



Connecting ^{with} community

2013 – 2014
Annual Report





Community beginnings

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 came to the area and named their monastery New Subiaco after the birthplace of the Benedictine Order – Subiaco, Italy.

When the Perth to Fremantle railway opened in 1881, the name Subiaco was adopted for a railway station near the monastery and later for the cluster of houses and businesses that became the present Subiaco.

Subiaco was proclaimed a municipality in 1897 and was officially gazetted as the City of Subiaco in 1952.

About the City of Subiaco

The City of Subiaco is a local government area in inner metropolitan Perth that 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 green and leafy appearance, well-presented houses and streetscapes, and inviting public spaces. Commercial and recreational precincts are lively and diverse, drawing local, national and international visitors who come to enjoy all that Subiaco has to offer.

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 contribute to its implementation.

Key facts

- Total area of 7.1 square kilometres
- Population of 19 693
- 78 hectares of parks, gardens and reserves
- 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 corporate plan

The *Corporate Business Plan* outlines the city's key priorities and actions until 2017. A four-year document that is reviewed annually, it is informed by the *Strategic Community Plan* and aims to integrate the community's aspirations into the city's operations.

This report provides a snapshot of the city's work to achieve the community's vision from 1 July 2013 to 30 June 2014.

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

SUBIACO palms community centre

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 facilitates the development and delivery of a range of services for the wellbeing of the Subiaco community. The directorate is made up of community services, cultural services and recreation services.

Corporate Services

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

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. A new place management branch was established in June 2014 to undertake place making activities, economic and business development, and marketing of the Subiaco Town Centre.

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, waste and recycling services, parks and gardens, and environmental sustainability initiatives.

What's coming up in 2014–15

- Lords roof replacement and car park upgrade
- Subiaco Town Centre Public Realm and Streetscape Enhancement Proposal
- *Rosalie Park Master Plan*
- *Community Facilities Plan*
- Road, drainage and lighting improvements
- Completion of underground power program
- *Integrated Transport Strategy*
- Lake Jualbup project
- Subiaco pArk augmented reality project
- Local government structural reform



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

Our council

The City of Subiaco is comprised of 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 2014:

MAYOR



Heather Henderson

SOUTH WARD



Cr Lee Hemsley



Cr Lynley Hewett



Cr Hugh Richardson

CENTRAL WARD



Cr Scott Arbuckle



Cr Judith Gedero



Cr Leanne Potter

EAST WARD



Cr Paul Clements



Cr Julie Matheson

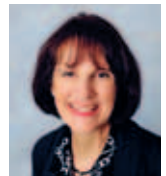


Cr Murray Rowe

NORTH WARD



Cr Mark Burns



Cr Stephanie Stroud



Cr Garry Trinder
(Deputy Mayor)



Hay Street underpass mural by Darren Hutchens, Dan Duggan and Lawry Halden

Message from the Mayor



2014 marks the bicentenary celebrations of one of Subiaco's early community leaders, Rosendo Salvado, a Benedictine monk who came to Western Australia in the mid-nineteenth century and helped found a monastery named New Subiaco. Although brief in existence, the legacy of New Subiaco lives on in name, symbolism and memory – in fact, many people may not realise that the city's crest includes a monk and olive branch in recognition of our Benedictine past. To this day, the city maintains close links with the New Norcia Benedictine Community and will celebrate this connection with a range of events throughout the year.

It is this sense of history that gives Subiaco its unique character and identity, which we are working hard to retain in the face of the state government's local government structural reform agenda. Council has listened to the community's strong preference to remain independent and at a Special Council meeting on 5 June 2014, voted to proceed with legal action intended to maintain this. The City of Subiaco is a high performing and financially sustainable local government and we have a responsibility to our community to do everything we can to retain our independence.

The outstanding results achieved in the Catalyse Community Perceptions Survey (June 2014) are testament to the city's ability to reach out and deliver outstanding services to our community. As a smaller local government, we have an intimate understanding of the issues that affect our local community, which enables us to be very responsive. The survey helps us better understand the needs of residents against the key

performance indicators outlined in our *Strategic Community Plan*, and I am pleased to report that the city showed continuous improvement in several service areas and performed well above the industry standard in many categories.

We would not be an industry leader in access to facilities, services and care for seniors and people with a disability without the support of volunteers. Volunteers are an important link in our community and the contribution they make to the lives of others is highly valued by the city. This year the city has redeveloped its volunteering program to help build a stronger community and ensure every volunteer experience is a positive one. The improved program includes the implementation of a professional volunteer management system, training to support the development of volunteers and recognition of their place at the city.

Volunteering spans the ages and it is some of our youngest volunteers who will make the biggest contribution to the future of our city. Many of the city's events, services and initiatives for children and young people are informed or coordinated by Subi Voice of Youth (SVY) and Subi Kids' Crew (SKC). SVY is a leadership and skills development opportunity for local young people aged twelve to twenty-five who are interested in issues facing young people in the local and broader community, and SKC is a program for children aged seven to eleven years who either live or go to school in the City of Subiaco to develop their sense of civic responsibility.

Subiaco is an exciting place to live, work and recreate. The city is committed to revitalising the whole of the town centre through place making activities and appropriate development, and a key focus for the coming year will be connecting with the local business community.

I would like to take this opportunity to thank Chief Executive Officer Stephen Tindale, his team of directors and the dedicated staff of the City of Subiaco for their contribution to our community, as well as my fellow elected members for their continued passion and commitment.

I am very proud to be the Mayor of the City of Subiaco.

Heather Henderson
Mayor



Message from the CEO



In last year's annual report I mentioned that the City of Subiaco continues to be a leading council in the western suburbs. That still holds true and it is very pleasing to report that since then, the City of Subiaco has been identified as the leading local government in the metropolitan area following a survey of 21 metropolitan and regional local governments.

The City of Subiaco is the industry leader in overall satisfaction, with 97 per cent of residents satisfied with Subiaco as a place to live, including 75 per cent who are 'delighted'.

The city leads the way in: overall satisfaction with the city as a place to live; streetscapes; road maintenance; mix and diversity of housing; animal and pest control; control of graffiti, vandalism and anti-social behaviour; verge-side bulk rubbish collections; library and information services; access to public transport; services, facilities and care available for seniors; and informing the community about services, facilities and events.

The city has significantly improved its performance in: understanding community needs; how the community is consulted about local issues; explaining decisions and taking residents' views into account; openness and transparency in council processes; how the community is informed about local issues; customer service; services and facilities for youth; access to public transport; sport and recreation services; weekly recycling services; and the management and control of traffic on local roads.

Of the twelve key performance measure areas associated with the *Strategic Community Plan*, eleven met the community satisfaction level benchmark of 75 per cent – up from nine the year before.

The city needs to focus on how the city centre is being developed, parking (residential and commercial areas), and footpaths and cycle ways. These three priority areas are already being worked on. During the year the city completed its *Local Planning Strategy* and a draft *Subiaco Activity Centre Structure Plan* was finalised along with the *Economic Development Strategy*. The Visit Subiaco marketing and promotion program was brought in-house, and a place manager was appointed to bring greater emphasis on marketing and promotion, economic and business development, and public art provision and place making in the Subiaco town centre.

The city's *Corporate Business Plan* was reviewed and updated and it is tremendous to report that 97 per cent of the 145 actions identified in the six *Strategic Community Plan* focus areas for the city were completed or are continuing.

The city continues its strong financial sustainability record with seven financial ratios falling comfortably within state government specified limits.

The city's strong performance could not be achieved without a hard working and dedicated team. In the face of constant change and uncertainty, our staff continue to deliver services at industry-leading levels of performance to a diverse range of customers across our community. The organisational culture is strong and healthy.

Whatever the future may bring, the City of Subiaco, in either its present or any new form, will continue to be served by outstanding staff that I have been proud of and had the pleasure of working with.

Stephen Tindale
Chief Executive Officer

2013–14 highlights

Significant projects

- Council endorsed a *Public Open Space Plan*, which aims to ensure a wide and diverse range of recreation opportunities across the city.
- Underground power works in Shenton Park commenced in February 2014. This project is a partnership between the city and Western Power, and is the final step needed to complete the upgrade to underground power in the City of Subiaco, improving the amenity of the area, offering energy savings and providing a brighter future for our community.
- Consistent with council's 2009 resolution to take on the management of Lords Recreation Centre for an initial period of five years, an independent review into the long-term future of the facility and site was conducted and council voted unanimously to retain Lords as a city-run recreation centre. In March 2014, Lords was closed temporarily for asbestos removal and roof replacement works.
- The new *Economic Development Strategy 2013–2017* seeks to improve the level of community wellbeing and stimulate business activity and employment in the city.
- The city continued to keep the community informed about local government structural reform and conducted an independent community survey to gauge community views about reform from a randomised, representative sample, as well as an online survey for anyone who wanted to have their say.
- As part of its comprehensive town planning scheme review, the city's *Local Planning Strategy* was accepted by the Western Australian Planning Commission and a draft *Subiaco Activity Centre Structure Plan* was finalised.
- The city's Drainage Improvement Program continued, with upgrades made to bring older sections of the network up to contemporary standards.
- Management of the city's investment property portfolio to produce a sustainable income stream for the future continued with the commencement of a refurbishment at 588 Hay Street, progress on the redevelopment of the Carter Lane precinct and acquisition of 133 Salvado Road (former TAFE site).
- The Visit Subiaco team, which promotes the Subiaco town centre as a retail and services destination, was brought in-house.

Connecting with community – Subiaco Skate Park

The refurbished Subiaco Skate Park was officially reopened on Saturday 21 September 2013, much to the delight of the Perth skateboarding community.

The improved facility at Nicholson Road Reserve caters to a more diverse range of ages and abilities, and encourages an active lifestyle for young people in Subiaco. It features a linkage between the two skating bowls, an extension of the street run, new skating elements, a china bank and the addition of a refuge area, which provides for both active and passive users.

A noticeable and encouraging result of this development for young people is the friendly and welcoming vibe from its many users. The design concept was based on extensive community consultation conducted by The University of Western Australia in 2011, which looked at usage patterns of the existing skate park.

The upgrade was made possible with a \$50 000 grant from the Department of Sport and Recreation's Community Sporting and Recreation Facilities Fund Program (CSRFF).



Awards and achievements

- The city received the Award for Parks at the 2013 Parks and Leisure Australia Western Australia Awards of Excellence for the recently upgraded Dom Serra Grove, as well as a commendation at the national awards.
- Lords Recreation Centre was a finalist in the Management Best Practice category of the Department of Sport and Recreation's 2014 Sport and Recreation Industry Awards.
- The city's 2013–14 Pitstop event series was shortlisted for the Government Sector Achievement Award at the Injury Control Council of Western Australia's 2014 Injury Prevention and Safety Excellence Awards.
- The city was a finalist in two categories at the Aged and Community Services Western Australia 2014 Excellence in Care Awards; Health and Wellbeing and Projects – Innovation and Best Practice.
- One of the city's longest serving volunteers, John Warrington, was awarded the 2013 Act-Belong-Commit Senior Award and the Subiaco Community Men's Shed Inc was a finalist for the Partner Award.
- Joan Muhling, also a long serving volunteer, received the Lifetime Volunteer Award at the 2014 WA Volunteer of the Year Awards as well as the Volunteer Award at the Aged and Community Services Western Australia 2014 Excellence in Care Awards. Joan was subsequently shortlisted for the national Aged and Community Services Australia Volunteer of the Year.
- One of the city's dedicated volunteers, Sheila Davies, was a finalist in the Volunteering WA People's Choice Award 2014.
- In 2013, Visit Subiaco once again won two Australian Marketing Institute Awards, in the Consumer Insight and Marketing Communications: Business to Consumer categories.
- The following intersection modification projects are partly funded under the state government's Black Spot Program to the value of \$110 000; Barker Road and Axon Street, Selby Street and Nash Street, and Station Street and Hood Street. These intersections were identified as hazardous under the program and will be completed in the next financial year.
- The federal government's Roads to Recovery fund contributed \$125 000 towards the city's road improvement projects.
- A Main Roads Western Australia grant of \$45 000 assisted with general road maintenance and improvement and the state government's Main Roads Metropolitan Regional Roads funded \$645 000 towards the road rehabilitation project.
- The Department of Sport and Recreation provided a grant of \$7490 to assist with Kidsport funding. The funding is allocated to priority families who experience financial hardship to assist with registration costs for children wishing to participate in sport and recreation activities with affiliated clubs in Subiaco.
- A Local Government Energy Efficiency Program grant partially funded the installation of a solar hot water system at Lords Recreation Centre at \$51 000. The new system will significantly reduce heating costs for the pool and hot water heating requirements.
- A Community Sporting and Recreation Facilities Fund grant from the Department of Sport and Recreation for \$50 000 assisted with the refurbishment of the Subiaco Skate Park at Nicholson Road Reserve. The improved facility is well used by youth from across the metropolitan area.
- Home and Community Care (HACC) recurrent funds were received to the value of \$1 037 070 to assist with the city's service delivery of in-home services, community meals, centre based activities, transport and gardening and home maintenance, as per the contract with the Department of Health HACC program. A HACC non-recurrent grant of \$9100 was also received for program equipment and capital items.
- A grant of \$1100 from the Department of Local Government and Communities to run a Thank a Volunteer Day event was used to run a special stall at the 2013 Subiaco Street Festival.

Grants received

- Financial Assistance Grants of \$280 000 from the Australian Government under the *Local Government (Financial Assistance) Act 1995*.
- The city received \$8985 from the federal government's Biodiversity Fund Round One for protecting and enhancing native bushland remnant at Jolimont Primary School. This completed the third year of a five year program of bushland restoration works.
- The city received \$17 000 from a Department of Transport Perth Bicycle Network grant for the development of a bicycle plan.

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 has a strong identity founded in its rich cultural heritage. The city has become renowned for its public art program, which celebrates Subiaco's unique character, history and future aspirations while creating a sense of place in the community. The continued implementation of the *Public Art Strategic Plan* in 2013–14 saw public art integrated in the overall urban design of the city and extended the program across the city's other activities and projects

Collaboration was key. The city worked with interdisciplinary artists and connected with government and private agencies to produce:

- colourful murals at the West Leederville train station underpass and Hay Street underpass as part of Works for Walls
- *Transition Zone*, a temporary public art series that saw contemporary artists interpret the former Bosich site's transition from industrial land to future residential, mixed-use commercial and public open space
- insect hotels, an innovative biodiversity project where students at The University of Western Australia's Faculty of Architecture and Visual Arts designed manmade structures that could be used to provide a nesting site for insects.

A diverse and inclusive community

The city is committed to accessibility for all, and continues to implement the actions in the *Disability, Access and Inclusion Plan 2012–17* on an ongoing basis. Significant areas of improvement have been staff training and development, in particular mental health awareness training.

The redevelopment of the city's website featured a number of accessibility considerations for users with vision impairment, and the new website achieved 100 per cent compliance with WCAG (Web Content Accessibility Guidelines) international standards.

The city's popular summer concert series sunset@subi included Auslan interpreters, additional accessible parking and prominent reserved seating signage for people who use mobility aids. Subiaco and Shenton Park community centres were upgraded to improve access and inclusion, including audio loops and advanced public address systems for people with a hearing impairment.



The city recognises the importance of volunteers in the community, and supported a range of volunteering programs, recognition activities, training and promotion. The city aligned its volunteer management program and documentation with the Volunteering Australia National Standards. One hundred and thirty-nine volunteers assisted the city in delivering services to the community.

The city continued to deliver a range of programs and services to our diverse community including seniors, people from culturally and linguistically diverse backgrounds, people with a disability and residents in public housing. A new community program was launched to provide residents at Wandana flats with social inclusion and social support opportunities onsite.

Markets

The city recognises the importance of markets as a place where people can meet, socialise and feel part of the community. The city's market partners Subiaco Farmers Market, Perth Upmarket and the Rotary Craft and Community Fair attracted high visitation, and the Subi Sunset Food Markets run by in-house project team Visit Subiaco drew strong crowds in November and December 2013.





Children, teens and young adults

Subiaco is a place of opportunity for children, teens and young adults. The city's non-stop program of events included Race around Subi, the Tim Winton Award for Young Writers and Shaun Tan Award for Young Artists, AmpFest and school holiday activities and workshops.

The Subi Voice of Youth (SVY) leadership group continues to provide a voice for young people in our community through regular meetings and a dedicated Facebook page. Key projects included the popular youth zone at the Subiaco Street Festival in December 2013 and the Unleashed event to launch the refurbished Subiaco Skate Park, now a vibrant hub for children and youth. SVY's junior counterparts the Subi Kids' Crew (SKC) boasted sixteen members in 2013–14.

Subi Club at the Tom Dadour Community Centre provides social opportunities for young people with disabilities to get involved in a range of activities. The city continues to support inclusive initiatives such as the Subiaco Community Men's Shed and facilitated a program that brought together members of the men's shed and younger people with disabilities to create meaningful wood working projects.

Our sense of community

Creating a safe environment

The *Community Safety and Crime Prevention Plan 2014–16* was adopted by council in April 2014. The plan details new initiatives to build on past successes and further advance community safety in the city, including a well-established graffiti removal program, completion of a review of the city's Liquor Licensing Policy and a focus on community-led safety and crime prevention.

In the 2014 Catalyse Community Perceptions Survey, the City of Subiaco recorded the industry high in relation to graffiti, vandalism and anti-social behaviour, with 94 per cent satisfaction and 64 per cent of residents reporting that they were 'delighted'.

The street lighting improvement program saw upgrades in the Hollywood precinct on Tareena Street and Hardy, Kanimbla and Karella roads, Nedlands in 2013–14.

In order to enhance the city's emergency management and recovery capacity, an important internal exercise was successfully undertaken in August 2013 to test and review the effectiveness of the city's emergency recovery arrangements.

A community recreation facility

In February 2014, council voted unanimously to continue to manage Lords Recreation Centre following an independent review in order to examine the long-term future of the facility. Lords is one of Perth's leading gyms, combining indoor community sport, health and fitness facilities and group fitness in a positive and welcoming environment.

Lords was temporarily closed on 21 March 2014 as a precautionary measure following the detection of asbestos fibres. Council acted swiftly to commit funds to immediately remove all asbestos and bring forward roof replacement works and other upgrades to this important community facility, which will reopen in late 2014.

While the city's priority was the safety and wellbeing of users, staff and tenants, the passion and commitment of Lords members shone through during the temporary closure. The city quickly established free Lords in the community fitness classes at venues around the city so members could stay in touch with each other and instructors, and this program will continue right up until reopening.

Prior to being shut for the final quarter of the year, Lords recorded 3443 members in 2013–14 with an average of 12 000 attendances per week. A total of 422 sport teams participated in a range of activities during the year, and 88 270 fitness enthusiasts participated in group fitness classes.



Photograph by Grant Taylor



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



Parks open spaces and places

A green and leafy environment

The City of Subiaco is known for its well-maintained parks and abundance of public open spaces in an urban environment. Council endorsed a Register of Significant Park Trees in June 2014. This valuable new register follows on from the previous year's significant street tree register and promotes the conservation of all existing trees, recognising that some trees have added significance and warrant additional protections. Cyclical tree audits and maintenance were undertaken, and the annual verge development assistance program continued.

The city participated in the Native Plant Subsidy Scheme facilitating the sale of approximately 3000 native plants to residents at discounted rates. The city welcomed over sixty people at its National Tree Day community planting event. The annual Sustainable Verge and Garden Awards celebrated its fifth year with thirty-seven entries during 2013–14. The awards promote and encourage verges and gardens that contribute to greening, water conservation and biodiversity in an urban setting.

Being water wise

The city's *Public Open Space Management in a Drying Environment Policy* ensures the city's commitment to a water wise environment. Staff continued to support the Cooperative Research Centre for Water Sensitive Cities project through attendance at relevant events and workshops. The city successfully facilitated the establishment of a sediment control brochure and guidelines for building sites in partnership with WESROC (Western Suburbs Regional Organisations of Councils). Groundwater recharge is an important process for sustainable groundwater management and being water wise. The city installed additional infiltration soak wells on various streets to ensure the natural removal of surface water from an area is effective and minimises the impact on the city's ageing drainage network.





Parks, open spaces and public places

Council adopted a *Public Open Space Plan* in May 2014, which will guide open space planning and design across the city's parks, reserves, civic and public green spaces and be used as a community engagement tool to be applied to open space planning and design.

The city's *Local Greening Plan* to create green corridors is ongoing. The city worked with the Jolimont Primary School community to restore bushland, develop an identified greenway and assist with weed control, dieback interpretation, education, planting and native seed collection as well as creating a community garden. City staff held a workshop at Perth Modern School's living classroom to help students further develop their garden space, and Rosalie Primary School also renewed a school garden space into a living classroom.

4000 plants were planted along Railway Reserve and Hay Street and the city became the first local government to complete the greening of the transit reserve project. Infill planting of the Stubbs Terrace side of the reserve was also undertaken.

Nest boxes designed for micro bats were installed at JH Abrahams Reserve, Mabel Talbot Reserve and Rosalie Park

with a successful colony established and identified through prior installations at JH Abrahams Reserve. Further restoration of the JH Abrahams Bushland Bush Forever Site 402 occurred in partnership with the Department of Parks and Wildlife under the city's management plan.

The city believes play is fundamentally important to a child's health and wellbeing. It enables children to creatively learn about themselves, other people and the world around them. In addition to the sheer enjoyment, fun and exploration stimulated during play, children also develop complex problem solving skills, imagination, abstract thought and flexibility. Ongoing implementation of the city's *Playspace Strategy* saw the redevelopment of playspaces at Cliff Sadlier Reserve and Rosalie Street Park, and extensive community consultation for the Theatre Gardens nature playspace to be constructed in mid 2014.

The Lake Jualbup project team stayed in regular contact with key stakeholders and will begin working on an implementation plan to progress council's 2012 resolution to maintain a sustainable but adequate permanent body of water at Lake Jualbup.

Parks, open spaces and places



Recreation opportunities

A Rosalie Park Master Plan Working Group comprising staff, council and community representatives has been established to guide the long-term redevelopment of the Rosalie Park site. The group will have input into a strategic master plan which may include future recreational opportunities like walk trails and playgrounds. Upgrades to the pavilions at Rosalie Park in the first half of 2014 improved the functionality of the facilities for park users. They included the addition of new storage facilities for the sporting clubs, new kitchen amenities, upgrades to toilet, change room and meeting facilities and renovations of the two pavilions, including a new roof for the west pavilion.

The temporary closure of Lords Recreation Centre and establishment of Lords in the community fitness classes offered a unique opportunity for people of all ages and abilities to enjoy the city's indoor and outdoor facilities at no cost. From boxing and circuit classes at Nicholson Road Reserve to 'Yoga and the arts' at Subiaco Library, an array of recreation opportunities have been provided to suit all members of the community.



A man in a checkered shirt is holding a young boy in a light blue shirt. A young girl in a pink shirt is reaching up towards a display board. The background is a blurred indoor space with warm lighting and other people.

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

As one of Perth's arts and cultural hubs, Subiaco is an entertainment destination of choice. This year, the city partnered with Barking Gecko Theatre Company, Perth International Arts Festival, Catch Music, Befriend, Perth Upmarket, Rotary Club of Matilda Bay, Subiaco Farmers Market, The University of Western Australia, Vocal Ensemble Voiceworks and Rosalie Primary School Parents and Citizens Association to deliver and support events for the whole community.

The city's sunset@subi and sunday@subi free concert series saw twenty musical groups delight a total audience of more than 10 000 people.

The city continued to support events at Subiaco Oval. As the home of football in Western Australia, Subiaco Oval hosts up to forty national and international sporting and entertainment events each year. The city assists by facilitating traffic management around the stadium for the safety of the crowd as they arrive and depart and by implementing and managing parking within the precinct to mitigate the impact events may have on residents.

The city has identified that alcohol related harm is a significant concern for Subiaco youth and businesses. One step to address this is the Pitstop event series. Launched in October 2013, Pitstop offers a late night entertainment zone in the vicinity of Subiaco nightclubs that highlights a message of alcohol harm minimisation.

Supporting businesses in Subiaco

The city recognises the important role the local business community plays in the vitality of Subiaco and is working to achieve economic development outcomes by engaging regularly and collaboratively with local businesses.

To this end, council endorsed the *Economic Development Strategy 2013–2017*, a comprehensive set of actions and initiatives to guide the city and relevant stakeholders in driving economic activity and programs. The strategy incorporates feedback from the business community gathered through a series of workshops and forums held by the Subiaco Business Association, as well as a workshop held by the city in July 2013 attended by key stakeholders in the community.

Information about establishing and operating businesses has been made readily available on the city's newly redeveloped website, with a dedicated 'Your business' section.

The council endorsed place management approach for the City of Subiaco saw the establishment of a new place management branch at the city, with the appointment of a place manager in June 2014. This new branch will realise a shared vision for the development of the town centre and be responsible for place management, economic development and business development, as well as the marketing and promotion of Subiaco's town centre.

Subiaco town centre – a destination of choice

From boutiques and galleries to cafes and theatres, there is something for everyone in Subiaco. The city continued to keep residents, workers and visitors informed about services, facilities and events through a range of online and print mediums, and Visit Subiaco implemented an operational marketing plan during 2013–14. Visit Subiaco Facebook, Twitter and Instagram accounts were a useful tourism tool and the Visit Subiaco website, launched in January 2014, became a one-stop-shop guide to events, attractions and activities in the city.

The city supported the delivery of a number of exciting events in the town centre including a pop up series from July to October 2013 showcasing body paint art displays, Samba bands, interactive children's workshops, fire breathing and acrobatics acts, community blackboards, street photographers, children's games and art workshops, and the initiation of a City to Surf spectator zone along Hay Street in August 2013.

Visit Subiaco encouraged a broad range of hospitality, entertainment and recreation options for workers in the city. The Rooftop Oasis event series, held at the Pavilion Markets site on Friday evenings in March 2014, was a themed alfresco bar, entertainment and food venue that added vibrancy in the area with hundreds of visitors each week. A retail relief program to help target increased visits and spend provided Subiaco retailers and other businesses with a fifty per cent subsidy to place advertisements in local newspapers.

As part of the city's town planning scheme review, council endorsed an urban design framework for the preferred vision for the development of the town centre following community visioning and consultation. The draft *Subiaco Activity Centre Structure Plan* has been forwarded to the Western Australian Planning Commission for consent to advertise.

The city prides itself on its well landscaped and maintained streetscapes. Improvements to streetscapes in the town centre were undertaken through tree planting and weed control in the Hay Street medians to protect newly established plantings. The city continued to ensure waste collection, high pressure bin and pavement cleaning in the town centre met the expectations of businesses and the community.



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 highly valued by the community and plays an important role in the city's identity. The city continues to work with the community by progressing its Community Heritage Survey which resulted in the identification and declaration of a further three conservation areas; Rokeby Road and Hay Street, Rawson Street and Chesters' Subdivision.

The capital maintenance program for city-owned heritage listed buildings continues to lead by example with the inclusion of Nicholson Road Reserve and Subiaco Library on the city's Register of Places of Cultural Heritage Significance.

The city continues to develop, monitor and review its heritage policies and incentives. These policies assist property owners and guide the identification and development of heritage places.

The city established a heritage grants fund to demonstrate its commitment to landowners who want to contribute to the retention and enhancement of Subiaco's built heritage. The first round of grant funding occurred in March 2014 with funds provided for conservation works to the owners of four heritage listed properties to enhance and reveal the heritage significance of these places.

The city held its inaugural Heritage Conservation and Urban Design Awards in May 2014. The awards provide an opportunity for the city to publicly recognise contributions and commitment to the retention and enhancement of the city's rich cultural heritage.

Accommodating an increasing population

The city is reviewing its current town planning scheme to ensure that it reflects best practice for managing land use and development to meet the needs of a growing population. The city's *Local Planning Strategy*, which responds to the state government's *Directions 2031*, was approved by the Western Australian Planning Commission in May 2014. The *Subiaco Activity Centre Structure Plan*, which will guide the future planning and development of the city's town centre and surrounding areas, was submitted to the Western Australian Planning Commission for consent to advertise in December 2013.

A design review panel has been in operation for over a year to provide expert independent design and architectural input on commercial and town centre developments. In 2013–14, ten proposals were referred to the design review panel.

To ensure the city's infrastructure meets the needs of a growing community, the Drainage Improvements Program was completed for 2013–14 with major upgrades to stage one of Keightley Road from Austin Street to Hensman Road, Subiaco.

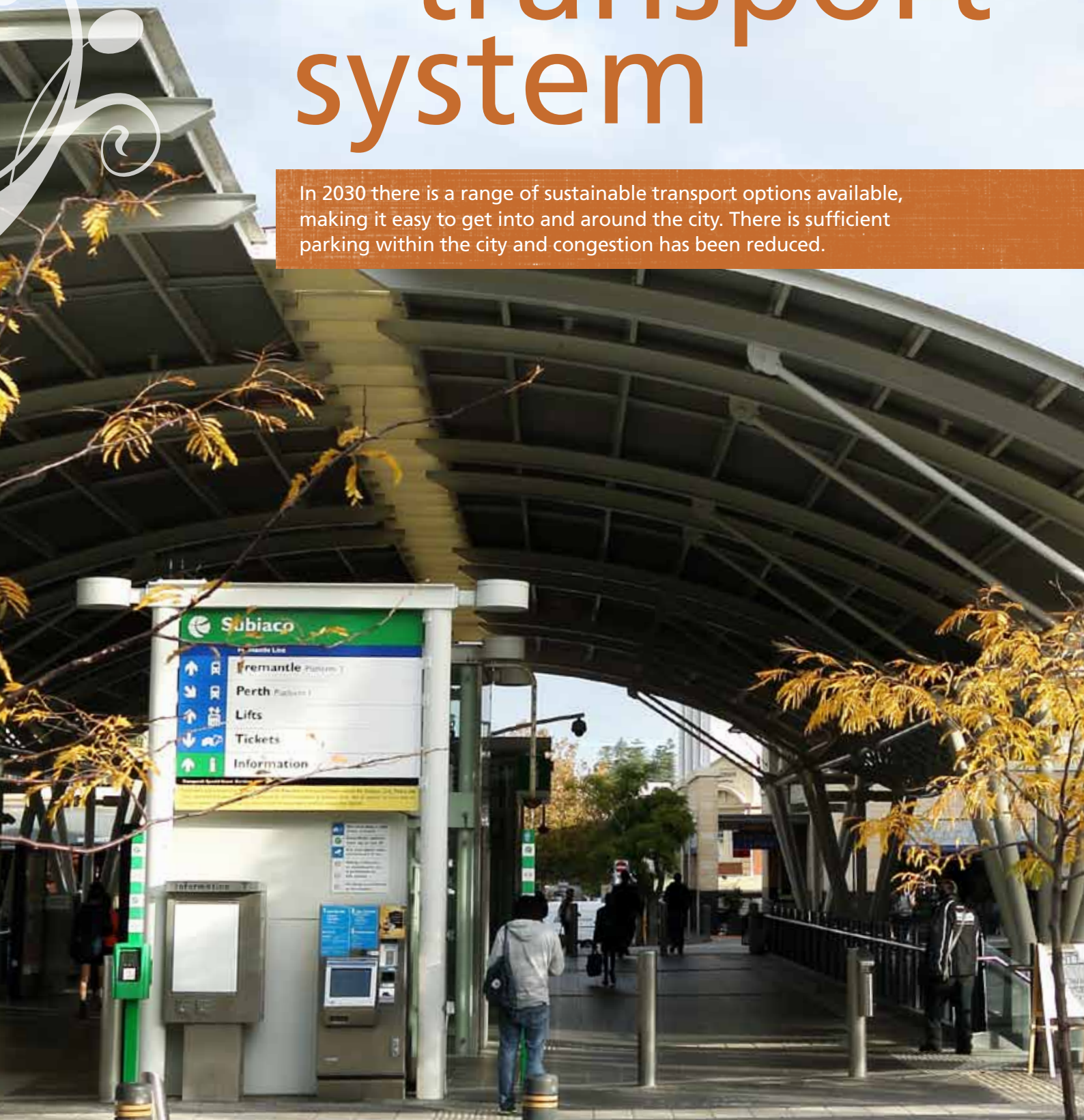
Shenton Park will receive a makeover after underground power works commenced in the area in February 2014. The completion of this project in 2014–15 will conclude the city's underground power program.





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* and 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 implemented a local area traffic management treatment at an identified Black Spot intersection at the corner of Selby and Nash streets in 2012–13, and was successful in receiving funding in 2013–14 under the Black Spot Program to modify the configuration in 2015.

Major resurfacing works on Stubbs Terrace, Monash Avenue, Haydn Bunton Drive, Salvado Road and Onslow Road were undertaken.

Sustainable and accessible transport

The city continued to audit existing public transport service levels and plan for future construction, improvement and maintenance of pedestrian and cycling infrastructure. A draft *Bike Plan* was developed which will be used to inform a review of the city's *Integrated Transport Strategy*.

Bike education classes were undertaken in conjunction with RAC's Community Sponsorships program at local primary schools to increase the number of students that cycle to school. A total of 402 students rode to school on National Ride to School Day and the city sponsored a healthy breakfast. The annual Bike to Work Breakfast took place with 375 people participating and the city co-sponsored the Giro d'Perth event during Bike Week where cyclists enjoyed the city's suburban backstreets as a way of reaching cafes, parks and train stations. The city subsidised the cost of the Subiaco Shuttle (97 Transperth bus) which travels from Subiaco train station through the Subiaco Town Centre to Queen Elizabeth II Medical Centre and The University of Western Australia.



An effective parking system

Parking is a high priority for the city and there continues to be a high demand for parking in Subiaco. The ongoing implementation of the city's *Parking Strategy 2012–16* has seen the completion and initiation of a number of projects designed to improve the management and control of parking within the city. The implementation of parking schemes throughout Shenton Park and west Subiaco to preserve residential amenity were completed in May 2014. Areas to be addressed in the next reporting period are Jolimont and Daglish.

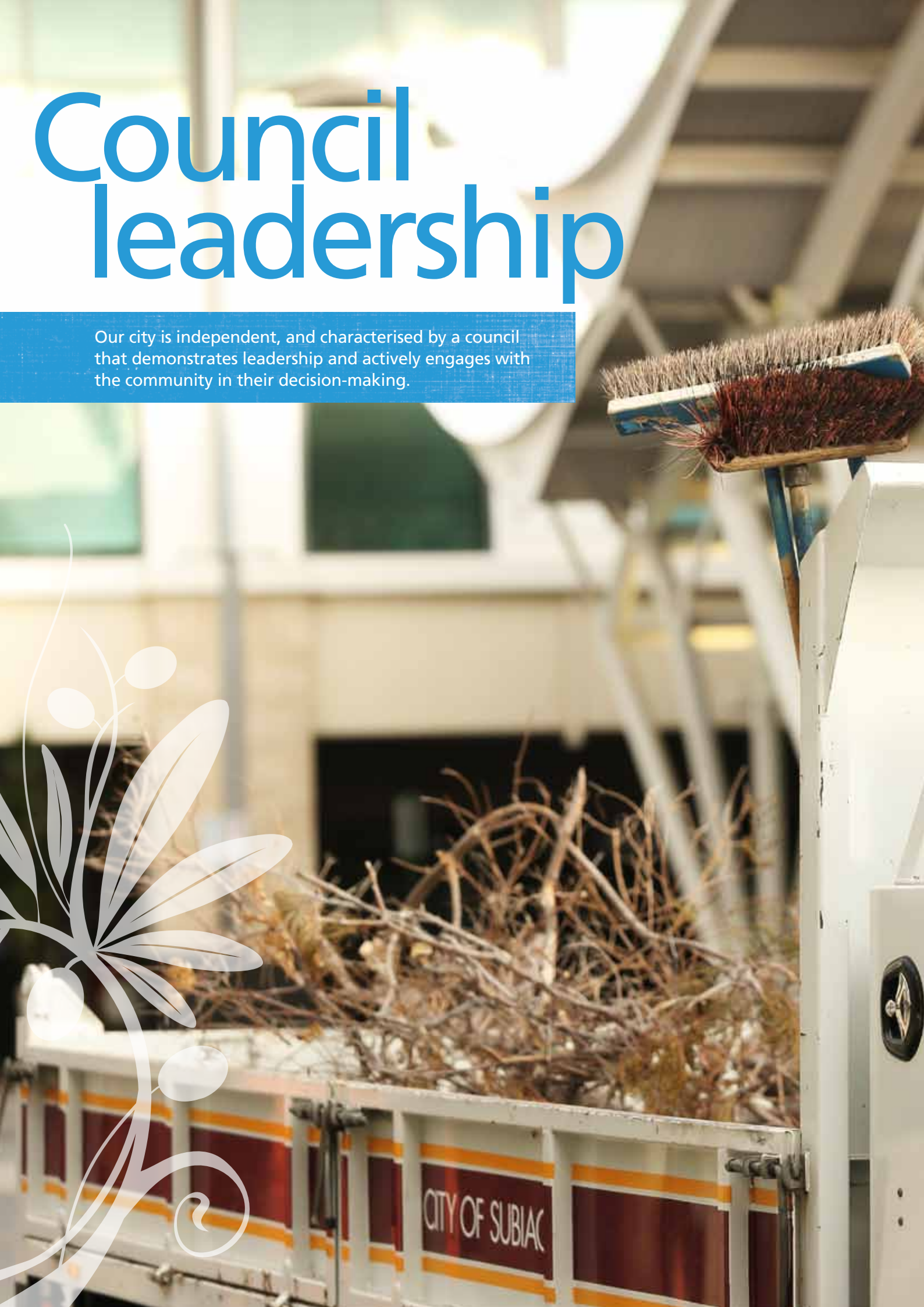
Review of the *Local Law Related to Parking* was initiated in February 2014 and will conclude in December 2014. A statutory review is undertaken every eight years; the law enables the city to determine and enforce parking schemes throughout the municipality.

The city has been divided into eight precincts for the purpose of reviewing existing parking management strategies and developing revised management approaches based on the needs of respective precinct areas and on extensive local area research and analysis. Progress has been made on developing a technology plan which will become the platform for making live-time parking availability accessible to motorists and make compliance processes more efficient.



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 represents the community to ensure the best outcomes for the whole of the City of Subiaco. The city's new *Governance Framework* provides information about council, elected members and administration, the relationships that exist and how they work together to provide good corporate governance. Elected members participated in professional development training and a number of internal governance workshops and forums focusing on areas of importance including the code of conduct, conflicts of interest and meeting procedures.

Meetings at the City of Subiaco are governed through the *City of Subiaco Meeting Procedures Local Law 2013*. The effect of this local law is intended to result in better decision making by the council and committees, the orderly conduct of meetings dealing with council business, better understanding of the process of conducting meetings and more efficient and effective use of time at meetings.

Engaging with the community

Community engagement is at the core of the way the city does business. The city undertook engagement activities to enable broad community participation on the new *Economic Development Strategy*, a draft *Bike Plan* which will be used to inform the upcoming review of the *Integrated Transport Strategy*, the *Community Safety and Crime Prevention Plan*, the new Theatre Gardens play space, Cliff Sadler playground redevelopment, draft *Subiaco Activity Centre Structure Plan*, Henry Street Mini Park and a number of capital works projects.

The city continued to train staff throughout the year using the community engagement handbook whilst supporting and assisting them to engage with the community on their projects.

Innovative, responsive and customer focussed

The June 2014 Catalyse Community Perceptions Survey confirmed the community's high level of satisfaction with the city's services. The annual telephone survey, which benchmarks

local governments across Western Australia, measures community satisfaction across a range of services and facilities, and the City of Subiaco was the top performer of twenty-one local government areas surveyed.

The city's website was redeveloped to help residents, workers and visitors quickly and easily locate all the information they need to know about their community. A *Digital Media Plan* was also developed to guide the city in embracing new technology to increase responsiveness and two-way communication.

The city implemented an innovative Geographic Information System (GIS) mapping tool to provide current information in an online format on a range of council services from the viewing of properties and zoning including aerial imagery to locations of interest. A more user targeted version that quickly brings up pertinent information for any address in the city will be made available in late 2014.

New internet services have improved the speed of access to the internet at the city's facilities. A *Mobility Plan* was completed which explored the implementation of mobile technology tools for senior staff, elected members and identified field staff. This initiative, once operational, will allow staff to utilise innovative technologies to provide real time information transfer and drive operational efficiencies.

Building a resilient and independent city

On 30 July 2013, the state government announced its intention to amalgamate councils in the Perth metropolitan area to reduce the total number from thirty to fourteen. Council is committed to maintaining the City of Subiaco as an independent council in its own right and will continue to work to ensure the best outcome for Subiaco. Regular updates have been provided to the community on local government structural reform via the website and *Subiaco scene*.

Relationships with other local governments and the Western Australian Local Government Association (WALGA) continued to be developed, and Mayor Heather Henderson represented the Central Metropolitan Zone on WALGA's State Council. The City of Subiaco hosted the Western Suburbs Regional Organisation of Councils' transport and environmental projects.





Council leadership

Promoting sustainable practices

The city continued to meet the requirements of the Department of Local Government and Communities' *Integrated Planning and Reporting Framework*. An internal *Integrated Planning and Reporting Framework* was developed to support the annual review of the city's *Corporate Business Plan* and development of directorate and branch plans. A full review of the *Strategic Financial Plan* was undertaken in November 2013 to plan for the next ten years starting in 2014–15.

The city's *Workforce Plan* details the human resources required to deliver local government operations and how these requirements will need to change over the short and long term to meet the priorities set by the community and council. The city has 201.9 full-time equivalent employees (with Lords temporarily closed).

The city's *ICT Plan* provides a four-year program of asset renewal and planned improvements to meet the city's information and technology needs. Work commenced on the ten priority projects identified in the plan.

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 continued to implement the *Local Climate Change Adaptation Action Plan* and *Strategic Waste Minimisation Plan*.

The city partnered with Open Gardens Australia to run a number of garden tours in the Subiaco area to showcase local

examples of sustainable gardens. A trial vertical garden was installed at Subiaco Community Centre and is being monitored to ascertain the potential for this type of device to be an affordable and workable vertical garden option for residents.

In 2013–14 construction and upgrading of the city's drainage system continued with the installation of infiltration pits and below-ground stormwater storage tanks as part of stormwater management initiatives. The stormwater will be recycled to supplement parks' irrigation requirements.

To further reduce our environmental impact, the city is considering a range of initiatives that will provide for digital management of council processes, including information dissemination via tablet technology and mobile applications, to reduce the need for hard copy documents. The city is committed to protecting the global environment through local action and uses vegetable based inks on Australian made 100 per cent recycled paper when printing.

The city installed a trial electric vehicle charge station at Rowland Street car park in 2013. Data from this will be analysed and integrated in an ongoing program to support uptake of more sustainable transport options.

Conference presentations showcased the city's sustainability and best practice initiatives at the Institute of Public Works Engineering Australasia and Parks and Leisure Australia state conferences on the design for healthy communities and nature play. In addition the city hosted a series of eight sustainability education events for residents through Living Smart.

Connecting with community – City of Subiaco website

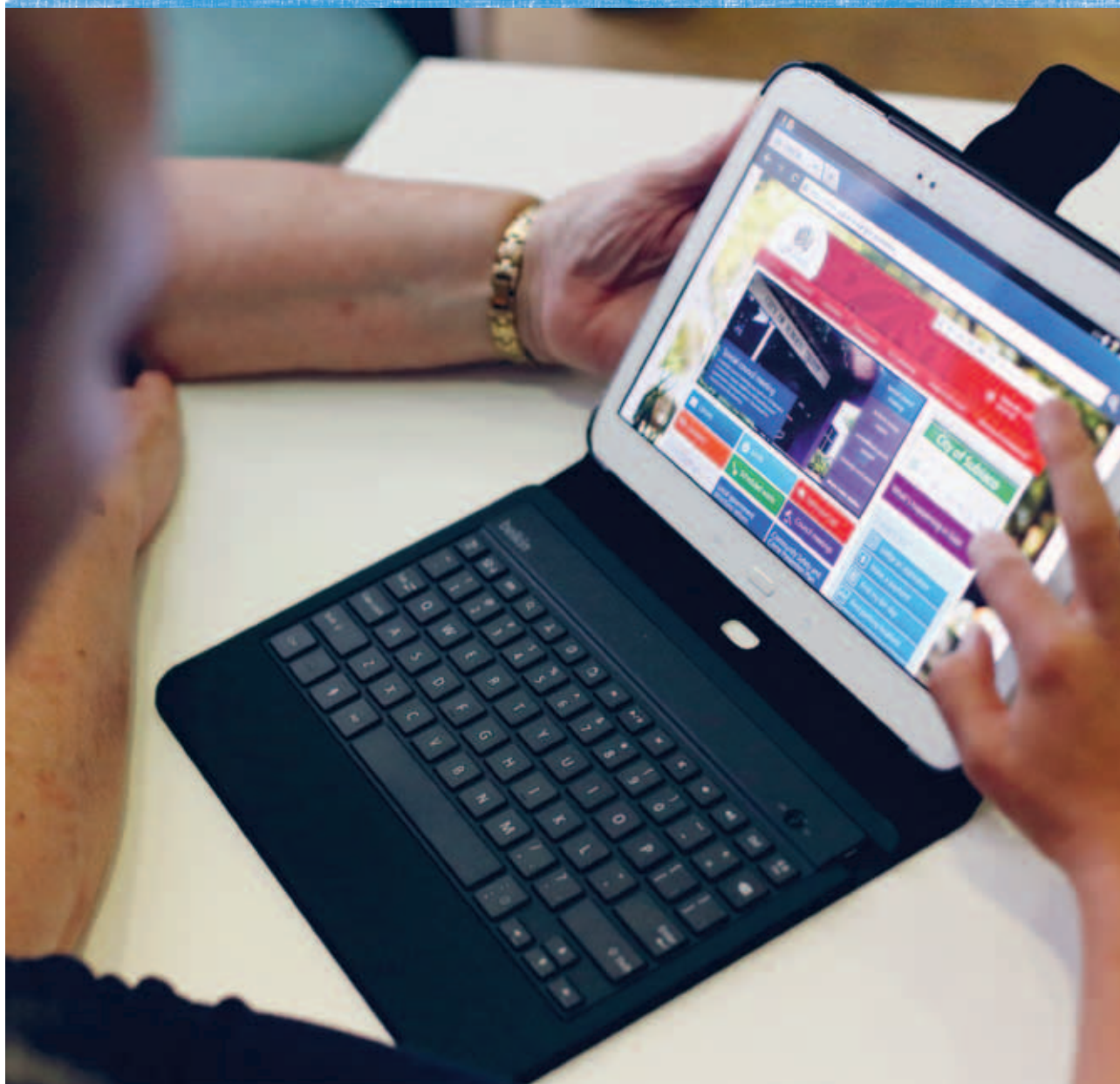
The city's new website, launched in October 2013, makes it easy for residents, businesses and workers to find all the information they need to know about their home, business and community.

The website features a fresh design and dynamic homepage with a news feed, featured items and quick links to popular pages like the events calendar and useful information including the new 'find my bin day' map tool.

Navigation under the key headings of Your council, Your home, Your business, Our community, Things to do in Subi and Planning and development is simple and reflective of community priorities.

The site includes accessibility considerations for those using assistive technology such as screen readers, and increased technological functionality such as image galleries and embedded video allows the city to be more responsive and creative in its communications.

The redevelopment of the website included consultation with the community and research into international digital media trends. Visit www.subiaco.wa.gov.au



Connecting with community – Chesters' Subdivision Conservation Area

The city works closely with residents to identify and protect the city's unique heritage streetscapes by declaring conservation areas. A conservation area is an area that has been assessed as having cultural heritage significance, within which it is considered necessary to apply special planning controls to conserve and enhance the streetscape, key heritage features and notable character elements.

To begin with, city staff consult the residents of the proposed conservation area in order to determine community values on heritage in their area through a survey and meetings upon request. If the results are positive, the city progresses to the assessment stage. Residents participate in this stage by sharing evidence they may have about the history of their properties, and can also meet with the heritage consultant undertaking the assessment to discuss any information they have on their property. Residents and the wider community are then invited to provide formal feedback on the assessment and the proposed conservation area.

In February 2014, council declared the area bounded by Townshend, Hamersley and Heytesbury roads and Salisbury Street as the Chesters' Subdivision Conservation Area.

The area has significance as a collection of aesthetically pleasing streetscapes with strong heritage character. It has retained many good, representative, suburban examples of Federation Queen Anne houses and Federation Bungalows, which form cohesive streetscapes of a limited palette of materials and styles. Collectively the houses illustrate the scale and standard of development considered appropriate for families in the early twentieth century, and provide evidence about the manner in which the residences of senior professionals and business owners existed side by side with the smaller residences of more junior employees and tradesmen.

The area is also significant for its association with the subdivision of the area by James Chesters in 1892. Chesters was an investor from Melbourne and this context demonstrates the status of Western Australia as a place of opportunity during the gold rushes.





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 2013–14 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 amended its *Record Keeping Plan* to meet the statutory obligations outlined in the *State Records Act of 2000*. A renewed focus on improving 'record titling' standards took place and the city's record keeping software (TRIM) was upgraded to enhance information retrieval.

Disability access and inclusion

The city's *Disability Access and Inclusion Plan 2012–17* was progressively implemented and the city met the Disability Services Commission's reporting requirements. 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 under section 5.121 were made to the city during 2013–14.

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	Seven
\$110 000 to \$119 999	Six
\$120 000 to \$129 999	One
\$130 000 to \$139 999	One
\$140 000 to \$149 999	Two
\$160 000 to \$169 999	Three
\$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 2013–14 in relation to anti-competitive practices.



2013–14 income and expenditure summary

	2012–2013 \$'000s	2013–2014 \$'000s
Operating revenue		
Governance	7	4
General purpose funding	22,175	22,848
Law, order and public safety	26	72
Health	175	218
Education and welfare	1,282	1,389
Community amenities	4,592	4,913
Recreation and culture	4,360	3,307
Transport	5,372	5,898
Economic services	283	250
Other property and services	3,627	87,006
Total operating revenue	41,899	125,906
Operating expenditure		
Governance	(1,334)	(1,758)
General purpose funding	(865)	(969)
Law, order and public safety	(2,234)	(1,064)
Health	(548)	(652)
Education and welfare	(2,278)	(3,006)
Community amenities	(6,950)	(6,574)
Recreation and culture	(12,673)	(12,913)
Transport	(7,472)	(9,693)
Economic services	(1,647)	(6,313)
Other property and services	(2,508)	(2,175)
Total operating expenditure	(38,509)	(45,117)
Borrowing costs expense		
Recreation and culture	(55)	(53)
Transport	(79)	-
Economic services	-	(128)
Other property and services	(20)	(20)
Total borrowing costs expense	(154)	(201)
Investments accounted for using the equity method		
Community amenities	(370)	(42)
Total adjustment to share of associates	(370)	(42)
Contributions to the development of assets		
Education and welfare	53	-
Community amenities	41	42
Recreation and culture	72	72
Transport	721	878
Total contribution to the development of assets	887	992
Profit/(loss) on disposal of assets		
Total profit/(loss) on disposal of assets	(96)	(40)
Net result	3,657	81,578
Other comprehensive income		
Share of gain on revaluation of non-current assets of associate	89	107,196
Total other comprehensive income	89	107,196
Total comprehensive income	3,746	188,774

This document, in conjunction with the Annual Financial Statement, forms the city's Annual Report for 2013–14. This page is an extract from the Annual Financial Statement, which is available on request or from the city's website www.subiaco.wa.gov.au

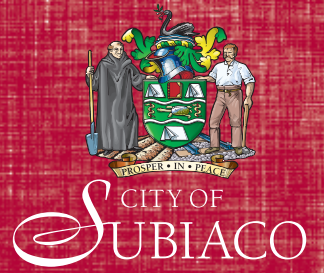


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This document is available in alternative formats upon request.



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



2013 – 2014 Annual Financial Statement



CITY OF SUBIACO



ANNUAL FINANCIAL REPORT

2013 – 2014

CITY OF SUBIACO
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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Principal place of business: 241 Rokeby Road SUBIACO WA 6008	


**CITY OF SUBIACO
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

**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 30 June 2014 are in my opinion properly drawn up to present fairly the financial position of the City of Subiaco at 30th June 2014 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 13th day of November 2014



Stephen Tindale
Chief Executive Officer

CITY OF SUBIACO
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Rates	24	20,108,791	19,923,830	18,641,575
Operating Grants, Subsidies & Contributions	30	1,567,283	1,452,027	1,797,820
Operating Reimbursements & Donations		303,604	293,800	457,062
Fees and Charges	29	16,127,967	14,114,624	13,273,176
Interest Earnings	2(a)	2,269,371	1,722,530	2,733,050
Sanitation Charges		4,587,519	4,602,072	4,298,165
Other Revenue		80,941,854	708,060	697,873
		<u>125,906,389</u>	<u>42,816,943</u>	<u>41,898,721</u>
Expenses				
Employee Costs		(22,544,673)	(20,914,760)	(20,680,763)
Materials and Contracts		(10,461,974)	(13,455,198)	(9,996,041)
Utility Charges		(1,016,500)	(952,754)	(1,022,139)
Depreciation on Non-Current Assets	2(a)	(4,459,020)	(4,191,200)	(4,905,911)
Interest Expenses	2(a)	(201,065)	(471,000)	(153,968)
Insurance Expenses		(602,516)	(600,000)	(461,797)
Other Expenditure		(6,032,347)	(6,167,306)	(1,441,488)
		<u>(45,318,095)</u>	<u>(46,752,218)</u>	<u>(38,662,107)</u>
		80,588,294	(3,935,275)	3,236,614
Non-Operating Grants, Subsidies and Contributions	30	992,391	790,017	886,741
Investment accounted for using the equity method	4	(42,399)	0	(370,200)
Profit on Asset Disposals	22	57,885	11,750	68,009
Loss on Asset Disposals	22	<u>(17,949)</u>	<u>(235,160)</u>	<u>(164,440)</u>
NET RESULT		81,578,222	(3,368,668)	3,656,724
Other Comprehensive Income				
Changes on Revaluation of Non-Current Assets	14	107,195,678	0	89,459
Total Other Comprehensive Income		107,195,678	0	89,459
Total Comprehensive Income		<u>188,773,900</u>	<u>(3,368,668)</u>	<u>3,746,183</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 2014

	NOTE	2014 \$	2014 Budget \$	2013 \$
Revenue				
Governance		4,227	2,000	6,850
General Purpose Funding		22,848,331	21,575,680	22,175,525
Law, Order, Public Safety		72,158	22,900	25,776
Health		217,748	157,278	174,507
Education and Welfare		1,388,909	1,195,327	1,282,110
Community Amenities		4,913,488	4,927,371	4,591,848
Recreation and Culture		3,306,929	4,714,330	4,359,912
Transport		5,898,311	5,081,500	5,372,573
Economic Services		250,127	777,180	282,752
Other Property and Services		87,006,161	4,363,377	3,626,868
	2(a)	125,906,389	42,816,943	41,898,721
Expenses				
Governance		(1,758,012)	(1,981,049)	(1,333,642)
General Purpose Funding		(969,010)	(1,034,965)	(865,409)
Law, Order, Public Safety		(1,063,623)	(1,168,994)	(2,233,908)
Health		(651,936)	(726,065)	(548,083)
Education and Welfare		(3,005,983)	(2,598,799)	(2,278,002)
Community Amenities		(6,573,735)	(6,544,864)	(6,950,022)
Recreation & Culture		(12,913,444)	(14,024,104)	(12,672,570)
Transport		(9,693,142)	(9,699,139)	(7,471,537)
Economic Services		(6,312,818)	(6,358,652)	(1,646,643)
Other Property and Services		(2,175,327)	(2,144,587)	(2,508,323)
	2(a)	(45,117,030)	(46,281,218)	(38,508,139)
Financial Costs				
Recreation & Culture		(52,937)	(133,900)	(54,519)
Transport		0	(8,900)	(79,253)
Economic Services		(127,932)	(308,000)	0
Other Property and Services		(20,196)	(20,200)	(20,196)
	2(a)	(201,065)	(471,000)	(153,968)
Investment accounted for using the equity method				
Community Amenities	4	(42,399)	0	(370,200)
Non-Operating Grants, Subsidies and Contributions				
Education and Welfare		0	55,000	52,695
Community Amenities		42,356	0	40,862
Recreation & Culture		71,900	133,000	72,314
Transport		878,135	602,017	720,870
		992,391	790,017	886,741
Profit/(Loss) on Disposal of Assets				
Governance		0	0	(16,079)
Law, Order, Public Safety		15,330	(32,200)	(4,053)
Health		(3,398)	(12,250)	0
Education and Welfare		0	(6,200)	(659)
Community Amenities		6,803	(55,830)	68,009
Recreation & Culture		20,165	(41,210)	(18,046)
Transport		(2,409)	(23,220)	(32,656)
Economic Services		0	0	(6,279)
Other Property and Services		3,445	(52,500)	(86,668)
		39,936	(223,410)	(96,431)
Net Result		81,578,222	(3,368,668)	3,656,724
Other Comprehensive Income				
Changes on revaluation of non-current assets	14	107,195,678	0	89,459
Total Other Comprehensive Income		107,195,678	0	89,459
Total Comprehensive Income		188,773,900	(3,368,668)	3,746,183

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

**CITY OF SUBIACO
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2014**

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	32,974,925	40,924,426
Trade and Other Receivables	5	17,908,422	2,371,609
Inventories	6	0	57,158
TOTAL CURRENT ASSETS		<u>50,883,347</u>	<u>43,353,193</u>
NON-CURRENT ASSETS			
Other Receivables	5	139,169	15,634,058
Property, Plant and Equipment	7	128,268,881	20,360,622
Investment Properties	8	117,310,566	24,526,079
Investment accounted for using the equity method	4	2,210,670	2,255,841
Infrastructure	9	50,518,027	48,681,340
TOTAL NON-CURRENT ASSETS		<u>298,447,313</u>	<u>111,457,940</u>
TOTAL ASSETS		<u>349,330,660</u>	<u>154,811,133</u>
CURRENT LIABILITIES			
Trade and Other Payables	10	5,481,981	4,941,099
Current Portion of Long Term Borrowings	11	214,206	330,051
Provisions	12	3,111,833	2,870,874
TOTAL CURRENT LIABILITIES		<u>8,808,020</u>	<u>8,142,024</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	11	6,915,687	1,965,478
Provisions	12	738,204	608,782
TOTAL NON-CURRENT LIABILITIES		<u>7,653,891</u>	<u>2,574,260</u>
TOTAL LIABILITIES		<u>16,461,911</u>	<u>10,716,284</u>
EQUITY			
Retained Surplus		201,953,905	111,481,292
Reserves - Cash Backed	13	23,629,707	32,524,098
Revaluation Surplus	14	107,285,137	89,459
TOTAL EQUITY		<u>332,868,749</u>	<u>144,094,849</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 2014**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2012		105,713,888	34,634,778	0	140,348,666
Comprehensive Income					
Net Result		3,656,724	0	0	3,656,724
Changes on Revaluation of Non-Current Assets	14	0	0	89,459	89,459
Total Comprehensive Income		3,656,724	0	89,459	3,746,183
Transfers from/(to) Reserves		2,110,680	(2,110,680)	0	0
Balance as at 30 June 2013		111,481,292	32,524,098	89,459	144,094,849
Comprehensive Income					
Net Result		81,578,222	0	0	81,578,222
Changes on Revaluation of Non-Current Assets	14	0	0	107,195,678	107,195,678
Total Comprehensive Income		81,578,222	0	107,195,678	188,773,900
Transfers from/(to) Reserves		8,894,391	(8,894,391)	0	0
Balance as at 30 June 2014		201,953,905	23,629,707	107,285,137	332,868,749

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 2014**

	NOTE	2014 \$	2014 Budget \$	2013 \$
Cash Flows From Operating Activities				
Receipts				
Rates		20,063,172	19,740,980	18,867,537
Reimbursements & Donations		303,604	293,800	457,062
Operating Grants, Subsidies & Contributions		1,567,283	1,452,027	1,797,820
Fees and Charges		16,136,476	14,569,792	12,839,374
Interest Earnings		2,269,371	1,722,530	2,733,050
Goods and Services Tax		1,378,656	1,250,465	1,471,858
Sanitation Charges		4,587,519	4,602,072	4,298,165
Other Revenue		466,950	708,060	697,873
		<u>46,773,031</u>	<u>44,339,726</u>	<u>43,162,739</u>
Payments				
Employee Costs		(22,011,554)	(20,527,016)	(20,044,664)
Materials and Contracts		(10,019,704)	(13,726,934)	(9,154,829)
Utility Charges		(1,016,500)	(952,754)	(1,022,139)
Interest Expenses		(137,785)	(471,000)	(149,079)
Donation, Contributions and grants made		0	(187,000)	0
Insurance Expenses		(602,516)	(600,000)	(461,797)
Goods and Services Tax		(1,581,697)	(1,250,465)	(1,342,091)
Other Expenditure		(5,904,370)	(5,980,306)	(1,336,699)
		<u>(41,274,126)</u>	<u>(43,695,475)</u>	<u>(33,511,298)</u>
Net Cash Provided By (Used In)				
Operating Activities	15(b)	<u>5,498,905</u>	<u>644,251</u>	<u>9,651,441</u>
Cash Flows from Investing Activities				
Payments for Development of Land & Buildings		(1,637,928)	(746,900)	(436,475)
Payments for Development of Investment Properties		(11,850,490)	(22,040,000)	(3,716,126)
Payments for Work In Progress Investment Properties		(523,839)	0	0
Payments for Purchase of Furniture		(419,032)	(1,555,533)	(381,821)
Payments for Purchase of Plant & Equipment		(1,018,239)	(1,483,000)	(1,439,777)
Payments for Construction of Infrastructure		(4,292,639)	(11,326,747)	(4,783,790)
Non-Operating Grants, Subsidies and Contributions		992,391	790,017	886,741
Proceeds from Sale of Land		0	3,000,000	0
Proceeds from Sale of Plant & Equipment		467,006	386,000	531,640
		<u>467,006</u>	<u>386,000</u>	<u>531,640</u>
Net Cash Provided by (Used in)				
Investment Activities		(18,282,770)	(32,976,163)	(9,339,608)
Cash Flows from Financing Activities				
Repayment of Debentures		(745,636)	(781,600)	(735,179)
Proceeds from New Debentures		5,580,000	6,180,000	0
		<u>5,580,000</u>	<u>6,180,000</u>	<u>0</u>
Net Cash Provided By (Used In)				
Financing Activities		4,834,364	5,398,400	(735,179)
Net Increase (Decrease) in Cash Held		(7,949,501)	(26,933,512)	(423,346)
Cash at Beginning of Year		40,924,426	39,981,980	41,347,772
Cash and Cash Equivalents				
at the End of the Year	15(a)	<u><u>32,974,925</u></u>	<u><u>13,048,468</u></u>	<u><u>40,924,426</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 2014**

	NOTE	2014 Actual \$	2014 Budget \$	2013 Actual \$
Revenue				
Governance		4,227	2,000	6,850
General Purpose Funding		3,362,670	2,262,530	4,139,527
Law, Order, Public Safety		87,488	22,900	25,776
Health		217,748	157,278	174,507
Education and Welfare		1,388,909	1,250,327	1,334,805
Community Amenities		4,928,691	4,927,371	4,330,519
Recreation and Culture		3,398,994	4,847,330	4,432,226
Transport		6,776,446	5,683,517	6,093,443
Economic Services		250,127	777,180	282,752
Other Property and Services		87,013,305	4,375,126	3,626,868
		<u>107,428,605</u>	<u>24,305,559</u>	<u>24,447,273</u>
Expenses				
Governance		(1,758,012)	(1,981,049)	(1,349,721)
General Purpose Funding		(969,010)	(1,034,965)	(865,409)
Law, Order, Public Safety		(1,063,623)	(1,201,194)	(2,237,961)
Health		(655,334)	(738,315)	(548,083)
Education and Welfare		(3,005,983)	(2,604,999)	(2,278,661)
Community Amenities		(6,582,178)	(6,600,694)	(6,950,022)
Recreation and Culture		(12,966,381)	(14,199,214)	(12,745,135)
Transport		(9,695,551)	(9,731,259)	(7,583,446)
Economic Services		(6,440,750)	(6,666,652)	(1,652,922)
Other Property and Services		(2,199,222)	(2,229,036)	(2,615,187)
		<u>(45,336,044)</u>	<u>(46,987,377)</u>	<u>(38,826,547)</u>
Net Result Excluding Rates		62,092,561	(22,681,818)	(14,379,274)
Adjustments for Cash Budget Requirements:				
Fair Value Adjustment on Investment Properties		(80,474,905)	0	0
Fair Value Adjustment on Plant & Equipment		0	0	80,164
(Profit)/Loss on Asset Disposals	22	(39,936)	223,410	96,431
Movement in Deferred Pensioner Rates (Non-Current)		(5,111)	0	9,667
Movement in Employee Benefit Provisions (Non-current)		129,421	0	176,689
Depreciation on Assets	2(a)	4,459,020	4,191,200	4,905,911
Unspent Grants	2(c)	(139,438)	0	0
Capital Expenditure and Revenue				
Purchase Investment Properties	8	(11,850,490)	(22,040,000)	(3,716,126)
Work in Progress Investment Properties	8	(523,839)	0	0
Purchase Land and Buildings	7(a)	(1,637,928)	(746,900)	(436,475)
Purchase Furniture and Equipment	7(a)	(419,032)	(1,555,533)	(1,439,777)
Purchase Plant and Equipment	7(a)	(1,018,239)	(1,483,000)	(381,821)
Purchase Roads	9(a)	(1,600,989)	(4,271,862)	(2,148,628)
Purchase Footpaths	9(a)	(298,465)	(389,470)	(239,942)
Purchase Drainage	9(a)	(920,636)	(1,723,578)	(582,964)
Purchase Street Furniture	9(a)	(425,340)	(2,317,606)	(600,326)
Purchase Parks, gardens, reserves and equipment	9(a)	(1,047,209)	(2,624,231)	(1,211,930)
Write Back Adjustment to Share of Associate	4	42,399	0	370,200
Proceeds from Disposal of Fixed Assets	22	467,006	3,386,000	531,640
Repayment of Debentures	23(a)	(745,636)	(781,600)	(735,179)
Proceeds from New Debentures	23(a)	5,580,000	6,180,000	0
Transfers to Reserves (Restricted Assets)	13	(10,481,401)	(10,423,902)	(8,078,542)
Transfers from Reserves (Restricted Assets)	13	19,375,792	35,715,932	10,189,222
ADD Estimated Surplus July 1 B/Fwd	24(b)	3,017,122	2,029,808	2,572,184
LESS Estimated Surplus June 30 C/Fwd	24(b)	3,020,388	0	3,017,122
Total Amount Raised from General Rate	24(a)	<u>(19,485,661)</u>	<u>(19,313,150)</u>	<u>(18,035,998)</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 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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 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.

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. A separate statement of those monies appears at Note 21. to these financial statements.

(b) 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 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments 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 reported as short term borrowings in current liabilities in the statement of financial position.

(d) 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.

Collectability 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.

(e) 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 Sale

Land held for development and sale 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 profit or loss 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 sale is classified as current except where it is held as non-current based on Council's intentions to release for sale.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and 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.

In 2013, Council 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 was 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. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Buildings at 30 June 2014.

In 2013 as part of Council's review of current land holdings, it was determined that Subiaco Oval and the land upon which it is situated is captured by Regulation 16(a), 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 this Regulation.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land Under Control (Continued)

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 considered 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.
- 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 and Measurement between Mandatory Revaluation Dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, 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.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

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

Transitional Arrangements

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.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Early Adoption of AASB 13 - Fair Value Measurement

Whilst the new accounting standard in relation to Fair Value, AASB 13 – Fair Value Measurement only become applicable for the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology in the previous reporting period (year ended 30 June 2013) the Council chose to early adopt AASB 13

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

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 AASB 1051 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.

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major depreciation periods used for each class of depreciable asset are:

Buildings	40 years
Furniture and Equipment	5 to 10 years
Plant and Equipment	3 to 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 in the period in which they arise.

When revalued assets are disposed of, 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.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

Fair Value is the price that Council would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Council selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Council are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities (Continued)

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(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.

(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 (i.e. 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.

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 and any reduction for impairment; and
- (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.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

The effective interest 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.

Classification and Subsequent Measurement (Continued)

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

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(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 that the Council 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 non-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 payments.

They are subsequently measured at fair value with changes in such fair value (i.e. 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 that 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.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Financial Instruments (Continued)

Impairment

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 (a "loss event") 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 assets, 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 to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

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 continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. 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 of Assets

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 (e.g. AASB 116) whereby 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.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Employee Benefits

Short-Term Employee Benefits

Provision is made for the Council's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Council's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Council's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(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 until such time as the asset is substantially ready for its intended use or sale.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Provisions

Provisions are recognised when the Council has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and 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) Investment in Associates

An associate is an entity over which the Council has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. 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. In addition, the Council's share of the profit or loss of the associate is included in the Council's profit or loss.

The carrying amount of the investment includes, where applicable, 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.

When the Council's share of losses in an associate equals or exceeds its interest in the associate, the Council discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Council will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY OF 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 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 of investment property being valued. Fair values are determined by the valuer using market information, including prices for similar properties in comparable locations.

(r) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 18.

(s) 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 operations for the current reporting period.

(t) 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 9.25% 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.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) 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 sale where it is held as non-current based on the Council's intentions to release for sale.

(v) Rounding Off Figures

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

(w) 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, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(x) 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 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) 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 pronouncements that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows:

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 – Financial Instruments	December 2013	1 January 2018	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 2010 -7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	December 2013	1 January 2018	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).
[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]			

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iii) AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [Not-For-Profit entities] [AASB 1, 3, 5, 7, 9, 2009-11, 101, 107, 112 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	December 2012	1 January 2014	Consequential changes to various standards arising from the issuance of AASB 10, 11, 12, 127 and 128. It is not expected to have a significant impact on Council.
(iv) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	1 January 2014	This Standard adds application guidance to AASB 132: Financial Instruments: Presentation 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. This Standard is not expected to significantly impact the Council's financial statements.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(v)	AASB 2013 - 3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets	June 2013	1 January 2014	<p>This standard makes amendments to AASB 136 and includes requirements to disclose additional information when present value techniques are used to measure the recoverable amount of impaired assets.</p> <p>It is not expected to have a significant impact on Council.</p>
(vi)	AASB 2013-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]	October 2013	1 January 2014	<p>This standard adds Appendix E to AASB 10 to provide implementation guidance for Not-for-Profit entities regarding control criteria from the perspective of not-for-profit entities.</p> <p>It is not expected to have a significant impact on Council.</p>
(vii)	AASB 2013-9: Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]	December 2013	Refer Title column	<p>Part A of this standard makes various editorial corrections to Australian Accounting Standards.</p> <p>Part B of this standard deletes references to AASB 1031 in various Australian Accounting Standards in advance of the withdrawal of AASB 1031.</p> <p>Part C of this standard makes consequential amendments to AASB 9 and numerous other standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.</p> <p>As the bulk of changes related either to editorial or reference changes it is not expected to have a significant impact on Council.</p>

Notes:

⁽¹⁾ 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 2014

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) 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 were compiled, became mandatory and which were applicable to its operations.

These new and revised standards were:

AASB 10	AASB 128	AASB 2012 - 2
AASB 11	AASB 2011 - 7	AASB 2012 - 3
AASB 12	AASB 2011 - 9	AASB 2012 - 5
AASB 119	AASB 2011 - 10	AASB 2012 - 10
AASB 127		

Most of the standards adopted had a minimal effect on the accounting and reporting practices of the Council as they did not have a significant impact on the accounting or reporting practices or were either not applicable, 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.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES	2014	2013
	\$	\$
(a) Net Result		
The Net Result includes:		
(i) Charging as an Expense:		
Significant Expense		
Economic Services	4,500,000	0
This significant expense in 2014 relates to installation of of underground power. It has been classified as Other Expenditure by Nature or Type.		
Investment Property Expenses		
Direct Operating Expenses	638,837	741,984
Depreciation	64,860	64,774
Auditors Remuneration		
- Audit of the annual financial report	21,500	24,000
- Assistance with the finalisation of the annual financial report	0	4,500
- Other Services	5,605	4,250
Depreciation		
Non-Specialised Buildings	492,542	486,519
Specialised Buildings	3,212	3,369
Furniture and Equipment	280,312	340,245
Plant and Equipment	1,006,764	1,570,309
Investment Buildings	64,747	64,774
Roads	965,988	908,661
Footpaths	256,343	250,345
Drainage	327,321	317,605
Parks & Ovals	593,918	544,668
Street Furniture	467,873	419,416
	<u>4,459,020</u>	<u>4,905,911</u>
Interest Expenses (Finance Costs)		
Debentures (refer Note 21.(a))	201,065	153,968
	<u>201,065</u>	<u>153,968</u>
Rental Charges		
- Operating Leases	104,530	143,104
	<u>104,530</u>	<u>143,104</u>
(ii) Crediting as Revenue:		
Investment Property Revenue		
Rent and outgoings	6,305,624	3,258,164
	<u>6,305,624</u>	<u>3,258,164</u>
Significant Revenue		
Fair Value Adjustment of Investment Properties	80,474,905	0
Upfront Lease Payment	3,000,000	0
	<u>83,474,905</u>	<u>0</u>
The significant revenues in 2014 relate to:		
- Fair Value adjustment of investment properties which has been classified as Other Revenue by Nature or Type and Other Property and Services by Program.		
- Upfront lease payment in accordance with the Occupancy Agreement which has been classified as Fees and Charges by Nature or Type and Other Property and Services by Program.		
Other Revenue		
Significant Revenue (Refer Above)	80,474,905	0
Other (including Lords Recreational Facility)	466,949	697,873
	<u>80,941,854</u>	<u>697,873</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

2. REVENUE AND EXPENSES (Continued)

(a) Net Result (Continued)

	2014 Actual \$	2014 Budget \$	2013 Actual \$
Interest Earnings			
- Reserve Funds	1,828,935	1,170,530	2,199,115
- Other Funds	396,586	500,000	476,591
Other Interest Revenue (<i>refer note 28</i>)	43,850	52,000	57,344
	<u>2,269,371</u>	<u>1,722,530</u>	<u>2,733,050</u>

(b) Statement of Objective

The City of Subiaco is dedicated to providing high quality services to the community through the various service-oriented 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:

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 contributes 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.

GOVERNANCE

Objective:

To ensure high quality democratic processes and informed local decision making.

Activities:

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.

Activities:

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.

Activities:

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.

Activities:

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

**CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014**

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

EDUCATION AND WELFARE

Objective:

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

Activities:

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.

Activities:

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.

Activities:

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

TRANSPORT

Objective:

To facilitate safe and convenient transport access.

Activities:

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

ECONOMIC SERVICES

Objective:

To facilitate economic development, promote compliance with building standards, regulations and local laws and enhance public amenity by placing powerlines underground.

Activities:

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.

Activities:

Includes management of the city's investment assets.

STRATEGIC PLAN

In order to discharge its responsibilities to the community, the City 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 2014

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/12 \$	Received ⁽²⁾ 2012/13 \$	Expended ⁽³⁾ 2012/13 \$	Closing Balance ⁽¹⁾ 30/06/13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance 30/06/14 \$
Onslow Park Tennis Courts	Recreation & Culture	74,240	0	(74,240)	0	0	0	0
Salvado Road	Transport	38,905	0	(38,905)	0	0	0	0
Selby/Nash Road	Transport	0	0	0	0	104,000	0	104,000
Restoration of Jolimont	Recreation & Culture	0	0	0	0	12,800	(11,000)	1,800
Perth Bicycle Network	Transport	0	0	0	0	20,668	0	20,668
Broadway Road	Transport	0	0	0	0	70,076	(57,106)	12,970
Total		113,145	0	(113,145)	0	207,544	(68,106)	139,438

Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - 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.
- (3) - 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 2014

	Note	2014 \$	2013 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		9,205,780	8,400,328
Restricted		<u>23,769,145</u>	<u>32,524,098</u>
		<u><u>32,974,925</u></u>	<u><u>40,924,426</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Plant and Equipment Replacement	11	1,226,351	867,968
Building and Facilities	11	2,389,930	1,884,598
Parking and Public Transport Improvements	11	1,818,170	1,924,955
Waste Management	11	580,418	371,465
HACC Capital Grants	11	28,958	44,951
Undergrounding of Power Lines	11	652,536	486,864
Capital Investment	11	5,936,818	18,298,873
Student Bursaries	11	50,890	49,195
Infrastructure Replacement	11	525,767	190,543
Investment Income Reserve	11	10,188,157	8,118,897
CBD Promotion Reserve	11	184,619	250,660
Public Art	11	47,093	35,129
Unspent Grants	2(c)	<u>139,438</u>	<u>0</u>
		<u><u>23,769,145</u></u>	<u><u>32,524,098</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 in accordance with AASB 128 "Investment in Associates" as follows:

	2014 \$	2013 \$
a) Retained Surplus attributed to Investment in Associate:		
Balance at the beginning of the financial year	658,756	939,497
-Share of associate's (loss) from ordinary activities	(42,399)	(370,200)
-Share of associate's reserve increments/(decrement) arising during the year	<u>(2,772)</u>	<u>89,459</u>
Balance at the end of the financial year	<u><u>613,585</u></u>	<u><u>658,756</u></u>
(b) Carrying Amount of Investment in Associate		
Balance at the beginning of the financial year	2,255,841	2,536,582
-Share of associate's (loss) from ordinary activities	(42,399)	(370,200)
-Share of associate's reserve increments/(decrement) arising during the year	<u>(2,772)</u>	<u>89,459</u>
Balance at the end of the financial year	<u><u>2,210,670</u></u>	<u><u>2,255,841</u></u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	Note	2014 \$	2013 \$
4. INVESTMENT IN ASSOCIATE			
(c) Share of associate entity's results and financial position			
Current Assets		1,390,695	1,438,850
Non Current Assets		1,100,202	1,078,781
Total Assets		<u>2,490,897</u>	<u>2,517,631</u>
Current Liabilities		271,028	255,617
Non Current Liabilities		9,198	6,173
Total Liabilities		<u>280,226</u>	<u>261,790</u>
 Revenues		2,566,038	2,576,963
Expenses		(2,608,437)	(2,947,163)
Total (Loss) from ordinary Activities		<u>(42,399)</u>	<u>(370,200)</u>
 Other Comprehensive Income			
Changes in revaluation of non current assets		(2,772)	89,459
Total Other Comprehensive Income		(2,772)	89,459
Total Comprehensive Income		<u>(45,171)</u>	<u>(280,741)</u>
 5. TRADE AND OTHER RECEIVABLES			
Current			
Rates Outstanding		119,823	79,315
Sundry Debtors		2,201,490	1,922,596
GST Receivable		214,762	11,721
Accrued Income		198,645	401,293
Prepayments		68,868	314,631
Less Allowance for Doubtful Debts		(395,166)	(357,947)
Other Receivables		15,500,000	0
		<u>17,908,422</u>	<u>2,371,609</u>
 Non-Current			
Rates Outstanding - Pensioners		139,169	134,058
Other Receivables		0	15,500,000
		<u>139,169</u>	<u>15,634,058</u>
 6. INVENTORIES			
Current			
Consumables		0	57,158
		<u>0</u>	<u>57,158</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2013 \$
7. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold Land at:		
- Independent Valuation 2014	95,390,000	0
- Cost	<u>0</u>	<u>1,815,802</u>
	95,390,000	1,815,802
 Total Land	 <u>95,390,000</u>	 <u>1,815,802</u>
 Non-Specialised Buildings at:		
- Independent Valuation 2014	375,000	0
- Cost	0	321,284
Less: Accumulated Depreciation	<u>0</u>	<u>(25,708)</u>
	375,000	295,576
 Specialised Buildings at:		
- Independent Valuation 2014	28,261,155	0
- Cost	0	19,615,225
Less: Accumulated Depreciation	<u>0</u>	<u>(5,885,583)</u>
	28,261,155	13,729,642
 Total Buildings	 <u>28,636,155</u>	 <u>14,025,218</u>
 Total Land and Buildings	 <u>124,026,155</u>	 <u>15,841,020</u>
 Furniture and Equipment at:		
-Cost	3,904,588	3,485,556
Less Accumulated Depreciation	<u>(2,539,445)</u>	<u>(2,259,133)</u>
	1,365,143	1,226,423
 Plant and Equipment at:		
- Management Valuation 2013	2,851,625	3,293,179
- Additions after Valuation - Cost	1,018,239	0
Less Accumulated Depreciation	<u>(992,281)</u>	<u>0</u>
	2,877,583	3,293,179
	<u>128,268,881</u>	<u>20,360,622</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Land and Buildings:

The City's land and buildings were revalued at 30 June 2014 by independent valuers.

In relation to land and non-specialised buildings, valuations were made on the basis of observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regard to specialised buildings, these were valued having regard for their current replacement cost utilising both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).

Given the significance of the Level 3 inputs into the overall fair value measurement, these specialised building assets are deemed to have been valued using Level 3 inputs.

These Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

The revaluation of these assets resulted in an overall increase of \$107,198,450 in the net value of the City's land and buildings. All of this increase was credited to the revaluation surplus in the City's equity (refer Note 14(a) for further details) and was recognised as Changes on Revaluation of non-current Assets in the Statement of Comprehensive Income.

Plant and Equipment:

Plant and equipment was revalued in 2013 as part of the mandatory requirements embodied in Local Government (Financial Management) Regulation 17A.

Whilst the additions since that time are shown at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. Thus, the value is considered in accordance with Local Government (Financial Management) Regulation 17A (2) which requires these assets to be shown at fair value.

They will be revalued during the year ended 30 June 2016 in accordance with the mandatory asset measurement framework detailed at Note 1(f).

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) 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.

		Balance at the Beginning of the Year \$	Additions \$	Reclassification of Asset Class \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Adjustments \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Freehold Land	(Level 2)	1,815,802	0	(5,460)	0	93,579,658	0	0	95,390,000
Total Land		1,815,802	0	(5,460)	0	93,579,658	0	0	95,390,000
Non-Specialised Buildings	(Level 2)	295,576	0	0	0	82,636	0	(3,212)	375,000
Specialised Buildings	(Level 3)	13,729,642	1,637,928	(150,030)	0	13,536,156	0	(492,541)	28,261,155
Total Buildings		14,025,218	1,637,928	(150,030)	0	13,618,792	0	(495,753)	28,636,155
Total Land and Buildings		15,841,020	1,637,928	(155,490)	0	107,198,450	0	(495,753)	124,026,155
Furniture and Equipment		1,226,423	419,032	0	0	0	0	(280,312)	1,365,143
Plant and Equipment	(Level 2)	3,293,179	1,018,239	0	(427,070)	0	(1)	(1,006,764)	2,877,583
Total Property, Plant and Equipment		20,360,622	3,075,199	(155,490)	(427,070)	107,198,450	(1)	(1,782,829)	128,268,881

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2013 \$
8. INVESTMENT PROPERTIES		
<u>Investment Land</u>		
Investment Land - Cost	0	19,519,046
Investment Land - Independent Valuation 2014	107,701,409	0
	<u>107,701,409</u>	<u>19,519,046</u>
<u>Investment Buildings</u>		
Investment Buildings - Cost	0	5,590,385
Investment Buildings - Independent Valuation 2014	9,085,318	0
Less Accumulated Depreciation	0	(583,352)
	<u>9,085,318</u>	<u>5,007,033</u>
<u>Work In Progress</u>		
Investment Buildings - Cost	523,839	0
	<u>523,839</u>	<u>0</u>
Total Investment Property	<u><u>117,310,566</u></u>	<u><u>24,526,079</u></u>

Investment Land and Buildings:

The City's investment land and buildings were revalued at 30 June 2014 by independent valuers. In the annual financial statements for 2013 the city disclosed a fair value for investment land and buildings of \$136,075,000 provided by an independent valuer. The reduction in fair value for 2014 may have been impacted by such factors as a reduction in the market value of land, several buildings requiring demolition and the 588 Hay Street refurbishment works being accounted for as part of works in progress.

In relation to investment land, valuations were made on the basis of observable open market values of similar assets, adjusted for condition and comparability, at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regard to investment buildings, these were valued having regard for their current replacement cost utilising both observable and unobservable inputs being construction costs based on recent contract prices, current condition (Level 2 inputs), residual values and remaining useful life assessments (Level 3 inputs).

Given the significance of the Level 3 inputs into the overall fair value measurement, these building assets are deemed to have been valued using Level 3 inputs.

These Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

The revaluation of these assets resulted in an overall increase of \$80,474,905 in the net value of the City's land and buildings. All of this increase was credited to the Other Revenue and Other Properties and Services in the City's Statement of Comprehensive Income (refer Note 2(a) for further details).

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

8. INVESTMENT PROPERTIES (Continued)

Movements in Carrying Amounts

	Investment Land (Level 2) \$	Investment Buildings (Level 3) \$	Work In Progress \$	Total \$
Balance as at the beginning of the year	19,519,046	5,007,033	0	24,526,079
Additions	10,246,650	1,603,840	0	11,850,490
Work In Progress	0	0	523,839	523,839
(Disposals)	0	0	0	0
Revaluation - Increments	77,935,713	2,539,192	0	80,474,905
- (Decrements)	0	0	0	0
Impairment - (Losses)	0	0	0	0
- Reversals	0	0	0	0
Depreciation (Expense)	0	(64,747)	0	(64,747)
Carrying amount at the end of year	<u>107,701,409</u>	<u>9,085,318</u>	<u>523,839</u>	<u>117,310,566</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2013 \$
9. INFRASTRUCTURE		
Roads		
- Cost	40,245,820	38,495,083
Less Accumulated Depreciation	<u>(19,337,137)</u>	<u>(18,364,072)</u>
	20,908,683	20,131,011
Footpaths		
- Cost	10,552,187	10,253,722
Less Accumulated Depreciation	<u>(6,096,386)</u>	<u>(5,840,043)</u>
	4,455,801	4,413,679
Drainage		
- Cost	20,559,865	19,639,229
Less Accumulated Depreciation	<u>(9,053,327)</u>	<u>(8,726,006)</u>
	11,506,538	10,913,223
Street Furniture		
- Cost	7,443,443	7,018,103
Less Accumulated Depreciation	<u>(4,038,094)</u>	<u>(3,570,221)</u>
	3,405,349	3,447,882
Parks, gardens, reserves and equipment		
- Cost	15,907,799	14,828,593
Less Accumulated Depreciation	<u>(5,666,143)</u>	<u>(5,053,048)</u>
	10,241,656	9,775,545
	<u>50,518,027</u>	<u>48,681,340</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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.

	Balance as at the Beginning of the Year \$	Additions \$	Reclassification of Asset Class \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Roads	20,131,011	1,600,989	142,671	0	0	0	(965,988)	20,908,683
Footpaths	4,413,679	298,465	0	0	0	0	(256,343)	4,455,801
Drainage	10,913,223	920,636	0	0	0	0	(327,321)	11,506,538
Street Furniture (incl. Bus shelters and proprietary street lights)	3,447,882	425,340	0	0	0	0	(467,873)	3,405,349
Parks, gardens, reserves and equipment	9,775,545	1,047,209	12,820	0	0	0	(593,918)	10,241,656
Total	48,681,340	4,292,639	155,491	0	0	0	(2,611,443)	50,518,027

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2013 \$
10. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	2,139,337	1,977,800
Accrued Interest on Debentures	75,170	11,890
Accrued Salaries and Wages	653,781	491,042
Bond Creditors	1,414,593	1,286,615
Income in Advance	713,593	666,057
Accrued Expenses	485,507	507,695
	<u>5,481,981</u>	<u>4,941,099</u>

11. LONG-TERM BORROWINGS

Current		
Secured by Floating Charge Debentures	214,206	330,051
	<u>214,206</u>	<u>330,051</u>
Non-Current		
Secured by Floating Charge Debentures	6,915,687	1,965,478
	<u>6,915,687</u>	<u>1,965,478</u>

Additional detail on borrowings is provided in Note 23.

12. PROVISIONS

Analysis of Total Provisions

Current	3,111,833	2,870,874
Non-Current	738,204	608,782
	<u>3,850,037</u>	<u>3,479,656</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Provision for Sick Leave \$	Total \$
Opening balance at 1 July 2013	1,485,914	1,778,425	215,317	3,479,656
Additional provision	1,322,946	323,982	91,185	1,738,114
Amounts used	(1,143,934)	(155,984)	(67,815)	(1,367,733)
Balance at 30 June 2014	<u>1,664,926</u>	<u>1,946,423</u>	<u>238,687</u>	<u>3,850,037</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

	2014 \$	2014 Budget \$	2013 \$
13. RESERVES - CASH BACKED			
(a) Plant and Equipment Replacement			
Opening Balance	867,968	650,353	1,021,773
Amount Set Aside / Transfer to Reserve	538,313	532,118	561,470
Amount Used / Transfer from Reserve	<u>(179,930)</u>	<u>(530,000)</u>	<u>(715,275)</u>
	<u>1,226,351</u>	<u>652,471</u>	<u>867,968</u>
(b) Building and Facilities			
Opening Balance	1,884,598	1,695,614	1,864,080
Amount Set Aside / Transfer to Reserve	919,480	905,803	310,505
Amount Used / Transfer from Reserve	<u>(414,148)</u>	<u>(517,710)</u>	<u>(289,987)</u>
	<u>2,389,930</u>	<u>2,083,707</u>	<u>1,884,598</u>
(c) Parking and Public Transport Improvements			
Opening Balance	1,924,955	1,725,981	1,992,102
Amount Set Aside / Transfer to Reserve	104,030	34,545	419,448
Amount Used / Transfer from Reserve	<u>(210,815)</u>	<u>(980,500)</u>	<u>(486,595)</u>
	<u>1,818,170</u>	<u>780,026</u>	<u>1,924,955</u>
(d) Waste Management			
Opening Balance	371,465	364,650	101,522
Amount Set Aside / Transfer to Reserve	449,695	420,549	273,034
Amount Used / Transfer from Reserve	<u>(240,742)</u>	<u>(227,000)</u>	<u>(3,091)</u>
	<u>580,418</u>	<u>558,199</u>	<u>371,465</u>
(e) HACC Capital Grants			
Opening Balance	44,951	75,150	78,815
Amount Set Aside / Transfer to Reserve	2,636	1,462	68,221
Amount Used / Transfer from Reserve	<u>(18,629)</u>	<u>0</u>	<u>(102,085)</u>
	<u>28,958</u>	<u>76,612</u>	<u>44,951</u>
(f) Undergrounding of Power Lines			
Opening Balance	486,864	320,889	268,808
Amount Set Aside / Transfer to Reserve	1,010,257	1,007,114	1,005,220
Amount Used / Transfer from Reserve	<u>(844,585)</u>	<u>(1,027,600)</u>	<u>(787,164)</u>
	<u>652,536</u>	<u>300,403</u>	<u>486,864</u>
(g) Capital Investment			
Opening Balance	18,298,873	19,024,009	20,514,999
Amount Set Aside / Transfer to Reserve	0	1,500,000	1,500,000
Amount Used / Transfer from Reserve	<u>(12,362,055)</u>	<u>(20,402,500)</u>	<u>(3,716,126)</u>
	<u>5,936,818</u>	<u>121,509</u>	<u>18,298,873</u>
(h) Student Bursaries			
Opening Balance	49,195	48,331	46,887
Amount Set Aside / Transfer to Reserve	1,695	1,462	2,308
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>50,890</u>	<u>49,793</u>	<u>49,195</u>
(i) Infrastructure Replacement			
Opening Balance	190,543	300,593	64,530
Amount Set Aside / Transfer to Reserve	499,416	342,015	343,181
Amount Used / Transfer from Reserve	<u>(164,192)</u>	<u>(354,100)</u>	<u>(217,168)</u>
	<u>525,767</u>	<u>288,508</u>	<u>190,543</u>

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

13. RESERVES - CASH BACKED (continued)

	2014 \$	2014 Budget \$	2013 \$
(j) Investment Income Reserve			
Opening Balance	8,118,897	9,368,321	8,422,043
Amount Set Aside / Transfer to Reserve	6,832,824	5,557,590	3,407,486
Amount Used / Transfer from Reserve	<u>(4,763,564)</u>	<u>(11,443,698)</u>	<u>(3,710,632)</u>
	<u>10,188,157</u>	<u>3,482,213</u>	<u>8,118,897</u>
(k) CBD Promotion Reserve			
Opening Balance	250,660	119,845	234,219
Amount Set Aside / Transfer to Reserve	4,203	3,466	16,441
Amount Used / Transfer from Reserve	<u>(70,244)</u>	<u>(115,824)</u>	<u>0</u>
	<u>184,619</u>	<u>7,487</u>	<u>250,660</u>
(l) Public Art			
Opening Balance	35,129	52,770	25,000
Amount Set Aside / Transfer to Reserve	118,852	117,778	171,228
Amount Used / Transfer from Reserve	<u>(106,888)</u>	<u>(117,000)</u>	<u>(161,099)</u>
	<u>47,093</u>	<u>53,548</u>	<u>35,129</u>
TOTAL RESERVES	<u>23,629,707</u>	<u>8,454,476</u>	<u>32,524,098</u>
 Total Opening Balance	 32,524,098	 33,746,506	 34,634,778
Total Amount Set Aside / Transfer to Reserve	10,481,401	10,423,902	8,078,542
Total Amount Used / Transfer from Reserve	<u>(19,375,792)</u>	<u>(35,715,932)</u>	<u>(10,189,222)</u>
TOTAL RESERVES	<u>23,629,707</u>	<u>8,454,476</u>	<u>32,524,098</u>

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

In accordance with council resolutions in relation to each reserve account, the purpose for which the funds are set aside are as follows:

	Expected Utilisation On-going
(a) Plant and Equipment Replacement To fund future replacement of plant.	On-going
(b) Building and Facilities To provide funds for the future maintenance of Council Buildings and Facilities.	On-going
(c) Parking and Public Transport Improvements To maintain and improve the parking facilities within the City.	On-going
(d) 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
(e) HACC Capital Grants To hold Capital Grants not yet spent on Grant purpose.	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)

- | | |
|---|------------------------|
| <p>(f) Undergrounding of Power Lines</p> <p>To contribute towards the future undergrounding of power lines.</p> <p>The City of Subiaco aims to complete the 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.</p> | <p>2034/35</p> |
| <p>(g) Capital Investment</p> <p>A Capital Investment reserve is to be maintained to hold the following investment funds:</p> <ul style="list-style-type: none"> -The existing capital Investment reserve proceeds of any sale or land or other long-term investment ; -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. <p>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.</p> | <p>On-going</p> |
| <p>(h) Student Bursaries</p> <p>To provide for the development of students within the City of Subiaco</p> | <p>On-going</p> |
| <p>(i) Infrastructure Replacement</p> <p>To ensure the continued funding of infrastructure replacement.</p> | <p>On-going</p> |
| <p>(j) Investment Income Reserve</p> <p>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 Policy 10.9 <i>Investment Assets</i> . Funds held in the Investment Income Reserve may be disbursed from time-to-time and in accordance with resolutions of Council as follows:</p> <ul style="list-style-type: none"> -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 -Reinvestment in the Capital Investment Reserve determined by resolution of Council. | <p>On-going</p> |
| <p>(k) CBD Promotion Reserve</p> <p>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.</p> | <p>On-going</p> |
| <p>(l) Public Art</p> <p>To enable the City to support the development and procurement of significant works.</p> | <p>On-going</p> |

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

14. REVALUATION SURPLUS

2014
\$

2013
\$

Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:

(a) Land & Buildings

Opening Balance	0	0
Revaluation Increment	107,198,450	0
Revaluation Decrement	0	0
	<u>107,198,450</u>	<u>0</u>

(b) Plant & Equipment

Opening Balance	89,459	0
Revaluation Increment	(2,771)	89,459
Revaluation Decrement	0	0
	<u>86,687</u>	<u>89,459</u>

TOTAL ASSET REVALUATION SURPLUS

107,285,137

89,459

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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:

	2014 \$	2014 Budget \$	2013 \$
Cash and Cash Equivalents	<u>32,974,925</u>	<u>13,048,468</u>	<u>40,924,426</u>

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

Net Result	81,578,222	(3,368,668)	3,656,724
Depreciation	4,459,020	4,191,200	4,905,911
(Profit)/Loss on Sale of Asset	(39,936)	223,410	96,431
(Increase)/Decrease in Receivables	(240,151)	72,318	(87,673)
(Increase)/Decrease in Inventories	57,158	(2,632)	(22,114)
Increase/(Decrease) in Payables	576,370	(6,360)	955,464
Increase/(Decrease) in Employee Provisions	533,119	325,000	583,075
Grants Contributions for the Development of Assets	(992,391)	(790,017)	(886,741)
Decrease in Revaluation of Plant & Equipment	0	0	80,164
Increase in Revaluation of Investment Property	(80,474,905)	0	0
Adjustment to share in associate	42,399	0	370,200
Net Cash from Operating Activities	<u>5,498,905</u>	<u>644,251</u>	<u>9,651,441</u>

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

	2014 \$	2013 \$
Bank Overdraft limit	0	0
Bank Overdraft at Balance Date	0	0
Credit Card limit	30,000	30,000
Credit Card Balance at Balance Date	0	0
Total Amount of Credit Unused	<u>30,000</u>	<u>30,000</u>

Loan Facilities

Loan Facilities - Current	214,206	330,051
Loan Facilities - Non-Current	6,915,687	1,965,478
Total Facilities in Use at Balance Date	<u>7,129,893</u>	<u>2,295,529</u>

Unused Loan Facilities at Balance Date	<u>NIL</u>	<u>NIL</u>
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CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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.

	2014	2013
	\$	\$
17. CAPITAL AND LEASING COMMITMENTS		
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	115,662	126,173
- later than one year but not later than five years	50,160	128,652
- later than five years	0	0
	<u>165,822</u>	<u>254,825</u>

(b) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects	5,214,588	1,122,653
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The capital expenditure projects outstanding at the end of the current reporting period represents the upgrade of Lords roof, redevelopment of 588 Hay Street, Upgrade of Rosalie Pavilion and installation of street lighting within the Hollywood Precinct.

18. JOINT VENTURE ARRANGEMENTS

The City of Subiaco is not involved in any joint venture arrangements during the 2013/14 financial year.

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2014	2013
	\$	\$
Governance	23,798	31,684
General Purpose Funding	2,547,591	2,505,667
Law, Order, Public Safety	125,110	131,234
Health	52,277	56,069
Education and Welfare	3,899,608	474,154
Community Amenities	2,284,617	2,985,313
Recreation and Culture	66,589,816	20,955,548
Transport	84,498,745	41,377,765
Economic Services	25,891	36,044
Other Property and Services	189,283,207	86,257,655
	<u>349,330,660</u>	<u>154,811,133</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

20. FINANCIAL RATIOS

	2014	2013	2012
Current Ratio	3.08	1.33	1.25
Asset Sustainability Ratio	1.80	2.14	1.84
Debt Service Cover Ratio	90.05	8.91	4.44
Operating Surplus Ratio	0.65	0.07	(0.01)
Own Source Revenue Coverage Ratio	2.74	1.03	0.94

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	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at **Supplementary Ratio Information on Page 64 of this document**.

Three of the 2014 ratios disclosed above are distorted by items of significant revenue of \$3,000,000 relating to an upfront lease payment and \$80,474,905 relating to fair value adjustment on investment properties, plus items of significant expenditure of \$4,500,000 relating to installation of underground power. These items form part of operating revenue and operating expenditure and have been included in the calculations above. The significant revenues and significant expense are considered to be a "one off" and, if they were ignored, the calculations disclosed in the 2014 column above would be as below.

The Debt Service Cover Ratio in 2014 has also been adjusted by \$275,000 which relates to an additional lump sum repayment made to reduce the principal of Loan 122 for Underground Power.

Three of the 2012 ratios disclosed above are distorted by items of significant expense totalling \$3,900,000 relating to the Surrender of Lease. This item forms part of operating revenue and has been included in the calculations above. This significant expense is considered to be a "one off" and, if it was ignored, the calculations disclosed in the 2012 column above would be as follows.

	2014	2012
Debt Service Cover Ratio	9.34	9.12
Operating Surplus Ratio	0.04	0.09
Own Source Revenue Coverage Ratio	1.00	1.05

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

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 July 2013 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2014 \$
Building Industry Training Fund	28,227	303,584	(331,811)	0
Building Commission	13,416	169,093	(182,509)	0
	<u>41,643</u>			<u>0</u>

22. DISPOSALS OF ASSETS - 2013/14 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 and Equipment						
Law, Order, Public Safety	41,943	75,200	57,273	43,000	15,330	(32,200)
Health	15,671	27,250	12,273	15,000	(3,398)	(12,250)
Education and Welfare	0	21,200	0	15,000	0	(6,200)
Community Amenities	163,112	123,830	169,915	68,000	6,803	(55,830)
Recreation and Culture	101,199	142,210	121,364	101,000	20,165	(41,210)
Transport	14,954	68,220	12,545	45,000	(2,409)	(23,220)
Other Property and Services	90,191	151,500	93,636	99,000	3,445	(52,500)
	<u>427,070</u>	<u>609,410</u>	<u>467,006</u>	<u>386,000</u>	<u>39,936</u>	<u>(223,410)</u>

Profit	57,885	11,750
Loss	(17,949)	(235,160)
	<u>39,936</u>	<u>(223,410)</u>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

23. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars		Principal 1 July 2013 \$	New Loans \$	Principal Repayments		Principal 30 June 2014		Interest Repayments	
				Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation and Culture									
Rosalie Park Improvements	121A	696,171	0	24,014	24,000	672,157	672,200	43,315	43,300
Rosalie Park Improvements	121B	155,913	0	4,968	5,000	150,945	150,900	9,487	9,500
Rosalie Park Improvements	121C	0	1,080,000	0	35,200	1,080,000	1,159,800	135	65,600
Rosalie Park Improvements (*)	121D	0	0	0	6,700	0	243,300	0	15,500
Transport									
Street Lighting (*)		0	0	0	19,700	0	215,300	0	8,900
Economic Services									
Undergrounding of Powerlines	112B	225,703	0	225,703	80,300	0	0	2,185	800
Undergrounding of Powerlines	119	186,218	0	186,218	186,500	0	0	18,098	11,000
Undergrounding of Powerlines	122 (now 122B)	761,524	0	304,733	300,400	456,791	454,800	33,899	33,700
Undergrounding of Powerlines	123A	0	4,500,000	0	123,800	4,500,000	4,376,200	73,750	262,500
Other Property and Services									
Chamber and Office Improvements	118	270,000	0	0	0	270,000	270,000	20,196	20,200
		2,295,529	5,580,000	745,636	781,600	7,129,893	7,542,500	201,065	471,000

(*) Loans remained undrawn at 30th June 2014.
All loan repayments were financed by general purpose revenue.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

23. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2013/14

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	1,080,000	1,195,000	WATC	Principal & Interest	20	2,808,915	4.54	1,080,000	1,195,000	0
Undergrounding of Powerlines	123A	4,500,000	4,500,000	WATC	Principal & Interest	20	6,900,700	5.14	4,500,000	4,500,000	0
Street Lighting		0	235,000	N/A	N/A	N/A	N/A	N/A	N/A	235,000	N/A
Rosalie Park Improvements		0	250,000	N/A	N/A	N/A	N/A	N/A	N/A	250,000	N/A
		5,580,000	6,180,000				9,709,615		5,580,000	6,180,000	0

(c) Unspent Debentures

The City of Subiaco had no unspent debentures at 30th June 2014.

(d) Overdraft

The City of Subiaco had no bank overdraft as at 30th June 2014.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

24. RATING INFORMATION - 2013/14 FINANCIAL YEAR

(a) Rates	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 \$
RATE TYPE											
Differential General Rate / General Rate											
GRV - Residential	5.8440	7,373	185,244,212	10,825,673	35,799	1,388	10,862,860	10,804,650	100,000	5,000	10,909,650
GRV - Commercial	5.8440	1,213	132,934,212	7,768,675	148,785	5,461	7,922,921	7,709,670	0	0	7,709,670
GRV - Industrial	5.8440	13	1,283,630	75,015	2,980	0	77,995	75,020	0	0	75,020
Sub-Totals		8,599	319,462,054	18,669,363	187,564	6,849	18,863,776	18,589,340	100,000	5,000	18,694,340
Minimum Payment	Minimum \$										
GRV - Residential	707	1,121	11,037,186	792,547	(3,883)	(165)	788,499	791,130	0	0	791,130
GRV - Commercial	707	25	249,905	17,675	(296)	0	17,379	17,680	0	0	17,680
Sub-Totals		1,146	11,287,091	810,222	(4,179)	(165)	805,878	808,810	0	0	808,810
Discounts and write offs (refer note 27.)							19,669,654 (183,993)				19,503,150 (190,000)
Total Amount Raised From General Rate							19,485,661				19,313,150
Specified Area Rate (refer note 25.)							623,130				610,680
Totals							20,108,791				19,923,830

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

24. RATING INFORMATION - 2013/14 FINANCIAL YEAR (Continued)

(b) Information on Surplus Brought Forward

	2014 (30 June 2014 Carried Forward) \$	2014 (1 July 2013 Brought Forward) \$	2013 (30 June 2013 Carried Forward) \$
Surplus 1 July 13 Brought Forward	<u>3,020,388</u>	<u>3,017,122</u>	<u>3,017,122</u>
<u>Comprises:</u>			
Cash and Cash Equivalents			
Unrestricted	9,205,780	8,400,328	8,400,328
Restricted	23,769,145	32,524,098	32,524,098
Receivables			
Rates Outstanding	119,823	79,315	79,315
Sundry Debtors	1,806,324	1,564,649	1,564,649
GST Receivable	214,762	11,721	11,721
Accrued Income	198,645	401,293	401,293
Prepayments	68,868	314,631	314,631
Inventories			
Consumables	0	57,158	57,158
<u>Less:</u>			
Trade and other Payables			
Sundry Creditors	(2,139,337)	(1,977,800)	(1,977,800)
Accrued Interest on Debentures	(75,170)	(11,890)	(11,890)
Accrued Salaries and Wages	(653,781)	(491,042)	(491,042)
Income in Advance	(713,593)	(666,057)	(666,057)
Bond Creditors	(1,414,593)	(1,286,615)	(1,286,615)
Accrued Expenses	(485,507)	(507,695)	(507,695)
Current Portion of Long Term Borrowings			
Secured by Floating Charge Debentures	(214,206)	(330,051)	(330,051)
Provisions			
Provision for Annual Leave	(1,664,925)	(1,485,914)	(1,485,914)
Provision for Sick Leave	(238,687)	(215,317)	(215,317)
Provision for Long Service Leave	(1,208,221)	(1,169,643)	(1,169,643)
<u>Net Current Assets</u>	<u>26,575,327</u>	<u>35,211,169</u>	<u>35,211,169</u>
Less:			
Reserves - Restricted Cash	(23,769,145)	(32,524,098)	(32,524,098)
Add:			
Secured by Floating Charge Debentures	214,206	330,051	330,051
Surplus	<u>3,020,388</u>	<u>3,017,122</u>	<u>3,017,122</u>

Difference

There was no difference between the Surplus 1 July 2013 Brought Forward position used in the 2014 audited financial report and the Surplus Carried Forward position as disclosed in the 2013 audited financial report.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

25. SPECIFIED AREA RATE - 2013/14 FINANCIAL YEAR

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Recreation Centre							
- Rate	1.1586	GRV	52,710,200	610,695	610,680	706,738	726,500
- Interim Rate				12,402	0	0	0
- Back Rate				33	0	0	0
				623,130	610,680	706,738	726,500

In accordance with Council's adopted 2013/14 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 2013/14 budgeted amounts for Rate Revenue and Applied to Costs was budgeted to be funded from the CBD Promotion Reserve.

26. SERVICE CHARGES - 2013/14 FINANCIAL YEAR

The City of Subiaco did not impose any service charged for the 2013/14 year.

27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2013/14 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Rates	Discount		183,663	190,000
			183,663	190,000
Rate Assessment	Write-Off	N/A	330	0
			183,993	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.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

28. INTEREST CHARGES AND INSTALMENTS - 2013/14 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Late Payment Penalty Interest	11.00%		39,466	45,000
Pensioner Deferred Rate Interest	4.02%		4,384	7,000
			43,850	52,000
Charges on Instalment Plan		52.20	138,330	120,000
			182,180	172,000

Ratepayers had the option of paying rates in four equal instalments, due on 29th August 2013, 7th November 2013, 9th January 2014 and 13th March 2014. 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	2014 \$	2013 \$
General Purpose Funding	188,706	200,147
Law, Order, Public Safety	62,153	18,998
Health	217,748	173,662
Education and Welfare	318,779	284,710
Community Amenities	289,090	291,690
Recreation and Culture	2,756,711	3,612,647
Transport	5,753,317	5,163,076
Economic Services	228,576	241,636
Other Property and Services	6,312,887	3,286,610
	<u>16,127,967</u>	<u>13,273,176</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 2014

30. GRANT REVENUE

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

	2014	2013
By Nature or Type:	\$	\$
Operating Grants, Subsidies and Contributions	1,567,283	1,797,820
Non-Operating Grants, Subsidies and Contributions	992,391	886,741
	<u>2,559,674</u>	<u>2,684,561</u>
By Program:		
General Purpose Funding	281,463	600,753
Law, Order, Public Safety	3,500	682
Education and Welfare	1,040,040	1,020,516
Community Amenities	42,356	40,862
Recreation and Culture	156,456	132,777
Transport	1,001,826	861,505
Economic Services	13,364	27,466
Other Property and Services	20,669	0
	<u>2,559,674</u>	<u>2,684,561</u>

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>202</u>	<u>218</u>
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32. ELECTED MEMBERS REMUNERATION

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

	2014	2014	2013
	\$	Budget	\$
		\$	
Meeting Fees	259,043	264,000	82,276
Meeting Attendance Fees - Mayor	29,500	29,500	14,000
Mayoral Allowance	60,000	60,000	13,000
Deputy Mayoral Allowance	15,000	15,000	3,000
ICT Allowance	37,700	37,700	0
Other Expenses	1,278	2,000	18
	<u>402,521</u>	<u>408,200</u>	<u>112,294</u>

33. MAJOR LAND TRANSACTIONS

2013/14 Financial Year

588 Hay Street

The two level office building forms part of the city's property investment portfolio. The former tenant vacated the premises on 30 June 2013 upon expiration of its lease, upon which it was clear that the building had to be refurbished to comply with current statutory requirements and contemporary office standards. The cost of refurbishment is budgeted at \$2,500,000 in total over the 2013/14 and 2014/15 financial years funded from the Capital Investment Reserve. The building is to be offered for lease upon completion.

41 Bishop Street

Council previously resolved to retain and refurbish the existing office building, in order to further the city's program to recapitalise its property investment portfolio and increase recurrent income. The cost of refurbishment was \$4,168,170 in total over the 2011/12, 2012/13 and 2013/14 financial years funded from the Capital Investment Reserve. The building was completed in August 2013 and was subsequently leased.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

33. MAJOR LAND TRANSACTIONS (Continued)

2013/14 Financial Year (Continued)

20 Roydhouse Street

The City acquired this property through payment for surrender of long term lease in 2011/12 to allow for redevelopment of the site. Redevelopment is expected to be completed in 2014/15 at an estimated cost of approx. \$4,000,000. The proposed new precinct will allow for the provision of community and public infrastructure and the release of land for development, and will provide a capital return from land sales as well as positive social and economic benefits to the community through improved pedestrian safety, increased green space, proper vehicular access, community infrastructure and increased property values.

133 Salvado Road, Wembley

The City paid \$10,090,091 (excl GST) to acquire the land and buildings at 133 Salvado Road, Wembley in accordance with the business plan adopted by council in November 2012. The business plan detailed preliminary information on various options of potential rental income and return on investments. Since acquisition of this property additional investigation on potential options has been conducted. This information is being further considered and is pending council decision.

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.

2008/09 Financial Year

6 Tighe Street

The City has entered an agreement with the tenant to sell 6 Tighe Street to St Ives Pty Ltd. A deposit of \$1,500,000 was received in 2008/09. A further \$8,500,000 was received in 2009/10. The balance of \$15,500,000 remains as a deferred debtor transaction, with interest earnings based on the BBSW + 1.5% paid quarterly. The debts will be fully recovered by December 2014.

34. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2013/14 financial year.

35. LOCAL GOVERNMENT REFORM PROCESS

The Local Government Advisory Board has made recommendations to the Minister for Local Government involving substantial change to metropolitan local government boundaries and some of those recommendations have been accepted by the Minister. One of the accepted recommendations is for the City of Subiaco north of Aberdare Road to be subsumed by the Town of Cambridge and that the enlarged Town of Cambridge be renamed City of Subiaco. The State Government has not formalised what will occur south of Aberdare Road.

The City of Subiaco is involved in a joint legal action requesting a judicial review of the process undertaken by the State Government in arriving at and acting on the recommendations of the Local Government Advisory Board. The city's exposure in this joint legal action is in relation to its contribution towards legal costs.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

36. 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 interest rate risk. 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	
	2014	2013	2014	2013
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	32,974,925	40,924,426	32,974,925	40,924,426
Receivables	18,047,591	18,005,667	18,047,591	18,005,667
	<u>51,022,516</u>	<u>58,930,093</u>	<u>51,022,516</u>	<u>58,930,093</u>
Financial Liabilities				
Payables	5,481,981	4,941,099	5,481,981	4,941,099
Borrowings	7,129,893	2,295,529	5,810,417	1,835,774
	<u>12,611,874</u>	<u>7,236,628</u>	<u>11,292,398</u>	<u>6,776,873</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 2014

36. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash 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.

Cash is also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash 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 investing in registered commercial banks. Council also seeks advice from independent advisers (where applicable) before placing any cash.

	2014	2013
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	329,749	409,244
- Statement of Comprehensive Income	329,749	409,244

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements.

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

36. 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:

	2014	2013
Percentage of Rates and Annual Charges		
- Current	53%	73%
- Overdue	47%	27%
Percentage of Other Receivables		
- Current	6%	38%
- Overdue	94%	62%

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

36. 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>2014</u>					
Payables	5,481,981	0	0	5,481,981	5,481,981
Borrowings	594,592	2,378,368	8,585,008	11,557,968	7,129,893
	<u>6,076,573</u>	<u>2,378,368</u>	<u>8,585,008</u>	<u>17,039,949</u>	<u>12,611,874</u>
<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>

CITY OF SUBIACO
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2014

36. 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 2014</u>								
Borrowings								
Fixed Rate								
Debentures	0	0	0	0	0	7,129,893	7,129,893	5.21%
Weighted Average Effective Interest Rate	0.00%	0.00%	0.00%	0.00%	0.00%	5.21%		
<u>Year Ended 30 June 2013</u>								
Borrowings								
Fixed Rate								
Debentures	225,703	0	0	0	186,218	1,883,608	2,295,529	3.38%
Weighted Average Effective Interest Rate	6.41%	0.00%	0.00%	0.00%	6.46%	5.66%		

**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 2014, 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 2014 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 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 64 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


GREG GODWIN
PARTNER

Date: 13 November 2014
Perth, WA

**CITY OF SUBIACO
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2014**

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report

	2014	2013	2012
Asset Consumption Ratio	0.711	0.589	N/A
Asset Renewal Funding Ratio	1.222	1.024	N/A

The above ratios are calculated as follows:

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

N/A - In keeping with amendments to Local Government (Financial Management) Regulations 50, comparatives for 2012 have not been reported as financial information is not available.