returns, with banks offering average interest rates of 0.48% for investments under 12 months. The City holds a portion of its funds in financial institutions that do not invest in fossil fuels. Investment in this market segment is contingent upon all of the other investment criteria of Policy P603 Investment of Surplus Funds being met. At the end of January 2022 the City held 23.65% of its investments in institutions that do not provide fossil fuel lending. The Summary of Cash Investments illustrates the percentage invested in each of the non-fossil fuel institutions and the short term credit rating provided by Standard & Poors for each of the institutions.

Consultation

Nil.

Policy and Legislative Implications

This report is in accordance with the requirements of the Section 6.4 of the Local Government Act 1995 and regulation 34 of the Local Government (Financial Management) Regulations 1996.

Financial Implications

The preparation of the monthly financial reports occurs from the resources provided in the annual budget.

Key Risks and Considerations

Risk Event Outcome	Legislative Breach Refers to failure to comply with statutory obligations in the manner in which the City, its officers and Elected Members conduct its business and make its decisions and determinations. This embraces the full gamut of legal, ethical and social obligations and responsibilities across all service areas and decision making bodies within the collective organisation
Risk rating	Low
Mitigation and actions	Monthly Financial reporting time lines exceeding statutory requirements

Strategic Implications

This matter relates to the following Strategic Direction identified within Council's [Strategic Community Plan 2020-2030](#):

Strategic Direction:	Leadership
Aspiration:	A visionary and influential local government
Outcome:	4.3 Good governance
Strategy:	4.3.1 Foster effective governance through quality decision-making with honesty and integrity and quality decision making to deliver community priorities

Attachments

10.4.4 (a):	Statement of Financial Position
10.4.4 (b):	Statement of Change in Equity
10.4.4 (c):	Statement of Financial Activity
10.4.4 (d):	Operating Revenue and Expenditure
10.4.4 (e):	Significant Variance Analysis
10.4.4 (f):	Capital Revenue and Expenditure
10.4.4 (g):	Statement of Council Funds
10.4.4 (h):	Summary of Cash Investments
10.4.4 (i):	Statement of Major Debtor Categories

10.4.5 Council Caretaker Policy

File Ref: D-22-7997
Author(s): Bernadine Tucker, Manager Governance
Reporting Officer(s): Garry Adams, Director Corporate Services

Summary

On 28 September 2021, Council resolved that a report be prepared within the next 6 months, on the options for adoption of a Council Caretaker Policy. This report addresses this resolution.

Officer Recommendation

That a Council Caretaker Policy not be progressed at this time until the outcome of the local government reform process is known.

Background

For the 2017 local government elections, the Department of Local Government, Sport and Cultural Industries (Department), advocated for Councils to adopt a Caretaker Policy - Bulletin 1 - Local Government Elections. In this Bulletin, the Department gave information on the election process to keep local governments and the community informed of requirements for the upcoming local government elections and information on caretaker periods.

That Bulletin suggested a caretaker policy should cover:

- decisions made by the Council
- materials published by the local government
- attendance and participation in functions and events
- use of the local government's resources
- access to local government information.

In August 2018, the WA Local Government Association (WALGA) developed a Draft Electoral Caretaker Period Policy for local governments to ensure that any perceptions of Council decisions being made that may advantage or disadvantage a candidate would be addressed.

In November 2021, the State Government announced the most significant package of major reforms for WA local government since the *Local Government Act 1995* was passed more than 25 years ago. A large focus on the new reform is oversight and intervention where there are significant problems arising within a local government and to ensure local governments work for the benefit of local communities.

The government have released their Local Government Reform – Summary of Proposed Reforms paper (Report) inviting comments on the proposed reforms. One of these recommended reforms relates to standardising election caretaker periods across local governments.

The following is an excerpt from that Report:

5.6 Standardised Election Caretaker period	
<ul style="list-style-type: none"> • There is currently no requirement for a formal caretaker period, with individual councils operating under their own policies and procedures. • This is commonly a point of public confusion. 	<ul style="list-style-type: none"> • A state-wide caretaker period for local governments is proposed. • All local governments across the State would have the same clearly defined election period, during which: <ul style="list-style-type: none"> ○ Councils do not make major decisions with criteria to be developed defining ‘major’ ○ Incumbent councillors who nominate for re-election are not to represent the local government, act on behalf of the council, or use local government resources to support campaigning activities. ○ There are consistent election conduct rules for all candidates.

Comment

Given it is proposed to introduce a state-wide caretaker period for all local governments, it is recommended the City not progress a Council Caretaker Policy until the outcomes of the governments consultation on this topic is known.

Consultation

Nil.

Policy and Legislative Implications

Section 2.7(2)(b) of the *Local Government Act 1995* – the Council determines the local government’s policies.

Financial Implications

Nil.

Key Risks and Considerations

Risk Event Outcome	<p>Reputational Damage</p> <p>Deals with adverse impact upon the professional reputation and integrity of the City and its representatives whether those persons be appointed or elected to represent the City. The outcome can range from a letter of complaint through to a sustained and co-ordinated representation against the City and or sustained adverse comment in the media</p>
Risk rating	Medium
Mitigation and actions	Can be managed through policies and procedures and regular monitoring.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council’s [Strategic Community Plan 2021-2031](#):

- Strategic Direction: Leadership
- Aspiration: A visionary and influential local government that is receptive and proactive in meeting the needs of our community
- Outcome: 4.3 Good governance
- Strategy: 4.3.1 Foster effective governance through quality decision-making with honesty and integrity and quality decision making to deliver community priorities

Attachments

Nil.

10.4.6 Live Streaming of Council Meetings

File Ref: D-22-7998
Author(s): Garry Adams, Director Corporate Services
Reporting Officer(s): Garry Adams, Director Corporate Services

Summary

In response to a resolution of Council made at the September 2021 Ordinary Council Meeting, City Officers have investigated the options available to Council if it wishes to proceed with Live Streaming of Council Meetings. These are presented within this report for Council consideration.

Officer Recommendation

That Council:

1. Introduces audio live streaming of Agenda Briefings and Council Meetings (where such parts of the meeting are not confidential) by May 2022.
2. Approves funding of \$12,000 to be allocated to the introduction of the audio live streaming of Agenda Briefings and Council Meetings.
3. Does not introduce live video streaming of Agenda Briefings and Council Meetings at this time but commits to reviewing this position as part of the 2022-23 budget discussions, or if mandated to do so by the State Government.

Background

At the September 2021 Ordinary Council Meeting, Council made the following resolution (0921/179):

That a report be prepared and provided to Council in the next six months on options (including costs) for internet live streaming Council meetings.

In accordance with this resolution, City Officers have identified three options in relation to live streaming:

1. Maintain the status quo (a recording is uploaded to the website).
2. Live audio streaming.
3. Live audio and video streaming.

Clause 6.15 of the City of South Perth Standing Orders Local Law 2007 states that: 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.

An audio recording of all Ordinary and Special Meetings of Council is currently made and uploaded to the City's website for members of the public to listen to.

The current cameras in the Council Chambers and the current Audio Visual equipment do not support the live video streaming of Council meetings. Fit for purpose equipment would need to be purchased to enable this to be achieved in a manner that provides a quality live streaming experience for viewers.

10.4.6 Live Streaming of Council Meetings

A number of metropolitan and rural Councils have introduced live video streaming. The intent being to make meetings more accessible to the public. Part of this uptake may be attributed to the declared State of Emergency related to COVID-19, when meetings were held electronically and Elected Members and members of the public were not always able or willing to attend in person. Feedback indicates that on average 20 to 35 individuals access these live streaming sessions.

The Department of Local Government, Sport and Cultural Industries recently released a Summary of Proposed Reforms for consultation. Under the heading of Transparency and Accountability, it is proposed that “Band 1 and 2 local governments would be required to livestream meetings and make video recordings available as public archives”. At this point in time, it is uncertain as to when this will be mandated and what the exact requirements on Tier 1 and Tier 2 local governments will be. Given that the City of South Perth is a Tier 2 local government, it is highly likely that the City will be required to provide live audio and video streaming of Council meetings.

Option 1 - Maintain the Status Quo

The City currently audio records Agenda Briefings and Council Meetings. The recordings are made available on the City’s website. The recordings have been made available to the public on the City’s website since April 2020. For the last calendar year, the average number of people (unique views) accessing these recordings across all Agenda Briefings and Council Meetings is approximately 20.

The availability of these recordings gives a degree of openness, transparency and accountability with regard to the decisions made by Council. It is provided at minimal cost as it utilises the City’s existing recording software (Liberty Meeting Recorder) and staff have absorbed the additional workload. The City believes this option continues to provide transparency of the Meetings, within a reasonable risk level. However, the City acknowledges that this solution does not provide the ability for people to listen to meetings in real time and at some future date, it is likely that a live streaming option will be required.

Option 2 - Audio Live Streaming

This option provides for the audio live streaming of Agenda Briefings and Council meetings as they occur.

From a practical perspective the existing Liberty Meeting Recorder software, that the City uses in Council Chambers to record the meetings, has the functionality for additional technology to be added on to enable live streaming. Preliminary costing indicates the technology to achieve this be delivered at a cost of around \$12,000. This technology will come with the flexibility for cameras to be added at a later date.

The City understands the City of Wanneroo and City of Canning have recently selected this option. This option will require that meeting protocols are established. For example, this would include determining what members of the public ‘listen to’ when the meeting has gone behind closed doors for confidential reasons.

The implementation of this option still creates a number of potential risks which are:

1. Defamation.
2. Infringement of Copyright.
3. Breach of privacy/disclosure of personal information.
4. Publishing of offensive material.
5. Publishing of confidential or privileged Council information.

10.4.6 Live Streaming of Council Meetings

6. Potential doctoring of recordings.
7. Use of recordings by public/media causing embarrassment.

The City of Canning has reported that the average number of people listening live is 10-15. Many more people listen to the audio, (up to 140 in some instances), once the recording is placed on the website. One reason for this is that people can just listen to the part that is relevant to them rather than sitting through the whole meeting.

Option 3 – Audio and Video Live Streaming

Currently, there are no fit-for-purpose cameras or video recording facilities in the Council Chambers to accommodate live audio streaming. These cameras would need to be installed.

The cost of video live streaming is influenced by the sophistication of the selected solution (numbers of cameras, viewing platform, add on features such as requirement for text overlay and Live Caption Systems and so forth). For instance, a pan tilt zoom (PTZ) camera that can move and position as a delegate unit (microphone) is more costly than a fixed camera. A PTZ option would require a considerable upgrade to the current recording system.

The provisional one-off costing provided by the main supplier of this type of equipment (Redfish Technologies Pty Ltd) indicated that the cost of installing a total audio-visual streaming solution would be approximately \$62,000 excluding GST. This solution provides for three fixed cameras and is similar to the installation being used by the City of Perth. The cost would obviously rise if additional functionality such as PTZ cameras was added.

This option will also require that meeting protocols are established. For example: what would members of the public see or hear when the meeting goes behind closed doors for confidential reasons.

This option also introduces similar risks and negative issues associated with Option 2, but perhaps at a higher level of risk given the added video functionality.

These are:

1. Defamation.
2. Infringement of Copyright.
3. Breach of privacy/disclosure of personal information.
4. Publishing of offensive material.
5. Publishing of confidential or privileged Council information.
6. Potential doctoring of recordings.
7. Use of recordings by public/media causing embarrassment.

Sector Position

The *Local Government Act 1995* and the related Regulations do not currently regulate the recording of Council Meetings. However, it is becoming more common practice for local governments to make meetings available using live streaming.

A number of metropolitan and rural councils have introduced some form of live streaming with most reporting that on average between 20 and 40 people are accessing the live stream.

Comment

The City notes and understands the move by many local governments to increase transparency and accessibility to Council Meetings through the use of live streaming. It is also noted that it is likely the City will be required to provide some form of live streaming with the introduction of the proposed LG Reforms.

Whilst some of the current audio-visual equipment in the Council Chamber has now reached the end of its 'technical, useful' life and should be replaced some will be retained and used as part of the overall live streaming solution. The indicative cost of replacing the required parts of the system with contemporary equipment capable of providing a quality live audio and video stream is approximately \$62,000. This is for a three-camera option similar to what has been installed in the City of Perth.

The estimated cost of Option 2 is less than \$12,000 and provides audio live streaming. The equipment to be installed to facilitate live audio streaming can be used and added on to when the existing system is replaced (for example, cameras can be built on to the audio equipment).

Given the City's current budget deficit position and if Council accepts the risks associated with live streaming, the City recommends Council approve Option 2: live audio streaming and allocates funding of \$12,000 in 2021/22 budget review. The additional cost to implement live video functionality can then be considered within the context of the 2022/23 budget and when there is certainty around the State Government mandate for live streaming.

Consultation

Consultation has been undertaken with other local governments and advice sought from the supplier of the City's current equipment.

Policy and Legislative Implications

Nil.

Financial Implications

The financial implication associated with adopting the officer's recommendation are in the vicinity of \$12,000 in the current financial year. Further cost implications to be considered for the 2022/23 budget of approximately \$50,000 will be associated with additional video streaming solutions.

Key Risks and Considerations

Risk Event Outcome	<p>Reputational Damage</p> <p>Deals with adverse impact upon the professional reputation and integrity of the City and its representatives whether those persons be appointed or elected to represent the City. The outcome can range from a letter of complaint through to a sustained and co-ordinated representation against the City and or sustained adverse comment in the media.</p>
Risk rating	Medium
Mitigation and actions	Elected members made aware of potential risks.

Strategic Implications

This matter relates to the following Strategic Direction identified within Council’s [Strategic Community Plan 2021-2031](#):

Strategic Direction: Leadership
 Aspiration: A visionary and influential local government
 Outcome: 4.3 Good governance
 Strategy: 4.3.1 Foster effective governance through quality decision-making with honesty and integrity and quality decision making to deliver community priorities

Attachments

10.4.6 (a): Audio Visual Examples

10.4.7 Budget Review for the Period ended 31 December 2021

File Ref: D-22-8000
Author(s): Abrie Lacock, Manager Finance
Reporting Officer(s): Garry Adams, Director Corporate Services

Summary

A comprehensive review of the 2021/22 Adopted Budget, based on actual results for the period to 31 December 2021, has been completed, with comments on the identified variances. To date the impact of COVID-19 was less severe than initially anticipated, however it remains a source of significant uncertainty, given the recent outbreak of Omicron in WA.

As is the case for prior years, officers have looked for opportunities to reduce and manage operating expenditure. This effort together with increased revenue has resulted in an improvement to the overall financial position of the City.

A Statement of Financial Activity is included, similar to the report included in each month's Council meeting agenda. It compares the original adopted budget to the reviewed budget, illustrating the movements within the review. A summary of the forecasted Financial Ratios is attached, as well as schedules of detailed adjustments. The underlying theme of the review was to deliver an improved budget outcome.

Officer Recommendation

That Council adopts the mid-year budget review and changes contained in the Statement of Financial Activity **Attachment (a)**, as well as the detailed changes contained in **Attachments (b), (c) and (d)**.

Absolute Majority required

Background

Under the *Local Government Act 1995* and the Local Government (Financial Management) Regulations 1996, a local government is required to review the Adopted Budget and consider its financial performance in the period beginning on 1 July and ending no earlier than 31 December in that financial year. The results of this Budget Review are forwarded to the Department of Local Government after adoption by Council.

Comment

A Statement of Financial Activity is included, based on the statements of financial activity presented to Council each month. It illustrates the adopted original budget, compared to the reviewed budget. It is recommended this report be reviewed first before considering the detail included within the schedules. In addition, a summary of the forecasted Financial Ratios has been included, illustrating the need for continued effort to focus on improving the Operating Surplus Ratio over time.

All adjustments are summarised within the Budget Review Statement of Financial Activity **Attachment (a)**. The detailed revenue and expenditure adjustments are described in **Attachment (b)**, with changes to capital and reserves contained in **Attachment (c)**.

A detailed examination of operating revenue and expenditure accounts along with capital revenue and expenditure has been undertaken to identify the required adjustments.

Where savings have arisen from completed capital projects, funds may be redirected towards other proposals. Projects and funding not carried forward from the prior financial year are now included, including the funding from capital grants. Adjustments to capital projects requires changes to the transfers to and from Municipal funds and Reserves.

The projected Budget Opening Position for 2021/22 was adjusted to reflect the actual figure at year end rather than the 'estimated' figure that was used in formulating the budget. This matter is discussed further in the Financial Implications section of this report. Amended Ratios based on these adjustments are included at **Attachment (d)**.

Overall the City's financial position has improved since the adoption of the Budget.

The review also considered the phasing (pattern of expenditure during the year) of the budget.

Consultation

Nil.

Policy and Legislative Implications

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Financial Implications

The Budgeted Net Operating Deficit in **Attachment (a)** the Statement of Financial Activity by Program is forecast to improve from \$4,155,526 by \$656,610 to a Net Operating Budget deficit of \$3,498,916. The detail of movements in Operating Revenue and Expenditure are described below.

The projected (at Budget adoption) Opening Net Current Assets in **Attachment (a)** the Statement of Financial Activity by Program brought forward from 2020/21 was \$3,691,484. This figure was adjusted to reflect the actual figure of \$7,646,978 at year end rather than the 'estimated' figure that was used in formulating the budget. The forecast net current assets closing position is \$3,885,179 which is a slight increase on the actual opening position.

On current projections, the FHI score will remain similar in comparison to the 2020/21 yearend score. As is the case every year, the estimated Budget Closing Position will continue to be closely monitored during the remainder of the year.

Operating Revenue

Operating Revenue is forecast to increase by a net amount of \$986k overall. The below commentary explains the significant contributors to this variance, commentary is not provided in this report on other less significant variances included in the totals as all adjustments are detailed in **Attachment (b)**. COVID-19 (at this stage) had less of an impact than anticipated. With reference to **Attachment (a)**, the Statement of Financial Activity by Program, the favourable variance of \$262k in Community Amenities is mainly due to the anticipated increases in planning fees being \$100k and the inclusion of a \$110k secondment fee recovery.

The favourable variance of \$457k in Recreation and Culture derives from Collier Park Golf Course fees being up by \$137k, facility hire increasing by \$120k and operating grants being \$107k more than budgeted. In Economic Services Building fees were also above budget by \$200k.

Operating Expenditure

Operating expenditure is forecast to increase by a net amount of \$329k from the Original Budget. Similar to Operating Revenue above, commentary is not provided in this report on other less significant variances included in the totals as all adjustments are detailed in **Attachment (b)**. With reference to **Attachment (a)**, the Statement of Financial Activity by Program, the favourable variance in Governance of \$223k results from savings in consultancy and legal services of \$161k, and election expenses of \$39k. The unfavourable variance in Education and Welfare of \$100k, primarily resulted from structural changes at the South Perth Senior Citizens Centre following a review, which will continue generate savings in future financial years. A favourable \$242k variance in Community Amenities results from reductions in staff cost of \$133k and waste management of \$36k. Planning precinct studies and consultancy costs were reduced by \$118k with reduced internal allocations of \$160k. These are offset by increased legal costs of \$229k associated with the Pinnacle Apartments building safety matter.

The unfavourable variance of \$773k in Recreation and Culture is primarily driven by Collier Park Golf Course controller's fees increase of \$475k partially as a result of the cessation of the Job Keeper subsidy. This increase is partly offset by an increase in revenue as described in Operating Revenue above. Also included is \$325k Recreation and Aquatic Facility (RAF) preliminary cost being reallocated from the capital to the operating expenditure budget (funded from the Major Community Facilities Reserve). Australia Day costs increases of \$315k are also included in this variance. Reduced internal allocations of \$167k and other costs savings only partially offset the abovementioned increases resulting in the unfavourable variance.

Capital Grants

Grant revenue is expected to reduce by \$483k, largely the result of funding being withdrawn by State Government agencies with the City cancelling the associated projects. The main reason for the withdrawal of funding is due to the significant increase in construction costs in Western Australia. These projects include:

- The raised plateau construction – intersection of Mill Point Rd and Meds St
- The proposed roundabout at Axford & Brittain Street
- Como Beach Groyne Riverwall and Drainage

Additional funding of \$273k was allocated for, toilet upgrades at South Perth Bridge Club, Como and Manning Bowling Clubs.

Capital Expenditure

Capital expenditure is anticipated to be \$324k higher than the original budget. Building capital expenditure increased by \$361k, mainly due to increases of \$295k for the toilet upgrade works at the South Perth Bridge Club, Como and Manning Bowling Clubs, as articulated in the December OCM item 10.1.3.

Collier Park Village Unit refurbishment increased by \$139k (reserve funded)

Civic Centre internal upgrade increased by \$110k, Como Bowling Club Kitchen upgrade increased by \$103k and building awnings at the Manning Community Centre required a \$51k allocation.

The above items are offset by a reduction in RAF expenditure of \$400k being the reallocation to Operating Expenditure, as a described above.

Capital outlays required for Plant and Fleet reduced by \$356k, largely due to a reduction in Waste Plant and Fleet of \$259k and Collier Park Golf Course Weir Rectification being \$71k. The Waste Plant and Fleet item was budgeted for as a carry forward at the end of 2020/21, in this year's budget but it ended up being delivered just before financial year end.

The Acquisition of Artworks increase of \$115k relates to the RAC Intellibus Public Art project carry forward from 2020/21.

Capital outlays required for Infrastructure Assets increased by \$263k. As explained under Capital Grants withdrawal of funding resulted in reductions due to some projects not proceeding. These reductions are offset by increases in various projects being:

- McDougal Park Lake WSUD increasing by \$350k;
- The Black Swan Habitat Island \$458k increase resulting from a carry-forward from 2020/21;
- South Perth Esplanade – Bike and Pedestrian Path Upgrade of \$131k;
- Road works Barker Avenue -Talbot to Canning \$126k; and
- Mill Point Road - Coode to Douglas \$136k.

These projects were affected by increasing construction costs as described under Grants above. Grant funding has increased for the affected road works projects. Complete detailed adjustments for all capital expenditure items are contained in **Attachment (c)**.

Reserve Transfers

Transfer from reserves reduced by \$89k. Mainly due to a reduction in Waste Plant and Fleet of \$259k, relating to carry forward item as described in Capital expenditure. This reduced transfer out of reserve is offset by increased transfers out of reserve relating to Collier Park Village unit refurbishment of \$139k and emergency boiler renewal of \$36k. Transfer to reserves reduced by \$70k. Complete detailed adjustments are contained in **Attachment (c)**.

Sustainability Implications

The purpose of the Budget Review was to assess the year to date actual results compared to the original adopted budget and make the required adjustments.

Over the past two years, various factors including the economic conditions prevalent as a result of COVID-19, have caused uncertainty around setting the Original Budget and now the Budget Review. The challenge for the City remains to improve revenue and reduce costs to improve the Operating Surplus Ratio. An improved economy, as well as prudent financial management will see this ratio improve over time, and ultimately improve the Financial Health Indicator (FHI) score. This review has resulted in an improved Net Operating Position, with a \$657k lower deficit. The City was able to forecast \$986k Operating Revenue increases. Regardless of the cost challenges described under the Operating Expenditure section only marginal operating cost increases of \$329k are forecast. Overall this is positive result, confirming the City's commitment to an improved net operating result and FHI score.

However, it should be noted that significant uncertainty still exists due to the as yet unknown impacts of opening the WA borders and the spread of the COVID-19 Omicron variant.

Key Risks and Considerations

Risk Event Outcome	Legislative Breach Refers to failure to comply with statutory obligations in the manner in which the City, its officers and Elected Members conduct its business and make its decisions and determinations. This embraces the full gamut of legal, ethical and social obligations and responsibilities across all service areas and decision making bodies within the collective organisation
Risk rating	Low
Mitigation and actions	Budget review reporting time lines exceeding statutory requirements

Strategic Implications

This matter relates to the following Strategic Direction identified within Council’s [Strategic Community Plan 2021-2031](#):

Strategic Direction: Leadership
 Aspiration: A visionary and influential local government
 Outcome: 4.3 Good governance
 Strategy: 4.3.1 Foster effective governance through quality decision-making with honesty and integrity and quality decision making to deliver community priorities

Attachments

- 10.4.7 (a): Budget Review 2021-22 Statement of Financial Activity
- 10.4.7 (b): Amendments identified from normal operations in the 31 December 2021 Budget Review
- 10.4.7 (c): Amendments identified from capital operations in the 31 December 2021 Budget Review
- 10.4.7 (d): Financial Ratios

11. APPLICATIONS FOR LEAVE OF ABSENCE

12. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil.

13. QUESTIONS FROM MEMBERS

13.1 RESPONSE TO PREVIOUS QUESTIONS FROM MEMBERS TAKEN ON NOTICE

Responses to questions from members taken on notice at the December 2021 Ordinary Council Meeting can be found in the Appendix of this Agenda.

13.2 QUESTIONS FROM MEMBERS: 22 FEBRUARY 2022

14. NEW BUSINESS OF AN URGENT NATURE INTRODUCED BY DECISION OF MEETING

15. MEETING CLOSED TO THE PUBLIC

16. CLOSURE

APPENDIX

13.1 QUESTIONS FROM MEMBERS taken on notice OCM 14 December 2021

Councillor Stephen Russell	Responses provided by Vicki Lummer – Director Development and Community Services
<p><i>[Preamble]</i></p> <p>My question relates to the construction site at the corner of Henley and Edgumbe Street. My understanding is that construction has been suspended but yet the exterior scaffolding which is several storeys high and adjacent to public areas is still in place. Again my understanding is that under WorkSafe it requires scaffolding above 4 metres to be inspected and certified every 30 days to ensure its integrity.</p>	
<p>1. Hence my question to the City is if they are satisfied that the scaffolding on this site whilst construction has been suspended, does not pose a risk to public safety?</p>	<p>The responsibility for regular inspection of scaffolding lies with the Building Permit holder. In this instance a new builder has been appointed and the Building Permit has been formally reassigned.</p> <p>As such it is the builders responsibility to ensure compliance with the requirements of WorkSafe who monitor such matters.</p>
<p><i>[Preamble]</i></p> <p>My question relates to policy P313 Local Heritage Listing, statement item five which requires the local heritage inventory to be updated annually. Now the LHI available to the public is a year 2018 version, then therefore I would have thought that an update in 2019, 2020 and 2021 would be necessary. I may be incorrect in that.</p>	
<p>2. My question is, am I correct in my observations and if so can I please have clarification?</p>	<p>The <i>Heritage of Western Australia Act 1990</i> requires a local government to update its Local Heritage Inventory annually and conduct a review every 4 years after compilation. In July 2019, the <i>Heritage of Western Australia Act 1990</i> was replaced by the <i>Heritage Act 2018</i>. The Guidelines for Local Heritage Surveys published by Department Planning, Lands and Heritage now recommends review of a Local Heritage Survey (formerly Local Heritage Inventory) every 5-8 years. There is no longer a timeframe specified to 'update' the LHI.</p>