



CITY OF
SUBIACO

2018–19

Annual Report



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Subiaco





Mayor's message

The recent election marked my two year anniversary as Mayor of Subiaco, and I'm proud of what we've been able to achieve in this time.

Community is integral to the City of Subiaco and this Annual Report not only provides a great opportunity to reflect on what the City has achieved, but also on what the community has achieved – as it's your feedback and ideas that guide us every day.

This past year has been an important period of planning in Subiaco, with the State Government developing the business case for the Subi East Redevelopment Project and our draft Local Planning Strategy No. 5 approved unanimously by Council after we chose to proactively work with the State and the community to find a plan that worked for everyone.

The Subiaco Oval demolition marked the start of an exciting time of development, investment and opportunity in Subiaco which will help the local economy thrive now and for generations to come.

The dual priorities for our community are the imperative for us to preserve what we all love about Subiaco, such as its strong heritage, whilst also working towards an economically strong community where people want to live, visit and invest.

We continued to support local business this year in a number of practical ways, including our inaugural Subiaco Business Conference.

The conference was specifically organised to enable local businesses to examine modern challenges and provide both inspiration and practical skills from business leaders and professionals.

It seems it was a year of firsts as we introduced open Agenda Briefings prior to each Council Meeting. This was an important step in providing more transparency of Council Meetings to the community, which had been voiced as a concern for some residents.

We also celebrated NAIDOC Week in a special way this year with some beautiful illustrations on the City's Administration Centre front doors by proud local Noongar woman and artist, Seantelle Walsh. In addition, there was a traditional Welcome to Country and Flag Raising Ceremony, a morning tea and a free performance from locally based Yirra Yaakin Theatre Company, which was a delight.

The expanding celebrations for NAIDOC Week show our commitment to reconciliation and make me truly proud to live in such a diverse and welcoming community and country.

Sustainability underlies everything we do and it's with this front of mind, we made the finishing touches this year in our Lake Jualbup upgrade project, including planting a native garden. If you get the chance, I encourage you to visit the lake yourself to enjoy this beautiful corner of our City.

We're the state leaders in our urban tree canopy, and are continually working to increase this. Thanks to a grant from the Water Corporation, we've also been able to nearly double the number of sustainable verges this year.

I'm exceptionally proud of what the City staff, elected members and the community have accomplished together this year. I thank you all for your efforts to make this such a great place to live, work and visit, and I encourage everyone to continue the great work.

I am looking forward to the big, exciting year ahead for Subiaco. I can't wait to see what we next achieve together.

Penny Taylor

Mayor

October 2019



CEO's message

The City of Subiaco is a unique place with an important heritage and bright future, and I'm proud to be leading the organisation serving the community during this time of growth.

Local government plays an essential role in communities and it's important we continue to support residents, business owners and visitors through our services, facilities and processes to ensure we deliver a strong and stable future for Subiaco.

This includes working with the community to facilitate population and business growth, while treasuring and protecting our community heritage which we all hold dear.

We've accomplished so much in the past year and, while it's impossible to review every achievement, there are a number of exciting highlights that I want to mention.

We have continued to strive to be an innovative and sustainable organisation with our day-to-day activities guided by the community's vision of a unique, popular and welcoming place with sustainability underpinning our operations.

We have also worked on improving administration processes in the past year, such as making Agenda Briefings open to the public to help make information more available and Council decisions more transparent.

Parking is something the community wanted to see improved so, in the last year, we had a customer service focus to achieve equitable access to parking and implemented a lot of changes. We introduced free parking after 5pm on weekdays and all day on weekends, \$5 a day parking in ten City carparks, and the completion of five parking precinct plans.

These changes have been implemented to make parking easier and more consistent across the City, and to help support local business by encouraging visitation seven days a week, day and night.

Another big milestone this year was the progress made on the draft Local Planning Scheme No. 5 (LPS5) which is currently with the Western Australian Planning Commission (WAPC) after a unanimous Council decision.

I would like to take the opportunity to once again thank every person who made a submission for the LPS5 – your feedback provided valuable insight into the issues that matter to you and informed the Council's response to the WAPC.

The demolition of the Pavilion Markets site was completed in May and symbolised the start of a new story for the landmark site on which the One Subiaco development will commence in the near future.

This and other major developments, such as the Subi East Redevelopment Project and the soon to be completed Park Regis Hotel, show how much the City is evolving and how we are proactively securing a bright and strong future.

Throughout all this, I'm proud to say we continued to deliver the high quality services to the community that make Subiaco great, and upheld our organisational values of respect, integrity, teamwork and customer service. We love it when we can delight our community by delivering over and above expectations.

Well done to all City staff for your exceptional work over the past year and your service to our community. I also want to recognise the contribution of our Mayor and Councillors who all work hard to ensure Subiaco is set-up well for the future.

It's a genuine privilege to serve the Subiaco community and I'm looking forward to continuing the great work this year.

Rochelle Lavery
Chief Executive Officer
October 2019

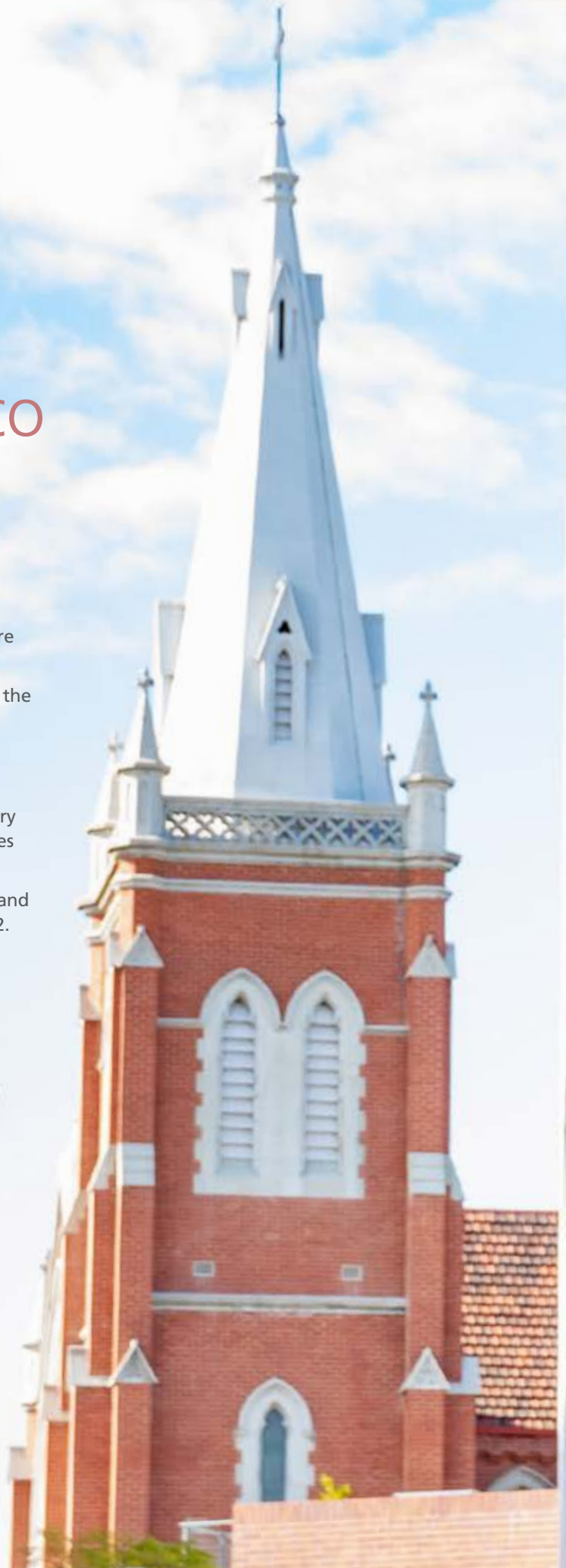
About the City of Subiaco

Our history

The City of Subiaco is established on the traditional homelands of the Noongar 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.





Subiaco today

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

The residential population of the City of Subiaco is estimated to be 17,106 people and more than 22,000 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, attractive streetscapes, open spaces and mix of local businesses and services provide a backdrop for a great lifestyle.

The City is on track to meet State Government targets for new dwellings to 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, parking and growth sympathetic to heritage.

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



Our council

The City of Subiaco comprises four wards, with 12 elected members representing the community. Three councillors are elected for the Central, East and North wards and two councillors for the South Ward; the Mayor is popularly elected for a four year term.

The City of Subiaco Council as at 30 June 2019:



MAYOR

Penny Taylor

NORTH WARD



Cr Derek Nash



Cr Stephanie Stroud



Cr Peter McAllister

EAST WARD



Cr Julie Matheson



Cr Matt Davis



Cr Murray Rowe

CENTRAL WARD



Cr Jodi Mansfield



Cr Malcolm Mummy



Cr Judith Gedero
(Deputy Mayor)

SOUTH WARD



Cr Hugh Richardson



Cr David McMullen

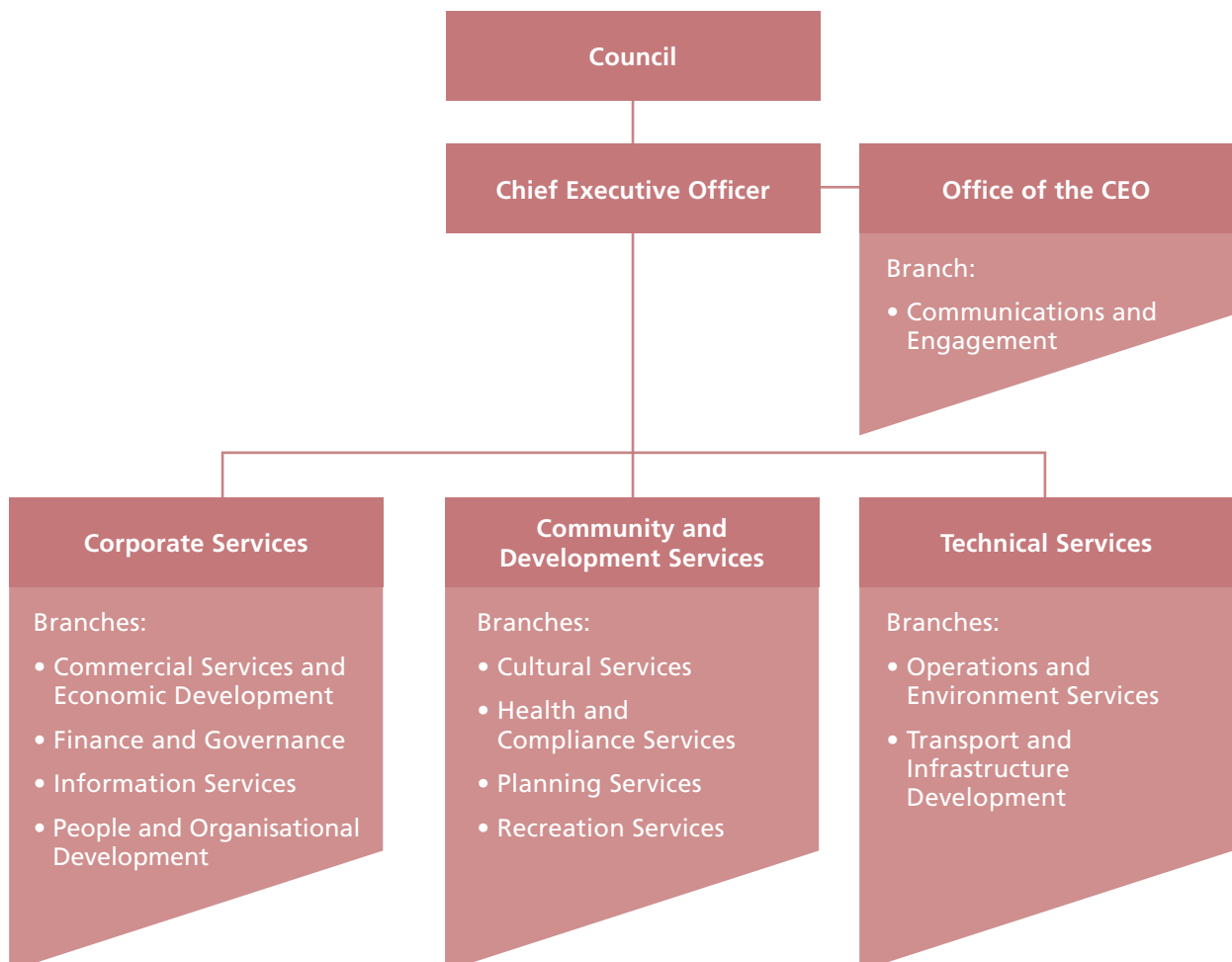


Subiaco services

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.

The organisational structure as at 30 June 2019:



The City works to the values

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.

Teamwork

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



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 and 2017 to endorse the current version of the plan. It is our 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 2018–2021 outlines the City's key priorities and actions. The plan is informed by the Strategic Community Plan and aims to integrate the community's aspirations into the City's operations. It is our contract with the community to deliver projects and services for the benefit of our 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 requirements of the Western Australian Government's Integrated Planning and Reporting Framework.

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 reflects the six focus areas that support our community's vision for the City of Subiaco:

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

This document reports on the period 1 July 2018 to 30 June 2019.



On the horizon: 2019–20

Projects

- Continue to advocate for community priorities in the Subi East Redevelopment Project
- Strategic Community Plan review
- Review of the City's local planning policies
- Investigate the opportunity for active recreation courts and an underground carpark in Subiaco East
- Progress and advocate for the two-way conversion of Hay Street and Roberts Road
- Develop a social infrastructure plan
- Review the Draft Bike Plan
- A new corporate website
- Develop a customer service plan
- Review of parking permit application and renewal processes
- Prepare a local public health plan
- Rokeby Road South streetscape masterplan

Budget highlights

Key capital works and projects in 2019–20 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, we're investing in road renewal upgrades, improvements to Subiaco Library and a possible carpark with active recreation courts in Subiaco East.



\$4.7M

Carpark and parking improvements



\$1.9M

Major road improvements



\$1.1M

Parks and reserves



\$743K

Road safety improvements



\$520K

Library refurbishment



\$226K

Drainage improvements



\$180K

Footpath improvements



\$290K

Lighting upgrades



FAST FACTS

3233 museum visitors

498,158 people attended Lords Recreation Centre

5000 people attended the sunset@subi concerts

62 volunteers generously contributed their time

2750 new library members

Focus area one

Our sense of community

**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

- Boosted the City's partnership program with community groups, which facilitated delivery of the Subi Community Christmas lunch, assisted the Subiaco Justice Centre, supported Voiceworks Vocal Ensemble and Subi Farmers' Market on Saturdays, engaged with Yirra Yaakin Theatre Group, worked with Skateboarding WA, and contributed towards the running of Subiaco Primary School pool.
- Celebrated the City's history on Remembrance Day, by marking the Centenary of the Armistice that ended the First World War with a ceremony and morning tea alongside the Subiaco and Shenton Park RSL sub-branches.
- Exhibited *Lustrous Bodies: Pearls and pearl-shell adornment in twentieth century Subiaco* at Subiaco Museum, celebrating items from the museum collection and contributions from Linneys and Subiaco Antiques and Fine Jewellery, which looked at the role fine jewellery has played in the growth of Subiaco. Marked the 80th anniversary of the opening of the Regal Theatre, with the museum exhibition *Cinema Subiaco 1904–1954*.
- Delivered events specifically for seniors to build connections within the community, including regular community lunches, monthly coffee club sessions and Seniors Out 'n' About bus trips. Provided access to a range of weekly seniors' exercise classes, including Chair Yoga, Gold Circuit, Gold Dance to Music, Gold Energiser, Gold Fitness, Gold Pilates and Zumba Gold.
- Joined Inclusion Solutions inaugural Social Inclusive Communities WA Program, which facilitated free training, mentoring and development opportunities in the area of social inclusion for community groups and clubs based in the City. Supported the Wandana Community Garden Committee and rolled out access and inclusion training for staff. Engaged Maxima Disability Employment Service and recruited a casual staff member through them.
- Hosted the weekly Volunteer Resource Centre at Subiaco Library, and facilitated environmental volunteering opportunities and a regular English Conversation Group.
- Facilitated advisory groups Subi Kids Crew (SKC) and Subiaco Voice of Youth (SVY) to build capacity in local young people and support them to deliver projects for their peers. SKC projects included updating the Children's Adventure Map, creating a new-look Families, Children and Youth e-newsletter sent to almost 1400 people each month, and introducing a monthly children's book club. The SVY held a number of events including Race Around Subi with 78 teams participating, and a sold out movie themed quiz night. Members of SVY took up MC roles at City events and judged and issued prizes to their preferred entries in the Shaun Tan Award for Young Artists and the Tim Winton Award for Young Writers. Contributed a total of approximately \$10,000 to 35 young people through Youth Achievement Grants to support participation in sport, education, training, drama, arts and volunteering programs.
- Subiaco Library celebrated and profiled art and creativity and their importance in the community. The Shaun Tan Award for Young Artists received over 1500 entries, with almost 20 per cent from regional areas in Western Australia. The twenty-sixth Tim Winton Award for Young Writers, attended by patron and acclaimed WA author, Tim Winton, received 1250 short story entries from young people across the state.
- Lords Recreation Centre upgraded the software that manages the centre and public community facility bookings. Lords also refurbished five change room and toilet areas, modified the locker layout, improved accessibility, and completed minor gym upgrades including replacing cardio equipment with new, state-of-the-art models.

FAST FACTS

380 trees planted

16,200 natives planted in the City's parks and reserves

Ecozoned 1950m² across the City's parks and reserves

2600 native plants provided to the community
at a subsidised rate

Collected 833t of residential green waste, all of
which was turned into mulch

Focus area two

Parks, open spaces and places

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

Highlights

- Consulted the community and developed and endorsed the Urban Forest Strategy 2018–22 to preserve, maintain, protect and increase the City's diverse urban forest, as well as help to ease the heat retention within the City.
- Assisted with 37 native verges, including planting 1300 plants, through the Waterwise verge program. Contributed to the greening of rail corridors, re-established endemic planting adjacent to ephemeral wetlands, and reduced water consumption.
- Received 37 nominations from local residents, schools and businesses in the Waterwise Verge and Garden Awards. Nominations included vegetable and school gardens.
- Planted 2500 native shrubs at Charles Stokes Reserve in Daglish as part of National Tree Day.
- Completed final works at Lake Jualbup, including the installation of additional pathways and linkages, a lake aeration system, new LED lighting, irrigation bores, pipes and sprinklers, park furniture, barbeques and shelters.
- Relocated and replaced the playground at Market Square Park, using valuable input from the local community who provided feedback on the location of the playground within the park, and many design features such as shade sails, climbing structures and swings. The new playground was installed at the site of the old skate park, where natural shade from existing trees provides sun protection. The Market Square Playground was officially opened by Mayor Penny Taylor and students from Subiaco Primary School.
- Installed smart bins at Lake Jualbup adjacent to the main playground. The bins are equipped with an internal compactor that compresses waste to help increase bin capacity, reduce the number of bins needed, and reduce the number of weekly collections. The solar-powered bins also have sensors which allow collection staff to monitor them remotely.
- Hosted an e-waste drop-off day with Western Metropolitan Regional Council to receive old TVs, DVD players, printers, laptops, monitors, computers, and computer parts.
- Achieved Gold accreditation in the Water Corporation's Waterwise Council Program. This acknowledges the City's leadership in Waterwise operations and an ongoing commitment to create a water-sensitive community through projects and programs. 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, and the implementation of the Lake Jualbup Management Plan to help increase habitats and community connection to the lake.
- Continued to deliver regional joint initiatives with other Western Suburbs Regional Organisation of Councils (WESROC).



FAST FACTS

515 events brought approximately 120,000 people into the town centre

20,959 people visited the See Subiaco website

63,969 people engaged with See Subiaco social media channels

4500 businesses operating in the City

50,000 people attended the 2019 Subiaco Street Party



Focus area three

A unique destination

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

- Hosted flagship events such as Subiaco Street Party, Subiaco Christmas and Subi Blooms to help activate the town centre, increase visitation and support local businesses. Sponsored a diverse range of events, including Bonjour Perth, UnWined Subiaco, Fringe World Festival, Perth Festival and Perth International Comedy Festival. Fifteen events across the year attracted approximately 120,000 attendees and promoted Subiaco as a hub for arts, culture and entertainment.
- Finalised the See Subiaco Marketing Strategy which positions the City as a destination of choice and aims to drive visitation, inform the broader community about Subiaco's offerings, and advocate for living, working and playing in the City. Commenced See Subiaco's monthly e-newsletter and launched a responsive website for the brand.
- Developed and maintained partnerships with the Western Suburbs Business Association, Business Station, tertiary institutions, hospitals and health precincts to support and promote the economic development of Subiaco. Started development of a night-time economy plan to encourage an open, safe and vibrant economy throughout the evening and late night.
- The City's first Place Plan was adopted following expert input and an extensive community consultation period, including more than 3500 thoughtful and constructive community comments. The plan has a dynamic and practical list of actions to be completed in a three-year period focussing on town centre activations, a trial of new public assets, events and supporting community-led groups.
- Delivered the inaugural Subiaco Business Conference which was tailored to Subiaco businesses. The conference included keynote speakers, and a panel discussion with entrepreneurs and business experts covering a range of workshop sessions such as leasing and property advice, visual merchandising, digital media marketing and customer service.
- Launched a new online community map which allows community members to easily find community groups and clubs that are located or working within the City. Venues fall into a range of categories, including arts and culture, education, families and young people, and environment, parks and recreation.



FAST FACTS

15 heritage grants approved in the last financial year

7989 residential properties in the City

163 approved development applications

1794t of recycling was collected

384t of bulk verge waste was collected, with 78.16% of that recycled

Focus area four

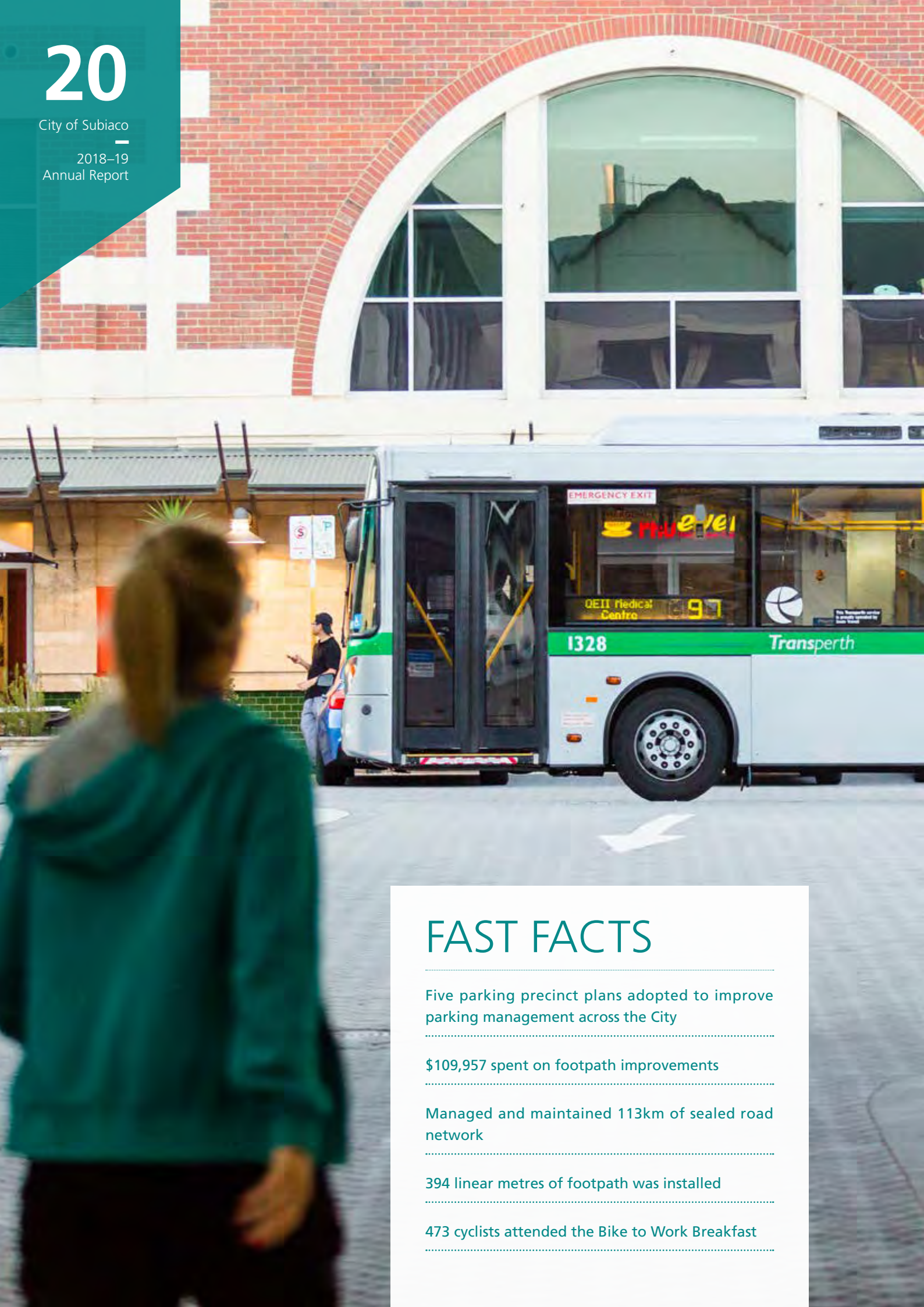
The built environment

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

- Designated three new heritage areas and expanded the Hamersley Road Group Heritage Area, which provided protection to a further 125 heritage places. Supported the conservation and enhancement of 15 heritage places through heritage grants, and continued to provide professional architectural and conservation advice to owners of heritage listed places through the City's Heritage Advisory Service.
- Prepared the Local Planning Scheme No. 5 and reviewed the Draft Local Planning Strategy in accordance with legislative requirements and, following extensive community consultation and Council consideration, submitted them to the Western Australian Planning Commission (WAPC). Both documents were supported by Council in February 2019, subject to further community consultation and modifications. The drafts were submitted to the WAPC in June 2019.
- Continued hydraulic modelling of the City's drainage network to assist in developing a long-term works program. Completed the annual drainage jetting of the City's 4000 drainage structures along with a community education program.
- Incorporated carbon offsetting in contestable energy contracts as part of the City's Sustainability and Resilience Strategy.
- Completed projects within the Capital Works Program, covering drainage, streetscapes, roads, lighting, footpaths, bus shelters and street furniture.
- Continued work with the State Government on the Subi East Redevelopment Project, including advocating for appropriate infill, good quality design outcomes, green space, and protection of the cultural heritage of the oval and Princess Margaret Hospital site.
- Considered and informed an application to develop the former Subiaco Pavilion Markets site, following work with the City's Design Review Panel to ensure high quality design outcomes and community benefits. The development application was approved unanimously at a meeting of the Metro West Joint Development Assessment Panel.
- Worked closely with WA police to continue to provide the community with information and support regarding safety and crime prevention, including providing print and digital information, visiting local businesses and meeting regularly with local police, as part of the Community Safety and Crime Prevention Plan 2016–20.





FAST FACTS

Five parking precinct plans adopted to improve parking management across the City

\$109,957 spent on footpath improvements

Managed and maintained 113km of sealed road network

394 linear metres of footpath was installed

473 cyclists attended the Bike to Work Breakfast

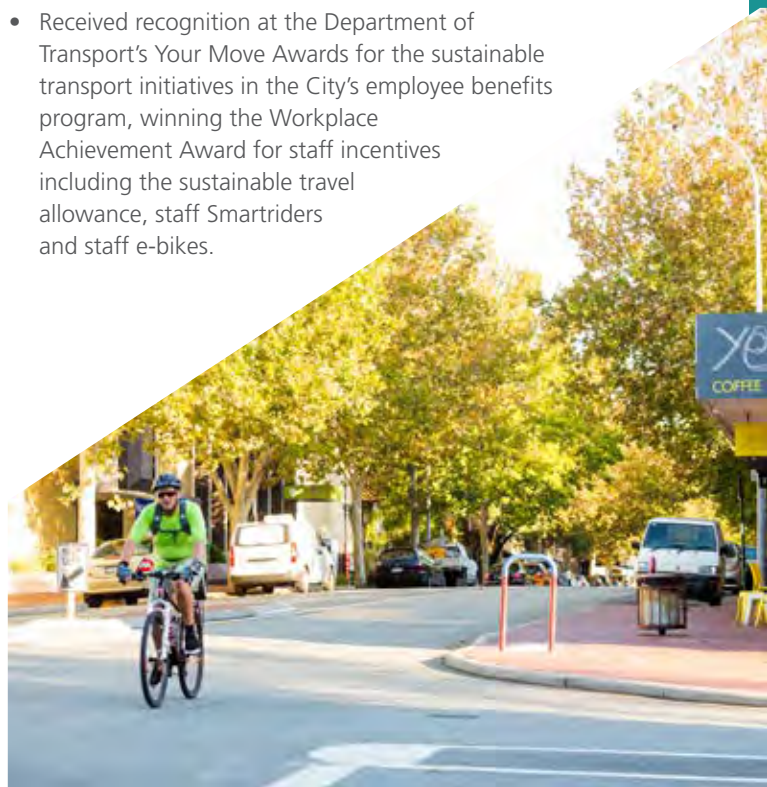
Focus area five

An effective and integrated transport system

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

Highlights

- Minimised the impact of congestion on City roads, modified Centro Avenue and Roberts Road signals and installed a roundabout at Selby and Nash Streets.
- Continued to advocate for Hay Street and Roberts Road to become two-way. Completed and submitted modelling and concept design work for LandCorp and the Metropolitan Redevelopment Authority (now DevelopmentWA) to review, for consideration of funding to align with Subi East Redevelopment Project.
- Maintained Local Area Traffic Management plans across the City to manage traffic flow. Installed speed plateaux at Onslow Road in Shenton Park to enhance streetscapes and decrease vehicle speeds.
- Advocated for enhanced public transport services with the Public Transport Authority, including better connected bus and train services.
- Continued to research, consult and develop Parking Precinct Plans to improve parking across the City, ensuring greater consistency. Five of the plans were endorsed by Council, with three of a total six plans implemented in the 2018–19 financial year.
- Introduced free weekend and evening parking in designated City-operated carparks, to encourage visitation and vibrancy outside of business hours. Developed a commercial parking website, SUBiPARK, to provide wayfinding and parking guidance to City carparks.
- Continued to replace concrete slab footpaths with cast in-situ concrete footpaths to provide more accessible pedestrian and cycling routes, and decrease maintenance requirements.
- Delivered an initiative of the Transport Access and Parking Strategy through City advocacy which contributed to a new bus route, number 96, starting operation in Subiaco.
- Secured \$25,000 in funding from the Department of Transport's WA Bike Network grant for the design of a bike path along Salvado Road in Jolimont. Designs were developed, with construction planned to take place in 2019–20.
- Received recognition at the Department of Transport's Your Move Awards for the sustainable transport initiatives in the City's employee benefits program, winning the Workplace Achievement Award for staff incentives including the sustainable travel allowance, staff Smartriders and staff e-bikes.



FAST FACTS

186 full-time employees

13,609 visitors to the City's engagement website,
Have Your Say Subiaco

1901 survey responses in the last financial year

162,606 unique visitors to the City's website

Celebrated 25 years of Talk About Subi, the City's
quarterly newsletter

Focus area six

Council leadership

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

Highlights

- Implemented a new Council meeting structure to increase efficiency and transparency. The new meeting process features an Agenda Briefing prior to each Council Meeting to facilitate informed decision-making and public access to information.
- Delivered IAP2 Engagement Essentials course to 21 cross-directorate staff, providing a good grounding in the concepts and theory the City bases its approach to community engagement on.
- Conducted the required desktop review of the City's Strategic Community Plan 2017–2027 and redeveloped the City's Corporate Business Plan 2018–2021, which defines how the City will achieve the outcomes of the Strategic Community Plan through specific actions and projects.
- Reviewed and updated the Community Engagement Policy, which was then approved by Council. The Have Your Say Subiaco engagement website was reviewed and improvements were made to the project archive, making it easier to navigate and find current projects open for comment.
- Employed additional forms of engagement due to the scale and importance of the LPS5 project. These moved into the Involve/Participate level of the IAP2 Engagement Spectrum, including urban design forums and 10 community information sessions.
- Installed a Customer Relationship Management system to process customer requests. Enabling service requests to be submitted online and streamlining internal processes and improving responsiveness.
- Endorsed the Strategic Asset Management Plan, which translates the Corporate Business Plan objectives into asset management objectives. The plan summarises the current state of infrastructure assets and forecasts the required financial funding over the next 10 years, enabling effective strategic financial planning. In addition, the City improved alignment with its sustainability objectives by moving towards paperless collection of asset data. The tablet-based data collection tools also improve accuracy and efficiency of collection.
- Acquired a property asset outside of the City's borders to provide an improved return on the City's investment and work to minimise rate rises, as part of the City's property investment strategy.
- Celebrated 25 years of Talk About Subi, the City's quarterly newsletter distributed to all residents and businesses within the City.





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 18 valid freedom of information applications in 2018–19.

Disability Access and Inclusion

Since 1995 it has been a requirement under the Disability Services Act (1993) that all public authorities prepare and implement a Disability Access and Inclusion Plan. The City's Disability Access and Inclusion Plan (DAIP) 2017–2022 was adopted by Council in November 2017. The DAIP represents the City's commitment to enhance the accessibility and inclusiveness of our community. Key achievements for 2018–19 included: Socially Inclusive Communities WA program, Auslan interpreters at two community events, Lords Recreation Centre and Lake Jualbup facilities upgrades, community mapping tool development, nine workshops related to access and inclusion, online Disability Awareness training added to the City staff induction process, introduction of a new Customer Relationship Management system, and continued consultation with the Disability Access and Inclusion Committee. The City met the Department of Communities 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 was one complaint 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 2018–19 in relation to anti-competitive practices.

Attendance at Council Meetings

Attendance of Elected Members at Agenda Briefings, Council and Committee meetings, and Council Workshops is detailed in the following table.

The Council Meeting and Agenda Briefing Forum schedule changed in January 2019. Council Meetings moved from fortnightly to monthly, and Agenda Briefings were formalised monthly in advance of Council meetings.



Policy & Priority Committee – Ended November 2018			
Members	Meetings Held	Meetings Attended	Apologies or Leave of Absence
Mayor Penny Taylor	6	5	1 x L/A
Cr Derek Nash	6	5	1 x L/A
Cr Stephanie Stroud	6	4	2 x Apol.
Cr Peter McAllister	6	6	
Cr Julie Matheson	6	3	3 x Apol.
Cr Matt Davis	6	6	
Cr Murray Rowe	6	5	1 x L/A
Cr Jodi Mansfield	6	6	
Cr Malcolm Mummery	6	6	
Deputy Mayor Judith Gedero	6	6	
Cr Hugh Richardson	6	5	1 x Apol.
Cr David McMullen	6	4	2 x Apol.

Employee remuneration

There were 23 employees entitled to an annual cash salary of \$100,000 or more:

Bracket	Number of employees
\$100,000 to \$109,999	5
\$110,000 to \$119,999	1
\$120,000 to \$129,999	2
\$130,000 to \$139,999	6
\$140,000 to \$149,999	4
\$150,000 to \$159,999	0
\$160,000 to \$169,999	0
\$170,000 to \$179,999	1
\$190,000 to \$199,999	3
\$200,000+	1

This document, in conjunction with the Annual Financial Statements, forms the City's Annual Report for 2018–19. The following page is an extract from the Annual Financial Statements, available in full at 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 in the Annual Financial Statements.

2018–19 income and expenditure summary

	2017–18 \$'000s	2018–19 \$'000s
Revenue		
Governance	0	0
General purpose funding	24,893	25,780
Law, order and public safety	36	37
Health	72	74
Education and welfare	42	48
Community amenities	4,675	4,736
Recreation and culture	3,247	3,167
Transport	3,983	3,391
Economic services	167	134
Other property and services	4,758	5,985
	41,872	43,353
Expenses		
Governance	(2,118)	(2,243)
General purpose funding	(537)	(558)
Law, order and public safety	(698)	(609)
Health	(796)	(809)
Education and welfare	(650)	(594)
Community amenities	(5,874)	(5,934)
Recreation and culture	(12,840)	(13,089)
Transport	(10,017)	(10,063)
Economic services	(2,031)	(2,075)
Other property and services	(1,602)	(2,196)
	(37,164)	(38,169)
Finance Costs		
Recreation and culture	(115)	(141)
Economic services	(273)	(262)
	(388)	(404)
	4,321	4,781
Non-operating grants, subsidies and contributions	850	1,001
Profit on disposal of assets	132	220
(Loss) on disposal of assets	(178)	(37)
Assets expensed due to change in Regulations	-	(84)
Share of net profit of associates and joint ventures accounted for using the equity method	(453)	(267)
(Loss) on revaluation of furniture and equipment	(48)	0
(Loss) on revaluation of Streetscape	(3,249)	0
(Loss) on revaluation of parks, gardens, reserves and equipment	(2,490)	0
	(5,436)	832
Net result for the period (before net asset adjustment)	(1,116)	5,613
Gain on net assets transferred from Town of Cambridge through boundary adjustment	2,278	0
Gain on net assets transferred following termination of lease	0	204
Net result (after net asset adjustment)	1,163	5,817
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Changes in asset revaluation surplus	28,254	26
Total other comprehensive income for the period	28,254	26
Total comprehensive income for the period	29,417	5,843



CITY OF
SUBIACO

2018–19

Annual Financial Statement



CITY OF SUBIACO
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

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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 2019**

*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 2019 is based on proper accounts and records to present fairly the financial position of the City of Subiaco at 30 June 2019 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 15th day of November 2019



Rochelle Lavery
Chief Executive Officer

CITY OF SUBIACO
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	24(a)	23,582,053	23,711,120	22,530,566
Operating grants, subsidies and contributions	2(a)	645,501	549,580	639,398
Operating Reimbursements and donations		1,114,593	770,130	1,175,195
Fees and charges	2(a)	11,538,473	11,389,397	10,902,115
Sanitation Charges		4,540,369	4,453,087	4,451,249
Interest earnings	2(a)	1,430,280	826,470	1,616,443
Other revenue	2(a)	501,453	614,200	557,354
		43,352,722	42,313,984	41,872,320
Expenses				
Employee costs		(20,446,052)	(20,095,420)	(19,275,633)
Materials and contracts		(8,901,617)	(12,656,277)	(9,026,943)
Utility charges		(908,801)	(942,220)	(915,269)
Depreciation on non-current assets	10(b)	(5,950,317)	(5,417,270)	(5,778,127)
Interest expenses	2(b)	(403,541)	(409,660)	(387,663)
Insurance expenses		(448,564)	(456,950)	(455,207)
Other expenditure		(1,513,248)	(1,461,820)	(1,712,531)
		(38,572,140)	(41,439,617)	(37,551,373)
		4,780,582	874,367	4,320,947
Non-operating grants, subsidies and contributions	2(a)	1,000,896	822,870	850,275
Profit on asset disposals	10(a)	220,250	77,570	131,646
(Loss) on asset disposals	10(a)	(37,335)	(45,900)	(178,092)
Assets expensed due to change in Regulations	8(a)	(84,095)	0	0
Share of profit or loss of associates and joint ventures accounted for using the equity method	21	(267,269)	0	(453,390)
(Loss) on revaluation of furniture and equipment	8(a)	0	0	(47,501)
(Loss) on revaluation of Streetscape	9(a)	0	0	(3,249,494)
(Loss) on revaluation of Parks, gardens, reserves and equipment	9(a)	0	0	(2,489,907)
		832,447	854,540	(5,436,463)
Net result for the period		5,613,029	1,728,907	(1,115,516)
Gain on net assets transferred from Town of Cambridge through boundary adjustment	29	0	0	2,278,301
Gain on net assets transferred following termination of lease	12	203,833	0	0
Net result (after net asset adjustment)		5,816,862	1,728,907	1,162,785
Other comprehensive income				
Changes in asset revaluation surplus	11	25,989	0	28,253,910
Total other comprehensive income for the period		25,989	0	28,253,910
Total comprehensive income for the period		5,842,851	1,728,907	29,416,695

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

CITY OF SUBIACO
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
	2(a)			
Governance		0	200	80
General purpose funding		25,779,521	25,230,270	24,892,918
Law, order, public safety		36,892	44,200	36,249
Health		73,787	87,100	71,500
Education and welfare		48,352	16,000	42,051
Community amenities		4,736,459	4,648,587	4,675,321
Recreation and culture		3,167,423	3,439,648	3,246,734
Transport		3,391,379	3,183,790	3,982,774
Economic services		133,865	203,059	166,547
Other property and services		5,985,044	5,461,130	4,758,145
		<u>43,352,722</u>	<u>42,313,984</u>	<u>41,872,319</u>
Expenses				
	2(b)			
Governance		(2,242,700)	(2,353,577)	(2,118,196)
General purpose funding		(557,664)	(619,030)	(536,874)
Law, order, public safety		(608,668)	(721,370)	(698,030)
Health		(808,957)	(889,830)	(795,819)
Education and welfare		(593,803)	(686,860)	(649,828)
Community amenities		(5,933,630)	(6,450,860)	(5,873,994)
Recreation and culture		(13,088,685)	(13,962,290)	(12,840,361)
Transport		(10,062,733)	(10,633,780)	(10,016,766)
Economic services		(2,075,461)	(2,709,440)	(2,031,409)
Other property and services		(2,196,298)	(2,002,920)	(1,602,432)
		<u>(38,168,599)</u>	<u>(41,029,957)</u>	<u>(37,163,709)</u>
Finance Costs				
	2(b)			
Recreation and culture		(141,423)	(143,960)	(114,615)
Economic services		(262,118)	(265,700)	(273,048)
		<u>(403,541)</u>	<u>(409,660)</u>	<u>(387,663)</u>
		4,780,582	874,367	4,320,947
Non-operating grants, subsidies and contributions	2(a)	1,000,896	822,870	850,275
Profit on disposal of assets	10(a)	220,250	77,570	131,646
(Loss) on disposal of assets	10(a)	(37,335)	(45,900)	(178,092)
Assets expensed due to change in Regulations	8(a)	(84,095)	0	0
Share of net profit of associates and joint ventures accounted for using the equity method		(267,269)	0	(453,390)
(Loss) on revaluation of furniture and equipment	8(a)	0	0	(47,501)
(Loss) on revaluation of Streetscape	9(a)	0	0	(3,249,494)
(Loss) on revaluation of Parks, gardens, reserves and equipment	9(a)	0	0	(2,489,907)
		<u>832,447</u>	<u>854,540</u>	<u>(5,436,463)</u>
Net result for the period (before net asset adjustment)		5,613,029	1,728,907	(1,115,516)
Gain on net assets transferred from Town of Cambridge through boundary adjustment	29	0	0	2,278,301
Gain on net assets transferred following termination of lease	12	203,833	0	0
Net result (after net asset adjustment)		5,816,862	1,728,907	1,162,785
Other comprehensive income				
Changes in asset revaluation surplus	11	25,989	0	28,253,910
Total other comprehensive income for the period		25,989	0	28,253,910
Total comprehensive income for the period		5,842,851	1,728,907	29,416,695

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

CITY OF SUBIACO
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019

	NOTE	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	3	55,587,017	50,520,279
Trade receivables	5	2,119,729	1,970,992
Inventories	6	26,616	20,931
Other current assets	7	820,003	174,665
TOTAL CURRENT ASSETS		58,553,365	52,686,867
NON-CURRENT ASSETS			
Trade receivables	5	120,649	133,963
Investments accounted for using the equity method	21	1,547,133	1,788,413
Property, plant and equipment	8	66,545,821	66,111,843
Infrastructure	9	128,087,184	127,099,769
Investment property	12	98,722,266	100,589,620
TOTAL NON-CURRENT ASSETS		295,023,053	295,723,608
TOTAL ASSETS		353,576,418	348,410,475
CURRENT LIABILITIES			
Trade and other payables	13	4,658,056	4,889,903
Borrowings	14(b)	523,738	495,508
Employee related provisions	15	2,901,007	2,342,576
TOTAL CURRENT LIABILITIES		8,082,801	7,727,987
NON-CURRENT LIABILITIES			
Borrowings	14(b)	6,787,500	7,300,882
Employee related provisions	15	284,287	802,627
TOTAL NON-CURRENT LIABILITIES		7,071,787	8,103,509
TOTAL LIABILITIES		15,154,588	15,831,496
NET ASSETS		338,421,830	332,578,979
EQUITY			
Retained surplus		169,048,591	170,522,436
Reserves - cash backed	4	46,436,094	39,145,387
Revaluation surplus	11	122,937,145	122,911,156
TOTAL EQUITY		338,421,830	332,578,979

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

CITY OF SUBIACO
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2017		169,453,529	39,051,509	94,657,246	303,162,284
Comprehensive income					
Net result for the period		1,162,785	0	0	1,162,785
Other comprehensive income	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
Balance as at 30 June 2018		170,522,436	39,145,387	122,911,156	332,578,979
Comprehensive income					
Net result for the period		5,816,862	0	0	5,816,862
Other comprehensive income	11	0	0	25,989	25,989
Total comprehensive income		5,816,862	0	25,989	5,842,851
Transfers from/(to) reserves		(7,290,707)	7,290,707	0	0
Balance as at 30 June 2019		169,048,591	46,436,094	122,937,145	338,421,830

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

CITY OF SUBIACO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		23,474,403	22,491,203	22,456,287
Operating grants, subsidies and contributions		645,501	549,580	639,398
Operating reimbursements and donations		1,114,593	770,130	1,175,195
Fees and charges		11,506,679	11,899,523	11,627,645
Interest received		1,430,280	826,470	1,616,443
Goods and services tax received		43,231	2,042,412	1,866,008
Sanitation charges		4,540,369	4,453,087	4,451,249
Other revenue		501,453	614,200	557,354
		43,256,509	43,646,605	44,389,579
Payments				
Employee costs		(20,403,682)	(19,739,943)	(19,396,002)
Materials and contracts		(9,786,766)	(12,415,783)	(8,850,457)
Utility charges		(908,801)	(942,220)	(915,269)
Interest expenses		(403,541)	(409,660)	(377,893)
Insurance paid		(448,564)	(456,950)	(455,207)
Goods and services tax paid		(39,210)	(2,042,412)	(1,991,477)
Donations, Contributions and Grants Made		0	(152,980)	0
Other expenditure		(1,513,248)	(1,308,840)	(1,712,531)
		(33,503,812)	(37,468,788)	(33,698,836)
Net cash provided by (used in) operating activities	16	9,752,697	6,177,816	10,690,743
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of land and buildings		(1,415,429)	(3,635,950)	(695,367)
Payments for development of investment property		(58,813)	(9,478,000)	(14,500,000)
Payments for purchase of furniture		(673,428)	(2,021,225)	(571,306)
Payments for purchase of plant & equipment		(1,217,313)	(2,257,000)	(2,305,670)
Payments for construction of infrastructure		(4,586,902)	(7,104,423)	(5,244,099)
Non-operating grants, subsidies and contributions		1,000,896	822,870	850,275
Proceeds from sale of property, plant & equipment		450,182	525,000	13,491,809
Proceeds from sale of investment property		2,300,000	0	0
Net cash provided by (used in) investment activities		(4,200,807)	(23,148,728)	(8,974,358)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings		(485,152)	(485,530)	(365,804)
Proceeds from new borrowings		0	0	1,000,000
Net cash provided by (used in) financing activities		(485,152)	(485,530)	634,196
Net increase (decrease) in cash held		5,066,738	(17,456,442)	2,350,581
Cash at beginning of year		50,520,279	45,302,235	48,169,698
Cash and cash equivalents at the end of the year	16	55,587,017	27,845,793	50,520,279

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

CITY OF SUBIACO
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	25 (b)	6,259,408	2,532,650	4,173,285
		6,259,408	2,532,650	4,173,285
Revenue from operating activities (excluding rates)				
Governance		0	200	80
General purpose funding		2,197,468	1,519,150	2,362,352
Law, order, public safety		36,892	44,200	36,249
Health		73,787	87,100	71,500
Education and welfare		48,807	16,000	49,161
Community amenities		4,747,823	4,654,527	4,737,321
Recreation and culture		3,176,007	3,460,458	3,249,545
Transport		3,396,363	3,228,720	4,033,280
Economic services		133,865	203,059	171,599
Other property and services		6,179,907	5,467,020	4,762,312
		19,990,919	18,680,434	19,473,399
Expenditure from operating activities				
Governance		(2,244,443)	(2,353,577)	(2,118,196)
General purpose funding		(557,664)	(619,030)	(536,874)
Law, order, public safety		(609,463)	(721,370)	(698,030)
Health		(811,917)	(889,830)	(796,821)
Education and welfare		(594,147)	(686,860)	(693,750)
Community amenities		(6,215,299)	(6,462,040)	(6,330,362)
Recreation and culture		(13,285,448)	(14,119,280)	(13,029,350)
Transport		(10,063,770)	(10,643,100)	(10,050,179)
Economic services		(2,337,579)	(2,975,140)	(2,304,457)
Other property and services		(2,241,109)	(2,015,290)	(7,411,737)
		(38,960,839)	(41,485,517)	(43,969,756)
Non-cash amounts excluded from operating activities	25(a)	5,346,471	5,385,600	11,953,055
Amount attributable to operating activities		(7,364,041)	(14,886,833)	(8,370,017)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		1,000,896	822,870	850,275
Write back adjustment to share of associate		267,269	0	453,390
Movement in unspent grants		49,593	0	79,509
Proceeds from disposal of assets	10(a)	450,182	525,000	13,491,809
Proceeds from disposal of investment properties	10(a)	2,300,000	0	0
Purchase of property, plant and equipment	8(a)	(3,306,170)	(7,914,175)	(3,572,343)
Purchase and construction of infrastructure	9(a)	(4,586,902)	(7,104,423)	(5,244,099)
Purchase and development of investment land and buildings	12	(58,813)	(9,478,000)	(14,500,000)
Amount attributable to investing activities		(3,883,945)	(23,148,728)	(8,441,459)
FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(485,152)	(485,530)	(365,804)
Proceeds from borrowings	14(c)	0	0	1,000,000
Transfers to reserves (restricted assets)	4	(13,777,480)	(7,716,277)	(21,651,171)
Transfers from reserves (restricted assets)	4	6,486,773	22,526,248	21,557,293
Amount attributable to financing activities		(7,775,859)	14,324,441	540,318
Surplus/(deficit) before imposition of general rates		(19,023,845)	(23,711,120)	(16,271,158)
Total amount raised from general rates	24	23,582,053	23,711,120	22,530,566
Surplus/(deficit) after imposition of general rates	25(b)	4,558,208	0	6,259,408

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 Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads paragraph 15* and *AASB 116 Property, Plant and Equipment paragraph 7*.

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.

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 27 to these financial statements.

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Operating grants, subsidies and contributions			
General purpose funding	552,146	512,680	534,867
Law, order, public safety	4,000	0	0
Education and welfare	2,975	0	0
Recreation and culture	9,675	6,900	30,552
Transport	75,455	30,000	71,979
Other property and services	1,250	0	2,000
	645,501	549,580	639,398
Non-operating grants, subsidies and contributions			
Community amenities	0	0	25,000
Recreation and culture	8,750	0	0
Transport	992,146	822,870	825,275
	1,000,896	822,870	850,275
Total grants, subsidies and contributions	1,646,397	1,372,450	1,489,673

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 reporting period.

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019 Actual \$	2019 Budget \$	2018 Actual \$
Other revenue			
Other	501,453	614,200	557,354
	501,453	614,200	557,354
Fees and Charges			
General purpose funding	215,042	175,000	211,041
Law, order, public safety	32,892	39,700	36,249
Health	73,787	87,100	71,150
Education and welfare	42,653	30,830	37,598
Community amenities	195,832	192,500	217,690
Recreation and culture	2,607,881	2,800,898	2,522,479
Transport	3,284,437	3,110,980	3,817,763
Economic services	106,883	196,559	144,336
Other property and services	4,979,066	4,755,830	3,843,809
	11,538,473	11,389,397	10,902,115
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
Interest earnings			
Reserve accounts interest	951,859	474,470	1,217,732
Rates instalment and penalty interest (refer Note 24(c))	98,151	52,000	88,688
Other interest earnings	380,270	300,000	310,023
	1,430,280	826,470	1,616,443
(b) Expenses	2019 Actual \$	2019 Budget \$	2018 Actual \$
Auditors remuneration			
- Audit of the Annual Financial Report	62,000	45,000	25,555
- Other services	3,810	6,000	5,550
	65,810	51,000	31,105
Interest expenses (finance costs)			
Borrowings (refer Note 14(b))	403,541	409,660	387,663
	403,541	409,660	387,663

3. CASH AND CASH EQUIVALENTS

	NOTE	2019	2018
		\$	\$
Unrestricted		9,150,923	11,325,299
Restricted		46,436,094	39,194,980
		<u>55,587,017</u>	<u>50,520,279</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Plant and Equipment Replacement	4	1,896,564	1,913,067
Building and Facilities	4	1,383,360	1,225,211
Parking and Public Transport Improvements	4	1,708,564	1,571,505
Waste Management	4	2,267,848	1,548,922
Undergrounding of Power Lines	4	345,595	339,318
Capital Investment	4	23,414,326	21,366,504
Student Bursaries	4	57,749	56,359
Infrastructure Replacement	4	4,551,904	2,366,663
Investment Income Reserve	4	10,047,692	8,113,684
Public Art	4	285,430	165,781
Heritage Grants Reserve	4	101,454	85,785
Information Technology Reserve	4	375,608	392,588
		<u>46,436,094</u>	<u>39,145,387</u>
Other restricted cash and cash equivalents			
Unspent grants/contributions	23	0	49,593
Total restricted cash and cash equivalents		<u>46,436,094</u>	<u>39,194,980</u>

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

CITY OF SUBIACO
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4. RESERVES - CASH BACKED

	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance	2019 Budget Opening Balance	2019 Budget Transfer to	2019 Budget Transfer (from)	2019 Budget Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Plant and Equipment Replacement	1,913,067	429,170	(445,673)	1,896,564	1,877,856	409,400	(923,000)	1,364,256	1,813,320	524,260	(424,513)	1,913,067
(b) Building and Facilities	1,225,211	1,040,213	(882,064)	1,383,360	1,214,996	328,260	(1,204,950)	338,306	1,405,211	382,747	(562,747)	1,225,211
(c) Parking and Public Transport Improvements	1,571,505	323,752	(186,693)	1,708,564	1,267,259	20,910	(324,500)	963,669	1,062,429	725,989	(216,913)	1,571,505
(d) Waste Management	1,548,922	718,926	0	2,267,848	1,601,642	68,237	(334,000)	1,335,879	2,127,886	671,402	(1,250,366)	1,548,922
(e) Undergrounding of Power Lines	339,318	468,370	(462,093)	345,595	336,533	467,620	(465,680)	338,473	784,594	18,280	(463,556)	339,318
(f) Capital Investment	21,366,504	2,300,000	(252,178)	23,414,326	21,277,004	0	(10,882,500)	10,394,504	22,866,504	13,000,000	(14,500,000)	21,366,504
(g) Student Bursaries	56,359	1,390	0	57,749	56,409	1,270	0	57,679	55,079	1,280	0	56,359
(h) Infrastructure Replacement	2,366,663	3,646,504	(1,461,263)	4,551,904	2,286,730	2,481,360	(1,693,997)	3,074,093	703,060	2,143,804	(480,201)	2,366,663
(i) Investment Income Reserve	8,113,684	4,486,265	(2,552,257)	10,047,692	7,622,363	3,762,340	(6,097,856)	5,286,847	7,318,781	3,995,089	(3,200,186)	8,113,684
(j) Public Art	165,781	121,090	(1,441)	285,430	148,499	119,980	(117,000)	151,479	180,549	121,210	(135,978)	165,781
(k) Heritage Grants Reserve	85,785	52,120	(36,451)	101,454	64,851	51,450	(50,000)	66,301	63,321	51,480	(29,016)	85,785
(l) Information Technology Reserve	392,588	189,680	(206,660)	375,608	481,159	5,450	(432,765)	53,844	670,775	15,630	(293,817)	392,588
	39,145,387	13,777,480	(6,486,773)	46,436,094	38,235,301	7,716,277	(22,526,248)	23,425,330	39,051,509	21,651,171	(21,557,293)	39,145,387

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
(a) Plant and Equipment Replacement	Ongoing	To fund future replacement of plant.
(b) Building and Facilities	Ongoing	To provide funds for the future maintenance of council buildings and facilities.
(c) Parking and Public Transport Improvements	Ongoing	To maintain and improve the parking facilities within the City.
(d) 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.
(e) 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.
(f) 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.
(g) Student Bursaries	Ongoing	To provide for the development of students within the City of Subiaco.
(h) Infrastructure Replacement	Ongoing	To ensure the continued funding of infrastructure replacement.
(i) Investment Income Reserve	Ongoing	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.
(j) Public Art	Ongoing	To enable the City to support the development and procurement of significant works.
(k) Heritage Grants Reserve	Ongoing	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.
(l) Information Technology Reserve	Ongoing	To fund replacement of IT infrastructure and systems.

5. TRADE RECEIVABLES

Current

Rates receivable	
Sundry receivables	
Loss allowance for expected credit losses	
Accrued Income	
GST receivable	

Non-current

Pensioner's rates and ESL deferred	
------------------------------------	--

	2019	2018
	\$	\$
	569,288	448,324
	2,123,830	1,865,497
	(837,473)	(803,131)
	53,798	245,995
	210,286	214,307
	2,119,729	1,970,992
	120,649	133,963
	120,649	133,963

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.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 26.

Classification and subsequent measurement

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.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

6. INVENTORIES

	2019	2018
	\$	\$
Current		
Consumables	26,616	20,931
	26,616	20,931
The following movements in inventories occurred during the year:		
Carrying amount at 1 July	20,931	29,336
Additions to inventory	5,685	(8,405)
Carrying amount at 30 June	26,616	20,931

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.

7. OTHER ASSETS

	2019	2018
	\$	\$
Other current assets		
Prepayments	820,003	174,665
	820,003	174,665

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	36,160,000	36,160,000	131,342	26,091,552	26,222,894	62,382,894	888,547	2,276,872	65,548,313
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	(13,583)	(524,672)	(538,255)
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)
Carrying amount at 30 June 2018	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
Comprises:									
Gross carrying amount at 30 June 2018	36,160,000	36,160,000	131,342	26,786,919	26,918,261	63,078,261	1,023,398	4,645,433	68,747,092
Accumulated depreciation at 30 June 2018	0	0	(7,297)	(1,021,252)	(1,028,549)	(1,028,549)	0	(1,606,700)	(2,635,249)
Carrying amount at 30 June 2018	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
Additions	0	0	0	1,415,429	1,415,429	1,415,429	673,428	1,217,313	3,306,170
(Disposals)	0	0	0	0	0	0	(4,850)	(432,417)	(437,267)
Assets expensed due to change in Regulations (1)	0	0	0	0	0	0	(36,152)	(47,943)	(84,095)
Depreciation (expense)	0	0	(7,297)	(1,013,136)	(1,020,433)	(1,020,433)	(291,200)	(1,039,197)	(2,350,830)
Carrying amount at 30 June 2019	36,160,000	36,160,000	116,748	26,167,960	26,284,708	62,444,708	1,364,624	2,736,489	66,545,821
Comprises:									
Gross carrying amount at 30 June 2019	36,160,000	36,160,000	131,342	28,202,348	28,333,690	64,493,690	1,640,639	4,921,420	71,055,749
Accumulated depreciation at 30 June 2019	0	0	(14,594)	(2,034,388)	(2,048,982)	(2,048,982)	(276,015)	(2,184,931)	(4,509,928)
Carrying amount at 30 June 2019	36,160,000	36,160,000	116,748	26,167,960	26,284,708	62,444,708	1,364,624	2,736,489	66,545,821

(1) In accordance with Regulation 17A(5) of the Local Government (Financial Management) Regulations 1996, assets with a fair value below \$5000 at the date of acquisition are to be excluded from the City's asset register, effective from 1st July 2018. Assets acquired prior to this date with a fair value below \$5000 at the date of acquisition have been expensed.

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2 and 3	Market approach using recent observable or estimated market data for similar properties	Independent registered valuers	30 June 2017	Price per hectare / estimated price per hectare
Buildings - non-specialised	3	Cost approach using depreciated replacement cost	Independent registered valuers	30 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	30 June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment	2	Market approach using recent observable market data for similar properties	Management valuation	30 June 2018	Price per item
Plant and equipment					
- Management valuation 2016	2	Market approach using recent observable market data for similar properties	Management valuation	30 June 2016	Price per item
- Management valuation 2016	3	Cost approach using depreciated replacement cost	Management valuation	30 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.

9. INFRASTRUCTURE

(a) 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	Other Infrastructure	Streetscape	Parks, gardens, reserves and equipment	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	54,707,776	10,829,302	18,059,917	365,639	8,850,685	7,604,611	100,417,930
Additions	2,238,174	154,644	33,306	120,040	400,232	2,297,703	5,244,099
Revaluation increments / (decrements) transferred to revaluation surplus	14,579,391	7,536,937	5,486,679	1,695,491	(1,044,588)	0	28,253,910
Revaluation (loss) / reversals transferred to profit or loss					(3,249,494)	(2,489,907)	(5,739,401)
Depreciation (expense)	(1,253,052)	(317,240)	(286,976)	(207,410)	(309,535)	(980,857)	(3,355,070)
Transfers following boundary adjustment (1)	1,996,064	94,461	142,776		45,000	0	2,278,301
Carrying amount at 30 June 2018	72,268,353	18,298,104	23,435,702	1,973,760	4,692,300	6,431,550	127,099,769
Comprises:							
Gross carrying amount at 30 June 2018	72,268,353	18,298,104	23,435,702	1,973,760	4,692,300	6,431,550	127,099,769
Accumulated impairment loss at 30 June 2018	0	0	0	0	0	0	0
Carrying amount at 30 June 2018	72,268,353	18,298,104	23,435,702	1,973,760	4,692,300	6,431,550	127,099,769
Additions	2,328,437	109,957	40,743	0	550,719	1,557,046	4,586,902
Depreciation (expense)	(1,635,493)	(336,687)	(260,981)	(116,893)	(298,950)	(950,483)	(3,599,487)
Carrying amount at 30 June 2019	72,961,297	18,071,374	23,215,464	1,856,867	4,944,069	7,038,113	128,087,184
Comprises:							
Gross carrying amount at 30 June 2019	74,596,790	18,408,061	23,476,445	1,973,760	5,243,019	7,988,596	131,686,671
Accumulated depreciation at 30 June 2019	(1,635,493)	(336,687)	(260,981)	(116,893)	(298,950)	(950,483)	(3,599,487)
Carrying amount at 30 June 2019	72,961,297	18,071,374	23,215,464	1,856,867	4,944,069	7,038,113	128,087,184

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

9. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Roads	3	Cost Approach using depreciated replacement cost	Independent registered valuers	30 June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Footpaths	3	Cost Approach using depreciated replacement cost	Independent registered valuers	30 June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Drainage	3	Cost Approach using depreciated replacement cost	Independent registered valuers	30 June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Other Infrastructure	2 or 3	Market approach using recent observable market data for similar items / Cost Approach using depreciated replacement cost	Independent registered valuers	30 June 2018	Price per item / Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Streetscape	3	Cost Approach using depreciated replacement cost	Independent registered valuers	30 June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Parks, gardens, reserves and equipment	3	Cost Approach using depreciated replacement cost	Independent registered valuers	30 June 2018	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 to determine the fair value of infrastructure using level 3 inputs.

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either 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 where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are 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 and no more than five 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.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

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.

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.

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10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Furniture and equipment	4,850	0	0	(4,850)	0	0	0	0	13,583	0	0	(13,583)
Plant and equipment	432,417	450,182	50,250	(32,485)	493,330	525,000	77,570	(45,900)	524,672	491,809	131,646	(164,509)
Investment Land and Buildings	2,130,000	2,300,000	170,000	0	0	0	0	0	13,000,000	13,000,000	0	0
	2,567,267	2,750,182	220,250	(37,335)	493,330	525,000	77,570	(45,900)	13,538,255	13,491,809	131,646	(178,092)

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Plant and Equipment				
Health				
Plant & Equipment	2,960	0	0	(2,960)
Education and welfare				
Light Vehicles	15,000	15,455	455	0
Community amenities				
Heavy Vehicle	50,497	38,182	0	(12,315)
Heavy Vehicle	55,000	66,364	11,364	0
Light Vehicle	16,021	14,773	0	(1,248)
Recreation and culture				
Light Vehicle	51,818	57,000	5,182	0
Light Vehicle	21,432	18,636	0	(2,796)
Plant & Equipment	3,930	0	0	(3,930)
Major Plant	3,211	1,455	0	(1,756)
Major Plant	4,779	8,182	3,403	0
Transport				
Light Vehicles	41,471	46,455	4,984	0
Light Vehicles	14,606	14,545	0	(61)
Other property and services				
Light Vehicles	51,283	43,864	0	(7,419)
Light Vehicles	100,409	125,271	24,862	0
	432,417	450,182	50,250	(32,485)
Investment Land				
Other Property and Services				
Land	2,130,000	2,300,000	170,000	0
	2,130,000	2,300,000	170,000	0
Furniture and Equipment				
Recreation and culture				
Office Equipment	4,850	0	0	(4,850)
	4,850	0	0	(4,850)
	2,567,267	2,750,182	220,250	(37,335)

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(b) Depreciation	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Buildings - non-specialised	7,297	10,260	7,297
Buildings - specialised	1,013,136	1,380,150	1,021,252
Furniture and equipment	291,200	276,080	375,371
Plant and equipment	1,039,197	1,139,220	1,019,137
Roads	1,635,493	1,303,144	1,253,052
Footpaths	336,687	268,269	317,240
Drainage	260,981	207,947	286,976
Other Infrastructure	116,893	65,052	207,410
Streetscape	298,950	238,200	309,535
Parks, gardens, reserves and equipm	950,483	528,948	980,857
	5,950,317	5,417,270	5,778,127

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.

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.

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Buildings	20 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement seal	50-60 years
- bituminous seals	20 years
- asphalt surfaces	15-30 years
Gravel roads formation	not depreciated
pavement	50-60 years
Footpaths - slab	30-60 years
Sewerage piping	100 years
Water supply piping and drainage systems	60-120 years

Depreciation (Continued)

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:

- 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
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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11. REVALUATION SURPLUS

	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	Total Movement on Revaluation	2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and Buildings	45,342,973	0	0	0	45,342,973	45,342,973	0	0	0	45,342,973
Revaluation surplus - Plant and equipment	675,972	0	0	0	675,972	675,972	0	0	0	675,972
Revaluation surplus - Roads	48,408,545	0	0	0	48,408,545	33,829,154	14,579,391	0	14,579,391	48,408,545
Revaluation surplus - Footpaths	14,556,241	0	0	0	14,556,241	7,019,304	7,536,937	0	7,536,937	14,556,241
Revaluation surplus - Drainage	11,601,712	0	0	0	11,601,712	6,115,033	5,486,679	0	5,486,679	11,601,712
Revaluation surplus - Other Infrastructure	2,149,056	0	0	0	2,149,056	453,565	1,695,491	0	1,695,491	2,149,056
Revaluation surplus - Streetscape	0	0	0	0	0	1,044,588	0	(1,044,588)	(1,044,588)	0
Revaluation surplus - Investment in Associate	176,657	25,989	0	25,989	202,646	176,657	0	0	0	176,657
	122,911,156	25,989	0	25,989	122,937,145	94,657,246	29,298,498	(1,044,588)	28,253,910	122,911,156

Movements on revaluation of property, plant and equipment (including infrastructure) 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.

12. INVESTMENT PROPERTIES

Investment Land - at fair value

Carrying balance at 1 July	86,530,000	86,530,000	89,280,000
Acquisitions	0	7,500,000	10,250,000
Sales	(2,130,000)	0	(13,000,000)
Closing balance at 30 June	84,400,000	94,030,000	86,530,000

Investment Buildings - at fair value

Carrying balance at 1 July	14,059,620	14,059,620	9,809,620
Acquisitions	58,813	1,353,000	4,250,000
Acquisition resulting from termination of lease (*)	203,833	0	0
Closing balance at 30 June	14,322,266	15,412,620	14,059,620

Non-current assets - at fair value

Carrying balance at 1 July	100,589,620	100,589,620	99,089,620
Acquisitions	58,813	8,853,000	14,500,000
Sales	(2,130,000)	0	(13,000,000)
Acquisition resulting from termination of lease (*)	203,833	0	0
Closing balance at 30 June	98,722,266	109,442,620	100,589,620

(*) The City acquired buildings situated on City owned land following termination of a ground lease with the tenant. The lease agreement provided for any improvements on the land to be retained by the City upon lease expiry or termination.

Amounts recognised in profit or loss for investment properties

Rental income (includes outgoings)	5,552,266	5,329,630	4,401,729
Direct operating expenses from property that generated rental income	881,788	926,390	806,396

Leasing arrangements

Investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

Within one year	4,929,244	4,738,330	4,929,244
Later than one year but not later than 5 years	13,155,566	N.A.	15,229,227
Later than 5 years	14,870,932	N.A.	25,442,980
	32,955,742	4,738,330	45,601,451

SIGNIFICANT ACCOUNTING POLICIES

Investment properties

Investment properties are principally freehold buildings, held for long-term rental yields and not occupied by the City. They are carried at fair value. Changes in the fair values are presented in profit or loss as a part of other revenue.

Fair value of investment properties

A management valuation was performed to determine the fair value of investment properties. The main Level 3 inputs used in the valuation were discount rates, terminal yields, expected vacancy rates and rental growth rates estimated by management based on comparable transactions and industry data.

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Accrued salaries and wages
 Income in advance
 Accrued Expenses
 Accrued interest on debentures
 Bond creditors

	2019	2018
	\$	\$
	1,954,112	2,500,589
	291,265	250,465
	760,437	669,784
	185,174	152,892
	98,376	104,447
	1,368,692	1,211,726
	4,658,056	4,889,903

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.

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14. INFORMATION ON BORROWINGS

	2019	2018
	\$	\$
Current	523,738	495,508
Non-current	6,787,500	7,300,882
	7,311,238	7,796,390

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2019					30 June 2019					30 June 2018				
				Actual Principal	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
				1 July 2018					1 July 2018					1 July 2017				
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Recreation and culture																		
Regal Theatre Contribution	126	WATC	2.39%	200,000	0	100,000	4,159	100,000	200,000	0	100,000	6,070	100,000	300,000	0	100,000	7,251	200,000
Rosalie Park Improvements	121A	WATC	6.21%	559,969	0	32,604	38,034	527,365	559,938	0	32,600	38,050	527,338	590,639	0	30,670	40,156	559,969
Rosalie Park Improvements	121B	WATC	6.07%	127,818	0	6,699	8,511	121,119	127,818	0	6,700	8,520	121,118	134,128	0	6,310	8,939	127,818
Rosalie Park Improvements	121C	WATC	4.54%	944,171	0	40,276	47,866	903,895	934,277	0	40,730	47,870	893,547	973,207	0	29,036	49,902	944,171
Rosalie Park Improvements	121D	WATC	3.38%	159,611	0	19,036	5,930	140,575	159,612	0	19,040	6,260	140,572	168,892	0	9,281	6,700	159,611
Lake Jualbup	127	WATC	3.13%	1,000,000	0	86,562	36,923	913,438	1,000,000	0	86,480	37,190	913,520	0	1,000,000	0	1,668	1,000,000
Economic services																		
Undergrounding of Powerlines	123A	WATC	5.14%	2,838,257	0	117,979	161,881	2,720,278	2,838,258	0	117,980	163,790	2,720,278	2,950,398	0	112,141	168,622	2,838,257
Undergrounding of Powerlines	123B	WATC	4.58%	1,966,564	0	81,996	100,237	1,884,568	1,966,561	0	82,000	101,910	1,884,561	2,044,930	0	78,366	104,425	1,966,564
				7,796,390	0	485,152	403,541	7,311,238	7,786,464	0	485,530	409,660	7,300,934	7,162,194	1,000,000	365,804	387,663	7,796,390
				7,796,390	0	485,152	403,541	7,311,238	7,786,464	0	485,530	409,660	7,300,934	7,162,194	1,000,000	365,804	387,663	7,796,390

Self supporting loans are financed by payments from third parties.
 All other loan repayments were financed by general purpose revenue.

14. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2018/19

There were no new borrowings during the year.

(d) Unspent Borrowings

There were no unspent borrowings during the year.

(e) Undrawn Borrowing Facilities

Credit Standby Arrangements

	2019	2018
	\$	\$
Bank overdraft limit	0	7,000,000
Bank overdraft at balance date	0	(1,171,331)
Credit card limit	50,000	30,000
Credit card balance at balance date	(5,619)	(15,599)
Total amount of credit unused	44,381	5,843,070

Loan facilities

Loan facilities - current	523,738	495,508
Loan facilities - non-current	6,787,500	7,300,882
Total facilities in use at balance date	7,311,238	7,796,390

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.

Risk

Information regarding exposure to risk can be found at Note 26.

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Provision for Sick Leave	Provision for Time In Lieu	Provision for Purchased Leave	Total
	\$	\$	\$	\$	\$	\$
Opening balance at 1 July 2018						
Current provisions	1,253,694	744,390	244,258	100,234	0	2,342,576
Non-current provisions	0	802,627	0	0	0	802,627
	1,253,694	1,547,017	244,258	100,234		3,145,203
Additional provision	1,455,968	272,456	106,903	635,786	3,760	2,474,873
Amounts used	(1,505,374)	(225,240)	(82,998)	(621,170)	0	(2,434,782)
Balance at 30 June 2019	1,204,288	1,594,233	268,163	114,850	3,760	3,185,294
Comprises						
Current	1,204,288	1,309,946	268,163	114,850	3,760	2,901,007
Non-current	0	284,287	0	0	0	284,287
	1,204,288	1,594,233	268,163	114,850	3,760	3,185,294

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date
More than 12 months from reporting date

	2019	2018
	\$	\$
Less than 12 months after the reporting date	2,901,007	2,342,576
More than 12 months from reporting date	284,287	802,627
	3,185,294	3,145,203

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

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.

16. 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:

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	55,587,017	27,845,793	50,520,279
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	5,613,029	1,728,907	(1,115,516)
Non-cash flows in Net result:			
Fair value adjustments to fixed assets at fair value through profit or loss	0	0	5,786,902
Depreciation	5,950,317	5,417,270	5,778,127
(Profit)/loss on sale of asset	(182,915)	(31,670)	46,446
Assets expensed due to change in Regulations	84,095	0	0
Share of profits of associates and joint ventures	267,269	0	453,390
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(135,423)	(519,791)	644,495
(Increase)/decrease in other assets	(645,338)	0	0
(Increase)/decrease in inventories	(5,685)	(2,632)	8,405
Increase/(decrease) in payables	(231,847)	153,603	102,001
Increase/(decrease) in provisions	40,091	255,000	(163,232)
Grants contributions for the development of assets	(1,000,896)	(822,870)	(850,275)
Net cash from operating activities	9,752,697	6,177,816	10,690,743

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	0	1,975
General purpose funding	3,060,381	2,279,620
Law, order, public safety	60,508	76,873
Health	81,843	80,321
Education and welfare	1,889,016	1,915,902
Community amenities	2,198,437	2,610,231
Recreation and culture	39,125,151	38,824,197
Transport	136,659,018	135,822,288
Economic services	164,212	0
Other property and services	170,337,852	166,799,068
	353,576,418	348,410,475

18. 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.

19. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

- not later than one year

	2019	2018
	\$	\$
	89,995	1,002,824
	228,766	442,102
	318,761	1,444,925
	318,761	1,444,925

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 light fleet 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

	2019	2018
	\$	\$
	122,768	85,738
	226,008	28,180
	106,250	0
	455,026	113,918

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.

20. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 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	35,400	35,400
Expense Reimbursement	2,607	2,000	4,882
	<u>394,902</u>	<u>394,295</u>	<u>397,177</u>

Key Management Personnel (KMP) Compensation Disclosure

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	865,870	946,029
Post-employment benefits	143,816	175,700
Other long-term benefits	20,472	22,885
Termination benefits	0	63,450
	<u>1,030,158</u>	<u>1,208,063</u>

Short-term employee benefits

These amounts include all salary, 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).

20. RELATED PARTY TRANSACTIONS (Continued)

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:	2019 Actual	2018 Actual
	\$	\$
Sale of goods and services	0	250
Purchase of goods and services	0	30
Amounts payable to related parties:		
Trade and other payables	0	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. Other Related Parties

The associate person of KMP was employed by the City under normal employment terms and conditions.

iii. 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.

21. 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%.

	2019	2018
(a) Retained surplus attributed to Investment in Associate:		
Balance at the beginning of the financial year	191,328	644,717
-Share of associates profit/(loss) from ordinary activities	(267,269)	(453,389)
-Share of associates revaluation increment arising during the year	25,989	0
Balance at the end of the financial year	(49,952)	191,328
(b) Carrying amount of Investment in Associate:		
Balance at the beginning of the financial year	1,788,413	2,241,802
-Share of associates profit/(loss) from ordinary activities	(267,269)	(453,389)
-Share of associates revaluation increment arising during the year	25,989	0
Balance at the end of the financial year	1,547,133	1,788,413
(c) Share of associate entity's results and financial position		
Current Assets	898,528	1,308,700
Non Current Assets	823,418	858,870
Total Assets	1,721,946	2,167,570
Current Liabilities	167,385	374,225
Non Current Liabilities	7,428	4,932
Total Liabilities	174,813	379,157
Revenues	1,991,784	1,994,938
Expenses	(2,259,053)	(2,448,328)
Share of Net Result		
Total Profit/(Loss) from ordinary activities	(267,269)	(453,390)
Other Comprehensive Income		
Changes in revaluation of non current assets	25,989	0
Total Other Comprehensive income	25,989	0
Total Comprehensive Income	(241,280)	(453,390)

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.

22. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

2018/19 Financial Year

9 Brockman Crescent, Midland

This property was approved for purchase (settlement occurred in August 2019) to form part of the City's investment portfolio. The property was purchased using reserve funds from the Capital Investment Reserve and includes land and associated commercial office buildings (medical suite) with an existing tenant on an 12 year lease to 2031. Lease income derived from this property is to be transferred to the Investment Income Reserve in accordance with Council's policy.

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. In June 2019 Council resolved to dispose of the site to the preferred proponent. Settlement is not expected to occur until June 2020.

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.

23. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received ⁽²⁾	Expended ⁽³⁾	Closing	Received ⁽²⁾	Expended ⁽³⁾	Closing
	Balance ⁽¹⁾			Balance ⁽¹⁾			Balance
	1/07/17	2017/18	2017/18	30/06/18	2018/19	2018/19	30/06/19
	\$	\$	\$	\$	\$	\$	\$
Community amenities							
Subiaco Oval Heritage	16,785	0	(16,785)	0	0	0	0
Recreation and culture							
Kidsport	3,400	0	(3,400)	0	0	0	0
Transport							
Barker Road	22,724	0	(22,724)	0	0	0	0
Jersey Street	9,600	0	(9,600)	0	0	0	0
Roberts Road	26,699	0	(26,699)	0	0	0	0
Station Street	6,203	0	(6,203)	0	0	0	0
Subiaco Road	11,500	0	(11,500)	0	0	0	0
Bagot Road	17,350	0	(17,350)	0	0	0	0
Harborne Street	14,841	0	(14,841)	0	0	0	0
Roberts Rd (Denis St to Railway Rd)	0	64,776	(55,183)	9,593	0	(9,593)	0
Station Street (R2R)	0	40,000	0	40,000	0	(40,000)	0
Total	129,102	104,776	(184,285)	49,593	0	(49,593)	0

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.

24. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2018/19 Actual Rateable Value \$	2018/19 Actual Rate Revenue \$	2018/19 Actual Interim Rates \$	2018/19 Actual Back Rates \$	2018/19 Actual Total Revenue \$	2018/19 Budget Rate Revenue \$	2018/19 Budget Interim Rate \$	2018/19 Budget Back Rate \$	2018/19 Budget Total Revenue \$	2017/18 Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
Residential	6.559	6,720	202,473,326	13,280,228	75,300	(400)	13,355,128	13,272,000	250,000	5,000	13,527,000	13,372,933
Commercial	6.559	1,178	130,526,585	8,561,239	26,228	(665)	8,586,802	8,540,920			8,540,920	8,257,900
Industrial	6.559	10	878,680	57,633	(2,609)		55,024	57,630			57,630	56,227
Sub-Total		7,908	333,878,591	21,899,100	98,919	(1,065)	21,996,954	21,870,550	250,000	5,000	22,125,550	21,687,060
Minimum payment	\$											
Gross rental valuations												
Residential	1,165	1,269	18,353,292	1,478,384	(1,254)	(165)	1,476,965	1,479,550	0	0	1,479,550	805,151
Commercial	1,165	91	1,362,268	106,015	2,330	0	108,345	106,020	0	0	106,020	38,532
Sub-Total		1,360	19,715,560	1,584,399	1,076	(165)	1,585,310	1,585,570	0	0	1,585,570	843,683
		9,268	353,594,151	23,483,499	99,995	(1,230)	23,582,264	23,456,120	250,000	5,000	23,711,120	22,530,743
Discounts/concessions (refer Note 24(b))							(211)				0	(177)
Total amount raised from general rate							23,582,053				23,711,120	22,530,566

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.

24. RATING INFORMATION (Continued)

(b) Discounts, Incentives, Concessions, & Write-offs

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2019 Actual \$	2019 Budget \$	2018 Actual \$	Circumstances in which Discount is Granted
Rates written off	N.A.	N.A.	211	0	177	N.A.
			211	0	177	

24. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	30-Aug-18			11.00%
Option Two				
First instalment	30-Aug-18	52.20	0.00%	11.00%
Second instalment	8-Nov-18	52.20	0.00%	11.00%
Third instalment	10-Jan-19	52.20	0.00%	11.00%
Fourth instalment	14-Mar-19	52.20	0.00%	11.00%

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Interest on unpaid rates	94,507	45,000	85,025
Interest on instalment plan	3,644	7,000	3,663
	<u>98,151</u>	<u>52,000</u>	<u>88,688</u>
Charges on instalment plan	157,487	140,000	152,946
	<u>157,487</u>	<u>140,000</u>	<u>152,946</u>

25. RATE SETTING STATEMENT INFORMATION

		2018/19 Budget	2018/19
	2018/19 (30 June 2019 Carried Forward)	(30 June 2019 Carried Forward)	(1 July 2018 Brought Forward)
Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
<p>The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i>.</p>			
Adjustments to operating activities			
Less: Profit on asset disposals	10(a)	(220,250)	(131,646)
Movement in pensioner deferred rates (non-current)		13,314	0
Movement in employee benefit provisions (non-current)		(518,340)	0
Add: Loss on disposal of assets	10(a)	37,335	45,900
Add: Assets expensed due to change in Regulations	8(a)	84,095	0
Add: Loss on revaluation of fixed assets	9(a)	0	0
Add: Depreciation on assets	10(b)	5,950,317	5,778,902
Non cash amounts excluded from operating activities		5,346,471	5,417,270
			11,953,055
(b) Surplus/(deficit) after imposition of general rates			
<p>The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.</p>			
Adjustments to net current assets			
Less: Reserves - restricted cash	3	(46,436,094)	(23,425,330)
Less: Unspent Grants		0	(129,101)
Add: Borrowings	14(a)	523,738	485,530
Total adjustments to net current assets		(45,912,356)	(23,068,901)
Net current assets used in the Rate Setting Statement			
Total current assets		58,553,365	31,194,763
Less: Total current liabilities		(8,082,801)	(8,125,862)
Less: Total adjustments to net current assets		(45,912,356)	(23,068,901)
Net current assets used in the Rate Setting Statement		4,558,208	0
			6,259,408

26. FINANCIAL RISK MANAGEMENT

This note explains the City's exposure to financial risks and how these risks could affect the City's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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 finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The City's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the City to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the City to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents	2.03%	55,587,017	55,436,093	147,249	3,675
2018					
Cash and cash equivalents	2.17%	50,520,279	40,145,387	10,370,617	4,275

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	555,870	505,203

* Holding all other variables constant

Borrowings

Borrowings are 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 City does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 14(b).

26. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade Receivables

The City's major receivables comprise rates annual charges and user fees and charges. 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.

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 applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

The City manages credit risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through communication and other methods.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	153,708	193,558	153,708	68,314	569,288
Loss allowance	0	0	0	0	0
01 July 2018					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	121,047	152,430	121,047	53,800	448,324
Loss allowance	0	0	0	0	0

26. FINANCIAL RISK MANAGEMENT (Continued)

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	67.42%	
Gross carrying amount	813,470	44,094	24,056	1,242,210	2,123,830
Loss allowance	0	0	0	(837,473)	(837,473)
01 July 2018					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	66.68%	
Gross carrying amount	584,144	46,348	30,608	1,204,397	1,865,497
Loss allowance	0	0	0	(803,131)	(803,131)

26. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

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 and disclosed in Note 14(e).

The contractual undiscounted cash flows of the City's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2019					
Payables	4,658,056	0	0	4,658,056	4,658,056
Borrowings	843,108	3,160,481	7,179,444	11,183,032	7,311,238
	5,501,164	3,160,481	7,179,444	15,841,088	11,969,294
2018					
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

27. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2018	Amounts Received	Amounts Paid	30 June 2019
	\$	\$	\$	\$
Building Industry Training Fund	0	107,787	(76,174)	31,613
Building Commission	0	84,335	(64,182)	20,153
	0	192,122	(140,356)	51,766

28. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

Investment Property Acquisition:

The City acquired land and buildings situated at 9 Brockman Crescent, Midland, to form part of the City's investment portfolio. The acquisition was approved by Council in May 2019. A deposit of \$640,000 was paid prior to 30th June 2019 and has been included as an Prepaid Liability in the Statement of Financial Position. with the balance payable upon settlement which occurred on 7th August 2019.

The property was purchased using reserve funds from the Capital Investment Reserve and includes land and associated commercial office buildings (medical suite) with an existing tenant on a 12 year lease to 2031. Lease income derived from this property is to be transferred to the Investment Income Reserve in accordance with Council's policy.

29. 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:

	2019	2018
	\$	\$
Fixed Assets		
Infrastructure	0	2,278,301
Total gain on transfer of Fixed Assets	0	2,278,301
GAIN ON NET ASSETS TRANSFERRED FROM TOWN OF CAMBRIDGE:	0	2,278,301

30. INITIAL APPLICATION OF AUSTRALIAN 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 associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The City applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the City has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the City's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the City's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact on the City. The following are the changes in the classification of the City's financial assets:

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.

- The City did not designate any financial assets as at fair value through profit and loss.

30. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

(b) Impairment

The adoption of AASB 9 has fundamentally changed the City's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the City to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, the City recognised no additional impairment on the City's Trade receivables which resulted in no change in accumulated surplus/(deficit) as at 1 July 2018.

Set out below is the reconciliation of the ending impairment allowances in accordance with AASB 139 to the opening loss allowances determined, in accordance with AASB 9:

	Impairment under AASB 139 as at 30 June 2018	Remeasurement	ECL under AASB 9 as at 01 July 2018
	\$	\$	\$
Loans and receivables under AASB 139 / Financial assets at amortised cost under AASB 9	(803,131)	0	(803,131)
	<u>(803,131)</u>	<u>0</u>	<u>(803,131)</u>

(c) Impact of changes to Retained Surplus

The impact on the City of the changes as at 1 July 2018 is as follows:

	Adjustments	2018
		\$
Retained surplus - 30 June 2018		170,522,436
Adjustment to retained surplus from adoption of AASB 9	0	0
Retained surplus - 1 July 2018		170,522,436

31. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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.

This note explains management's assessment of the new and amended pronouncements that are relevant to the City, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

The City will adopt AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the City will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments are expected to be made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

Note	AASB 118	Reclassification	AASB 15
	carrying amount		carrying amount
	30 June 2019		01 July 2019
	\$	\$	\$
Contract liabilities - current			
Unspent grants, contributions and reimbursements	0	0	0
Adjustment to retained surplus from adoption of AASB 15	0	0	0
31(d)			

(b) Leases

The City adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the City has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB 16 recognised on 1 July 2019. In applying the AASB 16 under the specific transition provisions chosen, the City will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the City will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019.

On adoption of AASB 16, the City will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount but discounted using the lessee's incremental borrowing rate as on 1 July 2019.

The net impact of the standard on Property, plant and equipment on 1 July 2019 and the net impact on retained earnings on 1 July 2019 will not be material to the City.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the City is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

In applying AASB 16 for the first time, the City will use the following practical expedient permitted by the standard.
 - The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

31. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (Continued)

(c) Income For Not-For-Profit Entities

The City will adopt AASB 1058 *Income for Not-for-Profit Entities* (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the City will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes will occur to the following financial statement line items by application of AASB 1058 as compared to AASB 1004 Contributions before the change:

	AASB 1004 carrying amount		AASB 1058 carrying amount
Note	30 June 2019	Reclassification	01 July 2019
	\$	\$	\$
Trade and other payables	4,658,056	0	4,658,056
Adjustment to retained surplus from adoption of AASB 1058	31(d)	0	

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the City. When the taxable event occurs the financial liability will be extinguished and the City will recognise income for the prepaid rates that have not been refunded.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the City to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

(d) Impact of changes to Retained Surplus

The impact on the City of the changes as at 1 July 2019 is as follows:

	Note	Adjustments	2019
			\$
Retained surplus - 30 June 2019			169,048,591
Adjustment to retained surplus from adoption of AASB 15	31(a)	0	
Adjustment to retained surplus from adoption of AASB 1058	31(c)	0	0
Retained surplus - 01 July 2019			169,048,591

32. 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.

33. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE</p> <p>To ensure high quality democratic processes and informed local decision making.</p>	<p>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.</p>
<p>GENERAL PURPOSE FUNDING</p> <p>To fairly and efficiently levy and collect rates and other monies required to fund the city's operations.</p>	<p>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.</p>
<p>LAW, ORDER, PUBLIC SAFETY</p> <p>To ensure safety and amenity of the community in public areas.</p>	<p>Control of parking facilities, implementation and control of parking, and other local laws. Also includes fire prevention outlays.</p>
<p>HEALTH</p> <p>To protect the health of all persons and promote environmental quality.</p>	<p>Administration, inspection and operations of programs concerned with the general health of the community.</p>
<p>EDUCATION AND WELFARE</p> <p>To contribute towards the wellbeing of people with special needs.</p>	<p>Maintenance of pre-school buildings and the provision of seniors activities.</p>
<p>COMMUNITY AMENITIES</p> <p>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.</p>	<p>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.</p>
<p>RECREATION AND CULTURE</p> <p>To provide and support community recreational and cultural pursuits.</p>	<p>Maintenance of community, recreation and function centre, various reserves, and operation of the library.</p>
<p>TRANSPORT</p> <p>To facilitate safe and convenient transport access.</p>	<p>Construction and maintenance of roads, drainage works, footpaths, traffic facilities.</p>
<p>ECONOMIC SERVICES</p> <p>To facilitate economic development, promote compliance with building standards, regulations and local laws and enhance public amenity by placing powerlines underground.</p>	<p>Area promotion and building control services.</p>
<p>OTHER PROPERTY AND SERVICES</p> <p>To maximise long-term return on investment assets for the benefit of the community.</p>	<p>Includes management of the city's investment assets.</p>

34. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	1.50	1.75	1.48
Asset consumption ratio	0.73	0.74	0.94
Asset renewal funding ratio	0.91	0.61	0.61
Asset sustainability ratio	1.11	1.35	1.00
Debt service cover ratio	12.34	5.57	(1.28)
Operating surplus ratio	0.11	(0.05)	(0.21)
Own source revenue coverage ratio	1.10	0.94	0.79

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	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

(*) The 2017 and 2018 comparative results for the Asset Consumption Ratio have been recalculated using the gross method of calculation as they were previously calculated using the net method. The 2018 comparative result for the Own Source Revenue Coverage Ratio has been recalculated to adjust for Fair Value of infrastructure assets. The comparative results are still within the acceptable ranges as provided by the Department of Local Government.

Notes:

Four of the ratios disclosed above were distorted by the following transactions which are considered one-off in nature:

	2019 Actual	2018 Actual	2017 Actual
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	287,404	285,569	283,168
Amount of Financial Assistance Grant received in prior year relating to current year.	285,569	283,168	0
Loan repayments made in advance during the year for early settlement of loans.	0	0	1,023,554
Premiums on loan repayments made in advance.	0	0	115,922
One-off revenue payment due to transfer of loan to City of Perth following boundary adjustment	0	0	223,606
Adjustment for loss on demolished buildings	0	0	2,276,595
Fair Value adjustment on Investment Properties	0	0	9,781,419
Fair Value adjustment on Furniture & Equipment	0	47,501	0
Fair Value adjustment on Infrastructure	0	5,739,401	0

If the events detailed above did not occur, the impacted ratios in the 2019, 2018 and 2017 columns above would be as follows:

	2019	2018	2017
Current ratio	1.46	1.71	1.44
Debt service cover ratio	12.34	13.25	10.25
Operating surplus ratio	0.11	0.09	0.07
Own source revenue coverage ratio	1.10	1.08	1.03



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the City of Subiaco

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the City of Subiaco which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the City of Subiaco:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2019 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

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the City in accordance with the *Auditor General Act 2006* and the relevant 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 my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the City's annual 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. My 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 annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual 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.

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the annual 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 my 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 annual financial report.

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

- Identify and assess the risks of material misstatement of the annual 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 my 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, misrepresentations, 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 annual financial report, including the disclosures, and whether the annual financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I 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 I identify during my audit.

Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) All required information and explanations were obtained by me.
- (ii) All audit procedures were satisfactorily completed.
- (iii) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

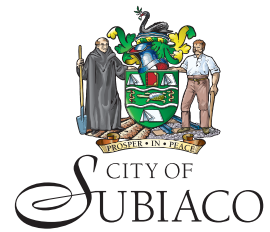
The annual financial report of the City for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2017 and 2018 in Note 34 of the audited annual financial report were included in the supplementary information and/or audited annual financial report for those years.

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 2019 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 annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual 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 annual financial report to confirm the information contained in this website version of the annual financial report.



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AUDITOR GENERAL
FOR WESTERN AUSTRALIA
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