



2017 – 18  
Annual  
Report







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## Mayor's message

Last month marked my first year as Mayor and an opportunity to reflect on the progress that the City of Subiaco has made as a local government organisation over the last year – and the work that is still to come. This Annual Report provides an overview of the work completed in 2017-18 and highlights our collective achievements.

I would like to commend the staff at the city who come to work each day to provide high quality services, facilities, programs and essential infrastructure for the community.

I became Mayor because I wanted to be part of a team that helped make the City of Subiaco the preferred place to live, visit, work and do business. This is an incredibly important time for our community and the decisions council is making will set us up for future generations.

Local government equals community. We are fortunate to have such a talented, passionate and intelligent community in the City of Subiaco. I speak with residents and businesses every day and hear from people who travel to Subiaco for work, hospital treatment or leisure. We each bring different experiences to our community but what we all have in common is a desire to make Subiaco the best place it can be.

Council is doing everything it can to get future planning that's right for our community. There's no question that the current Local Planning Scheme and Strategy are not suitable. I believe we can preserve what our community loves about Subiaco while continuing to build an economically robust and adaptable community where people want to live.

The Subiaco East redevelopment will transform the north-eastern portion of Subiaco and see a large increase in population over the next ten years. We welcome the new secondary school, which is set to open in 2020. The Subiaco Oval Memorandum of Understanding has secured our involvement in planning for the future of this area and

preserved green space and community access to Subiaco Oval. We are addressing transport planning and good design outcomes, and pursuing a cultural space to honour our heritage of football, arts and culture.

As Mayor, I believe genuine relationships and communication will lead to better outcomes. We need to partner and collaborate. We must demonstrate best practice governance. And we need to share good news.

Everyone in the community has the opportunity to respectfully participate in their local government. As elected members, our job is to listen to all voices and use all information to make discerning decisions. My fellow councillors bring a diverse mix of experience to the table and I thank them for their continued commitment to the City of Subiaco.

On behalf of the Council, I would like to recognise Heather Henderson, who was awarded Freeman of the City in May this year. Well-known in the community and recognised in the industry, Heather retired from local government in October 2017 after 12 years as Mayor and 25 serving the city. I thank her for her dedication and contribution.

To former Chief Executive Officer Don Burnett, thank you for your tenure. Don had to make some tough decisions as CEO and he delivered each of these with the best outcomes for Subiaco in mind.

To current Chief Executive Officer Rochelle Lavery and the executive team, your leadership and work on key projects is valued.

Subiaco is one of the loveliest places to live and work. We need positivity, excitement, leadership and drive to ensure Subi thrives. Working together we can make this possible.

**Penny Taylor**

Mayor

November 2018



# CEO's message

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It is a privilege to be writing this Chief Executive Officer's report.

The City of Subiaco is an outstanding place to spend time, whether you are a resident, business owner, worker in the area or visitor to our parks, shops, cafes and other facilities.

As a city, we want to support a seven-day a week economy where the community can access services and conveniences in a relaxed and enjoyable environment.

As an organisation, we want to be responsive to the needs of our community. Local government plays an essential role in our community and wherever possible we are looking to streamline processes, reduce red tape and work with our residents, businesses and other stakeholders for positive outcomes.

Many of our economic development and business support initiatives are starting to come together and you can see the change in business confidence.

I'm pleased to report on a number of achievements this year. The city completed significant upgrade works to Lake Jualbup. The project, undertaken to maintain a sustainable body of water, has been several years in the making and followed rigorous consultation with Aboriginal representatives, local residents, community stakeholders and consultants.

The city was awarded Platinum Waterwise Council of the Year in May 2018. This achievement recognises the city's leadership in waterwise programs, including industry-leading environmental projects and community education, and is something we are very proud of.

The city is fortunate to manage a significant property investment portfolio, revenue from which is used for the maintenance and renewal of our assets. We continue to implement strategies to improve this revenue and, in turn, ensure the financial sustainability of the organisation now and into the future.

We are making strides in other projects, services and facilities – from managing parking and other assets to improving services such as waste and recycling. Facility upgrades in the coming year will help us better serve the community.

Our work on the Draft Local Planning Strategy and Draft Local Planning Scheme No. 5 has been one of the city's most significant projects to date and I thank each and every community member who has made a submission. As we work through the statutory process, this feedback will help shape council's response to the Western Australian Planning Commission.

The Metropolitan Redevelopment Authority and LandCorp's master planning for the Subi East redevelopment is progressing with involvement from the city at many levels.

The coming year will see the adoption of the city's new Corporate Business Plan, which will outline the projects and actions that will govern our direction for the next four years.

Our staff are our greatest asset and I acknowledge their hard work, dedication to the city and positive attitude. Everything they do is with the community in mind.

I'd like to take this opportunity to recognise former CEO Don Burnett for his service from October 2015 to June 2018.

I also recognise the contribution of our Mayor and councillors, each of whom is seeking to ensure Subiaco is well set up for the future.

We will continue to work hard for you this year and I look forward to our continued achievements and collaboration.

**Rochelle Lavery**

Chief Executive Officer

November 2018

# About the City of Subiaco

## Our history

The City of Subiaco is established on the traditional homelands of the Nyungah people, who were the custodians of the 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 officially gazetted as the City of Subiaco in 1952.



Jolimont Sports Club's Bike Hike, 1939  
Subiaco Museum Collection





## Subiaco today

The City of Subiaco local government area includes the suburbs of Subiaco and Daglish, and parts of Jolimont and Shenton Park.

The residential population of the City of Subiaco is approximately 17,000 people.

More than 20,000 people visit the City of Subiaco for work each day. The city's town centre incorporates a mix of land uses, including commercial, residential, retail, hospitality and entertainment, and has very good access to public transport.

The city incorporates heritage buildings and modern architecture, and the city's parks, streets and open spaces provide a backdrop for a great lifestyle.

The city is on track to meet state government targets for new dwellings and accommodate an increasing population.

New residential and commercial developments will bring more residents, workers and visitors to the area, and the city is working to address key challenges and areas of priority for the community, including economic revitalisation and parking.

A great place to live, work and visit, the City of Subiaco is consistently recognised as one of the most liveable local government areas in Western Australia.





## Our council

The City of Subiaco comprises four wards, with three councillors representing the Central, East and North wards and two councillors representing the South Ward. The Mayor is elected to represent the entire electorate.

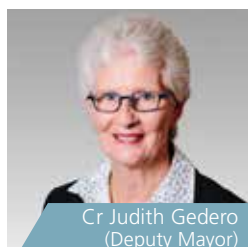
The City of Subiaco Council as at 30 June 2018:



**MAYOR**

Penny Taylor

### CENTRAL WARD



Cr Judith Gederio  
(Deputy Mayor)

### EAST WARD



Cr Matt Davis

### NORTH WARD



Cr Peter McAllister

### SOUTH WARD



Cr David McMullen



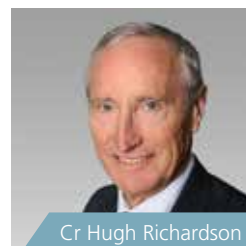
Cr Jodi Mansfield



Cr Julie Matheson



Cr Derek Nash



Cr Hugh Richardson



Cr Malcolm Mummery



Cr Murray Rowe



Cr Stephanie Stroud



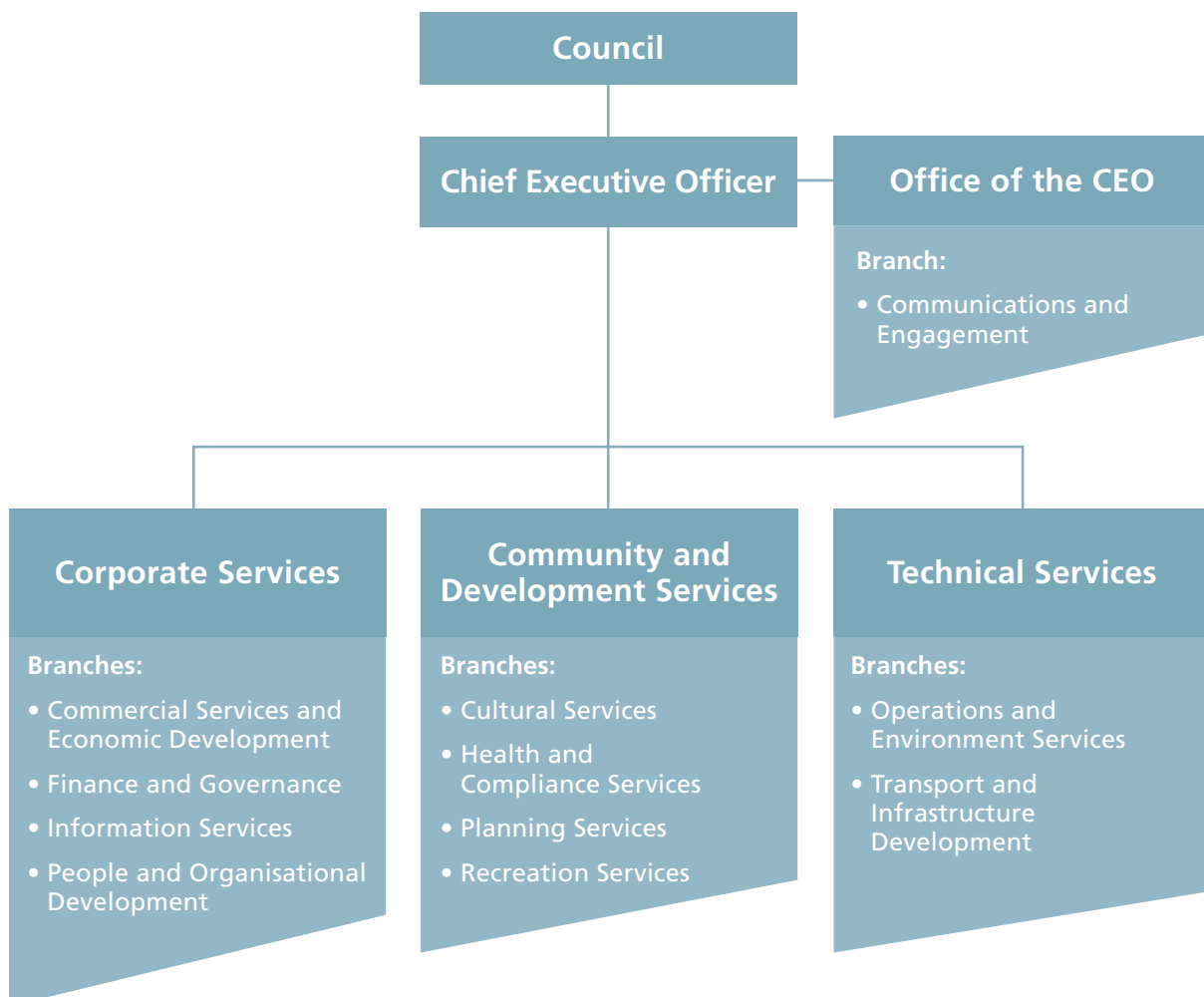


# Our services

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Our workforce is made up of people with diverse skills across different roles, all working together to make the City of Subiaco a leading local government.

The Chief Executive Officer and three directors provide leadership for the city's branches, which deliver services to the community and the organisation.



## We work by our values

### Teamwork

We work cooperatively and support one another to achieve our goals.

### Respect

We acknowledge and value the opinions and contributions of others.

### Integrity

We are committed to being ethical, honest and transparent in everything we do.

### Customer service

We aim to deliver a high quality service that is both efficient and professional.





# Plan for the future

## 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.

## Corporate vision

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

## Community plan

The *Strategic Community Plan 2017–2027* guides the future direction of the City of Subiaco and our community. The plan was developed through extensive engagement with the community in 2011 as part of the Think2030 visioning project, and outlines six focus areas. Further consultation took place in 2016–17 to update and endorse the current version of the plan. The plan is a commitment to the community that the city's operations, services and projects are driven by the desires and needs of the community.

## Corporate plan

The *Corporate Business Plan 2015–2019* outlines the city's key priorities and actions until 2019. The plan is informed by the Strategic Community Plan and aims to integrate the community's aspirations into the city's operations. It is the city's contract with the community to deliver projects and services for the benefit of residents, businesses and visitors, as well as for the generations to come. The Strategic Community Plan and the Corporate Business Plan form part of the Western Australian Government's Integrated Planning and Reporting Framework. The city is currently preparing the *Corporate Business Plan 2018–2022*.

## How to read this report

The city has been progressively implementing the actions within the six focus areas of its Strategic Community Plan and Corporate Business Plan. The annual report outlines the progress made in the past year to deliver on the objectives and strategies in these plans. The report is divided into six chapters, reflecting the six focus areas that support our community's vision for the City of Subiaco:

- Our sense of community
- Parks, open spaces and places
- Subiaco as a destination
- The built environment
- An effective and integrated transport system
- Council leadership

**Information in this annual report is for the period 1 July 2017 to 30 June 2018.**





# On the horizon: 2018–19

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## Projects

- New Corporate Business Plan 2018–2022
- Ward and representation review
- Draft Local Planning Strategy and draft Local Planning Scheme No. 5
- Key stakeholder in the Subiaco East redevelopment
- Final stage of the Lake Jualbup upgrade
- Business support initiatives
- Development of Subiaco's first Place Plan
- Continued implementation of property investment strategy
- Consultation and roll out of precinct parking plans
- Public Art Strategy
- Rokeby Road South streetscape upgrade
- Relocate the city's Operations Centre

Key projects and capital works in 2018–19 will help secure the City of Subiaco's future as a vibrant inner-city community. As well as the core services the city delivers to the community, the city is investing in facility upgrades, road renewal projects and improvements to our parks and reserves.







## FAST FACTS

1472 new library members

More than 2200 museum visitors

3892 babies and their caregivers attended Baby Rhymetime

1746 registered cats and 2150 registered dogs in the city

More than 60 volunteers donate their time to city projects

3800 attendees at sunset@subi concerts



# Our sense of community

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

## Highlights

- Celebrated NAIDOC Week with a traditional smoking ceremony, flag-raising and Welcome to Country, followed by a bush-tucker morning tea and two library talks embracing the history, culture and achievements of Aboriginal and Torres Strait Islander people.
- Celebrated culture and creativity with the city's annual awards program. Two hundred and twenty professional and amateur photographers entered the 2017 Photographic Awards. More than 1500 young people from across the state entered the 2018 Shaun Tan Award for Young Artists and more than 1250 entered the Tim Winton Award for Young Writers. The 2017 Local History Awards, a biennial competition, provided opportunities to research, record and share the rich history of the Subiaco area.
- Subiaco Museum exhibited *Trams and Trade: Rokeby Road, 1900–1958*, which looked at six decades of growth and change that transformed Subiaco's main strip. The museum responded to 186 community history enquiries.
- Adopted the *Positive Ageing Plan 2017–2021*, representing the city's commitment to supporting an ageing population. The city coordinated fortnightly Seniors' Coffee Club, bi-monthly Out 'n' About bus trips and community lunches.
- Subiaco Library successfully coordinated 19 fortnightly group Digication (digital education sessions), consisting of free public information sessions to offer assistance with computers, tablets and the internet, and 44 one-on-one tutorials, to a combined total of 434 participants.
- Awarded four grants to support community organisations to run events and programs within the city and supported 13 organisations through community partnerships worth \$55 000.
- Coordinated SubiFit – a free pilot introductory outdoor fitness program to assist community members improve their physical health in a supportive environment. Fifty-eight unique participants attended more than four sessions on average.
- Lords Recreation Centre is known as one of Perth's community leading recreation centres, combining indoor sport, health and fitness facilities and fantastic classes in a friendly and welcoming environment. Upgrade works commenced throughout Lords to provide better facilities for visitors. Promotion of Lords facilities and events feature on a new LED electronic scrolling sign prominently on Hay Street. Lords coordinated 4283 group fitness classes.
- The Subiaco Voice of Youth (SVY) held a number of events including the annual SVY Quiz Night attended by more than one hundred 12 to 18-year-olds at Subiaco Library. Twenty-six young people received a Youth Achievement Grant to financially support their participation in the community valued at \$7800 in total.
- The President of Ireland, His Excellency Michael D Higgins, visited Subiaco and unveiled a memorial sculpture in recognition of the Great Famine. The poignant bronze artwork, located at Market Square park, depicts a keening 'childless mother' and represents the grief and suffering of millions of Irish people between 1845 and 1852.
- Gifted two mini-buses that were surplus to the city's needs to locally based, not-for-profit charitable organisations through a tender process. The buses were awarded to Alzheimer's WA and Vocal Ensemble Voiceworks who use it predominantly for support of Voiceworks Plus, which creates performance opportunities for people with disabilities.





## FAST FACTS

34 per cent vegetation cover and 20.8 per cent canopy cover

33 parks and reserves

Managed 15,000 street, park and reserve trees

350 new trees planted

29,000 native plants planted in the city's parks and reserves

5 hectares ecozoned across the city's parks and reserves



# Parks, open spaces and places

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

## Highlights

- Completed significant upgrade works to Lake Jualbup, to ensure the lake maintains a sustainable body of water, improve the lake's accessibility and amenity and support environmental diversity.
- Developed the city's first *Urban Forest Strategy* to help protect the collection of green spaces, trees and other vegetation, on both public and private land. Together, these green elements provide environmental, social and economic benefits.
- Installed additional lighting, park shelters and picnic settings at Mabel Talbot Reserve to create a unique, safe and welcoming public space. Completed *Mabel Talbot Management Plan* actions including ecozoning, replacement of non-native species with native plants on the island, and installed a soak well.
- Assisted 33 verges through the city's popular verge restoration program and recognised the biodiversity of the area through the Sustainable Verge and Garden Awards, recognising verges, gardens and other elements that demonstrate a notable contribution to the city's wider landscape.
- Installed a new playspace at Subi Centro's Trillo Road Park following community consultation on three playspace replacement options and retaining the greenspace, in line with the city's *Playspace Strategy*.
- Acknowledged as Platinum Waterwise Council of the Year for demonstrating leadership and excellence in sustainable water management. The status reflects the city's innovative environmental programs, including the trial of ultrasonic solar-powered algae control technology in the Subiaco Common Irrigation Lake; a study of the city's drainage system and infiltration work carried out in Shenton Park to assist in flood prevention; and a variety of community programs.
- Offered households and businesses within Subiaco up to 80 local native plants for their verge or garden at a subsidised price in partnership with the Western Suburbs Regional Organisation of Councils (WESROC). Two thousand eight hundred plants were sold through this scheme.
- Drilled two new irrigation production bores (water wells) to irrigate Rosalie Park. In a joint project with the Department of Water and WESROC, the city drilled two new monitoring bores at Theatre Gardens to better understand aquifer recharge options as part of the Groundwater Modelling Project.
- Delivered a succulent workshop at Jolimont Primary School and two community succulent workshops. Installed 'insect hotels' at Jolimont Primary School, these structures are used to provide a nesting site for insects as a way to protect, enhance and monitor wildlife in Subiaco.







## FAST FACTS

40,000 attended the 2018 Subiaco Street Party

706 commercial properties containing 349,019 square metres of space

Waived fees for 72 outdoor dining permits and 20 street trading permits to support vibrancy

19 new registered food businesses opened

Activated 55 event spaces in Subiaco Town Centre



## Focus area three

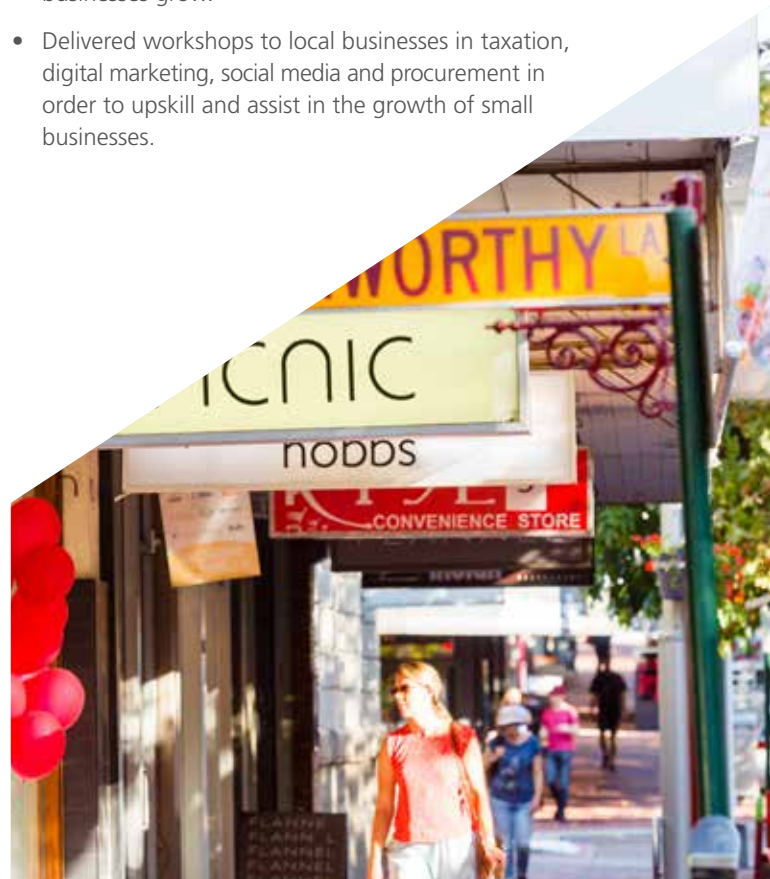
# Subiaco as a destination

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**Subiaco is a popular destination for everyone. There is a lively atmosphere, an exciting range of entertainment options and local businesses are well-positioned to generate wealth.**

## Highlights

- Teamed up with 43 local businesses to present the Subiaco Street Party, a free family-friendly event, which generated \$2.2 million dollars for the local economy.
- Coordinated the Paint Subi project together with FORM. An old-time postal worker on a bicycle was painted on the wall of Subiaco Post Office and three other walls were brought to life in November 2017 by acclaimed local and international artists.
- Coordinated the Subi Oval Memories campaign together with the West Australian Football Commission, with the assistance of a Lotterywest grant. Captured 628 stories, memories and favourite moments from the community during the 2017 AFL season. Subiaco Oval received an interim entry on the Stage Register of Heritage Places.
- See Subiaco partnered with 37 local businesses and Perth's top floral artists to celebrate Mother's Day weekend with Subi Blooms. Rokeby Road and Hay Street featured six large pop-up floral sculptures.
- See Subiaco partnered with SubiAction to promote the Perth Comedy Festival with the Subiaco Comedy Hub in the town centre. Ticketholders to shows at The Regal Theatre were encouraged to 'laugh a little longer' with special deals and discounts at 27 participating bars and restaurants.
- Sponsored the 2018 Perth International Arts Festival, UnWined Subiaco and Bonjour Perth to help bring visitors to the town centre and showcase Subiaco.
- Successfully delivered the Subiaco Christmas Night of Lights event together with 78 vendors to 17,000 attendees who spent \$1,597,088. A 15-metre high, walk-through Christmas tree on the corner of Rokeby Road and Forrest Walk was a popular attraction over the festive period.
- Introduced free weekend and evening parking in all six city-operated car stations in Subiaco Town Centre with no ticket required and no time limits to make it easier for people to shop, dine and enjoy Subiaco, and boost local businesses.
- Partnered with Curtin University's School of Geography and Built Environment to collect and conduct research on land use and vacancy rates in the Subiaco Town Centre.
- Established a co-working and hot desk space of approximately 50 square metres at The Palms Community Centre in partnership with Business Station. The space is available to the community on a daily, part-time and full-time basis to help small businesses grow.
- Delivered workshops to local businesses in taxation, digital marketing, social media and procurement in order to upskill and assist in the growth of small businesses.



## FAST FACTS

7894 rateable residential properties in the city

728 registered swimming pools in the city

263 building applications lodged

Approved 146 development applications

5222 tonnes of general waste collected

1574 tonnes of recycled waste collected



## Focus area four

# The built environment

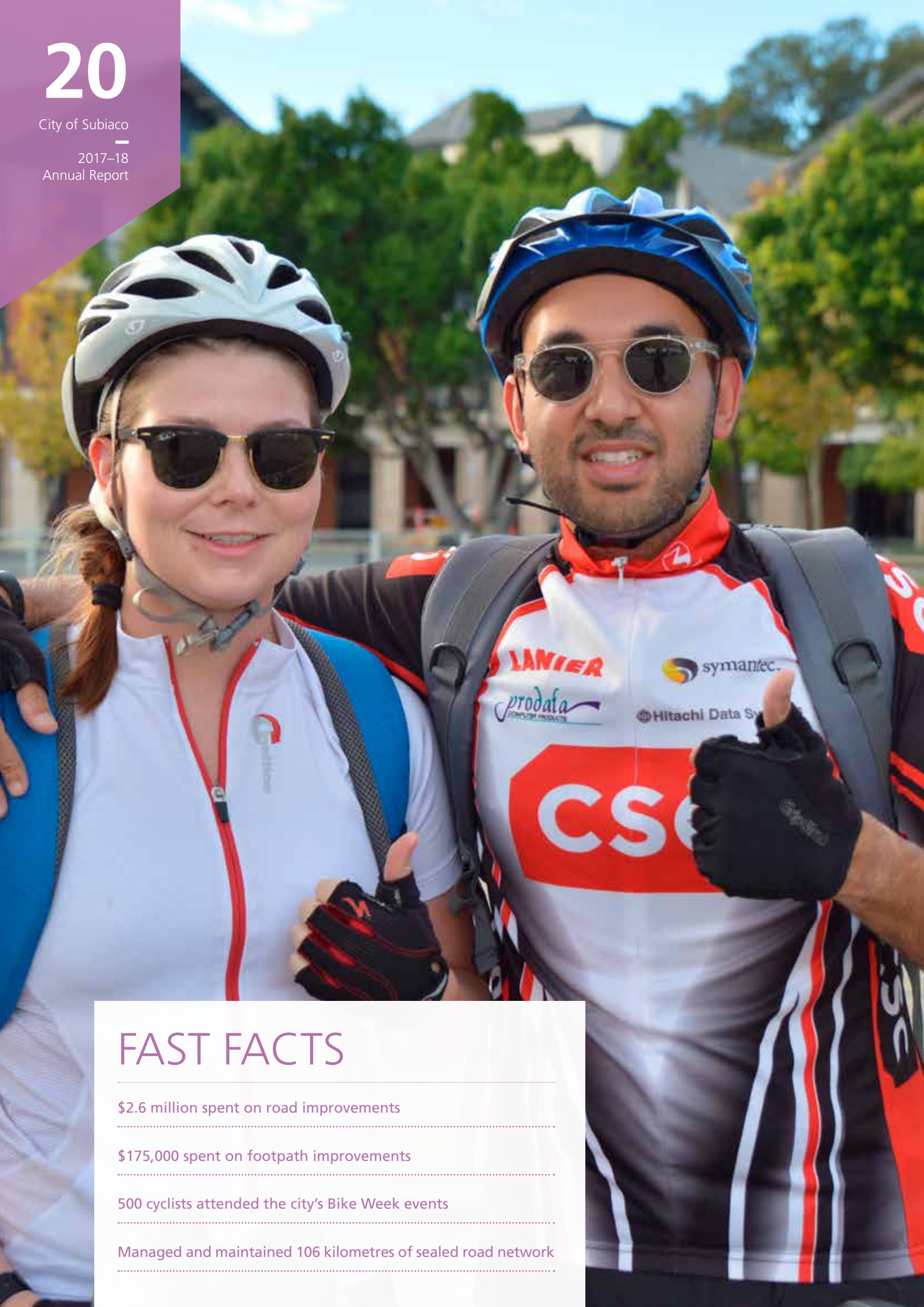
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**Our heritage buildings, places and streetscapes are protected and maintained, and new developments have been integrated with respect for this heritage. The city has planned effectively for the increased residential population and business community.**

## Highlights

- The Western Australian Planning Commission formally approved the city's Subiaco Activity Centre Plan. The plan sets out a vision for the town centre, and defines acceptable residential densities, building heights, setbacks and land uses for the area.
- Developed the draft Local Planning Scheme No. 5 and draft Local Planning Strategy and submitted to the Western Australian Planning Commission (WAPC) for review. The strategy sets out the long-term vision, objectives and actions for land-use planning within the city. The scheme is the statutory planning framework for planning decisions. Consultation on the WAPC-modified versions of the documents took place between April and July 2018 and the city is currently working through this important community feedback.
- Awarded 15 Heritage Grants to assist with conservation works to enhance and reveal the heritage significance of properties and acknowledged two winners and one commendation in the 2018 Heritage Conservation and Sustainable Building Awards. Declared two new heritage areas – the Sadler and Redfern Street Heritage Area and the Hamersley Road Group Heritage Area.
- Year three school students from Jolimont Primary School named the city's two new waste and recycling trucks, *Wally the Waste Warrior* and *Recyclone* through a 'name our trucks' competition open to children aged six to twelve, and won a worm farm for their school.
- Secured a new green waste 20 cubic metre UrBin waste compactor truck that is environmentally friendly with less emissions.
- Continued to inform and educate the community on global and local changes to comingled recycling and delivered new waste and recycling bins to residential and commercial properties to bring the city in line with Australian standards.
- Continued to upgrade lighting to include smart-control lighting and LED globes to 25 street lights within the city including Atkinson Road and Darbon Crescent.
- Coordinated two residential bulk waste collections, and recycled 80 per cent of what was collected.





## FAST FACTS

\$2.6 million spent on road improvements

\$175,000 spent on footpath improvements

500 cyclists attended the city's Bike Week events

Managed and maintained 106 kilometres of sealed road network



# An effective and integrated transport system

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**There is a range of sustainable transport options and supporting infrastructure available, making it easy to get into and around the city.**

## Highlights

- Completed traffic modelling and research in support of the proposed conversion of Hay Street and Roberts Road to two-way traffic and continued to advocate to the State Government for funding.
- Participated in Bike Week 2018 and hosted two events – the Bike to Work Breakfast with more than 450 cyclists receiving a free breakfast at Subiaco Train Station; and a ride to Subi Farmers Market where the first 100 riders with helmets received a voucher to spend at the market.
- Commenced a staged review of parking management across six areas of the city starting with the Subi East and the Town Centre precincts. The precinct parking plans aim to simplify and consolidate parking management across the city, while balancing the needs of different users.
- Finalised five Black Spot projects at the intersections of Aberdare and Derby roads, Churchill Avenue and Thomas Street, Bagot and Coghlan roads, Subiaco Road and Thomas Street, and Bagot and Townsend roads to increase road safety.
- Made road improvements to the value of \$2.6 million including resurfacing Nicholson Road from Thomas to Derby streets immediately following Water Corporation works in order to minimise disruption to local residents. Resurfaced Thomas Street from Roberts to Railway roads and Onslow Road to Nicholson Street.
- Commenced the installation of a speed hump on Onslow Road and installed a 'kiss and drop' on the verge of Onslow Road near Rosalie Primary School as part of the city's local area traffic management plan improvements.
- Council endorsed the Infrastructure Asset Management Policy which oversees the lifecycle and value of all physical assets including buildings, roads, car parks, footpaths, stormwater drainage, bus shelters, street furniture, signage, equipment and assets within parks.
- Commenced hydraulic modelling research to ascertain drainage catchment area hot spots to prioritise projects for future years and analysed the city's roads, footpaths and carparks to highlight future road modelling and resurfacing.
- Prepared the draft streetscape masterplan for Rokeby Road South in consultation with a community working group.
- Provided half-yearly council reports on the usage of the city's 26 car stations to understand parking behaviour and demand to help determine fees and charges. Upgraded all ticket machines to smart machines to enable reporting on and the management of parking demand.







## FAST FACTS

168 full-time employees

295 council decisions made

271,655 unique visitors to the city's website

11,000 visits to Have Your Say Subiaco community engagement hub

46 per cent return in the 2017 local government elections

Reduced printing within the city by 40 per cent and by 67 per cent overall since 2015–16



# Council leadership

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**A council that manages competing demands through engagement, accountability and transparency.**

## Highlights

- The *Strategic Community Plan 2017–2027* was finalised and adopted by council following community consultation, providing future direction for the city and the community.
- Adopted the *Economic Development Strategy 2017–2021*, which provides direction for marketing and advocacy, placemaking, business retention and governance and leadership to support and create sustainable economic growth.
- Increased the Justice of the Peace service at the city's Administration Centre to three times a week. Deputy Mayor Judith Gederö achieved 25 years of service as a Justice of the Peace.
- Informed the community about the 2017 local government elections, encouraging residents and landowners to vote. The city achieved a 46 per cent return from electors, the highest in the metropolitan area.
- Signed the Subiaco Oval Memorandum of Understanding (MOU) with the State Government securing future community access to Subiaco Oval. The city is a key stakeholder in the Subiaco East Redevelopment Project.
- Commenced a policy review and council endorsed 49 new and revised city policies. Policies are due for review every five years and set guidelines for the effective and efficient management of council resources and assist council and staff in achieving an equitable decision making process.
- Recognised as an eSmart Library by The Alannah & Madeline Foundation and the Telstra Foundation for continuing to integrate cyber safety into Subiaco Library's daily operations, staff development and organisational culture.
- Trialled an organic food waste collection with Earthwise at the Subiaco Christmas Night of Lights event. More than 87 per cent of organic waste was diverted away from landfill and into rich natural compost.
- Introduced a twelve-month trial restructure of council meetings with two ordinary council meetings and one committee meeting per month intended to speed up processing times and increase efficiency.
- Purchased a \$14.5 million investment property in the Kewdale industrial area as part of a new investment strategy intended to generate greater returns for the community.
- Continued to implement the *Sustainability and Resilience Strategy 2016–2020* with the intent that the city's operations strive to integrate sector-leading sustainable practices.







# Statutory compliance

## Record keeping

The city is committed to best practice record keeping and compliance in accordance with the *State Records Act 2000*. The city's Record Keeping Plan has been approved by the State Records Office and the city conducts regular record keeping training for all staff.

## Freedom of information

The *Freedom of Information Act 1992* gives the public the right to apply for access to documents held by the City of Subiaco. The city aims to make information available outside of the freedom of information process wherever possible. The city received eight valid freedom of information applications in 2017–18.

## Disability access and inclusion

The city's *Disability Access and Inclusion Plan 2017–22* was adopted by Council in November 2017 following a review of the previous plan and consultation with the community. The plan aims to improve accessibility and inclusiveness throughout the city. Initiatives in 2017–18 included: engagement of access consultants on major infrastructure projects; Auslan interpreters at three community events; access and inclusion requirements included in 12 community partnership agreements; access and inclusion inductions conducted with all new staff, as well as six additional workshops related to access and inclusion; ergonomic assessments to ensure safe and accessible workplaces for staff; and continued consultation with the Disability, Access and Inclusion Committee. The city met the Disability Services Commission's reporting requirements.

## Register of complaints – Council members

Section 5.121 of the *Local Government Act 1995* requires a local government to maintain a register of complaints made under sections 5.107, 5.108 or 5.109 of the Act that result in action under section 5.110(6) (b) or (c). There were no complaints of this nature made during the reporting period.

## 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 2017–18 in relation to anti-competitive practices.

## Employee remuneration

There were 21 employees entitled to an annual cash salary of \$100 000 or more:

\$100,000 to \$109,999	5
\$120,000 to \$129,999	1
\$130,000 to \$139,999	7
\$140,000 to \$149,999	3
\$170,000 to \$179,999	1
\$190,000 to \$199,999	3
\$230,000 to \$239,999	1



# 2017–18 income and expenditure summary

	2016/17 \$'000's	2017/18 \$'000's
<b>Operating revenue</b>		
Governance	\$226	\$0
General Purpose Funding	\$24,062	\$24,893
Law, Order & Public Safety	\$43	\$36
Health	\$155	\$72
Education & Welfare	\$1,330	\$42
Community Amenities	\$4,942	\$4,675
Recreation & Culture	\$3,430	\$3,247
Transport	\$4,451	\$3,983
Economic Services	\$220	\$167
Other Property & Services	\$5,201	\$4,758
<b>Total Operating Revenue</b>	<b>\$44,058</b>	<b>\$41,872</b>
<b>Operating expenditure</b>		
Governance	\$(1,693)	\$(2,111)
General Purpose Funding	\$(896)	\$(534)
Law Order Public Safety	\$(1,044)	\$(697)
Health	\$(665)	\$(795)
Education & Welfare	\$(2,517)	\$(649)
Community Amenities	\$(6,080)	\$(5,869)
Recreation & Culture	\$(13,715)	\$(12,810)
Transport	\$(9,782)	\$(9,986)
Economic Services	\$(1,982)	\$(2,030)
Other Property & Services	\$(1,571)	\$(1,681)
<b>Total Operating Expenditure</b>	<b>\$(39,944)</b>	<b>\$(37,164)</b>
<b>Finance Costs</b>		
Recreation & Culture	\$(180)	\$(115)
Transport	\$(14)	\$-
Economic Services	\$(323)	\$(273)
Other Property & Services	\$(91)	\$-
<b>Total Finance Costs</b>	<b>\$(608)</b>	<b>\$(388)</b>
<b>Investments accounted for using the Equity Method</b>		
Community Amenities	\$(80)	\$(453)
Total Investments accounted for using the Equity Method	\$(80)	\$(453)
<b>Contributions to the Development of Assets</b>	<b>\$643</b>	<b>\$850</b>
<b>Profit/(Loss) on Disposal of Assets</b>	<b>\$(2,445)</b>	<b>\$(46)</b>
Fair Value adjustments through profit or loss:		
Investment Properties	\$(9,781)	\$-
Furniture & Equipment		\$(48)
Infrastructure		\$(5,739)
Net result before loss on net assets transferred to City of Perth through boundary adjustment	\$(8,157)	\$(1,116)
Loss on net assets transferred to City of Perth through boundary adjustment	\$(13,234)	\$-
Gain on net assets transferred from Town of Cambridge through boundary adjustment		\$2,278
<b>Net Result</b>	<b>\$(21,391)</b>	<b>\$1,163</b>
<b>Other Comprehensive Income</b>		
Changes on revaluation of non-current assets	\$(61,713)	\$28,254
<b>Total Other Comprehensive Income</b>	<b>\$(61,713)</b>	<b>\$28,254</b>
<b>Total Comprehensive Income</b>	<b>\$(83,104)</b>	<b>\$29,417</b>

This document, in conjunction with the Annual Financial Statements, forms the city's Annual Report for 2017–18. This page is an extract from the Annual Financial Statements, available in full at [www.subiaco.wa.gov.au](http://www.subiaco.wa.gov.au) or upon request. The independent auditor's report confirming compliance with the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996* can be found on page 54 of the Annual Financial Statements.





2017 – 18  
Annual  
Financial  
Statement

**CITY OF SUBIACO**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

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**COMMUNITY VISION**

**(extract from the City of Subiaco Strategic Community Plan 2017-27)**

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 is at the core of the community and underpins the city's operations.

Principal place of business:  
241 Rokeby Road  
Subiaco WA 6008



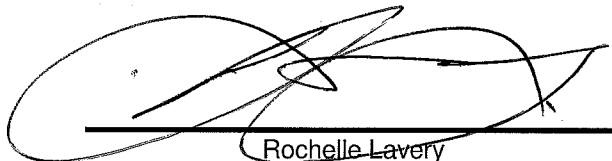
**CITY OF SUBIACO  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

*Local Government Act 1995  
Local Government (Financial Management) Regulations 1996*

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the City of Subiaco for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the City of Subiaco at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 12<sup>th</sup> day of November 2018

  
\_\_\_\_\_  
Rochelle Lavery  
Chief Executive Officer

**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>				
Rates	24	22,530,566	22,554,610	21,651,292
Operating grants, subsidies and contributions	2	639,398	672,360	2,233,854
Operating reimbursements and donations		1,175,195	195,850	325,029
Fees and charges	2	10,902,115	11,149,670	12,866,518
Sanitation Charges		4,451,249	4,459,630	4,732,564
Interest earnings	2	1,616,443	1,345,820	1,370,098
Other revenue	2	557,354	499,300	878,601
		41,872,320	40,877,240	44,057,956
<b>Expenses</b>				
Employee costs		(19,275,633)	(19,978,469)	(21,923,853)
Materials and contracts		(9,026,943)	(11,894,850)	(9,698,666)
Utility charges		(915,269)	(965,280)	(988,456)
Depreciation on non-current assets	10	(5,778,127)	(5,448,830)	(5,577,107)
Interest expenses	12	(387,663)	(388,100)	(608,167)
Insurance expenses		(455,207)	(520,010)	(487,654)
Other expenditure		(1,712,531)	(1,092,077)	(1,268,021)
		(37,551,373)	(40,287,616)	(40,551,924)
		4,320,947	589,624	3,506,032
Non-operating grants, subsidies and contributions	2	850,275	1,107,020	643,400
Investment accounted for using the equity method	19	(453,390)	0	(80,332)
Profit on asset disposals	10	131,646	153,310	26,395
(Loss) on asset disposals	10	(178,092)	(12,530)	(2,471,359)
(Loss) on revaluation of furniture and equipment	7	(47,501)	0	0
(Loss) on revaluation of investment properties	8	0	0	(9,781,419)
(Loss) on revaluation of Infrastructure	9	(5,739,401)	0	0
<b>Net result (before net asset adjustment)</b>		<b>(1,115,516)</b>	<b>1,837,424</b>	<b>(8,157,283)</b>
Loss on net assets transferred to City of Perth through boundary adjustment	32	0	0	(13,234,028)
Gain on net assets transferred from Town of Cambridge through boundary adjustment	33	2,278,301	0	0
<b>Net result (after net asset adjustment)</b>		<b>1,162,785</b>	<b>1,837,424</b>	<b>(21,391,311)</b>



STATEMENT OF COMPREHENSIVE INCOME  
 BY NATURE OR TYPE  
 FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	28,253,910	0	(61,712,779)
Total other comprehensive income		28,253,910	0	(61,712,779)
Total comprehensive income		29,416,695	1,837,424	(83,104,090)

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

**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>	2			
Governance		80	200	225,720
General purpose funding		24,892,918	24,593,110	24,062,031
Law, order, public safety		36,249	49,200	42,834
Health		71,500	93,600	154,903
Education and welfare		42,051	16,000	1,329,822
Community amenities		4,675,321	4,635,130	4,941,666
Recreation and culture		3,246,734	3,273,211	3,429,550
Transport		3,982,774	4,115,170	4,450,707
Economic services		166,547	215,659	220,033
Other property and services		4,758,146	3,885,960	5,200,689
		41,872,320	40,877,240	44,057,955
<b>Expenses</b>	2			
Governance		(2,118,196)	(2,401,344)	(1,692,931)
General purpose funding		(536,874)	(670,270)	(895,708)
Law, order, public safety		(698,030)	(878,850)	(1,043,623)
Health		(795,819)	(895,300)	(665,014)
Education and welfare		(649,828)	(847,250)	(2,516,682)
Community amenities		(5,873,994)	(5,781,440)	(6,080,480)
Recreation and culture		(12,840,361)	(13,639,755)	(13,714,799)
Transport		(10,016,766)	(10,799,560)	(9,781,650)
Economic services		(2,031,409)	(2,431,770)	(1,981,797)
Other property and services		(1,602,433)	(1,553,977)	(1,571,072)
		(37,163,710)	(39,899,516)	(39,943,756)
<b>Finance Costs</b>	12			
Recreation and culture		(114,615)	(111,700)	(179,823)
Transport		0	0	(14,204)
Economic services		(273,048)	(276,400)	(323,468)
Other property and services		0	0	(90,672)
		(387,663)	(388,100)	(608,167)
		4,320,947	589,624	3,506,032
<b>Investments accounted for using the equity method</b>				
Community Amenities gain/(loss)		(453,390)	0	(80,332)
		(453,390)	0	(80,332)
Non-operating grants, subsidies and contributions	2	850,275	1,107,020	643,400
Profit on disposal of assets	10	131,646	(12,530)	26,395
(Loss) on disposal of assets	10	(178,092)	153,310	(2,471,359)
(Loss) on revaluation of furniture and equipment	7	(47,501)	0	0
(Loss) on revaluation of investment properties	8	0	0	(9,781,419)
(Loss) on revaluation of Infrastructure	9	(5,739,401)	0	0
		(4,983,073)	1,247,800	(11,582,983)
<b>Net result (before net asset adjustment)</b>		<b>(1,115,516)</b>	<b>1,837,424</b>	<b>(8,157,283)</b>



**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Loss on net assets transferred to City of Perth through boundary adjustment	32	0	0	(13,234,028)
Gain on net assets transferred from Town of Cambridge through boundary adjustment	33	2,278,301	0	0
<b>Net result (after net asset adjustment)</b>		<b>1,162,785</b>	<b>1,837,424</b>	<b>(21,391,311)</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	11	28,253,910	0	(61,712,779)
		<b>28,253,910</b>	<b>0</b>	<b>(61,712,779)</b>
<b>Total comprehensive income</b>		<b>29,416,695</b>	<b>1,837,424</b>	<b>(83,104,090)</b>

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

**STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2018**

	NOTE	2018 \$	2017 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	50,520,279	48,169,698
Trade and other receivables	5	2,145,657	2,776,430
Inventories	6	20,931	29,336
<b>TOTAL CURRENT ASSETS</b>		<b>52,686,867</b>	<b>50,975,464</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	5	133,963	147,685
Investments accounted for using the equity method	19	1,788,413	2,241,802
Investment properties	8	100,589,620	99,089,620
Property, plant and equipment	7	66,111,843	65,548,314
Infrastructure	9	127,099,769	100,417,930
<b>TOTAL NON-CURRENT ASSETS</b>		<b>295,723,608</b>	<b>267,445,351</b>
<b>TOTAL ASSETS</b>		<b>348,410,475</b>	<b>318,420,815</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	4,889,903	4,787,902
Current portion of long term borrowings	12	495,508	375,703
Provisions	14	2,342,576	2,833,666
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,727,987</b>	<b>7,997,271</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	12	7,300,882	6,786,491
Provisions	14	802,627	474,769
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>8,103,509</b>	<b>7,261,260</b>
<b>TOTAL LIABILITIES</b>		<b>15,831,496</b>	<b>15,258,531</b>
<b>NET ASSETS</b>		<b>332,578,979</b>	<b>303,162,284</b>
<b>EQUITY</b>			
Retained surplus		170,522,436	169,453,529
Reserves - cash backed	4	39,145,387	39,051,509
Revaluation surplus	11	122,911,156	94,657,246
<b>TOTAL EQUITY</b>		<b>332,578,979</b>	<b>303,162,284</b>

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



**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2018**

		RESERVES -			
	NOTE	RETAINED SURPLUS	CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
<b>Balance as at 1 July 2016</b>					
		<b>180,766,019</b>	<b>42,380,941</b>	<b>163,119,414</b>	<b>386,266,374</b>
Comprehensive income					
Net result		(21,391,311)	0	0	(21,391,311)
Changes on revaluation of assets	11	0	0	(61,712,779)	(61,712,779)
Total comprehensive income		(21,391,311)	0	(61,712,779)	(83,104,090)
Transfer of revaluation surplus related assets transferred to City of Perth					
		6,749,389	0	(6,749,389)	0
Transfers from/(to) reserves		3,329,432	(3,329,432)	0	0
<b>Balance as at 30 June 2017</b>					
		<b>169,453,529</b>	<b>39,051,509</b>	<b>94,657,246</b>	<b>303,162,284</b>
Comprehensive income					
Net result		1,162,785	0	0	1,162,785
Changes on revaluation of assets	11	0	0	28,253,910	28,253,910
Total comprehensive income		1,162,785	0	28,253,910	29,416,695
Transfers from/(to) reserves		(93,878)	93,878	0	0
<b>Balance as at 30 June 2018</b>					
		<b>170,522,436</b>	<b>39,145,387</b>	<b>122,911,156</b>	<b>332,578,979</b>

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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		22,456,287	22,484,660	21,677,855
Operating grants, subsidies and contributions		639,398	672,360	2,233,854
Operating reimbursements and donations		1,175,195	195,850	325,029
Fees and charges		11,627,645	11,688,379	12,640,709
Interest earnings		1,616,443	1,345,820	1,370,098
Goods and services tax		1,866,008	2,561,512	4,000,114
Sanitation charges		4,451,249	4,459,630	4,732,564
Other revenue		557,354	499,300	878,601
		44,389,579	43,907,511	47,858,824
<b>Payments</b>				
Employee costs		(19,396,002)	(19,623,577)	(21,982,934)
Materials and contracts		(8,850,457)	(11,669,585)	(9,935,937)
Utility charges		(915,269)	(965,280)	(988,456)
Interest expenses		(377,893)	(388,100)	(573,813)
Donations, Contributions and Grants Made		0	(266,380)	0
Insurance expenses		(455,207)	(520,010)	(487,654)
Goods and services tax		(1,991,477)	(2,561,512)	(3,951,765)
Other expenditure		(1,712,531)	(825,697)	(1,268,021)
		(33,698,836)	(36,820,141)	(39,188,580)
<b>Net cash provided by (used in) operating activities</b>	15	10,690,743	7,087,370	8,670,244
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for development of land and buildings		(695,367)	(1,780,340)	(1,204,857)
Payments for development of investment properties		(14,500,000)	(625,000)	(691,651)
Payments for purchase of furniture		(571,306)	(1,100,675)	(329,078)
Payments for purchase of plant & equipment		(2,305,670)	(2,819,000)	(1,212,345)
Payments for construction of infrastructure		(5,244,099)	(7,948,214)	(7,743,962)
Non-operating grants subsidies and contributions		850,275	1,107,020	643,400
Proceeds from sale of fixed assets		491,809	461,000	631,727
Proceeds from sale of land		13,000,000	13,000,000	0
<b>Net cash provided by (used in) investment activities</b>		(8,974,358)	294,791	(9,906,766)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(365,804)	(375,700)	(1,436,632)
Proceeds from new long term borrowings		1,000,000	2,000,000	0
<b>Net cash provided by (used in) financing activities</b>		634,196	1,624,300	(1,436,632)
<b>Net increase (decrease) in cash held</b>		2,350,581	9,006,461	(2,673,154)
Cash at beginning of year		48,169,698	41,150,542	50,842,852
<b>Cash and cash equivalents at the end of the year</b>	15	50,520,279	50,157,003	48,169,698

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



**RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at July 1 b/fwd - surplus/(deficit)</b>		4,173,285	797,184	2,858,233
		4,173,285	797,184	2,858,233
<b>Revenue from operating activities (excluding rates)</b>				
Governance		80	200	225,720
General purpose funding		2,362,352	2,038,500	2,410,739
Law, order, public safety		36,249	49,200	51,950
Health		71,500	93,600	154,903
Education and welfare		49,161	16,000	1,329,822
Community amenities		4,737,321	4,635,130	4,942,571
Recreation and culture		3,249,545	3,264,371	3,435,374
Transport		4,033,280	4,115,170	4,450,707
Economic services		171,599	212,029	220,033
Other property and services		4,762,312	3,885,900	5,211,239
		19,473,399	18,310,100	22,433,058
<b>Expenditure from operating activities</b>				
Governance		(2,118,196)	(2,401,344)	(1,692,931)
General purpose funding		(536,874)	(670,270)	(895,708)
Law, order, public safety		(698,030)	(878,850)	(1,070,856)
Health		(796,821)	(895,300)	(665,014)
Education and welfare		(693,750)	(847,250)	(2,517,982)
Community amenities		(6,330,362)	(5,781,440)	(6,168,791)
Recreation and culture		(13,029,350)	(13,751,455)	(13,930,453)
Transport		(10,050,179)	(10,746,560)	(9,833,242)
Economic services		(2,304,457)	(2,707,810)	(2,305,265)
Other property and services		(7,411,737)	(1,454,027)	(13,804,791)
		(43,969,756)	(40,134,306)	(52,885,033)
<b>Operating activities excluded</b>				
(Profit) on disposal of assets	10	(131,646)	(153,310)	(26,395)
Loss on disposal of assets	10	178,092	12,530	2,471,359
Loss on revaluation of fixed assets	9	5,786,902	0	9,781,419
Movement in deferred pensioner rates (non-current)		13,722	0	10,567
Movement in employee benefit provisions (non-current)		327,858	0	(39,203)
Depreciation and amortisation on assets	10	5,778,127	5,448,830	5,577,107
<b>Amount attributable to operating activities</b>		(8,370,017)	(15,718,972)	(9,818,888)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		850,275	1,107,020	643,400
Write back adjustment to share of associate		453,390	0	80,332
Movement in unspent grants		79,509	0	274,515
Proceeds from disposal of fixed assets	10	491,809	461,000	631,727
Proceeds from disposal of land		13,000,000	13,000,000	0
Purchase of investment land and buildings	9(b)	(14,500,000)	(625,000)	(691,651)
Purchase of property, plant and equipment	7(b)	(3,572,343)	(5,700,015)	(2,746,280)
Purchase and construction of infrastructure	10(b)	(5,244,099)	(7,948,214)	(7,743,962)
<b>Amount attributable to investing activities</b>		(8,441,459)	294,791	(9,551,919)
<b>FINANCING ACTIVITIES</b>				
Repayment of debentures	13(a)	(365,804)	(375,700)	(1,436,632)
Proceeds from new long term borrowings	13(b)	1,000,000	2,000,000	0
Transfers to reserves (restricted assets)	4	(21,651,171)	(20,205,274)	(11,737,264)
Transfers from reserves (restricted assets)	4	21,557,293	11,450,545	15,066,696
<b>Amount attributable to financing activities</b>		540,318	(7,130,429)	1,892,800
<b>Surplus(deficiency) before general rates</b>		(16,271,158)	(22,554,610)	(17,478,007)
<b>Total amount raised from general rates</b>	24	22,530,566	22,554,610	21,651,292
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	25	<b>6,259,408</b>	<b>0</b>	<b>4,173,285</b>

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

## 1 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 and to the extent they are not in-consistent with the *Local Government Act 1995* and accompanying regulations.), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the report has 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 City controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

### THE LOCAL GOVERNMENT REPORTING ENTITY (Continued)

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 28 to these financial statements.

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### 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 City.



## 2 REVENUE AND EXPENSES

### (a) Revenue

#### Investment Property Revenue

Rent and outgoings

#### Other revenue

Loan Contribution

Other (own source)

#### Fees and Charges

General purpose funding

Law, order, public safety

Health

Education and welfare

Community amenities

Recreation and culture

Transport

Economic services

Other property and services

	2018 Actual	2017 Actual
	\$	\$
	4,401,729	4,840,314
	4,401,729	4,840,314
	0	223,606
	557,354	654,995
	557,354	878,601
	211,041	210,239
	36,249	42,834
	71,150	141,003
	37,598	222,508
	217,690	153,696
	2,522,479	2,804,079
	3,817,763	4,256,135
	144,336	188,587
	3,843,809	4,847,437
	10,902,115	12,866,518

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

#### Grant Revenue

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

#### Operating grants, subsidies and contributions

General purpose funding

Education and welfare

Community amenities

Recreation and culture

Transport

Economic services

Other property and services

#### Non-operating grants, subsidies and contributions

Community amenities

Recreation and culture

Transport

Total grants, subsidies and contributions

	534,867	814,571
	0	1,101,918
	0	48,015
	30,552	82,727
	71,979	165,098
	0	20,775
	2,000	750
	639,398	2,233,854
	25,000	0
	0	36,364
	825,275	607,036
	850,275	643,400
	1,489,673	2,877,254

#### SIGNIFICANT ACCOUNTING POLICIES

##### Grants, Donations and Other Contributions

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

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

##### Grants, Donations and Other Contributions (Continued)

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 23 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 period.

## 2 REVENUE AND EXPENSES (Continued)

### (a) Revenue (Continued)

#### Interest earnings

- Reserve funds

- Other funds

Other interest revenue

2018 Actual	2018 Budget	2017 Actual
\$	\$	\$
1,217,732	993,820	1,058,425
310,023	300,000	237,240
88,688	52,000	74,433
1,616,443	1,345,820	1,370,098

### (b) Expenses

#### Significant expense

Other Property and Services

The significant expense in 2017 relates to:  
Fair Value adjustment of investment properties which  
has been classified as 'Other Expenses' by Nature or Type  
and 'Other Property and Services' by Program

#### Investment Property Expense

- Direct Operating Expenses

#### Auditors remuneration

- Audit of the Annual Financial Report

- Other Services

#### Interest expenses (finance costs)

Long term borrowings

#### Rental charges

Operating leases

2018	2017
\$	\$
0	(196,535)
806,396	281,171
806,396	281,171
25,555	31,480
5,550	5,900
31,105	37,380
387,663	608,167
387,663	608,167
146,432	154,724
146,432	154,724



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

### 3 CASH AND CASH EQUIVALENTS

	NOTE	2018	2017
		\$	\$
Unrestricted		11,325,299	8,989,087
Restricted		39,194,980	39,180,611
		50,520,279	48,169,698
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Plant and Equipment Replacement	4	1,913,067	1,813,320
Building and Facilities	4	1,225,211	1,405,211
Parking and Public Transport Improvements	4	1,571,505	1,062,429
Waste Management	4	1,548,922	2,127,886
Undergrounding of Power Lines	4	339,318	784,594
Capital Investment	4	21,366,504	22,866,504
Student Bursaries	4	56,359	55,079
Infrastructure Replacement	4	2,366,663	703,060
Investment Income Reserve	4	8,113,685	7,318,782
Public Art	4	165,781	180,549
Heritage Grants Reserve	4	85,785	63,321
Information Technology Reserve	4	392,587	670,774
Unspent grants	23	49,593	129,102
		39,194,980	39,180,611

#### SIGNIFICANT ACCOUNTING POLICIES

##### 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

##### Cash and cash equivalents (Continued)

of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

4 RESERVES - CASH BACKED

	2018		2018		2018		2018		2018		2018		2017		2017		2017	
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	Opening	Transfer	to	Transfer	Opening	Transfer	to	Transfer	Closing	Closing	Opening	Transfer	to	Transfer	Closing	Closing	Closing	Closing
	Balance		\$	(from)	Balance		\$	(from)	Balance	Balance	Balance		\$	(from)	Balance	Balance	Balance	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant and Equipment Replacement	1,813,320	524,260		(424,513)	1,913,067		505,080	(713,000)	1,338,091	1,859,864	1,859,864	505,315		(551,859)	1,813,320			
Building and Facilities	1,405,211	382,747		(562,747)	1,225,211		360,960	(1,168,840)	561,958	1,907,332	1,907,332	101,615		(603,736)	1,405,211			
Parking and Public Transport Improvements	1,062,429	725,989		(216,913)	1,571,505		166,360	(604,500)	551,605	257,478	257,478	947,218		(142,267)	1,062,429			
Waste Management	2,127,886	671,402		(1,250,366)	1,548,922		1,673,641	(1,280,000)	620,771	1,997,068	1,997,068	580,818		(450,000)	2,127,886			
HACC Capital Grants	0	0		0	0		31,655	700	0	32,355	30,905	745		(31,650)	0			
Undergrounding of Power Lines	784,594	18,280		(463,556)	339,318		765,792	(466,900)	331,592	225,137	225,137	1,064,412		(504,955)	784,594			
Capital Investment	22,866,504	13,000,000		(14,500,000)	21,366,504		22,535,532	(1,180,000)	35,172,212	26,933,982	26,933,982	132,818		(4,200,296)	22,866,504			
Student Bursaries	55,079	1,280		0	56,359		55,089	1,240	0	56,329	53,784	1,295		0	55,079			
Infrastructure Replacement	703,060	2,143,804		(480,201)	2,366,663		625,693	(650,840)	2,112,593	862,474	862,474	983,061		(1,142,475)	703,060			
Investment Income Reserve	7,318,782	3,995,089		(3,200,186)	8,113,685		6,496,132	(5,219,465)	4,056,681	7,468,678	7,468,678	7,201,380		(7,351,276)	7,318,782			
Public Art	180,549	121,210		(135,978)	165,781		87,973	(117,000)	89,783	80,618	80,618	151,642		(51,711)	180,549			
Heritage Grants Reserve	63,321	51,480		(29,016)	85,785		49,801	(50,000)	50,921	48,621	48,621	51,171		(36,471)	63,321			
Information Technology Reserve	670,774	15,630		(293,817)	392,587		670,900	6,740	0	677,640	655,000	15,774		0	670,774			
	39,051,509	21,651,171		(21,557,293)	39,145,387		36,897,802	(20,205,274)	(11,450,545)	45,652,531	42,380,941	11,737,264		(15,066,696)	39,051,509			

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 reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
Plant and Equipment Replacement	Ongoing	To fund future replacement of plant.
Building and Facilities	Ongoing	To provide funds for the future maintenance of council buildings and facilities.
Parking and Public Transport Improvements	Ongoing	To maintain and improve the parking facilities within the City.
Waste Management	Ongoing	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.
HACC Capital Grants	Finalised	To hold capital grants not yet spent on grant purpose.
Undergrounding of Power Lines	2034/35	To contribute towards the future undergrounding of powerlines. The City of Subiaco has completed 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 from general revenue using loan funds if required.
Capital Investment	Ongoing	A Capital Investment reserve is to be maintained to hold the following investment funds: - the existing Capital Investment Reserve proceeds of any sale of land or other long-term investment - 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. 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.
Student Bursaries	Ongoing	To provide for the development of students within the City of Subiaco.
Infrastructure Replacement	Ongoing	To ensure the continued funding of infrastructure replacement. 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 Investment Assets. Funds held in the Investment Income Reserve may be disbursed from time-to-time and in accordance with resolutions of Council as follows: - to meet direct costs incurred in managing the investment portfolio; - to compensate general revenue for internal costs incurred in managing the investment portfolio; - to supplement general revenue as determined by resolution to 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.
Investment Income Reserve	Ongoing	To enable the City to support the development and procurement of significant works. To provide grants toward works which contribute to the retention of the heritage, values and character of privately owned properties listed on the Town Planning Scheme No. 4 Register of Places of Cultural Heritage Significance or are situated within a declared Conservation Area, in accordance with the City of Subiaco Heritage Incentives Policy.
Public Art	Ongoing	To fund replacement of IT infrastructure and systems.
Heritage Grants Reserve	Ongoing	
Information Technology Reserve	Ongoing	



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

## 5 TRADE AND OTHER RECEIVABLES

### Current

Rates outstanding
Sundry debtors
GST receivable
Accrued income
Prepayments
Less allowance for doubtful debts

### Non-current

Rates outstanding - pensioners
--------------------------------

Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

### Rates outstanding

Includes:

Past due and not impaired
---------------------------

### Sundry debtors

Includes:

Past due and not impaired
---------------------------

2018	2017
\$	\$
448,324	360,323
1,865,497	2,617,549
214,307	88,838
245,995	242,165
174,665	192,683
(803,131)	(725,128)
2,145,657	2,776,430
133,963	147,685
133,963	147,685
170,363	75,668
1,287,193	1,910,811

## SIGNIFICANT ACCOUNTING POLICIES

### 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.

### Classification and subsequent measurement

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

## 6 INVENTORIES

### Current

Consumables

2018	2017
\$	\$
20,931	29,336
20,931	29,336

### SIGNIFICANT ACCOUNTING POLICIES

#### 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**7 PROPERTY, PLANT AND EQUIPMENT**

Land and buildings	2018	2017
	\$	\$
Land - freehold land at:		
- Independent valuation 2017 - level 2	23,350,000	23,350,000
- Independent valuation 2017 - level 3	12,810,000	12,810,000
	36,160,000	36,160,000
Total land	36,160,000	36,160,000
Buildings - non-specialised at:		
- Independent valuation 2017 - level 3	131,342	131,342
Less: accumulated depreciation	(7,297)	0
	124,045	131,342
Buildings - specialised at:		
- Independent valuation 2017 - level 3	26,091,552	26,091,552
- Additions after valuation - cost	695,367	0
Less: accumulated depreciation	(1,021,252)	0
	25,765,667	26,091,552
Total buildings	25,889,712	26,222,894
Total land and buildings	62,049,712	62,382,894
Furniture and equipment at:		
- Management valuation 2015 - level 2	0	606,537
- Management valuation 2018 - level 2	1,023,398	0
- Additions after valuation - cost	0	578,196
Less: accumulated depreciation	0	(296,185)
	1,023,398	888,548
Plant and equipment at:		
- Management valuation 2016 - level 2	949,599	949,599
- Management valuation 2016 - level 3	1,024,862	1,024,862
- Additions after valuation - cost	2,670,972	1,212,345
Less: accumulated depreciation	(1,606,700)	(909,934)
	3,038,733	2,276,872
<b>Total property, plant and equipment</b>	<b>66,111,843</b>	<b>65,548,314</b>



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

7 PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Land - freehold land	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	36,160,000	36,160,000	117,453	23,414,412	23,531,865	59,691,865	411,067	34,473	60,137,405
Additions	0	0	0	1,204,857	1,204,857	1,204,857	329,078	1,212,345	2,746,280
Depreciation (expense)	0	0	13,889	1,472,283	1,486,172	1,486,172	148,403	1,030,054	2,664,629
<b>Carrying amount at 30 June 2017</b>	36,160,000	36,160,000	131,342	26,091,552	26,222,894	62,382,894	888,548	2,276,872	65,548,314
Additions	0	0	0	695,367	695,367	695,367	571,306	2,305,670	3,572,343
(Disposals)	0	0	0	0	0	0	(13,584)	(524,672)	(538,256)
Revaluation (loss) / reversals transferred to profit or loss	0	0	0	0	0	0	(47,501)	0	(47,501)
Depreciation (expense)	0	0	(7,297)	(1,021,252)	(1,028,549)	(1,028,549)	(375,371)	(1,019,137)	(2,423,057)
<b>Carrying amount at 30 June 2018</b>	36,160,000	36,160,000	124,045	25,765,667	25,889,712	62,049,712	1,023,398	3,038,733	66,111,843

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

7 PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land - freehold land	2 and 3	Market approach using recent observable or estimated market data for similar properties	Independent registered valuers	June 2017	Price per hectare / estimated price per hectare
Buildings - non-specialised	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Furniture and equipment</b>	2	Market approach using recent observable market data for similar properties	Management valuation	June 2018	Price per item
<b>Plant and equipment</b>					
- Management valuation 2016	2	Market approach using recent observable market data for similar properties	Management valuation	June 2016	Price per item
- Management valuation 2016	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Residual values and remaining useful life assessments (Level 3) inputs
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.					
During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.					

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

## 8 INVESTMENT PROPERTIES

Land and buildings	2018	2017
	\$	\$
Investment Land at:		
- Independent Valuation 2017 - level 2	67,560,000	80,560,000
- Independent Valuation 2017 - level 3	8,720,000	8,720,000
- Additions after valuation - cost	10,250,000	0
Total Investment Land	86,530,000	89,280,000
Investment buildings at:		
- Independent Valuation 2017 - level 2	4,207,667	4,207,667
- Independent Valuation 2017 - level 3	5,601,953	5,601,953
- Additions after valuation - cost	4,250,000	0
Total Investment Buildings	14,059,620	9,809,620
<b>Total Investment properties</b>	<b>100,589,620</b>	<b>99,089,620</b>

### (b) Movements in Carrying Amounts

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

	Investment Land	Investment Buildings	Total Investment Land & Buildings
<b>Balance at 1 July 2016</b>	98,604,630	11,851,353	110,455,983
Additions	653,324	38,327	691,651
(Disposals)	0	(2,276,595)	(2,276,595)
Revaluation increments/ (decrements) transferred to revaluation surplus	(9,977,954)	196,535	(9,781,419)
<b>Carrying amount at 30 June 2017</b>	<b>89,280,000</b>	<b>9,809,620</b>	<b>99,089,620</b>
Additions	10,250,000	4,250,000	14,500,000
(Disposals)	(13,000,000)	0	(13,000,000)
<b>Carrying amount at 30 June 2018</b>	<b>86,530,000</b>	<b>14,059,620</b>	<b>100,589,620</b>



8 INVESTMENT PROPERTIES (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Investment Land	2 or 3	Market approach using recent observable or estimated market data for similar properties	Independent registered valuers	June 2017	Price per hectare (level 2) / Estimated price per hectare (level 3)
Investment Buildings	2 or 3	Cost approach using depreciated replacement cost or Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per square metre / market borrowing rate (level 2). Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs

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.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of investment property using either level 2 or level 3 inputs.

SIGNIFICANT ACCOUNTING POLICIES

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 costs and subsequently measured at fair value and any changes to fair value are recorded in the Statement of Comprehensive Income as other income.

Investment Properties (Continued)

The fair value of an investment property is the amount for which the asset could be exchanged between knowledgeable, willing parties in an arms 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**9 INFRASTRUCTURE**

**Roads**

- Management valuation 2015 - level 3
- Management valuation 2018 - level 3
- Additions after valuation - cost
- Less: accumulated depreciation

**Footpaths**

- Management valuation 2015 - level 3
- Management valuation 2018 - level 3
- Additions after valuation - cost
- Less: accumulated depreciation

**Drainage**

- Management valuation 2015 - level 3
- Management valuation 2018 - level 3
- Additions after valuation - cost
- Less: accumulated depreciation

**Streetscape**

- Management valuation 2015 - level 3
- Management valuation 2018 - level 3
- Additions after valuation - cost
- Less: accumulated depreciation

**Parks, gardens, reserves and equipment**

- Management valuation 2015 - level 3
- Management valuation 2018 - level 3
- Additions after valuation - cost
- Less: accumulated depreciation

**Other Infrastructure**

- Management valuation 2015 - level 2
- Management valuation 2018 - level 3
- Additions after valuation - cost
- Less: accumulated depreciation

**Total infrastructure**

2018	2017
\$	\$
0	51,967,364
72,268,353	0
0	4,977,282
0	(2,236,870)
72,268,353	54,707,776
0	11,289,020
18,298,104	0
0	142,147
0	(601,865)
18,298,104	10,829,302
0	17,093,306
23,435,702	0
0	1,507,024
0	(540,413)
23,435,702	18,059,917
0	4,644,221
4,692,300	0
0	4,742,104
0	(535,640)
4,692,300	8,850,685
0	7,776,350
6,431,550	0
0	1,736,332
0	(1,908,071)
6,431,550	7,604,611
0	679,300
1,973,760	39,250
0	57,509
0	(410,420)
1,973,760	365,639
127,099,769	100,417,930

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

9 INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Roads	Footpaths	Drainage	Streetscape	Parks, gardens, reserves and equipment	Other Infrastructure	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	61,132,063	12,394,396	19,642,515	6,697,065	8,131,598	623,904	108,621,541
Additions	2,873,947	36,246	858,653	2,934,344	1,006,027	34,745	7,743,962
Depreciation (expense)	(1,012,897)	(286,295)	(254,616)	(228,445)	(927,215)	(203,010)	(2,912,478)
Transfers following boundary adjustment (1)	(8,285,337)	(1,315,045)	(2,186,635)	(552,279)	(605,799)	(90,000)	(13,035,095)
<b>Carrying amount at 30 June 2017</b>	54,707,776	10,829,302	18,059,917	8,850,685	7,604,611	365,639	100,417,930
Additions	2,238,174	154,644	33,306	400,232	2,297,703	120,040	5,244,099
Revaluation increments/ (decrements) transferred to revaluation surplus	14,579,391	7,536,937	5,486,679	(1,044,588)	0	1,695,491	28,253,910
Revaluation (loss)/ reversals transferred to profit or loss	0	0	0	(3,249,494)	(2,489,907)	0	(5,739,401)
Depreciation (expense)	(1,253,052)	(317,240)	(286,976)	(309,535)	(980,857)	(207,410)	(3,355,070)
Transfers following boundary adjustment (2)	1,996,064	94,461	142,776	45,000	0	0	2,278,301
<b>Carrying amount at 30 June 2018</b>	72,268,353	18,298,104	23,435,702	4,692,300	6,431,550	1,973,760	127,099,769

(1) Boundary adjustment following City of Perth Act resulting in loss of assets to the City of Perth.

(2) Boundary adjustment between Town of Cambridge and City of Subiaco resulting in receipt of assets from Town of Cambridge.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

9 INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Roads</b>	3	Cost Approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Footpaths</b>	3	Cost Approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Drainage</b>	3	Cost Approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Other Infrastructure</b>	2 or 3	Market approach using recent observable market data for similar items / Cost Approach using depreciated replacement cost	Independent registered valuers	June 2018	Price per item / Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Streetscape</b>	3	Cost Approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Parks, gardens, reserves and equipment</b>	3	Cost Approach using depreciated replacement cost	Independent registered valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<p>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.</p> <p>During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.</p>					

## 10 FIXED ASSETS

### SIGNIFICANT ACCOUNTING POLICIES

#### 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.

#### 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.

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 City 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, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

#### Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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 class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

#### Land under control

In accordance with *Local Government (Financial Management) Regulation 16(a)(ii)*, the City 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.

## 10 FIXED ASSETS (Continued)

### (a) Disposals of Assets

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Investment Land</b>								
<b>Other property and services</b>								
Land	13,000,000	13,000,000	0	0	13,000,000	13,000,000	0	0
	13,000,000	13,000,000	0	0	13,000,000	13,000,000	0	0
<b>Furniture and Equipment</b>								
<b>Recreation and culture</b>								
Office Equipment	727	0	0	(727)	0	0	0	0
<b>Other property and services</b>								
Office Equipment	12,856	0	0	(12,856)	0	0	0	0
<b>Plant and Equipment</b>								
<b>Health</b>								
Light Vehicles	18,275	17,273	0	(1,002)	33,690	30,000	0	(3,690)
Light Vehicles			0	0	14,640	15,000	360	0
<b>Education and welfare</b>								
Light Vehicles	57,786	13,864	0	(43,922)	0	0	0	0
Light Vehicles	12,208	19,318	7,110	0	0	0	0	0
<b>Community amenities</b>								
Minor Plant	654	0	0	(654)	0	0	0	0
Heavy Vehicle	43,233	40,909	0	(2,324)	0	0	0	0
<b>Recreation and culture</b>								
Light Vehicle	65,201	46,818	0	(18,383)	0	0	0	0
Heavy Vehicle	78,900	23,636	0	(55,264)	0	0	0	0
Minor Plant	6,880	9,691	2,811	0	0	0	0	0
<b>Transport</b>								
Light Vehicles	7,163	1,364	0	(5,799)	0	0	0	0
Minor Plant	27,614	0	0	(27,614)	0	0	0	0
Heavy Vehicles	53,585	104,091	50,506	0	22,000	75,000	53,000	0
<b>Economic services</b>								
Light Vehicles	21,993	27,045	5,052	0	0	0	0	0
<b>Other property and services</b>								
Light Vehicles	69,334	60,227	0	(9,107)	19,840	11,000	0	(8,840)
Minor Plant	468	28	0	(440)	0	0	0	0
Heavy Vehicles	38,000	100,000	62,000	0	230,050	330,000	99,950	0
Light Vehicles	23,378	27,545	4,167	0	0	0	0	0
	538,255	491,809	131,646	(178,092)	320,220	461,000	153,310	(12,530)

### (b) Depreciation

	2018	2017
	\$	\$
Buildings - non-specialised	7,297	13,889
Buildings - specialised	1,021,252	1,472,283
Furniture and equipment	375,371	148,403
Plant and equipment	1,019,137	1,030,054
Roads	1,253,052	1,012,897
Footpaths	317,240	286,295
Drainage	286,976	254,616
Other Infrastructure	207,410	203,010
Streetscape	309,535	228,445
Parks, gardens, reserves and equipment	980,857	927,215
	5,778,127	5,577,107



10 FIXED ASSETS (Continued)

(b) Depreciation (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested 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) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Depreciation rates

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

Buildings	30-50 years
Furniture and equipment	4-10 years
Plant and equipment	5-15 years

Infrastructure Assets

Sealed roads and streets	20-50 years
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Formed roads (unsealed)	
formation	not depreciated
pavement	50 years
Footpaths	20-40 years
Laneways	20-50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years
Street Furniture	15 years
Park Furniture	15 years
Playground Equipment	15 years
Reticulation	25 years

Depreciation (Continued)

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.

11 REVALUATION SURPLUS

	2018				2017				2017			
	2018	2018	2018	2018	2017	2017	2017	2017	2017	2017	2017	2017
	Opening	Revaluation	Revaluation	Total	Opening	Revaluation	Revaluation	Total	Movement	Reversal on	2017	2017
	Balance	Increment	(Decrement)	Movement on	Balance	Increment	(Decrement)	Movement on	between	Assets	Closing	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	classes	Transferred	\$	\$
Revaluation surplus - Land and Buildings	45,342,973	0	0	0	107,198,450	0	(61,737,327)	(61,737,327)	0	(118,150)	45,342,973	
Revaluation surplus - Furniture and equipment	0	0	0	0	3,122	0	0	0	(3,122)	0	0	
Revaluation surplus - Plant and equipment	675,972	0	0	0	847,792	0	0	0	(148,987)	(22,833)	675,972	
Revaluation surplus - Roads	33,829,154	14,579,391	0	14,579,391	38,442,220	0	0	0	0	(4,613,066)	33,829,154	
Revaluation surplus - Footpaths	7,019,304	7,536,937	0	7,536,937	7,976,482	0	0	0	0	(957,178)	7,019,304	
Revaluation surplus - Drainage	6,115,033	5,486,679	0	5,486,679	6,948,901	0	0	0	0	(833,868)	6,115,033	
Revaluation surplus - Other Infrastructure	453,565	1,695,491	0	1,695,491	515,415	0	0	0	0	(61,850)	453,565	
Revaluation surplus - Streetscape	1,044,588	0	(1,044,588)	(1,044,588)	1,187,032	0	0	0	0	(142,444)	1,044,588	
Revaluation surplus - Investment in Associate	176,657	0	0	0	176,657	24,548	0	24,548	152,109	0	176,657	
	94,657,246	29,298,498	(1,044,588)	28,253,910	163,119,414	24,548	(61,737,327)	(61,712,779)	0	(6,749,389)	94,657,246	

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

The 2017 reversal on assets transferred relates to assets transferred to the City of Perth following a boundary adjustment.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

12 INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

Particulars	Principal 1 July 2017	New Loans	Principal Repayments		Principal 30 June 2018		Interest Repayments	
			Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Governance</b>								
Loan 126 - Regal Theatre Contribution	300,000	0	100,000	100,000	200,000	200,000	7,251	9,200
<b>Recreation and culture</b>								
Loan 121A - Rosalie Park Improvements	590,639	0	30,670	30,700	559,969	559,939	40,156	40,200
Loan 121B - Rosalie Park Improvements	134,128	0	6,310	6,300	127,818	127,828	8,939	8,900
Loan 121C - Rosalie Park Improvements	973,207	0	29,036	38,900	944,171	934,307	49,902	49,900
Loan 121D - Rosalie Park Improvements	168,892	0	9,281	9,300	159,611	159,592	6,700	3,500
Loan 127 - Lake Jualbup	0	1,000,000	0	0	1,000,000	1,000,000	1,668	0
Subiaco Common	0	0	0	0	0	0	0	0
<b>Economic services</b>								
Loan 123A - Undergrounding of Powerlines	2,950,398	0	112,141	112,100	2,838,257	2,838,298	168,622	170,400
Loan 123B - Undergrounding of Powerlines	2,044,930	0	78,366	78,400	1,966,564	1,966,530	104,426	106,000
	7,162,194	1,000,000	365,804	375,700	7,796,390	7,786,494	387,663	388,100

All loan repayments were financed by general purpose revenue.

Borrowings

	2018	2017
	\$	\$
Current	495,508	375,703
Non-current	7,300,882	6,786,491
	7,796,390	7,162,194



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

12 INFORMATION ON BORROWINGS (Continued)

(b) New Borrowings - 2017/18

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term Years	Total Interest & Charges	Interest Rate	Amount (Used)		Balance Unspent
	Actual	Budget						Actual	Budget	
	\$	\$				\$	%	\$	\$	\$
Major Open Parkland (Lake Jualbup)	1,000,000	1,000,000	WATC	Debenture	10	1,168,527	3	1,000,000	1,000,000	0
Major Open Parkland (Subiaco Common) (*)	0	1,000,000	N.A.	Debenture	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
	1,000,000	2,000,000				1,168,527		1,000,000	1,000,000	0
(*) Loans remained undrawn at 30 June 2018										
<b>Undrawn borrowing facilities</b>										
Credit Standby Arrangements										
Bank overdraft limit (*)						2018	2017			
						\$	\$			
Bank overdraft at balance date (*)						7,000,000	0			
Credit card limit						(1,171,331)	0			
Credit card balance at balance date						30,000	40,000			
						(15,599)	0			
<b>Total amount of credit unused</b>						5,843,070	40,000			
(*) A short-term temporary bank overdraft facility was in place at 30th June 2018 to provide interim funding for the purchase of an investment property which was budgeted using reserve funding from the Capital Investment Reserve. At the time of property settlement the funds were held in bank deposits and unable to be called upon until maturity in July 2018.										
<b>Loan facilities</b>										
Loan facilities - current						495,508	375,703			
Loan facilities - non-current						7,300,882	6,786,491			
<b>Total facilities in use at balance date</b>						7,796,390	7,162,194			
<b>Unused loan facilities at balance date</b>						NIL	NIL			

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are recognised at fair value when the City becomes a party to the contractual provisions to the instrument.

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

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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

## 13 TRADE AND OTHER PAYABLES

### Current

	2018	2017
	\$	\$
Sundry creditors	2,500,589	2,322,181
Accrued interest on debentures	104,447	94,677
Accrued salaries and wages	250,465	207,602
Bond Creditors	1,211,726	1,308,194
Income in advance	669,784	710,494
Accrued Expenses	152,892	144,754
	4,889,903	4,787,902

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect

#### Trade and other payables (Continued)

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.

## 14 PROVISIONS

### Opening balance at 1 July 2017

Current provisions

Non-current provisions

Additional provision

Amounts used

### Balance at 30 June 2018

### Comprises

Current

Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Provision for Sick Leave	Provision for Time In Lieu	Total
	\$	\$	\$	\$	\$
Opening balance at 1 July 2017					
Current provisions	1,347,704	1,223,467	262,495	0	2,833,666
Non-current provisions	0	474,769	0	0	474,769
	1,347,704	1,698,236	262,495	0	3,308,435
Additional provision	1,515,833	59,464	49,425	232,274	1,856,996
Amounts used	(1,609,843)	(210,683)	(67,662)	(132,040)	(2,020,228)
Balance at 30 June 2018	1,253,694	1,547,017	244,258	100,234	3,145,203
Comprises					
Current	1,253,694	744,390	244,258	100,234	2,342,576
Non-current	0	802,627	0	0	802,627
	1,253,694	1,547,017	244,258	100,234	3,145,203

### SIGNIFICANT ACCOUNTING POLICIES

#### Employee benefits

##### Short-term employee benefits

Provision is made for the City'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 City'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.

##### Other long-term employee benefits

The City's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

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

##### Other long-term employee benefits (Continued)

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 City's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the City 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.

##### Provisions

Provisions are recognised when the City 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.



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

## 15 NOTES TO THE STATEMENT OF CASH FLOWS

### 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:

	<b>2018 Actual</b>	<b>2018 Budget</b>	<b>2017 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	50,520,279	50,157,003	48,169,698
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	(1,115,516)	1,837,424	(8,157,283)
Non-cash flows in Net result:			
Depreciation	5,778,127	5,448,830	5,577,107
(Profit)/loss on sale of asset	46,446	(140,780)	2,444,964
Adjustment to share in associate	453,390	0	80,332
Fair value adjustments to fixed assets at fair value through profit or loss	5,786,902	0	9,781,419
Changes in assets and liabilities:			
(Increase)/decrease in receivables	644,495	658,759	(256,477)
(Increase)/decrease in inventories	8,405	(2,632)	(541)
Increase/(decrease) in payables	102,001	137,789	(61,734)
Increase/(decrease) in provisions	(163,232)	255,000	(94,143)
Grants contributions for the development of assets	(850,275)	(1,107,020)	(643,400)
Net cash from operating activities	10,690,743	7,087,370	8,670,244

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**16 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Governance	1,975	4,223
General purpose funding	2,279,620	2,924,115
Law, order, public safety	76,873	99,570
Health	80,321	48,864
Education and welfare	1,915,902	1,996,140
Community amenities	2,610,231	2,518,028
Recreation and culture	38,824,197	38,978,151
Transport	135,822,288	108,973,603
Economic services	0	24,824
Other property and services	168,067,409	162,853,297
	<b>349,678,816</b>	<b>318,420,815</b>

**17 CONTINGENT ASSETS**

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 on any net surplus arising from the "Subi Centro" development project. A non-refundable amount of \$6.1 million 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**18 CAPITAL AND LEASING COMMITMENTS**

**(a) Capital Expenditure Commitments**

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

- not later than one year

2018	2017
\$	\$
1,002,824	1,617,741
442,102	1,294,295
1,444,925	2,912,136

The capital expenditure project outstanding at the end of the current reporting period represents works in progress related to parks, roads, street lighting and buildings.

The plant & equipment purchases related to the purchase of a waste truck and other plant items that were not available for delivery until the following financial year.

**(b) Operating Lease Commitments**

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year
- later than one year but not later than five years
- later than five years

2018	2017
\$	\$
85,738	156,771
28,180	101,095
0	0
113,918	257,866

Receivable:

- not later than one year
- later than one year but not later than five years
- later than five years

4,929,244	3,915,244
15,229,227	12,864,015
25,442,980	14,702,335
45,601,451	31,481,594

The Operating Lease Commitment Receivable in 2017 and 2018 relates to lease income to be generated through the city's investment property portfolio for properties with a current lease agreement in place. It is staged in today's dollars and does not include CPI or any other increases that may be applied in a given year through the terms of the lease agreement.

**SIGNIFICANT ACCOUNTING POLICIES**

**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 City, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower of 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.

**Leases (Continued)**

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 on a straight line basis over the lease term.

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



## 19 INVESTMENT IN ASSOCIATES

### 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%.

	2018	2017
	\$	\$
<b>(a) Retained surplus attributed to Investment in Associate:</b>		
Balance at the beginning of the financial year	644,717	700,501
-Share of associates profit/(loss) from ordinary activities	(453,389)	(80,332)
-Share of associates revaluation increment arising during the year	0	24,548
Balance at the end of the financial year	191,328	644,717
<b>(b) Carrying amount of Investment in Associate:</b>		
Balance at the beginning of the financial year	2,241,802	2,297,586
-Share of associates profit/(loss) from ordinary activities	(453,389)	(80,332)
-Share of associates revaluation increment arising during the year	0	24,548
Balance at the end of the financial year	1,788,413	2,241,802
<b>(c) Share of associate entity's results and financial position</b>		
Current Assets	1,308,700	1,528,208
Non Current Assets	858,870	939,612
<b>Total Assets</b>	<b>2,167,570</b>	<b>2,467,820</b>
Current Liabilities	374,225	220,272
Non Current Liabilities	4,932	5,746
<b>Total Liabilities</b>	<b>379,157</b>	<b>226,018</b>
Revenues	1,994,938	1,998,142
Expenses	(2,448,328)	(2,013,067)
Share of Net Result		(65,407)
<b>Total Profit/(Loss) from ordinary activities</b>	<b>(453,390)</b>	<b>(80,332)</b>
<b>Other Comprehensive Income</b>		
Changes in revaluation of non current assets	0	24,548
<b>Total Other Comprehensive income</b>	<b>0</b>	<b>24,548</b>
<b>Total Comprehensive Income</b>	<b>(453,390)</b>	<b>(55,784)</b>

### SIGNIFICANT ACCOUNTING POLICIES

#### Investment in associates

An associate is an entity over which the City 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 City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the City'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.

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Investment in associates (Continued)

Profits and losses resulting from transactions between the City and the associate are eliminated to the extent of the City's interest in the associate. When the City's share of losses in an associate equals or exceeds its interest in the associate, the City 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 City will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

## 20 RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Meeting Fees	279,645	279,645	279,645
Mayor's allowance	61,800	61,800	61,800
Deputy Mayor's allowance	15,450	15,450	15,450
Telecommunications allowance	35,400	34,800	34,800
Expense Reimbursement	4,882	2,000	0
	397,177	393,695	391,695

### Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the City during the year are as follows:

	2018	2017
	\$	\$
Short-term employee benefits	946,029	953,143
Post-employment benefits	175,700	172,206
Other long-term benefits	22,885	22,544
Termination benefits	63,450	10,779
	1,208,063	1,158,672

#### Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

#### Post-employment benefits

These amounts are the current-year's estimated cost of providing for the City's superannuation contributions made during the year.

#### Other long-term benefits

These amounts represent long service benefits accruing during the year.

### Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

### Transactions with related parties

Transactions between related parties, and the City are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:

	2018	2017
	\$	\$
Sale of goods and services	250	0
Purchase of goods and services	30	30
Amounts payable to related parties:		
Trade and other payables	30	30

### Related Parties

#### The City's main related parties are as follows:

##### i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

##### ii. Entities subject to significant influence by the City

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

## **22 TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

### **2017/18 Financial Year**

#### **592 to 616 Hay Street / 2 Bishop Street**

The properties situated at 592 to 616 Hay Street and 2 Bishop Street formed part of the City's investment portfolio. In October 2016 Council resolved to dispose of these properties. Most of the buildings were demolished and the property was then sold at public auction in April 2017 and settled in July 2017.

#### **100 Chisolm Crescent, Kewdale**

This property was acquired in June 2018 to form part of the City's investment portfolio. The property was purchased using reserve funds from the Capital Investment Reserve and includes land, a manufacturing workshop and associated office building with an existing tenant on an eight year lease to 2026.

Lease income derived from this property is to be transferred to the Investment Income Reserve in accordance with Council's policy.

### **2016/17 Financial Year**

#### **133 Salvado Road**

The City acquired land and buildings at 133 Salvado Road, Wembley in 2012. Since acquisition of this property, investigations on a number of potential options have been conducted and in April 2016 Council resolved to explore options for disposal of this property. At its June 2016 meeting Council resolved to proceed with the disposal of the property and authorised the CEO to call for tenders to appoint a suitably qualified real estate professional to manage the process for the sale. An expression of interest was called to appoint a sales agent but was terminated prior to the tender stage in order to resolve various state government planning issues that were identified prior to disposal, which are yet to be resolved.

#### **20 Roydhouse Street (Carter Lane)**

The City acquired this property through payment for surrender of long term lease in 2011/12 to allow for redevelopment of this site from its industrial use to a contemporary residential development.

The eleven single residential lots were sold by public auction in October 2015 with settlement concluded by March 2016. The two larger mixed-use lots were sold via an expression of interest process with sales contracts in place by February 2015. One of these properties settled at the end of March 2016, the other has been the subject of delayed settlement issues and was subsequently terminated. The property was then made available for sale and a sales contract was executed in September 2017 with settlement expected in January 2019.

#### **592 to 616 Hay Street / 2 Bishop Street**

The properties situated at 592 to 616 Hay Street and 2 Bishop Street form part of the City's investment portfolio. At its April 2016 meeting Council resolved in principle to dispose of these properties for its highest market value. In June 2016 Council resolved that should the City proceed with the major land transaction then the CEO be authorised to undertake demolition of these properties (but excluding 592 and 594 Hay Street), remediation if required and apply to the WAPC for subdivision approval for three lots prior to disposal by public auction. In October 2016 Council resolved to disposal of these properties. The buildings were demolished and the property sold at public auction with a settlement date of July 2017.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

23 CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance <sup>(1)</sup> 1/07/16	Received <sup>(2)</sup> 2016/17	Expended <sup>(3)</sup> 2016/17	Closing Balance <sup>(1)</sup> 30/06/17	Received <sup>(2)</sup> 2017/18	Expended <sup>(3)</sup> 2017/18	Closing Balance <sup>(3)</sup> 30/06/18
	\$	\$	\$	\$	\$	\$	\$
<b>Community amenities</b>							
Subiaco Oval Heritage	0	48,015	(31,230)	16,785	0	(16,785)	0
<b>Recreation and culture</b>							
Onslow Tennis Club	53,231	0	(53,231)	0	0	0	0
Kidsport	601	10,000	(7,201)	3,400	0	(3,400)	0
Restoration of Jolimont	3,500	0	(3,500)	0	0	0	0
<b>Transport</b>							
Selby/Nash Road	20,450	0	(20,450)	0	0	0	0
Barker Road	85,447	0	(62,723)	22,724	0	(22,724)	0
Station Street	19,139	0	(19,139)	0	0	0	0
Railway Road	15,562	0	(15,562)	0	0	0	0
Jersey Street	9,600	0	0	9,600	0	(9,600)	0
Roberts Road	37,014	0	(10,315)	26,699	0	(26,699)	0
Nicholson Road	99,713	0	(99,713)	0	0	0	0
Selby Street (Lonnie-Hay St)	59,215	0	(59,215)	0	0	0	0
Winthrop Ave	145	0	(145)	0	0	0	0
Station Street	0	30,900	(24,697)	6,203	0	(6,203)	0
Subiaco Road	0	14,000	(2,500)	11,500	0	(11,500)	0
Bagot Road	0	22,000	(4,650)	17,350	0	(17,350)	0
Harborne Street	0	75,801	(60,960)	14,841	0	(14,841)	0
Denis Street to Railway Road	0	0	0	0	64,776	(55,183)	9,593
Station Street (R2R)	0	0	0	0	40,000	0	40,000
<b>Total</b>	<b>403,617</b>	<b>200,716</b>	<b>(475,231)</b>	<b>129,102</b>	<b>104,776</b>	<b>(184,285)</b>	<b>49,593</b>

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

24 RATING INFORMATION

(a) Rates

RATE TYPE		Rate in \$	Number of Properties	Value	Rate		Interim Rates	Back Rates	Total Revenue	Budget		Budget		Budget		
Differential general rate / general rate					Revenue	\$				Revenue	\$	Rate	Rate	Rate	Rate	
Gross rental valuations																
Residential	6.3990	7,077	207,371,484	13,269,700	101,899	1,334	13,372,933	13,265,220	250,000	5,000	13,520,220					
Commercial	6.3990	1,228	125,977,657	8,061,310	196,590	0	8,257,900	8,083,300			8,083,300					
Industrial	6.3990	10	878,680	56,227	0	0	56,227	104,370			104,370					
Sub-Total		8,315	334,227,821	21,387,237	298,489	1,334	21,687,060	21,452,890	250,000	5,000	21,707,890					
Minimum payment																
Gross rental valuations																
Residential	988	817	10,852,672	807,196	(1,892)	(153)	805,151	807,200			807,200				807,200	
Commercial	988	40	498,195	39,520	(988)	0	38,532	39,520			39,520				39,520	
Industrial	988	0	0	0	0	0	0	0			0				0	
Sub-Total		857	11,350,867	846,716	(2,880)	(153)	843,683	846,720	0	0	846,720				846,720	
Discounts/concessions (refer note 26)																
Total amount raised from general rate																
Totals																
											22,530,566				22,554,610	
											(177)				0	
											22,530,743	22,299,610	250,000	5,000	22,554,610	

SIGNIFICANT ACCOUNTING POLICIES

Rates

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



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

## 25 NET CURRENT ASSETS

Composition of net current assets for  
the purposes of the Rate Setting Statement

	<b>2018 (30 June 2018 Carried Forward)</b>	<b>2018 (1 July 2017 Brought Forward)</b>	<b>2017 (30 June 2017 Carried Forward)</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Surplus/(Deficit)</b>	6,259,408	4,173,285	4,173,285
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	11,325,299	8,989,087	8,989,087
Restricted	39,194,980	39,180,611	39,180,611
Receivables			
Rates outstanding	448,324	360,323	360,323
Sundry debtors	1,865,497	2,617,549	2,617,549
GST receivable	214,307	88,838	88,838
Accrued income	245,995	242,165	242,165
Prepayments	174,665	192,683	192,683
Less allowance for doubtful debts	(803,131)	(725,128)	(725,128)
Inventories			
Consumables	20,931	29,336	29,336
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(2,500,589)	(2,322,181)	(2,322,181)
Accrued interest on debentures	(104,447)	(94,677)	(94,677)
Accrued salaries and wages	(250,465)	(207,602)	(207,602)
Bond Creditors	(1,211,726)	(1,308,194)	(1,308,194)
Income in advance	(669,784)	(710,494)	(710,494)
Accrued Expenses	(152,892)	(144,754)	(144,754)
Current portion of long term borrowings	(495,508)	(375,703)	(375,703)
Provisions			
Provision for annual leave	(1,253,694)	(1,347,704)	(1,347,704)
Provision for sick leave	(244,258)	(262,495)	(262,495)
Provision for long service leave	(744,390)	(1,223,467)	(1,223,467)
Provision for time in lieu	(100,234)	0	0
<b>Unadjusted net current assets</b>	<b>44,958,880</b>	<b>42,978,193</b>	<b>42,978,193</b>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(39,194,980)	(39,180,611)	(39,180,611)
Add: Current portion of long term borrowings	495,508	375,703	375,703
<b>Adjusted net current assets - surplus/(deficit)</b>	<b>6,259,408</b>	<b>4,173,285</b>	<b>4,173,285</b>

### Difference

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**26 FINANCIAL RISK MANAGEMENT**

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

The City 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 City held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	50,520,279	48,169,698	50,520,279	48,169,698
Receivables	2,279,620	2,924,115	2,279,620	2,924,115
	52,799,899	51,093,813	52,799,899	51,093,813
<b>Financial liabilities</b>				
Payables	4,889,903	4,787,902	4,889,903	4,787,902
Borrowings	7,796,390	7,162,194	8,683,434	8,002,673
	12,686,293	11,950,096	13,573,337	12,790,575

Fair value is determined as follows:

Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

## 26 FINANCIAL RISK MANAGEMENT (Continued)

### (a) Cash and Cash Equivalents

The City'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 portfolio.

The City 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.

Impact of a 1% <sup>(1)</sup> movement in interest rates on cash	\$	\$
- Equity	505,203	481,697
- Statement of Comprehensive Income	505,203	481,697

#### Notes:

- <sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible interest interest rate movements

### (b) Receivables

The City'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. The City 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 the City to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The City 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.

The City 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 City's credit risk at balance date was:

	2018	2017
	%	%
Percentage of rates and annual charges		
- Current	62%	79%
- Overdue	38%	21%
Percentage of other receivables		
- Current	31%	27%
- Overdue	69%	73%

## 26 FINANCIAL RISK MANAGEMENT (Continued)

### (c) Payables and 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. The City 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 the City's Payables and Borrowings are set out in the Liquidity Table below:

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
<b>2018</b>	\$	\$	\$	\$	\$
Payables	4,889,903	0	0	4,889,903	4,889,903
Borrowings	843,108	3,160,481	7,715,351	11,718,939	7,796,390
	5,733,011	3,160,481	7,715,351	16,608,842	12,686,293
<b>2017</b>					
Payables	4,787,902	0	0	4,787,902	4,787,902
Borrowings	728,645	2,693,070	7,058,266	10,479,981	7,162,194
	5,516,547	2,693,070	7,058,266	15,267,883	11,950,096

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The City 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:

<b>Year ended 30 June 2018</b>	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings	0	200,000	0	0	0	7,596,390	7,796,390	4.53%
Weighted average Effective interest rate	0.00%	2.39%	0.00%	0.00%	0.00%	4.58%		
<b>Year ended 30 June 2017</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings	0	0	300,000	0	0	6,862,194	7,162,194	4.85%
Weighted average Effective interest rate	0.00%	0.00%	2.39%	0.00%	0.00%	4.95%		

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**27 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:

	<b>1 July 2017</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>30 June 2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Building Industry Training Fund	0	124,760	(124,760)	0
Building Commission	0	97,991	(97,991)	0
	<u>0</u>			<u>0</u>



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**28 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 City.

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

<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable (1)</b>	<b>Impact</b>
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	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 City, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend on the nature of future transactions the City has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted.

Currently, operating lease payments are expensed as incurred.

This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the City, the impact is not expected to be significant.

Notes:

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

## 28 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (Continued)

Title	Issued / Compiled	Applicable (1)	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> <li>- Assets received below fair value;</li> <li>- Transfers received to acquire or construct non-financial assets;</li> <li>- Grants received;</li> <li>- Prepaid rates;</li> <li>- Leases entered into at below market rates; and</li> <li>- Volunteer services.</li> </ul>

Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the City's operations.

### Notes:

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

### Adoption of New and Revised Accounting Standards

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

(i) AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	1 January 2017
(ii) AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities	1 January 2017

## 29 OTHER SIGNIFICANT ACCOUNTING POLICIES

### a) 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.

### b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the City's operational cycle. In the case of liabilities where the City 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 or non-current based on the City's intentions to release for sale.

### c) Rounding off figures

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

### d) Comparative figures

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

When the City applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, 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.

### e) 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.

### f) Superannuation

The City contributes to a number of Superannuation Funds on behalf of employees. All funds to which the City contributes are defined contribution plans.

### g) Fair value of assets and liabilities

Fair value is the price that the City 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 or liability. 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 or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) 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.

### h) 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 City 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 City 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.

#### 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 the service capacity of an asset.

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 City 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 are 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.

### i) Impairment of assets

In accordance with Australian Accounting Standards the City's cash generating non-specialised 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 specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

## **30 ACTIVITIES/PROGRAMS**

City operations as disclosed in these financial statements encompass the following service orientated activities/programs.

<b>PROGRAM NAME</b>	<b>OBJECTIVE</b>	<b>ACTIVITIES</b>
<b>GOVERNANCE</b>	To ensure high quality democratic processes and informed local decision making.	Includes administration and operation of facilities and services to members of council and other costs that relate to the tasks of assisting members and ratepayers on matters which do not concern specific council services.
<b>GENERAL PURPOSE FUNDING</b>	To fairly and efficiently levy and collect rates and other monies required to fund the city's operations.	Rates revenue from rates levied under Division 6 of Part 6 of the Local Government Act 1995 and amounts receivable from the Western Australian Grants Commission and any government grants of a general purpose nature.
<b>LAW, ORDER, PUBLIC SAFETY</b>	To ensure safety and amenity of the community in public areas.	Control of parking facilities, implementation and control of parking, and other local laws. Also includes fire prevention outlays.
<b>HEALTH</b>	To protect the health of all persons and promote environmental quality.	Administration, inspection and operations of programs concerned with the general health of the community.
<b>EDUCATION AND WELFARE</b>	To contribute towards the wellbeing of people with special needs.	Maintenance of pre-school buildings and the provision of seniors activities.
<b>COMMUNITY AMENITIES</b>	To provide waste management services, which minimise adverse environmental impacts, orderly and controlled development of land and the built environment, and well maintained public conveniences.	This includes the collection and disposal of community and domestic rubbish and recycling, and the administration and operation of town planning and sustainable development within the local government.
<b>RECREATION AND CULTURE</b>	To provide and support community recreational and cultural pursuits.	Maintenance of community, recreation and function centre, various reserves, and operation of the library.
<b>TRANSPORT</b>	To facilitate safe and convenient transport access.	Construction and maintenance of roads, drainage works, footpaths, traffic facilities.
<b>ECONOMIC SERVICES</b>	To facilitate economic development, promote compliance with building standards, regulations and local laws and enhance public amenity by placing powerlines underground.	Area promotion and building control services.
<b>OTHER PROPERTY AND SERVICES</b>	investment assets for the benefit of the community.	includes management of the city's investment assets.



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**31 FINANCIAL RATIOS**

	2018	2017	2016
Current ratio	1.75	1.48	1.18
Asset consumption ratio	0.98	0.90	0.95
Asset renewal funding ratio	0.61	0.61	0.62
Asset sustainability ratio	1.35	1.00	0.95
Debt service cover ratio	5.57	(1.28)	3.36
Operating surplus ratio	(0.05)	(0.21)	0.03
Own source revenue coverage ratio	1.08	0.79	0.99

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 consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
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:**

Three of the ratios disclosed above were distorted by the early receipt of Financial Assistance Grants. In addition, two of the ratios were impacted by revenue and expenses associated with flood damage re-instatement which is considered one-off in nature.

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	285,569	283,168	0
Amount of Financial Assistance Grant received in prior year relating to current year.	283,168	0	0
Loan Repayments made in advance during the year for early settlement of loans.	0	1,023,554	1,169,769
Premiums on Loan Repayments made in advance	0	115,922	230,231
One-off revenue payment due to transfer of loan to City of Perth following boundary adjustment	0	223,606	0
Adjustment for loss on demolished buildings	0	2,276,595	0
Fair Value adjustment on Investment Properties	0	9,781,419	0
Fair Value adjustment on Furniture & Equipment	47,501	0	0
Fair Value adjustment on Infrastructure	5,739,401	0	0

If the events detailed above did not occur, the impacted ratios in the 2018, 2017 and 2016 columns above would be as follows:

	2018	2017	2016
Current ratio	1.71	1.44	N.A.
Debt service cover ratio	13.25	10.25	9.08
Operating surplus ratio	0.09	0.07	N.A.
Own source revenue coverage ratio	1.28	1.03	N.A.

### 32 LOSS ON FIXED ASSETS TRANSFERRED TO THE CITY OF PERTH THROUGH BOUNDARY ADJUSTMENT

#### City of Perth Act

The City of Perth Act came into effect on 1st July 2016 and resulted in a change of the City of Subiaco boundaries. A total of 1347 rateable properties were transferred to the City of Perth along with infrastructure and other assets situated within that area.

The City of Subiaco has included in its Statement of Comprehensive Income a loss upon the transfer of fixed assets to the City of Perth as listed below:

#### Fixed Assets

	2018	2017
	\$	\$
Buildings	0	(103,746)
Infrastructure	0	(13,035,095)
Plant & Equipment	0	(95,187)
<b>Total loss on transfer of Fixed Assets</b>	0	(13,234,028)
<b>LOSS ON NET ASSETS TRANSFERRED TO CITY OF PERTH:</b>	<b>0</b>	<b>(13,234,028)</b>

### 33 GAIN ON FIXED ASSETS TRANSFERRED FROM THE TOWN OF CAMBRIDGE THROUGH BOUNDARY ADJUSTMENT

On 1st July 2017 there was a change to the City of Subiaco boundaries which were extended to include a part of the Town of Cambridge. A total of 30 rateable properties were transferred by the Town of Cambridge to the City of Subiaco along with infrastructure and other assets situated within that area.

The City of Subiaco has included in its Statement of Comprehensive Income a gain upon the transfer of fixed assets from the Town of Cambridge as listed below:

#### Fixed Assets

	2018	2017
	\$	\$
Infrastructure	2,278,301	0
<b>Total gain on transfer of Fixed Assets</b>	2,278,301	0
<b>GAIN ON NET ASSETS TRANSFERRED FROM TOWN OF CAMBRIDGE:</b>	<b>2,278,301</b>	<b>0</b>

## **INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF THE CITY OF SUBIACO REPORT ON THE FINANCIAL REPORT**

### **Opinion**

We have audited the accompanying financial report of the City of Subiaco (the City), which comprises the Statement of Financial Position as at 30 June 2018, 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.

In our opinion, the financial report of the City of Subiaco:

- a) is based on proper accounts and reports; and
- b) fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the Local Government Act 1995 (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the City in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter – Basis of Preparation**

We draw attention to Note 1 to the financial report, which describes the basis of preparation. The financial report has been prepared for the purpose of fulfilling the City's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. Our opinion is not modified in respect of this matter.

### **Responsibilities of the Chief Executive Officer and Council for the Financial Report**

The Chief Executive Officer (CEO) of the City is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the City.

The Council is responsible for overseeing the City's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT  
TO THE COUNCILLORS OF THE CITY OF SUBIACO  
REPORT ON THE FINANCIAL REPORT (CONTINUED)**

**Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives of the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit



**INDEPENDENT AUDITOR'S REPORT  
TO THE COUNCILLORS OF THE CITY OF SUBIACO  
REPORT ON THE FINANCIAL REPORT (CONTINUED)**

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

- a) All required information and explanations were obtained by us.
- b) All audit procedures were satisfactorily completed in conducting our audit.
- c) In my opinion, the asset consumption ratio and the asset renewal ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

**Matters Relating to the Electronic Publication of the Audited Financial Report**

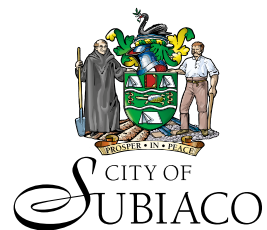
This auditor's report relates to the annual financial report of the City of Subiaco for the year ended 30 June 2018 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

MOORE STEPHENS  
CHARTERED ACCOUNTANTS



WEN-SHIEN CHAI  
PARTNER

Date: 12<sup>th</sup> November 2018  
Perth, WA



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This document is available in  
alternative formats upon request.

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The City of Subiaco is committed to protecting  
the global environment through local action.  
The document is available online at  
**[www.subiaco.wa.gov.au](http://www.subiaco.wa.gov.au)**