



2022 | 2023

Financial Statements

General Purpose Financial Statements

for the year ended 30 June 2023

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Content Overview

The City of Wanneroo conducts the operations of a local government with the following community vision:

A welcoming community, connected through local opportunities.

Principal place of business:

65 Dundobar Rd, Wanneroo WA 6946

General Purpose Financial Statements
for the year ended 30 June 2023

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

Statement by Chief Executive Officer

The accompanying financial report of the City of Wanneroo has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the 28 day of November 2023



Acting Chief Executive Officer

Noelene Jennings

Statement of Comprehensive Income

for the year ended 30 June 2023

	Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
Revenue				
Rates	2a,27	147,253,749	147,314,515	139,411,405
Grants, subsidies and contributions	2a	17,465,036	5,596,390	15,014,025
Fees and charges	2a	50,354,714	51,292,833	49,070,084
Interest revenue	2a	13,100,283	7,024,598	3,105,939
Other revenue	2a	2,329,702	650,319	971,397
		<u>230,503,484</u>	<u>211,878,655</u>	<u>207,572,850</u>
Expenses				
Employee costs	2b	(80,908,923)	(83,660,259)	(75,928,385)
Materials and contracts		(75,419,156)	(79,704,653)	(64,721,739)
Utility charges		(10,271,016)	(10,380,146)	(8,327,449)
Depreciation		(40,560,533)	(41,218,774)	(39,106,802)
Finance costs	2b	(4,289,782)	(4,264,103)	(4,201,885)
Insurance		(1,536,810)	(1,439,911)	(1,336,700)
		<u>(212,986,220)</u>	<u>(220,667,846)</u>	<u>(193,622,960)</u>
Operating result from continuing operations				
		<u>17,517,264</u>	<u>(8,789,191)</u>	<u>13,949,890</u>
Capital grants, subsidies and contributions	2a	39,645,941	46,814,125	23,863,600
Profit on asset disposals		4,325,770	2,555,831	5,592,216
Loss on asset disposals		(1,878,188)	(861,296)	(4,467,750)
Share of net profit of associates accounted for using the equity method	22	1,243,273	–	11,948,248
Town Planning Scheme & Development Contribution Plan Expenses		(4,207,695)	(24,348,082)	(8,466,558)
Town Planning Scheme & Development Contribution Plan Income		4,979,384	29,069,490	9,484,541
Non-Operating Contracts Expenses		–	(128,582)	(14,168,717)
		<u>44,108,485</u>	<u>53,101,486</u>	<u>23,785,580</u>
Net result for the period				
		<u>61,625,749</u>	<u>44,312,295</u>	<u>37,735,470</u>
Other comprehensive income for the period				
Items that will not be reclassified subsequently to profit or loss:				
Changes in asset revaluation surplus	17	450,485,174	–	3,356,712
Total other comprehensive income for the period				
		<u>450,485,174</u>	<u>–</u>	<u>3,356,712</u>
Total comprehensive income for the period				
		<u>512,110,923</u>	<u>44,312,295</u>	<u>41,092,182</u>

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



Statement of Financial Position

as at 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	3	42,028,275	17,076,473
Trade and other receivables	5	12,951,607	10,906,742
Other financial assets	4a	440,000,000	430,000,000
Inventories	6	398,094	328,855
Other assets	7	11,770,845	3,090,348
Total current assets		507,148,821	461,402,418
Non-current assets			
Trade and other receivables	5	4,486,717	4,271,618
Inventories	6	16,769,298	17,236,832
Investment in associates	22	30,027,648	28,520,091
Property, plant and equipment	8a	397,398,735	389,208,650
Infrastructure	9a	2,400,375,316	1,929,848,682
Right of use assets	11a	508,495	55,254
Total non-current assets		2,849,566,209	2,369,141,127
Total assets		3,356,715,030	2,830,543,545
Liabilities			
Current liabilities			
Trade and other payables	12	48,967,726	47,218,485
Other liabilities	13	30,117,159	32,817,320
Lease liabilities	11b	110,144	60,670
Employee related provisions	15	20,473,394	20,142,580
Other provisions	16	3,574,500	2,840,000
Total current liabilities		103,242,923	103,079,055
Non-current liabilities			
Other liabilities	13	95,699,993	82,811,797
Lease liabilities	11b	405,909	–
Borrowings	14	74,334,488	74,334,488
Employee related provisions	15	2,026,660	1,656,869
Other provisions	16	6,584,259	6,351,461
Total non-current liabilities		179,051,309	165,154,615
Total liabilities		282,294,232	268,233,670
Net assets		3,074,420,798	2,562,309,875
Equity			
Retained surplus		1,247,364,895	1,232,810,571
Reserve accounts	30	305,944,797	258,873,372
Revaluation surplus	17	1,521,111,106	1,070,625,932
Total equity		3,074,420,798	2,562,309,875

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



Statement of Changes in Equity

for the year ended 30 June 2023

	Note	Retained Surplus \$	Reserve Accounts \$	Revaluation Surplus \$	Total Equity \$
Balance as at 1 July 2021		1,208,806,571	244,930,312	1,063,944,390	2,517,681,273
Recognition of Land Previously Written off		–	–	3,324,830	3,324,830
Net result for the period		37,735,470	–	–	37,735,470
Share of comprehensive income of equity accounted investments	17	–	–	3,356,712	3,356,712
Total comprehensive income for the period		37,735,470	–	3,356,712	41,092,182
Town Planning Schemes Refund		211,590	–	–	211,590
Transfers from reserve accounts	30	82,799,573	(82,799,573)	–	–
Transfers to reserve accounts	30	(96,742,633)	96,742,633	–	–
Balance as at 30 June 2022		1,232,810,571	258,873,372	1,070,625,932	2,562,309,875
Balance as at 1 July 2022		1,232,810,571	258,873,372	1,070,625,932	2,562,309,875
Net result for the period		61,625,749	–	–	61,625,749
Increase/(decrease) in asset revaluation surplus	17	–	–	448,775,624	448,775,624
Share of comprehensive income of equity accounted investments	17	–	–	1,709,550	1,709,550
Total comprehensive income for the period		61,625,749	–	450,485,174	512,110,923
Transfers from reserve accounts	30	34,015,699	(34,015,699)	–	–
Transfers to reserve accounts	30	(81,087,124)	81,087,124	–	–
Balance as at 30 June 2023		1,247,364,895	305,944,797	1,521,111,106	3,074,420,798

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



Statement of Cash Flows

for the year ended 30 June 2023

	Notes	Actual 2023 \$	Actual 2022 \$
Cash flows from operating activities			
Receipts			
Rates		146,700,550	142,400,886
Operating grants, subsidies and contributions		31,876,872	15,014,027
Fees and charges		52,111,973	49,384,493
Interest revenue		13,100,283	1,806,021
Goods and services tax received		15,046,314	13,222,500
Other revenue		754,583	2,449,475
Total receipts		<u>259,590,575</u>	<u>224,277,402</u>
Payments			
Employee costs		(79,824,567)	(76,321,626)
Materials and contracts		(88,418,829)	(56,739,314)
Utility charges		(10,271,016)	(8,327,449)
Finance costs		(4,289,782)	(4,245,488)
Insurance paid		(1,536,810)	(1,336,700)
Goods and services tax paid		(14,032,925)	(13,044,470)
Total payments		<u>(198,373,929)</u>	<u>(160,015,047)</u>
Net cash provided by (used in) operating activities	18b	<u>61,216,646</u>	<u>64,262,355</u>
Cash flows from investing activities			
Receipts			
Capital grants, subsidies and contributions		18,884,654	24,577,300
Town planning scheme and development contribution plan income		4,979,384	11,555,976
Proceeds from financial assets at amortised cost - term deposit		455,000,000	400,000,000
Proceeds from land held for sale		3,893,773	8,510,620
Proceeds from distributions from associates		3,333,332	1,666,666
Capital contributions from associated entities		1,445,553	-
Proceeds from sale of property, plant & equipment		3,488,035	2,755,654
Payments			
Payments for development of land held for resale		(3,419,400)	(2,718,731)
Payments for purchase of property, plant & equipment		(20,908,464)	(21,502,208)
Payments for construction of infrastructure		(29,738,847)	(27,184,874)
Payments for financial assets at amortised cost		(465,000,000)	(430,000,000)
Non-operating contracts expenses		-	(14,168,717)
Town planning scheme and development contribution plan expenses		(4,751,352)	(10,487,165)
Headworks levy refund		-	(3,039,726)
Equity contributions - Tamala Park Regional Council and Mindarie Regional Council		(3,333,332)	(1,705,912)
Net cash provided by (used in) investing activities		<u>(36,126,664)</u>	<u>(61,741,117)</u>
Cash flows from financing activities			
Receipts			
Transfer from Trust Fund- Cash Paid in Lieu of Public Open Space		-	13,981
Payments			
Payments for principal portion of lease liabilities		(138,180)	(71,844)
Net cash flow provided by (used in) financing activities		<u>(138,180)</u>	<u>(57,863)</u>
Net increase /(decrease) in cash held		<u>24,951,802</u>	<u>2,463,375</u>
Cash at beginning of year		17,076,473	14,613,098
Cash and cash equivalents at the end of the year	3,18a	<u>42,028,275</u>	<u>17,076,473</u>

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

Statement of Financial Activity

for the year ended 30 June 2023

	Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
Rates	27	147,253,749	147,314,515	139,411,405
Grants, subsidies and contributions		17,465,036	5,596,390	15,014,025
Fees and charges		50,354,714	51,292,833	49,070,084
Interest revenue		13,100,283	7,024,598	3,105,939
Other revenue		2,329,702	650,319	971,397
Profit on asset disposals		4,325,770	2,555,831	5,592,216
Share of net profit of associates accounted for using the equity method	22	1,243,273	–	11,948,248
Town Planning Schemes and Development Contribution Plans Revenue		4,979,384	29,069,490	9,484,541
		<u>241,051,911</u>	<u>243,503,976</u>	<u>234,597,855</u>
Expenditure from operating activities				
Employee costs		(80,908,923)	(83,660,259)	(75,928,385)
Materials and contracts		(75,418,869)	(79,704,653)	(64,721,739)
Utility charges		(10,271,016)	(10,380,146)	(8,327,449)
Depreciation		(40,560,533)	(41,218,774)	(39,106,802)
Finance costs		(4,289,782)	(4,264,103)	(4,201,885)
Insurance		(1,536,810)	(1,439,911)	(1,336,700)
Loss on asset disposals		(1,878,188)	(861,296)	(4,467,750)
Town Planning Schemes and Development Contribution Plans Expense		(4,216,640)	(24,348,083)	(8,466,558)
Non-operating contract expenses		–	(128,581)	(14,168,717)
		<u>(219,080,761)</u>	<u>(246,005,806)</u>	<u>(220,725,985)</u>
Non-cash amounts excluded from operating activities	28a	41,004,700	39,524,239	39,779,927
Amount attributable to operating activities		<u>62,975,850</u>	<u>37,022,409</u>	<u>53,651,797</u>
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		39,645,941	46,814,125	23,863,600
Proceeds from disposal of assets		3,488,035	3,727,950	11,266,274
Distributions from investments in associates	22	3,333,332	–	1,666,666
		<u>46,467,308</u>	<u>50,542,075</u>	<u>36,796,540</u>
Outflows from investing activities				
Purchase of property, plant and equipment		(20,908,464)	(49,482,937)	(24,220,936)
Purchase and construction of infrastructure		(29,738,847)	(33,931,702)	(27,184,875)
Payments for investments in associates		(3,333,332)	–	(1,666,666)
		<u>(53,980,643)</u>	<u>(83,414,639)</u>	<u>(53,072,477)</u>
Non-cash amounts excluded from investing activities	28	(20,037,233)	(22,946,012)	(9,818,083)
Amount attributable to investing activities		<u>(27,550,568)</u>	<u>(55,818,576)</u>	<u>(26,094,020)</u>
FINANCING ACTIVITIES				
Inflows from financing activities				
Transfers from reserves	30	34,015,699	47,100,810	82,799,573
Movement in Restricted Grants, Contributions & Unspent Loans		2,399,985	311,839	(9,885,120)
Transfers from Town Planning Schemes		8,695,806	26,611,195	8,445,493
		<u>45,111,490</u>	<u>74,023,844</u>	<u>81,359,946</u>
Outflows from financing activities				
Payments for principal portion of lease liabilities		(138,180)	–	–
Transfers to reserves	30	(81,087,124)	(44,187,468)	(96,728,652)
Transfers to Town Planning Schemes		(8,695,806)	(26,611,195)	(8,445,493)
		<u>(89,921,110)</u>	<u>(70,798,663)</u>	<u>(105,174,145)</u>
Amount attributable to financing activities		<u>(44,809,620)</u>	<u>3,225,181</u>	<u>(23,814,199)</u>
MOVEMENT IN SURPLUS OR DEFICIT				

Statement of Financial Activity (continued)
for the year ended 30 June 2023

	Note	2023 Actual \$	2023 Budget \$	2022 Actual \$
Surplus or deficit at the start of the financial year	28	36,742,371	15,570,986	32,998,793
Amount attributable to operating activities		62,975,850	37,022,409	53,651,797
Amount attributable to investing activities		(27,550,568)	(55,818,576)	(26,094,020)
Amount attributable to financing activities		(44,809,620)	3,225,181	(23,814,199)
Surplus/(deficit) after imposition of general rates	28c	<u>27,358,033</u>	<u>–</u>	<u>36,742,371</u>

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

Notes to the Financial Statements

for the year ended 30 June 2023

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Notes to the Financial Statements

for the year ended 30 June 2023

Note 1. Basis of preparation

The financial report comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* (Act) and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the Act read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The Local Government (Financial Management) Regulations 1996 specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero-cost concessionary lease. All right-of-use assets under zero-cost concessionary leases are measured at zero-cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value. 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.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 31 to these financial statements.

Judgements and estimates

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

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

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, infrastructure and investment property
- estimation uncertainties made in relation to lease accounting
- estimated useful life of intangible assets

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- *AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- *AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date*
- *AASB 2021-7a Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]*
- *AASB 2022-3 Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15*

These amendments have no material impact on the current annual 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 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- *AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- *AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*
This standard will result in a terminology change for significant accounting policies.
- *AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply*

Notes to the Financial Statements

for the year ended 30 June 2023

Note 1. Basis of preparation (continued)

- *AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback*
- *AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants*
- *AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards*
- *AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities.*
The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2. Revenue and expenses

(a) Revenue

Contracts with customers

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

Revenue category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/refunds/warranties	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	When rates notice is issued
Grants, subsidies or contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms. Transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue.	None	On payment and issue of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

Consideration from contracts with customers is included in the transaction price.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2. Revenue and expenses (continued)

(a) Revenue (continued)

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:

Nature	Contracts with customers	Capital grant/ contributions	Statutory Requirements	Other	Total
For the year ended 30 June 2023					
Rates	–	–	147,253,749	–	147,253,749
Grants, subsidies and contributions	–	–	–	17,465,036	17,465,036
Fees and charges	47,842,469	–	351,823	2,160,422	50,354,714
Interest revenue	–	–	3,796,331	9,303,952	13,100,283
Other revenue	–	–	1,091,578	1,238,124	2,329,702
Capital grants, subsidies and contributions	20,761,287	18,785,905	–	98,749	39,645,941
Total	68,603,756	18,785,905	152,493,481	30,266,283	270,149,425
For the year ended 30 June 2022					
Rates	–	–	139,411,405	–	139,411,405
Grants, subsidies and contributions	–	–	–	15,014,025	15,014,025
Fees and charges	46,490,002	–	341,968	2,238,114	49,070,084
Interest revenue	–	–	664,484	2,441,455	3,105,939
Other revenue	–	–	489,631	481,766	971,397
Capital grants, subsidies and contributions	13,587,779	10,275,821	–	–	23,863,600
Total	60,077,781	10,275,821	140,907,488	20,175,360	231,436,450
				2023 Actual \$	2022 Actual \$

Assets and services acquired below fair value

Contributed assets	20,761,287	9,818,083
	<u>20,761,287</u>	<u>9,818,083</u>

Fees and charges relating to rates receivables

Charges on instalment plans	351,823	341,968
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Interest revenue

Interest on reserve account funds	8,236,530	1,365,227
Interest on municipal funds	3,784,249	664,483
Other interest revenue	1,079,504	1,076,229
Total interest earnings	<u>13,100,283</u>	<u>3,105,939</u>

Notes to the Financial Statements

for the year ended 30 June 2023

Note 2. Revenue and expenses (continued)

(b) Expenses

Employee costs

	2023 Actual \$	2022 Actual \$
Employee benefits costs	77,012,153	73,418,457
Other employee costs	3,896,770	2,509,928
	<u>80,908,923</u>	<u>75,928,385</u>

Auditors remuneration

- Audit of the annual financial report	104,500	93,400
- Audit of grant acquittals	11,000	11,000

Finance costs

Interest and financial charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	17,582	-
Loan Interest	4,272,200	4,201,885
Total	<u>4,289,782</u>	<u>4,201,885</u>

Notes to the Financial Statements

for the year ended 30 June 2023

Note 3. Cash and cash equivalents

	Note	2023 \$	2022 \$
Cash at bank		42,013,934	17,059,747
Cash on hand		14,341	16,726
Total cash and cash equivalents	18	42,028,275	17,076,473
Held as			
- Unrestricted cash and cash equivalents		42,023,075	17,071,273
- Restricted cash and cash equivalents		5,200	5,200
Total		42,028,275	17,076,473

SIGNIFICANT ACCOUNTING POLICIES**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments 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.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interests.

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

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, 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 and for which no liability has been recognised.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 4. Other financial assets

	2023	2022
	\$	\$
(a) Current assets		
Financial assets at amortised cost		
Term deposits	440,000,000	430,000,000
	<u>440,000,000</u>	<u>430,000,000</u>
Held as		
- Unrestricted other financial assets at amortised cost	19,877,317	63,381,577
- Restricted other financial assets at amortised cost	420,122,683	366,618,423
Total	<u>440,000,000</u>	<u>430,000,000</u>

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.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 25) due to the observable market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

Financial assets at fair value through profit or loss

The City has elected to classify the following financial assets at fair value through profit or 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 as fair value gains and losses through profit or loss.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 23.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 5. Trade and other receivables

	Note	2023 \$	2022 \$
Current			
Rates and statutory receivables		8,453,922	7,782,343
Other receivables		3,608,639	1,213,602
GST receivable		1,722,338	2,735,727
Allowance for credit losses of other receivables	23b	(833,292)	(824,930)
		<u>12,951,607</u>	<u>10,906,742</u>
Non-current			
Pensioners' rates and ESL deferred		4,486,717	4,271,618
		<u>4,486,717</u>	<u>4,271,618</u>

Disclosure of opening and closing balances related to contracts with customers

Information about receivables 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:

	2023 Actual \$	2022 Actual \$	2021 Actual \$
Other receivables from contracts with customers	3,608,639	1,213,602	1,526,899
Allowance for credit losses of trade receivables	(833,292)	(824,930)	(464,668)
Total trade and other receivables from contracts with customers	<u>2,775,347</u>	<u>388,672</u>	<u>1,062,231</u>

SIGNIFICANT ACCOUNTING POLICIES

Rates and statutory receivables

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

Trade and other receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations as part of the ordinary course of business.

Other Receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers including grants for the construction of recognisable non financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

Classification and subsequent measurement

In accordance with AASB 101.66, receivables which are generally due for settlement, are 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

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

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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 5. Trade and other receivables (continued)

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 23(b).

Note 6. Inventories

	2023	2022
	\$	\$
Current		
Consumables & Materials	398,094	328,855
Total current inventories	398,094	328,855
Non-current		
Land held for resale		
- Development costs	16,769,298	17,236,832
Total non-current inventories	16,769,298	17,236,832

The following movements in inventories occurred during the year:

Balance at beginning of year	17,565,687	22,068,476
Inventories expensed during the year	(4,603,403)	(2,416,577)
Write down of inventories to net realisable value	(1,720,566)	(4,028,337)
Additions to inventory	5,925,674	1,942,125
Balance at end of year	17,167,392	17,565,687

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.

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.

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 25.

Land held for resale

Land held for resale includes commercial land on Flynn Drive in Neerabup, commercial land on Opportunity Street in Wangara and one sixth ownership of residential land on Lot 118 Mindarie which is being developed by Tamala Park Regional Council.(subsequently renamed to Catalina Regional Council)

Borrowing costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed onto the buyer at this point.

Land held for resale is classified as current except where it is held as non-current based on the Council's intentions to release for sale. Land held for development and resale is valued at the lower of cost and net realisable value.

Library books

Notes to the Financial Statements

for the year ended 30 June 2023

Note 6. Inventories (continued)

All library books are expensed at the point of acquisition either through purchase or inheritance.

Note 7. Other assets

	2023	2022
	\$	\$
Other assets - current		
Prepayments	1,326,895	1,509,706
Accrued income	10,443,950	1,580,642
Total other assets - current	<u>11,770,845</u>	<u>3,090,348</u>

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.

Contract assets

Contract assets primarily relate to the City's right to consideration for work completed but not billed at the end of the period.

Notes to the Financial Statements for the year ended 30 June 2023

Note 8. 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 Non-Specialised \$	Total land and buildings \$	Furniture and fittings \$	Plant and equipment \$	Work in progress \$	Total property, plant and equipment \$
Balance at 1 July 2021	125,087,830	206,236,901	331,324,731	8,889,467	21,521,291	18,502,079	380,237,568
Additions	21,820	3,114,236	3,136,056	2,624,012	6,179,170	9,591,448	21,530,686
Disposals	(1,780,000)	–	(1,780,000)	–	(1,123,730)	–	(2,903,730)
Adjustments	–	–	–	4,057	–	–	4,057
Depreciation	–	(3,849,399)	(3,849,399)	(3,082,510)	(2,728,022)	–	(9,659,931)
Transfers from Works in Progress	–	96,268	96,268	318,483	–	(414,751)	–
Balance at 30 June 2022	123,329,650	205,598,006	328,927,656	8,753,509	23,848,709	27,678,776	389,208,650
Balance at 1 July 2022	123,329,650	205,598,006	328,927,656	8,753,509	23,848,709	27,678,776	389,208,650
Additions	–	2,706,456	2,706,456	3,506,477	2,193,862	12,501,669	20,908,464
Disposals	–	–	–	–	(1,040,453)	–	(1,040,453)
Depreciation	–	(3,945,793)	(3,945,793)	(4,473,897)	(3,258,236)	–	(11,677,926)
Transfers from Works in Progress	172,824	4,369,522	4,542,346	5,963,991	5,354,975	(15,861,312)	–
Balance at 30 June 2023	123,502,474	208,728,191	332,230,665	13,750,080	27,098,857	24,319,133	397,398,735

Notes to the Financial Statements

for the year ended 30 June 2023

Note 8. 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
Fair value - Land and buildings					
Land	Level 2	Market approach using recent observable market data for similar properties / income approach using discounted cashflow methodology	Independent Registered Valuer	June 2021	Price per hectare / market borrowing rate
Buildings	Level 3	Cost approach using current replacement cost	Independent Registered Valuer	June 2021	Construction costs and current condition, residual values and remaining useful life assessments inputs

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

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

Furniture & Fittings, Plant & Equipment and Leased Assets are accounted for at cost.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 9. Infrastructure

(a) Movements in balances

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

	Infrastructure roads \$	Infrastructure drainage \$	Infrastructure other \$	Infrastructure Pathways \$	Infrastructure Car Parks \$	Infrastructure Reserves \$	Work in progress \$	Total infrastructure \$
Balance at 1 July 2021	1,184,223,932	393,528,662	55,852,720	87,735,281	30,938,566	134,674,344	35,274,888	1,922,228,393
Additions *	9,356,567	2,876,203	197,905	2,258,636	441,059	8,781,377	13,091,211	37,002,958
Depreciation	(13,590,816)	(3,458,402)	(2,475,910)	(2,568,222)	(764,982)	(6,524,337)	–	(29,382,669)
Transfers from Works in Progress	1,387,872	50,735	–	1,058,319	13,529	686,130	(3,196,585)	–
Balance at 30 June 2022	1,181,377,555	392,997,198	53,574,715	88,484,014	30,628,172	137,617,514	45,169,514	1,929,848,682
Balance at 1 July 2022	1,181,377,555	392,997,198	53,574,715	88,484,014	30,628,172	137,617,514	45,169,514	1,929,848,682
Additions *	16,315,579	5,119,436	5,056,699	8,592,276	224,435	11,870,119	3,321,604	50,500,148
Revaluation increments transferred to revaluation surplus	273,846,319	72,271,405	–	70,129,020	–	58,137,126	–	474,383,870
Revaluation decrements transferred to revaluation surplus	–	–	(23,280,640)	–	(2,327,606)	–	–	(25,608,246)
Depreciation	(13,193,487)	(3,536,197)	(2,555,497)	(1,647,614)	(771,705)	(7,044,638)	–	(28,749,138)
Transfers from Works in Progress	14,867,526	1,588,996	481,402	3,311,055	182,418	13,567,162	(33,998,559)	–
Balance at 30 June 2023	1,473,213,492	468,440,838	33,276,679	168,868,751	27,935,714	214,147,283	14,492,559	2,400,375,316

Notes to the Financial Statements

for the year ended 30 June 2023

Note 9. Infrastructure (continued)

(b) Carrying value measurements

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
(i) Fair value					
Infrastructure - roads	3	Cost approach using current depreciated replacement cost.	Independently Registered Valuation	30 June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure - drainage	3	Cost approach using current depreciated replacement cost.	Independently Registered Valuation	30 June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Other infrastructure	3	Cost approach using current depreciated replacement cost.	Independently Registered Valuation	30 June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure Pathways	3	Cost approach using current depreciated replacement cost.	Independently Registered Valuation	30 June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure Car parks	3	Cost approach using current depreciated replacement cost.	Independently Registered Valuation	30 June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs
Infrastructure Reserves	3	Cost approach using current depreciated replacement cost.	Independently Registered Valuation	30 June 2023	Construction costs and current condition, residual values and remaining useful life assessments inputs

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

During the period there were no changes in the valuation techniques used by the City to determine the fair value of infrastructure using level 3 inputs.

Major assumptions:

- Highest and best use of assets shall be consistent for all the assets (for which highest and best use is relevant) of the group of assets or the group of assets within which the asset would be used.
- Assets consumption patterns and utilisation would be same as current information.
- Market participants act in their economic best interest.

Increases in infrastructure asset bases and construction costs, have contributed to the increase in fair values of Infrastructure assets.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 10. Fixed assets

(a) 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.

Depreciation of Non-Current Assets

Depreciation is recognised on a straight-line basis, using rates, which are reviewed each reporting period. Major depreciation periods are:

Asset Class	Years
Buildings	40 years
Bus Shelters*	30 - 50 years
Computer Hardware	3 years
Computer Software	2 years
Pathways*	25 - 70 years
Furniture & Equipment (excluding Artwork & Artefacts**)	10 years
Heavy Vehicles - 1,201 kg to 4,000 kg	6 years/100,000 km's (45% residual)
Heavy Vehicles - 4,001 kg to 9,000 kg	6 years/200,000 km's (40% residual)
Heavy Vehicles - 9,001 kg to 12,000 kg	8 years/500,000 km's (48% residual)
Heavy Vehicles – Refuse	5 years (20% residual)
Light Vehicles	3 years (60% residual)
Plant	10 years (50% residual)
Other Infrastructure*	10 - 80 years
Other Plant and Equipment	10 years
Land**	Not Applicable
Parks & Reserves*	Not Applicable
Irrigation Piping	30 years
Reserves/Playground Equipment*	10 - 15 years
Sealed Car Parks – Pavement*	40 - 80 years
Road - Kerb	40 years
Road - Seal*	15 - 40 years
Road Pavement	40 years
Underpasses	40 years
Water Supply Piping & Drainage Systems*	40 - 80 years

*Due to useful lives of the individual assets within each asset type varying, despite being of a similar nature, the asset types denoted have a range of depreciation periods.

**Land, Artwork and Artefacts are not considered depreciable asset classes.

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. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 10. Fixed assets (continued)

	2023 Actual \$	2022 Actual \$
(b) Fully depreciated assets in use		
The gross carrying value of assets held by the City which are currently in use yet fully depreciated are shown in the table below.		
Infrastructure	578,840	4,604,137
Property, Plant & Equipment	8,002,951	4,165,775
	<u>8,581,791</u>	<u>8,769,912</u>

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

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

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, 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 scheduled revaluation dates of the asset class in accordance with the City's revaluation policy, 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 revaluation date consistent with *Financial Management Regulation 17A(4)*.

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. More specifically, the City has a policy of revaluing assets every three years. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the City.

At the end of each period, the carrying amount for each asset class is reviewed and, where appropriate, the fair value is updated to reflect current market conditions consistent with *Financial Management Regulation 17A(2)* which requires land, buildings infrastructure, investment properties and vested improvements to be shown at fair value.

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes 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. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation on revaluation

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

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.
- (ii) 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 ready for use.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 10. Fixed assets (continued)

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 in the Statement of Comprehensive Income and in Notes 8 (a) & 9 (a).

Impairment

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is less than its estimated recoverable amount.

Gains or losses on disposal

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.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 11. Leases

(a) 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 assets - plant and equipment \$	Total \$
2022		
Balance at 1 July 2021	143,490	143,490
Depreciation	(88,236)	(88,236)
Balance at 30 June 2022	<u>55,254</u>	<u>55,254</u>
2023		
Balance at 1 July 2022	55,254	55,254
Additions	586,724	586,724
Depreciation	(133,483)	(133,483)
Balance at 30 June 2023	<u>508,495</u>	<u>508,495</u>

	2023 Actual \$	2022 Actual \$
Note		
(b) Lease liabilities		
Current	110,144	60,670
Non-current	405,909	—
Total lease liabilities	<u>516,053</u>	<u>60,670</u>
	29d	

The City had two leases during 2022/23 however, as at 30 June 2023, there was only one lease relating to a two way radio network. The lease term for five years. One of the leases has variable lease payments. The measurement of lease liabilities does not include variable lease payments and any future cash outflows associated with leases not yet commenced to which the City is committed. The two way radio network lease has a term of 5 years with an extension option of 5 years and a termination option of 6 months. Refer to Note 29 for details of lease liabilities.

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

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.

Right-of-use assets - measurement

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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 11. Leases (continued)

is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 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.

	2023 Actual \$	2022 Actual \$
The City as a Lessor		
Lessor - Property, Plant and Equipment Subject to Lease		
The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.		
Less than 1 year	23,772	77,209
1 to 2 years	80,983	23,772
2 to 3 years	149,536	80,983
3 to 4 years	143,673	149,536
4 to 5 years	218,847	143,673
> 5 years	603,567	218,847
	1,220,378	694,020

SIGNIFICANT ACCOUNTING POLICIES**The City as Lessor**

Upon entering into each contract as a lessor, the City assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the City applies AASB 15 to allocate the consideration under the contract to each component.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 12. Trade and other payables

	2023	2022
	\$	\$
Current		
Accrued payroll liabilities	1,513,245	1,129,494
Prepaid rates	6,431,637	6,098,158
Trade Payables	20,853,881	16,959,417
Bonds & Security Deposits	20,168,963	23,031,416
Total current trade and other payables	<u>48,967,726</u>	<u>47,218,485</u>

SIGNIFICANT ACCOUNTING POLICIES**Financial liabilities**

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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 any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

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 usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

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 income for the prepaid rates that have not been refunded.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 13. Other liabilities

	2023 \$	2022 \$
Current		
Contract liabilities	22,209,809	27,467,590
Capital grant/contributions liabilities	7,907,350	5,349,730
	<u>30,117,159</u>	<u>32,817,320</u>
Non-current		
Contract liabilities	80,298,842	68,134,700
Capital grant/contributions liabilities	15,401,151	14,677,097
	<u>95,699,993</u>	<u>82,811,797</u>
Total other liabilities	<u>125,817,152</u>	<u>115,629,117</u>
Expected satisfaction of capital grant/contribution liabilities		
Less than 1 year	7,907,350	5,349,730
Greater than 1 year	15,401,151	14,677,097
Total	<u>23,308,501</u>	<u>20,026,827</u>

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

	2023 \$	2022 \$
Reconciliation of changes in contract liabilities		
Opening balance	95,602,290	92,003,198
Additions	102,508,651	95,602,290
Revenue from contracts with customers included as a contract liability at the start of the period	(95,602,290)	(92,003,198)
	<u>102,508,651</u>	<u>95,602,290</u>

The City expects to satisfy the performance obligations from contracts with customers unsatisfied as per the agreements.

Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	20,026,827	9,481,065
Additions	22,166,328	24,591,279
Revenue from capital grant/contribution liabilities at the start of the period	(18,884,654)	(14,045,517)
	<u>23,308,501</u>	<u>20,026,827</u>

Notes to the Financial Statements

for the year ended 30 June 2023

Note 13. Other liabilities (continued)

SIGNIFICANT ACCOUNTING POLICIES**Contract liabilities**

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

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the City's obligations to construct recognisable non-financial assets to identified specifications to be controlled by the City which are yet to be satisfied. Capital grant/contribution liabilities are recognised as income when the obligations in the contract are satisfied.

Fair values for non-current capital grant/contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 25) due to the unobservable inputs, including own credit risk.

Note 14. Borrowings

Note	2023			2022		
	Current \$	Non-current \$	Total \$	Current \$	Non-current \$	Total \$
Secured						
Bank loans	–	13,556,300	13,556,300	–	13,556,300	13,556,300
Debentures	–	60,778,188	60,778,188	–	60,778,188	60,778,188
Total secured borrowings	29a	74,334,488	74,334,488	–	74,334,488	74,334,488

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the City of Wanneroo.

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

SIGNIFICANT ACCOUNTING POLICIES**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.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 25) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 23.

Details of individual borrowings required by regulations are provided at Note 29.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 15. Employee related provisions

(a) Employee related provisions

	2023	2022
	\$	\$
Current provisions		
Employee benefit provisions		
Annual leave	6,396,388	6,648,499
Long service leave	7,749,366	6,879,416
Workers compensation	5,956,132	5,001,079
Other Employee Leave Provision	371,508	1,613,586
	<u>20,473,394</u>	<u>20,142,580</u>
Total current employee related provisions	<u>20,473,394</u>	<u>20,142,580</u>
Non-current provisions		
Long service leave	2,026,660	1,656,869
Total non-current employee related provisions	<u>2,026,660</u>	<u>1,656,869</u>
Total employee related provisions	<u>22,500,054</u>	<u>21,799,449</u>

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2023	2022
	\$	\$
Amounts are expected to be settled on the following basis:		
Less than 12 months after the reporting date	20,473,394	20,142,580
More than 12 months from reporting date	2,026,660	1,656,869
	<u>22,500,054</u>	<u>21,799,449</u>

SIGNIFICANT ACCOUNTING POLICIES**Employee benefits**

The City's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related 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, salaries and sick leave are recognised as a part of current employee related provisions in the statement of financial position.

Other long-term employee benefits

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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 15. Employee related provisions (continued)

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.

Note 16. Other Provisions

	Make good provisions (Inclusive of Environmental Rehabilitation and Legal Fees Provisions)	Headworks Levy Refund - Town Planning Schemes	Total
Current provisions	2,840,000	–	2,840,000
Non-current provisions	–	6,351,461	6,351,461
As at 30 June 2022	2,840,000	6,351,461	9,191,461
Additional provision	1,214,500	232,798	1,447,298
Amounts used	(480,000)	–	(480,000)
Balance at 30 June 2023	3,574,500	6,584,259	10,158,759
Current provisions	3,574,500	–	3,574,500
Non-current provisions	–	6,584,259	6,584,259
As at 30 June 2023	3,574,500	6,584,259	10,158,759

Other provisions

Amounts which are reliably expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on factors beyond the control of the local government.

Make good provisions

Under the licence for the operation of the City waste landfill site in Wangara, the City has a legal obligation to remediate the site.

The estimated future obligations include the costs of restoring the affected areas and continued monitoring of the site.

The provision for future remediation costs is the best estimate of the present value of the expenditure required to settle the remediation obligation at the reporting date. Future remediation costs are reviewed annually and any changes in the estimate are reflected in the remediation provision at each reporting date.

Headwork Levy Refund-Town Planning Schemes

Headwork Levy Refund-Town Planning Schemes provisions are recognised when the City has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

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

Notes to the Financial Statements
for the year ended 30 June 2023

Note 17. Revaluation surplus

	2023		2023		2023		2023		2022		2022		2022		2022	
	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Movement on Revaluation 2023	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Movement on Revaluation 2022	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Total Movement on Revaluation 2022	Closing Balance	Opening Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land-freehold land	108,261,013	–	–	–	108,261,013	104,936,183	3,324,830	–	3,324,830	108,261,013						
Revaluation surplus - Buildings - non-specialised	72,107,912	–	–	–	72,107,912	72,107,912	–	–	–	72,107,912						
Revaluation surplus - Plant and equipment	3,640,213	–	–	–	3,640,213	3,640,213	–	–	–	3,640,213						
Revaluation surplus - Infrastructure	879,321,424	474,383,870	(25,608,246)	448,775,624	1,328,097,048	879,321,424	–	–	–	1,189,045,751						
	<u>1,063,330,562</u>	<u>474,383,870</u>	<u>(25,608,246)</u>	<u>448,775,624</u>	<u>1,512,106,186</u>	<u>1,060,005,732</u>	<u>3,324,830</u>	<u>–</u>	<u>3,324,830</u>	<u>1,063,330,562</u>						
Revaluation surplus - Share from investments in associates	7,295,370	1,710,609	(1,059)	1,709,550	9,004,920	3,938,658	3,356,712	–	3,356,712	7,295,370						
	<u>1,070,625,932</u>	<u>476,094,479</u>	<u>(25,609,305)</u>	<u>450,485,174</u>	<u>1,521,111,106</u>	<u>1,063,944,390</u>	<u>6,681,542</u>	<u>–</u>	<u>6,681,542</u>	<u>1,070,625,932</u>						

Notes to the Financial Statements

for the year ended 30 June 2023

Note 18. Notes to the statement of cash flows

(a) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and cash equivalents. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	Note	2023 Actual \$	2022 Actual \$
Cash and cash equivalents	3	<u>42,028,275</u>	<u>17,076,473</u>

Restrictions

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

Cash and cash equivalents	5,200	5,200
	<u>5,200</u>	<u>5,200</u>

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

Net result	61,625,749	37,735,470
Non-cash items:		
Depreciation/amortisation	40,560,533	39,106,802
(Profit)/loss on sale of asset	(2,447,582)	(1,124,466)
Share of net (profits) or losses of Associates	(1,243,273)	(11,948,248)
Town Planning Scheme income (incl. interest)	(4,979,384)	(9,484,541)
Town Planning Scheme expenses	4,207,695	8,466,558
Non-Operating Contract expenses	–	14,168,717
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(1,716,307)	1,178,353
(Increase)/decrease in other assets	(8,680,497)	692,046
(Increase)/decrease in inventories	(69,526)	(24,772)
Increase/(decrease) in trade and other payables	1,749,241	6,450,223
Increase/(decrease) in employee related provisions	700,605	795,313
Increase/(decrease) in other provisions	967,298	2,114,500
Increase/(decrease) in other liabilities	10,188,035	–
Capital grants, subsidies and contributions	(39,645,941)	(23,863,600)
Net cash provided by/(used in) operating activities	<u>61,216,646</u>	<u>64,262,355</u>

(c) Undrawn borrowing facilities credit standby arrangements

Credit card limit	550,000	550,000
Credit card balance at balance date	(10,161)	(18,749)
Total amount of credit unused	<u>539,839</u>	<u>531,251</u>

Loan facilities

Loan facilities - non-current	14	74,334,488	74,334,488
Total facilities in use at balance date		<u>74,334,488</u>	<u>74,334,488</u>

Notes to the Financial Statements

for the year ended 30 June 2023

Note 19. Contingent liabilities

In compliance with the *Contaminated Sites Act 2003*, the City has identified nine (9) possible sites of contamination.

Until the City conducts an investigation to determine the presence and scope of contamination, assesses the risk and agrees with the Department of Water and Environmental Regulation on the need and criteria for remediation, the City is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the Department of Water and Environmental Regulation Guidelines.

(i) Bank Guarantees

The City of Wanneroo currently holds bank guarantees of \$22,433,985 (2022: \$12,612,951) with respect to commercial customers and property developers.

(ii) Bakotas v City of Wanneroo

In January 2012, the City compulsorily acquired a portion of land at Lot 3 (185) Mary Street, Wanneroo under the Land Administration Act 1997 (WA). The claim for compensation could not be settled by negotiation and so the claim was heard by the Supreme Court.

On the 23rd of December 2022, the Supreme Court ordered in favour of Bakotas, to which the City lodged an appeal. On the 23rd of April 2023, an interim order, suspending the enforcement of the Supreme Court Order was made. The hearing date of the appeal is yet to be determined.

(iii) Scutti/Main Roads WA

Main Roads Western Australia (MRWA) resolved to acquire the whole of the land (including the relevant Public Open Space (POS) land) and by May 2018, had entered into an agreement with the Scutti family for the acquisition of the land with the purchase price to be determined pursuant to s 168(1)(b) and pt 10 of the *Land Administration Act 1997 (WA)*.

On 24 February 2023, MRWA informed that the POS land cost would be \$4,037,285. In the absence of an agreement between MRWA and the City in respect of the purchase of the land, the City is reluctant (at this stage) to accept the payment figure proposed by MRWA, including any interest. At this stage, no legal action has been taken by either the City or the MRWA, but there is potential for it to escalate.

(iv) Global Smart Cities

This case relates to the issue that Global Smart Cities were unsuccessful in the City's tender for advertising on bus seats. Global Smart Cities sought pre-action discoveries to establish a claim in the breach of contract but was of non-compliance with the tender process.

This matter was referred to the City's insurer who has engaged DLA Piper. DLA Piper has confirmed that the matter has been listed for hearing on the 18th of September 2023, for the applicant to inspect the Tenders included in the City's discovery. Considering that this matter is dealt with through the City's insurer, it is not possible to make a reasonable estimate as to the financial impact it might have on the City at this point in time.

At this stage, no proceedings have commenced against the City.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 20. Capital commitments

	2023	2022
	\$	\$
Capital expenditure commitments		
Contracted for:		
Capital expenditure projects	23,998,424	6,782,636
Plant & equipment purchases	1,000,675	7,394,176
Total capital expenditure commitments	24,999,099	14,176,812
Payable:		
Not later than one year	24,999,099	14,176,812
Total capital expenditure commitments	24,999,099	14,176,812

Note 21. Related party transactions

	2023	2023	2022
	Actual	Budget	Actual
	\$	\$	\$
(a) Elected Member Remuneration			
Fees, expenses and allowances paid or reimbursed to elected council members.			
Mayor's annual allowance	99,299	140,701	67,376
Deputy Mayor's annual allowance	22,999	22,999	22,438
Meeting attendance fees	480,561	454,580	479,162
Annual allowance for ICT expenses	49,000	52,500	52,500
Travel and other expenses	32,137	30,000	17,781
Total Payment of Council member costs	683,996	700,780	639,257

	2023	2022
	Actual	Actual
	\$	\$
(b) Key Management Personnel (KMP) Compensation		
The total of compensation paid to KMP of the City during the year are as follows:		
Short-term employee benefits	1,576,750	1,561,347
Post-employment benefits	184,084	176,786
Employee - other long-term benefits	294,926	243,764
Total	2,055,760	1,981,897

Short-term employee benefits

These amounts include all salary, paid leave and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council 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.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 21. Related party transactions (continued)

Other long-term benefits

These amounts represent long service benefits accruing during the year.

The City's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 21(a) and 21(b).

ii. Other Related Parties

Outside of normal citizen type transactions with the City, there were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

iii. Entities subject to significant influence by the City

There were no such entities requiring disclosure during the current or previous year.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 22. Investment in associates

	Council's share of net income		Council's share of net assets	
	Actual 2023 \$	Actual 2022 \$	Actual 2023 \$	Actual 2022 \$
Associated entities	1,243,273	11,948,248	30,027,648	28,520,091
Total	1,243,273	11,948,248	30,027,648	28,520,091

Investment in associates

Set out in the table below are the associates of the City. All associates are measured using the equity method. Western Australia is the principal place of business for all associates.

Name of entity

	% of ownership interest	% of ownership interest	2023 \$	2022 \$
Tamala Park Regional Council	16.67	16.67	7,806,651	9,085,983
Mindarie Regional Council	16.67	16.67	22,119,135	19,336,854
Local Government House Trust	0.8	0.8	101,862	97,254
Total equity-accounted investments			30,027,648	28,520,091

Notes to the Financial Statements

for the year ended 30 June 2023

Note 22. Investment in associates (continued)

Tamala Park Regional Council

The City of Wanneroo, along with the City of Perth, City of Joondalup, City of Stirling, City of Vincent, Town of Cambridge and Town of Victoria Park is a member of the Tamala Park Regional Council (TPRC). The establishment of the Tamala Park Regional Council was pursuant to Section 3.61 of the Local Government Act 1995. The Tamala Park Regional Council formally came into existence on the 3 February 2006. The Tamala Park Regional Council's activities centre around the development of the subdivided Mindarie Lot 118 which was initially purchased in 1981 to provide a refuse landfill site for member councils of the Mindarie Regional Council.

The activities of Tamala Park Regional Council centers around the development of part Lot 118 Mindarie. This lot has been developed during the current and previous financial years with the purposes of creating new urban land lots and a new urban community. The City of Wanneroo contributes one sixth of any funding required for capital or operating costs and is entitled to one sixth of the net revenue from the sale of lots of land.

On 1 August 2023, Tamala Park Regional Council's name was changed to Catalina Regional Council

The City's interest in the Tamala Park Regional Council as at 30 June 2022 and 30 June 2023 is as follows:

	2023	2022
	Actual	Actual
	\$	\$
Summarised statement of comprehensive income		
Interest revenue	1,249,328	304,540
Finance charge	(3,614)	(1,757)
Depreciation	(45,082)	(44,821)
Profit/(loss) from continuing operations	1,001,970	(688,875)
Profit/(loss) for the period	1,001,970	(688,875)
Other comprehensive income	(6,353)	–
Total comprehensive income for the period	995,617	(688,875)
Summarised statement of financial position		
Cash and cash equivalents	12,294,817	16,310,346
Other current assets	32,578,497	36,768,689
Total current assets	44,873,314	53,079,035
Non-current assets	2,640,157	1,786,027
Total assets	47,513,471	54,865,062
Current financial liabilities	35,214	31,760
Other current liabilities	524,708	184,726
Total liabilities	559,922	216,486
Non-current financial liabilities	93,832	119,156
Other non-current liabilities	19,795	13,527
Total non-current liabilities	113,627	132,683
Total liabilities	673,549	349,169
Net assets	46,839,922	54,515,893
Reconciliation to carrying amounts		
Balance at the beginning of the year	54,515,893	54,969,292
Change in member contributions	(8,671,588)	235,476
Share of Profit/(loss) from operating activities after tax	1,001,970	(688,875)
Other comprehensive income	(6,353)	–
Closing net assets 30 June	46,839,922	54,515,893

Notes to the Financial Statements

for the year ended 30 June 2023

Note 22. Investment in associates (continued)

	2023	2022
	Actual	Actual
	\$	\$
Carrying amount at 1 July	9,085,983	9,161,550
Share of associates net profit/(loss) from operating activities after tax	166,995	(114,810)
Share of associates other comprehensive income arising during the period	(1,059)	–
Distribution to participants	(3,333,332)	(1,666,666)
Contributions to equity in associates	1,888,067	1,705,909
Carrying amount at 30 June	7,806,654	9,085,983

Notes to the Financial Statements

for the year ended 30 June 2023

Note 22. Investment in associates (continued)

Mindarie Regional Council

The City of Wanneroo, along with the City of Perth, City of Joondalup, City of Stirling, City of Vincent, Town of Cambridge, and Town of Victoria Park is a member of the Mindarie Regional Council (MRC). The Mindarie Regional Council's objective is to establish and operate a long-term refuse disposal site. The City of Wanneroo has contributed one sixth of the land and establishment costs of the refuse disposal facility on Mindarie Lot 118. The City uses the refuse disposal facility at Mindarie to deposit all non-recyclable waste collected by the City's domestic waste services. Capital contributions paid during establishment are represented in the accounts of the City of Wanneroo as a Non-Current Asset. The City's interest in the Mindarie Regional Council as at 30 June 2022 and 30 June 2023 is as follows:

	2023	2022
	Actual	Actual
	\$	\$
Summarised statement of comprehensive income		
Interest revenue	1,512,800	154,778
Finance charge	(1,074,941)	(1,275,947)
Depreciation	(7,606,255)	(11,525,324)
Profit/(loss) from continuing operations	6,430,026	(12,651,629)
Profit/(loss) for the period	6,430,026	(12,651,629)
Other comprehensive income	10,263,654	20,140,272
Total comprehensive income for the period	16,693,680	7,488,643
Summarised statement of financial position		
Cash and cash equivalents	20,262,141	7,145,355
Other current assets	44,011,271	43,136,137
Total current assets	64,273,412	50,281,492
Non-current assets	100,324,693	95,598,663
Total assets	164,598,105	145,880,155
Current financial liabilities	628,560	559,266
Other current liabilities	4,899,821	5,046,511
Total current liabilities	5,528,381	5,605,777
Non-current financial liabilities	6,161,220	6,332,939
Other non-current liabilities	20,193,694	17,920,309
Total non-current liabilities	26,354,914	24,253,248
Total liabilities	31,883,295	29,859,025
Net assets	132,714,810	116,021,130
Reconciliation to carrying amounts		
Balance at beginning of the financial year	116,021,130	108,532,487
Profit/(loss) for the period	6,430,026	(12,651,629)
Other comprehensive income	10,263,654	20,140,272
Closing net assets at 30 June	132,714,810	116,021,130
Carrying amount at 1 July	19,336,855	18,088,748
Share of associates net profit/(loss) for the period	1,071,671	(2,108,605)
Share of associates other comprehensive income arising during the period	1,710,609	3,356,712
Carrying amount at 30 June	22,119,135	19,336,855

Notes to the Financial Statements

for the year ended 30 June 2023

Note 22. Investment in associates (continued)

Local Government House Trust

The Local Government House Trust (LGHT) is an agreement between the Western Australian Local Government Association and the vast majority of Councils in the State for the provision of an office for the Western Australian Local Government Association (WALGA).

There was no movement for the year 30 June 2023 included as financial information is not readily available at the date of this report. Furthermore, the movement is not expected to have a material impact on the financial statements as a whole.

The City's interest in Local Government House Trust as at 30 June 2022 and 30 June 2023 is as follows:

	2023	2022
	Actual	Actual
	\$	\$
Summarised statement of comprehensive income		
Interest revenue	–	10,560
Finance charge	–	(285,632)
Depreciation	–	(823,181)
Profit/(loss) from continuing operations	–	571,307
Profit/(loss) for the period	–	571,307
Total comprehensive income for the period	–	571,307
Summarised statement of financial position		
Cash and cash equivalents	3,409,086	3,409,086
Other current assets	2,123,976	2,123,976
Total Current Assets	5,533,062	5,533,062
Non-current assets	22,057,435	22,057,435
Total assets	27,590,497	27,590,497
Current financial liabilities	14,640,000	14,640,000
Other current liabilities	319,621	319,621
Total liabilities	14,959,621	14,959,621
Net assets	12,630,876	12,630,876
Reconciliation to carrying amounts		
Opening net assets 1 July	12,630,876	12,059,569
Profit/(loss) for the period	–	571,307
Closing net assets 1 July	12,630,876	12,630,876
Carrying amount at 1 July	97,255	97,255
Share of associates net profit/(loss) for the period	4,607	–
Carrying amount at 30 June	101,862	97,255

Notes to the Financial Statements

for the year ended 30 June 2023

Note 22. Investment in associates (continued)

SIGNIFICANT ACCOUNTING POLICIES**Investments in associates**

An associate is an entity over which the City has significant influence, that is it has the power to participate in the financial and operating policy decisions of the 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.

Note 23. Financial risk management

Financial risk management

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

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilises a mix of fixed interest rate borrowings and variable interest rate borrowings.
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy. Credit risk on Rates and Annual Charges is minimised by the ability of the City to secure a charge over the land relating to the debts - that is, the land can be sold to recover the debt. The City is also able to charge interest on overdue Rates and Annual Charges at higher than market rates which further encourages the payment of debt.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities. The City manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Further the City has created a loan repayment cash back reserve and monitors adequacy of the reserve balance on a regular basis.

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

Notes to the Financial Statements

for the year ended 30 June 2023

Note 23. Financial risk management (continued)

(a) Interest rate risk

Cash and cash equivalents

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

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the City to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, term deposits, and Treasury bonds held disclosed as financial assets at amortised cost are reflected in the table below. The City has no exposure to short term overdraft facilities as at 30 June 2023 and 30 June 2022.

	Weighted average interest rate %	Carrying amounts \$	Fixed interest rate \$
2023			
Cash and cash equivalents	4.33%	42,028,275	42,028,275
Financial assets at amortised cost - term deposits	4.60%	440,000,000	440,000,000
2022			
Cash and cash equivalents	1.00%	17,076,473	17,076,473
Financial assets at amortised cost - term deposits	1.02%	430,000,000	430,000,000

Sensitivity

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

	2023 \$	2022 \$
Impact of a 1% movement in interest rates on profit or loss and equity *	420,283	170,765

(*) Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The City manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The City does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 29(b).

(b) Credit risk

Trade and Other Receivables

The City's major trade and other receivables comprise rates, contractual non-statutory user fees and charges, grants, contributions and reimbursements. 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 referring outstanding debts to an external debt collector. The City encourages rate payers to pay rates by the due date through various incentives.

The level of outstanding receivables is reported to Council monthly.

The City applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all 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.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 23. Financial risk management (continued)

The expected loss rates are based on the payment profiles of other receivables over a period of time and the corresponding historical losses experienced by the City. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables.

The loss allowance as at 30 June 2023 and 30 June 2022 for rates receivable was determined as follows:

	Current \$	More than 30 days past due \$	More than 60 days past due \$	More than 90 days past due \$	Total \$
30 June 2023					
Other receivables					
Expected credit loss	0.00%	0.00%	0.00%	100.00%	
Gross carrying amount	1,898,174	875,086	2,088	833,292	3,608,640
Loss allowance	–	–	–	833,292	833,292
30 June 2022					
Other receivables					
Expected credit loss	0.00%	0.00%	0.00%	100.00%	
Gross carrying amount	57,235	105,139	226,298	824,930	1,213,602
Loss allowance	–	–	–	824,930	824,930

The loss allowances for trade, other receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

	Trade or other receivables	
	2023 Actual \$	2022 Actual \$
Opening loss allowance as at 1 July	824,930	464,668
Increase in loss allowance recognised in profit or loss during the year	–	360,262
Receivables written off during the year as uncollectible	8,362	–
Closing loss allowance at 30 June	833,292	824,930

Trade receivables and contract assets

Trade, other receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the City, and a failure to make contractual payments.

Impairment losses on rates and statutory receivables, trade, other receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Contract Assets

The City's contract assets represent work completed, which have not been invoiced at year end. This is due to the City not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The City applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The City has therefore concluded that the expected loss rates for other receivables are a reasonable approximation of the loss rates for the contract assets.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 23. Financial risk management (continued)

(c) Liquidity risk

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

Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 18(c).

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2023					
Trade and other payables	48,967,726	–	–	48,967,726	48,967,726
Borrowings	4,924,268	75,149,731	14,773,251	94,847,250	74,334,488
Lease liabilities	110,144	405,909	–	516,053	516,053
	<u>54,002,138</u>	<u>75,555,640</u>	<u>14,773,251</u>	<u>144,331,029</u>	<u>123,818,267</u>
2022					
Trade and other payables	47,218,485	–	–	47,218,485	47,218,485
Borrowings	4,378,924	76,514,138	14,214,038	95,107,100	74,334,488
Lease liabilities	60,670	–	–	60,670	60,670
	<u>51,658,079</u>	<u>76,514,138</u>	<u>14,214,038</u>	<u>142,386,255</u>	<u>121,613,643</u>

Note 24. Events occurring after the end of the reporting period

There are no events after the end of the reporting period that require disclosures.

Note 25. 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.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 25. Other significant accounting policies (continued)

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest revenue

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost 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).

i) 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.

j) 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.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 25. Other significant accounting policies (continued)

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.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 26. Function and activity

(a) Statement of objectives

City operations as disclosed in these financial statements encompass the following service orientated functions and activities.

NAME AND OBJECTIVES	DESCRIPTION
GOVERNANCE	
To provide a decision-making process for the efficient allocation of scarce resources.	Includes the activities of members of Council and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the task of assisting council members and ratepayers on matters which do not concern specific local government services.
GENERAL PURPOSE FUNDING	
To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	
To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH	
To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
EDUCATION AND WELFARE	
To provide services to disadvantaged persons, the elderly, children and youth.	Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home care programs and youth services.
COMMUNITY AMENITIES	
To provide services required by the community.	Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.
RECREATION AND CULTURE	
To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.	Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.
TRANSPORT	
To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
ECONOMIC SERVICES	
To help promote the local government and its economic wellbeing.	Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.
OTHER PROPERTY AND SERVICES	
To monitor and control operating accounts.	Private works operation, plant repair and costs.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 26. Function and activity (continued)

(b) Income and expenses

	2023	2022
	Actual	Actual
	\$	\$
Income excluding grants, subsidies and contributions		
Governance	3,275,568	2,019,768
General purpose funding	163,250,743	140,929,637
Law, order, public safety	670,349	658,304
Health	372,667	382,388
Education and welfare	144,853	41,931
Community amenities	34,051,749	33,931,371
Recreation and culture	11,481,511	9,916,146
Transport	1,060,299	1,560,354
Economic services	2,274,158	2,702,854
Other property and services	7,005,552	27,441,078
	<u>223,587,449</u>	<u>219,583,831</u>
Grants, subsidies and contributions		
Governance	1,549,042	409,012
General purpose funding	12,885,617	10,778,283
Law, order, public safety	583,034	808,911
Health	1,940	3,190
Education and welfare	609,727	1,121,488
Community amenities	772,051	962,496
Recreation and culture	15,712,905	8,170,881
Transport	24,543,097	16,278,230
Economic services	14,025	54
Other property and services	439,538	345,079
	<u>57,110,976</u>	<u>38,877,624</u>
Total income	<u>280,698,425</u>	<u>258,461,455</u>
Expenses		
Governance	(16,107,495)	(16,780,260)
General purpose funding	(5,187,632)	(5,748,468)
Law, order, public safety	(7,294,182)	(8,858,842)
Health	(2,787,731)	(1,771,757)
Education and welfare	(6,415,590)	(5,398,712)
Community amenities	(58,105,776)	(57,862,334)
Recreation and culture	(69,115,147)	(64,719,623)
Transport	(39,054,643)	(43,031,435)
Economic services	(5,496,786)	(4,947,591)
Other property and services	(9,507,694)	(11,606,963)
	<u>(219,072,676)</u>	<u>(220,725,985)</u>
Net result for the period	<u>61,625,749</u>	<u>37,735,470</u>

Notes to the Financial Statements

for the year ended 30 June 2023

Note 26. Function and activity (continued)

(c) Total assets

	2023	2022
	Actual	Actual
	\$	\$
Governance	84,602,001	71,340,476
General purpose funding	543,133,231	457,996,060
Law, order, public safety	2,503,071	2,110,710
Health	3,111,352	2,623,642
Education and welfare	2,377,487	2,004,812
Community amenities	98,340,457	82,925,403
Recreation and culture	468,758,209	395,279,465
Transport	2,078,553,590	1,752,736,349
Economic services	669,108	564,224
Other property and services	74,666,524	62,962,404
Total assets	3,356,715,030	2,830,543,545

Notes to the Financial Statements
for the year ended 30 June 2023

Note 27. Rating information

Rate type	Basis of valuation	2023 Rate in the \$	2023 Number of Properties \$	2023 Actual Rateable Value \$	2023 Actual Rate Revenue \$	2023 Actual Interim Rates \$	2023 Actual Back Rates \$	2023 Actual Total Revenue \$	2023 Budget Rate Revenue \$	2023 Budget Interim Rate \$	2023 Budget Total Revenue \$	2022 Actual Total Revenue \$
General Rates												
Rate Description												
GRV - Residential Improved	Gross rental valuation	8.06380	63,516	1,110,203,091	89,524,566	1,279,492	52,269	90,856,327	89,529,945	2,000,000	91,529,945	85,846,273
GRV - Residential Vacant	Gross rental valuation	14.47840	2,505	39,412,510	5,706,301	734,964	104,336	6,545,601	5,708,499	–	5,708,499	5,540,310
GRV - Commercial/Industrial Improved	Gross rental valuation	8.07700	2,871	325,453,654	26,286,891	231,000	(17,111)	26,500,780	26,166,774	500,000	26,666,774	25,443,469
GRV - Commercial/Industrial Vacant	Gross rental valuation	7.53010	168	11,625,725	875,429	9,679	10,416	895,524	875,429	–	875,429	805,479
UV - Residential Improved	Unimproved valuation	0.40360	183	144,000,000	581,184	(9,459)	(167)	571,558	581,184	–	581,184	567,777
UV - Residential Vacant	Unimproved valuation	0.58690	138	595,686,000	3,496,081	(175,754)	(486)	3,319,841	3,496,081	–	3,496,081	3,636,408
UV - Commercial/Industrial Improved	Unimproved valuation	0.29960	38	67,590,348	216,234	896	–	217,130	200,973	–	200,973	187,739
UV - Commercial/Industrial Vacant	Unimproved valuation	0.33800	13	31,490,000	92,704	(11,830)	(1,903)	78,971	106,436	–	106,436	102,314
UV - Rural and Mining Improved	Unimproved valuation	0.38870	380	542,468,000	2,106,988	(22,080)	(3,418)	2,081,490	2,106,987	–	2,106,987	2,032,502
UV - Rural and Mining Vacant	Unimproved valuation	0.51950	84	79,325,000	413,611	(2,160)	–	411,451	413,611	–	413,611	389,059
Total general rates			69,896	2,947,254,328	129,299,989	2,034,748	143,936	131,478,673	129,185,919	2,500,000	131,685,919	124,551,330

Notes to the Financial Statements
for the year ended 30 June 2023

Note 27. Rating information (continued)

Rate type	Basis of valuation	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023
		Rate in the \$	Number of Properties	Actual Rateable Value	Actual Rate Revenue	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Total Revenue	Actual Total Revenue
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Minimum payment												
GRV - Residential Improved	Gross rental valuation	1,035.00	11,410	130,953,122	11,936,520	–	–	11,936,520	11,810,385	–	11,810,385	11,344,266
GRV- Residential Improved- Lesser Minimum Strata Titled Caravan Parks	Gross rental valuation	1,500.00	–	–	–	–	–	–	–	–	–	–
GRV - Residential Vacant	Gross rental valuation	941.00	2,410	11,821,825	2,269,177	–	–	2,269,177	2,266,869	–	2,266,869	2,187,510
GRV - Commercial/Industrial Improved	Gross rental valuation	1,408.00	871	11,543,944	1,226,368	–	–	1,226,368	1,217,920	–	1,217,920	1,198,821
GRV - Commercial/Industrial Vacant	Gross rental valuation	1,408.00	25	284,750	35,200	–	–	35,200	35,200	–	35,200	37,996
GRV - Commercial/Industrial Improved - Lesser Minimum Strata	Gross rental valuation	117.00	137	920,583	160,290	–	–	160,290	160,290	–	160,290	–
UV - Residential Improved	Unimproved valuation	1,035.00	2	405,652	2,070	–	–	2,070	2,070	–	2,070	1,996
UV - Residential Vacant	Unimproved valuation	941.00	73	10,031,500	72,538	–	–	72,538	68,693	–	68,693	21,229
UV - Commercial/Industrial Improved	Unimproved valuation	1,408.00	6	1,638,000	8,448	–	–	8,448	7,040	–	7,040	8,142
UV - Rural and Mining Improved	Unimproved valuation	1,027.00	3	408,000	3,081	–	–	3,081	3,081	–	3,081	32,795
UV - Rural and Mining Vacant	Unimproved valuation	972.00	33	230,154	32,076	–	–	32,076	33,048	–	33,048	990
Total minimum payments			14,970	168,237,530	15,745,768	–	–	15,745,768	15,604,596	–	15,604,596	14,833,745
Total general rates and minimum payments			84,866	3,115,491,858	145,045,757	2,034,748	143,936	147,224,441	144,790,515	2,500,000	147,290,515	139,385,075
Ex-gratia rates												
Other		–	–	–	29,308	–	–	29,308	24,000	–	24,000	26,330
Total amount raised from rates (excluding general rates)		–	–	–	29,308	–	–	29,308	24,000	–	24,000	26,330
Total rates								147,253,749			147,314,515	139,411,405

The rate revenue was recognised from the rate record as soon as practicable after the City resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 28. Determination of surplus or deficit

	Note	30 June 2023 Carried Forward	Budget 30 June 2023 Carried Forward	30 June 2022 Carried Forward
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals		(4,325,770)	(2,555,831)	(5,592,216)
Less: Share of net profit of associates and accounted for using the equity method		(1,243,273)	–	(11,987,493)
Add: Loss on disposal of assets		1,878,188	861,296	4,467,750
Add: Depreciation		40,560,533	41,218,774	39,106,802
Non-cash movements in non-current assets and liabilities:				
Pensioner deferred rates		(215,099)	–	(173,499)
Employee benefit provisions		369,791	–	(68,725)
Contract liabilities		3,106,887	–	13,374,892
Inventory		467,534	–	708,805
Lease liabilities	11	405,909	–	(56,389)
Non-cash amounts excluded from operating activities		41,004,700	39,524,239	39,779,927
(b) Non-cash amounts excluded from investing activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to investing activities				
Movement in non-current capital grant/contribution liability		724,054	1,902,388	–
Infrastructure received for substantially less than fair value		(20,761,287)	(24,848,400)	(9,818,083)
Non-cash amounts excluded from investing activities		(20,037,233)	(22,946,012)	(9,818,083)

Notes to the Financial Statements

for the year ended 30 June 2023

Note 28. Determination of surplus or deficit (continued)

	30 June 2023 Carried Forward	Budget 30 June 2023 Carried Forward	30 June 2022 Carried Forward
(c) Surplus/(deficit) after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserve accounts	(305,944,797)	(297,390,725)	(258,873,372)
Less: Current portion of lease liabilities	110,144	–	–
Add: Current liabilities not expected to be cleared at end of year			
Cash Backed Employee Provisions	14,145,754	15,277,991	13,527,915
Town Planning Schemes Payables/Receivables	–	–	(542,046)
Contract Liabilities	29,324,125	12,223,204	32,056,762
Term Deposit - Restricted	(114,177,891)	(61,527,811)	(107,745,051)
Cash - Restricted	(5,200)	(15,999,750)	(5,200)
Total adjustments to net current assets	(376,547,865)	(347,417,091)	(321,580,992)
Net current assets used in the Statement of Financial Activity			
Total current assets	507,148,821	399,682,506	461,402,418
Less: Total current liabilities	(103,242,923)	(52,265,415)	(103,079,055)
Less: Total adjustments to net current assets	(376,547,865)	(347,417,091)	(321,580,992)
Surplus or deficit after imposition of general rates	27,358,033	–	36,742,371

Notes to the Financial Statements

for the year ended 30 June 2023

Note 29. Borrowing and lease liabilities

(a) Borrowings

Purpose	Note	Actual Principal at 1 July 2021	Actual Principal at 30 June 2022	Actual Principal at 30 June 2023	Budget Principal at 1 July 2022	Budget Principal at 30 June 2023
Wanneroo Regional Museum & Library		10,416,178	10,416,178	10,416,178	10,416,178	10,416,178
Construct Community Centre - Butler		278,000	278,000	278,000	278,000	278,000
Develop Accessible and Inclusive Playground		222,000	222,000	222,000	222,000	222,000
Kingsway Regional Sporting Complex		23,133,603	23,133,603	23,133,603	23,133,603	23,133,603
Upgrade Aquamation		7,926,000	7,926,000	7,926,000	7,926,000	7,926,000
Yanchep Active Open Space		56,460	56,460	56,460	56,460	56,460
Kingsway Regional Playground		650,000	650,000	650,000	650,000	650,000
Yanchep Lagoon - Brazier Road Realignment		3,859,181	3,859,181	3,859,181	3,859,181	3,859,181
Yanchep Surf Life Saving Club		1,157,500	1,157,500	1,157,500	1,157,500	1,157,500
Southern Suburbs Library		6,015,422	6,015,422	6,015,422	6,015,422	6,015,422
Pinjar Road - Wanneroo & Carosa Road		728,849	728,849	728,849	728,849	728,849
Upgrade Rocca Way Dundobar Road		54,715	54,715	54,715	54,715	54,715
Flynn Drive Neerabup - Construct Road		1,623,298	1,623,298	1,623,298	1,623,298	1,623,298
Develop Industrial Estate - Neerabup		317,887	317,887	317,887	317,887	317,887
Redevelop Wanneroo Townsite		1,214,615	1,214,615	1,214,615	1,214,615	1,214,615
Redevelop Koondoola Precinct		1,293,000	1,293,000	1,293,000	1,293,000	1,293,000
Develop Wangara Industrial Area (Lot 257)		43,857	43,857	43,857	43,857	43,857
Develop Wangara Industrial Area (Lot 15)		1,785,823	1,785,823	1,785,823	1,785,823	1,785,823
Lot 12 Fowey Loop		1,800	1,800	1,800	1,800	1,800
Yanchep District Playing Fields		4,556,300	4,556,300	4,556,300	4,556,300	4,556,300
Yanchep Active Open Space Oval Ground Works		2,459,329	2,459,329	2,459,329	2,459,329	2,459,329
Yanchep District Playing Fields - CBA Loans		1,773,324	1,773,324	1,773,324	1,773,324	1,773,324
Yanchep District Sports Amenities Building Stage 1		1,556,833	1,556,833	1,556,833	1,556,833	1,556,833
Yanchep Surf Life Saving Club - CBA Loans		3,210,514	3,210,514	3,210,514	3,210,514	3,210,514
Total Borrowings	14	74,334,488	74,334,488	74,334,488	74,334,488	74,334,488

Notes to the Financial Statements

for the year ended 30 June 2023

Note 29. Borrowing and lease liabilities (continued)

(a) Borrowings (continued)

Borrowing Finance Cost Payments Purpose	Institution	Interest Rate	Date final payment is due	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022
Borrowing Finance Cost Payments Purpose						
Wanneroo Regional Museum & Library	WATC	6.07%	01/12/2026	705,176	704,576	705,176
Construct Community Centre - Butler	WATC	6.07%	01/12/2026	18,821	18,805	18,821
Develop Accessible and Inclusive Playground	WATC	6.07%	01/12/2026	15,029	15,017	15,029
Kingsway Regional Sporting Complex	WATC	6.07%	01/12/2026	1,566,145	1,564,814	1,566,145
Upgrade Aquamation	WATC	6.07%	01/12/2026	536,590	536,134	536,590
Yanchep Active Open Space	WATC	6.07%	01/12/2026	3,822	3,819	3,822
Kingsway Regional Playground	WATC	6.07%	01/12/2026	44,005	43,968	44,005
Yanchep Lagoon - Brazier Road Realignment	WATC	6.07%	01/12/2026	261,267	261,045	261,267
Yanchep Surf Life Saving Club	WATC	6.07%	01/12/2026	78,363	78,296	78,363
Southern Suburbs Library	WATC	6.07%	01/12/2026	410,497	406,898	410,497
Pinjar Road - Wanneroo & Carosa Road	WATC	6.07%	01/12/2026	49,343	49,301	49,343
Upgrade Rocca Way Dundobar Road	WATC	6.07%	01/12/2026	3,704	3,701	3,704
Flynn Drive Neerabup - Construct Road	WATC	6.07%	01/12/2026	109,897	109,804	109,897
Develop Industrial Estate - Neerabup	WATC	6.07%	01/12/2026	21,521	21,503	21,521
Redevelop Wanneroo Townsite	WATC	6.07%	01/12/2026	82,229	82,160	82,229
Redevelop Koondoola Precinct	WATC	6.07%	01/12/2026	87,536	87,462	87,536
Develop Wangara Industrial Area (Lot 257)	WATC	6.07%	01/12/2026	2,969	2,967	2,969
Develop Wangara Industrial Area (Lot 15)	WATC	6.07%	01/12/2026	117,647	120,797	117,647
Lot 12 Fowey Loop	WATC	6.07%	01/12/2026	122	122	122
Yanchep District Playing Fields	WATC	4.48%	23/06/2030	169,009	85,100	169,009
Yanchep Active Open Space Oval Ground Works	CBA	6.32%	08/09/2024	122,348	66,400	55,236
Yanchep District Playing Fields - CBA Loans	CBA	5.99%	08/09/2024	88,220	54,000	39,828
Yanchep District Sports Amenities Building Stage 1	CBA	5.75%	08/09/2024	77,450	58,000	34,966
Yanchep Surf Life Saving Club - CBA Loans	CBA	6.35%	08/09/2024	159,718	15,200	72,107
Total Finance Cost Payments				4,731,428	4,389,889	4,485,829

Notes to the Financial Statements

for the year ended 30 June 2023

Note 29. Borrowing and lease liabilities (continued)

(b) New Borrowings - 2022/23

The Council does not have any new borrowing for FY2022/23.

(c) Unspent Borrowings

Particulars	Institution	Date Borrowed	Unspent Balance 1 July 2022 \$	Expended During Year \$	Unspent Balance 30 June 2023 \$
Southern Suburbs Library	WATC	01/12/2006	5,577,868	(205,301)	5,372,567
Develop Wangara Industrial Area (Lot 15)	WATC	01/12/2006	30,144	(17,910)	12,234
Yanchep Development Area Projects	WATC	20/12/2019	635,161	—	635,161
			<u>6,243,173</u>	<u>(223,211)</u>	<u>6,019,962</u>

Notes to the Financial Statements

for the year ended 30 June 2023

Note 29. Borrowing and lease liabilities (continued)

(d) Lease liabilities

Purpose	Note	Actual						Budget				
		Principal at 1 July 2021	New leases During 2021-22	Principal repayments During 2021-22	Principal at 30 June 2022	New leases During 2022-23	Principal repayments During 2022-23	Principal at 30 June 2023	Principal at 1 July 2022	New leases During 2022-23	Principal repayments During 2022-23	Principal at 30 June 2023
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Aquamotion Cardio Equipment		-	-	-	-	-	-	177,707	-	(63,550)	114,157	
Yanchep Hub		266,017	-	(153,128)	225,778	-	(225,778)	-	56,389	-	(56,389)	-
Two-way radio network		-	-	-	-	586,724	(70,671)	516,053	-	-	-	-
Total lease liabilities	11b	<u>266,017</u>	<u>-</u>	<u>(153,128)</u>	<u>225,778</u>	<u>586,724</u>	<u>(296,449)</u>	<u>516,053</u>	<u>234,096</u>	<u>-</u>	<u>(119,939)</u>	<u>114,157</u>

Lease Finance Cost Payments Purpose	Institution	Lease interest rate	Date final payment is due	Actual for year ending 30 June 2023 \$	Lease term
Yanchep Hub	Yanchep Beach Joint Venture	2.10%	30/04/2023	-	5 years
Two-way radio network	CSM Crosscom	4.60%	30/10/2027	516,053	5 years
Total Finance Cost Payments				<u>516,053</u>	

Notes to the Financial Statements

for the year ended 30 June 2023

Note 30. Reserve accounts

	2023 Opening Balance Actual \$	2023 Transfer to Actual \$	2023 Transfer (from) Actual \$	2023 Closing Balance Actual \$	2023 Opening Balance Budget \$	2023 Transfer to Budget \$	2023 Transfer (from) Budget \$	2023 Closing Balance Budget \$	2022 Opening Balance Actual \$	2022 Transfer to Actual \$	2022 Transfer (from) Actual \$	2022 Closing Balance Actual \$
Restricted by legislation/agreement												
(a) Alkimos/Eglinton Coastal Corridor Community	20,247,766	3,987,825	(11,938)	24,223,653	20,371,961	3,304,538	(1,601,900)	22,074,599	17,399,405	2,914,534	(66,173)	20,247,766
(b) Cash Paid in Lieu of Public Open Space prior to 10 April 2006 Reserve	2,568,717	88,516	–	2,657,233	5,023,815	36,788	–	5,060,603	2,554,736	13,981	–	2,568,717
(c) Section 152 Reserve (formerly Section 20A Land Reserve)	744,440	22,981	–	767,421	743,443	5,444	–	748,887	740,388	4,052	–	744,440
(d) TPS 20 - District Distributor Road Headworks Reserve	7,404,919	228,571	–	7,633,490	7,393,232	54,139	–	7,447,371	7,364,620	40,299	–	7,404,919
(e) Yanchep Bus Reserves	126,923	–	(126,923)	–	122,654	5,898	(128,552)	–	117,187	9,736	–	126,923
(f) Yanchep/Two Rocks Coastal Corridor Community Facilities	1,863,255	1,081,194	(649,666)	2,294,783	–	–	–	–	1,519,196	963,515	(619,456)	1,863,255
	<u>32,956,020</u>	<u>5,409,087</u>	<u>(788,527)</u>	<u>37,576,580</u>	<u>33,655,105</u>	<u>3,406,807</u>	<u>(1,730,452)</u>	<u>35,331,460</u>	<u>29,695,532</u>	<u>3,946,117</u>	<u>(685,629)</u>	<u>32,956,020</u>
Restricted by council												
(g) Asset Replacement/Enhancement Reserve	67,783,297	11,224,894	(5,197,081)	73,811,110	70,343,264	9,499,433	(7,167,466)	72,675,231	63,907,204	8,837,803	(4,961,710)	67,783,297
(h) Carried Forward Capital Projects Reserve	9,115,915	6,684,976	(9,115,915)	6,684,976	8,420,328	–	(8,420,328)	–	3,728,681	9,115,917	(3,728,683)	9,115,915
(i) Coastal Infrastructure Management Reserve	15,851,639	478,855	(2,340,512)	13,989,982	15,825,319	114,848	(3,376,648)	12,563,519	15,872,524	86,487	(107,372)	15,851,639
(j) Domestic Refuse Reserve	12,556,005	3,732,809	(3,232,303)	13,056,511	7,618,994	630,428	(3,176,000)	5,073,422	13,156,108	16,988,328	(17,588,431)	12,556,005
(k) Golf Course Reserve	1,309,161	1,372,265	(73,618)	2,607,808	1,489,305	1,510,613	(259,999)	2,739,919	1,311,425	377,827	(380,091)	1,309,161
(l) Strategic Land Reserve	10,969,385	2,392,636	(72,383)	13,289,638	11,940,965	2,087,365	(30,402)	13,997,928	6,029,093	4,952,039	(11,747)	10,969,385
(m) Leave Liability Reserve	15,088,204	465,768	–	15,553,972	15,067,654	210,337	–	15,277,991	15,006,085	82,119	–	15,088,204
(n) Loan Repayment Reserve	47,857,222	7,678,858	–	55,536,080	46,362,553	5,660,681	–	52,023,234	56,450,457	5,573,432	(14,166,667)	47,857,222
(o) Neerabup Development Reserve	4,808,579	2,190,073	(696,646)	6,302,006	4,469,419	2,025,482	(1,449,628)	5,045,273	4,387,201	1,022,259	(600,881)	4,808,579
(p) Plant Replacement Reserve	15,725,024	5,013,064	(6,321,478)	14,416,610	15,551,057	5,824,117	(11,047,708)	10,327,466	16,802,775	2,646,018	(3,723,769)	15,725,024
(q) Regional Recreational Reserve	24,516,489	2,810,893	–	27,327,382	24,487,212	2,179,315	–	26,666,527	18,415,711	6,100,778	–	24,516,489
(r) Strategic Projects/Initiatives Reserve	336,432	22,453,012	(4,188,408)	18,601,036	43,216,868	1,041,937	(5,645,824)	38,612,981	167,516	37,013,509	(36,844,593)	336,432
(s) Information, Communication & Technology Reserve	–	9,179,934	(1,988,828)	7,191,106	–	8,939,960	(3,939,960)	5,000,000	–	–	–	–
	<u>225,917,352</u>	<u>75,678,037</u>	<u>(33,227,172)</u>	<u>268,368,217</u>	<u>264,792,938</u>	<u>39,724,516</u>	<u>(44,513,963)</u>	<u>260,003,491</u>	<u>215,234,780</u>	<u>92,796,516</u>	<u>(82,113,944)</u>	<u>225,917,352</u>
Total	258,873,372	81,087,124	(34,015,699)	305,944,797	298,448,043	43,131,323	(46,244,415)	295,334,951	244,930,312	96,742,633	(82,799,573)	258,873,372

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

In accordance with Council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Notes to the Financial Statements

for the year ended 30 June 2023

Note 30. Reserve accounts (continued)

Name of Reserve	Purpose of the reserve
Name of Reserve	
Alkimos/Eglinton Coastal Corridor Community	To be used for accumulating Developer Contributions for the capital funding of community facilities and associated costs related to the administration and implementation of the Developer Contribution Plan in the Alkimos/Eglinton Development Contribution Area.
Cash Paid in Lieu of Public Open Space prior to 10 April 2006 Reserve	To be used for holding any remaining unexpended funds received in lieu of Public Open Space prior to 10 April 2006 under the Town Planning and Development Act 1928. Separate sub-reserve accounts are maintained for each sub-division.
Section 152 Reserve (formerly Section 20A Land Reserve)	To be used for capital improvements on recreation reserves in the general locality from which funds were sourced
TPS 20 - District Distributor Road Headworks Reserve	To be used for the construction of District Distribution Roads associated with Town Planning Scheme 20.
Yanchep Bus Reserve	To be used for the Yanchep Community for the costs associated with the replacement of the community bus.
Yanchep/Two Rocks Coastal Corridor Community Facilities Reserve	To be used for the purpose of accumulating Developer Contributions for the capital funding of community facilities and associated costs related to the administration and implementation of the Developer Contribution Plan in the Yanchep/Two Rocks Development Contribution Area.
Asset Replacement/Enhancement Reserve	To be used for the funding of renewal, upgrade and acquisition of new or replacement assets for the City.
Carried Forward Capital Projects Reserve	To be used for the municipally funded carried forward capital works.
Coastal Infrastructure Management Reserve	To be used for Coastal Infrastructure capital works.
Domestic Refuse Reserve	To be used for requirements specifically needed for the provision of the domestic collection service.
Golf Course Reserve	To be used for the capital improvements of the Carramar and Marangaroo Golf Courses.
Strategic Land Reserve	To be used for receiving the proceeds of the sale of significant property assets, acquisition, leasing, development and/or disposal of land under the City of Wanneroo Strategic Land Policy.
Leave Liability Reserve	To be used for long service leave and annual leave liability of the City.
Loan Repayment Reserve	To be used for setting aside adequate funds over time to repay loan commitments.
Neerabup Development Reserve	To be used for meeting the associated cost of developing the City's investment land in Neerabup.
Plant Replacement Reserve	To be used for replacing City's plant and equipment.
Regional Recreational Reserve	To be used to support regional recreational capital works.
Strategic Projects/Initiatives Reserve	To be used for the introduction of new or upgrade of existing services, maintenance, renewal, upgrade of existing assets and purchase of new assets or project works of the City over an expected period of 20 years. The annual funds transfer is derived from the rate setting surplus less municipal funding of capital works carried forward.
Information, Communication & Technology Reserve	To be used for the purpose of Information, Communication and Technology capital and operating projects.

Notes to the Financial Statements

for the year ended 30 June 2023

Note 31. Trust funds

	<u>1 July 2022</u>			<u>30 June 2023</u>
	Opening Balance	Amounts received	Amounts paid	Closing balance
	\$	\$	\$	\$
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:				
Miscellaneous/Appeals	61,068	8,482	(33,101)	36,449
Public Open Spaces	849,458	5,305	(17,687)	837,076
	<u>910,526</u>	<u>13,787</u>	<u>(50,788)</u>	<u>873,525</u>

Notes to the Financial Statements

for the year ended 30 June 2023

Note 32. Town Planning Schemes and Development Contribution Plans

Town Planning Schemes and Development Contribution Plans

The Town Planning Schemes are mainly related to the development of standard infrastructures. The Development Contribution Plans are related to the development of district community facilities.

East Wanneroo Development Area Cells 1-9 (TPSs) are governed by Part 9 of District Planning Scheme Number 2 (DPS2) which do not require the City to establish and maintain a reserve account for each TPS. However, the Yanchep/Two Rocks Community Facilities and Alkimos/Eglinton Community Facilities (DCPs) are governed by the State Planning Policy 3.6 Development Contributions For Infrastructure 2021 (SPP 3.6) and Schedule 14 and 15 of DPS2 whereby Clause 16 of Schedule 14 of DPS2 requires the City to establish and maintain a reserve account for each DCP in accordance with Act.

Annual reviews are completed for East Wanneroo Development Area Cells 1-9, Alkimos/Eglinton Community Facilities and Yanchep/Two Rocks Community Facilities.

Final Income and Expenditure Statements are published on the City's website once the Annual Financial Statements are adopted by Council.

(a) Town Planning Scheme No 5 - Landsdale

An industrial zone guided development, which was gazetted in 1973. The works involved local infrastructure, servicing and upgrading of the abutting section of Gnangara Road. The total area of the scheme is approximately 100 hectares (ha). An internal audit of the remaining works has occurred and all works are complete with the exception of several minor land acquisitions along Gnangara Road (between Atwell Street and Mirrabooka Avenue). The upgrade/construction of Gnangara Road will be partly funded by TPS5 and the East Wanneroo Cell 8 Cost Sharing Arrangement.

Statement of Comprehensive Income - Town Planning Scheme No 5 - Landsdale

	2023 Actual \$	2023 Budget \$	2022 Actual \$
Operating Income			
Development Headworks Levy Including Interest on Investments	34,852	12,344	31,248
Transfers to Deferred Revenue	–	(12,344)	–
Subtotal	34,852	–	31,248
Operating Expense			
Administration Allocation	(34,852)	–	(31,248)
Subtotal	(34,852)	–	(31,248)
Net result	–	–	–

(b) Berkley Road Local Structure Plan

The Berkley Road Local Structure Plan rationalises the drainage sumps, road system and public open space requirements for the residential development of the area. All subdividing landowners in the area pay a development headworks levy to the City and those funds are used to compensate those owners who actually provide the drainage, regional road and public open space sites.

Statement of Comprehensive Income - Berkley Road Local Structure Plan**Operating Income**

Development Headworks Levy Including Interest on Investments	18,233	72,491	8,631
Subtotal	18,233	72,491	8,631

Operating Expense

Administration Allocation	(18,233)	–	(8,631)
Subtotal	(18,233)	–	(8,631)

Net Result	–	72,491	–
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Notes to the Financial Statements

for the year ended 30 June 2023

Note 32. Town Planning Schemes and Development Contribution Plans (continued)

(c) Neerabup Industrial Area Structure Plan

The Neerabup Industrial Area Structure Plan No 17 is designed to provide for the industrial development contained within an area bounded by Wanneroo Road, Flynn Drive, Old Yanchep Road and Wattle Avenue. This industrial area will be a major employment centre for the North West residential corridor.

The format, structure and environmental aspects are being finalised for the ongoing development of the area. All landowners in the area will pay an infrastructure development contribution to the City for the provision of the shared infrastructure to service the industrial area.

The Neerabup Industrial Area Structure Plan has no operating transactions either in financial year 2021/2022 or 2022/2023.