



City of Stirling Financial Statements

For the year ended 30 June 2020

Understanding the financial report and general purpose financial statements

The City's Financial Report and general purpose financial statements are prepared in accordance with the Australian Accounting Standards (as they apply to local governments and not for profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995*, accompanying regulations and amendments.

The Financial Report and general purpose financial statements are accepted by Council at the annual Electors General Meeting.

Financial Statements

The financial statements consist of six financial reports, explanatory notes supporting the reports and endorsement from the Chief Executive Officer and the Auditor General. The six financial reports are:

- Statement of Comprehensive Income by Nature or Type
- Statement of Comprehensive Income by Program
- Statement of Financial Position
- Statement of Changes in Equity
- Statement of Cash Flows
- Rate Setting Statement by Nature or Type

Statement of Comprehensive Income by Nature or Type and Program

The Statement of Comprehensive Income measures the City's performance over the year.

It lists the sources of the City's revenue under various income headings and the expenses incurred in running the City during the year. The expenses relate only to the 'Operations' and do not include the cost associated with the purchase or the building of assets. Expenses do include an item for depreciation which is the value of the assets used up during the year.

Statement of Financial Position

The Statement of Financial Position shows the assets the City owns and what it owes (liabilities) as at 30 June 2020.

The assets and liabilities are separated into Current and Non-Current. Current refers to assets or liabilities that will fall due within the next 12 months (except Long Service Leave refer note 10 within the Notes to the accounts).

Statement of Changes in Equity

The Statement of Changes in Equity summarises the change in value of Total Ratepayers Equity.

The value of equity can only change as a result of:

- The profit or loss from operations described as surplus or deficit in the income statement.
- The use of monies from the City's Reserves.
- A change in the value of non-current assets resulting from a revaluation of these assets.

Statement of Cash Flows

The Statement of Cash Flows summarises the City's cash payments and receipts for the year and the level of cash at the end of the financial year.

Cash in this statement refers to Bank Deposits and investments capable of being quickly converted to cash.

The City's cash arises from, and is used in, two main areas:

- Cash flows from operating activities – summarises all income and expenses relating to City operations, including service delivery and maintenance.
- Cash flows from investing activities – relates to capital works payments recorded as assets in the Statement of Financial Position as well as receipts for the sale of assets.

Rate Setting Statement by Nature or Type and Program

The Rate Setting Statement is a summary of all operating and capital sources of funds and the application of these funds.

The Rate Setting Statement is a critical part of the budget process and establishes the deficit to be made up from rates. The deficit is derived by offsetting all sources of income (except rates) against operating and capital expenditure which is then covered by the raising of rates from the ratepayers of the City.

The Rate Setting Statement is prepared as set out in *The Local Government (Financial Management) Regulations 1996* and the guidelines issued by the Department of Local Government, Sport and Cultural Industries.

Notes to the Statements

The Notes to the Statements are an informative section of the report and enable the reader to understand the basis on which the values shown in the statements are established.

The notes also advise if there has been any change to the Accounting Standards, Policy or Legislation that has impacted on the preparation of the statements.

Within the six Financial Statements, there is a “Note” column to indicate which Note the reader can refer to for additional information. This is particularly useful where there has been a significant change from the previous year’s comparative figure.

Statement by Chief Executive Officer

The Annual Financial Report and supporting notes require certification under *The Local Government Act 1995*. The certifications are made by the Chief Executive Officer on behalf of the City as a written undertaking to the Statements being correct and not misleading.

Auditor General Report

Under the *Local Government Amendment (Auditing) Act 2017*, the Auditor General is now responsible for the audit of the City of Stirling 2019–2020 annual financial audit.

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Statement by Chief Executive Officer

The attached financial report of the City of Stirling for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the City of Stirling at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 19th day of February, 2021



Stuart Jardine PSM
Chief Executive Officer



Index to Financial Statements

Statement of Comprehensive Income by nature or type	172
Statement of Comprehensive Income by program	173
Statement of financial position	175
Statement of changes in equity	176
Statement of cash flows	177
Rate Setting Statement – by Nature or Type	176
Notes to the Financial Statements	180
1. Summary of significant accounting policies	180
2. Other financial assets	182
3. Critical accounting estimates and judgements	182
4. Operating revenues and expenses	183
5. Cash and cash equivalents	187
6. Trade and other receivables	188
7. Inventories, contract and lease assets	190
8. Property, plant, equipment and infrastructure	192
9. Trade and other payables, contract and lease liabilities	203
10. Employee related provisions	206
11. Restricted reserves – cash backed	207
12. Revaluation reserves – non cash backed	212
13. Superannuation	214
14. Trust Funds	214
15. Commitments and Contingencies	215
16. Investments	216
17. Notes to the Statement of Cash Flows	219
18. Rates and service charges	220
19. Information about fees to Council Members	222
20. Related parties transactions	222
21. Major land transaction information	226
22. Financial risk management	229
23. Performance measurements	233
24. Subsequent event	233
25. Opening and closing funds	234
26. Initial Application of Australian Accounting Standards	236
27. New accounting standards and interpretation for application in future years	240

Statement of comprehensive income by nature or type

For the year ended 30 June 2020

	Note	2020 Budget \$	2020 Actual \$	2019 Actual \$
Revenue				
Rates	18a	140,728,413	141,203,971	138,200,209
Security charge	18b	2,972,310	3,023,880	2,999,820
Grants & subsidies		12,331,940	13,331,681	13,174,815
Contributions, reimbursements & donations		2,856,697	3,049,998	3,013,379
Service charges		38,583,128	39,326,088	38,878,421
Fees & charges		18,479,536	15,643,540	18,398,240
Interest earnings	4b	4,050,680	2,933,149	4,459,615
Registrations/licences & permits		4,483,420	3,770,485	3,889,681
Underground power	4b	–	1,633,607	4,064,326
Other revenue/income		3,824,899	3,052,294	4,378,544
Total revenue from ordinary activities		228,311,023	226,968,693	231,457,050
Expenses				
Employee costs		(82,985,223)	(78,247,546)	(77,695,213)
Materials & contracts direct maintenance of non-current assets		(22,180,668)	(21,470,376)	(21,049,252)
Materials & contracts other works		(75,880,387)	(74,003,764)	(68,882,223)
Underground power		–	(1,600,357)	(4,064,327)
Utility charge		(8,187,432)	(7,643,334)	(7,270,532)
Depreciation and amortisation	4a	(43,766,110)	(50,171,318)	(48,649,086)
Interest expenses	4a	–	(7,509)	(3,782,438)
Insurance expenses		(1,743,625)	(1,457,852)	(1,785,596)
Other expenditure		(3,069,158)	(2,440,369)	(1,897,828)
Total expenditure from ordinary activities		(237,812,603)	(237,042,425)	(235,076,495)
Net result from operating activities		(9,501,580)	(10,073,732)	(3,619,445)
Non-operating activities				
Grants & subsidies		34,399,504	10,310,628	7,036,583
Gifted & acquired assets		–	1,505,592	42,899,184
Equity share of investment	4b	1,666,666	2,084,536	220,301
Fair value adjustment to financial assets		–	(176,866)	(249,675)
Profit on asset disposals		2,230,858	2,234,456	389,177
Loss on asset disposals		(588,868)	(906,680)	(1,512,542)
Total non-operating activities		37,708,160	15,051,666	48,783,028
Net result		28,206,580	4,977,934	45,163,583
Other comprehensive income				
Changes on revaluation of non-current assets	8g	–	(584,371,106)	755,408
Total comprehensive income		28,206,580	(579,393,172)	45,918,991

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

Statement of comprehensive income by program

For the year ended 30 June 2020

	Note	2020 Budget \$	2020 Actual \$	2019 Actual \$
Revenue from operations				
General purpose funding	18a	150,214,038	149,209,556	148,420,852
Governance		1,659,550	1,742,657	1,453,920
Law, order and public safety		3,583,197	3,790,948	3,838,593
Health		220,420	207,655	225,306
Education and welfare		10,824,675	10,903,560	9,775,635
Community amenities		42,661,951	43,537,673	43,176,286
Recreation and culture		13,091,806	10,538,097	14,340,899
Transport		3,192,700	2,917,823	3,013,121
Economic services		2,335,000	3,589,545	6,011,650
Other property and services		527,686	531,179	1,200,788
Total revenue		228,311,023	226,968,693	231,457,050
Expenses from operations				
General purpose funding		(60,000)	(964,567)	(2,960,961)
Governance		(14,494,110)	(12,987,976)	(13,554,525)
Law, order and public safety		(8,299,087)	(7,881,732)	(7,698,401)
Health		(3,059,953)	(2,773,116)	(2,786,770)
Education and welfare		(18,962,113)	(17,965,088)	(16,590,688)
Community amenities		(48,018,113)	(45,174,812)	(45,014,527)
Recreation and culture		(66,709,643)	(68,774,904)	(70,233,378)
Transport		(57,345,191)	(55,503,871)	(52,434,777)
Economic services		(5,403,897)	(6,588,257)	(9,809,209)
Other property and services		(15,460,496)	(18,428,102)	(13,993,259)
Total expenditure		(237,812,603)	(237,042,425)	(235,076,495)
Net result		(9,501,580)	(10,073,732)	(3,619,445)

Statement of comprehensive income by program (continued)

For the year ended 30 June 2020

	2020 Budget \$	2020 Actual \$	2019 Actual \$
Non-operating grants, subsidies, contributions			
General purpose funding	2,202,840	2,439,107	2,226,585
Governance	–	21,988	–
Law, order and public safety	–	–	18,000
Community amenities	57,000	–	62,628
Recreation and culture	301,000	1,226,088	653,315
Transport	3,262,983	3,542,658	3,503,822
Other property and services	28,575,681	3,080,787	572,233
Total non-operating grants, subsidies, contributions	34,399,504	10,310,628	7,036,583
Gifted and previously unrecognised assets			
Governance	–	–	116,000
Other property and services	–	1,505,592	42,783,184
Total gifted and previously unrecognised assets	–	1,505,592	42,899,184
Equity share of investment			
Other property and services	1,666,666	2,084,536	220,301
Total equity share of investment	1,666,666	2,084,536	220,301
Fair value adjustment to financial assets			
Governance	–	(176,866)	(249,675)
Total fair value adjustment to financial assets	–	(176,866)	(249,675)
Profit/(Loss) on disposal of assets			
Governance	–	(160,612)	(66,392)
Law, order and public safety	–	(42,185)	(1)
Health	–	(99,664)	(6,634)
Education and welfare	–	(167,503)	(227,780)
Community amenities	–	35,778	15,161
Recreation and culture	–	(89,799)	(814,094)
Transport	–	15,579	35,374
Economic services	–	4,767	(8)
Other property and services	1,641,990	1,831,415	(58,991)
Total profit/(loss) on disposal of assets	1,641,990	1,327,776	(1,123,365)
Net result	28,206,580	4,977,934	45,163,583
Other comprehensive income			
Changes on revaluation of non-current assets	–	(584,371,106)	755,408
Total comprehensive income	28,206,580	(579,393,172)	45,918,991

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

Statement of financial position

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	5	125,256,781	121,847,339
Receivables	6a	6,672,461	9,139,099
Other financial assets at amortised cost	6c	1,324,464	966,353
Inventories	7a	2,716,891	2,225,935
Contract assets	7b	105,836	–
Right of use assets	7c	98,917	–
Total current assets		136,175,350	134,178,726
Non-current assets			
Investments	16	38,373,601	39,163,821
Other financial assets at fair value	2	178,053	175,171
Other receivables	6b	7,367,304	4,022,932
Property, plant and equipment	8a	753,515,004	758,867,843
Infrastructure	8d	1,659,953,771	2,245,978,232
Contract Assets	2	10,379	–
Total non-current assets		2,459,398,112	3,048,207,999
Total assets		2,595,573,462	3,182,386,725
Liabilities			
Current liabilities			
Trade and other payables	9a	30,815,104	33,673,224
Contract liabilities	9b	932,091	–
Lease liabilities	9c	36,288	–
Employee related provisions	10	16,372,165	15,450,285
Total current liabilities		48,155,648	49,123,509
Non-current liabilities			
Employee related provisions	10	1,176,106	1,288,735
Lease liabilities	9c	65,928	–
Total non-current liabilities		1,242,034	1,288,735
Total liabilities		49,397,682	50,412,244
Net assets		2,546,175,780	3,131,974,481
Equity			
Accumulated surplus		1,064,699,126	1,068,420,716
Reserves – cash/investment backed	11	82,218,244	73,924,249
Reserves – asset revaluation	12	1,399,258,410	1,989,629,516
Total equity		2,546,175,780	3,131,974,481

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

Statement of changes in equity

For the year ended 30 June 2020

	Note	Retained surplus \$	Reserves cash backed \$	Revaluation surplus actual \$	Total equity \$
Balance as at 30 June 2018		1,031,272,335	66,240,547	1,988,874,108	3,086,386,990
Comprehensive income					
Net result		45,163,583	–	–	45,163,583
Change on revaluation of non-current assets		–	–	755,408	755,408
Total comprehensive income		45,163,583	–	755,408	45,918,991
Transfers to trust		(331,500)	–	–	(331,500)
Transfers to reserves	11	(15,476,164)	15,476,164	–	–
Transfers from reserves	11	7,792,462	(7,792,462)	–	–
Balance as at 30 June 2019		1,068,420,716	73,924,249	1,989,629,516	3,131,974,481
Change in accounting policy	26d,e	(405,529)	–	(6,000,000)	(6,405,529)
Restated total equity as at 1st July 2019		1,068,015,187	73,924,249	1,983,629,516	3,125,568,952
Comprehensive income					
Net result		4,977,934	–	–	4,977,934
Change on revaluation of non-current assets	12	–	–	(584,371,106)	(584,371,106)
Total comprehensive income		4,977,934	–	(584,371,106)	(579,393,172)
Transfers to reserves	11	(18,449,707)	18,449,707	–	–
Transfers from reserves	11	10,155,712	(10,155,712)	–	–
Balance as at 30 June 2020		1,064,699,126	82,218,244	1,399,258,410	2,546,175,780

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

Statement of cash flows

For the year ended 30 June 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Receipts			
Rates		136,625,906	137,148,787
Underground power		1,633,607	764,575
Fees from regulatory services		3,767,446	4,999,455
User charges		57,913,384	58,978,904
Interest earned		3,178,943	4,908,599
Other grants and contributions		15,738,885	14,413,435
Activity functional operating revenue		7,087,249	5,359,190
		225,945,420	226,572,945
Payments			
Staff expenses		(100,722,424)	(94,914,303)
Materials and contracts		(74,470,054)	(66,908,884)
Underground power		(1,600,357)	(3,750,000)
Utilities		(7,643,334)	(7,270,532)
Insurance		(1,457,852)	(1,785,596)
Interest		(7,509)	(447,534)
Other expenditure		(2,462,116)	(1,897,828)
		(188,363,646)	(176,974,677)
Net cash from operating activities	17d	37,581,774	49,598,268
Cash flows used in investing activities			
New and redevelopment of community infrastructure		(29,376,985)	(34,397,996)
Payments for purchase of property, plant and equipment		(20,311,816)	(16,794,167)
Transfer to trust		–	(331,500)
Transfer from trust		–	8,564,468
Payments for principal portion of lease liabilities		(32,266)	–
Proceeds from investment in other entity		1,000,000	1,333,333
Proceeds from sale of property, plant and equipment		4,508,224	2,626,681
Capital grants and contributions (government and non-government)		10,040,511	7,036,583
Net cash used in investing activities		(34,172,332)	(31,962,598)
Net increase in cash and cash equivalents		3,409,442	17,635,670
Cash and cash equivalents at beginning of reporting period		121,847,339	104,211,669
Cash and cash equivalents at end of reporting period	5, 17a	125,256,781	121,847,339

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

Rate setting statement – by nature or type

For the year ended 30 June 2020

	Note	2020 Budget \$	2020 Actual \$	2019 Actual \$
Net surplus at start of financial year		25,931,854	26,581,252	30,674,051
Revenue				
Security charge		2,972,310	3,023,880	2,999,820
Grants and subsidies		12,331,940	13,331,681	13,174,815
Contributions, reimbursements and donations		2,856,697	3,049,998	3,013,379
Service charges		38,583,128	39,326,088	38,878,421
Fees and charges		18,479,536	15,643,540	18,398,240
Interest earnings		4,050,680	2,933,149	4,459,615
Registrations/licences and permits		4,483,420	3,770,485	3,889,681
Underground power		–	1,633,607	4,064,326
Other revenue/income		3,824,899	3,731,385	4,401,564
Total revenue from ordinary activity		87,582,610	86,443,813	93,279,861
Expenses				
Employee costs		(82,985,223)	(78,247,546)	(77,695,213)
Materials and contracts direct maintenance of non-current assets		(22,180,668)	(21,470,376)	(21,049,252)
Materials and contracts other works		(75,880,387)	(74,003,764)	(68,882,223)
Underground power		–	(1,600,357)	(4,064,327)
Utilities		(8,187,432)	(7,643,334)	(7,270,532)
Depreciation on non-current assets		(43,766,110)	(50,171,318)	(48,649,086)
Interest expenses		–	(7,509)	(3,782,438)
Insurance expenses		(1,743,625)	(1,457,852)	(1,785,596)
Other expenditure		(3,069,158)	(2,400,369)	(1,897,828)
Total expenditure from ordinary activities		(237,812,603)	(237,042,425)	(235,076,495)
Total operating		(150,229,993)	(150,598,613)	(141,796,634)
Operating activities excluded				
Profit on disposal of assets		(2,230,858)	(2,234,456)	(389,177)
Loss on disposal of assets		588,868	906,680	1,512,542
Impairment of financial assets		–	(155,118)	(249,675)
Reversal of prior years loss on revaluation of fixed assets		–	(1,257,229)	2,010,571
Movement leave provisions, non-current assets and liabilities and committed grants		–	(607,910)	1,182,781
Gifted and previously unrecognised assets		–	1,505,592	42,899,184
Depreciation on assets		43,766,110	50,171,318	48,649,086
Total excluded from operating result		42,124,120	48,328,877	95,615,312
Amount attributed to operating activities		(108,105,873)	(102,269,736)	(46,181,322)

Rate setting statement – by nature or type (continued)

For the year ended 30 June 2020

	Note	2020 Budget \$	2020 Actual \$	2019 Actual \$
Investment activities				
Grants and subsidies		34,399,504	9,025,242	7,036,583
Equity share of investment		1,666,666	1,000,000	(1,084,411)
Proceeds from disposal of assets		4,828,200	4,508,223	2,626,681
Profit/(loss) on disposals		1,641,990	1,327,776	(1,123,365)
Total capital expenditure		(99,467,071)	(51,130,377)	(95,528,951)
Amount attributed to investment activities		(56,930,711)	(35,269,136)	(88,073,463)
Financial activities				
Transfers to and from town planning schemes and trust		827,143	1,285,386	(331,500)
Payments for principal portion of lease liabilities		–	(32,366)	–
Transfers to reserves		(14,441,837)	(18,449,707)	(15,476,165)
Transfers from reserves		11,991,011	10,155,712	7,792,462
Amount attributed to financial activities		(1,623,683)	(7,040,974)	(8,015,203)
Change in accounting policy		–	(352,663)	–
Net surplus/(deficit) end of financial year		–	22,173,623	26,581,252
Amount required to be raised from rates		(140,728,413)	(140,524,880)	(138,177,189)

Notes to and forming part of the financial statements

For the year ended 30 June 2020

1. Summary of significant accounting policies

a) 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), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations plus any amendments under the *Local Government Amendment (Auditing) Act 2017*. Material accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Amendments to the Local Government (Financial Management) Regulations 1996

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, Financial Management Regulation 16 arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the City. This was not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

From 1 July 2019, the City has applied AASB 16 Leases which requires leases to be included by lessees in the statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to 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 (i.e. not included in the statement of financial position) 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.

The City has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

New Accounting Standards for Application in Future Years

On 1 July 2020 the following new accounting standards are to be adopted

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-7 Amendments to Australian Accounting Standards – Materiality
- AASB 1059 Service Concession Arrangements: Grantors is not expected to impact the City's financial report.
- AASB 2018-7 Amendments to Australian Accounting Standards – the materiality of any changes have not been identified by the City as at 30 June 2020.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

Critical accounting estimates

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

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

Impact of COVID-19

The City has carefully considered the impact of COVID-19 in preparing its financial statements ended 30 June 2020. The City has implemented a number of support measures for rate payers and businesses within the City, which include deferral of interest, instalment and arrangement fee plus the introduction of flexible payment options and suspension of debt collection activity.

The local government reporting entity

All funds through which the City controls resources to carry on its functions have been included in the financial statements forming part of this financial report. In the process of reporting on the City as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated.

All monies held in the trust fund are excluded from the financial statements. A separate statement of these monies appears in Note 14 to these financial statements.

b) 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.

c) Rates, grants, donations and other contributions

Rates, grants, donations and other contributions are recognised as revenues when the City obtains control over the assets comprising the contributions.

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 4(f). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the City's operations for the current reporting period.

d) Rounding off figures

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

e) Comparative figures

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

f) 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.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

2. Other financial assets

Non-current	2020 \$	2019 \$
a) Other financial assets		
Financial assets at fair value through profit and loss	178,053	175,171
	<u>178,053</u>	<u>175,171</u>

The City, along with other local authorities is a beneficiary of the Local Government Unit Trust.

The City of Stirling holds 10 units in the trust.

As set out in the trust deed units in the trust can only be issued to local authorities recognised under the Local Government Act and cannot be commercially traded.

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 22.

Non-current	2020 \$	2019 \$
b) Contract Assets		
Financial assets at fair value through profit and loss	10,379	–
	<u>10,379</u>	<u>–</u>

3. Critical accounting estimates and judgements

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

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

Actual results may differ from these estimates.

Impact of COVID-19

The City has carefully considered the impact of COVID-19 in preparing its financial statements ended 30 June 2020. The City has implemented a number of support measures for rate payers and businesses within the City which include deferral of interest, instalment and arrangement fee plus the introduction of flexible payment options and suspension of debt collection activities.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

4. Operating revenues and expenses

a) The change in net assets resulting from operations was arrived at after charging the following items:

Depreciation on:	2020 \$	2019 \$
Buildings	6,215,811	5,808,024
Plant and equipment	2,016,719	1,972,243
Mobile vehicles and plant	5,544,690	5,060,796
Furniture and office equipment	1,836,649	2,409,101
Recreation equipment	804,087	539,166
Roads	19,538,862	18,921,200
Drainage	5,986,579	5,932,515
Footpaths	1,850,913	1,822,850
Other engineering infrastructure	702,823	6,183,191
Other engineering reticulation	1,685,111	–
Other engineering parks	3,954,918	–
Right of use assets	34,154	–
	50,171,316	48,649,086
Net profit/(loss) on sale of non-current assets	1,327,776	(1,123,365)
Materials and contracts other works – auditors remuneration		
Audit of the annual financial report	90,000	90,000
	90,000	90,000
Interest expense		
Interest on third party payables	7,509	3,782,438
	7,509	3,782,438

The City has transferred a number of funds previously held as Trust Funds to the Municipal Fund as at 30 June 2019, recognising this transfer in the Statement of Financial Position. See note 14.

This has resulted in the City conducting an analysis of the interest that should be payable on those funds as at 30 June 2019 and has recognised this on the Statement of Financial Position in that year.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

4. Operating revenues and expenses (continued)

b) The change in net assets resulting from operations was arrived at after crediting the following items:

	2020 \$	2019 \$
Underground power		
Other underground power	1,633,607	4,064,326
	1,633,607	4,064,326
Equity share of investment		
Equity share of Tamala Park Regional Council sales	2,084,536	220,301
	2,084,536	220,301
Interest earnings		
Interest on reserve fund investments	1,131,347	1,664,976
Interest on other money investments	1,675,455	2,543,622
Other interest	126,347	251,017
	2,933,149	4,459,615
Gifted and previously unrecognised assets		
Gifted from the Metropolitan Redevelopment Authority (Note 8)	–	40,528,528
Other gifted and previously unrecognised assets *	1,505,592	2,370,656
	1,505,592	42,899,184

* Includes land which was acquired from the State of Western Australia for nil consideration.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

4. Operating revenues and expenses (continued)

c) Statement of objective

The City is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

Governance

To manage the administrative functions of the council.

Law, Order and Public Safety

To increase the support for the protection of life and property within the City and reduce inconvenience through the enforcement of statutory powers and the provision of public order, safety and security services.

Health

To maintain and improve the health and well-being of the community.

Education and Welfare

To facilitate the provision of a range of services and encourage their utilisation for the social well-being of the community.

Community Amenities

To develop waste and environment management programs which recognise community needs.

Recreation and Culture

To plan, construct, maintain and initiate a range of facilities and programs which enables the community to satisfy its need for information, personal development, recreation and leisure.

Transport

To provide facilities and services within the road reserve which promote safety, ease of access and improve the amenity of the locality.

General Purpose Funding

To minimise the costs of financing City operations through effective financial planning and management.

Economic Services

To plan facilities and regulate land use consistent with community expectations and environmental considerations.

Other Property and Services

1. To provide a community information network that complements and supports the corporate and program objectives of the City.
2. To facilitate, develop and maintain City buildings and property.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

4. Operating revenues and expenses (continued)

d) Depreciation of assets (by program)

	2020 \$
Governance	693,668
Law, order and public safety	113,043
Health	22,218
Education and welfare	458,357
Community amenities	977,402
Recreation and culture	12,570,782
Transport	27,888,448
Economic services	26,996
Other property and services	7,420,404
	50,171,318

e) Disposal of assets (by program)

	Sale price \$	Net book value \$	Profit or (loss) on sales \$
Governance	30,156	190,768	(160,612)
Law, order and public safety	–	42,185	(42,185)
Health	–	99,664	(99,664)
Education and welfare	–	167,503	(167,503)
Community amenities	–	(35,777)	35,777
Recreation and culture	468	90,267	(89,799)
Transport	11,000	(4,579)	15,579
Economic services	636	(4,131)	4,767
Other property and services	4,465,964	2,634,548	1,831,416
	4,508,224	3,180,448	1,327,776

f) Conditions over contributions

Grants and contributions which were recognised as revenue during the year or prior years and which were obtained on the condition that they be expended on the acquisition of non-current assets but have yet to be applied in that manner at the reporting date were:

	2020 \$	2019 \$
Community programs	611,955	136,335
	611,955	136,335

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

5. Cash and cash equivalents

a) Cash on hand

	2020 \$	2019 \$
Unrestricted	29,835	36,621
	29,835	36,621
b) Short maturity investments		
Restricted	82,218,244	73,924,250
Restricted municipal	7,762,016	8,564,468
Unrestricted municipal	35,246,686	39,322,000
	125,226,946	121,810,718
Total cash and cash equivalents	125,256,781	121,847,339
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Consolidated reserve	82,218,244	73,924,250
Restricted municipal	7,762,016	8,564,468
	89,980,260	82,488,718

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and a municipal fund bank account that are highly liquid investments that are readily convertible to cash and are subject to an insignificant risk of changes in values.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

6. Trade and other receivables

	2020	2019
	\$	\$
a) Current		
Rates outstanding	4,510,027	3,523,358
Debtors: Libraries	30,373	45,363
Commercial waste	968,891	609,097
Fines and penalties	187,678	137,058
Sundry	500,987	748,743
Underground power	–	3,453,817
Australian Taxation Office – GST	686,235	818,423
	6,884,191	9,335,859
Less: Allowance for impairment of receivables	(211,730)	(196,760)
	6,672,461	9,139,099
b) Non-current		
Rates outstanding – pensioners	1,672,480	1,637,326
Various debtors		
Rates outstanding	1,636,420	1,007,791
Libraries	150,690	158,822
Commercial waste	6,350	31,760
Fines and penalties	506,465	475,552
Sundry	293,326	403,435
Underground power	3,221,176	287,701
Deferred debtors	70,575	70,575
	7,557,482	4,072,962
Less: Allowance for impairment of receivables	(190,178)	(50,030)
	7,367,304	4,022,932
c) Other financial assets at amortised cost		
Interest due on investments not matured	290,770	536,564
Current prepayments	1,033,694	429,789
	1,324,464	966,353

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

6. Trade and other receivables (continued)

Trade and other receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business. Trade receivables are recognised at original invoice amount less any expected credit loss for uncollectible amounts. The carrying amount of net trade receivables is equivalent to the fair value as invoiced less any impairment and risk exposure.

Impact of COVID-19

The City has carefully considered the impact of COVID-19 in estimating its impairment of trade receivables as at 30 June 2020.

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.

Current and non-current classification

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

Impact of COVID-19

The City has carefully considered the impact of COVID-19 in the preparing of its financial statements ended 30 June 2020. The City has implemented a number of support measures for rate payers and businesses within the City, which include deferral of interest, instalment and arrangement fee, plus the introduction of flexible payment options and suspension of debt collection activity.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

7. Inventories, contract and lease assets

	2020 \$	2019 \$
7a. Inventories		
Construction materials and fuel	309,583	313,908
Land for resale	2,407,308	1,912,027
Total	2,716,891	2,225,935

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.

7b. Contract Assets – Current

Receivables from contracts with customers		
Contract assets	105,836	–
Total	105,836	–

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

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

7. Inventories, contract and lease assets (continued)

7c. Leases

Right of use assets

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

	Right of Use assets – Land 2020 \$	Right of use assets – plant and equipment 2020 \$	Right of use assets – total 2020 \$
Carrying amount at 30 June 2019	–	–	–
Recognised on initial application of AASB 16	2,300	63,120	65,420
Restated total equity at the beginning of the financial year	2,300	63,120	65,420
Additions	–	67,651	67,651
Depreciation (expense)	–	(34,154)	(34,154)
Carrying amount at 30 June 2020	2,300	96,617	98,917
Cash outflow from leases			
Interest expense on lease liabilities	–	7,509	7,509
Lease principal expense	100	32,266	32,366
Total cash outflow from leases	100	39,775	39,875

The right of use asset of Land relates to a parcel of land for use by the City for 50 years. The City does not have the option to purchase the leased land at the expiry of the lease period.

The City has nine leases relating to plant and equipment. The lease term varies between two to five years. The City has not revalued the right of use assets relating to plant and equipment as the difference between the fair value and carrying amount is immaterial. At inception of a contract, the City assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

Right of use assets are subsequently measured under the revaluation model as they relate to asset classes that are also revalued.

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

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

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

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

8. Property, plant, equipment and infrastructure

a) Movement in carrying amounts of each class of property, plant and equipment

	2020 \$	2019 \$
Land		
– Independent valuation	416,565,920	423,655,020
– Vested land	–	–
Net book value at end of reporting period	416,565,920	423,655,020
Buildings		
– Independent valuation	301,001,975	289,187,153
Less accumulated depreciation	(11,969,145)	(5,803,772)
Net book value at end of reporting period	289,032,830	283,383,381
Plant and equipment		
– Management valuation	13,057,363	12,524,878
Less accumulated depreciation	(2,014,973)	(42,375)
Net book value at end of reporting period	11,042,390	12,482,503
Mobile vehicles and plant		
– Management valuation	26,685,148	23,568,636
Less accumulated depreciation	(5,060,750)	–
Net book value at end of reporting period	21,624,398	23,568,636
Furniture and office equipment		
– Management valuation	8,504,842	5,859,325
Less accumulated depreciation	(2,170,449)	(369,364)
Net book value at end of reporting period	6,334,393	5,489,961
Recreation equipment		
– Management valuation	4,246,771	3,723,786
Less accumulated depreciation	(868,414)	(69,056)
Net book value at end of reporting period	3,378,357	3,654,730
Assets under construction		
– Cost	5,536,716	6,633,612
Net book value at end of reporting period	5,536,716	6,633,612
Total property, plant and equipment		
– Independent valuation	717,567,895	712,842,173
– Management valuation	52,494,124	45,676,625
– Cost	5,536,716	6,633,612
Less accumulated depreciation	(22,083,731)	(6,284,567)
Net book value at end of reporting period	753,515,004	758,867,843

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework, *Local Government (Financial Management) Regulation 17A (2)*.

Refer to Note 8(c) for which year each asset category was assessed and level of fair value hierarchy.

Additions since date of valuations are shown at cost, at the end of each reporting period the valuation is reviewed and where appropriate fair value is updated to reflect current market conditions.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

8. Property, plant, equipment and infrastructure (continued)

b) Movements in carrying amounts of property, plant and equipment

For the year ended 30 June 2020

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

	Balance at the beginning of the year	Additions	(Disposals) net	Gifted assets	Change in Accounting Policy	Depreciation (expense)	WIP transfers	Carrying amount at the end of year
	\$	\$	\$	\$	\$	\$	\$	\$
Land	417,655,020	–	(1,089,100)	–	–	–	–	416,565,920
Land vested in Council	6,000,000	–	–	–	(6,000,000)	–	–	–
Total land	423,655,020	–	(1,089,100)	–	(6,000,000)	–	–	416,565,920
Buildings	283,383,381	381,023	(1,425,371)	7,554,089	–	(6,215,811)	5,355,519	289,032,830
Total buildings	283,383,381	381,023	(1,425,371)	7,554,089	–	(6,215,811)	5,355,519	289,032,830
Total land and buildings	707,038,401	381,023	(2,514,471)	7,554,089	(6,000,000)	(6,215,811)	5,355,519	705,598,750
Plant and equipment	12,482,503	467,511	(100,181)	1,509	–	(2,016,719)	207,767	11,042,390
Mobile vehicle and plant	23,568,636	6,242,657	(2,642,204)	–	–	(5,544,690)	–	21,624,399
Furniture and office equipment	5,489,961	2,671,250	(39,249)	49,080	–	(1,836,649)	–	6,334,393
Recreation equipment	3,654,730	325,199	(67,986)	250,485	–	(804,087)	20,016	3,378,357
Assets under construction	6,633,612	4,486,406	–	–	–	–	(5,583,302)	5,536,716
Total property, plant and equipment	758,867,843	14,574,046	(5,364,091)	7,855,163	(6,000,000)	(16,417,956)	–	753,515,005

Refer to Note 1(a) for details of the change in accounting policy relating to the amendments to the *Local Government (Financial Management) Regulations 1996*.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

8. Property, plant, equipment and infrastructure (continued)

b) Movements in carrying amounts of property, plant and equipment

For the year ended 30 June 2019

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

	Balance at the Beginning of the year	Additions	(Disposals) net	Revaluation increments/ (decrements)	Impairment losses/ reversals	Depreciation (expense)	Reclass/ transfers	Carrying amount at the end of year
	\$	\$	\$	\$	\$	\$	\$	\$
Land	422,262,774	203,125	(1,057,756)	2,246,877	–	–	–	423,655,020
Total land	422,262,774	203,125	(1,057,756)	2,246,877	–	–	–	423,655,020
Buildings	267,040,015	996,677	(1,027,959)	–	–	(5,808,024)	22,182,672	283,383,381
Total buildings	267,040,015	996,677	(1,027,959)	–	–	(5,808,024)	22,182,672	283,383,381
Total land and buildings	689,302,789	1,199,802	(2,085,715)	2,246,877	–	(5,808,024)	22,182,672	707,038,401
Plant and equipment	12,867,097	497,971	(232,136)	116,000	–	(1,972,243)	1,205,814	12,482,503
Mobile vehicle and plant	25,129,310	6,167,133	(2,756,447)	7,779	81,658	(5,060,797)	–	23,568,636
Furniture and office equipment	4,776,229	1,018,237	(50,670)	–	617,454	(2,409,101)	1,537,812	5,489,961
Recreation equipment	2,669,330	770,424	(15,365)	21,713	–	(539,166)	747,794	3,654,730
Assets under construction	8,628,656	7,195,282	–	–	–	–	(9,190,326)	6,633,612
Total property, plant and equipment	743,373,411	16,848,849	(5,140,333)	2,392,369	699,112	(15,789,331)	16,483,766	758,867,843

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

8. Property, plant, equipment and infrastructure (continued)

c) Fair value measurements of property, plant and equipment

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
Land	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent registered valuers	June 2018	Price per hectare/market borrowing rate
Specialised buildings	3	Cost approach using replacement cost to calculate value, and then adjusted to take account of accumulated depreciation.	Independent registered valuers and management valuation	June 2018	Construction costs and current condition (Level 3)
Non-specialised buildings	3	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent registered valuers	June 2018	Construction costs and current condition (Level 3)
Plant and equipment	3	Cost approach using replacement cost to calculate value, and then adjusted to take account of accumulated depreciation.	Management valuation	June 2019	Price per item
Mobile fleet and plant	3	Cost approach using replacement cost to calculate value, and then adjusted to take account of accumulated depreciation.	Management valuation	June 2019	Price per item
Furniture and office equipment	3	Cost approach using replacement cost to calculate value, and then adjusted to take account of accumulated depreciation.	Management valuation	June 2019	Price per item
Recreation equipment	3	Cost approach using replacement cost to calculate value, and then adjusted to take account of accumulated depreciation.	Management valuation	June 2019	Price per item
Assets under construction	2	Cost approach using cost of goods or service at acquisition	Actual cost	June 2020	Purchase costs and current stage of works

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

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

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

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

8. Property, plant, equipment and infrastructure (continued)

d) Movement in carrying amounts of each class of infrastructure

	2020 \$	2019 \$
Roads		
– Independent valuation	1,118,765,869	1,526,682,891
Less accumulated depreciation	–	(37,190,015)
Net book value at end of reporting period	1,118,765,869	1,489,492,876
Drainage		
– Independent valuation	269,968,362	445,786,174
Less accumulated depreciation	–	(11,736,530)
Net book value at end of reporting period	269,968,362	434,049,644
Footpaths		
– Management valuation	115,852,468	98,003,989
Less accumulated depreciation	–	(3,574,429)
Net book value at end of reporting period	115,852,468	94,429,560
Other engineering infrastructure		
– Management valuation	11,471,907	22,889,840
Less accumulated depreciation	(1,703,651)	(1,368,960)
Net book value at end of reporting period	9,768,256	21,520,880
Reserves		
– Cost	56,191,623	53,817,775
Less accumulated depreciation	–	–
Net book value at end of reporting period	56,191,623	53,817,775
Reticulation and other parks		
– Management valuation	70,591,139	152,072,587
Less accumulated depreciation	(9,425,893)	(9,006,672)
Net book value at end of reporting period	61,165,246	143,065,915
Lighting		
– Cost	22,299,285	–
Less accumulated depreciation	(2,489,170)	–
Net book value at end of reporting period	19,810,115	–
Assets under construction		
– Cost	8,431,832	9,601,582
Net book value at end of reporting period	8,431,832	9,601,582
Total infrastructure		
– Management and Independent valuation	1,608,949,030	2,245,435,481
– Cost	64,623,455	63,419,357
Less accumulated depreciation	(13,618,714)	(62,876,606)
Net book value at end of reporting period	1,659,953,771	2,245,978,232

The fair value of Roads, Drainage and Footpaths was done as at 30 June 2020 in accordance with the regulatory framework, *Local Government (Financial Management) Regulation 17A (2)*.

Refer to Note 8(f) for which year each asset category was assessed and level of fair value hierarchy.

Additions since date of valuations are shown at cost, at the end of each reporting period the valuation is reviewed and where appropriate fair value is updated to reflect current market conditions.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

8. Property, plant, equipment and infrastructure (continued)

e) Movements in carrying amounts of infrastructure

For the year ended 30 June 2020

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

	Balance as at the beginning of the year \$	Additions \$	Reclass transfers \$	Gifted assets \$	(Losses)/ reversals \$	Depreciation (expense) \$	WIP transfers \$	Carrying amount at the end of the year \$
Roads	1,489,492,876	–	47,790,323	(470,935)	(415,340,223)	(19,538,862)	16,832,690	1,118,765,869
Drainage	434,049,644	–	–	(1,160,526)	(161,152,895)	(5,986,579)	4,218,718	269,968,362
Footpaths	94,429,560	–	27,257,095	(934,595)	(4,511,071)	(1,850,913)	1,462,392	115,852,468
Other engineering infrastructure	21,520,880	–	(11,457,255)	(2,430,674)	–	(702,823)	2,838,128	9,768,256
Reserves	53,817,775	–	–	(1,352,841)	–	–	3,726,689	56,191,623
Reticulation and other parks	143,065,915	–	(80,723,011)	–	–	(4,625,399)	3,447,741	61,165,246
Lighting	–	–	17,132,848	–	–	(1,014,629)	3,691,896	19,810,115
Assets under construction	9,601,582	35,048,504	–	–	–	–	(36,218,254)	8,431,832
Total infrastructure	2,245,978,232	35,048,504	–	(6,349,571)	(581,004,189)	(33,719,205)	–	1,659,953,771

Refer to Note 8(g) for the details regarding the revaluation of infrastructure assets as at 30 June 2020.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

8. Property, plant, equipment and infrastructure (continued)

e) Movements in carrying amounts of infrastructure

For the year ended 30 June 2019

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

	Balance as at the beginning of the year \$	Additions \$	(Disposals) net \$	Revaluation increments/ (decrements) \$	Impairment (losses)/ reversals \$	Depreciation (expense) \$	Reclass/ transfers \$	Carrying amount at the end of the year \$
Roads	1,492,007,400	–	–	–	–	(18,921,200)	16,406,676	1,489,492,876
Drainage	429,653,015	–	–	–	–	(5,932,515)	10,329,144	434,049,644
Footpaths	91,854,194	–	–	–	–	(1,822,848)	4,398,214	94,429,560
Other engineering infrastructure	21,687,234	–	–	46,311	–	(698,664)	485,999	21,520,880
Reserves	46,652,430	–	–	–	–	–	7,165,345	53,817,775
Reticulation and other parks	101,926,102	–	–	40,460,504	–	(5,484,527)	6,163,836	143,065,915
Assets under construction	35,817,633	35,990,212	–	–	–	–	(62,206,263)	9,601,582
Total infrastructure	2,219,598,008	35,990,212	–	40,506,815	–	(32,859,754)	(17,257,049)	2,245,978,232

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

8. Property, plant, equipment and infrastructure (continued)

f) Fair value measurements of infrastructure

Asset class	Fair value hierarchy	Valuation technique	Basis of valuation	Date of last valuation	Inputs used
Roads	3	Measurements based on unobservable inputs for the asset or liability.	Independent valuation	June 2020	Construction costs and current condition
Drainage	3	Measurements based on unobservable inputs for the asset or liability.	Independent valuation	June 2020	Construction costs and current condition
Footpaths	3	Measurements based on unobservable inputs for the asset or liability.	Management valuation	June 2020	Construction costs and current condition
Other engineering infrastructure	3	Measurements based on unobservable inputs for the asset or liability.	Management valuation	June 2017	Construction costs and current condition
Reserves	3	Actual cost of acquisition.	Actual cost	June 2020	Actual cost
Reticulation and other parks	3	Measurements based on unobservable inputs for the asset or liability.	Management valuation	June 2017	Construction costs and current condition
Lighting	3	Actual cost of acquisition.	Actual Cost	June 2020	Actual Cost
Assets under construction	2	Historical cost of acquisition.	Actual cost	June 2020	Purchase costs and current stage of works

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

g) Infrastructure Assets – Revaluation Decrement

The City of Stirling ('City') is required to undertake a revaluation of their assets in accordance with the requirements of the Local Government (Financial Management) Regulations 1996. In the current financial year the City has revalued Roads, Carparks, Drainage and Pathway assets. The City engaged an external valuer to assist in the valuation of these assets. As shown in Note 8 (e) the total revaluation decrement in the current financial year was \$581,004,189.

The City relies on the expertise and professional judgement of the valuers they engage in undertaking the valuations and note that valuations may be subject to significant change. During the 2019/2020 process, consideration was given to:

- Applicable standards
- Asset inventory and condition
- Asset componentisation

A significant change arose for the road and drainage assets due to a change in the estimation of unit rates for the calculations and change in the pattern of consumption applied to estimate the remaining useful life.

Whilst the 2020 valuation has given rise to a significant decrease in the value of the assets, the City considers the decrease to be a change in estimate in accordance with AASB 108. As a result of the uncertainties inherent in business activities, many items in financial statements cannot be measured with precision but can only be estimated. Estimation involves judgements based on the latest available, reliable information.

Infrastructure assets in Local Government are 'deemed' to be 'specialised' assets with valuation based on level 3 inputs in accordance with AASB 13, which are unobservable inputs for the assets. Unobservable inputs require professional judgement.

With the City engaging and relying on the expertise of different Valuers who make judgements based on the available information, for each valuation, the City undertakes an internal process to obtain confidence in the process adopted and recommended by the Valuer. In all cases this was adequately provided and evidenced in the valuation reports. Thus, the City is satisfied that the current valuation is acceptable at this time.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

8. Property, plant, equipment and infrastructure (continued)

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.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

Land under control

In accordance with *Local Government (Financial Management) Regulation 16(a)*, the City was previously required to include as an asset (by 30 June 2013), vested crown land operated by the City as a golf course, showground, racecourse or other sporting or recreational facility of state or regional significance.

At 1 July 2019 the City had a golf course within the City boundaries which has been included in the City's fixed assets as land. This golf course had initially been valued at cost in accordance with AASB 116. This golf course land was then revalued along with other land.

The City has accounted for the removal of the vested land values associated with the Hamersley Golf Course previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

Land Under Roads

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

Vested improvements from 1 July 2019

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

Vested Improvements are recognised by the City based on information supplied. For assets acquired at no cost, cost is determined as fair value at the date of acquisition based on information supplied by external parties and consultants.

Initial recognition and measurement between mandatory revaluation dates

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable, future economic benefits associated with the item will flow to the City and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the Statement of Comprehensive Income in the period in which they are incurred.

Revaluation

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

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

8. Property, plant, equipment and infrastructure (continued)

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Property, plant and equipment, including buildings but excluding freehold land, are depreciated over their estimated useful lives on a straight line basis, using rates which are reviewed each reporting period. The carrying cost of infrastructure assets is depreciated on an annual basis to reflect their expected life.

Infrastructure assets are depreciated on a basis that reflects their consumed economic benefit, which is reviewed each reporting period. Assets are depreciated from the date of acquisition or from the time an asset is held for use.

The expected useful lives are as follows:

Artwork	Not Depreciated
Artwork – Public	10 to 50 years
Buildings	10 to 75 years
Furniture and equipment	2 to 10 years
Plant and equipment	5 to 15 years
Mobile vehicles and plant	1 to 10 years
Computer equipment and photocopiers	2 to 10 years
Recreation equipment	10 to 15 years
Roads	10 to 75 years
Drainage	10 to 75 years
Footpaths	10 to 75 years
Other engineering infrastructure	10 to 75 years
Reticulation and other parks infrastructure	10 to 75 years
Lighting	10 to 75 years
Reserves	Not Depreciated

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

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

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

When revalued assets are disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Capitalisation threshold

Property, plant and equipment with a value exceeding \$5,000 are capitalised on date of acquisition or in respect of internally constructed assets from the time asset is ready for use.

Infrastructure assets ready for use are capitalised annually, with depreciation commencing from the first reporting period after capitalisation. The impact on depreciation as a result of capitalising infrastructure assets annually instead of periodically is not considered material.

Fair value of assets and liabilities

When performing a revaluation, the City uses a mix of both independent and management valuations using the following as a guide:

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

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

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

8. Property, plant, equipment and infrastructure (continued)

Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation Techniques

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

- **Market Approach**

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

- **Income Approach**

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

- **Cost Approach**

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

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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 5 years.

Impairment of assets

In accordance with Australian Accounting Standards the City's 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 assets such as roads, drains, public buildings and the like, value in use is represented by the current replacement cost of the asset.

Gifted and previously unrecognised assets

Gifted and previously unrecognised assets are recognised by the City based on information supplied by third parties. For assets acquired at no cost, cost is determined as fair value at the date of acquisition based on information supplied by external parties and consultants.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

9. Trade and other payables

9a) Trade and other payables

	2020 \$	2019 \$
Current		
Trade payables	4,102,610	5,262,174
Accrued creditors	15,908,305	15,621,065
Accrued wages and salaries	1,305,823	2,268,611
Income received in advance	1,736,350	1,956,906
Bonds and other payables	7,762,016	8,564,468
	30,815,104	33,673,224

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

9b) Contract liabilities

	2020 \$	2019 \$
Current		
Contract liabilities from contracts with customers	337,846	-
Contract liabilities from transfers for recognisable non financial assets	594,245	-
	932,091	-

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 when the performance obligations in the contract are satisfied.

9c. Lease liabilities

	2020 Current \$	2020 Non- Current \$	2020 Total \$	2019 Current \$	2019 Non- Current \$	2019 Total \$
Plant and Equipment	36,188	63,728	99,916	-	-	-
Land	100	2,200	2,300	-	-	-
	36,288	65,928	102,216	-	-	-

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

9. Trade and other payables (continued)

9c) Lease liabilities

Movements in Carrying Amounts – Plant and Equipment

Purpose	Lease number	Institution	Lease interest rate	Lease term	Actual lease principal 1 July 2019 \$	30 June 2020 Actual new leases \$	30 June 2020 Actual lease principal repayments \$
Governance							
Scanner	1	Ricoh	6.00%	48 months	12,716	–	4,693
Scanner	2	Ricoh	6.00%	60 months	24,248	–	4,820
Scanner	3	Ricoh	6.00%	60 months	24,248	–	4,820
Scanner	7	Ricoh	6.00%	48 months	1,456	–	1,162
Scanner	8	Ricoh	6.00%	48 months	–	6,621	626
Community amenities							
Scanner	9	Ricoh	6.00%	48 months	1,863	–	1,594
Economic services							
Scanner	5	Bank of Queensland	6.00%	60 months	–	14,778	1,298
Scanner	6	Bank of Queensland	6.00%	48 months	–	27,682	5,758
Other property and services							
Parts washer	4	Robowash Pty Ltd	6.00%	24 months	–	18,570	7,494
					64,530	67,651	32,266

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

30 June 2020 Actual lease principal outstanding \$	30 June 2020 Actual lease interest repayments \$	Actual lease principal 1 July 2018 \$	30 June 2019 Actual new loans \$	30 June 2019 Actual lease principal repayments \$	30 June 2019 Actual lease principal outstanding \$	30 June 2019 Actual lease interest repayments \$
8,022	827	17,123	–	4,407	12,716	1,113
19,427	1,576	–	26,582	2,334	24,248	864
19,427	1,576	–	26,582	2,334	24,248	864
295	95	2,547	–	1,091	1,456	166
5,995	179	–	–	–	–	–
–	–	–	–	–	–	–
268	121	3,359	–	1,497	1,863	218
13,481	480	–	–	–	–	–
21,924	1,649	–	–	–	–	–
11,076	1,006	–	–	–	–	–
99,916	7,509	23,029	53,164	11,663	64,530	3,225

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

10. Employee related provisions

	Provision for annual leave \$	Provision for long service leave \$	Total \$
Opening balance as at 1 July 2019			
Current	6,302,092	9,148,193	15,450,285
Non-current	–	1,288,735	1,288,735
	6,302,092	10,436,928	16,739,020
Additional provisions	1,981,971	916,480	2,898,451
Amounts used	(1,324,352)	(764,848)	(2,089,200)
Balance as at 30 June 2020	6,959,711	10,588,560	17,548,271
Comprises			
Current	6,959,711	9,412,454	16,372,165
Non-current	–	1,176,106	1,176,106
	6,959,711	10,588,560	17,548,271

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Provisions for sick leave or COVID-19 leave are not made in the accounts as they are non-vesting and are paid when incurred.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

11. Restricted reserves – cash backed

	2020 Budget \$	2020 Actual \$	2019 Actual \$
Workers compensation reserve			
Opening balance	2,711,051	2,647,511	2,647,511
Amount set aside/transfer to reserve	1,500,000	1,029,179	1,414,381
Amount used/transfer from reserve	(1,500,000)	(1,168,107)	(1,414,381)
Closing balance	2,711,051	2,508,583	2,647,511

The scope of this reserve is the payment of premium obligations and common law claims with respect to work related injuries for which the City as employer has a statutory or common law liability.

Plant replacement reserve

Opening balance	4,937,206	4,284,569	4,821,490
Amount set aside/transfer to reserve	3,746,407	4,399,061	4,430,548
Amount used/transfer from reserve	(5,488,700)	(5,500,107)	(4,967,469)
Closing balance	3,194,913	3,183,523	4,284,569

This reserve account is designed to eliminate the need for substantial allocations from rates in any year. The principle behind the reserve is that a proportionate payment will be made from the general fund annually that relates to utilisation (consumption) of existing plant and provides for plant replacement.

Previous employees long service leave provision reserve

Opening balance	638,724	660,585	524,929
Amount set aside/transfer to reserve	200,000	51,926	247,802
Amount used/transfer from reserve	(200,000)	(40,325)	(112,146)
Closing balance	638,724	672,186	660,585

The purpose of this reserve is to provide for liabilities for long service leave payments that may need to be made to other local governments in respect of the transferred service entitlement of past employees of the City.

Regulations provide that long service leave entitlements are transferable from council to council for an employee's uninterrupted service in local government.

Staff leave liability reserve

Opening balance	13,070,359	13,063,947	12,764,023
Amount set aside/transfer to reserve	313,689	197,966	299,924
Amount used/transfer from reserve	–	–	–
Closing balance	13,384,048	13,261,913	13,063,947

It is the function of this reserve to cash-back the liability of the City for long service leave and annual leave for continuing employees.

The liability is calculated based on legal and contractual entitlements. Current wage and salary rates are used in the calculation of provisions. The calculation of the provisions is audited annually and included in the accounts. Provisions for sick leave are not made in the accounts as they are paid as incurred.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

11. Restricted reserves – cash backed (continued)

	2020 Budget \$	2020 Actual \$	2019 Actual \$
Road widening reserve			
Opening balance	136,495	136,428	133,296
Amount set aside/transfer to reserve	3,276	2,067	3,132
Amount used/transfer from reserve	–	–	–
Closing balance	139,771	138,495	136,428

The road widening reserve was set up within the 2012/13 financial year to be used for compensation payments associated with the compulsory acquisition of land for road widening along Beaufort Street and Harborne Street.

Security service charge reserve

Opening balance	1,100,000	575,992	525,049
Amount set aside/transfer to reserve	900,000	686,067	575,992
Amount used/transfer from reserve	(1,100,000)	(575,992)	(525,049)
Closing balance	900,000	686,067	575,992

This reserve was created to accommodate excess funds from the charge levied for the property surveillance and security services. In accordance with the provisions of section 6.38 of the *Local Government Act 1995* any surplus generated from this charge is to be allocated to a reserve and used for security services, or be repaid to owners.

Payment in lieu of parking reserve

Opening balance	3,180,449	2,839,596	2,774,406
Amount set aside/transfer to reserve	76,331	48,054	65,190
Amount used/transfer from reserve	–	–	–
Closing balance	3,256,780	2,887,650	2,839,596

These funds are provided by developers where it is impractical to provide the number of parking spaces generally required for a particular development/use. These are held until an opportunity arises where suitable parking may be provided. Care is taken to ensure that the funds are separately identified to enable them to be applied only to works within the specific areas from which the revenue was sourced.

Corporate projects reserve

Opening balance	1,137,331	1,113,669	–
Amount set aside/transfer to reserve	2,407,296	2,396,876	1,128,305
Amount used/transfer from reserve	(1,234,500)	(1,107,800)	(14,636)
Closing balance	2,310,127	2,402,745	1,113,669

Created in 2004/05 to accommodate future development needs of the City. The finalisation of the Strategic Community Plan, together with the long term works plan will assist in identifying appropriate uses for these funds.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

11. Restricted reserves – cash backed (continued)

	2020 Budget \$	2020 Actual \$	2019 Actual \$
Asset acquisition reserve			
Opening balance	2,845,759	2,844,362	2,779,062
Amount set aside/transfer to reserve	68,298	43,102	65,300
Amount used/transfer from reserve	–	–	–
Closing balance	2,914,057	2,887,464	2,844,362

Created in 2004/05 to accommodate anticipated revenues from land sales which are an integral part of the City's overall asset rationalisation program.

Edith Cowan lighting reserve

Opening balance	39,761	39,741	38,829
Amount set aside/transfer to reserve	954	602	912
Amount used/transfer from reserve	–	–	–
Closing balance	40,715	40,343	39,741

These funds were provided by the developer of the estate surrounding the Churchlands Reserve. Council resolved to place the funds in a financial reserve fund to pay for future maintenance and running costs associated with the lighting on this reserve.

Tamala Park reserve

Opening balance	81,982	2,441,187	1,782,535
Amount set aside/transfer to reserve	1,668,634	1,036,993	1,375,219
Amount used/transfer from reserve	–	–	(716,567)
Closing balance	1,750,616	3,478,180	2,441,187

The City will be receiving funds over the next few years for the sale of land developed at Tamala Park. It is proposed that the funds be used for income generating projects which in turn will help create a sustainable City.

Strategic waste development reserve

Opening balance	22,767,182	26,374,243	22,217,177
Amount set aside/transfer to reserve	1,101,586	6,057,677	4,199,280
Amount used/transfer from reserve	(1,885,075)	(1,191,738)	(42,214)
Closing balance	21,983,693	31,240,182	26,374,243

The reserve was created in 2015/16 by renaming the 3-bin replacement reserve and is to be used to fund strategic waste related projects.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

11. Restricted reserves – cash backed (continued)

	2020 Budget \$	2020 Actual \$	2019 Actual \$
Public parking strategic reserve			
Opening balance	10,370,220	10,885,294	10,127,169
Amount set aside/transfer to reserve	248,885	164,951	758,125
Amount used/transfer from reserve	(150,000)	(126,195)	–
Closing balance	10,469,105	10,924,050	10,885,294

This reserve was created to fund the City's Paid Parking Strategy.

Investment income reserve			
Opening balance	1,165,899	1,753,462	1,138,573
Amount set aside/transfer to reserve	89,034	194,750	614,889
Amount used/transfer from reserve	–	–	–
Closing balance	1,254,933	1,948,212	1,753,462

The investment income reserve will hold rent from investment properties, dividends and distributions from other investments and interest earned on capital investment reserve.

Capital investment reserve			
Opening balance	3,709,752	3,707,932	3,622,805
Amount set aside/transfer to reserve	–	1,430,000	85,127
Amount used/transfer from reserve	(270,000)	(8,372)	–
Closing balance	3,439,752	5,129,560	3,707,932

The capital investment reserve will hold proceeds of any sale of investment property, funds allocated by council for investment purposes, surplus funds from investment purposes and any other funds as determined by council.

Tree reserve			
Opening balance	351,942	555,731	343,693
Amount set aside/transfer to reserve	209,447	273,360	212,038
Amount used/transfer from reserve	(162,736)	–	–
Closing balance	398,653	829,091	555,731

The tree reserve will hold any funds set aside under the City's Street and Reserve Trees Policy.

Mirraboooka Regional Centre Strategy reserve			
Opening balance	–	–	–
Amount set aside/transfer to reserve	1,908,000	–	–
Amount used/transfer from reserve	–	–	–
Closing balance	1,908,000	–	–

The Mirraboooka Regional Centre Strategy reserve will hold proceeds of any sale of land in the Mirraboooka Regional Centre Strategy project area until required to meet the expenditure on associated works and services.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

11. Restricted reserves – cash backed (continued)

	2020 Budget \$	2020 Actual \$	2019 Actual \$
Development contribution right of way improvement works reserve			
Opening balance	–	–	–
Amount set aside/transfer to reserve	–	437,076	–
Amount used/transfer from reserve	–	(437,076)	–
Closing balance	–	–	–

This reserve was established in accordance with *The Local Government Act 1995* to account for the contribution and payment of any right of way improvement work undertaken by the City.

Total Restricted Reserves – cash backed

Opening balance	68,244,112	73,924,249	66,240,547
Amount set aside/transfer to reserve	14,441,837	18,449,707	15,476,164
Amount used/transfer from reserve	(11,991,011)	(10,155,712)	(7,792,462)
Closing balance	70,694,938	82,218,244	73,924,249

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

12. Revaluation reserves – non cash backed

	2020 Actual \$	2019 Actual \$
Plant and equipment revaluation reserve		
Opening balance	29,747	29,747
Amount set aside/transfer to reserve	–	–
Amount used/transfer from reserve	–	–
Closing balance	29,747	29,747
Mobile vehicle and plant revaluation reserve		
Opening balance	200,454	325,048
Amount set aside/transfer to reserve	–	81,658
Amount used/transfer from reserve	(54,275)	(206,252)
Closing balance	146,179	200,454
Furniture and office equipment revaluation reserve		
Opening balance	866,650	249,195
Amount set aside/transfer to reserve	–	617,455
Amount used/transfer from reserve	(418)	–
Closing balance	866,232	866,650
Recreation equipment revaluation reserve		
Opening balance	13,690	13,690
Amount set aside/transfer to reserve	–	–
Amount used/transfer from reserve	–	–
Closing balance	13,690	13,690
Roads revaluation reserve		
Opening balance	1,029,585,354	1,029,585,354
Amount set aside/transfer to reserve	–	–
Amount used/transfer from reserve	(415,340,223)	–
Closing balance	614,245,131	1,029,585,354
Drainage revaluation reserve		
Opening balance	310,987,470	310,987,470
Amount set aside/transfer to reserve	–	–
Amount used/transfer from reserve	(161,152,895)	–
Closing balance	149,834,575	310,987,470
Footpath revaluation reserve		
Opening balance	67,402,659	67,402,659
Amount set aside/transfer to reserve	–	–
Amount used/transfer from reserve	(4,511,071)	–
Closing balance	62,891,588	67,402,659

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

12. Revaluation reserves – non cash backed (continued)

	2020 Actual \$	2019 Actual \$
Other engineering infrastructure revaluation reserve		
Opening balance	13,130,779	13,130,779
Amount set aside/transfer to reserve	–	–
Amount used/transfer from reserve	–	–
Closing balance	13,130,779	13,130,779
Reserve revaluation reserve		
Opening balance	31,827,308	31,827,308
Amount set aside/transfer to reserve	–	–
Amount used/transfer from reserve	–	–
Closing balance	31,827,308	31,827,308
Other parks infrastructure revaluation reserve		
Opening balance	5,066,854	5,066,854
Amount used/transfer to reserve	–	–
Amount used/transfer from reserve	–	–
Closing balance	5,066,854	5,066,854
Reticulation revaluation reserve		
Opening balance	555,012	555,012
Amount set aside/transfer to reserve	–	–
Amount used/transfer from reserve	–	–
Closing balance	555,012	555,012
Land revaluation reserve		
Opening balance	405,284,657	406,333,568
Adjustment to opening balance AASB 16	(6,000,000)	–
Amount set aside/transfer to reserve	–	–
Amount used/transfer from reserve	(1,059,618)	(1,048,911)
Closing balance	398,225,039	405,284,657
* Adjusted for adoption of new accounting standard AASB 16		
Building revaluation reserve		
Opening balance	113,107,998	113,107,997
Amount set aside/transfer to reserve	–	1
Amount used/transfer from reserve	(1,069,333)	–
Closing balance	112,038,665	113,107,998
Equity accounted investments		
Opening balance	11,570,884	10,259,427
Revaluation increment	2,882	1,311,457
Revaluation decrement	(1,186,155)	–
Closing balance	10,387,611	11,570,884
Total Revaluation Reserves – non cash backed		
Opening balance	1,989,629,516	1,988,874,108
Adjustment to opening balance AASB16	(6,000,000)	–
Amount set aside/transfer to reserve	2,882	2,010,571
Amount used/transfer from reserve	(584,373,988)	(1,255,163)
Closing balance	1,399,258,410	1,989,629,516

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

13. Superannuation

The City makes compulsory contributions to superannuation plans on behalf of its employees. Amendments to the Local Government Regulations in 2006 enabled freedom of choice for superannuation under the requirements of the Commonwealth Government rules for superannuation schemes. This change allows employees to choose superannuation plans other than the WA Local Government Superannuation Plan (WALGSP) and also provides for the current WALGSP to be the default scheme should an employee not choose another scheme.

Contributions relating to superannuation plans are recognised as expenses in the Statement of Comprehensive Income. The amount of superannuation contributions made by the City during the reporting period was **\$9,894,088** (2019: \$9,212,027)

14. Trust funds

a) Trust funds allocated interest

Funds over which the City has no control and which are not included in the Financial Statements are as follows:

Purpose of trust fund	Opening balance 1 July 2019	Receipts	Paid out	Interest earned	Closing balance 30 June 2020
	\$	\$	\$	\$	\$
Other bonds	735,960	–	(233,817)	11,085	513,228
Town Planning Scheme No 18	717,945	–	–	11,835	729,780
Town Planning Scheme No 25	571,179	–	–	9,415	580,594
Town Planning Scheme No 27	647,968	–	(27,270)	10,986	631,684
Town Planning Scheme No 28	802,864	–	–	13,235	816,099
Laneways	946,827	33,819	(188,703)	15,048	806,991
Other Trusts and Canteen	1,442,014	496,043	(390,607)	26,783	1,574,233
Payment in lieu of public open space	13,390,754	–	(1,021,508)	248,701	12,617,947
	19,255,511	529,862	(1,861,905)	347,088	18,270,556

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

15. Commitments and contingencies

a) Capital expenditure commitments

At the reporting date, the City had capital expenditure commitments of \$7,404,896 for the purchase of property, plant and equipment and infrastructure which have not been provided for elsewhere in the financial statements. The majority of projects that have expenditure commitments are expected to be finalised in the 2020/2021 financial year.

b) Contingent liability – guarantee for Mindarie Regional Council

The City, along with other member councils of the Mindarie Regional Council, has agreed to provide a financial guarantee to the operators of the resource recovery facility to be built at the Mindarie Regional Council site at Neerabup.

The guarantee will cover Mindarie Regional Council's obligations to make a termination payment to the facility operators if there is a Force Majeure event, a default event under the Resource Recovery Facility Agreement by the Mindarie Regional Council or where member Councils of Mindarie Regional Council fail to pay the applicable gate fees.

The financial guarantee is to provide comfort to the operator (and its financiers) by providing a direct contractual relationship between each member council and the operator.

c) Contaminated Site – Tamala Park Landfill Site

In February 2020, Mindarie Regional Council (MRC) received the Mandatory Auditor's Report (MAR) as requested by the Department of Water and Environmental Regulation (DWER) in respect of the Tamala Park Waste Management Facility site.

Among other things, the purpose of the report was to:

- confirm that earlier investigations undertaken adequately characterised the contamination status of the site and
- whether potentially significant risks to human health, the environment or environmental values exist on-site or off-site

The report notes that groundwater impacts from landfill activities are currently evident in the aquifer immediately beneath the landfill at concentrations above the relevant DWER irrigation or drinking water guidelines.

Further testing and analysis is still required to understand the full extent of the offsite impact on potential ground water contamination. The MRC has commenced work on the MAR recommendations identified. At this stage, it is not possible to make a reasonable estimate of the financial impact that may arise from possible remedial action.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

16. Investments

Equity contributions in other unlisted entities

	2020 Actual \$	2019 Restated \$	2019 Actual \$
Mindarie Regional Council	22,740,301	23,515,642	23,926,456
Tamala Park Regional Council	15,633,300	15,237,365	15,237,365
	38,373,601	38,753,007	39,163,821

* Mindarie Regional Council accounts for 2018/2019 were restated in June 2020

a) Mindarie Regional Council

The City, along with the City of Perth, City of Joondalup, City of Wanneroo, City of Vincent, Town of Cambridge and Town of Victoria Park is a member of the Mindarie Regional Council. The Mindarie Regional Council's objective is to establish and operate a long term refuse disposal site on Mindarie super lot 118.

The City has contributed one third of the land and establishment costs of the refuse disposal facility. The City uses the refuse disposal facility at Mindarie to deposit all non recyclable waste collected by the City's domestic and commercial waste services.

The City has received its share of lease fees, since the facility became operational. Capital contributions paid during establishment are represented in the accounts of the City as a non current asset.

The City currently has a contingent liability in relation to the Mindarie Regional Council. Details of this contingent liability are provided in note 15(b).

Mindarie Regional Council financial position

Retained surplus attributed to equity accounted investment

	2020 Actual \$	2019 Restated \$	2019 Actual \$
Balance at beginning of the financial year	10,755,523	10,411,767	11,014,163
Share of (loss)/profit from activity after tax	(775,341)	302,184	712,998
Adjustment for realisation of revaluation reserve	2,906,044	41,572	–
Balance at end of the financial year	12,886,226	10,755,523	11,727,161
Carry amount of equity accounted investments			
Balance at beginning of financial year restated	23,515,642	22,635,502	22,635,502
Share of profit/(loss)	(775,341)	302,184	712,998
Transfer to reserve	–	–	41,572
Share of revaluation of assets	–	577,956	536,384
Balance at end of the financial year	22,740,301	23,515,642	23,926,456

* Mindarie Regional Council accounts for 2018/2019 were restated in June 2020

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

16. Investments (continued)

	2020 Actual \$	2019 Restated \$	2019 Actual \$
Current assets	40,659,608	37,247,209	37,247,209
Non current assets	64,690,790	57,938,907	59,171,350
Total assets	105,350,398	95,186,116	96,418,559
Current liabilities	(8,355,529)	(7,487,383)	(7,487,383)
Non current liabilities	(28,773,967)	(17,151,807)	(17,151,807)
Total liabilities	(37,129,496)	(24,639,190)	(24,639,190)
Net assets	68,220,902	70,546,926	71,779,369
Total equity Mindarie Regional Council	68,220,902	70,546,926	71,779,369
City's share of equity (one third)	22,740,301	23,515,642	23,926,456

* Mindarie Regional Council accounts for 2018/2019 were restated in June 2020

b) Tamala Park Regional Council

The City, along with the City of Perth, City of Joondalup, City of Wanneroo, City of Vincent, Town of Cambridge and Town of Victoria Park is a member of the Tamala Park Regional Council. On the 21 February 2006 the Council received a report advising the formal establishment of the Tamala Park Regional Council under Section 3.61 of the *Local Government Act 1995*. The Tamala Park Regional Council formally came into existence on the 3 February 2006.

The Tamala Park Regional Council's activities will centre around the development of part Lot 118 Mindarie. Lot 118 was initially purchased in 1981 to provide a refuse landfill site for member councils of the Mindarie Regional Council, this lot is now being developed with a purpose of creating a new urban land development and a new urban community.

The investment in the Tamala Park Regional Council has been recognised at the value of its equity contributions. The City has undertaken a revaluation of its investments to fair value according to Local Government (Financial Management) Regulations.

	2020 Actual \$	2019 Actual \$
Tamala Park Regional Council	15,237,365	15,244,109
Restatement in relation to capitalisation threshold	–	(4,073)
Share of profit/(loss)	(53,465)	220,301
Capital contributions	1,449,400	1,110,361
Distributions received from joint venture entities	(1,000,000)	(1,333,333)
Balance at end of the financial year	15,633,300	15,237,365

The City's share of the inventory of land held for re-sale in relation to the joint venture has been recognised in Note 7 at \$2,407,308.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

16. Investments (continued)

Tamala Park Regional Council financial position

	2020 Actual \$	2019 Actual \$
Current assets	45,517,277	44,320,816
Non current assets	1,757,617	1,723,283
Total assets	47,274,894	46,044,099
Current liabilities	(345,026)	(326,286)
Non current liabilities	(29,968)	(5,719)
Total liabilities	(374,994)	(332,005)
Net assets	46,899,900	45,712,094
Total equity Tamala Park Regional Council	46,899,900	45,712,094
City's share of equity (one third)	15,633,300	15,237,365

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

17. Notes to the Statement of Cash Flows

a) Reconciliation of cash

For the purpose of the Statement of Cash Flows, cash and cash equivalents includes cash on hand, cash at bank and investments in short term money market activity, net of any outstanding bank overdraft. All trust monies are excluded.

Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2020 \$	2019 \$
Cash at bank	29,835	36,621
Short maturity investment	125,226,946	121,810,718
Total cash and cash equivalents	125,256,781	121,847,339

b) Non-cash investing activities

During the reporting period the City acquired assets that were gifted from the State of Western Australia as well as the Metropolitan Redevelopment Authority as referenced in Note 8.

c) Taxation

Except for the goods and service and fringe benefits tax, the activities of the City are exempt from taxation.

d) Reconciliation of net cash used in operating activities to change in net assets.

	2020 \$	2019 \$
Net result	4,977,934	45,153,583
Depreciation	50,171,316	48,649,086
Underground power	–	(1,499,613)
Increase/(decrease) in impairment	(155,118)	270,178
Increase in employee entitlements	809,250	3,091,017
Increase/(decrease) in payables & provisions	(2,445,289)	7,342,111
Increase in income in advance	1,089,663	51,599
(Increase) in receivables	(1,099,460)	(4,867,693)
(Increase) in prepayments	(603,905)	(165,560)
Decrease in inventory	4,325	1,211,605
(Increase) in investments	(2,084,536)	(1,288,283)
(Increase) in assets under construction	–	(23,148)
Loss on sale of non-current assets	(1,327,776)	1,123,365
Acquired assets	(1,505,592)	(42,899,184)
Reduction of GST refund for fringe benefit tax	–	696,089
(Increase) in contract assets	(49,608)	–
Increase in lease liabilities	99,916	–
Equity share of investment	–	(220,301)
Government subsidies	(10,299,346)	(7,036,583)
Net cash from operating activities	37,581,774	49,588,268

e) Credit standby arrangements

Bank overdraft limit	500,000	500,000
Bank overdraft at reporting date	–	–
Total amount of credit unused	500,000	500,000

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

18. Rates and service charges

a) General Rate

	2020 Budget \$	2020 Actual \$	2019 Actual \$
GRV rate in the \$: 5.0117 cents	111,800,743	111,627,988	109,164,570
Rateable value general rates \$2,230,794,809			
Estimated number of properties 66,887			
Minimum payments			
GRV number of assessments 32,826 at \$853	28,000,578	27,897,535	27,745,105
GRV number of assessments 21 at \$805	16,905	16,905	16,758
Interim rates	910,187	982,452	1,250,756
Specific area rate			
Mirrabooka trades area	–	–	23,020
Total general rates levied	140,728,413	140,524,880	138,200,209
Plus			
Late payment penalties	330,000	301,518	480,550
Arrears rates	50,000	27,060	394,257
Instalment charges and interest	360,000	377,573	(108)
General purpose grant	4,556,445	4,755,771	4,518,411
Other general purpose funding	4,189,180	3,222,756	4,827,533
Total general purpose funding shown on income statement	150,214,038	149,209,558	148,420,852

b) Security service charges

The City provided a Security Patrol service with a mission 'To reduce the incidence of preventable crime, anti-social behaviour and residents fear of crime within the boundaries of the City of Stirling through patrols and proactive security measures'.

The charge per property was fixed at \$30.00 and the revenue raised was \$3,023,880. The original budget was \$2,972,310.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

18. Rates and service charges (continued)

c) Instalment option for rates

The City operates four payment option plans consisting of a one payment option that is eligible to be in the City's early payment incentive scheme plus a one payment option that is ineligible for the City's early payment incentive scheme, plus two or four instalment options. The one payment options must be received within 35 days of issue of statements and comprises of any arrears, current rubbish charge, current security charge and current pool fence inspection charge (if any.) To be eligible for the early payment incentive scheme, the one payment option must be received within 28 days of issue of statements. For the two and four instalment options, payments are required to be 25% or 50% of current rates, plus the instalment interest. Subsequent instalments comprise 25% or 50% of current rates plus any instalment interest.

The rate of interest charged for the instalment options was 3%. In response to the COVID-19 crisis, the City removed any instalment and arrangement fees from April 2020. The amount of revenue raised from the imposition of the interest was \$377,573.

The original budget was \$330,000.

d) Rates early payment incentive scheme

The City operated an incentive scheme in which 19 prizes were donated by sponsors.

To be eligible, full payment of all rates and charges must have been received by 21 August 2019.

This excluded pensioner rates deferred under the provisions of the *Rates and Charges (Rebates and Deferments) Act 1992*.

The selection method involved a computer programme that selected all assessments eligible to be in the draw.

The draw was conducted in the presence of several senior officers.

The total cost to the City for the incentive scheme was \$36,359.

The original budget was \$40,000.

e) Concession and write offs

The total cost or reduction of revenue from the waiver or grant of concession was Nil.

The total amount of rates written off was Nil. The original budget was Nil.

f) Late payment interest

The rate of interest charged for the late payment of rates and service charges was 7%.

The amount of revenue raised from the imposition of the interest for the late payment of rates and service charges was \$301,518. The original budget was \$330,000.

The rate of interest charged for the late payment of any other money was 7%.

The amount of revenue raised from the imposition of the interest for the late payment of any other money was Nil. The original budget was Nil.

The City in response to the COVID-19 crisis removed any late payment interest and late payment fees from April 2020.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

19. Information about fees to Council Members

	2020 Budget \$	2020 Actual \$	2019 Actual \$
Communications and IT allowance	55,000	52,500	49,000
Travel expenses	30,000	14,140	13,820
Meeting fee allowance	530,000	475,157	444,322
Mayoral allowance	100,000	89,753	88,864
Deputy Mayoral allowance	30,000	22,438	22,216
	745,000	653,988	618,222

20. Related parties transactions

Key management personnel (KMP) compensation disclosure

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

	2020 Actual \$	2019 Actual \$
Short-term employee benefits	1,367,374	1,436,687
Post-employment benefits	99,520	113,508
Other long-term benefits	25,932	32,939
Termination benefits	—	160,216
	1,492,826	1,743,350

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

20. Related parties transactions (continued)

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 at Note 19.

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP.

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 is involved in joint venture arrangements with Tamala Park Regional Council and Mindarie Regional Council.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

20. Related parties transactions (continued)

The City's main related parties are as follows:

a) Tamala Park Regional Council

The City along with the City of Perth, City of Joondalup, City of Wanneroo, City of Vincent, Town of Cambridge and Town of Victoria Park is a member of the Tamala Park Regional Council. The City will contribute one third of any funding required for capital or operating costs and will also be entitled to one third of revenue from the sale of lots of land.

The City's one-third interest in the Tamala Park Regional Council is accounted for in the financial statements using the equity accounting method and all transactions are accounted for on normal terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following related party transactions occurred with the Tamala Park Regional Council for the financial year ending 30 June 2020:

	2020 Actual \$	2019 Actual \$
Associated companies/individuals:		
Sale of goods and services	228,369	216,919
Purchase of goods and services	115,311	164,099
Joint venture entities:		
Distributions received from joint venture entities	1,000,000	1,333,333
Amounts outstanding from related parties:		
Trade and other receivables	—	—
Loans to associated entities	—	—
Loans to key management personnel	—	—
Amounts payable to related parties:		
Trade and other payables	—	9,468
Loans from associated entities	—	—

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

20. Related parties transactions (continued)

b) Mindarie Regional Council

The City along with the City of Perth, City of Joondalup, City of Wanneroo, City of Vincent, Town of Cambridge and Town of Victoria Park is a member of the Mindarie Regional Council.

The City's one-third interest in the Mindarie Regional Council is accounted for in the financial statements using the cost accounting method and all transactions are accounted for on normal terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following related party transactions occurred with the Mindarie Regional Council for the financial year ending 30 June 2020:

	2020 Actual \$	2019 Actual \$
Associated companies/individuals:		
Sale of goods and services	235,716	276,365
Purchase of goods and services	11,328,327	12,504,865
Joint venture entities:		
Distributions received from joint venture entities	—	—
Amounts outstanding from related parties:		
Trade and other receivables	—	—
Loans to associated entities	—	—
Loans to key management personnel	—	—
Amounts payable to related parties:		
Trade and other payables	171,524	732,017
Loans from associated entities	—	—

c) Local Government House Unit Trust

The City along with other Councils and Shires has units in the Local Government House Trust. There were no transactions between the Trust and City of Stirling in the current financial year.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

21. Major land transaction information

a) The development and subdivision of Tamala Park (Catalina Estate)

Tamala Park Regional Council

The Tamala Park Regional Council was established for the specific purpose of creating an urban development on 165 hectares of land immediately south of Neerabup Road and the Mindarie Regional Council. The project is expected to have a ten-year life cycle with more than 2,500 lots developed for housing that will be progressively sold in stages. The first stage of the development commenced in early 2011 and the first lots were released for sale in July 2012.

The City along with the City of Perth, City of Joondalup, City of Wanneroo, City of Vincent, Town of Cambridge and Town of Victoria Park is a member of the Tamala Park Regional Council. The City will contribute one third of any funding required for capital or operating costs and will also be entitled to one third of revenue from the sale of lots of land.

As at 30 June 2020 the value of the City's equity share of its investment in the Tamala Park Regional Council was \$15,633,300 (refer note 16).

Total of sales and expenditure of Catalina Estate Land

	2020 Actual \$	Total to 30 June 2019 \$	Total \$
Income from sales	9,040,976	237,098,500	246,139,476
Cost of lots sold	(2,979,336)	(85,656,780)	(88,636,116)
Direct selling costs	(127,333)	(21,638,969)	(21,766,302)
Marketing costs	(207,457)	(2,015,940)	(2,223,397)
Administration cost	(588,666)	(3,928,755)	(4,517,421)
Surplus	5,138,184	123,858,056	128,996,240

City of Stirling equity share of sales and expenditure of Catalina Estate land

	2020 Actual \$	Total to 30 June 2019 \$	Total \$
Income from sales	3,013,659	79,032,833	82,046,492
Cost of lots sold	(993,112)	(28,552,260)	(29,545,372)
Direct selling costs	(42,444)	(7,212,990)	(7,255,434)
Marketing costs	(69,152)	(671,980)	(741,132)
Administration cost	(196,222)	(1,309,585)	(1,505,807)
Surplus	1,712,728	41,286,018	42,998,747

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

21. Major land transaction information (continued)

Catalina Estate Sales

	Year	Revenue \$
Stages land was released for Catalina Estate		
FY13 Stages	2012/2013	51,375,500
FY14 Stages	2013/2014	50,325,000
FY15 Stages	2014/2015	77,688,000
Stage 15	December 2015	15,444,000
Stage 18A	May 2016	8,626,000
Stage 14B	October 2016	2,444,000
Stage 17A	February 2017	7,135,000
Stage 18B	June 2017	7,194,000
Stage 25	August 2017	17,733,000
Stage 17B	May 2018	3,956,000
Stage 26	September 2019	2,463,000
	Total	244,383,500

* The above sales are from Tamala Park Regional Council minutes

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

21. Major land transaction information (continued)

Estimated sales and cost of sales Catalina Estate 2020 to 2023

	2020 Actual \$	2021 Forecast \$	2022 Forecast \$	2023 Forecast \$
Income from sales	9,040,976	42,399,590	56,044,482	53,580,503
Cost of lots sold	(2,979,336)	(15,263,852)	(20,176,014)	(19,288,981)
Direct selling costs	(127,333)	(3,921,962)	(5,184,115)	(4,956,197)
Marketing costs	(207,457)	(317,997)	(420,334)	(401,854)
Administration cost	(588,666)	(551,195)	(728,578)	(696,547)
Surplus	5,138,184	22,344,584	29,535,442	28,236,925

Tamala Park Regional Council financial position

	2020 Actual \$	2019 Actual \$
Current assets	45,517,277	44,320,816
Non current assets	1,757,617	1,723,283
Total assets	47,274,894	46,044,099
Current liabilities	(345,026)	(326,286)
Non current liabilities	(29,968)	(5,719)
Total liabilities	(374,994)	(332,005)
Net assets	46,899,900	45,712,094
Total equity Tamala Park Regional Council	46,899,900	45,712,094
City's share of equity (one third)	15,633,300	15,237,365

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

22. Financial risk management

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

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

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

The City held the following financial instruments at the balance date:

	Carrying value		Fair value	
	2020 \$	2019 \$	2020 \$	2019 \$
Financial assets				
Cash and cash equivalents	125,256,781	121,847,339	125,256,781	121,847,339
Financial assets at amortised cost	178,053	–	178,053	–
Trade and other receivables	6,672,461	9,139,099	6,672,461	9,139,099
Contract assets	105,836	–	105,836	–
Non-current debtors	7,367,304	4,022,932	7,367,304	4,022,932
	139,580,435	135,009,370	139,580,435	135,009,370
Financial liabilities				
Payables	30,815,104	33,673,224	30,815,104	33,673,224
Contract liabilities	932,091	–	932,091	–
Lease liabilities	102,216	–	102,216	–
	31,849,411	33,673,224	31,849,411	33,673,224

Fair value for cash and cash equivalents, receivables, payables and borrowings are estimated as the carrying value, which approximates to fair value.

a) Cash and cash equivalent

The City's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The Finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). The City has an investment policy which is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

Cash and investments are also subject to interest rate risk – the risk that movements in interest rates could affect returns.

The City manages these risks by diversifying its portfolio and only placing surplus cash with banking institutions with a high credit rating.

b) Receivables

Policy from 1 July 2019 till March 2020

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

c) Change in Policy in response to COVID-19

The City in response to the COVID-19 crisis removed any interest, instalment and arrangement fees from April 2020. The City also introduced more flexible payment options and suspended any debt collection activities.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

22. Financial risk management (continued)

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

The City makes suitable provisions for doubtful receivables as required and carries out credit checks on most non-rate debtors. No provisions are made for Rates debtors as the City has provisions under Schedule 6.3 of the *Local Government Act 1995* to assist in managing rates or service charges which remain unpaid.

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

A profile of the City's current receivables credit risk at balance date follows:

	2020 %	2019 %
Percentage of rates and annual charges		
Current	0.00%	0.00%
Overdue	100.00%	100.00%
The amount outstanding as at 30 June 2020 represented 0.3% of the total asset base.		
Percentage of other receivables		
Current	59.83%	13.43%
Overdue	40.17%	86.57%
The amount outstanding after impairment/ expected credit loss as at 30 June 2020 represented 0.41% of the total asset base.		

d) Payables and borrowing

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

Payment terms can be extended and overdraft facilities drawn upon if required. There is no risk associated with borrowing as this is a book figure representing unrepresented cheques.

	Due within 1 Year \$	Due between 1 and 5 Years \$	Total contractual cash flows \$	Carrying values \$
2020				
Payables	30,815,104	–	30,815,104	30,815,104
Contract liabilities	932,091	–	932,091	932,091
Lease liabilities	102,216	–	102,216	102,216
	31,849,411	–	31,849,411	31,849,411
2019				
Payables	33,673,224	–	33,673,224	33,673,224
	33,673,224	–	33,673,224	33,673,224

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

22. Financial risk management (continued)

e) Interest rate risk

The City is exposed to interest rate risk mainly through financial assets and liabilities. The following table details the City's exposure to interest rate risk as at reporting date.

	Av int rate %	Var int rate \$	Fixed interest rate maturity			Non int bearing \$	Total \$
			Less than 1 year \$	1 to 5 years \$	More than 5 years \$		
2020							
Financial assets							
Cash	0.66	–	–	–	–	29,835	29,835
Cash and cash equivalents	0.66	–	125,226,946	–	–	–	125,226,946
Total		–	125,226,946	–	–	29,835	125,256,781
Financial liabilities							
Payables		–	–	–	–	20,010,915	20,010,915
Bank overdraft	1.04	–	–	–	–	–	–
Unpresented cheques/EFT's		–	–	–	–	362,075	362,075
Total		–	–	–	–	20,372,990	20,372,990
2019							
Financial assets							
Cash	2.33	–	–	–	–	36,621	36,621
Cash and cash equivalents	2.33	–	121,810,718	–	–	–	121,810,718
Total		–	121,810,718	–	–	36,621	121,847,339
Financial liabilities							
Payables		–	–	–	–	20,883,239	20,883,239
Bank overdraft	4.19	–	–	–	–	–	–
Unpresented cheques/EFT's		–	–	–	–	340,452	340,452
Total		–	–	–	–	21,223,691	21,223,691

The balance of the bank overdraft amount reflects the book position and includes cheques that have been drawn but have not yet been debited to the bank account. Funds are maintained in investment until required.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

22. Financial risk management (continued)

f) Sensitivity to interest rate risk

The rate of interest the City received on financial investments fell by between 100 and 125 basis points for the year ending 30 June 2020.

The City's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates, is considered negligible for all financial instruments.

Liquidity risk is managed through maintaining adequate cash reserves and borrowing facilities. This is achieved by continuously monitoring forecast and actual cash flows, maintaining an appropriate mix of financial institutions to invest with and setting limits in terms of borrowing and investments.

The City has significant funds invested and returns from those investments are dependent upon current interest rates. If interest rates were to increase or decrease by 0.25%, the annual return would increase or decrease by \$313,142.

There is no real interest rate risk in relation to financial liabilities because the overdraft disclosure is purely a book figure representing unrepresented cheques.

g) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the City. The Council has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The City measures credit risk on a fair value basis.

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

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

The City does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

h) Fair value of financial instruments

The City considers that the carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

23. Performance measurements

Financial information by ratio:

	2020	2019	2018	2017	2016
Current ratio					
<u>Current assets minus restricted current assets</u>	1.6976	1.7853	2.7364	2.1982	3.0831
<i>Current liabilities minus liabilities associated with restricted assets</i>					
Asset sustainability ratio					
<u>Capital renewal and replacement expenditure</u>	0.6179	0.6808	1.0025	3.4996	2.5187
<i>Depreciation expense</i>					
Debt service cover ratio*					
<u>Annual operating surplus before interest and depreciation</u>	0.0000	0.0000	0.0000	0.0000	0.0000
<i>Principal and interest</i>					
<i>*The City has no debt as at 30 June 2020</i>					
Operating surplus ratio					
<u>Operating revenue minus operating expense</u>	(0.0475)	0.0021	0.0339	0.0839	0.0500
<i>Own source operating revenue</i>					
Own source revenue ratio					
<u>Own source operating revenue</u>	0.9004	0.9846	1.0419	1.0995	1.0713
<i>Operating expense</i>					
Asset consumption ratio	0.7581	0.8611	0.8702	0.9953	0.9382
<u>Depreciated replacement cost of assets</u>					
<i>Current replacement cost of depreciated assets</i>					
Asset renewal funding ratio					
<u>Assets renewals</u>	0.9083	0.8831	0.8621	2.8755	1.8890
<i>Depreciation, amortisation and Impairment</i>					

24. Subsequent event

There have been no subsequent events of a material nature to report since the end of the financial year.

The COVID-19 crisis has had no material impact on the 2020 financial results. The ongoing impact of the pandemic cannot be assessed on future results.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

25. Opening and closing funds

Determination of opening funds

	Note	2019 Actual \$	2018 Actual \$
Current assets			
Cash and cash equivalents		121,847,339	104,211,669
Trade and other receivables		9,139,099	6,762,399
Other assets		966,353	800,793
Inventories		2,225,935	3,437,540
Total current assets		134,178,726	115,212,401
Current liabilities			
Payables and provisions		(49,123,509)	(30,189,085)
Total current liabilities		(49,123,509)	(30,189,085)
Net current assets		85,055,217	85,023,316
Budget adjustments (non-cash)			
Less: committed cash		–	632,004
Add: current annual leave	10	6,302,092	6,154,076
Add: current long service leave	10	9,148,193	6,369,210
Budget adjustments net		15,450,285	11,891,282
Less: restricted financial assets reserves	5b	(73,924,250)	(66,240,547)
Opening fund on Rate Setting Statement		26,581,252	30,674,051

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

25. Opening and closing funds (continued)

Determination of closing funds

	Note	2020 Actual \$	2019 Actual \$
Current assets			
Cash and cash equivalents	5,17a	125,256,781	121,847,339
Trade and other receivables	6a	6,672,461	9,139,099
Other assets	6c	1,324,464	966,353
Inventories	7a	2,716,891	2,225,935
Contract assets		105,836	–
Right of use assets		98,917	–
Total current assets		136,175,350	134,178,726
Current liabilities			
Payables and provisions	9, 10	(48,155,648)	(49,123,509)
Total current liabilities		(48,155,648)	(49,123,509)
Net current assets		88,019,702	85,055,217
Budget adjustments (non-cash)			
Add: current annual leave	10	6,959,711	6,302,092
Add: Current long service leave	10	9,412,454	9,148,193
Budget adjustments net		16,372,165	15,450,285
Less: restricted financial assets reserves	5b	(82,218,244)	(73,924,250)
Closing funds on Rate Setting Statement		22,173,623	26,581,252

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

26. Initial application of accounting standards

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

Effective 6 November 2020, *Local Government (Financial Management) Regulation 16* was deleted and *Local Government (Financial Management) Regulation 17A* was amended with retrospective application. The changes were effective for financial years ending on or after 30 June 2020 so are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

a) AASB 15: Revenue from contracts with customers

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

	Note	AASB 118 carrying amount 30 June 2019 \$	Reclassification \$	AASB 15 carrying amount 01 July 2019 \$
Contract assets	7a	–	–	–
Contract liabilities – current				
Contract liabilities from contracts with customers	9a	–	410,657	410,657
Contract liabilities non-current				
Contract liabilities from transfers for recognisable non financial assets	9a	–	–	–
Adjustment to retained surplus from adoption of AASB 15	26e	–	410,657	–

b) AASB 1058: Income For Not-For-Profit Entities

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

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 118: Revenue and AASB 1004: Contributions before the change:

	Note	AASB 118 and AASB 1004 carrying amount 30 June 2019 \$	Reclassification \$	AASB 1058 carrying amount 01 July 2019 \$
Trade and other payables				
Grant income receivable	7	–	(262,894)	(262,894)
Deferred grant income	9a	–	256,356	256,356
Adjustment to retained surplus from adoption of AASB 1058	26e	–	(6,538)	–

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

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

26. Initial application of Accounting Standards (continued)

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 118 and 1004 and related Interpretations that were in effect before the change.

		2020		2020
	Note	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004
		\$	\$	\$
Statement of comprehensive income				
Revenue				
Rates		141,203,971	–	141,203,971
Operating grants, subsidies and contributions		13,331,681	594,245	13,925,926
Capital grants		10,310,628	611,955	10,922,583
Fees and charges		15,643,540	–	15,643,540
Non-operating grants, subsidies and contributions		10,310,628	–	10,310,628
Net result		–	1,206,200	1,206,200
Statement of Financial Position				
Trade and other receivables		6,672,461	105,836	6,778,297
Contract assets	7b	105,836	(105,836)	–
Trade and other payables	9a	30,815,104	(611,955)	30,203,149
Contract liabilities	9b	594,245	(594,245)	–
Net assets		–	1,206,200	1,206,200
Statement of changes in equity				
Net result		–	1,206,200	1,206,200
Retained surplus		–	1,206,200	1,206,200

Refer to Note 2(a) for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058.

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

26. Initial application of Accounting Standards (continued)

c) AASB 16: Leases – Other

The City adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the City has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. In applying AASB 16, under the specific transition provisions chosen, the City will not restate comparatives for prior reporting periods.

	Note	2020 \$
Operating lease commitments at 30 June 2019 applying AAS 117		–
Discount applied using incremental borrowing rate		64,530
Lease liability recognised as 1 July 2019 discounted using the City's incremental borrowing rate of 6%	9b	64,530
Lease liability – current		11,663
Lease liability – non-current		52,867
Right-of-use assets recognised at 1 July 2019		63,120

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

d) AASB 16: Leases – Peppercorn

Local Government Financial Management Regulation 17a

Effective 6 November 2020, *Local Government (Financial Management) Regulation 16* was deleted and *Local Government (Financial Management) Regulation 17A* was amended with retrospective application. The changes were effective for financial years ending on or after 30 June 2020 required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

In accordance with the changes, the City was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 11.

In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

	Note	Carrying amount 30 June 2019 \$	Reclassification \$	Carrying amount 01 July 2019 \$
Property, Plant and Equipment	8	6,000,000	(6,000,000)	–
Revaluation Surplus	12	405,284,657	(6,000,000)	399,284,657

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

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

26. Initial application of Accounting Standards (continued)

e) Impact of New Accounting Standards on Retained Surplus and Revaluation Surplus

The impact on the City's retained surplus due to the adoption of AASB 15, AASB 1058 and AASB 16 as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Retained surplus – 30 June 2019			1,068,420,716
Adjustment to retained surplus from adoption of AASB 15	26a	410,657	
Adjustment to retained surplus from adoption of AASB 16	26c	1,410	
Adjustment to retained surplus from adoption of AASB 1058	26b	(6,538)	405,529
Retained surplus – 1 July 2019			1,068,826,245

The impact on the City's opening revaluation surplus resulting from *Local Government (Financial Management) Regulation* 16 being deleted and the amendments to *Local Government (Financial Management) Regulation* 17A as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Revaluation surplus - 30 June 2019			1,989,629,516
Adjustment to revaluation surplus from deletion of FM Reg 16	26d	(6,000,000)	
Adjustment to revaluation surplus from deletion of FM Reg 17	26d	–	(6,000,000)
Revaluation surplus - 1 July 2019			1,983,629,516

Notes to and forming part of the financial statements (continued)

For the year ended 30 June 2020

27. New accounting standards and interpretation for application in future years

Pronouncement	Title	Summary	Application date
AASB 1059	Service Concession Arrangements: Grantors	<p>This Standard addresses the accounting for a service concession arrangement by a grantor that is a public sector entity. The Standard is based on the International Public Sector Accounting Standard IPSAS 32 Service Concession Arrangements: Grantor and is broadly consistent with AASB Interpretation 12 Service Concession Arrangements, which sets out the accounting for the operator of such arrangements, in relation to its principles for recognising service concession assets.</p> <p>The Standard requires a grantor to:</p> <ul style="list-style-type: none"> • Recognise a service concession asset constructed, developed or acquired from a third party by the operator, including an upgrade to an existing asset of the grantor, when the grantor controls the asset • Reclassify an existing asset (including recognising previously unrecognised identifiable intangible assets and land under roads) as a service concession asset when it meets the criteria for recognition as a service concession asset • Initially measure a service concession asset at current replacement cost in accordance with the cost approach to fair value in AASB 13 Fair Value Measurement, subsequent to the initial recognition or reclassification of the asset, the service concession asset is accounted for in accordance with AASB 116 Property, Plant and Equipment or AASB 138 Intangible Assets, as appropriate, except as specified in this Standard • Recognise a corresponding liability measured initially at the fair value (current replacement cost) of the service concession asset, adjusted for any other consideration between the grantor and the operator, using either (or both) the financial liability model or the grant of a right to the operator model. 	1 Jan 20

27. New accounting standards and interpretation for application in future years (continued)

Pronouncement	Title	Summary	Application date
Conceptual Framework AASB 2019-1	Conceptual Framework for Financial Reporting Amendments to Australian Accounting Standards – Reference to the Conceptual Framework	<p>The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. It is arranged in eight chapters, as follows:</p> <ul style="list-style-type: none"> • Chapter 1 – the objective of financial reporting • Chapter 2 – qualitative characteristics of useful financial information • Chapter 3 – financial statements and the reporting entity • Chapter 4 – the elements of financial statements • Chapter 5 – recognition and derecognition • Chapter 6 – measurement • Chapter 7 – presentation and disclosure • Chapter 8 – Concepts of capital and capital maintenance <p>AASB 2019-1 has also been issued, which sets out the amendments to Australian Accounting Standards, Interpretations and other pronouncements in order to update references to the revised Conceptual Framework. The changes to the Conceptual Framework may affect the application of accounting standards in situations where no standard applies to a particular transaction or event. In addition, relief has been provided in applying AASB 3 and developing accounting policies for regulatory account balances using AASB 108, such that entities must continue to apply the definitions of an asset and a liability (and supporting concepts) in the Framework for the Preparation and Presentation of Financial Statements (July 2004), and not the definitions in the revised Conceptual Framework.</p>	1 Jan 20
AASB 2018-6	Amendments to Australian Accounting Standards – Definition of a Business	The Standard amends the definition of a business in AASB 3 Business Combinations. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.	1 Jan 20
AASB 2018-7	Amendments to Australian Accounting Standards – Definition of Material	This Standard amends AASB 101 Presentation of Financial Statements and AAS 108 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of ‘material’ across the standards and to clarify certain aspects of the definition. The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.	1 Jan 20

Independent Auditor's report

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the City of Stirling

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the City of Stirling which comprises the Statement of Financial Position as at 30 June 2020, and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, as well as notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

I draw attention to Notes 1 and 8 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the City's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

- (i) Regulation 17A requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 *Leases* which would have required the entity to measure the vested improvements also at zero cost.
- (ii) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

Emphasis of Matter – Infrastructure Assets Revaluation

I draw attention to Note 8 (f) of the financial report which explains the basis for the infrastructure assets revaluation in the year ended 30 June 2020 and the associated change in estimates. My opinion is not modified in respect of this matter.

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

The Chief Executive Officer (CEO) of the City is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of the annual financial report that is free from material misstatement, whether due to fraud or error. In preparing the annual financial report, the CEO is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the City.

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

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the annual financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the annual financial report.

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the City:
 - a. The Asset Sustainability Ratio as reported in Note 23 of the annual financial report has progressively declined over the past 3 years and for the past 2 years has been below the Department of Local Government, Sport and Cultural Industries' (DLGSCI) standard.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial ratios for 2016 and 2017 in Note 23 of the annual financial report were audited by another auditor when performing their audit of the City for the years ending 30 June 2016 and 30 June 2017. The auditor expressed an unmodified opinion on the annual financial report for that year.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the City of Stirling for the year ended 30 June 2020 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
25 February 2021







Statements and indexes

In this section you will find information related to the City's Global Reporting Initiative (GRI) performance, a glossary and listing of acronyms used throughout the Annual Report and an index of figures and tables.

Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) develops globally applicable Sustainability Reporting Guidelines for voluntary use by organisations via annual reporting.

The GRI table shows how the City is reporting on a standardised set of social, economic and environmental indicators. It is the City's view that all relevant GRI indicators should be disclosed and reported on in the annual reporting process.

If the City is reporting on an indicator, the table below notes a page reference. If an indicator is not being reported on, the City will mark it as either 'Not Reported This Year', meaning that the City aims to report the disclosure in the future, or 'Not Applicable', meaning that the City assesses that the indicator is not relevant.

GRI Standard	Disclosure	Page number
GRI 101: Foundation 2016		
General Disclosures		
GRI 102: General Disclosures 2016	Organizational profile	
	102-1 Name of the organization	Front cover
	102-2 Activities, brands, products, and services	75 – 164
	102-3 Location of headquarters	Back cover
	102-4 Location of operations	29
	102-5 Ownership and legal form	10
	102-6 Markets served	31, 32
	102-7 Scale of the organization	48, 51
	102-8 Information on employees and other workers	51
	102-9 Supply chain	40
	102-10 Significant changes to the organization and its supply chain	None
	102-11 Precautionary Principle or approach	27
	102-12 External initiatives	Not applicable
	102-13 Membership of associations	Not reported this year
	Strategy	
	102-14 Statement from senior decision-maker	22
	102-15 Key impacts, risks, and opportunities	42 – 45
	Ethics and integrity	
	102-16 Values, principles, standards, and norms of behavior	26, 27
	102-17 Mechanisms for advice and concerns about ethics	27, 65
	Governance	
	102-18 Governance structure	65 – 67
	102-19 Delegating authority	18
	102-20 Executive-level responsibility for economic, environmental, and social topics	49, 50
	102-21 Consulting stakeholders on economic, environmental, and social topics	71
	102-22 Composition of the highest governance body and its committees	10 – 17
	102-23 Chair of the highest governance body	12
	102-24 Nominating and selecting the highest governance body	10
	102-25 Conflicts of interest	18
	102-26 Role of highest governance body in setting purpose, values, and strategy	16
	102-27 Collective knowledge of highest governance body	17
	102-28 Evaluating the highest governance body's performance	17

GRI Standard	Disclosure	Page number
GRI 101: Foundation 2016		
General Disclosures		
GRI 102: General Disclosures 2016	Governance	
	102-29 Identifying and managing economic, environmental, and social impacts	22 – 25
	102-30 Effectiveness of risk management processes	68
	102-31 Review of economic, environmental, and social topics	71
	102-32 Highest governance body's role in sustainability reporting	12 – 17
	102-33 Communicating critical concerns	16, 17
	102-34 Nature and total number of critical concerns	42, 44
	102-35 Remuneration policies	52
	102-36 Process for determining remuneration	52
	102-37 Stakeholders' involvement in remuneration	52
	102-38 Annual total compensation ratio	Not reported this year
	102-39 Percentage increase in annual total compensation ratio	Not reported this year
	Stakeholder engagement	
	102-40 List of stakeholder groups	30, 31
	102-41 Collective bargaining agreements	52
	102-42 Identifying and selecting stakeholders	30, 31
	102-43 1 Approach to stakeholder engagement	30, 31, 60, 62
	102-44 Key topics and concerns raised	74
	Reporting practice	
	102-45 Entities included in the consolidated financial statements	Financial Statements
	102-46 Defining report content and topic Boundaries	70
	102-47 List of material topics	74
	102-48 Restatements of information	None
	102-49 Changes in reporting	None
	102-50 Reporting period	Front cover
	102-51 Date of most recent report	2019
	102-52 Reporting cycle	Annual
	102-53 Contact point for questions regarding the report	5
	102-54 Claims of reporting in accordance with the GRI Standards	5
	102-55 GRI content index	248 – 253
	102-56 External assurance	Financial Statements

GRI Standard	Disclosure	Page number
Material Topics		
200 series (Economic topics)		
GRI 201: Economic Performance 2016	Economic Performance	
	201-1 Direct economic value generated and distributed	Financial Statements
	201-2 Financial implications and other risks and opportunities due to climate change	38 – 41
	201-3 Defined benefit plan obligations and other retirement plans	52
	201-4 Financial assistance received from government	39
GRI 202: Market Presence 2016	Market Presence	
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Not applicable
	202-2 Proportion of senior management hired from the local community	Not applicable
GRI 203: Indirect Economic Impacts 2016	Indirect Economic Impacts	
	203-1 Infrastructure investments and services supported	34, 35
	203-2 Significant indirect economic impacts	87, 102, 103
GRI 204: Procurement Practices 2016	Procurement Practices	
	204-1 Proportion of spending on local suppliers	138
GRI 205: Anti-corruption 2016	Anti-corruption	
	205-1 Operations assessed for risks related to corruption	65
	205-2 Communication and training about anti-corruption policies and procedures	65
	205-3 Confirmed incidents of corruption and actions taken	None
GRI 206: Anti-competitive Behaviour 2016	Anti-competitive Behaviour	
	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	None
GRI 207: Tax 2019	Tax	
	207-1 Approach to tax	Not applicable
	207-2 Tax governance, control, and risk management	Not applicable
	207-3 Stakeholder engagement and management of concerns related to tax	Not applicable
	207-4 Country-by-country reporting	Not applicable

GRI Standard	Disclosure	Page number
Material Topics		
300 series (Environmental topics)		
GRI 301: Materials 2016	Materials	
	301-1 Materials used by weight or volume	138
	301-2 Recycled input materials used	138
	301-3 301-3 Reclaimed products and their packaging materials	138
GRI 302: Energy 2016	Energy	
	302-1 Energy consumption within the organization	134 – 135
	302-2 Energy consumption outside of the organization	135
	302-3 Energy intensity	Not reported this year
	302-4 Reduction of energy consumption	134 – 135
	302-5 Reductions in energy requirements of products and services	Not reported this year
GRI 303: Water and Effluents 2018	Water	
	303-1 Interactions with water as a shared resource	131 – 133
	303-2 Management of water discharge-related impacts	133
	303-3 Water withdrawal	131 – 132
	303-4 Water discharge	Not reported this year
	303-5 Water consumption	131 – 132
GRI 304: Biodiversity 2016	Biodiversity	
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not reported this year
	304-2 Significant impacts of activities, products, and services on biodiversity	143 – 145
	304-3 Habitats protected or restored	142 – 143
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	142 – 143
GRI 305: Emissions 2016	Emissions	
	305-1 Direct (Scope 1) GHG emissions	136 – 137
	305-2 Energy indirect (Scope 2) GHG emissions	136 – 137
	305-3 Other indirect (Scope 3) GHG emissions	136 – 137
	305-4 GHG emissions intensity	Not reported this year
	305-5 Reduction of GHG emissions	136 – 137
	305-6 Emissions of ozone-depleting substances (ODS)	Not reported this year
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not reported this year
GRI 306: Waste 2020	Effluents and Waste	
	306-1 Waste generation and significant waste-related impacts	129 – 130
	306-2 Management of significant waste-related impacts	Not reported this year
	306-3 Waste generated	129 – 130
	306-4 Waste diverted from disposal	129 – 130
	306-5 Waste directed to disposal	129 – 130
GRI 307: Environmental Compliance 2016	Environmental Compliance	
	307-1 Non-compliance with environmental laws and regulations	None noted
GRI 308: Supplier Environmental Assessment 2016	Supplier Environmental Assessment	
	308-1 New suppliers that were screened using environmental criteria	138
	308-2 Negative environmental impacts in the supply chain and actions taken	138

GRI Standard	Disclosure	Page number
Material Topics		
400 series (Social topics)		
GRI 401: Employment 2016	Employment	
	401-1 New employee hires and employee turnover	51
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	52, covered in agreements
	401-3 Parental leave	52, covered in agreements
GRI 402: Labor/Management Relations 2016	Labor/Management Relations	
	402-1 Minimum notice periods regarding operational changes	52, covered in agreements
GRI 403: Occupational Health and Safety 2018	Occupational Health and Safety	
	403-1 Occupational health and safety management system	53, 54
	403-2 Hazard identification, risk assessment, and incident investigation	53, 54
	403-3 Occupational health services	53, 54
	403-4 Worker participation, consultation, and communication on occupational health and safety	53, 54
	403-5 Worker training on occupational health and safety	53, 54
	403-6 Promotion of worker health	53, 54
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	53, 54
	403-8 Workers covered by an occupational health and safety management system	52, covered in agreements
	403-9 Work-related injuries	54
	403-10 Work-related ill health	54
GRI 404: Training and Education 2016	Training and Education	
	404-1 Average hours of training per year per employee	53
	404-2 Programs for upgrading employee skills and transition assistance programs	53
	404-3 Percentage of employees receiving regular performance and career development reviews	53
GRI 405: Diversity and Equal Opportunity 2016	Diversity and Equal Opportunity	
	405-1 Diversity of governance bodies and employees	51
	405-2 Ratio of basic salary and remuneration of women to men	52, covered in agreements
GRI 406: Non-discrimination 2016	Non-discrimination	
	406-1 Incidents of discrimination and corrective actions taken	52, covered in agreements
GRI 407: Freedom of Association and Collective Bargaining 2016	Freedom of Association and Collective Bargaining	
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	52, covered in agreements
GRI 408: Child Labor 2016	Child Labor	
	408-1 Operations and suppliers at significant risk for incidents of child labor	Not reported this year

GRI Standard	Disclosure	Page number
Material Topics		
400 series (Social topics)		
GRI 409: Forced or Compulsory Labor 2016	Forced or Compulsory Labor	
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not reported this year
GRI 410: Security Practices 2016	Security Practices	
	410-1 Security personnel trained in human rights policies or procedures	Not reported this year
GRI 411: Rights of Indigenous Peoples 2016	Rights of Indigenous Peoples	
	411-1 Incidents of violations involving rights of indigenous peoples	Not reported this year
GRI 412: Human Rights Assessment 2016	Human Rights Assessment	
	412-1 Operations that have been subject to human rights reviews or impact assessments	Not reported this year
	412-2 Employee training on human rights policies or procedures	Not reported this year
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Not reported this year
GRI 413: Local Communities 2016	Local Communities	
	413-1 Operations with local community engagement, impact assessments, and development programs	55 – 57, 60 – 63
	413-2 Operations with significant actual and potential negative impacts on local communities	Not applicable
GRI 414: Supplier Social Assessment 2016	Supplier Social Assessment	
	414-1 New suppliers that were screened using social criteria	138
	414-2 Negative social impacts in the supply chain and actions taken	138
GRI 415: Public Policy 2016	Public Policy	
	415-1 Political contributions	154, 155
GRI 416: Customer Health and Safety 2016	Customer Health and Safety	
	416-1 Assessment of the health and safety impacts of product and service categories	53, 54
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	53, 54
GRI 417: Marketing and Labeling 2016	Marketing and Labeling	
	417-1 Requirements for product and service information and labeling	Not applicable
	417-2 Incidents of non-compliance concerning product and service information and labeling	Not applicable
	417-3 Incidents of non-compliance concerning marketing communications	Not applicable
GRI 418: Customer Privacy 2016	Customer Privacy	
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	65
GRI 419: Socioeconomic Compliance 2016	Socioeconomic Compliance	
	419-1 Non-compliance with laws and regulations in the social and economic area	66

Acronyms

ACF:	Animal Care Facility	OSHMS:	Occupational Safety and Health Management System
ALIA:	Australian Library and Information Association	POS	Public Open Space
ANZAC:	Australian and New Zealand Army Corps	PV	Photovoltaic
ARA:	Australasian Reporting Awards	RACWA:	Royal Automobile Club of Western Australia
BGR	Bulk Globe Replacement	RCB:	Recycling Centre Balcatta
BMX:	Bicycle Motocross	RFID:	Radio Frequency Identification
CBD:	Central Business District	RMS:	Relationship Management System
CCTV:	Closed-circuit Television	ROW:	Rights of Way
CEO:	Chief Executive Officer	SBDC :	Small Business Development Corporation
CHSP:	Commonwealth Home Support Program	STEAM:	Science Technology Electronics Arts and Mathematics
COVID-19:	Coronavirus Disease 2019	SYA:	Stirling Youth Advocates
CRCWSC:	Cooperative Research Centre's Water Sensitive Cities	TAFE:	Technical and Further Education
CSRFF:	Community Sporting and Recreation Facilities Fund	TEC:	Threatened Ecological Communities
DRP:	Design Review Panel	WALGA	Western Australian Local Government Association
EAP:	Employee Assistance Programs	WAPC:	Western Australian Planning Commission
ESLG:	Executive Safety Leadership Group	WRAP:	Workplace Risk Assessment Plan
GRI:	Global Reporting Initiative		
HACC:	Home and Community Care		
HEAT:	Home Energy Assessment Toolkit		
HIRAC:	Hazard Identification, Risk Assessment and Control		
HVAC:	Heating, Ventilation and Cooling		
IAP2:	International Association of Public Participation		
JP:	Justice of the Peace		
LED:	Light Emitting Diode		
LG:	Local Government		
LGIS:	Local Government Insurance Scheme		
MC:	Master of Ceremonies		
MCA:	Migration Council Australia		
MRA:	Metropolitan Redevelopment Authority		
NAIDOC:	National Aborigines and Islanders Day Observance Committee		
NDIS:	National Disability Insurance Scheme		
OSH:	Occupational Safety and Health		



Glossary

Activation: planning for a diverse range of activities in a location or precinct ensuring the needs of all potential users are met as part of their daily life.

Biodiversity: the variety of all living things including plants, animals and micro-organisms, their genes and the ecosystems of which they are a part.

Capital works: scheduled infrastructure works generally encompassing capital works for road, drainage and building assets.

Census: an official survey of the population of a country.

Cultural Development Fund: a City of Stirling grants scheme that provides access to funding to assist with the coordination of events and projects within the City.

Design WA: a state government initiative to ensure good design is at the centre of all development in Western Australia.

Digital literacy: the skills required to live, learn, and work in a society by communicating and accessing information through digital technologies.

Diversity: understanding that each individual is unique, and recognising our individual differences.

Environmental footprint: the measurement of the harmful effects of human activities on the environment.

Global Reporting Initiative: a leading not-for-profit organisation that has developed a comprehensive Sustainability Reporting Framework that is widely used around the world.

Kaleidoscope Initiative: a program aimed to help newcomers to the City of Stirling gain meaningful employment which then enables them to contribute their skills and experience to the local economy.

Landfill: sites for disposal of non-recyclable waste.

Local Planning Strategy: a guide for future decisions in relation to rezoning and funding for future services and infrastructure.

Ombudsman WA: An officer of the Western Australian Parliaments who investigates and resolves complaints relating to the decision making of government agencies, local government and universities.

Procurement: the act of obtaining or buying goods and services.

Stakeholder: individuals, groups or organisations interested in, impacted by or in a position to influence the City of Stirling's activities or objectives.

Stirling Business Centre: a co-working space where small businesses can operate from.

Streetscapes: the appearance or view of a street including footpaths, lighting, buildings and natural elements.

Sustainable: the ability to meet present-day needs without compromising the ability of future generations to meet their own needs.

Town Teams: groups formed by a local community to focus on the activation of a specific location.

Urban forest: a collection of trees that grow within a city, town or suburb.

Figures and tables index

Figures Index

Figure 1: Net operating result	38
Figure 2: Revenue, expenses and net operating result	39
Figure 3: Sourcing the City's revenue	39
Figure 4: Expenses by type	39
Figure 5: Expenditure by service cost centre budget 2019/20	40
Figure 6: Male and female apportionment (to first-tier supervisor level) at 30 June 2020	51
Figure 7: Employee turnover rate	51
Figure 8: Established workforce – age profile as at 30 June 2020	51
Figure 9: Workers' compensation claims lodged with Local Government Insurance Services	54
Figure 10: Key principles of stakeholder engagement	62
Figure 11: Overall community satisfaction	72
Figure 12: Satisfaction with the City's community events and cultural activities	79
Figure 13: Satisfaction with the City's libraries	83
Figure 14: Satisfaction with the City's sports and leisure facilities	85
Figure 15: Satisfaction with the City's beaches	86
Figure 16: Satisfaction with access to health and care services within the City	87
Figure 17: Satisfaction with the City's services for the elderly and the disabled	89
Figure 18: Satisfaction with the City's security patrols	93
Figure 19: Satisfaction with the City's graffiti management	94
Figure 20: Satisfaction with the City's ranger services	94
Figure 21: Satisfaction with the City's management of public parking	94
Figure 22: Value of commercial building permits issued	103
Figure 23: Satisfaction with services and facilities in local neighbourhoods	110
Figure 24: Satisfaction with the local neighbourhood overall	111
Figure 25: Satisfaction with the City's heritage management	112
Figure 26: Satisfaction with the City's provision and maintenance of roads	116
Figure 27: Satisfaction with the City's provision and maintenance of pedestrian ways	117
Figure 28: Satisfaction with the City's provision and maintenance of cycle ways	117
Figure 29: Satisfaction with the City's provision of public parking	117
Figure 30: Satisfaction with the City's provision of traffic calming and road safety	118
Figure 31: Satisfaction with the City's community buildings, halls and toilets	122
Figure 32: Satisfaction with the City's environmental management	128
Figure 33: Satisfaction with the City's waste management and recycling services	129

Figure 34: Municipal waste recovery	129
Figure 35: Construction and demolition waste recovery	130
Figure 36: Commercial and industrial waste recovery	130
Figure 37: City groundwater consumption	131
Figure 38: City scheme water consumption	132
Figure 39: Community water consumption	132
Figure 40: Energy demand trends	134
Figure 41: Solar energy	135
Figure 42: Greenhouse gas emissions	136
Figure 43: Fleet emission reductions	137
Figure 44: Satisfaction with the City's parks and reserves	140
Figure 45: Hand-pulled and mechanically slashed weeds	142
Figure 46: Conservation volunteer hours	143
Figure 47: Tree canopy cover	144
Figure 48: Significant canopy loss	144
Figure 49: Significant loss per land type	144
Figure 50: Million trees	145
Figure 51: Satisfaction with the way in which the residents are kept informed	158

Table Index

Table 1: Elected members' attendance at meetings	16
Table 2: Committee members	17
Table 3: Conference attendance	19
Table 4: Major projects	34 – 35
Table 5: Revenue budget	40
Table 6: Summary of the Statement of Financial Position	41
Table 7: Senior officers' remuneration	52
Table 8: Growth in online platforms	62
Table 9: Attendance at events	101
Table 10: Summary of key results	115
Table 11: Road traffic accidents	118
Table 12: Tree planting	145
Table 13: Annual compliance return issues	153
Table 14: Compliance with laws and regulations	153
Table 15: Mystery shopping results	156
Table 16: Community engagement on major projects	158

Diagram Index

Diagram 1: Organisation chart as at 30 June 2020	48
Diagram 2: Integrated Planning and Reporting Framework	70
Diagram 3: Balanced scorecard	72

Index

Access and Inclusion 21, 52, 88

- Accessibility 36, 64, 79, 80, 87, 88, 116, 137, 146, 161
- Aged care 36, 40, 55, 56, 77, 90, 113, 114
- Disability 36, 42, 53, 55, 56, 76, 77, 90, 88, 102
- Men's Shed 21, 34, 55, 83, 90, 122, 135

Activation 22, 24, 44, 45, 59, 63, 64, 76, 78 – 80, 94, 101, 104, 155

Animals

- Animal Care Facility 55, 93
- Registration 17, 93, 102

Arts and Culture

- Community Arts and Events Fund 32, 63
- Cultural Development Fund 32, 63
- Events 6, 13, 20, 24, 28, 32, 36, 40, 52, 56, 58, 60, 62 – 64, 78 – 80, 82, 83, 88, 91, 92, 97, 100, 101, 110, 118, 133, 141, 143, 146, 157
- FRINGE WORLD Festival 24, 58, 64, 101
- Markets 33, 63, 64, 78, 100, 101
- Sunset Veranda 6, 21, 24, 33, 36, 58, 60, 63, 101

Asset management 17, 67, 116, 117, 120 – 122, 160, 163

Awards 22, 24, 33, 57 – 59, 80, 83, 111, 112, 124, 138

- Awards and recognition 58

Budget 30, 36, 40, 71, 72, 76, 77, 84, 85, 96, 104, 120, 154, 157, 160, 162

- Budgeted 38, 40

Communications

- Digital 15, 22, 37, 44, 60, 62, 82, 83, 100, 102, 104, 156, 157, 164
- Publications 5, 60
- Social media 14, 62, 83, 91, 95, 96, 100, 104, 112
- Website 2, 7, 16, 17, 18, 42, 44, 60, 64, 71, 79, 83, 96, 103, 149, 152, 157, 164

Community 1, 5 – 7, 16, 17, 21, 22, 24, 26, 30, 32 – 34, 36 – 38, 41, 42, 44, 45, 48, 50, 55 – 57, 59, 60, 62 – 64, 66, 69 – 72, 74 – 79, 83 – 85, 88 – 95, 97, 100, 102, 103, 105, 110, 116, 117, 120, 122, 125, 128, 131, 132, 135, 140, 141, 146, 152, 154 – 156, 158, 160, 162 – 165

Community Engagement 12, 62, 71, 110, 113, 164

- Community consultation 12 – 14, 71, 87, 115, 128, 134, 141
- Community satisfaction 28, 72, 78, 112, 122, 128, 129, 131, 140
- Engagement 12, 27, 30, 31, 44, 50, 59, 60, 62, 71, 78, 85, 89, 92, 95, 110, 113, 114, 131, 155, 158, 161, 164
- Stakeholder 50, 59, 62, 83
- Stakeholders 7, 24, 30, 31, 42, 54, 59, 60, 62, 71, 80, 86, 93, 111, 131, 147, 154, 157, 160, 164
- Your Say 7, 62, 157, 158

Community Hubs 42, 56, 78, 83, 89

Corporate Governance 65, 152

- Code of Conduct 51, 65
- Compliance 17, 65, 66, 72, 87, 94, 113, 115, 152, 153
- Delegations 18
- Governance 5, 7, 17, 18, 24, 40, 65, 74, 131, 147 – 149, 152 – 154, 156, 160, 163
- Internal audit 17, 66
- Procurement 54, 65, 108, 135, 137, 138, 148, 153
- Statement of Business Ethics 65

Customer Service 6, 31, 52, 63, 66, 72, 76, 96, 103, 106, 113, 126, 147 – 149, 156, 158

- Complaints 18, 65
- Continuous improvement 51, 63, 160, 161
- Customer feedback 27, 63
- Customer Service Charter 27, 63
- Customer satisfaction 49, 63

Democracy 10, 152

- Election 9, 10, 17, 60, 153, 155

Development 6, 17, 22, 24, 27, 37, 41, 45, 48, 52, 53, 60, 64, 70, 71, 78, 85 – 89, 96, 98, 102, – 105, 107, 110 – 115, 120, 122, 127, 129, 141, 145, 146, 150, 155, 157, 158, 161, 163, 164

- Design Review Panel 114

Economy 24, 27, 30, 31, 44, 45, 80, 100, 102, 103

- Business 22, 42, 44, 45, 50, 53, 58, 65, 66, 70 – 72, 76, 83, 98, 102, 103, 107, 108, 114, 127, 149, 155, 160, 162, 163
- Employment 26, 44, 45, 51, 52, 56, 80, 97, 102, 110
- Investment 41, 44, 45, 62, 67, 78, 82, 84, 102, 103, 110, 120, 122, 137, 138, 154, 163

Environment and sustainability 126

- Emissions 24, 127, 128, 134 – 138
- Greenhouse gas emissions 128, 134 – 137

Events

- 6, 13, 20, 24, 28, 32, 36, 40, 52, 56, 58, 60, 62 – 64, 78 – 80, 82, 83, 88, 91, 92, 97, 100, 101, 110, 118, 133, 141, 143, 146, 157

Executive team 24, 44, 53, 66, 72, 160

- Profiles 1, 12, 49
- Remuneration 52

Expenditure 15, 38 – 40, 67, 72, 108, 120, 121, 163

Finance 17, 50, 137

- Capital expenditure 67, 72, 108
- Expenditure 15, 38, 39, 40, 67, 72, 108, 120, 121, 163
- Financial management 10, 14, 41, 50, 66
- Financial Position 41
 - Reserves 41, 44, 162
- Revenue 36, 38 – 40, 72, 76, 85, 86, 98, 106, 122, 126, 148, 162
- Surplus 41, 162, 163

Fleet 35, 48, 137, 148

Freedom of Information 65, 152

Global Reporting Initiative (GRI) 5

Graffiti 92, 93, 94

Grants 24, 36, 37, 39, 40, 78, 87, 94, 101 – 103, 111, 118

History 3, 56, 75, 82, 83, 96, 104, 111, 124

- Aboriginal history 29
- Heritage 21, 29, 83, 104, 110 – 113, 124
- Museum 56, 79, 82, 83, 165

Infrastructure 22, 24, 37 – 39, 41, 44, 58, 67, 74, 85 – 88, 95, 102, 103, 105, 106, 110 – 112, 116, 118, 120, 131, 132, 138, 154, 155, 160, 163

Capital works program 45, 71
Cycle ways 45, 102, 116, 117
Drainage 7, 35, 39, 40, 41, 116 – 118, 120, 133, 163
Footpaths 7, 22, 35, 39, 45, 101, 116, 117, 138
Parking 66, 76, 85, 87, 94, 95, 104, 105, 107, 111, 112, 116, 117
Playgrounds 42, 140
Redevelopment 49, 63, 79, 80, 85 – 87, 96, 100, 102, 103, 107, 108, 121, 122, 138
Roads 28, 35, 36, 39, 41, 105, 108, 116, 117, 118, 120, 138, 140, 144, 154, 163
Streetscape 56, 63, 64, 77, 79, 101, 105, 124 – 127, 140, 145
Transport 17, 22, 36, 56, 67, 80, 89, 90, 98, 103, 105, 106, 111, 116 – 118, 120, 135 – 138, 163

Justice of the Peace 56, 82

Libraries 6, 20, 28, 36, 37, 40, 42, 76, 77, 79, 82, 83, 102, 165

Books on Wheels 55, 57, 80
Little libraries 64, 90, 101

Organisational structure 5, 48, 71

Business unit 36, 44, 48, 51, 53, 54, 62, 66, 86, 88, 158, 161
Directorate 17, 48, 53, 160

Parks and reserves 83, 92, 140, 143

Parks 17, 28, 34, 40, 45, 48, 83, 92, 100, 120, 126, 127, 140, 143, 145, 163
Public open space 14, 15, 64, 86, 101, 105, 127, 131, 140, 144
Regional Open Space 34, 37, 85
Reserves 28, 34, 37 – 39, 83, 92, 100, 126, 127, 136, 140 – 143, 145, 162

Performance 5, 6, 10, 16, 17, 27, 40, 49, 51 – 54, 63, 67, 69 – 72, 74 – 76, 97, 98, 105 – 107, 121, 125 – 127, 143, 147 – 149, 153, 160 – 162

Framework 5, 10, 17, 62, 66, 88, 107, 111, 113, 163

Asset Management Framework 67, 163
Governance Framework 147
Integrated Planning and Reporting Framework 1, 69, 70, 72, 160 – 162
Multicultural Framework 22, 58, 88, 89
OSH Framework 53
Performance Evaluation and Reporting Framework 160
Risk Management Framework 17, 54, 66
Reporting 5, 18, 41, 49, 58, 60, 62, 66, 71, 72, 88, 92, 118, 121, 135, 137, 145, 158, 160 – 162
Youth Framework 24, 58, 59, 88, 91

Planning Scheme 103, 106 – 108, 110 – 113, 115

Plans 24, 27, 59, 66, 70, 71, 76, 77, 83, 86, 87, 88, 94, 98, 103, 105, 107, 108, 110, 112, 120, 127, 128, 138, 141, 149, 150, 152 161

Access and Inclusion Plan 52, 88
Arts and Events Plan 78
Asset Management Plans 67, 70, 71, 120, 162, 163
Better Suburbs Development Contribution Plan 110
Bike Route Development Plan 108
Careniup Reserve Master Plan 158
Corporate Business Plan 5, 6, 66, 70 – 72, 76, 83, 98, 107, 108, 127, 149, 160, 162, 163
COVID-19 Community Recovery Action Plan 42
Drainage Asset Management Plan 120
Emergency Management Plan 42
Energywise City Plan 127
Financial Plan 38, 70, 71, 121, 162

Fleet Emissions Reduction Action Plan 137
Hamer Park Masterplan 85
Herdsman Glendalough Structure Plan 107, 111, 115
Human Epidemic (Pandemic) Management Plan 42
Local Development Plan 107, 158
Local Structure Plan 114
Long-Term Financial Plan 70, 71, 121, 162
Mirrabooka Activity Centre Plan 111
Mount Lawley Streetscape Study Implementation Plan 101
Public Health Plan 87, 158
Public Open Space Implementation Plan 77
Reconciliation Action Plan 88
Record Management Plan 65
Return to Work Plan 44
Risk Management Plan 66, 152
Sport and Recreation Facilities Plan 77, 127
Stirling City Centre Structure Plan 103
Strategic Community Plan 1, 5, 6, 24, 38, 66, 69, 70 – 75, 78, 84, 88, 92, 97, 100, 102, 105, 110, 116, 120, 125, 128, 131, 140, 152, 154 – 156, 160, 162, 163
Strategic Information Management Plan 70
Sustainable Energy Action Plan 24, 134, 138, 158
Urban Forest Plan 127, 140, 143
Workforce Plan 52, 70, 71, 149, 160 – 162
Workplace Risk Assessment Plan 54

Policy 16, 24, 58, 62, 111, 129, 138, 152 – 155, 161

Art Collection Policy 80
Asset Management Policy 67, 163
Community and Stakeholder Engagement Policy 7, 62, 158, 164
Development Policy 17, 145
Elected Member Continuing Professional Development Policy 17
Information Management Policy 65
Investment Policy 137
Local Planning Policy 110
Local Planning Scheme Parking Policy 107
Procurement Policy 138
Risk Policy 66
Traffic Management Policy 116
Trees and Development Policy 145
Waterwise Verge Policy 131

Population 7, 9, 28, 58, 67, 72, 77, 78, 87, 88, 95, 110, 140, 142, 154, 160

Migrants 22, 36, 44, 58, 76, 83, 89, 155
Newcomers 6, 58, 80, 88, 89
Nyoongar 3, 29
Ratepayers 10, 24, 31, 39, 40 – 42, 44, 45, 60, 102, 104, 111, 162
Wadjak 3, 29

Projects 58 – 60, 62 – 64, 70 – 72, 76, 83, 90, 92, 98, 101, 103, 106, 107, 114, 115, 120, 122, 127, 130, 132, 133, 138, 142, 143, 144, 148, 149, 154, 155, 157, 158, 160, 162 – 164

Better Suburbs project 24, 107, 110
Scarborough Beach redevelopment project 49
Small-Business-Friendly Approvals project 6, 22, 24, 103, 114
Stephenson Avenue extension project 7, 22, 24, 103, 118, 122, 154
Stirling City Centre project 22, 103, 118, 154, 155

Rates 38 – 40, 65, 89, 102, 117, 129, 138, 149, 150

Service charges 39

Recreation and leisure 17, 42, 84 – 86, 88

Aquatic 6, 45, 84, 86, 102, 122, 131, 134 – 136, 155, 165

Beaches 57, 59, 86, 142

Scarborough 12, 13, 22, 24, 32 – 36, 49, 55, 57 – 59, 63, 64, 78 – 80, 82 – 84, 86, 91, 95, 100, 101, 103, 118, 121, 122, 134, 135, 142, 154, 165

Sports 6, 34, 37, 84, 85, 86, 122, 131, 132, 140

Stirling Leisure Centres 6, 34, 45, 84, 86, 87, 89, 102, 122, 134, 135, 155, 165

Risk management 17, 65, 66, 71

Safety 17, 36, 52 – 54, 63, 66, 72, 75, 83, 84, 86, 87, 90, 92 – 95, 116 – 118, 141, 148, 152

eSafety 83

Strategy 5, 53, 59, 66, 77, 100, 104, 110, 112, 120, 137, 154, 155

Age-Friendly Strategy 88, 89

Asset Management Strategy 67, 163

Better Suburbs Strategy 107, 112

Biodiversity Strategy 142

Coastal Zone Management Strategy 59

Economic and Tourism Development Strategy 98, 102, 103, 158

Heritage Management Strategy 111, 124

Integrated Cycle Strategy 117

Local Planning Strategy 24, 71, 107, 108, 110 – 112

Main Street Urban Design Strategy 107, 111, 112

Mirrabooka Regional Improvement Strategy 108

Mobility Strategy 120

Property Strategy 122

Rights of Way Management Strategy 108

Social Strategy 77

Social Planning Strategy 76

State Sustainability Strategy 110

Tree Canopy Strategy 118

Urban Forest Strategy 24

Waste Avoidance and Resource Recovery Strategy 129

Western Australian Waste Strategy 129, 130

Sustainability 2, 5, 7, 17, 27, 38, 49, 70, 71, 82, 105, 121, 125, 126, 128, 137, 138, 140, 141, 160, 162

Tender 54, 118, 138

Tourism 22, 97, 98, 100, 101 – 103, 155

Trees 7, 22, 28, 56, 65, 118, 126, 138, 140, 141, 143 – 146

Canopy cover 24, 140, 141, 143, 144

Street trees 7, 24, 34, 56, 141, 145

Values 26, 51, 59, 65, 71, 137, 147, 161, 163

Accountability 17, 24, 27, 65, 72, 152, 160

Community participation 26, 58, 59, 153

Diversity 3, 14, 26, 27, 52, 58, 59, 75, 78, 88, 101, 154, 164

Environment 7, 24, 27, 51, 59, 66, 74, 87, 92, 96, 100 – 102, 105 – 107, 110, 113, 116 – 118, 120, 124 – 128, 131, 140, 143, 150, 156, 165

Integrity 17, 26, 65

Respect 3, 26, 61

Volunteers 6, 7, 24, 37, 42, 55 – 57, 59, 80, 82, 90, 141 – 143

Volunteering 42, 55

Waste 7, 17, 24, 28, 39, 40, 41, 58, 87, 125 – 130, 135, 137, 138, 141

Landfill 7, 24, 28, 58, 83, 129, 130, 138

Recycling Centre Balcatta 58, 102, 127, 130, 138, 165

Water 7, 24, 29, 56, 67, 104, 125, 128, 130 – 133, 135, 137, 138, 141

Groundwater 118, 131, 132

Stormwater 116, 163

Waterwise 131 – 133, 141

Workforce 14, 42, 44, 50 – 52, 70, 76, 160, 161, 163

Leadership 10, 27, 48, 52, 53, 59, 67, 147, 161

Performance Review 16, 17, 51, 53, 54, 153, 161

Recruitment 52, 88, 161

Training 17, 37, 53, 54, 57, 65, 80, 82, 83, 90, 91, 97, 114, 152, 153

Years of service 52

Working group 112, 161

City facilities

Administration Centre

25 Cedric Street, Stirling
(08) 9205 8555

Animal Care Facility

15 Natalie Way, Balcatta
(08) 9205 7120

Hamersley Golf Course

102 Marmion Avenue, Karrinyup
(08) 9447 7137

Henderson Environment Centre

16 Groat Street, North Beach
(08) 9205 8555

Multicultural Centre

38 Ashbury Crescent, Mirrabooka
(08) 9205 7320

Mount Flora Museum

Elvire Street, Watermans Bay
(08) 9205 8555

Operations Centre

16 Natalie Way, Balcatta WA
(08) 9205 8555

Recycling Centre Balcatta

238 Balcatta Road, Balcatta WA
(08) 9205 8555

Stirling Community Centres

There are 15 community centres in the City of Stirling, which provide residents with a range of hire facilities, as well as several ongoing community educational and recreational programs.

Most community centres are home to autumn clubs or seniors' clubs that use the centres as their bases. These clubs encourage active ageing by offering a supportive environment to socialise.

Visit www.stirling.wa.gov.au/venuehire for more information.

Stirling Leisure Centres

Hamersley

Belvedere Road, Hamersley
(08) 9205 7600

Herb Graham – Mirrabooka

38 Ashbury Crescent, Mirrabooka
(08) 9205 7320

Karrinyup

2 Nerita Way, Karrinyup
(08) 9345 8555

Leisurepark – Balga

Princess Road, Balga
(08) 9205 7340

Scarborough

Scarborough Community Hub
173 Gildercliffe Street, Scarborough
(08) 9205 7490

Scarborough Beach Pool

171 The Esplanade, Scarborough
(08) 9205 7560

Terry Tzyack Aquatic Centre – Inglewood

62 Alexander Drive, Inglewood
(08) 9205 7720

Stirling Libraries

Dianella

Waverley Street, Dianella
(08) 9205 7740

Inglewood

Inglewood Town Square,
895 Beaufort Street, Inglewood
(08) 9205 7700

Karrinyup

Davenport Street, Karrinyup
(08) 9205 7400

Mirrabooka

Mirrabooka Community Hub,
21 Sudbury Road, Mirrabooka
(08) 9205 7300

Osborne

Osborne Community Hub,
9 Royal Street, Tuart Hill
(08) 9205 7900

Scarborough

Scarborough Community Hub,
173 Gildercliffe Street, Scarborough
(08) 9205 7420

