

AGENDA.

Ordinary Council Meeting

28 June 2022

Notice of Meeting

Mayor and Councillors

The next Ordinary Council Meeting of the City of South Perth Council will be held on Tuesday 28 June 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

24 June 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

Nil.

5. DECLARATIONS OF INTEREST

- Councillor Jennifer Nevard – Impartiality Interest in Item 10.3.1 as ‘my partner has a financial relationship with GHD’.
- CEO Mike Bradford – Impartiality Interest in Item 10.5.1 as ‘this Item relates to my contract of employment’.
- CEO Mike Bradford – Financial Interest in Item 10.5.2 as ‘this Item relates to my contract of employment’.

6. PUBLIC QUESTION TIME

6.1 RESPONSES TO PREVIOUS QUESTIONS TAKEN ON NOTICE

Nil.

6.2 PUBLIC QUESTION TIME: 28 JUNE 2022

7. CONFIRMATION OF MINUTES AND TABLING OF NOTES OF BRIEFINGS

7.1 MINUTES

7.1.1 Ordinary Council Meeting Held: 24 May 2022

Officer Recommendation

That the Minutes of the Ordinary Council Meeting held 24 May 2022 be taken as read and confirmed as a true and correct record.

7.2 CONCEPT BRIEFINGS

7.2.1 Council Agenda Briefing - 21 June 2022

Officers of the City presented background information and answered questions on Items to be considered at the June Ordinary Council Meeting at the Council Agenda Briefing held 21 June 2022.

Attachments

7.2.1 (a): Briefing Notes

7.2.2 CONCEPT BRIEFINGS AND WORKSHOPS

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

Date	Subject	Attendees
25 May 2022	Budget Workshop #4	Mayor Greg Milner and Councillors Blake D'Souza, André Brender-A-Brandis, Carl Celedin, Jennifer Nevard, Ken Manolas, Mary Choy, Stephen Russell.
7 June 2022	Collier Park Village Briefing	Mayor Greg Milner and Councillors Blake D'Souza, André Brender-A-Brandis, Carl Celedin, Glenn Cridland, Jennifer Nevard, Ken Manolas, Mary Choy.
7 June 2022	E-Scooter Briefing	Mayor Greg Milner and Councillors Blake D'Souza, André Brender-A-Brandis, Carl Celedin, Glenn Cridland, Jennifer Nevard, Ken Manolas, Mary Choy.
9 June 2022	Budget Workshop #5	Mayor Greg Milner and Councillors Blake D'Souza, André Brender-A-Brandis, Carl Celedin, Jennifer Nevard, Ken Manolas, Mary Choy, Stephen Russell.
20 June 2022	RAF Update	Mayor Greg Milner and Councillors Blake D'Souza, André Brender-A-Brandis, Glenn Cridland, Jennifer Nevard, Ken Manolas, Mary Choy, Stephen Russell.
20 June 2022	LSP7 Modifications and Building Height Policies	Mayor Greg Milner and Councillors Blake D'Souza, André Brender-A-Brandis, Glenn Cridland, Jennifer Nevard, Ken Manolas, Mary Choy, Stephen Russell.

Attachments

Nil.

Officer Recommendation

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

- 7.2.1 Council Agenda Briefing - 21 June 2022
- 7.2.2 Concept Briefings and Workshops

8. PRESENTATIONS

8.1 PETITIONS

Nil.

8.2 GIFTS / AWARDS PRESENTED TO COUNCIL

Nil.

8.3 DEPUTATIONS

Deputations were heard at the Council Agenda Briefing held 21 June 2022.

9. METHOD OF DEALING WITH AGENDA BUSINESS

10. REPORTS

10.3 STRATEGIC DIRECTION 3: ENVIRONMENT (BUILT AND NATURAL)

10.3.1 Tender 9/2021 "Provision of Recreation and Aquatic Facility Project Management - City of South Perth"

File Reference: D-22-29347
Author(s): Rebecca de Boer, Advisor - RAF
Jac Scott, Manager Business & Construction
Reporting Officer(s): Mark Taylor, Director Infrastructure Services

Summary

At the December 2021 Ordinary Council Meeting, the officer recommendation to endorse Tender 9/2021 for the Provision of Recreation and Aquatic Facility (RAF) Project Management – City of South Perth was lost.

Appointment of an independent Project Manager (PM) by 1 July 2022 is a requirement of the Federal Funding Agreement (FFA) for the RAF project. Should this not occur, the City will not meet the requirements for a milestone payment of \$7m and risks forfeiting \$20m secured from the Federal Government for the RAF project.

Any expenditure on the PM contract will be subject to future Council approvals for the RAF. The PM contract can be terminated at any stage by the City with no financial penalty.

This report recommends that Council approve the Officer Recommendation for Tender 9/2021.

Officer Recommendation

That Council:

1. Accepts the tender submitted by Donald Cant Watts Corke Pty Ltd for the Provision of Recreation and Aquatic Facility Project Management – City of South Perth in accordance with Tender 9/2021.
2. Delegates the Chief Executive Officer authority to negotiate with Donald Cant Watts Corke Pty Ltd prior to entering into a contract, to reduce the scope of the contract.
3. Accepts the tender price included in **Confidential Attachment (a)**.
4. Notes that the tender price will be included in the Ordinary Council Meeting Minutes.
5. Notes that no expenditure will be incurred on this contract without prior Council endorsement for the RAF Project to proceed to the next phase.

Background

Request for Tender (RFT) 9/2021 for the Provision of Recreation and Aquatic Facility Project Management – City of South Perth was advertised in The West Australian on Saturday 23 October 2021 and closed at 2pm on Tuesday 16 November 2021.

Tenders were invited as a Lump Sum Contract with a Schedule of Rates for variations.

At the close of the tender advertising period six submissions were received, tabled below:

TABLE A – Tender Submissions

Tender Submission
1. Brett David Investments Pty Ltd T/A Successful Project
2. Bridge42 Pty Ltd
3. Core Business Australia Pty Ltd
4. Donald Cant Watts Corke Pty Ltd
5. Engineering Project Management (EPM) Pty Ltd
6. GHD Pty Ltd

Tenders were reviewed by an Evaluation Panel and assessed according to the qualitative criteria detailed in the RFT, as per Table B below.

TABLE B - Qualitative Criteria

Qualitative Criteria	Weighting %
1. Demonstrated Experience in completing similar projects	30%
2. Skills and Experience of key personnel	30%
3. Respondent's Resources	20%
4. A Demonstrated Understanding of the Required Tasks	20%
Total	100%

Based on the assessment of all submissions received for Tender 9/2021 Provision of Recreation and Aquatic Facility Project Management – City of South Perth, the City recommended that the tender submission from Donald Cant Watts Corke Pty Ltd be accepted by Council.

More detailed information about the assessment process is available in the Recommendation Report – **Confidential Attachment (a)**.

At its meeting held 14 December 2021, Council voted to not support the Officer Recommendation to award a contract for RFT 9/2021.

Comment

One of the requirements of Milestone 2 of the FFA is that a suitably qualified Project Manager is appointed by 1 July 2022. Supplementary clause 17.3.1 of the Agreement stipulates that the Project Manager must be independent of the City.

Satisfactory completion of this milestone will result in a payment of \$7m to the City (to the Major Facilities Reserve). This would not be drawn down unless approved by Council. Failure to meet the requirements for Milestone 2 puts the FFA at risk.

Acceptance of the Officer Recommendation fulfills the requirements for Milestone 2. It does not bind Council to proceed with the RAF project, nor does it commit the City to future expenditure on this contract.

RAF Project Management Contract

The contract has been designed to minimise financial risk to the City. The RAF Project Manager contract is a lump sum contract with gateway approval stages and termination clauses attached to all gateways at the City's sole discretion.

As some of the work associated with PM contract has been completed, the City will negotiate for a reduction in scope and associated costs prior to contract award.

Consultation

Public tenders were invited in accordance with the *Local Government Act 1995*.

Concept Briefings about the RAF and the RAF Project Management contract were provided to Councillors on 8 February 2022 and 20 June 2022.

Policy and Legislative Implications

Section 3.57 of the *Local Government Act 1995* - tenders for providing goods or services:

- (1) *A local government is required to invite tenders before it enters into a contract of a prescribed kind under which another person is to supply goods or services.*
- (2) *Regulations may make provision about tenders.*

Regulation 11 of the Local Government (Functions and General) Regulations 1996 - when tenders have to be publicly invited:

- (1) *Tenders are to be publicly invited according to the requirements of this Division before a local government enters into a contract for another person to supply goods or services if the consideration under the contract is, or is expected to be, more, or worth more, than \$250 000 unless subregulation (2) states otherwise.*

Regulation 20 of the Local Government (Functions and General) Regulations - Variations of Requirement before entering into Contract:

- (1) *If, after it has invited tenders for the supply of goods or services and chosen a successful tenderer but before it has entered into a contract for the supply of the goods or services required, the local government wishes to make a minor variation in the goods or services required, it may, without again inviting tenders, enter into a contract with the chosen tenderer for the supply of the varied requirement subject to such variations in the tender as may be agreed with the tenderer.*

The following Council Policies also apply:

- Policy P605 - Purchasing and Invoice Approval
- Policy P607 -Tenders and Expressions of Interest

Financial Implications

There are no financial expenditure implications with the appointment of the Project Manager unless approved by Council. When State funding has been secured, the City will seek approval for expenditure on this contract and other approvals associated with commencing the next phases of the RAF project.

All respondents to Tender 9/2021 agreed to hold their price until 30 June 2022. Once the contract is executed, the price contained in the Recommendation Report (lump sum plus gateway stages) applies for the duration of the contract.

As part of the tender evaluation, the City considered the likely total cost of the PM contract for the duration of the RAF project (all gateway stages), including potential costs associated with variations. The City is confident the recommended tender represents best value for money not only for each specific gateway stage but for any variations that might arise. Furthermore, the City has a range of internal governance and approval mechanisms to maintain control over expenditure on this contract.

The Council will retain oversight and approval over expenditure on the RAF Project through project Gateways, the annual budget process and mid-year reviews. As noted previously, the City has the discretion to terminate the contract at the end of each Gateway. Should the RAF project not proceed, the City can terminate the contract with no financial penalty.

Federal Funding Agreement

One of the requirements of Milestone 2 of the FFA is that a suitably qualified and independent Project Manager is appointed by 1 July 2022. The City has completed all other requirements for Milestone 2. Should a Project Manager not be appointed, the City will fail to meet the requirements of Milestone 2 and will not qualify for the \$7m payment.

Should the City consistently fail to meet the requirements for each milestone (not all are linked to payments), and the project not proceed, the funds would need to be returned to the Commonwealth, with the possibility of interest payments.

Earlier this year, the City successfully renegotiated the due date for Milestone 2. The City has been advised that it is not possible for another extension to be granted for Milestone 2.

Key Risks and Considerations

Risk of Not Accepting the Officer Recommendation

Risk Event Outcome	<p>Financial Loss</p> <p>An adverse monetary impact on the City as a consequence of a risk event occurring. A grading is assigned to different levels of potential loss relative to the significance of the impact on the City's ongoing operations and its ability to deliver expected services</p> <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> <p>Project Time</p> <p>This relates to any project exceeding the project deadline. Ranging from exceeding the deadline by up to 10% to 30% and over.</p>
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	Project Cost
	This relates to any project exceeding the project budget. Ranging and exceeding the budget by up to 10% to 30% and over.
	Risk rating
	High
Mitigation and actions	<p>The City has already negotiated an extension for Milestone 2 and has been advised that further extension cannot be granted.</p> <p>Appointment of the PM carries little risk for Council as expenditure on the PM contract will be subject to future approval of the RAF project. Should Council not appoint the PM, there is a risk that the \$20 million FFA will be forfeited as the City has not met a key milestone.</p>

Strategic Implications

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

Strategic Direction:	Community
Aspiration:	Our diverse community is inclusive, safe, connected and engaged is inclusive, safe, connected and engaged
Outcome:	1.2 Community infrastructure
Strategy:	1.2.3 Plan for and promote the development of recreation and aquatic facilities to service City of South Perth needs

Attachments

10.3.1 (a):	Recommendation Report (<i>Confidential</i>)
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10.3.2 Proposed Modification to Condition of Planning Approval. Lots 26 and 25, Nos. 15 and 17 Redmond Street, Salter Point

Location: 15 and 17 Redmond Street, Salter Point
Ward: Manning Ward,
Applicant: Webb & Brown Neaves; Coast Homes
File Reference: D-22-29348
DA Lodgement Date: 2 March 2022
Author(s): Matthew Andrews, Strategic Planning Officer
Reporting Officer(s): Vicki Lummer, Director Development and Community Services

Summary

To consider an application to modify a condition of planning approval for two single houses operating as display homes at Lots 26 and 25, Nos. 15 and 17 Redmond Street, Salter Point.

This item is referred to Council as the application relates to the use of Display Homes, and the application received objections during the advertising period. The application therefore falls outside of the delegation to officers.

For the reasons outlined in the report, it is recommended that the applications to modify a planning condition for the two properties be approved.

Officer Recommendation

1. That pursuant to the provisions of the City of South Perth Town Planning Scheme No. 6 and the Metropolitan Region Scheme, condition (4) of the planning approval for Lot 26, No. 15 Redmond Street issued on 21 December 2018 (reference number 11.2018.376.1) be amended as follows:
 - The approval for the use of this site for the purpose of a Display Home is valid until 24 December 2022. At the end of this period, the use of the retained building will revert to a 'Single House.'
2. That pursuant to the provisions of the City of South Perth Town Planning Scheme No. 6 and the Metropolitan Region Scheme, condition (2) of the planning approval for Lot 25, No. 17 Redmond Street issued on 2 November 2018 (reference number 11.2018.355.1) be amended as follows:
 - The approval for the use of this site for the purpose of a Display Home is valid until 24 December 2022. At the end of this period, the use of the retained building will revert to a 'Single House.'

Development Site Details

The development site details are as follows:

Zoning	Residential
Density coding	R25
Lot area	485 sqm and 404 sqm (Nos. 15 and 17 respectively)
Building height limit	7.0m
Development potential	N/A
Plot ratio limit	N/A

Comment

(a) Background

In November and December 2018, the City issued approval for the properties at 15 Redmond Street and 17 Redmond Street, Salter Point. Both of these approvals were for a Single House with conditions allowing for each property to be used for the purpose of Display Home on a temporary basis. Both approvals included a condition that allowed the site to operate as a Display Home for a period of one year from the date of completion of the construction of the dwelling. Both approvals also included conditions relating to hours of operation, customer and staff parking, and management of openings by appointment only. The approvals are included at **Attachment (a)** and **Attachment (b)**.

City records indicate that the building at 15 Redmond Street was completed in May 2020 and the building at 17 Redmond Street was completed in March 2020. As such, the use of these dwellings as a Display Home has lapsed and the approved use for each site has reverted to Single House.

In February 2022 an enquiry was received regarding the use of the properties at 15, 17 and 19 Redmond Street, Salter Point as Display Homes. In response to this enquiry, compliance action was undertaken. Notices were issued to the owners of the properties at 15 Redmond Street and 17 Redmond Street advising that conditions of planning approval were not being met and remedial action was required to be undertaken by 17 March 2022. A notice was not sent to 19 Redmond Street as the one year period from the date of completion of the construction of the dwelling was still valid.

In March 2022, the City received two separate applications, one for 15 Redmond Street and another for 17 Redmond Street to modify conditions of approval to extend the use of Display Home. The applications seek to allow the properties to continue to operate as a Display Home until 24 December 2022. Should the applications be approved, all other conditions of the development approval will remain unchanged.

(b) Description of the Surrounding Locality

The sites have a frontage to Redmond Street to the east, located adjacent to single residential dwellings to the north, south and west, as seen in **Figure 1** below:

**(c) Description of the Proposal**

The applications seek to modify a condition of planning approval relating to the temporary use of the properties as Display Homes.

Schedule 2, Clause 77 of the Planning and Development (Local Planning Schemes) Regulations 2015 contains provisions allowing an owner of land to request that a local government amend or cancel a development approval. This includes amending or deleting any condition of an approval. A request under this clause shall be considered in the same manner as an application for development approval.

The conditions requested to be modified, being Condition (4) of the planning approval for Lot 26, No. 15 Redmond Street issued on 21 December 2018 (reference number 11.2018.376.1) and Condition (2) of the planning approval for Lot 25, No. 17 Redmond Street issued on 2 November 2018 (reference number 11.2018.355.1), are as follows:

The approval for the use of the site for the purposes of a Display Home is valid for a period of one (1) year from the date of completion of the dwelling construction. At the end of this period, the use of the retained building will revert to a 'Single House.' Continuation of this use for a Display Home past this date will be subject to further application and approval by the City.

The application received from the owners of the land is to modify this condition to be as follows:

The approval for the use of this site for the purpose of a Display Home is valid until 24 December 2022. At the end of this period, the use of the retained building will revert to a 'Single House.'

(d) Land Use

The use of Display Home is not listed as a land use in Table 1 (Zoning – Land Use) of Town Planning Scheme No. 6. The use of Display Home at 15 and 17 Redmond Street, Salter Point was previously considered by the City to be appropriate for the sites for a temporary timeframe of one year, subject to a number of conditions to manage the use on the site.

The current application relates to modifying a condition to permit the dwellings to continue to be used for the purpose of a Display Home until 24 December 2022. In considering the application, consideration shall be given to:

- Whether the planning framework has changed substantially since the development approval was granted; and
- Whether the development would likely receive approval now.

Changes to the planning framework

Since 2018 a number of changes have been made to the state planning framework. Most significantly, amendments to the Planning and Development (Local Planning Schemes) Regulations 2015 (the Regulations) were gazetted. These changes to the local or state planning framework are not considered to be relevant to the applications, seeking to modify a condition of approval.

Would the application receive approval now?

In 2018, the use of properties in this area as Display Homes was considered appropriate given that a majority of Salters Landing were vacant blocks for sale. Since this time development of the area has progressed. Of the 27 lots in Salters Landing, 17 are completed, seven are under construction and three lots are vacant. Given that construction is ongoing for a number of sites, and some sites remain undeveloped, the use of Display Home is still considered appropriate for the area. As such, it is likely that the applications approved in 2018 would receive approval now, for a temporary timeframe.

Having regard to the changes in the planning framework and in considering if the application would be approved in the current context, the land use of Display Home is considered appropriate for a temporary timeframe until 24 December 2022.

(e) Display Home conditions

Apart from the conditions approving the sites to be used as a Display Home for a temporary period, a number of other conditions were imposed on the properties to manage the impact of the use on the surrounding residential area. The conditions of the development approvals relevant to use as a Display Home are as follows:

- Hours of operation be limited to;
 - for 15 Redmond Street; 2-5pm Monday and Wednesday, 1-5pm Saturday, and 12-5pm Sunday
 - for 17 Redmond Street; 1-5pm Saturday, Sunday and Public Holidays
- Display Home to be open by appointment only with a maximum of one appointment at any point in time.
- Customer parking is to occur within the property boundary.
- All employees parking shall be within the garage.
- At the expiry of the use of Display Home, all carparking and signage associated with the Display Home shall be removed from the site and the land reinstated, to the satisfaction of the City.

The above conditions continue to apply to the properties and will continue to apply should the use be extended.

(f) Scheme Objectives: Clause 1.6 of Town Planning Scheme No. 6

In considering the applications, the Council is required to have due regard to, and may impose conditions with respect to, matters listed in Clause 1.6 of TPS6, which are, in the opinion of the Council, relevant to the proposed development.

The proposal is considered satisfactory in relation to all of these matters, subject to the recommended conditions.

(g) Matters to be considered by Local Government: Clause 67 of the Deemed Provisions for Local Planning Schemes

In considering an application for development approval the local government is to have due regard to the matters of Clause 67 of the Deemed Provisions to the extent that, in the opinion of the local government, those matters are relevant to the development the subject of the application.

It is considered that the proposal satisfies the relevant matters of Clause 67.

Consultation**(h) Neighbour Consultation**

Neighbour Consultation has been undertaken for this proposal to the extent and in the manner required by Local Planning Policy P301 'Advertising of Planning Proposals'. Under the standard consultation method, individual property owners, occupiers and/or strata bodies identified by the City as being potentially affected by the proposal were invited to inspect the plans and to submit comments during a minimum 14-day period (however the consultation continued until this report was finalised). This included properties up to 300m from the sites.

During the advertising period, a total of 67 consultation notices were sent and 11 submissions were received, two in favour and nine against the proposal.

The comments of the submitters, together with officer responses are summarised below.

Submitters' Comments	Officer's Responses
Submission For	
The existing approval addresses the community's issues relating to advertising, opening house and parking.	Compliance with the conditions of the planning approval is addressed in this report.
Submissions Against	
Impact on traffic and parking including <ul style="list-style-type: none"> Increased traffic generation Increased street parking Safety risks for pedestrians Safety risks for students associated with the proximity to Aquinas College Risk of vehicle crashes. 	Subject to compliance with the conditions of the approval, it is considered that the impact on parking and traffic in the area is negligible. This is due to the existing conditions of the approval limiting viewing to one group at a time, requiring parking to be contained on the site, and the hours of operation limited to particular days and times. Compliance with the conditions of approval will continue to be monitored and appropriate actions taken, where necessary.
Non-compliance with the conditions of approval relating to on-site parking, opening hours, and being open by appointment only.	As addressed in this report, the operators of the display homes will need to comply with the conditions of approval. Any noncompliance with these conditions will be addressed as a separate matter by the City's Compliance department.
On-going impacts of construction and development in the area.	This is not relevant to the consideration of the application.
Display homes are no longer required as the area is mostly developed.	The function of the display homes is not selling land solely within Salters Landing and therefore are not linked to the overall development of the area. Given the area is mostly developed as per the recommendation, an extension of time to the end of 2022 is considered appropriate.

Policy and Legislative Implications

Comments have been provided elsewhere in this report, in relation to the various provisions of the Scheme, the R-Codes and Council policies, where relevant.

Financial Implications

This determination has some financial implications, to the extent that if the applicant were to appeal a decision, or specific conditions of approval, the City may need to seek representation (either internal or external) at the State Administrative Tribunal.

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	Low
Mitigation and actions	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring.

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, liveable, diverse and welcoming neighbourhoods that respect and value the natural and built environment
Outcome:	3.2 Sustainable built form
Strategy:	3.2.1 Develop and implement a sustainable local planning framework to meet current and future community needs

Sustainability Implications

This decision has no sustainability implications.

Conclusion

It is considered that the proposal meets all of the relevant Scheme, R-Codes and/or Council Policy objectives and provisions, as it will not have a detrimental impact on adjoining residential neighbours and streetscape, subject to the existing conditions of approval being adhered to. It is also considered that the temporary approval until the end of 2022 is an appropriate extension, given construction works within the area are still ongoing. Accordingly, it is considered that the application to modify a condition of approval should be approved.

Attachments

- | | |
|-------------|---|
| 10.3.2 (a): | Approval Notice - 15 Redmond Street, Salter Point - 11.2018.376.1 |
| 10.3.2 (b): | Approval Notice - 17 Redmond Street, Salter Point - 11.2018.355.1 |

10.4 STRATEGIC DIRECTION 4: LEADERSHIP

10.4.1 Listing of Payments May 2022

File Ref: D-22-29349
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 May 2022 to 31 May 2022 for information. During the reporting period, the City made the following payments:

EFT Payments to Creditors	(408)	\$5,025,746.43
Cheque Payment to Creditors	(1)	\$511.30
Total Monthly Payments to Creditors	(409)	\$5,025,746.43
EFT Payments to Non-Creditors	(79)	\$107,911.55
Cheque Payments to Non-Creditors	(32)	\$17,276.87
Total EFT & Cheque Payments	(520)	\$5,151,446.15
Credit Card Payments	(8)	\$11,150.73
Total Payments	(528)	\$5,162,596.88

Officer Recommendation

That Council receives the Listing of Payments for the month of May 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 May 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 with honesty and integrity and quality decision making to deliver community priorities

Attachments

10.4.1 (a):	Listing of Payments May 2022
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10.4.2 Monthly Financial Statements May 2022

File Ref: D-22-29350
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 May 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 in conjunction with the war in Ukraine continues to cause uncertainty and supply shortages around the world, with a significant impact on world economic activities. In Western Australia COVID-19 infections in the community has peaked and case numbers are on a downward trajectory, as a result the COVID-19 vaccine mandates for most WA workers has been removed. The above factors resulting in very uncertain economic circumstances with steep rises in inflation in Australia and other countries. To curb the high inflation the RBA have in the last two months announced consecutive increases in the cash rate .25% in May and .5% in June, both increases exceeding market predictions.

In framing the Annual Budget 2021/22, the City considered the economic environment and the impact of COVID-19. As Western Australia remains at risk the State Government continues to extend the state of emergency initially enacted 30 March 2020, however public health measures are easing.

The Legislated Budget Review was completed and Council approved the budget review adjustments at the Ordinary Council Meeting held 22 February 2022. Budget Review entries have been processed, budget phasing was also revised as part of the review.

Actual income from operating activities for May year-to-date (YTD) is \$73.87m in comparison to budget of \$71.87m, favourable to budget by 2.78% or \$2m. Actual expenditure from operating activities for May is \$67.04m in comparison to the budget of \$67.57m, favourable to budget by .8% or \$538k. The May Net Operating Position of \$6.83m was \$2.54m favourable in comparison to budget.

Actual Capital Revenue YTD is \$2m, budget \$3.45m with an unfavourable variance of \$1.45m on budget. Actual Capital Expenditure YTD is \$7.65m in comparison to the budget of \$10.18m, \$2.53m or 25% favourable. Timing variations are mainly responsible for the variances included in the above, an analysis is provided within **Attachment (e)** the Significant Variance Analysis. Capital spending typically accelerates in the later part of 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 capital projects may require budget adjustment during next year's midyear review process.

Cash and Cash Equivalents amounted \$64.37m, slightly higher 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).

Although interest rates are improving the record low interest rates in Australia still have residual impact the City's investment returns, with banks offering average interest rates of 1.63% for investments under 12 months. The rates however appear to be starting to rise. 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 May 2022 the City held 31.59% 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 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 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 and 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 Adoption of the Annual Budget 2022/23

File Ref: D-22-29351
Author(s): Garry Adams, Director Corporate Services
Reporting Officer(s): Garry Adams, Director Corporate Services

Summary

This report presents the Draft Annual Budget 2022/23, as attached, for adoption by Council.

The COVID-19 global pandemic and the war in Ukraine has created significant economic uncertainty, with the City continuing to prudently manage its finances through this challenging time. The City is recommending a Rates increase of 4.9%, which is well below the Perth CPI for March 2022 of 7.6%. Last year Council adopted a Rates increase of 1% which was in line with the March CPI figure of 1%. In 2020/21, the Perth CPI March 2020 was 2.1% and due to COVID-19 Council adopted a -1% change in that year and 1% the previous year (2019/20), based on the Perth CPI March 2019.

Over the past three years, Council has been conscious of the impacts of COVID and global uncertainties in setting its rate increases. This has meant Rates have increased by less than half of the CPI of 4.1% over this period whilst the City has concentrated on constraining operating expenditure to maintain its financial position. The success in controlling costs has seen operating expenditure remain at similar levels since 2018/19, well below inflation which in real terms equates to a reduction. The fact that revenue has not increased over this period means that the City continues to operate in a net deficit position, which over the long term is not sustainable. This has been commented on by the Auditor General as an adverse trend at the past three annual financial audits.

Over the past four months, Council has had five workshops with staff to discuss and understand the financial position of the City and develop a budget that works towards achieving a net operating surplus in the short to medium term. This has seen the development of some identified principles that will enable the City to return to a surplus position over the course of the next three years.

Returning the City to a net operating surplus position is essential for the long term financial sustainability of the City, as it enables funds to be directed into replacing drainage, roads, playgrounds, other infrastructure and facilities that allow services and amenity to be provided to residents. A continuing period of operating deficits would likely see the City unable to undertake asset upgrades

and renewals into the future, which in turn would inhibit the City's ability to deliver services to its community.

Some of the key cost increases being faced by the City in 2022/23 Budget include:

- Salary and Wages increase of 3%
- Increase superannuation guarantee from 10% to 10.5%
- Increase in fuel costs of approximately 52%
- Increase in insurance costs of approximately 10%
- Street lighting costs (Western Power tariff) 3.8%
- Other State Government fees and charges (between 2% and 5 %)

The March Perth CPI figure was 7.6%, which is the highest rate of inflation experienced in decades. Whilst previous rate rises have been benchmarked against the March CPI figure, staff and Council have worked together to develop a budget that aims to mitigate the impact of these cost pressures but allows the City to improve its net operating position. Through this collaborative process, the initial projected rate rise of 6% (as recommended by administration) has been reduced to 4.9%.

The recommended rate rise of 4.9%, will result in rates for the average residential property increasing by approximately \$1.70 per week. It is also recommended that the City's minimum rate is raised by \$1.46 per week.

The City's waste charge has not increased for the past three years, however the impacts of the high fuel costs can no longer be absorbed and therefore the City recommends the annual residential waste charge to be set at \$350.

In reaction to the very low increase in rates (1%) and waste charge (0%) over the last three Annual Budgets, the City has undertaken significant work to improve financial health by absorbing increased fixed costs and reducing costs, whilst being mindful of reducing the impact of this on services.

In response to the need to renew and replace existing assets, all of this year's Capital Works allocation is directed towards renewal and replacement projects rather than the development of new assets.

Pursuant to Section 6.38(1) of the *Local Government Act 1995* and Regulation 54 of the Local Government (Financial Management) Regulations, a service charge is imposed for the provision of Underground Power (UGP) within defined parts of the City of South Perth described as South Perth/Hurlingham. All charges (Network and Connection) will be recovered in five equal instalments over five financial years. The first instalment will be levied on the rates notice for the 2022/23 financial year. Total UGP Service Charges Revenue is \$8.15m. Cost are allocated in a tiered manner according to property Gross Rental Values as set out in Section 2, Note 1 (g) Underground Power of the Annual Budget. Total costs for UGP of \$8.19m is included in Materials and Contracts.

Officer Recommendation

1. That Council adopts the Annual Budget 2022/23 for the City of South Perth which includes the following:
 - a. a General Rate in the Dollar of 8.1650 cents is applied to the Gross Rental Value (GRV) of all rateable property within the City for the year ending 30 June 2023;
 - b. a Minimum Rate of \$1,080 be set for the year ending 30 June 2023 notwithstanding the General Rate set out in part (a) above;
 - c. the following Waste Service Charges be applied for the year ending 30 June 2023:
 - i. a standard Waste Service Charge of \$350;
 - ii. a non-rateable property Waste Service Charge of \$482;
 - d. Underground Power (UGP) service charges be imposed on the owners of properties within the South Perth/Hurlingham area bounded by Canning Highway, Douglas Avenue, Ellam Street and the Swan River Foreshore for the year ending 30 June 2023:
 - i. Network charge of \$3,000 for Residential and Commercial properties per unit or dwelling with a GRV of \$13,200 or less, levied in 5 equal annual instalments, the first instalment of \$600 to be levied in the 2022/23 Financial Year;
 - ii. Network charge of \$4,300 for Residential and Commercial properties per unit or dwelling with a GRV between \$13,201 and \$26,600, levied in 5 equal annual instalments, the first instalment of \$860 to be levied in the 2022/23 Financial Year;
 - iii. Network charge of \$6,100 for Residential and Commercial properties per unit or dwelling with a GRV between \$26,601 and \$50,000, levied in 5 equal annual instalments, the first instalment of \$1,220 to be levied in the 2022/23 Financial Year;
 - iv. Network charge of \$6,100 plus 20 cents in the \$ per \$ of GRV greater than \$50,000 for Residential and Commercial properties per unit or dwelling with a GRV greater than \$50,000, levied in 5 equal annual instalments, the first instalment of \$1,220 plus 4 cents in the \$ per \$ of GRV greater than \$50,000 to be levied in the 2022/23 Financial Year;
 - v. Network charge of \$18,300 for other larger properties that are not held or used as Residential or Commercial, levied in 5 equal annual instalments, the first instalment of \$3,660 to be levied in the 2022/23 Financial Year;
 - vi. Connection fee of between \$0 - \$750, dependant on existing type of connection and number of units or dwellings connected, applicable to properties as described in i-v above, levied in 5 equal annual instalments, the first instalment of \$0 - \$150 to be levied in the 2022/23 Financial Year;

- f. Levy instalment two out of five of the UGP service charges on the owners of properties within the Collier area bounded by Canning Highway, Ryrie Avenue, Blamey Place and South Terrace, as imposed by the 2021/22 Budget.
- g. Levy instalment two out of five, of the UGP service charges on the owners of properties within the Manning area bounded by Manning Road, Kwinana Freeway, Hope Avenue and Challenger Avenue, as imposed by the 2021/22 Budget.
- h. the Swimming Pool Inspection Fee for the year ending 30 June 2022 of \$33.00;
- i. Dates be set for payment of rates by instalments:

First instalment	7 September 2022
Second instalment	9 November 2022
Third instalment	11 January 2023
Fourth instalment	15 March 2023
- j. an Administration Charge of \$11.00 per instalment for payment of rates and charges by instalments be applied to the second, third and fourth instalment in accordance with Section 6.45(3) and (4) of the *Local Government Act 1995* and Regulation 67 of the Local Government (Financial Management) Regulations 1996;
- k. an Interest Rate of 5.5% be imposed on payment by instalments, to apply to the second, third and fourth instalment in accordance with Section 6.45(3) of the *Local Government Act 1995* and Regulation 68 of the Local Government (Financial Management) Regulations 1996;
- l. an Interest Rate of 7% be imposed on overdue rates in accordance with Section 6.51(1) of the *Local Government Act 1995* and Regulation 70 of the Local Government (Financial Management) Regulations 1996;
- m. an Interest Rate of 7% be imposed on unpaid UGP Service Charges in accordance with Section 6.51(1) of the *Local Government Act 1995* and Regulation 70 of the Local Government (Financial Management) Regulations 1996;
- n. an Interest Rate of 7% be imposed on outstanding debtors in accordance with Section 6.13(1) of the *Local Government Act 1995*.
- o. a Monthly Maintenance Fee of \$455.00 (treated as 'Input Taxed' for the purposes of the GST) is applied to all units in the Collier Park Village for the period July 2022 to September 2022 inclusive, a Monthly Maintenance Fee of \$480.00 (treated as 'Input Taxed' for the purposes of the GST) is applied to all units in the Collier Park Village for the period from October 2022 to June 2023 inclusive;
- p. the Statutory Annual Budget for the year ending 30 June 2023 comprising Section 2 of the 2022/23 Annual Budget as distributed with this Agenda and tabled at this meeting, be adopted;
- q. the Management Budget Schedules for the financial year ending 30 June 2023 as set out in Section 3 of the Annual Budget be endorsed;

- r. the Capital Expenditure Budget for the financial year ending 30 June 2023 as set out in Section 2, Note 4 of the Annual Budget be adopted;
- s. the Reserve Fund transfers for the financial year ending 30 June 2023 as set out in Section 2, Note 7 of the Annual Budget be approved;
- t. the Schedule of Fees and Charges as set out in the Fees and Charges Schedule for the year ending 30 June 2023 be adopted, including State Government Statutory Fees which are still to be determined at a later date than this Report;
- u. the effective date for all items detailed in the 2022/23 Schedule of Fees and Charges is 1 July 2022.
- v. Council adopt a definition of ‘significant (material) variances’ of \$10,000 or 10% (whichever is the greater) for each capital project and business unit operating revenue and expenditure line item.
- w. In addition to any measures already contained within this budget, the following are the specific measures to continue the City’s response to COVID-19:
 - i. Waiver of all interest accrued on Rates, Emergency Services Levy (ESL), Underground Power service charges and Waste from 1 July 2022 to 30 June 2023, for residential and commercial properties in accordance with Policy P697 Financial Hardship Assistance, where Financial Hardship is determined by the City to be as a consequence of the COVID-19 pandemic;
 - ii. Provide relief in accordance with the Commercial Tenancies Code of Conduct and Policy P697 Financial Hardship Assistance.
- 2. That Council adopts the increase to Elected Member fees and allowances of 2.5% as recommended by the Salaries and Allowances Tribunal “Local Government Chief Executive Officers and Elected Members Determination No1 of 2022” and authorises the Chief Executive Officer to update Schedule 1 of Policy P667 Elected Members Entitlements accordingly.

Absolute Majority required

Background

The preparation of the Annual Budget is both a statutory requirement of the *Local Government Act 1995* and an essential financial management practice. The annual budget is guided by the 10-year Strategic Community Plan (SCP), which involves significant community consultation every four years when undertaking a major review. The revised City of South Perth SCP 2021-2031 was adopted by Council in December 2021. The SCP guides the development of a Corporate Business Plan (CBP) that describes the services, projects and measures for the next four years working to achieve the strategic vision. The long-term financial plan, asset management plans and workforce plan inform the SCP, CBP and annual budget, with outcomes contained in the Annual Report. The annual budget has been prepared in accordance with the requirements of Part 3 of the Local Government (Financial Management) Regulations 1996.

The City has adopted budgets with rate rises totalling only 1% over the past three years. This was Council’s response to a series of rate rises in previous years that were in excess of CPI to fund rapidly increasing expenditure.

The current Council has worked with administration to reign in expenditure growth (excluding underground power and interest) with forecast operating expenditure for 2022/23 being \$65.14m compared to 2018/19 of \$61.63m (a rise of only 5.7%). March CPI over this period is 12.7%, representing a real reduction in expenditure of 7% or \$4.31m.

Attachment (b) provides further information on the projected and historic Net Operating Results and FHI scores, illustrating the effect of adopting the proposed budget. Whilst this has been achievable primarily through identifying operational efficiencies, there has also been some reduction in service levels.

In responding to the financial hardships caused by the COVID pandemic, in its 2020/21 budget, Council adopted a 1% reduction in rates with no increase in fees and charges. Whilst this offered welcome relief for ratepayers and went beyond the relief provided by many other local governments, this lost revenue has impacted the City's long-term financial sustainability. In the year after this reduction, only a 1% increase in rates was applied, meaning that current rates (2021/22) are set at 2019/20 levels.

The current high inflationary period has seen City costs increase considerably with the March CPI figure for Perth being 7.6% (the highest in decades) and whilst this is not always the best representation of the City's cost pressures, the Local Government Cost Index (projected as at 30 June 2022), is forecast at 5.7%. Whilst the City always looks to absorb costs through increased efficiency, the recent budget workshops with Council and City staff have highlighted that absorbing costs at this level is not possible without significant reductions in service delivery.

Accordingly, this budget is framed with the City's long-term financial sustainability in mind and focuses on the need to reduce the City's ongoing operating deficit whilst continuing to deliver the level of service expected by the Community. The overall rate rise is recommended at 4.9%, well below the Perth March CPI rate of 7.6% and also below the LGCI projections of 5.7%. It should be noted that the initial recommendation put forward by administration was for a 6% rise, however, as a result of workshops between staff and Council, this has been reduced to 4.9% without significantly impacting on current service levels.

Rate modelling was also carried out at levels below 4.9% and whilst a lower rates rise may be welcomed by residents in the short term, it needs to be recognised that a 1% reduction in this proposed increase will save the average ratepayer only approximately \$18 per year (or 35 cents per week). However, it will result in approximately **\$360k less** revenue to the City, or in excess of **\$1.8m** over the next five years, potentially delaying planned renewal programs such as roads, footpaths, buildings and playgrounds.

Comment

The City of South Perth is by most measures one of the more socially advantaged areas of Perth. This is highlighted by the Socio-Economic Index for Areas (SEIFA) score of 1089 as compared to the benchmark of 1000 and the overall index for Australia of 1001. Western Australia's index is 1015 making WA residents on average more advantaged than other Australians. The City of Kwinana (960) has the lowest SEIFA in the WA metro area, whilst Cottesloe (1163) has the highest.

This indicates that South Perth residents typically have higher education qualifications or are in highly skilled occupations translating into a high expectation of the South Perth community for the City to provide a high level of amenity. It also means that South Perth residents have a higher than average capacity to pay rates. This suggests there is little economic or social reason to keep rates at such a low level, jeopardising service levels and renewal programs.

What is more important than low rates, is that residents believe they are receiving value for money for the rates they pay, and this can only be achieved when the level of services and overall amenity of our City meets Community expectations.

The City of South Perth recognised some years ago that its financial position needed to improve in order for it to remain financially sustainable into the future. Whilst a plan was put in place to improve the financial position at each budget and each half yearly budget review from 2017/18, the impacts of the COVID pandemic presented significant hurdles in achieving these improvements. For example, Council's decision to reduce rates by 1% for the 2020/21 financial year (rather than a zero percent increase as "mandated" by the State Government), came at an annual cost of approximately **\$380k** which over 10 years equates to in excess of **\$3.8m** (conservatively calculated ignoring the compounding).

For the City of South Perth, rates revenue represents 71% (excluding underground power) of the City's revenue base compared to an average of approximately 62% across other similar WA metropolitan local governments. As such, it is the City's main avenue for funding its operations and whilst strategies are being implemented to increase alternate revenue streams, these will take some years to achieve the desired level of income to reduce reliance on rates.

Given the complexity of this year's budget, the City has undertaken a series of five budget workshops with Council (two more than in previous years) to ensure that all of the financial issues facing the City are fully understood and discussed by both staff and Council. Independent financial analysis and modelling of the City's forecast financial position was presented to Council at the first and fourth workshops. This showed that without rates increases being close to the Perth CPI figure, the City would continue to operate in a deficit position for the foreseeable future. It also showed that the City would be unable to fully fund its asset renewal program over the next 10 years.

These workshops resulted in the development of ongoing financial management principles and strategies that will see the City's financial position improve over time and its reliance on rate revenue reduce over the same period. Whilst these strategies underpin the development of the 2022/23 budget, they will also form the basis for the City's long-term financial plan which will come before Council in the new financial year.

The work done with Council highlights that restoring the City's financial position is achievable, however it not only requires controls over expenditure (as has been the focus for a number of years) but also requires increases in income. Achieving this requires cooperation from staff, a commitment from Council and understanding by the community.

Along with adopting the recommended rates increase, below are the principles that are proposed to underpin the financial sustainability of the City of South Perth moving forward and will form the basis of the long-term financial plan:

- Materials and contracts expenditure increases by no more than **CPI minus 1%** in any one year.
- Raising the **minimum rate to \$1,170 over 3 years**.
- Rate rises are in line with **CPI but not greater than 5% and not less than 2% in any one year**
- **Additional revenue streams** are developed in order to reduce rates as a proportion of income from 71% to 62%
- Fees and charges **increase by at least CPI annually**

These measures, along with the 2022/23 budget, including the recommended rates increase are aimed at returning the City to surplus within three years and enabling the City's asset renewals to be fully funded into the future. This will ensure the City's current levels of service can be maintained over time. If current assumptions hold true, independent financial modelling shows that implementing these principles will result in the net surplus position being achieved in the 2025/26 financial year.

- Overall the 2022/23 Annual Budget includes the following:
- Operating Revenue of \$71.88m
- Operating Expenditure of \$73.90m
- Capital Grants (Revenue) of \$1.91m
- Capital Expenditure of \$13.83m

Rates

Rates are calculated by using the Gross Rental Value (GRV), provided by Landgate (a State Government agency), multiplied by the rate in the dollar adopted by Council. GRV is an estimation of the likely annual rental return on a property; for example a property with a \$23,240 GRV is equivalent to earning \$447 per week (\$447 x 52 weeks). Therefore the Rates calculation ($\text{GRV} \times \text{Rate in } \$ = \text{Rates}$), in this scenario is:

$\$23,240 \text{ (GRV)} \times \$0.081650 \text{ (rate in the dollar)} = \$1,897.55 \text{ (Rates)}$ for 2022/23, was \$1,808.91 (2021/22), representing an increase of \$88.64 for the year, or approximately \$1.70 per week.

The State Government (Landgate) provide a GRV for every property and the City is required to use these valuations. Property owners may challenge a valuation, via a Landgate process.

The recommended 4.9% rate increase requires a **\$0.081650** rate in the dollar (\$0.077836 in 2021/22) to be adopted. The Minimum Rate is recommended to increase to **\$1,080** (\$1,004 in 2021/22), for approximately 3,508 (16.85%) properties.

As with all budgets, there are a range of expenses that increase each year. In order to deliver a 4.9% rate increase, the City had to tightly manage City operating expenditure budgets.

In benchmarking against other metropolitan Local Government Authorities (LGA), the City continues to be competitive with its peers in relation to the rate in the dollar. Those LGAs with a lower rate in the dollar tend to have a large industrial and/or commercial rate base. In comparison, the City of South Perth commercial properties represent only 13.16% of the total Rates.

Minimum Rates

Section 6.35 (4) of the *Local Government Act 1995* provides for Local Governments to set a minimum rate. This minimum rate should reflect a reasonable contribution to the provision of services and facilities. No more than 50% of properties within the district are allowed to be on the minimum rate.

The City of South Perth minimum rate for 2021/22 was set at \$1,004, which placed only 15% of the City's rateable properties on the minimum. In comparison, the City of Nedlands has a minimum rate of \$1,484, the City of Vincent \$1,241 and the Town of Victoria Park \$1,159. All of these local governments have around 20% of their rateable properties on the minimum rate. Interestingly even local governments with a much lower SEIFA score (suggesting a lower capacity to pay) such as Kwinana (\$1,083) and Armadale (\$1,194) have higher minimum rates than South Perth.

Whilst the proposed increase to the minimum rates is 7.6% (equivalent to the March CPI figure for Perth), this will mean only an increase of \$76 per year or approximately \$1.46 per week for these properties. City analysis shows that of the 3067 properties currently on the minimum rate, over 70% are properties not lived in by the owner. These properties are likely able to claim rates as tax deduction against income earned.

Waste Service Charge

It should be noted that the City's waste collection service has been and will continue to be heavily impacted by the significant increase in fuel costs.

The standard waste service charge for domestic rubbish for the Annual Budget 2022/23 will increase to \$350, \$482 for non-rateable properties, the first increase in four years. Whilst this charge still remains one of the lowest in the metropolitan area, the increase well below the CPI over the four year period is required to cover the additional costs that will be incurred due to the higher fuel price and the increase in recycling costs.

This service includes weekly rubbish pick-up, fortnightly recycling collection and three verge-side rubbish collections per year. The single 660 litre bin standard waste service charge increase to \$1,050 for a rateable property, non-rateable property single 660 litre bin standard waste service charge increase to \$1,446. The 1100 litre waste service for rateable commercial properties will increase to \$1,750. Non-rateable properties will pay \$2,410 for 1100 litre bin services (pre-existing services only).

Residential ratepayers will continue to receive two green waste and one general waste pass to the Recycling Centre. As in previous years, two green waste and one general waste bulk verge-side rubbish collection will also be provided.

The collection of waste and in particular verge-side rubbish collections will be further reviewed over the coming year to identify alternative solutions that result in overall efficiencies and potential cost savings

Emergency Services Levy (ESL)

The State Government ESL charge will again appear on all local government rate notices in 2022/23. This charge will be calculated based on the GRVs supplied to the City using a rate determined by the Fire & Emergency Services Authority.

In its May budget, the State Government imposed a 5% increase in the ESL charge, which is largely in line with the City's proposed rate increase.

Underground Power (UGP)

The City is one of the few local governments that has embarked on a significant program of UGP, commencing in 1996 with the Council resolving to progress a whole of City approach. To date the City has completed Como (Round 1), South Perth (Round 2), Como East (Round 3), Salter Point (Round 5) and Collier. In 2016 six proposals were submitted for Western Power's consideration, these being Collier, Manning, Kensington West, Kensington East, Hurlingham and South Perth (remaining area from Round 2). Western Power approved Collier and Manning which was included in the 2021/22 Annual Budget. This year South Perth/Hurlingham gained approval, this project is included in the Annual Budget 2022/23.

Pursuant to Section 6.38(1) of the *Local Government Act 1995* and Regulation 54 of the Local Government (Financial Management) Regulations, a service charge is imposed for the provision of UGP within defined parts of the City of South Perth, described as South Perth/Hurlingham. The projects involve the design, installation and commissioning of an underground electricity supply distribution system, these costs are recovered as a Network Charge.

Included is the conversion of all existing overhead customer service connections to underground between the property boundary and meter box, cost recovery as a Connection Fee.

All charges (Network and Connection) will be recovered in five equal instalments over five financial years. The first instalment will be levied on the rates notice for the 2022/23 financial year. Total UGP Service Charges Revenue is \$8.15m. Cost are allocated in a tiered manner according to property Gross Rental Values as set out in Section 2, note 1 (g) Underground Power of the Annual Budget 2022/23. Total costs for UGP of \$8.19m is included in Materials and Contracts. The difference between Service Charges Revenue and costs included in Materials and Contracts relates to City properties in these areas.

The City will also levy the second instalment (out of five) for the Collier and Manning Underground Power service charge adopted in 2021/22 Budget on the rates notice for the 2022/23 financial year.

The remaining underground power project Kensington East and West, subject to Western Power progress, is envisaged to form part of the Annual Budget 2023/24. Should Kensington East and West proceed then the ambition to provide underground power to the whole of City, established by Council in 1996 have substantially been achieved.

Whilst UGP is a State Government asset, the Council recognise the benefits to the community, being more than just securing supply during severe weather events. UGP has enabled an improved amenity through greater number and size of street trees, significantly reducing summer heat and positively contributing to the vision, a City of active places and beautiful places.

Employee Information

Employee costs constitute approximately 40% (excluding UGP) of the City's annual expenditure. This is a cost that has been managed closely over the past few years with the number of full time equivalent (FTE) positions held at 231 FTE for the past five years.

Staffing in the budget reflects an appropriate mix of resources across the organisation to deliver services in accordance with the City's Strategic Community Plan.

The total payroll budget has increased to make allowances for a 3% pay increase (well below the March CPI figure of 7.6%) as per the recently negotiated Enterprise Agreement (EA) and the legislated 0.5% increase in Superannuation Guarantee from 10% to 10.5%.

Employee costs also include the allocation of workers compensation insurance approximating \$400k, which was previously reported under insurances.

Loan Borrowings to fund UGP

The City recognises the significant cost per property to cover the cost of UGP. In that regard, the City recommends these payments be recovered over five years, with an equal payment in each year. To finance this payment arrangement the City plans to borrow \$6.072m from the Collier Park Village Residents Offset Reserve at an interest rate equivalent to the rate that could be achieved through borrowing from the Western Australian Treasury Corp. (WATC), minus the government guarantee fee of 0.7% . This loan will replace the need for the City to borrow from an external source such as WATC and provides the following benefits:

- The City will have certainty around the rate of interest at the drawdown date, this lowers financial risk to the City;
- Property owners within the scheme will be liable for a lower amount of interest than if borrowed externally;

10.4.3 Adoption of the Annual Budget 2022/23

- The reserve will receive a higher return on funds than it currently gets through term deposits; and
- The City's debt ratio will not be affected due to it being an internal loan.

This arrangement will be covered by a loan agreement between the Reserve and the Scheme, which will see the amount fully repaid within four years.

Fees and Charges Schedule

The attached Fees and Charges Schedule reflects an assessment of the costs of providing services to our community whilst recognising community service obligations. As appropriate, the fee schedule recognises fees determined on a variety of fee bases:

- Full cost recovery,
- Benchmarked / reference pricing,
- Statutory fees, and
- Partial recovery, based on community service obligations.

Collier Park Village (CPV) maintenance fees

The CPV resident's maintenance fee will increase marginally from \$455 to \$480 per month, a 5.5% increase, below the March inflation of 7.6%. The increase is to recover cost increases. Consistent with previous year's alternative payment methods will be available.

In 2022/23, the four different pricing arrangements available to CPV residents are:

- \$455 per month to 30 September 2022, proposed increase to \$480 from 1 October 2022.
- \$345 per month and have the remaining \$110 deducted from Refundable Monies held in the CPV Residents Offset Reserve to 30 September 2022. Proposed increase to \$355 per month from 1 October 2022 and have the remaining \$125 deducted from Refundable Monies held in the CPV Residents Offset Reserve to 30 June 2023.
- \$335 per month and have the remaining \$120 deducted from Refundable Monies held in the CPV Residents Offset Reserve to 30 September 2022. Proposed increase to \$345 per month from 1 October 2022 and have the remaining \$135 deducted from Refundable Monies held in the CPV Residents Offset Reserve to 30 June 2023.
- \$290 per month and have the remaining \$165 deducted from Refundable Monies held in the CPV Residents Offset Reserve to 30 September 2022. Proposed increase to \$300 from 1 October 2022 and have the remaining \$180 deducted from Refundable Monies held in the CPV Residents Offset Reserve to 30 June 2023.

The Annual Amenities Charge is \$540 for the 2022/23 year, (\$502 in 2021/22), being half the Minimum Rates.

Consultation

Given the complexity of this year's budget, the City held five workshops with elected members to fully explain the City's long term financial position and explain the importance of putting in place measures in this budget to help restore the City's financial position over the longer term.

These workshops were also attended by an independent financial analyst with significant experience in local government finances, who presented an analysis of the City's current financial position as well as financial modelling over the next ten years.

Policy and Legislative Implications

Local Government Act 1995

Financial Management Regulations 1996

Financial Implications

The financial implications of adopting the 2022/23 Budget are as disclosed in **Attachment (a)** of this report

Key Risks and Considerations

Risk Event Outcome	Financial Loss An adverse monetary impact on the City as a consequence of a risk event occurring. A grading is assigned to different levels of potential loss relative to the significance of the impact on the City's ongoing operations and its ability to deliver expected services 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	High
Mitigation and actions	Five budget workshops held with Council since February 2022 to ensure the City's financial position and all aspects of the budget are fully understood. Independent financial analysis of the City's forecast financial position over the next ten years. Rate modelling at different levels to show the financial effects of higher or lower rate rises. Implementation of cost saving measures and future revenue generating measures to improve the City's financial position. Budget ready to be adopted prior to statutory deadline.

Strategic Implications

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

Strategic Direction:	Leadership
Aspiration:	A 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 with honesty and integrity and quality decision making to deliver community priorities

Attachments

10.4.3 (a):	Draft Annual Budget 2022/23
10.4.3 (b):	Net Operating and FHI

10.4.4 Policy P667 Elected Member Entitlements

File Ref: D-22-29354
Author(s): Bernadine Tucker, Manager Governance
Reporting Officer(s): Garry Adams, Director Corporate Services

Summary

Following a recent determination by the Salaries and Allowances Tribunal on Elected Members entitlements, Policy P667 has been updated to provide clarity regarding reimbursements and reporting obligations.

Officer Recommendation

That Council adopts the amendments to Policy P667 Elected Member Entitlements as contained in **Attachment (a)**.

Background

On 6 April 2022, the Salaries and Allowances Tribunal handed down their determination on the remuneration to be provided to Local Government Chief Executive Officers and Elected Members. Following this announcement, Policy P667 Elected Member Entitlements was reviewed and a number of changes recommended.

Comment

For clarity and transparency, Policy P667 Elected Member Entitlements – Travel has been amended to detail occasions where reimbursement will be paid for using a private motor vehicle in the performance of a Councillors official duties. The amendments also incorporate the procedure for making a travel claim.

A new paragraph has also been included to reflect the reporting requirements of the *Local Government Act 1995* and regulation 29C(2)(f) of the Local Government (Administration) Regulations 1996. That is, the Chief Executive Officer is required to publish on the City's website the type, and the amount of value, of any fees, expenses or allowances paid to each council member during the financial year. This register is published on the City's website.

Consultation

Nil.

Policy and Legislative Implications

Local Government Act 1995
Salaries and Allowances Act 1975
Local Government (Administration) Regulations 1996

Financial Implications

The total 2.5% increase to the annual meeting attendance fees and Mayoral, Deputy Mayoral allowances is \$3,340.

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	Regular reviews are undertaken to ensure determinations are captured.

Strategic Implications

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

Strategic Direction:	Leadership
Aspiration:	A 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 with honesty and integrity and quality decision making to deliver community priorities

Attachments

10.4.4 (a):	Policy P667 Elected Member Entitlements
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10.5 MATTERS REFERRED FROM COMMITTEE MEETINGS

10.5.1 Chief Executive Officer Key Performance Indicator Report

File Ref: D-22-29355
Author(s): Pele McDonald, Manager People and Performance
Reporting Officer(s): Garry Adams, Director Corporate Services

Summary

This report seeks the CEO Evaluation Committee to note the Chief Executive Officer's Key Performance Indicator Report, 1 July 2021 to 30 June 2022.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Mayor Greg Milner
Seconded: Councillor Blake D'Souza

That the CEO Evaluation Committee recommends to Council that it receives the Chief Executive Officer's Key Performance Indicator Report, 1 July 2021 to 30 June 2022 as contained in **Confidential Attachment (a)**.

CARRIED (5/0)

For: Mayor Greg Milner, Councillors André Brender-A-Brandis, Blake D'Souza, Mary Choy and Ken Manolas.

Against: Nil.

Background

On Tuesday 14 December 2021, Council endorsed the Chief Executive Officer's performance review evaluation process, evaluation instrument and KPI's for the review period.

Comment

The Chief Executive Officer has prepared a Key Performance Indicator Report, for the period 1 July 2021 to 30 June 2022 as shown at **Confidential Attachment (a)**.

The Chief Executive Officer will speak to the report and present observations that draw from the 1 July 2021 to 30 June 2022 period.

Consultation

This report has been prepared in consultation with the City's Leadership Team.

Policy and Legislative Implications

Nil.

Financial Implications

Nil.

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	The CEO Recruitment, Performance and Termination Policy is adhered to and reviewed in accordance with legislation.

Strategic Implications

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

Strategic Direction:	Leadership
Aspiration:	A 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 with honesty and integrity and quality decision making to deliver community priorities

Attachments

10.5.1 (a):	Chief Executive Officer's Key Performance Indicator Report (Confidential)
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10.5.2 CEO's Performance Review Process and KPI Setting

File Ref: D-22-28275
Author(s): Pele McDonald, Manager People and Performance
Reporting Officer(s): Pele McDonald, Manager People and Performance

Summary

This report seeks the CEO Evaluation Committee's consideration of the Chief Executive Officers performance review for the period 1 July 2021 to 30 June 2022, a remuneration review and the proposed performance review process for 2022/23.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Mayor Greg Milner
Seconded: Councillor Blake D'Souza

That the CEO Evaluation Committee recommends to Council that it:

1. Endorses the Chief Executive Officer's Evaluation Report Annual Performance Review as contained in **Confidential Attachment (a)**.
2. Adopts the Key Performance Indicators for the period 1 July 2022 to 30 June 2023 as contained in **Confidential Attachment (b)**.
3. Adopts the Evaluation Instrument for the Annual Performance Review period 1 July 2022 to 30 June 2023 as contained in **Confidential Attachment (c)**.
4. Applies a remuneration increase to the Chief Executive Officers' total remuneration package, effective 1 July 2022 as contained in **Confidential Attachment (d)**.

Absolute Majority required for recommendation 1.

CARRIED (5/0)

For: Mayor Greg Milner, Councillors Mary Choy, Glenn Cridland, Blake D'Souza and Ken Manolas.

Against: Nil.

Background

The Chief Executive Officer presented to all Councillors on 31 May 2022 and the KPI Self-Assessment Report is shown in **Confidential Attachment (e)**.

In accordance with his contract of employment, the Council is required to undertake an annual performance review.

Comment

The following items have been provided for discussion and consideration:

- Councillors feedback on the CEO's performance as contained in the CEO Evaluation Report Annual Performance Review as contained in **Confidential Attachment (a)**.
- The Key Performance Indicators for the period 1 July 2022 to 30 June 2023 as contained **Confidential Attachment (b)**.
- The Evaluation Instrument for the Annual Performance Review period 1 July 2022 to 30 June 2023 as contained in **Confidential Attachment (c)**.
- Remuneration increase effective 1 July 2022 as contained in **Confidential Attachment (d)**.

Consultation

This report has been prepared in consultation with the Mayor.

Policy and Legislative Implications

The Local Government (Administration) Regulations 1996 provides:

18D. Performance review of CEO, local government's duties

A local government is to consider each review on the performance of the CEO carried out under s5.38 and is to accept the review, with or without modification, or to reject the review.

Clause 5.38 and 5.39 (3) of the *Local Government Act 1995* provides that there must be specified contract performance criteria for the purpose of reviewing the performance of the Chief Executive Officer at least once in relation to every year of employment.

Financial Implications

If Council approves a remuneration increase it will be captured in the 2022/23 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	The CEO Recruitment, Performance and Termination Policy is adhered to and reviewed in accordance with legislation.

Strategic Implications

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

Strategic Direction:	Leadership
Aspiration:	A 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 with honesty and integrity and quality decision making to deliver community priorities

Attachments

10.5.2 (a):	CEO Evaluation Report (<i>Confidential</i>)
10.5.2 (b):	CEO Key Performance Indicators 1 July 2022 to 30 June 2023 (<i>Confidential</i>)
10.5.2 (c):	CEO Evaluation Instrument 1 July 2022 to 30 June 2023 (<i>Confidential</i>)
10.5.2 (d):	CEO Remuneration Calculator (<i>Confidential</i>)
10.5.2 (e):	CEO KPI Self- Assessment Report (<i>Confidential</i>)

10.5.3 Audit Register Progress Report

File Ref: D-22-29356
Author(s): Rose Jordan, Integrated Planning Advisor
Reporting Officer(s): Garry Adams, Director Corporate Services

Summary

This report provides an update on the progress of actions included in the Audit Register. The Audit Register includes all open audit findings that have previously been accepted by the Audit, Risk and Governance Committee.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Ms Shona Zulsdorf

Seconded: Mayor Greg Milner

That the Audit, Risk and Governance Committee recommends to Council that it:

1. Notes the progress recorded against each item within the Audit Register in **Confidential Attachment (a)**; and
2. Approves the findings marked as Complete (100%) in the Audit Register, to be registered as closed and no longer reported to the Committee.

CARRIED (9/0)

For: Mayor Greg Milner, Councillors Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Jennifer Nevard and Stephen Russell, Mr Aswin Kumar and Ms Shona Zulsdorf.

Against: Nil.

Background

The confidential Audit Register lists internal and external audit findings and describes the progress of implementing improvements and percentage completion. This report is prepared for noting the progress and completion of findings since the last meeting.

Comment

It is important to note that the Audit Register contained in **Confidential Attachment (a)** counts actions and totals by "Finding #". Each finding may have more than one "Recommendation" and associated "Agreed Management Action", previously counted as **one** action. This can mean that some Recommendations within an Action will be completed (100%) and some will not. Only when all assigned Recommendations/Agreed Management Actions are marked as 100% complete will the Audit, Risk and Governance Committee (ARGC) approve the Finding for closure.

The Audit Register has been formatted to ensure clarity as below:

1. Each finding that has more than one agreed management action is represented with double lines around that entire finding;
2. Each finding that is to be closed (100% for all agreed actions) is represented by a purple "Closed Tally" column on the right and numbered; and
3. All findings that are being recommended for closure by the ARGC (100%) are filtered to the end of the register.

The ARGC is requested to recommend to Council to note the progress and officer comments. In addition, it is recommended all findings marked as complete (100%) in the Audit Register be registered as closed. All closed items will not form part of the Audit Register report for future meetings.

It is requested to note the Audit Register in **Confidential Attachment (a)**.

A review of the Strategic Internal Audit Plan (SIAP) by management and the City's Internal Auditor, Paxon has been undertaken.

The new SIAP was presented at the Audit, Risk and Governance Committee Meeting held on 8 March 2022.

It should be noted that Finding #65 which contains 3 Management Actions, had the first Action completed on 27 August 2021, however, this finding will not be considered closed until all 3 Actions are completed.

Consultation

Nil.

Policy and Legislative Implications

The Internal Audit function is considered a business improvement process that will assist in compliance with Regulation 5 of the Local Government (Financial Management) Regulation 1996 (CEO's duties as to financial management) and Regulation 17 of the Local Government (Audit) Regulations 1996 (CEO to review certain systems and procedures).

Financial Implications

The Internal Audit function (Paxon) has a budget of \$40,000 for the 2021/22 financial year, and it is anticipated that a budget of a similar amount is to be adopted each year. Officers' effort to undertake the improvements and report on progress has not been estimated.

The External Audit function (WA Auditor General) has a budget of \$65,000 for the audit work undertaken during the 2021/22 financial year.

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	Medium
Mitigation and actions	Quarterly reporting of progress on the Audit Register to the ARGC and Council. In the report, Officer comments on action taken and progressive completion of Actions are noted. Actions which are 100% complete are closed out and reported back to the ARGC. There is no future reporting on closed out actions.

Strategic Implications

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

Strategic Direction:	Leadership
Aspiration:	A 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 with honesty and integrity and quality decision making to deliver community priorities

Attachments

10.5.3 (a): ARGC Audit Register Report - 3rd Quarter Update (*Confidential*)

10.5.4 Bushfire Risk Management Plan 2022-2027

File Ref: D-22-29357
Author(s): Yulia Volobeuva, Environment Coordinator
Reporting Officer(s): Mark Taylor, Director Infrastructure Services

Summary

The City has developed a Bushfire Risk Management Plan 2022-2027 (BRM Plan) which has been endorsed by the office of Bushfire Risk Management (OBRM) in April 2022.

The BRM Plan recommends the implementation of prescribed treatment measures to reduce bushfire risks within residential and non-residential areas of the City.

This report presents the BRM Plan to the Audit, Risk and Governance Committee for Council's adoption as is required by the OBRM.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Ms Shona Zulsdorf

Seconded: Mayor Greg Milner

That the Audit, Risk and Governance Committee recommends to Council that it adopts the Bushfire Risk Management Plan 2022-2027 as contained in **Attachment (a)**.

CARRIED (9/0)

For: Mayor Greg Milner, Councillors Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Jennifer Nevard and Stephen Russell, Mr Aswin Kumar and Ms Shona Zulsdorf.

Against: Nil.

Background

The State Emergency Management Committee (SEMC) requires that each defined and prescribed hazard has a dedicated State Hazard Plan (Westplan). State Hazard Plans outline the arrangements on how to manage that hazard across the Prevention, Preparedness, Response and Recovery spectrum.

The SEMC has delegated responsibility for the State Hazard Plan – Fire to the Department of Fire and Emergency Services (DFES).

The State Hazard Plan – Fire requires local government areas with significant bushfire risk to develop an integrated BRM Plan. Despite the City's insignificant bushfire risk classification by DFES, the BRM Plan has been developed as a 'duty of care'.

The aim of the BRM Plan is to document a coordinated and efficient approach toward the identification, assessment and treatment of assets exposed to bushfire risk within the City.

The BRM Plan has been prepared in accordance with the requirements of the State Hazard Plan – Fire and in accordance with the Guidelines for Preparing a Bushfire Risk Management Plan 2020 from the OBRM, within DFES.

The objectives of the BRM Plan are to:

- Guide and coordinate a tenure blind, multi-agency bushfire risk management program over a five-year period
- Document the process used to identify, analyse, and evaluate risk, determine priorities, and develop a plan to systematically treat risk
- Facilitate the effective use of the financial and physical resources available for bushfire risk management activities
- Integrate bushfire risk management into the business processes of local government, landowners, and other agencies
- Monitor and review the implementation of treatments to ensure treatment plans are adaptable and risk is managed at an acceptable level.

To appropriately progress the BRM Plan the following actions need to be followed:

1. The OBRM endorses the BRM Plan
2. The BRM Plan is then reported to Council for adoption
3. The City commits resources to implement the adopted BRM Plan
4. The City utilises an online Bushfire Risk Management System (BRMS) to review and refine existing treatment programs that are designed to reduce bushfire risks
5. The City reviews, monitors and reports on the progress made towards implementation of the BRM Plan.

Comment

Bushfire risk and management are influenced by the land tenure and location. All land tenures and property location come under the scrutiny when assessing bushfire risk and identifying asset ownership. The City's role is to identify and assess the bushfire risk within the City's municipality, inform landowners about their bushfire risk ratings and propose risk treatments to eliminate or reduce risk of bushfire on their property. The landowner carries the risk and is responsible for risk management. The City is responsible to manage the implementation of the BRM Plan, facilitate the implementation of bushfire risk management treatments by risk owners and treat bushfire risk only on its managed land.

The BRM Plan located at **Attachment (a)** is presented to the Audit, Risk and Governance Committee for Council's adoption.

Consultation

During development of the BRM Plan the City undertook an extensive internal stakeholder consultation with a number of the City's business units, each of which have contributed to the development of this plan.

The City's bushfire risk management process was communicated to the Local Emergency Management Committee (LEMC) and Bushfire Advisory Committee (BFAC) with an aim to reference the BRM Plan in the Local Emergency Management Arrangements (LEMAs).

The City in partnership with the DFES liaised with private and state landowners / land managers, corporations, businesses, and infrastructure managers to communicate their bushfire risks and the level of their responsibility to treat these risks and to negotiate suitable treatment strategies to ensure that prescribed treatments are collaborative and efficient, regardless of land tenure. All bushfire risk owners were advised by the City that their prescribed risk treatments have been approved by DFES and recorded in the BRMS.

In addition to direct stakeholder engagement the City promoted bushfire risk messaging via its website and community sustainability education workshops.

The City will continue ongoing bushfire risk management communication according to the Communication Plan that is included in the BRM Plan.

Policy and Legislative Implications

The State Emergency Management Plan has been prepared by the SEMC under section 18 of the *Emergency Management Act 2005 (WA)* and is consistent with the State Emergency Management Policy.

The State Emergency Management Plan documents the agreed Western Australian Emergency Management arrangements to prevent, prepare for, respond to, and recover from hazards as listed in the *Emergency Management Act 2005* and prescribed in the Emergency Management Regulations 2006 (EM Regulations).

The SEMC has delegated responsibility for the development, maintenance, review and exercising of relevant State Hazard Plans (Westplans) to the agencies prescribed as HMAs in Part 3 of the EM Regulations.

The State Hazard Plan requires the City to develop and implement an integrated BRM Plan. This approach is consistent with State Emergency Management Policy and Mitigation Procedure 1.

Financial Implications

The City is responsible to treat bushfire risks on land that is under its care and control and report to OBRM via online BRMS treatment outcomes. An annual budget of \$20,000 is required to undertake prescribed treatment works over 5 years.

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	Implement Bushfire Risk Management Plan 2022-2027

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, liveable, diverse and welcoming neighbourhoods that respect and value the natural and built environment
Outcome:	3.3 Enhanced environment and open spaces
Strategy:	3.3.4 Provide proactive enhancement of the environment, maintaining open space and effective management of the Swan and Canning River foreshores

Attachments

10.5.4 (a):	Bushfire Risk Management Plan 2022-2027
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10.5.5 Annual Policy Review

File Ref: D-22-29358
Author(s): Bernadine Tucker, Manager Governance
Reporting Officer(s): Garry Adams, Director Corporate Services

Summary

The annual policy review was presented to the Audit Risk and Governance Committee in March 2022. At that meeting, the Committee moved, and Council endorsed, that the annual policy review be deferred to the next Audit, Risk and Governance Committee meeting. This report proposes that a policy workshop be held prior to the policy review being considered and a further report then be presented to the 13 September 2022 Audit, Risk and Governance Committee meeting.

Officer Recommendation AND COMMITTEE RECOMMENDATION

Moved: Mayor Greg Milner

Seconded: Ms Shona Zulsdorf

That the Audit Risk and Governance Committee recommends to Council that:

1. A policy review workshop be held with the Audit Risk and Governance Committee.
2. A further Annual Policy Review report be presented to the Audit Risk and Governance Committee meeting to be held 13 September 2022.

CARRIED (9/0)

For: Mayor Greg Milner, Councillors Mary Choy, Glenn Cridland, Blake D'Souza, Ken Manolas, Jennifer Nevard and Stephen Russell, Mr Aswin Kumar and Ms Shona Zulsdorf.

Against: Nil.

Background

In line with contemporary organisational models, the policy framework aligns policies and delegations to the City's Strategic Directions.

During the review process, policies are considered by the custodian business unit having the relevant technical expertise in relation to the policy content and subsequently by the Executive Management Team (EMT) representing each of the City's Directorates.

The policy review centres on the continuing relevance of the policy and the need to update it in light of any change in the legislative or operating environment. The policy review may identify a need to revise the policy, or it may determine that no change is needed.

The 2022 policy review identified a number of policies requiring amendment and one policy requiring revocation. These were presented to the Audit Risk and Governance Committee meeting held on 8 March 2022.

However, at that meeting Committee Members advised they had insufficient time to consider the report and resolved that the item be deferred to the Audit Risk and Governance Committee meeting to be held on 14 June 2022.

Comment

Given the feedback received at the Audit Risk and Governance Committee on 8 March 2022, it was anticipated a Policy Review Workshop would be held prior to the item being reconsidered at the 14 June Committee meeting. A workshop was scheduled for 16 May 2022 however due to COVID it had to be cancelled and given the number of other workshops scheduled, it was not possible to reschedule it prior to 14 June. Therefore, it is recommended that the Committee recommend a Policy Review Workshop be held prior to the matter being presented to the 13 September Audit Risk and Governance Committee meeting.

Consultation

Nil.

Policy and Legislative Implications

Local Government Act 1995

Local Government (Administration) Regulations 1996.

Financial Implications

Nil.

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	Yearly review of all policies

Strategic Implications

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

Strategic Direction:	Leadership
Aspiration:	A 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 with honesty and integrity and quality decision making to deliver community priorities

Attachments

Nil.

11. APPLICATIONS FOR LEAVE OF ABSENCE

12. MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

12.1 NOTICE OF MOTION - COUNCILLOR MARY CHOY - APPOINTMENT TO CITY OF SOUTH PERTH ARTS ADVISORY GROUP

File Ref: D-22-29360
Author(s): Toni Fry, Governance Coordinator
Reporting Officer(s): Garry Adams, Director Corporate Services

Summary

Councillor Mary Choy submitted the following Notice of Motion prior to the Council Agenda Briefing held 21 June 2022.

Notice of Motion Recommendation

That Council appoints the following Councillors to the City of South Perth Arts Advisory Group for the period 28 June 2022 to 21 October 2023:

1. Councillor Mary Choy
2. Councillor Ken Manolas

Background

Councillor Mary Choy submitted a Notice of Motion regarding appointments to the City of South Perth Arts Advisory Group. No reasons for the motion were provided.

Officers submitted a report to the Special Council meeting held 18 October 2021 to appoint two Councillors to the City of South Perth Arts Advisory Group as per the Terms of Reference for the period 18 October 2021 to 21 October 2023. Only Councillor Jennifer Nevard nominated for the group at that meeting.

Comment

The Public Art Advisory Group (the Group) was established in 2015 with the purpose of the Group to:

- Provide advice on matters relating to the review, development and implementation of the Public Art Strategy and related policies.
- Assist in the creation of opportunities for a diverse range of public art.
- Provide advice and recommendations on artwork concept designs that result from either Policy P101 Public Art, or Policy P316 Developer Contribution for Public Art and Public Art Spaces, and
- Provide recommendations to Council on City initiated public art projects resulting from P101 which are procured through a tender and are over \$150,000 in value.

The membership of the Group comprises a minimum of two and maximum of three Elected Members and a minimum of two and maximum of four Industry Representatives, who have demonstrated experience and expertise relevant to public art, and the arts and cultural sector. Industry Representatives serve on a voluntary basis and in alignment with the City's Policy P112 – Community Advisory Groups.

The Public Art Advisory Group has no financial or decision-making authority, but plays an important role in providing specialist, independent advice, and guidance to inform decisions of Council and the City's administration.

This is particularly the case when the City is considering public art contributions emanating from conditions of development approval, where the industry representatives provide expert advice and recommendations on artwork proposed in order to allow officers to clear conditions.

Consultation

Nil.

Policy and Legislative Implications

Nil.

Financial Implications

Nil.

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	Low
Mitigation and actions	Facilitating maximum membership of the Arts Advisory Group enhances the effectiveness of the committee ensuring diversity of opinions, experience and community representation.

Strategic Implications

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

Strategic Direction:	Leadership
Aspiration:	A 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 with honesty and integrity and quality decision making to deliver community priorities

Attachments

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 May 2022 Ordinary Council Meeting can be found in the Appendix of this Agenda.

13.2 QUESTIONS FROM MEMBERS: 28 JUNE 2022

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

15. MEETING CLOSED TO THE PUBLIC


Nil.

16. CLOSURE

APPENDIX

13.1 QUESTIONS FROM MEMBERS Taken on notice OCM 24 MAY 2022

Councillor Stephen Russell	Responses provided by: Vicki Lummer – Director Development and Community Services
<p><i>[Preamble]</i></p> <p><i>I note from a walk that I did through Karawara greenways the other week that the short public access ways for Lenna Court and Woonan Place have been closed off to the public. In that they seem to be consumed by an adjacent land owner. This seems to be in contradiction to the City's recent PAW closure report presented to the Council in April and therefore to the WAPC, where these PAW's are open to the public. Hence my questions are:</i></p>	
<p>1. As there is difference to what is physically on the ground and the City's report, then is the report factually correct in that it reflects the current situation?</p>	<ul style="list-style-type: none">• The Karawara Pedestrian Access Way Closure Report (the Report) has been written to support closure of a section of PAW between Yallambee Court and Koolunda Court and is considered to be factually accurate.• The Report assessed a selection of adjacent PAWs located to the south of the Karawara Greenway in accordance with the DPLH Guidelines requirements, specifically Steps 3-9 (Step 1 of Option B).• The Guidelines enable appropriate amendments to be made to the methodology for PAW assessment when responding to the number of PAW's involved in any assessment. As the Closure Report sought to progress only one PAW on the southern side of the greenways, it was considered appropriate to include only those PAWs that share similar orientation characteristics.• This is detailed in Section 3.5 Pedestrian Access Way Inspection and Assessment (Step 7) of the Closure Report which provides a detailed assessment of seven PAW's that provide a similar north-south orientation to the PAW proposed to be closed. These are identified on

	<p>the map below as PAW's A-G. This list does not include those from Leena Court and Woonan Place.</p> <ul style="list-style-type: none"> City is committed to the preparation of a Wayfinding Strategy and a Pedestrian and Cycle Access Plan for Karawara (as outlined in the City's Integrated Transport Plan). This will involve a more detailed assessment of Karawara's PAW's and Greenway. It is anticipated these processes would capture the state of all PAW's within the area. 
<p>2. Have these PAW's been transferred to the applicable land owner in a lawful manner?</p>	<p>The City has no records indicating the two PAW's at Leena Court and Woonan Place have been formally closed.</p>

Councillor Jennifer Nevard	Response provided by: Vicki Lummer – Director Development and Community Services
<p><i>[Preamble]</i></p> <p><i>Talking about the RAP Advisory Group. The City is probably aware that the RAP Advisory Group has not achieved a quorum for its two most recent meetings. Presenting quite a challenge for us getting off the ground with shaping a Reconciliation Action Plan.</i></p>	
<p>1. What strategies has the City undertaken since the most recent group meeting in order to attract more First Nations representatives to the group?</p>	<p>The Reconciliation Action Plan (RAP) Working Group is a newly established group that had its inaugural meeting on 14 February 2022 and its second meeting on 9 May 2022. As it is a relatively new group, it may take some time to gain momentum. The City is currently working on some solutions to address this matter, which are outlined below. Additionally, the Terms of Reference make provision for up to 12 members; with the quorum requiring 50% of members being present at the meeting, including four First Nations representatives. On both occasions the meetings have come close to achieving a quorum, so the meetings have proceeded on an informal basis. At the last RAP working group meeting it was recommended by the members that a minor amendment be considered to the Terms of Reference to require 40% of members being present (including three First Nations representatives) to achieve a quorum. The City is currently considering this recommendation.</p> <p>The City is collating a list of local First Nations organisations, businesses and individuals to approach to join the RAP Working Group e.g. Marr Moorditj, Abmusic, Centre for Aboriginal Studies (students) at Curtin Uni, local high schools, local Aboriginal and Islander Education Office (AIEO). We are also working with existing RAP Working Group members to identify potential new community members and liaising with the existing group members and local organisations to increase the group's membership.</p>

Councillor Stephen Russell	Response provided by: Vicki Lummer – Director Development and Community Services
<p><i>[Preamble]</i></p> <p><i>Just a follow up question regarding the money given to the WASPS. For financial governance we have given this money and we are expecting some form of result to come back.</i></p>	
<p>1. So is there some form of expiry date or some sort of point in time where they have got to deliver on what is expected to be delivered?</p>	<p>The City's 50% project contribution (\$25,000 ex GST) was paid to the WASPS in September 2021 to assist with the project consultancy fees. The obligation on the Club is for them to oversee the project and submit the feasibility study project report to the City for its review. The City's expectation regarding the project timeframe is the project should be completed this financial year. However, the City is currently awaiting a project update from the Club to determine if this is likely. If the project was not completed for any reason, the City would seek reimbursement of its project funds from the Club.</p>