



Annual Report

2017/18





We would like to acknowledge the Wadjuk Noongar people as the Traditional Custodians of the City of Bayswater. We recognise their strength and resilience and pay our respects to their Elders past, present and future.

Where to Get a Copy

The 2017/18 Annual Report can be downloaded from the City of Bayswater website www.bayswater.wa.gov.au

The City produces a limited number of hard copies of the Annual Report, in line with its ongoing commitment to environment. These may be viewed by the public at the Civic Centre or the Bayswater, Morley and Maylands (The RISE) libraries.

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Welcome to the City of Bayswater

In the bustling heart of the inner east, the City of Bayswater is home to a culturally diverse and vibrant community set against the backdrop of four thriving town centres, over 380 hectares of green open space and a 10km stretch of the Swan River.

The City of Bayswater has built a reputation on the delivery of services that our community value. We operate three libraries, three recreation centres and support over 120 local sporting clubs through the provision of club rooms and facilities. We maintain 188 parks, ovals and open spaces, and manage a local road network that spans 360km.

We manage parking, promote responsible pet ownership and ensure the City is bushfire ready. We understand our residents want to feel safe and have invested heavily in a network of CCTV cameras to complement our 24 hour security patrol service.

We are particularly passionate about the environment, dedicating precious time and resources to addressing water quality, protecting our wetlands and planting over 1,500 trees to address our declining tree canopy. An early adopter of the three-bin system, we are serious about reducing waste and educating our residents about how they can contribute.

The very fabric of our community lies with the respect we show our most vulnerable residents, so we continue to operate two senior citizen centres and oversee three residential care facilities and four retirement villages. We prioritise the health of young children and their parents and will continue to operate five child health centres, immunisation clinics and conduct health inspections at local eateries.

We are committed to strengthening our strategic planning framework to better manage growth and ensure the delivery of well-designed buildings. This will complement the success we continue to achieve through the activation of our major town centres of Bayswater, Morley, Maylands and Noranda.

We will continue to host community events that bring families together to celebrate this glorious City we live in. We will deliver a streamlined community grants program that supports environmental and community initiatives brought forward by the raft of hardworking volunteers that give up their time so selflessly to make our City a better place to live, work and visit.

Fast Facts

35km²

Area

68,720

Estimated Residential
Population (2017)

7

Suburbs

4

Town Centres

10km

Swan River

280ha

Green Space

21,355

Jobs

\$3.5 billion

Gross Regional Product

Traditional Custodians

**Wadjuk
Noongar
people**



45.74%

Born outside of Australia



16.7%

Youth (0 – 15yrs)



15.6%

Seniors (65+)



1.29%

Aboriginal or
Torres Strait Islander



28.12%

Students

Mayor's Message

Our Annual Report provides an outline of the City's activities during the 2017/18 financial year. This reflects our ongoing commitment to greater transparency, and our undertaking to present information to our ratepayers and residents in an easy to understand format.

The City of Bayswater has built a reputation on the delivery of services you value, which is why we make community engagement a priority - we ask and listen to what you want.

We value the things that are important to you. Our local libraries, recreation centres, sporting clubs, playgrounds, open space, immunisation clinics, and public security are priorities for you, thereby making them priorities for us.

As a community, we know you are particularly passionate about the environment, so we have dedicated time and resources to addressing water quality, protecting our wetlands and planting over 1,500 trees to address our declining tree canopy. We are serious about reducing waste and educating our residents about how they can lower their carbon footprint, as evidenced by our trial Home Composting Program, launched late in the 2018 financial year.

We are committed to strengthening our strategic planning framework to better manage growth and ensure the delivery of well-designed buildings. This will complement the success we continue to achieve through the activation of our major town centres of Bayswater, Morley, Maylands and Noranda.

We celebrate our community with events that bring families together; and our community grants program supports environmental and community initiatives brought forward by hardworking volunteers who give up their time so selflessly to make our City a better place.



I am proud of what we have delivered on your behalf, and the sense of community we have fostered over the past year. I look forward to what we will achieve in the future as we continue to build the City of Bayswater - the heart of the inner east.

To conclude, I thank my fellow Councillors for their hard work, tremendous dedication and invaluable support.

Dan Bull
Mayor
City of Bayswater

Elected Members

West Ward



Mayor Dan Bull
Term expires 2019



Cr Lorna Clarke
Term expires 2021



Cr Giorgia Johnson
Term expires 2021

Central Ward



Deputy Mayor Cr Chris Cornish
Term expires 2019



Cr Barry McKenna
Freeman of the City
Term expires 2021



Cr Sally Palmer
Term expires 2019

North Ward



Cr Stephanie Gray
Term expires 2021



Cr Filomena Piffaretti
Term expires 2021



Cr Brent Fleeton
Retired 29 June 2018

South Ward



Cr Catherine Ehrhardt
Term expires 2019



Cr Elli Petersen-Pik
Term expires 2021

CEO's Message

In preparing my statement for the Annual Report, I have taken time to reflect on the changes that have occurred during my first year as Chief Executive Officer for the City.

The City has made great strides over the 2017/18 period in deference to Council's clear vision of creating an open and accountable organisation, that is effective and efficient in the use of resources available, as well as embracing the commitment to the *Garden City - Quality Lifestyle* ethos.

This has ensured we are building a vibrant, engaged and supportive community.

Pivotal to this is our undertaking to provide services that answer community needs, and we have extensively engaged with the community, asking for feedback to help shape the future of the City of Bayswater.

This consultation has guaranteed we have accurately captured the community's vision and values, and has influenced a number of key projects, including our Age-Friendly Strategy; the development of our first Reconciliation Action Plan; and the foundation of the City's Local Planning Strategy.

The youth in our community have also had an active voice over the past year, with our Youth Advisory Council being heavily involved as stakeholders in our award-winning Russell Street Ninja Park construction, as well as a number of other initiatives.

Our streamlined internal structure has resulted in an efficient year of operations, with all staff committed to delivering quality services with a reduction in red-tape and internal processes. The flow-on effect from this is better quality services that build on the reputation of the City, as well as enhancing the day-to-day life of ratepayers and residents.

Moving forward, we will continue to keep the community at the fore of our minds as we develop and implement strategies to keep the City a relevant and inviting place.

The work we have done over the past year is testament to our commitment to the community. They are the reason we do the jobs we do and I extend my appreciation and recognition to all City staff for their invaluable contribution. Without the support and dedication of a professional and community focused workforce, none of the above would have been achieved.

During the year, staff were asked to contribute at increasingly high levels and to collectively participate in a review of our key services and activities. This led to an organisational restructure and the refocusing of service delivery across many areas of the Council.

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We will continue to keep the community at the fore of our minds as we develop and implement strategies to keep the City a relevant and inviting place.

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The result of this has been improvements across nearly all areas of the organisation, with the benefits being seen internally, as evidenced by our staff cultural survey; as well as externally. One of many ways we have seen external benefits is through the industry and peer recognition the City has received for several projects - a clear indication of the professional and innovative approach taken by staff.

I recognise the efforts of the Executive Leadership and Management Teams, who have been challenged in all aspects of their roles, and continue to provide professional services to the community and support for staff.

While there are still many changes to be made, 2017/18 has provided the building blocks to ensure the Council is well-placed to effectively service the community into the future.



Andrew Brien
Chief Executive Officer
City of Bayswater





Our Community



Community services

Community Training Program

As part of our ongoing commitment to capacity building and upskilling our local clubs, groups and volunteers, we provided twelve free community training sessions in 2017/18. Workshops focused on governance, social media and grant writing, and were attended by representatives from more than 50 different clubs over the course of the year.

Age Friendly Strategy

We began implementing our Age Friendly Strategy after its adoption in 2016/17. The four year plan will guide how we support the growing needs of our older community members now and in the future. Key priorities identified through the strategy were communication and transportation, resulting in the formation of our Age Friendly Ambassador program that links seniors to practical information about local activities, events and services. The City has been awarded \$10,000 in funding from the Department of Communities to continue to support this initiative.

Senior Citizen Centres

After an extensive review of our Senior Citizen Centres in 2016/17, we set out to reshape the operation of the Bayswater and Morley Senior Citizen Centres. The changes will include the creation of a City run club linking both centres, and the winding down of the existing Senior Citizen Clubs as incorporations, allowing for a more inclusive and invigorated experience for all members. Throughout 2017/18, we have been working closely with the Senior Citizen Association to ensure a smooth transition to the new arrangement, effective January 2019.

Youth

Our Youth Advisory Council (YAC) provides a platform for young people in the City to have a voice through a series of youth related events and initiatives.

This year, Bayswater YAC was involved as youth stakeholders in our Russell Street Ninja Park construction. They also partnered with Bayswater Waves to deliver the Baysie Waves Fest – a youth and family event attended by over 1,800 people.

YAC also organised a series of 'How to Adult' workshops, open to people ages 12 – 25 during the school holidays. The workshops included barista basics, customer service, photography and comedy.

Volunteering

We have had over 100 volunteers helping us provide services ranging from Senior Citizen Centres right through to environmental groups and community buses in 2017/18.

Volunteers are the lifeblood of our community and we were proud to celebrate ours at the Volunteer Christmas Function in December 2017 and during National Volunteer Week in May 2018.

We also updated our Volunteer Management Program in accordance with the National Standards for Volunteer Involvement 2017/18, ensuring the City provides a best practice experience for all volunteers.

Have a Go Day

In April 2018, we once again partnered with Inclusion Solutions to deliver the award winning Have a Go Day event at the RISE in Maylands. This is planned and led by the Have a Go Day committee. This annual event is a 'come and try' day for people of all ages, backgrounds and abilities, bringing together community based groups and clubs to showcase their accessible and inclusive activities, programs and initiatives. This year, more than 500 people 'had a go' at trying at least one interactive activity during the event.

Reconciliation Action Plan

In January 2018, the City appointed an Aboriginal Advisory Committee to assist with the planning, engagement and development of our first Reflect Reconciliation Action Plan. This is scheduled for delivery by April 2019.

Home and Community Care

This year we transitioned our Home and Community Services to new local providers. This was completed as part of our aim to ensure existing clients receive continued care by a high quality and experienced local provider. Our services in this area concluded on 30 June, 2018.



Recreation facilities

Here at the City, we operate three major recreation facilities internally - Bayswater Waves Aquatic Centre, Maylands Waterland and the RISE Maylands. Morley Sport and Recreation Centre is managed behalf of the City by the YMCA of WA.

Bayswater Waves Aquatic Centre

Bayswater Waves offers extensive aquatic and dry recreation programs for people of all ages. The ever growing popularity of the facility has seen an increase in facility memberships to 2,767, as well as an increase in fitness class attendance to 53,989 this year. Our swim school program boasted full enrolments following the introduction of the perpetual learn to swim structure, encouraging children to learn to swim all year round.

This year we embarked on our ten year refurbishment program of Bayswater Waves. Stage one included a full upgrade of our outdoor Olympic pool grandstand, removal of the under-utilised dive pool, and replacement of the concourse and surrounding grounds. The tender for stage two has been awarded, with the refurbishment of the indoor hydrotherapy area and health club change rooms scheduled for completion in 2018.



The RISE

Our central community hub, The RISE has been home to a diverse range of services and events this year including the community nursing outreach program, the annual Art Awards and Exhibition, and the Maylands Hawkers Markets.

We have focused on growing junior programs in 2017/18 and seen a significant rise in participation as a result. Staff have visited local schools presenting the benefits of exercise and activity as part of their efforts to increase awareness of the many programs available at The RISE.

Maylands Waterland

Maylands Waterland is at a crossroads with much of its infrastructure coming to the end of its operating life. This year, we have continued to work with the community to establish the future of this facility. While this is being undertaken, Waterland continues to operate with over 30,000 visitors between November and April of 2017/18.





Our Active City

The City of Bayswater's 180 reserves, parks and grounds provide a space for a diverse range of community activities to take place every year. From dog walking and family picnics, through to football, tennis and archery, there's something for everyone. We actively support our many sporting clubs, helping to create a healthy and active City.

Playgrounds

We continued upgrading and replacing playground equipment throughout 2017/18, investing \$415,000 across eleven reserves as part of our rolling program. A further \$87,000 of funding was contributed by Lotterywest allowing us to develop the award winning Ninja style exercise area at the newly commissioned Russell Street Park in Morley.



Club Development

In partnership with the City of Swan, we delivered a series of free workshops assisting local, community focused sporting and recreation clubs to grow and thrive. Funding from the Department of Local Government Sport and Cultural Industry allows us to continue these workshops each year.

We installed or upgraded \$500,000 worth of floodlighting at Emberson Reserve north and south ovals, Bayswater Little Athletics Track Noranda, Wotton Reserve, Shearn Memorial Park, and Maylands Tennis Club. The majority of this project was funded by the Department of Local Government Sport and Cultural Industries - Community Sport and Recreation Facility Fund.

Other highlights from this year include our recognition of Perth Bayswater Rugby Union Club as our 2017 Club of the Year, and our partnership with St John Ambulance to install eight community accessible defibrillators in clubrooms across the City. This important initiative is the first of its kind in Western Australia.



Libraries

It was another busy year for some of our most popular services with over 306,000 visits, 375,500 items borrowed, 23,450 attendees at activities and 51,500 uses of public computers between our three libraries.

We also commenced the development of our Library Service Strategic Plan, which will influence the development of the City's library service for the next ten years.

Other key projects completed this year include the introduction of Symphony - a library management system designed to increase efficiencies and improve integration with new and existing IT systems. The Bayswater Library received much needed refurbishments, transforming it into an inclusive and inviting space that allows community members to socialise, read, study and participate in activities.

Events

Each year, the City delivers an extensive range of free community events aimed at creating a fun, inclusive and engaging environment. This year's events attracted over 30,000 members of our community, as well as visitors from the wider Perth region. 2017/18 events included:



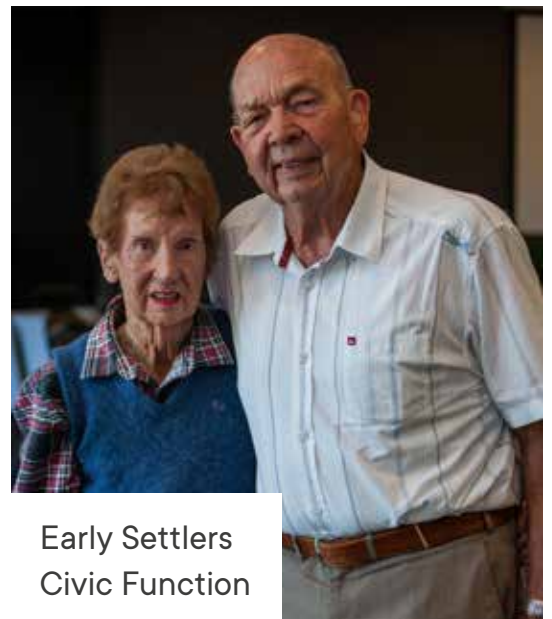
June Multicultural
Community Concert



Garden Awards



Jazz in the Park



Early Settlers
Civic Function



Evening in the Park



Movie in the Park

Carols by Candlelight



Australia Day BBQ



We also welcomed approximately 600 new Citizens at ten Citizenship Ceremonies throughout the year.

The Avon Descent



School Banner Competition



Autumn River Festival



Art Awards and Exhibition



A Healthy Community

The City of Bayswater provides a wide range of services each year promoting a healthy and happy community.

Vaccination Program

A series of free immunisation clinics in Bayswater, Morley, Maylands, Hampton Park and Noranda allowed for 1,292 babies and 2,511 other vaccinations to be administered during 2017/18.

By the end of 2017, 97.4 percent of children aged between 12 and 15 months were fully vaccinated through the clinics, well above the national target of 95 percent.

The clinics catered for anyone under the age of 20 who had missed their recommended vaccinations in accordance with the West Australian Immunisation Schedule. Pregnant mothers were also provided with influenza and whooping cough vaccinations, helping to protect unborn babies.

As part of our school based Vaccination Program 711, Year 8 students were vaccinated against Diphtheria, Tetanus, Whooping Cough and HPV; and a total of 1,565 Year 10, 11 and 12 students were vaccinated for Meningococcal.

Food Inspections and Sampling

This year we completed 1,185 inspections of food premises, resulting in a total of 12 infringement notices and one prosecution as part of our efforts to keep our community safe from food related illnesses.

We also participated in WA Department of Health Coordinated Food Sampling Programs, and collected 86 food samples as part of routine surveillance and complaint investigations.

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A Safer Community

The City's Rangers and Security team have been working hard to ensure the safety of local residents and their pets through the education and enforcement of State Government Acts, Regulations and Local Laws.



21,031

Calls
received

30,142

Tasks
attended

8,432

Animals currently
registered

825

Firebreak
inspections

196

Dogs
impounded

196

Animal infringements
issued

3,130

Parking
infringements

Noranda CCTV Project

In an effort to improve safety in the Noranda town centre, we invested \$150,000 to install 23 CCTV cameras, including two PTZ cameras able to capture licence plates and facial ID. Cameras are located around Robert Thompson Reserve clubrooms and playground, Garson Court, Noranda Little Athletics Club car park and clubrooms, Noranda Bowling Club car park and the Noranda Netball Club courts and clubhouse.

Since installation, the cameras have provided valuable footage assisting a number of WA Police investigations and projects.

Parking in the City

In October 2017, we introduced an electronic parking infringement system, PinForce. Working as a smartphone app and mobile Bluetooth printer, this system has simplified the parking infringement process saving both time and money for the City. PinForce has also created an automatic saving process of infringements to the City's record management program eliminating the need for manual data entry.



Our Natural Environment



The Garden City

Russell Street Park

As part of our commitment to improving synergies between local water management (blue infrastructure) and green spaces (green infrastructure) we created the Russell Street Park, a blue-green park with living streams, community facilities, a 60 metre water conservation themed mural and a ten station Ninja Warrior inspired obstacle course.

Worth \$217,000, the project was co-funded by the City, Water Corporation, Lotterywest and the Department of Biodiversity, Attractions and Conservation, and has completely transformed what was previously a fenced-off drainage area into an exciting space that can be enjoyed by the whole community.

Claughton Nature Reserve

The conservation, restoration and preservation of Claughton Reserve was a priority in 2017/18. We have worked to repair and prevent erosion of the riverbank, increase the tree canopy, restore the Malealeuca wetland, increase fauna nesting habitats, and lobby for the decrease of boats speeding along the river in line with the Swan River Trust Boat Speed findings.

We commissioned artist Duncan Moon, who completely transformed the original 1960's toilet block at the Reserve into a work of art. Inspired by our natural environment, the work aims to connect our community with this environmentally significant space through the use of public art.

Tree Planting Program

We expanded our verge tree planting program to include large tree species in road centre islands, adding to the future of the City's green canopy and providing shaded areas along King William Street, Garratt Road and Slade Street in Bayswater.

We also designed and planted wildlife corridors with native trees, creating the foundation for safe fauna travel links between parks and the Swan River.



Irrigation Replacement Program

We continued our irrigation and infrastructure replacement program, ensuring the City's irrigation systems are up-to-date. Systems at Charles Belgrave Reserve, Maylands, Morley Drive median, Allan Hill Reserve, Box Hill Reserve, Morley Park, Alf Brooks Park, Bayswater Reserve, and Birkett Street Reserve in Bedford have been replaced as part of this program.

The City's central park irrigation system was expanded, allowing us to control reticulation for more of our parks remotely, resulting in increased precision and efficiency in water application, and a reduction in overall water use.

Park Structure and Fencing Replacement

A new gazebo was erected at Halliday Park in Bayswater, as well as new picnic shelters at Robert Thompson and Luderman Parks in Noranda. New park seats were installed at Chesney Reserve in Morley, and Sherwood and the Aerodrome Parks in Maylands. We replaced existing pine fences with dome topped bollards at Standbury, Elstead, Corderoy, The Strand, Ockley, Broun and Strutt Reserves, creating inviting and functional spaces for all park users.

Bandicoot Tracking Program

In April 2018, we completed a four-week study of the Australian marsupial Quenda (or Bandicoot) in a bid to ensure the population remains protected. The study included microchipping Bandicoots living at Lightning Swamp for continued monitoring.

Bandicoots play an integral role in keeping bushland healthy by aerating the soil, dispersing beneficial fungi and aiding in water penetration. The tracking program aimed to determine whether the animal is under threat, and identify steps needed to protect the population moving forward.

Mosquito Control

This year, we experienced a higher than average mosquito breeding cycle as a result of varied weather patterns. In order to combat these high mosquito numbers and the spread of mosquito borne disease, we completed extensive larvacide treatments as well as trapping and monitoring at major breeding sites.

We worked closely with the WA Department of Health Vector Borne Disease Unit and neighbouring local governments to coordinate our approach for the next mosquito season and actively promoted the 'Fight the Bite' campaign.

We partnered with local schools on an education campaign for young people; ensuring students were equipped with the knowledge to assist friends and family with mosquito preparation and prevention. This included 14 excursions for 374 students throughout the year.

Waste and Recycling

As part of our regular waste services, we collected 17,487 tonnes of general waste from 30,728 residential premises, and 1,246 commercial premises. This was then disposed of at the Eastern Metropolitan Regional Council's Redhill landfill facility. The following recyclable materials were collected through the City's co-mingled recycling service:



807

Newspaper



1,061

Mixed paper



1,135

Cardboard



1,643

Glass



86

PET plastic



85

HDPE plastic



131

Other plastic



89

Steel cans



42

Aluminium cans



In addition, 5,170 tonnes of green waste was collected and processed into soil improver. The City collected 28 tonnes of e-waste and has collected, de-gassed and recycled 587 refrigerators.

Bulk Bins and Tip Passes

Our bulk bin service enables residents to order bulk bins on demand, eliminating the need for verge collections.

This has continued to be extremely popular throughout 2017/18 resulting in:

- 17,577 bulk bins being delivered.
- 4,713 tonnes of waste being collected through the bulk bin system.

We have also issued 9,179 tip passes in the past year, allowing residents to dispose of larger items.

Light Industry Program

During 2017/18 we continued work on our Light Industry program with the Department of Water and Environmental Regulation. The program works to reduce nutrient levels and contaminants from industrial and commercial activities entering groundwater and drainage systems within the Swan River catchment area.

Our Built Environment





Structure Plans

Local Planning Strategy – ‘Building Bayswater’

In 2017/18 we commenced the preparation of our Local Planning Strategy (LPS). The strategy informs a review of the City’s Town Planning Scheme and sets objectives for future planning and development, including the location of various land uses and desirable forms of new buildings.

As part of this process, we worked closely with consultant Shape Urban to carry out the Building Bayswater community engagement project between November 2017 and March 2018.

This project created a platform for the community to give feedback on how they would like us to respond to the challenges and opportunities of new development within the City. Outcomes will influence the preparation of the City’s Local Planning Strategy (LPS) with regard to residential built form elements. We sought information on acceptable building heights, setbacks, streetscape interface, car parking requirements and land uses by actively reaching out to a broad section of our community.

Through this process we gained feedback from:

- 219 people through nine face-to-face events and pop-ups.
- Over 2,300 people through website visits, with 512 online contributions.
- 72 online forum participants and 35 Community Panel participants via an invite sent to 10,000 randomly selected households.

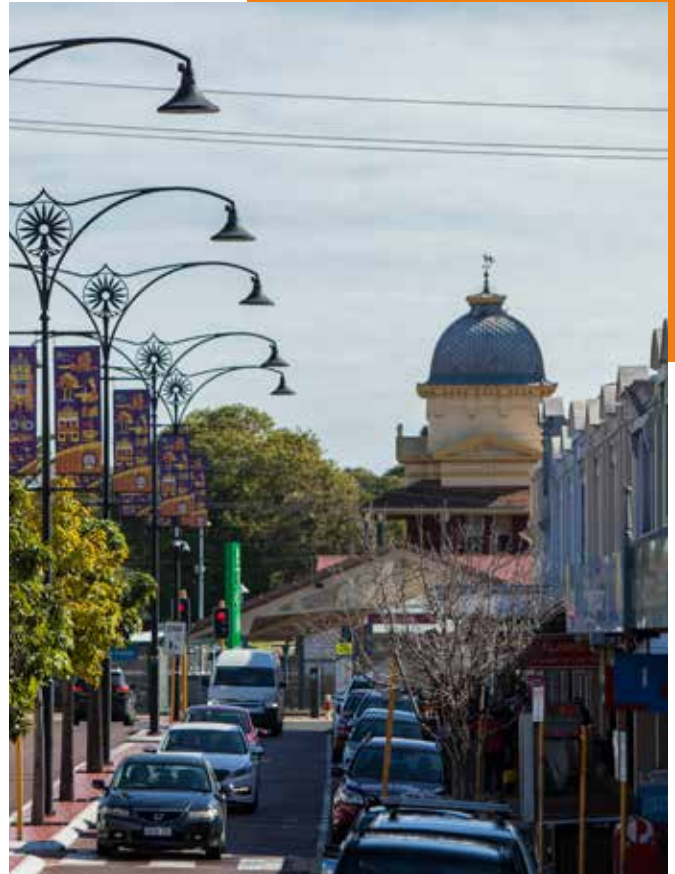
Outcomes from this project will be included in the draft LPS, scheduled for completion in late 2018.

Structure Plans Finalised

Structure planning for three activity centres progressed during 2017/18. In February 2018, the Western Australian Planning Commission (WAPC) approved the Morley Activity Centre Plan subject to minor modifications, allowing us to plan for a significant increase in the commercial, entertainment and leisure activities, and residential population in the centre.

We signed off on the Bayswater Town Centre Structure Plan, which is now with the WAPC for approval. This plan aims to balance increasing housing densities with cafés and retailers around the Bayswater Train Station, while preserving and enhancing heritage and character. The plan was prepared following extensive community consultation, including technical and community advisory groups and a series of community workshops and surveys.

In October 2017, the WAPC approved a structure plan for the area surrounding Meltham Train Station, despite strong concerns expressed by both Council and the community. As a result, we were required to progress a scheme amendment to give statutory effect to the structure plan, which is now with the WAPC and the Minister for Planning for approval.



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We signed off on the Bayswater Town Centre Structure Plan, which is now with the WAPC for approval. This plan aims to balance increasing housing densities with cafés and retailers around the Bayswater Train Station, while preserving and enhancing heritage and character.

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Development Approvals

Development Applications

A total of 635 development applications were received this year – a reduction of seven percent from the previous year. Although this shows a continual downwards trend since its peak in 2013/14, the decrease is showing signs of stabilisation.

Building Applications

A total of 1133 building applications were received in the last financial year, a reduction of 11 percent from the previous year. As with the development approvals downward trend and the downwards trend since the peak in 2013/14, the decrease in building applications is also showing signs of stabilising.

Development Assessment Panel Applications

This year we received 14 Development Assessment Panel (DAP) applications showing a 75 percent increase on applications from the previous year.

One application was received relating to amendments to the Morley Galleria Shopping Centre redevelopment. This is an ongoing project and will continue to be amended and refined while it progresses through the stages of development.

Subdivision Applications

We received 165 subdivision applications this year, a 17 percent reduction on the previous year. These applications are referred to the City for comment and then determined by the WAPC.

Subdivision applications considered this year have included the high quality Tonkin Highway Industrial Estate, located near the intersection of Tonkin Highway and Railway Parade. The estate covers approximately 350,000m², with the majority of subdivisional works complete and a number of lots now in the development process.

State Administrative Tribunal

The State Administrative Tribunal (SAT) receives appeals against decisions made by the City. This year, four appeals were lodged. Of these four, two were later withdrawn, one was dealt with by means of a section 31 reconsideration, and the final is ongoing, as at the end of the 2017/18 Financial Year.

The City is also involved in SAT appeals made against the Development Assessment Panel where the development is located within the City of Bayswater; however no appeals of this kind were made this year.

Design Review Panel

In 2017/18 we established a Design Review Panel (DRP) to provide professional and technical design advice on development applications in their early stages with a view to improve built form outcomes.

Due to the adoption of the DRP late in the financial year, only two development applications were reviewed. It is expected this number will be considerably higher in the upcoming years.



Buildings

We continued our preventative and building maintenance program throughout 2017/18 including the following maintenance allocations:

Building Maintenance	\$468,250
Preventative Maintenance	\$464,350
Cleaning	\$540,145
Special Building Maintenance	\$422,090

The City also completed a number of significant capital works projects including:

Construction of new clubrooms for the Bayswater Tennis Club
\$1,400,000

Sewer connection of the Clarkson Reserve Public Toilet and Maylands Tennis Club
\$120,000

Installation of accessible unisex toilet facility at Bayswater Senior Citizens Centre
\$100,000

Wotton Reserve clubroom roof replacement
\$150,000

E B Brown Pavilion clubroom upgrade (Stage 1)
\$92,000

Bayswater Library internal upgrades
\$103,000

Morley Sport and Recreation Centre (Stage 1) roof replacement
\$100,000

Roads and Infrastructure

This year, upgrades and renewals worth \$4.6 million were completed, including the resurfacing of Paterson Street, Williamson Road, Eighth Avenue, Bruce Road, Bayswater Road and Cassia Way. We also completed an additional \$2.64 million of infrastructure maintenance including street lighting, bus shelters, drainage, signs, paths and kerbs.

To encourage walking and an active lifestyle, we constructed new footpaths on Napier Road, Wade Street, Marchant Way, Hewton Street and Rundell Street. We also worked closely with the State Government on the Tonkin Highway upgrade and Forrestfield Airport Link projects.

Our Graffiti Crew are now equipped with electronic devices allowing us to share photographs and location details directly with the WA Police, assisting in the fight against graffiti. We were involved with overseeing private subdivisional developments including residential, industrial and mixed use retail and commercial. As part of this, we assumed control of \$2.1 million of roads and infrastructure within the Tonkin Highway Industrial Estate.

We completed our Citywide Traffic Management Study, which identified traffic concerns and road related issues, while providing recommendations on local area traffic management treatments as part of our plan to mitigate traffic issues and improve road safety.





Our local economy

We implemented the City's Economic/Business Framework in May 2017. This included lobbying for the immediate delivery of NBN and highlighting local business's inability to access broadband directly to NBN. Expansion of the City's procurement policy to improve the capacity of local businesses being awarded works and services contracts, and a stronger focus on gaining feedback at all stages of the procurement process was implemented. We have continued to reduce red-tape, and have brought down the barriers for local businesses to operate within the City; and opened a dialogue with WA Police, PTA's Railway Patrol and local social services with the intention to promote safety in the Maylands town centre.

We have supported the Eastern Metropolitan Regional Council's submission of a City Deal proposal for our region, focusing on leveraging from State Government METRONET projects including the alignment of the Morley Ellenbrook rail line.

Place Management

First implemented in 2016/17, our place management approach has continued to facilitate improvements in our major town centres of Bayswater, Maylands, Morley and Noranda. The City's two place managers have been providing support to local businesses and residents, helping to create attractive shopping and leisure destinations in these spaces.

We now have a Place Activation Group (or town team) in each of these town centres, and we continue to work with local groups to carry out place activation projects. We have funded over 55 on-ground actions and events as part of this, including historical walks, art trails, art exhibitions, murals, bush dances and movie nights. With the support of the City, Local Arts and Community Events (LACE) were able to hold the Maylands Street Festival in May 2018.

We have installed new infrastructure in each of the town centres including benches, planters, trees, landscaping, bike rails, fairy lights and wayfinding decals in an effort to create a friendly, vibrant space for community members to come together.

Key projects in the past year include the completion of the Maylands Car Parking Strategy and streetscape upgrades on Eighth Avenue. We have also commenced the preparation of a streetscape plan in Morley, building on the creation of the Russell Street Park and the painting of a mural on an adjoining wall by an artist and students from John Forest Secondary College.





City of Bayswater Civic Centre

Governance & Leadership



SEED Project

Running from August 2017 through to June 2018, the Service Excellence Evaluation through a process of Discovery (SEED) Project evaluated our many services through a process of discovery. Our processes and outputs, their benefits, issues and opportunities to improve were thoroughly examined with the aim of creating positive change within the organisation, creating a flow on effect for the wider community.

Through the project we developed 102 recommendations from 31 separate reviews, which once completed, will create a financial benefit in excess of our target of one percent of total rates income.



Statutory Reporting

Freedom of Information

In accordance with Section 96 and 97 of the Freedom of Information Act 1992, the City is required to publish an annual Information Statement which details the process of applying for information under the Act, as well as information the City provides outside the Act. This document is available from City of Bayswater offices and website.

During 2017/18, we received 26 access applications, processing each in an average of 14 days - well below the Act's requirement of 45 calendar days. A total of \$780 was levied by the City in processing applications received during the year.

Recordkeeping

Our Information Management team manage the records of the City in accordance with the legal requirements of the State Records Act 2000, and the City of Bayswater Recordkeeping Plan.

During the past year, 86,989 documents were registered to our document management system.

Integrated Planning and Reporting Framework

In July 2017, we adopted our Corporate Business Plan, Long Term Financial Plan and Workforce Plan, following a major review of our Integrated Planning and Reporting Framework (IPRF). These plans create the framework for the City over the next four years to deliver the community's aspirations in the Strategic Community Plan 2017-2027.

Disability Access and Inclusion

This year, we continued to work towards achieving the targets outlined in our Disability Access and Inclusion Plan (DAIP) 2016-2020.

Key projects completed in 2017/18 include construction of pathways leading to seating within parks to create more accessible green spaces, targeted workforce training, the introduction of alternative formats for publications, and the appointment of a Community Access and Inclusion Advisory Committee representing the interests of people with a disability, carers, multicultural groups, youth and seniors. The committee meet quarterly and provide recommendations on the implementation of the City's DAIP, Age Friendly Strategy and other relevant City plans and strategies.

“

During the past year, 86,989 documents were registered to our document management system.

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National Competition Policy

The Competition Principles Agreement (CPA) is a contractual agreement between the Federal Government and all State and Territory Governments. Its aim is to ensure all public enterprises operate in a transparent manner and in the best interests of the public. Under the CPA, public enterprises are required to review their operations to ensure they do not have a competitive advantage or disadvantage as a result of their public status.

Competitive Neutrality (Under the CPA)

Competitive neutrality addresses potential advantages or disadvantages that public enterprises may have compared with businesses operating in the private sector.

The following services are provided by the City of Bayswater through the open tendering process and fall within the definition of the CPA:

1. Our domestic waste collection including recycling, green waste and park litter bins is contracted to Transpacific Holdings trading as Cleanaway.
2. The management of the Morley Sport and Recreation Centre is contracted to the YMCA.
3. The management of the Embleton Public Golf Course and the Maylands Peninsula Public Golf Course is contracted to Golf Oracle Pty Ltd.
4. The operational management of our residential aged care facilities including the City of Bayswater Hostel, Carramar Hostel, the independent living units - Salisbury Retreat and Noranda Retreat facilities is contracted to Juniper Aged Care.

Disclosure of Annual Salaries

Legislative amendments included the insertion of regulation 19B into the Local Government (Administration) Regulations 1986. Regulation 19B requires that the Annual Report of a Local Government for a financial year contains information on the number of employees of the Local Government entitled to an annual salary of \$100,000 or more, and the number of employees with an annual salary entitlement that falls within each band of \$10,000 over \$100,000.

Salary range	No. of employees
\$100,000 - \$110,000	7
\$110,000 - \$120,000	8
\$120,000 - \$130,000	6
\$130,000 - \$140,000	4
\$170,000 - \$180,000	1
\$180,000 - \$190,000	3
\$270,000 - \$280,000	1

Register of Complaints of Minor Breaches

In accordance with Section 5.121 of the Local Government Act 1995 (as amended) and Section 5.53(2), the Annual Report is required to disclose the number of complaints received each year:

Number of Complaints 2017/18	Nil
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Action Taken 2017/18	Nil
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Full Financial Statements for 2017/18

The City's Full Financial Statements can be found on our website in the Annual Reports section:

www.bayswater.wa.gov.au/council/publications/annual-reports

Governance Portal

As part of our commitment to transparency and accountability, the City has established a governance portal on our web site: www.bayswater.wa.gov.au/council/governance-portal

You can find information on Council and Committee attendance, allowances and sitting fees, the Gift Register, details of contribution to the Travel Register, Interstate and International Travel Register, as well as the Chief Executive Officer's Key Performance Indicators.

We're listening

As part of our commitment to best practice community engagement, we completed an internal review of our Community Engagement Framework. This has resulted in the recruitment of a Community Engagement Support Officer to assist with the implementation of this framework. Innovative engagement processes have been introduced, including a deliberative community panel as part of the Better Bayswater project.

Over the past year, the City's online consultation portal Engage Bayswater was visited 23,700 times and provided a space for the community to share their feedback regarding a diverse range of projects including playground replacements, a review of dog exercise areas, planning applications, and City run events.





City of **Bayswater**

General Purpose Financial Statements for the year ended 30 June 2018



City of Bayswater
Financial Report
for the year ended 30 June 2018

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Community vision

A place where community vision becomes reality.

Principal place of business:
City of Bayswater Civic Centre
61 Broun Avenue
Morley WA 6062

ABN: 61 054 003 131
NAPS: 1705

**City of Bayswater
Financial Report
for the year ended 30 June 2018**

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

Statement of Chief Executive Officer

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

Signed on the 6th day of November 2018



Andrew Brien
Chief Executive Officer

**Statement of Comprehensive Income
by Nature or Type
for the year ended 30 June 2018**

	Note	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Rates	21(a)	45,139,103	44,800,179	41,957,660
Operating grants, subsidies and contributions	2	13,665,823	13,250,572	17,227,933
Fees and charges	2	21,651,836	21,225,947	20,681,030
Interest earnings	2(a)	2,557,543	2,383,092	2,719,055
Other revenue	2(a)	401,063	381,468	18,866
		<u>83,415,368</u>	<u>82,041,258</u>	<u>82,604,544</u>
Expenses				
Employee costs		(32,338,666)	(34,851,566)	(31,538,786)
Materials and contracts		(33,557,735)	(31,720,489)	(31,498,949)
Utility charges		(3,056,136)	(3,612,085)	(3,618,899)
Depreciation on non-current assets	9(b)	(11,430,068)	(10,494,188)	(11,955,277)
Interest expenses	2(b)	(1,282)	(2,714)	(1,862)
Insurance expenses		(664,126)	(847,792)	(829,220)
Other expenditure		0	0	(69,575)
		<u>(81,048,013)</u>	<u>(81,528,834)</u>	<u>(79,512,568)</u>
		2,367,355	512,424	3,091,976
Non-operating grants, subsidies and contributions	2	10,768,089	4,349,950	4,012,352
Profit on asset disposals	9(a)	63,763	0	0
(Loss) on asset disposals	9(a)	(2,101,738)	(383,533)	(422,968)
Net share of interest in controlled entities, associated entities & joint ventures	18	2,387,148	0	838,637
(Loss) on revaluation of Infrastructure - parks & gardens	8(b)	(1,822,736)	0	(2,738,340)
Net result		11,661,881	4,478,841	4,781,657
Other comprehensive income				
Changes on revaluation of non-current assets	10	5,245,227	0	27,733,728
Total other comprehensive income		5,245,227	0	27,733,728
Total comprehensive income		16,907,108	4,478,841	32,515,385

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

**Statement of Comprehensive Income
by Program
for the year ended 30 June 2018**

	Note	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue	2(a)			
General purpose funding		49,644,016	48,901,268	47,348,277
Law, order, public safety		317,297	327,210	317,948
Health		403,444	263,071	241,236
Education and welfare		11,451,491	11,779,995	12,844,770
Housing		99,869	93,020	89,193
Community amenities		12,543,393	12,027,422	12,445,369
Recreation and culture		7,609,265	7,458,319	7,529,889
Transport		501,629	519,036	1,168,940
Economic services		564,937	571,600	461,834
Other property and services		280,027	100,317	157,088
		<u>83,415,368</u>	<u>82,041,258</u>	<u>82,604,544</u>
Expenses	2(a)			
Governance		(7,081,168)	(6,188,382)	(5,814,021)
General purpose funding		(655,254)	(847,418)	(1,026,515)
Law, order, public safety		(2,962,203)	(2,928,152)	(2,812,659)
Health		(1,683,783)	(1,854,928)	(1,514,108)
Education and welfare		(13,348,195)	(13,269,993)	(12,651,336)
Housing		(124,048)	(130,474)	(151,435)
Community amenities		(13,509,971)	(14,409,525)	(13,615,550)
Recreation and culture		(27,209,696)	(29,566,348)	(28,713,098)
Transport		(10,446,280)	(8,356,010)	(9,205,760)
Economic services		(1,456,480)	(1,742,429)	(1,489,012)
Other property and services		(2,569,653)	(2,232,461)	(2,517,212)
		<u>(81,046,731)</u>	<u>(81,526,120)</u>	<u>(79,510,706)</u>
Finance costs	2(b)			
Recreation and culture		(1,282)	(2,714)	(1,862)
		<u>(1,282)</u>	<u>(2,714)</u>	<u>(1,862)</u>
		2,367,355	512,424	3,091,976
Non-operating grants, subsidies and contributions	2	10,768,089	4,349,950	4,012,352
Profit on disposal of assets	9(a)	63,763	0	0
(Loss) on disposal of assets	9(a)	(2,101,738)	(383,533)	(422,968)
Net share of interest in controlled entities, associated entities & joint ventures	18	2,387,148	0	838,637
(Loss) on revaluation of Infrastructure - parks & gardens	8(b)	(1,822,736)	0	(2,738,340)
		<u>9,294,526</u>	<u>3,966,417</u>	<u>1,689,681</u>
Net result		<u>11,661,881</u>	<u>4,478,841</u>	<u>4,781,657</u>
Other comprehensive income				
Changes on revaluation of non-current assets	10	5,245,227	0	27,733,728
Total other comprehensive income		<u>5,245,227</u>	<u>0</u>	<u>27,733,728</u>
Total comprehensive income		<u>16,907,108</u>	<u>4,478,841</u>	<u>32,515,385</u>

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

**Statement of Financial Position
as at 30 June 2018**

	Note	2018	2017
		\$	\$
Current assets			
Cash and cash equivalents	3	70,006,604	69,235,427
Trade and other receivables	5	4,874,306	4,357,880
Inventories	6	145,962	98,771
Total current assets		75,026,872	73,692,078
Non-current assets			
Other receivables	5	823,222	808,138
Property, plant and equipment	7	532,408,158	527,696,458
Infrastructure	8	199,874,463	186,533,446
Controlled entities, associated entities & interests in joint ventures	18	35,250,734	32,863,586
Total current assets		768,356,577	747,901,628
Total assets	15	843,383,449	821,593,706
Current liabilities			
Trade and other payables	11	32,107,253	30,048,410
Current portion of long-term borrowings	12(a)	4,202	5,977
Provisions	13	5,079,680	4,857,374
Total current liabilities		37,191,135	34,911,761
Non-current liabilities			
Trade and other payables	11	100	11,900
Long-term borrowings	12(a)	15,703	19,905
Provisions	13	494,365	445,640
Total non-current liabilities		510,168	477,445
Total liabilities		37,701,303	35,389,206
Net assets		805,682,146	786,204,500
Equity			
Retained surplus		230,621,323	213,105,837
Reserves - cash backed	4	41,134,262	44,417,329
Revaluation surplus	10	533,926,561	528,681,334
Total equity		805,682,146	786,204,500

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

**Statement of Changes in Equity
for the year ended 30 June 2018**

	Note	Retained surplus	Reserves cash backed	Revaluation surplus	Total equity
		\$	\$	\$	\$
Balance as at 1 July 2016		210,541,165	42,200,344	500,947,606	753,689,115
Comprehensive income					
Net result		4,781,657	0	0	4,781,657
Changes on revaluation of assets	10	0	0	27,733,728	27,733,728
Total comprehensive income		4,781,657	0	27,733,728	32,515,385
Transfers from/(to) reserves		(2,216,985)	2,216,985	0	0
Balance as at 30 June 2017		213,105,837	44,417,329	528,681,334	786,204,500
Comprehensive income					
Net result		11,661,881	0	0	11,661,881
Prior year revaluation adjustments		2,570,538	0	0	2,570,538
Changes on revaluation of assets	10	0	0	5,245,227	5,245,227
Total comprehensive income		14,232,419	0	5,245,227	19,477,646
Transfers from/(to) reserves		3,283,067	(3,283,067)	0	0
Balance as at 30 June 2018		230,621,323	41,134,262	533,926,561	805,682,146

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

Statement of Cash Flows
for the year ended 30 June 2018

	Note	2018 Actual	2018 Budget	2017 Actual
Cash flows from operating activities		\$	\$	\$
Receipts				
Rates		44,231,297	44,450,179	42,006,286
Operating grants, subsidies and contributions		14,157,923	13,100,572	17,227,933
Fees and charges		21,651,836	21,100,947	19,404,738
Interest earnings		2,557,543	2,383,092	2,719,055
Goods and services tax		2,565,123	3,500,000	1,727,744
Other revenue		401,063	381,151	872,790
		85,564,785	84,915,941	83,958,546
Payments				
Employee costs		(32,990,160)	(34,976,566)	(31,804,854)
Materials and contracts		(30,635,350)	(33,720,172)	(30,309,781)
Utility charges		(3,056,136)	(3,612,085)	(3,618,899)
Interest expenses		(1,290)	(2,714)	(1,998)
Insurance expenses		(664,126)	(847,792)	(829,220)
Goods and services tax		(2,686,904)	0	(3,946,682)
		(70,033,966)	(73,159,329)	(70,511,434)
Net cash provided by (used in) operating activities	14	15,530,819	11,756,612	13,447,112
Cash flows from investing activities				
Payments for purchase of property, plant & equipment		(11,260,938)	(11,951,687)	(4,344,370)
Payments for construction of infrastructure		(15,077,146)	(11,622,135)	(8,790,259)
Non-operating grants, subsidies and contributions		10,768,089	4,349,950	4,012,352
Proceeds from sale of fixed assets		810,353	622,300	582,872
Net cash provided by (used in) investment activities		(14,759,642)	(18,601,572)	(8,539,405)
Repayment of long-term borrowings		(5,977)	(5,977)	(10,825)
Proceeds from self supporting loans		5,977	5,977	10,825
Net increase (decrease) in cash held		771,177	(6,844,960)	4,907,707
Cash at beginning of year		69,235,427	66,957,736	64,327,720
Cash and cash equivalents at the end of the year	14	70,006,604	60,112,776	69,235,427

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

**Rate Setting Statement
for the year ended 30 June 2018**

	Note	2018 Actual \$	2018 Budget \$	2017 Actual \$
Operating activities				
Net current assets at start of financial year - surplus/(deficit)		8,546,133	6,079,131	5,583,678
		8,546,133	6,079,131	5,583,678
Revenue from operating activities (excluding rates)				
General purpose funding		4,504,913	4,101,089	5,362,425
Law, order, public safety		318,269	327,210	317,948
Health		405,256	263,071	222,626
Education and welfare		11,451,491	11,779,995	12,835,010
Housing		99,869	93,020	81,225
Community amenities		12,543,393	12,027,422	12,439,569
Recreation and culture		7,609,517	7,458,319	7,326,483
Transport		501,629	519,036	1,168,940
Economic services		564,937	571,600	445,328
Other property and services		340,754	100,317	24,362
		38,340,028	37,241,079	40,223,916
Expenditure from operating activities				
Governance		(7,088,472)	(6,208,346)	(5,814,021)
General purpose funding		(655,254)	(847,418)	1,711,825
Law, order, public safety		(3,009,319)	(2,938,562)	(2,812,659)
Health		(1,687,101)	(1,891,336)	(1,514,108)
Education and welfare		(13,585,986)	(13,288,127)	(12,651,336)
Housing		(1,523,048)	(130,474)	(151,435)
Community amenities		(13,653,926)	(14,409,525)	(13,615,550)
Recreation and culture		(27,350,012)	(29,750,485)	(28,714,960)
Transport		(10,446,280)	(8,388,194)	(9,205,760)
Economic services		(1,489,861)	(1,753,649)	(1,489,012)
Other property and services		(2,660,492)	(2,306,251)	(5,255,552)
		(83,149,751)	(81,912,367)	(79,512,568)
Operating activities excluded				
(Profit)/Loss on disposal of assets	9(a)	2,037,975	383,533	422,968
Movement in trade & other receivables (non-current)		(15,084)	0	(73,275)
Movement in employee benefit provisions (non-current)		32,724	(344,500)	(53,912)
Employee entitlements movement		31,002	0	(95,255)
Aged persons liability adjustment		(1,014,480)	0	(1,105,966)
Depreciation and amortisation on assets	9(b)	11,430,068	10,494,188	11,955,277
Amount attributable to operating activities		(23,761,385)	(28,058,936)	(22,655,137)
Investing activities				
Non-operating grants, subsidies and contributions		10,768,089	4,349,950	4,012,352
Proceeds from disposal of assets	9(a)	810,353	622,300	582,872
Purchase of property, plant and equipment	7(b)	(11,260,938)	(11,789,776)	(4,344,370)
Purchase and construction of infrastructure	8(b)	(15,077,146)	(11,784,046)	(8,790,259)
Amount attributable to investing activities		(14,759,642)	(18,601,572)	(8,539,405)
Financing activities				
Repayment of long-term borrowings	12(a)	(5,977)	(5,977)	(10,825)
Proceeds from self-supporting loans	12(a)	5,977	5,977	10,825
Transfers to reserves (restricted assets)	4	(1,641,959)	(1,126,338)	(2,970,020)
Transfers from reserves (restricted assets)	4	4,925,026	4,516,579	753,035
Amount attributable to financing activities		3,283,067	3,390,241	(2,216,985)
Surplus(deficiency) before general rates		(35,237,960)	(43,270,265)	(33,411,527)
Total amount raised from general rates	21	45,139,103	44,800,179	41,957,660
Net current assets at June 30 c/fwd - surplus/(deficit)	22	9,901,143	1,529,914	8,546,133

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 any other sporting 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 affect the application of policies and reported amounts of assets and liabilities, income and expenses.

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

The local government reporting entity

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

The local government reporting entity (continued)

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 24 to these financial statements.

Australian accounting standards - inconsistency

Land under roads

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in *Australian Accounting Standard AASB 1051 Land Under Roads* and the fact *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

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

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

Program

The Federal Government's decision to fund services through the National Disability Insurance Scheme has resulted in these services being provided by specialist private organisations. The City's Home and Community Care Services (HACC) are no longer being funded by the Federal Government. This arrangement has provided our HACC clients with services tailored to meet their needs. As a result, the City concluded the provision of HACC programs and transferred the programs to other service providers during the year.

2. Revenue and expenses

(a) Revenue

	2018 Actual	2017 Actual
	\$	\$
Significant revenue		
Changes in non-current assets revaluation	6,870,286	27,733,728
Increase in equity joint venture	2,387,148	838,637
Other revenue		
Reimbursements and recoveries	401,063	18,866
	401,063	18,866
Fees and charges		
Governance	80,110	138,631
General purpose funding	161,402	26,816
Law, order, public safety	228,581	238,488
Health	332,942	200,906
Education and welfare	736,038	780,277
Housing	83,267	83,895
Community amenities	11,811,454	11,226,688
Recreation and culture	7,236,576	7,195,019
Transport	430,902	328,093
Economic services	550,514	461,834
Other property and services	50	383
	21,651,836	20,681,030

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

2. Revenue and expenses (continued)

(a) Revenue (continued)

Grant revenue

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

	2018	2017
	\$	\$
Operating grants, subsidies and contributions		
Governance	197,650	0
General purpose funding	2,229,357	3,481,179
Law, order, public safety	88,716	79,460
Health	70,501	40,330
Education and welfare	9,593,250	10,895,621
Housing	16,601	5,299
Community amenities	731,940	1,218,681
Recreation and culture	372,680	334,868
Transport	70,728	840,849
Economic services	14,423	0
Other property and services	279,977	331,646
	13,665,823	17,227,933
Non-operating grants, subsidies and contributions		
Law, order, public safety	23,241	256,917
Health	70,999	0
Community amenities	607,420	1,785,750
Recreation and culture	626,224	3,425
Transport	8,946,990	1,966,260
Other property and services	493,215	0
	10,768,089	4,012,352
Total grants, subsidies and contributions	24,433,912	21,240,285

Significant accounting policies

Grants, subsidies and contributions

Grants, subsidies and 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 a particular period, and those conditions were

Grants, subsidies and contributions (continued)

undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 20.

That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current period.

Interest earnings

Reserve funds
Other funds
Other interest revenue (refer note 21(b))

	2018	2018	2017
	Actual	Budget	Actual
	\$	\$	\$
Reserve funds	1,129,507	1,013,783	1,153,867
Other funds	1,077,860	1,064,309	1,099,791
Other interest revenue (refer note 21(b))	350,176	305,000	465,397
	2,557,543	2,383,092	2,719,055

2. Revenue and expenses (continued)

(b) Expenses

Significant expense

The significant expense relates to the reduction in the fair value of the Council's infrastructure through profit and loss.

Auditors remuneration

- Audit of the Annual Financial Report
- Other services

Interest expenses (finance costs)

Long-term borrowings (refer Note 12(a))

Bad & doubtful debts

- Rates
- General debtors

Depreciation & amortisation

Property, plant & equipment

- Buildings
- Furniture & equipment
- Fleet & plant

Infrastructure

- Roads
- Drainage
- Footpaths
- Parks & gardens
- Other infrastructure

Total depreciation and amortisation

	2018	2017
	\$	\$
Significant expense	1,417,257	2,738,340
Auditors remuneration		
- Audit of the Annual Financial Report	30,696	37,564
- Other services	170	1,488
	30,866	39,052
Interest expenses (finance costs)		
Long-term borrowings (refer Note 12(a))	1,282	1,862
	1,282	1,862
Bad & doubtful debts		
Rates	4,034	4,583
General debtors	2,065	18,022
	6,099	22,605
Depreciation & amortisation		
<i>Property, plant & equipment</i>		
- Buildings	3,439,014	3,448,827
- Furniture & equipment	1,182,043	915,101
- Fleet & plant	749,803	693,203
	5,370,860	5,057,131
<i>Infrastructure</i>		
- Roads	3,400,883	3,706,280
- Drainage	329,227	319,289
- Footpaths	585,410	534,270
- Parks & gardens	1,310,176	1,985,087
- Other infrastructure	433,512	353,220
	6,059,208	6,898,146
Total depreciation and amortisation	11,430,068	11,955,277

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

3. Cash and cash equivalents

	Note	2018	2017
		\$	\$
Unrestricted		28,367,933	24,428,796
Restricted		41,638,671	44,806,631
		<u>70,006,604</u>	<u>69,235,427</u>

The following restrictions have been imposed by regulations or other externally imposed requirements:

Aged Persons Homes - General	4	16,206,268	17,272,240
Aged Persons Homes - Prudential requirements	4	2,517,203	2,485,046
Bayswater Tennis Club	4	152,675	149,418
Bayswater Waves Aquatic Centre	4	84,465	349,430
Bore and Reticulation	4	642,212	625,918
Building Furniture and Equipment	4	652,933	636,367
City Buildings and Amenities	4	1,920,044	1,996,735
Civic Centre	4	580,687	565,954
Community Housing	4	33,221	32,378
Eric Singleton Bird Sanctuary	4	1,161,376	1,131,910
Footpath and Cycleway	4	320,875	312,734
General Waste Management	4	26,957	26,273
Golf Courses	4	1,066,866	1,086,204
Information Technology	4	307,823	190,314
Landfill Restoration	4	480,587	551,927
Les Hansman Centre Development	4	4,912,146	4,787,516
Long Service Leave and Entitlements	4	1,221,897	1,190,894
Major Capital Works	4	2,372,752	3,143,716
Maylands Waterland	4	58,069	56,596
Morley City Centre	4	580,687	565,954
Morley Sport and Recreation Centre	4	580,687	565,954
Plant and Works Equipment	4	196,790	191,797
Playground and Parks	4	1,655,940	1,613,926
River Restoration	4	353,741	170,902
Roads and Drainage	4	499,720	487,041
Senior Citizens Building	4	348,412	339,572
Strategic Land Acquisition	4	44,873	1,509,657
Streetscapes	4	686,920	669,492
Sustainable Environment	4	292,105	565,954
The RISE	4	580,687	565,954
Workers Compensation	4	594,644	579,556
Unspent grants	20	504,409	389,302
		<u>41,638,671</u>	<u>44,806,631</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 that are readily convertible to known amount of cash which are subject to an insignificant risk of changes in value. Bank overdrafts are reported as short-term borrowings in current liabilities in the statement of financial position.

Unspent grants

Crossover contributions have been reclassified as prepaid revenue and excluded from the unspent grants. The 2016-17 figure has been amended for comparability. Prepaid revenue is reported as trade and other payables in Note 11.

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

4. Cash-backed reserves

(a) Cash-backed reserves - movement

	2018 Actual opening balance	2018 Actual transfer to	2018 Actual transfer (from)	2018 Actual closing balance	2018 Budget opening balance	2018 Budget transfer to	2018 Budget transfer (from)	2018 Budget closing balance	2017 Actual opening balance	2017 Actual transfer to	2017 Actual transfer (from)	2017 Actual closing balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Aged Persons Homes - General	17,272,240	464,552	(1,530,524)	16,206,268	15,578,935	327,851	(210,128)	15,696,658	15,875,689	1,396,551	0	17,272,240
Aged Persons Homes - Prudential requirements	2,485,046	62,475	(30,318)	2,517,203	2,490,000	49,922	0	2,539,922	2,417,402	67,644	0	2,485,046
Bayswater Bowling Club - Capital Improvements	0	0	0	0	10,000	265	0	10,265	0	74,000	(74,000)	0
Bayswater Tennis Club	149,418	3,888	(631)	152,675	143,250	3,975	(43,250)	103,975	0	150,002	(584)	149,418
Bayswater Waves Aquatic Centre	349,430	8,352	(273,317)	84,465	484,226	12,832	(327,857)	169,201	471,226	12,292	(134,088)	349,430
Bore and Reticulation	625,918	16,294	0	642,212	625,531	16,577	0	642,108	609,331	16,587	0	625,918
Building Furniture and Equipment	636,367	16,566	0	652,933	636,503	16,867	0	653,370	619,503	16,864	0	636,367
City Buildings and Amenities	1,996,735	51,630	(128,321)	1,920,044	1,996,065	52,896	(130,677)	1,918,284	1,944,064	52,671	0	1,996,735
Civic Centre	565,954	14,733	0	580,687	565,956	14,998	0	580,954	550,956	14,998	0	565,954
Community Housing	32,378	843	0	33,221	32,320	857	0	33,177	31,520	858	0	32,378
Eric Singleton Bird Sanctuary	1,131,910	29,466	0	1,161,376	1,132,013	29,998	0	1,162,011	1,101,913	29,997	0	1,131,910
Footpath and Cycleway	312,734	8,141	0	320,875	315,956	8,373	0	324,329	550,956	11,778	(250,000)	312,734
General Waste Management	26,273	684	0	26,957	26,317	697	0	27,014	25,577	696	0	26,273
Golf Courses	1,086,204	28,147	(47,485)	1,066,866	624,914	16,560	(480,000)	161,474	1,098,314	29,492	(41,602)	1,086,204
Information Technology	190,314	117,509	0	307,823	190,129	117,593	0	307,722	75,474	114,840	0	190,314
Landfill Restoration	551,927	14,135	(85,475)	480,587	498,351	13,206	(150,000)	361,557	550,956	14,868	(13,897)	551,927
Les Hansman Centre Development	4,787,516	124,630	0	4,912,146	4,788,143	126,886	0	4,915,029	4,660,643	126,873	0	4,787,516
Long Service Leave and Entitlements	1,190,894	31,003	0	1,221,897	1,190,149	31,539	0	1,221,688	1,286,149	34,745	(130,000)	1,190,894
Major Capital Works	3,143,716	258,315	(1,029,279)	2,372,752	3,065,654	81,240	(1,103,950)	2,042,944	4,213,698	538,882	(108,864)	4,643,716
Maylands Waterland	56,596	1,473	0	58,069	56,596	1,500	0	58,096	55,096	1,500	0	56,596
Morley City Centre	565,954	14,733	0	580,687	565,956	14,998	0	580,954	550,956	14,998	0	565,954
Morley Sport and Recreation Centre	565,954	14,733	0	580,687	565,956	14,998	0	580,954	550,956	14,998	0	565,954
Plant and Works Equipment	191,797	4,993	0	196,790	191,714	5,080	0	196,794	186,714	5,083	0	191,797
Playground and Parks	1,613,926	42,014	0	1,655,940	1,613,456	42,757	0	1,656,213	1,571,156	42,770	0	1,613,926
River Restoration	170,902	194,717	(11,878)	353,741	170,917	4,529	(166,717)	8,729	166,717	4,185	0	170,902
Roads and Drainage	487,041	12,679	0	499,720	362,567	9,608	0	372,175	474,134	12,907	0	487,041
Senior Citizens Building	339,572	8,840	0	348,412	339,574	8,999	0	348,573	330,574	8,998	0	339,572
Strategic Land Acquisition	1,509,657	35,216	(1,500,000)	44,873	1,509,937	40,013	(1,500,000)	49,950	0	9,657	0	9,657
Streetscapes	669,492	17,428	0	686,920	669,550	17,743	0	687,293	651,750	17,742	0	669,492
Sustainable Environment	565,954	13,949	(287,798)	292,105	565,956	14,998	(404,000)	176,954	550,956	14,998	0	565,954
The RISE	565,954	14,733	0	580,687	565,956	14,998	0	580,954	550,956	14,998	0	565,954
Workers Compensation	579,556	15,088	0	594,644	490,008	12,985	0	502,993	477,008	102,548	0	579,556
	44,417,329	1,641,959	(4,925,026)	41,134,262	42,062,555	1,126,338	(4,516,579)	38,672,313	42,200,344	2,970,020	(753,035)	44,417,329

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.

**Notes to and forming part of the Financial Report
for the year ended 30 June 2018**

4 Cash-backed reserves (continued)

(b) Cash-backed reserves - purposes

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:

Reserve name	Anticipated date of use	Purpose of the reserve
Aged Persons Homes - General	on-going	This reserve restricts funds held for the Independent Living Units and Residential Care Facilities owned and controlled by the City. These funds are managed in accordance with the relevant statutory requirements and policies.
Aged Persons Homes - Prudential requirements	on-going	To provide a cash-backed prudential reserve to meet the accommodation obligations for Residential Care Facilities and Independent Living Units.
Bayswater Bowling Club - Capital Improvements	on-going	To set aside funds for the future development of the Bayswater Bowling Club.
Bayswater Tennis Club	on-going	To set aside funds for the future development of the Bayswater Tennis Club.
Bayswater Waves Aquatic Centre	on-going	To fund asset management requirements of the Bayswater Waves Aquatic Centre.
Bore and Reticulation	on-going	For the installation of new bores and reticulation, and the replacement of old bore and reticulation systems, due to wear and tear.
Building Furniture and Equipment	on-going	To provide a cash-backed reserve for the purpose of furniture and equipment required in Council's buildings.
City Buildings and Amenities	on-going	For the purpose of preserving and renewing Council's buildings.
Civic Centre	on-going	To make provision for the asset management needs of the Civic Centre.
Community Housing	30/06/2018	To set aside funds for the asset management requirements of Community Housing.
Eric Singleton Bird Sanctuary	on-going	To set aside funds for the asset management requirements of the Eric Singleton Bird Sanctuary.
Footpath and Cycleway	on-going	To set aside funds for the asset management requirements of the City's footpath and cycleways infrastructure.
General Waste Management	on-going	To set aside funds for the future development of waste management.
Golf Courses	on-going	To set aside funds for the asset management requirements of the City's golf courses.
Information Technology	on-going	To provide for the maintenance of the City's information technology requirements including general computer replacements.
Landfill Restoration	on-going	To provide funding for the review and any restoration requirements of the Swan River Foreshore.
Les Hansman Centre Development	on-going	To set aside funds for the redevelopment of the Les Hansman Community Centre.
Long Service Leave and Entitlements	on-going	To provide for the payment to employees of Long Service Leave and other approved entitlements.
Major Capital Works	on-going	To finance the cost of major capital works programs as approved by Council.
Maylands Lakes	on-going	To fund asset preservation and environmental requirements for Maylands Lakes.
Maylands Waterland	on-going	To fund asset management requirements of the Maylands Waterland facility.
Morley City Centre	on-going	To provide funds for the future development of the Morley City Centre.
Morley Sport and Recreation Centre	on-going	To set aside funds for the asset management requirements of the Morley Sport & Recreation Centre.
Plant and Works Equipment	on-going	To fund the cost of acquiring plant and equipment needed to provide for the day-to-day operational requirements of the City.
Playground and Parks	on-going	To set aside funds for the asset management requirements of the City's playground and parks infrastructure.
River Restoration	on-going	To set aside funds for the restoration of the river.
Roads and Drainage	on-going	To set aside funds for the asset management requirements of the City's road and drainage infrastructure.
Senior Citizens Building	on-going	To set aside funds for the asset management requirements of the City's senior citizens centres.
Strategic Land Acquisition	on-going	To provide funds for future land acquisition.
Streetscapes	on-going	To provide for the renewal of urban streetscapes.
Sustainable Environment	on-going	To provide funding for strategic environmental projects such as foreshore rehabilitation and the Eric Singleton Bird Sanctuary.
The RISE	on-going	To fund asset management requirements of The RISE.
Workers Compensation	on-going	To finance Workers' Compensation costs in excess of premium deposits.

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

5. Trade and other receivables

Current

	2018	2017
	\$	\$
Rates outstanding	1,528,176	653,912
Sundry debtors	1,435,574	836,639
GST receivable	483,089	361,308
Accrued revenue	672,059	907,220
Loans receivable - clubs/institutions	4,202	5,977
Other receivables - aged care	721,288	1,482,298
Prepayments	29,918	110,526
	<u>4,874,306</u>	<u>4,357,880</u>

Non-current

Rates outstanding - pensioners	693,365	659,823
Loans receivable - clubs/institutions	15,702	19,904
Other	114,155	128,411
	<u>823,222</u>	<u>808,138</u>

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

Significant accounting policies

Trade and other receivables

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

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

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

Classification and subsequent measurement

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

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

6. Inventories

Current

	2018	2017
	\$	\$
Inventories	145,962	98,771
	<u>145,962</u>	<u>98,771</u>

Significant accounting policies

General

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

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

**Notes to and forming part of the Financial Report
for the year ended 30 June 2018**

7 (a). Property, plant and equipment

	2018	2017
	\$	\$
Land and buildings		
Land - freehold land at:		
- Independent valuation 2017	323,786,000	324,346,000
- Additions after valuation	3,513,499	0
- Less disposals	(345,000)	(560,000)
	<u>326,954,499</u>	<u>323,786,000</u>
Land - vested in and under the control of Council at:		
- Independent valuation 2016	10,410,000	10,410,000
	<u>10,410,000</u>	<u>10,410,000</u>
Total land	<u>337,364,499</u>	<u>334,196,000</u>
Buildings at:		
- Independent valuation 2017	229,663,474	229,834,712
- Asset re-classified	2,224,096	0
- Additions after valuation	4,730,022	0
- Less disposals	(2,282,500)	(171,239)
Less: accumulated depreciation	(50,281,130)	(47,119,965)
	<u>184,053,962</u>	<u>182,543,508</u>
Total land and buildings	<u>521,418,461</u>	<u>516,739,508</u>
Furniture and equipment at:		
- Independent valuation 2016	5,462,512	3,131,188
- Additions after valuation	1,395,415	2,331,324
- Less disposals	(23,692)	0
Less: accumulated depreciation	(2,369,194)	(1,194,420)
	<u>4,465,041</u>	<u>4,268,092</u>
Plant and equipment at:		
- Independent valuation 2016	7,486,513	6,589,825
- Additions after valuation	1,622,002	1,790,113
- Less disposals	(1,278,420)	(893,425)
Less: accumulated depreciation	(1,305,439)	(797,655)
	<u>6,524,656</u>	<u>6,688,858</u>
Total property, plant and equipment	<u>532,408,158</u>	<u>527,696,458</u>

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

7. Property, plant and equipment (continued)

(b) Movements in carrying amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	307,942,397	10,410,000	318,352,397	171,116,761	489,469,158	4,119,446	6,426,548	500,015,152
Additions	0	0	0	1,490,509	1,490,509	1,063,747	1,790,114	4,344,370
(Disposals)	0	0	0	(171,239)	(171,239)	0	(834,601)	(1,005,840)
Revaluation increments / (decrements) transferred to revaluation surplus	15,843,603	0	15,843,603	13,556,304	29,399,907	0	0	29,399,907
Depreciation (expense)	0	0	0	(3,448,827)	(3,448,827)	(915,101)	(693,203)	(5,057,131)
Carrying amount at 30 June 2017	323,786,000	10,410,000	334,196,000	182,543,508	516,739,508	4,268,092	6,688,858	527,696,458
Additions	3,513,499	0	3,513,499	4,730,022	8,243,521	1,395,415	1,622,002	11,260,938
(Disposals)	(345,000)	0	(345,000)	(1,450,504)	(1,795,504)	(16,423)	(1,036,401)	(2,848,328)
Depreciation (expense)	0	0	0	(3,439,014)	(3,439,014)	(1,182,043)	(749,803)	(5,370,860)
Transfers	0	0	0	1,669,950	1,669,950	0	0	1,669,950
Carrying amount at 30 June 2018	326,954,499	10,410,000	337,364,499	184,053,962	521,418,461	4,465,041	6,524,656	532,408,158

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

7. Property, plant and equipment (continued)

(c) Fair value measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
Land and buildings					
Land - freehold land	2	Market approach using recent observable data for similar properties	Independent registered valuer	June 2017	Price per metre
Land - vested in and under the control of Council	2	Market approach using recent observable data for similar properties	Independent registered valuer	June 2016	Price per metre
Buildings	2	Market approach using recent observable data for similar properties e.g.residential properties and cost approach using depreciated replacement cost	Independent registered valuer	June 2017	Price per metre (Level 2) Construction cost based on current tender and market rates (Level 2) residual values and critical life assessments (Level 3)
Furniture and equipment	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2016	Market price per item (Level 2)
Plant and equipment	2	Market approach using recent observable data for similar items and cost approach using depreciated replacement cost	Independent registered valuer	June 2016	Market price per item Make, size, year of manufacture and condition.

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

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

**Notes to and forming part of the Financial Report
for the year ended 30 June 2018**

8 (a). Infrastructure

	2018	2017
	\$	\$
Infrastructure - roads		
- Management valuation 2017	0	180,496,230
- Management valuation 2018	190,722,685	0
Less: accumulated depreciation	(81,717,145)	(83,087,640)
	109,005,540	97,408,590
Infrastructure - drainage		
- Management valuation 2017	0	52,353,816
- Management valuation 2018	54,164,700	0
Less: accumulated depreciation	(13,356,716)	(12,812,737)
	40,807,984	39,541,079
Infrastructure - footpaths		
- Management valuation 2017	0	37,939,290
- Management valuation 2018	39,987,341	0
Less: accumulated depreciation	(10,548,760)	(10,116,560)
	29,438,581	27,822,730
Infrastructure - parks & gardens		
- Management valuation 2017	0	47,092,330
- Management valuation 2018	49,864,093	0
- Swimming pool re-classified	(2,224,096)	0
Less: accumulated depreciation	(30,989,701)	(28,758,632)
	16,650,296	18,333,698
Infrastructure - other		
- Management valuation 2017	0	10,602,989
- Management valuation 2018	8,108,730	0
Less: accumulated depreciation	(4,136,668)	(7,175,640)
	3,972,062	3,427,349
Total infrastructure	199,874,463	186,533,446

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

8. Infrastructure (continued)

(b) Movements in carrying amounts

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

	Infrastructure - roads	Infrastructure - drainage	Infrastructure - footpaths	Infrastructure - parks & gardens	Infrastructure - other	Total infrastructure
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	98,270,770	39,184,284	27,315,850	20,332,118	3,942,830	189,045,852
Additions	3,608,066	119,735	2,214,628	2,725,007	122,823	8,790,259
Revaluation increments/ (decrements) transferred to revaluation surplus	(763,966)	556,349	(1,173,478)	(2,738,340)	(285,084)	(4,404,519)
Depreciation (expense)	(3,706,280)	(319,289)	(534,270)	(1,985,087)	(353,220)	(6,898,146)
Carrying amount at 30 June 2017	97,408,590	39,541,079	27,822,730	18,333,698	3,427,349	186,533,446
Additions	7,852,550	2,004,232	1,922,036	3,119,467	178,861	15,077,146
Revaluation increments/ (decrements) transferred to revaluation surplus	7,145,283	(408,100)	279,225	0	799,364	7,815,772
Revaluation (loss)/ reversals transferred to profit or loss	0	0	0	(1,822,736)	0	(1,822,736)
Depreciation (expense)	(3,400,883)	(329,227)	(585,410)	(1,310,176)	(433,512)	(6,059,208)
Transfers	0	0	0	(1,669,957)	0	(1,669,957)
Carrying amount at 30 June 2018	109,005,540	40,807,984	29,438,581	16,650,296	3,972,062	199,874,463

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

8. Infrastructure (continued)

(c) Fair value measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction cost based on current tender and market rates (Level 2), residual values and critical life assessments (Level 3)
Infrastructure - drainage	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction cost based on current tender and market rates (Level 2), residual values and critical life assessments (Level 3)
Infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction cost based on current tender and market rates (Level 2), residual values and critical life assessments (Level 3)
Infrastructure - parks & gardens	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction cost based on current tender and market rates (Level 2), residual values and critical life assessments (Level 3)
Infrastructure - other	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction cost based on current tender and market rates (Level 2), residual values and critical life assessments (Level 3)

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.

The "Critical Life" is the lowest calculated value of longevity in years between "Condition Assessed Life" and "Design Assessed Life". The Condition Assessed Life is conditioned based measure (Rating scale of 1 to 10) of economic life in number of years remaining before intervention is required and the Design Assessed Life is designed base measure of economic life in number of years remaining before intervention is required. (i.e. Design Life - Construction Date (Age)).

9. Fixed assets

Significant accounting policies

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions.

This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

Land under control

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

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this note.

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

9. Fixed assets (continued)

(a) Disposals of assets

The following assets were disposed of during the year.

	Actual net book value	Actual sale proceeds	Actual profit	Actual loss	Budget net book value	Budget sale proceeds	Budget profit	Budget loss
Property, plant and equipment	\$	\$	\$	\$	\$	\$	\$	\$
General purpose funding								
	56,126	48,822	0	(7,304)	66,964	47,000	0	(19,964)
Law, order, public safety								
	129,015	82,871	0	(46,144)	30,410	20,000	0	(10,410)
Health								
	70,830	69,324	0	(1,506)	138,408	102,000	0	(36,408)
Education and welfare								
	237,791	0	0	(237,791)	52,134	34,000	0	(18,134)
Housing								
	1,399,001	0	0	(1,399,001)	0	0	0	0
Community amenities								
	345,000	201,045	0	(143,955)	0	0	0	0
Recreation and culture								
	208,975	70,193	0	(138,782)	308,523	127,100	0	(181,423)
Transport								
	0	0	0	0	102,384	70,200	0	(32,184)
Economic services								
	92,296	58,915	0	(33,381)	58,220	47,000	0	(11,220)
Other property and services								
	309,294	279,183	0	(30,111)	248,790	175,000	0	(73,790)
	2,848,328	810,353	0	(2,037,975)	1,005,833	622,300	0	(383,533)

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

9. Fixed assets (continued)

(b) Depreciation

	2018	2017
	\$	\$
Buildings	3,439,014	3,448,827
Furniture and equipment	1,182,043	915,101
Plant and equipment	749,803	693,203
Infrastructure - roads	3,400,883	3,706,280
Infrastructure - drainage	329,227	319,289
Infrastructure - footpaths	585,410	534,270
Infrastructure - parks & gardens	1,310,176	1,985,087
Infrastructure - other	433,512	353,220
	11,430,068	11,955,277

Significant accounting policies

Depreciation

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

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

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

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

Depreciation (Continued)

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

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

Buildings	30 to 50 years
Buildings - specialised	3 to 10 years
Furniture and equipment	3 to 10 years
Roads	50 years
Footpath - concrete	50 years
Footpath - asphalt	25 years
Drains	100 years
Park development	20 to 100 years
Crash barriers	10 years
Bus shelters	20 years
Seats	10 years
Signs	5 to 10 years

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

10. Revaluation surplus

	2018	2018	2018	2018	2018	2017	2017	2017	2017	2017
	Opening	Revaluation	Disposal	Total	Closing	Opening	Revaluation	Disposal	Total	Closing
	balance	increment	write-back	movement on	balance	balance	increment	write-back	movement on	balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - land - freehold land	319,995,217	0	(345,000)	(345,000)	319,650,217	304,151,614	15,843,603	0	15,843,603	319,995,217
Revaluation surplus - buildings	118,887,727	0	(2,186,261)	(2,186,261)	116,701,466	105,331,423	13,556,304	0	13,556,304	118,887,727
Revaluation surplus - furniture and equipment	1,391,443	0	(11,591)	(11,591)	1,379,852	1,391,443	0	0	0	1,391,443
Revaluation surplus - plant and equipment	75,363	0	(27,693)	(27,693)	47,670	75,363	0	0	0	75,363
Revaluation surplus - infrastructure - roads	43,481,537	7,145,283	0	7,145,283	50,626,820	44,245,503	0	(763,966)	(763,966)	43,481,537
Revaluation surplus - infrastructure - drainage	15,840,201	0	(408,100)	(408,100)	15,432,101	15,283,852	556,349	0	556,349	15,840,201
Revaluation surplus - infrastructure - footpaths	17,451,852	279,225	0	279,225	17,731,077	18,625,330	0	(1,173,478)	(1,173,478)	17,451,852
Revaluation surplus - infrastructure - other infrastructure	3,632,447	799,364	0	799,364	4,431,811	3,917,531	0	(285,084)	(285,084)	3,632,447
Revaluation surplus - infrastructure - E.M.R.C.	7,925,547	0	0	0	7,925,547	7,925,547	0	0	0	7,925,547
	528,681,334	8,223,872	(2,978,645)	5,245,227	533,926,561	500,947,606	29,956,256	(2,222,528)	27,733,728	528,681,334

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

**Notes to and forming part of the Financial Report
for the year ended 30 June 2018**

11. Trade and other payables

Current

	2018	2017
	\$	\$
Sundry creditors	6,912,627	4,062,604
Accrued interest on long-term borrowings	294	302
Accrued salaries and wages	0	922,525
Refundable contributions	23,897,370	24,389,413
Prepaid revenue	1,296,962	673,566
	32,107,253	30,048,410

Non-current

Sundry creditors	100	11,900
	100	11,900

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 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.

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

12. Information on borrowings

(a) Repayments - borrowings

	Principal 1 July 2017	New Loans	Principal Repayments		Principal 30 June 2018		Interest Repayments	
			Actual	Budget	Actual	Budget	Actual	Budget
Recreation and culture								
Loan 214 - Gibbney Reserve Clubrooms	23,842	0	3,937	3,937	19,905	19,905	1,244	2,714
Loan 222 - Morley/Noranda Recreation Club Inc	2,040	0	2,040	2,040	0	0	38	0
	25,882	0	5,977	5,977	19,905	19,905	1,282	2,714

Self supporting loans are financed by payments from third parties.

Borrowings

	2018	2017
	\$	\$
Current	4,202	5,977
Non-current	15,703	19,905
	19,905	25,882

(b) New borrowings - 2017-18

The City did not undertake any new borrowings for the year ended 30 June 2018.

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

Financial liabilities (continued)

to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Borrowing costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

**Notes to and forming part of the Financial Report
for the year ended 30 June 2018**

13. Provisions

Opening balance at 1 July 2017

Current provisions

Non-current provisions

Additional provision

Balance at 30 June 2018

Comprises

Current

Non-current

	Provision for annual leave	Provision for long service leave	Total
	\$	\$	\$
	2,470,473	2,386,901	4,857,374
	0	445,640	445,640
	2,470,473	2,832,541	5,303,014
	118,534	152,497	271,031
	2,589,007	2,985,038	5,574,045
	2,589,007	2,490,673	5,079,680
	0	494,365	494,365
	2,589,007	2,985,038	5,574,045

Significant accounting policies

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

Other long-term employee benefits (continued)

rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

Provisions

Provisions are recognised when the City has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

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

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

14. 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:

	2018	2018	2017
	Actual	Budget	Actual
	\$	\$	\$
Cash and cash equivalents	70,006,604	60,112,776	69,235,427

Reconciliation of net cash provided by operating activities to net result

Net result	11,661,881	4,478,841	4,781,657
Non-cash flows in net result:			
Depreciation	11,430,068	10,494,188	11,955,277
(Profit)/loss on sale of asset	2,037,975	383,533	422,968
Fair value adjustments to fixed assets at fair value through profit or loss	1,822,736	0	2,738,340
Net share of interest in controlled entities, associated entities & joint ventures	(2,387,148)	0	(838,637)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(618,095)	0	(329,566)
(Increase)/decrease in inventories	(47,191)	0	14,008
(Increase)/decrease in other current assets	80,608	0	80,101
Increase/(decrease) in payables	2,047,051	750,000	(965,154)
Increase/(decrease) in accrued interest payables	(8)	0	(135)
Increase/(decrease) in provisions	271,031	0	(399,396)
Grants contributions for the development of assets	(10,768,089)	(4,349,950)	(4,012,352)
Net cash from operating activities	15,530,819	11,756,612	13,447,112

**Notes to and forming part of the Financial Report
for the year ended 30 June 2018**

15. Total assets classified by function and activity

	2018	2017
	\$	\$
Governance	1,309,297	1,245,914
Law, order, public safety	3,198,536	3,350,836
Health	1,063,165	990,802
Education and welfare	50,257,803	51,151,736
Housing	355,606	1,784,727
Community amenities	340,437,206	324,605,014
Recreation and culture	142,348,370	291,886,896
Transport	185,970,886	21,072,038
Economic services	372,105	436,118
Other property and services	6,969,647	17,705,823
Unallocated	111,100,828	107,363,802
	843,383,449	821,593,706

16 Contingent liabilities

Nil.

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

17. Capital and leasing commitments

(a) Capital expenditure commitments

Contracted for:

- capital expenditure projects

	2018	2017
	\$	\$
- capital expenditure projects	4,276,247	3,943,278
Payable:		
- not later than one year	4,276,247	3,943,278
- later than one year but not later than five years	0	0
- later than five years	0	0
	<u>4,276,247</u>	<u>3,943,278</u>

(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

	0	0
- later than one year but not later than five years	136,849	189,962
- later than five years	0	0
	<u>136,849</u>	<u>189,962</u>

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.

**Notes to and forming part of the Financial Report
for the year ended 30 June 2018**

18. Joint arrangements

The City has a few joint venture arrangements with:

(a) Homeswest - Community Housing Project

Ten (10) Houses.

- Stage 1 No 2 Haddrill Street (4 units)
- Stage 2 No 20 Francis Street (6 units)

The City has a 25% interest in the project. Operating costs are funded by the City from rental received on the houses. Excess income over expenditure is retained as a restricted cash item for future community housing projects.

The Council resolved to relinquish ownership of the City's Community Housing Program to the Department of Communities on 6 September 2017.

(b) City of Swan

The City shares assets and liabilities with the City of Swan as follows for the development and maintenance of the Altone Park venture:

Pavilion	50%
Recreation centre	50%
Library	33%

Operation costs are apportioned based on the above percentages.

(c) Eastern Metropolitan Regional Council

The City is a participant in the Eastern Metropolitan Regional Council (EMRC).

The EMRC comprising of six member councils is primarily concerned with refuse removal and provision of safety services.

Equity (Estimated)	Share	2018	2017
	%	\$	\$
City of Bayswater	18.67	34,005,163	33,338,395
Town of Bassendean	4.31	7,842,887	7,689,105
Shire of Mundaring	10.84	19,741,520	19,354,431
City of Swan	38.33	69,784,211	68,415,893
Shire of Kalamunda	16.43	29,908,599	29,322,156
City of Belmont	11.42	20,797,788	20,389,988
		<u>182,080,168</u>	<u>178,509,968</u>

(d) WALGA Local Government Housing Trust

The City retains an equity interest with the Western Australian Local Government Association (WALGA) as a consequence of a contribution towards the cost of purchasing Local Government House.

The City currently holds 10 units with an estimated value of \$154,668.

18. Joint arrangements (continued)

	2018	2017
	\$	\$
Non-current assets		
Eastern Metropolitan Regional Council	35,096,066	32,684,701
WALGA Local Government Housing Trust	154,668	178,885
	<u>35,250,734</u>	<u>32,863,586</u>

Significant accounting policies

Interests in joint arrangements

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

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 26 for a description of the equity method of accounting.

Interests in joint arrangements (continued)

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The City's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

**Notes to and forming part of the Financial Report
for the year ended 30 June 2018**

19. Related party transactions

Elected members remuneration

	2018 Actual	2018 Budget	2017 Actual
The following fees, expenses and allowances were paid to council members and/or the Mayor.	\$	\$	\$
Meeting fees	284,742	355,350	367,665
Mayor's allowance	99,102	87,550	88,864
Deputy Mayor's allowance	26,387	21,888	22,216
Telecommunications allowance	29,177	44,950	37,400
	439,408	509,738	516,145

Key management personnel (KMP) compensation disclosure

	2018	2017
The total of remuneration paid to KMP of the City during the year are as follows:	\$	\$
Short-term employee benefits	1,048,285	1,080,170
Post-employment benefits	117,180	112,967
Other long-term benefits	24,741	14,888
Termination benefits	0	261,884
	1,190,206	1,469,909

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

Transactions with related parties

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

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

Related parties

The City's main related parties are as follows:

i. Key management personnel

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

ii. Entities subject to significant influence by the City

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

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

20. Conditions over grants/contributions

Grant/contribution	Opening balance ⁽¹⁾ 1/07/16	Received ⁽²⁾ 2016-17	Expended ⁽³⁾ 2016-17	Closing balance ⁽¹⁾ 30/06/17	Received ⁽²⁾ 2017-18	Expended ⁽³⁾ 2017-18	Closing Balance ⁽⁴⁾ 30/06/18
	\$	\$	\$	\$	\$	\$	\$
General purpose funding							
Grant/Contribution/Subsidy - Various	123,431	0	(25,993)	97,438	0	(4,496)	92,942
Law, order, public safety							
Safer Communities Grant	0	120,000	0	120,000	12,321	(132,321)	0
WA Police - Graffiti Grant	15,976	0	(15,976)	0	0	0	0
State Emergency - Evacuation Exercise	1,815	0	(1,815)	0	0	0	0
Community amenities							
Department of Biodiversity Conservation and Attractions - Eric Singleton Bird Sanctuary	7,142	0	(2,028)	5,114	0	0	5,114
Department of Biodiversity Conservation and Attractions - Water Quality Improvements	5,427	0	(5,427)	0	0	0	0
Perth Region Natural Resource Management - Swan Canning Rivers, Baigup Wetlands	27,140	0	(27,140)	0	0	0	0
Department of Biodiversity Conservation and Attractions - Clarkson	0	166,750	0	166,750	0	0	166,750
Swan River Trust - Foreshore Stabilisation	78,963	0	(78,963)	0	0	0	0
Department of Biodiversity Conservation and Attractions - Catchment Management	0	0	0	0	34,000	0	34,000
Main Roads Western Australia - Lightning Swamp Rehabilitation	0	0	0	0	80,000	0	80,000
Department of Biodiversity Conservation and Attractions - Bardon Park Environmental Restoration Works	0	0	0	0	19,545	0	19,545
Department of Industry Innovation and Science - Landscaping of Bardon Park	0	0	0	0	9,775	(2,767)	7,008
Department of Biodiversity Conservation and Attractions - Claughton Reserve Rivercare Program	0	0	0	0	7,875	0	7,875
Department of Health - East Swan River CLAG Contribution	0	0	0	0	70,999	(33,662)	37,337
Department of Biodiversity Conservation and Attractions - Russell	0	0	0	0	53,838	0	53,838
Transport							
Main Roads - Road Grants	173,334	0	(173,334)	0	0	0	0
Total	433,228	286,750	(330,676)	389,302	288,353	(173,246)	504,409

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.

(4) - Refer to Note 3 - Cash and cash equivalents for unspent grants.

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

21. Rating information

(a) Rates

Rate type	Rate in dollar	Number of properties	Value	Actual rate revenue	Actual interim rates	Actual total revenue	Budget rate revenue	Budget interim rate	Budget total revenue
General rate	\$		\$	\$	\$	\$	\$	\$	\$
Gross rental valuations									
General GRV	0.0600	26,358	668,396,340	40,247,978	626,675	40,874,653	40,103,779	460,000	40,563,779
Unimproved valuations									
Sub-total		26,358	668,396,340	40,247,978	626,675	40,874,653	40,103,779	460,000	40,563,779
Minimum payment	\$								
Gross rental valuations									
General GRV	850.00	4,984	62,016,368	4,264,450	0	4,264,450	4,236,400	0	4,236,400
Unimproved valuations									
Sub-total		4,984	62,016,368	4,264,450	0	4,264,450	4,236,400	0	4,236,400
Total amount raised from general rate		31,342	730,412,708	44,512,428	626,675	45,139,103	44,340,179	460,000	44,800,179

Significant accounting policies

Rates

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

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

21. Rating information (continued)

(b) Interest charges & instalments

Instalment options	Date due	Instalment plan admin charge	Instalment plan interest rate	Unpaid rates interest rate
		\$	%	%
Option 1				
Single full payment	18-Aug-17	0	0.00%	9.00%
Option 2				
First instalment	18-Aug-17	0	0.00%	9.00%
Second instalment	17-Oct-17	5	5.50%	9.00%
Option 3				
First instalment	18-Aug-17	0	0.00%	9.00%
Second instalment	17-Oct-17	5	5.50%	9.00%
Third instalment	18-Dec-17	5	5.50%	9.00%
Fourth instalment	19-Feb-18	5	5.50%	9.00%

	2018	2018
	Actual	Budget
	\$	\$
Interest on unpaid rates	181,284	145,000
Interest on instalment plan	168,892	160,000
	350,176	305,000

Charges on instalment plan	\$5 per instalment	\$5 per instalment
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Notes to and forming part of the Financial Report
for the year ended 30 June 2018

22. Net current assets

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

	2018 (30 June 2018 carried forward) \$	2018 (1 July 2017 brought forward) \$	2017 (30 June 2017 carried forward) \$
Surplus/(Deficit) brought forward	9,901,143	8,546,133	8,546,133
Current assets			
Cash and cash equivalents			
Unrestricted	28,367,933	24,428,796	24,428,796
Restricted	41,638,671	44,806,631	44,806,631
Receivables			
Rates outstanding	1,528,176	653,912	653,912
Sundry debtors	1,435,574	836,639	836,639
GST receivable	483,089	361,308	361,308
Accrued revenue	672,059	907,220	907,220
Loans receivable - clubs/institutions	4,202	5,977	5,977
Other receivables - aged care	721,288	1,482,298	1,482,298
Prepayments	29,918	110,526	110,526
Inventories			
Inventories	145,962	98,771	98,771
Less: Current liabilities			
Trade and other payables			
Sundry creditors	(6,912,627)	(4,062,604)	(4,062,604)
Accrued interest on long-term borrowings	(294)	(302)	(302)
Accrued salaries and wages	0	(922,525)	(922,525)
Refundable contributions	(23,897,370)	(24,389,413)	(24,389,413)
Prepaid revenue	(1,296,962)	(673,566)	(673,566)
Current portion of long-term borrowings	(4,202)	(5,977)	(5,977)
Provisions			
Provision for annual leave	(2,589,007)	(2,470,473)	(2,470,473)
Provision for long service leave	(2,490,673)	(2,386,901)	(2,386,901)
Unadjusted net current assets	37,835,737	38,780,317	38,780,317
Adjustments			
Less: Reserves - restricted cash	(41,134,262)	(44,417,329)	(44,417,329)
Less: Cash-backed employee provisions	1,221,896	1,190,894	1,190,894
Less: Aged Persons Homes - restricted	11,977,771	12,992,251	12,992,251
Adjusted net current assets - surplus/(deficit)	9,901,143	8,546,133	8,546,133

Difference

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

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

23. Financial risk management

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

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

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

The comparative amounts listed below incorporate adjustments made to accommodate the change in methodology used to calculate amounts.

The City held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	70,006,604	69,235,427	70,006,604	69,235,427
Receivables	5,697,528	5,166,018	5,697,528	5,166,018
	75,704,132	74,401,445	75,704,132	74,401,445
Financial liabilities				
Payables	32,107,253	30,048,410	32,107,353	30,060,310
Borrowings	19,905	25,882	14,399	19,113
	32,127,158	30,074,292	32,121,752	30,079,423

Fair value is determined as follows:
Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

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

Investments - based on quoted market prices at the reporting date or independent valuation.

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

23. Financial risk management (continued)

(a) Cash and cash equivalents

The City’s objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The Financial Services area manages the cash portfolio. Council has an Investment Policy and the Policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

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

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

The City manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*.

The comparative amounts listed below incorporate adjustments made to accommodate the change in methodology used to calculate amounts.

	2018	2017
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	859,861	831,442
- Statement of Comprehensive Income	859,861	831,442

Notes:
⁽¹⁾ Sensitivity percentages based on management's expectation of future possible interest rate movements.

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

23. Financial risk management (continued)

(b) Receivables

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

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

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

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

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

The comparative rates listed below incorporate adjustments made to accommodate the change in methodology used to calculate risk percentage.

The profile of the City’s credit risk at balance date was:

	2018	2017
	%	%
Percentage of rates and annual charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables		
- Current	88.63%	92.08%
- Overdue	11.37%	7.92%

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

23. Financial risk management (continued)

(c) Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
2018	\$	\$	\$	\$	\$
Payables	32,107,353	0	0	32,107,353	32,107,253
Borrowings	5,385	17,534	0	22,919	19,905
	32,112,738	17,534	0	32,130,272	32,127,158
2017					
Payables	29,856,125	0	0	29,856,125	30,048,410
Borrowings	5,977	19,905	0	25,882	25,882
	29,862,102	19,905	0	29,882,007	30,074,292

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

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

								Weighted average effective interest rate
Year ended 30 June 2018	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	
	\$	\$	\$	\$	\$	\$	\$	%
Borrowings								
Fixed rate								
Long-term borrowings	4,202	4,484	4,785	5,106	1,328	0	19,905	
Weighted average								
Effective interest rate	6.45%	6.45%	6.45%	6.45%	6.45%	0.00%		6.45%
Year ended 30 June 2017								
Borrowings								
Fixed rate								
Long-term borrowings	5,977	4,202	4,484	4,785	5,106	1,328	25,882	
Weighted average								
Effective interest rate	6.55%	6.55%	6.55%	6.55%	6.55%	6.55%		6.55%

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

24. Trust funds

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

	1 July 2017	Amounts received	Amounts paid	30 June 2018
	\$	\$	\$	\$
Cash in lieu of POS	3,584,644	294,575	(500,000)	3,379,219
Town planning bonds/other	836,771	367,613	(223,764)	980,620
BSL/CTF	57,323	454,167	(433,409)	78,081
Crossover/verge bonds	542,043	402,228	(451,012)	493,259
Unclaimed monies	46,192	18,429	(7,863)	56,758
Other	489,133	187,017	(133,691)	542,459
	5,556,106	1,724,029	(1,749,739)	5,530,396

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

25. New standards

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

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

	Title	Issued / Compiled	Applicable (1)	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the City, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend on the nature of future transactions the City has with those third parties it has dealings with. It may or may not be significant.</p>
(iii)	AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the City, the impact is not expected to be significant.</p>

Notes:

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

**Notes to and forming part of the Financial Report
for the year ended 30 June 2018**

25. New standards (continued)

Title	Issued / Compiled	Applicable (1)	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the City's operations.</p>

Notes:

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

Adoption of New and Revised Accounting Standards

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

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

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

26. 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.

g) Fair value of assets and liabilities (continued)

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.

26. Other Significant accounting policies (continued)

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.

Cost approach (continued)

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 end of the reporting period.

Notes to and forming part of the Financial Report for the year ended 30 June 2018

27. Activities/Programs

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

Program name

Governance

The administration and operation of facilities and services to Elected Members of Council. This program also includes other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services.

General purpose funding

Revenue from rates including interim rates, interest and fees on instalment arrangements and interest on arrears. This also includes amounts receivable from the Western Australian Local Government Grants Commission for untied grants such as the Financial Assistance Grants.

Law, order, public safety

Administration and operation of funds received from the Department of Fire and Emergency Services for the Bayswater SES. Provision of community safety programs and Ranger Services including animal control, parking, impounding of vehicles, fire prevention and 24/7 security services.

Health

Administration, inspection and operation of programs concerned with the general health of the community. These services include the provision of infant health centres, immunisation programs, food sampling, inspection of food premises, noise and pest control.

Education and welfare

The provision, management and support of welfare services for families, children and the aged. The activities also include the administration of senior citizens centres, youth and aged related programs.

Housing

Administration, provision and operation of housing programs for aged persons and Homeswest schemes.

Community amenities

Administration and operation of general refuse collection, sanitation and disposal services. The management of sewerage and urban stormwater drainage and the protection of environment. The provision of administration, inspection and operation of town planning and regional development services.

Recreation and culture

Administration, provision and operation of public halls, civic centres and recreation facilities. These include Morley Sport & Recreation Centre, Les Hansman Centre, Bayswater Waves, Maylands Waterland, The RISE, hire of recreation facilities, public parks, gardens and reserves maintenance. Other community programs include Avon Descent, Art Awards, Autumn River Festival, Multicultural Community Concert, Carols by Candlelight, and etc.

Transport

Construction and maintenance of roads, drainage works, footpaths, parking facilities, including the maintenance of bus shelters, cleaning of streets and the provision of street lighting.

Economic services

The regulation and/or provision of services such as tourism, area promotion and building control. It also includes place management and provision of support for local economic development.

Other property and services

Administration, inspection, and operation of work carried out on property or services not under the care, control and management of the City. These include private works, public works overheads, plant operation and other unclassified activities.

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

28. Financial ratios

	Target	2018	2017	2016
Current ratio	> 1.00	1.04	2.04	1.55
<i>Measures the ability to meet current commitments.</i>				
Asset consumption ratio	> 0.50	0.79	0.67	0.68
<i>Extent to which assets have been consumed.</i>				
Asset renewal funding ratio	0.75 - 0.95	0.97	0.99	0.84
<i>Measures the ability to fund asset renewal as required.</i>				
Asset sustainability ratio	> 0.90	1.82	1.10	1.31
<i>Measures the extent to which assets are replaced at the end of their useful lives.</i>				
Debt service cover ratio	> 5.00	1,697.91	1,003.11	148.28
<i>Measures capacity to meet annual debt commitments.</i>				
Operating surplus ratio	> 0.01	0.01	0.01	(0.04)
<i>Measure of Council's financial performance.</i>				
Own source revenue coverage ratio	> 0.40	0.84	0.82	0.77
<i>Ability to cover costs through Council's own revenue.</i>				

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

29. Segment reporting

In accordance with the *Aged Care Act 1997* and the Residential Care Subsidy Principles provided under this Act, Council provides the following segment reporting relating to Residential Aged Care in relation to its services conducted at the City of Bayswater Aged Persons' Homes.

Current year information for City of Bayswater

	Prudential Compliance Information	Residential aged care 2018	Independent living units 2018	Other segments 2018	Total 2018
	\$	\$	\$	\$	\$
Segment revenues					
Rate		0	0	45,139,103	45,139,103
Fees & charges		1,371,103	549,907	19,730,826	21,651,836
- Accommodation charges	257,841				
- Bond retentions	47,817				
- Other operating revenue	1,242,223				
Operating grants, subsidiaries & contributions		7,368,968	0	6,296,855	13,665,823
Interest earnings		354,629	438,420	1,764,494	2,557,543
Other revenue		0	0	401,063	401,063
		9,094,700	988,327	73,332,341	83,415,368
Segment expenses					
Employee costs		0	0	(32,338,666)	(32,338,666)
Materials & contracts		(8,258,181)	(1,474,201)	(23,825,353)	(33,557,735)
Utilities		0	0	(3,056,136)	(3,056,136)
Depreciation & amortisation		(266,291)	(590,804)	(10,572,973)	(11,430,068)
Interest expenses		0	0	(1,282)	(1,282)
Insurance		0	0	(664,126)	(664,126)
		(8,524,472)	(2,065,005)	(70,458,536)	(81,048,013)
Non-operating revenue					
Non-operating grants, subsidiaries & contributions		0	0	10,768,089	10,768,089
Fair value adjustments to financial assets at fair value through profit and loss		0	0	(1,822,736)	(1,822,736)
Net share of interests in controlled entities, associated entities and joint ventures		0	0	2,387,148	2,387,148
Profit on asset disposals		0	0	(2,037,975)	(2,037,975)
		0	0	9,294,526	9,294,526
Segment result		570,228	(1,076,678)	12,168,331	11,661,881
Segment assets					
Current assets		14,325,822	17,870,307	42,830,743	75,026,872
Non-current assets		14,663,440	38,317,615	715,375,522	768,356,577
		28,989,262	56,187,922	758,206,265	843,383,449
Segment liabilities					
Current liabilities		10,879,234	14,571,295	11,740,606	37,191,135
- Refundable accommodation bonds	10,286,403				
Non-current liabilities		0	0	510,168	510,168
		10,879,234	14,571,295	12,250,774	37,701,303
Net assets for segment		18,110,028	41,616,627	745,955,491	805,682,146

Notes to and forming part of the Financial Report
for the year ended 30 June 2018

29. Segment reporting (continued)

Prior year information for City of Bayswater

	Prudential Compliance Information	Residential aged care 2017	Independent living units 2017	Other segments 2017	Total 2017
	\$	\$	\$	\$	\$
Segment revenues					
Rate		0	0	41,957,660	41,957,660
Fees & charges		1,547,881	1,236,484	17,896,665	20,681,030
- Accommodation charges	257,841				
- Bond retentions	47,817				
- Other operating revenue	1,242,223				
Operating grants, subsidies & contributions		7,273,585	0	9,954,348	17,227,933
Interest earnings		353,478	448,841	1,916,736	2,719,055
Other revenue		0	0	18,866	18,866
		9,174,944	1,685,325	71,744,275	82,604,544
Segment expenses					
Employee costs		0	0	(31,538,786)	(31,538,786)
Materials & contracts		(7,594,812)	(649,507)	(23,324,204)	(31,568,523)
Utilities		0	0	(3,618,899)	(3,618,899)
Depreciation & amortisation		(239,684)	(620,649)	(11,094,944)	(11,955,277)
Interest expenses		0	0	(1,862)	(1,862)
Insurance		0	0	(829,220)	(829,220)
		(7,834,496)	(1,270,156)	(70,407,915)	(79,512,567)
Non-Operating Revenue					
Non-operating grants, subsidies & contributions		0	0	4,012,352	4,012,352
Fair value adjustments to financial assets at fair value through profit and loss		0	0	(2,738,340)	(2,738,340)
Net share of interests in controlled entities, associated entities and joint ventures		0	0	838,637	838,637
Profit on asset disposals		0	0	(422,968)	(422,968)
		0	0	1,689,681	1,689,681
Segment result		1,340,448	415,169	3,026,041	4,781,658
Segment assets					
Current assets		14,674,761	16,682,063	42,335,254	73,692,078
Non-current assets		14,588,393	38,891,577	694,421,658	747,901,628
		29,263,154	55,573,640	736,756,912	821,593,706
Segment liabilities					
Current liabilities		11,148,509	13,455,179	10,308,073	34,911,761
- Refundable accommodation bonds	11,008,152				
Non-current liabilities		0	0	477,445	477,445
		11,148,509	13,455,179	10,785,518	35,389,206
Net assets for segment		18,114,645	42,118,461	725,971,394	786,204,500

Independent Auditor's Report

for the year ended 30 June 2018

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Independent Auditor's Report to the Rate Payers of City of Bayswater

Auditor's Opinion

We have audited the financial report of City of Bayswater, which comprises the statement of financial position as at 30 June 2018, and the statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of financial position, statement of changes in equity and 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's statement.

In our opinion, the annual report of the City of Bayswater:

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

Basis for Auditor's Opinion

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

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Emphasis of Matter – Basis of Accounting

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

Responsibility of the Chief Executive Officer and Council for the Financial Report

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

In preparing the financial report, the CEO is responsible for assessing the City of Bayswater'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 of Bayswater.

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_files/ar3.pdf.

This description forms part of our auditor's report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



P W Warr
Partner - Audit & Assurance

Perth, 6 November 2018

City of **Bayswater**

City of Bayswater

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