

Annual Financial Report



2021-2022
Part B



City of
Melville

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Our Vision:

Engaging with our diverse community to achieve an inclusive, vibrant and sustainable future.

Principal Place of Business:

10 Almondbury Road
BOORAGOON WA 6154

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Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 City of Melville

To the Councillors of the City of Melville

Opinion

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

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, and Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the City for the year ended 30 June 2022 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

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

The Chief Executive Officer of the City is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the City's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the City.

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

Auditor's responsibilities for the audit of the financial report

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

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

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

My independence and quality control relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the City of Melville for the year ended 30 June 2022 included in the annual report on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the City to confirm the information contained in the website version.

Sandra Labuschagne
Deputy Auditor General
Delegate of the Auditor General for Western Australia
Perth, Western Australia
9 December 2022

CITY OF MELVILLE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2022
LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996
STATEMENT BY THE CHIEF EXECUTIVE OFFICER

The attached financial statements of the City of Melville for the financial year ended 30 June 2022 are based on proper accounts and records to present fairly the financial position of the City of Melville as at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed as authorisation of issue on the 9th day of December 2022



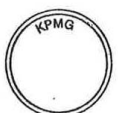
Marten Tieleman
CHIEF EXECUTIVE OFFICER



**STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022**

	Note	2021-2022 Actual \$	2021-2022 Budget \$	2020-2021 Actual \$
Revenue				
Rates	2(a)	92,006,154	91,775,357	81,392,990
Operating Grants, Subsidies and Contributions	2(a)	5,662,131	4,365,721	5,193,364
Fees And Charges	2(a)	16,909,442	14,418,761	15,850,280
Service Charges	2(a)	5,685,030	5,715,448	1,941,262
Interest Earnings	2(a)	1,316,607	1,834,750	1,881,395
Other Revenue	2(a)	2,403,458	1,080,231	3,284,544
		123,982,822	119,190,268	109,543,835
Expenses				
Employee Costs		(53,007,390)	(52,587,207)	(49,402,261)
Materials & Contracts		(32,772,877)	(33,324,216)	(31,329,640)
Utilities		(4,056,037)	(4,073,132)	(3,873,074)
Insurance		(1,205,619)	(1,183,640)	(1,079,983)
Depreciation	9(d)	(23,298,477)	(22,605,477)	(22,519,136)
Interest Expenses	2(b)	(90,301)	(80,758)	(108,267)
Other Expenditure	2(b)	(6,461,826)	(5,789,766)	(906,643)
		(120,892,527)	(119,644,196)	(109,219,004)
Non-Operating Grants, Subsidies and Contributions	2(a)	7,507,192	2,200,084	3,868,138
Profit/(Loss) On Asset Disposals	9(c)	93,652	-	(16,354)
Fair Value Adjustments to Investment Properties	10	7,615,295	-	103,263
Share of Net Profit/(Loss) of Equity Accounted Investment In Associates	19(a)	(1,656,092)	-	4,175,162
Share of Net Profit/(Loss) of Equity Accounted Joint Arrangements	19(b)	(162,947)	-	879,115
		13,397,100	2,200,084	9,009,324
Net Result For The Year		16,487,395	1,746,156	9,334,155
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes On Revaluation Of Non-Current Assets	15	81,985,359	1,000,000	10,113,383
Revaluation Of Local Government House Unit Trust Holding	15	9,992	-	9,346
Share In Investment in Associate on Revaluation Of Non Current Assets	15	-	-	142,038
Total Other Comprehensive Income		81,995,351	1,000,000	10,264,767
Total Comprehensive Income For The Year		98,482,746	2,746,156	19,598,923

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



STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2021-2022 Actual \$	Restated * 2020-2021 Actual \$	Restated * 1 July 2020 Actual \$
Current Assets				
Cash & Cash Equivalents	3	37,447,488	42,301,988	31,473,302
Trade And Other Receivables	5(a)	9,509,941	11,618,683	14,823,143
Other Financial Assets	6(a)	142,224,524	137,719,627	148,201,306
Inventories	7	149,701	133,352	128,627
Contract Assets		-	-	562,500
Other Assets	8	510,487	696,584	994,283
Total Current Assets		189,842,141	192,470,234	196,183,161
Non Current Assets				
Trade And Other Receivables	5(b)	1,762,061	2,211,633	2,301,814
Other Financial Assets	6(b)	25,796,184	27,191,362	23,509,325
Property, Plant & Equipment	9(a)	420,037,786	409,699,293	398,052,139
Infrastructure	9(b)	511,451,186	412,629,451	403,800,155
Investment Property	10	61,170,312	62,751,581	62,634,219
Total Non Current Assets		1,020,217,529	914,483,320	890,297,652
TOTAL ASSETS		1,210,059,671	1,106,953,554	1,086,480,813
Current Liabilities				
Trade And Other Payables	11(a)	20,090,763	16,028,330	15,232,306
Other Liabilities	19(a)	1,285,049	1,360,540	2,320,941
Contract Liabilities	12	2,517,333	3,173,033	1,326,969
Borrowings	13	226,069	221,160	398,612
Employee Related Provisions	14(a)	9,199,055	9,149,920	8,627,118
Total Current Liabilities		33,318,269	29,932,983	27,905,946
Non Current Liabilities				
Trade And Other Payables	11(b)	503,914	509,091	453,903
Other Liabilities	19(a)	1,303,762	2,281,505	2,673,554
Borrowings	13	1,382,812	1,518,729	1,739,889
Employee Related Provisions	14(a)	746,819	766,900	799,600
Other Provisions	14(b)	6,590,000	4,213,000	4,213,000
Total Non Current Liabilities		10,527,307	9,289,225	9,879,946
TOTAL LIABILITIES		43,845,577	39,222,208	37,785,892
NET ASSETS		1,166,214,094	1,067,731,346	1,048,694,921
Equity				
Retained Surplus		354,770,867	334,699,519	317,352,530
Reserve Accounts	29	156,444,218	160,028,169	168,603,501
Revaluation Surplus	15	654,999,009	573,003,658	562,738,890
TOTAL EQUITY		1,166,214,094	1,067,731,346	1,048,694,921

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

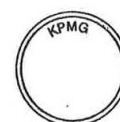
* Refer to Note 17



**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	<i>Note</i>	<i>2021-2022 Actual \$</i>	<i>2020-2021 Actual \$</i>
RESERVES CASH BACKED	29		
Balance at beginning of year		160,028,169	168,603,501
Transfer from retained surplus		(44,972,705)	(49,582,775)
Transfer to retained surplus		41,388,754	41,007,443
Balance at end of reporting period		156,444,218	160,028,169
REVALUATION SURPLUS	15		
Balance at beginning of year		573,003,658	562,738,891
Other comprehensive income		81,995,351	10,264,767
Balance at end of reporting period		654,999,009	573,003,658
RETAINED SURPLUS			
Balance at beginning of year		334,699,519	317,352,530
Reclassification adjustment		-	(562,500)
Comprehensive income:			
Net result for the period		16,487,395	9,334,156
Other comprehensive income		-	-
Total comprehensive income		16,487,395	8,771,656
Transfer from reserves		44,972,707	49,582,776
Transfer to reserves		(41,388,754)	(41,007,443)
Balance at end of reporting period		354,770,867	334,699,519
TOTAL EQUITY		1,166,214,094	1,067,731,346

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

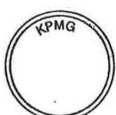


STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 30 JUNE 2022

	<i>Note</i>	<i>2021-2022 Actual</i>	<i>2021-2022 Budget</i>	<i>Restated * 2020-2021 Actual</i>
		\$	\$	\$
Cash Flows from Operating Activities				
Receipts				
Rates		95,069,288	91,775,357	84,113,788
Fees and Charges		17,156,241	10,455,926	16,248,184
Service Charges		5,685,030	5,715,448	1,941,262
Interest Received		1,316,607	1,131,878	1,881,395
Operating Grants, Subsidies and Contributions		5,662,131	4,365,721	5,193,364
Goods and Services Tax Received		7,725,577	-	6,668,303
Other Revenue		5,260,858	517,731	6,015,941
		137,875,732	113,962,061	122,062,237
Payments				
Employee Costs		(52,784,749)	(54,834,041)	(49,275,488)
Materials and Contracts		(32,911,431)	(33,731,644)	(29,840,735)
Utility Charges		(4,056,037)	(4,073,132)	(3,873,074)
Insurance Paid		(1,205,619)	(1,183,640)	(1,079,983)
Interest Expenses		(90,301)	(80,758)	(108,267)
Goods and Services Tax Paid		(7,843,513)	-	(6,420,773)
Other Expenditure		(4,592,716)	(5,789,766)	(508,031)
		(103,484,366)	(99,692,981)	(91,106,351)
Net Cash Provided By (Used In) Operating Activities	4	34,391,366	14,269,080	30,955,886
Cash Flows from Investing Activities				
Proceeds From Sale Of Property, Plant & Equipment	9(c)	523,723	882,660	439,405
Non-Operating Grants, Subsidies and Contributions	2(a)	7,507,192	2,200,084	3,868,139
Receipts / (Payments) of Term Deposits		(4,499,988)	-	10,304,227
Payments for Purchase of Property, Plant and Equipment and Investment Properties	9(a) & 10	(13,632,803)	(17,436,135)	(13,663,004)
Payments for Construction of Infrastructure Assets	9(b)	(27,401,471)	(24,295,987)	(15,846,499)
Payments for Work In Progress	9(b)	(672,578)	-	(3,842,559)
Net Cash Provided By (Used In) Investing Activities		(38,175,925)	(38,649,378)	(18,740,291)
Cash Flows from Financing Activities				
Repayment of Self-Supporting Loans	28	(231,008)	(221,160)	(398,612)
Repayment of RRG Loan		(1,053,234)	-	(1,352,449)
Recoup from Self-Supporting Loans		214,301	186,621	364,153
Net Cash Provided By (Used In) Financing Activities		(1,069,941)	(34,539)	(1,386,908)
Net Increase / (Decrease) in Cash Held		(4,854,500)	(24,414,837)	10,828,687
Cash and Cash Equivalents at Beginning of Year		42,301,988	149,839,175	31,473,301
Cash and Cash Equivalents at the End of Year	3	37,447,488	125,424,337	42,301,988

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

* Refer to Note 17



**RATE SETTING STATEMENT
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022**

	<i>Note</i>	2021-2022 Actual \$	2021-2022 Budget \$	2020-2021 Actual \$
Net Current Assets At Start Of Financial Year - Surplus/(Deficit)	27(b)	4,408,686	-	1,994,655
OPERATING ACTIVITIES				
Revenue From Operating Activities (Excluding Rates)				
Operating Grants, Subsidies and Contributions	2(a)	5,662,131	4,365,721	5,193,364
Fees And Charges	2(a)	16,909,442	14,418,761	15,850,280
Service Charges	2(a)	5,685,030	5,715,448	1,941,262
Interest Earnings	2(a)	1,316,607	1,834,750	1,881,395
Other Revenue		2,282,810	1,080,231	4,307,326
		31,856,020	27,414,911	29,173,628
Expenditure From Operating Activities				
Employee Costs		(53,007,390)	(52,587,207)	(49,402,261)
Materials and Contracts		(33,446,039)	(33,324,216)	(32,124,183)
Utility Charges		(4,056,037)	(4,073,132)	(3,873,074)
Depreciation on Non-Current Assets	9(d)	(23,298,477)	(22,605,477)	(22,519,136)
Interest Expenses	2(b)	(90,301)	(80,758)	(108,267)
Insurance Expenses		(1,205,619)	(1,183,640)	(1,079,983)
Other Expenditure		(7,483,407)	(6,448,922)	(524,351)
		(122,587,270)	(120,303,352)	(109,631,255)
Operating Activities Excluded				
Non-Cash Amounts Excluded from Operating Activities	27(a)	27,030,047	22,829,793	23,334,406
Amount Attributable To Operating Activities		(59,292,516)	(70,058,648)	(55,128,566)
INVESTING ACTIVITIES				
Non-Operating Grants, Subsidies And Contributions	2(a)	7,507,192	2,200,084	3,868,138
Proceeds From Disposal Of Assets	9(c)	523,723	882,660	439,406
Payments for Purchase of Property, Plant and Equipment and Investment Properties		(13,632,803)	(17,436,135)	(13,663,004)
Purchase Of Infrastructure Assets Excluding Work In Progress	9(b)	(27,401,471)	(24,295,987)	(15,846,499)
Movement In Work In Progress	9(b)	(672,578)	-	(3,842,559)
		(33,675,938)	(38,649,378)	(29,044,518)
Investing Activities Excluded				
Non-Cash Amounts Excluded from Investing Activities		-	-	-
Amount Attributable To Investing Activities		(33,675,938)	(38,649,378)	(29,044,518)
FINANCING ACTIVITIES				
Repayment Of Self-Supporting Loans	28	(231,008)	(221,160)	(398,612)
Repayment Of RRG Loan		(1,053,234)	-	(1,352,449)
Recoup from Self-Supporting Loans		214,301	186,621	364,508
Funds To Be Set Aside	29	(40,997,753)	(32,459,027)	(39,637,183)
Funds To Be Set Aside Investment Earnings	29	(391,000)	(600,000)	(1,370,260)
Funds To Be Used	29	44,972,705	50,026,234	49,582,776
Amount Attributable To Financing Activities Rates		2,514,011	16,932,668	7,188,780
		(90,454,443)	(91,775,357)	(76,984,304)
Total Amount Raised From General Rates	24	92,006,154	91,775,357	81,392,990
Surplus/(Deficit) After Imposition Of General Rates	27(b)	1,551,711	-	4,408,686

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



**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 1: BASIS OF PREPARATION

Basis of Preparation

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying Regulations.

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

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

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the 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 30 to the financial report.

Judgement And Estimates

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

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

The 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 asset

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 2: REVENUE AND EXPENSES

Revenue Recognition Policy

Recognition of revenue is dependant on the source of revenue and the associated term 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	Determination of Transaction Price	Allocating Transaction Price	Measuring Obligations for Returns	Timing of Revenue Recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by Council annually	When taxable event occurs	Not applicable	When rates are issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by Council annually	When taxable event occurs	Not applicable	When rates are issued
Grant contracts with customers	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	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the Local Government	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Fees and Charges - Licences/Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Fees and Charges - Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	Revenue recognised annually.
Fees and Charges - Other inspections	Regulatory food, health and safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Fees and Charges - Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by Council annually	Apportioned equally across the collection period	Not applicable	Provision of collection service
Fees and Charges - Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by Council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusions of hire
Fees and Charges - Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by Council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method over 12 months matched to access right
Fees and charges for other goods and services	Library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by Council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Other Revenue - Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 2: REVENUE AND EXPENSES

(a) Revenue

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

	2021-2022 Actual \$	2021-2022 Budget \$	2020-2021 Actual \$
Revenue From Statutory Requirements			
Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:			
General rates (Refer to note 24)	92,006,154	91,775,357	81,392,990
Service Charges			
Community Security	2,517,797	2,494,776	2,064,638
Underground Power Projects (Refer Note (c))	3,167,233	3,220,672	(123,376)
	5,685,030	5,715,448	1,941,262
Revenue from contracts with customers			
Revenue from contracts with customers was recognised during the year for the following nature of types of goods or services:			
Operating grants, subsidies and contributions	5,662,131	4,365,721	5,193,364
Fees and charges	16,909,442	14,418,761	15,850,280
Other revenue	2,403,458	1,080,231	3,284,544
Total revenue from contracts with customers recognised during the year	24,975,031	19,864,713	24,328,188
Interest Earnings			
Reserve Funds	781,955	1,200,000	1,370,260
Other Funds	105,773	250,000	148,954
Other Interest Revenue	428,879	384,750	362,181
	1,316,607	1,834,750	1,881,395
Capital Grant/Contributions			
Revenue from capital grant/contributions recognised as non-operating grants/contributions and reimbursements.	7,507,192	2,200,084	3,868,138
Assets And Services Acquired Below Fair Value			
Recognised Volunteer Services	572,166	257,726	342,434

The City utilises volunteer services at the libraries and for various community services. When volunteers are not available, the City employs paid personnel, and therefore the fair value of volunteers can be reliably measured. All other volunteer services are not recognised as revenue as the fair value of the services cannot be reliably estimated.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 2: REVENUE AND EXPENSES

(b) Expenses

	2021-2022 Actual \$	2021-2022 Budget \$	2020-2021 Actual \$
Auditors Remuneration			
Audit of the Annual Financial Report for financial year 2021	66,624	70,000	66,009
Audit of the Annual Financial Report for financial year 2022	83,700	-	-
Other Services	8,400	-	10,600
	158,724	70,000	76,609
Finance costs			
Interest on Self Supporting Loans (Refer to note 28 for more details)	90,301	80,758	108,267
Lease Liabilities	-	-	-
	90,301	80,758	108,267
Other Expenditure			
Sundry Expenses	6,461,826	5,789,766	906,643
	6,461,826	5,789,766	906,643
(c) Underground Power Projects			
Operating Income			
Attadale North	-	-	99
Melville South	-	-	(44,848)
Bicton North	-	-	(87,894)
Melville North	-	-	(1,067)
Alfred Cove East	141	-	10,334
Kardinya South	3,167,092	-	-
Total Operating Income	3,167,233	-	(123,376)
Operating Expenditure			
Ratepayer Refunds - Attadale North		-	(97,646)
Ratepayer Refunds - Ardross East		-	(12,211)
Western Power - Melville South Cash Calls		-	44,848
Western Power - Bicton North Cash Calls		-	92,499
Western Power - Kardinya South Cash Calls	(2,670,672)	-	(550,000)
Western Power - Melville North Cash Calls	(55,075)	-	-
Western Power - Alfred Cove East Cash Calls	(748)	-	-
Total Operating Expenditure	(2,726,495)	-	(522,510)
Net Underground Power Projects	440,738	-	(645,886)
Transfer From/(To) Underground Power Projects Reserve	(494,675)	-	659,857
Net - Surplus / (Deficit)	(53,937)	-	13,971

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 3: CASH AND CASH EQUIVALENTS

	2021-2022 Actual	Restated * 2020-2021 Actual
	\$	\$
Current Assets		
Cash on Hand	5,700	6,050
Cash at Bank (Includes 11am at call accounts)	18,841,788	17,695,939
Term Deposits **	18,600,000	24,599,999
Total Cash and Cash Equivalents	37,447,488	42,301,988

Reconciliation of Cash

For the purpose of preparing the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

	2021-2022 Actual	Restated * 2020-2021 Actual
	\$	\$
Cash - Restricted Funds	14,212,543	22,256,636
Reserve Funds - Unspent Grants Restricted	233,220	273,066
Bonds and Deposits held - Restricted	8,810,495	8,365,470
Cash - Unrestricted Funds	14,191,230	11,406,816
Cash and Cash Equivalents at the End of Year	37,447,488	42,301,988

* Refer to Note 17

** Term less than three months

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 interest.

RESTRICTED CASH

Restricted cash and cash equivalents balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contractor, legislation or loan agreement.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 4: NOTES TO THE STATEMENT OF CASHFLOWS

Reconciliation of Net Cash Provided by Operating Activities to Net Result

	2021-2022 Actual \$	2020-2021 Actual \$
Net Result	16,487,395	9,334,156
Non-Cash Flows In Net Result:		
Depreciation on Non-current Assets	23,298,477	22,519,136
(Profit) / Loss on Sale of Assets	(93,652)	16,354
Other	1,638,103	-
Grants & Contributions for the Development of Assets	(7,507,192)	(3,868,138)
Adjustments to fair value of investment property	(7,615,295)	(103,263)
(Increase) / Decrease in Equity - Investment in Associates	1,656,092	(4,175,162)
(Increase) / Decrease in Equity - Joint Arrangements	162,947	(879,115)
Changes in Assets & Liabilities		
(Increase)/Decrease in Accrued Income	(342,575)	(71,593)
Increase/(Decrease) in Accrued Expenses	193,587	(363,329)
Increase/(Decrease) in Accrued Income Payable	-	-
(Increase)/Decrease in Current Receivables	2,463,113	3,487,610
(Increase)/Decrease in Non-Current Receivables	449,572	2,959,979
(Increase)/Decrease in Contract Assets	-	-
Increase/(Decrease) in Current Creditors	2,456,813	(1,557,677)
Increase/(Decrease) in Non-Current Creditors	(1,627,299)	1,027,791
Increase/(Decrease) in Contract Liabilities	(655,700)	1,846,064
(Increase)/Decrease in Inventory	(16,349)	(4,725)
Increase/(Decrease) in Provision for Employee Entitlements	29,054	490,102
(Increase)/Decrease in Prepayments	3,414,275	297,696
Net Cash Provided by Operating Activities	34,391,366	30,955,886

The City has no significant non-cash transactions.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 5: TRADE AND OTHER RECEIVABLES

	2021-2022 Actual \$	2020-2021 Actual \$
(a) Current		
Rates Outstanding		
Rates Debtors	4,156,082	5,096,796
UGP Debtors	459,503	293,564
Refuse Debtors	55,131	96,130
FESA Levy Debtors	782,850	1,005,372
Pensioner Rebates	1,537,941	2,822,097
Sundry Debtors	660,998	894,229
Allowance for Expected Credit Loss	(383,966)	(370,398)
GST Receivable	682,927	564,992
Accrued Income	1,558,475	1,215,901
	9,509,941	11,618,683
(b) Non-Current		
Rates Outstanding - Pensioners	1,762,061	2,211,633
	1,762,061	2,211,633

The provision for expected credit loss was measured using the historical data to estimate future expected collections. The City considered the impact on balances as at 30 June 2022 due to COVID-19 and other related risks in calculating credit loss.

In determining the recoverability of trade receivables, the City consider any changes in the credit quality of the trade receivable from the date credit was initially granted up until the reporting date. The concentration of credit risk is limited due to the customer base being large. Accordingly, management believes that there is no further credit provision required in excess of the expected credit loss of \$383,966 in 2021-2022 in accordance with AASB 9 *Financial Instruments*.

SIGNIFICANT ACCOUNTING POLICIES

TRADE AND OTHER RECEIVABLES

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

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

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 20.

CLASSIFICATION AND SUBSEQUENT MEASUREMENT

Receivables which are generally due for settlement within 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 receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 6: OTHER FINANCIAL ASSETS

	<i>Note</i>	<i>2021-2022 Actual \$</i>	<i>Restated * 2020-2021 Actual \$</i>
(a) Current			
Loans - Clubs and Community Groups At Amortised Cost	13	226,069	221,160
Term deposits **		141,998,455	137,498,467
		142,224,524	137,719,627
(b) Non-Current			
Loans - Clubs and Community Groups At Amortised Cost	13	1,382,812	1,518,729
Units (10) held in Local Government House At Fair Value Through Profit or Loss		194,509	184,517
Equity - Share in Investment in Associates (RRG) At Fair Value Through Profit or Loss	19(a)	18,849,373	20,505,465
Equity - Share in Joint Arrangement (Carawatha Redevelopment Project) At Fair Value Through Profit or Loss	19(b)	5,369,490	4,982,651
Total Other Financial Assets		25,796,184	27,191,362

* Refer to Note 17

** Term greater than three months

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:

- (a) The asset is held within a business model whose objective is to collect the contractual cashflows, and
- (b) 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 22 (i)) 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 classifies the following financial assets at fair value through profit and loss:

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 20.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 7: INVENTORIES

	<i>2021-2022 Actual \$</i>	<i>2020-2021 Actual \$</i>
Current		
Inventories		
Fuel and Materials at Cost	149,701	133,352
	149,701	133,352

SIGNIFICANT ACCOUNTING POLICIES

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.

NOTE 8: OTHER ASSETS

	<i>2021-2022 Actual \$</i>	<i>2020-2021 Actual \$</i>
Current		
Other Assets - Prepayments	510,487	696,584
	510,487	696,584

SIGNIFICANT ACCOUNTING POLICIES

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 9: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

(a) PROPERTY, PLANT AND EQUIPMENT

Movements in Carrying Amounts

	Land - Freehold Land	Land - Vested	Buildings	Total Land and Buildings	Plant and Equipment	Electronic Equipment	Furniture and Fittings	Computer Equipment	Property Improvement	Fleet and Mobile Plant	Total Plant and Equipment	Artworks	Total Property, Plant and Equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	237,325,943	-	129,239,784	366,565,727	12,593,331	51,802	953,812	821,007	4,587,753	8,676,452	27,684,157	3,802,255	398,052,139
Additions	-	-	7,344,613	7,344,613	3,266,334	77,138	35,010	675,349	-	2,197,595	6,251,426	52,865	13,648,904
(Disposals)	-	-	-	-	-	-	(4,595)	(400)	-	(440,765)	(445,760)	(10,000)	(455,760)
Revaluation increments / (decrements) transferred to revaluation surplus	-	-	10,113,384	10,113,384	-	-	-	-	-	-	-	-	10,113,384
Depreciation (expense)	-	-	(6,958,633)	(6,958,633)	(2,080,812)	(35,708)	(181,210)	(578,972)	(418,935)	(1,407,104)	(4,700,740)	-	(11,659,373)
Carrying amount at 30 June 2021	237,325,943	-	139,739,148	377,065,091	13,778,853	93,232	803,018	916,985	4,170,818	9,026,178	28,789,084	3,845,120	409,699,293
Comprises:													
Gross carrying amount at 30 June 2021	237,325,943	-	255,554,250	492,880,193	37,977,615	511,528	3,190,775	5,285,566	6,633,122	14,026,258	67,624,863	3,845,119	564,350,175
Accumulated Depreciation at 30 June 2021	-	-	(115,815,102)	(115,815,102)	(24,198,762)	(418,296)	(2,387,757)	(4,368,581)	(2,462,304)	(5,000,080)	(38,835,780)	-	(154,650,882)
Carrying amount at 30 June 2021	237,325,943	-	139,739,148	377,065,091	13,778,853	93,232	803,018	916,985	4,170,818	9,026,178	28,789,084	3,845,119	409,699,293
Additions	-	-	5,371,792	5,371,792	3,129,589	117,599	151,156	146,470	-	3,143,568	6,688,382	31,836	12,092,010
(Disposals)	-	-	-	-	-	-	(1,734)	-	-	(428,337)	(430,071)	-	(430,071)
Reclassification increments / (decrements)	10,737,357	-	-	10,737,357	-	-	-	-	-	-	-	-	10,737,357
Revaluation increments / (decrements) transferred to revaluation surplus	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation (expense)	-	-	(7,185,102)	(7,185,102)	(2,343,495)	(24,165)	(179,392)	(455,284)	(321,900)	(1,551,465)	(4,875,701)	-	(12,060,803)
Carrying amount at 30 June 2022	248,063,300	-	137,925,838	385,989,138	14,564,947	186,666	773,049	608,171	3,848,918	10,189,944	30,171,694	3,876,955	420,037,786
Comprises:													
Gross carrying amount at 30 June 2022	248,063,300	-	260,925,042	508,988,342	41,107,204	629,127	3,333,932	5,432,036	6,633,122	16,327,805	73,483,228	3,876,955	586,329,522
Accumulated depreciation at 30 June 2022	-	-	(123,000,204)	(123,000,204)	(26,542,257)	(442,461)	(2,560,883)	(4,823,865)	(2,784,204)	(6,137,861)	(43,291,531)	-	(166,291,736)
Carrying amount at 30 June 2022	248,063,300	-	137,925,838	385,989,138	14,564,947	186,666	773,049	608,171	3,848,918	10,189,944	30,171,694	3,876,955	420,037,786

NOTE 9: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

(b) INFRASTRUCTURE

Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Drains	Infrastructure - Footpaths	Infrastructure - Parks	Infrastructure - Street Furniture	Infrastructure - Irrigation System	Total Infrastructure Excluding Work In Progress	Work In Progress	Total Infrastructure Including Work In Progress
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	191,001,585	134,286,525	46,638,968	7,031,397	1,146,027	4,133,939	384,238,441	19,561,714	403,800,155
Additions	9,112,237	975,008	2,136,507	1,454,326	1,803,100	365,322	15,846,499	3,842,559	19,689,058
(Disposals)	-	-	-	-	-	-	-	-	-
Revaluation increments / (decrements) transferred to revaluation surplus	-	-	-	-	-	-	-	-	-
Depreciation (expense)	(5,527,050)	(2,180,805)	(1,426,557)	(770,945)	(47,486)	(906,918)	(10,859,762)	-	(10,859,762)
Carrying amount at 30 June 2021	194,586,772	133,080,727	47,348,918	7,714,778	2,901,641	3,592,342	389,225,179	23,404,273	412,629,452
Comprises:									
Gross carrying amount at 30 June 2021	356,453,635	285,395,800	81,589,638	14,250,787	4,234,217	21,555,922	763,479,998	23,404,273	786,884,271
Accumulated Depreciation at 30 June 2021	(161,866,863)	(152,315,072)	(34,240,720)	(6,536,008)	(1,332,576)	(17,963,579)	(374,254,819)	-	(374,254,819)
Carrying amount at 30 June 2021	194,586,772	133,080,727	47,348,918	7,714,779	2,901,641	3,592,343	389,225,179	23,404,273	412,629,452
Additions	16,999,401	3,021,098	2,793,304	1,655,796	303,965	2,627,907	27,401,471	672,578	28,074,049
(Disposals)	-	-	-	-	-	-	-	-	-
Revaluation increments / (decrements) transferred to revaluation surplus	3,594,568	35,298,688	41,164,310	-	-	1,927,792	81,985,359	-	81,985,359
Depreciation (expense)	(5,678,538)	(2,190,493)	(1,472,959)	(858,669)	(82,571)	(954,444)	(11,237,674)	-	(11,237,674)
Carrying amount at 30 June 2022	209,502,203	169,210,020	89,833,574	8,511,905	3,123,035	7,193,598	487,374,336	24,076,851	511,451,186
Comprises:									
Gross carrying amount at 30 June 2022	352,408,311	338,208,847	158,393,606	15,906,582	4,538,182	13,153,561	882,609,089	24,076,851	906,685,940
Accumulated depreciation at 30 June 2022	(142,906,108)	(168,998,827)	(68,560,032)	(7,394,677)	(1,415,147)	(5,959,963)	(395,234,753)	-	(395,234,753)
Carrying amount at 30 June 2022	209,502,203	169,210,020	89,833,574	8,511,905	3,123,035	7,193,598	487,374,336	24,076,851	511,451,186

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 9: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE INCLUDING INVESTMENT PROPERTY

(c) Disposal of Assets

	Net Book Value		Sales Proceeds		Profit / (Loss)		Net Book Value		Sales Proceeds		Profit / (Loss)	
	2021-2022 Actual \$	2021-2022 Budget \$	2021-2022 Actual \$	2021-2022 Budget \$	2021-2022 Actual \$	2021-2022 Budget \$	2020-2021 Actual \$	2020-2021 Budget \$	2020-2021 Actual \$	2020-2021 Budget \$	2020-2021 Actual \$	2020-2021 Budget \$
Artwork	-	-	-	-	-	-	10,000	-	-	-	(10,000)	-
Furniture & Fittings	1,734	-	-	-	(1,734)	-	4,595	-	500	3,249	(4,095)	3,249
Computer Equipment	-	-	-	-	-	-	400	-	-	-	(400)	-
Fleet and Mobile Plant	428,337	882,660	523,723	882,660	95,386	-	440,765	780,070	438,906	780,070	(1,859)	-
Total	430,071	882,660	523,723	882,660	93,652	-	455,760	780,070	439,406	783,319	(16,354)	3,249

(d) Depreciation

	2021-2022 Actual \$	2021-2022 Budget \$	2020-2021 Actual \$
Infrastructure	11,237,674	10,851,745	10,859,762
Building	7,185,279	6,959,729	6,958,633
Fleet and Mobile Plant	1,551,465	2,000,000	1,407,104
Plant & Equipment	2,665,218	2,338,110	2,497,747
Computer Equipment	479,449	291,923	578,972
Furniture & Fittings	179,392	163,970	216,918
Total	23,298,477	22,605,477	22,519,136

(e) 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.

Asset Class	2021-2022 Actual \$	2020-2021 Actual \$
Computers	2,858,708	2,855,882
Electronic	167,990	141,340
Furniture	1,066,617	1,066,588
Lighting	380,927	193,400
Other Improvements	7,394,237	6,238,066
Playground Equipment	665,091	273,470
Plant and Fleet	5,340,753	4,153,364
Total	17,874,323	14,922,110

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 9: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

SIGNIFICANT ACCOUNTING POLICIES

Fixed Assets

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

Initial recognition and measurement 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 indicators of impairment annually.

Initial recognition and measurement between mandatory revaluation dates

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the City includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

Revaluation

The fair value of land, buildings and infrastructure is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the City. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure and vested improvements to be shown at fair value.

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of these assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. 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

The depreciable amount of all property, plant and equipment and infrastructure but excluding freehold land, vested land and Artworks, 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 9: PROPERTY, PLANT AND EQUIPMENT AND INFRASTRUCTURE

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

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

Depreciation rates

The depreciable amount of all property, plant and equipment and infrastructure but excluding freehold land, vested land, and Artworks are depreciated on a straight - line basis over the estimated useful lives for the different asset classes for the current and prior years are as follows:

General and Heritage Buildings (excluding Investment buildings)

-Sub structure	60 to 100 years
-Sub structure only for heritage building	60 to 400 years
-Super structure	25 to 80 years
-Roof	20 to 60 years
-Floor	15 to 30 years
-Fitout & fittings	15 to 40 years
-Services Fire, Security, Electrical & Transport	10 to 40 years
-Services Hydraulic and Mechanical	10 to 30 years

Plant & Equipment

Plant & Equipment	1 to 10 years
Computer and Electronic Equipment	3 to 5 years
Furniture & Fittings, Fleet, Mobile and Other plant	1 to 10 years

Infrastructure

Infrastructure – Footpath	10 to 60 years
Infrastructure – Stormwater Drainage	40 to 80 years
Infrastructure – Roads	
-Formation	Not Depreciated
-Base	50 to 80 years
-Surface	10 to 30 years
-Kerbing and Pavement	60 to 70 years

Other infrastructure

Parks/ POS	5 to 100 years
Street Furniture	5 to 30 years
Irrigation	5 to 30 years
Jetties and Boardwalks	50 to 100 years

Freehold/Investment/vested land and artworks	Not Depreciated
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Depreciation on revaluation

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 9: PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE

SIGNIFICANT ACCOUNTING POLICIES

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of last Valuation	Inputs used
<u>(i) Fair Value</u>					
<u>Land and Buildings</u>					
Land - Freehold	2 & 3	Market approach using recent observable market data for similar properties /	Independent registered valuer	June 2018	Price per hectare / market borrowing rate and income approach using discounted cash flow methodology
Land Vested in & Under City's Control	3	Replacement Cost	Independent registered valuer	June 2018	Non-observables market evidence and valuation relies on significant assumptions
Buildings	2 & 3	Cost Approach	Independent registered valuer	June 2021	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
<u>Infrastructure</u>					
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drains	3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 9: PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE

SIGNIFICANT ACCOUNTING POLICIES

<i>Asset Class</i>	<i>Fair Value Hierarchy</i>	<i>Valuation Technique</i>	<i>Basis of Valuation</i>	<i>Date of last Valuation</i>	<i>Inputs used</i>
Infrastructure - Footpath	3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Irrigation Systems	3	Cost approach using depreciated replacement cost	Independent valuation	June 2022	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<u>Infrastructure - Other</u>					
Infrastructure - Parks	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Street Furniture	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<u>(ii) Cost</u>					
Plant and Equipment	N/A	N/A	Cost	June 2019	N/A
Electronic Equipment	N/A	N/A	Cost	June 2019	N/A
Furniture and Equipment	N/A	N/A	Cost	June 2019	N/A
Computer Equipment	N/A	N/A	Cost	June 2019	N/A
Mobile Plant	N/A	N/A	Cost	June 2019	N/A
Artworks	N/A	N/A	Cost	June 2018	N/A

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 10: INVESTMENT PROPERTY

Non-Current Assets At Fair Value

	<i>Investment Property - Land</i>	<i>Investment Property - Buildings</i>	<i>Total Investment Property</i>
	\$	\$	\$
Balance at 1 July 2020	60,674,115	1,960,104	62,634,219
Additions		14,099	14,099
(Disposals)	-	-	-
Revaluation increments / (decrements) transferred to profit/(loss)	-	103,263	103,263
Depreciation (expense)	-	-	-
Carrying Amount At 30 June 2021	60,674,115	2,077,466	62,751,581
Additions	791,196	749,597	1,540,793
(Disposals)	-	-	-
Reclassification increments / (decrements)	(10,737,357)		(10,737,357)
Revaluation increments / (decrements) transferred to profit/(loss)	7,615,295	-	7,615,295
Depreciation (expense)	-	-	-
Carrying amount at 30 June 2022	58,343,249	2,827,063	61,170,312

Amount Recognised In The Profit Or Loss For Investment Properties

	<i>2021-2022 Actual</i>	<i>2020-2021 Actual</i>
	\$	\$
Rental Income	1,042,440	173,631
Direct Operating expenses from property that generated rental income	(14,216)	(10,567)
Fair Value gain recognised in other income	-	-
Net rental income	1,028,224	163,065

Leasing Arrangements

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

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

		Restated*
Within one year	999,809	983,631
Later than one year but not later than 5 years	4,999,045	4,983,267
Later than 5 years	19,535,425	20,796,612
	25,534,279	26,763,510

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term.

*Refer to Note 17

SIGNIFICANT ACCOUNTING PROPERTIES

Investment Properties

Investment properties are principally freehold buildings, held for long-term rental yields and not occupied by the city. Investment properties are carried at fair value. In accordance with the significant accounting policies disclosed at note 9.

Fair Value Of Investment Properties

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 11: TRADE AND OTHER PAYABLES

	2021-2022 Actual \$	2020-2021 Actual \$
(a) Current		
Restricted Funds Creditor		
- Footpaths	7,765,556	7,114,494
- Bonds and Deposits held	1,027,618	1,226,063
- Other	17,321	24,913
Non-Restricted Funds Creditor	8,068,966	6,574,358
Prepaid Rates	1,809,783	615,308
Amount Received in Advance	50,990	52,714
Accrued Salaries & Wages	1,350,529	420,480
	20,090,763	16,028,330
(b) Non-Current		
Creditors	503,914	509,091
	503,914	509,091

SIGNIFICANT ACCOUNTING POLICIES

Trade And Other Payables

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid with 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 revenue for the prepaid rates that have not been refunded.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 12: CONTRACT LIABILITIES

	2021-2022 Actual \$	2020-2021 Actual \$
Current		
Operating Grants, Subsidies and Contributions	233,220	273,066
Non-operating Grants, Subsidies and Contributions (Capital grants obligation will be satisfied as below)	1,813,743	2,444,917
Membership Fees - Leisure Fit Booragoon	470,370	455,050
	2,517,333	3,173,033
Reconciliation of Changes in Contract Liabilities		
Opening balance	3,173,033	1,326,969
Additions	1,984,441	2,510,236
Revenue from contracts with customers included as a contract liability at the start of the period	(2,640,141)	(664,172)
	2,517,333	3,173,033

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.

Expected Satisfaction of Capital Grants Liabilities

	2021-2022 Actual \$	2020-2021 Actual \$
Less than 1 year	1,593,147	2,444,917
1 to 2 years	220,596	-
2 to 3 years	-	-
	1,813,743	2,444,917

SIGNIFICANT ACCOUNTING POLICIES

CONTRACT LIABILITIES

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

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

CAPITAL GRANT/CONTRIBUTION LIABILITIES

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

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cash/flows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 22 (i)) due to the unobservable inputs, including own credit risk.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 13: BORROWINGS

	Note	2022		2021	
		Current \$	Non-Current \$	Current \$	Non-Current \$
Secured					
WA Treasury Corporation	28	226,069	1,382,812	221,160	1,518,729
Total Secured Borrowings		226,069	1,382,812	221,160	1,518,729
					1,739,889

SIGNIFICANT ACCOUNT 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 22 (i)) due to the unobservable inputs, including own credit risk.

Risks

Information regarding exposure to financial management risk can be found at Note 20. Details of individual borrowings required by regulation are provided as Note 28.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 14: EMPLOYEE RELATED PROVISIONS AND OTHER PROVISIONS

(a) Employee Related Provisions

	2021-2022 Actual \$	2020-2021 Actual \$
Current		
Provision for Annual Leave	4,536,017	4,507,915
Provision for Long Service Leave	4,663,038	4,642,005
	9,199,055	9,149,920
Non-Current		
Provision for Long Service Leave	746,819	766,900
	746,819	766,900
Total Employee Related Provisions	9,945,874	9,916,820

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:

	2022 \$	2021 \$
Amounts are expected to be settled on the following basis:		
Less than 12 months after the reporting date	9,199,055	9,149,920
More than 12 months from reporting date	746,819	766,900
	9,945,874	9,916,820
Expected reimbursements from other WA local governments	(370,091)	(294,053)

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

SIGNIFICANT ACCOUNTING POLICIES

EMPLOYEE BENEFITS

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

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 14: EMPLOYEE RELATED PROVISIONS AND OTHER PROVISIONS

Other Long-Term Employee Benefits

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

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

Provisions

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

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

(b) Other Provisions

John Connell Remediation Work

	2021-2022 Actual \$	2020-2021 Actual \$
Non-Current		
Opening Balance	4,213,000	4,213,000
Adjustment for Revised Independent Cost Estimates	2,377,000	-
Closing Balance	6,590,000	4,213,000

Provision For Remediation Costs

The provision relates to the indicative costs for remediation of John Connell Reserve, a previous landfill site, of which the City has a legal obligation to restore the site. The amount of \$6.59 million is based on an assessment performed by an independent consultant of the scope of works.

A provision for remediation is recognised when:

- (a) There is a present obligation as a result of waste activities undertaken;
- (b) It is probable that an outflow of economic benefits will be required to settle that obligation;
- (c) The amount of the provision can be measured reliably.

The provision of 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 present value of the remediation provision at each reporting date.

Amounts which are reliably expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of the payment of non-current obligation is unable to be reliably estimated as it is dependent as at the reporting date.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 15: REVALUATION SURPLUS

	<i>Closing 30/06/2022 \$</i>	<i>Increment / (Decrement) \$</i>	<i>Closing 30/06/2021 \$</i>	<i>Increment / (Decrement) \$</i>	<i>Opening 1/07/2020 \$</i>
Land	230,334,685	-	230,334,685	-	230,334,685
Building	104,834,391	-	104,834,391	10,113,383	94,721,008
Land Vested	-	-	-	-	-
Total Land and Buildings	335,169,076	-	335,169,076	10,113,383	325,055,693
Artworks					
Artworks	2,276,749	-	2,276,749	-	2,276,749
Total Artworks	2,276,749	-	2,276,749	-	2,276,749
Plant and Equipment					
Computer Equipment	554,433	-	554,433	-	554,433
Electronic Equipment	127,790	-	127,790	-	127,790
Furniture & Fittings	322,892	-	322,892	-	322,892
Plant & Equipment	23,490,999	-	23,490,999	-	23,490,999
Mobile Plant	1,611,729	-	1,611,729	-	1,611,729
Total Plant and Equipment	26,107,843	-	26,107,843	-	26,107,843
Infrastructure					
Drains	155,314,108	35,298,688	120,015,420	-	120,015,420
Footpaths	78,262,592	41,164,311	37,098,281	-	37,098,281
Roads	50,400,434	3,594,568	46,805,866	-	46,805,866
Irrigation	1,347,965	1,927,792	(579,827)	-	(579,827)
Total Infrastructure	285,325,099	81,985,359	203,339,740	-	203,339,740
Infrastructure - Other					
Parks	2,472,242	-	2,472,242	-	2,472,242
Street Furniture	1,493,694	-	1,493,694	-	1,493,694
Total Infrastructure - Other	3,965,936	-	3,965,936	-	3,965,936
Share of Revaluation of SMRC Non Current Assets	2,190,442	-	2,190,442	142,038	2,048,404
Local Government House Unit Trust Holding	(36,136)	9,992	(46,128)	9,346	(55,474)
Total Revaluation Surplus	654,999,009	81,995,351	573,003,658	10,264,767	562,738,891

NOTE 16: CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital Commitments

Capital commitments as at 30 June 2022 amounted to \$14.94M, compared to \$6.73M as at 30 June 2021. The City had no other commitments as at 30 June 2022.

(b) Contingent Liabilities

The City negotiates its Workers' Compensation Premium on a "burning cost" basis whereby a minimum and maximum premium are determined for workers' compensation and the City pays a deposit premium only with the actual premium being settled based on known and anticipated claims experience. Therefore, the City may be required to fund an additional premium if the actual premium (as yet to be determined) exceeds the deposit premium already paid. Accordingly, a contingent liability is recognised for the difference between the deposit premium paid and the maximum premium payable.

	<i>2021-2022 Actual \$</i>	<i>2020-2021 Actual \$</i>
Contingent Liability For Additional Workers' Compensation Premium	6,887,010	7,144,346

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 17: PRIOR PERIOD RESTATEMENTS

In order to comply with accounting standards AASB 107 Cash Flow Statements and the City's accounting policies, the City made the following prior period adjustments during the year. This misstatement has been corrected by restating each of the affected financial statement line items for prior periods.

Amounts invested in term deposits with maturity terms longer than 3 months at inception should have been recognised as Other Financial assets as they did not meet the definition of Cash and cash equivalents in accordance with applicable accounting standards. In previous periods, these amounts were recorded as Cash and cash equivalents which as a result was overstated by \$147,802,694 and \$137,498,467 as at 1 July 2020 and 30 June 2021, respectively, with corresponding understatements of Other Financial assets. This misstatement also had the effect of understating receipts from term deposits and net cash used in investing activities by \$10,304,227 in the statement of cash flow for the year ended 30 June 2021.

In accordance with AASB 108, the effect of the adjustments has been recognised in the opening balance for the comparative period being 1 July 2020 (to the extent to which they relate to the financial year 30 June 2020 and before). The net impact of these adjustments is shown below:

	1 July 2020 Opening Balance		
	As previously stated	Restatement	As restated
	\$	\$	\$
Statement of Financial Position (extract)			
Cash & Cash Equivalents	179,275,996	(147,802,694)	31,473,302
Other Financial Assets	398,612	147,802,694	148,201,306
Total Currents Assets	196,183,161	-	196,183,161
Total Assets	1,086,480,813	-	1,086,480,813
Net Assets	1,048,694,921	-	1,048,694,921
	30 June 2021 Balance		
	As previously stated	Restatement	As restated
	\$	\$	\$
Statement of financial position (extract)			
Cash & Cash Equivalents	179,800,455	(137,498,467)	42,301,988
Other Financial Assets	221,160	137,498,467	137,719,627
Total Currents Assets	192,470,234	-	192,470,234
Total Assets	1,106,953,554	-	1,106,953,554
Net Assets	1,067,731,346	-	1,067,731,346
Statement of Cash Flows			
Receipt from term deposits	-	10,304,227	10,304,227
Net Cash used in Investing Activities	(29,044,518)	10,304,227	(18,740,291)
Net increase/ Decrease in cash and cash equivalents	524,460	10,304,227	10,828,686
Cash and cash equivalents at the beginning of the year	179,275,995	(147,802,694)	31,473,302
Cash and cash equivalents at the end of the year	179,800,455	(137,498,467)	42,301,988

In addition to the above prior period restatement, it was identified that the 30 June 2021 disclosure of the minimum lease payments receivable under non-cancellable operating leases of investment properties had incorrectly excluded one lease. The disclosure for the year ended 30 June 2021 has been adjusted and the impact is shown below:

Minimum lease payments receivable	As previously stated	Restatement	As restated
	\$	\$	\$
Within 1 year	173,631	810,000	983,631
1-5 years	933,267	4,050,000	4,983,267
More than 5 years	451,187	20,345,425	20,796,612
	1,558,085	25,205,425	26,763,510

The error did not have an impact on the Statement of Financial Position, Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity, Statement of Cash Flows or Rate Setting Statement by Nature or Type.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 18: RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	2021-2022 Actual \$	2021-2022 Budget \$	2020-2021 Actual \$
Sitting Fees - Mayor	47,516	47,516	47,516
Sitting Fees - Councillors	380,040	380,136	380,136
Conference and Training	31,890	61,750	12,829
Allowance - Mayor	89,753	89,753	89,753
Allowance - Deputy Mayor	22,438	22,437	22,438
Allowance - Councillors	49,505	83,057	50,070
	621,142	684,649	602,742

Name of Councillor	Total \$	Sitting Fees \$	Mayoral & Deputy Mayoral Allowance \$	ICT \$	Conference \$	Travel \$
Mayor George Gear	141,526	47,516	89,753	3,500	757	-
Cr Glynis Barber	45,413	31,678	-	3,500	10,235	-
Cr Jane Edinger	24,299	21,119	-	2,333	757	90
Cr Tomas Fitzgerald	50,936	31,678	14,959	3,500	758	41
Cr Duncan Macphail	40,021	31,678	-	3,500	3,167	1,676
Cr Katy Mair	35,936	31,678	-	3,500	758	-
Cr Nicholas Pazolli	35,936	31,678	-	3,500	758	-
Cr Nicole Robins	35,936	31,678	-	3,500	758	-
Cr Clive Ross	25,453	21,119	-	2,333	1,684	317
Cr Margaret Sandford	37,354	31,583	-	3,500	2,271	-
Cr Jennifer Spanbroek	24,659	21,119	-	2,333	1,207	-
Cr Karen Wheatland	40,918	31,678	-	3,500	4,521	1,219
Cr Matthew Woodall	35,936	31,678	-	3,500	758	-
Cr June Barton	20,623	10,559	7,479	1,167	758	660
Cr Steve Kepert	13,626	10,559	-	1,167	1,900	-
Cr Clive Robartson	12,569	10,559	-	1,167	843	-
	621,142	427,556	112,191	45,501	31,890	4,003

Key Management Personnel (KMP) Compensation Disclosure

	2021-2022 Actual \$	2020-2021 Actual \$
The total of remuneration paid to KMP of the City during the year are as follows:		
Short-term employee benefits	1,327,774	1,782,568
Post-employment benefits	122,329	190,359
Other long-term benefits	15,249	44,526
	1,465,352	2,017,453

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 18: RELATED PARTY TRANSACTIONS

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Related Parties

The City's main related parties are as follows:

(i) Key management personnel

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

(ii) Entities subject to significant influence by the City

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

(iii) Joint venture entities accounted for under the equity method

The City has a 73.71% (2021: 60.30%) interest in the Regional Recovery Group (RRG) and 50% (2020: 50%) in the Carawatha Redevelopment Project. The interest in the joint venture entities are accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities, refer to Note 19.

Transactions with related parties

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

The following transactions occurred with related parties:

	2021-2022 Actual \$	2020-2021 Actual \$
Associated companies/individuals:		
Sale of goods and services	26,000	26,000

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 19: INVESTMENT IN ASSOCIATES AND JOINT ARRANGEMENTS

(a) Investment in Resource Recovery Group (RRG)

Resource Recovery Group (RRG)

	2021-2022 Actual \$	2020-2021 Actual \$
Current Assets	20,401,202	21,796,742
Non-Current Assets	30,332,453	38,176,952
Current Liabilities	(8,373,725)	(8,789,409)
Non-Current Liabilities	(9,436,836)	(14,934,142)
Net Assets (100%)	32,923,094	36,250,143
Revenue	18,191,425	33,614,449
Depreciation on Non-Current Assets	(4,613,629)	(3,862,654)
Interest Expense	(543,876)	(702,177)
Total Comprehensive Income (100%)	(3,327,049)	3,601,738

City of Melville Share in Investment in Resource Recovery Group (RRG)

	2021-2022 Actual \$	2020-2021 Actual \$
Net Assets	18,849,373	20,505,466
Less: Share of RRG Loan Liability	(2,588,811)	(3,642,045)
Share in the net assets of the RRG (excluding equity)	16,260,562	16,863,421
Equity Ratios		
RRG Existing Undertakings Proportional Equity Share:	73.71%	60.30%
Office Accommodation Project Proportional Equity Share:	73.40%	59.16%
RRRC Project Proportional Equity Share:	73.84%	73.91%
Represented by Share of Investment in Associates Entity's Financial Position:		
Current Assets	11,309,657	13,386,704
Non Current Assets	16,938,708	18,349,344
Total Assets	28,248,365	31,736,048
Current Liabilities	2,431,053	3,912,432
Non Current Liabilities	6,967,939	7,318,151
Total Liabilities	9,398,992	11,230,583
Net Assets	18,849,373	20,505,465
Statement of Comprehensive Income		
Share of Profit/(Loss) of Associate Accounted For Using The Equity Method	(1,656,092)	4,175,162
Other Comprehensive Income		
Share of Profit/(Loss) of Revaluation of RRG Assets Using The Equity Method	-	142,038
Net Increase / (Decrease) in Equity - RRG Investment in Associates	(1,656,092)	4,317,200

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 19: INVESTMENT IN ASSOCIATES AND JOINT ARRANGEMENTS

	<i>2021-2022 Actual \$</i>	<i>2020-2021 Actual \$</i>
Borrowings		
Share of RRG Loan Liability		
Current	1,285,049	1,360,540
Non-current	1,303,762	2,281,505
	2,588,811	3,642,045
Share of RRG Loan Liability by Project		
Regional Resource Recovery Centre (RRRC) Project	39.78%	40.03%
Office Accommodation Project	72.43%	54.91%
Current		
Regional Resource Recovery Centre (RRRC) Project	1,285,049	1,360,540
Office Accommodation Project	-	-
	1,285,049	1,360,540
Non-current		
Regional Resource Recovery Centre (RRRC) Project	-	1,293,125
Office Accommodation Project	1,303,762	988,380
	1,303,762	2,281,505

Share in Resource Recovery Group (RRG)

The Resource Recovery Group (RRG) is a statutory local government authority established in 1991 by the local governments of Canning, Cockburn, East Fremantle, Fremantle, Kwinana, Melville, and Rockingham. It was previously named as South Metropolitan Regional Council (SMRC).

The RRG is responsible for developing environmentally sustainable waste management solutions for the communities of the Participants.

The member local governments have jointly agreed to establish RRG under an Establishment Agreement and each participant may participate in regional projects that are governed by a Participants' Project Agreement.

There are two core projects being:

1. The Regional Resource Recovery Centre (RRRC) Project and;
2. The Office Accommodation Project.

Both the projects were established through separate project participants' agreements. The City of Kwinana are not participants in the RRRC project. In addition to the above two projects, the support activities of RRG such as Administrative activities, Education and Marketing and Research and Development, are referred to as Existing Undertakings.

Over the period the following local governments have since withdrawn from the Regional Council: City of Canning in June 2010, City of Rockingham in June 2012 and City of Cockburn in June 2019.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 19: INVESTMENT IN ASSOCIATES AND JOINT ARRANGEMENTS

Existing Undertakings

The historical annual contributions made by Participants to the Existing Undertakings are used to determine the proportional contribution percentage of each Participant to the Existing Undertakings.

The City's share as on 30 June 2022:

RRG Existing Undertakings Proportional Equity Share: **73.71%**

Regional Resource Recovery Centre (RRRC) Project

RRRC Project Participants shall make an annual contribution towards the acquisition of any asset of a capital nature required by the Project, plus pay gate fees for each tonne of waste they deliver to the facility to cover the operating costs.

The annual contribution shall be an amount which bears the same proportion to the cost of the acquisition disclosed in the Project Budget for the financial year as the Population of the Project Participant bears to the total of the Populations of all Project Participants.

The capital costs for each participating Local Government member is based on the Australian Bureau of Statistics population statistics. Each project participant will develop equity in the project equal to the relevant proportion of the total capital loan repayments made by that project participant.

The City's share as on 30 June 2022:

RRRC Project Proportional Equity Share: **73.84%**

RRRC - Lending Facility

The capital construction of the RRRC facility was funded by borrowings from Western Australian Treasury Corporation (WATC). The lending facility will be fully repaid on the 30 June 2023.

The RRG administer the borrowing with the project participants making quarterly contributions equal to the repayment costs of these borrowings.

The City guaranteed by way of agreement to its share of the loan liability to the RRG and the WATC. The City's estimated share of the project funding is based on population percentages as derived from the Australian Bureau of Statistics census. These are revised yearly over the life of the lending facility.

As at 30 June 2022, the balance outstanding against the lending facility stood . \$ **3,230,389**
With the City's share of this liability being: \$ **1,285,049**
Using the current cost/profit sharing percentage of: **39.78%**

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 19: INVESTMENT IN ASSOCIATES AND JOINT ARRANGEMENTS

Office Accommodation Project

The Office Project pertains to RRG's office located at 9 Aldous Place, Booragoon, Western Australia. The City's equity share of the project is based on their proportional populations.

The City's share as on 30 June 2022:

Office Accommodation Project Proportional Equity Share: **73.40%**

Office Accommodation Project

As a RRG participant, the City has guaranteed by way of security to the Western Australian Treasury Corporation, a charge over its' general funds for its' share of any outstanding debenture borrowings provided for the RRG administration building at 9 Aldous Place Booragoon. This facility has a limit of \$2 million.

As at 30 June 2022, the balance outstanding against the lending facility stood: \$ **1,800,000**

With the City's share of this liability being: \$ **1,303,762**

Using the current cost/profit sharing percentage of: **72.43%**

SIGNIFICANT ACCOUNTING POLICIES

Investment In Associates

An associate is an entity over which the City has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the City's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the City and the associate are eliminated to the extent of the City's interest in the associate.

When the City's share of losses in an associate equals or exceeds its interest in the associate, the City discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the City will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 19: INVESTMENT IN ASSOCIATES AND JOINT ARRANGEMENTS

(b) Joint Arrangements

Share in Carawatha Redevelopment Project

	2021-2022 Actual \$	2020-2021 Actual \$
Opening Share In Equity	4,982,651	6,353,536
Carawatha Redevelopment Distribution	(550,000)	(2,250,000)
Carawatha Redevelopment Capital Call	1,099,786	-
Share In Profit/(Loss) In Net Results	(162,947)	879,115
Total	5,369,490	4,982,651
Equity Ratio	50.00%	50.00%

SIGNIFICANT ACCOUNTING POLICIES

INTERESTS IN JOINT ARRANGEMENTS

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

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the City's share of net assets of the associate. In addition, the City's share of the profit or loss of the associate is included in the City's profit or loss.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 20: 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	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade	Aging analysis Credit analysis	Diversification of bank deposits, credit limits, investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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

Financial risk management is carried out by Financial Services under policies approved by the Council. Financial Services identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest Rate Risk

Cash and Cash Equivalents

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

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 30th June and the weighted average interest rate across all cash and cash equivalents and term deposits held are disclosed as financial assets at amortised cost and are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non interest Bearing
			\$	\$	\$
2022					
Cash And Cash Equivalents	0.58%	37,447,488	18,600,000	18,841,788	5,700
- Term Deposits	0.58%	141,998,455	141,998,455	-	-
2021					
Cash and cash equivalents	0.03%	42,301,989	24,600,000	17,695,939	6,050
- Term Deposits	0.59%	137,498,467	137,498,467	-	-

Sensitivity

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

	2022	2021
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	374,475	423,020

**Holding all other variables constant*

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 20: FINANCIAL RISK MANAGEMENT

(b) Credit Risk

Trade and Other Receivables

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

Credit risk on rates and annual charges is minimised by the ability of the City to recover property rates and services charges debts as a secured charge over the land – that is, the land can be sold to recover the debt. Whilst the City was historically able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment, the effect of COVID-19 has been considered. Financial assistance provided to ratepayers is expected to adversely affect the City's cash flows.

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

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

The expected loss from rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced within this period. Historical credit loss from rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment of rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. Re-negotiation of repayment terms is expected due to the COVID-19 pandemic.

The loss allowance as at 30 June 2022 for rates receivable was determined as follows and takes into account the waiver of penalty interest due to the impact of COVID-19.

	<i>Current</i>	<i>More than 1 year past due</i>	<i>More than 2 year past due</i>	<i>More than 3 year past due</i>	<i>Total</i>
30 June 2022					
Rates Receivable					
Expected Credit Loss	0.00%	0.00%	0.00%	0.00%	
Gross Carrying Amount	4,156,082	-	-	-	4,156,082
Loss Allowance	-	-	-	-	-
30 June 2021					
Rates Receivable					
Expected Credit Loss	0.00%	0.00%	0.00%	0.00%	
Gross Carrying Amount	5,096,796	-	-	-	5,096,796
Loss Allowance	-	-	-	-	-

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	<i>Current</i>	<i>More than 30 days past due</i>	<i>More than 60 days past due</i>	<i>More than 90 days past due</i>	<i>Total</i>
30 June 2022					
Sundry Receivable					
Expected Credit Loss	0.00%	0.00%	0.00%	149.75%	58.09%
Gross Carrying Amount	282,130	106,077	16,391	256,400	660,998
Loss Allowance	-	-	-	383,966	383,966
30 June 2021					
Sundry Receivable					
Expected Credit Loss	0.00%	0.00%	0.00%	67.94%	41.42%
Gross Carrying Amount	0	254,299	94,706	545,224	894,229
Loss Allowance	-	-	-	370,398	370,398

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 20: FINANCIAL RISK MANAGEMENT

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

	Rates Receivable		Trade and Other Receivables		Contract Assets	
	2022 Actual \$	2021 Actual \$	2022 Actual \$	2021 Actual \$	2022 Actual \$	2021 Actual \$
Opening loss allowance as at 1 July	-	-	370,398	347,831	-	-
Increase in loss allowance recognised in profit or loss during the year	-	-	155,522	135,442	-	-
Receivables written off during the year as uncollectible	-	-	(141,954)	(112,875)	-	-
Unused amount reversed	-	-	-	-	-	-
Closing loss allowance at 30 June	-	-	383,966	370,398	-	-

Trade 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 for a period of greater than 120 days past due.

Impairment losses on trade 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 trade receivables are a reasonable approximation of the loss rates for the contract assets.

(c) Liquidity Risk

Payables, Borrowings and Other Financial Liability

Payables, borrowings and other financial liability 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 arranged if required.

The contractual undiscounted cash flows of the City's payables, borrowings and other financial liability 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 \$
2022					
Payables	20,090,763	503,914	-	20,594,677	20,594,677
Borrowings and Other Liabilities	1,511,118	2,214,567	472,007	4,197,692	4,197,692
Contract Liabilities	2,296,737	220,596	-	2,517,333	2,517,333
	23,898,618	2,939,077	472,007	27,309,702	27,309,702
2021					
Payables	16,028,330	509,091	-	16,537,421	16,537,421
Borrowings and Other Liabilities	1,575,249	3,138,960	512,362	5,226,571	5,226,571
Contract Liabilities	3,173,033	-	-	3,173,033	3,173,033
	20,776,612	3,648,051	512,362	24,937,025	24,937,025

NOTE 21: EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There are no significant events to report that occurred after the balance sheet date.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 22: 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as 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 statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

e) Budget Comparative Figures

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

f) Superannuation

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

g) Fair Value of Assets and Liabilities

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 22: OTHER SIGNIFICANT ACCOUNTING POLICIES

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 Earnings

Interest income 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 the 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

Measurement based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 22: OTHER SIGNIFICANT ACCOUNTING POLICIES

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.

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

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

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

k) Initial Application of Accounting Standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

New Accounting Standards for Application in Future Years

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

- *AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*
- *AASB 2020-3 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies or Definition of Accounting Estimates*
- *AASB 2021-7 Amendments to Australian Accounting Standards*
- *Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 23: FUNCTION AND ACTIVITY

(a) Service Objectives and Descriptions

City operations as disclosed in this financial report encompass the following service oriented functions and activities.

Objective	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.
Housing To provide and maintain housing.	Provision and maintenance of elderly residents housing.
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 and public conveniences.
Recreation and Culture To establish and effectively manage infrastructure and resource 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 City and its economic wellbeing.	Tourism and area promotion including the maintenance and operation. 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 AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 23: FUNCTION AND ACTIVITY

	2021-2022 Actual \$	2021-2022 Budget \$	2020-2021 Actual \$
(b) Income and Expenses			
Income Excluding Grants, Subsidies And Contributions			
Governance	55,332	-	15,884
General Purpose Funding	101,143,253	93,645,107	86,562,068
Law, Order, Public Safety	2,896,298	2,647,876	2,443,694
Health	227,093	247,369	226,650
Education & Welfare	73,505	61,878	231,013
Housing	103,061	103,104	106,276
Community Amenities	1,857,857	3,323,883	5,775,871
Recreation and Culture	8,565,666	7,150,666	9,301,551
Transport	1,318,628	882,680	1,383,313
Economic Services	7,180,784	6,437,279	3,651,550
Other Property and Services	789,120	324,705	(206,214)
	124,210,597	114,824,547	109,491,656
Grants, Subsidies and Contributions			
Governance	732	-	30,426
General Purpose Funding	4,543,493	3,200,000	3,263,180
Law, Order, Public Safety	37,804	18,750	45,570
Health	2,273	15,000	2,273
Education & Welfare	181,597	168,760	176,136
Community Amenities	1,184,365	582,737	1,369,617
Recreation and Culture	2,005,689	262,906	1,178,175
Transport	5,178,868	2,309,622	2,979,126
Other Property and Services	34,503	8,030	17,000
	13,169,324	6,565,805	9,061,503
Total Income	137,379,921	121,390,352	118,553,159
Expenses			
Governance	(5,794,376)	(6,384,912)	(5,309,534)
General Purpose Funding	(1,429,297)	(1,162,365)	(1,188,006)
Law, Order, Public Safety	(4,038,750)	(4,062,420)	(3,927,927)
Health	(1,055,151)	(1,122,723)	(1,020,247)
Education & Welfare	(1,742,023)	(1,846,522)	(1,738,443)
Housing	(116,971)	(115,183)	(120,560)
Community Amenities	(24,377,090)	(26,806,142)	(25,371,021)
Recreation and Culture	(42,475,192)	(36,964,618)	(35,699,501)
Transport	(19,803,749)	(22,973,800)	(19,163,767)
Economic Services	(5,838,965)	(5,476,638)	(3,367,423)
Other Property and Services	(14,220,962)	(12,728,873)	(12,312,575)
Total Expenses	(120,892,527)	(119,644,196)	(109,219,004)
Net Result For The Year	16,487,395	1,746,156	9,334,155

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 23: FUNCTION AND ACTIVITY

	2021-2022 Actual \$	2021-2022 Budget \$	2020-2021 Actual \$
(c) Fees And Charges			
Governance	330	-	-
General Purpose Funding	236,205	35,000	72,829
Law, Order, Public Safety	356,858	153,100	332,092
Health	220,458	244,969	214,281
Education & Welfare	33,333	30,623	22,576
Housing	97,633	94,774	100,602
Community Amenities	3,470,500	3,275,146	3,524,833
Recreation and Culture	7,993,235	6,657,199	7,443,221
Transport	1,039,876	737,160	904,847
Economic Services	3,344,483	3,067,789	3,108,000
Other Property and Services	116,533	123,000	126,998
	16,909,442	14,418,761	15,850,280

(d) Total Assets

	2021-2022 Actual \$	2020-2021 Actual \$
Governance	545,615,224	539,508,527
Education & Welfare	-	70,798
Community Amenities	199,890,346	106,271,378
Health	146,193	171,896
Recreation and Culture	83,434,056	83,739,565
Economic Services	-	7,955,963
Other Property and Services	380,973,852	369,235,427
	1,210,059,671	1,106,953,554

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 24: STATEMENT OF RATING INFORMATION

<i>Current Year Actual 2021-2022</i>	<i>Number of Properties</i>	<i>Rateable value \$</i>	<i>Rate in \$ (cents)</i>	<i>Rate Revenue \$</i>	<i>Interim Rates \$</i>	<i>Back Rates \$</i>	<i>Total Revenue \$</i>
GENERAL RATE							
General Rate GRV							
Residential - Improved	30,266	786,694,266	7.347628	57,803,216	263,969	-	58,067,185
Residential - Unimproved	807	21,408,920	6.657573	1,425,311	120,999	-	1,546,310
	31,073	808,103,186		59,228,527	384,968	-	59,613,495
Commercial - Improved	1,511	236,420,686	7.738591	18,295,623	24,415	-	18,320,038
Commercial - Unimproved	17	968,828	7.738591	74,974	18,267	-	93,241
Strata Storage Units	-	-	7.738591	-	-	-	-
	1,528	237,389,514		18,370,597	42,682	-	18,413,279
Sub Total General Rate	32,601	1,045,492,700		77,599,124	427,651	-	78,026,774
MINIMUM RATE							
Minimum Rate							
Residential - Improved	10,530	155,857,898	1,283.43	13,514,541			13,514,541
Residential - Unimproved	364	3,460,914	818.63	297,981			297,981
	10,894	159,318,812		13,812,522	-	-	13,812,522
Commercial - Improved	189	1,576,366	995.61	188,170			188,170
Commercial - Unimproved	1	5,000	995.61	996			996
Strata Storage Units	57	102,112	995.61	56,750			56,750
	247	1,683,478		245,916	-	-	245,916
Sub Total Minimum Rate	11,141	161,002,290		14,058,438	-	-	14,058,438
Amount Raised from Rates				91,657,562	427,651	-	92,085,213
Melville Glades Concession				(10,181)			(10,181)
Storage Unit Concession				(28,375)			(28,375)
Residential Improved Stimulus Concession				(1,946)			(1,946)
Commercial Improved Stimulus Concession				(38,556)			(38,556)
Sub Total Concessions				(79,058)	-	-	(79,058)
Total Amount Raised from Rates				91,578,504	427,651	-	92,006,154
Plus:							
Instalment Administration Fee							(17)
Instalment Interest							151,272
Late Payment Interest							255,036
GRAND TOTAL	43,742	1,206,494,990		91,578,504	427,651	-	92,412,445

Summary

<i>Current Year Actual 2021-2022</i>	<i>Rate Assessments</i>		<i>Rateable Value</i>		<i>Rate Yield</i>		<i>Average Rate</i>
	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>	<i>\$</i>	<i>%</i>	<i>\$</i>
Residential	41,967	95.94%	967,421,998	80.18%	73,041,049	79.69%	1,740
Prior Year Actual 2020-2021	1,775	4.06%	239,072,992	19.82%	18,616,513	20.31%	10,488
	43,742	100.00%	1,206,494,990	100.00%	91,657,562	100.00%	

Rates revenue has been recognised at a point in time in accordance with AASB 1058 - Income for not-for-profit entities.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 24: STATEMENT OF RATING INFORMATION

<i>Current Year Budget 2021-2022</i>	<i>Number of Properties</i>	<i>Rateable value \$</i>	<i>Rate in \$ (cents)</i>	<i>Rate Revenue \$</i>	<i>Interim Rates \$</i>	<i>Back Rates \$</i>	<i>Total Revenue \$</i>
GENERAL RATE							
General Rate GRV							
Residential - Improved	30,247	785,874,506	7.347628	57,743,135	115,000	-	57,858,135
Residential - Unimproved	799	21,397,070	6.657573	1,424,526	25,000	-	1,449,526
	31,046	807,271,576		59,167,661	140,000	-	59,307,661
Commercial - Improved	1,507	236,261,666	7.738591	18,283,324	50,000	-	18,333,324
Commercial - Unimproved	17	968,828	7.738591	74,974	10,000	-	84,974
Strata Storage Units	-	-	7.738591	-	-	-	-
	1,524	237,230,494		18,358,298	60,000	-	18,418,298
Sub Total General Rate	32,570	1,044,502,070		77,525,959	200,000	-	77,725,959
MINIMUM RATE							
Minimum Rate							
Residential - Improved	10,546	156,082,018	1283.43	13,535,053	-	-	13,535,053
Residential - Unimproved	375	3,508,624	818.63	306,986	-	-	306,986
	10,921	159,590,642		13,842,039	-	-	13,842,039
Commercial - Improved	189	1,576,366	995.61	188,170	-	-	188,170
Commercial - Unimproved	1	5,000	995.61	996	-	-	996
Strata Storage Units	57	102,112	995.61	56,750	-	-	56,750
	247	1,683,478		245,915	-	-	245,915
Sub Total Minimum Rate	11,168	161,274,120		14,087,954	-	-	14,087,954
Amount Raised from Rates				91,613,913	200,000	-	91,813,913
Storage Unit Concession				(28,375)			(28,375)
Melville Glades Rates Concession				(10,181)			(10,181)
Total Amount Raised from Rates				91,575,357	200,000	-	91,775,357
Plus:							
Instalment Administration Fee							-
Instalment Interest							180,000
Late Payment Interest							183,750
GRAND TOTAL	43,738	1,205,776,190		91,575,357	200,000	-	92,139,107

Summary

<i>Current Year Budget 2021-2022</i>	<i>Rate Assessments</i>		<i>Rateable Value</i>		<i>Rate Yield</i>		<i>Average Rate</i>
	<i>#</i>	<i>%</i>	<i>\$</i>	<i>%</i>	<i>\$</i>	<i>%</i>	<i>\$</i>
Residential	41,967	96%	966,862,218	80%	73,009,700	80%	1,740
Commercial	1,771	4%	238,913,972	20%	18,604,213	20%	10,505
	43,738	100%	1,205,776,190	100%	91,613,913	100%	

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 24: STATEMENT OF RATING INFORMATION

Prior Year Actual 2020-2021	Number of Properties	Rateable value \$	Rate in \$ (cents)	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$
GENERAL RATE							
General Rate GRV							
Residential - Improved	29,705	770,738,072	7.347628	56,630,967	891,139	306,304	57,828,410
Residential - Unimproved	747	20,261,790	6.657573	1,348,943	99,685	33,150	1,481,778
	30,452	790,999,862		57,979,910	990,824	339,454	59,310,188
Commercial - Improved	1,483	233,415,450	7.738591	18,063,067	192,149	\$ 60,169	18,315,385
Commercial - Unimproved	16	1,411,328	7.738591	109,217	(35,678)	(12,395)	61,144
Strata Storage Units	-	-	7.738591	-	-	-	-
	1,499	234,826,778		18,172,284	156,471	47,774	18,376,529
Sub Total General Rate	31,951	1,025,826,640		76,152,194	1,147,295	387,228	77,686,717
MINIMUM RATE							
Minimum Rate							
Residential - Improved	10,610	157,076,478	1,283.43	13,617,192			13,617,192
Residential - Unimproved	300	2,896,580	818.63	245,589			245,589
	10,910	159,973,058		13,862,781	-	-	13,862,781
Commercial - Improved	190	1,586,816	995.61	189,166			189,166
Commercial - Unimproved	1	5,000	995.61	996			996
Strata Storage Units	57	102,112	995.61	56,750			56,750
	248	1,693,928		246,911	-	-	246,911
Sub Total Minimum Rate	11,158	161,666,986		14,109,693	-	-	14,109,693
Amount Raised from Rates				90,261,886	1,147,295	387,228	91,796,409
Storage Unit Concession				(28,375)			(28,375)
Residential Improved Stimulus Concession				(8,334,300)			(8,334,300)
Residential Unimproved Stimulus Concession				(186,830)			(186,830)
Commercial Improved Stimulus Concession				(1,836,655)			(1,836,655)
Commercial Unimproved Stimulus Concession				(7,078)			(7,078)
Melville Glades Rates Concession				(10,181)			(10,181)
Sub Total Concessions				(10,403,419)	-	-	(10,403,419)
Total Amount Raised from Rates				79,858,467	1,147,295	387,228	81,392,990
Plus:							
Instalment Administration Fee							18
Instalment Interest							174,963
Late Payment Interest							166,384
GRAND TOTAL	43,109	1,187,493,626		79,858,467	1,147,295	387,228	81,734,355

Summary

Prior Year Actual 2020-2021	Rate Assessments		Rateable Value		Rate Yield		Average Rate
	#	%	\$	%	\$	%	\$
Residential	41,362	96%	950,972,920	80%	71,842,691	80%	1,737
Commercial	1,747	4%	236,520,706	20%	18,419,195	20%	10,543
	43,109	100%	1,187,493,626	100%	90,261,886	100%	

Rates revenue has been recognised at a point in time in accordance with AASB 1058 - Income for not-for-profit entities.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 24: STATEMENT OF RATING INFORMATION

DIFFERENTIAL RATING

A differential rate reduction of 9.39 per cent below the residential improved land rate was applied to residential unimproved (vacant) land. A differential rate loading of 5.32 per cent above the residential improved land rate was applied to commercial and industrial land. If the differential rates were not imposed, the rate in the dollar would be approximately 7.422259 cents with a minimum rate of \$1,262.97. This rate is referred to as the standard rate.

The *Valuation of Land Act 1978* stipulates that for unimproved land the method by which the Gross Rental Value is calculated is to be 3% of the unimproved value of the land. When applied to residential land this results in the revenue generated from unimproved residential land being substantially less than if the same vacant land was improved to its highest and best use under the applicable Town Planning Scheme provisions. The resulting difference in rate revenue is not considered to result in a fair and equitable distribution of the revenue burden as between the two different classes of residential land. The purpose of imposing a differential rate is to obtain a fair income from all land within the Municipal District.

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

NOTE 25: INFORMATION ABOUT DISCOUNTS, INCENTIVES, CONCESSIONS AND WRITE-OFFS

(a) Discounts

Eligible pensioners and Seniors receive various discounts on fees & charges for the City's recreation facilities.

(b) Payment Incentives

Ratepayers who paid their rates in full or the first instalment by the due date of 28 August 2021 were automatically eligible to go into the draw to win one of three major prizes sponsored by Westpac:

Major Prize: Three (3) \$1,000 Bonus Saver Accounts from Westpac Bank

(c) Concessions

Storage Unit Concession

A concession was granted to strata titled storage units of 18m² or smaller, whereby the minimum rate charged was \$497.80. The value of this concession was \$28,375. This concession was granted due to the size and Gross Rental Value of the storage units.

Melville Glades Golf Club

A 100% concession from General Rates was granted to the Melville Glades Golf Club. The value of this concession was \$10,181. The City grants a concession to the Club, as the club maintains the grounds and facilities at no cost to the City.

Stimulus Concession

A concession was granted in 2020-2021 under the Melville Community Stimulus package. However, minor adjustments to these concessions are reflected in the 2021-2022 actuals due to the processing of interim rates.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 26: INFORMATION ABOUT INTEREST PAYMENTS AND ADDITIONAL CHARGES

	<i>Interest Rate %</i>	<i>2021-2022 Actual \$</i>	<i>2021-2022 Budget \$</i>	<i>2020-2021 Actual \$</i>
Late Payment Interest	3.5	255,036	183,750	162,974
Instalment Interest	2	151,272	180,000	177,488
Instalment Administration Fee	-	(17)	-	(193)

The interest was charged on the daily balance of all overdue rates and charges in accordance with the Local Government Act 1995. Where a ratepayer had not taken advantage of the instalment option given in the rate notice, interest is accrued on rates or charges that remained unpaid after 35 days from the issue date of original rate notice. Eligible pensioners are exempt.

Where a ratepayer elected the instalment option, interest accrued on any instalment that remained unpaid after the due date of the instalment and continued to accrue until the instalment was paid.

All penalty interest charges on outstanding rates and service charges to the City was set at 3.5% for 2021-2022.

The following two payment options were provided to ratepayers:

Option 1 - Full amount of the rate notice payable by 28 August 2021.

Option 2 - Full amount of the rate notice payable in four equal instalments due on the

1st Instalment	Due	28 August 2021
2nd Instalment	Due	30 October 2021
3rd Instalment	Due	4 January 2022
4th Instalment	Due	6 March 2022

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 27: RATE SETTING STATEMENT INFORMATION

	Note	2021-2022 Actual \$	2021-2022 Budget \$	2020-2021 Actual \$
(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				
Add (Profit)/Loss on asset disposals		(93,652)	-	16,354
Add Depreciation on Assets		23,298,477	22,170,638	22,519,136
Revaluation of Investment Properties		-	-	(103,263)
Other Expenses		1,638,103		
Share in net loss of equity accounted investment in associates		1,089,643	-	-
Add Plant Investment Provision		673,161	659,155	789,510
Net Movement of Deferred Pensioner Rates/ESL (non-current)		449,572	-	90,180
Net Current Movement in Other Debtors/Creditors		(5,177)	-	55,188
Movement in Employee Benefit Provisions (non-current)		(20,080)	-	(32,700)
Non-Cash Amounts Excluded from Operating Activities		27,030,047	22,829,793	23,334,406
(b) 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: Reserves - Restricted Cash		(156,444,218)	(107,467,948)	(160,028,169)
Total Adjustments To Net Current Assets		(156,444,218)	(107,467,948)	(160,028,169)
Net Current Assets Used In the Rate Setting Statement				
Total Current Assets		189,842,141	148,269,850	192,470,235
Less: Total Current Liabilities		(33,318,269)	(21,939,655)	(29,932,983)
Add SMRC - Other Financial Liability		1,285,049		1,360,540
Less: Reserves - Restricted Cash		(156,444,218)	(107,467,948)	(160,028,169)
Add: Current liabilities not expected to be cleared at end of year		187,008	-	539,064
Less: Restricted Municipal		-	(18,862,247)	-
Net Current Assets Used In The Rate Setting Statement		1,551,711	-	4,408,686

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 28: INFORMATION ON BORROWINGS

Program / Sporting Body	Loan No	Principal 1 July 2021 \$	(Loans Discharged) /New Loans \$	Interest		Principal Repayments		Principal 30 June 2022 \$	Current \$	Non-Current \$
				Budget \$	Actual \$	Budget \$	Actual \$			
Recreation and Culture										
Leeming Sport Association	398	40,841	-	2,205	2,082	19,794	19,794	21,047	21,047	-
Tompkins Park Community and Recreational Association	399	232,145	-	13,517	15,160	21,690	21,690	210,455	23,002	187,453
Bull Creek Tennis Club	406	29,327	-	1,537	1,734	5,891	5,892	23,435	6,232	17,203
Melville Glades Golf Club	411	850,635	-	49,666	53,012	92,844	92,844	757,791	98,498	659,294
Mt Pleasant Bowling Club	413	52,504	-	1,669	1,688	34,672	34,672	17,832	17,832	-
Bull Gum Tennis Club	414	22,752	-	723	732	15,025	15,025	7,727	7,727	-
Brentwood Karoonda Sporting Association	415	165,163	-	5,170	6,152	8,410	8,410	156,753	8,678	148,075
Windelya Sports Association Incorporation	416	346,524	-	6,271	8,601	22,834	22,834	323,689	23,256	300,433
Kardinya Bowling Club	417	-	100,000	-	1,140	-	9,848	90,152	19,797	70,354
		1,739,889	100,000	80,758	90,301	221,160	231,008	1,608,881	226,069	1,382,812

The City has borrowings that are entered into to support clubs and associations in the upgrade of their facilities. All loan repayments are negotiated by the City with the WA Treasury Corporation. The loan repayments are paid by the City and then recouped from the respective clubs and associations in accordance with the signed agreements and repayment schedules. As per council resolution CD20/8140, the requirement for the Mt Pleasant Bowling Club to repay the outstanding amount of the loan has been rescinded in full in lieu of the reduced leased area for the Club to facilitate a public park.

New Borrowings

There was a new borrowing on self-supporting loan for Kardinya Bowling Club of \$100,000 in 2021-2022.

Unspent Borrowings

The City has no unspent borrowings on self-supporting loans as at 30th June 2022.

SIGNIFICANT ACCOUNT POLICIES

Financial Liabilities

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 29: RESERVE ACCOUNTS

	2021-2022 Actual \$	2021-2022 Budget \$	2020-2021 Actual \$
<u>Restricted By Council</u>			
Ardross East UGP & Streetscape Enhancement Reserve <i>To be used for underground power projects and streetscape enhancements in the Ardross East Underground Power project area.</i>			
Opening Balance	-	-	12,212
Funds to be set aside	-	-	-
Funds to be set aside - Investment Earnings	-	-	-
Funds to be used	-	-	(12,212)
Closing Balance	-	-	-
Attadale North Underground Power & Streetscape Enhancement Reserve <i>To be used for underground power projects and streetscape enhancements in the Attadale North Underground Power project area.</i>			
Opening Balance	-	-	97,646
Funds to be set aside	-	-	-
Funds to be set aside - Investment Earnings	-	-	-
Funds to be used	-	-	(97,646)
Closing Balance	-	-	-
Melville North Underground Power & Streetscape Enhancement Reserve <i>To be used for underground power projects and streetscape enhancements in the Melville North Underground Power project area.</i>			
Opening Balance	55,325	55,325	55,325
Funds to be set aside	-	-	-
Funds to be set aside - Investment Earnings	-	-	-
Funds to be used	(55,325)	-	-
Closing Balance	-	55,325	55,325
Melville South Underground Power & Streetscape Enhancement Reserve <i>To be used for underground power projects and streetscape enhancements in the Melville South Underground Power project area.</i>			
Opening Balance	2,959	-	2,959
Funds to be set aside	-	-	-
Funds to be set aside - Investment Earnings	-	-	-
Funds to be used	-	-	-
Closing Balance	2,959	-	2,959
Civic Centre Precinct Improvements Reserve <i>To be used for improvements to the buildings and associated landscaping and car parking located within the Civic Centre Precinct (Melville City Centre).</i>			
Opening Balance	6,314	6,343	6,314
Funds to be set aside	-	-	-
Funds to be set aside - Investment Earnings	-	33	-
Funds to be used	-	-	-
Closing Balance	6,314	6,376	6,314

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 29: RESERVE ACCOUNTS

	2021-2022 Actual \$	2021-2022 Budget \$	2020-2021 Actual \$
Commercial Refuse Reserve			
<i>To be used for the acquisition and replacement of commercial refuse bins, vehicles, and plant and equipment used for commercial waste operations and the development of commercial waste collection opportunities.</i>			
Opening Balance	4,408,808	4,395,925	4,110,499
Funds to be set aside	134,861	89,793	298,309
Funds to be set aside - Investment Earnings	-	23,057	-
Funds to be used	-	-	-
Closing Balance	4,543,669	4,508,775	4,408,808
Community Facilities Reserve			
<i>To be used for the provision of new, renewed or upgraded community facilities/buildings.</i>			
Opening Balance	22,313,533	11,692,373	22,332,421
Funds to be set aside	3,519,206	3,519,206	5,589,800
Funds to be set aside - Investment Earnings	84,956	48,125	432,433
Funds to be used	(7,995,469)	(8,365,535)	(6,041,121)
Closing Balance	17,922,226	6,894,169	22,313,533
Community Centre Fitout, Furniture and Equipment Reserve			
<i>To be used to fund the acquisition and replacement of the fitouts, furniture and specialised equipment requirements for Community Centres and multipurpose rooms at venues owned by the City of Melville.</i>			
Opening Balance	24,367	8,593	5,674
Funds to be set aside	129,000	49,000	21,000
Funds to be set aside - Investment Earnings	272	27	-
Funds to be used	(49,117)	(55,754)	(2,307)
Closing Balance	104,522	1,866	24,367
Community Surveillance and Security Reserve			
<i>To temporarily retain any surpluses that may arise from the Property Surveillance and Security Service Charge to be used to offset future years Property Surveillance and Security Service Charges or for the purchase of plant and equipment used for community surveillance and security services.</i>			
Opening Balance	533,165	575,913	786,497
Funds to be set aside	139,840	60,761	-
Funds to be set aside - Investment Earnings	-	3,148	-
Funds to be used	-	-	(253,332)
Closing Balance	673,005	639,822	533,165

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 29: RESERVE ACCOUNTS

	2021-2022 Actual \$	2021-2022 Budget \$	2020-2021 Actual \$
Fleet Services Vehicles, Plant and Equipment Replacement Reserve			
<i>To be used to fund the purchase of replacement vehicles, plant and equipment.</i>			
Opening Balance	11,391,870	8,065,621	11,129,361
Funds to be set aside	1,789,344	1,718,871	2,000,000
Funds to be set aside - Investment Earnings	46,650	40,072	-
Funds to be used	(2,526,278)	(2,413,800)	(1,737,491)
Closing Balance	10,701,586	7,410,764	11,391,870
New/Upgrade Works Reserve (Previously Future Works Reserve)			
<i>To be used to fund the "New" and "Upgrade" components of the costs of Infrastructure Capital Works and Buildings as opposed to renewal of existing assets as per Asset Management Plans.</i>			
Opening Balance	11,159,773	5,116,733	11,369,518
Funds to be set aside	4,094,264	3,859,885	8,922,189
Funds to be set aside - Investment Earnings	43,785	16,434	170,885
Funds to be used	(5,720,270)	(7,762,696)	(9,302,819)
Closing Balance	9,577,552	1,230,356	11,159,773
Information Technology Reserve			
<i>To be used to fund the acquisition and replacement of computer software, information technology hardware and costs of utilisation of service based and emerging technologies.</i>			
Opening Balance	2,960,493	2,320,988	2,529,356
Funds to be set aside	1,588,946	1,687,238	1,405,820
Funds to be set aside - Investment Earnings	13,546	14,373	-
Funds to be used	(1,108,208)	(792,716)	(974,683)
Closing Balance	3,454,777	3,229,883	2,960,493
Infrastructure Asset Management Reserve			
<i>To be used to fund infrastructure asset management projects including the construction, maintenance and renewal of the City of Melville's road, path, kerbing, street furniture, park structures, playground, irrigation/reticulation and drainage infrastructure assets.</i>			
Opening Balance	38,351,523	30,805,945	38,328,048
Funds to be set aside	12,061,755	11,550,000	12,934,284
Funds to be set aside - Investment Earnings	163,675	152,837	670,669
Funds to be used	(11,411,200)	(14,287,387)	(13,581,478)
Closing Balance	39,165,753	28,221,395	38,351,523

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 29: RESERVE ACCOUNTS

	2021-2022 Actual \$	2021-2022 Budget \$	2020-2021 Actual \$
Land and Property Reserve			
<i>To be used to:</i>			
<i>a) fund the acquisition or construction of commercial revenue earning land and or buildings, or</i>			
<i>b) fund the acquisition of land and buildings in structure plan areas to help encourage the redevelopment of those structure plan areas by assembling developable land parcels and fund with Council approval, infrastructure and other developments in line with structure plan principles; or</i>			
<i>c) internally fund the purchase or construction of City of Melville community facilities or infrastructure assets, on the basis that those funds will be returned to the Land and Property Reserve over a predetermined period of time with interest, with the interest rate being set at what would have been charged by the Western Australian Treasury Corporation for the term of the borrowing using the Semi Annual Annuity interest rate.</i>			
Opening Balance	38,739,184	38,075,210	38,994,718
Funds to be set aside	2,800,000	-	-
Funds to be set aside - Investment Earnings	-	174,951	-
Funds to be used	(9,091,161)	(8,757,584)	(255,534)
Closing Balance	32,448,023	29,492,577	38,739,184
Leave Entitlements Reserve			
<i>To be used to fund the non-current liability amount of annual, sick and long service leave entitlements accrued in previous financial years beyond the amount provided for in the Provision for Leave current liability account.</i>			
Opening Balance	2,798,153	2,810,972	2,798,153
Funds to be set aside	-	-	-
Funds to be set aside - Investment Earnings	-	14,594	-
Funds to be used	-	-	-
Closing Balance	2,798,153	2,825,566	2,798,153
Library, Museums & Arts Equipment & Specialised Fitout Reserve			
<i>To be used to fund the acquisition and replacement of the fit outs, furniture and specialised equipment for art centres, museums and libraries.</i>			
Opening Balance	270,286	91,473	188,040
Funds to be set aside	190,000	190,000	130,000
Funds to be set aside - Investment Earnings	1,475	797	-
Funds to be used	(33,644)	(66,000)	(47,754)
Closing Balance	428,117	216,270	270,286

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 29: RESERVE ACCOUNTS

	2021-2022 Actual \$	2021-2022 Budget \$	2020-2021 Actual \$
Organisational Environment Sustainability Initiatives Reserve			
<i>To be used to fund environmental initiatives which are intended to reduce the energy usage and/or carbon footprint of the corporation of the City of Melville or for debt servicing costs associated with any loan borrowings taken out for such purposes.</i>			
Opening Balance	1,193,542	617,126	1,078,178
Funds to be set aside	6,250,000	6,250,000	250,000
Funds to be set aside - Investment Earnings	-	11,641	-
Funds to be used	(139,741)	(3,000,000)	(134,636)
Closing Balance	7,303,801	3,878,767	1,193,542
Parking Facilities Reserve			
<i>To be used to fund the provision, refurbishment or improvement of parking facilities and equipment.</i>			
Opening Balance	484,110	486,314	444,108
Funds to be set aside	65,000	65,000	65,000
Funds to be set aside - Investment Earnings	2,140	2,694	-
Funds to be used	(21,858)	-	(24,998)
Closing Balance	529,392	554,008	484,110
Parking Management Reserve - Canning Bridge Activity Centre			
<i>To fund public transport, car parking, streetscape upgrades that improve opportunities for walking and cycling, footpaths and other pedestrian-related infrastructure, cycle paths and other cycling-related infrastructure, street trees, plants and landscaping that improves pedestrian amenity and/or Travelsmart programs and initiatives at the Canning Bridge Activity Centre, or as per the discretion of the Council under the advice of a Parking Fund Advisory Committee.</i>			
Opening Balance	358,967	351,359	-
Funds to be set aside	138,000	100,000	358,967
Funds to be set aside - Investment Earnings	-	2,084	-
Funds to be used	-	-	-
Closing Balance	496,967	453,443	358,967
Parking Management Reserve - Riseley Activity Centre			
<i>To fund public transport, car parking, streetscape upgrades that improve opportunities for walking and cycling, footpaths and other pedestrian-related infrastructure, cycle paths and other cycling-related infrastructure, street trees, plants and landscaping that improves pedestrian amenity and/or Travelsmart programs and initiatives at the Riseley Activity Centre, or as per the discretion of the Council under the advice of a Parking Fund Advisory Committee.</i>			
Opening Balance	27,120	19,919	-
Funds to be set aside	27,000	14,400	27,120
Funds to be set aside - Investment Earnings	-	141	-
Funds to be used	-	-	-
Closing Balance	54,120	34,460	27,120

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 29: RESERVE ACCOUNTS

	2021-2022 Actual \$	2021-2022 Budget \$	2020-2021 Actual \$
Private Swimming Pool Inspection Fee Reserve			
<i>To temporarily retain any surpluses that may arise from the Swimming Pool Inspection fees to be used to offset any deficits that may occur in future years operations of the Private Swimming Pools Inspection Program.</i>			
Opening Balance	123,950	134,115	194,297
Funds to be set aside	-	-	-
Funds to be set aside - Investment Earnings	-	468	-
Funds to be used	(52,634)	(87,924)	(70,347)
Closing Balance	71,316	46,659	123,950
Public Open Space and Urban Forest Reserve			
<i>To be used to fund the purchase, development and re-development of public open spaces, including streetscapes, bushlands, parks and reserves and to fund initiatives to enhance and improve the urban forest or for debt servicing costs associated with any loan borrowings taken out for such purposes.</i>			
Opening Balance	6,253,458	4,105,377	5,825,401
Funds to be set aside	903,000	901,389	798,585
Funds to be set aside - Investment Earnings	21,921	19,649	96,273
Funds to be used	(3,050,011)	(1,543,000)	(466,801)
Closing Balance	4,128,368	3,483,415	6,253,458
Rates Equalisation Reserve			
<i>To temporarily retain any surplus carried forward funds as shown in the audited Annual Financial Report Rate Setting Statement in excess of the estimated surplus funds brought forward amount identified in the following years Annual Budget Rate Setting Statement to subsequently be used to reduce the need to raise rates in future years or to meet any budget shortfalls identified during budget reviews.</i>			
Opening Balance	5,871	422,380	4,470,645
Funds to be set aside	2,708,686	550,000	1,994,655
Funds to be set aside - Investment Earnings	-	1,551	-
Funds to be used	(90,800)	(797,132)	(6,459,429)
Closing Balance	2,623,757	176,799	5,871
Recreation Centres Specialised Plant, Equipment and Structures Reserve			
<i>To be used to fund the acquisition, repair, upgrade and replacement of Recreation Centres specialised plant, equipment and structures.</i>			
Opening Balance	1,849,650	1,198,961	1,750,525
Funds to be set aside	435,590	435,590	430,000
Funds to be set aside - Investment Earnings	7,506	6,728	-
Funds to be used	(587,657)	(241,741)	(330,875)
Closing Balance	1,705,089	1,399,538	1,849,650

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 29: RESERVE ACCOUNTS

	2021-2022 Actual \$	2021-2022 Budget \$	2020-2021 Actual \$
Refuse Bins Reserve			
<i>To be used for the purchase and replacement of domestic refuse and recycling bins or receptacles.</i>			
Opening Balance	1,052,274	906,008	735,231
Funds to be set aside	384,940	384,940	380,000
Funds to be set aside - Investment Earnings	5,074	5,226	-
Funds to be used	(91,349)	(184,000)	(62,957)
Closing Balance	1,350,939	1,112,174	1,052,274
Refuse Facilities Reserve			
<i>To be used for payments relating to the establishment and operation of waste management facilities, funding associated costs, and the cost of landscaping, environmental and rehabilitation works of former refuse tip sites operated by the City of Melville and for any additional waste collection and disposal costs of waste associated with storm or disaster events.</i>			
Opening Balance	12,002,160	10,501,980	10,590,441
Funds to be set aside	-	-	1,723,115
Funds to be set aside - Investment Earnings	-	54,526	-
Funds to be used	(26,035)	-	(311,396)
Closing Balance	11,976,125	10,556,506	12,002,160
Risk Management Reserve			
<i>To be used to fund prior years insurance premium contingencies, the self insured element of insurance claims, risk reduction initiatives or projects, losses arising from investment activities and discretionary expenditure required as a consequence of unforeseen events beyond the control of the City.</i>			
Opening Balance	979,131	1,039,311	7,134,304
Funds to be set aside	57,477	-	153,984
Funds to be set aside - Investment Earnings	-	5,279	-
Funds to be used	(189,676)	(45,000)	(6,309,157)
Closing Balance	846,932	999,590	979,131
Special Projects Reserve			
<i>To be used to fund costs associated with City of Melville Council Elections, infrastructure asset condition surveys, asset valuations and gross rental value revaluations and strategic planning projects.</i>			
Opening Balance	1,227,826	597,878	1,647,141
Funds to be set aside	1,032,954	1,032,954	700,000
Funds to be set aside - Investment Earnings	-	1,565	-
Funds to be used	(1,310,930)	(1,625,965)	(1,119,315)
Closing Balance	949,851	6,432	1,227,826

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 29: RESERVE ACCOUNTS

	2021-2022 Actual \$	2021-2022 Budget \$	2020-2021 Actual \$
Unexpended Works and Specific Purpose Grants			
<i>To be used to carry forward available funding for uncompleted projects and specific purpose grants that will be completed and expended in ensuing financial years.</i>			
Opening Balance	1,421,342	-	1,986,489
Funds to be set aside	2,547,890	-	1,421,342
Funds to be set aside - Investment Earnings	-	-	-
Funds to be used	(1,421,342)	-	(1,986,489)
Closing Balance	2,547,890	-	1,421,342
<u>Restricted By Legislation</u>			
Funds in lieu of Development on Public Open Space Reserve			
<i>Maintained for the purpose of retaining and using funds in accordance with section 154(2) of the Planning and Development Act 2005.</i>			
Opening Balance	33,013	33,013	-
Funds to be set aside	-	-	33,013
Funds to be set aside - Investment Earnings	-	-	-
Funds to be used	-	-	-
Closing Balance	33,013	33,013	33,013
Summary			
Opening Balance	160,028,169	124,435,155	168,603,502
Funds to be set aside	40,997,754	32,459,027	39,637,183
Funds to be set aside - Investment Earnings	391,000	600,000	1,370,260
Funds to be used	(44,972,705)	(50,026,234)	(49,582,776)
Closing Balance	156,444,218	107,467,948	160,028,169

NOTE 30: TRUST FUNDS

Funds held in trust were transferred to reserve account "Funds in lieu of development on Public Open Space reserve" under section 153 and Local Government Act 1995 section 6.11 for the purposes set out in subsection (2)(a) to (d). There is no balance under Trust fund.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 31: MAJOR LAND TRANSACTIONS

There are no new major land transactions in 2021-2022.

Melville City Centre Land Exchange, Booragoon

The Melville City Centre Structure Plan was approved in 2015. The Plan responded to a proposal by the owners of the Garden City Shopping Centre (Westfield Booragoon) to expand the existing centre. The Structure Plan requires the creation of a vibrant "High Street" generally in the area between the shopping centre and the City of Melville Administration Centre. Achievement of the High Street would be enhanced through an adjustment of the boundary between the City's land and the shopping centre site. A conditional "like for like" land swap had been agreed between the City and Westfield Booragoon to achieve a rationalisation of this boundary.

Late in 2019, AMP Capital Funds Management sold 50% of its interest in Westfield Booragoon to Scentre Custodian Pty Ltd (Westfield) including management and development rights. Due to the restructured ownership of the Westfield Booragoon, Scentre Group has revised the redevelopment scheme and High Street. As a result the location of the High Street has changed slightly but the need for the land exchange was still apparent. In March 2021 AMP Capital Funds Management sold its remaining 50% interest in Westfield Booragoon to Dexu Wholesale Property Limited.

Council approved the advertising of the proposed new land exchange under Section 3.58 of the Local Government Act 1995 in December 2020. Public submissions were presented after the close of the Public Notice period and Council approved the preparation of the land exchange agreement between the City of Melville and Scentre Custodians Pty Ltd/ AMP Capital Funds Management Ltd. Council approved the *Agreement for Exchange of Land: Melville City Centre* at February 2022 Ordinary Meeting of Council. The Agreement is currently going through the signing process by the parties and will take effect from the date of execution which is anticipated to be completed by September 2022.

Scentre Group lodged its Development Application with the State Development Assessment Unit (SDAU) in September 2021 for the redevelopment of Westfield Booragoon Shopping Centre and creation of the High Street. Approval of the application is expected by the end of 2022 and once approved, redevelopment works are expected to commence in 2024 subject to their Board's final project approvals.

Carawatha "Gallery" Residential Development Project, Willagee

As identified as part of the Land Asset Strategy review and Council decision in December 2013, the City undertook a Request for Proposal (RFP) process in April 2015 to explore options for the potential redevelopment of a portion of the former Carawatha Primary School site in Willagee, which the City acquired from the State Government in June 2006. Subsequently a proponent (Satterley Property Group) was selected from the RFP assessment process and the City has finalised the redevelopment concepts, development model and agreements which will see Satterley Property Group as Project Manager, Satterley Carawatha Pty Ltd as Developer and the City of Melville as Owner. The appointment of the proponent followed the relevant provisions (Section 3.59) of the Local Government Act 1995 which dealt with the Major Land Transactions. The City of Melville entered into a Development Agreement with Satterley Carawatha Pty Ltd and Project Management, Marketing and Sales Agreement with Satterley Property Group.

The project received subdivision approval from the Western Australian Planning Commission in March 2019. Satterley Property Group commenced the civil subdivision works in August 2019 with Practical Completion in March 2020. New Titles were issued for all the subdivided lots in May 2020 and these Titles remain in the name of the City of Melville (Owner) until sold or redeveloped and sold. The project includes 23 Cottage Lots, 16 Terrace Homes and 4 Apartments complex totalling 98 Apartments. All 23 Cottage lots have now sold and settled, and the project manager (Satterley) tendered to the building industry for the construction of the 16 Terrace Homes and appointed and contracted Inspired Homes to construction the homes in line. Construction commenced in late 2021 with completion and settlement expected early 2023 as per the project programme. Building tenders from builders to construct the first stage of apartments being Site A comprising 30 apartments came in significantly higher than budgeted and decision was to put

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 31: MAJOR LAND TRANSACTIONS

this on hold and re-assess the apartment construction market costs and sales and its impact on the feasibility by late 2022 with a decision to re-tender the Apartment site A construction at that time. This decision to delay construction is not expected to impact substantially on project holding costs, which are minimal due to the sales and settlement of all 23 cottage lots in the project. Despite the delay the project is expected to be completed by 2026 with all 98 Apartments and 16 Terrace Homes having been constructed and sold by this date.

Melville District Centre - Stock Rd Palmyra Strategic Site Ground Lease Redevelopment Proposal

Council approved the ground lease redevelopment proposal by Hall & Prior Aged Care Group in December 2018. The ground lease development agreements were approved by Council in December 2020 and signed and executed. Hall & Prior are in the process of satisfying their conditions under the Agreement for Lease, in particular its condition requiring it to lodge its Development Application by the 31 December 2022. Site handover is not planned until 2024 with construction and redevelopment of the site into a \$60M+ integrated aged care and community facility to commence shortly after Hall & Prior has development approval from the Joint Development Assessment Panel. The construction is expected to take 2 years with the ground lease income stream to commence flowing to the City at that time. The ground lease term including options is up to 90 years. The commencing annual lease value is \$350,000 p.a. resulting in an estimated cumulative notional ground lease value of \$112 Million+.

13 The Esplanade & 64 Kishorn Rd, Mt Pleasant – Strategic Site Ground Lease Redevelopment Proposal

In accordance with previous Council decision and directive aligned with the land asset strategy the City undertook a detail request for proposal (RFP) campaign in May 2019 to either purchase or ground lease the site from the City. Submissions were assessed and Oryx Communities was selected as preferred proponent to ground lease and redevelop the site for aged care. Due diligence and negotiations with the preferred proponent were undertaken and Council approved the advertising of the Major Land Transaction in accordance with Section 3.59 of the LGA 1995 in April 2020. The submissions report was presented to Council and the proposal was approved in November 2020. Council resolved that the draft ground lease development agreements be presented to Council for approval before execution. The final ground lease agreements were presented to Council for approval at the Ordinary Meeting of Council in February 2022. At the meeting Council in April 2022 resolved to not approve the ground lease agreement with Oryx Communities and terminate the proposal. Council is considering rezoning the site to Public Open Space and turning it into a park for the residents of Ogilvie Quarter Mount Pleasant in the Canning Bridge Activity Centre Precinct. As a result, this Major Land Transaction will not be proceeding.