



City of **Perth**

Minutes

Policy, Legislation and Governance Committee Meeting
17 August 2026

Approved for release
Maria Cooke
A/Chief Executive Officer
20 August 2026

Minutes to be confirmed at the next Policy, Legislation and Governance Committee Meeting

These minutes are hereby certified as confirmed.

Presiding member's signature _____

Date _____

POLICY, LEGISLATION AND GOVERNANCE COMMITTEE

February 2026

Establishment and Appointment	The Committee is established having regard to, and to assist Council in fulfilling its responsibilities under, including but not limited to: a. Section 2.7(2)(b) of the <i>Local Government Act 1995</i>, which provides that it is the role of Council to determine the local government's policies; b) Part 3, Division 2 of the <i>Local Government Act 1995</i> relating to the making, amending, revoking and review of local laws; c) Section 3.11 of the <i>Local Government Act 1995</i> relating to offences under local laws.
Purpose	In line with the <i>Local Government Act 1995</i>, the Policy, Legislation, and Governance Committee (the Committee) is to: a. Support Council in fulfilling its responsibility under section 2.7(2)(b) of the Act in determining the policies of the local government. b) Assist Council in carrying out its legislative functions in the making, amending, revoking and reviewing of local laws under Part 3, Division 2 of the Act.
Role and Function	The role of the Committee is to provide guidance and assistance to Council in fulfilling its policy, legislative, and governance responsibilities, including: a) Developing and reviewing Council Policies and Local Laws in accordance with an endorsed workplan and making recommendations to Council at the next available Ordinary Council Meeting; b) Considering any other matters referred to the Committee by resolution of Council.
Membership	a) The Committee shall comprise a minimum of four (4) Elected Members appointed by Council for a two-year term in accordance with the electoral cycle; b) The Presiding Member and Deputy Presiding Member of the Committee shall be appointed by Council; and c) The Chief Executive Officer (or their nominee) and other staff as necessary, shall attend meetings to provide advisory and administrative support.
Meetings	a) The Committee shall meet as set out in the Council and Committee Meeting Dates schedule as adopted by Council and at such other times determined by the Presiding Member as required to discharge its functions; b) Meetings shall be conducted in accordance with the City of Perth Standing Orders Local Law 2009; c) Other persons may appear before the Committee to address specific agenda items, as requested, by the Presiding Member in consultation with the CEO. d) Agendas shall be issued at least 10 calendar days in advance for scheduled meetings, or 72hrs for Special Meetings

	e) Quorum for a committee meeting is set by section 5.19 of the Act.
Delegation	a) This Committee has no delegated authority and no authority to implement its recommendations without resolution of Council. b) The Committee is a formally appointed Committee of Council and is responsible to that body. c) The Committee does not have executive powers or authority to implement actions in areas over which the Chief Executive Officer (CEO) has legislative responsibility.
Reporting	a) Minutes of each Committee meeting shall be forwarded for inclusion on the agenda of the next practicable Ordinary Council Meeting; and b) All recommendations of the Committee shall be referred to Council for determination.

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1. Declaration of Opening

The Presiding Member declared the Policy, Legislation and Governance Committee Meeting for the City of Perth open at 4:06pm.

2. Acknowledgement of Country

The Presiding Member respectfully acknowledge the Traditional Owners of the land on which we met, the Whadjuk Nyoongar people of Western Australia, and paid respect to Elders past and present.

3. Attendance

Members in Attendance

Councillors

David Goncalves
Liam Gobbert
Bruce Reynolds

Officers in Attendance

Executive Director
General Manager Corporate Services
General Manager Community Development
Alliance Manager Arts and Culture
Cultural Heritage Planner
Alliance Manager Governance and Policy
Governance and Policy Coordinator

Michelle Bell
Paul White
Tracey Hirst (*retired 4:08pm*)
Kim Jameson (*retired 4:08pm*)
Philip McAllister (*retired 4:08pm*)
Charlie Clarke
Ebony Mackey

Public Gallery

There were no members of the public in the gallery.

3.1 Apologies

Councillor Lisa Ma
Councillor Viktor Ko

3.2 Leave of Absence

Nil.

4. Confirmation of Minutes

Committee Resolution (PALCC-26/08-001)

Mover: Councillor Liam Gobbert

Seconded: Lord Mayor Bruce Reynolds

That the Committee CONFIRMS the minutes of the Policy Legislation, and Governance Committee Meeting held on 15 June 2026 as a true and correct record.

CARRIED UNOPPOSED (3/0)

For : Lord Mayor Bruce Reynolds; Deputy Lord Mayor David Goncalves; Councillors Liam Gobbert

Against : Nil

5. Deputations

Nil.

6. Disclosures of Interests

Nil.

7. Reports

7.1 Proposed Heritage List Policy

Responsible Officer	Tracey Hirst – Acting General Manager Community Development
Voting Requirements	Simple Majority
Attachments	Attachment 7.1A – Draft Heritage List Policy

Purpose

This report requests that the Policy, Legislation and Governance Committee consider the draft Heritage List Policy, provided at **Attachment A**, and provide comment.

Following review by the Policy, Legislation and Governance Committee and the subsequent review by the Department of Planning, Lands and Heritage, it is proposed that the draft Heritage List Policy be presented to an Ordinary Council Meeting seeking approval to advertise the policy for public comment.

Recommendation

That the Policy, Legislation and Governance Committee recommend that Council:

1. APPROVES public advertising of the draft Heritage List Policy, provided at **Attachment A**, for a consultation period of at least 21 calendar days.
 2. REQUESTS that a further report be presented to an Ordinary Council Meeting on completion of the consultation period, including the outcomes of consultation and the final proposed Heritage List Policy.
-

Background

1. Under Perth's local planning scheme, the City is required to maintain and update a Heritage List as part of the Deemed Provisions Clause 8 of the *Planning and Development (Local Planning Schemes) Regulations 2015*. This statutory requirement applies to all local governments.
2. The City undertook a Local Heritage Survey (LHS) between 2021 and 2023, with Council adopting the outcomes of the survey at the 23 March 2023 Ordinary Council Meeting.
3. Information from a Local Heritage Survey will generally inform future amendments to the Heritage List. In addition, suggestions for amendments to the Heritage List may originate from the State Government, the community, or the City through its ongoing heritage work.
4. Local Heritage Surveys may be undertaken at any time and independently of other planning processes.
5. While the Heritage List forms part of the City's planning framework, it is separate from Local Planning Scheme No. 3 (LPS3), which is currently being prepared. Accordingly, the Heritage List does not need to be amended solely because LPS3 is being developed.

Discussion

6. The City currently does not have a Heritage List Policy to guide the administration and management of the Heritage List. However, in March 2025, the State Administrative Tribunal encouraged local governments to adopt such policies to support transparency, consistency and good practice in heritage decision-making.
7. The adoption of a Heritage List Policy would also provide guidance for the administration and management of the Heritage List, including the assessment and progression of proposed amendments to the Heritage List.
8. The draft Policy was considered at the 14 July Elected Member Engagement Session (EMES) where a key area of discussion related to community perceptions and public response to the existence of a Heritage List Policy.
9. Discussion at the EMES reinforced that the draft Policy supports the City's statutory obligations while improving understanding of the purpose of the Heritage List. The Policy also provides a more transparent and robust framework for managing heritage matters and communicating heritage-related decisions to the community and stakeholders.
10. Feedback received through the EMES has been incorporated into the draft Heritage List Policy provided at **Attachment A**.
11. In preparing the draft Policy, the Administration also considered privacy and responsible information sharing requirements. Advice received is that the identity of a person proposing the removal of a property should not be disclosed. This is because the purpose of the Heritage List and the associated Policy is to assess the heritage value and ongoing eligibility of a property against established heritage criteria, rather than to identify individuals involved in initiating the review or removal process. Disclosure of this information may not be fair and reasonable in the circumstances, having regard to the Information Privacy Principles under the *Privacy and Responsible Information Sharing Act 2024*.
12. The draft Policy is proposed to be publicly advertised for a period of at least 21 calendar days. Following the consultation period, the outcomes of consultation and the final proposed Heritage List Policy would be reported to Council for consideration and adoption.

Consultation

13. The draft Heritage List Policy has been reviewed by the City Planning Unit, which is responsible for the preparation and delivery of Local Planning Scheme No. 3 (LPS3).
14. The draft Heritage List Policy was considered at the 14 July 2026 Elected Member Engagement Session.

Decision Implications

15. If the Policy, Legislation and Governance Committee supports the Recommendation, the draft Heritage List Policy, incorporating any amendments requested by the Committee, will be reviewed by the Department of Planning, Lands and Heritage. Following incorporation of any recommended amendments arising from that review, the draft Heritage List Policy will be presented to an Ordinary Council Meeting seeking approval to advertise the Policy for public comment.
16. Following the public consultation period, the outcomes of consultation and the final proposed Heritage List Policy will be presented to Council for consideration and adoption.
17. If the Policy, Legislation and Governance Committee does not support the Recommendation, the draft Heritage List Policy will be revised in accordance with the Committee's guidance and presented to a future meeting of the Committee for further consideration prior to progression to Council.

Strategic, Legislative and Policy Implications

Strategy	
Strategic Pillar (Objective)	Sustainable
Related Documents (Issue Specific Strategies and Plans):	City Planning Scheme No. 2 (CPS2). Local Planning Scheme No. 3 (in draft).

Legislation, Delegation of Authority and Policy	
Legislation:	Clauses 3, 4 and 8 of Schedule 2 of the Planning and Development (Local Planning Schemes) Regulations 2015 (the Deemed Provisions).
Authority of Council/CEO:	Approval to advertise and adopt a Heritage List Policy must be by resolution of Council.
Policy:	City Planning Scheme No. 2 (CPS2).

Financial Implications

18. Nil.

Further Information

19. Nil.

Committee Resolution (PALCC-26/08-002)

Mover: Councillor Liam Gobbert

Second: Lord Mayor Bruce Reynolds

That the Policy, Legislation and Governance Committee recommend that Council:

1. APPROVES public advertising of the draft Heritage List Policy, provided at **Attachment A**, for a consultation period of at least 21 calendar days.
2. REQUESTS that a further report be presented to an Ordinary Council Meeting on completion of the consultation period, including the outcomes of consultation and the final proposed Heritage List Policy.

CARRIED UNOPPOSED (3/0)

For: Lord Mayor Bruce Reynolds; Deputy Lord Mayor David Goncalves; Councillor Liam Gobbert

Against: Nil.



City of Perth

Council Policy

CP X.XX | Heritage List

Introduction

Under Perth's local planning scheme, the City is required to establish and maintain a Heritage List under Schedule 2, Part 3, clause 8 of the Planning and Development (Local Planning Schemes) Regulations 2015 (Deemed Provisions).

The City's Local Heritage Survey (LHS) is prepared and maintained under Part 8 of the Heritage Act 2018. The LHS identifies and records places in the district that are, or may become, of cultural heritage significance and assists the City in preparing and reviewing the Heritage List.

The Heritage List is a separate statutory planning instrument that identifies those places which, in the opinion of the City, are of cultural heritage significance and worthy of built heritage conservation.

Before a place is added to the Heritage List, the City will consult with affected owners and occupiers and consider any submissions received, in accordance with the Deemed Provisions and this policy.

If a property is on the Heritage List, development approval may be required in accordance with the local planning scheme and the Deemed Provisions, including for works that would otherwise be exempt for non-heritage places. Being heritage-listed does not prevent development, however any proposed changes must be assessed having due regard to the cultural heritage significance of the place and if it is worthy of built heritage conservation.

Properties included on the Heritage List are given legal protection under State planning regulations. Nothing in this policy displaces any separate statutory process applying under the *Heritage Act 2018* to a State Registered place, a place under consideration for State registration, a place subject to a protection order, or a place subject to a certified heritage agreement.

Policy Objectives

- To support the conservation of heritage places based on their cultural heritage significance and if they are worthy of built heritage conservation and provide a transparent framework for the administration of the Heritage List.
- To ensure that the City of Perth fulfils its statutory obligations under Schedule 2, Part 3 of the Deemed Provisions of the Planning and Development (Local Planning Schemes) Regulations 2015 (Deemed Provisions).
- To provide guidance on the inclusion, modification or removal of a place from the Heritage List based on its cultural heritage significance and whether it is worthy of built heritage conservation.

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Policy Scope

This policy applies to the administration and operation of the Heritage List established pursuant to Schedule 2, Part 3, clause 8 of the Deemed Provisions.

For the avoidance of doubt, this policy does not establish the assessment criteria or documentation requirements for development applications affecting heritage places. Those matters are addressed by the local planning scheme, State Planning Policy 3.5, and the City's Heritage Local Planning Policy and Heritage Areas Local Planning Policies.

Definitions

Unless otherwise noted, terms used in this policy have common meanings and include those defined in the *Planning and Development Act 2005*, *Planning and Development (Local Planning Schemes) Regulations 2015*, and the *Heritage Act 2018*.

For clarity:

- (a) Local Heritage Survey or LHS means the survey prepared under Part 8 of the Heritage Act 2018.
- (b) Heritage List means the list established and maintained under clause 8 of Schedule 2 of the Planning and Development (Local Planning Schemes) Regulations 2015; and
- (c) State Registered place means a place entered in the State Register of Heritage Places under section 42 of the Heritage Act 2018.

Policy Statement

1. Format of the Heritage List

- 1.1 The Heritage List has been adopted by a resolution of Council and made available in accordance with the Deemed Provisions and the local planning scheme.
- 1.2 The Heritage List will set out a description of each place, name, location and the reason for its entry onto the Heritage List. The reason for the entry may be expressed by reference to a statement of significance derived from the place record in the LHS or another heritage assessment adopted by the City.
- 1.3 The LHS informs the Heritage List, but inclusion on the statutory planning instrument Heritage List is a separate decision of Council made under the planning framework.

2. Threshold for Inclusion onto the Heritage List

- 2.1 Cultural heritage significance and thresholds for inclusion onto the Heritage List are outlined in Table 1 below. The classification of a place in the LHS informs, but does not itself determine, inclusion on the Heritage List. Inclusion on the Heritage List also requires the City to form the opinion that in addition to its cultural heritage significance the place is worthy of built heritage conservation.

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- 2.2 Table 1 is used to indicate the City's threshold for Heritage List inclusion. It does not prescribe development application requirements, which are addressed separately under the planning framework applying to development of heritage places. In addition to cultural heritage significance the place will be assessed to determine whether it is worthy of built heritage conservation.

Table 1 –Cultural heritage significance and thresholds for inclusion onto the Heritage List			
Level of significance to local area	Category	Description	Outcome
Exceptional significance	1	Essential to the heritage of the locality. Rare or outstanding example. All places are to be considered for inclusion on the Heritage List	The place to be retained and conserved. Any alterations, additions or changes in land use is to reinforce the significance of the place.
Considerable significance	2	Very important to the heritage of the locality. All places are to be considered for inclusion on the Heritage List	Conservation of the place is required. Any alterations, additions or changes in land use shall reinforce the significance of the place. Original fabric shall be retained whenever feasible.
Some/Moderate significance	3	Contributes to the heritage of the locality. Places may be considered for inclusion on the Heritage List, depending on whether the City forms the opinion that the place is worthy of built heritage conservation.	Conservation of the place is desirable. Any alterations, additions or changes in land use shall reinforce the significance of the place. Original fabric should be retained whenever feasible.
Little significance	4	It has elements or values worth noting for community interest but otherwise makes little contribution. Below the threshold for inclusion on the Heritage List.	Conservation of the place is encouraged. Photographically record prior to major development or demolition.

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Table 1 –Cultural heritage significance and thresholds for inclusion onto the Heritage List			
Level of significance to local area	Category	Description	Outcome
Historic site	5	Site relevant to past role or use that contributes to the understanding of the locality. Will not normally be included, but considered on their merits for inclusion on the Heritage List.	Record of place retained with indication of its former significance. Interpret the former significance of the place with appropriate interpretation.

3. Public Consultation on the Heritage List

- 3.1 If a place is adopted in the LHS by resolution of Council and its assigned level of significance meets the threshold for possible inclusion in the Heritage List as defined above in Table 1, and the City considers that the place is worthy of built heritage conservation, the City will begin the consultation process to consider inclusion of the place onto the Heritage List.
- 3.2 Any proposed additions, removals or amendments to the Heritage List are undertaken in consultation with affected owners and occupiers, and consideration of any submissions received, as required by the Deemed Provisions.
- 3.3 The City may also undertake additional consultation where it considers this appropriate, utilising such other engagement methods as the City considers suitable.
- 3.4 Where the City undertakes additional public consultation, the period for submissions is to be no less than twenty-one (21) days, unless a different period is required by law.
- 3.5 In addition to consultation with owners and occupiers for each place for which inclusion, modification or removal is requested, consultation on such an action may be carried out by inviting comment:
 - from the general community by letter post, bulletins and newspaper advertisements;
 - from the general community through the City website, email newsletters and online engagement platforms;
 - from the local historical society;
 - as part of a community forum or workshop held for that purpose; or

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- in any other manner that may reasonably result in providing relevant information on the cultural heritage significance of the place and if it is worthy of built heritage conservation.
- 3.6 An objection to the level of cultural heritage significance identified for a place and if it is worthy of built heritage conservation should be accompanied by supporting material from the person making the submission, to clearly articulate any errors or omissions in the assessment documentation that may indicate why a different conclusion on the significance of the place should be reached.
- 3.7 Following any consultation and consideration of the submissions made on the proposal, Council may resolve that the place be entered in the heritage list with or without modification, or that the place be removed from the Heritage List.
- 3.8 The City will give written notification of any such changes or modifications to the Heritage List to the Heritage Council of Western Australia and the affected owner and occupier.

4. Entry onto the Heritage List

- 4.1 The LHS prepared by the City will be used as the basis for establishing cultural heritage significance for each place. Accordingly, requests for the assessment of significance of a place shall be processed as a nomination for the LHS. The request should provide a sufficient description to enable accurate identification of the place and give reasons why the nominee believes the place is of cultural heritage significance.
- 4.2 The designation of local significance will be in accordance with the City's adopted LHS. The assessment and designation of cultural heritage significance will be undertaken in accordance with the National Heritage Convention (HERCON) (Canberra, 1998) or Australia ICOMOS Charter for Places of Cultural Significance, 2013 (Burra Charter criteria), expanded on through the assessment criteria published by the Heritage Council of Western Australia, Guidelines for Assessment of Local Heritage Places (November 2022).
- 4.3 Inclusion of places onto the Heritage List will be in accordance with the levels of significance outlined in Table 1 of this Policy, and the City's determination as to whether the place is worthy of built heritage conservation.
- 4.4 As a minimum, the City will consider for inclusion all places that are entered in the State Register of Heritage Places and all places assessed in the LHS as Category 1 or Category 2. Category 3 places may be included where, in the opinion of the City, they are of cultural heritage significance and worthy of built heritage conservation. Category 4 places will not normally be included. Category 5 or historic sites will not normally be included and are to be considered on their merits.
- 4.5 Places entered onto the State Register of Heritage Places have cultural heritage significance and are considered worthy of built heritage conservation, and will be referred to Council for inclusion onto the Heritage List where the City considers this appropriate for consistency of local planning controls. Inclusion on the Heritage List does not displace the separate statutory requirements that apply to State Registered places under the Heritage Act 2018.

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- 4.6 A place may be considered of cultural heritage significance and worthy of built heritage conservation irrespective of its current state of repair; ongoing requirements for conservation, care, and maintenance; or economic worth.

5. Nominations

- 5.1 Places may be considered for inclusion onto the Heritage List via nominations from any individual, organisation (including that of the City administration) or association, in accordance with section 4 of the Policy.
- 5.2 Any place nominated for inclusion onto the Heritage List will be assessed by a suitably qualified heritage professional for its cultural heritage significance.
- 5.3 Following assessment and determination of a place's significance, recommendations for inclusion of places onto the Heritage List will be made in line with the thresholds outlined in Table 1 and section 3.2 of this Policy.

6. Modifications to entries on the Heritage List

- 6.1 Changes to any place entries in the Heritage List may be initiated by the City as part of the administration of the list. The City will consider all requests for change but is not obliged to make such a change.
- 6.2 Administrative updates, such as correcting typographical errors or general information updates, may be made without public consultation and a resolution of Council, provided there is no change to the classification of the place or its reason for entry onto the Heritage List.
- 6.3 Where a proposed change affects the statement of significance, threshold category, reason for entry, or extent of the listed place, the change is to be treated as a substantive amendment and processed in accordance with the consultation requirements of this policy.

7. Removing an entry from the Heritage List

- 7.1 Removal of a place from the Heritage List may be appropriate where the City considers that the cultural heritage significance of a place has substantially changed, or where the place no longer meets the City's threshold for inclusion because it is no longer, in the opinion of the City, worthy of built heritage conservation. This may be the result of substantial damage to a place, significant removal of heritage fabric approved by the City, or presentation of new evidence about the place.
- 7.2 A proposal to remove a place may be initiated by the City, any individual (including members of the City Administration), organisation or association, or by the owner and/or occupier of a place. If proposed by an owner and occupier, the onus will be on them to demonstrate that the cultural heritage significance of the place and the extent to which it is considered worthy of built heritage conservation is below the threshold for inclusion in the Heritage List.

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- 7.3 Substantial development, demolition or loss of fabric will not automatically result in removal from the Heritage List, as the place may still retain sufficient cultural heritage significance and remain worthy of built heritage conservation to support inclusion in the Heritage List, particularly if the heritage values relate to social or historical significance. Demolition by neglect will not be accepted as adequate grounds for removal from the Heritage List. Any proposal for removal is to be supported by a current heritage assessment.
- 7.4 The City will retain a public record of all places removed from the Heritage List and the reason for removal.
8. **Definitions** – these definitions are in addition to those articulated in the City’s Draft Heritage Local Planning Policy (2025). All terms and definitions related to heritage used in this policy are based on the terms used in the *Planning and Development (Local Planning Schemes) Regulations 2015*, the City’s Local Planning Scheme and the Burra Charter 2013 – the *Australian ICOMOS Charter for Places of Cultural Significance*.

Archival Record	An archival record is a comprehensive documentation of a heritage place—including photographs, historical research, and plans—prepared to professional standards before demolition or significant alteration. An Archival Record should be prepared by a qualified heritage professional on behalf of the landowner as per the Heritage Council of WA’s <i>Guide to Preparing an Archival Record (2019)</i> .
Burra Charter	The Burra Charter: The Australia ICOMOS Charter for Places of Cultural Significance 2013, and the supporting practice notes.
Deemed Provisions	Schedule 2 of the Planning and Development (Local Planning Schemes) Regulations 2015.
Heritage Assessment	Assessment of a place describing a place, its physical characteristics, condition, setting and history and identifying its heritage values in accordance with the criteria published by the Heritage Council of Western Australia which informs the cultural heritage significance of a place.
HERCON	HERCON factors (Heritage Convention criteria) are a nationally agreed upon set of assessment standards to identify, evaluate, and protect places of cultural heritage significance. They are used by local governments to determine if a place (site, building, or area) meets the threshold for inclusion onto a Local Heritage Survey. In the City, a place record form is created for each site, featuring a history, physical description, and an assessment against HERCON factors.
Heritage List	Heritage List prepared under clause 8, Schedule 2, Part 3 of the Deemed Provisions.
Heritage Area	Heritage Area prepared under clause 9, Schedule 2, Part 3 of the Deemed Provisions.

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ICOMOS	ICOMOS, the <i>International Council on Monuments and Sites</i> , is a non-governmental organisation working to conserve and protect cultural heritage sites around the world.
Local Heritage Survey (LHS)	The Local Heritage Survey (LHS), established under the provisions of Part 8 of the <i>Heritage Act 2018</i> , comprises a list of places which in the opinion of the Local Government are, or may become, of cultural heritage significance. The LHS provides a cultural and historic record of the district and assists a local government in preparing a Heritage List or Heritage Areas under a local planning scheme.
State Heritage Register	State Register of Heritage Places established and maintained under s.35(1) of the <i>Heritage Act 2018</i> .

Document Control

Other relevant/related documents

Legislation:	Clauses 3, 4 and 8 of Schedule 2 of the Planning and Development (Local Planning Schemes) Regulations 2015 (the Deemed Provisions).
City Policies:	City Planning Scheme 2 (CPS2).
City Procedures and Processes:	

Document responsibilities

Custodian:	Alliance Manager Arts and Culture	Custodian Unit:	City Culture	Decision Maker:	<Position Title>
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Review management

Next review due:		Document Management Ref:	EDRMS-263377276-8
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Document management

Version	Decision reference	Synopsis of changes
1.0	OCM <insert meeting date> Absolute Majority required	Initial policy submitted for approval

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4:08pm General Manager Community Development, Alliance Manager Arts and Culture, Cultural Heritage Planner retired from the meeting prior to Item 7.2.

7.2 Review of Financial Management Policies

Responsible Officer	Michael Kent – Chief Financial Officer
Voting Requirements	Simple Majority
Attachments	Attachment 7.2A – CP 2.1 Management of Investments Attachment 7.2B – CP 2.3 Strategic Financial Planning and Budgeting Attachment 7.2C – CP 2.4 Cash Backed Reserves Attachment 7.2D – CP 2.5 Use of Debt as a Funding Option Attachment 7.2E – CP 2.6 Budget Variations Attachment 7.2F – CP 2.9 Rate Exemptions

Purpose

The purpose of this report is to consider the review of Council's suite of financial management policies.

Recommendation

That the Policy Legislation, and Governance Committee recommends that Council:

1. ADOPTS the following reviewed Council Financial Management Policies:
 - a. CP 2.1 – Management of Investments (**Attachment A**)
 - b. CP 2.3 – Strategic Financial Planning & Budgeting (**Attachment B**)
 - c. CP 2.4 – Cash Backed Reserves (**Attachment C**)
 - d. CP 2.5 – Use of Debt as a Funding Option (**Attachment D**)
 - e. CP 2.6 – Budget Variations (**Attachment E**)
 - f. CP 2.9 – Rate Exemptions (**Attachment F**).
2. APPROVES minor typographical amendments, where the materiality of the policies are not affected, and placing the policies in new templates to improve the presentation and/or make corrections.

Background

1. Council's financial management policies are designed to work as an integrated suite of financial guidance documents rather than as stand alone documents, which leads to a preference for simultaneous review of all financial policies.
2. The suite of Council's financial management policies came due for review in August 2026.
3. The three yearly Financial Management Review (FMR) which considers financial policies as well as other financial management matters, was also due to be completed by the City's contracted provider Paxon, in August 2026.
4. Whilst the final report from that FMR review is yet to be formally presented to the Audit, Risk & Improvement Committee (ARIC), the administration considered it prudent for the committee to receive a verbal report of the results of that review at the 10 August 2026 ARIC meeting to ensure that any recommendations from the review were captured in the review of the City's financial policies.
5. The draft results of the Financial Management Review were presented to the administration in July 2026 and noted consistently good practice in the design and operation of financial policies and procedures at the City.
6. The suite of Council financial management policies has now been reviewed and, where appropriate, modified.
7. The policy review identified that the policies remain contemporary - but with some areas for minor enhancements / as discussed below.

Discussion

8. Changes to the Policies have changes tracked in **Attachments (a) – (f)**.
9. Changes incorporated in the revised policies are described below.

a. CP 2.1 – Management of Investments

Clause 9 has been added - allowing the City to opt to invest a portion of its funds in institutions that do not invest in fossil fuels, where certain criteria are met.

Clause 13 has been re-drafted to reflect the requirement to have an external investment advisor provide an annual statutory valuation for the grand-fathered Colonial Mutual Fund mortgage backed securities only required when a suitable valuer can be sourced, and at a reasonable cost.

The remainder of the policy remains as drafted using the language provided by the Department of Local Government guidelines and emphasises preservation of capital as the primary objective.

b. CP 2.3 – Strategic Financial Planning & Budgeting

This policy was explicitly identified as reflecting good practice in terms of both design and operation in the recent FMR.

Minor edits have been made throughout the document to reflect the name of the Department of Local Government, Safety & Industry Regulation which has changed since the previous revision of this policy.

References to the Strategic Community Plan have been updated throughout the document to reflect the more contemporary name of the Capital City Plan.

An updated reference is made to the Local Government Operational Guideline referring to Net Current Assets used in the Annual Budget.

Minor editorial amendments are made to enhance clarity in Clause 8 regarding Loan Borrowings.

Clause 14 rebalances the indicative split between notional asset renewal allocations and notional discretionary capital allocations reflecting increased public realm asset responsibilities from the handover of Elizabeth Quay assets.

c. CP 2.4 – Cash Backed Reserves

The primary changes to this policy reflect relevant cash backed reserve curation activities since the 2023 revision of the policy.

These include the addition of the two reserves added in previous budget adoption rounds - being the Bicentennial Project Reserve and the Elizabeth Quay Asset Renewal Reserve and the newly proposed Capital Creative Fund Reserve.

Seven inactive reserves formally closed in prior budget adoption rounds since the 2023 policy review are also removed to reflect dynamic reserve curation efforts.

The Policy Statement is strengthened to elevate the importance of notional reserve accumulation and spend plans and reinforced in Clauses 5 & 6 of the policy.

Minor editorial amendments are made to purpose statements for select Tactical and Parking Reserves for clarity.

d. CP 2.5 – Use of Debt as a Funding Option

No changes are proposed to this policy other than reflecting the Department of Local Government Guideline Minimum Debt Service Ratio increasing from 2.0 to 5.0 times cover.

e. CP 2.6 – Budget Variations

The policy scope has been updated to explicitly state that it may be used only to cost neutrally facilitate re-deployment of certain existing budget line items by authorised senior staff (in accordance with specific criteria) - but the Council adopted closing budget (surplus) cannot be amended without formal Council approval.

Clause 1 has been edited to provide additional clarity based upon past experience / challenges operationalising the policy to date.

Clarity has also been added to exclude amendment of expenditures with a grant funding to City funding ratio. The policy also clarifies that references in the policy to 'Capital Program' are to the underlying Asset Program category rather than LTFP categories such as 'Discretionary Capital'.

f. CP 2.9 – Rate Exemptions

No changes are proposed to this policy. The policy largely reflects legislative requirements.

10. Minor typographical edits were made to all six policies that did not alter the substance of the relevant policy.

Consultation

11. The policies have been benchmarked against those metropolitan Band 1 local governments that have equivalent contemporary policies.

12. Emphasis has been placed on Western Australian metropolitan Band 1 local governments rather than interstate entities due to the specific nature of both statutory local government requirements and the Integrated Planning & Reporting Framework for the state.

Decision Implications

13. If Council adopts the reviewed Policies, they will be updated on the City's website and the review date extended by a further 3 years.

Strategic, Legislative and Policy Implications

Strategy	
Strategic Pillar (Objective)	Leadership
Related Documents (Issue Specific Strategies and Plans):	Long Term Financial Plan Corporate Business Plan Long Term Financial Plan Methodology Statement Budget Methodology Statement Rating Methodology Reserves Methodology Statement

Legislation, Delegation of Authority and Policy	
Legislation:	Section 2.7(2)(b) of the <i>Local Government Act 1995</i>
Authority of Council/CEO:	In accordance with Section 2.7(2)(b), Council is to determine the local government's policies.
Policy:	Nil.

Financial Implications

Nil.

Further Information

14. Nil.

Recommendation

Mover: Councillor Liam Gobbert

Seconded: Lord Mayor Bruce Reynolds

That the Policy Legislation, and Governance Committee recommends that Council:

1. ADOPTS the following reviewed Council Financial Management Policies:
 - a. CP 2.1 – Management of Investments (**Attachment A**)
 - b. CP 2.3 – Strategic Financial Planning & Budgeting (**Attachment B**)
 - c. CP 2.4 – Cash Backed Reserves (**Attachment C**)
 - d. CP 2.5 – Use of Debt as a Funding Option (**Attachment D**)
 - e. CP 2.6 – Budget Variations (**Attachment E**)
 - f. CP 2.9 – Rate Exemptions (**Attachment F**).
 2. APPROVES minor typographical amendments, where the materiality of the policies are not affected, and placing the policies in new templates to improve the presentation and/or make corrections.
-

During debate, Deputy Lord Mayor David Goncalves moved an amended motion as follows:

Amended Motion (PALCC-26/08-003)

Mover: Deputy Lord Mayor David Goncalves

Seconded: Lord Mayor Bruce Reynolds

That the Policy Legislation, and Governance Committee recommends that Council:

1. ADOPTS the following reviewed Council Financial Management Policies:
 - a. CP 2.1 – Management of Investments (**Attachment A**)
 - b. CP 2.3 – Strategic Financial Planning & Budgeting (**Attachment B**) **subject to the removal of the proposed changes to clause 14, except updates that refer to the Capital City Plan and Corporate Business Plan.**
 - c. CP 2.4 – Cash Backed Reserves (**Attachment C**)
 - d. CP 2.5 – Use of Debt as a Funding Option (**Attachment D**)
 - e. CP 2.6 – Budget Variations (**Attachment E**)
 - f. CP 2.9 – Rate Exemptions (**Attachment F**).
2. APPROVES minor typographical amendments, where the materiality of the policies are not affected, and placing the policies in new templates to improve the presentation and/or make corrections.

CARRIED UNOPPOSED (3/0)

For: Lord Mayor Bruce Reynolds; Deputy Lord Mayor David Goncalves; Councillor Liam Gobbert

Against: Nil.

4:44pm *The Committee requested an item be presented to an Elected Member Engagement Session regarding utilising debt for major projects.*

The amended motion was incorporated into the substantive motion as follows:

Substantive Motion

Mover: Councillor Liam Gobbert

Seconded: Lord Mayor Bruce Reynolds

That the Policy Legislation, and Governance Committee recommends that Council:

1. ADOPTS the following reviewed Council Financial Management Policies:
 - a. CP 2.1 – Management of Investments (**Attachment A**)
 - b. CP 2.3 – Strategic Financial Planning & Budgeting (**Attachment B**) subject to the removal of the proposed changes to clause 14, except updates that refer to the Capital City Plan and Corporate Business Plan.
 - c. CP 2.4 – Cash Backed Reserves (**Attachment C**).
 - d. CP 2.5 – Use of Debt as a Funding Option (**Attachment D**)
 - e. CP 2.6 – Budget Variations (**Attachment E**)
 - f. CP 2.9 – Rate Exemptions (**Attachment F**).
 2. APPROVES minor typographical amendments, where the materiality of the policies are not affected, and placing the policies in new templates to improve the presentation and/or make corrections.
-

During debate, Deputy Lord Mayor David Goncalves moved an amended motion as follows:

Amended Motion (PALCC-26/08-004)

Mover: Deputy Lord Mayor David Goncalves

Seconded: Lord Mayor Bruce Reynolds

That the Policy Legislation, and Governance Committee recommends that Council:

1. ADOPTS the following reviewed Council Financial Management Policies:
 - a. CP 2.1 – Management of Investments (**Attachment A**)
 - b. CP 2.3 – Strategic Financial Planning & Budgeting (**Attachment B**) subject to the removal of the proposed changes to clause 14, except updates that refer to the Capital City Plan and Corporate Business Plan.
 - c. CP 2.4 – Cash Backed Reserves (**Attachment C**)
 - d. CP 2.5 – Use of Debt as a Funding Option (**Attachment D**)
 - e. CP 2.6 – Budget Variations (**Attachment E**)
 - f. CP 2.9 – Rate Exemptions (**Attachment F**).
2. APPROVES minor typographical amendments, where the materiality of the policies are not affected, and placing the policies in new templates to improve the presentation and/or make corrections.
3. REQUESTS the CEO provide a report to Elected members via CIBN in relation to Financial Hardship Policy provisions for the City of Perth:
 - a. History and context of past policy
 - b. Current operational provisions
 - c. Comparisons against other tier 1 local governments
 - d. Feedback from the administration

CARRIED UNOPPOSED (3/0)

For: Lord Mayor Bruce Reynolds; Deputy Lord Mayor David Goncalves; Councillor Liam Gobbert

Against: Nil.

The amended motion was incorporated into the substantive motion as follows:

Substantive Motion

Mover: Councillor Liam Gobbert

Seconded: Lord Mayor Bruce Reynolds

That the Policy Legislation, and Governance Committee recommends that Council:

1. ADOPTS the following reviewed Council Financial Management Policies:
 - a. CP 2.1 – Management of Investments (**Attachment A**)
 - b. CP 2.3 – Strategic Financial Planning & Budgeting (**Attachment B**) subject to the removal of the proposed changes to clause 14, except updates that refer to the Capital City Plan and Corporate Business Plan.
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2. APPROVES minor typographical amendments, where the materiality of the policies are not affected, and placing the policies in new templates to improve the presentation and/or make corrections.
3. REQUESTS the CEO provide a report to Elected members via CIBN in relation to Financial Hardship Policy provisions for the City of Perth:
 - a. History and context of past policy
 - b. Current operational provisions
 - c. Comparisons against other tier 1 local governments
 - d. Feedback from the administration

During debate, Deputy Lord Mayor David Goncalves moved an amended motion as follows:

Amended Motion (PALCC-26/08-005)

Mover: Lord Mayor Bruce Reynolds

Seconded: Councillor Liam Gobbert

That the Policy Legislation, and Governance Committee recommends that Council:

1. ADOPTS the following reviewed Council Financial Management Policies:
 - a. CP 2.1 – Management of Investments (**Attachment A**)
 - b. CP 2.3 – Strategic Financial Planning & Budgeting (**Attachment B**) subject to the removal of the proposed changes to clause 14, except updates that refer to the Capital City Plan and Corporate Business Plan.
 - c. CP 2.4 – Cash Backed Reserves (**Attachment C**) **noting that the administration may update this Policy as a result of changes included in the adopted annual budget.**
 - d. CP 2.5 – Use of Debt as a Funding Option (**Attachment D**)
 - e. CP 2.6 – Budget Variations (**Attachment E**)
 - f. CP 2.9 – Rate Exemptions (**Attachment F**).
2. APPROVES minor typographical amendments, where the materiality of the policies are not affected, and placing the policies in new templates to improve the presentation and/or make corrections.
3. REQUESTS the CEO provide a report to Elected members via CIBN in relation to Financial Hardship Policy provisions for the City of Perth:
 - a. History and context of past policy
 - b. Current operational provisions
 - c. Comparisons against other tier 1 local governments
 - d. Feedback from the administration

CARRIED UNOPPOSED (3/0)

For : Lord Mayor Bruce Reynolds; Deputy Lord Mayor David Goncalves; Councillors Liam Gobbert

Against : Nil

The amended motion was incorporated into the substantive motion which was then put:

Committee Recommendation (PALCC-26/08-006)

Mover: Councillor Liam Gobbert

Seconded: Lord Mayor Bruce Reynolds

That the Policy Legislation, and Governance Committee recommends that Council:

1. ADOPTS the following reviewed Council Financial Management Policies:
 - a. CP 2.1 – Management of Investments (**Attachment A**)
 - b. CP 2.3 – Strategic Financial Planning & Budgeting (**Attachment B**) subject to the removal of the proposed changes to clause 14, except updates that refer to the Capital City Plan and Corporate Business Plan.
 - c. CP 2.4 – Cash Backed Reserves (**Attachment C**) noting that the administration may update this Policy as a result of changes included in the adopted annual budget.
 - d. CP 2.5 – Use of Debt as a Funding Option (**Attachment D**)
 - e. CP 2.6 – Budget Variations (**Attachment E**)
 - f. CP 2.9 – Rate Exemptions (**Attachment F**).
2. APPROVES minor typographical amendments, where the materiality of the policies are not affected, and placing the policies in new templates to improve the presentation and/or make corrections.
3. REQUESTS the CEO provide a report to Elected members via CIBN in relation to Financial Hardship Policy provisions for the City of Perth:
 - a. History and context of past policy
 - b. Current operational provisions
 - c. Comparisons against other tier 1 local governments
 - d. Feedback from the administration

CARRIED UNOPPOSED (3/0)

For: Lord Mayor Bruce Reynolds; Deputy Lord Mayor David Goncalves; Councillor Liam Gobbert

Against: Nil.

Reasons for Change:

To:

- Ensure Council Policy 2.4 – Cash Backed Reserves aligns with the adopted budget.
- Review how genuine financial hardship cases are assessed and managed to ensure the approach remains appropriate and effective.
- In relation to CP 2.3 – Strategic Financial Planning & Budgeting:
 - o Assess the impact of the proposed changes on the City's investment strategy and long-term financial sustainability.
 - o Examine the implications of the proposed percentage allocations and understand how they would affect funding available for asset renewal and replacement, including how this may

impact Council's ability to determine allocations for future major projects and respond to community calls for discretionary spending.

- o Consider the relationship between asset renewal expenditure and depreciation expense, noting that renewal investment should ideally be maintained at a level that is broadly consistent with depreciation over time.
- o Examine the proposed percentage allocation for asset renewal with due regard to potential increases in the City's rate and income base.
- o Evaluate whether, as the City's asset base grows, current funding levels and revenue sources are sufficient to support future asset renewal obligations, particularly if the proposed percentages remain unchanged.



CP 2.1 | Management of Investments

Objective

The objective of this policy is to provide guidance on the investment of City funds that are excess to immediate cash flow needs. Due consideration is to be given to legislative requirements and the risk and return available to the City whilst ensuring that operational liquidity requirements are met.

Scope

This policy applies to officers with delegated authority to invest City funds and to any authorised investment advisor acting on behalf of the City.

Policy statement

The City's investment objectives will be met through the investment of the City's funds in a manner that ensures proper authorisation, manages risk within levels considered prudent for public monies and ensures that funds are available as and when required. This policy is to ensure that perceived or potential conflicts of interest for the City's officers, investment advisers and fund managers or the sellers or promoters of investment products, are carefully managed.

1. Investment Objectives

- Preservation of the real value of capital is the principal objective of the investment policy. Investments are to be placed in a manner that seeks to ensure security and safeguarding of the funds in the investment portfolio. This includes managing credit and interest rate risk within the identified thresholds and parameters.
- The investment portfolio will ensure there is sufficient liquidity to meet all reasonably foreseeable cash flow requirements, as and when they fall due, without incurring significant costs due to the unanticipated sale of an investment.
- The investment portfolio is expected to achieve a rate of return that reflects Council's risk tolerance as defined in Clause 10 of this policy.
- To achieve a high level of security for the overall portfolio by investing in investment products that have achieved high credit ratings using recognised rating criteria as detailed in Clause 12 of this policy.
- To maintain an adequate level of diversification across Authorised Deposit-Taking institutions.
- To ensure that before investments are made, they are appropriately authorised.
- To appropriately manage any actual or potential conflicts of interest that may arise from the actions of investment advisers, managers and the promoters of investment products.



2. Legislative Requirements

All investments are to comply with the following:

- *Local Government Act 1995* - Section 6.14
- *The Trustees Act 1962* - Part III Investments
- *Local Government (Financial Management) Regulation 1996* - Regulation 19 and Regulation 19C
- Australian Accounting Standards.

3. Delegation of Authority for Authorisation of Investments

~~This policy applies to officers with delegated authority to invest City funds and to any authorised investment advisor acting on behalf of the City.~~

Authority for implementation of the Management of Investments Policy is delegated by the Council to the Chief Executive Officer (CEO) in accordance with the Local Government Act 1995.

Investments that meet the requirements of this policy may be authorised by the delegated authorised signatories of the City. At no time, shall officers, investment managers or advisers commit to an investment unless so authorised.

No investments that fall outside the parameters of this policy are to be authorised by City officers.

4. Prudent Person Standard

Investments will be managed with the care, diligence and skill that a prudent person will exercise. Officers are to manage the investment portfolios to safeguard the portfolios in accordance with the spirit of this policy, and not for speculative purposes.

5. Ethics & Conflicts

Officers shall refrain from personal activities that would conflict with the proper execution and management of the City's investment portfolio. This Policy and the City of Perth Code of conduct require officers to disclose any actual or perceived conflict of interest to the CEO.

6. Authorised Investments

Investments shall be only made with institutions that meet this Policy's guidelines including those relating to diversification, credit risk and liquidity.

7. Approved Investments

Investments are limited (in accordance with Regulation 19C of the *Local Government (Financial Management) Regulations 1996*), to Australian currency denominated:

- Interest Bearing term deposits with Authorised Deposit Taking Institutions (ADIs – Australian banks, building societies & credit unions) for a term not exceeding 3 years



- Interest Bearing deposits with the Western Australian Treasury Corporation (WATC) for a term not exceeding 3 years
- Bonds guaranteed by the Commonwealth Government or State or Territory for a term not exceeding 3 years.

Investments held at 4 April 2012 that complied with the prevailing Legislation prior to that date are eligible to be held to maturity, but may not be reinvested. ~~In accordance with Clause 44 (Local Government Act 1995, Transitional provisions, Provisions for the Local Government Amendment Act 2012; Schedule 9.3, Division 2) was inserted on 4 April 2012 to allow local governments to continue to hold any existing investments made prior to insertion of abovementioned regulation 19C under grandfathering arrangements (but it does not allow reinvestment in these existing investments).~~

8. Prohibited Investments

This policy prohibits any investment carried out for speculative purposes including:

- Derivative based instruments
- Principal only investments or securities that provide potentially nil or negative cash flow
- Stand-alone securities issued that have underlying futures, options, forwards contracts and swaps of any kind. (Note this includes Collateral Debt Obligations)

This policy also prohibits the use of leveraging (borrowing to invest) for a monetary investment.

9. Fossil Fuel Free Investments

The City may invest in financial institutions that do not invest in or finance carbon based fossil fuel industries where:

- The investment is compliant with all terms contained in this Policy
- The investment rate of interest is favourable to the City relative to other similar investments as may be on offer at the same time
- No additional transaction costs are incurred as a consequence of the investment.

10. Risk Profile & Objectives

Whilst investments made in accordance with the Local Government Act 1995, the Local Government (Financial Management) Regulations 1996 and part III of the Trustees Act 1962, are inherently low risk, when exercising the power of investment, the following principles are also to be given due consideration:

- The purpose of the investment, ~~and its needs together with the circumstances~~
- The nature of and the risk associated with the different investments
- The need to maintain the real value of capital and income
- The risk of capital loss or income loss



- The likely income return, and the timing of that return
- The liquidity and marketability of the proposed investment during and at the termination of the proposed investment term
- The aggregate value of the investment
- The costs (including commissions, fees, charges and duties payable) of making the proposed investment.

The objectives for each investment and the immediacy of the demand for the funds depends on the particular fund or reserve accounts of the City that the investment relates to.

Municipal (General) Funds:

These funds consist of the operating funds (working capital) of the City and are therefore required to be highly liquid. Inflow of funds is usually very strong over the first four to five months of the financial year at which time substantial volumes of funds will be available for investment.

Municipal Fund investments are to be liquid and short term in nature as outflows will generally exceed inflows over the remaining seven to eight months of a year.

Investments should therefore not exceed a maximum of one year and the investment term to maturity should be reduced as the financial year progresses.

Apart from ensuring liquidity, the investment objective for this fund is to maintain real value over the short-term (ie: zero to twelve months) and not be subject to any loss in value at any time.

Specific Purpose Reserve Accounts

These accounts accumulate funds required to finance future major projects or future liabilities. Draw downs on reserves are generally capable of being planned well in advance and therefore a high proportion of this fund lends itself to be invested for the longer term.

The objective of investments made from Reserve Accounts should be to maintain the real value of the Reserves over the longer term so as to keep abreast of (and if possible, exceed) the increases in costs for the projects or liabilities the Reserve Accounts will finance.

Only Reserve Account investments are suitable for investments that have a term to maturity of **one** ~~up~~ to three years.

11. Investment Guidelines

The City's investments must, at all times, be maintained within the investment parameters detailed in this Policy.

Subject to the overriding requirements and to maintain diversification of invested funds as outlined in clause **12** (b) below,

- Quotations shall be obtained from authorised institutions whenever an investment is proposed.
- In selecting the successful quote, authorised officers should make a balanced decision having regard to the following factors:



- The rate quoted on the day
- The maximum financial institution investment limits and the respective credit rating set out in clause 11 below
- Ease of communication with the financial institution
- Ease of execution of investment rollovers.
- Investments placed by the City's officers or authorised advisor/s and managers (if any), must be appropriately documented at the time of placement.
- No investments are to be made by an officer or manager of the City's funds, where the officer or manager has any potential, perceived or actual conflicts of interest in the investment product being recommended to the City unless specific authorisation is given by the Council or its appropriately authorised officers. Authorisation will only be entertained on the basis of a full disclosure, and the City retains the right to seek further independent advice on the nature of the conflict of interest.

12. Risk Management Guidelines

Investments obtained are to comply with key criteria relating to:

- Portfolio Credit Guidelines that limit overall credit exposure of the portfolio
- Counterparty Credit Guidelines that limit exposure to individual ADIs and to Government
- Term to Maturity Guidelines limits based upon maturity of investments.

Portfolio Credit Guidelines

The portfolio credit guidelines to be adopted will be based on the Standard and Poor's (S&P) ratings system criteria for each institution. A description of each rating category is included in Appendix 1 of this policy.

S&P Long Term Rating	S&P Short Term Rating	Maximum Overall Portfolio Limit
(applies to Govt Bonds only)	(applies to Approved ADI & WATC)	
AAA / AA	A-1 or A-1+	100%
Not Applicable	A-2	60%
Not Applicable	A-3	0%
Not Applicable	B or Below	0%

ADI - Authorised Deposit Taking Institution. WATC - WA Treasury Corporation



Portfolio Credit Ratings

If any of the funds / securities held are down-graded such that they no longer fall within the policy guidelines, they will be divested as soon as is practicable but, unless otherwise decided by the Council, not at an amount of more than 5% below the last reported mark to market book value.

(a) Counterparty Risk

Exposure to an individual ADI or government will be restricted by their credit rating so that single entity exposure is limited, as detailed in the table below:

S&P Long Term Rating	S&P Short Term Rating	Maximum Overall Portfolio Limit
(applies to Govt Bonds only)	(applies to Approved ADI & WATC)	
AAA / AA	A-1 or A-1+	45%
Not Applicable	A-2	30%
Not Applicable	A-3	0%
Not Applicable	B or Below	0%

(b) Term to Maturity Guideline

The investment portfolio is to be invested within the following maturity constraints:

Term to Maturity	Minimum Portfolio Limit	Maximum Portfolio Limit
Less than 1 year	30%	100%
Greater than 1 year - Less than 3 years	0%	70%
Only Reserve Fund investments are suitable for 1 - 3 year terms (as per Clause 10)		

13. Investment Advisor

Should the City choose to use an investment advisor, the City's Investment Advisor must be licensed by the Australian Securities and Investment Commission. The advisor must be an independent person who has no actual or potential conflict of interest in relation to investment products being recommended and is free to recommend the most appropriate product within the terms and conditions of this policy.

The City may engage an external investment advisor at the end of each financial year to provide a statutory valuation for the City's holding of mortgage backed securities where it is considered cost effective. The City's Colonial Mutual Fund is externally valued and marked to market monthly.

14. Reporting and Review



City of Perth

Council Policy
2.1 Management of Investments

An investment report will be prepared in support of the monthly financial statement report. The investment report will detail the investment portfolio in terms of performance, percentage exposure of total portfolio, maturity date and changes in market value.

Documentary evidence must be held for each investment and details thereof maintained in an Investment Register that is reconciled monthly. Certificates must be obtained from the financial institutions confirming the amounts of investments held on the City's behalf at 30 June each year and reconciled to the Investment Register.

This policy will be reviewed every three years or as required in the event of legislative changes. Where, as result of amendment to legislation or the ability arises to invest to the advantage of the City contrary to the provisions of this policy, the Chief Executive Officer may, in accordance with Delegated Authority, initiate such variations as are necessary subject to the submission of a report to the Council advising of the changes implemented to the next ordinary Council meeting.



Appendix 1 - Standard & Poor's Rating Definitions

Standard and Poor's (S&P) is a professional ratings agency that provides analysis of corporate and institutional creditworthiness. An S&P rating is an opinion of the general creditworthiness of an entity, either as a whole or with respect to a particular financial obligation, based on relevant risk factors.

According to S&P, credit ratings are based, in varying degrees, on the following considerations:

- Likelihood of payment;
- Nature and provisions of the obligation; and
- Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganisation or other legal arrangement that affects creditors' rights.

Ratings – Long Term Financial Obligations (Maturity greater than 365 days)	
AAA	Extremely strong capacity to meet financial commitments on the long-term obligation
AA	Very strong capacity to meet financial commitments
A	Strong capacity to meet financial commitments, but somewhat susceptible to adverse circumstances and economic conditions
BBB	Adequate capacity to meet financial commitments, but susceptible to adverse circumstances and economic conditions
BB	Currently has capacity to meet financial commitments, but clearly vulnerable to adverse circumstances and economic conditions
B	Currently has capacity to meet financial commitments, but highly vulnerable to adverse circumstances and economic conditions
CCC	Currently vulnerable to non-payment, and dependent on favourable economic conditions to meet financial commitments
CC	Currently highly vulnerable to non-payment
R	Under regulatory supervision. Highly likely not to meet financial commitments

Ratings – Short Term Financial Obligations (Maturity not more than 365 days)	
A-1	Strong capacity to meet financial commitments on the short-term obligation
A-2	Satisfactory capacity to meet financial commitments, but somewhat susceptible to adverse circumstances and economic conditions
A-3	Adequate capacity to meet financial commitments but susceptible to adverse circumstances and economic conditions
B	Current capacity to meet financial commitments but vulnerable to adverse circumstances and economic conditions and faces major ongoing uncertainty which could lead to inadequate capacity
C	Currently vulnerable to non-payment and is dependent on favourable economic conditions to meet financial commitments
R	Under regulatory supervision and highly likely not to meet financial commitments

Ratings may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

Source: Standard & Poor's Ratings Definitions, https://www.standardandpoors.com/en_AU/web/guest/article/-/view/sourceId/504352



Document control

Policy context

Legislation, standards & external guidelines	Local Government Act 1995 – Section 6.14 Trustees Act 1962 – Part III Local Government (Financial Management) Regulations 1996 – Regulation 19 & 19C
Policies and procedures	
Strategies, plans and frameworks	

Document custodian

Alliance	Corporate Services Alliance	Service unit	Finance
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Review management

Next review due	August 2026	Document management ref.	EDRMS-1336483316-829
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Document management

Version	Adopted by	Adoption date	Synopsis of changes
1.0	Ordinary Council Meeting	23 February 2021	Initial policy submitted for approval.
2.0	Ordinary Council Meeting	29 August 2023	Amended policy considered by Council.



CP 2.3 | Strategic Financial Planning & Budgeting

Objective

The objective of this policy is to support a well-considered, consistent and strategic approach to planning for, and allocating, the financial resources required to deliver on the aspirations contained in the [Capital City Plan Strategic Community Plan](#).

Best practice financial management is most likely to be achieved when there is a shared understanding of the strategic approach to allocation of the City's scarce financial resources.

By providing clearly stated principles and guidance on the City's strategic financial planning and budgeting approach, this policy aims to deliver:

- financial sustainability
- responsible asset stewardship
- robust and transparent financial planning
- value for money outcomes
- accountability for resource use.

Scope

This policy applies to Elected Members and City officers involved in the development or review of the Long-Term Financial Plan and Annual Budget. Its principles should guide the compilation of, and decision making in relation to, the Long-Term Financial Plan and Annual Budget.

A principal focus for Elected Members in the financial planning process is to ensure alignment between the City's identified integrated planning and reporting framework documents and the direction they establish. Administrative staff are primarily responsible for determining the detailed line items to be included within the key financial documents, giving due consideration to strategic alignment, budget cash flow constraints, community views and statutory requirements. Elected Members then approve the resource allocations.

Policy statement

The City acknowledges that it must plan for the current and future needs of the community in a socially, culturally, environmentally and financially sustainable manner. This will be achieved through the application of the Integrated Planning & Reporting Framework which incorporates the [Strategic Community Plan](#), [Capital City Plan](#), Corporate Business Plan, Long-Term Financial Plan, Workforce Plan and Asset Management Plans.



Through alignment between the community's aspirations, as expressed through its ~~Capital City Plan Strategic Community Plan~~, and the City's allocation of its capacity and resources (as expressed through the Long-Term Financial Plan, Workforce Plan and Asset Management Plans); the City can contribute positively to stakeholders understanding and embracing its financial management approach.

1. Financial Planning Principles

This policy is founded on the following principles:

- P1 - A 'balanced budget' philosophy (modest budget closing position) is the objective over both the long and short-term horizons
- P2 - The suite of Key Financial Indicators ~~encouraged~~ ~~mandated~~ by the Department of Local Government, ~~Industry Regulation & Safety (DLGIRS)~~ ~~Sport and Cultural Industries~~, and industry benchmarks associated with them, are to inform deliberations in formulating long-term financial plans, budgets or other financial strategies
- P3 - Responsible accumulation and / or deployment of Cash Backed Reserves is an important part of the funding mix
- P4 - Responsible use of debt is a legitimate option to address inter-generational equity issues in relation to long life community asset acquisitions or upgrades
- P5 - Core services delivered must be cost and quality competitive and in line with community expectations
- P6 - Recurrent revenues should always exceed recurrent (cash) expenditures
- P7 - Asset renewal activities should be prioritised over the creation of new assets
- P8 - Robust, sustainable and transparent financial planning approaches must be applied.

2. Financial Planning Horizon

The City's financial planning horizon should always be ten-years or greater. Under no circumstance, should financial planning or budgeting activities be regarded as a series of adjacent one-year time horizons.

3. Long Term Financial Plan exerts Persuasive Influence on Annual Budget

As the document that is formulated to address the strategies and deployment objectives outlined in the City's ~~Capital City Plan Strategic Community Plan~~, Corporate Business Plan, Asset Management Plans, Workforce Plan and relevant informing strategies and resourcing plans; the financial parameters and funding models contained in the Long-Term Financial Plan will exert persuasive influence on the development of the Annual Budget.

The projects and initiatives in the Long-Term Financial Plan and Corporate Business Plan will form the basis of the Annual Budget.

4. Dynamic Treasury Management

The City will practice dynamic treasury management - that is, the Long-Term Financial Plan and Annual Budget will evolve dynamically as the impacts of Council financial decisions are known and can be factored with confidence into the predictive models.



All significant financial decisions (including changes to staffing complement) are to be evaluated and modelled over long-term financial horizons.

5. Financial Sustainability

Achieving the financial capacity to deliver the services and projects which align with the community's aspirations is the primary goal of the City's financial management approach. All long-term financial planning and budgeting activities that contribute towards the attainment of that objective are consistent with the desired outcomes from this policy.

6. Balanced Budget Philosophy

To achieve long-term financial sustainability, the City will deliver either a balanced budget or, ideally, a positive Budget Closing Position. The City will target a Budget Closing Position of between ~~1%~~ 2% and 3% each year, where this is possible.

The City will also target the achievement of the suite of Key Financial Indicators ~~encouraged~~ mandated by the DLGIRS, and industry benchmarks associated with them.

Operational budgets should be ~~produced using~~ informed by applying the principles of zero-based budgeting, notwithstanding that they may be informed by previous year experience and known cost increments.

7. Reserve Funds

Addressing the challenges of inter-generational equity refers to the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life. That is, more evenly spreading the financial burden between current and future ratepayers who will enjoy the benefit.

This may be managed through the long-term financial management process by responsible use (accumulation or deployment) of cash backed reserves.

Decisions in relation to whether to use or accumulate cash backed reserves must always be made by considering a ten-year time horizon.

Cash-backed specific purpose reserve accounts should be established to help mitigate financial risk and, where appropriate, to spread the financial burden. The purpose for each cash backed reserve will be documented to ensure the use of funds is transparent.

Policy 2.4 - Cash Backed Reserves provides important guidance in relation to how cash backed reserves may be used to the greatest advantage of the City in achieving its strategic objectives.

8. Loan Borrowings

The responsible use of debt as a funding option ~~must~~ should be a seriously considered long term funding option for the City when developing its long-term financial plans.



The ability to borrow at preferential interest rates on a fixed rate basis through WA Treasury Corporation, is a unique opportunity afforded to local governments, and as such, should be taken **where appropriate**.

Guided by the debt covenants referenced in Policy 2.5 - Use of Debt as a Funding Option, the City **should** **may** supplement its strategy to address intergenerational equity considerations, through the responsible use of borrowings to fund the acquisition or enhancement of long-life community assets.

9. External Funding

The City will adopt a philosophy of continuously engaging with State and Federal governments, other quasi-government entities and private party contributors to leverage all relevant grant funding opportunities - to ensure that contributions towards the cost of infrastructure projects and service delivery are equitably supported by both external funders and ratepayers.

10. Funding Priorities

The City recognises the competing demands for limited financial resources and will endeavour to allocate resources in accordance with the objectives of this policy.

Prioritisation of funding allocation will be based on the following:

- Activities to comply with statutory obligations or standards
- Renewal, upgrade or maintenance of existing infrastructure assets as supported by the Strategic Asset Management Plans and related projects prioritisation processes
- Capital projects supported by a significant external funding contribution
- Current operational funding for programs, unless the operational need for any of those programs has been superseded or modified by a service review process
- New programs or assets as supported by the Strategic Asset Management Plans and related projects prioritisation processes
- New operating projects or initiatives that are supported by a significant external funding contribution
- Council decisions for programs and projects based on the current service levels required by the community or advised by City staff.

11. Rates Methodology

The City will apply a differential rating approach to the rateable land within the district. In implementing systems and procedures to ensure that rates are determined based on the predominant use of the land, the City will observe the principles of:

- Objectivity
- Fairness and Equity
- Consistency
- Transparency
- Administrative Efficiency.



These principles are explained in the table below.

Principle	Interpretation
Objectivity	The predominant use of land should be reviewed and determined on the basis of an objective assessment of relevant criteria. External parties should be able to understand how and why a particular determination was made.
Fairness & Equity	Rating principles should be applied fairly and equitably. Each property should make a fair contribution to rates based on a method of valuation that appropriately reflects predominant use.
Consistency	Rating principles should be applied, and determinations should be made, in a consistent manner. Like properties should be treated in a like manner.
Transparency	Systems and procedures for determining the method of valuation of land should be clearly documented and available for the public to inspect. This is fundamental to the “good government” principle upon which the Act is based. The right to govern accompanies the obligation to do so openly and fairly.
Administrative Efficiency	Rating principles and procedures should be applied and implemented in an efficient and cost-effective manner.

The City’s approach to rate setting is described in detail in the City of Perth Rates Methodology document. This is to be the guiding document for rate setting activity unless varied by either legislative change or by resolution of Council.

The City’s Rates Methodology indicates that rates will be developed on a general rate (rate in the dollar) increase of Perth CPI adjusted where appropriate, an additional amount based on required funding to meet community service levels and expectations as identified and approved through the Long-Term Financial Planning process.

The contrasting methodologies to be applied in GRV revaluation years and non GRV revaluation years are documented in the Rates Methodology document.

In determining the required funding to be raised from Rates, the City will have regard to Local Government Operational Guidelines - ~~Number 08 ‘Opening and Closing Funds~~ ~~Net Current Assets~~ used in the Annual Budget.

As part of the Rate Setting process each year, the Rates Methodology document and proposed Differential Rating Models (including the statement of objects and reasons for differential rates categories) will be presented to Council at an Elected Members workshop before being formally considered for advertising by Council.



12. Service Levels

Service levels are to be periodically reviewed to establish best value for money by considering the balance between community demand, resource and funding requirement and price.

Services provided by the City should be critically reviewed through the service unit planning process to test the following:

- Should the City's role be that of advocate, facilitator or provider?
- Should the service be provided by the City (are there alternative providers?)
- Is a co-sourced or out-sourced delivery model more appropriate?
- Are the current / proposed service levels appropriate?
- Can the required staffing requirements be met without adversely impacting on other Council priorities?

13. Fees & Charges

Existing fees and charges are to be reviewed annually with consideration to be given to statutory limits, inflation and employee cost index.

As a general principle, the City adopts a 'user-contributes' approach to setting its fees - whilst giving consideration to community expectation of the level of services and their capacity to pay.

Factors that are to be considered when reviewing fees and charges include:

- Regulatory provisions - Sections 6.17 and 6.38 of the Local Government Act 1995
- The full cost of the provision of the goods and services
- Benchmarking against other Local Government peers offering comparable services
- Market rate comparisons if there are other providers for the service
- Optimisation of return on Council commercial property
- CPI for Perth (All Groups) and or WALGA Local Government Cost Index
- The level of any subsidy that the City's may have chosen to provide for either community or economic stimulus purposes.

The City also acknowledges the requirements of the National Competition Policy and will ensure compliance by regularly reviewing its fees, charges and service offerings to identify whether these require adjustment to ensure that they do not create or have the potential to create unfair competition with the private sector.

14. Capital Project Proposals

The City's infrastructure, property and equipment assets are used to deliver important community services and the City's strategic goals. Asset Management strategies and plans are informed by, and in turn inform, the aspirations and service requirements in the ~~Strategic Community Plan~~ Capital City Plan, and Corporate Business Plan.

The development of meaningful asset management plans is essential to delivering on the City's strategic direction, service plans, projects and operational plans.



Integrating Asset Management with robust long term financial plans and annual budgets is an essential part of long-term financial planning.

When developing the City's draft Long-Term Financial Plan, due consideration must be given to the indicative asset management ratios disclosed in that plan for Asset Sustainability, Asset Consumption & Asset Renewal Funding. In the event that the indicative asset management ratios disclose a trend which is outside that expected of a responsibly managed local government, Council must reconsider the capital project mix and assign a greater priority to asset renewal works.

Prioritisation of proposed capital projects should be in accordance with the principles noted in Clause 10 of this policy.

In general, the **indicative** distribution of the proposed funding allocation for capital projects should be:

- Asset Renewal - ~~40%~~ 50% to ~~45%~~ 55% Minimum, ideally close to the annual depreciation amount
- Major Projects Discretionary - ~~40%~~ 35% to ~~45%~~ 40% (Approved & Conceptual Projects)
- Discretionary (Minor Capital) - Residual (ideally 5% to 10% or less)

Capital works planning should resist repeated outcomes where the consumption of assets exceeds asset renewal or replacement (depreciation is greater than renewal and maintenance expenditure) other than in exceptional circumstances.

All proposals for capital works should be accompanied by a project plan that clearly articulates:

- Links to the ~~Community Strategic Plan~~ Capital City Plan / Council Priorities
- Alignment with Asset Management Plans or other critical informing strategies
- Assessment of community / organisational impact
- Measurable outcomes / outputs
- Achievement of Risk Management Objectives - relating to extreme or high risks
- Synergies with other major capital initiatives
- Potential future revenue streams or cost savings
- Full life cycle costs
- Evidence of external funding efforts and articulation of funding successes and grant funding obligations
- Cash flow implications for the project
- Realistic timelines and deliverables with appropriate consideration of organisational capacity
- Details of any significant financial contingencies included in the costing and the project phase to which they relate.



15. Provisional Allocations - Discretionary Funding

To provide clarity and certainty in relation to discretionary funding allocation for Grants, Donations and Sponsorships, a specified provisional allocation of eligible own source revenues will be made annually.

Eligible own source revenue for the purpose of calculating this provisional allocation includes the aggregate annual budget total of the following:

- Rates - excluding interim and back rates, ~~waste rubbish~~ service charges, pool inspection fees and emergency services levy.
- Parking Revenue inclusive of Fines and Associated Costs.

The provisional allocation will be:

Funding Source	Allocation %
Eligible Own Source Revenue	3.00%

The allocation of funds from the provisional funding pool to individual sponsorships, grant and donations will be in accordance with Policy 4.3 - Sponsorships & Grants and will be subject to final ratification by Council.

16. Commercial Operations - Parking

The City's parking operations play an important role in contributing to the funding mix that supports the Long-Term Financial Plan and Annual Budget. Without the current level of contribution from the Parking business, funding demand from Rates may necessarily increase.

This observation does not necessarily preclude Council pulling financial levers to generate economic activity - it merely acknowledges that with every economic intervention (such as free parking) there is a financial consequence that must also be managed.

The City's parking operations, and the resultant relationship between economic stimulus, community support and generating financial surpluses to support important community initiatives is a fundamental part of the City's financial model.

Whilst the Parking Services Business Plan is a separate initiative outside the parameters of this policy, the ongoing interaction between the imperatives of the Parking Services Business Plan and the City's Long-Term Financial Plan funding model must continue to be monitored, understood and responded to in a strategic fashion.



17. Commercial Operations - Property Portfolio

The City's property portfolio operations play an important role in contributing to the funding mix that supports the Long-Term Financial Plan and Annual Budget.

Without the current level of contribution from the commercial property business, funding demand from Rates may necessarily increase. Again, this observation does not necessarily preclude Council acting to generate additional economic activity or desired community outcomes from the City's commercial property portfolio - it merely acknowledges that with every economic intervention, there is a financial consequence that must also be managed.

Whilst the City's commercial property operations, and the resultant relationship between economic stimulus, community support and generating financial surpluses to support important community initiatives is a fundamental part of the City's financial model, Council may opt to rationalise certain property holdings to create a new discretionary funding stream to support the funding model.

Whilst the Commercial Property Portfolio business plan is a separate initiative outside the parameters of this policy, the ongoing interaction between the imperatives of these operations and the City's Long-Term Financial Plan funding model must continue to be monitored, understood and responded to in a strategic fashion.

18. Timetable

An indicative timeline for the development of the Long-Term Financial Plan and Annual Budget, including Council touchpoints and decision-making steps involved is provided to Council annually at the commencement of the process.



Document control

Policy context

Legislation, standards & external guidelines	Local Government Act 1995 – Section 5.56, Section 6.2 Local Government (Financial Management) Regulations 1996 – Part 3
Policies and procedures	Related Policies 2.4 & 2.5
Strategies, plans and frameworks	

Document custodian

Alliance	Corporate Services Alliance	Service unit	Finance Services
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Review management

Next review due	August 2026	Document management ref.	EDRMS-1336483316-830
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Document management

Version	Adopted by	Adoption date	Synopsis of changes
1.0	Ordinary Council Meeting	23 February 2021	Initial policy submitted for approval.
2.0	Ordinary Council Meeting	29 August 2023	Amended Policy considered by Council.



CP 2.4 | Cash Backed Reserves

Objective

The objective of this policy is to provide a strategic framework for the establishment and utilisation of Cash Backed Reserves as a prudent and responsible funding option for the City's proposed service delivery and project delivery objectives.

Scope

This policy applies to all Cash Backed Reserves. Reserves are funds retained by an organisation to help meet future needs. Holding a certain amount of funds in reserve can help an organisation to operate effectively in challenging economic times, as well as facilitating **responsible and sustainable** planning for major capital works in the future.

Policy statement

Retaining an appropriate level of Reserves is an important funding strategy to help balance the City's current needs with the future needs of the community. Reserves are typically created as long-term savings plans for future major expenditure which cannot be managed in a single budget year.

Reserves are to be proactively curated in accordance with estimated accumulation and future spend plans with a view to ensuring the sustainability of reserve balances.

The proposed balance and the quantum of increments or decrements to the Cash Backed Reserves over future years are **to be** incorporated into the Long-Term Financial Plan.

The use of Cash Backed Reserves is restricted by the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996. Each Reserve is required to be established with a clearly defined purpose.

1. Creation of Reserves

Reserves will be established for known or predicted liabilities, or where it is prudent to set aside funds for specific purpose expenditure in future years. Council will support the establishment of Cash Backed Reserves in the following circumstances:

- **Effectively managing** ~~Minimising~~ in any one year, the financial impact of major asset acquisitions or replacements
- Providing funds to take advantage of emerging opportunities that are aligned to strategic directions



- Risk mitigation opportunities that minimise significant ~~the~~ impact of unanticipated financial risks on the City's operations in any one year
- Providing for a known liability listed in the Long-Term Financial Plan that is of a magnitude warranting accumulation of funds over an extended period
- To comply with the requirements of legislation or other contractual requirements
- To manage the cashflow implications of single or multi-year sponsorship arrangements across financial years.

2. Categories of Reserve Funds

Cash Backed Reserves are to be categorised as:

- Strategic Reserves
- Asset Acquisition & Renewal Reserves
- Parking Related Reserves
- Waste Management Reserves
- Tactical Reserves
- Inactive Reserves (if required for historical comparison only).

3. Purpose of Reserve Funds

Each Reserve must have a full and clear title and purpose statement that specifies how, and for what, the funds held in the reserve may be used. The purpose of a reserve can only be changed either through the annual budget process or through the statutory process detailed in Section 6.11 of the Local Government Act (1995).

4. Approved Specific Purpose Reserve Funds

The City will maintain Cash Backed Reserves having the following specified purposes:

Strategic Reserves

Enterprise & Initiative Reserve

This reserve was established to fund future strategic projects or initiatives that introduce or improve efficiencies and effectiveness in the City's operations.

Technology Upgrade Reserve

This reserve was established to provide funding to enhance the City's core technology systems to facilitate service based resource allocation models and transparent reporting of financial performance. The reserve may also be used to fund strategic acquisitions of non-financial technology systems.



Strategic Property Reserve

The purpose of this reserve is to support the funding of strategic land or commercial building acquisitions that may be used to generate future lease rental income streams to subsidise the City's rates and parking revenue streams, or to meet the City's operational or storage needs.

Sustainable & Resilient City Reserve

This reserve was established to support initiatives that enhance the City's energy resilience, drive residential population growth or build the night-time economy with the intention of strengthening and diversifying ongoing revenue streams.

Community Infrastructure Reserve

This reserve was established to provide funding to support community infrastructure capital initiatives arising from the Social Needs Analysis 2022.

Asset Acquisition & Renewal Reserves

Asset Enhancement Reserve

The purpose of this reserve is to provide funds for the enhancement, replacement, refurbishment of the City's assets and the acquisition new assets or capital works. This reserve may also be applied to fund projects that may not necessarily be controlled by the City, but which may be carried out for the ultimate benefit of the City.

Major Infrastructure Reserve

This reserve is established to provide funding flexibility to allow the accelerated delivery of large multi-year infrastructure projects **including** where delivery synergies and cost savings can be gained through aggregation of project stages. The reserve is to be used for identified projects only.

Provisional Capital Program Reserve

This reserve was established to match delivery capacity with the proposed Capital Program.

Council House Refurbishment

This reserve was established to fund future refurbishment of Council House to optimise the use of the available floor space and encourage more effective and efficient working arrangements.

Bicentennial Project Reserve

This reserve was established to accumulate funding to support the delivery of iconic project(s) to celebrate the Western Australian Bicentennial celebration.

Elizabeth Quay Asset Renewal Reserve

This reserve is to be created and used from the date of handover of public realm assets at Elizabeth Quay. The reserve will be used to accumulate funding to support future renewal of public realm infrastructure assets in the Elizabeth Quay precinct.



City of Perth

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2.4 Cash Backed Reserves

Parking Related Reserves

Parking Levy Reserve

This reserve was established to set aside funds to support the pre-payment of meet payment of the State Government's Perth Parking Levy.

Parking Facilities Development

This reserve was established to enable the development of parking facilities within the City and to fund the acquisition of parking management equipment / technology.

Waste Management Reserves

Refuse Disposal & Treatment Reserve

The purpose of this reserve is to allow for the development, construction and purchase of facilities and plant for the treatment, transportation, and disposal of non-industrial refuse, and for future landfill remediation costs.

Tactical Reserves

Heritage Incentive Reserve

This reserve was established to fund heritage incentives and to support enhancement of to benefit properties on the City of Perth's heritage register.

Employee Entitlements Reserve

This reserve was established to partially fund anticipated non-current statutory liabilities for employee annual and long service leave entitlements.

Neighbourhood Initiatives Reserve

This reserve was established to support Neighbourhood Place Plans through providing funding to support minor discretionary projects initiated by the identified six-city neighbourhoods.

Sponsorship Reserve

This reserve is used to manage the cashflow implications of sponsorships spanning multiple financial years.

Major Events Activation Reserve

This reserve was established to allow the City to leverage activations associated with third party run major national or international sporting events. The reserve may also be used to allow the City to partner with state government agencies delivering events with significant state funding support. It is not available to fund City events directly.

Capital Creative Fund Reserve

This reserve is created for the purpose of building financial capacity to support the acquisition of new and enduring artworks to build the City's art collection. The reserve may be used to accumulate unspent funds from smaller or unexpended biennial art acquisitions. The reserve is not to be deployed for the purpose of maintenance works which are to be funded from operational sources.



Inactive Reserves:

The following reserves have been identified as inactive or redundant and were formally closed as part of the 2023/24 Annual Budget process. The reserves will need to be retained with nil balances until 2024/25 for comparative figures in the annual budget and financial statements.

Concert Hall Reserve

This reserve holds the City's \$4M capital contribution towards the redevelopment of the Perth Concert Hall. The reserve is to be closed as soon as the contribution is paid to the state government.

David Jones Bridge Reserve

This reserve was established to fund major repairs, renovations or replacement of the pedestrian bridge over Murray Street Mall between David Jones and Forrest Chase. This reserve has been inactive for more than 5 years and was closed in the 2023/24 Annual Budget process.

Art Acquisition Reserve

This Reserve was established to fund future additions to the art collection of the City. This reserve has been inactive for more than 5 years and was closed in the 2023/24 Annual Budget process.

Public Art Reserve

This reserve was established to provide financial capacity to support the commission of new and enduring public art identified in the City's Public Art Strategy and to fund associated renewal costs. The reserve was not actively used as public art commissions are now funded as a component of major capital project budgets. It was closed in the 2023/24 Annual Budget process.

Organisational Reform Reserve

This reserve was established to fund the anticipated costs of the City of Perth Inquiry and to provide funding towards corporate recovery, organisational development and capacity building. The purpose for which this reserve was created is no longer relevant and the reserve was closed in the 2023/24 Annual Budget process.

Bonus Plot Ratio Reserve

This reserve was established to hold contributions in respect of Bonus Plot Ratio entitlements pending expenditure on streetscape improvements and / or public art. The balance of the reserve was consolidated into the Community Infrastructure Reserve (which has a similar purpose) during the 2023/24 Annual Budget process.

Covid-19 Economic Rebound Reserve

This reserve was established to quarantine funding for the initiatives associated with the City's Covid-19 Economic Rebound Strategy. The purpose for which this reserve was created has ceased and the reserve was closed in the 2023/24 Annual Budget process.



5. Funding Appropriations / Use of Reserves

The balances of each cash backed reserve will be dynamically managed in accordance with the accumulation and spend plans developed for each reserve, informed by professional assessment of future funding requirements to sustainably support Council's agreed project and program priorities.

The requirement for each reserve and associated target values is to be reviewed and recommended for adjustment as appropriate each year during the Long-Term Financial Plan and Annual Budget cycle by the Chief Financial Officer. The required transfers to / from Reserves will be managed in line with the objective of attaining the target values set within the Long-Term Financial Plan.

Consideration of the potential transfers will be undertaken in the context of current economic conditions, Council's strategic priorities and projected budget position at year end.

The most advantageous financial model for the City's future financial sustainability will be proposed by the Chief Financial Officer - but will be subject to ratification / modification by Council as is appropriate.

All transfers to or from Cash Backed Reserves will be disclosed in the Long-Term Financial Plan and Annual Budget and put before Council for adoption.

6. Master Schedules of Reserves

A Master Schedule of Reserve Movements (aligned to the Long-Term Financial Plan) is to be maintained showing the timing of, and purpose for proposed transfers into and out of reserve funds across the ten year time horizon to ensure adequate cash flow to support the Long-Term Financial Plan.

Where funds are notionally allocated for a known specific purpose, but the precise timing of the fund draw-down from the Reserve is yet to be firmly ascertained, the respective schedule for the Reserve in the Master Schedule of Reserves is to be annotated to ensure that the funds remain explicitly quarantined for that purpose.

7. Interest Revenues

Interest revenues earned on invested Reserve funds will be allocated monthly to each specific purpose reserve in line with that specific reserve's proportion of the total Reserve Fund balance. This will allow the reserve balances to compound over time.

8. Residual Balances in Reserves

When the purpose for a specific Reserve is complete, any residual funds will be considered to be applied towards another purpose in the Annual Budget or in accordance with the requirements of Section 6.11(2) of the Local Government Act (1995).



9. Disclosure of Cash Backed Reserves

Details of all Cash Backed Reserves, the purpose for which they were created and the proposed timing of use of those funds are to be maintained in the City's Long-Term Financial Plan and Annual Budget for strategic financial planning purposes.

The Reserve balances, and their subsequent accumulation or deployment to meet approved City expenditures are to be disclosed in the Annual Financial Statements for accountability purposes.

Document control

Policy context

Legislation, standards & external guidelines	Local Government Act 1995 – Section 6.11
Policies and procedures	Related Policy 2.3 – Strategic Financial Planning & Budgeting
Strategies, plans and frameworks	

Document custodian

Alliance	Corporate Services Alliance	Service unit	Finance Services
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Review management

Next review due	August 2026	Document management ref.	EDRMS-1336483316-831
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Document management

Version	Adopted by	Adoption date	Synopsis of changes
1.0	Ordinary Council Meeting	23 February 2021	Initial policy considered by Council.
2.0	Ordinary Council Meeting	31 May 2022	Amended policy considered by Council.
3.0	Ordinary Council Meeting	29 August 2023	Amended policy considered by Council.



CP 2.5 | Use of Debt as a Funding Option

Objective

The objective of this policy is to provide guidance on the potential use of loan borrowings as a legitimate funding alternative in developing responsible, sustainable financial strategies to deliver proposed capital projects.

Scope

This policy applies to consideration of external financing opportunities that may help facilitate the delivery of the City's strategic capital works initiatives in circumstances where traditional funding sources such as rates, fees and charges and grant revenue are inadequate to sustain the project proposals.

Policy statement

The use of borrowing is to be explored as a legitimate funding alternative in the development of financial strategies for City initiatives (subject to the principles of responsible financial management). Borrowed funds are only to be included in the overall funding package to facilitate funding of significant projects of a capital nature and are not to be used to make up shortfalls in recurrent operational funding.

1. Circumstances when Borrowing is Appropriate

Council will consider borrowing money for the acquisition or construction of an asset where any of the following conditions are met:

- The asset to be acquired is a new addition to the City's asset base or replaces an existing asset with one that is significantly larger and has an economic life of greater than 10 years
- All alternative options for undertaking the project without borrowing, have been investigated and proven less advantageous to the City
- The index of the cost of acquisition or construction is increasing at a rate that exceeds the cost of borrowing i.e. to 'save' for the acquisition or construction will result in the actual cost being greater than the cost of borrowing the money and acquiring or constructing the asset today
- The benefits received (cost savings or income earned) from undertaking the borrowing should be greater, over the life of the borrowing, than the costs of borrowing
- Proper and detailed analysis of the costs and benefits of the borrowing has been undertaken and documented.



2. Borrowing not Appropriate

Borrowings are not to be considered for the following purposes:

- To fund operating expenditure
- To fund recurrent capital works such as plant replacement, information technology replacement or road resurfacing.

3. Security for Borrowings

Local government borrowings are secured against the future revenue streams of the local government. Essentially, this is future years Rates revenue. Whilst this does not present any issues for the City, it is important for Council to appreciate that every borrowing commits future rates revenue to debt servicing. This must be considered, understood and factored into future financial planning activities through the Long-Term Financial Plan.

4. Borrowing Terms

The use of borrowings is a responsible way to address the issue of inter-generational equity. Using borrowings makes it possible to equitably spread the full cost of long life community assets among the generations of ratepayers benefitting from those community assets.

The term of borrowings is to be determined relative to the expected useful life of the asset.

5. Interest Rate

Borrowings are to be undertaken only where the loan interest rate is known with certainty and can be fixed for the term of the loan. Typically, for local government borrowings, this will limit borrowing to funding options from WA Treasury Corporation (WATC).

6. Borrowing Ratios & Debt Covenants

When determining funding options in the development of the annual budget, regard is to be had to the impact on relevant financial ratios of any proposed borrowings.

The City will not borrow funds when such borrowing does not meet the minimum financial ratio requirements of the Debt Service Cover Ratio being ~~between 2.00 and~~ 5.00 times coverage (DLG Guideline band is ~~between 2.0 and~~ 5.0 times) projected over the next 5 years.

This ratio indicates the City's ability to service debt. The lower the ratio, the higher the risk that the City will be unable to service debt repayments. This is a statutory ratio that is required to be reported in the Annual Financial Statements.

The City will not borrow if the Gross Debt to Operating Revenue Ratio exceeds 20% (WATC Guideline is 40%) projected over the next 5 years. This is a management ratio used by WATC. This ratio indicates the extent to which debt could be met by its operating revenue.



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2.5 Use of Debt as a Funding Option

7. WATC Master Lending Agreement

City borrowings are governed by a Master Lending Agreement with WATC. This Agreement consolidates all existing loans from WATC to the City of Perth under the Local Government Master Lending Agreement and facilitates any future borrowings under the one agreement thereby removing the need for individual loan agreements to be executed under seal each time the City of Perth borrows from WATC.

8. Borrowing Approvals

All new borrowings are to be undertaken in accordance with Section 6.20 of the Local Government Act (1995) which sets out the legislative provisions relating to local government borrowings. The City is required to meet all those legislative obligations in addition to being a party to the Local Government Master Lending Agreement.

All proposals involving the use of borrowed funds are to be subjected to critical financial analysis and a report submitted to Council for final endorsement prior to undertaking the borrowing. Presentation of the borrowing proposal through the budget process is considered to achieve this reporting obligation.



Document control

Policy context

Legislation, standards & external guidelines	Local Government Act 1995 – Section 6.20
Policies and procedures	Related Policy 2.3 – Strategic Financial Planning & Budgeting
Strategies, plans and frameworks	

Document custodian

Alliance	Corporate Services Alliance	Service unit	Finance Services
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Review management

Next review due	August 2026	Document management ref.	EDRMS-1336483316-834
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Document management

Version	Adopted by	Adoption date	Synopsis of changes
1.0	Ordinary Council Meeting	23 February 2021	New policy adopted forms part of suite of new policies replacing Council policy 9.1 Budget
2.0	Ordinary Council Meeting	29 August 2023	Policy reviewed by Council.



CP 2.6 | Budget Variations

Objective

The objective of this policy is to provide guidance on the approved circumstances in which the Annual Budget may be amended to accommodate variations arising from delivery of services and projects. It also provides direction on the approval processes associated with such amendments.

Scope

This policy applies to General Managers, Project Managers, Alliance Managers ~~and other senior officers~~ with delegated purchasing authority. ~~It cannot be used to alter the Council approved net budget closing position.~~

Policy statement

The Annual Budget is an informed financial forecast of the anticipated revenues and expenditures arising from the City's operations over the year. As such, it is reasonably expected that some variations will occur between those forecasts and the actual financial outcomes. These differences may arise from cost savings, change of project scope, release of project contingency, changed economic conditions, receipt of unanticipated revenues or unanticipated costs.

Variations may be either favourable or unfavourable - and it is important that the budget is dynamically managed so that Council maintains an informed perspective on the City's financial position.

1 Materiality of Budget Variations

Materiality thresholds ~~for transfers to 'destination accounts' approved by~~ ~~for~~ the CEO or General Manager ~~discretion~~ applying discretion ~~to~~ ~~in line with~~ Clauses 3 to 7 of this policy are:

Variation Type	Limit
Operating Expense (Budget line item)	Less than \$50K per line item (GM) / Less than \$100K (CEO)
Operating / Capital Project (line item)	The lesser of \$50K (GM) / \$100K (CEO) or 10% project value
Capital Program (Asset not LTFP)	Within Program - Less than 10% of Asset Program Category
Capital Program (with Grant Funding)	No discretion
Transfer from Capital to Operating (or Operating to Capital)	Less than \$50K (GM) / \$100K (CEO) unless required for accounting disclosure (unlimited)
Transfer to / from Reserves	On recommendation of CFO to Council for approval only



2 Variations in Existing Line Items versus New Budget Items

For the purposes of this policy, there is an important distinction between variations to an existing budget item and variations for an 'additional purpose'. Where an existing budget has been approved for a specific project, function or service; administrative approval from the CEO or relevant General Manager or Chief Financial Officer may be given to vary the line item within the Sub Service - providing that the total approved budget for the Sub Service is not exceeded. The administrative approval is to be subsequently ratified by Council in the next month's management accounts to be adopted by Council.

However, where no line item exists for the specific project, function or service, then any expenditure is considered an 'additional purpose' and it requires Council approval before committing the funds.

3 Variation in Operational Expenditure - Existing Line Item

(a) Can be accommodated within the same Sub Service

Where variations to operating expenditure up to, but not exceeding the materiality threshold, may be accommodated within the overall budget for a specific Sub Service, the responsible General Manager or CEO may approve the re-direction of funds within the Sub Service.

The General Manager has responsibility to ensure that the change has a nil effect on overall expenditure and that the relevant Strategic Finance business partner is informed in writing in a timely manner of the change - so that the administrative amendment can be reflected in the next month's management accounts to be adopted by Council.

(b) Cannot be accommodated within the same Sub Service

Where variations to operating expenditure up to, but not exceeding the materiality threshold, cannot be accommodated within the overall budget for a specific Sub Service, but can be offset elsewhere within the same Service Unit, the responsible General Manager may approve the re-direction of funds within other Sub Services.

The General Manager or CEO has responsibility to ensure that the change has a nil effect on overall expenditure and authorised project scope and that the relevant Strategic Finance business partner is informed in writing in a timely manner of the change - so that the administrative amendment can be reflected in the next month's management accounts to be adopted by Council.

If the variation exceeds the materiality threshold, it must be reported to Council to seek approval before it can be actioned.

4 Variation in Capital Expenditure - Existing Line Item

(a) Can be accommodated within the same Capital Budget Program

Where variations within an adopted Capital Budget Program (eg: roads, paths) can be accommodated within the overall program category budget, the responsible General Manager or CEO may approve the re-distribution of program funds to projects within the program category if within the materiality threshold.



The General Manager or CEO has responsibility to ensure that the change has a nil effect on overall expenditure and that associated grant funding arrangements are not compromised. The relevant Strategic Finance business partner is to be informed in writing in a timely manner of the change - so that the administrative amendment can be reflected in the next month's management accounts to be adopted by Council.

(b) Capital Project Variance can be accommodated and is within the Materiality Threshold

Where variations to a specific capital expenditure project is up to, but not exceeding the materiality threshold, and can be accommodated within the overall Capital Project Budget by offsetting elsewhere within the same Capital Asset (Not LTFP) Program, the responsible General Manager or CEO may approve the re-direction of funds within the program.

The General Manager or CEO has responsibility to ensure that the change has a nil effect on overall expenditure and that the relevant Strategic Finance business partner is informed in writing in a timely manner of the change - so that the administrative amendment can be reflected in the next month's management accounts to be adopted by Council.

If the variation exceeds the materiality threshold, it must be reported to Council to seek approval before it can be actioned.

5 Variation in Revenue Budget - Existing Line Item

Material variances in budgeted revenue line items resulting from gains or shortfalls against budget expectations should be brought to account in the next scheduled Budget Review. Materiality of the revenue budget variation should be considered. If a downwards revenue variation crystallises, then offsetting expenditure reductions should be identified in the relevant Sub Service where possible.

6 Variation for New Expenditure Item

Where it is proposed to expend funds on a new capital budget item (an item that is not in the adopted Budget or approved budget amendments), the proposal is, in the first instance, to be brought to the attention of the Chief Financial Officer for consideration of its financial viability.

If favourably considered, a report is then to be submitted to Council for consideration of the proposed budget amendment.

7 Variation for New Revenue Item

If the revenue budget variation relates to the receipt of previously unbudgeted grant revenues or contributions, then a separate report should be prepared for consideration by Council acknowledging the income and any additional expenditure arising as a consequence of receipt of those funds. A similar reporting treatment is required if the grant funding must be 'matched' by City funds.



8 Funding Source Priority for New Expenditure

Any proposal for a new expenditure must be accompanied by a proposed funding source. That funding source, in order of priority may be from a(n):

- Reduction in expenditure in the Service Unit requiring the expenditure variation
- Recognition of new fees resulting from the expenditure
- Recognition of additional grant revenue within the Alliance
- Reduction in expenditure elsewhere in the Alliance requiring the expenditure variation
- Reduction of expenditure elsewhere in the City
- Sourced from a relevant Cash Backed Reserve - only in consultation with the Chief Financial Officer
- Adjustment to the Projected Budget Surplus - only in consultation with the Chief Financial Officer

9 Funding Source Priority for Material Revenue Reduction

Any recognition of a material reduction in a revenue line item needs to be supported by an offsetting funding source. That funding source may be from a:

- Reduction in expenditure in the Service Unit requiring the expenditure variation
- Reduction in expenditure elsewhere in the Alliance requiring the expenditure variation
- Reduction of expenditure elsewhere in the City
- Adjustment to the Projected Budget Surplus - only in consultation with the Chief Financial Officer

10 Notices of Motion

Where a Notice of Motion, that is likely to have financial implications if adopted, is to be presented at a Council meeting, the proposed Notice of Motion is to identify the source of funding for the resultant budget variation.

The Chief Financial Officer, in conjunction with the relevant General Manager will assist in identifying the funding source and drafting the financial narrative in the notice.

11 Council Report Required

A report seeking Council approval for a budget variation is required before funds are committed in the following circumstances:

- The budget variation on an Operating Expense is greater than the materiality threshold (if urgent, otherwise it should be addressed in a scheduled Budget Review)
- The budget variation on an individual Capital Project is greater than 10% of the project budget or the materiality threshold amount.
- The variation on a Capital Program Category is greater than 10% of the Program Category budget.
- The budget variation transfers Capital Expense to Operating Expense.
- The variation relates to unbudgeted Revenues and will require offsetting or matching expenditure.
- The budget variation applies to new expenditure for an additional purpose.

Funds should not be committed until Council approval for the budget variation is received.



12 Budget Review Timetable

Council has a statutory obligation to conduct a budget review after the finalisation of the December month end management accounts - and to recognise any material crystalised variances between budget and actual at that time.

Council acknowledges the importance of the statutory budget review that brings to account variances between budgeted and actual revenues and costs to date as well as the difference between the actual and budgeted opening position.

The City also recognises the potential for other deviations between budgeted and actual performance that may arise over the course of the year. These may relate to new or emerging funding opportunities, synergies with other projects, changed accounting treatments or recently identified community priorities. To ensure that the City exercises dynamic treasury management, it **may** undertake the following budget reviews over the course of each financial year.

Review Type	Timing	Purpose & Scope
1 st Quarter Capital Review	After Sep (P3) Mgt Accounts	Council adoption - November. Identify realised savings or released contingencies. Re-prioritise capital priorities or return funds to Reserves.
Statutory Budget Review	After Dec (P6) Mgt Accounts	Council adoption - February. Adjust Budget Opening Position after audit. Recognise crystalised operating expenditure or revenue variances if material. Minor new operational funding - ideally sourced from within same Alliance budget.
2 nd Quarter Capital Review	After Dec (P6) Mgt Accounts	Council adoption - February. Identify realised savings or released contingencies. Re-prioritise capital priorities or return funds to Reserves.
3 rd Quarter Budget Review	After Mar (P9) Mgt Accounts	Council adoption - May. Recognise crystalised operating expenditure or revenue variances if material. Minor new operational funding - ideally sourced from within same Alliance budget. Flag indicative Carry Forward Works.
Ad-Hoc Budget Adjustment	When required	Council adoption in relevant month. Only for adjustments that relate specifically to an individual Council report item to re-deploy previously allocated budget, recognise new funding or accommodate a change of scope or new expenditure.



Document control

Policy context

Legislation, standards & external guidelines	Local Government Act 1995 – Section 6.8(1) & (2)
Policies and procedures	Related Policy 2.3 – Strategic Financial Planning & Budgeting
Strategies, plans and frameworks	

Document custodian

Alliance	Corporate Services Alliance	Service unit	Finance
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Review management

Next review due	August 2026	Document management ref.	EDRMS-1336483316-835
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Document management

Version	Adopted by	Adoption date	Synopsis of changes
1.0	Ordinary Council Meeting	23 February 2021	Initial policy submitted for approval
2.0	Ordinary Council Meeting	29 August 2023	Amended policy considered by Council



CP 2.9 | Rate Exemptions

Objective

The objective of this policy is to establish a consistent approach to determining if land is either not rateable under the *Local Government Act 1995* (The Act) or eligible for a partial rate exemption where it is evidenced that a portion of the land is used for a not rateable purpose.

Scope

This policy is applicable to ratepayers within the City of Perth who apply for land to be considered not rateable land pursuant to section 6.26 (2) of the *Local Government Act 1995*.

The policy provides a framework to be applied when assessing a rates exemption application received by the City.

Policy statement

Guidelines for determining that land has non rateable status.

1. Except as provided in The Act, all land within a district is rateable land.
2. Land categorised as exempt under a sub-section of the Act, with the exception of sub-sections (2)(a)–(c), will require submission of an application for Not Rateable Status with supporting evidence to be assessed in accordance with this policy. The supporting evidence must demonstrate that the land is not rateable land. Land will be treated as rateable land until sufficient evidence has been provided to establish otherwise.
3. When application is made for Not Rateable Status under Section 6.26(2)(g) - land used exclusively for charitable purposes - the application will be determined with consideration of the following:
 - 3.1 The land use must be for public benefit, where the benefit is available to members of the public generally or a particular section of the public and;
 - 3.2 The land use must be exclusively for charitable purposes, such as the relief of the disadvantaged, advancement of education, religious purposes or other purposes beneficial to the community at large and;
 - 3.3 Land will not be used for a charitable purpose if the predominant activity conducted on the land is a fundraising activity to produce an income that will be used for a charitable activity conducted somewhere else. For land to be used for a charitable purpose, the charitable activity itself must be conducted on the land and that activity must be the predominant use of the land.



4. Relevance of Land Use

- 4.1 When making a determination as to whether the Act applies in any particular case, careful consideration will be given to any commercial use of the land in question. If the land use is of the same nature as other land that is rateable land or the use is commercial in nature (for example, where a profit is being derived as the normal activity of a business), then it will be rateable land and Section 6.26(2) of the Act will not apply.
- 4.2 For a determination to be made that land is used exclusively for charitable purposes, the actual use of the land must be considered. Land will not be considered to be used exclusively for charitable purposes merely because it is owned or occupied by a charitable body.
- 4.3 In determining applications for Not Rateable Status where only a portion of the land is used for charitable purposes, consideration will be given as to whether the use of the land is ancillary to its primary use of charitable purposes. For example, where the primary use of the land is for a charitable purpose and an ancillary use of a portion of the land produces income which is subsidiary to the primary use, the land use will still be considered exclusively for charitable purposes and will therefore be eligible for Not Rateable Status.
- 4.4 Conversely, where the land is used for the purpose of deriving a profit, even if the proceeds are used to support charitable purposes, the use of the land will not be considered exclusively for charitable purposes and will therefore be considered rateable. The applicant must provide sufficient information about the use of the land to demonstrate that the purpose for which the property is used is for a public or other benevolent community benefit and available to members of the public generally, or a sufficient section of the public.
- 4.5 In making the determinations of Not Rateable Status for land used exclusively for charitable purposes, consideration will be given to decisions made by other authorities and relevant case law.

Guidelines for determining applications for partial rate exemption

5. The City may apply a partial rate exemption to a rateable property where it is evidenced that a portion of the land is used exclusively for a not rateable purpose as defined under the Act. In this case and at the determination of the City, only the portion of land that is not used exclusively for a not rateable purpose and is a material part of the property will be rated.
6. Where sufficient evidence is provided that only a portion of a property is used for a rateable purpose and the remainder of the property is used for a not rateable purpose as classified under Section 6.26 of the Act, then a proportionate assessment of rates will be levied for the portion of land used for the rateable purpose.



7. Whether the portion of the property used for the rateable purpose will be subject to rates will be determined by the materiality of the frequency of the rateable use and the actual use of the land as evidenced by information supplied with the application. The following will apply:
 - 7.1 Where the materiality of the frequency of the rateable use does not exceed 10% of the total land use, that portion of the land will be eligible for Not Rateable Status and a partial rate exemption may be applied to the property.
 - 7.2 Where the materiality of the frequency of the rateable use exceeds 10% of the total land use but the income earned is less than 10% of the total income derived from that property, that portion of the land will be eligible for Not Rateable Status and a partial rate exemption may be applied to the property.
 - 7.3 Where a portion of rateable land is leased to a charitable organisation that uses the land for a charitable purpose, then the portion of the land subject to that lease will be eligible for Not Rateable Status and a partial rate exemption may be applied to the property.
 - 7.4 Where a clearly defined part of otherwise not rateable land is used for a rateable purpose, the portion of the property used for a rateable purpose will be rated and the remainder of the property will be eligible for Not Rateable Status and a partial rate exemption may be applied to the property.
 - 7.5 In any case where a portion of a rateable property is exempt or vice versa, any common area will be apportioned on a pro rata basis for rating purposes.

Applications for Not rateable status or Partial rate exemption

8. Once the initial Rate exemption application is received, the City may seek any additional information deemed necessary to evidence the application as to the nature and extent of the purposes for which the land is used.
9. Applications will be reviewed and determined in accordance with the Act, general rating practices applied by local governments and any other criteria contained in this policy.
10. Where it is considered that an applicant does not qualify for Not Rateable Status or partial rate exemption, the application will be refused, and the applicant provided with written advice of the grounds for refusal.
11. Where a determination of Not Rateable Status or partial rate exemption is granted, the amendment to the rate record indicating Not Rateable Status or partial rate exemption will take effect from the 1st July of the current financial year in which the application was received.



Review of Determinations

12. A determination of Not Rateable Status or partial rate exemption may apply for a maximum of three-years only where:
 - 12.1 the purpose for which the land is used is considered to be on a continuous basis, and;
 - 12.2 the applicant has provided evidence of a legal right to occupy that land for the period of the determination and;
 - 12.3 the land use continues to meet the qualifying criteria.
13. A determination of Not Rateable status or partial rate exemption is to be reviewed on a triennial or annual basis (whichever is considered applicable) for continued eligibility. The applicant is required to advise the City within one month of any change occurring to either their operations and / or the use of the land or the portion of the land, where it no longer complies with the conditions of Not Rateable status. The City may review the Not Rateable Status of land or request additional information from an applicant at any time during the term of Not rateable Status where it is considered that the circumstances of the land use may have changed.

Rates Exemption Register

14. The City will maintain a register of determinations made in accordance with the Act. The Register will record details of the organisation, the property and the purpose for which the land is used; the determination made and review dates and the equivalent amount of the rates levy amount.



Document control

Policy context

Legislation, standards & external guidelines	Local Government Act 1995 – Section 6.26
Policies and procedures	
Strategies, plans and frameworks	

Document custodian

Alliance	Corporate Services Alliance	Service unit	Finance
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Review management

Next review due	August 2026	Document management ref.	EDRMS-1336483316-836
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Document management

Version	Adopted by	Adoption date	Synopsis of changes
1.0	Ordinary Council Meeting	18 February 2014	Initial policy submitted for approval.
2.0	Ordinary Council Meeting	17 March 2015	Policy reviewed and amended – title of Policy changed from Rate Exemptions.
3.0	Ordinary Council Meeting	25 May 2021	Council Policy 2.9 adopted – supersedes revoked Council Policy 9.13 'Not rateable Properties (Rate Exemptions)'
4.0	Ordinary Council Meeting	29 August 2023	Policy reviewed by Council.

8. Motions of which Previous Notice has been Given

Nil.

9. General Business

Nil.

10. Items for Consideration at a Future Meeting

Nil.

11. Closure

There being no further business, the Presiding Member declared the meeting closed at 5:08pm.