

# Minutes

## Audit and Risk Management Committee

**Monday 12 September 2022**

*By signing these minutes I certify that they were confirmed at the Audit and Risk Management Committee held on 6 December 2022.*

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CR GEORGIA JOHNSON  
CHAIRPERSON

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**Minutes** of the Audit and Risk Management Committee of the Bayswater City Council which took place in the Committee Room, City of Bayswater Civic Centre, 61 Broun Avenue, Morley on Monday 12 September 2022.

## 1 OFFICIAL OPENING

The Presiding Member, Cr Giorgia Johnson, declared the meeting open at 5:00pm.

## 2 ACKNOWLEDGEMENT OF COUNTRY

In accordance with the City of Bayswater's Reflect Reconciliation Action Plan November 2019- November 2020, the Presiding Member will deliver the Acknowledgement of Country.

### Noongar Language

*Ngalla City of Bayswater kaatanginy baalapa Noongar Boodja baaranginy, Wadjuk moort Noongar moort, boordiar's koora koora, boordiar's ye yay ba boordiar's boordawyn wah.*

### English Language Interpretation

*We acknowledge the Traditional Custodians of the Land, the Whadjuk people of the Noongar Nation, and pay our respects to Elders past, present and emerging.*

The Presiding Member, Cr Giorgia Johnson acknowledged the Traditional Custodians of the land, the Whadjuk people of the Noongar nation, and paid respects to Elders past, present and emerging.

## 3 ATTENDANCE

### Members

Cr Giorgia Johnson                      Chairperson  
Cr Filomena Piffaretti, Mayor  
Cr Josh Eveson  
Mr Andrew Cox (Attended via electronic means)  
Ms Jillian Brazil

### Officers

Mr Jeremy Edwards                      Chief Executive Officer  
Ms Lorraine Driscoll                      Director Corporate and Strategy  
Ms Linnet Solomons                      Manager Financial Services  
Ms Amanda Albrecht                      Manager Governance, Organisational Planning and  
Development  
Ms Tami Cooper                              Coordinator Risk Management  
Ms Hilda Ho                                      Senior Accountant

### Observers

Mr Jordan Langford-Smith              Senior Director, Financial Audit, Office of the Auditor General  
Mr Duy Vo                                      Director, William Buck

### Leave of Absence

Nil.

**3.1 Apologies**

Cr Michelle Sutherland  
 Ms Karen D'Cunha                      Coordinator Governance  
 Ms Joanne Clarke                      Audit Manager, Office of the Auditor General

**4 DISCLOSURE OF INTEREST SUMMARY**

In accordance with section 5.65 of the *Local Government Act 1995*:

A member who has an interest in any matter to be discussed at a Council or Committee meeting that will be attended by the member must disclose the nature of the interest -

- (a) in a written notice given to the CEO before the meeting; or
- (b) at the meeting immediately before the matter is discussed.

The following disclosures of interest were made at the meeting:

| Name              | Item No. | Type of Interest | Nature of Interest                  |
|-------------------|----------|------------------|-------------------------------------|
| Ms Jillian Brazil | 10.2     | Impartial        | Formerly worked for Paxon auditors. |

**5 DELEGATED AUTHORITY BY COUNCIL**

The Audit and Risk Management Committee has certain legislated powers and authority as outlined in the Terms of Reference, however no Delegated Authority has been provided by Council.

This meeting is open to the public.

**6 TERMS OF REFERENCE**

| <b>TERMS OF REFERENCE<br/>Audit and Risk Management Committee</b> |   |
|---|---|
| <b>Purpose</b>  | The purpose of the Committee is to provide independent oversight so that Council can be satisfied with the performance and effectiveness of the City's financial reporting, governance systems, risk management and internal control practices.   |
| <b>Elected Member membership</b>                                  | Four Elected Members*.<br><i>*minimum three required under legislation</i>  |
| <b>External Member membership</b>                                 | Up to two external members.   |
| <b>Non-Voting Members</b>   | The Chief Executive Officer or his/her nominee is to be available together with the Director Corporate and Strategy or his/her nominee, to attend all meetings to provide advice and guidance to the Committee. Other Council officers may attend meetings as and when required. The City shall provide such administrative support to the Committee as may be required from time to time.  |
| <b>Powers</b>   | The Committee does not have executive powers or authority implement actions in areas over which the Chief Executive Officer has legislative responsibility and does not have any delegated financial responsibility. The Committee does not have any management functions and cannot involve itself in the management processes or procedures.<br><br>In discharging its responsibilities, the Committee will liaise with the Chief Executive Officer to ensure the effective and efficient management of the |

|                                      |  |
|--------------------------------------|--|
|                                      | <p>City's functions and compliance with legislation and, in particular, Part 6 (Financial Management) and Part 7 (Audit) of the <i>Local Government Act 1995</i> ('the Act') as well as Part 16 (Functions of Audit Committee) and Part 17 (CEO to review certain systems and procedures) of the <i>Local Government (Audit) Regulations 1996</i> ('the audit regulations') and periodic reviews of the City's financial management systems under Regulation 5 (2) of the Local Government (Financial Management) Regulations 1996 ('the financial regulations').</p> <p>The Committee may request such access to members of management, employees and all relevant information as it considers necessary to discharge its duties. This includes being entitled to request access to records, data, reports and explanatory information as the Committee deems necessary to discharge its responsibilities for providing independent oversight.</p>  |
| <p><b>Roles and Functions</b></p>    | <p>The roles and functions of the Committee are to:</p> <p>(a) Guide and assist the City in carrying out its functions under Part 7 of the Act which covers the essential requirements for appointment of auditors and conducting audits, and in particular, oversee implementation of any action under section 7.12 of the Act which covers financial audits, supplementary audits and performance audits by the Auditor General.</p> <p>(b) Guide and assist the City in carrying out its functions under regulation 17 of the audit regulations and, in particular, monitor and advise the CEO when undertaking a review under regulation 17 (1) of the audit regulations or regulation 5 (2) of the financial management regulations, and review reports provided to the Committee by the CEO under regulation 17 (3) of the audit regulations and refer the results of its review to Council;</p> <p>(c) Support the City's auditors, both external (including the financial and performance audits conducted by the Office of the Auditor General) and internal when conducting an audit or carrying out other duties under the Act and associated regulations;</p> <p>(d) Perform any other function conferred on the Committee by these regulations or another written law.</p> <p>(e) In addition to the above functions, the Committee also has the following responsibilities:</p> <ul style="list-style-type: none"> <li>• To review the scope of the Internal Audit plans and to consider their effectiveness;</li> <li>• Support the implementation of a risk management culture. Consider reports at least annually on the City's Risk Management Framework.</li> </ul> <p>(f) May guide and assist the City in carrying out its functions under part 6 of the Act which deals with the annual budgeting process, financial accounting, and management and reporting of municipal and trust funds and the requirements for rates setting and land valuation general.</p> <p>(g) Review the quarterly performance reports of the Corporate Business Plan and annual reviews of the Corporate Strategies.</p> |
| <p><b>Delegated Authority</b></p>    | <p>Nil.</p>  |
| <p><b>Meetings:</b></p>              | <p>Committee meetings are to be in accordance with the <i>City of Bayswater Standing Orders Local Law 2021</i>.</p>  |
| <p><b>Meeting Frequency:</b></p>     | <p>The Committee shall meet at least quarterly**.<br/>**minimum annually under legislation</p>   |
| <p><b>Meeting Date and Time:</b></p> | <p>Quarterly or as required.</p>   |
| <p><b>Location</b></p>               | <p>City of Bayswater Civic Centre</p>  |

|                 |   |
|-----------------|---|
| Liaison Officer | Director Corporate and Strategy or nominated officer. |
|-----------------|---|

## 7 CONFIRMATION OF MINUTES

### COUNCIL RESOLUTION

The Minutes of the Audit and Risk Management Committee held on 8 February 2022 which have been distributed, be confirmed as a true and correct record.

Cr Filomena Piffaretti, Mayor Moved, Cr Josh Eveson Seconded

**CARRIED UNANIMOUSLY: 5/0**

**For:** *Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Andrew Cox and Jillian Brazil.*

**Against:** *Nil.*

**8 REPORTS****8.1 2020/21 Annual Financial Report**

|                                 |  |
|---------------------------------|--|
| <b>Responsible Branch:</b>      | Financial Services   |
| <b>Responsible Directorate:</b> | Corporate and Strategy   |
| <b>Authority/Discretion:</b>    | Legislative  |
| <b>Voting Requirement:</b>      | <b><i>ABSOLUTE MAJORITY REQUIRED</i></b>   |
| <b>Attachments:</b>             | <ol style="list-style-type: none"> <li>1. General Purpose Financial Statements for the year ended 30 June 2021 including the Independent Auditor's Report [8.1.1 - 73 pages]</li> <li>2. CONFIDENTIAL - Annual Audit Management Letters with management comments [8.1.2 - 36 pages]</li> </ol> |
| <b>Refer:</b>                   |  |

**Confidential Attachment(s) in accordance with Section 5.23(2) of the Local Government Act 1995 (WA):**

- (f) a matter that if disclosed, could be reasonable expected to -
- (ii) endanger the security of the local government's property.

**SUMMARY**

For Council to accept the audited General Purpose Financial Statements (Financial Statements), receive the Independent Auditor's Report for the year ended 30 June 2021 and to note the 2020/21 Annual Audit Management Letters including management comments.

In addition, for Council to resolve to schedule the Annual General Meeting (AGM) of Electors on 11 October 2022 or select an alternate date.

**OFFICER'S RECOMMENDATION**

That Council:

1. **Accepts the General Purpose Financial Statements for the year ended 30 June 2021, including the Independent Auditor's Report in Attachment 1.**
2. **Notes the 2020/21 Annual Audit Management Letters including management comments as contained in the confidential Attachment 2 to this report.**
3. **Resolves to hold the Annual General Meeting of Electors on 11 October 2022.**

Jillian Brazil Moved, Cr Giorgia Johnson Seconded

**AMENDMENT**

That the proposed date in limb 3 for the Annual General Meeting be changed to 7 November 2022.

Cr Filomena Piffaretti Moved

As the mover and seconder of the substantive motion accepted the amendment, it became part of the substantive motion.

**COMMITTEE RECOMMENDATION TO COUNCIL**

That Council:

1. **Accepts the General Purpose Financial Statements for the year ended 30 June 2021, including the Independent Auditor's Report in Attachment 1.**

2. Notes the 2020/21 Annual Audit Management Letters including management comments as contained in the confidential Attachment 2 to this report.
3. Resolves to hold the Annual General Meeting of Electors on 7 November 2022.

Jillian Brazil Moved, Cr Giorgia Johnson Seconded

CARRIED UNANIMOUSLY: 5/0

*For: Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Andrew Cox and Jillian Brazil.*

*Against: Nil.*

### **REASON FOR CHANGE**

*The date of the Annual General Meeting of Electors was moved to 7 November 2022 to hold it after the school holidays and ensure the availability of the Mayor to preside over the meeting.*

### **BACKGROUND**

The *Local Government Act 1995* (the Act) requires the City to prepare an Annual Report for each financial year. Section 5.54 of the Act requires that the Annual Report (which includes the Financial Statements for the year) be accepted by the local government no later than 31 December for the previous financial year.

Due to unexpected challenges with the audit of the 2020/21 accounts, the Annual Report including the financial statements could not be accepted by Council by 31 December 2021. The audit of the 2020/21 accounts was not completed until September 2022, however the City complied with legislation by providing a copy of the draft Annual Financial Statements to the Office of the Auditor General (OAG) by 30 September 2021. Council is required to accept the Financial Statements as per section 6.4 of the Act.

The Financial Statements include financial information about the City's 'Residential Aged Care' and 'Independent Living Units' (refer to Note 15 – Investment Property, Note 17 – Aged Persons Homes Liabilities and Note 42 for the divestments of these assets).

The Office of the Auditor General (OAG) signed off the City's 2020/21 Annual Financial Report on 2 September 2022 (Attachment 1) and has provided two Management Letters (Attachment 2) containing their recommendations following the conclusion of the end-of-year audit. The interim management letter relating to the 2020/21 Accounts was presented to the Audit and Risk Management Committee meeting on 16 November 2021.

### **EXTERNAL CONSULTATION**

The OAG conducted the audit both onsite and offsite. During the audit process, there was regular communication between the City and the OAG.

On 23 December 2021, the OAG wrote to the City outlining the reason for the delays in signing off the City's 2020/21 Annual Financial Statements.

On 30 June 2022, the Mayor wrote to the OAG expressing her concern in relation to the on-going delays and acknowledged the challenges in relation to the 2020/21 audit. The OAG responded to this letter on 19 July 2022. The letter from OAG acknowledged the seriousness of the matter and thanked the Mayor and the City for their understanding in trying to resolve the challenges relating to the 2020/21 audit.

An audit exit meeting was held on 29 August 2022 with the Chair of the Audit and Risk Committee, representatives from the OAG and City officers were in attendance. The meeting covered the

matters arising from the audit which are outlined in the Management Letters in **Attachment 2**, the audit challenges and actions to be taken to improve the 2021/22 audit.

## OFFICER'S COMMENTS

### Financial Statements Overview

**Attachment 1** provides the Financial Statements for the year ended 30 June 2021, including the Independent Auditor's Report to the ratepayers of the City of Bayswater. Following is an analysis of the City's performance when comparing actual results to the adopted budget.

For the financial year ended 30 June 2021, the City recorded a net result for the period of \$4,241,661 compared to the adopted budget loss of \$1,944,253 (refer to the Statement of Comprehensive Income). The unbudgeted increment of the revaluation outcome for the City's land and buildings of \$8,627,368 is the contributing factor to the total comprehensive income for the period of \$12,869,029.

The key factors contributed to the variances are summarised below:

#### Operating revenue

For the year operating revenue was \$76,934,458 compared to the budget of \$79,922,945 resulting in a decrease of \$2,988,487 (3.7%). This is mainly due to;

- the decrease in operating grants and reimbursements for projects such as Morley Drive Median and Maylands underground power revenue not received due to the project not proceeding as planned;
- crossover contributions lower than budget due to the demand for concrete driveways trending downwards against exposed aggregate driveways;
- the decrease in cash rate by the Reserve Bank due to a historic low in interest rates, and;
- the inclusion of Aged Persons Homes under the operating revenue budget rather than the Discontinued Operations budget category.

#### Operating expenses

For the year operating expenses were \$79,879,793 compared to the budget of \$87,346,147, a decrease of \$7,466,354 (8.5%). The majority of the decrease is largely due to some projects such as Maylands Brickworks - feasibility study and Bayswater Town Centre - Streetscape Concept Plan, Local Planning Strategy/Town Planning Scheme, Business Investment and Economic Growth Program, Emission Reduction Renewable Energy Plan, Tranby House Foreshore - Erosion design being carried forward to 2021/22. Maylands underground power project did not proceed as planned. However, this project was re-budgeted in the following year. Some community events such as Early Settlers, Perth Festival – River, Most Sustainable Street Award and etc. did not eventuate due to COVID restrictions. The operating expenses also include the Aged Persons Homes budget rather than being grouped under the Discontinued Operations budget category.

Employee costs were \$34,063,045 compared to the adopted budget of \$32,284,753. The adopted budget was prepared on the assumption the recreation facilities would be closed for 6 months due to COVID-19 restrictions. However, the facilities were able to re-open much earlier and as a result the budget was amended at the Ordinary Council Meeting on 23 February 2021.

The Financial Statements also include the ratios for the year which are:

|  | Ratio | 2020/21 | Benchmark | Outcome |
|--|-------|---------|-----------|---------|
|--|-------|---------|-----------|---------|

|   |  |        |              |                    |
|---|--|--------|--------------|--------------------|
| 1 | <b>Current ratio or liquidity</b><br><i>Measures the ability to meet current commitments.</i>                                  | 1.27   | > 1.00       | Exceeded benchmark |
| 2 | <b>Operating surplus ratio</b><br><i>Measure of Council's financial performance.</i>   | (0.02) | > 0.01       | Below benchmark    |
| 3 | <b>Debt service cover ratio</b><br><i>Measures capacity to meet annual debt commitments.</i>                                   | 181.39 | > 2.00       | Exceeded benchmark |
| 4 | <b>Own source revenue coverage ratio</b><br><i>Ability to cover costs through Council's own revenue.</i>                       | 0.94   | > 0.40       | Exceeded benchmark |
| 5 | <b>Asset consumption ratio</b><br><i>Extent to which assets have been consumed.</i>  | 0.63   | > 0.50       | Exceeded benchmark |
| 6 | <b>Asset sustainability ratio</b><br><i>Measures the extent to which assets are replaced at the end of their useful lives.</i> | 1.78   | 0.90 to 1.10 | Exceeded benchmark |

The City has not reported the Asset Renewal Funding Ratio for 2021 and the comparative years in the annual financial report as required by regulation 50(1)(c) of the Local Government (Financial Management) Regulations 1996. The City will be able to report this ratio following the update of the Long-term Financial Plan and the completion of the remaining two asset management plans.

The Asset Management Strategy was approved by Council on 25 May 2021 and is supported by asset management plans.

With respect to the above ratios, with the exception of the Operating Surplus ratio, they indicate that the City maintains good standing on its financial position compared to the industry benchmarks. The trend for the net assets growth is decreasing mainly due to the impact of losses in asset revaluation over years.

### Audit Findings

The 2020/21 audit identified seven financial, and twenty-two Information Systems audit findings, the details of these items, including Management's responses are outlined in **Attachment 2**. The City has responded accordingly and completed sixteen of the twenty-nine recommendations. The uncompleted recommendations will be recorded on the audit log and will be followed up and reported quarterly to the Audit and Risk Management Committee.

The audit findings relate to an outdated Long-Term Financial Plan, accounting and oversight of the City's aged care facilities and policy and procedure improvements.

### Delayed Audit Sign-Off

As outlined above under external consultation, there was an exchange of letters between the City and the OAG in relation to the delay in audit sign-off. There were a number of reasons for the delay, however the two key reasons were complexity of the audit of the aged care segment and the implementation of the new AASB 1059: Service Concession Arrangement accounting standard.

Both the City and OAG are proactively working towards improvements and continue to experience a positive working relationship.

### LEGISLATIVE COMPLIANCE

The Financial Statements have been prepared in accordance with all relevant statutory requirements, Australian Accounting Standards and Local Government (Financial Management) *Regulations 1996*.

Section 7.12 (3) of the *Local Government Act 1995* requires a local government to examine the report of the auditor and determine if any matters raised in the report require action to be taken.

Sections 5.27 (2) and section 5.29 of the *Local Government Act 1995* require the Annual General Meeting (AGM) of Electors is to be held within 56 days of Council accepting the Annual Report and at least 14 days local public notice must be given prior to holding the AGM.

### RISK ASSESSMENT

In accordance with the City's Risk Management Framework, the Officer's recommendations have been assessed against the City's adopted risk tolerance. Comments are provided against each of the risk categories.

|                                  |  |                                |
|----------------------------------|--|--------------------------------|
| <b>Officer's recommendation</b>  | <b>That Council</b>  |                                |
|                                  | <ol style="list-style-type: none"> <li>1. <b>Accepts the General Purpose Financial Statements for the year ended 30 June 2021, including the Independent Auditor's Report in <u>Attachment 1</u>.</b></li> <li>2. <b>Notes the 2020/21 annual audit management letters including management comments in the confidential <u>Attachment 2</u> to this report.</b></li> <li>3. <b>Resolves to hold the Annual General Meeting of Electors on 11 October 2022.</b></li> </ol> |                                |
| <b>Risk Category</b>             | <b>Adopted Risk Appetite</b>   | <b>Risk Assessment Outcome</b> |
| Strategic Direction              | Moderate   | Low                            |
| Reputation                       | Low  | Low                            |
| Governance                       | Low  | Low                            |
| Community and Stakeholder        | Moderate   | Low                            |
| Financial Management             | Low  | Low                            |
| Environmental Responsibility     | Low  | Low                            |
| Service Delivery                 | Low  | Low                            |
| Organisational Health and Safety | Low  | Low                            |
| <b>Conclusion</b>                | Council accepts the General Purpose Financial Statements for the year ended 30 June 2021, including the Independent Auditor's Report in <b>Attachment 1</b> , notes the 2020/21 annual audit management letters including management comments as contained in <b>Attachment 2</b> to this report and resolves to hold the Annual General Meeting of Electors on 11 October 2022.   |                                |

### FINANCIAL IMPLICATIONS

There is a nominal cost in relation to the public notice for the Annual General Meeting of Electors.

### STRATEGIC IMPLICATIONS

In accordance with the City of Bayswater Strategic Community Plan 2021-2031, the following applies:

Theme: Leadership and Governance

Goal L4: Communicate in a clear and transparent way.  
Provide the community with useful information about Council's policies, services and events and advise the community of engagement outcomes.

**CONCLUSION**

The General Purpose Financial Statements for the year ended 30 June 2021, including the Independent Auditor's Report be accepted by Council, the Annual Audit Management Letters be noted and Annual General Meeting of Electors be held on 11 October 2022.



# City of Bayswater

## General Purpose Financial Statements for the year ended 30 June 2021

# City of Bayswater Financial Report for the Year Ended 30 June 2021

## Our Vision

A place where community vision becomes a reality.

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## Principal Place of Business

City of Bayswater Civic Centre  
61 Broun Avenue  
Morley WA 6062

# City of Bayswater Financial Report for the Year Ended 30 June 2021

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

## Statement by Chief Executive Officer

The attached financial report of the City of Bayswater for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the City of Bayswater at 30 June 2021 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 29<sup>th</sup> day of August 2022



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**JEREMY EDWARDS**  
**CHIEF EXECUTIVE OFFICER**



**City of Bayswater**  
**Statement of Comprehensive Income**  
*by Nature or Type*  
for the year ended 30 June 2021

|   | Note  | 2021<br>Actual<br>\$ | 2021<br>Budget<br>\$ | 2020<br>Actual<br>\$ |
|---|-------|----------------------|----------------------|----------------------|
| <b>Revenue</b>  |       |                      |                      |                      |
| Rates   | 32(a) | 49,706,869           | 49,074,989           | 48,906,912           |
| Operating grants, subsidies and contributions                                   | 2(a)  | 2,998,290            | 9,822,008            | 6,878,223            |
| Fees and charges  | 2(a)  | 22,201,768           | 18,017,799           | 20,540,317           |
| Interest earnings   | 2(a)  | 890,724              | 1,283,095            | 1,498,126            |
| Other revenue   | 2(a)  | 1,136,807            | 1,725,054            | 1,018,682            |
|   |       | <u>76,934,458</u>    | <u>79,922,945</u>    | <u>78,842,260</u>    |
| <b>Expenses</b>   |       |                      |                      |                      |
| Employee costs  |       | (34,063,045)         | (32,105,030)         | (32,284,753)         |
| Materials and contracts   |       | (29,242,119)         | (30,683,301)         | (25,387,262)         |
| Utility charges   |       | (3,509,739)          | (3,381,265)          | (3,287,784)          |
| Depreciation on non-current assets  | 11(b) | (11,495,001)         | (11,253,872)         | (11,050,536)         |
| Interest expenses   | 2(b)  | (2,906)              | (3,037)              | (1,849)              |
| Insurance expenses  |       | (892,892)            | (956,252)            | (777,339)            |
| Other expenditure   | 2(b)  | (674,091)            | (8,963,390)          | (619,413)            |
|   |       | <u>(79,879,793)</u>  | <u>(87,346,147)</u>  | <u>(73,408,936)</u>  |
|   |       | <u>(2,945,335)</u>   | <u>(7,423,202)</u>   | <u>5,433,324</u>     |
| Discontinued operations   | 42    | 853,443              | 0                    | 1,013,065            |
| Non-operating grants, subsidies and contributions                               | 2(a)  | 5,147,025            | 5,810,926            | 1,607,382            |
| Profit on asset disposals   | 11(a) | 88,826               | 60,075               | 1,147                |
| (Loss) on asset disposals   | 11(a) | (551,353)            | (392,052)            | (275,575)            |
| Fair value adjustments to financial assets at fair value through profit or loss |       | 6,464                | 0                    | 2,882                |
| Fair value adjustments to investment property                                   | 15    | 0                    | 0                    | (101,000)            |
| Share of net profit/(loss) of associates accounted for using the equity method  | 29    | 1,642,591            | 0                    | (2,438,930)          |
|   |       | <u>7,186,996</u>     | <u>5,478,949</u>     | <u>(191,029)</u>     |
|   |       | <b>4,241,661</b>     | <b>(1,944,253)</b>   | <b>5,242,295</b>     |
| <b>Other comprehensive income</b>   |       |                      |                      |                      |
| <i>Items that will not be reclassified subsequently to profit or loss</i>       |       |                      |                      |                      |
| Changes in asset revaluation surplus  | 14    | 8,627,368            | 0                    | (18,547,920)         |
|   |       | <b>8,627,368</b>     | <b>0</b>             | <b>(18,547,920)</b>  |
|   |       | <b>12,869,029</b>    | <b>(1,944,253)</b>   | <b>(13,305,625)</b>  |

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



**City of Bayswater**  
**Statement of Comprehensive Income**  
**By Program**  
**for the year ended 30 June 2021**

|   | 2021                | 2021                | 2020                |
|---|---------------------|---------------------|---------------------|
| Note  | Actual              | Budget              | Actual              |
|   | \$                  | \$                  | \$                  |
| <b>Revenue</b>  |                     |                     |                     |
| Governance  | 364,030             | 119,810             | 235,154             |
| General purpose funding   | 53,096,704          | 51,259,722          | 53,104,325          |
| Law, order, public safety   | 522,839             | 334,620             | 408,038             |
| Health  | 301,753             | 288,202             | 357,099             |
| Education and welfare   | 232,017             | 199,963             | 215,397             |
| Housing   | 380,494             | 10,235,725          | 390,299             |
| Community amenities   | 13,080,674          | 12,340,392          | 16,411,620          |
| Recreation and culture  | 7,498,687           | 3,632,838           | 6,321,600           |
| Transport   | 718,174             | 797,913             | 712,238             |
| Economic services   | 592,523             | 597,189             | 436,421             |
| Other property and services   | 146,563             | 116,571             | 250,069             |
|   | <u>76,934,458</u>   | <u>79,922,945</u>   | <u>78,842,260</u>   |
| <b>Expenses</b>   |                     |                     |                     |
| Governance  | (6,387,827)         | (6,189,640)         | (6,220,517)         |
| General purpose funding   | (749,478)           | (839,335)           | (995,442)           |
| Law, order, public safety   | (3,405,140)         | (3,338,805)         | (3,079,384)         |
| Health  | (1,912,227)         | (1,862,068)         | (2,415,128)         |
| Education and welfare   | (1,814,570)         | (2,104,891)         | (1,816,240)         |
| Housing   | (105,752)           | (9,070,773)         | (94,298)            |
| Community amenities   | (18,450,604)        | (18,079,431)        | (15,859,052)        |
| Recreation and culture  | (29,351,132)        | (28,076,213)        | (26,074,987)        |
| Transport   | (16,206,308)        | (16,122,305)        | (15,543,803)        |
| Economic services   | (1,227,012)         | (1,403,274)         | (1,130,964)         |
| Other property and services   | (266,837)           | (256,375)           | (177,272)           |
|   | <u>(79,876,887)</u> | <u>(87,343,110)</u> | <u>(73,407,087)</u> |
|   | 2(b)                |                     |                     |
| Recreation and culture  | (2,906)             | (3,037)             | (1,849)             |
|   | <u>(2,906)</u>      | <u>(3,037)</u>      | <u>(1,849)</u>      |
|   | <u>(2,945,335)</u>  | <u>(7,423,202)</u>  | <u>5,433,324</u>    |
| Discontinued operations   | 42                  | 853,443             | 0                   |
| Non-operating grants, subsidies and contributions                               | 2(a)                | 5,147,025           | 5,810,926           |
| Profit on disposal of assets  | 11(a)               | 88,826              | 60,075              |
| (Loss) on disposal of assets  | 11(a)               | (551,353)           | (392,052)           |
| Fair value adjustments to financial assets at fair value through profit or loss |                     | 6,464               | 0                   |
| Fair value adjustments to investment property                                   | 15                  | 0                   | 0                   |
| Share of net profit/(loss) of associates accounted for using the equity method  | 29                  | 1,642,591           | 0                   |
|   |                     | <u>7,186,996</u>    | <u>5,478,949</u>    |
|   |                     | <u>4,241,661</u>    | <u>(1,944,253)</u>  |
|   |                     | <u>5,242,295</u>    |                     |
| <b>Net result for the period</b>  |                     |                     |                     |
| <b>Other comprehensive income</b>   |                     |                     |                     |
| <i>Items that will not be reclassified subsequently to profit or loss</i>       |                     |                     |                     |
| Changes in asset revaluation surplus  | 14                  | 8,627,368           | 0                   |
|   |                     | <u>8,627,368</u>    | <u>0</u>            |
| <b>Total other comprehensive income for the period</b>                          |                     |                     |                     |
| <b>Total comprehensive income for the period</b>                                |                     |                     |                     |
|   |                     | <u>12,869,029</u>   | <u>(1,944,253)</u>  |
|   |                     | <u>13,305,625</u>   |                     |

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



**City of Bayswater**  
Statement of Financial Position  
for the year ended 30 June 2021

|  | Note  | 2021               | Restated <sup>1</sup><br>2020 | Restated <sup>1</sup><br>2019 |
|--|-------|--------------------|-------------------------------|-------------------------------|
|  |       | \$                 | \$                            | \$                            |
| <b>Current Assets</b>                  |       |                    |                               |                               |
| Cash and cash equivalents              | 3     | 9,655,305          | 19,486,335                    | 19,569,417                    |
| Trade and other receivables            | 6     | 4,481,026          | 3,973,725                     | 3,456,221                     |
| Other financial assets                 | 5(a)  | 75,548,702         | 65,115,185                    | 59,067,902                    |
| Inventories                            | 7     | 149,661            | 161,739                       | 141,945                       |
| Other assets                           | 8     | 3,211,289          | 654,217                       | 1,508,293                     |
| <b>Total Current Assets</b>            |       | <b>93,045,983</b>  | <b>89,391,201</b>             | <b>83,743,778</b>             |
| <b>Non-Current Assets</b>              |       |                    |                               |                               |
| Trade and other receivables            | 6     | 2,552,591          | 2,155,921                     | 2,567,976                     |
| Other financial assets                 | 5(b)  | 185,847            | 184,488                       | 186,390                       |
| Other assets                           | 8     | 35,932,067         | 35,289,812                    | 34,769,034                    |
| Investment in associate                | 29    | 33,869,872         | 33,926,600                    | 36,365,530                    |
| Property, plant and equipment          | 9     | 454,928,519        | 452,621,034                   | 484,079,136                   |
| Infrastructure                         | 10    | 212,977,261        | 199,362,500                   | 199,823,408                   |
| Investment property                    | 15    | 8,099,000          | 8,099,000                     | 7,370,000                     |
| Intangible assets                      | 13    | 667,406            | 812,146                       | 0                             |
| Right-of-use assets                    | 12    | 95,139             | 146,209                       | 0                             |
| <b>Total Non-Current Assets</b>        |       | <b>749,307,702</b> | <b>732,597,710</b>            | <b>765,161,474</b>            |
| <b>Total Assets</b>                    |       | <b>842,353,685</b> | <b>821,988,911</b>            | <b>848,905,252</b>            |
| <b>Current Liabilities</b>             |       |                    |                               |                               |
| Trade and other payables               | 16    | 12,715,921         | 9,197,620                     | 7,119,187                     |
| Aged Persons Homes liabilities         | 17    | 20,923,512         | 21,280,324                    | 23,381,081                    |
| Contract and grant liabilities         | 18    | 4,449,864          | 472,006                       | 0                             |
| Deferred lease liability               | 19    | 32,969             | 32,969                        | 0                             |
| Lease liabilities                      | 20(a) | 35,037             | 50,216                        | 0                             |
| Borrowings                             | 21(a) | 5,106              | 4,785                         | 4,484                         |
| Employee related provisions            | 22    | 6,998,095          | 6,457,539                     | 6,288,760                     |
| <b>Total Current Liabilities</b>       |       | <b>45,160,504</b>  | <b>37,495,459</b>             | <b>36,793,512</b>             |
| <b>Non-Current Liabilities</b>         |       |                    |                               |                               |
| Lease liabilities                      | 20(a) | 61,287             | 96,354                        | 0                             |
| Deferred lease liability               | 19    | 3,156,752          | 3,189,720                     | 3,243,501                     |
| Borrowings                             | 21(a) | 1,329              | 6,435                         | 11,219                        |
| Employee related provisions            | 22    | 323,664            | 419,823                       | 353,362                       |
| <b>Total Non-Current Liabilities</b>   |       | <b>3,543,032</b>   | <b>3,712,332</b>              | <b>3,608,082</b>              |
| <b>Total Liabilities</b>               |       | <b>48,703,536</b>  | <b>41,207,791</b>             | <b>40,401,594</b>             |
| <b>Net Assets</b>                      |       | <b>793,650,149</b> | <b>780,781,120</b>            | <b>808,503,658</b>            |
| <b>Equity</b>                          |       |                    |                               |                               |
| Retained surplus                       |       | 251,378,117        | 239,031,167                   | 249,116,759                   |
| Reserves – cash/financial asset backed | 4     | 39,560,227         | 46,017,037                    | 43,082,828                    |
| Revaluation surplus                    | 14    | 502,711,805        | 495,732,916                   | 516,304,071                   |
| <b>Total Equity</b>                    |       | <b>793,650,149</b> | <b>780,781,120</b>            | <b>808,503,658</b>            |

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

<sup>1</sup> Comparative figures have been restated for a prior period error. Refer to Note 37.



**City of Bayswater**  
**Statement of Changes in Equity**  
**for the year ended 30 June 2021**

|  | Retained           | Reserves<br>Cash/<br>Financial<br>Asset | Revaluation        | Total              |
|--|--------------------|---|--------------------|--------------------|
| Note   | Surplus            | Backed                                  | Surplus            | Equity             |
|  | \$                 | \$                                      | \$                 | \$                 |
| <b>Balance as at 30 June 2019</b>              | <b>249,116,759</b> | <b>43,082,828</b>                       | <b>516,304,071</b> | <b>808,503,658</b> |
| Initial application                            | (1,936,914)        | 0                                       | 0                  | (1,936,914)        |
| Change in accounting policy                    | (10,605,500)       | 0                                       | (1,874,500)        | (12,480,000)       |
| <b>Restated total equity as at 1 July 2019</b> | <b>236,574,345</b> | <b>43,082,828</b>                       | <b>514,429,571</b> | <b>794,086,744</b> |
| Comprehensive income                           |                    |   |                    |                    |
| Net result for the period (restated)           | 5,242,295          | 0                                       | 0                  | 5,242,295          |
| Other comprehensive income                     | 0                  | 0                                       | (18,547,920)       | (18,547,920)       |
| Total comprehensive income                     | 5,242,295          | 0                                       | (18,547,920)       | (13,305,625)       |
| Disposal writeback                             |                    |   |                    |                    |
| Disposal writeback                             | 148,736            | 0                                       | (148,736)          | 0                  |
| Transfers from reserves                        | 1,994,613          | (1,994,613)                             | 0                  | 0                  |
| Transfers to reserves                          | (4,928,822)        | 4,928,822                               | 0                  | 0                  |
| <b>Balance as at 30 June 2020</b>              | <b>239,031,167</b> | <b>46,017,037</b>                       | <b>495,732,916</b> | <b>780,781,120</b> |
| Comprehensive income                           |                    |   |                    |                    |
| Net result for the period                      | 4,241,661          | 0                                       | 0                  | 4,241,661          |
| Other comprehensive income                     | 0                  | 0                                       | 8,627,368          | 8,627,368          |
| Total comprehensive income                     | 4,241,661          | 0                                       | 8,627,368          | 12,869,029         |
| Disposal writeback                             |                    |   |                    |                    |
| Disposal writeback                             | 1,648,479          | 0                                       | (1,648,479)        | 0                  |
| Transfers from reserves                        | 9,546,365          | (9,546,365)                             | 0                  | 0                  |
| Transfers to reserves                          | (3,089,555)        | 3,089,555                               | 0                  | 0                  |
| <b>Balance as at 30 June 2021</b>              | <b>251,378,117</b> | <b>39,560,227</b>                       | <b>502,711,805</b> | <b>793,650,149</b> |

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

**City of Bayswater**  
**Statement of Cash Flows**  
**for the year ended 30 June 2021**

|  | 2021                | 2021                | Restated <sup>1</sup> |
|--|---------------------|---------------------|-----------------------|
| Note   | Actual              | Budget              | 2020                  |
|  | \$                  | \$                  | \$                    |
| <b>Cash Flows from Operating Activities</b>                              |                     |                     |                       |
| <b>Receipts</b>  |                     |                     |                       |
| Rates  | 49,441,958          | 48,650,000          | 48,283,937            |
| Operating grants, subsidies and contributions                            | 3,943,466           | 10,032,736          | 6,587,641             |
| Fees and charges   | 21,821,275          | 18,017,799          | 20,180,067            |
| Interest received  | 890,724             | 1,283,095           | 1,498,126             |
| Goods and services tax received  | 3,519,111           | 3,250,000           | 2,975,650             |
| Other revenue  | 1,711,833           | 1,725,054           | 1,018,682             |
|  | <u>81,328,367</u>   | <u>82,958,684</u>   | <u>80,544,103</u>     |
| <b>Payments</b>  |                     |                     |                       |
| Employee costs   | (33,613,479)        | (32,105,030)        | (32,049,513)          |
| Materials and contracts  | (29,106,338)        | (30,583,301)        | (25,687,307)          |
| Utility charges  | (3,509,739)         | (3,381,265)         | (3,287,784)           |
| Interest expenses  | (2,906)             | (3,037)             | (1,849)               |
| Insurance paid   | (892,892)           | (956,252)           | (777,339)             |
| Goods and services tax paid  | (3,659,299)         | (3,620,000)         | (3,011,009)           |
| Other expenditure  | (674,091)           | (8,963,390)         | (619,413)             |
|  | <u>(71,458,744)</u> | <u>(79,612,275)</u> | <u>(65,434,214)</u>   |
| Discontinued Operations  | 853,443             | 0                   | 1,013,065             |
| <b>Net cash provided by (used in) operating activities</b>               | 23 10,723,066       | 3,346,409           | 16,122,954            |
| <b>Cash Flows from Investing Activities</b>                              |                     |                     |                       |
| Payments for financial assets at amortised cost                          | (10,433,197)        | 0                   | (6,046,982)           |
| Payments for assets held for sale  | (295,755)           | 0                   | (520,778)             |
| Payments for purchase of property, plant & equipment                     | 9(a) (9,117,138)    | (15,016,582)        | (5,262,907)           |
| Payments for construction of infrastructure                              | 10(a) (11,164,257)  | (15,228,272)        | (5,950,860)           |
| Payments for intangible assets   | 13 (195,908)        | (442,598)           | (407,396)             |
| Non-operating grants, subsidies and contributions                        | 8,550,652           | 5,810,926           | 1,607,382             |
| Proceeds from financial assets at amortised cost - self-supporting loans | 4,785               | 4,785               | 4,483                 |
| Proceeds from sale of property, plant & equipment                        | 11(a) 2,157,078     | 520,000             | 390,893               |
| <b>Net cash provided by (used in) investment activities</b>              | <u>(20,493,740)</u> | <u>(24,351,741)</u> | <u>(16,186,165)</u>   |
| <b>Cash Flows from Financing Activities</b>                              |                     |                     |                       |
| Repayment of borrowings  | 21(b) (4,785)       | (4,785)             | (4,483)               |
| Payments for principal portion of lease liabilities                      | 20(b) (55,571)      | 0                   | (15,388)              |
| <b>Net cash provided by (used in) financing activities</b>               | <u>(60,356)</u>     | <u>(4,785)</u>      | <u>(19,871)</u>       |
| <b>Net increase (decrease) in cash held</b>                              | (9,831,030)         | (21,010,117)        | (83,082)              |
| Cash at beginning of year  | 19,486,335          | 81,565,515          | 19,569,417            |
| <b>Cash and cash equivalents at the end of the year</b>                  | 23 <u>9,655,305</u> | <u>60,555,398</u>   | <u>19,486,335</u>     |

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

<sup>1</sup> Comparative figures have been restated for a prior period error. Refer to Note 37.

**City of Bayswater**  
**Rate Setting Statement**  
**for the year ended 30 June 2021**

|  | Note   | 2021<br>Actual<br>\$ | 2021<br>Budget<br>\$ | 2020<br>Actual<br>\$ |
|--|--------|----------------------|----------------------|----------------------|
| <b>Operating Activities</b>  |        |                      |                      |                      |
| <b>Net current assets at start of financial year - surplus/(deficit)</b> | 33 (b) | 14,872,705           | 9,370,740            | 11,192,222           |
|  |        | 14,872,705           | 9,370,740            | 11,192,222           |
| <b>Revenue from operating activities (excluding rates)</b>               |        |                      |                      |                      |
| Governance   |        | 364,030              | 119,810              | 235,154              |
| General purpose funding  |        | 3,389,835            | 2,184,733            | 4,197,413            |
| Law, order, public safety  |        | 522,839              | 334,620              | 408,038              |
| Health   |        | 301,753              | 288,202              | 357,099              |
| Education and welfare  |        | 232,017              | 199,963              | 215,397              |
| Housing  |        | 380,494              | 10,235,725           | 390,299              |
| Community amenities  |        | 13,138,954           | 12,340,392           | 16,411,620           |
| Recreation and culture   |        | 7,498,687            | 3,632,838            | 6,321,600            |
| Transport  |        | 718,174              | 857,988              | 712,238              |
| Economic services  |        | 592,523              | 597,189              | 436,421              |
| Other property and services  |        | 1,826,164            | 116,571              | 254,098              |
|  |        | 28,965,470           | 30,908,031           | 29,939,377           |
| <b>Expenditure from operating activities</b>                             |        |                      |                      |                      |
| Governance   |        | (6,387,827)          | (6,189,640)          | (6,220,517)          |
| General purpose funding  |        | (749,478)            | (839,335)            | (995,442)            |
| Law, order, public safety  |        | (3,405,140)          | (3,338,805)          | (3,079,384)          |
| Health   |        | (1,912,227)          | (1,862,068)          | (2,415,128)          |
| Education and welfare  |        | (1,814,570)          | (2,104,891)          | (1,816,240)          |
| Housing  |        | (105,752)            | (9,070,773)          | (195,298)            |
| Community amenities  |        | (18,687,214)         | (18,079,431)         | (15,859,052)         |
| Recreation and culture   |        | (29,467,986)         | (28,079,250)         | (26,085,926)         |
| Transport  |        | (16,207,532)         | (16,514,357)         | (15,559,803)         |
| Economic services  |        | (1,227,012)          | (1,403,274)          | (1,130,964)          |
| Other property and services  |        | (466,408)            | (256,375)            | (2,866,687)          |
|  |        | (80,431,146)         | (87,738,199)         | (76,224,441)         |
| Discontinued Operations  | 42     | 853,443              | 0                    | 1,013,065            |
| Non-cash amounts excluded from operating activities                      | 33(a)  | 10,795,962           | 11,335,849           | 13,138,834           |
| <b>Amount attributable to operating activities</b>                       |        | (24,943,566)         | (36,123,579)         | (20,940,943)         |
| <b>Investing Activities</b>  |        |                      |                      |                      |
| Non-operating grants, subsidies and contributions                        | 2(a)   | 5,147,025            | 5,810,926            | 1,607,382            |
| Proceeds from disposal of assets   | 11(a)  | 2,157,078            | 520,000              | 390,893              |
| Proceeds from financial assets at amortised cost - self-supporting loans |        | 4,785                | 4,785                | 4,483                |
| Purchase of property, plant and equipment                                | 9(a)   | (9,117,138)          | (15,016,582)         | (5,262,908)          |
| Purchase and construction of infrastructure                              | 10(a)  | (11,164,257)         | (15,228,272)         | (5,950,860)          |
| Purchase of assets held for sale   | 8      | (295,755)            | 0                    | (520,778)            |
| Payments for intangible assets   | 13     | (195,908)            | (442,598)            | (407,396)            |
| <b>Amount attributable to investing activities</b>                       |        | (13,464,170)         | (24,351,741)         | (10,139,184)         |
| <b>Financing Activities</b>  |        |                      |                      |                      |
| Repayment of borrowings  | 21(b)  | (4,785)              | (4,785)              | (4,483)              |
| Payments for principal portion of lease liabilities                      | 20(b)  | (55,571)             | 0                    | (15,388)             |
| Transfers to reserves (restricted assets)                                | 4      | (3,089,555)          | (1,864,964)          | (4,928,822)          |
| Transfers from reserves (restricted assets)                              | 4      | 9,546,365            | 16,115,318           | 1,994,613            |
| <b>Amount attributable to financing activities</b>                       |        | 6,396,454            | 14,245,569           | (2,954,080)          |
| <b>Surplus/(deficit) before imposition of general rates</b>              |        | (32,011,282)         | (46,229,751)         | (34,034,207)         |
| <b>Total amount raised from general rates</b>                            | 32(a)  | 49,706,869           | 49,074,989           | 48,906,912           |
| <b>Surplus/(deficit) after imposition of general rates</b>               | 33(b)  | <b>17,695,587</b>    | <b>2,845,238</b>     | <b>14,872,705</b>    |

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

## City of Bayswater

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## City of Bayswater

### Notes to and forming part of the Financial Report for the year ended 30 June 2021

#### 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 Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the City to measure any vested improvements at zero cost.

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 financial 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.

#### The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 38 to these financial statements.

#### Initial Application of 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.

These were:

- *AASB 1059 Service Concession Arrangements: Grants*
- *AASB 2018-7 Amendments to Australian Accounting Standards - Definition of Materiality*

The adoption of these standards had no material impact on the financial report.

#### New Accounting Standards for Application in Future Years

The following new accounting standards will have application to local government in future years:

- *AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- *AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- *AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

It is not expected these standards will have an impact on the financial report.

#### Critical Accounting Estimates

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

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

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 2. Revenue and Expenses

#### Revenue Recognition Policy

Recognition of revenue is dependent on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

| Revenue Category                                  | Nature of Goods and Services  | Timing of revenue recognition<br>from<br>1 July 2019   |
|---|---|--|
| Rates   | <ul style="list-style-type: none"> <li>General Rates</li> </ul>   | When rates notice is issued.   |
| Grants, subsidies or contributions                | <ul style="list-style-type: none"> <li>Community events, minor facilities, research, design, planning evaluation and services.</li> <li>General appropriations and contributions with no reciprocal commitment.</li> </ul>  | <p>Income from grants that are enforceable and with sufficiently specific performance obligations is recognised when the City satisfies its obligations in the grant agreement.</p> <p>Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the City has an unconditional right to receive cash which usually coincides with receipt of cash.</p> |
| Non-operating grants, subsidies and contributions | <ul style="list-style-type: none"> <li>Construction or acquisition of recognisable non-financial assets to be controlled by the local government.</li> </ul>  | Capital grants are recognised as income when the City satisfies its obligations in the grant agreement.  |
| Fees and charges                                  | <ul style="list-style-type: none"> <li>Building, planning, development and animal management, having the same nature as a licence regardless of naming.</li> <li>Compliance safety check.</li> <li>Regulatory food, health and safety.</li> <li>Kerbside collection service.</li> <li>Waste treatment, recycling and disposal service at disposal sites.</li> <li>Gym and pool memberships.</li> <li>Library fees, reinstatements and private works.</li> <li>Fines issued for breaches of local laws.</li> </ul> | At a point in time (or over a relatively short period of time) when the services have been provided and payments are received.   |
| Other Revenue                                     | <ul style="list-style-type: none"> <li>Commissions on art sales and vending machines.</li> <li>Insurance claims and other reimbursements.</li> </ul>  | At a point in time when the goods have been transferred and payments are received, or upon receipt of funds.   |

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 2. Revenue and Expenses (Continued)

#### (a) Grant revenue

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

|  | 2021<br>Actual | 2021<br>Budget | 2020<br>Actual |
|--|----------------|----------------|----------------|
|  | \$             | \$             | \$             |
| <b>Operating grants, subsidies and contributions</b>     |                |                |                |
| Governance   | 5,522          | 2,860          | 2,882          |
| General purpose funding                                  | 2,268,709      | 1,156,986      | 2,376,400      |
| Law, order, public safety                                | 84,187         | 65,970         | 46,220         |
| Health   | 50,161         | 79,010         | 100,052        |
| Education and welfare                                    | 17,540         | 1,000          | 1,000          |
| Housing  | 0              | 7,953,593      | 0              |
| Community amenities                                      | 294,140        | 83,251         | 3,982,016      |
| Recreation and culture                                   | 37,373         | 23,000         | 78,458         |
| Transport  | 174,436        | 278,713        | 232,910        |
| Economic services  | 2,037          | 122,860        | 1,276          |
| Other property and services                              | 64,185         | 54,765         | 57,009         |
|  | 2,998,290      | 9,822,008      | 6,878,223      |
| <b>Non-operating grants, subsidies and contributions</b> |                |                |                |
| Governance   | 0              | 5,000          | 360            |
| Law, order, public safety                                | 0              | 0              | 231,106        |
| Community amenities                                      | 188,380        | 66,420         | 393,727        |
| Recreation and culture                                   | 3,228,396      | 3,926,334      | 93,281         |
| Transport  | 1,730,249      | 1,813,172      | 888,908        |
|  | 5,147,025      | 5,810,926      | 1,607,382      |
|  | 8,145,315      | 15,632,934     | 8,485,605      |
| <b>Total grants, subsidies and contributions</b>         |                |                |                |
| <b>Fees and charges</b>                                  |                |                |                |
| Governance   | 61,912         | 36,950         | 37,671         |
| General purpose funding                                  | 46,000         | 27,720         | 150,994        |
| Law, order, public safety                                | 438,405        | 248,650        | 342,258        |
| Health   | 227,057        | 209,192        | 257,002        |
| Education and welfare                                    | 72,736         | 59,672         | 82,759         |
| Housing  | 380,494        | 675,162        | 390,249        |
| Community amenities                                      | 12,626,815     | 12,235,641     | 12,373,433     |
| Recreation and culture                                   | 7,237,668      | 3,601,835      | 5,923,624      |
| Transport  | 527,398        | 453,200        | 459,472        |
| Economic services  | 581,288        | 469,329        | 428,474        |
| Other property and services                              | 1,995          | 448            | 94,381         |
|  | 22,201,768     | 18,017,799     | 20,540,317     |

There were some waivers and concessions given to certain fees and charges for COVID-19 pandemic relief during the year.

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

- 2. Revenue and Expenses (Continued)
- (a) Grant revenue (Continued)

### Significant Accounting Policies

#### Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that relate to the main operating activities of the City.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

#### Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 2. Revenue and Expenses (Continued)

#### (a) Revenue (Continued)

|  | 2021<br>Actual | 2021<br>Budget | 2020<br>Actual |
|--|----------------|----------------|----------------|
|  | \$             | \$             | \$             |

#### Contracts with customers and transfers for recognisable non-financial assets

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City was recognised during the year for the following nature or types of goods or services:

|   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|
| Operating grants, subsidies and contributions     | 2,998,290         | 9,822,008         | 6,878,223         |
| Fees and charges                                  | 22,201,768        | 18,017,799        | 20,540,317        |
| Other revenue                                     | 1,136,807         | 1,725,054         | 1,018,682         |
| Non-operating grants, subsidies and contributions | 5,147,025         | 5,810,926         | 1,607,382         |
|   | <u>31,483,890</u> | <u>35,375,787</u> | <u>30,044,604</u> |

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City is comprised of:

|  |                   |                   |                   |
|--|-------------------|-------------------|-------------------|
| Revenue from contracts with customers included as a contract liability at the start of the period  | 76,472            | 0                 | 133,630           |
| Revenue from contracts with customers recognised during the year   | 26,260,393        | 29,564,861        | 28,437,222        |
| Revenue from transfers intended for acquiring or constructing recognisable non-financial assets held as a liability at the start of the period | 395,534           | 0                 | 866,408           |
| Revenue from transfers intended for acquiring or constructing recognisable non-financial assets during the year                                | 4,751,491         | 5,810,926         | 607,344           |
|  | <u>31,483,890</u> | <u>35,375,787</u> | <u>30,044,604</u> |

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non-financial assets is:

|  |             |   |           |
|--|-------------|---|-----------|
| Trade and other receivables from contracts with customers              | 1,074,222   | 0 | 1,062,144 |
| Contract liabilities from contracts with customers                     | (70,508)    | 0 | (76,472)  |
| Grant liabilities from transfers for recognisable non-financial assets | (3,804,330) | 0 | (395,534) |

- Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.
- Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.
- Consideration from contracts with customers is included in the transaction price.
- Performance obligations in relation to contract liabilities from transfers for recognisable non-financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 2. Revenue and Expenses (Continued)

#### (a) Revenue (Continued)

|   | 2021<br>Actual | 2021<br>Budget | 2020<br>Actual |
|---|----------------|----------------|----------------|
|   | \$             | \$             | \$             |
| <b>Revenue from statutory requirements</b>  |                |                |                |
| <i>Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:</i> |                |                |                |
| General rates   | 49,706,869     | 49,074,989     | 48,906,912     |
|   | 49,706,869     | 49,074,989     | 48,906,912     |
| <b>Other revenue</b>  |                |                |                |
| Reimbursements and recoveries   | 777,201        | 389,749        | 809,312        |
| Aged Persons Homes  | 0              | 1,304,598      | 0              |
| Other   | 359,606        | 30,707         | 209,370        |
|   | 1,136,807      | 1,725,054      | 1,018,682      |
| <b>Interest earnings</b>  |                |                |                |
| Financial assets at amortised cost - self-supporting loans  | 609            | 696            | 1,010          |
| Interest on reserve funds   | 186,563        | 430,719        | 456,199        |
| Rates instalment and penalty interest (refer Note 32(b))  | 471,861        | 329,500        | 389,655        |
| Other interest earnings   | 231,691        | 522,180        | 651,262        |
|   | 890,724        | 1,283,095      | 1,498,126      |

### Significant Accounting Policies

#### Interest Earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 2. Revenue and Expenses (Continued)

#### (b) Expenses

|   | 2021        | 2021      | 2020    |
|---|-------------|-----------|---------|
| Note  | Actual      | Budget    | Actual  |
|   | \$          | \$        | \$      |
| <b>Auditors remuneration</b>                                |             |           |         |
| Audit of the Annual Financial Report                        | 60,000      | 61,350    | 50,000  |
| Internal Audit  | 56,370      | 35,000    | 15,800  |
| Audit of Grants, Deferred Rates, Prudential Compliance etc. | 0           | 9,363     | 11,300  |
|   | 116,370     | 105,713   | 77,100  |
| <b>Interest expenses (finance costs)</b>                    |             |           |         |
| Borrowings  | 21(b) 623   | 696       | 1,010   |
| Lease liabilities   | 20(b) 2,283 | 2,341     | 839     |
|   | 2,906       | 3,037     | 1,849   |
| <b>Other expenditure</b>                                    |             |           |         |
| Sundry expenses   | 674,091     | 8,963,390 | 619,413 |
|   | 674,091     | 8,963,390 | 619,413 |

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 3. Cash and Cash Equivalents

|  | Note | 2021             | Restated<br>2020  |
|--|------|------------------|-------------------|
|  |      | \$               | \$                |
| Cash at bank and on hand               |      | 7,109,726        | 7,482,483         |
| Term deposits                          |      | 2,545,579        | 12,003,852        |
| <b>Total cash and cash equivalents</b> |      | <b>9,655,305</b> | <b>19,486,335</b> |

#### Restrictions

*The following class of assets has restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:*

|                                      |  |                   |                   |
|--------------------------------------|--|-------------------|-------------------|
| - Financial assets at amortised cost |  | 43,435,065        | 46,489,043        |
|                                      |  | <u>43,435,065</u> | <u>46,489,043</u> |

*The restricted assets are a result of the following specific purposes to which the assets may be used:*

|  |    |                   |                   |
|--|----|-------------------|-------------------|
| Reserves – cash/financial asset backed                     | 4  | 39,560,227        | 46,017,037        |
| Contract liabilities from contracts with customers         | 18 | 70,508            | 76,472            |
| Grants for transfers for recognisable non-financial assets | 18 | 3,804,330         | 395,534           |
| <b>Total restricted assets</b>                             |    | <b>43,435,065</b> | <b>46,489,043</b> |

#### Significant Accounting Policies

##### Cash and Cash Equivalents

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

##### Restricted Assets

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions.

Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 4. Reserves – Cash/Financial Asset Backed

The following assets are budgeted to be acquired during the year.

|   | 2020/21         |             |                 |                 | 2020/21         |             |                 |                 | 2019/20         |             |                 |                  |                 |
|---|-----------------|-------------|-----------------|-----------------|-----------------|-------------|-----------------|-----------------|-----------------|-------------|-----------------|------------------|-----------------|
|   | Actual          | Actual      | Actual          | Actual          | Budget          | Budget      | Budget          | Budget          | Actual          | Actual      | Actual          | Transfer         | Actual          |
|   | Opening Balance | Transfer to | Transfer (from) | Closing Balance | Opening Balance | Transfer to | Transfer (from) | Closing Balance | Opening Balance | Transfer to | Transfer (from) | Between Reserves | Closing Balance |
|   | \$              | \$          | \$              | \$              | \$              | \$          | \$              | \$              | \$              | \$          | \$              | \$               | \$              |
| (a) Aged Persons Homes - General                  | 15,667,801      | 1,401,399   | (689,507)       | 16,379,693      | 14,682,112      | 1,360,011   | (1,404,415)     | 14,637,708      | 15,595,609      | 273,545     | (201,353)       | 0                | 15,667,801      |
| (b) Aged Persons Homes - Prudential Requirements  | 2,678,354       | 226,291     | 0               | 2,904,645       | 2,678,179       | 206,826     | 0               | 2,885,005       | 2,629,367       | 48,987      | 0               | 0                | 2,678,354       |
| (c) Bayswater Bowling Club - Capital Improvements | 10,242          | 73          | 0               | 10,315          | 10,238          | 182         | 0               | 10,420          | 10,063          | 179         | 0               | 0                | 10,242          |
| (d) Bayswater Tennis Club                         | 159,553         | 1,121       | (22,425)        | 138,249         | 159,481         | 2,438       | (22,500)        | 139,419         | 156,759         | 2,794       | 0               | 0                | 159,553         |
| (e) Bayswater Waves Aquatic Centre                | 778,039         | 5,152       | (354,958)       | 428,233         | 780,509         | 3,573       | (579,812)       | 204,270         | 86,724          | 704,455     | (13,140)        | 0                | 778,039         |
| (f) Bore and Reticulation                         | 169,540         | 377         | (160,000)       | 9,917           | 169,464         | 168         | (160,000)       | 9,632           | 659,389         | 11,273      | 0               | (501,122)        | 169,540         |
| (g) Building Furniture and Equipment              | 172,370         | 1,208       | (29,121)        | 144,457         | 172,292         | 2,504       | (31,600)        | 143,196         | 670,397         | 11,461      | 0               | (509,488)        | 172,370         |
| (h) Cash in Lieu - Public Open Space              | 0               | 575,026     | 0               | 575,026         | 0               | 0           | 0               | 0               | 0               | 0           | 0               | 0                | 0               |
| (i) City Buildings and Amenities                  | 1,567,079       | 10,221      | (739,254)       | 838,046         | 1,503,233       | 8,446       | (1,028,700)     | 482,979         | 1,971,399       | 33,981      | (438,301)       | 0                | 1,567,079       |
| (j) Civic Centre                                  | 153,298         | 863         | (90,721)        | 63,440          | 153,229         | 761         | (110,400)       | 43,590          | 596,219         | 10,193      | 0               | (453,114)        | 153,298         |
| (k) Economic Stimulus                             | 7,241,977       | 47,865      | (2,519,196)     | 4,770,646       | 7,952,471       | 46,163      | (5,359,062)     | 2,639,572       | 0               | 7,594       | (714,067)       | 7,948,450        | 7,241,977       |
| (l) Eric Singleton Bird Sanctuary                 | 1,213,691       | 8,565       | 0               | 1,222,256       | 1,213,145       | 21,594      | 0               | 1,234,739       | 1,192,439       | 21,252      | 0               | 0                | 1,213,691       |
| (m) Footpath and Cycleway                         | 84,708          | 599         | 0               | 85,307          | 84,670          | 82          | (80,000)        | 4,752           | 329,457         | 5,632       | 0               | (250,381)        | 84,708          |
| (n) General Waste Management                      | 28,171          | 199         | 0               | 28,370          | 28,159          | 501         | 0               | 28,660          | 27,678          | 493         | 0               | 0                | 28,171          |
| (o) Golf Courses                                  | 1,699,343       | 11,741      | (208,994)       | 1,502,090       | 1,698,580       | 24,823      | (304,000)       | 1,419,403       | 1,088,932       | 610,411     | 0               | 0                | 1,699,343       |
| (p) Information Technology                        | 801,280         | 4,746       | (530,732)       | 275,294         | 800,920         | 50,030      | (849,312)       | 1,638           | 392,454         | 408,826     | 0               | 0                | 801,280         |
| (q) Landfill Restoration                          | 429,584         | 3,018       | (48,594)        | 384,008         | 432,224         | 6,277       | (150,000)       | 288,501         | 458,350         | 8,039       | (36,805)        | 0                | 429,584         |
| (r) Les Hansman Centre Development                | 5,133,416       | 737,126     | (1,541,751)     | 4,328,791       | 5,131,110       | 39,713      | (2,900,000)     | 2,270,823       | 5,043,531       | 89,885      | 0               | 0                | 5,133,416       |
| (s) Long Service Leave and Entitlements           | 1,561,327       | 11,019      | 0               | 1,572,346       | 1,560,625       | 27,779      | 0               | 1,588,404       | 1,533,988       | 27,339      | 0               | 0                | 1,561,327       |
| (t) Major Capital Works                           | 1,263,060       | 7,621       | (628,743)       | 641,938         | 1,293,915       | 13,593      | (530,321)       | 777,187         | 3,994,987       | 1,253,841   | (121,189)       | (3,864,579)      | 1,263,060       |

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 4. Reserves – Cash/Financial Asset Backed (Continued)

|  | 2020/21         |             |                 |                 | 2020/21         |             |                 |                 | 2019/20         |             |                 |                  |                 |
|--|-----------------|-------------|-----------------|-----------------|-----------------|-------------|-----------------|-----------------|-----------------|-------------|-----------------|------------------|-----------------|
|  | Actual          | Actual      | Actual          | Actual          | Budget          | Budget      | Budget          | Budget          | Actual          | Actual      | Actual          | Transfer         | Actual          |
|  | Opening Balance | Transfer to | Transfer (from) | Closing Balance | Opening Balance | Transfer to | Transfer (from) | Closing Balance | Opening Balance | Transfer to | Transfer (from) | Between Reserves | Closing Balance |
|  | \$              | \$          | \$              | \$              | \$              | \$          | \$              | \$              | \$              | \$          | \$              | \$               | \$              |
| (u) Maylands Lakes                     | 4,683           | 33          | 0               | 4,716           | 4,681           | 82          | 0               | 4,763           | 128,306         | 1,377       | (125,000)       | 0                | 4,683           |
| (v) Maylands Waterland                 | 425,513         | 3,003       | 0               | 428,516         | 425,322         | 7,572       | 0               | 432,894         | 59,622          | 365,891     | 0               | 0                | 425,513         |
| (w) Morley City Centre                 | 606,845         | 4,262       | (70,000)        | 541,107         | 606,572         | 9,018       | (70,000)        | 545,590         | 596,219         | 10,626      | 0               | 0                | 606,845         |
| (x) Morley Sport and Recreation Centre | 521,506         | 3,642       | (23,439)        | 501,709         | 521,257         | 9,279       | (30,000)        | 500,536         | 596,219         | 10,258      | (84,971)        | 0                | 521,506         |
| (y) Noranda Netball Courts             | 615,126         | 4,183       | (550,000)       | 69,309          | 614,850         | 1,153       | (550,000)       | 66,003          | 0               | 615,126     | 0               | 0                | 615,126         |
| (z) Plant and Works Equipment          | 128,497         | 248         | (126,000)       | 2,745           | 128,439         | 42          | (126,000)       | 2,481           | 202,054         | 307,250     | 0               | (380,807)        | 128,497         |
| (aa) Playground and Parks              | 437,157         | 2,870       | (378,037)       | 61,990          | 436,960         | 568         | (405,000)       | 32,528          | 1,700,231       | 29,067      | 0               | (1,292,141)      | 437,157         |
| (ab) River Restoration                 | 129,599         | 870         | 0               | 130,469         | 334,030         | 3,810       | (120,000)       | 217,840         | 363,202         | 6,397       | (240,000)       | 0                | 129,599         |
| (ac) Roads and Drainage                | 131,923         | 933         | (120,000)       | 12,856          | 131,863         | 212         | (120,000)       | 12,075          | 513,086         | 8,772       | 0               | (389,935)        | 131,923         |
| (ad) Senior Citizens Buildings         | 91,979          | 629         | (67,105)        | 25,503          | 91,937          | 105         | (86,000)        | 6,042           | 357,731         | 6,116       | 0               | (271,868)        | 91,979          |
| (ae) Strategic Land Acquisition        | 11,846          | 83          | 0               | 11,929          | 11,840          | 212         | 0               | 12,052          | 46,073          | 788         | 0               | (35,015)         | 11,846          |
| (af) Streetscapes                      | 698,329         | 4,785       | (314,125)       | 388,989         | 683,065         | 3,258       | (500,000)       | 186,323         | 705,293         | 12,434      | (19,398)        | 0                | 698,329         |
| (ag) Sustainable Environment           | 172,926         | 1,221       | (96,847)        | 77,300          | 167,615         | 483         | (140,436)       | 27,662          | 170,282         | 3,033       | (389)           | 0                | 172,926         |
| (ah) The RISE                          | 606,845         | 4,177       | (236,816)       | 374,206         | 606,572         | 2,649       | (457,760)       | 151,461         | 596,219         | 10,626      | 0               | 0                | 606,845         |
| (ai) Workers Compensation              | 621,430         | 4,386       | 0               | 625,816         | 621,151         | 11,057      | 0               | 632,208         | 610,549         | 10,881      | 0               | 0                | 621,430         |
|  | 46,017,037      | 3,089,555   | (9,546,365)     | 39,560,227      | 45,890,710      | 1,864,964   | (16,115,318)    | 31,640,356      | 43,082,828      | 4,928,822   | (1,994,613)     | 0                | 46,017,037      |

All reserves are supported by cash and cash equivalents/financial asset and are restricted within equity as Reserves – cash/financial asset backed.

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 4. Reserves – Cash/Financial Asset Backed (Continued)

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

|     | <b>Reserve Name</b>                           | <b>Anticipated Date of Use</b> | <b>Purpose of the Reserve</b>   |
|-----|---|--------------------------------|---|
| (a) | Aged Persons Homes - General                  | Ongoing                        | 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. |
| (b) | Aged Persons Homes - Prudential Requirements  | Ongoing                        | To provide a cash-backed prudential reserve to meet the accommodation obligations for Residential Care Facilities and Independent Living Units.   |
| (c) | Bayswater Bowling Club - Capital Improvements | Ongoing                        | To set aside funds for the future development of the Bayswater Bowling Club.  |
| (d) | Bayswater Tennis Club                         | Ongoing                        | To set aside funds for the future development of the Bayswater Tennis Club.   |
| (e) | Bayswater Waves Aquatic Centre                | Ongoing                        | To fund asset management requirements of the Bayswater Waves Aquatic Centre.  |
| (f) | Bore and Reticulation                         | Ongoing                        | For the installation of new bores and reticulation, and the replacement of old bore and reticulation systems, due to wear and tear.   |
| (g) | Building Furniture and Equipment              | Ongoing                        | To provide a cash-backed reserve for the purpose of furniture and equipment required in Council's buildings.  |
| (h) | Cash in Lieu - Public Open Space              | Ongoing                        | To set aside cash in lieu funds received under section 154 of the Planning and Development Act 2005 for the funding of eligible public open space development projects.   |
| (i) | City Buildings and Amenities                  | Ongoing                        | For the purpose of preserving and renewing Council's buildings.   |
| (j) | Civic Centre                                  | Ongoing                        | To make provision for the asset management needs of the Civic Centre.   |
| (k) | Economic Stimulus                             | Ongoing                        | To fund employment-generating projects for the benefit of the community.  |
| (l) | Eric Singleton Bird Sanctuary                 | Ongoing                        | To set aside funds for the asset management requirements of the Eric Singleton Bird Sanctuary.  |
| (m) | Footpaths and Cycleways                       | Ongoing                        | To set aside funds for the asset management requirements of the City's footpath and cycleways infrastructure.   |
| (n) | General Waste Management                      | Ongoing                        | To set aside funds for the future development of waste management.  |
| (o) | Golf Courses                                  | Ongoing                        | To set aside funds for the asset management requirements of the City's golf courses.  |
| (p) | Information Technology                        | Ongoing                        | To provide for the maintenance of the City's information technology requirements including general computer replacements.   |
| (q) | Landfill Restoration                          | Ongoing                        | To provide funding for the review and any restoration requirements of the Swan River Foreshore.   |

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 4. Reserves – Cash/Financial Asset Backed (Continued)

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

| Reserve Name                            | Anticipated Date of Use | Purpose of the Reserve   |
|---|-------------------------|--|
| (r) Les Hansman Centre Development      | Ongoing                 | To set aside funds for the redevelopment of the Les Hansman Community Centre.  |
| (s) Long Service Leave and Entitlements | Ongoing                 | To provide for the payment to employees of Long Service Leave and other approved entitlements.   |
| (t) Major Capital Works                 | Ongoing                 | To finance the cost of major capital works programs as approved by Council.  |
| (u) Maylands Lakes                      | Ongoing                 | To fund asset preservation and environmental requirements for Maylands Lakes.  |
| (v) Maylands Waterland                  | Ongoing                 | To fund asset management requirements of the Maylands Waterland facility.  |
| (w) Morley City Centre                  | Ongoing                 | To provide funds for the future development of the Morley City Centre.   |
| (x) Morley Sport and Recreation Centre  | Ongoing                 | To set aside funds for the asset management requirements of the Morley Sport and Recreation Centre.  |
| (y) Noranda Netball Courts              | Ongoing                 | Funds set aside for the asset management requirements of the Noranda Netball Courts.   |
| (z) Plants and Works Equipment          | Ongoing                 | To fund the cost of acquiring plant and equipment needed to provide for the day-to-day operational requirements of the City.                           |
| (aa) Playground and Parks               | Ongoing                 | To set aside funds for the asset management requirements of the City's playground and parks infrastructure.  |
| (ab) River Restoration                  | Ongoing                 | To set aside funds for the restoration of the river.   |
| (ac) Roads and Drainage                 | Ongoing                 | To set aside funds for the asset management requirements of the City's road and drainage infrastructure.   |
| (ad) Senior Citizens Building           | Ongoing                 | To set aside funds for the asset management requirements of the City's senior citizens centres.  |
| (ae) Strategic Land Acquisition         | Ongoing                 | To provide funds for future land acquisition.  |
| (af) Streetscapes                       | Ongoing                 | To provide for the renewal of urban streetscapes.  |
| (ag) Sustainable Environment            | Ongoing                 | To provide funding for strategic environmental projects such as foreshore rehabilitation and the Eric Singleton Bird Sanctuary.                        |
| (ah) The RISE                           | Ongoing                 | To fund asset management requirements of The RISE.   |
| (ai) Workers Compensation               | Ongoing                 | To finance Workers' Compensation costs in excess of premium deposits.  |
| (aj) Bus Shelters *                     | Ongoing                 | To set aside income received from illuminated advertising on bus shelters for the asset management requirements of bus shelters.                       |
| (ak) Crimea Park and Surrounds *        | Ongoing                 | To set aside income received from the telephone tower at Crimea Park for initiatives that improve the amenity of Crimea Park and the surrounding area. |
| (al) FOGO – (Waste Services) Reserve *  | Ongoing                 | To assist and support the implementation of a FOGO – Waste Services for residents.   |

\* There are no closing balances for Bus Shelters, Crimea park and Surrounds and FOGO – (Waste Services) Reserves.

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 5. Other Financial Assets

|   | 2021              | Restated<br>2020  |
|---|-------------------|-------------------|
|   | \$                | \$                |
| <b>(a) Current assets</b>                                     |                   |                   |
| Financial assets at amortised cost                            | 75,548,702        | 65,115,185        |
|   | <u>75,548,702</u> | <u>65,115,185</u> |
| <b>Other financial assets at amortised cost</b>               |                   |                   |
| Term deposits   | 75,543,596        | 65,110,400        |
| Self-supporting loans   | 5,106             | 4,785             |
|   | <u>75,548,702</u> | <u>65,115,185</u> |
| <b>(b) Non-current assets</b>                                 |                   |                   |
| Financial assets at amortised cost                            | 1,330             | 6,435             |
| Financial assets at fair value through profit and loss        | 184,517           | 178,053           |
|   | <u>185,847</u>    | <u>184,488</u>    |
| <b>Financial assets at amortised cost</b>                     |                   |                   |
| Self supporting loans   | 1,330             | 6,435             |
|   | <u>1,330</u>      | <u>6,435</u>      |
| <b>Financial assets at fair value through profit and loss</b> |                   |                   |
| Units in Local Government House Trust                         | 184,517           | 178,053           |
|   | <u>184,517</u>    | <u>178,053</u>    |

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 21(b) as self-supporting loans.

#### Significant Accounting Policies

##### Other financial assets at amortised cost

The City classifies financial assets at amortised cost if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cashflows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

##### Financial assets at fair value through profit and loss

The City classifies the following financial assets at fair value through profit and loss:

- Debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- Equity investments which the City has not elected to recognise fair value gains and losses through other comprehensive income.

##### Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 34.

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 6. Trade and Other Receivables

|                                      | 2021             | 2020             |
|--------------------------------------|------------------|------------------|
|                                      | \$               | \$               |
| <b>Current</b>                       |                  |                  |
| Rates receivable                     | 2,693,927        | 2,327,435        |
| Trade and other receivables          | 1,074,222        | 1,062,144        |
| GST receivable                       | 712,877          | 584,146          |
|                                      | <u>4,481,026</u> | <u>3,973,725</u> |
| <b>Non-current</b>                   |                  |                  |
| Pensioner's rates and ESL deferred   | 794,163          | 750,073          |
| Other receivables                    | 206,496          | 201,441          |
| Deferred lease receivables - Mertome | 1,551,932        | 1,204,407        |
|                                      | <u>2,552,591</u> | <u>2,155,921</u> |

### Significant Accounting Policies

#### Trade and other receivables

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

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

#### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 34.

#### Classification and subsequent measurement

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

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

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

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 7. Inventories

|                | 2021    | 2020    |
|----------------|---------|---------|
|                | \$      | \$      |
| <b>Current</b> |         |         |
| Inventories    | 149,661 | 161,739 |
|                | 149,661 | 161,739 |

The following movements in inventories occurred during the year:

|   |          |         |
|---|----------|---------|
| <b>Carrying amount at beginning of period</b> | 161,739  | 141,945 |
| Additions/(deductions) to inventories         | (12,078) | 19,794  |
| <b>Carrying amount at end of period</b>       | 149,661  | 161,739 |

### 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.

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 8. Other Assets

|                      | 2021              | 2020              |
|----------------------|-------------------|-------------------|
|                      | \$                | \$                |
| <b>Current</b>       |                   |                   |
| Prepayments          | 89,458            | 96,385            |
| Accrued income       | 3,121,831         | 557,832           |
|                      | <u>3,211,289</u>  | <u>654,217</u>    |
| <b>Non-current</b>   |                   |                   |
| Prepayments          | 346,500           | 0                 |
| Assets held for sale | 35,585,567        | 35,289,812        |
|                      | <u>35,932,067</u> | <u>35,289,812</u> |

#### Land and buildings classified as held for sale

Assets held for sale consist of aged care assets which the City is currently working toward divesting from. Refer to Note 42 - Discontinued Operations.

#### Significant Accounting Policies

##### Other Current Assets

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

##### Non-Current Assets Held for Sale

Assets are classified as held for sale where the carrying amount will be recovered through a sale rather than continuing use and the asset is available for immediate sale with a sale being highly probable.

Non-current assets classified as held for sale are valued at the lower of the carrying amount and fair value less costs to sell.

The fair value of land and buildings was determined using the sales comparison approach using comparable properties in the area. This is a level 2 measurement as per the fair value hierarchy set out in Note 9(b).

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 9. Property, Plant and Equipment

#### (a) Movements in Balances

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

|  | Land         | Buildings    | Total land and buildings | Furniture and equipment | Plant and equipment | Work-in-progress | Total property, plant and equipment |
|--|--------------|--------------|--------------------------|-------------------------|---------------------|------------------|-------------------------------------|
|  | \$           | \$           | \$                       | \$                      | \$                  | \$               | \$                                  |
| <b>Balance at 1 July 2019</b>  | 316,769,499  | 144,787,688  | 461,557,187              | 3,690,793               | 6,351,155           | 0                | 471,599,135                         |
| Additions  | 264,550      | 2,044,745    | 2,309,295                | 905,265                 | 1,958,755           | 89,593           | 5,262,908                           |
| (Disposals)  | (16,000)     | (103,967)    | (119,967)                | 0                       | (545,354)           | 0                | (665,321)                           |
| Revaluation increments / (decrements) transferred to revaluation surplus | (11,688,349) | (6,859,570)  | (18,547,919)             | 0                       | 0                   | 0                | (18,547,919)                        |
| Depreciation (expense)   | 0            | (2,737,907)  | (2,737,907)              | (1,186,491)             | (468,183)           | 0                | (4,392,581)                         |
| Transfers  | 0            | 0            | 0                        | (635,188)               | 0                   | 0                | (635,188)                           |
| <b>Balance at 30 June 2020</b>   | 305,329,700  | 137,130,989  | 442,460,689              | 2,774,379               | 7,296,373           | 89,593           | 452,621,034                         |
| <b>Comprises:</b>  |              |              |                          |                         |                     |                  |                                     |
| Gross balance amount at 30 June 2020                                     | 305,329,700  | 188,413,569  | 493,743,269              | 7,192,278               | 7,744,093           | 89,593           | 508,769,233                         |
| Accumulated depreciation at 30 June 2020                                 | 0            | (51,282,580) | (51,282,580)             | (4,417,899)             | (447,720)           | 0                | (56,148,199)                        |
| <b>Balance at 30 June 2020</b>   | 305,329,700  | 137,130,989  | 442,460,689              | 2,774,379               | 7,296,373           | 89,593           | 452,621,034                         |
| Additions  | 0            | 3,022,854    | 3,022,854                | 1,415,156               | 1,633,433           | 3,045,695        | 9,117,138                           |
| (Disposals)  | (1,512,720)  | (3,045)      | (1,515,765)              | (1,969)                 | (755,103)           | 0                | (2,272,837)                         |
| Depreciation (expense)   | 0            | (2,733,930)  | (2,733,930)              | (1,179,075)             | (623,811)           | 0                | (4,536,816)                         |
| Transfers  | 0            | 60,502       | 60,502                   | 29,091                  | 0                   | (89,593)         | 0                                   |
| <b>Balance at 30 June 2021</b>   | 303,816,980  | 137,477,370  | 441,294,350              | 3,037,582               | 7,550,892           | 3,045,695        | 454,928,519                         |
| <b>Comprises:</b>  |              |              |                          |                         |                     |                  |                                     |
| Gross balance amount at 30 June 2021                                     | 303,816,980  | 191,191,425  | 495,008,405              | 8,622,724               | 8,542,196           | 3,045,695        | 515,219,020                         |
| Accumulated depreciation at 30 June 2021                                 | 0            | (53,714,055) | (53,714,055)             | (5,585,142)             | (991,304)           | 0                | (60,290,501)                        |
| <b>Balance at 30 June 2021</b>   | 303,816,980  | 137,477,370  | 441,294,350              | 3,037,582               | 7,550,892           | 3,045,695        | 454,928,519                         |

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 9. Property, Plant and Equipment (continued)

#### (b) Carrying Value Measurements

| Asset Class               | Fair Value Hierarchy | Valuation Technique  | Basis of Valuation            | Date of Last Valuation | Inputs Used   |
|---------------------------|----------------------|--|-------------------------------|------------------------|---|
| <b>(i) Fair Value</b>     |                      |  |                               |                        |   |
| <b>Land and buildings</b> |                      |  |                               |                        |   |
| Land                      | 2                    | Market approach using recent observable market data for similar properties   | Independent registered valuer | June 2020              | Price per metre   |
| Buildings                 | 2 & 3                | Market approach using recent observable data for similar properties e.g. residential properties and cost approach using depreciated replacement cost | Independent registered valuer | June 2020              | Price per metre (Level 2)<br>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 by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

#### (ii) Cost

|                                |                |      |                |                |
|--------------------------------|----------------|------|----------------|----------------|
| <b>Furniture and equipment</b> | Not applicable | Cost | Not applicable | Not applicable |
| <b>Plant and equipment</b>     | Not applicable | Cost | Not applicable | Not applicable |

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change was effective from 1 July 2019 and represented a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 10. Infrastructure

#### (a) Movements in Balances

Movement in the balances for each class of infrastructure between the beginning and end of the current financial year.

|  | Roads        | Drainage     | Footpaths    | Park<br>development | Other<br>infrastructure | Total<br>infrastructure |
|--|--------------|--------------|--------------|---------------------|-------------------------|-------------------------|
|  | \$           | \$           | \$           | \$                  | \$                      | \$                      |
| <b>Balance at 1 July 2019</b>  | 108,363,185  | 40,829,109   | 29,571,602   | 17,210,182          | 3,849,330               | 199,823,408             |
| Additions  | 2,156,436    | 105,122      | 902,542      | 2,485,084           | 301,676                 | 5,950,860               |
| Depreciation (expense)   | (3,529,754)  | (332,842)    | (601,130)    | (1,470,080)         | (477,962)               | (6,411,768)             |
| <b>Balance at 30 June 2020</b>   | 106,989,867  | 40,601,389   | 29,873,014   | 18,225,186          | 3,673,044               | 199,362,500             |
| <b>Comprises:</b>  |              |              |              |                     |                         |                         |
| Gross balance at 30 June 2020  | 195,715,730  | 54,621,618   | 41,615,866   | 52,078,553          | 8,753,920               | 352,785,687             |
| Accumulated depreciation at 30 June 2020                                 | (88,725,863) | (14,020,229) | (11,742,852) | (33,853,367)        | (5,080,876)             | (153,423,187)           |
| <b>Balance at 30 June 2020</b>   | 106,989,867  | 40,601,389   | 29,873,014   | 18,225,186          | 3,673,044               | 199,362,500             |
| Additions  | 2,977,505    | 321,015      | 1,502,896    | 5,521,568           | 841,273                 | 11,164,257              |
| (Disposals)  | 0            | 0            | (771)        | (109,387)           | (236,610)               | (346,768)               |
| Revaluation increments / (decrements) transferred to revaluation surplus | 2,739,282    | 5,169,592    | 1,208,103    | 0                   | 241,437                 | 9,358,414               |
| Depreciation (expense)   | (3,603,310)  | (330,554)    | (617,120)    | (1,519,116)         | (491,042)               | (6,561,142)             |
| <b>Balance at 30 June 2021</b>   | 109,103,344  | 45,761,442   | 31,966,122   | 22,118,251          | 4,028,102               | 212,977,261             |
| <b>Comprises:</b>  |              |              |              |                     |                         |                         |
| Gross balance at 30 June 2021  | 201,528,786  | 61,141,754   | 45,054,713   | 49,582,231          | 8,974,215               | 366,281,699             |
| Accumulated depreciation at 30 June 2021                                 | (92,425,442) | (15,380,312) | (13,088,591) | (27,463,980)        | (4,946,113)             | (153,304,438)           |
| <b>Balance at 30 June 2021</b>   | 109,103,344  | 45,761,442   | 31,966,122   | 22,118,251          | 4,028,102               | 212,977,261             |

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 10. Infrastructure (Continued)

#### (b) Carrying Value Measurements

| Asset Class           | Fair Value Hierarchy | Valuation Technique                              | Basis of Valuation   | Date of Last Valuation | Inputs Used   |
|-----------------------|----------------------|--|----------------------|------------------------|---|
| <b>(i) Fair Value</b> |                      |  |                      |                        |   |
| Roads                 | 3                    | Cost approach using depreciated replacement cost | Management valuation | June 2021              | Construction cost based on current tender and market rates (Level 2), residual values and critical life assessments (Level 3) |
| Drainage              | 3                    | Cost approach using depreciated replacement cost | Management valuation | June 2021              | Construction cost based on current tender and market rates (Level 2), residual values and critical life assessments (Level 3) |
| Footpaths             | 3                    | Cost approach using depreciated replacement cost | Management valuation | June 2021              | Construction cost based on current tender and market rates (Level 2), residual values and critical life assessments (Level 3) |
| Park development      | 3                    | Cost approach using depreciated replacement cost | Management valuation | June 2021              | Construction cost based on current tender and market rates (Level 2), residual values and critical life assessments (Level 3) |
| Other infrastructure  | 3                    | Cost approach using depreciated replacement cost | Management valuation | June 2021              | 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 a condition based measure 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)).

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 11. Fixed Assets

#### Significant Accounting Policies

##### Fixed Assets

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

##### Initial Recognition and Measurement Between Mandatory Revaluation Dates

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

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 zero cost or otherwise significantly less than fair value, 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 that are land, buildings, infrastructure and investment properties 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 land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the City.

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 11. Fixed Assets (Continued)

#### Australian Accounting Standards - Inconsistency Revaluation (Continued)

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 land, buildings, infrastructure, investment properties and vested improvements 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 roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, is treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

#### Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the City to measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 12 that details the significant accounting policies applying to leases (including right-of-use assets).

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 11. Fixed Assets (Continued)

#### (a) Disposals of Assets

|                         | 2021<br>Actual<br>Net Book<br>Value | 2021<br>Actual<br>Sale<br>Proceeds | 2021<br>Actual<br>Profit | 2021<br>Actual<br>Loss | 2021<br>Budget<br>Net Book<br>Value | 2021<br>Budget<br>Sale<br>Proceeds | 2021<br>Budget<br>Profit | 2021<br>Budget<br>Loss | 2020<br>Actual<br>Net Book<br>Value | 2020<br>Actual<br>Sale<br>Proceeds | 2020<br>Actual<br>Profit | 2020<br>Actual<br>Loss |
|-------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
|                         | \$                                  | \$                                 | \$                       | \$                     | \$                                  | \$                                 | \$                       | \$                     | \$                                  | \$                                 | \$                       | \$                     |
| Land - freehold land    | 1,512,720                           | 1,571,000                          | 58,280                   | 0                      | 0                                   | 0                                  | 0                        | 0                      | 16,000                              | 0                                  | 0                        | (16,000)               |
| Buildings               | 3,045                               | 0                                  | 0                        | (3,045)                | 0                                   | 0                                  | 0                        | 0                      | 103,967                             | 0                                  | 0                        | (103,967)              |
| Furniture and equipment | 1,969                               | 0                                  | 0                        | (1,969)                | 0                                   | 0                                  | 0                        | 0                      | 0                                   | 0                                  | 0                        | 0                      |
| Plant and equipment     | 755,103                             | 586,078                            | 30,546                   | (199,571)              | 851,977                             | 520,000                            | 60,075                   | (392,052)              | 545,354                             | 390,893                            | 1,147                    | (155,608)              |
| Footpaths               | 771                                 | 0                                  | 0                        | (771)                  | 0                                   | 0                                  | 0                        | 0                      | 0                                   | 0                                  | 0                        | 0                      |
| Park development        | 109,387                             | 0                                  | 0                        | (109,387)              | 0                                   | 0                                  | 0                        | 0                      | 0                                   | 0                                  | 0                        | 0                      |
| Other infrastructure    | 236,610                             | 0                                  | 0                        | (236,610)              | 0                                   | 0                                  | 0                        | 0                      | 0                                   | 0                                  | 0                        | 0                      |
|                         | 2,619,605                           | 2,157,078                          | 88,826                   | (551,353)              | 851,977                             | 520,000                            | 60,075                   | (392,052)              | 665,321                             | 390,893                            | 1,147                    | (275,575)              |

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 11. Fixed Assets (Continued)

#### (a) Disposals of Assets (Continued)

The following assets were disposed of during the year:

| Plant and Equipment                | 2021<br>Actual<br>Net Book<br>Value | 2021<br>Actual<br>Sale<br>Proceeds | 2021<br>Actual<br>Profit | 2021<br>Actual<br>Loss |
|------------------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
|                                    | \$                                  | \$                                 | \$                       | \$                     |
| <b>Governance</b>                  |                                     |                                    |                          |                        |
| Plant and Equipment                | 37,365                              | 36,781                             | 0                        | (584)                  |
| <b>Law, order, public safety</b>   |                                     |                                    |                          |                        |
| Plant and Equipment                | 93,064                              | 84,335                             | 0                        | (8,729)                |
| <b>Health</b>                      |                                     |                                    |                          |                        |
| Plant and Equipment                | 40,955                              | 14,727                             | 0                        | (26,228)               |
| <b>Community amenities</b>         |                                     |                                    |                          |                        |
| Land                               | 1,512,720                           | 1,571,000                          | 58,280                   | 0                      |
| Other infrastructure               | 236,610                             | 0                                  | 0                        | (236,610)              |
| <b>Recreation and culture</b>      |                                     |                                    |                          |                        |
| Furniture and Equipment            | 1,516                               | 0                                  | 0                        | (1,516)                |
| Park Development                   | 109,387                             | 0                                  | 0                        | (109,387)              |
| Building                           | 3,045                               | 0                                  | 0                        | (3,045)                |
| Plant and Equipment                | 71,196                              | 61,250                             | 0                        | (9,946)                |
| <b>Transport</b>                   |                                     |                                    |                          |                        |
| Furniture and Equipment            | 453                                 | 0                                  | 0                        | (453)                  |
| Footpaths                          | 771                                 | 0                                  | 0                        | (771)                  |
| <b>Economic services</b>           |                                     |                                    |                          |                        |
| Plant and Equipment                | 89,975                              | 88,881                             | 0                        | (1,094)                |
| <b>Other property and services</b> |                                     |                                    |                          |                        |
| Plant and Equipment                | 422,548                             | 300,104                            | 30,546                   | (152,990)              |
|                                    | <u>2,619,605</u>                    | <u>2,157,078</u>                   | <u>88,826</u>            | <u>(551,353)</u>       |

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 11. Fixed Assets (Continued)

#### (b) Depreciation and Amortisation

|   | 2021<br>Actual | 2021<br>Budget | 2020<br>Actual |
|---|----------------|----------------|----------------|
|   | \$             | \$             | \$             |
| Buildings                                 | 2,733,930      | 2,696,170      | 2,737,907      |
| Furniture and equipment                   | 1,179,075      | 865,958        | 1,186,491      |
| Plant and equipment                       | 623,811        | 476,235        | 468,183        |
| Roads                                     | 3,603,310      | 4,000,000      | 3,529,754      |
| Drainage                                  | 330,554        | 360,000        | 332,842        |
| Footpaths                                 | 617,120        | 600,000        | 601,130        |
| Park development                          | 1,519,116      | 1,700,000      | 1,470,080      |
| Other infrastructure                      | 491,042        | 500,000        | 477,962        |
| Right-of-use assets - plant and equipment | 56,395         | 55,509         | 15,749         |
| Intangible assets - computer software     | 340,648        | 0              | 230,438        |
|   | 11,495,001     | 11,253,872     | 11,050,536     |

#### Significant Accounting Policies

##### Depreciation

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

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

##### Depreciation Rates

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

| Asset Class                 | Useful life     | Asset Class                    | Useful life    |
|-----------------------------|-----------------|--------------------------------|----------------|
| <b>Roads and Footpaths</b>  |                 | <b>Park Development</b>        |                |
| Road Seal                   | 15 to 30 years  | Play Equipment                 | 10 to 15 years |
| Pavement                    | 99 years        | Sporting Structures            | 5 to 50 years  |
| Kerbing                     | 75 years        | Irrigation                     | 10 to 25 years |
| Footpaths                   | 30 to 75 years  | Other Park Structures          | 10 to 50 years |
|                             |                 | Lighting                       | 10 to 30 years |
| <b>Drainage</b>             | 30 to 200 years | Park Furniture                 | 10 to 50 years |
|                             |                 | Signage                        | 5 to 10 years  |
| <b>Other Infrastructure</b> |                 | Fencing                        | 10 to 99 years |
| Bus Shelter                 | 35 to 40 years  | Synthetic Surfaces             | 15 years       |
| Lighting                    | 10 to 30 years  |                                |                |
| Park and Street Furniture   | 10 to 50 years  | <b>Plant and Equipment</b>     | 5 to 42 years  |
| Signage                     | 4 to 30 years   |                                |                |
| Entry Statements            | 30 years        | <b>Intangibles</b>             | 3 to 15 years  |
|                             |                 |                                |                |
| <b>Buildings</b>            | 10 to 150 years | <b>Furniture and Equipment</b> | 3 to 10 years  |

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 11. Fixed Assets (Continued)

#### (b) Depreciation and Amortisation (Continued)

##### Significant Accounting Policies

##### Depreciation on revaluation

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.

##### Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 12. Leases

#### Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

|                                | Right-of-use<br>assets<br>- plant and<br>equipment | Right-of-use<br>assets<br>Total |
|--------------------------------|--|---------------------------------|
|                                | \$   | \$                              |
| <b>Balance at 1 July 2019</b>  | 161,958  | 161,958                         |
| Depreciation (expense)         | (15,749)   | (15,749)                        |
| <b>Balance at 30 June 2020</b> | 146,209  | 146,209                         |
| Additions                      | 5,325  | 5,325                           |
| Depreciation (expense)         | (56,395)   | (56,395)                        |
| <b>Balance at 30 June 2021</b> | 95,139   | 95,139                          |

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

|   | 2021<br>Actual | 2020<br>Actual |
|---|----------------|----------------|
|   | \$             | \$             |
| Depreciation expense on lease liabilities                               | (56,395)       | (15,749)       |
| Interest expense on lease liabilities                                   | (2,283)        | (839)          |
| Short-term lease payments recognised as expense                         | (75,204)       | (126,392)      |
| Low-value asset lease payments recognised as expense                    | (55,486)       | (101,957)      |
| <b>Total amount recognised in the statement of comprehensive income</b> | (189,368)      | (244,937)      |

The City has three leases relating to gym equipment. The lease terms are varied from 1 year to 4 years. The leases have extension option of 6 months and a termination option of a range from 3 months to 6 months. The City has not revalued the right-of-use assets relating to the leased gym equipment as the difference between the fair value and carrying amount is immaterial.

#### Significant Accounting Policies

##### Leases

At inception of a contract, the City assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the City uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Leases for right-of-use assets are secured over the asset being leased.

##### Right-of-use assets - valuation

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 11 for details on the significant accounting policies applying to vested improvements.

##### Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the City anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 13. Intangible Assets

| Computer Software              | 2021<br>Actual | 2020<br>Actual |
|--------------------------------|----------------|----------------|
|                                | \$             | \$             |
| <b>Non-current</b>             |                |                |
| Computer software              | 1,393,316      | 1,197,408      |
| Less: accumulated amortisation | (725,910)      | (385,262)      |
|                                | <u>667,406</u> | <u>812,146</u> |

Movements in carrying amounts of computer software during the financial year are shown as follows:

|   |                |                |
|---|----------------|----------------|
| <b>Carrying amount at beginning of period</b> | 812,146        | 0              |
| Reclassification                              | 0              | 635,188        |
| Additions                                     | 195,908        | 407,396        |
| Amortisation expense                          | (340,648)      | (230,438)      |
| <b>Carrying amount at end of period</b>       | <u>667,406</u> | <u>812,146</u> |

### Significant Accounting Policies

#### Computer software

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the City are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software.
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 14. Revaluation Surplus

|                                       | 2021<br>Opening<br>Balance | 2021<br>Change in<br>Accounting Policy | 2021<br>Adjusted<br>Carrying Amount | 2021<br>Revaluation<br>Increment/<br>(Decrement) | 2021<br>Disposal<br>Write-back | Total<br>Movement on<br>Revaluation | 2021<br>Closing<br>Balance |
|---------------------------------------|----------------------------|--|-------------------------------------|--|--------------------------------|-------------------------------------|----------------------------|
|                                       | \$                         | \$                                     | \$                                  | \$   | \$                             | \$                                  | \$                         |
| Land                                  | 304,817,368                | 0                                      | 0                                   | 0  | (1,512,720)                    | (1,512,720)                         | 303,304,648                |
| Buildings                             | 93,529,529                 | 0                                      | 0                                   | 0  | (52,182)                       | (52,182)                            | 93,477,347                 |
| Furniture and equipment               | 1,355,268                  | 0                                      | 0                                   | 0  | (1,694)                        | (1,694)                             | 1,353,574                  |
| Plant and equipment                   | 136,985                    | 0                                      | 0                                   | 0  | (81,883)                       | (81,883)                            | 55,102                     |
| Roads                                 | 50,626,820                 | 0                                      | 0                                   | 2,739,282  | 0                              | 2,739,282                           | 53,366,102                 |
| Drainage                              | 15,432,101                 | 0                                      | 0                                   | 5,169,592  | 0                              | 5,169,592                           | 20,601,693                 |
| Footpaths                             | 17,731,077                 | 0                                      | 0                                   | 1,208,103  | 0                              | 1,208,103                           | 18,939,180                 |
| Other infrastructure                  | 4,431,811                  | 0                                      | 0                                   | 241,437  | 0                              | 241,437                             | 4,673,248                  |
| Eastern Metropolitan Regional Council | 7,671,957                  | 0                                      | 0                                   | (731,046)  | 0                              | (731,046)                           | 6,940,911                  |
|                                       | 495,732,916                | 0                                      | 0                                   | 8,627,368  | (1,648,479)                    | 6,978,889                           | 502,711,805                |

|                                       | 2020<br>Opening<br>Balance | 2020<br>Change in<br>Accounting Policy | 2020<br>Adjusted<br>carrying amount | 2020<br>Revaluation<br>Increment/<br>(Decrement) | 2020<br>Disposal<br>Write-back | Total<br>Movement on<br>Revaluation | 2020<br>Closing<br>Balance |
|---------------------------------------|----------------------------|--|-------------------------------------|--|--------------------------------|-------------------------------------|----------------------------|
|                                       | \$                         | \$                                     | \$                                  | \$   | \$                             | \$                                  | \$                         |
| Land                                  | 318,395,217                | (1,874,500)                            | 316,520,717                         | (11,688,349)                                     | (15,000)                       | (11,703,349)                        | 304,817,368                |
| Buildings                             | 100,494,912                | 0                                      | 100,494,912                         | (6,859,570)                                      | (105,813)                      | (6,965,383)                         | 93,529,529                 |
| Furniture and equipment               | 1,355,268                  | 0                                      | 1,355,268                           | 0  | 0                              | 0                                   | 1,355,268                  |
| Plant and equipment                   | 164,908                    | 0                                      | 164,908                             | 0  | (27,923)                       | (27,923)                            | 136,985                    |
| Roads                                 | 50,626,820                 | 0                                      | 50,626,820                          | 0  | 0                              | 0                                   | 50,626,820                 |
| Drainage                              | 15,432,101                 | 0                                      | 15,432,101                          | 0  | 0                              | 0                                   | 15,432,101                 |
| Footpaths                             | 17,731,077                 | 0                                      | 17,731,077                          | 0  | 0                              | 0                                   | 17,731,077                 |
| Other infrastructure                  | 4,431,811                  | 0                                      | 4,431,811                           | 0  | 0                              | 0                                   | 4,431,811                  |
| Eastern Metropolitan Regional Council | 7,671,957                  | 0                                      | 7,671,957                           | 0  | 0                              | 0                                   | 7,671,957                  |
|                                       | 516,304,071                | (1,874,500)                            | 514,429,571                         | (18,547,919)                                     | (148,736)                      | (18,696,655)                        | 495,732,916                |

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 14. Revaluation Surplus (Continued)

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

Vested land is no longer required to be recognised. Land under golf courses, showgrounds, racecourses or any sporting or recreational facility of State or regional significance should no longer be recognised.

## City of Bayswater

Notes to and forming part of the Financial Report for the year ended 30 June 2021

### 15. Investment Property

|  | 2021<br>Actual | 2021<br>Budget | 2020<br>Actual |
|--|----------------|----------------|----------------|
|  | \$             | \$             | \$             |
| <b>Non-current assets - at fair value</b>  |                |                |                |
| Carrying balance at 1 July                 | 8,099,000      | 0              | 7,370,000      |
| Reclassified as an investment property     | 0              | 0              | 830,000        |
| Net gain/(loss) from fair value adjustment | 0              | 0              | (101,000)      |
| Closing balance at 30 June                 | 8,099,000      | 0              | 8,099,000      |

#### Long term land lease

The City has a 99-year lease in place in which the City is the lessor of the land occupied by Mertome Village. Whilst lease revenue is recognised on a straight-line basis over the life of the lease, a discount provides for no cash payments to be made or received until the cumulative lease revenue totals \$4.5m. This is estimated to take 13-15 years and is reflected in the table below:

|   | 2021       | 2020       |
|---|------------|------------|
|   | \$         | \$         |
| Payable:  |            |            |
| No later than five years                                | 0          | 0          |
| Later than five years but not later than fifteen years  | 315,000    | 315,000    |
| Later than fifteen years but not later than forty years | 10,500,000 | 10,500,000 |
| Later than forty years but not later than seventy years | 12,600,000 | 12,600,000 |
| Later than seventy years                                | 11,760,000 | 11,760,000 |
|   | 35,175,000 | 35,175,000 |

#### Significant Accounting Policies

##### Investment properties

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

##### Fair value of investment properties

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

Refer to Note 42 - Discontinued Operations.

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 16. Trade and Other Payables

|                  | 2021       | 2020      |
|------------------|------------|-----------|
|                  | \$         | \$        |
| <b>Current</b>   |            |           |
| Sundry creditors | 8,783,841  | 5,725,188 |
| Prepaid rates    | 1,176,032  | 1,030,361 |
| ATO liabilities  | 70,185     | 81,642    |
| Prepaid revenue  | 2,685,863  | 2,360,429 |
|                  | 12,715,921 | 9,197,620 |

### 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.

#### Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the City recognises revenue for the prepaid rates that have not been refunded.

### 17. Aged Persons Homes Liabilities

|                          | 2021       | 2020       |
|--------------------------|------------|------------|
|                          | \$         | \$         |
| Trade creditors          | 873,312    | 73,890     |
| Refundable contributions | 20,050,200 | 21,206,434 |
|                          | 20,923,512 | 21,280,324 |

Refundable contributions represent bond and deposits held on behalf of residents of the City's aged care facilities. They are recorded as a liability on the basis that they must be repaid to residents on vacating.

Refer to Note 42 - Discontinued Operations.

## City of Bayswater

Notes to and forming part of the Financial Report  
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### 18. Contract and Grant Liabilities

|   | 2021      | 2020    |
|---|-----------|---------|
|   | \$        | \$      |
| <b>Current</b>  |           |         |
| Contract liabilities  | 70,508    | 76,472  |
| Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity | 3,804,330 | 395,534 |
| Cash in Lieu - Public Open Space  | 575,026   | 0       |
|   | 4,449,864 | 472,006 |

Performance obligations for each type of liability are expected to be recognised as revenue within the next year.

#### Significant Accounting Policies

##### Contract Liabilities

Contract liabilities represent the City's obligation to transfer goods or services to a customer for which the City has received consideration from the customer.

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

##### Grant Liabilities

Grant liabilities represent the City's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

### 19. Deferred Lease Liability

|             | 2021      | 2020      |
|-------------|-----------|-----------|
|             | \$        | \$        |
| Current     | 32,969    | 32,969    |
| Non-Current | 3,156,752 | 3,189,720 |
|             | 3,189,721 | 3,222,689 |

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 20. Lease Liabilities

#### (a) Lease Liabilities

|             | 2021   | 2020    |
|-------------|--------|---------|
|             | \$     | \$      |
| Current     | 35,037 | 50,216  |
| Non-current | 61,287 | 96,354  |
|             | 96,324 | 146,570 |

#### (b) Movements in Carrying Amounts

| Purpose                       | Lease Number | Institution    | Lease Interest Rate | Lease Term |
|-------------------------------|--------------|----------------|---------------------|------------|
| <b>Recreation and culture</b> |              |                |                     |            |
| Gym Equipment - The RISE      | E6N0159775   | MAIA Financial | 1.5%                | 1 year     |
| Gym Equipment - Waves         | E6N0162821   | MAIA Financial | 1.8%                | 4 years    |
| Gym Equipment - Waves         | E6N0162841   | MAIA Financial | 2.1%                | 4 years    |

#### 2020/21 Actual

| Purpose                       | Lease Principal 1 July 2020 | New Leases | Lease Principal Repayments | Lease Principal Outstanding 30 June 2021 | Lease Interest Repayments |
|-------------------------------|-----------------------------|------------|----------------------------|--|---------------------------|
|                               | \$                          | \$         | \$                         | \$                                       | \$                        |
| <b>Recreation and culture</b> |                             |            |                            |  |                           |
| Gym Equipment - The RISE      | 15,916                      | 5,325      | (21,241)                   | 0  | (60)                      |
| Gym Equipment - Waves         | 23,985                      | 0          | (6,700)                    | 17,285                                   | (355)                     |
| Gym Equipment - Waves         | 106,669                     | 0          | (27,630)                   | 79,039                                   | (1,868)                   |
|                               | 146,570                     | 5,325      | (55,571)                   | 96,324                                   | (2,283)                   |

#### 2020/21 Budget

| Purpose                       | Lease Principal 1 July 2020 | New Leases | Lease Principal Repayments | Lease Principal Outstanding 30 June 2021 | Lease Interest Repayments |
|-------------------------------|-----------------------------|------------|----------------------------|--|---------------------------|
|                               | \$                          | \$         | \$                         | \$                                       | \$                        |
| <b>Recreation and culture</b> |                             |            |                            |  |                           |
| Gym Equipment - The RISE      | 15,915                      | 0          | (15,915)                   | 0  | (119)                     |
| Gym Equipment - Waves         | 23,985                      | 0          | (6,699)                    | 17,286                                   | (354)                     |
| Gym Equipment - Waves         | 106,669                     | 0          | (32,895)                   | 73,774                                   | (1,868)                   |
|                               | 146,569                     | 0          | (55,509)                   | 91,060                                   | (2,341)                   |

#### 2019/20 Actual

| Purpose                       | Lease Principal 1 July 2019 | New Leases | Lease Principal Repayments | Lease Principal Outstanding 30 June 2020 | Lease Interest Repayments |
|-------------------------------|-----------------------------|------------|----------------------------|--|---------------------------|
|                               | \$                          | \$         | \$                         | \$                                       | \$                        |
| <b>Recreation and culture</b> |                             |            |                            |  |                           |
| Gym Equipment - The RISE      | 0                           | 21,181     | (5,265)                    | 15,916                                   | (60)                      |
| Gym Equipment - Waves         | 0                           | 27,290     | (3,305)                    | 23,985                                   | (222)                     |
| Gym Equipment - Waves         | 0                           | 113,487    | (6,818)                    | 106,669                                  | (557)                     |
|                               | 0                           | 161,958    | (15,388)                   | 146,570                                  | (839)                     |

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 21. Information on Borrowings

#### (a) Borrowings

|             | 2021  | 2020   |
|-------------|-------|--------|
|             | \$    | \$     |
| Current     | 5,106 | 4,785  |
| Non-current | 1,329 | 6,435  |
|             | 6,435 | 11,220 |

#### (b) Repayments - Borrowings

|                               | Loan<br>Number                       | Institution                           | Interest<br>Rate                                 |   |   |
|-------------------------------|--------------------------------------|---------------------------------------|--|---|---|
| <b>Particulars</b>            |                                      |                                       |  |   |   |
| <b>Recreation and culture</b> |                                      |                                       |  |   |   |
| Football West                 | 214                                  | Treasury *                            | 6.45%  |   |   |
| <b>2020/21 Actual</b>         |                                      |                                       |  |   |   |
|                               | <b>Principal<br/>1 July<br/>2020</b> | <b>New<br/>Loans</b>                  | <b>Principal<br/>repayments</b>                  | <b>Interest<br/>repayments<br/>30 June 2021</b> | <b>Principal<br/>outstanding<br/>30 June 2021</b> |
|                               | \$                                   | \$                                    | \$   | \$  | \$  |
| <b>Particulars</b>            |                                      |                                       |  |   |   |
| <b>Recreation and culture</b> |                                      |                                       |  |   |   |
| Football West                 | 11,220                               | 0                                     | (4,785)  | (623)   | 6,435   |
|                               | 11,220                               | 0                                     | (4,785)  | (623)   | 6,435   |
| <b>2020/21 Budget</b>         |                                      |                                       |  |   |   |
|                               | <b>Principal<br/>1 July<br/>2020</b> | <b>New<br/>Loans<br/>30 June 2021</b> | <b>Principal<br/>repayments<br/>30 June 2021</b> | <b>Interest<br/>repayments<br/>30 June 2021</b> | <b>Principal<br/>outstanding<br/>30 June 2021</b> |
|                               | \$                                   | \$                                    | \$   | \$  | \$  |
| <b>Particulars</b>            |                                      |                                       |  |   |   |
| <b>Recreation and culture</b> |                                      |                                       |  |   |   |
| Football West                 | 11,219                               | 0                                     | (4,785)  | (696)   | 6,434   |
|                               | 11,219                               | 0                                     | (4,785)  | (696)   | 6,434   |
| <b>2019/20 Actual</b>         |                                      |                                       |  |   |   |
|                               | <b>Principal<br/>1 July<br/>2019</b> | <b>New<br/>Loans<br/>30 June 2020</b> | <b>Principal<br/>repayments<br/>30 June 2020</b> | <b>Interest<br/>repayments<br/>30 June 2020</b> | <b>Principal<br/>outstanding<br/>30 June 2020</b> |
|                               | \$                                   | \$                                    | \$   | \$  | \$  |
| <b>Particulars</b>            |                                      |                                       |  |   |   |
| <b>Recreation and culture</b> |                                      |                                       |  |   |   |
| Football West                 | 15,703                               | 0                                     | (4,483)  | (1,010)   | 11,220  |
|                               | 15,703                               | 0                                     | (4,483)  | (1,010)   | 11,220  |

\* WA Treasury Corporation

Self-supporting loans are financed by payments from third parties. These are shown in Note 5 as other financial assets at amortised cost.

All other loan repayments were financed by general purpose revenue.

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 21. Information on Borrowings (Continued)

#### (c) Undrawn Borrowing Facilities

|  | 2021          | 2020          |
|--|---------------|---------------|
|  | \$            | \$            |
| <b>Credit Standby Arrangements</b>             |               |               |
| Bank overdraft limit                           | 0             | 0             |
| Bank overdraft at balance date                 | 0             | 0             |
| Credit card limit                              | 50,000        | 40,000        |
| Credit card balance at balance date            | (10,604)      | (9,501)       |
| <b>Total amount of credit unused</b>           | <b>39,396</b> | <b>30,499</b> |
| <br>   |               |               |
| <b>Loan facilities</b>                         |               |               |
| Loan facilities - current                      | 5,106         | 4,785         |
| Loan facilities - non-current                  | 1,329         | 6,435         |
| <b>Total facilities in use at balance date</b> | <b>6,435</b>  | <b>11,220</b> |
| <br>   |               |               |
| <b>Unused loan facilities at balance date</b>  | <b>NIL</b>    | <b>NIL</b>    |

#### Significant Accounting Policies

##### Financial Liabilities

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

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

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

##### Borrowing Costs

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

##### Risk

Information regarding exposure to risk can be found at Note 34.

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 22. Employee Related Provisions

|   | Provision<br>for<br>Annual<br>Leave<br>\$ | Provision<br>for<br>Sick<br>Leave<br>\$ | Provision<br>for<br>Long Service<br>Leave<br>\$ | Total<br>\$      |
|---|---|---|---|------------------|
| <b>Opening balance at 1 July 2020</b>                             |   |   |   |                  |
| Current provisions  | 2,745,857                                 | 760,734                                 | 2,950,948                                       | 6,457,539        |
| Non-current provisions  | 0   | 0                                       | 419,823   | 419,823          |
|   | <u>2,745,857</u>                          | <u>760,734</u>                          | <u>3,370,771</u>                                | <u>6,877,362</u> |
| Additional provision  | 343,367                                   | (5,169)                                 | 106,199   | 444,397          |
| <b>Balance at 30 June 2021</b>                                    | <u>3,089,224</u>                          | <u>755,565</u>                          | <u>3,476,970</u>                                | <u>7,321,759</u> |
| <b>Comprises</b>  |   |   |   |                  |
| Current   | 3,089,224                                 | 755,565                                 | 3,153,306                                       | 6,998,095        |
| Non-current   | 0   | 0                                       | 323,664   | 323,664          |
|   | <u>3,089,224</u>                          | <u>755,565</u>                          | <u>3,476,970</u>                                | <u>7,321,759</u> |
|   | <b>2021</b>                               | <b>2020</b>                             |   |                  |
| <b>Amounts are expected to be settled on the following basis:</b> | <b>\$</b>                                 | <b>\$</b>                               |   |                  |
| Less than 12 months after the reporting date                      | 3,639,009                                 | 3,551,646                               |   |                  |
| More than 12 months from reporting date                           | 3,549,077                                 | 3,193,173                               |   |                  |
| Expected reimbursements from other WA local governments           | 133,673                                   | 132,543                                 |   |                  |
|   | <u>7,321,759</u>                          | <u>6,877,362</u>                        |   |                  |

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

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 22. Employee Related Provisions (Continued)

#### Significant Accounting Policies

##### Employee Benefits

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

##### 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 and salaries are recognised as a part of current trade and other payables in the statement of financial position.

##### Other Long-Term Employee Benefits

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period and on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements 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.

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 23. 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:

|                           | 2021<br>Actual | 2021<br>Budget | 2020<br>Actual |
|---------------------------|----------------|----------------|----------------|
|                           | \$             | \$             | \$             |
| Cash and cash equivalents | 9,655,305      | 60,555,398     | 19,486,335     |

#### Reconciliation of Net Cash Provided By Operating Activities to Net Result

|   |             |             |             |
|---|-------------|-------------|-------------|
| Net result  | 4,241,661   | (1,944,253) | 5,242,295   |
| Non-cash flows in Net result:   |             |             |             |
| Adjustments to fair value of financial assets at fair value through profit and loss | (6,464)     | 0           | (2,882)     |
| Adjustments to fair value of investment property                                    | 0           | 0           | 101,000     |
| Depreciation on non-current assets  | 11,495,001  | 11,253,872  | 11,050,536  |
| (Profit)/loss on sale of asset  | 462,527     | 331,977     | 274,428     |
| Share of profits of associates  | (1,642,591) | 0           | 2,438,930   |
| Changes in assets and liabilities:  |             |             |             |
| (Increase)/decrease in receivables  | 64,302      | (750,000)   | (935,449)   |
| (Increase)/decrease in other assets   | (2,903,572) | 0           | 854,076     |
| (Increase)/decrease in inventories  | 12,078      | 20,000      | (19,794)    |
| Increase/(decrease) in payables   | 3,161,489   | 285,011     | (980,012)   |
| Increase/(decrease) in employee provisions  | 449,566     | 0           | 235,240     |
| Increase/(decrease) in other provisions   | (5,169)     | 0           | 0           |
| Increase/(decrease) in contract and grant liabilities                               | 3,944,890   | (39,272)    | (528,032)   |
| Non-operating grants, subsidies and contributions                                   | (8,550,652) | (5,810,926) | (1,607,382) |
| Net cash from operating activities  | 10,723,066  | 3,346,409   | 16,122,954  |

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 24. Total Assets Classified by Function and Activity

|                             | 2021               | 2020               |
|-----------------------------|--------------------|--------------------|
|                             | \$                 | \$                 |
| Governance                  | 1,615,561          | 816,809            |
| General purpose funding     | 3,518,381          | 3,144,545          |
| Law, order, public safety   | 3,103,625          | 1,046,956          |
| Health                      | 924,567            | 268,915            |
| Education and welfare       | 9,852,478          | 260,336            |
| Housing                     | 77,925,492         | 76,837,239         |
| Community amenities         | 354,983,642        | 349,721,176        |
| Recreation and culture      | 149,750,040        | 158,236,242        |
| Transport                   | 141,646,448        | 137,044,676        |
| Economic services           | 331,976            | 386,181            |
| Other property and services | 41,743,087         | 40,170,356         |
| Unallocated                 | 56,958,388         | 54,055,480         |
|                             | <u>842,353,685</u> | <u>821,988,911</u> |

### 25. Contingent Liabilities

Under the *Contaminated Sites Act 2003*, the City is required to report known and suspected contaminated sites to the Department of Water and Environmental Protection (DWER). In accordance with the Act, DWER classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as “contaminated – remediation required” or “possibly contaminated – investigation required”, the City may have a liability in respect of investigation or remediation expenses.

The City has identified 13 sites as possibly contaminated. Until the City conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with DWER on the need and criteria for remediation, the City is unable to estimate the potential costs and timing of outflows associated with remediation of these sites.

# City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

## 26. Capital Commitments

|  | 2021      | 2020      |
|--|-----------|-----------|
|  | \$        | \$        |
| <b>Capital Expenditure Commitments</b> |           |           |
| Contracted for:                        |           |           |
| - capital expenditure projects         | 8,374,776 | 1,751,194 |
|  | 8,374,776 | 1,751,194 |

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 27. Elected Members Remuneration

#### Elected Members Remuneration

|                                       | 2021<br>Actual | 2021<br>Budget | 2020<br>Actual |
|---------------------------------------|----------------|----------------|----------------|
|                                       | \$             | \$             | \$             |
| <b>Elected member Cr D Bull</b>       |                |                |                |
| Mayor's annual allowance              | 89,753         | 89,753         | 89,753         |
| Meeting attendance fees               | 47,516         | 47,516         | 47,516         |
| Telecommunication allowance           | 3,400          | 3,400          | 3,400          |
| Travelling expenses                   | 0              | 125            | 0              |
|                                       | 140,669        | 140,794        | 140,669        |
| <b>Elected member Cr F Piffaretti</b> |                |                |                |
| Deputy Mayor's annual allowance       | 22,438         | 22,438         | 15,553         |
| Meeting attendance fees               | 31,678         | 31,678         | 31,678         |
| Telecommunication allowance           | 3,400          | 3,400          | 3,400          |
| Travelling expenses                   | 171            | 125            | 176            |
|                                       | 57,687         | 57,641         | 50,807         |
| <b>Elected member Cr B McKenna</b>    |                |                |                |
| Meeting attendance fees               | 31,678         | 31,678         | 31,678         |
| Telecommunication allowance           | 3,400          | 3,400          | 3,400          |
| Travelling expenses                   | 0              | 125            | 0              |
|                                       | 35,078         | 35,203         | 35,078         |
| <b>Elected member Cr S Palmer</b>     |                |                |                |
| Meeting attendance fees               | 31,678         | 31,678         | 31,678         |
| Telecommunication allowance           | 3,400          | 3,400          | 3,400          |
| Travelling expenses                   | 0              | 125            | 0              |
|                                       | 35,078         | 35,203         | 35,078         |
| <b>Elected member Cr C Ehrhardt</b>   |                |                |                |
| Meeting attendance fees               | 31,678         | 31,678         | 31,678         |
| Telecommunication allowance           | 3,400          | 3,400          | 3,400          |
| Travelling expenses                   | 0              | 125            | 0              |
|                                       | 35,078         | 35,203         | 35,078         |
| <b>Elected member Cr S Gray</b>       |                |                |                |
| Meeting attendance fees               | 31,678         | 31,678         | 31,678         |
| Telecommunication allowance           | 3,400          | 3,400          | 3,400          |
| Travelling expenses                   | 0              | 125            | 0              |
|                                       | 35,078         | 35,203         | 35,078         |
| <b>Elected member Cr L Clarke</b>     |                |                |                |
| Meeting attendance fees               | 31,678         | 31,678         | 31,678         |
| Telecommunication allowance           | 3,400          | 3,400          | 3,400          |
| Travelling expenses                   | 0              | 125            | 0              |
|                                       | 35,078         | 35,203         | 35,078         |

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 27. Elected Members Remuneration (Continued)

#### Elected Members Remuneration

|  | 2021<br>Actual<br>\$ | 2021<br>Budget<br>\$ | 2020<br>Actual<br>\$ |
|--|----------------------|----------------------|----------------------|
| <b>Elected member Cr G Johnson</b>   |                      |                      |                      |
| Meeting attendance fees  | 31,678               | 31,678               | 31,678               |
| Telecommunication allowance  | 3,400                | 3,400                | 3,400                |
| Travelling expenses  | 0                    | 125                  | 0                    |
|  | 35,078               | 35,203               | 35,078               |
| <b>Elected member Cr E Petersen-Pik</b>  |                      |                      |                      |
| Meeting attendance fees  | 31,678               | 31,678               | 31,678               |
| Telecommunication allowance  | 3,400                | 3,400                | 3,400                |
| Travelling expenses  | 0                    | 125                  | 0                    |
|  | 35,078               | 35,203               | 35,078               |
| <b>Elected member Cr M Sutherland</b>  |                      |                      |                      |
| Meeting attendance fees  | 31,678               | 31,678               | 31,678               |
| Telecommunication allowance  | 3,400                | 3,400                | 3,400                |
| Travelling expenses  | 0                    | 125                  | 0                    |
|  | 35,078               | 35,203               | 35,078               |
| <b>Elected member Cr S Ostaszewsk</b>  |                      |                      |                      |
| Meeting attendance fees  | 31,678               | 31,678               | 21,958               |
| Telecommunication allowance  | 3,400                | 3,400                | 2,356                |
| Travelling expenses  | 0                    | 125                  | 0                    |
|  | 35,078               | 35,203               | 24,314               |
| <b>Elected member Cr C Cornish</b>   |                      |                      |                      |
| Deputy Mayor's annual allowance  | 0                    | 0                    | 6,823                |
| Meeting attendance fees  | 0                    | 0                    | 9,633                |
| Telecommunication allowance  | 0                    | 0                    | 1,035                |
| Travelling expenses  | 0                    | 125                  | 0                    |
|  | 0                    | 125                  | 17,491               |
|  | 514,058              | 515,387              | 513,905              |
| The following fees, expenses and allowances were paid to council members and/or the Mayor. |                      |                      |                      |
| Mayor's allowance  | 89,753               | 89,753               | 89,753               |
| Deputy Mayor's allowance   | 22,438               | 22,438               | 22,376               |
| Meeting attendance fees  | 364,296              | 364,296              | 364,209              |
| Telecommunication allowance  | 37,400               | 37,400               | 37,391               |
| Travelling expenses  | 171                  | 1,500                | 176                  |
|  | 514,058              | 515,387              | 513,905              |

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 28. Related Party Transactions

#### Key Management Personnel (KMP) Compensation Disclosure

|   | 2021<br>Actual | 2020<br>Actual |
|---|----------------|----------------|
|   | \$             | \$             |
| The total of remuneration paid to KMP of the City during the year are as follows: |                |                |
| Short-term employee benefits  | 1,070,892      | 838,696        |
| Post-employment benefits  | 119,311        | 77,206         |
| Other long-term benefits  | 22,481         | 21,431         |
| Termination benefits  | 157,758        | 0              |
|   | 1,370,442      | 937,333        |

#### **Short-term employee benefits**

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

#### **Post-employment benefits**

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

#### **Other long-term benefits**

These amounts represent long service benefits accruing during the year.

#### **Termination benefits**

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

#### Transactions with Related Parties

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

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

#### Related Parties

The City's main related parties are as follows:

#### **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.

#### **Other Related Parties**

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

#### **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.

#### **Joint Venture Entities Accounted for Under the Proportionate Consolidation Method**

The City has a share in Eastern Metropolitan Regional Council (EMRC). The interest in the joint venture entity is accounted for in these financial statements using the proportionate consolidation method of accounting. For details of interests held in joint venture entities, please refer to note 29.

There were no other material transactions with related parties during 2020/21.

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 29. Investment in Associates

The City has a share in Eastern Metropolitan Regional Council (EMRC). The estimated equity share for 2020/21 is 18.23% (2019/20: 18.40%). The EMRC, comprises of six member councils, is primarily concerned with refuse removal and provision of safety services.

The principal place of business:  
226 Great Eastern Highway, Belmont WA 6104

|  | 2021       | 2020        |
|--|------------|-------------|
|  | \$         | \$          |
| <b>Carrying amount of investment in associates</b>                         |            |             |
| Current assets   | 16,681,167 | 16,471,305  |
| Non-current assets   | 21,044,522 | 20,298,593  |
| Total assets   | 37,725,689 | 36,769,898  |
| Current liabilities  | 2,632,845  | 1,476,314   |
| Non-current liabilities  | 1,222,972  | 1,366,984   |
| Total liabilities  | 3,855,817  | 2,843,298   |
| Net assets   | 33,869,872 | 33,926,600  |
| Net increase/(decrease) in share of associate entity's net assets          | (56,728)   | (2,438,930) |
| - Share of associates profit/(loss) from ordinary activities               | 1,642,591  | (1,728,037) |
| - Share of associates other comprehensive income arising during the period | (731,046)  | 218,850     |
| - Dividend distributions to member councils                                | (968,273)  | (929,743)   |
| - Share of associates total comprehensive income arising during the period | (56,728)   | (2,438,930) |
| <b>Balance at 1 July</b>   | 33,926,600 | 36,365,530  |
| - Share of associates total comprehensive income arising during the period | (56,728)   | (2,438,930) |
| <b>Balance at 30 June</b>  | 33,869,872 | 33,926,600  |

### Significant Accounting Policies

#### Investment in Associates

An associate is an entity over which the City has the power to participate in the financial operating policy decisions of that investee but not control or joint control of those policies.

Investments in associates are accounted for using the equity method. The equity method of accounting, is whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

## City of Bayswater

Notes to and forming part of the Financial Report  
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### 30. Major Land Transactions

#### (a) Details

Mertome Village is an Independent Living Unit (ILU) site in Bayswater which operates in accordance with the Retirement Villages Act 1999 and subordinate legislation. Mertome Village, at the time of the disposition via long-term lease, was managed by Uniting Church Homes (Juniper) under a Management Agreement between the City of Bayswater and Juniper.

At the Council Meeting on 2 August 2016 Council supported the disposal of Land (via long-term lease arrangement) and subsequently advertised a Business Plan in December 2016.

On 1 April 2019, Hall & Prior (Fresh Fields Management (Mertome Village) Pty Ltd) entered into a long-term lease with a maximum term of 99 years with the City and acquired the business and assets associated with Mertome Village. Refer to Note 42 - Discontinued Operations.

| (b) Current year transactions | 2021           | 2021     | 2020           |
|-------------------------------|----------------|----------|----------------|
|                               | Actual         | Budget   | Actual         |
|                               | \$             | \$       | \$             |
| <b>Fees and Charges</b>       |                |          |                |
| Lease income                  | 380,494        | 0        | 390,249        |
| Reimbursements                | 0              | 0        | 11,491         |
|                               | <u>380,494</u> | <u>0</u> | <u>401,740</u> |
| <b>Other expenditure</b>      |                |          |                |
| Loss on disposal adjustment   | 0              | 0        | 30,000         |
| Other                         | 0              | 0        | 7,270          |
|                               | <u>0</u>       | <u>0</u> | <u>37,270</u>  |
| <b>Comprehensive income</b>   |                |          |                |
| Loss on revaluation           | 0              | 0        | 101,000        |
|                               | <u>0</u>       | <u>0</u> | <u>101,000</u> |

#### (c) Expected future cash flows

Cash flows are not expected until year 15 of the lease to the end of the lease term.

#### (d) Assets and liabilities

|                                       | 2021             | 2020             |
|---------------------------------------|------------------|------------------|
|                                       | \$               | \$               |
| <b>Trade Receivable</b>               |                  |                  |
| Deferred lease asset - non-current    | 1,551,932        | 1,204,407        |
|                                       | <u>1,551,932</u> | <u>1,204,407</u> |
| <b>Other financial liabilities</b>    |                  |                  |
| Deferred lease premiums - current     | 32,969           | 32,969           |
| Deferred lease premiums - non-current | 3,156,752        | 3,189,720        |
|                                       | <u>3,189,721</u> | <u>3,222,689</u> |

### 31. Trading Undertakings and Major Trading Undertakings

There was no trading undertaking conducted during the financial year ended 30 June 2021.

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 32. Rating Information

#### (a) Rates

| Rate Type                                    | Rate in<br>\$         | Number<br>of<br>Properties | Rateable<br>Value<br>\$ | 2020/21<br>Actual     |                        |                        | 2020/21<br>Budget     |                       |                        | 2019/20<br>Actual      |
|--|-----------------------|----------------------------|-------------------------|-----------------------|------------------------|------------------------|-----------------------|-----------------------|------------------------|------------------------|
|  |                       |                            |                         | Rate<br>Revenue<br>\$ | Interim<br>Rates<br>\$ | Total<br>Revenue<br>\$ | Rate<br>Revenue<br>\$ | Interim<br>Rate<br>\$ | Total<br>Revenue<br>\$ | Total<br>Revenue<br>\$ |
| <b>General rate</b>                          |                       |                            |                         |                       |                        |                        |                       |                       |                        |                        |
| <b>Gross rental valuations</b>               |                       |                            |                         |                       |                        |                        |                       |                       |                        |                        |
| General GRV                                  | 0.08311               | 21,807                     | 532,390,535             | 44,246,977            | 852,556                | 45,099,533             | 44,246,977            | 102,948               | 44,349,925             | 44,517,342             |
| <b>Sub-Total</b>                             |                       | 21,807                     | 532,390,535             | 44,246,977            | 852,556                | 45,099,533             | 44,246,977            | 102,948               | 44,349,925             | 44,517,342             |
| <b>Minimum payment</b>                       | <b>Minimum<br/>\$</b> |                            |                         |                       |                        |                        |                       |                       |                        |                        |
| <b>Gross rental valuations</b>               |                       |                            |                         |                       |                        |                        |                       |                       |                        |                        |
| General GRV                                  | 1,105                 | 10,507                     | 120,205,569             | 11,610,235            | 0                      | 11,610,235             | 11,610,235            | 0                     | 11,610,235             | 4,389,570              |
| <b>Sub-Total</b>                             |                       | 10,507                     | 120,205,569             | 11,610,235            | 0                      | 11,610,235             | 11,610,235            | 0                     | 11,610,235             | 4,389,570              |
|  |                       | 32,314                     | 652,596,104             | 55,857,212            | 852,556                | 56,709,768             | 55,857,212            | 102,948               | 55,960,160             | 48,906,912             |
| Discounts/concessions (Note 32(b))           |                       |                            |                         |                       |                        | (7,002,899)            |                       |                       | (6,885,171)            | 0                      |
| <b>Total amount raised from general rate</b> |                       |                            |                         |                       |                        | 49,706,869             |                       |                       | 49,074,989             | 48,906,912             |

### Significant Accounting Policies

#### Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer.

Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the City recognises revenue for the prepaid rates that have not been refunded.

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 32. Rating Information (Continued)

#### (b) Discounts, Incentives, Concessions and Write-offs

##### Waivers or Concessions

| Rate or Fee and Charge to which the Waiver or Concession is Granted | Type       | Discount * | Discount * | 2021 Actual | 2021 Budget | 2020 Actual |
|---|------------|------------|------------|-------------|-------------|-------------|
|   |            | %          | \$         | \$          | \$          | \$          |
| General GRV - Annual Levy   | Concession | Varies     | Varies     | 6,863,029   | 6,865,171   | 0           |
| General GRV - Interim Levy - Minimum Rate                           | Concession | N/A        | 87         | 0           | 10,000      | 0           |
| General GRV - Interim Levy - Non-Minimum Rate                       | Concession | 17.6%      | Varies     | 139,870     | 10,000      | 0           |
| Total discounts/concessions (Note 32(a))                            |            |            |            | 7,002,899   | 6,885,171   | 0           |

##### Rate or Fee and Charge to which the Waiver or Concession is Granted

##### Objects of the Waiver or Concession

|                                       |   |
|---------------------------------------|---|
| General GRV - Annual & Interim Levies | State Government advised no council rates will increase due to the COVID-19 Pandemic. City of Bayswater introduced a COVID-19 Concession to ensure all rate levies were no higher than 2019/2020. |
|---------------------------------------|---|

\* on a pro-rata basis

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 32. Rating Information (Continued)

#### (c) Interest Charges and Instalments

| Instalment Options          | Date Due   | Instalment Plan    | Instalment Plan    | Unpaid Rates       |
|-----------------------------|------------|--------------------|--------------------|--------------------|
|                             |            | Admin Charge       | Interest Rate      | Interest Rate      |
|                             |            | \$                 | %                  | %                  |
| <b>Option One</b>           |            |                    |                    |                    |
| Single full payment         | 21/08/2020 | 0.00               | 0.00               | 8.00               |
| <b>Option Two</b>           |            |                    |                    |                    |
| First instalment            | 21/08/2020 | 0.00               | 5.50               | 8.00               |
| Second instalment           | 23/10/2020 | 0.00               | 5.50               | 8.00               |
| <b>Option Three</b>         |            |                    |                    |                    |
| First instalment            | 21/08/2020 | 0.00               | 5.50               | 8.00               |
| Second instalment           | 23/10/2020 | 0.00               | 5.50               | 8.00               |
| Third instalment            | 08/01/2021 | 0.00               | 5.50               | 8.00               |
| Fourth instalment           | 12/03/2021 | 0.00               | 5.50               | 8.00               |
|                             |            | <b>2021 Actual</b> | <b>2021 Budget</b> | <b>2020 Actual</b> |
|                             |            | \$                 | \$                 | \$                 |
| Interest on unpaid rates    |            | 233,267            | 131,500            | 185,384            |
| Interest on instalment plan |            | 238,594            | 198,000            | 204,271            |
| Charges on instalment plan  |            | 0                  | 0                  | 122,423            |
|                             |            | 471,861            | 329,500            | 512,078            |

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 33. Rate Setting Statement Information

|   | Note  | 2020/21                              |                                      |                                      |
|---|-------|--------------------------------------|--------------------------------------|--------------------------------------|
|   |       | 2020/21                              | Budget                               | 2019/20                              |
|   |       | (30 June 2021<br>Carried<br>Forward) | (30 June 2021<br>Carried<br>Forward) | (30 June 2020<br>Carried<br>Forward) |
|   |       | \$                                   | \$                                   | \$                                   |
| <b>(a) Non-cash amounts excluded from operating activities</b>  |       |                                      |                                      |                                      |
| The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with Financial Management Regulation 32.  |       |                                      |                                      |                                      |
| <b>Adjustments to operating activities</b>  |       |                                      |                                      |                                      |
| (Profit) on asset disposals   | 11(a) | (88,826)                             | (60,075)                             | (1,147)                              |
| Movement in liabilities associated with restricted cash   |       | 391,513                              | 0                                    | (317,914)                            |
| Less: Fair value adjustments to financial assets at fair value through profit and loss  |       | (6,464)                              | 0                                    | (2,882)                              |
| Less: Share of net profit of associates and joint ventures accounted for using the equity method  |       | (1,642,591)                          | 0                                    | 2,438,930                            |
| Movement in investment property   | 15    | 0                                    | 0                                    | (729,000)                            |
| Movement in non-current assets  |       | 230,209                              | 0                                    | 416,839                              |
| Movement in non-current leave provisions  |       | (96,159)                             | (250,000)                            | 66,461                               |
| Movement in non-current liabilities   |       | (38,074)                             | 0                                    | (58,564)                             |
| Loss on disposal of assets  | 11(a) | 551,353                              | 392,052                              | 275,575                              |
| Add: Depreciation on non-current assets   | 11(b) | 11,495,001                           | 11,253,872                           | 11,050,536                           |
| <b>Non cash amounts excluded from operating activities</b>  |       | <b>10,795,962</b>                    | <b>11,335,849</b>                    | <b>13,138,834</b>                    |
| <b>(b) Surplus/(deficit) after imposition of general rates</b>  |       |                                      |                                      |                                      |
| The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with Financial Management Regulation 32 to agree to the surplus/(deficit) after imposition of general rates. |       |                                      |                                      |                                      |
| <b>Adjustments to net current assets</b>  |       |                                      |                                      |                                      |
| Less: Reserves – cash/financial asset backed  | 4     | (39,560,227)                         | (31,640,356)                         | (46,017,037)                         |
| Less: Financial assets at amortised cost - self supporting loans  | 5(a)  | (5,106)                              | 0                                    | (4,785)                              |
| Add: Current liabilities not expected to be cleared at end of year  |       |                                      |                                      |                                      |
| - Current portion of borrowings   | 21(a) | 5,106                                | 0                                    | 4,785                                |
| - Aged Persons Homes  |       | 7,762,952                            | 7,000,000                            | 7,382,457                            |
| - Current portion of lease liabilities  | 20(a) | 35,037                               | 0                                    | 50,216                               |
| - Employee benefit provisions   |       | 1,572,346                            | 0                                    | 1,561,327                            |
| <b>Total adjustments to net current assets</b>  |       | <b>(30,189,892)</b>                  | <b>(24,640,356)</b>                  | <b>(37,023,037)</b>                  |
| <b>Net current assets used in the Rate Setting Statement</b>  |       |                                      |                                      |                                      |
| Total current assets  |       | 93,045,983                           | 66,725,398                           | 89,391,201                           |
| Less: Total current liabilities   |       | (45,160,504)                         | (39,239,804)                         | (37,495,459)                         |
| Less: Total adjustments to net current assets   |       | (30,189,892)                         | (24,640,356)                         | (37,023,037)                         |
| <b>Net current assets used in the Rate Setting Statement</b>  |       | <b>17,695,587</b>                    | <b>2,845,238</b>                     | <b>14,872,705</b>                    |

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 34. Financial Risk Management

#### (a) Interest Rate Risk

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

| Risk                               | Exposure Arising From   | Measurement                       | Management   |
|------------------------------------|---|-----------------------------------|--|
| <b>Market Risk - Interest Rate</b> | Long term borrowings at variable rates  | Sensitivity analysis              | Utilise fixed interest rate borrowings                             |
| <b>Credit Risk</b>                 | Cash and cash equivalents, trade receivables, financial assets and debt investments | Aging analysis<br>Credit analysis | Diversification of bank deposits, credit limits, Investment policy |
| <b>Liquidity Risk</b>              | Borrowings and other liabilities  | Rolling cash flow forecasts       | Availability of committed credit lines and borrowing facilities    |

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

Financial risk management is carried out by the finance branch under policies approved by the Council. The finance branch identifies, evaluates and manages financial risks in close cooperation with the operating divisions. Council has approved the overall risk management policy and provides policies on specific areas such as investment policy.

#### (a) Interest Rate Risk

##### Cash and Cash Equivalents

The City's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the City to cash flow interest rate risk.

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

|  | Weighted<br>Average<br>Interest Rate | Carrying<br>Amounts | Fixed<br>Interest Rate | Variable<br>Interest Rate | Non Interest<br>Bearing |
|--|--------------------------------------|---------------------|------------------------|---------------------------|-------------------------|
|  | %                                    | \$                  | \$                     | \$                        | \$                      |
| <b>2021</b>  |                                      |                     |                        |                           |                         |
| Cash and cash equivalents                          | 0.56%                                | 9,655,305           | 2,545,579              | 7,097,376                 | 12,350                  |
| Financial assets at amortised cost - term deposits | 0.66%                                | 75,543,596          | 75,543,596             | 0                         | 0                       |
| <b>2020</b>  |                                      |                     |                        |                           |                         |
| Cash and cash equivalents                          | 1.60%                                | 19,486,335          | 12,003,852             | 7,469,033                 | 13,450                  |
| Financial assets at amortised cost                 | 1.75%                                | 65,110,400          | 65,110,400             | 0                         | 0                       |

##### Sensitivity

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

|  | 2021   | 2020   |
|--|--------|--------|
|  | \$     | \$     |
| Impact of a 1% movement in interest rates on profit and loss and equity* | 70,974 | 74,690 |

\* Holding all other variables constant

##### Borrowings

Borrowings are subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. The City does not consider there to be any interest rate risk in relation to borrowings as they are immaterial and supported by the corresponding receivable (self-supporting loan). Details of interest rates applicable to each borrowing may be found at Note 21(b).

## City of Bayswater

Notes to and forming part of the Financial Report  
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### 34. Financial Risk Management (Continued)

#### (b) Credit Risk

##### Trade and Other Receivables

The City's major receivables comprise annual rates charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The City manages this risk by monitoring outstanding debt and employing debt recovery policies.

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 also charges interest on overdue rates (excluding entitled pensioners or eligible seniors) and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables for rates and sundry debtors is reported to Council monthly.

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

The loss allowance for the financial year was deemed insignificant, therefore no loss allowance was recognised. No expected credit loss was forecast on 1 July 2020 or 30 June 2021 for rates receivable as penalty interest applies to unpaid rates, and properties associated with unpaid rates may be disposed of to recover unpaid rates.

|                       | Current   | More than 1<br>year past due | More than 2<br>years past due | More than 3<br>years past due | Total     |
|-----------------------|-----------|------------------------------|-------------------------------|-------------------------------|-----------|
| <b>30 June 2021</b>   |           |                              |                               |                               |           |
| Rates receivable      |           |                              |                               |                               |           |
| Expected credit loss  | 0.00%     | 0.00%                        | 0.00%                         | 0.00%                         |           |
| Gross carrying amount | 1,582,449 | 617,569                      | 493,909                       | 0                             | 2,693,927 |

|                       | Current   | More than 1<br>year past due | More than 2<br>years past due | More than 3<br>years past due | Total     |
|-----------------------|-----------|------------------------------|-------------------------------|-------------------------------|-----------|
| <b>30 June 2020</b>   |           |                              |                               |                               |           |
| Rates receivable      |           |                              |                               |                               |           |
| Expected credit loss  | 0.00%     | 0.00%                        | 0.00%                         | 0.00%                         |           |
| Gross carrying amount | 1,546,724 | 516,279                      | 175,296                       | 89,136                        | 2,327,435 |

|                             | Current | More than 30<br>days past due | More than 60<br>days past due | More than 90<br>days past due | Total     |
|-----------------------------|---------|-------------------------------|-------------------------------|-------------------------------|-----------|
| <b>30 June 2021</b>         |         |                               |                               |                               |           |
| Trade and other receivables |         |                               |                               |                               |           |
| Expected credit loss        | 0.00%   | 0.00%                         | 0.00%                         | 0.00%                         |           |
| Gross carrying amount       | 540,934 | 151,512                       | 20,449                        | 361,327                       | 1,074,222 |

|                             | Current | More than 30<br>days past due | More than 60<br>days past due | More than 90<br>days past due | Total     |
|-----------------------------|---------|-------------------------------|-------------------------------|-------------------------------|-----------|
| <b>30 June 2020</b>         |         |                               |                               |                               |           |
| Trade and other receivables |         |                               |                               |                               |           |
| Expected credit loss        | 0.00%   | 0.00%                         | 0.00%                         | 0.00%                         |           |
| Gross carrying amount       | 626,999 | 23,032                        | 14,327                        | 397,786                       | 1,062,144 |

## City of Bayswater

Notes to and forming part of the Financial Report  
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### 34. Financial Risk Management (Continued)

#### (c) Liquidity Risk

##### Payables and Borrowings

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

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

|                                  | Due<br>within<br>1 year | Due<br>between<br>1 & 5 years | Due<br>after<br>5 years | Total<br>contractual<br>cash flows | Carrying<br>values |
|----------------------------------|-------------------------|-------------------------------|-------------------------|------------------------------------|--------------------|
|                                  | \$                      | \$                            | \$                      | \$                                 | \$                 |
| <b>2021</b>                      |                         |                               |                         |                                    |                    |
| Payables                         | 12,715,921              | 0                             | 0                       | 12,715,921                         | 12,715,921         |
| Aged Persons Homes liabilities   | 20,923,512              | 0                             | 0                       | 20,923,512                         | 20,923,512         |
| Borrowings                       | 5,399                   | 1,351                         | 0                       | 6,750                              | 6,435              |
| Contract liabilities             | 70,508                  | 0                             | 0                       | 70,508                             | 70,508             |
| Grant liabilities                | 3,804,330               | 0                             | 0                       | 3,804,330                          | 3,804,330          |
| Cash in lieu - public open space | 575,026                 | 0                             | 0                       | 575,026                            | 575,026            |
| Lease liabilities                | 36,554                  | 62,206                        | 0                       | 98,760                             | 96,324             |
| Deferred lease liability         | 32,969                  | 164,843                       | 2,991,909               | 3,189,721                          | 3,189,721          |
|                                  | 38,164,219              | 228,400                       | 2,991,909               | 41,384,528                         | 41,381,777         |
| <b>2020</b>                      |                         |                               |                         |                                    |                    |
| Payables                         | 9,197,620               | 0                             | 0                       | 9,197,620                          | 9,197,620          |
| Aged Persons Homes liabilities   | 21,280,324              | 0                             | 0                       | 21,280,324                         | 21,280,324         |
| Borrowings                       | 5,394                   | 6,750                         | 0                       | 12,144                             | 11,220             |
| Contract liabilities             | 76,472                  | 0                             | 0                       | 76,472                             | 76,472             |
| Grant Liabilities                | 395,534                 | 0                             | 0                       | 395,534                            | 395,534            |
| Lease liabilities                | 52,529                  | 98,760                        | 0                       | 151,289                            | 146,570            |
| Deferred lease liability         | 32,969                  | 164,843                       | 3,024,877               | 3,222,689                          | 3,222,689          |
|                                  | 31,040,842              | 270,353                       | 3,024,877               | 34,336,072                         | 34,330,429         |

### 35. Events Occurring After the End of the Reporting Period

No events after the reporting date were identified by management that would significantly affect the operations of the City or the financial results of the City.

### 36. Initial Application of Australian Accounting Standards

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

- AASB 1059: Service Concession Arrangements: Grantors**  
 Service concession assets are those assets where a third party operator constructs assets for the City, upgrades existing assets of the City to operate and maintain the assets to provide a public service, for a specified period of time.

The City has considered the requirements of AASB 1059 – Service Concession Arrangement, and confirms that the City has no existing arrangements that fall within the scope of this standard.

## City of Bayswater

Notes to and forming part of the Financial Report  
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### 37. Correction of error

Balances relating to the 2020 comparative year have been amended due to the correction of a prior period error. This error has been adjusted as shown and 2020 and 2019 figures were restated and included as 'restated' columns in the Statement of Financial Position.

In accordance with AASB 107.7, term deposits due to mature within 3 months of their acquisition date are considered to be cash. There were \$65,110,400 (2019: \$59,063,418) of these term deposits which had maturities exceeding 3 months and should have been classified as other financial assets (Note 5).

| Statement of Financial Position<br>(Extract) | 2020        |                         |                       | 2019        |                         |                       |
|--|-------------|-------------------------|-----------------------|-------------|-------------------------|-----------------------|
|  | 30 June     | Increase/<br>(Decrease) | 30 June<br>(Restated) | 30 June     | Increase/<br>(Decrease) | 30 June<br>(Restated) |
|  | \$          | \$                      | \$                    | \$          | \$                      | \$                    |
| Cash and Equivalents                         | 84,596,735  | (65,110,400)            | 19,486,335            | 78,632,835  | (59,063,418)            | 19,569,417            |
| Other Financial Assets                       | 4,785       | 65,110,400              | 65,115,185            | 4,484       | 59,063,418              | 59,067,902            |
| Total current assets                         | 89,391,201  | 0                       | 89,391,201            | 83,743,778  | 0                       | 83,743,778            |
| Total assets                                 | 821,988,911 | 0                       | 821,988,911           | 848,905,252 | 0                       | 848,905,252           |
| Net assets                                   | 780,781,120 | 0                       | 780,781,120           | 808,503,658 | 0                       | 808,503,658           |
| Retained earnings                            | 239,031,167 | 0                       | 239,031,167           | 243,466,759 | 0                       | 243,466,759           |
| Total equity                                 | 780,781,120 | 0                       | 780,781,120           | 808,503,658 | 0                       | 808,503,658           |

### 38. Trust Funds

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

|                                  | 1 July 2020 | Amounts Received | Amounts Paid | 30 June 2021 |
|----------------------------------|-------------|------------------|--------------|--------------|
|                                  | \$          | \$               | \$           | \$           |
| Building Service Levy            | 30,463      | 336,605          | (280,793)    | 86,275       |
| Cash in Lieu - Art               | 163,461     | 235,212          | 0            | 398,673      |
| Cash in Lieu - Car Parking       | 495,126     | 3,257            | (13,872)     | 484,511      |
| Cash in Lieu - Public Open Space | 4,305,154   | 56,414           | (1,256,474)  | 3,105,094    |
| Construction Training Fund *     | (1,269)     | 171,755          | (141,137)    | 29,349       |
| TPS 17                           | 124,107     | 817              | 0            | 124,924      |
| Unclaimed money                  | 59,289      | 12,359           | (969)        | 70,679       |
| Bonds                            | 0           | 13,044           | (13,044)     | 0            |
| JDAP                             | 0           | 31,075           | (31,075)     | 0            |
| Trust - Other                    | 999         | 0                | 0            | 999          |
| Scholarship                      | 25,000      | 163              | 0            | 25,163       |
|                                  | 5,202,330   | 860,701          | (1,737,364)  | 4,325,667    |

\* Over payment to Construction Training Fund (CTF) for \$1,269 due to duplicated applications. The City has since recovered the debts subsequent to year end.

## City of Bayswater

### Notes to and forming part of the Financial Report for the year ended 30 June 2021

#### 39. Other Significant Accounting Policies

##### (a) Goods and services tax (GST)

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

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

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

##### (b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the City's operational cycle. In the case of liabilities where the City does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the City's intentions to release for sale.

##### (c) Rounding off figures

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

##### (d) Comparative figures

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

When the City applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

##### (e) Budget comparative figures

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

##### (f) Superannuation

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

##### (g) Fair value of assets and liabilities

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

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

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

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 39. Other Significant Accounting Policies (Continued)

#### g) Fair value of assets and liabilities (continued)

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

#### h) Fair value hierarchy

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

##### Level 1

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

##### Level 2

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

##### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

#### Valuation techniques

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

##### Market approach

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

##### Income approach

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

##### Cost approach

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

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

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 39. Other Significant Accounting Policies (Continued)

#### i) Impairment of assets

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

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

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

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

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 40. Activities/Programs

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

#### Program Name and Objectives

##### Governance

The administration and operation of facilities and services to Elected Members of Council. It includes costs for assisting elected members and ratepayers with 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. It includes amounts receivable from the Western Australian Local Government Grants Commission, such as Financial Assistance Grants.

##### Law, Order and Public Safety

Administration and operation of funds received from the Department of Fire and Emergency Services for the Bayswater SES. It covers the cost of providing community safety programs and Ranger and Security 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 infant health centres, immunisation programs, food sampling and inspection of food premises, noise and pest control.

##### Education and Welfare

Funding for welfare services for families, children and the aged. It includes the administration of community centres, and programs for youth and the aged.

##### Housing

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

##### Community Amenities

General refuse collection, sanitation and disposal services. The management of sewerage and urban storm water drainage and protection of the environment. It also covers town planning and regional development services

##### Recreation and Culture

Funding for public halls, civic centres, libraries and recreation facilities, including Morley Sport and Recreation Centre, Les Hansman Centre, Bayswater Waves, Maylands Waterland and the RISE. It includes the maintenance of recreation facilities, public parks, gardens and reserves, and also funds community programs including the Avon Descent, Art Awards, and Multicultural Community Concert.

##### Transport

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

##### Economic Services

Providing and regulating services including tourism, area promotion and building control. It includes place management and 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 or management of the City. These include private works, public work overheads, plant operation and other unclassified activities.

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 41. Financial Ratios

|                                   | 2021<br>Actual * | 2020<br>Actual | 2019<br>Actual |
|-----------------------------------|------------------|----------------|----------------|
| Current ratio                     | 1.27             | 1.21           | 1.13           |
| Asset consumption ratio           | 0.63             | 0.62           | 0.66           |
| Asset renewal funding ratio **    | N/A              | N/A            | N/A            |
| Asset sustainability ratio        | 1.78             | 1.05           | 1.04           |
| Debt service cover ratio          | 181.39           | 629.57         | 2,602.83       |
| Operating surplus ratio           | (0.02)           | 0.04           | 0.04           |
| Own source revenue coverage ratio | 0.94             | 0.94           | 0.99           |

The above ratios are calculated as follows:

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

\* Amounts relating to discontinued operations have been excluded because aged care is no longer part of the continuing operations of the City which is evidenced by its intention to sell these businesses. Please refer to Note 42 - Discontinued Operations.

\*\* The asset renewal funding ratio is not available as the Long-term Financial Plan has not been formally adopted by the Council. Therefore, the data cannot be taken into account during the audit process.

## City of Bayswater

Notes to and forming part of the Financial Report  
for the year ended 30 June 2021

### 42. Discontinued Operations

At the Council meeting on 2 August 2016, Council resolved to divest from Aged Persons Homes.

Mertome Retirement Village was the first portion of the Aged Person Homes segment to be sold.

The site currently contains 102 independent living units and a 70-bed residential aged care facility. Despite Mertome Village undergoing several refurbishments throughout the years, it has now reached the end of its operating life.

On 1 April 2019, Hall & Prior (Fresh Fields Management (Mertome Village) Pty Ltd) entered into a long-term lease with the City and acquired the business and assets associated with Mertome Village. Hall & Prior operates Mertome Village and the Hostel. In relation to the Mertome Retirement Village, most of the assets and all of the liabilities have been disposed of in these transactions.

Management expects to sell the remaining assets in the coming years.

|                           | 2021               | 2020               |
|---------------------------|--------------------|--------------------|
|                           | \$                 | \$                 |
| <b>Income Statement</b>   |                    |                    |
| Operating income          | 9,952,194          | 10,169,944         |
| Operating expenditure     | <u>(9,098,751)</u> | <u>(9,126,879)</u> |
|                           | 853,443            | 1,043,065          |
| <br>                      |                    |                    |
| (Loss) on asset disposals | <u>0</u>           | <u>(30,000)</u>    |
|                           | 853,443            | 1,013,065          |

The carrying amount of the assets and liabilities in the disposal group is summarised as follows:

#### Financial Position\*

|             |                   |                   |
|-------------|-------------------|-------------------|
| Assets      | 35,585,567        | 35,289,812        |
| Liabilities | <u>20,923,512</u> | <u>21,280,324</u> |
|             | 14,662,055        | 14,009,488        |

\* The cash and cash equivalents and financial assets (\$31.66m, 2019/20 \$31.92m) and investment properties (\$8.1m, 2019/20 \$8.1m) will remain with the Council following divestment. Consequently, these assets are excluded from held for sale assets.

Cash flows generated by the Aged Person Homes disposal group are as follows:

#### Cash Flows

|   |                |                  |
|---|----------------|------------------|
| Net cash inflows from operating activities              | <u>853,443</u> | <u>1,013,065</u> |
| Net cash inflow/(outflows) from discontinued operations | 853,443        | 1,013,065        |

### Significant Accounting Policies

A discontinued operation is a component of the City of Bayswater that has been either disposed of, or is held for sale and;

- (a) represents a separate major line of business or geographical area of operations; and
- (b) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.



## Auditor General

### INDEPENDENT AUDITOR'S REPORT 2021 City of Bayswater

To the Councillors of the City of Bayswater

## Report on the audit of the annual financial report

### Opinion

I have audited the financial report of the City of Bayswater (City), which comprises:

- the Statement of Financial Position at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

In my opinion the financial report of the City of Bayswater:

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

### Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities section below. I am independent of the City in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of Matter

I draw attention to Note 37 to the financial statements, which states that the amounts reported in the previously issued 30 June 2020 Annual Financial Report have been restated and disclosed as comparatives in this Annual Financial Report. My opinion is not modified in respect of this matter.

### Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer (CEO) of the City is responsible for the preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

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

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

### Auditor's responsibility for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

### Report on other legal and regulatory requirements

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

- (i) The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
  - a) More employees than necessary have the ability to change rates, fees and charges within the City's finance and revenue systems. As the City does not have a process to review price changes, there is an increased risk that unauthorised price changes will not be detected. In addition, controls over revenue collected at the City's recreational facilities were deficient as a large number of users could issue refunds, there was no independent review of refunds issued and end of day reconciliations were not consistently reviewed.
  - b) There were instances where there was no evidence to demonstrate that changes made to supplier details, such as bank account details, were independently reviewed and authorised prior to the change being made. This increases the risk of unauthorised changes to key financial information, although our audit sampling did not identify any.

- c) Important reconciliations, including the bank reconciliation, were not completed and independently reviewed progressively throughout the year. This significantly increases the risk that the City will not promptly identify and resolve errors and irregularities, including fraud.
  - d) From a sample of changes to employee pay rates, we identified instances where changes to employee pay rates made in the system were not reviewed by an independent officer. This increases the risk of incorrect or inappropriate pay changes, although our sampling did not identify any.
  - e) We identified significant weaknesses in the City's general computer controls. The weaknesses could result in a potential security exposure such as unauthorised access to information and an increased risk of information loss. The weaknesses exposed the network to increased vulnerabilities which could undermine the integrity of data across all systems, including the financial system.
  - f) The City has not reported the Asset Renewal Funding Ratio for the past 3 years, as planned capital renewals and required expenditure were not estimated in the long-term financial plan and asset management plan respectively for those years as required by the Local Government (Financial Management) Regulations 1996.
- (ii) All required information and explanations were obtained by me.
  - (iii) All audit procedures were satisfactorily completed.
  - (iv) In my opinion, the Asset Consumption Ratio included in the financial report was supported by verifiable information and reasonable assumptions.

#### Other information

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

My opinion does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

#### Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the City of Bayswater for the year ended 30 June 2021 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



Caroline Spencer  
Auditor General for Western Australia  
Perth, Western Australia  
2 September 2022

**8.2 Debtors Write-Off**

|                                 |  |
|---------------------------------|--|
| <b>Responsible Branch:</b>      | Financial Services   |
| <b>Responsible Directorate:</b> | Corporate and Strategy   |
| <b>Authority/Discretion:</b>    | Legislative  |
| <b>Voting Requirement:</b>      | Simple Majority Required   |
| <b>Attachments:</b>             | <ol style="list-style-type: none"> <li>1. Infringement debtors list [8.2.1 - 1 page]</li> <li>2. CONFIDENTIAL - Sundry debtors list [8.2.2 - 1 page]</li> <li>3. CONFIDENTIAL - Recreation debtor write-off list [8.2.3 - 13 pages]</li> </ol> |

***Confidential Attachment(s) - in accordance with Section 5.23(2)(b) of the Local Government Act 1995 - the personal affairs of any person.***

**SUMMARY**

This report presents and notifies Council of a list of bad debts that have been written off under delegated authority in accordance with the Sundry Debt and Recovery Policy.

**COMMITTEE RECOMMENDATION TO COUNCIL**  
**(OFFICER'S RECOMMENDATION)**

**That Council:**

1. **Notes an amount of \$62,257.37 of bad debts as outlined in Attachments 1, 2 and 3 as outlined in this report has been written off under delegated authority.**
2. **Notes an amount of \$240.00 was waived for venue hire fee for the Bayswater Women's Hub.**

**Jillian Brazil Moved, Cr Josh Eveson Seconded**

**CARRIED UNANIMOUSLY: 5/0**

**For: Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Andrew Cox and Jillian Brazil.**

**Against: Nil.**

**BACKGROUND**

This report provides an overview of bad debts accrued and requiring write off under the Sundry Debt Collection and Recovery Policy.

Australian Accounting Standards and the provisions of the Local Government Act 1995 and Financial Management Regulations require, inter alia, ongoing assessment of the likelihood that debts recognised in the organisation's accounts will be collected.

Sundry debtors are managed in accordance with the City's Sundry Debt Collection and Recovery Policy. While all reasonable efforts are made to recover aged debts, there are also some that, for practical purposes, require write off.

These can be monies due for user charges, infringements, fees and other services rendered, and the process for collection is dependent on the type of debt raised and the mechanisms available under various legislation for recovery. Section 6.12 (1) of the Local Government Act 1995 allows for debts to be written off by Council, and the Sundry Debt and Recovery Policy gives delegated authority to the Chief Executive Officer to write off any uncollectable bad debts under \$1,000.00 per account, and advise Council accordingly.

Any amount in excess of \$1,000.00 requires approval from Council to write off.

## EXTERNAL CONSULTATION

The City received a letter from the Bayswater Women's Hub as operators of the Bayswater Tool Library requesting a 12-month waiver of the venue hire fees.

## OFFICER'S COMMENTS

### Infringement Debtors

The infringement write-off list (**Attachment 1**) refers to infringements where either the City cannot acquire the offender's details from the Department of Transport or the Fines Enforcement Registry (FER) has advised that the debt is not recoverable or economical to enforce. The amount written off under delegated authority is \$4,089.80.

### Sundry Debtors

The sundry debtors write-off list (**Attachment 2**) refers to sundry debtors where city staff have followed up all debt collection procedures but have not been able to make contact with these debtors. The individual amounts of these debtors are not feasible to be collected through legal debt collection process. The amount written off under delegated authority is \$437.07.

### Recreation Facilities Debtors

The Recreation Facilities bad debts (**Attachment 3**) have arisen as a result of the customer not following the cancellation procedure as set out in the membership terms and conditions. In most instances customers made arrangements with their bank to cancel the direct debit however failed to provide the same communication to the facility. A smaller percentage of debts were accrued from people permanently leaving the country without notifying the facility. As a result, a direct debit payment was taken for services that the customer no longer wanted or used.

In addition, bad debts of \$134.97 has resulted from sales of merchandise paid using credit cards. These were disputed and charged back by the bank.

Following a documented recovery process, a number of debts accrued have been reviewed and require approval to be written off under delegated authority in accordance with Council's Sundry Debt Collection and Recovery. These write-offs total \$57,730.50.

### Waiver of Hire Fees

The Bayswater Women's Hub has proposed to launch and operate the Bayswater Tool Library from a vacant storage area in Shearn Park, Maylands. The Tool Library inventory is accessible to anyone in the community - regardless of gender - who becomes a Tool Library member. Membership fees are applicable and will be used for a range of purposes, including sinking fund for the facilities, insurance, maintenance and expansion of the inventory, and to subsidise programs that teach tool skills to community members. The Bayswater Women's Hub is run entirely by volunteers and is a not for profit organisation. As such, they contacted the City on the 17 September 2021 to request the use of the kiosk/bunker facilities at Shearn Park and waiver of relevant hire fees for a 12-month trial of the Tool Library Project. These fees equate to \$240 for the 12-month period.

The \$240 was waived by the Manager Recreation and Commercial Activities under the Delegated Authority - FM-D05 Granting Concessions and Write-Offs.

## LEGISLATIVE COMPLIANCE

The Sundry Debt Collection and Recovery Policy applies and section 6.12 (1) of the Local Government Act 1995 states:

"Subject to subsection (2) and any other written law, a local government may —  
 ...(c) write off any amount of money, which is owed to the local government."

**RISK ASSESSMENT**

In accordance with the City’s Risk Management Framework, the officer’s recommendation has been assessed against the City’s adopted risk tolerance. Comments are provided against each of the risk categories.

|                                  |  |                                |  |
|----------------------------------|--|--------------------------------|--|
| <b>Officer’s Recommendation</b>  | <b>That Council:</b>   |                                |  |
|                                  | <ol style="list-style-type: none"> <li>1. <b>Notes an amount of \$62,257.37 of bad debts as outlined in <u>Attachment 1, 2 and 3</u> as outlined in this report has been written off under delegated authority.</b></li> <li>2. <b>Notes an amount of \$240.00 waived for venue hire fee for the Bayswater Women’s Hub.</b></li> </ol> |                                |  |
| <b>Risk Category</b>             | <b>Adopted Risk Appetite</b>   | <b>Risk Assessment Outcome</b> |  |
| Strategic Direction              | Moderate   | Low                            |  |
| Reputation                       | Low  | Low                            |  |
| Governance                       | Low  | Low                            |  |
| Community and Stakeholder        | Moderate   | Low                            |  |
| Financial Management             | Low  | Low                            |  |
| Environmental Responsibility     | Low  | Low                            |  |
| Service Delivery                 | Low  | Low                            |  |
| Organisational Health and Safety | Low  | Low                            |  |
| <b>Conclusion</b>                | The write off of the debts reflect amounts that are deemed recoverable. The venue hire waiver was provided in line with Council Policy and the Delegate Authority Register.  |                                |  |

**FINANCIAL IMPLICATIONS**

Bad debts are reflected in the end-of-year operating result. The ongoing review of the City's revenue collection and debt recovery practices is considered to be an important feature of risk management and strengthening corporate governance.

**STRATEGIC IMPLICATIONS**

In accordance with the City of Bayswater's Strategic Community Plan 2021-2031, the following applies:

- Theme: Leadership and Governance
- Goal L4: Communicate in a clear and transparent way.  
 Provide the community with useful information about Council's policies, services and events and advise the community of engagement outcomes.

**CONCLUSION**

It is recommended that Council notes an amount of \$62,257.37 of bad debts have been written off under delegated authority.



**8.3 Mobile Food Permit - Waiver Request - 55 Central Trading As Grow And Grind**

|                                 |   |
|---------------------------------|---|
| <b>Responsible Branch:</b>      | Financial Services                              |
| <b>Responsible Directorate:</b> | Corporate and Strategy                          |
| <b>Authority/Discretion:</b>    | Legislative                                     |
| <b>Voting Requirement:</b>      | <b>ABSOLUTE MAJORITY REQUIRED</b>               |
| <b>Attachments:</b>             | 1. Grow & Grind Program flyer [8.3.1 - 2 pages] |

**SUMMARY**

This report requests a waiver for a 12-month mobile food permit fee for 55 Central, trading as Grow and Grind. In addition, seeks approval to amend the City's Delegated Authority Register to allow the Chief Executive Officer to approve future waivers.

**COMMITTEE RECOMMENDATION TO COUNCIL**  
**(OFFICER'S RECOMMENDATION)**

That Council:

1. Approves a waiver of \$1,052 for a 12-month mobile food vehicle permit fee for 55 Central trading as Grow and Grind.
2. Amends the City's FM-D05 Granting Concessions and Write-Off Delegation to allow the Chief Executive Officer to application and permit fees for charitable organisations up to \$1,200.

**ABSOLUTE MAJORITY REQUIRED**

Cr Josh Eveson Moved, Cr Filomena Piffaretti, Mayor Seconded

**CARRIED UNANIMOUSLY: 5/0**

**For:** Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Andrew Cox and Jillian Brazil.

**Against:** Nil.

**BACKGROUND**

On 29 July 2022, the City received a request from 55 Central, trading as Grow and Grind to waive the mobile food permit fee.

55 Central is a registered charity providing crisis accommodation for the homeless and those with mental illness. The organisation is registered with the Australian Charities and Not-for-Profits Commission and receives public benevolent institution tax concessions.

In late 2021, 55 Central received a grant from the Bendigo Community Bank Bayswater to start a social enterprise. The grant was used to purchase a purpose built coffee van to train and employ their clients. The aim for the business is to become self-sustaining in a couple of years with all profits reinvested back into the training program. A flyer about the program is included in **Attachment 1**.

55 Central current permit expires on 20/12/2022.

The City's Waivers, Concession and Definitions for Fees and Charges Policy states:

*"The City may waiver fees or grant concessions in the following circumstances ....  
In waiving a permit fee for a stall holder or trader under the City's local law, who is a charitable organisation or a not-for-profit community group, the City may consider the merits of the group and the contribution it makes to the City of Bayswater community."*

The City’s Delegated Authority Register requires Council approval for waivers in excess of \$500. Any waivers approved by Officers are reported to Elected Members via the Audit and Risk Management Committee for noting, in line with the Delegated Authority Register.

Charitable organisations, such as 55 Central are exempt from food business registration fees under the *Food Act 2008*.

**EXTERNAL CONSULTATION**

As outlined above, the City received an email from 55 Central on 29 July 2022. The email requested the City waive the permit fees going forward to assist the program grow, which would in turn, help support more people.

**OFFICER'S COMMENTS**

The request from 55 Central is in line with the City’s Waivers, Concession and Definition for Fees and Charges Policy; however due to the cost of a 12-month mobile food permit being \$1,052, Council approval is required.

A 3-month permit waiver could be approved by the Chief Executive Officer or Director Corporate and Strategy; however, a 12-month permit waiver was considered more appropriate. Firstly, a 12-month fee waiver provides certainty for 55 Central and also reduces the administration cost for the applicant and the City.

It is recommended that the City’s Delegated Authority Register is also updated to allow the Chief Executive Officer to approve future mobile food permit applications up to 12-months for 55 Central.

**LEGISLATIVE COMPLIANCE**

The Waiver, Concession and Definitions for Fees and Charges and the City’s Delegated Authority register applies to waiving of fees and charges.

Section 6.12 (1) of *the Local Government Act 1995* states:

*"Subject to subsection (2) and any other written law, a local government may —  
 ... (b) waive or grant a concession in relation to any amount of money, which is owed to the local government."*

**RISK ASSESSMENT**

In accordance with the City’s Risk Management Framework, the officer’s recommendation has been assessed against the City’s adopted risk tolerance. Comments are provided against each of the risk categories.

|                                 |  |                                |
|---------------------------------|--|--------------------------------|
| <b>Officer’s Recommendation</b> | <b>That Council:</b>   |                                |
|                                 | <ol style="list-style-type: none"> <li>1. <b>Approves a waiver of \$1,052 for a 12-month mobile food vehicle permit fee for 55 Central trading as Grow and Grind.</b></li> <li>2. <b>Amends the City’s FM-D05 Granting Concessions and Write-Off Delegation to allow the Chief Executive Officer to application and permit fees for charitable organisations up to \$1,200.</b></li> </ol> |                                |
| <b>Risk Category</b>            | <b>Adopted Risk Appetite</b>   | <b>Risk Assessment Outcome</b> |
| Strategic Direction             | Moderate   | Low                            |
| Reputation                      | Low  | Low                            |
| Governance                      | Low  | Low                            |
| Community and Stakeholder       | Moderate   | Low                            |

|                                  |   |     |
|----------------------------------|---|-----|
| Financial Management             | Low   | Low |
| Environmental Responsibility     | Low   | Low |
| Service Delivery                 | Low   | Low |
| Organisational Health and Safety | Low   | Low |
| <b>Conclusion</b>                | Approving the waiver will be consistent with the City's existing policies. Amending the delegated authority register will enable the City's administration to process future application fee waivers for 55 Central in a timely manner. |     |

### FINANCIAL IMPLICATIONS

The waiver would result in a loss of revenue of \$1,052 for the permit from 22 December 2022 to 21 December 2023. Future application fees are waived, the loss of revenue is expected approximately \$1,100 per annum depending on the City's fees and charge schedule.

### STRATEGIC IMPLICATIONS

In accordance with the City of Bayswater Strategic Community Plan 2021-2031, the following applies:

Theme: Community  
 Goal C2: Celebrate multiculturalism, arts and culture by supporting local events and initiatives.

Theme: Leadership and Governance  
 Goal L3: Provide good customer service.  
 Respond to the needs of our community in a respectful and timely way.

### CONCLUSION

The Grow and Grind initiative is a community capital building enterprise and a fee waiver is supported by the City's Policies. Therefore, it is recommended that Council approves a waiver of \$1,052 and amends the Chief Executive Officer's delegated authority to waive mobile food permit fees.



## Working towards change

---

**Our coffee van provides on-the-job training and employment for people who need a hand up.**

**Every cent of profit from your coffee purchase flows back to the Grow & Grind training program, providing barista training to people experiencing the impacts of homelessness and isolation.**



**How to find us**



**Monday to Friday mornings 7am - 9:30am**

**55 Central**

**Cnr Guildford Road and Peninsula Avenue Maylands.**

**For all our news, follow us on FaceBook  
@growandgrindperth**



**For all other queries, phone or text  
Jaryd on 0474 226 519**

**FIND OUT MORE >**





## Help us Grow & Grind

- Make a Grow & Grind coffee part of your routine
- Pay forward a coffee
- Follow us on social media
- Volunteer with us
- Invite us to serve coffee at your next event
- Donate to the program or sponsor a barista!



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## Why Grow & Grind?

55 Central provides accommodation and support services to more than 250 people every year. 85% of the people we assist are unemployed.

We believe everyone deserves an opportunity to connect in and work towards change. Developing skills, confidence and self esteem supports people to break cycles of unemployment and disadvantage.

Grow & Grind will change 30 lives over the next three years by offering people who need a hand up tailored training and support they need to succeed.



*Working Towards Change*

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Grow & Grind is a social enterprise delivered by 55 Central with generous funding from the Bendigo Community Bank – Bayswater.

All profits are directed back into the Grow & Grind training program to build skills and confidence in people doing it tough.

**8.4 Quarterly Performance Review - Quarter 4 (Apr-Jun) - Audit**

|                                 |   |
|---------------------------------|---|
| <b>Responsible Branch:</b>      | Office of the CEO   |
| <b>Responsible Directorate:</b> | Office of the CEO   |
| <b>Authority/Discretion:</b>    | Executive/Strategic   |
| <b>Voting Requirement:</b>      | Simple Majority   |
| <b>Attachments:</b>             | Audit Function Dashboard – Quarter 4. 2021/22<br>Audit Log Register |

**REASON FOR CONFIDENTIALITY**

**Confidential Attachment(s) in accordance with Section 5.23(2) of the Local Government Act 1995 (WA):**

- (f) a matter that if disclosed could be reasonably expected to —  
 (ii) Endanger the security of the local government's property;

**SUMMARY**

The Quarterly Performance Review – Quarter 4 (Apr – Jun 2022) – Audit provides an update to the Audit and Risk Management Committee (ARMC) on audits completed, progress in implementing the annual internal audit program and the implementation of agreed internal and external audit recommendations.

Quarter 4 reporting period opened with 98 actions, 36 actions closed, 14 actions were added, closing the period with 76 open actions.

**COMMITTEE RECOMMENDATION TO COUNCIL**  
**(OFFICER'S RECOMMENDATION)**

**That Council receives the confidential attachments Audit Function Dashboard – Quarter 4. 2021/22 (Attachment 1) and the Audit Log Register (Attachment 2).**

**Jillian Brazil Moved, Andrew Cox Seconded**

**CARRIED UNANIMOUSLY: 5/0**

**For:** *Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Andrew Cox and Jillian Brazil.*

**Against:** *Nil.*

**BACKGROUND**

The Quarterly Performance Report – Audit provides an update to the ARMC on audits completed, progress in implementing the annual internal audit program and the implementation of agreed internal and external audit recommendations.

This report is supported by the Audit Function Dashboard – Quarter 4. 2021/22 (Attachment 1) and the Audit Log Register (Attachment 2). The dashboard provides a high-level snap shot of key information relating to audit actions detailed in the Audit Log Register. The Audit Log Register provides further details on the implementation of agreed internal and external audit recommendations.

**EXTERNAL CONSULTATION**

Consultation has occurred with the City's outsourced Internal Auditors – William Buck.

**OFFICER'S COMMENTS****Annual Internal Audit Program**

The approved Annual Internal Audit Program 2021/22 included the following four audits:

- Statutory Compliance and General systems for complying with acts, regulations and local laws
- Building licence application and approval
- Swimming Pool Inspections
- Aquatic and Recreation Centre Review

The Swimming Pool Inspections Audit and Aquatic and Recreation Centre Audits (Bayswater Waves) are complete. The outcomes of the audits are presented as part of this agenda.

The Statutory Compliance and the Building Licence Application and Approval audits were not completed as part of the 2021/22 year. It is recommended that a control assurance review be performed on the Building Licence Application and Approval process in lieu of an internal audit and the Statutory Compliance Audit be included in the 3-year audit plan. The intent is for this audit be included in the 2022/23 Program and then every two years going forward.

**Audit Log Register**

Management agreed actions to address auditor observations are recorded in the City's Audit Log Register. On a quarterly basis management provide progress updates on the status of implementation of agreed actions.

To improve the readability and to provide further key information to support the ARMC some minor changes have been made to the Audit Log Register, these include:

- Spreadsheet format – The register has been provided in a spreadsheet format, listing actions by audit.
- Auditor Risk Ratings – Observation risk ratings indicate to management the significance of the observation and the attention required to reduce its probability and/or impact. Where the auditor has not provided a risk rating the risk rating shows as 'not rated'.
- Issue Type – Observations have been updated to include recommendation type. The recommendation type relates to the area of control weakness.
- Amended Due Date – Where management seek to amended original due dates an amended date is entered. New requests received are shown in red, with a 'strikethrough' over each previous date.
- Days Overdue – Actions that have not been implemented by the original due date have been highlighted in pink with a count of days overdue added from the original due date to the end of the quarter.

**Implementation of Actions**

The period opened with 98 actions, 14 actions were added and 36 actions have been completed, leaving 76 actions open.

|               | <b>Number of Actions</b> |
|---------------|--------------------------|
| Period Open   | 98                       |
| Actions Added | 14                       |

|                |    |
|----------------|----|
| Actions Closed | 36 |
| Period Close   | 76 |

Of the 76 open actions, 20 have a risk rating of high or above. As reported in the Audit Log Register, whilst the actions are overdue, they are in progress to be implemented by amended due dates.

As part of the improvements made to the Audit Log Register, actions have been grouped into risk categories by recommendation. The table below contains the six risk categories used.

|    | Category   |
|----|--|
| 1. | Budget   |
| 2. | Asset Management Plan (AMP) / Asset Registers                          |
| 3. | Long Term Financial Plan (LTFP)  |
| 4. | Integrated Planning and Reporting Framework (IPRF) / Business Planning |
| 5. | IT Systems   |
| 6. | Process / Policy (development and improvement)                         |

As reported in the Audit Log Register 40% of open actions relate to a need for formal processes and/or policies or outdated processes/policies.

- 31 (40%) actions relate to issues caused by lack of process/policy/internal controls.
- 13 (17%) actions relate to the Long-Term Financial Plan
- 11 (14%) actions to the finalisation of Asset Management Plans/Register

The City is reviewing the Policy Framework, and will prioritise improvements based on the actions in the audit log. Due to a high level of turnover, it has been difficult for branches to focus on audit actions as core service delivery has been the priority. For the City to see an improvement in the implementation of agreed actions, branches need to be supported in the development and/or review of corporate documents.

Completed Actions

Progress by management to implement agreed audit actions against audit findings and recommendations has been reviewed as part of the quarterly reporting process. 36 actions were closed this quarter. The table below contains the risk rating and number of actions closed this quarter.

| Risk Rating  | Number of Actions Closed |
|--------------|--------------------------|
| Not Rated    | 4                        |
| Extreme      | 2                        |
| High         | 11                       |
| Moderate     | 18                       |
| Low          | 1                        |
| <b>Total</b> | <b>36</b>                |

Actions deemed complete by management follow a close-out process. This process requires Internal Audit to obtain evidence that audit actions have been implemented by management before recommending close-out to the ARMC. Evidence is collected and/or reviewed by the Coordinator Risk Management each quarter and reviewed by the Internal Auditors on an annual basis.

If an action is closed-out by management in the audit log register but close-out is not agreed by internal audit, the audit action will go back into the audit log register and be monitored until adequate evidence is produced that it can be closed-out.

On an annual basis all closed-out actions are reported to the ARMC through the Audit Log Report.

### Overdue Actions

Where the original due date has passed and the action has not been implemented, the action is overdue. Where management requests amended due dates, the date is entered into the Audit Log Register and the status of the actions is updated either in-progress, on-hold or not commenced.

As part of the improvements made to the Audit Log Register overdue actions have been highlighted in pink with a count of days overdue added from the original due date to the end of the quarter. New amended due dates requested are presented in red, with a 'strikethrough' the changed date included.

At the end of quarter 4 reporting, 45 actions are overdue. Of these 33 are in progress, one has not commenced and 11 are on hold.

## LEGISLATIVE COMPLIANCE

*Local Government Act 1995* Section 7.1A

## RISK ASSESSMENT

In accordance with the City's Risk Management Framework, the officer's recommendation has been assessed against the City's adopted risk tolerance. Comments are provided against each of the risk categories.

| Officer's Recommendation         | That Council receives the Audit Function Dashboard – Quarter 4. 2021/22 (Attachment 1) and the Audit Log Register (Attachment 2).  |                         |  |
|----------------------------------|--|-------------------------|--|
| Risk Category                    | Adopted Risk Appetite  | Risk Assessment Outcome |  |
| Strategic Direction              | Moderate   | Moderate                |  |
| Reputation                       | Low  | Low                     |  |
| Governance                       | Low  | Low                     |  |
| Community and Stakeholder        | Moderate   | Moderate                |  |
| Financial Management             | Low  | Low                     |  |
| Environmental Responsibility     | Low  | Low                     |  |
| Service Delivery                 | Low  | Low                     |  |
| Organisational Health and Safety | Low  | Low                     |  |
| <b>Conclusion</b>                | Receiving updates on the City's Audit Log Register reduces the City's risk exposure by providing Council with up-to-date information about the City's progress against agreed actions. |                         |  |

## FINANCIAL IMPLICATIONS

The following financial implications are applicable:  
Nil.

## STRATEGIC IMPLICATIONS

In accordance with the City of Bayswater Strategic Community Plan 2021-2031, the following applies:

Theme: Leadership and Governance

Goal L4: Communicate in a clear and transparent way.

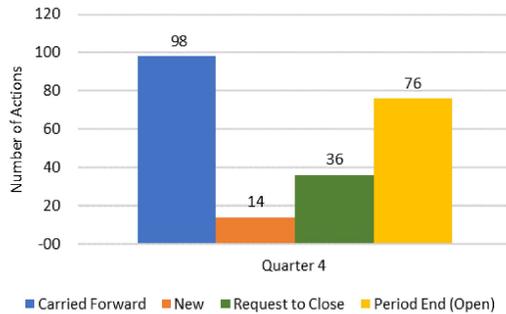
Provide the community with useful information about Council's policies, services and events and advise the community of engagement outcomes.

**CONCLUSION**

Actions arising from the City's internal and external audits are recorded and monitored within the City's Audit Log Register. Progress on the implementation of actions is reported on a quarterly basis to the Audit and Risk Management Committee and Council.

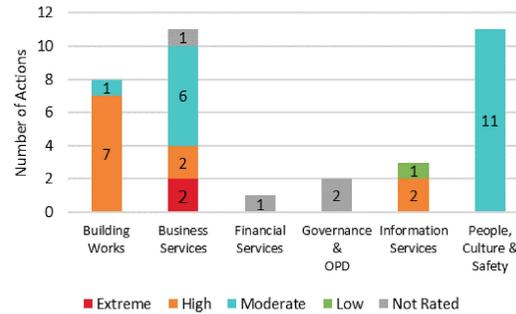
### Audit Function Dashboard – Quarter 4.

#### Status of Actions by Quarter



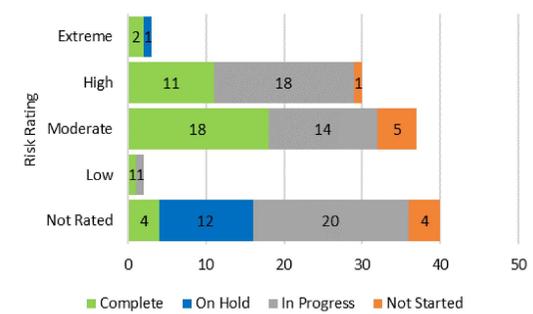
Quarter 4 opened with 98 action, 14 new action were added and 36 closed. 76 actions are open.

#### Actions Complete by Risk Rating



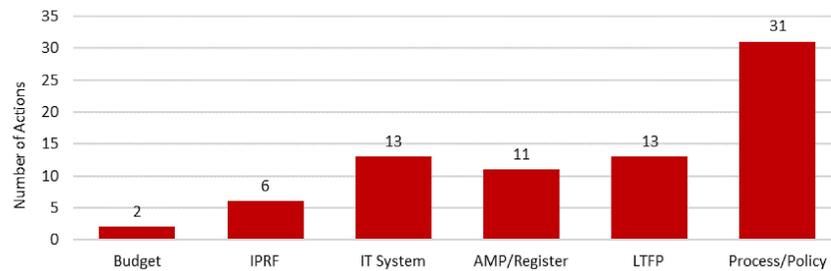
Management closed 36 actions this quarter.

#### Open Actions by Risk Rating



20 (26%) of the open actions are rated as Extreme or High. Implementation of these actions are progressing as intended.

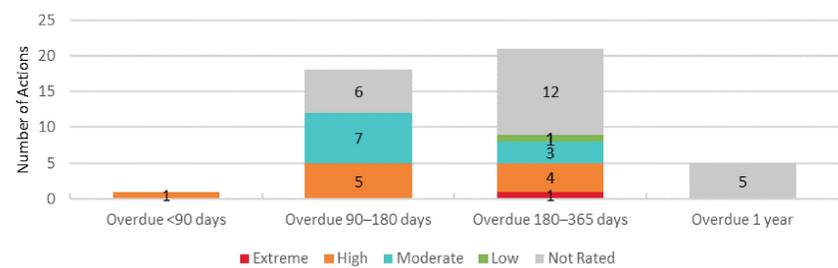
#### Open Actions by Recommendation



Open actions have been grouped into recommendation themes:

- 31 (40%) relate to process/policy development or improvement
- 13 (17%) relate to the Long Term Financial Plan
- 11 (14%) relate to development or completion of Asset Management Plans and Registers.

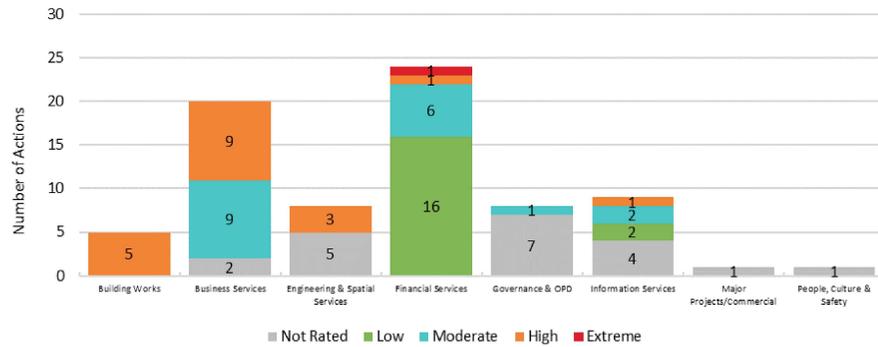
#### Open Actions Overdue



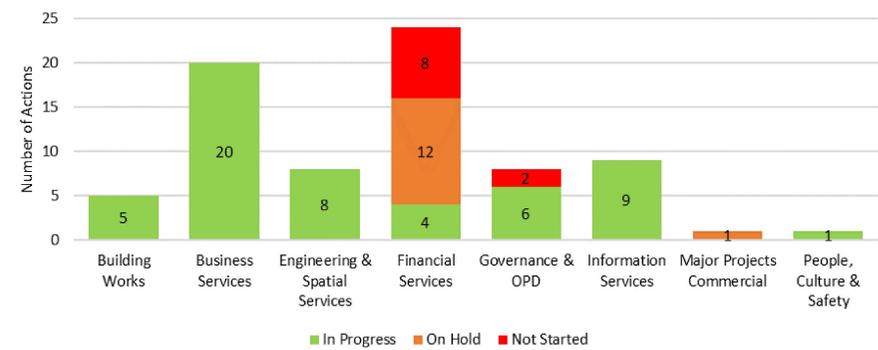
45 (59%) of actions have not been implemented by the original due date. All actions have amended due dates with a majority of the actions on track for completion by the revised (amended) due date.

### Audit Function Dashboard – Quarter 4.

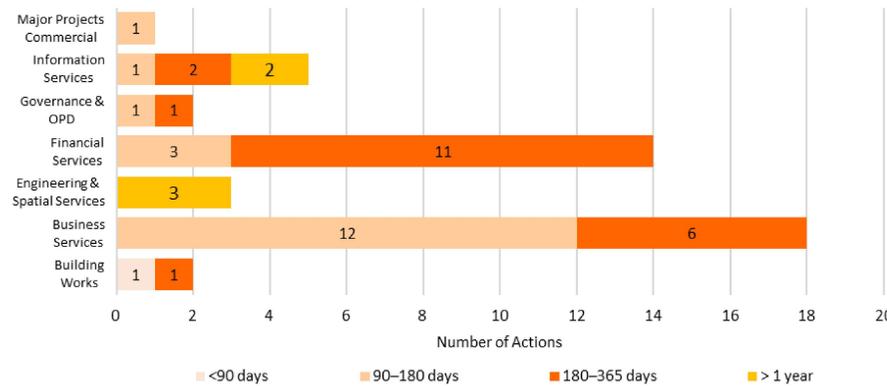
**Action by Risk Rating - Branch**



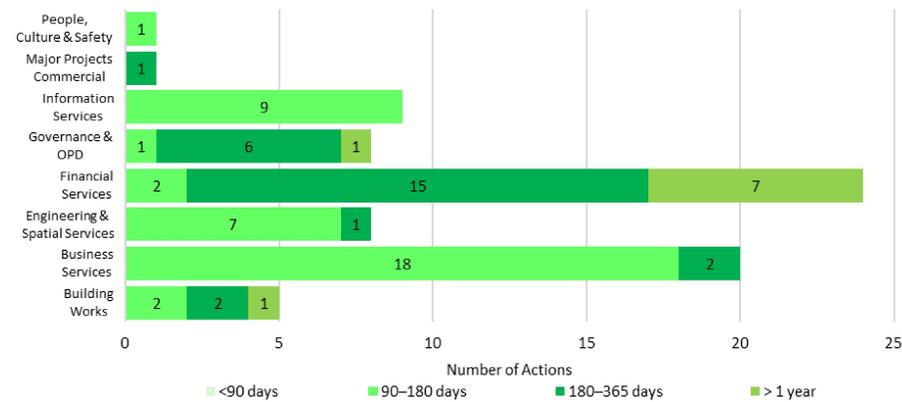
**Action by Progress Status - Branch**



**Actions Overdue (days) - Branch**



**Actions Due (days) - Branch**



**8.5 Audit And Risk Management Committee Meeting Dates**

|                                 |                     |
|---------------------------------|---------------------|
| <b>Responsible Branch:</b>      | Office of the CEO   |
| <b>Responsible Directorate:</b> | Office of the CEO   |
| <b>Authority/Discretion:</b>    | Executive/Strategic |
| <b>Voting Requirement:</b>      | Simple Majority     |
| <b>Attachments:</b>             | Meeting Planner     |
| <b>Refer:</b>                   | N/A                 |

**SUMMARY**

Meeting dates for the Audit and Risk Management Committee (ARMC) for 2023 have been proposed to enable reports to be prepared and come before the ARMC prior to being considered by Council to meet deadlines specified by legislation.

The ARMC plays a key role assisting the City to fulfil its corporate governance and oversight responsibilities. In order to support the ARMC a Meeting Planner has been prepared, and provides ARMC members oversight of the proposed work program.

**OFFICER'S RECOMMENDATION**

That Council:

1. Endorses the proposed schedule of meeting dates for the Audit and Risk Management Committee.
2. Notes the Meeting Planner (Attachment 1) and that the corporate governance and oversight responsibilities of the Committee will increase as the City’s audit function and governance frameworks mature.

**PROCEDURAL MOTION**

**That this item be referred to the next Audit and Risk Management Committee.**

**Cr Filomena Piffaretti, Mayor Moved, Cr Josh Eveson Seconded**

**CARRIED UNANIMOUSLY: 5/0**

***For: Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Andrew Cox and Jillian Brazil.***

***Against: Nil.***

**REASON FOR CHANGE**

***Consideration of this item was referred to the next meeting of the Audit and Risk Management Committee so that the Committee could see the full meeting schedule before making a decision.***

**BACKGROUND**

Local Government Operational Guidelines Number 09 - Audit in Local Government recommends Audit Committees meet at least quarterly. The Committee’s Terms of Reference – Audit and Risk Management Committee requires the ARMC to meet as frequently as required, usually four times per year.

A list of ARMC meeting dates for 2023 is submitted for consideration.

**EXTERNAL CONSULTATION**

The Meeting Planner has been developed following good practice guidance from the Office of the Auditor General (WA), 2020. Western Australian Public Sector Audit Committees – Better Practice Guide and The Institute of Internal Auditors - Australia, 2022. Factsheet: Audit Committees.

**OFFICER'S COMMENTS**

Proposed ARMC dates for 2023 have been selected to ensure that there is adequate time to enable matters to be considered to meet known deadlines. This includes the compliance audit return, interim external audit report and annual financial statements and quarterly progress reporting.

Proposed meeting dates for 2023 are as follows:

Tuesday 14 February 2023

Tuesday 16 May 2023

Tuesday 15 August 2023

Tuesday 14 November 2023

A Tuesday, with a start time of 5:00pm is proposed in accordance with current practice. Council Concept Briefings are scheduled to occur every Tuesday, feedback from ARMC members is that this restricts the Committee to one-hour meetings, therefore the Committee may consider an alternative day to meet. It is recommended the Committee considers a Monday or a Wednesday meeting day.

Proposed dates will therefore change depend on the selected day, it is intended they will fall before or after the above proposed Tuesday dates.

To assist the ARMC schedule activities across the four meetings, a Meeting Planner has been prepared. The planner, which is intended as a guide only, is a snapshot of the types of governance and assurance activities the ARMC may cover over the year aligned with Terms of Reference – Audit and Risk Management Committee - Roles and Functions.

The Meeting Planner has adopted a minimalist approach as a starting point, as the City’s Internal Audit Function and Governance Frameworks continue to mature, it is expected that the corporate governance and oversight responsibilities of the Committee may increase.

**LEGISLATIVE COMPLIANCE**

Local Government Act 1995 Section 7.1A

**RISK ASSESSMENT**

In accordance with the City’s Risk Management Framework, the officer’s recommendation has been assessed against the City’s adopted risk tolerance. Comments are provided against each of the risk categories.

|  |  |
|--|--|
| <p><b>Officer’s Recommendation</b></p> | <p><b>That Council:</b></p> <ol style="list-style-type: none"> <li>1. <b>Endorses the proposed schedule of meeting dates for the Audit and Risk Management Committee.</b></li> <li>2. <b>Notes the Meeting Planner (<u>Attachment 1</u>) and that the corporate governance and oversight responsibilities of the Committee will increase as the City’s audit function and governance frameworks mature.</b></li> </ol> |
|--|--|

| Risk Category                    | Adopted Risk Appetite   | Risk Assessment Outcome |
|----------------------------------|---|-------------------------|
| Strategic Direction              | Moderate  | Low                     |
| Reputation                       | Low   | Low                     |
| Governance                       | Low   | Low                     |
| Community and Stakeholder        | Moderate  | Low                     |
| Financial Management             | Low   | Low                     |
| Environmental Responsibility     | Low   | Low                     |
| Service Delivery                 | Low   | Low                     |
| Organisational Health and Safety | Low   | Low                     |
| <b>Conclusion</b>                | Proposed ARMC dates for 2023 have been selected to ensure that there is adequate time to enable matters to be considered to meet known deadlines. A Tuesday, with a start time of 5:00pm is proposed in accordance with current practice. |                         |

## FINANCIAL IMPLICATIONS

The following financial implications are applicable:

Nil.

## STRATEGIC IMPLICATIONS

In accordance with the City of Bayswater Strategic Community Plan 2021-2031, the following applies:

Theme: Leadership and Governance

Goal L4: Communicate in a clear and transparent way.

Provide the community with useful information about Council's policies, services and events and advise the community of engagement outcomes.

## CONCLUSION

Proposed ARMC dates for 2023 have been selected to ensure that there is adequate time to enable matters to be considered to meet known deadlines. This includes the compliance audit return, interim external audit report and annual financial statements and quarterly progress reporting.

To assist the ARMC schedule activities across the four meetings, a Meeting Planner has been prepared.

Audit and Risk Management Committee Annual Meeting Planner (Guide Only)  
2023

| January   | February | March | April   | May | June | July   | August | September | October  | November | December |
|---|----------|-------|---|-----|------|--|--------|-----------|--|----------|----------|
| ↓   |          |       |   |     | ↓    |  | ↓      |           | ↓  |          |          |
| <b>Meeting 1</b>  |          |       | <b>Meeting 2</b>  |     |      | <b>Meeting 3</b>   |        |           | <b>Meeting 4</b>   |          |          |
| <u>Standard Agenda Items</u><br>• Refer below<br><br><u>Other Agenda Items</u><br>• Compliance Audit Return<br>• Integrity Strategy*  |          |       | <u>Standard Agenda Items</u><br>• Refer below<br><br><u>Other Agenda Items</u><br>• Strategic risk review<br>• Strategic Internal Audit Plan<br>• Annual Internal Audit Program<br>• Review and endorse appointment of External Member* |     |      | <u>Standard Agenda Items</u><br>• Refer below<br><br><u>Other Agenda Items</u><br>• Interim External Audit Visit for the Year End 30 June<br>• Internal Audit Function Annual Report<br>• Risk Management Framework Policy*  |        |           | <u>Standard Agenda Items</u><br>• Refer below<br><br><u>Other Agenda Items</u><br>• Committee Meeting Dates<br>• Internal Audit Charter*<br>• Fraud and Corruption Control Policy*<br>• Business Continuity Policy*<br>• Annual Financial Report |          |          |
| <b>Standard Agenda – All Meetings</b>   |          |       |   |     |      |  |        |           |  |          |          |
| 1. Official Opening<br>2. Acknowledgement of Country<br>3. Attendance<br>Apologies<br>Approved Leave of Absence<br>4. Disclosure of Interest Summary<br>5. Delegated Authority by Council<br>6. Terms of Reference<br>7. Confirmation of Minutes<br>8. Reports<br>9. Previous Matters Dealt with not on the Agenda<br>10. General Business<br>11. Briefing Notes<br>12. Confidential Items<br>13. Next Meeting<br>14. Closure |          |       |   |     |      | <u>Standard Agenda Items</u><br>• Quarterly Reporting - Risk<br>• Quarterly Reporting - Audit<br>• Quarterly Reporting - Corporate Performance Reporting<br>• Debtors Write-off<br><br><u>Other Agenda Items*</u><br>• Internal audit<br>Internal Audit Program reports<br>• External Oversight Agencies – CCC, OAG, PSC Comparison Reporting<br>Internal Assurance reports<br><br>• OAG Participant Reporting<br>Audit reports<br><br>* Presented as required for review. |        |           |  |          |          |

**9 PREVIOUS MATTERS DEALT WITH NOT ON THE AGENDA**

Nil.

**10 GENERAL BUSINESS****10.1 2021/22 Audit Entry Update**

Ms Lorraine Driscoll, Director Corporate and Strategy provided a verbal update regarding the Audit Entry for 2021/2022.

**10.2 Paxon Financial Review Update*****MS JILLIAN BRAZIL DECLARED AN IMPARTIAL INTEREST***

*In accordance with regulation 11 of the Local Government (Rules of Conduct) Regulations 2007, Ms Jillian Brazil declared an impartial interest in this item as she formerly worked for Paxon auditors. Ms Brazil remained in the Council Chambers for the update on this item.*

Ms Lorraine Driscoll, Director Corporate and Strategy provided a verbal update regarding the Paxon Financial Review.

**10.3 ERP Project Update**

Ms Lorraine Driscoll, Director Corporate and Strategy provided a verbal update regarding the ERP Project.

**11 BRIEFING NOTES**

Nil.

**COMMITTEE RESOLUTION**

That the meeting be closed to the public.

Cr Filomena Piffaretti, Mayor Moved, Cr Josh Eveson Seconded

**CARRIED UNANIMOUSLY: 5/0**

**For:** Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Andrew Cox and Jillian Brazil.

**Against:** Nil.

At 5:45pm, the meeting closed to the public.

**12 CONFIDENTIAL ITEMS****12.1 Annual Internal Audit Program 2022/23**

|                                 |  |
|---------------------------------|--|
| <b>Responsible Branch:</b>      | Governance and Organisational Strategy                     |
| <b>Responsible Directorate:</b> | Office of the CEO  |
| <b>Authority/Discretion:</b>    | Executive/Strategic  |
| <b>Voting Requirement:</b>      | Simple Majority  |
| <b>Attachments:</b>             | Annual Internal Audit Program 2022/23                      |
| <b>Refer:</b>                   | Item 8.1: ARMC 10.11.2020<br>Item 10.6.3.1: OCM 24.11.2020 |

**REASON FOR CONFIDENTIALITY**

*This is a CONFIDENTIAL REPORT in accordance with section 5.23(2) of the Local Government Act 1995 (WA), which permits the meeting to be closed to the public for the business relating to:*

- (e) a matter that if disclosed, would reveal —
  - (iii) information about the business, professional, commercial or financial affairs of a person,

**COMMITTEE RECOMMENDATION TO COUNCIL**  
**(OFFICER'S RECOMMENDATION)**

That the recommendation as contained in the "Confidential Report" be adopted.

Jillian Brazil Moved, Cr Josh Eveson Seconded

**CARRIED UNANIMOUSLY: 5/0**

**For:** Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Andrew Cox and Jillian Brazil.

**Against:** Nil.

**12.2 Internal Audit - Bayswater Waves Aquatic Centre Review**

|                                 |  |
|---------------------------------|--|
| <b>Responsible Branch:</b>      | Governance and Organisational Strategy                     |
| <b>Responsible Directorate:</b> | Office of the CEO  |
| <b>Authority/Discretion:</b>    | Executive/Strategic  |
| <b>Voting Requirement:</b>      | Simple Majority  |
| <b>Attachments:</b>             | Bayswater Waves Aquatic Centre – Internal Audit            |
| <b>Refer:</b>                   | Item 8.1: ARMC 10.11.2020<br>Item 10.6.3.1: OCM 24.11.2020 |

**REASON FOR CONFIDENTIALITY**

*This is a CONFIDENTIAL REPORT in accordance with section 5.23(2) of the Local Government Act 1995 (WA), which permits the meeting to be closed to the public for the business relating to:*

- (e) *a matter that if disclosed, would reveal —*
- (iii) *information about the business, professional, commercial or financial affairs of a person,*

**COMMITTEE RECOMMENDATION TO COUNCIL**  
**(OFFICER'S RECOMMENDATION)**

That the recommendation as contained in the “Confidential Report” be adopted.

Cr Filomena Piffaretti, Mayor Moved, Cr Josh Eveson Seconded

**CARRIED UNANIMOUSLY: 5/0**

**For:** *Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Andrew Cox and Jillian Brazil.*

**Against:** *Nil.*

**12.3 Internal Audit - Swimming Pool Inspections**

|                                 |  |
|---------------------------------|--|
| <b>Responsible Branch:</b>      | Governance and Organisational Strategy                     |
| <b>Responsible Directorate:</b> | Office of the CEO  |
| <b>Authority/Discretion:</b>    | Executive/Strategic  |
| <b>Voting Requirement:</b>      | Simple Majority  |
| <b>Attachments:</b>             | Swimming Pool Inspections - Internal Audit                 |
| <b>Refer:</b>                   | Item 8.1: ARMC 10.11.2020<br>Item 10.6.3.1: OCM 24.11.2020 |

**REASON FOR CONFIDENTIALITY**

*This is a CONFIDENTIAL REPORT in accordance with section 5.23(2) of the Local Government Act 1995 (WA), which permits the meeting to be closed to the public for the business relating to:*

- (e) *a matter that if disclosed, would reveal —*
  - (iii) *information about the business, professional, commercial or financial affairs of a person,*

**COMMITTEE RECOMMENDATION TO COUNCIL**  
**(OFFICER'S RECOMMENDATION)**

That the recommendation as contained in the “Confidential Report” be adopted.  
Cr Filomena Piffaretti, Mayor Moved, Cr Josh Eveson Seconded

**CARRIED UNANIMOUSLY: 5/0**

**For:** *Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Andrew Cox and Jillian Brazil.*  
**Against:** *Nil.*

**COMMITTEE RESOLUTION**

That the meeting be reopened to the public.

Cr Giorgia Johnson Moved, Cr Filomena Piffaretti, Mayor Seconded

**CARRIED UNANIMOUSLY: 5/0**

**For:** *Cr Filomena Piffaretti, Mayor, Cr Josh Eveson, Cr Giorgia Johnson, Andrew Cox and Jillian Brazil.*  
**Against:** *Nil.*

*At 6:10pm, the meeting was reopened to the public.*

**13 NEXT MEETING**

The next meeting of the Audit and Risk Management Committee will take place in the Committee Room, 61 Broun Avenue, Morley, on 6 December 2022 at 5:00pm.

**14 CLOSURE**

There being no further business to discuss, the Chairperson, Cr Giorgia Johnson, declared the meeting closed at 6:11pm.