

Electors' General Meeting

14 December 2016

Minutes



Members of the public who attend Council meetings should not act immediately on anything they hear at the meetings, without first seeking clarification of Council's position. Persons are advised to wait for written advice from the Council prior to taking action on any matter that they may have before Council.

Agendas and Minutes are available on the City's website www.kwinana.wa.gov.au

Vision Statement

Kwinana 2030

***Rich in spirit, alive with opportunities,
surrounded by nature – it's all here!***

Mission

**Strengthen community spirit, lead
exciting growth, respect the environment
- create great places to live.**



We will do this by –

- providing strong leadership in the community;
- promoting an innovative and integrated approach;
- being accountable and transparent in our actions;
- being efficient and effective with our resources;
- using industry leading methods and technology wherever possible;
- making informed decisions, after considering all available information; and
- providing the best possible customer service.

Values

We will demonstrate and be defined by our core values, which are:

- Lead from where you stand – Leadership is within us all.
- Act with compassion – Show that you care.
- Make it fun – Seize the opportunity to have fun.
- Stand Strong, stand true – Have the courage to do what is right.
- Trust and be trusted – Value the message, value the messenger.
- Why not yes? – Ideas can grow with a yes.

Present:

DEPUTY MAYOR PETER FEASEY
CR R ALEXANDER
CR W COOPER
CR S LEE
CR B THOMPSON
CR D WOOD

MS J ABBISS	-	Chief Executive Officer
MS C MIHOVILOVICH	-	Director City Strategy
MS M BELL	-	Corporate Lawyer
MR E LAWRENCE	-	Director Corporate and Engineering Services
MRS B POWELL	-	Director City Living
MS A MCKENZIE	-	Council Administration Officer

Members of the Press	0
Members of the Public	1

1. Welcome

The Presiding Member declared the meeting open at 6:30pm and welcomed Councillors, City Officers and gallery in attendance.

2. Apologies/Leave of Absence:**Apologies**

Mayor Carol Adams
Councillor Sheila Mills

Leave(s) of Absence (previously approved):

Nil

3. Receiving of the Annual Report for 2015/2016**3.1. The Mayor's Report:**

Deputy Mayor Peter Feasey presented the Mayor's report for the year ended 30 June 2016.

It is with great pleasure that I introduce the City of Kwinana's 2015/16 Annual Report and to reflect on the events and achievements of the last 12 months.

3.1 THE MAYOR'S REPORT CONTINUED

It has been a busy year as usual at the City and we're proud to have delivered some wonderful outcomes and upgrades to assist our residents.

Not least of these is of course the Kwinana Adventure Park – the largest infrastructure project in our recent history. I have to admit, despite being privy to the plans and process, even I was overwhelmed by the final outcome of this \$5.2million project that will be enjoyed for years to come by our local families and those from surrounding areas. We're proud to be able to bring such a remarkable space to our community and we hope you and your family will make some great memories at the park.

Kwinana is also growing in terms of population, houses, commercial real estate and infrastructure. Just this year we welcomed WA's first Aldi and confirmed that Coles will be taking up tenancy in the Kwinana Marketplace. Attracting retailers of this calibre can only be good news for our residents, giving them more options and competitive pricing.

Our advocacy efforts have also been plain to see with the Indian Ocean Gateway, a project focussed on gaining commitment for an Outer Harbour in Cockburn Sound, growing in momentum. In terms of Kwinana's economic future, very few initiatives will even come close to matching this.

I would like to extend my gratitude to those who have worked closely with the City of Kwinana in the last financial year. Thank you to our local politicians, to our stakeholders, to my fellow Councillors, our Chief Executive Officer and her hardworking Executive team and all the staff at the City for working alongside me and continuing to demonstrate sound and responsible leadership.

Our community focus, driven by a strong and committed Council has been a successful partnership for the City and I'm honoured to work closely with this group of people who are truly working towards a better future for the City.

Carol Adams,
Mayor of Kwinana

3.2 The Chief Executive Officer's Report:

The Chief Executive Officer, Joanne Abbiss presented the Chief Executive Officer's report for the year ended 30 June 2016.

The City of Kwinana continues to evolve and is proving to not only be a desirable place to live, but also a great place to do business and now, with the new Kwinana Adventure Park, it's a great tourist destination too.

As you read through this Annual Report, you'll see just how much your City has achieved in the last year, yet this is just a snapshot of all the projects we've been working hard to achieve on a day to day basis.

3.2 THE CHIEF EXECUTIVE OFFICER'S REPORT CONTINUED

City staff have been focussed on continuing to transform the organisation to ensure the broadest range of high quality services are provided at the lowest possible cost to meet community needs. In response to customer surveys, this year the City Assist service was introduced, giving 24 hour a day, 7 day a week ranger and security patrols to our community. Given feedback from residents about how important the environment is to them, the City has also allocated additional resources to the care of our natural reserves by taking a critical look at how better value can be achieved for our expenditure in this area.

Initiatives such as larger recycling bins have also been implemented, lower cost waste services have been negotiated and a new program known as place management has been developed which will see each unique community throughout the City create place plans for the activities and projects they would like to see happen in their areas.

The City's management team has been able to do this through dedicating significant time to strategic financial planning and creating a workplace where the culture is focussed on asking "Why not yes?" and staff are motivated and empowered to drive performance improvements.

With our continued hard work and committed workforce, our strong future will continue, guided by the community's wants and needs.

I'm proud of how the City keeps progressing. We're once again one of the fastest growing local governments in not just Western Australia but throughout the nation, and I'm honoured to help lead this team and community into a bright future.

Of course this rapid growth brings with it a unique mixture of challenges, particularly in areas such as service provision and infrastructure development - it certainly makes the task of balancing priorities all the more critical. However, thanks to an excellent team and a set of ever-improving processes, the City continues to handle this task with maturity and creativity.

Thanks must be extended to my Executive team and to all staff at the City of Kwinana for ensuring we remain on a trajectory of efficiency and enhancement in all that we do.

It's indisputable that the past decade has seen Kwinana undergo some of the most significant changes in its history. The 2015/16 year has been no exception and I have every confidence that positive change will continue to flow throughout the community for many years to come.

Joanne Abbiss
Chief Executive Officer

4. General Business

4.1. Questions by Electors:

Nil

5. Meeting Closure

The Deputy Mayor took the opportunity to sincerely thank all in attendance for taking the time to attend tonight's Electors' General Meeting.

The Deputy Mayor declared the meeting closed 6:35pm.

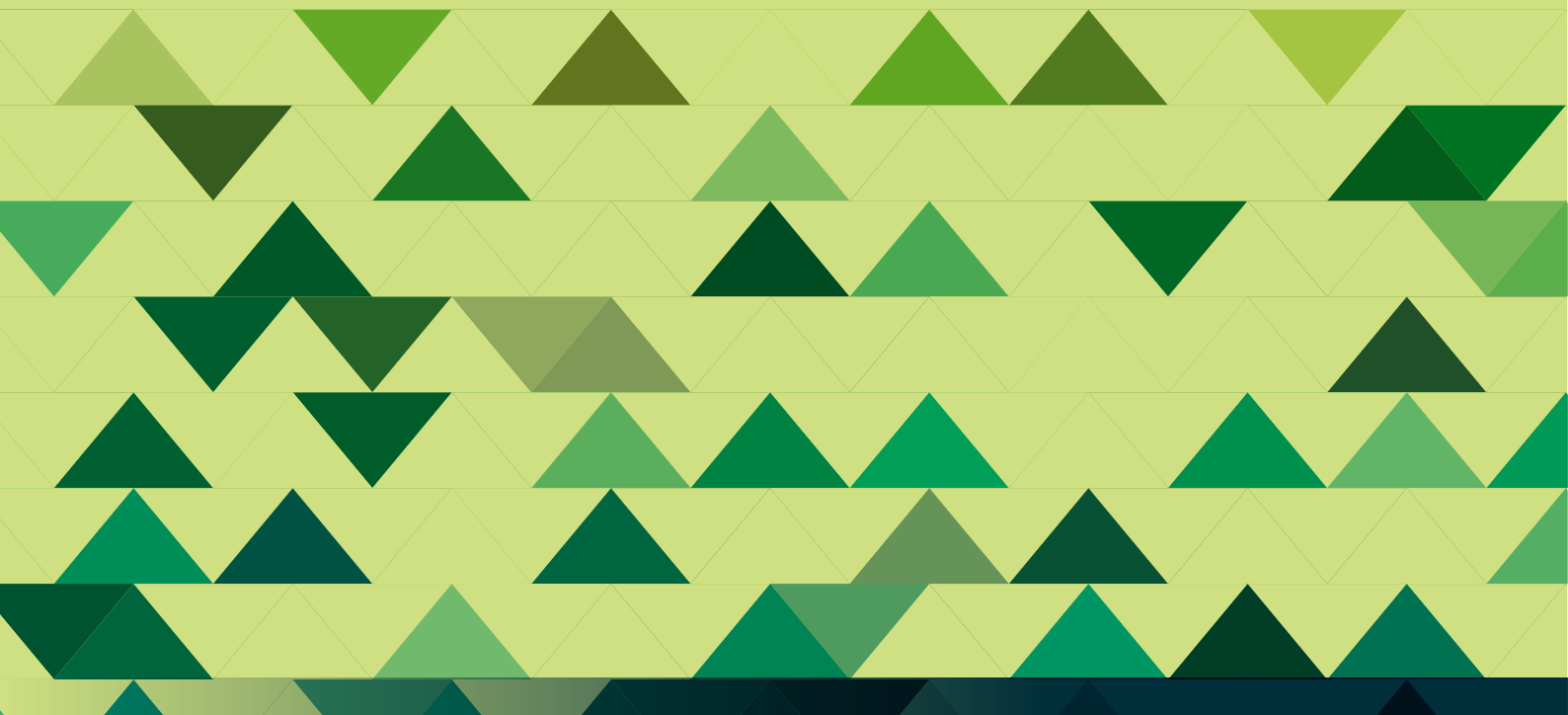
Chairperson: _____ 18 January 2017

ANNUAL REPORT 2015/16



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Mayor's Report



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Not least of these is of course the Kwinana Adventure Park – the largest infrastructure project in our recent history. I have to admit, despite being privy to the plans and process, even I was overwhelmed by the final outcome of this \$5.2million project that will be enjoyed for years to come by our local families and those from surrounding areas. We're proud to be able to bring such a remarkable space to our community and we hope you and your family will make some great memories at the park.

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**Carol Adams,
Mayor of Kwinana**



CEO Message

The City of Kwinana continues to evolve and is proving to not only be a desirable place to live, but also a great place to do business and now, with the new Kwinana Adventure Park, it's a great tourist destination too.

As you read through this Annual Report, you'll see just how much your City has achieved in the last year, yet this is just a snapshot of all the projects we've been working hard to achieve on a day to day basis.

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Joanne Abbiss
Chief Executive Officer



City Living

This directorate is responsible for delivering important services to the community as well as being focused on employing strategies that build and enhance the strong communities that already exist here in Kwinana.

Community Centres

William Bertram Community Centre

Hireable spaces at William Bertram Community Centre have proven popular with a number of regular hirers such as karate, dance classes and small business forums to name a few. Programs coordinated by the City were also well attended including after school activities, baby and toddler rhyme time, school holiday programs and a group for seniors.

A Bertram Community Playgroup was established and supported crèche craft activities. Bookings for community celebrations were also popular with a number of first birthday parties and a wedding reception being held at the Centre.

The Centre is popular for community celebration events and both the Centre's birthday and Neighbour Day were well attended and enjoyed by locals.

Darius Wells Library and Resource Centre

Entering its third year, the Darius Wells Library and Resource Centre (DWLRC) is now a well-established community hub in central Kwinana. All areas of the Centre are well used with a range of programs, activities and events on offer throughout the year.

Hireable spaces have been well used on a daily basis for meetings, celebration events, training and community programs. The community lounge is a popular meeting spot for community members, regular business meetings, parent groups and even a knitters' circle. The community agencies located in the DWLRC provided valuable services including job search assistance, counselling, early childhood development support, education and skills building workshops, migrant support, family and relationship counselling and legal advice.

Community participation in events and activities in Chisham Square – just outside the DWLRC – continued to increase. The summer movie nights, 80's disco and after school games were popular with families. The school holiday Science Extravaganza

event was an overwhelming success with Scitech, International Centre for Radio Astronomy Research, UWA International Robogals and special guest, former Chief Scientist of WA, Professor Lyn Beasley all participating.

John Wellard Community Centre

Bookings and programs at the John Wellard Community Centre also continued to be popular. A range of regular programs are well established with the continuation of yoga, Pin It Made It, Kwinana Toastmasters, Wellard Residents Association, Wellard Ladies over 60 Group, Boogie Babes, school holiday programs, sewing and a number of church groups, all attracting excellent participation from members of the community.

A community barbecue event was held on 24 October to celebrate the Centre's birthday and Safety Month. The event was a great success with over 250 people attending.

Community Centres' Crèche

The Community Centres' crèche service continued to grow in 2015/16 with the introduction of a pop-up crèche at William Bertram Community Centre.

Services also continued at Toddler Town Crèche (Darius Wells Library and Resource Centre) and John Wellard Community Centre. The three crèches provided over 3,000 child places across the year, which allowed parents to access services and programs on offer at the three centres.

Arts, Culture and Community Events

The City presented a comprehensive program of community events in 2015/16, including Australia Day celebrations, Alcoa Children's Party, PETScapade – The Village at Wellard, Kwinana Festival Fair Day, NAIDOC Week celebrations, Act-Belong-Commit Sunset Fiesta and Act-Belong-Commit Our Heritage.

PETScapade, presented in partnership with Peet Ltd, was a fun-filled event for pet lovers of all ages, held on 11 October 2015. It promoted healthy lifestyles and physical activity, encouraging residents to be active through walks and games with their pets. The 2015 event offered a unique opportunity for residents to meet specialised service providers, learn from the City Assist team about the responsibilities of pet ownership and access discounted micro-chipping.

Alcoa Children's Party, held on 27 October 2015 during Children's Week, was the biggest day out for kids under five in Kwinana. Activities included an animal farm, aqua bumper boats, Ausdance fun, bouncy castles, a cardboard city, face painting, a merry go-round, racing cars and a chill-out zone for parents.

Kwinana Festival Fair Day, Kwinana's biggest annual event, was held on 31 October 2015. The Festival provided a full day of live entertainment, free children's rides (supported by the Kwinana Industries Council), a Healthy Stadium (supported by BHP Billiton) and fresh food. The 2015 Festival attracted record attendance, with more than 6,000 visitors.

Act-Belong-Commit Sunset Fiesta, held on 21 March 2016 during Harmony Week, celebrated multiculturalism with an evening of international food, music and dance on the grassy knoll of Centennial Park in Bertram. The 2016 event featured a variety of unique and culturally-diverse acts including Mitchell (Fingers) Cullen, Gina Williams and Hula Magic.

Act-Belong-Commit Our Heritage, held on 15 May 2016 during Australian Heritage Week, celebrated Kwinana's rich history with a day of cultural entertainment, activities and learning opportunities at Sloan's Reserve. Activities included a treasure hunt, community planting, and old-fashioned games. Families could also visit an animal farm, get involved with a community garden, or just sit back and relax while immersed in the acoustic delights of the Littlest Fox.

Exhibitions

The City presented a number of art exhibitions at the Darius Wells Community Centre in 2015/16, including:

- ***Answering the Call*** - a multimedia exhibition commemorating the Centenary of ANZAC and its legacy, including Australia's participation in war and peacekeeping missions around the world;
- ***I am in love all my life*** - by Iranian artist Mrs Fatemeh Sharifi. This exhibition included a small gathering of quotes that the artist created from her readings of the classic Persian poets.
- ***Albert Windie Art Exhibition*** - an annual exhibition presenting work by local Aboriginal artists.



Neighbour Day Events

On Sunday, 3 April, the City celebrated Neighbour Day with a number of well attended community events coordinated by local groups, with funding and support from the City.

Community events were held in Wellard, Wandi, Medina, Parmelia, Casuarina and Bertram. Smaller street events were also held across the City.

Lolly Run

This is a unique event associated with Kwinana, reflecting the generous spirit of our community for over 50 years. On Christmas morning, 150 community members volunteered to ensure every child in every home in Kwinana received a visit from Santa with 10,500 lolly bags distributed.

Seniors' Christmas Party

The Seniors' Christmas Party continues to be a highlight on the events calendar for many older residents in the community. This event was attended by 120 residents and was held at the Thomas Kelly Pavilion in Medina.

Koorliny Arts Centre

The City undertook a review of the Koorliny Arts Centre in 2015/16. The Centre, built in 1990, is a major performing arts venue presenting more than 100 performances annually to upwards of 30,000 attendees. Implementation of the review's recommendations will ensure the Centre continues to meet community expectations into the future and these recommendations include the re-activation of the Koorliny Amphitheatre, which will be a focus in 2016/17.

The Koorliny Arts Centre is firmly committed to offering this community a variety of opportunities to engage in the arts, both visual and performing. The resident dance school, Instep Performance Academy and the Wellard School of Music offer classes for all ages from three years to adults. Seniors are well catered for with monthly Morning Melody Concerts proving to be a favourite and local artists get together every week to hone their skills and encourage one another.

All in-house and entrepreneurial productions exceeded box office expectations and combined with the professional touring season, Koorliny saw significant benefits in terms of new and repeat patron attendance and greater community recognition of the Centre.

The professional touring season continued to grow during the year and Koorliny was delighted to present professional works for all ages. Thanks to its growing reputation in the Perth theatre community, Koorliny has also been increasingly successful in attracting a wider audience from all over the metropolitan area and beyond, people who would never have thought to come to Kwinana are now becoming regular patrons and performers and are appreciating all that this City has to offer.

Koorliny was also the proud recipient of the Yvonne Hough-Neilson Memorial Award for continued excellence at the ITA Finley Awards for 2015.



Community Engagement

Community Engagement Policy

In 2015/16, Council adopted a Community Engagement Policy, which commits to undertaking community engagement actions for initiatives. Community engagement is based on the belief that those who are affected by a decision should have an opportunity to be involved in the decision-making process. It promotes sustainable decisions by recognising and communicating the needs and interests of all participants.

As part of the City's new community engagement initiatives, the website, WhatsOnKwinana.com, was developed to inform residents of upcoming events and activities in the area, and two-way SMS messaging was introduced to notify and consult with residents about a range of issues.

Other new initiatives included:

- quarterly community workshops and networking sessions to build the capacity and networks of local community groups and services; and
- weekly live entertainment by the Wellard train station in summer where City officers engaged with residents in relation to City facilities and services.

Community Wellbeing Survey

In April 2016, the City administered a community wellbeing survey to 4,000 households in order to better understand and address local community needs. The report identified several priority areas, including: building local pride, strengthening sense of belonging, improving general health, encouraging residents to review household spending patterns, reducing fast-food consumption, increasing physical activity and encouraging greater adoption of active transport solutions.

Workshops were subsequently organised with City staff, community groups and services to devise a strategic cross-sector response to these needs.



Connecting Community for Kids Program

The Partnership Forum Early Years Working Group, of which the City is a founding member, launched the Connecting Community for Kids (CCK) program in 2015/16 with an investment of \$2 million from the Woodside Development Fund.

The CCK program aims to improve the level of physical, social, emotional, communication and language development of children in Kwinana and Cockburn. It will enable the partners involved in the project to identify gaps and duplication of effort to ensure delivery of services for young children is targeted and relevant. The program is a significant example of the government and community services sector working with private industry to deliver a substantial project.

Homelessness Policy

In 2015/16 Council adopted a Homelessness Policy, which articulates Council's commitment to addressing homelessness in Kwinana. In accordance with this Policy, the Community Engagement team engaged with people experiencing homelessness and provided referral to services for accommodation, mental health counselling, financial counselling and employment assistance.

Disability Access and Inclusion

Through the Access and Inclusion Working Group, the City strives to ensure people with a disability have the same opportunities as others in the community. This includes access to services, programs and opportunities for employment.

Newly-built centres are universally accessible and each year the City upgrades parks by replacing play equipment at the end of its life to improve access and inclusion. Connecting pathways are installed to assist access to seating and play areas and the City was also able to provide Auslan interpretation for better access to local services.

The City continues to hold bi-monthly meetings of the Access and Inclusion Working Group where members of the community provide advice on access and inclusion issues affecting the community. Individual issues are raised with the Working Group, which the City seeks to resolve in partnership with local stakeholders. Having large print books and talking cassettes available at the library, providing a floatable wheel chair for disability access at Wells Park, offering a wheelchair for participants at the Darius Wells Library and Resource Centre, offering the SAIL swimming program from the Kwinana Recquatic and using access and inclusion tools to plan events, all add to our commitment to community inclusion.

As per Regulation 8(b) of the Disability Services Regulations 2004, the City has implemented the following strategies to inform its agents and contractors of the Disability Access and Inclusion Plan.

- All tenders and Request for Quote (RFQ) documents include a copy of the City of Kwinana Disability Access and Inclusion Plan or, at a minimum, provide a link to download the Plan.
- Contractors are required to agree to comply with the City of Kwinana Disability Access and Inclusion Plan as part of the compliance criteria assessment undertaken by the City.
- A template is included within the City's documentation to assist contractors in reporting how they have complied with the Disability Access and Inclusion Plan.

Kwinana Volunteer Centre

The Kwinana Volunteer Centre continues to encourage and assist residents to connect to their community through volunteering.

The City of Kwinana facilitated its annual Volunteer Thank You event during National Volunteer Week, as well as offering a range of learning and development workshops for volunteers and community organisations that involve volunteers.

The Kwinana Volunteer Centre also consulted with 765 individuals looking for volunteer opportunities and 75 community groups or not-for-profit organisations were registered with the Centre.

Community Development Fund

In 2015/16, the Community Development Fund supported seven community organisations in buying sporting equipment for junior sporting clubs and implementing community activities and programs such as the development of a sustainable food forest, a women's health open day and the Paint the Town REaD program to the value of \$25,795.

Sport, Health and Recreation

In April 2016, the City won the Heart Foundation's Local Government Award for Western Australia for 'councils with a population over 25,000'. This Award recognises the City's excellence in improving heart health through building a sense of community, encouraging people to be physically active through free and affordable events, promoting smoke-free living and encouraging healthy food choices.

Additionally, the City received a Highly Commended in the Excellence in Health Promotion Practice Award from the WA branch of the Australian Health Promotion Association. This state-wide recognition resulted in part from Council's adoption of a new Healthy Lifestyles Plan, which articulates the City's commitment to improving health and wellbeing in Kwinana.

Various health promotion programs continued in 2015/16, with an increased focus on raising community awareness of mental health. In October, the City's Healthy Lifestyles team partnered with the Disability Services Commission to host the Art of Wellbeing event, which showcased mental health services available to Kwinana residents and ways to stay mentally healthy through art activities. Furthermore, the Walk on the Wild Side photography workshop showcased alternative ways to stay active and keep mentally healthy. The City also partnered with Anglicare WA to present two Applied Suicide Intervention Skills Training (ASIST) Programs in Kwinana, free of charge to community members.

During Australia's Healthy Weight Week, a Mastershop Supermarket Tour was held at Woolworths in Wellard, providing tips on healthy choices in the supermarket.

Additionally, a Lunchbox Inspiration session was held at Bertram to encourage parents and children to be creative when packing a healthy lunch and a Healthy at Every Size seminar was held at the Recquatic to reduce stigma associated with media messages surrounding body image and health.

The Get Active In Kwinana program operated from January until March, teaching participants about the importance of healthy eating, being physically active, reducing stress and setting goals.

In April, another Guided Wetland Wander was hosted by the Healthy Lifestyles team and Friends of the Spectacles, with a large number of participants attending from outside of Kwinana. This event continues to grow each year and is another opportunity to promote ways of keeping mentally healthy by staying active and connecting with nature.

In May, the first FoodRedi™ program was presented in partnership with the Red Cross at Medina Hall over a four-week period, teaching participants how to cook tasty, healthy food on a budget.

Five Parks Play events were also held during 2015/16, with a variety of activities on offer in parks across Orelia, Wandi, Parmelia, Calista and Wellard. Additionally, a number of organisations including KEYS, Ngala, Moorditj Koort and the Kwinana Schools and Community Network were invited to attend Parks Play, which saw an increase in participation.



Healthy lifestyle messages have again played a key role in community events. At PETScapade 2015, participants received various prizes for each lap of Henley Reserve they completed, some of which were handed out by Hearty (the Heart Foundation's mascot). At the Alcoa Children's Party, more than 200 fruit kebabs were made by over 150 children, reinforcing the message that healthy eating can be both fun and delicious.

At the Kwinana Festival Fair Day Healthy Lifestyles Stadium, a series of pedal powered smoothie bikes were introduced, which saw over 200 adults and children pedal to create a fruit smoothie. Furthermore, the sporting zone continues to be popular with a high number of children and youth engaged with local and state club representatives, including rugby, soccer and football.

Additionally, the City identified a gap in male-specific initiatives and organised a Pit Stop program during Men's Health Week in June 2016 to allow men to check on their health, free of charge, with five key areas assessed – chassis (waist), exhaust (smoking), fuel additives (alcohol), oil pressure (blood pressure) and shock absorbers (coping skills). This program was delivered in partnership with the Zone Youth Space, Moorditj Koort and the Kwinana District Football Club.

Individual Sporting Donations

The City supports local elite sportspeople through the provision of the 'Individual Sporting Donation' to assist residents who have been selected to represent Western Australia or Australia in a regional, national or international competition or event. In 2015/16 the City supported 25 athletes to the value of \$5,350. Athletes represented Australia in athletics, American football, baseball, roller hockey and ultimate (Frisbee).

KidSport

The City continued to support young people's access to sporting clubs through the KidSport program. Funding increased from the Department of Sport and Recreation from \$118,007 in 2014/15 to \$125,000 in 2015/16.

New members are vital to sporting clubs and their development, as new members bring enhanced energy, potential new volunteers and increased participation numbers. Aussie Rules football continues to be the most popular sport, followed by netball, rugby, hockey, athletics and Scouts. Of the children accessing the KidSport program, most reside in Parmelia, Bertram and Orelia.

Kwinana Recquatic

July 2015 marked a new era for the Recquatic as the \$6.5 million refurbishment was completed. Works included upgrades to all pool plant equipment and air handling systems, LED lighting, new spa, refurbished changing rooms, retiling, painting and signage.

The Recquatic celebrated the re-opening with a community event in November 2015 that gave patrons free access to the Centre for the day. Over 1,500 people attended the event, which included activities and entertainment such as face painting, large inflatables and climbing walls, animal farms, walking dinosaurs and an appearance from a mermaid in the leisure pool. Kwinana Swim School mascot Sammy the Seal also put in an appearance, meeting children and having photos taken.

The gym areas and stadium similarly received upgrades to equipment, boasting state of the art facilities for cardio and weights machines

In terms of participation at the Centre, Kindy Gym was the stand-out program for kids, while the adult ladies and mixed netball competitions were the standouts for adults.

Swim School has continued to grow with record attendance – over 1,000 participants per term.

Both the gym and group fitness have had consistent attendances over 2015/16. Both areas are showing positive trends in participation following part closures for the refurbishment.

Club Development

Sporting and recreational clubs are supported by the City's Club Development Officer. This position is part funded by the Department of Sport and Recreation and supports the development and activities of local clubs. In 2015/16, the Club Development Officer assisted 41 sporting clubs and 12 recreational groups. Management group meetings were held with clubs to ensure they were well administered, operational requirements were met, they were properly constituted and were provided with opportunities to access financial support.



Several workshops were delivered to develop clubs further and assist volunteers in the areas of funding, finances, governance and risk management. The Club Development Officer hosted 'come and try' days at the Kwinana Marketplace with a focus on winter-based clubs, and at the Kwinana Recquatic, which focussed on summer-based clubs.

The City promoted activities and the achievements of its clubs on the City's Facebook page. Regular updating of the club list on the City's website also occurred, as well as the circulation of stories and achievements of our clubs in the Healthy Lifestyles e-newsletter. Talented athletes and administrators were recognised as part of the City's Australia Day Community Awards with the awarding of the Senior Sports Star of the year, the Junior Sports Star of the Year and the Volunteer of the Year.

The City continues to value the contribution of sport and recreation clubs in the community. This is supported by regular attention to the repair and maintenance of facilities as well as the provision of new infrastructure. Improvements were made to several sporting grounds including Rhodes Park, Bertram Oval and Wellard Oval while improvements were made to Thomas Hall, Thomas Pavilion and Fiona Harris Pavilion. The City is committed to the ongoing maintenance and upgrade of our facilities and playing arenas.

Youth Welfare and Youth Needs

The Youth team continued its focus on supporting alternative education, training and employment pathways for young people. This was achieved with the delivery of the 'Connections' youth forum and the retention of the Urban GATE program (Challenger Institute of Technology) at the Zone Youth Space, which continues to achieve successful educational outcomes for young Kwinana students.

The Kwinana Youth Services program continued to provide information, referral and case management support to young people in a range of locations including schools, home visits and outreach.

LyriK Program

The 'Leadership Youth Respect in Kwinana' (LyriK) program delivered youth development outcomes through the LyriK Awards, LyriK ImpaKt leadership development and Youth Advisory Council.

The LyriK Awards were a highlight with 56 young people nominated and recognised for their achievements and contribution to the Kwinana community and over 200 community members attending the spectacular event at Kooliny Arts Centre.

As a result of identified gaps in youth programs in emerging suburbs, the Youth Development team achieved a more inclusive community for young people through the implementation of the Youth Friendly Communities Project funded by the Department of Local Government and Communities. The project focussed on activating community spaces in the suburb of Wellard with programs aimed at building social networks and fostering positive self expression through creative arts.

Youth Recreation and Social Outcomes

The Zone Youth Space celebrated its fourth birthday and consolidated its suite of free and low cost youth programs over four terms, six days a week. The Zone Youth Space continues to have a strong level of youth participation engaged in its structured programs and unstructured activities.

As a result of the decommissioning of the Kwinana Skate Park at Calista Oval, a pop-up skate park was installed, providing young people with an alternative facility while the new Kwinana Outdoor Youth Space is in the process of being built.

The annual FreakFest event was held on 5 December 2015. FreakFest is a youth festival designed to target teenagers by providing a dynamic and engaging positive social and recreational opportunity. It provides exposure to positive supportive messages about a range of issues (including mental health) and information and referral to support services. The 2015 FreakFest program included live music, a silent disco, inflatable rides, art activities, beauty activities and engagement opportunities.

Successful youth diversional programs such as Beatball (basketball to hip hop music) and Nightfields (night time multi-sports) continued as a result of partnerships with state and local sporting associations and Aboriginal organisations.

Bright Futures Family Day Care

Use of the service remained stable throughout the year. This was a particularly pleasing result as 2015/16 saw the introduction of increased educator levies and fees for families as a consequence of the loss of federal government funding to family day care services.

Significant stakeholder consultation was undertaken to ensure a smooth transition following this loss of funding.

It was also particularly pleasing for Bright Futures to be nominated for the Excellence in Family Day Care Award 2015 and to be subsequently selected as the WA state winner. Many Bright Futures' educators were also nominated for the Educator of the Year Award with Deborah Hudson taking out the Regional Award.

These Awards and nominations highlight the excellent work and collaborative partnerships which continue to be developed at Bright Futures.

Over the past 12 months there has been an increase in the demand for childcare and prospective new educators, which the service successfully met due in part to a highly effective recruitment and induction process.



In Home Care

The In Home Care Child Care Service had a progressive year, steadily increasing its capacity to provide childcare to families who can't access a standard child care service. Use has been high against targets with the service running well within budget.

Community links have been built based on good working relationships developed with the Department of Child Protection and Family Services, the Disability Services Commission, Health Services, Kwinana Early Years Service and schools.



The service continued to attend quarterly networking meetings with other In Home Child Care Services in WA. This provides support, guidance, and sharing of best practice ideas. The service remains an active member of the Australia Home Childcare Association, which is the peak representative body for In Home Care throughout Australia. AHCA has been involved in several media campaigns to heighten the awareness and raise the profile of In Home Care.

Aboriginal Playgroup

Aboriginal playgroup funding was renewed by the federal government in 2015/16, allowing the team to continue providing the 'Moodjit Kulungars' playgroup session on a weekly basis for parents and children from an Aboriginal cultural background.

During the playgroup sessions, Aboriginal children are supported and encouraged to grow and become confident and environmentally-aware members of the community. It's a place where every opportunity is taken to nurture and enhance children's learning in the early years and provide a foundation for a positive future education. Healthy eating is promoted and a varied balanced lunch is provided each week with parents provided a copy of the lunch recipes cooked at playgroup.

Kwinana Public Library

New and extended services were put in place in 2015/16. In response to community feedback, the Library now provides extended opening times on a Saturday, which means the facility is open 54 hours per week.

A games collection library was launched in November 2015 and has proven to be popular and Wheelers eBooks were launched in October, giving members more to choose from.

The Library also now runs three monthly adult book clubs in response to customer feedback.

Noteworthy events for the Library included a number of successful Senior's morning events, including guest speakers and entertainment; Children's Book Week with author sessions for local children; an internet safety session for eSmart Week; International Games Day event with 50 participants; coordination of craft activities at the Wandi Neighbour Day event; a Minecraft Camp; an 'activation' evening in Wellard where Library staff gave away books; a family history presentation; launch of the Voices of Kwinana local history blog; third birthday celebrations and a book launch event.

Environmental Health

Food Quality and Compliance

The Food Act 2008 covers all Government Departments, schools, prisons, aged person facilities and homes for vulnerable people, all community groups, non-governmental organisations and volunteers, all industrial food outlets and commercial food businesses.

In Kwinana there are 272 food premises, up 1.5% on last year's number. The total number of food business inspections in 2015/16 was 588 – an increase of 251 on the previous year. Of these, 48 notifications and food fit-out plans for new fixed/mobile/temporary food businesses were processed, 13 Food Act Improvement Notices were issued, one Food Act Prohibition order was issued, one Food Act Seizure Notice was issued and actioned, four Food Act Infringement Notices were issued and there were two Food Act legal actions instigated with one successful prosecution.



Water Sampling

Water sampling by Environmental Health Officers resulted in a total of 121 samples being collected and taken for analysis to ensure the water met the required standards for each of the three categories – beach sampling, portable water sampling and pool sampling.

Noise and Dust Pollution

There were 135 noise complaints and 90 inspections carried out. Fifteen noise management plans were received, assessed and approved. There were five noise impact assessments for road and rail noise and six dust management plans assessed for development during this period.

Mosquito Management - Risk Assessment and Control

The City of Kwinana has partnered with the City of Cockburn to form a Contiguous Local Authority Group (CLAG) for the control of mosquito borne disease within the two local communities.

The creation of a CLAG allows for partial funding from the WA Department of Health to carry out mosquito control and access to additional funding for mosquito management planning.

Consultants have been employed by the City to draft a regional strategic mosquito management plan that integrates management for private developments and the City's reserves and drains.

The City also received developer contributions for mosquito control work. Sampling and analysis of mosquitoes for disease vectors continued to establish a database of mosquito species and the risk of disease.

Waste Education

The City continues to support the South Metropolitan Regional Council's Recycle Right education program. The program uses a website and mobile application to advise users how to recycle household wastes correctly.

Stickers have been designed with recycling messages to encourage proper recycling and have been placed on all new and replacement bins in the City.

The Garage Sale Trail has once again been featured and heavily promoted on the City's online platforms. The Garage Sale Trail is a national initiative that sees businesses and households across Australia host garage sales on one day of the year in order to promote the reduce, reuse and recycle message.

Waste Management

During 2015/16, there were a total of 353 customer service requests received and assessed by the Waste Services team with 275 inspections carried out including bin audits, compliance inspections, littering inspections and verge collection inspections.

The City also introduced upgrades to recycling bins for residents, increasing the bin size from 240 litres to 360 litres for a one-off fee of \$50.

Bin Tagging

The Bin Tagging Program was followed up this year by an audit of 295 households in May 2016 to measure the recycling content in waste and recycling bins. The non-contamination rate in recycling bins improved by 0.55%.

The number of households not presenting a recycling bin reduced from 20% down to 17.55%, which is an improvement of 2.45%.

Environment Services

This year saw Environment Services look at on-ground management capabilities to determine if there were improvements to be made with regard to effectiveness and cost of the program. This resulted in a decision to bring many contracted services in-house and subsequently saw the Environmental Field team increase in staff numbers from two FTE to six FTE, plus support vehicles.

The increase in field resources has boosted capacity significantly with regard to grass weed control, plus increased the frequency of undertaking routine maintenance tasks in the natural areas managed by the City of Kwinana. A considerable effort has been made to reduce fire risk posed by grass weeds in the City of Kwinana managed natural areas.

The natural areas managed by the City increased in area this year by twenty hectares as several wetlands that are part of the Honeywood development area were accepted by the City for ongoing management.

The City continued its relationship with Perth Region NRM by hosting the Coastal and Marine Programs Manager and supporting the projects that this program develops and implements with community, school and industry participants. The Coastcare program in Kwinana worked with four corporate partners, two schools and four community groups planting 4,750 coastal species and using 319 community volunteers over 23 events. Through the Adopt a Beach program, students planted coastal species and carried out beach clean-up events at Challenger Beach and Kwinana Beach. Participants from the 'Work for the Dole' program and the Federal Government's 'Green Army' program participated in coastal rehabilitation activities.

During 2015/16, the City was awarded funding from the Waterwise Council program run by the Water Corporation. This funding allowed the City to install water data loggers on seven buildings and two sub-meters in order to better detect leaks on City owned buildings. This equipment has already identified annual water savings due to leaks and faulty equipment. A retrofit of inefficient toilets and urinals at the Depot and

Administration Building was also completed as part of this grant. This resulted in annual water savings of approximately 847,000 litres or \$2,700.

The City was also successful in gaining a Community Litter Grant from the Keep Australia Beautiful Council to address builder's litter in reserves. The grant paid for covert cameras and signage to warn and educate builders about containing rubbish on their building site.

A successful Living Smart Sustainable Living Course was run at the John Wellard Community Centre with 20 participants. The City also held a Mini-Enviro Fest alongside one of the outdoor movies held at the Darius Wells Library and Resource Centre. Funding from the Water Corporation also provided a Water Conservation Professional Development workshop for educators from the Bright Futures Family Day Care service.

The City also piloted a program encouraging residents to plant a local native waterwise garden on their verge. This involved a subsidised local native seedling sale, free mulch and a verge gardening tips document, which was promoted on social media and on the City's website. This program was very popular and native seedlings sold out. Around 340 trailer-loads of mulch were distributed to the community.

The City of Kwinana Environment Services team has considerable assistance from volunteers in the Kwinana community - 160 community volunteers at six events, 30 participants from a NAB Corporate Day, 340 students from Bertram, Orelia and North Parmelia Primary Schools and Green Army teams helped the City install 11,000 seedlings. The City of Kwinana and the environment is grateful to these people who deserve considerable recognition as they plant trees in the cold and the rain. These people continue to make the City of Kwinana a uniquely green place in Perth's south metropolitan area.

Building Assets

Some major milestones for the Building Assets Team during 2015/16 included the construction of the Wandie Community Centre 'The Pavilion'; ongoing restoration works a Wheatfield Cottage and Sloans Cottage; continuation of the asbestos replacement program by replacing the verandah roofing at Thomas Oval Netball Clubrooms and scheduled playground equipment replacement at Bournan Heights, Parmelia.

City Development

This directorate is responsible for coordinating services, activities and programs undertaken by Building, Statutory Planning, Strategic Land Use Planning and Compliance.

Planning and Development

The City's Planning and Development team had another busy year with the continued rapid growth of the City in its residential, commercial and industrial areas.

Local Planning Strategy

Work on the new Local Planning Strategy continued with submissions from the pre-consultative advertising being assessed and revisions implemented. Formal advertising is expected to occur during 2016/17.

Development Contribution Plans and Community Infrastructure Plan

Advertising of six new Development Contribution Plans (DCPs) for standard infrastructure and the revision of eight existing DCPs for community infrastructure occurred during the year. The submissions received are being reviewed and modifications to the advertised DCPs considered. The City aims to have these scheme amendments to the Western Australian Planning Commission for assessment during the next year.

The Community Infrastructure Plan has been revised, taking into consideration new growth rates and experience with the City's existing community infrastructure. This plan outlines over \$130 million worth of community infrastructure spending to take place in the City over the next 20 years for facilities such as libraries, community centres, sporting pavilions, recreation and youth centres.

Local Structure Plan Approvals

During 2015/16, final approval was granted for new or modified local structure plans covering 126.7ha of land in Anketell and Wellard East. Over 1,500 dwellings are projected within these recently approved structure plan areas – homes for over 4,000 new residents.



New Primary Schools – Wellard and Wandí

The City has been involved considerably in the design and planning for two primary schools to open in 2018 in Wellard and Wandí. Both sites include senior sized sporting ovals and community facilities to be constructed over the next 10 years.

Review of City Centre Masterplan

Work has been ongoing with urban design and planning consultants to review the Kwinana City Centre Masterplan. The review was necessary to bring the Masterplan in line with development that has occurred since the original Masterplan was adopted and to clarify and simplify the planning requirements. The revised Masterplan will also include recommendations for the best use of the City's landholdings within the City Centre to promote economic and community growth, as well as considering a more consolidated approach to vehicle parking. The reviewed Masterplan is expected to be advertised for public comment during 2016/17.

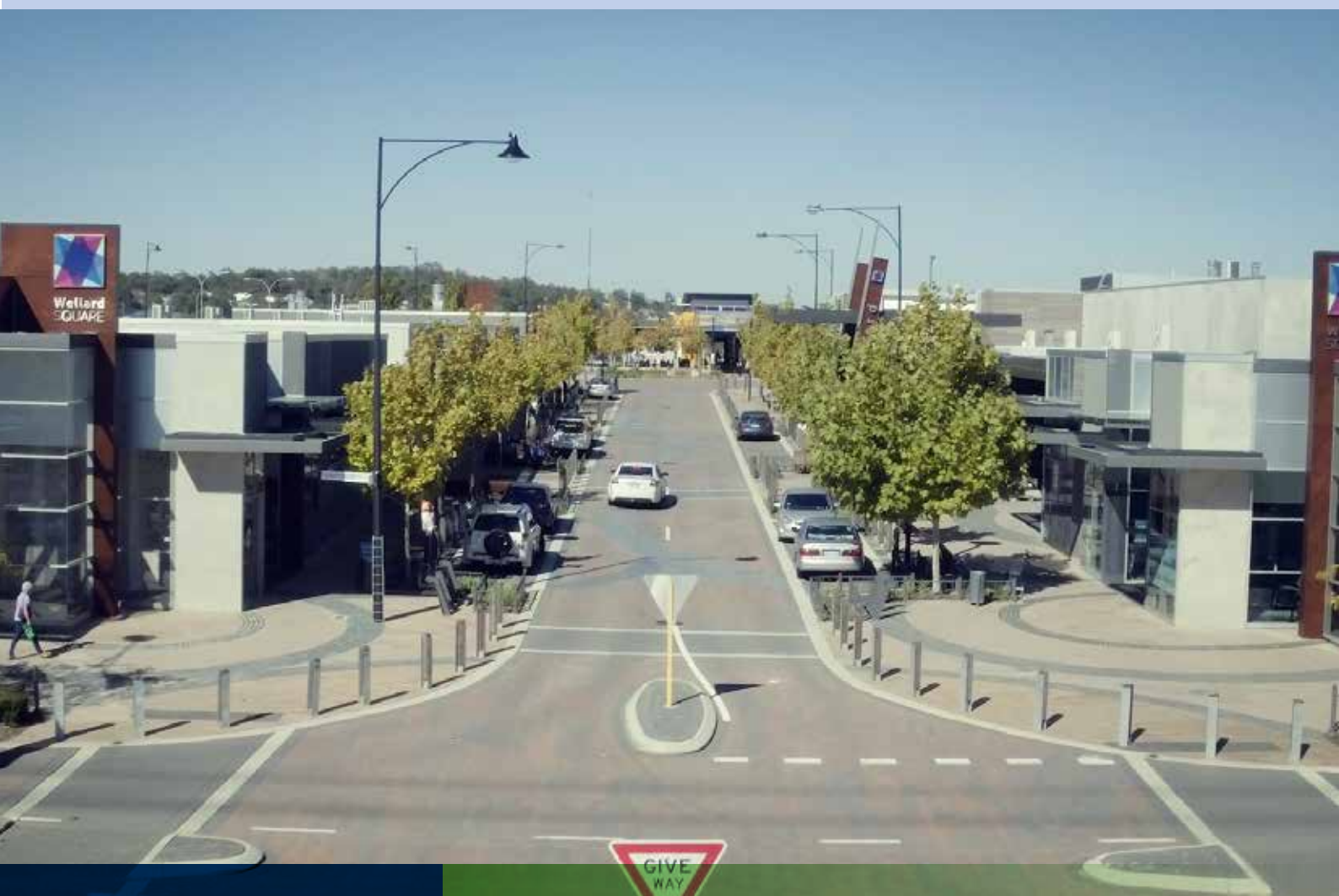
Building Services

Verge Permits were introduced on 1 September 2015 to assist builders wishing to store building materials on the verge during construction. Despite the administration of these permits being very resource hungry, their introduction realised an income of \$169k for the financial year.

In December 2015, WA was declared bushfire-prone with building legislation implementing construction requirements four months later. This hasn't posed a problem in Kwinana as subdivisional developments were already conditioned to meet these requirements.

The Building team worked with the Marketing team to update the information, fees, forms and links on the website so it was easier to navigate. Information was grouped into general categories under broad headings to make finding relevant information easier to discover.

The National Construction Code (NCC) moved to a three-year annual adoption regime on 1 May 2016 - the annual implementation date. The NCC is now free and readily available to everyone and promoting more performance based solutions.



Corporate and Engineering Services

This directorate provides vital administrative support functions to all City of Kwinana operations. It includes areas of City Assist, Emergency Management, Finance, Rates, Customer Services, ICT, Records, Data Management and Fleet Management.

Contracts and Procurement

The Contracts and Procurement team continues to ensure the City complies with the following inter-linked principles of procurement integrity:

- fairness and impartiality;
- accountability and transparency of process;
- confidentiality and security of information and materials; and
- effective management of conflicts of interest.

During 2015/16, the Contracts and Procurement team conducted the procurement process for the acquisition of goods and services for various community projects and maintenance requirements including:

- supply of profiling/planing of road surfaces;
- supply and lay of hot bituminous concrete;

- Meares Avenue landscape works;
- construction of the Kwinana Adventure Playground;
- provision of general litter collection;
- general waste and recycling collection and disposal services;
- Sandringham Park drainage upgrade works;
- Kwinana Administration Building network cable upgrade;
- construction of Moombaki Avenue extension;
- provision of banking and bill payment services;
- demolition of Kwinana Beach Jetty;
- supply and delivery of two new trucks and sale of existing trucks;
- provision of bore and irrigation electrical services;
- provision of bore maintenance, testing and construction; and
- supply and lay of extruded concrete kerbing.





City Assist

During 2015/16, the City of Kwinana implemented one of the biggest enhancements to its frontline services in its history. A whole new team has been implemented by combining Security, Rangers and Compliance into one role. The new team, City Assist, has been operating since the beginning of February 2016 and is a 24/7 service.

Within the first seven months of the financial year, the ranger team completed 2,270 customer requests. Since the implementation of City Assist, the team almost doubled the customer requests to 4,139 in a five-month period, which demonstrates the success of City Assist throughout the community.

The Closed Circuit Television (CCTV) for the City Centre has grown by 26 cameras in the 2015/16 financial year. The implementation of the CCTV systems assists the WA Police by providing another tool to solve crime.

Emergency Services

The City of Kwinana Emergency Services, in partnership with internal and external agencies, achieved continual improvements to bushfire mitigation and protection across the City to ensure community safety in Kwinana was maintained during 2015/16.

From 1 December 2015 until 31 March 2016, the City's Fire Control team continued to provide education and guidance to the community on the risks associated with not preparing their properties for the fire season and more than 13,000 properties within the City of Kwinana were inspected. The outcome of inspections was again a non-compliance rate of less than 1% - a fantastic outcome that demonstrates the education strategy and the positive attitude of the community in understanding the importance of fire prevention.

The City and key stakeholders completed 115 hectares of hazard reduction burning and 15 hectares of slashing/mulching in reserves and Crown land. The City also completed 250 hectares of chemical treatment for bushfire mitigation in its reserves.

The City's two Bushfire Brigades - Mandogalup and Kwinana South - collectively recorded 10,600 volunteer hours over this financial year. The volunteer hours were spent responding to reports of fires, community education, fire fighter training and enhancement, equipment maintenance and hazard reduction burning. While it was considered a mild fire season within the City boundaries, the brigades had heavy commitments at regional incidents, namely Esperance, Mount Solus, Waroona-Yarloop and Uduc.

The Local Emergency Management Committee completed a review of the Local Emergency Management Arrangement. The Committee, in partnership with key stakeholders, completed reassessments of the risk in the Kwinana area.

These arrangements are required under state legislation and identify and establish support mechanisms for the benefit of the Kwinana community during and following an emergency.

Works Depot

In 2015/16, the Depot team continued to provide a wide range of scheduled maintenance programs for the City's existing and newly acquired infrastructure assets. The main objective of implementing and undertaking scheduled and reactive works is to maintain the City's infrastructure assets at an appropriate level of service in the most cost-effective manner without creating any significant adverse impacts on the environment, user safety and community activities.

Major achievements and renewal projects:

- redevelopment of four of the City's irrigation bores;
- replacement of three irrigation electrical cubicles;
- upgrade of road, kerb and drainage infrastructure on Macedonia St, Naval Base;
- renewal of garden bed kerbing at Wells Park and the City Centre Precinct;
- upgrade of drainage infrastructure on Butcher Street, Kwinana Beach;
- road widening of Yates Street and Rolling's Crescent, Kwinana Beach
- landscaping of median garden beds along Gilmore Avenue, Leda which involved the planting of approximately 7,400 native tubestock;
- landscaping of median strip along Challenger Road between Bertram Road and Warner Road, which involved the planting of around 2,000 native tube stock;
- new landscape and irrigation provided to the newly developed Wandi Community Centre;
- implementation of Signal Data Central Irrigation Control System with 43% of irrigation systems now centrally controlled;
- planting of 60 street trees along the Johnson Road verge in Bertram;
- replacement of the blocked sub-surface drip irrigation in turf areas within the City Centre with conventional spray irrigation;
- successful grant funding for upgrading the field Trimble devices to 'tough pad' units to increase the City's capability of recording and reporting graffiti vandalism;
- completion of 'Parks Horticultural Standards' document; and
- fleet, plant and equipment acquisitions as per 20-year replacement program.



Engineering

The Engineering team has had several major projects for 2015/16, including an extension of Moombaki Avenue in Bertram to improve connectivity for local residents.

The extension runs along the northern boundary of Bertram Primary School and provides a link to Price Parkway, making Bertram Primary School more easily accessible for school users, and providing a shortcut to the Kwinana Train Station.

The extension includes an extra 250 metres of road, 600 metres of new footpath, 44 car bays and two motorcycle bays, which will help eliminate parking issues previously experienced at the school.

The project cost just over \$700,000 to construct and was jointly funded by The Department of Education and the City of Kwinana via a 'Roads to Recovery' grant.

The Medina Revitalisation Project was also completed, including walkways, street furniture, landscaping, Harry McGuigan Park upgrade, the small pocket park and 60 additional dwellings.

Construction also began on the all-ages and abilities Kwinana Adventure Park in November 2015 following an extensive two-year period of consultation and design. The \$5.2million Park was official opened on 16 October 2016 featuring a splash pad, maze, flying fox, barbecues and accessible play areas. This is the largest infrastructure endeavour for the City in 2015/16.

Customer Services

The Customer Services team continues to work closely with other teams to develop a well-resourced, knowledgeable information base for our front line staff.

Efficiencies have been gained by reducing errors and rework, resulting in faster turn around times and easier, customer-friendly processes.

The promotion of our online payments, applications and registrations portal will continue to be a focus throughout this year, along with a detailed review of the use of the Customer Request Management system across the organisation.



Information and Communication Technologies (ICT)

The 2015/16 financial year for the ICT department was productive with a number of projects, including the Telstra upgrade and our connection to Civica for our Managed Services backbone being upgraded from Broadband Digital Subscriber Line to a fibre connection. This was part of the overall project for increasing our network performance, which also included End of Life switches being upgraded and both the Recquatic and City of Kwinana Administration building's network cabling being obsolete replaced with a faster network design and cabling.

Other major projects included developing an online mapping service for public use.

Records Management (TC)

Statutory Reports

This report has been published in accordance with the requirements of the State Records Act, 2000.

Record Keeping Statement

The City of Kwinana is committed to the reliable and systematic management of government records in accordance with legislative requirements and best practice standards.

Recordkeeping Plan and System

The City's updated Record Keeping Plan was originally approved by the State Records Office on 19 November 2010. This Plan describes the City's commitment to good and compliant recordkeeping procedures. Due to the cancellation of Local Government Reform, this Plan will be reviewed prior to December 2016.

Records Training

The City continues to provide training to all staff to ensure their awareness of record keeping obligations and responsibilities. Induction and training programs were revised as required to ensure employees, contractors, elected members and external agencies were also aware of their roles and responsibilities in regards to compliance with the City's Recordkeeping Plan.

In 2015/16, records training consisted of:

- a Records Induction Sheet, which was given to all new employees for future reference;
- an e-module powered by the National Archives of Australia was delivered to all new employees and delivered to existing staff members as required;
- TRIM Training, which covers the records management software system used at the City;
- specific TRIM and records management training in a one-on-one format as required by officers; and
- departmental refresher sessions in conjunction with and as a result of our internal auditing program.

Offsite storage of records

Since 2013 all hard copy files in the Records Management Department have been assessed, indexed, boxed and are now stored in a secure, compliant and environmentally acceptable facility. The period of time to retrieve this information can be as little as 30 minutes in an extreme occurrence and under normal circumstances within 24 hours. This change in procedure has resulted in the opportunity to free up office space and has had an OHS benefit as records officers no longer travel offsite or lift and carry boxed files.

Finance

The main tasks of the finance team are to prepare the City's Annual Budget, to finalise and prepare the City's Annual Financial Statements and prepare the City's Long Term Financial Plan. The rates section is responsible for maintaining the City's rating database and collecting the annual rates and charges.

The 2015/16 Budget was adopted by Council on 12 August 2015. The Budget was produced from Councillor deliberations of draft budgets through a series of workshops in the lead up to adoption of the final budget. The budget preparations were guided by the City's 20 year financial model, which details a financial course through an intense period of growth and development and proves the sustainability of the City.

The 20 year financial model continues to be reassessed. The City's Long Term Financial Plan for 2016 to 2035 was progressed during this year with Elected Members at Forums held from December 2015 to August 2016. The updated Long Term Financial Plan is a 20 year plan that uses the 2015/16 proposed budget as baseline data. The final plan was adopted by Council on 28 September 2016.





During the 2015/16 financial year, Statements of Financial Activity reporting on the sources and applications of funds including explanations of any material variance, listing of creditor payments, investment reports and variations to the adopted budget are presented to Council on a monthly basis for approval and information.

The City spent \$42.5m on capital initiatives during the 2015/16 financial year. This expenditure was funded by \$34.5 from non-operating grants, subsidies and contributions; \$3.8m from Council reserves; \$1.7m from use of loan borrowings; and \$0.4m in proceeds from sale of assets. From capital, \$0.8m was allocated to the 'Restricted Grants and Contributions Reserve' for incomplete works at 30 June 2016. In total \$2.9m (8.5%) from rates was expended on capital initiatives.

Council reserves increased by \$5m from \$41.9m to \$46.9m during the year. Of reserve funds, \$5.3m was used during the year primarily as follows:

- new adopted capital works projects from 15/16 budget – \$1.4m;
- reimbursement to the City from Developer Contributions for completed projects and administration expenses of \$0.7m funds;
- transfer for incomplete capital projects (\$2.4m) and operating works (\$0.4m) from the previous financial year, which totalled \$2.8m; and
- other various operating expenses totalling \$0.4m.

Overall, \$10.3m was transferred to Reserve for the year primarily as follows:

- funds of \$3.8m were received from Developers for Developer Contributions, which will be used towards future infrastructure costs in various Development Contribution Areas, resulting in a total closing balance of funds held at \$28.2m;
- funds received for completed projects from Developer Contributions totalling \$0.6m where transferred to the Future Community Infrastructure Reserve to be used towards the City's portion of the future infrastructure costs in various Development Contribution Areas;
- funds of \$0.5m were set aside to the Asset Management Reserve to ensure sufficient funds would be available for renewal of building and infrastructure projects in budget 16/17;
- funds of \$0.25m are set aside annually to the Asset Replacement Reserve as determined by the 10 year Plant Replacement Program;
- an increase of \$1m is attributed to incomplete works at 30 June 16, which were allocated to the Restricted Grants and Contributions Reserve; and
- funds of \$1.9m transferred back to Refuse Reserve from surplus resulting from annual waste service charge and environmental levy income and associated expenditure.

The City continues to address asset management with the Asset Management Reserve to provide funds for renewal projects for the City's building and infrastructure assets with an additional \$500,000 transferred during 2015/16, resulting in a closing balance of \$1.2m. Asset Management is further addressed with the Asset Replacement Reserve having an additional \$250,000 set aside, resulting in a closing balance of \$0.5m for 2015/16 to be used to replace existing fleet, plant and other City assets.

City Strategy

City Strategy looks after the legal and governance areas of the City and closely links with the Council. The directorate also encompasses Marketing and Communications, Human Resources, Corporate Strategic Planning, Civic Functions, Special Projects, Transformation Management and Land and Property Administration.

Governance and Risk

Local Law and Council Policy Review

The Governance team continued the ongoing Council Policy Review which included the review of the Code of Conduct and creation of new policies such as Leasing of Community Facilities, Illuminated Street Name Signs and Banners on Gilmore Avenue. The Extractive Industries Amendment Local Law 2016 was gazetted on 29 April 2016 and the Fencing Local Law 2016 was published in the Government Gazette on 14 June 2016. The Delegated Authority annual review was conducted in February 2016.

Risk and Business Continuity

Risk and Business Continuity Planning have been a major focus during the year. Council adopted the Risk Management Council Policy, which has been incorporated into the City of Kwinana decision making process, while the Business Continuity Plan has been developed, which included an incident exercise to test the plan.

Internal Audit

The internal audit for Quality Management System ISO Certification was conducted and the result was that the City complied. City officers have commenced the transition to ISO 9001:2015 – the latest international standard that specifies requirements for a quality management system.

Elections

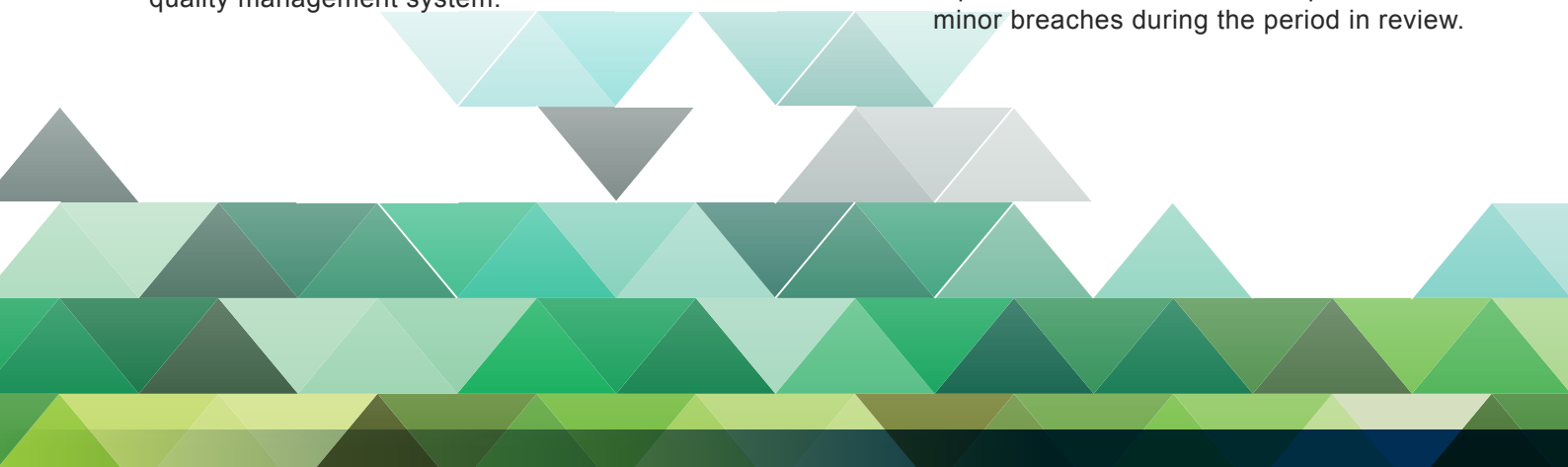
Elections were held on the 17 October 2015 with Councillor Peter Feasey, Councillor Dennis Wood, Councillor Sheila Mills and Councillor Wendy Cooper sworn in as newly elected Councillors. Councillor Carol Adams was elected Mayor and Councillor Peter Feasey was elected Deputy Mayor for a term of two years. Former Councillor Sherilyn Wood was not elected and Council acknowledges her hard work and commitment while serving Kwinana.

Civic Recognition Dinner

Held to celebrate and recognise the service of retiring Councillors and welcome new Councillors, this was held for the first time in the Ken Jackman Hall in the Darius Wells Library and Resource Centre. Councillors Sheila Mills and Sherilyn Wood were each presented with a bouquet of flowers. Retiring Councillor Sherilyn Wood was presented with a framed photo of Peace Park, which is a project she was involved in during her time on Council.

Register of Complaints

In accordance with Section 5.121 of the Local Government Act 1995, the City of Kwinana reports that it received no complaints of minor breaches during the period in review.





Corporate Strategic Planning

Transformation Program

The City established a Transformation Program that is focused on reviewing current business operations and making the necessary changes to ensure the City continues to deliver services that meets the expectations of the growing community.

The City Officers and Elected Members were involved in workshops where key themes, program vision statements, milestones for the years 2016 and 2020 and what we want to achieve by 2035 were explored.

The Transformation Program vision is 'pushing the boundaries and driving change'. Projects that commenced during the year include the Kwinana Adventure Park, ICT Strategic Plan and the Depot Service Delivery Review.

Community Perception

A Community Perception Survey was conducted in April 2016 and the major focus areas that the community wants the City to prioritise are safety and security, economic development, playgrounds, parks and reserves and streetscapes.

There was a focus on investing in staff training during the year which included Equal Employment Opportunity, LGIS Workers Compensation, depot staff accreditation for operating plant and equipment, aggressive behaviour and mental health, and drug awareness.

Adoption of the Corporate Business Plan 2015 to 2020

The Corporate Business Plan outlines the actions required to implement the City's priorities as identified in the Strategic Community Plan and is the result of extensive consultation with the City's business units and careful consideration of the community's needs. The Corporate Business Plan actions include a clear outcome that will deliver each strategy of the Strategic Community Plan which is costed, identifies deliverable dates and the resources required.

Reporting of the Corporate Business Plan and Organisation Risk

Once Council adopted the Corporate Business Plan 2015 to 2020, City Officers commenced reporting on the actions that were expected to commence or be completed by each quarter. The quarterly report, which has been produced for the quarters ended 31 December 2015, 31 March 2016 and 30 June 2016, provides Council with a summary of how City Officers have progressed the actions and an update on how Officers are tracking at the end of the quarter.

Strategic Community Plan Desktop Review

As detailed in the Department of Local Government and Communities' Integrated Planning and Reporting Advisory Standard, a desktop review of the Strategic Community Plan should be undertaken every two years, while a full review, including community engagement, must be undertaken every four years.

In preparing the desktop review, the City conducted community consultation in the form of two separate community surveys, which were called the Kwinana 2030 Feedback Survey (2015) and the Kwinana Community Spirit Survey (2015) which was mailed out to every household in Kwinana and available online. The respondents believed the objectives and strategies are still relevant and minor changes were as a result of duplication, revised names of plans to be implemented and grammatical changes.

Economic Development

Indian Ocean Gateway proposal

The Indian Ocean Gateway proposal was endorsed by Council and is centred around building a 21st century land-backed port in Cockburn Sound, Kwinana. The benefits include \$42.4 billion of annual revenue and a further \$28 billion indirect annual revenue to the state, plus direct employment of 37,000 employees and indirect employment for another 49,000 employees.

Consultation has included over 100 briefings with state government agencies, federal government agencies, state and federal politicians, local governments, resident and community groups, research bodies, industry and industry associations. The final hearing of the Senate Inquiry into the Perth Freight Link was held in Kwinana where the Rural and Regional Affairs and Transport References Committee recommended in its report tabled in Federal Parliament, to undertake a full analysis of the costs and benefits of the City of Kwinana's proposal.

City Centre Commercial Development

Aldi opened its doors to the Kwinana community and Coles was granted approval to construct a new Coles in the Kwinana Marketplace.

Stakeholder Events

These were held on a quarterly basis to thank local volunteers for their hard work in the local community. The categories recognised were:

- Emergency Services Groups;
- Seniors and Kwinana Festival Volunteers;
- Sporting Groups; and
- Residents Associations and other groups.

New Teachers' Afternoon Tea

This event invited all new teachers and principals from local schools to attend. Various departments of the City did a short presentation about their area and afternoon tea was served. Teachers were then taken on a bus tour of Kwinana.

Justices of the Peace Afternoon Tea

This event was held at the Darius Wells Library and Resource Centre to thank the local Justices of the Peace for their service to the local community. This was held to celebrate 100 years of the Royal Association of Justices of Western Australia.

Citizenship Ceremonies

Over the year, citizenship ceremonies were held each month, welcoming 409 new citizens from 35 different countries. These were held at the Darius Wells Library and Resource Centre and new citizens were able to bring family members and friends to help celebrate this special day. On Australia Day, this event took place on the City Gardens and was held in conjunction with the Australia Day breakfast.



Marketing and Communications

The Marketing and Communications team had an incredibly productive year, introducing a range of new initiatives while continuing to strengthen existing communication channels with the Kwinana community.

A snapshot of the team's efforts includes:

Media Liaison

Over 100 press releases relating to important City matters were issued throughout the year. The team continued to maintain strong relationships with the local media.

Publications

The team continued to place an appropriate focus on print publications, with the annual community calendar, four editions of the Spirit community newsletter and a new strategic marketing brochure all good examples of the team's efforts in this space.

Corporate website

A review of analytics for the website show, unsurprisingly, an ongoing increase in mobile usage. In 2014/15, mobile and tablet usage was 38%. In 2015/16 that number rose to 44%.

It's therefore fitting the team spent a considerable portion of the year planning, developing and delivering a new website for the City of Kwinana – a major project of 2015/16. The scope included a plethora of new features such as mobile responsiveness, online mapping, advanced payment processing and improved customer service management.

Internal Communications

A large focus was also placed on internal communications and staff engagement in 2015/16.

The team played a major role in launching a new internal communications strategy to enhance the culture within the City and help even further improve the effectiveness of the organisation. Work commenced on a new corporate intranet and a set of new Staff Values were established following in-depth consultation. The values, which were launched in October 2015, are:

- Lead From Where You Stand
- Act With Compassion
- Make it Fun
- Stand Strong, Stand
- Trust and be Trusted
- Why Not Yes?

The team has been working diligently as part of a project group to ensure the values are effectively embedded throughout the organisation and that their use results in a more effective overall workforce.





Social Media

The team continued to maintain one of the most engaging social media presences throughout the local government sector, particularly on Facebook where the page has grown to over 11,000 likes and more importantly has seen a boost in real participation. This has cemented its position as a key communication channel for the City. Key insights from the City's Facebook Page demonstrate its effectiveness:

- 23% growth in fans over previous year;
- Over four million impressions in 2015/16;
- 44,000 direct engagements; and
- 105,000 video views.

Signage

The team managed Stage 1 of a comprehensive audit and revitalisation of signage throughout the community, starting with select entry statements and directional signage within the City Centre. Further work was done on planning for Stage 2, which will roll out in 2016/17.

Strategic Advocacy

The team played a critical role in supporting Council's vision for an Outer Harbour (a new port in Kwinana). A new strategic advocacy campaign – the Indian Ocean Gateway – was launched to key WA stakeholders and communities in August 2015 and had an enormous influence on the public debate surrounding port development in the 12 months which followed. The team secured extensive media coverage and maintained a strong narrative throughout the period following its launch.

Promotional Marketing and Communications

The team developed and delivered marketing and communications plans for all major City events throughout the year, including the Kwinana Festival, Children's Party, PETScapade, Sunset Fiesta and the Our Heritage event.

New promotional videos were also developed with the theme 'Kwinana, Why I Love It' and were shared throughout the internet via the City's website, Facebook Page and YouTube account.

A big focus was given to planning for the soon-to-open Kwinana Adventure Park. A marketing and stakeholder management program was developed during the year to ensure the community were informed of and engaged with the new facility as construction progressed.

The new 24/7 City Assist service was also launched in February 2016 and the Marketing and Communications team played a key role in developing the marketing and branding strategy for this initiative.



Human Resources

Annual Salaries

The Local Government Act 1995 requires the Local Government to provide the number of employees who are entitled to an annual salary of \$100,000 or more and to break those employees into salary bands of \$10,000.

For the period reported in the 2015/16, the City of Kwinana had nineteen (19) employees whose salary exceeded \$100,000. Of these employees one (1) had a salary between \$100,000 and \$110,000, four (4) had a salary between \$110,000 and \$120,000, seven (7) had a salary between \$120,000 and \$130,000, one (1) had a salary between \$140,000 and \$150,000, one (1) had a salary between \$150,000 and \$160,000, four (4) had a salary between \$190,000 and \$200,000 and one (1) had a salary between \$250,000 and \$260,000.

Local Government Insurance Services

The City agreed to participate in Local Government Insurance Services (LGIS) new three-step program where each local government is classified into one of three tiers. In the upper tier groups, there is an option for the audit to be conducted against AS/NZS4801 or the WorkSafe WA Plan. The City was audited against the WorkSafe WA Plan. An audit score of 75% was achieved with a number of findings and recommendations. The City has consolidated these findings and recommendations into an audit action plan and the Occupational Safety and Health Committee are responsible for ensuring these are progressed.



Plan for the Future – Kwinana 2030

The Plan for the Future is a ‘road map’ of where the community wants to go and how it’s going to get there.

Integrated Planning

All local governments are required by Section 5.56 of the Local Government Act 1995 to create a Plan for the Future of their district. It’s an incredible responsibility to be charged with the social, environmental and economic future of a whole City. It’s a duty that requires true leadership, creativity and persistence as well as a good understanding of the community’s vision for their future. A Council must have the ability to make tough decisions between competing priorities, to maintain its focus on the ‘big picture’ while meeting the needs of the present, as well as act for the good of the whole district and not be distracted by individual or minority interests. To achieve this complex task, a City must have a clear direction, a Plan for the Future or ‘road map’ of where the community wants to go and how it’s going to get there.

To facilitate this requirement, every local government in Western Australia is required to have developed and adopted two key documents – a Strategic Community Plan and a Corporate Business Plan. These two plans combine, in our case, to form the ‘Plan for the Future – Kwinana 2030’. The Strategic Community Plan outlines the community’s long term vision and aspirations for the area, while the Corporate Business Plan details how that vision will be achieved through carefully resourced actions. Both plans significantly influence the City of Kwinana’s Long Term Financial Plan, Workforce Plan, Asset Management Plans and other adopted strategies.

The Aspirations of the Kwinana Community have given life to a vision:

‘Rich in Spirit, Alive with Opportunities, Surrounded by Nature – It’s all Here’.

Rich in Spirit

Kwinana 2030 will be a place where the strong community spirit that has historically existed has continued to thrive and develop. The City will be alive with an assortment of community events that encourage civic participation and celebrate our multiculturalism.

Alive with Opportunities

In the coming years, the City of Kwinana will be a place that’s alive with opportunities. The continued prosperity of the local industrial, retail and business community will provide a wide range of employment options for residents.





Surrounded by Nature

In 2030, the City of Kwinana will still be physically surrounded by nature. This is largely thanks to the foresight and talent of WA's first female town planner, Margaret Fielman, who designed the original Town of Kwinana in the 1950s with a significant natural buffer to the industrial area. The attractive wide tree-scaped streets, abundant public open spaces and native vegetation are also testament to her skill in landscape design.

It's all here!

Kwinana 2030 will see an increasing number of new community and recreation facilities, as well as significant refurbishment of current amenities. These community spaces will be well planned to meet community needs and constructed to match population growth. They will enable the provision of more services and activities for youth and seniors and have sustainable maintenance and running costs.

Significant Changes

There have been no significant changes to the Strategic Community Plan or Corporate Business Plan during 2015/16

Achievements against the Strategic Community Plan in 2015/16 included:

All of the achievements outlined in this Annual Report including initiatives such as:

- developed a new Community Engagement Policy and Strategy;
- installed new entry signage on the corner of Gilmore Avenue and Mandurah Road;
- created the City Assist 24hr service team;
- continued to provide the Live! Kwinana event series;
- installed CCTV in the City Centre;
- developed the City's Public Health Plan;
- reviewed the Municipal Heritage Inventory;
- reviewed the Healthy Lifestyles Plan;
- creation and promotion of the Indian Ocean Gateway proposal;
- made planning and building applications available online;
- reviewed the Local Commercial and Activity Centres Strategy;
- secured the South Metropolitan Coastcare Program; and
- post box has been installed in Wellard.



Rich in Spirit - key actions to continue or commence in 2016/17:

- implementation of the Community Engagement Strategy;
- development and implementation of a Reconciliation Action Plan and Cultural Diversity Strategy;
- development of a Community Security Strategy;
- continuing to provide the Live! Kwinana event series;
- continuing to deliver successful youth programs such as LyriK, Youth Advisory Council and Junior Council;
- continuing to activate Community Centres such as the Darius Wells Library and Resource Centre, John Wellard Community Centre, William Bertram Community Centre and the Zone Youth Space;
- continuing to recognise volunteers through initiatives such as the Thank a Volunteer Celebration event;
- implementation of the City's Disability Access and Inclusion Plan; and
- continued to produce the "Spirit of Kwinana" to inform the community of important information.

Alive with Opportunities - key actions to continue or commence in 2016/17:

- implementation of the Economic Development Strategy;
- working with education and training providers to ensure Kwinana residents have access to learning opportunities;
- coordinating the Kwinana Action Group;
- implementation of the City Centre Master Plan;
- finalisation of the Land Asset Retention and Disposal Strategy;
- completion of the Medina Town Centre Revitalisation Project; and
- promotion of the Indian Ocean Gateway proposal.

Surrounded by Nature - key actions to continue or commence in 2016/17:

- implementation of the Natural Areas Management Plan;
- installation and upgrade of bushland reserve fences;
- ensuring the retention, where practicable, of remnant vegetation in new developments;
- completing a Tree Retention Policy;
- implementing the Emergency Services Business Plan;
- coordination of the Bushcare Schools Program;
- providing free street tree mulch to residents
- implementation of the Sustainable Water Management Plan;
- implementation of the Ground Water Operating Strategy;
- implementation of the Water Conservation Plan;
- implementation of the Strategic Waste Management Plan; and
- implementation of the Climate Change Adaptation and Mitigation Strategy.

It's All Here - key actions to continue or commence in 2016/17:

- implementation of the Parks for People Plan;
- completion of the Kwinana Adventure Playground;
- completion of the Youth Outdoor Space;
- review the Community Infrastructure Plan;
- conducting a feasibility study to include future dog parks in the Community Infrastructure Plan;
- conducting a feasibility study for the construction of a Community Garden;
- upgrade of the Thomas Oval netball courts;
- implementation of the Parks Inspection and Continuous Improvement System;
- review of the Local Planning Strategy;
- review of the Liveable Neighbourhood Framework;
- preparation of a Parking Strategy that includes the City Centre as a key priority;
- implementation of the Local Housing Strategy;
- management and maintenance of the City's Aged Persons Accommodation;
- implementation of the Landscaping Strategy;
- completion of the Residential Development Policy and Guidelines;
- implementation of the Depot Annual Maintenance Works Program; and
- lobbying for the continual improvement of public transport in the City.

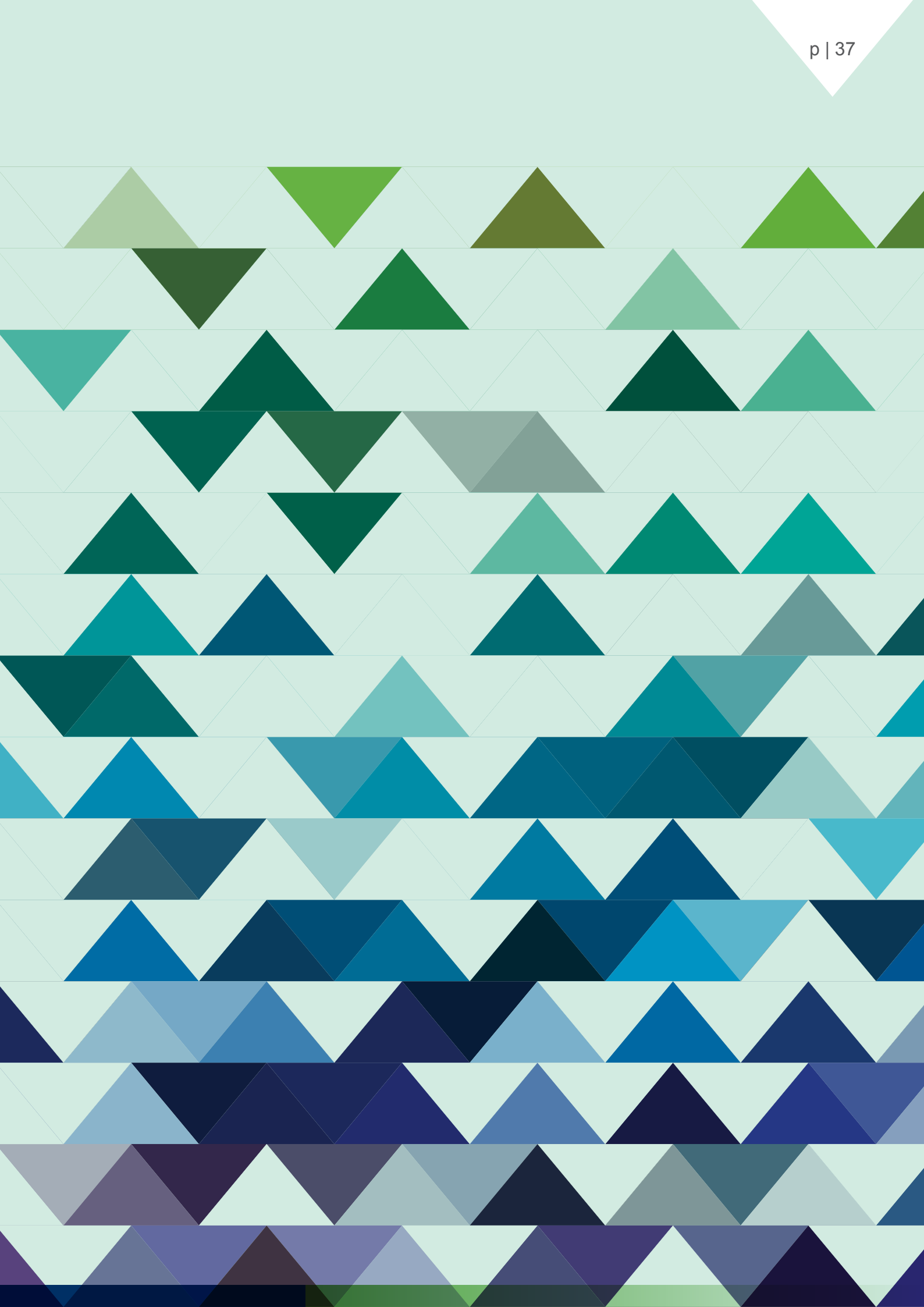
More Information

If you would like more information, the City of Kwinana's full Strategic Community Plan and Corporate Business Plan can be found on the City's website.



Abridged Annual Financial Statements and Audit Report

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INDEPENDENT AUDIT REPORT TO THE ELECTORS OF THE CITY OF KWINANA

REPORT ON THE FINANCIAL REPORT

We have audited the concise financial report of the City of Kwinana for the financial year ended 30 June 2016 comprising the 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 and rate setting statement for the year then ended.

Management's Responsibility for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Accounting Standard AASB 1039 "*Concise Financial Reports*". This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, the concise financial report of the City of Kwinana:

- a) complies with Accounting Standard AASB 1039 "*Concise Financial Reports*"; and
- b) gives a true and fair view of the City's financial position as at 30 June 2016 and of its performance for the year ended on that date.

MOORE STEPHENS**INDEPENDENT AUDIT REPORT TO THE ELECTORS
OF THE CITY OF KWINANA (CONTINUED)****Report On Other Legal and Regulatory Requirements**

During the course of the audit we became aware of two instances where the Council did not comply with the Local Government (Financial Management) Regulations 1996 (as amended).

List of Accounts

The list of payments for the month of April 2016 were not presented to Council in the required timeframe as required by Financial Management Regulation 13 (3)(A).

Monthly Statement of Financial Activity

The monthly statement of financial activity for the months of October 2015 and January 2016 were not presented to Council within 2 months as required by Financial Management Regulation 34A(4)(A).

In accordance with the *Local Government (Audit) Regulations 1996*, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the City.
- b) Except as noted above, no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

MOORE STEPHENS
CHARTERED ACCOUNTANTS



DAVID TOMASI
PARTNER

Date: 9 November 2016
Perth, WA

**STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Revenue				
Rates	22	33,835,973	33,810,043	31,596,063
Operating Grants, Subsidies and Contributions	28	12,119,463	11,096,815	19,124,397
Reimbursements and Recoveries		1,086,307	601,672	1,539,875
Fees and Charges	27	11,741,269	11,410,104	10,017,186
Interest Earnings	2(a)	2,041,745	1,958,409	2,217,869
Income from Property		1,727,946	1,588,405	1,513,548
Fines and Penalties		136,234	175,500	215,731
Other Revenue		1,404,971	96,142	1,046,242
		<u>64,093,908</u>	<u>60,737,090</u>	<u>67,270,911</u>
Expenses excluding Finance Costs				
Employee Costs		(24,804,808)	(24,708,163)	(22,932,237)
Materials and Contracts		(23,037,059)	(23,957,230)	(20,710,931)
Utility Charges		(2,432,897)	(2,263,757)	(1,866,079)
Leases	2(a)	(281,620)	(342,951)	(234,198)
Depreciation on Non-current Assets	2(a)	(11,315,275)	(11,558,780)	(10,895,879)
Insurance Expenses		(524,890)	(541,187)	(584,559)
Other Expenditure		(1,142,175)	(1,055,726)	(554,044)
		<u>(63,538,724)</u>	<u>(64,427,794)</u>	<u>(57,777,927)</u>
Finance Costs				
Interest Expenses	2(a)	<u>(1,165,687)</u>	<u>(1,161,059)</u>	<u>(946,619)</u>
		(1,165,687)	(1,161,059)	(946,619)
Sub Total		<u>(610,503)</u>	<u>(4,851,763)</u>	<u>8,546,365</u>
Grants/Contributions for the Development of Assets				
Non-Operating Grants, Subsidies & Contributions	28	34,215,884	10,800,212	17,320,760
Non-Operating Reimbursements and Recoveries		283,302	273,799	241,566
		<u>34,499,186</u>	<u>11,074,011</u>	<u>17,562,326</u>
Profit/(Loss) on Disposal of Assets				
Profit on Asset Disposals	20	87,538	81,617	55,422
Loss on Asset Disposals		<u>(23,219)</u>	<u>(21,848)</u>	<u>(284,894)</u>
		64,319	59,769	(229,472)
Loss on Revaluation of Assets				
Changes on revaluation of Non-Current Assets	7	-	-	(6,501,293)
		-	-	(6,501,293)
NET RESULT		<u>33,953,002</u>	<u>6,282,017</u>	<u>19,377,926</u>
Other Comprehensive Income				
Changes on revaluation of Non-Current Assets	12	799,828	-	94,637,088
		<u>799,828</u>	<u>-</u>	<u>94,637,088</u>
TOTAL COMPREHENSIVE INCOME		<u>34,752,830</u>	<u>6,282,017</u>	<u>114,015,014</u>

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

**STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Revenue	2(a)			
General Purpose Funding		39,166,809	37,755,419	36,106,634
Governance		227,327	180,391	505,633
Law, Order, Public Safety		511,117	432,196	528,862
Health		242,987	220,805	292,113
Education and Welfare		7,498,753	5,931,201	7,872,957
Community Amenities		11,604,748	11,618,382	17,569,593
Recreation and Culture		2,774,943	2,757,589	1,786,118
Transport		270,430	272,867	309,328
Economic Services		1,354,003	1,220,824	1,391,804
Other Property and Services		442,791	347,416	907,869
		<u>64,093,908</u>	<u>60,737,090</u>	<u>67,270,911</u>
Expenses Excluding Finance Costs	2(a)			
General Purpose Funding		(1,563,155)	(1,797,475)	(1,363,721)
Governance		(5,413,510)	(5,453,165)	(5,433,938)
Law, Order, Public Safety		(2,357,364)	(2,390,954)	(2,065,987)
Health		(1,134,212)	(1,182,984)	(1,020,476)
Education and Welfare		(9,960,264)	(8,351,569)	(9,140,518)
Community Amenities		(8,737,603)	(11,295,602)	(7,990,790)
Recreation & Culture		(16,909,009)	(16,994,871)	(14,973,528)
Transport		(12,280,975)	(11,711,632)	(10,546,319)
Economic Services		(1,642,555)	(1,670,343)	(1,362,076)
Other Property and Services		(3,540,077)	(3,579,199)	(3,880,574)
		<u>(63,538,724)</u>	<u>(64,427,794)</u>	<u>(57,777,927)</u>
Finance Costs	2(a)			
Governance		(67,751)	(67,973)	(63,223)
Education and Welfare		(98,103)	(98,385)	(89,383)
Recreation & Culture		(828,506)	(822,599)	(615,737)
Transport		(169,802)	(169,766)	(169,307)
Economic Services		(1,525)	(2,336)	(8,969)
		<u>(1,165,687)</u>	<u>(1,161,059)</u>	<u>(946,619)</u>
Sub Total		(610,503)	(4,851,763)	8,546,365
Grants/Contributions for the Development of Assets	28			
Non-Operating Grants, Subsidies & Contributions		34,215,884	10,800,212	17,320,760
Non-Operating Reimbursements and Recoveries		283,302	273,799	241,566
		<u>34,499,186</u>	<u>11,074,011</u>	<u>17,562,326</u>
Profit/(Loss) on Disposal of Assets	20			
Profit on Asset Disposals		87,538	81,617	55,422
Loss on Asset Disposals		(23,219)	(21,848)	(284,894)
		<u>64,319</u>	<u>59,769</u>	<u>(229,472)</u>
Loss on Revaluation of Assets				
Changes on revaluation of Non-Current Assets	7	-	-	(6,501,293)
		<u>-</u>	<u>-</u>	<u>(6,501,293)</u>
NET RESULT		33,953,002	6,282,017	19,377,926
Other Comprehensive Income				
Changes on revaluation of Non-Current Assets	12	799,828	-	94,637,088
		<u>799,828</u>	<u>-</u>	<u>94,637,088</u>
TOTAL COMPREHENSIVE INCOME		34,752,830	6,282,017	114,015,014

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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	NOTE	2016 Actual \$	2015 Actual \$
Current Assets			
Cash and Cash Equivalents	3	55,357,714	54,001,450
Trade and Other Receivables	4	4,096,861	3,963,058
Inventories	5	26,162	20,926
TOTAL CURRENT ASSETS		59,480,737	57,985,434
TOTAL CURRENT ASSETS		59,480,737	57,985,434
Non-Current Assets			
Other Receivables	4	3,943,449	3,898,870
Property, Plant and Equipment	6	160,822,364	161,971,591
Infrastructure	7	275,191,387	242,392,830
TOTAL NON-CURRENT ASSETS		439,957,200	408,263,291
TOTAL ASSETS		499,437,937	466,248,725
Current Liabilities			
Trade and Other Payables	8	9,233,372	12,275,618
Current Portion of Long Term Borrowings	9	3,105,457	3,170,480
Provisions	10	4,545,806	4,101,552
TOTAL CURRENT LIABILITIES		16,884,635	19,547,650
Non-Current Liabilities			
Payables	8	21,635,000	21,635,000
Long Term Borrowings	9	20,150,953	19,056,410
Provisions	10	378,349	373,495
TOTAL NON-CURRENT LIABILITIES		42,164,302	41,064,905
TOTAL LIABILITIES		59,048,937	60,612,555
Net Assets		440,389,000	405,636,170
Equity			
Retained Surplus		220,833,639	191,937,888
Reserves - Cash Backed	11	46,938,076	41,880,825
Revaluation Surplus	12	172,617,285	171,817,457
TOTAL EQUITY		440,389,000	405,636,170

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		179,623,197	34,817,590	77,180,369	291,621,156
Comprehensive Income					
Net Result 30th June 2015		19,377,926	-	-	19,377,926
Changes on Revaluation of Non-Current Assets		-	-	94,637,088	94,637,088
Total Other Comprehensive Income		19,377,926	-	94,637,088	114,015,014
Transfer from/(to) Reserves		(7,063,235)	7,063,235	-	-
Balance as at 30 June 2015		191,937,888	41,880,825	171,817,457	405,636,170
Comprehensive Income					
Net Result 30th June 2016		33,953,002	-	-	33,953,002
Changes on Revaluation of Non-Current Assets		-	-	799,828	799,828
Total Other Comprehensive Income		33,953,002	-	799,828	34,752,830
Transfer from/(to) Reserves		(5,057,251)	5,057,251	-	-
Balance as at 30 June 2016	11	220,833,639	46,938,076	172,617,285	440,389,000

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

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Cash Flows From Operating Activities				
Receipts				
Rates		33,622,693	34,110,043	31,571,984
Operating Grants, Subsidies and Contributions		11,396,890	11,021,815	19,618,233
Reimbursements and Recoveries		1,165,615	601,672	1,706,466
Fees and Charges		11,726,419	11,410,104	10,123,242
Interest Earnings		2,041,745	1,958,409	2,217,869
Goods and Services Tax		3,247,432	-	3,390,230
Income from Property		1,684,466	1,588,405	1,499,976
Fines and Penalties		141,788	175,500	185,691
Other Revenue		741,806	96,142	439,771
		65,768,854	60,962,090	70,753,462
Payments				
Employee Costs		(24,094,279)	(24,708,163)	(22,213,184)
Materials and Contracts		(25,548,288)	(24,097,230)	(16,440,981)
Utility Charges		(2,431,675)	(2,313,757)	(1,867,301)
Leases		(281,620)	(342,951)	(234,198)
Insurance Expense		(524,890)	(541,187)	(584,559)
Interest Expenses		(1,167,092)	(1,161,059)	(951,777)
Goods and Services Tax		(3,269,789)	-	(3,583,465)
Other Expenditure		(789,354)	(1,055,726)	(554,044)
		(58,106,987)	(54,220,073)	(46,429,509)
Net Cash Provided By (Used In)				
Operating Activities	13(b)	7,661,867	6,742,017	24,323,953
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		(90,443)	-	-
Payments for Construction of Buildings		(1,443,143)	(2,566,545)	(7,660,897)
Payments for Purchase of Plant & Equipment		(1,265,962)	(1,592,728)	(1,074,408)
Payments for Construction of Infrastructure		(9,818,276)	(15,474,371)	(9,981,033)
Payments for Purchase of Furniture & Equipment		(481,266)	(523,506)	(252,944)
		(13,099,090)	(20,157,150)	(18,969,282)
Grants, Subsidies and Contributions for the Development of Assets		5,337,399	11,074,011	3,366,137
Proceeds from Sale of Land & Buildings		-	-	469,904
Proceeds from Sale of Furniture & Equipment		5,700	-	15,838
Proceeds from Sale of Plant & Equipment		354,596	467,200	442,898
Proceeds from Sale of Investment Portfolio		-	-	-
		5,697,695	11,541,211	4,294,777
Net Cash Provided By (Used In)				
Investing Activities		(7,401,395)	(8,615,939)	(14,674,505)

**STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Cash Flows from Financing Activities				
Repayment of Loans		(670,480)	(670,482)	(462,241)
Repayment of Liquidity Advances		-	-	(1,750,000)
Proceeds from Self Supporting Loans		66,272	66,272	62,971
Proceeds from New Loans		1,700,000	1,985,795	4,646,840
Net Cash Provided By (Used In) Financing Activities		1,095,792	1,381,585	2,497,570
Net Increase (Decrease) in Cash Held		1,356,264	(492,337)	12,147,018
Cash at Beginning of Year		54,001,450	54,001,450	41,854,432
Cash and Cash Equivalents at End of Year	13(a)	55,357,714	53,509,113	54,001,450

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

RATE SETTING STATEMENT BY DIRECTORATE FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 Actual \$	2016 Budget \$	2016 Adopted Budget \$	2015 Actual \$
Net current assets at start of financial year - surplus/(deficit)	22(b)	2,917,706	2,917,706	1,000,000	2,248,156
Revenue from operating activities (excluding rates)					
City Strategy		518,661	388,935	754,515	843,805
Corporate & Engineering		6,793,161	5,190,078	4,904,069	6,578,376
City Living		17,849,368	15,648,378	15,002,667	16,231,056
City Development		5,184,283	5,781,273	17,538,093	12,077,033
		30,345,473	27,008,664	38,199,344	35,730,270
Expenditure from operating activities					
City Strategy		(4,618,387)	(4,868,706)	(4,981,110)	(4,574,618)
Corporate & Engineering		(28,816,570)	(28,094,475)	(27,994,790)	(33,136,445)
City Living		(27,539,727)	(28,225,046)	(31,353,784)	(24,494,168)
City Development		(3,752,946)	(4,422,474)	(4,486,857)	(3,305,502)
		(64,727,630)	(65,610,701)	(68,816,541)	(65,510,733)
Operating Activities excluded from budget					
(Profit)/Loss on Asset Disposals	20	(64,319)	(59,769)	22,651	229,472
Depreciation on Assets	2(a)	11,315,275	11,558,780	11,558,780	10,895,879
Loss on Revaluation of Non Current Assets	7	-	-	-	6,501,293
Movement in Employee Leave Provision		449,107	-	-	604,958
Movement in Deferred Pensioner Rates		(49,318)	-	-	(6,243)
Movement in Banksia Park DMF Receivable		352,821	-	-	(606,471)
		12,003,566	11,499,011	11,581,431	17,618,888
Amount attributable to operating activities		(19,460,885)	(24,185,320)	(18,035,766)	(9,913,419)
Revenue from investing activities					
Non-operating grants, subsidies and contributions		34,499,186	11,074,011	10,353,338	17,562,326
Proceeds from Disposal of Assets	20	360,296	467,200	1,953,500	663,079
		34,859,482	11,541,211	12,306,838	18,225,405
Expenditure from investing activities					
Purchase Furniture and Equipment		(141,469)	(154,980)	(125,200)	(111,376)
Purchase Computing Equipment		(335,160)	(368,526)	(292,400)	(90,839)
Purchase Plant and Equipment		(288,084)	(583,503)	(557,750)	(379,238)
Purchase Transportation Vehicles		(968,565)	(1,059,225)	(954,225)	(698,868)
Purchase Land and Buildings		(1,448,999)	(2,616,545)	(4,545,089)	(7,584,371)
Purchase Reserve Development		(605,200)	(1,516,934)	(1,549,000)	(966,381)
Purchase Playground Equipment		(2,780,374)	(6,048,944)	(6,390,000)	(449,458)
Purchase Infrastructure - Urban Road Grant		(1,973,964)	(2,314,135)	(1,597,776)	(5,730,013)
Purchase Infrastructure - Black Spot Funding		(1,722,961)	(2,245,458)	(2,145,000)	(1,038,947)
Purchase Infrastructure - Roads to Recovery		(865,778)	(1,093,436)	(1,434,491)	(286,935)
Purchase Infrastructure - Road Resurfacing		(229,766)	(367,658)	(263,000)	(60,875)
Purchase Infrastructure - Street Lighting		-	(25,000)	(25,000)	-
Purchase Infrastructure - Bus Shelters		(25,942)	(24,824)	(20,000)	(30,284)
Purchase Infrastructure - Footpaths		(95,377)	(113,000)	(113,000)	(273,966)
Purchase Infrastructure - Drainage		(882,251)	(1,102,841)	(930,000)	(371,953)
Purchase Infrastructure - Municipal Roadworks		(677,558)	(722,141)	(736,600)	(912,136)
Purchase Infrastructure - Carparks		(21,844)	-	-	(6,250)
Purchase Infrastructure - Other		-	-	-	-
Contributed Assets - Roads	32	(18,466,330)	-	-	(9,600,451)
Contributed Assets - Footpaths	32	(4,514,222)	-	-	(1,986,332)
Contributed Assets - Drainage	32	(6,033,391)	-	-	(2,250,960)
Contributed Assets - Parks and Ovals	32	(383,518)	-	-	-
		(42,460,753)	(20,357,150)	(21,678,531)	(32,829,633)
Amount attributable to investing activities		(7,601,271)	(8,815,939)	(9,371,693)	(14,604,228)

RATE SETTING STATEMENT BY DIRECTORATE FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 Actual \$	2016 Budget \$	2016 Adopted Budget \$	2015 Actual \$
Financing Activities					
Repayment of Loan Principal	21(a)	(670,480)	(670,482)	(670,482)	(462,241)
Repayment of Liquidity Advance	21(a)	-	-	(2,500,000)	(1,750,000)
Self-Supporting Loan Principal Revenue	21(e)	66,272	66,272	66,272	62,971
Self-Supporting Loan	21(e)	-	-	-	-
Proceeds from New Loan Borrowings	21(b)	1,700,000	1,891,360	5,514,377	4,646,840
Proceeds from Loan Borrowings (Unspent)	21(c)	31,731	94,435	344,435	404,955
Amount attributable to financing activities		1,127,523	1,381,585	2,754,602	2,902,525
Transfer Expenditure and Revenue					
Transfer to Reserves (Restricted Assets)	11	(10,363,246)	(12,114,693)	(23,579,613)	(20,072,157)
Transfer from Reserves (Restricted Assets)	11	5,305,995	9,924,324	14,592,777	13,008,922
Amount attributable to reserve transfers		(5,057,251)	(2,190,369)	(8,986,836)	(7,063,235)
Surplus (deficiency) before general rates		(30,991,884)	(33,810,043)	(33,639,693)	(28,678,357)
Total Amount Raised from General Rate	22(a)	33,835,973	33,810,043	33,639,693	31,596,063
Net current assets at June 30 c/fwd - surplus/(deficit)	22(b)	2,844,089	-	-	2,917,706

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



Administration

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Financial Statements 2015-2016



FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

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FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016
STATEMENT BY CHIEF EXECUTIVE OFFICER

LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The attached financial report of the City of Kwinana being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the City of Kwinana at 30 June 2016 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the

9

day of NOVEMBER 2016



Casey Mihovilovich
Acting Chief Executive Officer

STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Revenue				
Rates	22	33,835,973	33,810,043	31,596,063
Operating Grants, Subsidies and Contributions	28	12,119,463	11,096,815	19,124,397
Reimbursements and Recoveries		1,086,307	601,672	1,539,875
Fees and Charges	27	11,741,269	11,410,104	10,017,186
Interest Earnings	2(a)	2,041,745	1,958,409	2,217,869
Income from Property		1,727,946	1,588,405	1,513,548
Fines and Penalties		136,234	175,500	215,731
Other Revenue		1,404,971	96,142	1,046,242
		<u>64,093,908</u>	<u>60,737,090</u>	<u>67,270,911</u>
Expenses excluding Finance Costs				
Employee Costs		(24,804,808)	(24,708,163)	(22,932,237)
Materials and Contracts		(23,037,059)	(23,957,230)	(20,710,931)
Utility Charges		(2,432,897)	(2,263,757)	(1,866,079)
Leases	2(a)	(281,620)	(342,951)	(234,198)
Depreciation on Non-current Assets	2(a)	(11,315,275)	(11,558,780)	(10,895,879)
Insurance Expenses		(524,890)	(541,187)	(584,559)
Other Expenditure		(1,142,175)	(1,055,726)	(554,044)
		<u>(63,538,724)</u>	<u>(64,427,794)</u>	<u>(57,777,927)</u>
Finance Costs				
Interest Expenses	2(a)	(1,165,687)	(1,161,059)	(946,619)
		<u>(1,165,687)</u>	<u>(1,161,059)</u>	<u>(946,619)</u>
Sub Total		<u>(610,503)</u>	<u>(4,851,763)</u>	<u>8,546,365</u>
Grants/Contributions for the Development of Assets				
Non-Operating Grants, Subsidies & Contributions	28	34,215,884	10,800,212	17,320,760
Non-Operating Reimbursements and Recoveries		283,302	273,799	241,566
		<u>34,499,186</u>	<u>11,074,011</u>	<u>17,562,326</u>
Profit/(Loss) on Disposal of Assets	20			
Profit on Asset Disposals		87,538	81,617	55,422
Loss on Asset Disposals		(23,219)	(21,848)	(284,894)
		<u>64,319</u>	<u>59,769</u>	<u>(229,472)</u>
Loss on Revaluation of Assets				
Changes on revaluation of Non-Current Assets	7	-	-	(6,501,293)
		<u>-</u>	<u>-</u>	<u>(6,501,293)</u>
NET RESULT		<u>33,953,002</u>	<u>6,282,017</u>	<u>19,377,926</u>
Other Comprehensive Income				
Changes on revaluation of Non-Current Assets	12	799,828	-	94,637,088
		<u>799,828</u>	<u>-</u>	<u>94,637,088</u>
TOTAL COMPREHENSIVE INCOME		<u>34,752,830</u>	<u>6,282,017</u>	<u>114,015,014</u>

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

STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Revenue	2(a)			
General Purpose Funding		39,166,809	37,755,419	36,106,634
Governance		227,327	180,391	505,633
Law, Order, Public Safety		511,117	432,196	528,862
Health		242,987	220,805	292,113
Education and Welfare		7,498,753	5,931,201	7,872,957
Community Amenities		11,604,748	11,618,382	17,569,593
Recreation and Culture		2,774,943	2,757,589	1,786,118
Transport		270,430	272,867	309,328
Economic Services		1,354,003	1,220,824	1,391,804
Other Property and Services		442,791	347,416	907,869
		<u>64,093,908</u>	<u>60,737,090</u>	<u>67,270,911</u>
Expenses Excluding Finance Costs	2(a)			
General Purpose Funding		(1,563,155)	(1,797,475)	(1,363,721)
Governance		(5,413,510)	(5,453,165)	(5,433,938)
Law, Order, Public Safety		(2,357,364)	(2,390,954)	(2,065,987)
Health		(1,134,212)	(1,182,984)	(1,020,476)
Education and Welfare		(9,960,264)	(8,351,569)	(9,140,518)
Community Amenities		(8,737,603)	(11,295,602)	(7,990,790)
Recreation & Culture		(16,909,009)	(16,994,871)	(14,973,528)
Transport		(12,280,975)	(11,711,632)	(10,546,319)
Economic Services		(1,642,555)	(1,670,343)	(1,362,076)
Other Property and Services		(3,540,077)	(3,579,199)	(3,880,574)
		<u>(63,538,724)</u>	<u>(64,427,794)</u>	<u>(57,777,927)</u>
Finance Costs	2(a)			
Governance		(67,751)	(67,973)	(63,223)
Education and Welfare		(98,103)	(98,385)	(89,383)
Recreation & Culture		(828,506)	(822,599)	(615,737)
Transport		(169,802)	(169,766)	(169,307)
Economic Services		(1,525)	(2,336)	(8,969)
		<u>(1,165,687)</u>	<u>(1,161,059)</u>	<u>(946,619)</u>
Sub Total		<u>(610,503)</u>	<u>(4,851,763)</u>	<u>8,546,365</u>
Grants/Contributions for the Development of Assets	28			
Non-Operating Grants, Subsidies & Contributions		34,215,884	10,800,212	17,320,760
Non-Operating Reimbursements and Recoveries		283,302	273,799	241,566
		<u>34,499,186</u>	<u>11,074,011</u>	<u>17,562,326</u>
Profit/(Loss) on Disposal of Assets	20			
Profit on Asset Disposals		87,538	81,617	55,422
Loss on Asset Disposals		(23,219)	(21,848)	(284,894)
		<u>64,319</u>	<u>59,769</u>	<u>(229,472)</u>
Loss on Revaluation of Assets				
Changes on revaluation of Non-Current Assets	7	-	-	(6,501,293)
		<u>-</u>	<u>-</u>	<u>(6,501,293)</u>
NET RESULT		<u>33,953,002</u>	<u>6,282,017</u>	<u>19,377,926</u>
Other Comprehensive Income				
Changes on revaluation of Non-Current Assets	12	799,828	-	94,637,088
		<u>799,828</u>	<u>-</u>	<u>94,637,088</u>
TOTAL COMPREHENSIVE INCOME		<u>34,752,830</u>	<u>6,282,017</u>	<u>114,015,014</u>

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	NOTE	2016 Actual \$	2015 Actual \$
Current Assets			
Cash and Cash Equivalents	3	55,357,714	54,001,450
Trade and Other Receivables	4	4,096,861	3,963,058
Inventories	5	26,162	20,926
TOTAL CURRENT ASSETS		59,480,737	57,985,434
TOTAL CURRENT ASSETS		59,480,737	57,985,434
Non-Current Assets			
Other Receivables	4	3,943,449	3,898,870
Property, Plant and Equipment	6	160,822,364	161,971,591
Infrastructure	7	275,191,387	242,392,830
TOTAL NON-CURRENT ASSETS		439,957,200	408,263,291
TOTAL ASSETS		499,437,937	466,248,725
Current Liabilities			
Trade and Other Payables	8	9,233,372	12,275,618
Current Portion of Long Term Borrowings	9	3,105,457	3,170,480
Provisions	10	4,545,806	4,101,552
TOTAL CURRENT LIABILITIES		16,884,635	19,547,650
Non-Current Liabilities			
Payables	8	21,635,000	21,635,000
Long Term Borrowings	9	20,150,953	19,056,410
Provisions	10	378,349	373,495
TOTAL NON-CURRENT LIABILITIES		42,164,302	41,064,905
TOTAL LIABILITIES		59,048,937	60,612,555
Net Assets		440,389,000	405,636,170
Equity			
Retained Surplus		220,833,639	191,937,888
Reserves - Cash Backed	11	46,938,076	41,880,825
Revaluation Surplus	12	172,617,285	171,817,457
TOTAL EQUITY		440,389,000	405,636,170

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		179,623,197	34,817,590	77,180,369	291,621,156
Comprehensive Income					
Net Result 30th June 2015		19,377,926	-	-	19,377,926
Changes on Revaluation of Non-Current Assets		-	-	94,637,088	94,637,088
Total Other Comprehensive Income		19,377,926	-	94,637,088	114,015,014
Transfer from/(to) Reserves		(7,063,235)	7,063,235	-	-
Balance as at 30 June 2015		191,937,888	41,880,825	171,817,457	405,636,170
Comprehensive Income					
Net Result 30th June 2016		33,953,002	-	-	33,953,002
Changes on Revaluation of Non-Current Assets		-	-	799,828	799,828
Total Other Comprehensive Income		33,953,002	-	799,828	34,752,830
Transfer from/(to) Reserves		(5,057,251)	5,057,251	-	-
Balance as at 30 June 2016	11	220,833,639	46,938,076	172,617,285	440,389,000

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

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Cash Flows From Operating Activities				
Receipts				
Rates		33,622,693	34,110,043	31,571,984
Operating Grants, Subsidies and Contributions		11,396,890	11,021,815	19,618,233
Reimbursements and Recoveries		1,165,615	601,672	1,706,466
Fees and Charges		11,726,419	11,410,104	10,123,242
Interest Earnings		2,041,745	1,958,409	2,217,869
Goods and Services Tax		3,247,432	-	3,390,230
Income from Property		1,684,466	1,588,405	1,499,976
Fines and Penalties		141,788	175,500	185,691
Other Revenue		741,806	96,142	439,771
		<u>65,768,854</u>	<u>60,962,090</u>	<u>70,753,462</u>
Payments				
Employee Costs		(24,094,279)	(24,708,163)	(22,213,184)
Materials and Contracts		(25,548,288)	(24,097,230)	(16,440,981)
Utility Charges		(2,431,675)	(2,313,757)	(1,867,301)
Leases		(281,620)	(342,951)	(234,198)
Insurance Expense		(524,890)	(541,187)	(584,559)
Interest Expenses		(1,167,092)	(1,161,059)	(951,777)
Goods and Services Tax		(3,269,789)	-	(3,583,465)
Other Expenditure		(789,354)	(1,055,726)	(554,044)
		<u>(58,106,987)</u>	<u>(54,220,073)</u>	<u>(46,429,509)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>7,661,867</u>	<u>6,742,017</u>	<u>24,323,953</u>
Cash Flows from Investing Activities				
Payments for Development of Land Held for Resale		(90,443)	-	-
Payments for Construction of Buildings		(1,443,143)	(2,566,545)	(7,660,897)
Payments for Purchase of Plant & Equipment		(1,265,962)	(1,592,728)	(1,074,408)
Payments for Construction of Infrastructure		(9,818,276)	(15,474,371)	(9,981,033)
Payments for Purchase of Furniture & Equipment		(481,266)	(523,506)	(252,944)
		<u>(13,099,090)</u>	<u>(20,157,150)</u>	<u>(18,969,282)</u>
Grants, Subsidies and Contributions for the Development of Assets		5,337,399	11,074,011	3,366,137
Proceeds from Sale of Land & Buildings		-	-	469,904
Proceeds from Sale of Furniture & Equipment		5,700	-	15,838
Proceeds from Sale of Plant & Equipment		354,596	467,200	442,898
Proceeds from Sale of Investment Portfolio		-	-	-
		<u>5,697,695</u>	<u>11,541,211</u>	<u>4,294,777</u>
Net Cash Provided By (Used In) Investing Activities		<u>(7,401,395)</u>	<u>(8,615,939)</u>	<u>(14,674,505)</u>

STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Cash Flows from Financing Activities				
Repayment of Loans		(670,480)	(670,482)	(462,241)
Repayment of Liquidity Advances		-	-	(1,750,000)
Proceeds from Self Supporting Loans		66,272	66,272	62,971
Proceeds from New Loans		1,700,000	1,985,795	4,646,840
Net Cash Provided By (Used In) Financing Activities		1,095,792	1,381,585	2,497,570
Net Increase (Decrease) in Cash Held		1,356,264	(492,337)	12,147,018
Cash at Beginning of Year		54,001,450	54,001,450	41,854,432
Cash and Cash Equivalents at End of Year	13(a)	55,357,714	53,509,113	54,001,450

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

RATE SETTING STATEMENT
BY DIRECTORATE
FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 Actual \$	2016 Budget \$	2016 Adopted Budget \$	2015 Actual \$
Net current assets at start of financial year - surplus/(deficit)	22(b)	2,917,706	2,917,706	1,000,000	2,248,156
Revenue from operating activities (excluding rates)					
City Strategy		518,661	388,935	754,515	843,805
Corporate & Engineering		6,793,161	5,190,078	4,904,069	6,578,376
City Living		17,849,368	15,648,378	15,002,667	16,231,056
City Development		5,184,283	5,781,273	17,538,093	12,077,033
		30,345,473	27,008,664	38,199,344	35,730,270
Expenditure from operating activities					
City Strategy		(4,618,387)	(4,868,706)	(4,981,110)	(4,574,618)
Corporate & Engineering		(28,816,570)	(28,094,475)	(27,994,790)	(33,136,445)
City Living		(27,539,727)	(28,225,046)	(31,353,784)	(24,494,168)
City Development		(3,752,946)	(4,422,474)	(4,486,857)	(3,305,502)
		(64,727,630)	(65,610,701)	(68,816,541)	(65,510,733)
Operating Activities excluded from budget					
(Profit)/Loss on Asset Disposals	20	(64,319)	(59,769)	22,651	229,472
Depreciation on Assets	2(a)	11,315,275	11,558,780	11,558,780	10,895,879
Loss on Revaluation of Non Current Assets	7	-	-	-	6,501,293
Movement in Employee Leave Provision		449,107	-	-	604,958
Movement in Deferred Pensioner Rates		(49,318)	-	-	(6,243)
Movement in Banksia Park DMF Receivable		352,821	-	-	(606,471)
		12,003,566	11,499,011	11,581,431	17,618,888
Amount attributable to operating activities		(19,460,885)	(24,185,320)	(18,035,766)	(9,913,419)
Revenue from investing activities					
Non-operating grants, subsidies and contributions		34,499,186	11,074,011	10,353,338	17,562,326
Proceeds from Disposal of Assets	20	360,296	467,200	1,953,500	663,079
		34,859,482	11,541,211	12,306,838	18,225,405
Expenditure from investing activities					
Purchase Furniture and Equipment		(141,469)	(154,980)	(125,200)	(111,376)
Purchase Computing Equipment		(335,160)	(368,526)	(292,400)	(90,839)
Purchase Plant and Equipment		(288,084)	(583,503)	(557,750)	(379,238)
Purchase Transportation Vehicles		(968,565)	(1,059,225)	(954,225)	(698,868)
Purchase Land and Buildings		(1,448,999)	(2,616,545)	(4,545,089)	(7,584,371)
Purchase Reserve Development		(605,200)	(1,516,934)	(1,549,000)	(966,381)
Purchase Playground Equipment		(2,780,374)	(6,048,944)	(6,390,000)	(449,458)
Purchase Infrastructure - Urban Road Grant		(1,973,964)	(2,314,135)	(1,597,776)	(5,730,013)
Purchase Infrastructure - Black Spot Funding		(1,722,961)	(2,245,458)	(2,145,000)	(1,038,947)
Purchase Infrastructure - Roads to Recovery		(865,778)	(1,093,436)	(1,434,491)	(286,935)
Purchase Infrastructure - Road Resurfacing		(229,766)	(367,658)	(263,000)	(60,875)
Purchase Infrastructure - Street Lighting		-	(25,000)	(25,000)	-
Purchase Infrastructure - Bus Shelters		(25,942)	(24,824)	(20,000)	(30,284)
Purchase Infrastructure - Footpaths		(95,377)	(113,000)	(113,000)	(273,966)
Purchase Infrastructure - Drainage		(882,251)	(1,102,841)	(930,000)	(371,953)
Purchase Infrastructure - Municipal Roadworks		(677,558)	(722,141)	(736,600)	(912,136)
Purchase Infrastructure - Carparks		(21,844)	-	-	(6,250)
Purchase Infrastructure - Other		-	-	-	-
Contributed Assets - Roads	32	(18,466,330)	-	-	(9,600,451)
Contributed Assets - Footpaths	32	(4,514,222)	-	-	(1,986,332)
Contributed Assets - Drainage	32	(6,033,391)	-	-	(2,250,960)
Contributed Assets - Parks and Ovals	32	(383,518)	-	-	-
		(42,460,753)	(20,357,150)	(21,678,531)	(32,829,633)
Amount attributable to investing activities		(7,601,271)	(8,815,939)	(9,371,693)	(14,604,228)

RATE SETTING STATEMENT
BY DIRECTORATE
FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	2016 Actual \$	2016 Budget \$	2016 Adopted Budget \$	2015 Actual \$
Financing Activities					
Repayment of Loan Principal	21(a)	(670,480)	(670,482)	(670,482)	(462,241)
Repayment of Liquidity Advance	21(a)	-	-	(2,500,000)	(1,750,000)
Self-Supporting Loan Principal Revenue	21(e)	66,272	66,272	66,272	62,971
Self-Supporting Loan	21(e)	-	-	-	-
Proceeds from New Loan Borrowings	21(b)	1,700,000	1,891,360	5,514,377	4,646,840
Proceeds from Loan Borrowings (Unspent)	21(c)	31,731	94,435	344,435	404,955
Amount attributable to financing activities		1,127,523	1,381,585	2,754,602	2,902,525
Transfer Expenditure and Revenue					
Transfer to Reserves (Restricted Assets)	11	(10,363,246)	(12,114,693)	(23,579,613)	(20,072,157)
Transfer from Reserves (Restricted Assets)	11	5,305,995	9,924,324	14,592,777	13,008,922
Amount attributable to reserve transfers		(5,057,251)	(2,190,369)	(8,986,836)	(7,063,235)
Surplus (deficiency) before general rates		(30,991,884)	(33,810,043)	(33,639,693)	(28,678,357)
Total Amount Raised from General Rate	22(a)	33,835,973	33,810,043	33,639,693	31,596,063
Net current assets at June 30 c/fwd - surplus/(deficit)	22(b)	2,844,089	-	-	2,917,706

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

1. 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. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

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

Critical Accounting Estimates

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

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

The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 17 to these financial statements.

(b) Goods and Services Tax

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) Cash and Cash Equivalents

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

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

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Inventories (Continued)

Land Held for Resale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

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

Land held for sale is classified as current except where it is held as non-current based on the City's intentions to release for sale.

(f) 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.

Mandatory Requirement to Revalue Non-Current Assets

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, The City commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the City revalues its asset classes in accordance with this mandatory timetable.

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) Regulations 16(a), the City is required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or regional significance.

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

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 overhead.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

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 profit or loss.

Land Under Roads

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land Under Roads (Continued)

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

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the City.

Depreciation of Non-Current Assets

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

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Asset Class	Asset Description	Estimated Useful Life	Depreciation Rate
Land	Land	Nil	
	Vested Land	Nil	
	Other Vested Land	Nil	
Buildings	Entire Building	15 to 125	6.67% to 0.8%
	Building Structure	40 to 60	2.5% to 1.67%
	Roof Cladding	40 to 60	2.5% to 1.67%
	Floor Coverings	10 to 30	10% to 3.33%
	Finishes & Fittings	10 to 30	10% to 3.33%
	Mechanical	10 to 30	10% to 3.33%
	Fire & Security	10 to 30	10% to 3.33%
	Fencing	10 to 30	10% to 3.33%
	Transportable Buildings	10 to 30	10% to 3.33%
	Vehicles	5 to 10	20% to 10%
Plant & Equipment	Major Plant	5 to 20	20% to 5%
	Minor Plant & Equipment	3 to 20	33.33% to 5%
Furniture & Equipment	Computing Equipment	2 to 7	50% to 14.29%
	Office Furniture	7 to 13	14.29% to 7.69%
	Office Equipment	3 to 10	33.33% to 10%
	Audio Visual Equipment	3 to 10	33.33% to 10%
	Specialised Equipment	5 to 13	20% to 7.69%
	White Goods	5 to 13	20% to 7.69%
	Art Works	Nil	
Infrastructure - Roads	Pavement	60	1.67%
	Subgrade	Nil	
	Surface	20	5%
	Kerbs	50	2%
	Barriers	25	4%
Infrastructure - Footpaths	Footpaths	49	2.04%
Infrastructure - Drainage	Pits	80	1.25%
	Pipes	80	1.25%
	Chambers	80	1.25%
	Culverts	80	1.25%
Infrastructure - Car Parks	Car Parks	20	5%
Infrastructure - Bus Shelters	Bus Shelters	24	4.17%
Infrastructure - Street Lights	Street Lights	30	3.33%
Infrastructure - Parks & Ovals	Playground Equipment/Shade Structures	15	6.67%
	Bores/Pumps/Irrigation	20 to 40	5% to 2.5%
	BBQ's/Park Furniture	15	6.67%
	Outdoor Public Art	23	4.35%
	Fencing	30	3%
Infrastructure - Other	Other Structures	20 to 50	5% to 2%

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Capitalisation Threshold

Assets acquired during the year are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition, subject to a capitalisation threshold applied to specific classes of assets as follows:

Land	Nil
Furniture and Equipment	\$500
Plant and Equipment	\$500
Building Construction	\$2,000
Infrastructure	\$5,000

(g) 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 or liability. The fair values of assets that are not traded in an active market are determined using one or more valuations techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

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

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

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities (Continued)

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 and 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 in accordance with the regulatory framework.

(h) Financial Instruments

Classification

The City classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit and loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the City has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in non-current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

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

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the City commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the Statement of Comprehensive Income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the City has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the Statement of Comprehensive Income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the Statement of Comprehensive Income as part of revenue from continuing operations when the City's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

The City assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the Statement of Comprehensive Income on equity instruments classified as available-for-sale are not reversed through the Statement of Comprehensive Income.

(i) 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 depreciated replacement cost of the asset.

(i) Trade and Other Payables

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

(k) 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. The City's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the Statement of Financial Position.

Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other 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.

(l) Borrowing Costs

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) 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 best estimate of the amounts required to settle the obligation at the end of the reporting period.

(n) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the City, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

(o) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government 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 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

(p) Independent Living Unit (ILU) Resident loan liabilities and deferred management fee receivable

ILU Resident loans are non-interest bearing payments owed to the City by retirement village residents by way of signing a Lease for Life residency agreement to occupy an ILU (min 40 years). These payments are liabilities which fall due and payable upon transfer of the lease to a new resident less the deferred management fee calculated in accordance with the residency agreement. The City's liability to the resident becomes due upon receipt of sale proceeds from the incoming resident. Therefore these liabilities are classified as Non-Current.

ILU Resident loan liabilities are recorded at fair value.

Deferred management fees crystallise upon surrender of the residency agreement. As such the deferred management fee receivables are recorded at present value based upon an expected occupancy period of five years until surrender of the loan residency agreement. Therefore deferred management fees contain both current and non-current elements.

(p) Superannuation

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

(a) Current and Non-Current Classification

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

(r) Rounding Off Figures

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

(s) Comparative Figures

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Budget Comparative Figures

The budget comparative figures shown in this annual financial report relate to the amended budget estimate for the relevant item of disclosure.

(u) New Accounting Standards and Interpretations for Application in Future Periods

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

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

	Title	Issued/ Compiled	Applicable (')	Impact
(i)	AASB 9 - Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil - The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the City, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the City has with those third parties it has dealings with. It may or may not be significant.
(iii)	AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the City, the impact is not expected to be significant.
(iv)	AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the City's financial statements.
(v)	AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. Given the City currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

	Title and topic	Issued	Applicable (*)	Impact
(vi)	AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.
(vii)	AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column. It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.
(viii)	AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the City as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

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

(v) Adoption of New and Revised Accounting Standards

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

These new and revised standards were as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

2. REVENUES AND EXPENSES

	NOTE	2016 Actual \$	2015 Actual \$
(a) Net Result			
The Net Result includes:			
(i) Charging as a Revenue:			
Significant Items			
Other Revenue		1,301,026	-
The above amount relates to dividend payments received by the City during the 15/16 financial year as a final settlement claim payment. This revenue is reported as significant due to it being a one-off payment.			
Non-Operating Grants, Subsidies & Contributions	32	29,397,461	13,837,743
The above amount relates to the value of infrastructure assets contributed to the City by developers during the 15/16 financial year and recognised in the Statement of Financial Position. These are recorded at deemed cost based on fair value when the assets are transferred.			
(ii) Charging as an Expense:			
Significant Items			
Loss on Revaluation of Assets	7	-	6,501,293
The above amount relates to the revaluation of infrastructure assets during 14/15 financial year where the carrying amount of a class of asset decreased as a result of the revaluation. The revaluation decrement of \$6,501,293 was recognised in profit and loss.			
Auditors Remuneration			
- Audit of the Annual Financial Report - New Auditors		12,000	-
- Audit of the Annual Financial Report - Previous Auditors		23,050	29,738
- Internal Control and Risk Management audit fee - Previous Auditors		-	4,400
- Other services - Previous Auditors		11,387	2,650
Depreciation			
Land and Buildings		3,473,011	3,466,445
Furniture and Equipment		496,552	505,173
Plant and Equipment		919,614	789,137
Roads		3,830,450	3,675,415
Footpaths		813,640	361,138
Drainage		694,159	408,180
Crossovers		-	44,038
Car parks		119,532	217,617
Bus Shelters		65,155	20,939
Street Lights		52,769	139,166
Parks and Ovals		780,881	1,237,512
Other Structures		69,512	31,119
		11,315,275	10,895,879
Interest Expenses			
Debentures (refer Note 21(a))		1,165,687	946,619
		1,165,687	946,619
Rental Charges			
- Operating Leases		281,620	234,198
(ii) Crediting as Revenue:			
Interest Earnings			
- Reserve Funds	11	1,088,046	800,000
- Other Funds		441,045	660,909
Other Interest Revenue	26	512,654	497,500
		2,041,745	1,958,409
			2,217,869

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

In order to discharge its responsibilities to the community, the City has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the City's Community Vision, and for each of its broad activities/programmes.

COMMUNITY VISION

Kwinana 2030: Rich in spirit, alive with opportunities, surrounded by nature - it's all here!

Mission

Strengthen community spirit, lead exciting growth, respect the environment – create great places to live.

We will do this by:

- providing strong leadership in the community;
- promoting an innovative and integrated approach;
- being accountable and transparent in our actions;
- being efficient and effective with our resources;
- using industry leading methods and technology wherever possible;
- making informed decisions, after considering all available information; and
- providing the best possible customer service.

Core Values

We will demonstrate and be defined by our core values, which are:

- Lead from where you stand - Leadership is within us all.
- Act with compassion - Show that you care.
- Make it fun - Seize the opportunity to have fun.
- Stand strong, stand true - Have the courage to do what's right.
- Trust and be trusted - value the message, value the messenger.
- Why not yes? - Ideas can grow with a yes.

City operations as disclosed in this budget encompass the following service orientated activities/ programmes:

GOVERNANCE

Objective:

To provide a decision making process for the efficient allocation of scarce resources.

Activities:

Members of Council and Governance (includes Audit and other costs associated with reporting to council). Administration, Financial and Computing Services are included.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates Income and Expenditure, Grants Commission and Pensioner Deferred Rates interest and interest on Investments. Principal and Interest payments on borrowings.

LAW, ORDER, PUBLIC SAFETY

Objective:

To provide services to help ensure a safer and environmentally conscious community.

Activities:

Supervision of various local laws, fire prevention and animal control.

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Prevention and treatment of human illness, including inspection of premises/food control, immunisation and child health services.

2. REVENUES AND EXPENSES (Continued)

EDUCATION AND WELFARE

Objective:

To provide services to disadvantaged persons, the elderly, children and youth.

Activities:

Provision, management and support of services for families, children and the aged and disabled within the community; including pre-school playgroups, day and after school care, assistance to schools, senior citizens support groups, meals on wheels provision and Aged Persons Units and Resident Funded Units.

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Town planning and development, rubbish collection services, stormwater drainage, the provision of public conveniences, bus shelters, roadside furniture and litter control.

RECREATION AND CULTURE

Objective:

To establish and effectively manage infrastructure and resource which will help the social well being of the community.

Activities:

Provision of facilities and support for organisations concerned with leisure time activities and sport, support for the performing and creative arts and the preservation of the national estate. This includes maintenance of halls, aquatic centre, recreation and community centres, parks, gardens, sports grounds and the operation of Libraries.

TRANSPORT

Objective:

To provide safe, effective and efficient transport services to the community.

Activities:

Construction, maintenance and cleaning of streets, roads, bridges, drainage works, footpaths, parking facilities, traffic signs and the City Depot, including plant purchase and maintenance.

ECONOMIC SERVICES

Objective:

To help promote the City and economic wellbeing.

Activities:

Rural services and pest control and the implementation of building controls.

OTHER PROPERTY & SERVICES

Objective:

To monitor and control City's overheads operating accounts.

Activities:

Private works, public works overheads, City plant operations, materials, salaries and wages. With the exception of private works, the above activities listed are mainly summaries of costs that are allocated to all works and services undertaken by the City.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

2. REVENUES AND EXPENSES (Continued)

(c) Conditions Over Contributions

Function/ Activity	Opening ⁽¹⁾ Balance 1-Jul-14	Grants ⁽²⁾ Received 2014/15	Amount ⁽³⁾ Expended 2014/15	Closing ⁽¹⁾ Balance 30-Jun-15	Grants ⁽²⁾ Received 2015/16	Amount ⁽³⁾ Expended 2015/16	Closing Balance 30-Jun-16
	\$	\$	\$	\$	\$	\$	\$
Grants & Subsidies - Operating							
BP Coastcare	5,840	-	(2,901)	2,939	4,545	(5,672)	1,812
Bushcare Projects	2,989	-	(2,989)	-	145	(145)	-
Caring for the Coast Kwinana Rockingham Region	13,026	-	(11,201)	1,825	-	(1,379)	446
Cat Sterilisation Subsidy	8,500	-	(6,518)	1,982	-	(709)	1,273
Challenger Beach Coastal Rehabilitation	2,375	13,636	(10,675)	5,336	16,000	(10,399)	10,937
Children's Party 2014	6,966	8,334	(15,300)	-	-	-	-
Coastcare in the KIA	4,191	10,000	(4,293)	9,898	10,000	(6,648)	13,250
Community Connections Project	13,190	-	(13,190)	-	-	-	-
Community Efficiency Fund	2,865	-	(2,865)	-	-	-	-
Connections Your Next Step	-	-	-	-	2,000	-	2,000
Developer Contributions - Amendment 100	297,371	-	(1,664)	295,707	-	(295,707)	-
FESA ESL Grant	-	-	-	-	192,917	(154,229)	38,688
Freak Fest - October 2015	-	4,545	-	4,545	1,450	(5,995)	-
Freak Fest - October 2016	-	-	-	-	5,000	-	5,000
Honeywood Wetlands	-	-	-	-	13,636	-	13,636
Kidsport - 14/15 Funding	-	103,340	(94,949)	8,391	-	(8,391)	-
Kwinana Fairday Festival - October 2014	4,841	-	(4,841)	-	-	-	-
Local Government Coastcare Program	5,071	-	-	5,071	-	-	5,071
Naidoc Week Celebrations 2014	7,310	-	(7,310)	-	-	-	-
Naidoc Week Celebrations 2015	-	14,978	(8,009)	6,969	-	(6,969)	-
Naidoc Week Celebrations 2016	-	-	-	-	10,000	(8,365)	1,635
Noongar Cultural Heritage Program	16,765	-	(13,116)	3,649	-	-	3,649
Our Village	1,124	24,000	(23,788)	1,336	2,000	(3,336)	-
Perth Region NRM Support for South Metro Coast	4,015	5,000	(3,376)	5,639	5,000	(5,993)	4,646
Silversport - Pilot Seniors Program	-	-	-	-	77,500	-	77,500
SMCC - Degremont (proAlliance) - Adopt a Beach	-	5,000	(1,903)	3,097	5,000	(2,139)	5,958
SMCC - Tronox - Adopt a Beach Community Project	5,000	-	(5,000)	-	5,000	(4,288)	712
SMCC - Challenger Beach Coastal Rehab Project	-	-	-	-	16,000	-	16,000
Swan Alcoa Landcare Program - Lake Magenup	3,636	-	(3,636)	-	8,155	(3,606)	4,549
Swan Alcoa Landcare Program - Revegetation	-	9,000	(5,339)	3,661	-	(3,661)	-
Thomas Oval Res - Revegetation & Erosion Control	10,144	-	(7,804)	2,340	-	(2,340)	-
Verve Energy Community Partnership	7,180	-	(4,386)	2,794	-	(2,794)	-
Water Corporation - Real Time Monitoring	4,000	-	(3,272)	728	-	(728)	-
Water Corporation - Facility Retrofits & FDC Prof.	-	9,953	-	9,953	-	(9,953)	-
Youth Friendly Communities - Stage 1	10,000	-	(8,786)	1,214	-	(1,214)	-
Youth Friendly Communities - Stage 2	-	10,000	-	10,000	-	(10,000)	-
	436,399	217,786	(267,111)	387,074	374,348	(554,660)	206,762

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

2. REVENUES AND EXPENSES (Continued)

(c) Conditions Over Contributions

	Function/ Activity	Opening ⁽¹⁾ Balance 1-Jul-14	Grants ⁽²⁾ Received 2014/15	Amount ⁽³⁾ Expended 2014/15	Closing ⁽¹⁾ Balance 30-Jun-15	Grants ⁽²⁾ Received 2015/16	Amount ⁽³⁾ Expended 2015/16	Closing Balance 30-Jun-16
		\$	\$	\$	\$	\$	\$	\$
Grants & Subsidies - Non Operating								
Anketell Rd	Transport	830,322	235,200	(1,038,947)	26,575	1,444,022	(1,470,597)	-
CCTV Supply & Installation - Safer Streets	Law, Order, Public Safety	-	40,000	-	40,000	135,000	(98,764)	76,236
Community Energy Efficiency	Community Amenities	10,042	11,046	(9,902)	11,186	-	(8,921)	2,265
Gilmore Avenue, Leda - Dual Carriageway	Transport	1,503,299	-	(1,503,299)	-	292,331	(292,331)	-
Johnson Road Urban Forrest Streetscape Project	Transport	-	-	-	-	11,000	(7,912)	3,088
Mandurah Road, Kwn Beach - Road Rehabilitation	Transport	42,831	-	(42,831)	-	-	-	-
Meares Avenue - Road Rehabilitation	Transport	50,233	-	(50,233)	-	194,904	(194,904)	-
Prince Regent Park Bertram Play Equipment	Recreation & Culture	-	-	-	-	20,000	-	20,000
Public Open Space Upgrade Strategy Implementation	Recreation & Culture	-	-	-	-	18,674	-	18,674
Revolving Energy Fund	Community Amenities	6,000	-	(1,382)	4,618	-	(4,618)	-
Water Wise Project - Water Efficiency Program	Community Amenities	-	-	-	-	7,398	-	7,398
Wellard Community Centre	Community Amenities	27,800	-	(27,800)	-	-	-	-
		2,470,527	286,246	(2,674,394)	82,379	2,123,329	(2,078,047)	127,661
Developer Contributions								
DCA 1 - Hard Infrastructure - Bertram	Community Amenities	976,812	781,310	-	1,758,122	267,385	(542,218)	1,483,289
DCA 2 - Hard Infrastructure - Wellard	Community Amenities	469,267	347,366	-	816,633	714,050	-	1,530,683
DCA 5 - Hard Infrastructure - Wandii	Community Amenities	-	2,634,885	-	2,634,885	211,646	-	2,846,531
DCA 9 - Soft Infrastructure - Wandii/Anketell	Community Amenities	4,491,302	4,173,544	(242,735)	8,422,111	707,256	(12,973)	9,116,394
DCA 11 - Soft Infrastructure - Wellard East	Community Amenities	1,609,385	957,136	(52,886)	2,513,635	1,164,597	(30,626)	3,647,606
DCA 12 - Soft Infrastructure - Wellard West	Community Amenities	3,180,767	1,648,893	(178,213)	4,651,447	1,181,152	(53,380)	5,779,219
DCA 13 - Soft Infrastructure - Bertram	Community Amenities	247,891	26,776	(13,770)	260,897	32,147	(6,663)	286,381
DCA 14 - Soft Infrastructure - Wellard/Leda	Community Amenities	249,176	597,787	(578,529)	268,434	574,613	(436,758)	406,289
DCA 15 - Soft Infrastructure - Townsite	Community Amenities	71,615	163,330	(151,568)	83,377	191,054	(136,974)	137,457
		11,296,215	11,331,027	(1,217,701)	21,409,541	5,043,900	(1,219,592)	25,233,849
		14,203,141	11,835,059	(4,159,206)	21,878,994	7,541,577	(3,852,299)	25,568,272

For grants and contributions where the funds have not been fully expended at 30 June 16 the balance of the grant has been transferred to the Restricted Grants and Contributions Reserve, relevant Developer Contribution Reserve or remains in net current asset at 30 June surplus. These funds are quarantined as Restricted Cash at year ending 30 June 16 and will be expended in the 2016/2017 year or as determined by Developer Contributions Scheme.

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

3. CASH AND CASH EQUIVALENTS

	2016 Actual \$	2015 Actual \$
Cash at Bank	5,357,714	9,001,450
Term Deposits	<u>50,000,000</u>	<u>45,000,000</u>
	<u><u>55,357,714</u></u>	<u><u>54,001,450</u></u>
Unrestricted	8,356,933	12,026,189
Restricted	<u>47,000,781</u>	<u>41,975,261</u>
	<u><u>55,357,714</u></u>	<u><u>54,001,450</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Unspent Loan Funds	<u>62,705</u>	<u>94,436</u>
	62,705	94,436
Aged Persons Units Reserve	528,629	404,358
Asset Management Reserve	1,212,394	1,277,498
Asset Replacement Reserve	531,374	457,328
Banksia Park Reserve	72,479	173,273
Carried Forward Projects Reserve	2,303,075	4,065,475
CLAG Reserve	246,658	180,211
Community Services & Emergency Relief Reserve	25,299	24,542
Employee Leave Reserve	4,100,853	3,695,958
Family Day Care Reserve	1,423,011	1,282,200
Future Community Infrastructure Reserve	2,571,524	2,215,240
Golf Course Cottage Reserve	26,469	25,677
Infrastructure Reserve	119,703	167,558
Refuse Reserve	8,385,016	6,351,966
Settlement Agreement Reserve	<u>157,743</u>	<u>150,000</u>
	21,704,227	20,471,284
Developer Contributions Reserve - DCA 1	1,483,289	1,758,122
Developer Contributions Reserve - DCA 2	1,530,683	816,633
Developer Contributions Reserve - DCA 5	2,846,531	2,634,885
Developer Contributions Reserve - DCA 9	9,116,394	8,422,111
Developer Contributions Reserve - DCA 11	3,647,606	2,513,635
Developer Contributions Reserve - DCA 12	5,779,219	4,651,447
Developer Contributions Reserve - DCA 13	286,381	260,897
Developer Contributions Reserve - DCA 14	406,289	268,434
Developer Contributions Reserve - DCA 15	<u>137,457</u>	<u>83,377</u>
	25,233,849	21,409,541
Total Cash Backed Reserves	<u>46,938,076</u>	<u>41,880,825</u>
	<u><u>47,000,781</u></u>	<u><u>41,975,261</u></u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

4. TRADE AND OTHER RECEIVABLES

	NOTE	2016 Actual \$	2015 Actual \$
Current			
Rates Outstanding		1,590,578	1,429,979
Sundry Debtors		1,139,002	508,044
GST Receivable		554,076	531,719
Accrued Income		410,710	672,467
Prepayments		-	4,000
DMF Receivable		364,905	750,577
Loans - Clubs/Institutions	21(e)	37,590	66,272
		<u>4,096,861</u>	<u>3,963,058</u>
Non-Current			
Rates Outstanding - Pensioners		588,874	539,556
DMF Receivable		3,094,261	3,061,410
Loans - Clubs/Institutions	21(e)	260,314	297,904
		<u>3,943,449</u>	<u>3,898,870</u>

5. INVENTORIES

	2016 Actual \$	2015 Actual \$
Current		
Stores & Materials	26,162	20,926
	<u>26,162</u>	<u>20,926</u>

6. PROPERTY, PLANT AND EQUIPMENT

	2016 Actual \$	2015 Actual \$
Land and Buildings - Cost		
Freehold Land at:		
- Independent Valuation 2014 (Level 2)	8,320,000	8,320,000
- Independent Valuation 2014 (Level 3)	26,693,000	26,693,000
- Additions after valuation - Cost	206,404	115,961
	<u>35,219,404</u>	<u>35,128,961</u>
Land Vested in and Under the Control of the City at:		
- Independent Valuation 2014 (Level 3)	12,140,000	12,140,000
- Cost	-	-
	<u>12,140,000</u>	<u>12,140,000</u>
Total Land	<u>47,359,404</u>	<u>47,268,961</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

NOTE	2016 Actual \$	2015 Actual \$
Buildings at:		
- Independent Valuation 2014 (Level 2)	22,335,000	22,335,000
- Independent Valuation 2014 (Level 3)	83,206,100	83,206,100
- Additions after valuation - Cost	6,850,520	532,776
Less: Accumulated Depreciation	<u>(6,939,279)</u>	<u>(3,466,269)</u>
	105,452,341	102,607,607
 Buildings Works in Progress - Cost	 -	 7,100,384
Less Accumulated Depreciation	<u>-</u>	<u>7,100,384</u>
 Total Land and Buildings	 <u>152,811,745</u>	 <u>156,976,952</u>
 Furniture and Equipment at:		
- Independent Valuation 2016 (Level 3)	1,422,505	-
- Independent Valuation 2013 (Level 3)	-	582,048
- Management Valuation 2016 (Level 3)	4,635,882	-
- Management Valuation 2013 (Level 3)	-	1,251,923
Add Additions after Valuation - Cost	-	750,417
Less Accumulated Depreciation	<u>(4,421,707)</u>	<u>(989,218)</u>
	1,636,680	1,595,170
 Plant and Equipment at:		
- Independent Valuation 2016 (Level 2)	4,019,255	-
- Independent Valuation 2013 (Level 2)	-	750,000
- Independent Valuation 2016 (Level 3)	2,034,817	-
- Independent Valuation 2013 (Level 3)	-	1,265,514
- Management Valuation 2016 (Level 3)	3,271,235	-
- Management Valuation 2013 (Level 3)	-	846,113
Add Additions after Valuation - Cost	-	1,851,974
Less Accumulated Depreciation	<u>(2,951,368)</u>	<u>(1,314,132)</u>
	6,373,939	3,399,469
 Total Property, Plant and Equipment	 <u>160,822,364</u>	 <u>161,971,591</u>

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)*, which requires property, plant and equipment to be shown at fair value.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the beginning of the year	Additions - New	Additions - Renewal/ Upgrade	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Losses)/ Reversals Through to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Freehold Land	35,128,961	90,443	-	-	-	-	-	-	-	35,219,404
Land Vested in and Under the Control of the City	12,140,000	-	-	-	-	-	-	-	-	12,140,000
Total Land	47,268,961	90,443	-	-	-	-	-	-	-	47,359,404
Buildings	102,607,607	139,398	858,847	-	-	-	-	(3,473,011)	5,319,500	105,452,341
Building Works in Progress	7,100,384	301,261	143,637	-	-	-	-	-	(7,545,282)	-
Total Buildings	109,707,991	440,659	1,002,484	-	-	-	-	(3,473,011)	(2,225,782)	105,452,341
Total Land & Buildings	156,976,952	531,102	1,002,484	-	-	-	-	(3,473,011)	(2,225,782)	152,811,745
Furniture & Equipment	1,595,170	310,513	168,651	(2,705)	61,603	-	-	(496,552)	-	1,636,680
Plant & Equipment	3,399,469	200,188	1,065,775	(293,271)	738,225	-	-	(919,614)	2,183,167	6,373,939
Total Plant and Equipment	4,994,639	510,701	1,234,426	(295,976)	799,828	-	-	(1,416,166)	2,183,167	8,010,619
Total Property, Plant and Equipment	161,971,591	1,041,803	2,236,910	(295,976)	799,828	-	-	(4,889,177)	(42,615)	160,822,364

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and Buildings					
Freehold Land - Independent Valuation (Level 2)	2	Market approach using recent observable open market values as evidenced by sales transactions of similar property types, adjusted for condition and comparability, at their highest and best use.	Independent registered valuer	June 2014	Price per square metre / market borrowing rate
Freehold Land - Independent Valuation (Level 3)	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuer	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Land vested in and under the control of the City	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuer	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - Independent Valuation (Level 2)	2	Market approach using recent observable open market values as evidenced by sales transactions of similar property types, adjusted for condition and comparability, at their highest and best use.	Independent registered valuer	June 2014	Price per square metre / market borrowing rate
Buildings - Independent Valuation (Level 3)	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuer	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture and Equipment					
Furniture and Equipment - Independent Valuation (Level 3)	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2016	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture and Equipment - Management Valuation (Level 3)	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Plant and Equipment					
Plant and Equipment - Independent Valuation (Level 2)	2	Market approach using recent observable market data for similar assets	Independent registered valuer	June 2016	Market price per item
Plant and Equipment - Independent Valuation (Level 3)	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant and Equipment - Management Valuation (Level 3)	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

7. INFRASTRUCTURE

	2016 Actual \$	2015 Actual \$
Roads		
- Independent valuation 2015 - level 3	224,918,631	224,918,631
- Additions after valuation - cost	23,149,573	-
Less Accumulated Depreciation	<u>(72,267,506)</u>	<u>(68,437,056)</u>
	175,800,698	156,481,575
Footpaths		
- Independent valuation 2015 - level 3	40,380,270	40,380,270
- Additions after valuation - cost	5,166,511	-
Less Accumulated Depreciation	<u>(11,862,819)</u>	<u>(11,049,179)</u>
	33,683,962	29,331,091
Drainage		
- Independent valuation 2015 - level 3	55,012,877	55,012,877
- Additions after valuation - cost	6,949,340	-
Less Accumulated Depreciation	<u>(14,872,697)</u>	<u>(14,178,538)</u>
	47,089,520	40,834,339
Car Parks		
- Independent valuation 2015 - level 3	2,655,110	2,655,110
- Additions after valuation - cost	131,904	-
Less Accumulated Depreciation	<u>(1,338,294)</u>	<u>(1,218,762)</u>
	1,448,720	1,436,348
Bus Shelters		
- Independent valuation 2015 - level 3	1,584,000	1,584,000
- Additions after valuation - cost	45,206	-
Less Accumulated Depreciation	<u>(866,230)</u>	<u>(801,075)</u>
	762,976	782,925
Street Lights		
- Independent valuation 2015 - level 3	1,483,400	1,483,400
- Additions after valuation - cost	28,457	-
Less Accumulated Depreciation	<u>(532,183)</u>	<u>(479,413)</u>
	979,674	1,003,987
Parks & Ovals		
- Independent valuation 2015 - level 3	19,383,277	19,383,277
- Additions after valuation - cost	1,042,121	-
Less Accumulated Depreciation	<u>(8,688,359)</u>	<u>(7,907,477)</u>
	11,737,039	11,475,800

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

7. INFRASTRUCTURE (Continued)

	2016 Actual \$	2015 Actual \$
Parks & Ovals - Works in Progress		
- At cost	3,091,127	379,582
	<u>3,091,127</u>	<u>379,582</u>
Other Infrastructure		
- Independent valuation 2015 - level 3	2,853,000	2,853,000
- Additions after valuation - cost	-	-
Less Accumulated Depreciation	<u>(2,255,329)</u>	<u>(2,185,817)</u>
	597,671	667,183
	<u><u>275,191,387</u></u>	<u><u>242,392,830</u></u>

The fair value of infrastructure is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires infrastructure to be shown at fair value.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the beginning of the year	Additions - New	Additions - Renewal / Upgrade	(Disposals)	Impairment (Losses)/ Reversals	Depreciation (Expense)	Fair Value Increments	Fair Value (Decrements)	Transfers	Carrying amount at the end of year
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Roads	156,481,575	20,558,749	2,590,824	-	-	(3,830,450)	-	-	-	175,800,698
Footpaths	29,331,091	4,821,282	345,229	-	-	(813,640)	-	-	-	33,683,962
Drainage	40,834,339	6,383,658	565,682	-	-	(694,159)	-	-	-	47,089,520
Car Parks	1,436,348	117,941	13,963	-	-	(119,532)	-	-	-	1,448,720
Bus Shelters	782,925	13,485	31,721	-	-	(65,155)	-	-	-	762,976
Street Lights	1,003,987	4,333	24,123	-	-	(52,769)	-	-	-	979,674
Parks and Ovals	11,475,800	544,525	454,980	-	-	(780,881)	-	-	42,615	11,737,039
Parks and Ovals - Works in Progress	379,582	2,711,545	-	-	-	-	-	-	-	3,091,127
Other Infrastructure	667,183	-	-	-	-	(69,512)	-	-	-	597,671
Total Infrastructure	242,392,830	35,155,518	4,026,522	-	-	(6,426,098)	-	-	42,615	275,191,387

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Roads	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2015	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Footpaths	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2015	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Drainage	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2015	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Car Parks	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2015	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Bus Shelters	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2015	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Street Lights	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2015	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Parks and Ovals	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2015	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Other Infrastructure	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2015	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

8. TRADE AND OTHER PAYABLES

	2016 Actual \$	2015 Actual \$
Current		
Sundry Creditors	4,674,862	5,019,833
Bond and Deposit Creditors	3,408,346	5,628,468
Accrued Expenses	279,827	259,596
Accrued Interest on Loans	16,802	18,206
Accrued Salaries and Wages	853,535	592,114
Income in Advance	-	757,401
	<u>9,233,372</u>	<u>12,275,618</u>
Non-Current		
Unit Contribution	21,635,000	21,635,000
	<u>21,635,000</u>	<u>21,635,000</u>

9. LONG-TERM BORROWINGS

	2016 Actual \$	2015 Actual \$
Current		
Secured by Floating Charge Debentures	3,105,457	3,170,480
	<u>3,105,457</u>	<u>3,170,480</u>
Non-Current		
Secured by Floating Charge Debentures	20,150,953	19,056,410
	<u>20,150,953</u>	<u>19,056,410</u>

Additional detail on borrowings is provided in Note 22.

10. PROVISIONS

	2016 Actual \$	2015 Actual \$
Current		
Provision for Annual Leave	2,018,318	1,805,544
Provision for Long Service Leave	1,894,170	1,739,871
Provision for Sick Leave	512,969	452,541
Provision for Rostered Day Off	117,370	100,655
Purchased Leave Scheme	2,979	2,941
	<u>4,545,806</u>	<u>4,101,552</u>
Non-Current		
Provision for Long Service Leave	378,349	373,495
	<u>378,349</u>	<u>373,495</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

11. RESERVES - CASH BACKED

RESERVE FUND DETAILS	Opening Balance 1 July 2015	Transfers				Closing Balance 30 June 2016
		To Reserve	Interest	From Reserve	Movements	
	\$	\$	\$	\$	\$	\$
Aged Persons Units Reserve	404,358	334,468	10,545	(220,742)	-	528,629
Asset Management Reserve	1,277,498	500,000	35,344	(600,448)	-	1,212,394
Asset Replacement Reserve	457,328	250,000	10,510	(186,464)	-	531,374
Banksia Park Reserve	173,273	-	3,813	(104,607)	-	72,479
CLAG Reserve	180,211	60,831	5,616	-	-	246,658
Community Services & Emergency Relief	24,542	-	757	-	-	25,299
Employee Leave Reserve	3,695,958	606,726	-	(201,831)	-	4,100,853
Family Day Care Reserve	1,282,200	101,694	39,117	-	-	1,423,011
Future Community Infrastructure Reserve	2,215,240	590,473	75,479	(309,668)	-	2,571,524
Golf Course Cottage Reserve	25,677	-	792	-	-	26,469
Infrastructure Reserve	167,558	3,277	4,239	(55,371)	-	119,703
Refuse Reserve	6,351,966	1,888,364	193,373	(48,687)	-	8,385,016
Restricted Grants & Contributions Reserve	4,065,475	996,104	-	(2,758,504)	-	2,303,075
Settlement Agreement Reserve	150,000	150,042	-	(142,299)	-	157,743
Un-Restricted Reserves Sub Total	20,471,284	5,481,979	379,585	(4,628,621)	-	21,704,227

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

11. RESERVES - CASH BACKED (Continued)

RESERVE FUND DETAILS	Opening Balance 1 July 2015	Transfers				Closing Balance 30 June 2016
		To Reserve	Interest	From Reserve	Movements	
	\$	\$	\$	\$	\$	\$
DCA 1 - Hard Infrastructure - Bertram	1,758,122	214,191	53,194	-	(542,218)	1,483,289
DCA 2 - Hard Infrastructure - Wellard	816,633	673,591	40,459	-	-	1,530,683
DCA 5 - Hard Infrastructure - Wandi	2,634,885	130,386	81,260	-	-	2,846,531
DCA 9 - Soft Infrastructure - Wandi/Anketell	8,422,111	446,293	260,963	(12,973)	-	9,116,394
DCA 11 - Soft Infrastructure - Wellard East	2,513,635	1,064,456	100,141	(30,626)	-	3,647,606
DCA 12 - Soft Infrastructure - Wellard West	4,651,447	488,817	150,117	(53,380)	542,218	5,779,219
DCA 13 - Soft Infrastructure - Bertram	260,897	23,829	8,318	(6,663)	-	286,381
DCA 14 - Soft Infrastructure - Wellard/Leda	268,434	564,286	10,327	(436,758)	-	406,289
DCA 15 - Soft Infrastructure - Townsite	83,377	187,372	3,682	(136,974)	-	137,457
Developer Contribution Reserves Sub Total	21,409,541	3,793,221	708,461	(677,374)	-	25,233,849
	41,880,825	9,275,200	1,088,046	(5,305,995)	-	46,938,076

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

11. RESERVES - CASH BACKED (Continued)

	2016 Actual \$	2016 Budget \$	2015 Actual \$
(a) Aged Persons Units Reserve			
Opening Balance	404,358	404,358	200,565
Amount Set Aside / Transfer to Reserve	334,468	287,984	317,520
Interest Applied to Reserve	10,545	8,997	5,476
Amount Used / Transfer from Reserve	(220,742)	(275,315)	(119,203)
	<u>528,629</u>	<u>426,024</u>	<u>404,358</u>
(b) Asset Management Reserve			
Opening Balance	1,277,498	1,277,498	1,244,074
Amount Set Aside / Transfer to Reserve	500,000	500,000	400,000
Interest Applied to Reserve	35,344	20,692	41,948
Amount Used / Transfer from Reserve	(600,448)	(817,377)	(408,524)
	<u>1,212,394</u>	<u>980,813</u>	<u>1,277,498</u>
(c) Asset Replacement Reserve			
Opening Balance	457,328	457,328	427,466
Amount Set Aside / Transfer to Reserve	250,000	250,000	250,000
Interest Applied to Reserve	10,510	7,308	11,320
Amount Used / Transfer from Reserve	(186,464)	(434,900)	(231,458)
	<u>531,374</u>	<u>279,736</u>	<u>457,328</u>
(d) Banksia Park Reserve			
Opening Balance	173,273	173,273	95,807
Amount Set Aside / Transfer to Reserve	-	-	100,000
Interest Applied to Reserve	3,813	2,705	3,171
Amount Used / Transfer from Reserve	(104,607)	(126,047)	(25,705)
	<u>72,479</u>	<u>49,931</u>	<u>173,273</u>
(e) CLAG Reserve			
Opening Balance	180,211	180,211	103,884
Amount Set Aside / Transfer to Reserve	60,831	48,450	72,427
Interest Applied to Reserve	5,616	4,176	3,900
Amount Used / Transfer from Reserve	-	(36,620)	-
	<u>246,658</u>	<u>196,217</u>	<u>180,211</u>
(f) Community Services & Emergency Relief Reserve			
Opening Balance	24,542	24,542	23,654
Amount Set Aside / Transfer to Reserve	-	-	-
Interest Applied to Reserve	757	664	888
Amount Used / Transfer from Reserve	-	-	-
	<u>25,299</u>	<u>25,206</u>	<u>24,542</u>
(g) Employee Leave Reserve			
Opening Balance	3,695,958	3,695,958	3,614,309
Amount Set Aside / Transfer to Reserve	606,726	-	451,596
Interest Applied to Reserve	-	-	-
Amount Used / Transfer from Reserve	(201,831)	-	(369,947)
	<u>4,100,853</u>	<u>3,695,958</u>	<u>3,695,958</u>
(h) Family Day Care Reserve			
Opening Balance	1,282,200	1,282,200	1,018,087
Amount Set Aside / Transfer to Reserve	101,694	-	238,630
Interest Applied to Reserve	39,117	26,674	37,950
Amount Used / Transfer from Reserve	-	(590,000)	(12,467)
	<u>1,423,011</u>	<u>718,874</u>	<u>1,282,200</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

11. RESERVES - CASH BACKED (Continued)

	2016 Actual \$	2016 Budget \$	2015 Actual \$
(i) Future Community Infrastructure Reserve			
Opening Balance	2,215,240	2,215,240	1,476,934
Amount Set Aside / Transfer to Reserve	590,473	600,239	682,869
Interest Applied to Reserve	75,479	62,898	55,437
Amount Used / Transfer from Reserve	(309,668)	(1,383,017)	-
	<u>2,571,524</u>	<u>1,495,360</u>	<u>2,215,240</u>
(j) Golf Course Cottage Reserve			
Opening Balance	25,677	25,677	35,307
Amount Set Aside / Transfer to Reserve	-	-	-
Interest Applied to Reserve	792	262	1,170
Amount Used / Transfer from Reserve	-	-	(10,800)
	<u>26,469</u>	<u>25,939</u>	<u>25,677</u>
(k) Infrastructure Reserve			
Opening Balance	167,558	167,558	1,692,684
Amount Set Aside / Transfer to Reserve	3,277	3,765,864	481,445
Interest Applied to Reserve	4,239	11,848	51,447
Amount Used / Transfer from Reserve	(55,371)	(75,343)	(2,058,018)
	<u>119,703</u>	<u>3,869,927</u>	<u>167,558</u>
(l) LG Reform Reserve			
Opening Balance	-	-	678,286
Amount Set Aside / Transfer to Reserve	-	-	-
Interest Applied to Reserve	-	-	11,575
Amount Used / Transfer from Reserve	-	-	(689,861)
	<u>-</u>	<u>-</u>	<u>-</u>
(m) Refuse Reserve			
Opening Balance	6,351,966	6,351,966	5,122,343
Amount Set Aside / Transfer to Reserve	1,888,364	-	1,115,305
Interest Applied to Reserve	193,373	139,221	191,581
Amount Used / Transfer from Reserve	(48,687)	(685,533)	(77,263)
	<u>8,385,016</u>	<u>5,805,654</u>	<u>6,351,966</u>
(n) Restricted Grants & Contributions Reserve			
Opening Balance	4,065,475	4,065,475	7,787,975
Amount Set Aside / Transfer to Reserve	996,104	1,336,515	4,065,475
Interest Applied to Reserve	-	-	-
Amount Used / Transfer from Reserve	(2,758,504)	(4,065,475)	(7,787,975)
	<u>2,303,075</u>	<u>1,336,515</u>	<u>4,065,475</u>
(o) Settlement Agreement Reserve			
Opening Balance	150,000	150,000	-
Amount Set Aside / Transfer to Reserve	150,042	150,042	150,000
Interest Applied to Reserve	-	-	-
Amount Used / Transfer from Reserve	(142,299)	(300,042)	-
	<u>157,743</u>	<u>-</u>	<u>150,000</u>
Restricted Reserves Sub Total	<u>21,704,227</u>	<u>18,906,154</u>	<u>20,471,284</u>
(p) Developer Contributions Reserve - DCA 1 - Hard Infrastructure Bertram			
Opening Balance	1,758,122	1,758,122	976,812
Amount Set Aside / Transfer to Reserve	214,191	214,189	731,026
Interest Applied to Reserve	53,194	39,885	50,284
Movement	(542,218)	-	-
Amount Used / Transfer from Reserve	-	(308,167)	-
	<u>1,483,289</u>	<u>1,704,029</u>	<u>1,758,122</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

11. RESERVES - CASH BACKED (Continued)

	2016 Actual \$	2016 Budget \$	2015 Actual \$
(q) Developer Contributions Reserve - DCA 2 - Hard Infrastructure Wellard			
Opening Balance	816,633	816,633	469,267
Amount Set Aside / Transfer to Reserve	673,591	999,723	323,411
Interest Applied to Reserve	40,459	22,298	23,955
Amount Used / Transfer from Reserve	-	-	-
	<u>1,530,683</u>	<u>1,838,654</u>	<u>816,633</u>
(r) Developer Contributions Reserve - DCA 5 - Hard Infrastructure Wandl			
Opening Balance	2,634,885	2,634,885	-
Amount Set Aside / Transfer to Reserve	130,386	-	2,588,601
Interest Applied to Reserve	81,260	2,187	46,284
Amount Used / Transfer from Reserve	-	-	-
	<u>2,846,531</u>	<u>2,637,072</u>	<u>2,634,885</u>
(s) Developer Contributions Reserve - DCA 9 - Soft Infrastructure Wandl/Anketell			
Opening Balance	8,422,111	8,422,111	4,491,302
Amount Set Aside / Transfer to Reserve	446,293	58,531	3,944,202
Interest Applied to Reserve	260,963	189,773	229,342
Amount Used / Transfer from Reserve	(12,973)	(47,347)	(242,735)
	<u>9,116,394</u>	<u>8,623,068</u>	<u>8,422,111</u>
(t) Developer Contributions Reserve - DCA 11 - Soft Infrastructure Wellard East			
Opening Balance	2,513,635	2,513,635	1,609,385
Amount Set Aside / Transfer to Reserve	1,064,456	1,544,937	876,590
Interest Applied to Reserve	100,141	75,035	80,546
Amount Used / Transfer from Reserve	(30,626)	(97,131)	(52,886)
	<u>3,647,606</u>	<u>4,036,476</u>	<u>2,513,635</u>
(u) Developer Contributions Reserve - DCA 12 - Soft Infrastructure Wellard West			
Opening Balance	4,651,447	4,651,447	3,180,767
Amount Set Aside / Transfer to Reserve	488,817	677,771	1,494,510
Interest Applied to Reserve	150,117	157,233	154,383
Movement	542,218	-	-
Amount Used / Transfer from Reserve	(53,380)	(34,529)	(178,213)
	<u>5,779,219</u>	<u>5,451,922</u>	<u>4,651,447</u>
(v) Developer Contributions Reserve - DCA 13 - Soft Infrastructure Bertram			
Opening Balance	260,897	260,897	247,891
Amount Set Aside / Transfer to Reserve	23,829	142,972	17,061
Interest Applied to Reserve	8,318	19,425	9,715
Amount Used / Transfer from Reserve	(6,663)	(53,243)	(13,770)
	<u>286,381</u>	<u>370,051</u>	<u>260,897</u>
(w) Developer Contributions Reserve - DCA 14 - Soft Infrastructure Wellard/Leda			
Opening Balance	268,434	268,434	249,176
Amount Set Aside / Transfer to Reserve	564,286	506,716	585,714
Interest Applied to Reserve	10,327	6,595	12,073
Amount Used / Transfer from Reserve	(436,758)	(430,352)	(578,529)
	<u>406,289</u>	<u>351,393</u>	<u>268,434</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

11. RESERVES - CASH BACKED (Continued)

	2016 Actual \$	2016 Budget \$	2015 Actual \$
(x) Developer Contributions Reserve - DCA 15 - Soft Infrastructure Townsite			
Opening Balance	83,377	83,377	71,615
Amount Set Aside / Transfer to Reserve	187,372	230,760	160,095
Interest Applied to Reserve	3,682	2,124	3,235
Amount Used / Transfer from Reserve	(136,974)	(163,886)	(151,568)
	<u>137,457</u>	<u>152,375</u>	<u>83,377</u>
Developer Contributions Reserves Sub Total	<u>25,233,849</u>	<u>25,165,040</u>	<u>21,409,541</u>
Total Cash Backed Reserves	<u><u>46,938,076</u></u>	<u><u>44,071,194</u></u>	<u><u>41,880,825</u></u>

All of the cash backed reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash or cash equivalent in Note 3 to this financial report.

Aged Persons Units Reserve

This Reserve has been established to provide funds for the capital acquisition and maintenance of the Aged Persons Units, Callistemon Court.

Arts Centre Reserve

This Reserve was established to cover any increases in the cost of operations and maintenance for the Kwinana Arts Centre - *(currently no balance as at 30th June 2016)*.

Asset Management Reserve

This Reserve is established to provide funds for asset management renewal projects of the City's building and infrastructure assets, thereby extending the useful economic life of such assets.

Asset Replacement Reserve

This Reserve is utilised to replace existing fleet, plant and other City assets.

Banksia Park Reserve

This Reserve has been established to provide funds for the capital acquisition and maintenance of the Banksia Park Retirement Village.

CLAG Reserve

This Reserve has been established to provide funds for the prevention and education of Mosquito management.

Community Services & Emergency Relief Reserve

This Reserve is established to provide funding to alleviate the effect of any disaster within the City of Kwinana boundaries and to provide funds to develop community services.

Employee Leave Reserve

This Reserve is established for the purpose of ensuring that adequate funds are available to finance employee leave entitlements.

Family Day Care Reserve

This Reserve provides for the capital acquisitions and maintenance of this facility.

Future Community Infrastructure Reserve

This Reserve is established to accumulate the City's contributions for the capital funding of future community infrastructure in accordance with Town Planning Scheme #2.

Golf Course Cottage Reserve

This Reserve was established to provide funds for the maintenance of this building.

Infrastructure Reserve

This Reserve was established to be used to provide funds to create new City assets or for the major upgrade of City assets to increase the service level provided by the asset.

Refuse Reserve

This Reserve was established to provide funds for the costs and subsidy of Waste Management in the City.

11. RESERVES - CASH BACKED (Continued)

Restricted Grants & Contributions Reserve

This Reserve is utilised to restrict funds required to complete projects from prior financial years.

Settlement Agreement Reserve

This Reserve was established to provide funds to account for future negotiated settlement agreement payments.

Developer Contributions Reserve - DCA 1 - Hard Infrastructure Bertram

This Reserve is established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 1 - Hard Infrastructure Bertram.

Developer Contributions Reserve - DCA 2 - Hard Infrastructure Wellard

This Reserve is established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 2 - Hard Infrastructure Wellard.

Developer Contributions Reserve - DCA 5 - Hard Infrastructure Wandí

This Reserve is established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 5 - Hard Infrastructure Wandí.

Developer Contributions Reserve - DCA 9 -Soft Infrastructure Wandí/Anketell

This Reserve is established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 9 - Soft Infrastructure Wandí/Anketell.

Developer Contributions Reserve - DCA 11 -Soft Infrastructure Wellard East

This Reserve is established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 11 - Soft Infrastructure Wellard East.

Developer Contributions Reserve - DCA 12 -Soft Infrastructure Wellard West

This Reserve is established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 12 - Soft Infrastructure Wellard West.

Developer Contributions Reserve - DCA 13 -Soft Infrastructure Bertram

This Reserve is established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 13 - Soft Infrastructure Bertram.

Developer Contributions Reserve - DCA 14 -Soft Infrastructure Wellard/Leda

This Reserve is established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 14 - Soft Infrastructure Wellard/Leda.

Developer Contributions Reserve - DCA 15 -Soft Infrastructure Townsite

This Reserve is established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 15 - Soft Infrastructure Townsite.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

12. REVALUATION SURPLUS

	2016 Opening Balance	2016 Revaluation Increment	2016 Revaluation Decrement	2016 Total Movement on Revaluation	2016 Closing Balance
	\$	\$	\$	\$	\$
Land	46,619,549	-	-	-	46,619,549
Buildings	29,580,413	-	-	-	29,580,413
Furniture and Equipment	137,410	61,603	-	61,603	199,013
Plant and Equipment	842,997	738,225	-	738,225	1,581,222
Roads	58,351,626	-	-	-	58,351,626
Footpaths	13,401,415	-	-	-	13,401,415
Drainage	21,897,256	-	-	-	21,897,256
Car Parks	311,846	-	-	-	311,846
Bus Shelters	458,799	-	-	-	458,799
Other Infrastructure	216,146	-	-	-	216,146
	171,817,457	799,828	-	799,828	172,617,285

	2015 Opening Balance	2015 Revaluation Increment	2015 Revaluation Decrement	2015 Total Movement on Revaluation	2015 Closing Balance
	\$	\$	\$	\$	\$
Land	46,619,549	-	-	-	46,619,549
Buildings	29,580,413	-	-	-	29,580,413
Furniture and Equipment	137,410	-	-	-	137,410
Plant and Equipment	842,997	-	-	-	842,997
Roads	-	58,351,626	-	58,351,626	58,351,626
Footpaths	-	13,401,415	-	13,401,415	13,401,415
Drainage	-	21,897,256	-	21,897,256	21,897,256
Car Parks	-	311,846	-	311,846	311,846
Bus Shelters	-	458,799	-	458,799	458,799
Other Infrastructure	-	216,146	-	216,146	216,146
	77,180,369	94,637,088	-	94,637,088	171,817,457

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

13. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	2016 Actual \$	2016 Budget \$	2015 Actual \$
Cash - Unrestricted	8,356,933	9,437,919	12,026,189
Cash - Restricted	47,000,781	44,071,194	41,975,261
Cash and Cash Equivalents	<u>55,357,714</u>	<u>53,509,113</u>	<u>54,001,450</u>

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

	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net Result	33,953,002	6,282,017	19,377,926
Depreciation	11,315,275	11,558,780	10,895,879
(Profit)/Loss on Sale of Asset	(64,319)	(59,769)	229,472
Loss on Revaluation of Non Current Assets	-	-	6,501,293
Banksia Park DMF Receivable Movement	352,821	-	(606,471)
Contributed Grants/Contributions for the Development of Assets	(29,397,461)	-	(13,837,743)
(Increase)/Decrease in Rates Debtors	(160,598)	400,000	(17,836)
(Increase)/Decrease in Pensioner Debtors	(49,318)	(100,000)	(6,243)
(Increase)/Decrease in Sundry Debtors	(630,957)	(75,000)	99,549
(Increase)/Decrease in GST	(22,357)	-	(193,235)
(Increase)/Decrease in Inventories	(5,237)	10,000	5,137
(Increase)/Decrease in Accrued Income	261,757	-	(450,163)
(Increase)/Decrease in Prepayments	4,000	-	3,997
Increase/(Decrease) in Sundry Creditors	(344,971)	(200,000)	1,537,562
Increase/(Decrease) in Other Creditors	(2,220,122)	-	2,568,333
Increase/(Decrease) in Employee Provisions	449,107	-	604,958
Increase/(Decrease) in Income in Advance	(757,401)	-	714,746
Increase/(Decrease) in Accrued Expenses	316,045	-	262,929
Grants/Contributions for the Development of Assets	<u>(5,337,399)</u>	<u>(11,074,011)</u>	<u>(3,366,137)</u>
Net Cash from Operating Activities	<u><u>7,661,867</u></u>	<u><u>6,742,017</u></u>	<u><u>24,323,953</u></u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

13. NOTES TO THE CASH FLOW STATEMENT (Continued)

	2016 Actual \$	2015 Actual \$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Credit Card limit	100,000	100,000
Credit Card at Balance Date	(19,501)	(11,189)
Total Amount of Credit Unused	<u>80,499</u>	<u>88,811</u>
Loan Facilities		
Loan Facilities - Current	3,105,457	3,170,480
Loan Facilities - Non-Current	20,150,953	19,056,410
Total Facilities in Use at Balance Date	<u>23,256,410</u>	<u>22,226,890</u>
Unused Loan Facilities at Balance Date	<u>62,705</u>	<u>94,436</u>
(d) Other Facilities		
Direct Debit Facility (per fortnight)	450,000	350,000
Bank Guarantee - Medina Affordable Housing Project	4,000,000	4,000,000
Total Amount of Facilities	<u>4,450,000</u>	<u>4,350,000</u>

14. CONTINGENT LIABILITIES

The City has no Contingent Liabilities as at reporting date.

15. CAPITAL AND LEASING COMMITMENTS

	2016 Actual \$	2015 Actual \$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts:		
Payable:		
- not later than one year	241,996	181,940
- later than one year but not later than five years	414,631	264,268
- later than five years	-	-
	<u>656,627</u>	<u>446,208</u>

Operating leases are contracted for computing equipment, motor vehicles and Recquatic gym equipment. The terms of contracts vary with the maximum up to five (5) years. The last contract is due to expire on the 3rd February 2021.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

15. CAPITAL AND LEASING COMMITMENTS (Continued)

(b) Capital Expenditure Commitments

	2016 Actual \$	2015 Actual \$
Contracted for:		
- capital expenditure projects	1,676,338	1,628,062
Payable:		
- not later than one year	1,676,338	1,628,062

The capital expenditure projects outstanding at the end of the current reporting period represents the:

(i) Construction costs for the new Calista Destination Park (Adventure Park).

16. JOINT VENTURE

The City has no Joint Ventures as at reporting date.

17. TRUST FUNDS

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

	Balance 1-Jul-15 \$	Amounts Recd \$	Paid \$	Balance 30-Jun-16 \$
Apex Kwinana Carols by Candlelight	1,404	-	(1,404)	-
Kwinana Basketball Courts	1,813	-	(1,813)	-
	<u>3,217</u>	<u>-</u>	<u>(3,217)</u>	<u>-</u>

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016 Actual \$	2015 Actual \$
General Purpose Funding	-	-
Governance	6,688,245	6,392,241
Law, Order, Public Safety	1,867,446	1,652,886
Health	112,182	83,611
Education and Welfare	35,008,257	35,819,926
Community Amenities	1,121,006	966,559
Recreation and Culture	76,632,081	75,212,182
Transport	259,248,561	229,234,426
Economic Services	51,711,551	51,572,864
Other Property and Services	3,624,422	3,429,726
Unallocated	63,424,186	61,884,304
	<u>499,437,937</u>	<u>466,248,725</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

19. FINANCIAL RATIOS

	2016	2015	2014
Current Ratio	0.98	1.01	0.84
Asset Sustainability Ratio	0.55	1.14	1.01
Debt Service Cover Ratio	6.50	9.69	9.47
Operating Surplus Ratio	(0.01)	0.04	0.08
Own Source Revenue Coverage Ratio	0.80	0.74	0.82

The above ratios are calculated as follows:

Current Ratio

$$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$$

Asset Sustainability Ratio

$$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$$

Debt Service Cover Ratio

$$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$$

Operating Surplus Ratio

$$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$$

Own Source Revenue Coverage Ratio

$$\frac{\text{own source operating revenue}}{\text{operating expense}}$$

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 65 of this document.

Adjustment to Ratios:

Four of the ratios have been distorted due to various circumstances detailed below. The adjusted ratios would be as follows:

	2016	2015	2014
Current Ratio	1.21	1.20	1.62
Debt Service Cover Ratio	n/a	14.31	n/a
Operating Surplus Ratio	n/a	0.17	n/a
Own Source Revenue Coverage Ratio	n/a	0.82	n/a

Current Ratio 30th June 2016

The Current Ratio result for 2016 has been affected by the City's Short Term Facility for Loans with the Western Australian Treasury Corporation (WATC) which are reported in Current Borrowings. The City intends to convert the Short Term Loan 101 - City Centre Redevelopment of \$2,500,000 into a 5 year interest only loan, with principal repaid at end of 5 years in the next financial year. It is not intended to repay principal of \$2,500,000 within the next 12 months.

The adjusted Current Ratio at 30th June 2016 (excluding these advances from Current Borrowings) is 1.21.

Current Ratio 30th June 2015

The Current Ratio result for 2015 was affected by the City's Short Term Facility for Loans with the Western Australian Treasury Corporation (WATC) which are reported in Current Borrowings. Loan 101 - City Centre Redevelopment project was being funded by drawing down on the short term liquidity advance which totalled \$2.5m as at 30th June 2015. This loan was intended to be restructured into a 5 year interest only loan with principal repaid at the end of 5 years.

The adjusted Current Ratio at 30th June 2015 (excluding these advances from Current Borrowings) was 1.20.

Current Ratio 30th June 2014

The Current Ratio result for 2014 was affected by the City's Short Term Facility for Loans with the Western Australian Treasury Corporation (WATC) which are reported in Current Borrowings. Several large construction projects were underway and were being funded by drawing down on the short term liquidity advance which totalled \$4.25m as at 30th June 2014. Once the projects were completed these borrowings were to be restructured into a 15 year loan or 5 year interest only loan.

The adjusted Current Ratio at 30th June 2014 (excluding these advances from Current Borrowings) was 1.62.

19. FINANCIAL RATIOS (Continued)

Debt Service Ratio 30th June 2015

The Debt Service Ratio result for 2015 was affected by a revaluation decrement of \$6,501,293 which was recognised in profit and loss. This decrement was due to the implementation of Fair Value on Infrastructure assets during this financial year where the carrying amount of a class of asset decreased as a result of the revaluation. This was a significant expense item for year ending 30th June 2015. The adjusted Current Ratio at 30th June 2015 (excluding revaluation decrease) was 14.31.

Operating Surplus Ratio 30th June 2015

The Operating Surplus Ratio result for 2015 was affected by a revaluation decrement of \$6,501,293 which was recognised in profit and loss. This decrement was due to the implementation of Fair Value on Infrastructure assets during this financial year where the carrying amount of a class of asset decreased as a result of the revaluation. This was a significant expense item for year ending 30th June 2015. The adjusted Operating Surplus Ratio at 30th June 2015 (excluding revaluation decrease) was 0.17.

Own Source Revenue Coverage Ratio 30th June 2015

The Own Source Revenue Coverage Ratio result for 2015 was affected by a revaluation decrement of \$6,501,293 which was recognised in profit and loss. This decrement was due to the implementation of Fair Value on Infrastructure assets during this financial year where the carrying amount of a class of asset decreased as a result of the revaluation. This was a significant expense item for year ending 30th June 2015.

The adjusted Own Source Revenue Coverage Ratio at 30th June 2015 (excluding revaluation decrease) was 0.82.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

20. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
Land	-	-	-	-	-	-	-	-
Economic Services	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
Furniture and Equipment	2,705	5,700	5,700	(2,705)	-	-	-	-
Recreation and Culture	2,705	-	-	(2,705)	-	-	-	-
Other Property and Services	-	5,700	5,700	-	-	-	-	-
Plant and Equipment	293,272	354,596	81,838	(20,514)	407,431	467,200	81,617	(21,848)
Governance	83,789	79,512	1,913	(6,191)	91,534	83,000	4,379	(12,913)
Law, Order, Public Safety	14,673	24,335	9,662	-	66,890	66,000	3,664	(4,554)
Health	31,677	35,216	7,877	(4,338)	34,448	41,000	6,552	-
Education and Welfare	12,222	20,357	8,135	-	12,220	28,000	15,780	-
Community Amenities	41,913	39,006	468	(3,375)	44,488	42,000	1,893	(4,381)
Recreation and Culture	30,280	23,670	-	(6,610)	33,583	35,000	1,417	-
Transport	-	17,273	17,273	-	-	17,000	17,000	-
Economic Services	18,412	22,856	4,444	-	16,874	20,000	3,126	-
Other Property and Services	60,306	92,371	32,066	-	107,394	135,200	27,806	-
	295,977	360,296	87,538	(23,219)	407,431	467,200	81,617	(21,848)

Summary

Profit on Asset Disposals

87,538

81,617

Loss on Asset Disposals

(23,219)

(21,848)

64,319

59,769

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

21. INFORMATION ON BORROWINGS

(a) Loan Repayments

Particulars	Principal 1-Jul-15 \$	Interest Rate	Maturity Date	New Loans Actual \$	Principal Repayments		Principal 30-Jun-16		Interest Repayments	
					Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance										
Loan 99 - Administration Office Renovations	1,000,000	6.25%	25-Jun-25		74,638	74,638	925,362	925,362	67,751	67,973
Education & Welfare										
Loan 96 - Youth Specific Space	213,599	7.53%	19-Jun-23		20,321	20,321	193,278	193,278	17,019	17,107
Loan 100 - Youth Specific Space Stage 2	1,521,312	4.67%	26-Jun-28		-	-	1,521,312	1,521,312	81,084	81,278
Recreation & Culture										
Loan 94 - Wellard Sports Pavilion	327,987	6.38%	04-May-22		38,504	38,505	289,483	289,482	22,101	22,449
Loan 95 - Orelia Oval Pavilion	512,637	7.53%	19-Jun-23		48,770	48,770	463,867	463,867	40,845	41,055
Loan 97 - Orelia Oval Pavilion Stage 2	2,212,711	6.25%	25-Jun-25		165,153	165,153	2,047,558	2,047,558	149,913	150,404
Loan 102 - Resource & Knowledge Centre	7,421,567	4.54%	25-Jun-29		-	-	7,421,567	7,421,567	385,916	386,856
Loan 104 - Recquatic Centre Upgrade	3,350,000	4.05%	26-Jun-30		-	-	3,350,000	3,350,000	160,664	154,000
Loan 105 - Bertram Community Centre	1,296,840	3.25%	27-Mar-30		-	-	1,296,840	1,296,840	51,251	50,850
Loan 106 - Calista Destination Park	-	3.14%	24-Jun-31	1,700,000	-	-	1,700,000	1,700,000	1,227	-
New - Darius Wells Building Solar Panels	-				-	-	-	191,360	-	-
Transport										
Loan 92 - Sulphur Road Bridge	87,880	5.94%	19-Oct-15		87,880	87,880	-	-	1,962	3,003
Loan 98 - Industrial Area Streetscape	1,350,000	6.25%	25-Jun-25		100,761	100,762	1,249,239	1,249,238	91,464	91,763
Loan 101 - City Centre Redevelopment **	2,500,000	2.18%	27-Sep-16		-	-	2,500,000	2,500,000	76,376	75,000
Economic Services										
Loan 93 - DOE Building	68,351	5.94%	19-Oct-15		68,351	68,351	-	-	1,526	2,336
Self Supporting Loans	21,862,884			1,700,000	604,378	604,380	22,958,506	23,149,864	1,149,099	1,144,074
Recreation & Culture										
Loan 90 - Kwinana Bowling Club *	29,996	6.42%	30-Apr-16		29,996	29,996	-	-	1,232	1,576
Loan 103 - Kwinana Golf Club Refurbishment *	334,010	4.07%	26-Jun-23		36,106	36,106	297,904	297,904	15,356	15,409
	364,006				66,102	66,102	297,904	297,904	16,588	16,985
	22,226,890			1,700,000	670,480	670,482	23,256,410	23,447,768	1,165,687	1,161,059

Principal Repayments - Debentures
Liquidity Advance Repayments

670,480	670,482
-	-
<u>670,480</u>	<u>670,482</u>

(*) Self supporting loan financed by payments from third parties.

(**) Short Term Facility Loans

All other loan repayments were financed by general purpose revenue.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

21. INFORMATION ON BORROWINGS (Continued)

(a) Loan Repayments (Continued)

Note:

It is the City's intention to restructure the debenture for Loan 101 - City Centre redevelopment during the coming period in line with the 2016/2017 Adopted Budget (refer note 7 of Annual Budget 2016/2017).

During budget 2016/2017 the City intends to convert the Short Term Loan 101 - City Centre Redevelopment of \$2,500,000 into a 5 year interest only loan, with principal repaid at end of 5 years. This will not effect the cash position of the City. The result of the transaction is nil as the drawing a new loan for \$2,500,000 will be offset with the principal liquidity advance repayment of \$2,500,000.

The City has a \$12,578,433 Short Term Loan Facility with Western Australian Treasury Corporation (WATC). As at 30th June 2016 the facility was drawn to \$2,500,000 for Loan 101 - City Centre Redevelopment.

The current Short Term Facility with WATC expires on the 30th June 2017. A full review will be completed to determine the ongoing requirement of this facility with regard to future anticipated borrowings within the City's Long Term Financial Plan.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2015/16

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Actual Interest & Charges	Actual Interest Rate	Amount Used		Balance Unspent \$
	Actual	Budget						Actual	Budget	
Loan 106 - Calista Destination Park	1,700,000	1,700,000	WA Treasury	Debenture	15	444,731	3.14%	1,700,000	1,700,000	-
New - Darius Wells Building Solar Panels	-	191,360	WA Treasury	Debenture	15	-	-	-	191,360	-
	1,700,000	1,891,360				444,731		1,700,000	1,891,360	-

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-15 \$	Borrowed During Year \$	Expended During Year \$	Liquidity Repayment \$	Balance 30-Jun-16 \$
Loan 99 - Administration Office Renovations	25-Jun-10	94,436	-	31,731	-	62,705
		94,436	-	31,731	-	62,705

(d) Overdraft

The City has no overdraft facility during the reporting period.

(e) Self Supporting Loans

Particulars	Principal 1-Jul-15 \$	New Loans \$	Principal Repayments		Principal 30-Jun-16		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation & Culture								
Loan 90 - Kwinana Bowling Club	30,166		30,166	30,166	-	-	1,155	1,483
Loan 103 - Golf Club Refurbishment	334,010		36,106	36,106	297,904	297,904	15,356	13,455
	364,176	-	66,272	66,272	297,904	297,904	16,511	14,938

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

22. RATING INFORMATION - 2015/16 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rates \$	Budget Total Revenue \$
Differential General Rate									
Gross rental value valuations									
Improved Residential	0.07090	9,505	164,440,828	11,658,854	1,046,598	12,705,452	11,658,855	1,020,350	12,679,205
Vacant Residential	0.17450	582	8,342,505	1,455,767	283,549	1,739,316	1,455,767	-	1,455,767
Improved Special Rural	0.06199	712	16,742,680	1,037,879	7,310	1,045,189	1,037,879	-	1,037,879
Light Industrial and Commercial	0.08817	151	22,840,315	2,013,831	(35,791)	1,978,040	2,013,831	-	2,013,831
General Industry and Service Commercial	0.07510	311	33,179,469	2,491,778	20,866	2,512,644	2,491,778	-	2,491,778
Large Scale General Industry and Service Commercial	0.07792	47	50,218,935	3,913,059	164,462	4,077,521	3,913,059	-	3,913,059
Improved Value (UV)									
General Industrial	0.03464	3	121,200,000	4,198,368	-	4,198,368	4,198,368	-	4,198,368
Rural	0.00450	188	182,787,000	822,542	(24,210)	798,332	822,542	-	822,542
Mining	0.00770	13	27,291,000	210,141	11,757	221,898	210,141	-	210,141
Urban/Urban Deferred	0.00594	294	229,856,000	1,365,345	(428,260)	937,085	1,365,345	-	1,365,345
Sub-Totals		11,806	856,898,732	29,167,564	1,046,281	30,213,845	29,167,565	1,020,350	30,187,915

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

22. RATING INFORMATION - 2015/16 FINANCIAL YEAR (Continued)

(a) Rates

	Minimum \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rates \$	Budget Total Revenue \$
Minimum Payment									
Gross rental value valuations									
Improved Residential	916	2,655	31,262,248	2,431,980	-	2,431,980	2,431,980	-	2,431,980
Vacant Residential	916	1,117	5,038,102	1,023,172	-	1,023,172	1,023,172	-	1,023,172
Improved Special Rural	916	5	68,260	4,580	-	4,580	4,580	-	4,580
Light Industrial and Commercial	1190	19	168,058	22,610	-	22,610	22,610	-	22,610
General Industry and Service Commercial	1190	36	287,043	42,840	-	42,840	42,840	-	42,840
Large Scale General Industry and Service Commercial	1190	0	-	-	-	-	-	-	-
Unimproved value valuations									
General Industrial	1190	0	-	-	-	-	-	-	-
Rural	916	11	1,453,000	10,076	-	10,076	10,076	-	10,076
Mining	1190	1	15,000	1,190	-	1,190	1,190	-	1,190
Urban/Urban Deferred	1190	72	13,589,600	85,680	-	85,680	85,680	-	85,680
Sub-Totals		3,916	51,881,311	3,622,128	-	3,622,128	3,622,128	-	3,622,128
Total amount raised from general rate		15,722	908,780,043	32,789,692	1,046,281	33,835,973	32,789,693	1,020,350	33,810,043
Specified Area Rates (Note 24)				-	-	-	-		-
Totals		15,722	908,780,043	32,789,692	1,046,281	33,835,973	32,789,693	1,020,350	33,810,043

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

22 RATING INFORMATION - 2015/16 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Net Current Assets			
Surplus/(Deficit) 1 July brought forward	<u>2,844,089</u>	<u>2,917,706</u>	<u>2,917,706</u>
<u>Comprises:</u>			
Current Assets			
Cash and cash equivalents			
Cash - Unrestricted	8,356,933	12,026,189	12,026,189
Cash - Restricted (Reserves)	46,938,076	41,880,825	41,880,825
Cash - Restricted (Unspent Loan Funds)	62,705	94,436	94,436
Receivables			
Rates - Current	1,590,578	1,429,979	1,429,979
Sundry Debtors	1,139,002	508,044	508,044
GST Receivable	554,076	531,719	531,719
Accrued Receivables - Current	410,710	676,467	676,467
Loans - Clubs/Institutions	37,590	66,272	66,272
Inventories			
Inventories	<u>26,162</u>	<u>20,926</u>	<u>20,926</u>
	<u>59,115,832</u>	<u>57,234,857</u>	<u>57,234,857</u>
Less:			
Current Liabilities			
Trade and Other Payables			
Sundry Creditors	(4,674,862)	(5,019,833)	(5,019,833)
Bond and Deposit Creditors	(3,408,346)	(5,628,468)	(5,628,468)
Accrued Expenses	(279,827)	(259,596)	(259,596)
Accrued Interest on Loans	(16,802)	(18,206)	(18,206)
Accrued Salaries and Wages	(853,535)	(592,114)	(592,114)
Income in Advance	-	(757,401)	(757,401)
Current portion of long term borrowings			
Secured by Floating Charge	(3,105,457)	(3,170,480)	(3,170,480)
Provisions			
Provision for Annual Leave	(2,018,318)	(1,805,544)	(1,805,544)
Provision for Long Service Leave	(1,894,170)	(1,739,871)	(1,739,871)
Provision for Sick Leave	(512,969)	(452,541)	(452,541)
Provision for Rostered Day Off	(117,370)	(100,655)	(100,655)
Purchased Leave Scheme	<u>(2,979)</u>	<u>(2,941)</u>	<u>(2,941)</u>
	<u>(16,884,635)</u>	<u>(19,547,650)</u>	<u>(19,547,650)</u>
Unadjusted net current assets	<u>42,231,197</u>	<u>37,687,207</u>	<u>37,687,207</u>
<u>Adjustments</u>			
Less:			
Cash - Restricted (Unspent Loan Funds)	(62,705)	(94,436)	(94,436)
Cash - Restricted (Reserves)	(46,938,076)	(41,880,825)	(41,880,825)
Loans - Clubs/Institutions	<u>(37,590)</u>	<u>(66,272)</u>	<u>(66,272)</u>
	<u>(47,038,371)</u>	<u>(42,041,533)</u>	<u>(42,041,533)</u>
Add:			
Current Loan Liability - Secured by Floating Charge	3,105,457	3,170,480	3,170,480
Current Provisions	<u>4,545,806</u>	<u>4,101,552</u>	<u>4,101,552</u>
	<u>7,651,263</u>	<u>7,272,032</u>	<u>7,272,032</u>
Adjusted net current assets - Surplus/(Deficit)	<u>2,844,089</u>	<u>2,917,706</u>	<u>2,917,706</u>

There was no difference between the Surplus/(Deficit) 1 July 2015 Brought Forward position used in the 2015 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2015 audited financial report.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

23. SPECIFIED AREA RATE - 2015/2016 FINANCIAL YEAR

The City did not levy Specified Area Rates for this period.

24. SERVICE CHARGES - 2015/2016 FINANCIAL YEAR

The City had no services charges for this period.

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2015/2016 FINANCIAL YEAR

(a) Write-Offs

Disc %	Type	Total Cost/ Value \$	Budget Cost/ Value \$
	Write-off	26,802	25,350

(b) Incentives

Ratepayers who paid their rates in full by the 2nd October 2015 were entered into a draw for the following incentive prize:

City of Kwinana	5 x \$1,000 Cash Prizes from City of Kwinana
Bendigo Bank	1 x \$500 bank account with Bendigo Bank
Kwinana Recquatic	5 x 3 month Gold Memberships Total Value \$372 each
West Australian Symphony Orchestra	2 x WA Symphony Orchestra (WASO) double passes to "Beethoven

26. INTEREST CHARGES AND INSTALMENTS - 2015/2016 FINANCIAL YEAR

An interest rate of 11% was charged on all rate payments which were late.

The option plans available to ratepayers for payment of their rates were:

Option 1 - Full Payment

Full amount of rates and charges including arrears to be paid on or before 2 October 2015.

Option 2 - 2 Instalments

Two equal instalments - commencing 2 October, 2015 followed by 12 February, 2016

The cost of this instalment plan is an interest charge of 5.5% together with an administration charge of \$7.20

All arrears are included with the first instalment.

Option 3 - 4 Instalments

Four equal instalments - commencing 2 October, 2015 followed by 4 December, 2015
12 February, 2016 and 15 April, 2016.

The cost of this instalment plan is an interest charge of 5.5% together with an administration charge of \$21.60

All arrears are included with the first instalment.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

26. INTEREST CHARGES AND INSTALMENTS - 2015/2016 FINANCIAL YEAR (Continued)

Option 4 - Direct Debit Fortnightly

20 fortnightly instalments - commencing 2 October, 2015 and finalised on 24 June, 2016.

The cost of this instalment plan is an interest charge of 5.5% together with an administration charge of 26c per transaction

See table below for payment dates

Option 5 - Direct Debit Weekly

39 weekly instalments - commencing 2 October, 2015 and finalised on 24 June, 2016.

The cost of this instalment plan is an interest charge of 5.5% together with an administration charge of 26c per

See following table for payment dates.

PAYMENT DATES				
<i>Payment Number</i>		<i>Weekly Payment Dates</i>		<i>Fortnightly Payment Dates</i>
1		2 October 2015		2 October 2015
2		9 October 2015		16 October 2015
3		16 October 2015		30 October 2015
4		23 October 2015		13 November 2015
5		30 October 2015		27 November 2015
6		6 November 2015		11 December 2015
7		13 November 2015		25 December 2015
8		20 November 2015		8 January 2016
9		27 November 2015		22 January 2016
10		4 December 2015		5 February 2016
11		11 December 2015		19 February 2016
12		18 December 2015		4 March 2016
13		25 December 2015		18 March 2016
14		1 January 2016		1 April 2016
15		8 January 2016		15 April 2016
16		15 January 2016		29 April 2016
17		22 January 2016		13 May 2016
18		29 January 2016		27 May 2016
19		5 February 2016		10 June 2016
20		12 February 2016		24 June 2016
21		19 February 2016		
22		26 February 2016		
23		4 March 2016		
24		11 March 2016		
25		18 March 2016		
26		25 March 2016		
27		1 April 2016		
28		8 April 2016		
29		15 April 2016		
30		22 April 2016		
31		29 April 2016		
32		6 May 2016		
33		13 May 2016		
34		20 May 2016		
35		27 May 2016		
36		3 June 2016		
37		10 June 2016		
38		17 June 2016		
39		24 June 2016		

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

26. INTEREST CHARGES AND INSTALMENTS - 2015/2016 FINANCIAL YEAR (Continued)

The total revenue from the imposition of interest and administration charge for these options is dissected as follows

	Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Instalments Plan	5.50		239,606	240,000
Interest on Pensioner Deferment			15,031	27,500
Interest on Unpaid Rates	11.00		258,017	230,000
Total Other Interest Earnings			512,654	497,500
Charges on Instalment Plan		7.20	89,157	90,000
			601,811	587,500

27. FEES & CHARGES

	2016 Actual \$	2015 Actual \$
General Purpose Funding	152,960	154,519
Governance	43,055	34,242
Law, Order, Public Safety	145,079	143,593
Health	137,685	209,145
Education & Welfare	1,035,324	711,084
Community Amenities	7,436,273	6,586,461
Recreation & Culture	1,685,743	826,456
Economic Services	821,966	978,319
Other Property & Services	283,184	373,367
	<u>11,741,269</u>	<u>10,017,186</u>

During the 15/16 year the City adopted changes to the amount of the fees or charges from the original adopted budget. For details of the amendments refer to Ordinary Council Meeting 13th April 2016 resolution number 161 & Ordinary Council Meeting 11th May 2016 resolution number 197.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

28. GRANT REVENUE

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

	2016 Actual \$	2015 Actual \$
By Nature and Type:		
Operating Grants, Subsidies and Contributions		
General Purpose Funding	1,589,887	1,585,262
Governance	-	50,000
Law, Order, Public Safety	296,172	229,863
Health	60,831	72,427
Education & Welfare	5,547,105	5,733,504
Community Amenities	3,893,694	10,781,546
Recreation and Culture	471,169	409,294
Transport	259,214	262,501
Other Property & Services	1,391	-
	<u>12,119,463</u>	<u>19,124,397</u>
Non-operating Grants, Subsidies and Contributions		
Governance	9,814	-
Law, Order, Public Safety	135,000	46,855
Community Amenities	4,824	-
Recreation and Culture	1,161,691	990,564
Transport	32,904,555	16,283,341
	<u>34,215,884</u>	<u>17,320,760</u>
	<u>46,335,347</u>	<u>36,445,157</u>

29. EMPLOYEE NUMBERS

	2016 Actual \$	2015 Actual \$
The number of full-time equivalent Employees at balance date	<u>239</u>	<u>237</u>

30. ELECTED MEMBERS REMUNERATION

	2016 Actual \$	2016 Budget \$	2015 Actual \$
The following fees, expenses and allowances were paid to council members and/or the mayor.			
Mayoral Allowance	87,550	87,550	87,550
Deputy Mayor Allowance	21,888	21,888	21,888
Meeting Fees	262,650	262,650	262,650
ICT Allowance	28,000	28,000	17,721
Members Telephone	-	-	4,436
Computer Services	-	-	3,465
Taxi Charges	501	200	638
Travelling Expenses	2,332	8,000	4,616
	<u>402,921</u>	<u>408,288</u>	<u>402,964</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

31. 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 program 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.

The City held the following financial instruments at balance date:

	2016		2015	
	Carrying Value	Net Fair Value	Carrying Value	Net Fair Value
	\$	\$	\$	\$
Financial Assets				
Cash and Cash Equivalents	55,357,714	55,357,714	54,001,450	54,001,450
Trade and Other Receivables	8,040,310	8,040,310	7,861,928	7,861,928
	63,398,024	63,398,024	61,863,378	61,863,378
Financial Liabilities				
Trade and Other Payables	30,868,372	30,868,372	33,910,618	33,910,618
Long Term Borrowings	23,256,410	16,055,870	22,226,890	15,436,012
	54,124,782	46,924,242	56,137,508	49,346,630

Fair Value is determined as follows:

- Cash and Cash Equivalents, Receivables and Payables - estimated to the carrying value which approximates net market value.
- Borrowings - estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

(a) Cash and cash equivalents

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 investment portfolio with the assistance of independent advisers.

Cash are also subject to interest rate risk - the risk that movements in interest rates could effect returns.

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

The City manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. The City also seeks advice from independent advisers.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

31. FINANCIAL RISK MANAGEMENT (Continued)

Interest Rate Sensitivity Analysis

At 30 June 2015, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant, would be as follows:

	2016	2015
	\$	\$
Impact of a 2% movement in interest rates on cash and cash investments:		
Equity	1,107,154	1,080,029
Statement of Comprehensive Income	1,107,154	1,080,029

Sensitivity percentages based on management's expectation of future possible market movements.

Recent market volatility has seen large market movements for certain types of investments.

(b) Receivables

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

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

The level of outstanding receivables is reported to Council monthly as part of Financial Activity reports. Receivables are reported to the Executive Team monthly and benchmarks are set and monitored for acceptable collection performance.

The City makes suitable provision for doubtful receivables as required.

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

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

	2016	2015
	%	%
Percentage of Rates and Annual Charges:		
Current	27%	27%
Overdue	73%	73%
Percentage of Other Receivables:		
Current	94%	94%
Overdue	6%	6%

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

31. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings**

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

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

	2016 \$	2015 \$
Trade and Other Payables		
Less than 6 months	7,055,491	8,053,735
6 months to 1 year	1,407,529	2,479,759
1-5 years	12,147,852	13,399,624
Over 5 years	10,257,500	9,977,500
	<u>30,868,372</u>	<u>33,910,618</u>
	2016 \$	2015 \$
Borrowings		
Less than 6 months	901,817	961,876
6 months to 1 year	899,479	3,359,404
1-5 years	11,593,202	7,099,898
Over 5 years	18,746,850	19,791,179
	<u>32,141,348</u>	<u>31,212,357</u>

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

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

Weighted Average Effective Interest Rate				
	2016 %	2015 %		
Borrowings	4.46	4.70		
Fixed Interest Rate Maturing Within 1				
<u>2016</u>	Year \$	1 to 5 years \$	> 5 years \$	Total \$
Borrowings	2,500,000	-	20,756,410	23,256,410
Fixed Interest Rate Maturing Within 1				
<u>2015</u>	Year \$	1 to 5 years \$	> 5 years \$	Total \$
Borrowings	2,686,227	-	19,540,663	22,226,890

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

32. CONTRIBUTED INFRASTRUCTURE ASSETS

The details of infrastructure assets contributed to the City by developers for prior financial years and the current financial year are:

	Replacement Value	Accum Depn	WDV Value
Current Year			
Road Asset Valuations	18,466,330	-	18,466,330
Footpath Asset Valuations	4,514,222	-	4,514,222
Drainage Asset Valuations	6,033,391	-	6,033,391
Parks and Ovals Asset Valuations	383,518		383,518
	<u>29,397,461</u>	<u>-</u>	<u>29,397,461</u>
Prior Year			
	Replacement Value	Accum Depn	WDV Value
Road Asset Valuations	9,600,451	-	9,600,451
Footpath Asset Valuations	1,986,332	-	1,986,332
Drainage Asset Valuations	2,250,960	-	2,250,960
	<u>13,837,743</u>	<u>-</u>	<u>13,837,743</u>

33. SUBSEQUENT EVENTS

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

INDEPENDENT AUDITOR'S REPORT TO THE ELECTORS OF THE CITY OF KWINANA

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of the City of Kwinana, which comprises the statement of financial position as at 30 June 2016, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

Management's Responsibility for the Financial Report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal control as Management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial report of the City of Kwinana is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a) giving a true and fair view of the City's financial position as at 30 June 2016 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE CITY OF KWINANA (CONTINUED)**

Report On Other Legal and Regulatory Requirements

During the course of the audit we became aware of two instances where the Council did not comply with the Local Government (Financial Management) Regulations 1996 (as amended).

List of Accounts

The list of payments for the month of April 2016 were not presented to Council in the required timeframe as required by Financial Management Regulation 13 (3)(A).

Monthly Statement of Financial Activity

The monthly statement of financial activity for the months of October 2015 and January 2016 were not presented to Council within 2 months as required by Financial Management Regulation 34A(4)(A).

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the City.
- b) Except as noted above, no other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 65 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit

MOORE STEPHENS
CHARTERED ACCOUNTANTS



DAVID TOMASI
PARTNER

DATE: 9 November 2016
PERTH, WA

SUPPLEMENTARY RATIO INFORMATION

FOR THE YEAR ENDED 30 JUNE 2016

RATIO INFORMATION

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

	2016	2015	2014
Asset consumption ratio	0.80	0.81	0.54
Asset renewal funding ratio	0.99	0.69	0.72

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
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Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
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