



2012–2013 Annual Report

Unlocking the hidden secrets of Subiaco



There's something to be found around every corner.

The City of Subiaco is established on the traditional homelands of the Nyungar people who were the custodians of this land long before the first European settlers arrived. In 1851 a group of Benedictine Monks, whose founder came from Subiaco, Italy, settled in the area and named their monastery New Subiaco. Following the construction of the railway line to Fremantle and significant housing, retail and industrial development, the area was officially gazetted as the City of Subiaco in 1952.



About the City of Subiaco

The city is located in the inner metropolitan area of Perth and includes the suburbs of Subiaco, Daglish, and parts of Crawley, Jolimont, Shenton Park and Nedlands. Over 19 000 residents call the city home and bring with them a diverse mix of age groups and cultural backgrounds.

Known for its aesthetic appeal, heritage charm and village atmosphere, the city is vibrant and dynamic, while still maintaining a peaceful lifestyle. The neighbourhoods are characterised by their lush and leafy appearance, well presented streetscapes and houses and beautiful parks. Commercial and recreational precincts are lively and diverse, drawing local, national and international visitors who come to enjoy all that Subiaco has to offer.

Key facts



- Total area of 7.1 square kilometres
- An estimated resident population of 19 000
- 5 kilometres from Perth
- Twenty-nine parks and reserves, including twenty-three playgrounds and one skate park
- A major centre for employment, with approximately 20 000 employment positions
- Over 1500 businesses
- Two public hospitals, with three public and private hospitals bordering the city
- Three primary schools, one high school and two specialist schools, all of which are public
- One tertiary institution – The University of Western Australia

Our community vision

In 2030 the City of Subiaco is a unique, popular and welcoming place. The city celebrates its rich history, while embracing the diversity and vitality of the present. The parks, public spaces, events and recreational opportunities are easily accessible and promote a healthy and happy lifestyle for all. There is a diverse range of local businesses and entertainment that contribute to a lively atmosphere. The city faces the challenges of the future with strong leadership, an innovative approach and an emphasis on community values and voices. Sustainability, in all its forms, is at the core of the community and underpins the city's operations.

Our corporate vision

An innovative, community-focussed organisation providing strong leadership to build a unique and welcoming place.

Our community plan

The *Strategic Community Plan* is the overarching plan that guides the future direction of the City of Subiaco and its community. The plan is broad, with a long-term focus and strong emphasis on the community's aspirations, priorities and vision for the future. It is the community's plan and many stakeholders have contributed to its implementation.

Our corporate plan

The *Corporate Business Plan* outlines the city's key priorities and actions until 2016 and is updated yearly. It is informed by the *Strategic Community Plan* and aims to integrate the community's aspirations into the city's corporate operations.

This report provides a snapshot of what the city has done throughout the year to achieve the community's vision.



Community facilities

- Subiaco Library
- Subiaco Museum
- Lords Recreation Centre
- Subiaco Community Centre
- Tom Dadour Community Centre
- Shenton Park Community Centre
- Palms Community Centre
- Rosalie Park sporting complex

Our services

Organisational structure



City business

City Business manages the city's property investment portfolio as both owner and developer in complementary functions to the city's regular duties as a local government.

Community Development

The Community Development directorate delivers a range of services that promote wellbeing to the Subiaco community, and comprises community services, recreation services and cultural services.

Corporate Services

Corporate Services provides a range of services that cater to the organisation, including financial services, people and organisational development, information technology, records, governance and customer services.

Development Services

The Development Services directorate looks after the city's building and planning requirements and applications, the preservation and conservation of built heritage, the provision of environmental health services and parking and animal controls.

Office of the CEO

The Office of the CEO provides communications and community engagement services for the organisation, as well as support to the chief executive officer, mayor and elected members.

Technical Services

The Technical Services directorate manages and maintains the city's infrastructure, parks and gardens, waste, recycling and general cleaning.

What's coming up in 2013–14

- Nicholson Road skate park refurbishment
- Lake Jualbup project
- Underground power
- Lords review
- Amalgamations
- *Public Open Space Plan*
- City of Subiaco website launch
- *Local Planning Strategy*
- *Subiaco Activity Centre Structure Plan*
- *Economic Development Strategy*



Left to right: Scott Hawkins, Jo Sadler, Stephen Tindale, Alan Millard, Charlotte Carlish, Kathy Bonus and Patrick Ferguson

Our council

The City of Subiaco comprises four wards with three councillors representing each ward and the Mayor who represents the entire electorate. The City of Subiaco Council as at 30 June 2013:

MAYOR



Heather Henderson

SOUTH WARD



Cr Lee Hemsley



Cr Lynley Hewett



Cr Derek Leeder

NORTH WARD



Cr Sandra Riccelli



Cr Stephanie Stroud



Cr Garry Trinder

EAST WARD



Cr Paul Clements



Cr Julie Matheson

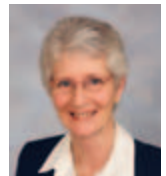


Cr Murray Rowe
(Deputy Mayor)

CENTRAL WARD



Cr Scott Arbuckle



Cr Judith Gederö



Cr Leanne Potter



Message from the Mayor



I am proud of what we have achieved in the City of Subiaco over the past twelve months and, as part of our community, you can be too – because you play an important part in the life of our city.

The *Strategic Community Plan* was a result of your contributions, idea and suggestions through Think2030, the city's community engagement process. This plan set out the community's vision for the future of our city and formed the basis of the *Corporate Business Plan 2012–16*, which council unanimously adopted in June 2012. The plan focuses council on what is important to the community when it comes time to make decisions on the future of our city.

In May 2013 the city launched Have your say Subiaco, an online community engagement hub that makes it easy for anyone who lives, works, visits or studies in the City of Subiaco to share ideas and comment on projects open to public consultation. Since launching, it has proved to be a popular, effective tool with a recorded 2553 site visits for four projects. I expect its use will continue to increase.

Community engagement goes beyond an exchange of ideas – it's about people getting involved in activities that make a difference to the wider community. Last year, over 160 people donated their time to city projects, including programs that help older Subiaco residents to remain in their own homes for longer with support. The generosity of volunteers has added great value to our social capital and makes our community the special place it is.

I know that the long-term sustainability of our green, leafy city is a priority for many of you and the city is committed to delivering projects to achieve this end. The award-winning upgrade to Dom Serra Grove, delivered in collaboration with the Benedictine Monk community and a working group of local residents, has created an innovative space that demonstrates high quality cultural and environmental conservation. The city's commitment to sustainability has been rewarded by a number of other prestigious awards, including re-endorsement by the Department of Water and the Water Corporation's Water Wise Council program; and winning the Water Conservation Award at the Keep Australian Beautiful Western Australian Sustainable Cities Awards.

The City of Subiaco is well-known for its unique identity and characteristics that have been handed down from generation to generation. We are also often regarded as a rich council, and indeed we are – we are rich in heritage, rich in community and rich in identity. It is this richness that drives our passion the future of our city.

Over the past year, the looming local government reform has presented challenges to the city to preserve our community's values, character and independence. Council has repeatedly stated its preferred position for the City of Subiaco to remain independent and continued to represent the best interest of our electors, ratepayers and residents. We have defended the importance of the Dadour Amendment and the empowerment of our community to self-determination of any boundary changes.

Despite the ongoing challenges we face as an organisation and community, I believe that council will be able to respond in a manner that demonstrates effective and collaborative leadership, and actively engages with the community in our decision-making.

I hope you enjoy reading about the City of Subiaco's achievements and highlights from this past year, and celebrate the collective successes of our community.

Heather Henderson
Mayor

Message from the CEO



As I reflect on the past year, I see a city that has continued to overcome challenges, evolve and embrace opportunity in order to unlock a bright, sustainable future.

The City of Subiaco continues to be a leading council in the western suburbs – an achievement that is the result of being a strategically focused city that employs skilled and experienced people. I can proudly report that we were rated the leading council in twenty-six out of forty-one categories for similar-sized local governments in the Catalyse® Community Perceptions survey (June 2013) for: parks and sporting grounds; access to public transport; road maintenance; facilities services for seniors and people with disabilities; festivals, events and cultural activities; control of graffiti, vandalism and anti-social behavior; and preservation and promotion of local history and heritage. The city has begun moving forward in redressing three key improvement areas: developing the town centre; parking; and planning and building.

The key to the city's strategic focus lies in a pair of statutory documents we produced one year ahead of the state government's deadline. The *Strategic Community Plan*, published in April 2012, sets out the community's vision and direction for the City of Subiaco and identifies six focus areas: our sense of community; parks, open spaces and places; a unique destination; the built environment; an effective and integrated transport system; and council leadership. This document informed the *Corporate Business Plan 2012–16*, which outlines the city's key priorities and actions over the next four years and integrates the communities aspirations into the city's operations. The *Corporate Business Plan* sets out specific actions to deliver the objectives and strategies outlined in the *Strategic Community Plan*. These two documents, together with supporting strategies, underpin the city's activity and benchmark performance.

Our city's rich heritage continues to be an important consideration as we balance preserving our history and unique qualities with the need to remain relevant and meet the increasing demands for infrastructure and population growth.

We took significant steps to shape the future of the town centre with the review of the Town Planning Scheme; the development and advertising of the *Local Planning Strategy* for the City of Subiaco; and a Subiaco activity centre options report, which will inform the development of an *Activity Centre Structure Plan* for the town centre. In June 2013 the city also placed out for public consultation the *Draft Heritage Incentives Policy*, which aims to recognise and protect our heritage values by providing a range of incentives to owners of heritage-listed buildings in the City of Subiaco. We're excited to see how it will develop in the coming year.

The city moved forward in addressing community feedback on parking matters with our *Parking Strategy 2012–16*, which was adopted by council, and continued liaison with the state government on the *Public Transport Plan for Perth 2031*.

These and other important strategies, policies and programs could not be achieved without the city's staff. I am personally proud of our technically skilled, professional employees who deliver consistently high standards of service to a range of customers across the community. We have a healthy organisational climate and are positioned well for the future.

Like any organisation, the city also faced challenges last year, the most significant being the state government's agenda for structural reform. In April 2012, the Metropolitan Local Government Review released a report that made twenty-three key findings. The City of Subiaco made a submission on these findings in May 2012. The final report of the review was completed in July 2012 and the minister's response has been to propose a reduction in the number of metropolitan local governments from thirty to fourteen.

The proposed structural reform ushers in a period of unparalleled challenge and uncertainty, yet I am confident in the city's ability to meet those challenges. Should amalgamation be forced on the city, we will be reform ready. In the meantime, we will continue to work to bring through our community vision by focusing on the strategic business priorities of the current council to remain a leading provider of local government services.

The essence of leadership is vision. The City of Subiaco's vision was set out by you, the community, and that vision underpins our service delivery, which is detailed in the *Corporate Business Plan*. In the next financial year we will continue to achieve the stated objectives to ensure the City of Subiaco realises its vision to be a unique, popular and welcoming place – a city that faces the future with strong leadership and an innovative approach.

Stephen Tindale
Chief Executive Officer

Highlights of 2012–13

Grants received

- The city obtained a \$23 600 grant through the Australian Government Biodiversity Fund to restore the remnant bushland at Jolimont Primary School.
- A grant of \$15 350 was received from the Department of Culture and Arts' Connect – Community Collections Funding Program to engage an artist in residence at Subiaco Museum.
- A State Library Grant for Read out Loud Day was provided to the city to install a blackboard on the side of the Subiaco Library.
- Lords received a \$3000 grant from the Chamber of Commerce and Industry Western Australia for the purpose of traineeship.
- \$61 000 of grant funding was received under the Local Government Energy Efficiency Program to install a new energy efficient hot water system at Lords.
- \$690 was received from the Injury Control Council of WA in the Stay on Your Feet WA Grants.
- Funding of \$550 was provided by the Council on the Ageing Western Australia's Bendigo Bank Seniors Week Community Grants.
- The city received \$63 195 of Home and Community Care non-recurrent funding from the Department of Health to expand the city's current service delivery and \$123 949 of recurrent funding to increase the amount of services delivered on an annual basis.
- \$11 178 of funding was received from the Department of Industry, Innovation, Science, Research and Tertiary Education as part of the Productive Ageing Through Community Education Program.
- \$50 000 of funding for the Nicholson Reserve skate park was received in the Department of Sport and Recreation's Community Sporting and Recreation Facilities Funding Small Grant program.
- \$109 563 of grant funding under the Roads to Recovery program for the reconstruction and resealing of roads.
- A grant of \$461 998 was received from the state government for a road rehabilitation and improvement program.

Significant projects

- Investigations and work for the Lake Jualbup project to build and maintain a constructed lake continued, with polymer sealant trials anticipated to start in 2013–14.
- The city's Drainage Improvement Program continued, with upgrades made to bring older sections of the network up to contemporary standards.
- A large community engagement project was undertaken to inform the development of the city's *Parking Strategy 2012–16*, which was adopted by council.
- The Carter Lane precinct subdivision progressed, with designs, community engagement and plans completed. The site was vacated and made ready for demolition works to commence.
- The *Local Climate Change Adaptation Action Plan 2012–17*, which focuses on actions to reduce the city's vulnerability to the potential impacts of climate change, was completed.
- Dom Serra Grove was redeveloped using community input to inform the design in line with the city's *Drying Climate Policy*, which aims to create innovative ways to adapt to Perth's drying climate.
- The city began developing a *Local Planning Strategy* for Subiaco and reviewing the Town Planning Scheme. The draft *Local Planning Strategy* has been advertised for public consultation.
- Have your say Subiaco, an online community engagement portal, was launched and facilitates an alternative and easier method of feedback for the public.
- A Subiaco activity centre options report was prepared and placed out for public consultation. The report will assist the development of an *Activity Centre Structure Plan* for the city's town centre.
- A successful trial of night markets at Station Square on Thursday evenings was completed.
- A draft *Heritage Incentives Policy* to provide financial and non-financial incentives to owners of heritage listed policies in the City of Subiaco was placed out for public consultation.

Highlights of 2012–13

Awards and achievements

- Winner of the Water Conservation Award at the Keep Australia Beautiful Western Australian Sustainable Cities Awards.
- *Saving face* awarded highly commended in the temporary exhibition category at the Museums & Galleries National Awards.
- Think2030 awarded the Western Australian Award for Project of the Year by the International Association for Public Participation (IAP2) Australasia.
- The city's *Children's Adventure Map* awarded highly commended at the Department of Communities and Meerilinga Children's Services' WA Children's Week Awards in the Outstanding children and families services or project metropolitan category.
- Winner of the Small Provider and Communications and/or Marketing categories of the Aged & Community Services Western Australia Excellence in Care Awards.
- Re-endorsed as a water wise council in the Department of Water and the Water Corporation's Waterwise Council program.
- Achieved Milestone 5 in the International Council for Local Environment Initiatives (ICLEI) Local Governments for Sustainability Water Campaign™.

Case study – Dom Serra Grove



The recently upgraded Dom Serra Grove, on the corner of Hay and Jersey streets in Daglish, is an excellent example of how to achieve high quality cultural and environmental conservation and efficiency outcomes through community engagement. The City of Subiaco worked closely with the Benedictine Monk community and a working group of local residents to develop an innovative design for Dom Serra Grove to reflect the city's past and the community's vision. One of the key features of the redevelopment, which uses a Mediterranean landscape design, was the retention of the existing mature olive grove planted by the Benedictine Monks.

Best practice features

- Grouping plants with similar irrigation requirements and reducing the use of turf.
- Planted and turf areas are irrigated via separate valves or stations and buffers minimise runoff and spray drift onto hard surfaces.
- Selecting local native and Mediterranean species to improve biodiversity and planting according to site aspects, shade and north facing walls.
- Solar and wind powered bollard lighting and recycled plastic furniture battens.
- Compacted gravel surfaces to reduce the total irrigated area of the site and provide a permeable surface that promotes drainage and local stormwater infiltration.
- Edible elements available for community consumption, including olives, almonds, pomegranates and lemons.
- Use of Empire Zoysia turf, which requires less water and mowing.





Our sense of community

In 2030 our community is welcoming, diverse and respectful of each other. We have a strong sense of identity and the city's history is celebrated.



A strong identity

The City of Subiaco's identity is formed by a rich culture and heritage. Subiaco Museum plays an important role in recording the city's history, and Coniglio Ainsworth Architects were appointed to prepare for the building's refurbishment to improve the space available to showcase the city's past. The works will include a new entry, display space, and interpretative space, in line with the city's *Strategic Interpretation Plan*.

Public art has become a creative way for the city to add vibrancy and visitor destination points to Subiaco. A *Public Art Strategic Plan* was progressively implemented during the year, with four projects in the Works for Walls program being completed, including four laneway installations. The city identified the Carter Lane precinct as a proposed pilot project for the developer's incentive model for a per cent for art contribution statement. The city will continue to explore public art provisions within the new town planning scheme.

In recognition of the role the Benedictine Monks played in the settlement of Subiaco, the city started work on developing and promoting a trail head for the Camino Salvado Pilgrim Trail and associated heritage programs. This project is being undertaken in collaboration with St. Joseph's church and Camino Salvado Pilgrim Trail Association.

A diverse and inclusive community

To ensure the city is accessible to all, a process was developed to achieve the actions in the *Disability, Access and Inclusion Plan 2012–17* that will be implemented on an ongoing basis. A review of the *Disability, Access and Inclusion Plan* actions for 2013–14 was also completed.

The city continued to support community volunteering through a range of programs, volunteer recognition activities, training, and the promotion of volunteers. A review of the city's Volunteer Hub was also undertaken. Seventy-two volunteers were recruited and/or referred over the course of the year.

The city sourced a large sea container to assist the Subiaco Men's Shed in catering to its growing membership. The sea container was installed next to the shed to store resources and equipment and maximise the space inside the shed for its members.

A *Community Gardening Guide* for community garden projects in Subiaco was developed and made available to the community, and a preferred site for a new community garden in Subiaco is currently being investigated.

Markets

Markets form an important part of Subiaco, with many local and visiting community members attending them each week. The Station Square night markets were successfully trialled and support was provided for the Subiaco Village Retailers' Park Street Sunday markets. New partnership agreements were developed with Subiaco Farmers Market, Upmarket and the Rotary Craft and Community Fair.

Children, teens and young adults

The city believes it is important to provide a range of opportunities for children and youth. The city contracted Convic Skateparks to assist in developing Nicholson Road Reserve into a place for youth activities, by refurbishing the Nicholson Road skate park. The refurbishment is expected to be completed in August 2013.

A number of youth events were held by the city, including school holiday programs, Ampfest and Race around Subi. The city celebrated the twentieth anniversary of the Tim Winton Award for Young Writers and the tenth anniversary of the Shaun Tan Awards for Young Artists, which showcased the literary and artistic abilities of young people in Western Australia.

The city engaged with children and young people by facilitating the Subiaco Voice of Youth and Subi Kids Crew advisory groups. Subiaco Voice of Youth has a dedicated Facebook page to engage with young people in the wider community.

The Tom Dadour Community Centre's younger people with a disability social club provides an opportunity for children and young people with a disability to get involved in a range of activities. The social club added a second day to its program each week to increase client involvement and participation.



A community recreation facility

Lords Recreation Centre is one of Perth's leading gyms, combining indoor community sport, health and fitness facilities, and fantastic classes in a relaxed and friendly environment. Lords recorded 3504 members in 2012–13 and attendance at the centre reached 573 773 people. A total of 449 sport teams participated in a range of activities at the recreation centre during the year, and 115 041 fitness enthusiasts participated in group fitness.

The city prepared a request for quote for a supplier to undertake a review of Lords to assist council in making a decision on the long-term future of the facility and site as per the resolution of council at its March 2009 meeting. The review is expected to be finalised in November 2013.

Creating a safe environment

To ensure a safe environment is maintained in Subiaco, the city continued to implement actions in its *Community Safety and Crime Prevention Plan 2011*. The city progressed works to install a secure taxi rank, purchasing CCTV cameras for installation, and continued its graffiti removal program.

The street lighting improvement program continued and was bolstered with a \$20 000 grant from the Crime Prevention Local Government Partnership Fund, with works expected to be undertaken in 2013–14 in conjunction with the underground power project. To continually enhance the city's emergency management and recovery capacity, the city took a lead role in revising the *Western Central Local Emergency Management Plan*.

Case study – Tim Winton Award for Young Writers celebrates twenty years



The City of Subiaco's Tim Winton Award for Young Writers began in 1993 to encourage metropolitan year one to twelve students to explore the magic of storytelling and exercise their imagination. Celebrating its twentieth anniversary in 2012, the Tim Winton award is now a state-wide celebration of the incredible talent and diverse range of young Western Australian writers.

The recently published *Hatched* anthology brings together the stories of the overall winners of the award for each year from 1993 to 2012. *Hatched* is a wonderfully eclectic mix of fantasy and reality, adventure and reflection, and features cover art by well-known artist Shaun Tan.

For more information on the award, or to view previous winning entries, visit www.subiaco.wa.gov.au







Parks, open spaces and places

We have access to and enjoy a diverse and sustainable range of parks, open spaces and public places.



A green and leafy environment

The City of Subiaco is known for its parks, open spaces and green and leafy environment. A significant street tree register was created and endorsed by council to support the preservation of mature trees in Subiaco. Cyclical tree audits and maintenance was undertaken on a quarterly basis, and the annual verge development assistance program was conducted.

To encourage community involvement in creating a green and leafy environment, the city participated in the Native Plant Subsidy Scheme and National Tree Day community planting events. The annual Sustainable Verge and Garden Awards were also run during 2012–13, which promoted and encouraged verges and gardens that contribute to greening, water conservation and biodiversity in an urban setting.

Being water wise

The city is committed to creating a water-wise environment. In order to achieve this, council adopted a *Public Open-space Management in a Drying Environment Policy*. A hydrozoning program was implemented at Dom Serra Park and a local aquifer recharge program was also established.

Parks, open spaces and public places

The maintenance and continuous improvement of parks, open spaces and public places in Subiaco is a priority for the city. A children's *Playspace Strategy* was developed and a management plan for JH Abrahams Bushland Bush Forever Site 402 was implemented. The city also developed a *Local Greening Plan* and a *Wildlife Enhancement Plan*, and appointed a consultant to develop a *Public Open Space Plan* for Subiaco.

An area of green vegetation was created at Dom Serra Park as part of a city-wide project to turn underutilised areas into creative spaces. To continue to make useable areas for the community in parks and on major streets, seating was installed as part of an ongoing program.

The city continued works to redevelop Lake Jualbup and the surrounding parkland, which included undertaking a hydrogeological investigation, flora and fauna survey and relevant agency applications and approvals. Polymer trials are expected to be undertaken in 2013–14.

The city undertook works to make the deterioration of 13 metres of river wall, located north-east of the Broadway jetty, safe. A further 27 metres of river wall will require reconstruction in 2013–14.

Recreation opportunities

The City of Subiaco offers a wide range of community recreation opportunities and facilities, including Rosalie Park. A draft *Rosalie Park Management Plan* was developed, in consultation with the Rosalie Park Advisory Committee, to manage sporting clubs' use of the Rosalie Park grounds and facilities and adopted by council. A Rosalie Park Master Plan Working Group will be established following the adoption of the *Rosalie Park Management Plan* to develop a long-term vision for the Rosalie Park precinct.

A community-based Subiaco active program was developed to provide a range of activities for all ages and abilities at Lords Recreation Centre. The program includes learn to swim, antenatal classes, gross motor skill development sport specific programs, personal training, education and training, holiday programs and active programs for seniors.





A unique destination

In 2030 Subiaco is a popular destination for everyone.
There is a lively atmosphere, an exciting range of
entertainment options and local businesses are thriving.



Entertainment and hospitality

Subiaco is a vibrant and unique destination for entertainment and hospitality, with a range of events and programs held throughout the year. The city developed partnerships with Barking Gecko, Perth International Arts Festivals, Catch Music, Perth Upmarket, Visit Subiaco (formerly Pro Subi), Rotary Club of Matilda Bay, Subi Farmers Market, The University of Western Australia, Voiceworks and Rosalie Primary School Parents and Citizens Association, to increase community and visitor participation in Subiaco.

Other community events included the city's popular sunset@subi and sunday@subi free community concerts series that were held during 2012–13. A City of Subiaco stall featured at the 2012 Subi Street Festival, which proved to be a successful way of engaging with the wider community.

The city continued to provide arrangements to support Subiaco Oval, Western Australia's home of football, through ongoing liaison with the stadium's operation committee. Subiaco Oval holds up to forty national and international sporting and entertainment events during the year. A food safety education program for hospitality workers was also established as a way for the city to provide assistance to local businesses. The city also facilitates the Licensed Premises Working Group.

Supporting businesses in Subiaco

The city continued to work alongside the local business community and the Subiaco Business Association to promote local economic development. The city supported the delivery of a number of exciting events in the town centre, including the inaugural High Tea on Hay Street.

The city's Economic and Business Sustainability Committee was

reconstituted and regular meetings were held throughout the year. Work began on drafting the city's *Economic Development Strategy*, which will focus on marketing of the city, support to small business/retail, events and festivals, market development and town centre activation.

Pro Subi had been contracted by the city to market and promote the Subiaco CBD for the benefit of the ratepayers in the area. The contract ended at the end of the 2012–13 financial year. The city created an in-house project team, Visit Subiaco, to continue the marketing and promotion of Subiaco's town centre, pending a management review.

Subiaco town centre – a destination of choice

Subiaco has it all – retail outlets, a vast array of restaurants and cafes and many attractions, including galleries, museums, theatres and markets. The city continued to advertise and promote its programs and events throughout the year, and the Visit Subiaco project team will implement a marketing and tourism plan during 2013–14.

Visit Subiaco continued to develop specific marketing and promotion activities to inform workers of hospitality, entertainment, recreation options and city events and facilities. Fitness activities and sport challenges were also conducted for several corporate clients by Lords, which provides a range of programs for workers in the city.

The city prides itself on landscaped and maintained streetscapes. Improvements to streetscapes in the town centre were undertaken through tree planting and the start of a streetscape upgrade for Loretto Street. The city continued to ensure waste collection in the town centre meets the expectations of businesses and the community, and increased the frequency of high pressure bin and pavement cleaning.

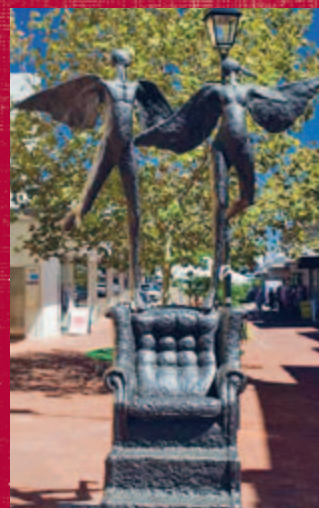
Case study – *Arrive to Paradise*

In the heart of Subiaco, Ayad Alqaraghholli's bronze *Arrive to Paradise* sculpture stands over 3 metres high in celebration of the contribution that migrants make to a unique and vibrant city.

The artwork, which was commissioned by the city, is located in Forrest Walk and reflects Ayad's impressions of Subiaco when he first arrived in Australia from Iraq in 2007. Ayad found Subiaco to be a vibrant place, with very friendly people – like angels.

The piece features a large chair with two life-size angels that are balanced and ready to fly, with their wings outstretched. The sculpture represents the symbolic friendliness of Australian people through the angels, which also reflect the religious connection of Subiaco's past, and signifies the possibilities offered in Australia to migrants.

The public artwork tells a story of Subiaco and provides a functional element for people to rest and relax. It has added vitality to the pedestrian experience and is a way for the built environment to connect and engage with the public.





The built environment

Our heritage buildings are protected and maintained, and new developments have been integrated with a respect for this heritage. The city has planned effectively for the increased residential population and business community.

Recognisable and protected heritage values

Subiaco's heritage is valued by the community and plays an important role in the city's identity. A review of the City of Subiaco's planning policies was undertaken to ensure there are appropriate scheme provisions and policies to guide future development and to provide appropriate controls to recognise built heritage and streetscape character. Policies are also being developed to raise awareness and protect built heritage in the city.

With a focus on heritage conservation in the city, a capital maintenance program for city-owned heritage listed buildings was developed and implemented. Three individual places were adopted on the city's Register of Places of Cultural Heritage Significance, and the first conservation area was declared on Kershaw Street in February 2013.

A draft *Heritage Incentives Policy* was prepared and placed out for public consultation to promote and encourage the preservation and restoration of heritage buildings. The city continued to monitor heritage requirements for its property portfolio, with the retention of some original building fabric being planned into the Carter Lane redevelopment project.

Accommodating an increasing population

Population growth in the Perth metropolitan area is inevitable and will have significant implications for the City of Subiaco,

so its future must be planned carefully to ensure the most valued qualities and characteristics are preserved.

To help plan for an increased population, the development of the City of Subiaco's *Local Planning Strategy*, which responds to *Directions 2031*, is underway and scheme provisions are being drafted for the city's new Local Planning Scheme No. 5. The Subiaco activity centre options report, which will guide the future planning and development of the city's town centre and surrounding areas, was prepared and placed out for public consultation.

A design review panel was established to provide expert independent design and architectural input. All commercial and town centre developments are referred to the panel. A policy program is currently being developed to guide character and heritage matters in Subiaco, and incentives for achieving higher standards in sustainable building design are being investigated.

To ensure the city's infrastructure meets the needs of a growing community, the Drainage Improvements Program continued in 2012–13. Infiltration pits were installed in Barker Road, Denis Street, Rupert Street and Nicholson Road. Design work was also finalised to progress the city's underground power program, which will be completed in 2013–14.

Pedestrian and cycling infrastructure in new developments was considered as part of structure planning and development assessment for the city.





An effective and integrated transport system

In 2030 there is a range of sustainable transport options available, making it easy to get into and around the city. There is sufficient parking within the city and congestion has been reduced.



Improved road management

The city continued to develop a city-wide *Traffic Management Plan*, which is expected to be completed in 2013–14. It also worked to reduce congestion on local roads through construction, improvement and maintenance of infrastructure and operating waste fleet and other services vehicles at times that would least impact road users.

The city modified an identified Black Spot intersection at the corner of Selby and Nash streets to address the high risk location through a local area traffic management treatment.

Sustainable and accessible transport

The city continued to liaise with the state government regarding the *Public Transport Plan for Perth 2031* and prepared a report for council on the extension of bus services linking Subiaco to Perth. The city also participated in the Department of Transport's Inner City Light Rail Project working group and supported the Committee for Perth's initiative for light rail transport.

An audit was undertaken of existing public transport options in the City of Subiaco to gain a clear understanding of existing

service levels. The city began planning for the implementation of a four-year plan for construction, improvement and maintenance of pedestrian and cycling infrastructure.

An effective parking system

There continues to be a high demand for parking in Subiaco. The city contracted technical consulting firm Arup to undertake a city-wide parking study, to gather information to create an improved and sustainable approach to parking management in the city, addressing topics such as parking supply, demand and management. The study informed the development of the city's *Parking Strategy 2012–16* and supporting parking plans.

The city continued to identify city-owned land for consideration to accommodate increased parking bay demand. Council resolved to demolish the city's two commercial office buildings on Denis Street so the at-grade car park in Forrest Street could be expanded. The Forrest Walk development project will continue in 2013–14. The Town Planning Scheme was also amended to give flexibility in applying car parking standards to commercial developments.





Council leadership

Our city is independent, and characterised by a council that demonstrates leadership and actively engages with the community in their decision-making.



A leading council

Council works on behalf of the community to ensure the best outcomes for the City of Subiaco. To ensure council continues to work in an exemplary way, elected members attended governance workshops to initiate discussion and raise awareness of governance matters, including code of conduct, roles and responsibilities and conflict of interest. A twelve-month program of development is in place and is currently being rolled out. Elected members are notified of other training opportunities as they become available.

A new local law for meeting procedures has been developed and gazetted, and a report on these, as well as public statements, was presented to council.

Engaging with the community

Community engagement drives the way the city delivers projects for its residents and ratepayers. The city undertook engagement activities to enable broad community participation on the new playground equipment at Lake Jualbup, the redevelopment of Dom Serra Park, the Carter Lane Precinct, a community heritage survey and a number of capital works projects.

A comprehensive community engagement handbook was produced to provide city employees who undertake community engagement activities with information and practical advice.

Innovative, responsive and customer focussed

The City of Subiaco prides itself on providing exceptional customer service and community programs and services. In the 2013 customer satisfaction survey that was carried out in early May by Catalyse, the city was identified as the leader in twenty-six and joint leader in two industry standard areas out of a possible thirty-seven when compared to similar-sized local governments.

Communications market research was undertaken to gather feedback on how the community would like to receive information from the city, what information they would like to receive and general feedback on how the city communicates. The city also refreshed its brand to define a visual identity, position and develop a new look and feel for printed and digital publications. The city's *Talk about Subi* and *Subiaco scene* publications were updated to take on the refreshed design.

The city started work to implement an innovative geographic information system (GIS) mapping tool to provide current information in an online format on a range of council services. The city's website redevelopment project was also progressed and a request for quote was advertised for a supplier to develop a digital media plan for the city. Both projects are expected to be completed in October 2013.



Building a resilient and independent city

The state government announced its intention to amalgamate councils in the Perth metropolitan area to reduce the total number from thirty to fourteen. The city's position on an amalgamation is that it remains an independent council in its own right and will continue to work to ensure the best outcome for the community. Regular updates have been provided to the community on structural reform.

Relationships with other local governments and the Western Australian Local Government Association continued to be developed, and Mayor Heather Henderson was appointed as the Central Zone representative on the State Council. The City of Subiaco hosts the Western Suburbs Regional Organisation of Councils' transport and environmental projects.

Promoting sustainable practices

The city continued to develop strategies to meet the requirements of the Department of Local Government and Communities' *Integrated Planning and Reporting Framework*. The city's *Strategic Financial Plan* was reviewed, following the adoption of the Strategic Community and Corporate Business plans, and underwent further development to integrate the Workforce, Strategic Asset Management, and Information and Communication Technology (ICT) plans.

An *Integrated Planning and Reporting Framework* was drafted to support the regular review and renewal of the city's Strategic Community and Corporate Business plans and development of branch plans and these will be presented to council in August 2013.

Through the development of the city's *Strategic Asset Management Plan*, the assets funding gap has been further defined and actions taken to address funding backlogs in drainage works and road infrastructure. The city has created the capacity to fund its renewal requirements and maintain its existing assets. The city developed a *Property Portfolio Overview Report* and updated its *Strategic Financial Plan* to reflect forward plans for land and property transactions.

Individual asset management plans have been completed for 90 per cent of the city's assets, including roads, footpaths, drainage, parks and buildings. The city also developed an overarching *Strategic Asset Management Plan* with links to key corporate documents, which summarises the city's key asset strategies.

The city's *Workforce Plan* has been developed analysing current and future workforce conditions and identifies strategies and/or initiatives for sourcing, attraction and retention and organisational development. The city has 200 full-time employees, with an employee turnover rate for 2012–13 of 23.62 per cent. The industry average for local government according to the 2013 WALGA Remuneration Survey was 18.36 per cent. There have been external and contributing internal factors attributed to the retention rate, and the city has begun implementing a number of strategies to reduce turnover.

An *ICT Plan* was finalised following the adoption of the *Corporate Business Plan*, which provides a four-year program of asset renewal and planned improvements to meet the city's information and technology needs. Ten priority projects were identified and resources have been provided to undertake these.

The city continued to maximise grant funding opportunities and is currently working with Lotterywest to develop a strategic plan for city's community facilities to identify possible funding opportunities. Funding was also provided to a number of community applicants through the city's Youth Achievement Grants.

Environmental sustainability and climate change

The city is aware of the impact climate change is having and will continue to have on the environment. To promote sustainability and reduce its impact on the environment, the city's *Environment Enhancement Plan* was updated and a *Local Climate Change Adaptation Action Plan* was developed and implemented. Implementation of the *Strategic Waste Minimisation Plan* also continued.

The city undertook other initiatives, including the installation of photovoltaic panels on Subiaco Library's roof to supply 25 per cent of the building's power requirements, and converting Lords' over-court lighting to LED to achieve a saving of 140 000 kilowatt hours per annum. The city redesigned Dom Serra Park to incorporate sustainability principles, such as reducing water use by 50 per cent and achieving the park's entire lighting through solar power generation. Investigations into carbon credit and offset initiatives, an electric vehicle trial and the use of solar powered electric recharge equipment were also completed during 2012–13.

As part of the city's stormwater management initiatives, water infiltration pits were installed in Barker Road, Denis Street, Rupert Street and Nicholson Road and below-ground stormwater storage tanks were installed in Rosalie Mini Park. The stormwater will be recycled to supplement the parks' irrigation requirements.

To further reduce its environmental impact, the city is working with elected members on a governance framework that will provide for digital management of council processes, including information dissemination, tablet technology and mobile applications, to eliminate the need for hard copy documents. The city is committed to protecting the global environment through local action and all printing uses vegetable based inks on Australian made 100 per cent recycled paper.

Case study – Youth Achievement Grants



The City of Subiaco assists local young people aged twelve to twenty-five to achieve their goals through its Youth Achievement Grants program. The grants provide financial support for costs associated with participation in an event, competition or community project.

In December 2012, the city awarded a \$200 Youth Achievement Grant to seventeen-year-old Subiaco resident Alec Westgarth-Taylor, to represent Western Australia at the eleventh annual UN Youth Australia Evatt Competition in Brisbane. The Evatt Competition is the largest and most prestigious national diplomacy competition in Australia.

Out of the sixty teams that competed, Alec and his partner placed a highly impressive third. Alec Westgarth-Taylor said the experience was very rewarding and allowed him to broaden his horizons and develop his public speaking skills.



Statutory compliance

Plan for the future

The City of Subiaco's *Strategic Financial Plan* provides the financial framework for delivering on its *Strategic Community Plan* and *Corporate Business Plan*. Along with carrying out a range of core operational and infrastructure activities, it includes investment in major capital works projects such as drainage and road improvements. The plan also provides for a range of social capital projects, such as community development programs, sustainability initiatives and recreational facilities and services.

Best practice record keeping and awareness

During 2012–13 all relevant city employees completed records awareness training requirements. A focus on comprehensive training and knowledge transfer has significantly improved the delivery and quality of ongoing records management. The city's *Record Keeping Plan* continues to meet the statutory obligations outlined in the *State Records Act of 2000*.

Disability access and inclusion

The city's *Disability Access and Inclusion Plan 2012–17* was progressively implemented. The plan aims to continually improve accessibility and inclusiveness throughout the city.

Register of complaints

For the purposes of the *Local Government Act 1995*, no complaints were made to the city during 2012–13.

Employees' remuneration

There were twenty-one employees entitled to an annual cash salary of \$100 000 or more in the following categories:

\$100 000 to \$109 999	Eight
\$110 000 to \$119 999	Six
\$120 000 to \$129 999	One
\$130 000 to \$139 999	One
\$140 000 to \$149 999	Three
\$160 000 to \$169 999	One
\$190 000 to \$199 999	One

Competition policy

The city met its obligations with regard to its competition policy. The city has no local laws or policies that contain anti-competitive provisions. No complaints were received by the city in 2012–13 in relation to anti-competitive practices.



2011–12 and 2012–13 income and expenditure summary

	2011–2012 \$'000s	2012–2013 \$'000s
Operating revenue		
Governance	5	7
General purpose funding	20,984	22,175
Law, order and public safety	35	26
Health	164	175
Education and welfare	1,171	1,282
Community amenities	4,101	4,592
Recreation and culture	4,077	4,360
Transport	4,528	5,372
Economic services	818	283
Other property and services	3,793	3,627
Total operating revenue	39,678	41,899
Operating expenditure		
Governance	(1,496)	(1,334)
General purpose funding	(799)	(865)
Law, order and public safety	(3,756)	(2,234)
Health	(453)	(548)
Education and welfare	(2,319)	(2,278)
Community amenities	(5,715)	(6,950)
Recreation and culture	(12,256)	(12,673)
Transport	(5,211)	(7,472)
Economic services	(2,227)	(1,647)
Other property and services	(5,687)	(2,508)
Total operating expenditure	(39,920)	(38,509)
Borrowing costs expense		
Recreation and culture	(57)	(55)
Economic services	(96)	(79)
Other property and services	(20)	(20)
Total borrowing costs expense	(173)	(154)
Adjustment to share of associates		
Community amenities	49	(370)
Total adjustment to share of associates	49	(370)
Contributions to the development of assets		
Education and welfare	92	53
Community amenities	-	41
Recreation and culture	265	72
Transport	454	721
Total contribution to the development of assets	810	887
Profit/(loss) on disposal of assets		-
Total profit/(loss) on disposal of assets	(6)	(96)
Net result	437	3,657
Other comprehensive income		
Share of gain on revaluation of non-current assets of associate	-	89
Total other comprehensive income	0	89
Total comprehensive income	437	3,746

This document, in conjunction with the Annual Financial Statements, forms the city's annual report for 2013. This is an extract from the Annual Financial Statements, which are available on request and online at www.subiaco.wa.gov.au



241 Rokeby Road SUBIACO WA 6008
PO Box 270 SUBIACO WA 6904
Phone: 08 9237 9222 Fax: 08 9237 9200
Email: city@subiaco.wa.gov.au
Website: www.subiaco.wa.gov.au

This document is available in alternative formats upon request.



The City of Subiaco is committed to protecting the global environment through local action. By printing this publication on Australian made 100 per cent recycled paper, the city aims to conserve the resources of the city. The document is available online at www.subiaco.wa.gov.au



2012–2013 Annual Financial Statement

CITY OF SUBIACO
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	9 to 60
Independent Audit Report	61 & 62
Supplementary Ratio Information	63

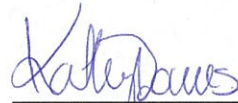
CITY OF SUBIACO
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the City of Subiaco being the annual financial report and other information for the financial year ended 30th June 2013 are in my opinion properly drawn up to present fairly the financial position of the City of Subiaco at 30th June 2013 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 15th day of November 2013



Kathy Bonus
Acting Chief Executive Officer

CITY OF SUBIACO
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Rates	24	18,641,575	18,624,400	17,108,304
Operating Grants, Subsidies & Contributions	30	1,797,820	1,021,027	1,856,207
Operating Reimbursements & Donations		457,062	702,828	347,530
Fees and Charges	29	13,273,176	15,505,954	12,470,667
Sanitation Charges		4,298,165	4,384,130	3,725,989
Interest Earnings	2(a)	2,733,050	1,855,740	3,545,665
Other Revenue		697,873	618,199	623,240
		<u>41,898,721</u>	<u>42,712,278</u>	<u>39,677,602</u>
Expenses				
Employee Costs		(20,680,763)	(20,018,663)	(17,452,349)
Materials and Contracts		(9,996,041)	(12,535,046)	(14,971,607)
Utility Charges		(1,022,139)	(852,082)	(933,917)
Depreciation on Non-Current Assets	2(a)	(4,905,911)	(3,703,100)	(3,896,521)
Interest Expenses	2(a)	(153,968)	(301,800)	(173,346)
Insurance Expenses		(461,797)	(543,200)	(520,551)
Other Expenditure		(1,441,488)	(2,562,330)	(2,145,038)
		<u>(38,662,107)</u>	<u>(40,516,221)</u>	<u>(40,093,329)</u>
		3,236,614	2,196,057	(415,727)
Non-Operating Grants, Subsidies & Contributions	30	886,741	1,188,478	810,275
Share of Surplus from Associate	4	(370,200)	0	48,750
Profit on Asset Disposals	22	68,009	0	81,366
Loss on Asset Disposals	22	<u>(164,440)</u>	<u>(239,390)</u>	<u>(87,359)</u>
Net Result		3,656,724	3,145,145	437,305
Other Comprehensive Income				
Share of gain on revaluation of non current assets of Associate	14	89,459	0	0
Total Other Comprehensive Income		<u>89,459</u>	<u>0</u>	<u>0</u>
Total Comprehensive Income		<u><u>3,746,183</u></u>	<u><u>3,145,145</u></u>	<u><u>437,305</u></u>

This statement is to be read in conjunction with the accompanying notes.

CITY OF SUBIACO
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
Revenue				
Governance		6,850	2,000	5,058
General Purpose Funding		22,175,525	20,415,230	20,984,181
Law, Order & Public Safety		25,776	23,700	35,485
Health		174,507	163,460	164,461
Education & Welfare		1,282,110	1,065,500	1,170,517
Community Amenities		4,591,848	4,729,429	4,101,112
Recreation & Culture		4,359,912	4,446,094	4,077,410
Transport		5,372,573	5,023,000	4,528,188
Economic Services		282,752	714,480	818,145
Other Property & Services		3,626,868	6,129,385	3,793,045
	2(a)	41,898,721	42,712,278	39,677,602
Expenses				
Governance		(1,333,642)	(1,535,250)	(1,496,134)
General Purpose Funding		(865,409)	(928,560)	(798,998)
Law, Order & Public Safety		(2,233,908)	(2,339,269)	(3,756,076)
Health		(548,083)	(698,272)	(452,680)
Education & Welfare		(2,278,002)	(2,281,442)	(2,319,421)
Community Amenities		(6,950,022)	(6,677,531)	(5,714,841)
Recreation & Culture		(12,672,570)	(13,906,299)	(12,256,371)
Transport		(7,471,537)	(6,961,884)	(5,210,846)
Economic Services		(1,646,643)	(2,939,359)	(2,227,135)
Other Property & Services		(2,508,323)	(1,946,555)	(5,687,481)
	2(a)	(38,508,139)	(40,214,421)	(39,919,983)
Finance Costs				
Recreation & Culture		(54,519)	(120,900)	(56,858)
Economic Services		(79,253)	(160,700)	(96,291)
Other Property & Services		(20,196)	(20,200)	(20,197)
	2(a)	(153,968)	(301,800)	(173,346)
Adjustment to Shares of Associates				
Community Amenities		(370,200)	0	48,750
Non-Operating Grants, Subsidies and Contributions				
Education & Welfare		52,695	5,000	91,995
Community Amenities		40,862	0	0
Recreation & Culture		72,314	272,114	264,650
Transport		720,870	911,364	453,630
		886,741	1,188,478	810,275
Profit/(Loss) on Disposal of Assets		(96,431)	(239,390)	(5,993)
Net Result		3,656,724	3,145,145	437,305
Other Comprehensive Income				
Share of gain on revaluation of non current assets of Associate	14	89,459	0	0
Total Other Comprehensive Income		89,459	0	0
Total Comprehensive Income		3,746,183	3,145,145	437,305

This statement is to be read in conjunction with the accompanying notes.

**CITY OF SUBIACO
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2013**

	NOTE	2013 \$	2012 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	40,924,426	41,347,772
Trade and Other Receivables	5	2,371,609	2,274,269
Inventories	6	<u>57,158</u>	<u>35,044</u>
TOTAL CURRENT ASSETS		<u>43,353,193</u>	<u>43,657,085</u>
NON-CURRENT ASSETS			
Other Receivables	5	15,634,058	15,643,725
Property, Plant and Equipment	7	20,360,622	21,270,911
Investment Properties	8	24,526,079	20,874,727
Infrastructure	9	48,681,340	46,278,560
Investment in Associate	4	<u>2,255,841</u>	<u>2,536,582</u>
TOTAL NON-CURRENT ASSETS		<u>111,457,940</u>	<u>106,604,505</u>
TOTAL ASSETS		<u>154,811,133</u>	<u>150,261,590</u>
CURRENT LIABILITIES			
Trade and Other Payables	10	4,941,099	3,985,635
Long Term Borrowings	11	330,051	797,451
Provisions	12	<u>2,870,874</u>	<u>2,464,488</u>
TOTAL CURRENT LIABILITIES		<u>8,142,024</u>	<u>7,247,574</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	11	1,965,478	2,233,257
Provisions	12	<u>608,782</u>	<u>432,093</u>
TOTAL NON-CURRENT LIABILITIES		<u>2,574,260</u>	<u>2,665,350</u>
TOTAL LIABILITIES		<u>10,716,284</u>	<u>9,912,924</u>
NET ASSETS		<u>144,094,849</u>	<u>140,348,666</u>
EQUITY			
Retained Surplus		111,481,292	105,713,888
Reserves - Cash Backed	13	32,524,098	34,634,778
Revaluation Surplus	14	<u>89,459</u>	<u>0</u>
TOTAL EQUITY		<u>144,094,849</u>	<u>140,348,666</u>

This statement is to be read in conjunction with the accompanying notes.

**CITY OF SUBIACO
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2011		103,221,834	36,689,527	0	139,911,361
Comprehensive Income Net Result		437,305	0	0	437,305
Total Comprehensive Income		<u>437,305</u>	<u>0</u>	<u>0</u>	<u>437,305</u>
Reserve Transfers		2,054,749	(2,054,749)	0	0
Balance as at 30 June 2012		105,713,888	34,634,778	0	140,348,666
Comprehensive Income Net Result		3,656,724	0	0	3,656,724
Share on gain on revaluation of non current assets of Associate		0	0	89,459	89,459
Total Other Comprehensive Income		<u>3,656,724</u>	<u>0</u>	<u>89,459</u>	<u>3,746,183</u>
Reserve Transfers		2,110,680	(2,110,680)	0	0
Balance as at 30 June 2013		<u>111,481,292</u>	<u>32,524,098</u>	<u>89,459</u>	<u>144,094,849</u>

This statement is to be read in conjunction with the accompanying notes.

**CITY OF SUBIACO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
Cash Flows From Operating Activities				
Receipts				
Rates		18,867,537	18,624,400	17,030,887
Operating Grants, Subsidies & Contributions		1,797,820	1,021,027	1,856,207
Reimbursements & Donations		457,062	702,828	347,530
Fees & Charges		12,839,374	14,247,042	12,225,098
Sanitation Charges		4,298,165	4,384,130	3,725,989
Interest Earnings		2,733,050	1,855,740	3,545,665
Goods & Services Tax		1,471,858	1,216,110	1,264,922
Other Revenue		697,873	618,199	623,240
		<u>43,162,739</u>	<u>42,669,476</u>	<u>40,619,538</u>
Payments				
Employee Costs		(20,044,664)	(20,393,660)	(16,978,786)
Materials & Contracts		(9,154,829)	(12,889,033)	(14,895,686)
Utility Charges		(1,022,139)	(852,082)	(933,917)
Insurance Expenses		(461,797)	(543,200)	(520,551)
Donations, Contributions & Grants Made		0	0	(183,119)
Interest Expenses		(149,079)	(301,800)	(166,345)
Goods & Services Tax		(1,342,091)	(1,216,110)	(1,250,465)
Other Expenditure		(1,336,699)	(2,562,330)	(1,964,149)
		<u>(33,511,298)</u>	<u>(38,758,215)</u>	<u>(36,893,018)</u>
Net Cash Provided By (Used In)				
Operating Activities	15(b)	<u>9,651,441</u>	<u>3,911,261</u>	<u>3,726,520</u>
Cash Flows from Investing Activities				
Payments for Development of Land & Buildings		(436,475)	(22,037,590)	(334,781)
Payments for Development of Investment Properties		(3,716,126)	0	(344,926)
Payments for Purchase of Furniture		(381,821)	(1,242,850)	(439,109)
Payments for Purchase of Plant & Equipment		(1,439,777)	(1,665,900)	(1,884,003)
Payments for Construction of Infrastructure		(4,783,790)	(10,149,499)	(4,154,023)
Non-Operating Grants, Subsidies & Contributions		886,741	1,188,478	810,275
Proceeds from Sale of Plant & Equipment		531,640	451,000	418,245
Proceeds from Sale of Investments		0	0	470,000
		<u>0</u>	<u>0</u>	<u>470,000</u>
Net Cash Provided By (Used In)				
Investing Activities		<u>(9,339,608)</u>	<u>(33,456,361)</u>	<u>(5,458,322)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(735,179)	(950,300)	(668,356)
Proceeds from New Debentures		0	2,395,000	780,000
		<u>0</u>	<u>2,395,000</u>	<u>780,000</u>
Net Cash Provided By (Used In)				
Financing Activities		<u>(735,179)</u>	<u>1,444,700</u>	<u>111,644</u>
Net Increase (Decrease) in Cash Held		<u>(423,346)</u>	<u>(28,100,400)</u>	<u>(1,620,158)</u>
Cash at Beginning of Year		41,347,772	39,623,542	42,967,930
Cash and Cash Equivalents				
at the End of the Year	15(a)	<u><u>40,924,426</u></u>	<u><u>11,523,142</u></u>	<u><u>41,347,772</u></u>

This statement is to be read in conjunction with the accompanying notes.

**CITY OF SUBIACO
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 Actual \$	2013 Budget \$	2012 Actual \$
Revenue				
Governance		6,850	2,000	5,058
General Purpose Funding		4,139,527	2,395,740	4,475,919
Law, Order, Public Safety		25,776	23,700	19,476
Health		174,507	163,460	164,461
Education and Welfare		1,334,805	1,070,500	1,261,650
Community Amenities		4,331,601	4,729,429	4,096,591
Recreation and Culture		4,442,202	4,718,558	4,323,279
Transport		6,093,443	5,934,364	5,018,371
Economic Services		282,752	714,480	218,103
Other Property and Services		3,626,868	6,129,385	3,790,673
		<u>24,458,331</u>	<u>25,881,616</u>	<u>23,373,581</u>
Expenses				
Governance		(1,349,721)	(1,535,250)	(1,496,134)
General Purpose Funding		(865,409)	(928,560)	(798,998)
Law, Order, Public Safety		(2,237,961)	(2,341,039)	(3,756,076)
Health		(548,083)	(698,272)	(452,680)
Education and Welfare		(2,278,661)	(2,289,692)	(2,319,421)
Community Amenities		(6,951,104)	(6,726,171)	(5,666,091)
Recreation and Culture		(12,755,111)	(14,071,139)	(12,313,229)
Transport		(7,504,193)	(6,998,094)	(5,210,846)
Economic Services		(1,732,175)	(3,115,889)	(2,323,426)
Other Property and Services		(2,615,187)	(2,051,855)	(5,707,679)
		<u>(38,837,605)</u>	<u>(40,755,961)</u>	<u>(40,044,580)</u>
Net Result Excluding Rates		(14,379,274)	(14,874,345)	(16,670,999)
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Revenue				
(Profit)/Loss on Asset Disposals	22	96,431	239,390	5,993
Fair Value Adjustment for P&E through profit/loss		80,164	0	0
Movement in Deferred Pensioner Rates (Non-Current)		9,667	0	(12,105)
Movement in Employee Benefit Provisions (Non-Current)		176,689	0	217,161
Depreciation on Assets	2(a)	4,905,911	3,703,100	3,896,521
Capital Expenditure and Revenue				
Purchase Land and Buildings		(4,152,601)	(22,037,590)	(679,707)
Purchase Infrastructure Assets	9	(4,783,790)	(10,149,499)	(4,154,023)
Purchase Plant and Equipment	7	(1,439,777)	(1,665,900)	(1,884,003)
Purchase Furniture and Equipment	7	(381,821)	(1,242,850)	(439,109)
Proceeds from Disposal of Assets	22	531,640	451,000	418,245
Repayment of Debentures	23	(735,179)	(950,300)	(668,356)
Proceeds from New Debentures	23	0	2,395,000	780,000
Write Back Adjustment to Share of Associate	4	370,200	0	(48,750)
Transfers to Reserves (Restricted Assets)	13	(8,078,542)	(9,439,476)	(12,338,417)
Transfers from Reserves (Restricted Assets)	13	10,189,222	33,481,958	14,393,166
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	24(b)	2,572,184	1,880,022	2,648,262
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	24(b)	3,017,122	(190,000)	2,572,184
Total Amount Raised from General Rate	24(a)	<u>(18,035,998)</u>	<u>(18,019,490)</u>	<u>(17,108,304)</u>

This statement is to be read in conjunction with the accompanying notes.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

(a) Basis of Preparation

The financial report is a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the local Government Act 1995 and accompanying regulations.

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of the selected non-current assets, financial assets and liabilities.

Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(b) The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 21 to these financial statements.

(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to the ATO, is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities in the statement of financial position.

(e) Trade and Other Receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectibility of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

(f) Inventories

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in the statement of comprehensive income at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Land held for resale is classified as current except where it is held as non-current based on Council's intention to release for sale.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets

Each class of fixed assets is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation or impairment losses.

Mandatory Requirement to Revalue Non-Current Assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at fair value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

(a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and

(b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

(c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

Council has commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

Land Under Control

In accordance with local Government (Financial Management) Regulation 16 (a), the Council is required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116 where fair value at the date of acquisition was effectively the deemed cost.

Upon Council's review of current land holdings, it was determined that Subiaco Oval and the land upon which it is situated is captured by this Regulation, as it is a sporting/recreational facility of state or regional significance and therefore it must be recognised as an asset. During this assessment it was determined that Council does not control any other land which would be captured under Regulation 16(a).

In determining the value of Subiaco Oval as an asset the following has been taken into consideration:

- The State Government recently announced it would build a new stadium, which once complete would mean that Subiaco Oval will no longer be a sporting or recreational facility of state or regional significance.
- Subiaco Oval is currently leased via a "peppercorn long term ground lease" to an entity with "not for profit" status.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

- The lessee owns all improvements on Subiaco Oval and these improvements are recorded in their financial statements. Council has not contributed to any of these improvements.
- Council has no control, ownership or management of the improvements on the land. Upon expiry of the lease the improvements would become property of Council and recognised only at that time.
- The current lessee has recognised that with the announcement of a new stadium, Subiaco oval will no longer be a sporting or recreational facility of state or regional significance, and so has taken the approach to accelerate their write off of the Subiaco Oval assets to coincide with a nil value at the commencement of the new stadium.

As a result, Council has assessed that Subiaco Oval has a nil value to the City upon recognition.

Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

Revaluation

When performing a revaluation, the Council uses a mix of both independent and management valuations as a guide:

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date (Level 1 inputs in the fair value hierarchy).

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases in the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised as profit or loss.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

Transitional Arrangement

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** methodology section as detailed above.

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to fair value, *AASB 13 - Fair Value Measurement* does not become applicable until the end of the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt AASB 13 (as allowed for in the standard).

As a consequence, the principles embodied in *AASB 13 - Fair Value Measurement* have been applied to this reporting period (year ended 30 June 2013).

Due to the nature and timing of the adoption (driven by legislation), the adoption of this standard has had no effect on previous reporting periods.

Land under Roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Council.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets (Continued)

Depreciation of Non-Current Assets

All non-current assets having a limited useful life (excluding freehold land) are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	40 years
Furniture and Equipment	5 to 10 years
Plant and Equipment	3-7 years
Infrastructure Assets:	
Roads	40 years
Laneways	40 years
Drains	60 years
Street Furniture	15 years
Footpaths	40 years
Park Furniture	15 years
Playground Equipment	15 years
Reticulation	15 years
Grassed Areas	N.A.
Infrastructure Buildings	40 years
Parks & Reserves	25 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation Threshold

Expenditure on items of equipment under \$1,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

(h) Intangible Assets

Easements

Due to legislative changes, Easements are required to be recognised as assets.

If significant, they are initially recognised at cost and have an indefinite useful life.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or at cost.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and
- (d) less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current. They are subsequently measured at fair value with changes to carrying amount being included in profit or loss.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Classification and Subsequent Measurement (Continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to the asset previously recognised in other comprehensive income, is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Impairment

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired.

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial instruments, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continued involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(j) Impairment

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (eg AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(k) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

(l) Employee Benefits

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

(m) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; and
- c) that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(o) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(p) Investments in Associates

Associates are entities in which the Council has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Council. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Council's share of net assets of the associate entity. In addition, Council's share of the profit or loss of the associate entity is included in the Council's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition, whereby the Council's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Council and the associate are eliminated to the extent of the Council's interest in the associate.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Investment Properties

Investment property, comprising freehold office complexes is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is initially measured at cost and subsequently measured at fair value. Fair value is determined annually and any changes to fair value are recorded in the statement of comprehensive income as other income.

The fair value of an investment property is the amount for which the asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Fair value of investment properties is determined annually based on a valuation by an independent valuer who has recognised and appropriate professional qualifications and recent experience in the location and category of investment property being valued. Fair values are determined by the valuer using market information, including prices for similar properties in comparable locations.

(r) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

(s) Superannuation

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the

The Municipality contributes superannuation at a rate of \$1.00 for every \$1.00 contributed to the fund by employees, to a maximum of 9% of the employees salary. The Municipality also contributes an amount calculated at 9% of the employee's gross salaries and wages (Superannuation Guarantee Contribution). These contributions are shown as an expense. No liability for accumulated benefits has been recognised in these financial statements.

(t) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on Council's intentions to release for sale.

(u) Rounding Off Figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Comparative Figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

(w) Budget Comparative Figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Council.

Management's assessment of the new and amended pronouncement that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows.

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures	December 2009 September 2012	01 January 2013 Deferred AASB 9 until 1 January 2015	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 2009 – 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(iii) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iv) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these, except for AASB 128 , are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB 2011 - 9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(vi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2012-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(vii) AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 32]	June 2012	01 January 2013	Principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. This Standard is not expected to significantly impact on the Council's financial statements.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2013	01 January 2014	<p>This Standard adds application guidance to AASB 132: <i>Financial Instruments: Presentation</i> to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.</p> <p>This Standard is not expected to significantly impact on the Council’s financial statements.</p>
(ix) AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132, 134 and Interpretation 2]	June 2012	01 January 2013	<p>Outlines changes to the various standards and interpretations as listed. These topics are not currently relevant to Council, nor are they expected to be in the future. As a consequence, this Standard is not expected to significantly impact on the Council’s financial statements.</p>
(x) AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]	December 2012	01 January 2013	<p>Mainly consequential changes relating to transition guidance. It is not expected to have a significant impact on Council.</p>

(*) Applicable to reporting periods commencing on or after the given date.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Adoption of New and Revised Accounting Standards

During the current year, the Council adopted all of the new and revised Australian Accounting Standards and Interpretations which became mandatory and which were applicable to its operations.

These new and revised standards were:

AASB 2010 – 8
AASB 2011 - 3
AASB 2011 - 13

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

The Council also chose to early adopt *AASB 13 – Fair Value Measurement* as allowed for in the standard. For further details with respect to this early adoption, refer to Note 1(g).

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2. REVENUE AND EXPENSES	2013	2012
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Significant Expense		
Other Property & Services	0	3,900,000
This significant expense relates to Surrender of Lease in 2012 (<i>refer Note 33</i>)		
Investment Property Expenses		
Direct operating expenses	741,984	286,867
Depreciation	64,774	61,947
Auditors Remuneration		
- Audit of the financial report	24,000	22,000
- Assistance with finalisation of the annual financial report	4,500	2,000
- Other Services	4,250	5,129
Depreciation		
Investment Buildings	64,774	61,947
Buildings	489,888	450,659
Furniture & Equipment	340,245	329,268
Plant & Equipment	1,570,309	744,918
Roads	908,661	869,101
Footpaths	250,345	248,368
Drainage	317,605	303,965
Parks, Gardens, Reserves & Equipment	544,668	490,938
Street Furniture	419,416	397,357
	<u>4,905,911</u>	<u>3,896,521</u>
Interest Expenses (Finance Costs)		
Other Interest	0	8,856
Debentures (<i>refer Note 23(a)</i>)	153,968	164,490
	<u>153,968</u>	<u>173,346</u>
Rental Charges		
- Operating Leases	<u>143,104</u>	<u>135,899</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2. REVENUE AND EXPENSES (Continued)

(ii) Crediting as Revenue:

	2013 \$	2013 Budget \$	2012 \$
Significant Revenue			
This significant revenues relate to			
Investment Property Revenue			
Rent and outgoings	<u>3,258,164</u>	<u>5,884,730</u>	<u>3,584,246</u>
Interest Earnings			
Investments			
- Reserve Funds	2,199,115	1,303,740	2,794,227
- Other Funds	476,591	500,000	692,466
Other Interest Revenue (<i>Refer Note 28</i>)	<u>57,344</u>	<u>52,000</u>	<u>58,972</u>
	<u>2,733,050</u>	<u>1,855,740</u>	<u>3,545,665</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

The City of Subiaco is dedicated to providing high quality services to the community through the various service orientated programs which it has established. The objectives of each principal activity undertaken by the City and as detailed in the City's current Strategic Financial Plan are as follows:

GOVERNANCE

Objective: To ensure high quality democratic processes and informed local decision making. Includes administration and operation of facilities and services to members of Council and other costs that relate to the tasks of assisting members and ratepayers on matters which do not concern specific Council services.

GENERAL PURPOSE FUNDING

Objective: To fairly and efficiently levy and collect rates and other monies required to fund the City's operations.

Rates revenue from rates levied under Division 6 of Part 6 of the Local Government Act 1995 and amounts receivable from the Western Australian Grants Commission and any government grants of a general purpose nature.

LAW, ORDER, PUBLIC SAFETY

Objective: To ensure safety and amenity of the community in public areas.

Control of parking facilities, implementation and control of parking and other local laws. Also includes fire prevention outlays.

HEALTH

Objective: To protect the health of all persons and promote environmental quality.

Administration, inspection and operations of programs concerned with the general health of the community.

EDUCATION AND WELFARE

Objective: To contribute towards the well being of people with special needs.

Maintenance of pre-school buildings, aged care services including home and community care, meals on wheels, and seniors activities.

COMMUNITY AMENITIES

Objective: To provide waste management services which minimise adverse environmental impacts, orderly and controlled development of land and the built environment, and well maintained public conveniences.

This includes the collection and disposal of community and domestic rubbish and recycling, and the administration and operation of town planning and sustainable development within the local government.

RECREATION AND CULTURE

Objective: To provide and support community recreational and cultural pursuits.

Maintenance of community and function centres, and various reserves, operation of the library.

TRANSPORT

Objective: To facilitate safe and convenient transport access.

Construction and maintenance of roads, drainage works, footpaths, traffic facilities.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2. REVENUE AND EXPENSES (Continued)

ECONOMIC SERVICES

Objective: To facilitate economic development, promote compliance with building standards, regulations and local laws and enhance public amenity by placing powerlines underground
Area promotion and building control services.

OTHER PROPERTY AND SERVICES

Objective: To maximise long term return on investment assets for the benefit of the community.
Includes management of the City's investment assets.

STRATEGIC PLAN

In order to discharge its responsibilities to the community, the Municipality has developed a strategic plan. The strategic plan sets the direction of the Council so that the community's needs and expectations are met in a planned, co-ordinated and cost effective manner. The Strategic Plan states a vision of the City, being "A unique place where people want to be".

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance (*) 1-Jul-11 \$	Received (+) 2011/12 \$	Expended (#) 2011/12 \$	Closing Balance (*) 30-Jun-12 \$	Received (+) 2012/13 \$	Expended (#) 2012/13 \$	Closing Balance 30-Jun-13 \$
Onslow Park Tennis Courts	Recreation & Culture	0	74,240	0	74,240	0	(74,240)	0
Salvado Road	Transport	0	38,905	0	38,905	0	(38,905)	0
Total		<u>0</u>	<u>113,145</u>	<u>0</u>	<u>113,145</u>	<u>0</u>	<u>(113,145)</u>	<u>0</u>

Notes:

(*) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(+) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(#) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013	2012
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	8,400,328	6,599,849
Restricted	<u>32,524,098</u>	<u>34,747,923</u>
	<u><u>40,924,426</u></u>	<u><u>41,347,772</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Buildings and Facilities	1,884,598	1,864,080
Capital Investment	18,298,873	20,514,999
Investment Income	8,118,897	8,422,043
Infrastructure Replacement	190,543	64,530
Parking and Public Transport Facilities	1,924,955	1,992,102
Waste Management	371,465	101,522
Plant and Equipment Replacement	867,968	1,021,773
Undergrounding of Power Lines	486,864	268,808
Student Bursaries	49,195	46,887
HACC Capital Grants	44,951	78,815
CBD Promotion Reserve	250,660	234,219
Public Art	35,129	25,000
Subtotal - Reserves	<u>32,524,098</u>	<u>34,634,778</u>
Unspent Grants	<u>0</u>	<u>113,145</u>
	<u><u>32,524,098</u></u>	<u><u>34,747,923</u></u>

4. INVESTMENT IN ASSOCIATE

Western Metropolitan Regional Council

The City of Subiaco, together with the Town of Cottesloe, the Town of Claremont, the Town of Mosman Park and the Shire of Peppermint Grove have a joint venture arrangement with regard to the provision of a waste transfer station.

The Western Metropolitan Regional Council was formed to provide for the efficient treatment and/or disposal of waste. A waste transfer station was constructed from funds provided by constituent Councils. The share held by the City of Subiaco is 38.33%.

The City of Subiaco's 38.33% share of the assets is included in investment in equity method in accordance with AASB 128 "Investment in Associates" as follows:

	2013	2012
	\$	\$
(a) Retained Surplus attributed to investment in associate:		
Balance at the beginning of the financial year	939,497	890,747
- Share of associate's (loss)/profit from ordinary activities	(370,200)	48,750
- Share of associate's reserve increments arising during the year	<u>89,459</u>	<u>0</u>
Balance at the end of the financial year	<u><u>658,756</u></u>	<u><u>939,497</u></u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013 \$	2012 \$
4. INVESTMENT IN ASSOCIATE (Continued)		
(b) Carrying amount of investment in associate:		
Balance at the beginning of the financial year	2,536,582	2,487,832
- Share of associate's (loss)/profit from ordinary activities	(370,200)	48,750
- Share of associate's reserve increments arising during the year	89,459	0
Balance at the end of the financial year	<u>2,255,841</u>	<u>2,536,582</u>
(c) Share of associate entity's results and financial position:		
Current Assets	1,438,850	1,653,879
Non-Current Assets	1,078,781	1,184,528
Total Assets	<u>2,517,631</u>	<u>2,838,407</u>
Current Liabilities	255,617	291,470
Non-Current Liabilities	6,173	10,355
Total Liabilities	<u>261,790</u>	<u>301,825</u>
Revenues	2,576,963	2,355,595
Expenses	(2,947,163)	(2,306,845)
Total (Loss)/Profit from Ordinary Activities	<u>(370,200)</u>	<u>48,750</u>
Other Comprehensive Income		
Changes in revaluation of non-current assets	89,459	0
Total Other Comprehensive Income	89,459	0
Total Comprehensive Income	<u>(280,741)</u>	<u>48,750</u>
5. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	79,315	295,610
Sundry Debtors	1,922,596	1,719,601
Less allowance for doubtful debts	(357,947)	(298,918)
GST Receivable	11,721	141,488
Accrued Income	401,293	391,345
Prepayments	314,631	25,143
	<u>2,371,609</u>	<u>2,274,269</u>
Non-Current		
Rates Outstanding - Pensioners (deferred)	134,058	143,725
Other Receivables	15,500,000	15,500,000
	<u>15,634,058</u>	<u>15,643,725</u>
6. INVENTORIES		
Current		
Consumables	57,158	35,044
	<u>57,158</u>	<u>35,044</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013	2012
	\$	\$
7. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Cost	<u>1,815,802</u>	<u>1,815,802</u>
	1,815,802	1,815,802
Buildings at:		
- Cost	19,936,509	19,422,927
Less Accumulated Depreciation	<u>(5,911,291)</u>	<u>(5,403,010)</u>
Total Buildings	14,025,218	14,019,917
Total Land and Buildings	<u>15,841,020</u>	<u>15,835,719</u>
Furniture and Equipment - Cost	3,485,556	4,856,509
Less Accumulated Depreciation	<u>(2,259,133)</u>	<u>(3,457,246)</u>
	1,226,423	1,399,263
Plant and Equipment - Management Valuation 2013	3,293,179	0
Plant and Equipment - Cost	0	6,963,477
Less Accumulated Depreciation	<u>0</u>	<u>(2,927,548)</u>
	3,293,179	4,035,929
	<u>20,360,622</u>	<u>21,270,911</u>

Plant and Equipment:

The City's Plant and Equipment was revalued at 30 June 2013 by management. All the valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy).

The revaluation resulted in an overall decrease of \$80,164 in the net value of the City's plant and equipment. All of this decrease was recognised in Other Expenditure in the Statement of Comprehensive Income By Nature & Type and Governance in the Statement of Comprehensive Income by Program.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land	Buildings	Furniture and Equipment	Plant and Equipment (Level 2)	Total
	\$	\$	\$	\$	\$
Balance as at the beginning of the year	1,815,802	14,019,917	1,399,263	4,035,929	21,270,911
Additions	0	436,475	381,821	1,439,777	2,258,073
Reclassification of Asset Class	0	58,714	(134,503)	16,104	(59,685)
(Disposals)	0	0	(79,913)	(548,158)	(628,071)
Revaluation - Increments	0	0	0		
- (Decrements)	0	0	0	(80,164)	(80,164)
Impairment - (Losses)	0	0	0	0	0
- Reversals	0	0	0	0	0
Initial Recognition of assets Due to Changes to Regulations	0	0	0	0	0
Depreciation (Expense)	0	(489,888)	(340,245)	(1,570,309)	(2,400,442) 0
Carrying amount at the end of year	<u>1,815,802</u>	<u>14,025,218</u>	<u>1,226,423</u>	<u>3,293,179</u>	<u>20,360,622</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013 \$	2012 \$
8. INVESTMENT PROPERTIES		
Investment Land - Cost	19,519,046	19,387,887
	<u>19,519,046</u>	<u>19,387,887</u>
Investment Buildings - Cost	5,590,385	2,005,418
Less Accumulated Depreciation	(583,352)	(518,578)
	<u>5,007,033</u>	<u>1,486,840</u>
Total Investment Property	<u><u>24,526,079</u></u>	<u><u>20,874,727</u></u>

FAIR VALUE OF INVESTMENT PROPERTIES

Land and buildings	136,075,000	136,865,000
---------------------------	--------------------	--------------------

The City's investment properties have been valued by Knight Frank Newmark Global. The valuation is based on the assumption that the items are, or are capable of, being utilised as assets of a profitable undertaking. The subject property has been valued as being wholly owned and free of encumbrances. Knight Frank Newmark Global have utilised certain historical facts and relevant market data, available up to the date of the valuation.

These assets are carried at cost and whilst not subject to a policy of regular revaluation, they are subject to an assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136 "Impairment of Assets".

In accordance with the requirements of Local Government (Financial Management) Regulation 17A, these assets are due for revaluation by 30th June 2015 (if not performed prior) and will be subject to the requirements of AASB 13 upon revaluation.

Reconciliation of the carrying amounts for each class of investment property between the beginning and end of the current financial year are set out below:

Movements in Carrying Amounts

	Investment Land \$	Investment Buildings \$	Total \$
Balance as at the beginning of the year	19,387,887	1,486,840	20,874,727
Additions	131,159	3,584,967	3,716,126
(Disposals)	0	0	0
Revaluation - Increments	0	0	0
- (Decrements)	0	0	0
Impairment - (Losses)	0	0	0
- Reversals	0	0	0
Depreciation (Expense)	0	(64,774)	(64,774)
Carrying amount at the end of year	<u><u>19,519,046</u></u>	<u><u>5,007,033</u></u>	<u><u>24,526,079</u></u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013	2012
	\$	\$
9. INFRASTRUCTURE		
Roads - Cost	38,495,083	36,346,455
Less Accumulated Depreciation	<u>(18,364,072)</u>	<u>(17,455,411)</u>
	20,131,011	18,891,044
 Footpaths - Cost	 10,253,722	 10,013,780
Less Accumulated Depreciation	<u>(5,840,043)</u>	<u>(5,589,698)</u>
	4,413,679	4,424,082
 Street furniture (incl. Bus shelters and proprietary street lights)		
Street furniture - Cost	7,018,103	6,291,276
Less Accumulated Depreciation	<u>(3,570,221)</u>	<u>(3,083,989)</u>
	3,447,882	3,207,287
 Drainage - Cost	 19,639,229	 19,056,265
Less Accumulated Depreciation	<u>(8,726,006)</u>	<u>(8,408,401)</u>
	10,913,223	10,647,864
 Parks, gardens, reserves and equipment - Cost	 14,828,593	 13,616,663
Less Accumulated Depreciation	<u>(5,053,048)</u>	<u>(4,508,380)</u>
	9,775,545	9,108,283
	<u><u>48,681,340</u></u>	<u><u>46,278,560</u></u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

9. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Roads	Footpaths	Street Furniture	Drainage	Parks, Gardens Reserves & Equipment	Total
	\$	\$	\$	\$	\$	\$
Balance at the beginning of the year	18,891,044	4,424,082	3,207,287	10,647,864	9,108,283	46,278,560
Additions	2,148,628	239,942	600,326	582,964	1,211,930	4,783,790
Reclassification of Asset Class	0	0	59,685	0	0	59,685
(Disposals)	0	0	0	0	0	0
Revaluation - Increments	0	0	0	0	0	0
- (Decrements)	0	0	0	0	0	0
Impairment - (Losses)	0	0	0	0	0	0
- Reversals	0	0	0	0	0	0
Depreciation (Expense)	(908,661)	(250,345)	(419,416)	(317,605)	(544,668)	(2,440,695)
Carrying amount at the end of year	20,131,011	4,413,679	3,447,882	10,913,223	9,775,545	48,681,340

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013 \$	2012 \$
10. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	1,977,800	1,171,075
Income in Advance	666,057	656,457
Bond Creditors	1,286,615	1,261,990
Accrued Interest on Debentures	11,890	7,001
Accrued Salaries and Wages	491,042	434,441
Accrued Expenses	507,695	454,671
	<u>4,941,099</u>	<u>3,985,635</u>

11. LONG-TERM BORROWINGS

Current

Secured by Floating Charge Debentures	330,051	797,451
	<u>330,051</u>	<u>797,451</u>

Non-Current

Secured by Floating Charge Debentures	1,965,478	2,233,257
	<u>1,965,478</u>	<u>2,233,257</u>

Additional detail on borrowings is provided in Note 23.

12. PROVISIONS

Analysis of Total Provisions

Current	2,870,874	2,464,488
Non-Current	608,782	432,093
	<u>3,479,656</u>	<u>2,896,581</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Provision for Sick Leave \$	Total \$
Opening balance as at 1 July 2012	1,259,329	1,460,375	176,877	2,896,581
Additional provisions	1,994,981	479,429	105,788	2,580,198
Amounts used	(1,768,396)	(161,379)	(67,348)	(1,997,123)
Used amounts reversed	0	0	0	0
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	0	0	0	0
Balance at 30 June 2013	<u>1,485,914</u>	<u>1,778,425</u>	<u>215,317</u>	<u>3,479,656</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013 \$	2013 Budget \$	2012 \$
13. RESERVES - CASH BACKED			
(a) Buildings and Facilities			
Opening Balance	1,864,080	1,841,812	1,938,876
Amount Set Aside / Transfer to Reserve	310,505	286,900	328,984
Amount Used / Transfer from Reserve	<u>(289,987)</u>	<u>(598,000)</u>	<u>(403,780)</u>
	<u>1,884,598</u>	<u>1,530,712</u>	<u>1,864,080</u>
(b) Plant and Equipment Replacement			
Opening Balance	1,021,773	935,496	1,148,814
Amount Set Aside / Transfer to Reserve	561,470	538,260	427,576
Amount Used / Transfer from Reserve	<u>(715,275)</u>	<u>(918,400)</u>	<u>(554,617)</u>
	<u>867,968</u>	<u>555,356</u>	<u>1,021,773</u>
(c) Parking and Public Transport Improvements			
Opening Balance	1,992,102	1,993,101	3,813,285
Amount Set Aside / Transfer to Reserve	419,448	63,520	1,464,349
Amount Used / Transfer from Reserve	<u>(486,595)</u>	<u>(902,155)</u>	<u>(3,285,532)</u>
	<u>1,924,955</u>	<u>1,154,466</u>	<u>1,992,102</u>
(d) Waste Management			
Opening Balance	101,522	163,485	428,147
Amount Set Aside / Transfer to Reserve	273,034	281,940	174,066
Amount Used / Transfer from Reserve	<u>(3,091)</u>	<u>(5,000)</u>	<u>(500,691)</u>
	<u>371,465</u>	<u>440,425</u>	<u>101,522</u>
(e) HACC Capital Grants			
Opening Balance	78,815	102,255	44,385
Amount Set Aside / Transfer to Reserve	68,221	1,880	34,430
Amount Used / Transfer from Reserve	<u>(102,085)</u>	<u>(55,290)</u>	<u>0</u>
	<u>44,951</u>	<u>48,845</u>	<u>78,815</u>
(f) Undergrounding of Power Lines			
Opening Balance	268,808	269,025	113,148
Amount Set Aside / Transfer to Reserve	1,005,220	994,150	840,360
Amount Used / Transfer from Reserve	<u>(787,164)</u>	<u>(992,000)</u>	<u>(684,700)</u>
	<u>486,864</u>	<u>271,175</u>	<u>268,808</u>
(g) Capital Investment			
Opening Balance	20,514,999	20,162,941	21,746,726
Amount Set Aside / Transfer to Reserve	1,500,000	1,523,520	3,000,000
Amount Used / Transfer from Reserve	<u>(3,716,126)</u>	<u>(21,144,500)</u>	<u>(4,231,727)</u>
	<u>18,298,873</u>	<u>541,961</u>	<u>20,514,999</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013 \$	2013 Budget \$	2012 \$
13. RESERVES - CASH BACKED (Continued...)			
(h) Social Housing			
Opening Balance	0	0	907,043
Amount Set Aside / Transfer to Reserve	0	0	17,099
Amount Used / Transfer from Reserve	0	0	(924,142)
	<u>0</u>	<u>0</u>	<u>0</u>
(i) Student Bursaries			
Opening Balance	46,887	46,973	44,392
Amount Set Aside / Transfer to Reserve	2,308	1,880	2,495
Amount Used / Transfer from Reserve	0	0	0
	<u>49,195</u>	<u>48,853</u>	<u>46,887</u>
(j) Infrastructure Replacement			
Opening Balance	64,530	64,738	108,415
Amount Set Aside / Transfer to Reserve	343,181	342,590	6,094
Amount Used / Transfer from Reserve	(217,168)	(340,000)	(49,979)
	<u>190,543</u>	<u>67,328</u>	<u>64,530</u>
(k) Investment Income Reserve			
Opening Balance	8,422,043	6,567,134	6,283,461
Amount Set Aside / Transfer to Reserve	3,407,486	5,229,386	5,829,840
Amount Used / Transfer from Reserve	(3,710,632)	(8,235,023)	(3,691,258)
	<u>8,118,897</u>	<u>3,561,497</u>	<u>8,422,043</u>
(l) CBD Promotion Reserve			
Opening Balance	234,219	232,964	112,835
Amount Set Aside / Transfer to Reserve	16,441	4,450	188,124
Amount Used / Transfer from Reserve	0	(121,590)	(66,740)
	<u>250,660</u>	<u>115,824</u>	<u>234,219</u>
(m) Public Art			
Opening Balance	25,000	25,000	0
Amount Set Aside / Transfer to Reserve	171,228	171,000	25,000
Amount Used / Transfer from Reserve	(161,099)	(170,000)	0
	<u>35,129</u>	<u>26,000</u>	<u>25,000</u>
TOTAL CASH BACKED RESERVES	<u>32,524,098</u>	<u>8,362,442</u>	<u>34,634,778</u>

All of the reserve accounts are supported by money held in financial institutions and match the amounts shown as restricted cash in this financial report.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

13. RESERVES - CASH BACKED (Continued...)

In accordance with council's resolutions in relation to each reserve account, the purposes for which the funds are set aside and expected utilisation are as follows:

Purpose of Reserve	Expected utilisation
---------------------------	-----------------------------

Buildings and Facilities To provide funds for the future maintenance of Council Buildings and Facilities.	On-going
---	----------

Parking and Public Transport Improvements To maintain and improve the parking facilities within the Municipality.	On-going
---	----------

Waste Management To fund the improvement, replacement and expansion of waste management facilities. Surplus operating funds for Waste Services are transferred to the reserve each year, to provide for future plant replacement.	On-going
---	----------

Plant and Equipment Replacement To fund the future replacement of plant.	On-going
--	----------

Undergrounding of Power Lines To contribute towards the future undergrounding of power lines.	2019/20
---	---------

The City of Subiaco aims to complete undergrounding of low voltage power lines, together with associated street lighting improvements, as part of the State Underground Power Program. Undergrounding of power and associated lighting is to be paid for from general revenue using loan funds if required.

Capital Investment A Capital Investment Reserve is to be maintained to hold the following investment funds: The existing Capital Investment reserve proceeds of any sale of land or other long-term investment assets ,the City's share of the net surplus from the Subi Centro project and any other funds as determined by Council from time-to-time.	On-going
--	----------

The Capital Investment Reserve will be maintained as a holding reserve for investment capital, where available funds will be consolidated until being used only for the purchase of other investment assets (whether property or other assets) in accordance with specific resolutions of Council.

Social Housing To fund social housing initiatives as identified by the City.	On-going
--	----------

Student Bursaries To provide for the development of students within the City of Subiaco.	On-going
--	----------

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

13. RESERVES - CASH BACKED (Continued...)

Investment Income Reserve

On-going

An Investment Income Reserve will be maintained to hold all rents and other income received from long-term investment assets. Effective as of 1 July 2004, all investment income is to be transferred to the Investment Income Reserve from general revenue at six-monthly intervals in accordance with Section 8 of this Policy. Funds held in the Investment Income Reserve may be disbursed from time to time and in accordance with resolutions of Council as follows:

To meet direct costs incurred in managing the investment portfolio, to compensate general revenue for internal costs incurred in managing the investment portfolio, to supplement general revenue as determined by resolution of Council to finance specific community development projects approved by an absolute majority of Council and for reinvestment in the Capital Investment Reserve determined by resolution of Council.

Infrastructure Replacement

On-going

To ensure the continued funding of infrastructure replacement.

HACC Capital Grants

On-going

To hold Capital Grants funds not yet spent on Grant purpose.

CBD Promotion Reserve

On-going

All unspent funds from the "Specified Area Rate" for business promotion, are to be transferred to the CBD Promotion Reserve for future utilisation for business promotion.

Public Art

On-going

To enable the City to support the development and procurement of significant works.

14. RESERVES - ASSET REVALUATION

	2013	2012
	\$	\$
Revaluation Surplus		
Share of associate entity's increase in revaluation surplus	89,459	0
Movement in revaluation surplus	<u>89,459</u>	<u>0</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

15. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

	2013 \$	2013 Budget \$	2012 \$
Cash and Cash Equivalents	<u>40,924,426</u>	<u>11,523,142</u>	<u>41,347,772</u>

(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net Result	3,746,183	3,145,145	437,305
Depreciation	4,905,911	3,703,100	3,896,521
(Profit)/Loss on Sale of Asset	96,431	239,390	5,993
Decrease in Revaluation of Plant & Equipment	80,164	0	0
(Increase)/Decrease in Receivables	(87,673)	(1,068,912)	(103,309)
(Increase)/Decrease in Inventories	(22,114)	(2,632)	(14,216)
Increase/(Decrease) in Payables	955,464	(541,355)	21,198
Increase/(Decrease) in Employee Provisions	583,075	(374,997)	338,713
Adjustment to Share of WMRC	280,741	0	(48,750)
Fair value adjustment of financial assets	0	0	3,340
Grants/Contributions for the Development of Assets	(886,741)	(1,188,478)	(810,275)
Net Cash from Operating Activities	<u>9,651,441</u>	<u>3,911,261</u>	<u>3,726,520</u>

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	30,000	20,000
Credit Card Balance at Balance Date	<u>0</u>	<u>0</u>
Total Amount of Credit Unused	<u>30,000</u>	<u>20,000</u>

Loan Facilities

Loan Facilities - Current	330,051	797,451
Loan Facilities - Non-Current	<u>1,965,478</u>	<u>2,233,257</u>
Total Facilities in Use at Balance Date	<u>2,295,529</u>	<u>3,030,708</u>
Unused Loan Facilities at Balance Date	<u>0</u>	<u>0</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

16. CONTINGENT ASSETS

Subiaco Redevelopment Project

By way of an agreement signed in April 1996 between the City and the Minister for Planning, the City is entitled to a 20% share of any net surplus arising from the "Subi Centro" development project. A non-refundable amount of \$6.1million was paid to the City in 2006/07 as an interim payment.

As the project is not yet complete, no provision has been raised to bring to account the City's share, if any, of any net surplus arising. If the project does not return a surplus the City is not required to contribute to any shortfall

17. CAPITAL AND LEASING COMMITMENTS	2013	2012
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	126,173	22,766
- later than one year but not later than five years	128,652	52,936
- later than five years	<u>254,825</u>	<u>75,702</u>
(b) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	1,122,653	639,678
- plant & equipment purchases	0	176,787
Payable:		
- not later than one year	1,122,653	816,465

The capital expenditure project outstanding at the end of the current reporting period represents building refurbishment and various road and drainage works.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

18. JOINT VENTURE

No joint venture arrangements were entered into during the 2012/13 financial year.

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2013	2012
	\$	\$
Governance	31,684	64,866
General Purpose Funding	2,505,667	2,417,994
Law, Order & Public Safety	131,234	280,725
Health	56,069	70,097
Education & Welfare	474,154	519,215
Community Amenities	2,985,313	3,314,373
Recreation & Culture	20,955,548	20,262,725
Transport	41,377,765	40,035,925
Economic Services	36,044	31,734
Other Property & Services	86,257,655	83,263,936
	<u>154,811,133</u>	<u>150,261,590</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

	2013	2012	2011
20. FINANCIAL RATIOS			
Current Ratio	1.33	1.25	1.27
Asset Sustainability Ratio	2.14	1.84	1.45
Debt Service Cover Ratio	8.91	4.44	6.80
Operating Surplus Ratio	0.07	(0.01)	0.10
Own Source Revenue Coverage Ratio	1.03	0.94	1.04

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 63 of this document.

Adjustment to 2012 ratios only:

Three of the 2012 ratios disclosed above are distorted by items of significant expense totalling \$3,900,000 relating to the Surrender of Lease disclosed in Note 2(a)(i) .

This item forms part of operating revenue and has been included in the calculations above.

This significant expense is considered to be “one-off” and, if it was ignored, the calculations disclosed in the 2012 column above would be as follows:

	2012
Debt Service Cover Ratio	9.12
Operating Surplus Ratio	0.09
Own Source Revenue Coverage Ratio	1.05

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

21. TRUST FUNDS

Funds held at balance date over which the City has no control and which are not included in the financial statements are as follows:

	Balance 1-Jul-12 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-13 \$
Building Industry Training Fund	8,546	207,000	(187,319)	28,228
Building Commission	676	134,421	(121,681)	13,416
	<u>9,222</u>			<u>41,643</u>

22. DISPOSALS OF ASSETS - 2012/13 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant & Equipment						
Law, Order & Public Safety	14,053	15,770	10,000	14,000	(4,053)	(1,770)
Education & Welfare	23,205	23,246	22,546	14,996	(659)	(8,250)
Community Amenities	1,241	113,644	69,250	65,004	68,009	(48,640)
Recreation & Culture	117,995	117,591	109,572	74,001	(8,423)	(43,590)
Transport	97,202	86,207	64,546	49,997	(32,656)	(36,210)
Economic Services	26,346	30,827	25,455	14,997	(891)	(15,830)
Other Property & Services	262,728	303,105	230,271	218,005	(32,457)	(85,100)
Furniture & Equipment						
Governance	16,079	0	0	0	(16,079)	0
Recreation & Culture	9,623	0	0	0	(9,623)	0
Other Property & Services	54,211	0	0	0	(54,211)	0
Economic Services	5,388	0	0	0	(5,388)	0
	<u>628,071</u>	<u>690,390</u>	<u>531,640</u>	<u>451,000</u>	<u>(96,431)</u>	<u>(239,390)</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

23. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

		Principal 1-Jul-12 \$	New Loans \$	Principal Repayments		Principal 30-Jun-13		Interest Repayments	
				Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Particulars									
Recreation and Culture									
Rosalie Park Improvements	121A	718,761	0	22,590	22,600	696,171	696,200	44,743	44,800
Rosalie Park Improvements	121B	160,592	0	4,679	4,700	155,913	155,900	9,776	9,800
Rosalie Park Improvements (*)	121C	0	0	0	91,700	0	1,103,300	0	66,300
Economic Services									
Undergrounding of Powerlines	112B	874,657	0	648,954	649,000	225,703	225,500	30,868	38,800
Undergrounding of Powerlines	119	226,698	0	40,480	40,500	186,218	186,500	13,564	13,700
Undergrounding of Powerlines	122	780,000	0	18,476	103,800	761,524	676,200	34,821	54,100
Undergrounding of Powerlines (*)	123		0	0	38,000	0	1,162,000	0	54,100
Other Property & Services									
Chamber and Office Improvements	118	270,000	0	0	0	270,000	270,000	20,196	20,200
		3,030,708	0	735,179	950,300	2,295,529	4,475,600	153,968	301,800

All other loan repayments were financed by general purpose revenue.

(*) Loan remained undrawn at 30th June 2013.

(b) New Debentures - 2012/13

Particulars/Purpose			Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
			Actual \$	Budget \$						Actual \$	Budget \$	
Rosalie Park Improvements (*)	121C		0	1,195,000	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	1,195,000	N.A.
Undergrounding of Powerlines (*)	123		0	1,200,000	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	1,200,000	N.A.
			0	2,395,000							2,395,000	

(*) Loan remained undrawn at 30th June 2013.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

23. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

There were no unspent debentures at 30th June 2013.

(d) Overdraft

There was no bank overdraft as at 30th June 2013.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

24. RATING INFORMATION - 2012/13 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
General Rate											
@ 5.5 cents in the dollar											
GRV - Residential	5.5000	7,337	183,325,110	10,082,881	62,794	2,368	10,148,043	10,082,880	100,000	5,000	10,187,880
GRV - Commercial	5.5000	1,202	130,566,951	7,181,183	45,529	(1,614)	7,225,098	7,181,180	0	0	7,181,180
GRV - Industrial	5.5000	14	1,283,630	70,600	0	0	70,600	70,600	0	0	70,600
Sub-Totals		8,553	315,175,691	17,334,664	108,323	754	17,443,741	17,334,660	100,000	5,000	17,439,660
Minimum Rates	Minimum \$										
GRV - Residential	670	1,124	11,069,318	753,080	(3,181)	(207)	749,692	753,080	0	0	753,080
GRV - Commercial	670	25	250,591	16,750	389	0	17,139	16,750	0	0	16,750
Sub-Totals		1,149	11,319,909	769,830	(2,792)	(207)	766,831	769,830	0	0	769,830
Discounts and write offs <i>(refer note 27)</i>							18,210,572 (174,574)				18,209,490 (190,000)
Total Amount Raised from General Rate							18,035,998				18,019,490
Specified Area Rate <i>(refer note 25)</i>							605,577				604,910
Total Rates							18,641,575				18,624,400

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

24. RATING INFORMATION - 2012/13 FINANCIAL YEAR (Continued)

(b) Information on Surplus Brought Forward	2013 (30 June 2013 Carried Forward) \$	2013 (1 July 2012 Brought Forward) \$	2012 (30 June 2012 Carried Forward) \$
Surplus - Rate Setting Statement	<u>3,017,122</u>	<u>2,572,184</u>	<u>2,572,184</u>
<u>Comprises:</u>			
Cash - Unrestricted	8,400,328	6,599,849	6,599,849
Cash - Restricted	32,524,098	34,747,923	34,747,923
Rates - Current	79,315	295,610	295,610
Sundry Debtors	1,564,649	1,420,683	1,420,683
GST Receivable	11,721	141,488	141,488
Accrued Income	401,293	391,345	391,345
Prepayments	314,631	25,143	25,143
Inventories			
- Fuel and Materials	57,158	35,044	35,044
Less:			
Reserves - Restricted Cash	(32,524,098)	(34,634,778)	(34,634,778)
Sundry Creditors	(1,977,800)	(1,171,075)	(1,171,075)
Accrued Interest on Debentures	(11,890)	(7,001)	(7,001)
Accrued Salaries and Wages	(491,042)	(434,441)	(434,441)
Accrued Expenses	(507,695)	(454,671)	(454,671)
Income in Advance	(666,057)	(656,457)	(656,457)
Bond Creditors	(1,286,615)	(1,261,990)	(1,261,990)
Current Employee Benefits Provision	(2,870,874)	(2,464,488)	(2,464,488)
Surplus	<u>3,017,122</u>	<u>2,572,184</u>	<u>2,572,184</u>

Difference:

There was no difference between the Surplus/(Deficit) 1 July 2012 Brought Forward position used in the 2013 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2012 audited financial report.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

25. SPECIFIED AREA RATE - 2012/13 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Recreation Centre							
- Rate	1.1490	GRV	52,646,380	604,907	604,910	628,050	726,500
- Interim Rate				669	0	0	0
- Back Rate				1	0	0	0
				605,577	604,910	628,050	726,500

In accordance with Council's adopted 2012/13 budget a Specified Area Rate was levied during the year. The Specified Area Rate was levied for the purpose of contributing towards the promotion of the Subiaco Business District. It was levied on the Central Business District of Subiaco.

The difference between the 2012/13 budgeted amounts for Rate Revenue and Applied to Costs was budgeted to be funded from the CBD Promotion Reserve.

26. SERVICE CHARGES - 2012/13 FINANCIAL YEAR

The city did not impose any service charges for the 2012/13 year.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2012/13 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount		174,344	190,000
			174,344	190,000
Rate Assessment	Write-Off		230	0
Sundry Debtors	Write-Off		4,093	0
Total			178,667	190,000

A discount of 2% of the Rates charge was allowed for rates payments made within 35 days of date of service of the notice of valuation and rate.

The total amount of the discounts granted and the total cost to the City of Subiaco is the amount shown as "Discount allowed" above.

28. INTEREST CHARGES AND INSTALMENTS - 2012/13 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Late Payment Penalty Interest			51,566	45,000
Interest on Deferred Rates			5,778	7,000
			57,344	52,000
Charges on Instalment Plan		52	138,696	138,700
			253,384	242,700

Ratepayers had the option of paying rates in four equal instalments, due on 30th August 2012, 8th November 2012, 10th January 2013 and 14th March 2013. Administration charges and interest applied for the final three instalments.

An interest charge of 11% pa was charged for any late payment of rates.

The amount of revenue raised from such interest charge is indicated as "Late Payment Penalty Interest" above. No other late-payment penalties were imposed.

29. FEES & CHARGES	2013 \$	2012 \$
General Purpose Funding	200,147	178,970
Law, Order & Public Safety	18,998	16,100
Health	173,662	160,524
Education & Welfare	284,710	288,657
Community Amenities	291,690	371,750
Recreation & Culture	3,612,647	3,347,335
Transport	5,163,076	4,342,744
Economic Services	241,636	211,508
Other Property & Services	3,286,610	3,553,079
	<u>13,273,176</u>	<u>12,470,667</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

30. GRANT REVENUE

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

	2013	2012
By Nature and Type:	\$	\$
Operating Grants, Subsidies and Contributions	1,797,820	1,856,207
Non-Operating Grants, Subsidies and Contributions	886,741	810,275
	<u>2,684,561</u>	<u>2,666,482</u>
By Program:		
General Purpose Funding	600,753	751,460
Law, Order & Public Safety	682	9,000
Education & Welfare	1,020,517	962,867
Community Amenities	40,862	38,696
Recreation & Culture	132,777	356,137
Transport	861,505	548,322
Economic Services	27,466	0
	<u>2,684,561</u>	<u>2,666,482</u>

31. ELECTED MEMBERS REMUNERATION

The following fees, expenses and allowances were paid to council members and/or the president.

	2013	2013	2012
	\$	Budget	\$
		\$	
Meeting attendance fee for elected members	82,276	84,000	84,000
meeting attendance fee for Mayor	14,000	14,000	14,000
Mayoral Allowance	13,000	60,000	12,480
Deputy Mayoral Allowance	3,000	3,000	3,000
Other Expenses	18	2,000	0
	<u>112,294</u>	<u>163,000</u>	<u>113,480</u>

32. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

2013	2012
<u>218</u>	<u>210</u>

**CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013**

33. MAJOR LAND TRANSACTIONS

2012/13 Financial Year:

Council did not participate in any major land transactions in the 2012/2013 financial year.

2011/12 Financial Year:

20 Roydhouse Street

The City has paid \$3,900,000 to Bosich Holdings to surrender the long term lease in order to allow for redevelopment of the site.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2012/13 financial year.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

35. FINANCIAL RISK MANAGEMENT

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2013	2012	2013	2012
	\$	\$	\$	\$
Financial Assets				
Cash & cash equivalents	40,924,426	41,347,772	40,924,426	41,347,772
Receivables	18,005,667	17,917,994	18,005,667	17,917,994
	<u>58,930,093</u>	<u>59,265,766</u>	<u>58,930,093</u>	<u>59,265,766</u>
Financial Liabilities				
Payables	4,941,099	3,985,635	4,941,099	3,985,635
Borrowings	2,295,529	3,030,708	2,295,529	2,657,252
	<u>7,236,628</u>	<u>7,016,343</u>	<u>7,236,628</u>	<u>6,642,887</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

35. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk – the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk – the risk that movements in interest rates could affect returns.

Another risk associated with cash and investments is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	2013	2012
	\$	\$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	409,244	413,478
- Statement of Comprehensive Income	409,244	413,478

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

35. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

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

	2013	2012
Percentage of Rates and Annual Charges		
- Current	73.00%	98.00%
- Overdue	27.00%	2.00%
Percentage of Other Receivables		
- Current	38.00%	32.00%
- Overdue	62.00%	68.00%

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2013</u>					
Payables	4,941,099	0	0	4,941,099	4,941,099
Borrowings	428,191	817,863	1,916,944	3,162,998	2,295,529
	<u>5,369,290</u>	<u>817,863</u>	<u>1,916,944</u>	<u>8,104,097</u>	<u>7,236,628</u>
<u>2012</u>					
Payables	3,985,635	0	0	3,985,635	3,985,635
Borrowings	957,609	1,024,052	2,375,980	4,357,641	3,030,708
	<u>4,943,244</u>	<u>1,024,052</u>	<u>2,375,980</u>	<u>8,343,276</u>	<u>7,016,343</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2013

35. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (Continued)

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

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<u>Year Ended 30 June 2013</u>								
Payables								
Borrowings								
Fixed Rate								
Debentures	225,703	0	0	0	186,218	1,883,608	2,295,529	5.80%
Weighted Average Effective Interest Rate	6.41%	0.00%	0.00%	0.00%	6.46%	5.66%		
<u>Year Ended 30 June 2012</u>								
Payables								
Borrowings								
Fixed Rate								
Debentures	0	874,657	0	0	226,698	1,929,353	3,030,708	3.38%
Weighted Average Effective Interest Rate	0.00%	6.41%	0.00%	0.00%	6.46%	7.38%		

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE CITY OF SUBIACO**

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the City of Subiaco, which comprises the statement of financial position as at 30 June 2013, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL REPORT

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

AUDITOR'S OPINION

In our opinion, the financial report of the City of Subiaco is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a giving a true and fair view of the City's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE CITY OF SUBIACO (CONTINUED)**

OTHER MATTERS

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the City.
- b) No other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 63 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS

Date: 15 November 2013
Perth, WA


GREG GODWIN
PARTNER

**CITY OF SUBIACO
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2013**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information.

	2013	2012	2011
Asset Consumption Ratio	0.589	N/A	N/A
Asset Renewal Funding Ratio	1.024	N/A	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio	$\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

N/A -In keeping with amendments to Local Government (Financial Management) Regulation 50, comparatives for the two preceeding years (being 2012 and 2011) have not been reported as financial information is not available.