

# Electors' General Meeting

23 January 2019

## 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](http://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:

MAYOR CAROL ADAMS  
DEPUTY MAYOR P FEASEY  
CR W COOPER  
CR M KEARNEY  
CR S LEE  
CR S MILLS  
CR D WOOD

MS J ABBISS	-	Chief Executive Officer
MRS M COOKE	-	Director City Regulation
MS C MIHOVLOVICH	-	Director City Strategy
MRS B POWELL	-	Director City Living
MR D ELKINS	-	Director City Infrastructure
MS M BELL	-	Director City Legal
MR T HOSSEN	-	Lawyer
MS A MCKENZIE	-	Council Administration Officer

Members of the Press	0
Members of the Public	6

## 1. Welcome

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

## 2. Apologies/Leave of Absence:

Councillor Matthew Rowse

## 3. Receiving of the Annual Report for 2017/2018

### 3.1. The Mayor's Report:

Mayor Carol Adams presented the Mayor's report for the year ended 30 June 2018.

On behalf of the City of Kwinana I am delighted to present our 2017/18 Annual Report to the Kwinana community. This provides an opportunity for us all to reflect on the events and achievements that we, as a community, have shared over the past financial year.

The City of Kwinana continues to lobby and advocate for economic development initiatives in our region. One of the most exciting highlights for me as Mayor was the establishment of the new Westport Taskforce, bringing the possibility of a new Outer Harbour closer to a reality. This initiative is something that the City has advocated for strongly since 2015. The Outer Harbour is now well and truly on the political agenda through our combined efforts.

### 3 RECEIVING OF THE ANNUAL REPORT FOR 2017/2018

I was buoyed also that Kwinana was recognised at the Committee for Perth event, 'Kwinana as a catalyst for economic development', for its pivotal role in boosting the state economy. The concept of 'Lithium Valley' certainly has grown and developed over the past year and the City has again been at the forefront of advocacy for the battery and lithium industry interest in our area.

The City of Kwinana is continuing with its target of supporting local businesses by being recognised as a "small business friendly" local government as part of the State's Small Business Development Corporation initiative. This year we were able to provide grants to eligible local businesses to improve their external appearance as part of the Local Commercial and Activity Centre Improvement Grant Funding program.

Throughout 2017/18, we continued to focus on the delivery of great community events that really make Kwinana 'the place to be'. The Act-Belong-Commit Rock Symphony was testament to this and saw the City host our largest and most successful event to date with around 6,000 people attending a memorable evening of rock, pop and popular music.

Much to the delight of skaters in the region, we were able to officially open WA's most impressive skating facility at the \$1.5m Edge Skatepark. You don't need to be an avid skater to see why the facilities are so popular with Kwinana youth, parents and carers not just in Kwinana but constantly attracting visitors from our surrounding areas.

Younger children continued to enjoy the award-winning Kwinana Adventure Park and were treated to the inaugural Alcoa Children's festival in March 2018. More than 4,000 people attended this great family friendly free event which will continue to form a pillar of our annual calendar of events in the future.

Kwinana Library launched a new online catalogue, providing users with a more modern approach to online library services. Library lovers were also able to enjoy extended opening hours on Sundays.

And finally, one of Kwinana's most historic reserves, Sloan's Reserve, received a \$350k upgrade as part of the City's Parks for People Program.

Looking into the future, I am excited about what the coming year holds and I would like to thank my fellow Councillors for their ongoing support, and the Chief Executive Officer, Executive and our hard working staff for bringing our vision of a vibrant City to reality. It's a pleasure to work with such a strong and cohesive group of people who never lose sight of our common goal; which is to make our City an even greater place for our growing community to live, recreate and prosper.

Carol Adams  
Mayor of Kwinana

### 3.2 The Chief Executive Officer's Report:

The Chief Executive Officer, Ms Joanne Abbiss presented the Chief Executive Officer's report for the year ended 30 June 2018.

During 2017/18, Kwinana again proved to be a great place to invest, work, live and visit.

### 3 RECEIVING OF THE ANNUAL REPORT FOR 2017/2018

In this Annual Report (Part 1 – Community), we provide an overview of how the City has continued to deliver our Strategic Community Plan, with a strong and sustainable long-term vision for Kwinana in mind.

The City continues to invest in infrastructure and services. Some of the highlights include investing over \$2.5m in our roads, \$2.4m spent on community safety and security, over \$1m spent on sporting and recreation facilities and over \$700k spent on Bushcare, tree planting and park upgrades.

Other highlights include widely enjoyed and celebrated community events (such as the 2017 Act-Belong-Commit Rock Symphony), extensive investment in local business grants and programs and the establishment of free public Wi-Fi at Kwinana Adventure Park and the new Edge Skatepark.

The natural environment has continued to be an important focus of the City in 2017/18. Kwinana contains a rich biodiversity that has been maintained through diligent conservation and active community participation. Moving forward, we will continue to strive for protection of our natural environment as new developments are approved within City boundaries.

Our community facilities and services continue to improve, meeting the needs of those who use them the most – local residents. By building state-of-the-art, flexible solutions we are ready to accommodate community needs for all ages, from children to seniors, for decades to come.

Moving forward, our aspirations for Kwinana include nurturing our strong community spirit, providing an assortment of events that encourage community participation and celebrating our diverse population.

We will strive for continued prosperity of our local industrial, retail and commercial business and will work to ensure a wide range of employment opportunities are available to our residents.

It's been my great pleasure to once again lead a team of hard working and dedicated professionals who strive to deliver high quality services and programs at the lowest possible cost to meet community needs.

Joanne Abbiss  
Chief Executive Officer

## 4. General Business

### 4.1. Questions by Electors:

Nil

4 GENERAL BUSINESS

**4.2. Motions by Electors:**

Nil

**5. Meeting Closure**

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

The Mayor declared the meeting closed at 6:39pm.

Chairperson:

13 February 2019

# Annual Report 2017/18



# CONTENTS

## PART 1 – COMMUNITY

### 1. WELCOME

Mayor's Welcome

3

CEO's Welcome

4

Introduction

5

2017-2018 Snapshot

6

### 2. INTRODUCTION

Kwinana at a Glance

8

City of Kwinana Council

9

City of Kwinana Staff

10

City of Kwinana Products and Services

12

Our Vision

13

Integrated and Strategic Planning

14

Key Items of Capital Expenditure

15

2017/18 Key Priorities

16

### 3. ASPIRATION AREAS

Aspiration: Rich in spirit

18

Aspiration: Alive with opportunity

24

Aspiration: Surrounded by nature

28

Aspiration: It's all here

32

Future Measures

36

### 4. STATUTORY REPORTING

Disability Access and Inclusion Plan (DAIP)

37

Reconciliation Action Plan (RAP)

38

Reporting Requirements

39

### PART 2 – ANNUAL FINANCIAL REPORT

Annual Financial Report 2017/18 is available online at [www.kwinana.wa.gov.au](http://www.kwinana.wa.gov.au)

42

# WELCOME

## Mayor's Welcome

On behalf of the City of Kwinana I am delighted to present our 2017/18 Annual Report to the Kwinana community. This provides an opportunity for us all to reflect on the events and achievements that we, as a community, have shared over the past financial year.

The City of Kwinana continues to lobby and advocate for economic development initiatives in our region. One of the most exciting highlights for me as Mayor was the establishment of the new Westport Taskforce, bringing the possibility of a new Outer Harbour closer to a reality. This initiative is something that the City has advocated for strongly since 2015. The Outer Harbour is now well and truly on the political agenda through our combined efforts.

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**Carol Adams,**

**Mayor of Kwinana**



# CEO's Welcome

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**Joanne Abbiss**

**Chief Executive Officer**



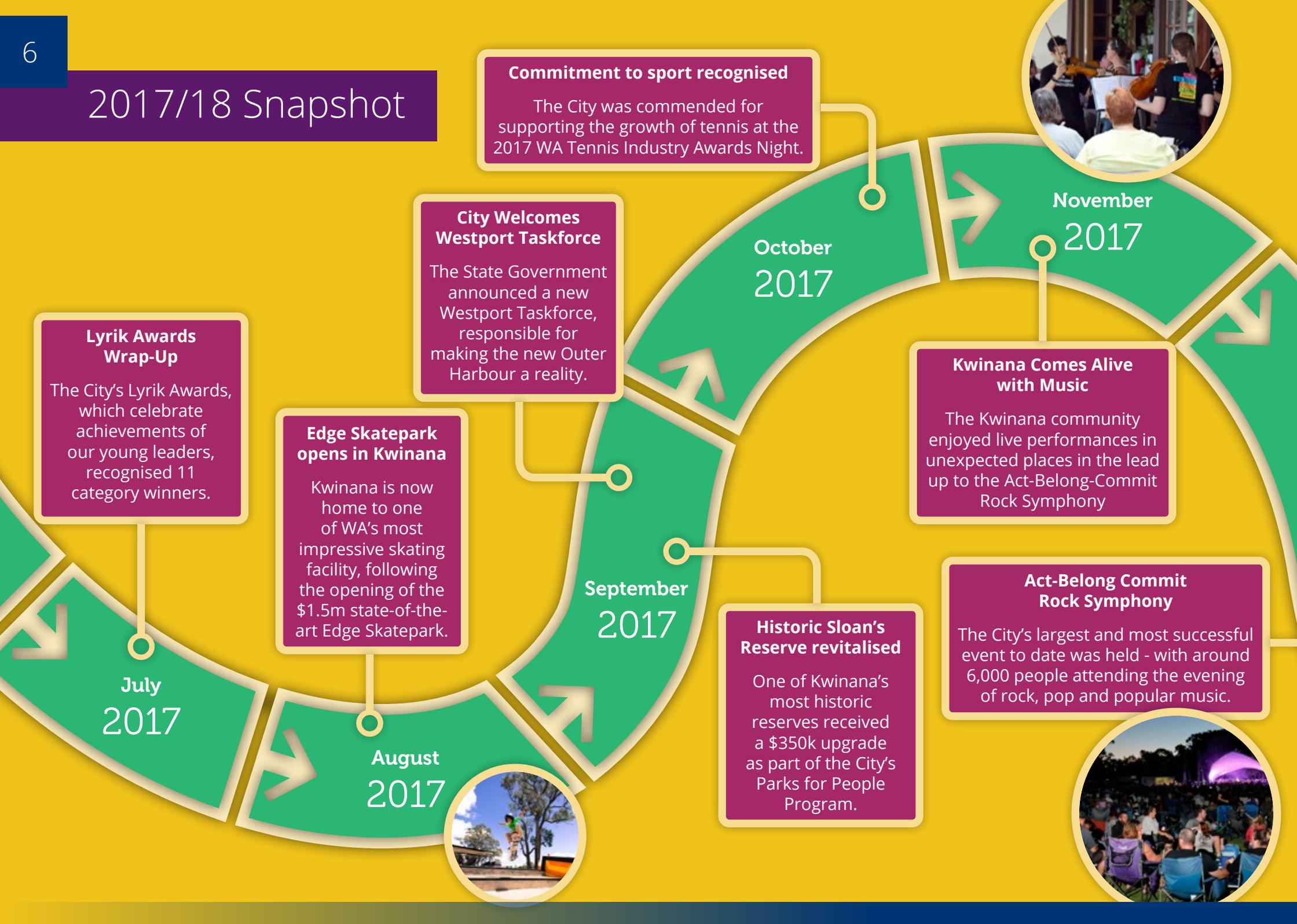
# Introduction

The City of Kwinana's Annual Report 2017/18 comprises of two parts, Part 1 - Community and Part 2 - Annual Financial Report. This Annual Report (Part 1 - Community), together with the Annual Report (Part 2 - Annual Financial Report) complies with the requirements of Section 5.53(1) of the *Local Government Act 1995*.

The full audited Annual Report (Part 2 - Annual Financial Report) 2017/18 is available to download from the City's website [www.kwinana.wa.gov.au](http://www.kwinana.wa.gov.au) or in hard copy on request by contacting the City of Kwinana on 9439 0200 or visiting the City of Kwinana Civic Centre, Corner Gilmore Avenue and Sulphur Road, Kwinana WA.



# 2017/18 Snapshot



## Lyrik Awards Wrap-Up

The City's Lyrik Awards, which celebrate achievements of our young leaders, recognised 11 category winners.

July  
2017

## Edge Skatepark opens in Kwinana

Kwinana is now home to one of WA's most impressive skating facility, following the opening of the \$1.5m state-of-the-art Edge Skatepark.

August  
2017

## City Welcomes Westport Taskforce

The State Government announced a new Westport Taskforce, responsible for making the new Outer Harbour a reality.

September  
2017

## Commitment to sport recognised

The City was commended for supporting the growth of tennis at the 2017 WA Tennis Industry Awards Night.

October  
2017

November  
2017

## Kwinana Comes Alive with Music

The Kwinana community enjoyed live performances in unexpected places in the lead up to the Act-Belong-Commit Rock Symphony

## Act-Belong Commit Rock Symphony

The City's largest and most successful event to date was held - with around 6,000 people attending the evening of rock, pop and popular music.

## Historic Sloan's Reserve revitalised

One of Kwinana's most historic reserves received a \$350k upgrade as part of the City's Parks for People Program.



### Lolly Run Delivers Christmas Cheer

The annual Christmas Lolly Run saw Santa take to the streets on Christmas morning to throw bags of lollies to eagerly waiting local residents.

### Kwinana as a Catalyst for Economic Development

Kwinana's exciting future and the pivotal role it has played in boosting the State economy was recognised at a Committee for Perth event.

### City shows commitment to small business

The City was proud to be recognised as a small business-friendly local government by the State Government's Small Business Development Corporation initiative.

### City Receives Gold Water Wise Status

The City was proud to be recognised as a Gold Waterwise Council for the second consecutive year.

### City Awarded for Contribution to Kids

The City excelled at the Local Government Children's Environment and Health Policy Awards, winning three categories.



### Alcoa Children's Festival

The City's annual children's festival was revamped in 2018 with a new and improved format attracting over 4,000 attendees.

### Library Launches new online catalogue

Kwinana Library's new online catalogue provided users with a more modern approach to online library services.

### More time to read on weekends

Library lovers were able to enjoy extended opening hours with Kwinana Public Library opening on Sundays.



February  
2018

March  
2018

April  
2018

May  
2018

June  
2018

January  
2018

December  
2017

# INTRODUCTION



## Kwinana at a glance

Land area:  
**120.01km<sup>2</sup>**



Number  
of parks: **54**

Population:  
**44,791**



Natural Bushland:  
**249 hectares**



Total length of  
footpaths maintained:  
**300,030m**



Trees  
(actively managed):  
**15,938**

Residential  
dwellings:  
**12,887**  
(ABS 2016 Census)



**3,400  
tonnes**  
of domestic  
recycling collected



**11,953 tonnes**  
of domestic waste collected

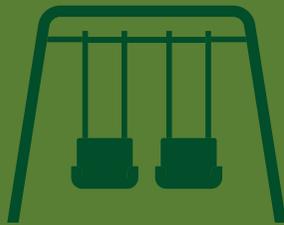


**35km**  
from the CBD

Total length of roads:  
**446,712km**



Facilities (total):  
**331**



# City of Kwinana Council

The Council consists of a Mayor, a Deputy Mayor and six Councillors who represent the community across the municipality of the City of Kwinana. The term for each Elected Member is four years. The Mayor and Deputy Mayor are elected by the Council every two years.



Term of office expires 2021

**Mayor Carol Adams**



Term of office expires 2019

**Deputy Mayor Peter Feasey**



Term of office expires 2019

**Councillor Wendy Cooper**



Term of office expires 2021

**Councillor Merv Kearney**



Term of office expires 2021

**Councillor Sandra Lee**



Term of office expires 2019

**Councillor Sheila Mills**



Term of office expires 2021

**Councillor Matthew Rowse**



Term of office expires 2019

**Councillor Dennis Wood**

## ELECTED MEMBER ATTENDANCE AT COUNCIL MEETINGS 2017/18

Includes all current Elected Members and the two outgoing Elected Members of 2017.

Elected Member Council Meeting Attendance Register 2017/18			
Elected Member	Ordinary Council Meetings Attended	Special Council Meetings Attended	Electors General Meeting Attended
Total meetings held	22	5	1
Carol Adams	19	4	1
Peter Feasey	19	5	1
Wendy Cooper	22	4	1
Merv Kearney (Elected October 2017)	13 <sup>1</sup>	2 <sup>2</sup>	1
Sandra Lee	21	5	1
Sheila Mills	20	4	1
Matthew Rowse (Elected October 2017)	15 <sup>1</sup>	3 <sup>2</sup>	1
Dennis Wood	20	5	1
Ruth Alexander (outgoing Elected Member)	7 <sup>3</sup>	2 <sup>4</sup>	N/A
Bob Thompson (outgoing Elected Member)	7 <sup>3</sup>	2 <sup>4</sup>	N/A

### NOTE:

- <sup>1</sup> 15 Ordinary Council Meetings held since elected to office.
- <sup>2</sup> 3 Special Council Meetings held since elected to office.
- <sup>3</sup> 7 Ordinary Council Meetings held whilst elected to office.
- <sup>4</sup> 2 Special Council Meetings held whilst elected to office.

# City of Kwinana Staff



## EMPLOYEES

Employees as at 30 June 2018:

Full Time: **202**

Part-time: **63**

Casual: **138**

Total: **403**

Total number of FTE's\*: **227.9**

\* Full-time equivalents

## CITY OF KWINANA LEADERSHIP TEAM



**Joanne Abbiss**  
Chief Executive Officer



**Michelle Bell**  
Director City Legal



**Maria Cooke**  
Director City Regulation



**Doug Elkins**  
Director City Infrastructure



**Casey Mihovilovich**  
Director City Strategy



**Barbara Powell**  
Director City Engagement

**Iain Mason**  
Manager Contracts

**Bruce Mentz**  
Manager Essential Services

**Ash Harding**  
Manager Environment

**Darrell Monteiro**  
Manager Environmental Health

**Paul Neilson**  
Manager Planning and Development

**Rodney Molyneux**  
Manager Building Services

**David Boccuzzi**  
Manager Works

**Reza Najafzadeh**  
Manager Engineering Services

**Ann Nicholas**  
Manager Asset Management Services

**Natasha Dransfield**  
Manager Corporate Communications

**Kelli Hayward**  
Manager Finance

**Mathew Smith**  
Manager Information Technology

**Sue Wiltshire**  
Manager Human Resources

**Paul Gravett**  
Manager Community Engagement

**Fiona Grieves**  
Manager Community Services

# City of Kwinana Products and Services

The primary role of Local Government is to provide infrastructure, facilities, governance and community services to support the community. The City of Kwinana offers hundreds of products and services for the benefit of its community, to promote wellbeing and to offer the community a choice and range of options to suit their lifestyle.

The City manages infrastructure maintenance works, including:

- Footpath, crossover, road, kerb and drainage maintenance.
- Maintenance of street furniture, fencing, BBQs, playgrounds and water features.
- Removal of illegal dumping.
- Fire control assistance and emergency response to storms, floods, fire etc.
- Mowing, weed control, turf renovation, irrigation maintenance, landscaping, pruning, weeding, mulching, fertilizing and planting.

The City provides a safety and security program, including:

- Local law enforcement (including parking, littering and animal control).
- Supporting emergency services and maintaining volunteer fire brigades.
- Enforcing off-road vehicle and illegal camping laws.
- Community safety and security initiatives.
- Community liaison service.

The City offers community services, including:

- Community events, arts, culture and heritage programs.
- Community centres.
- Community grants and citizenship.
- Community information and engagement.

The City provides health and fitness programs, including:

- Local parks and public open space.
- Health and wellbeing programs including walking trails, sporting club development, Kwinana Recquatic etc.

The City offers youth support, including:

- Youth facilities such as the Zone Youth Space and Edge Skatepark.
- Lyrik Incentive and Mentoring Program.
- Youth initiatives such as urban art, GP and sexual health clinics, referral service and scholarship programs.
- School holiday and term programs.

The City manages the local environment, including:

- Waste, recycling, green waste and bulk good collections.
- Environmental health investigations.
- Advice on food hygiene, control of diseases, public events, food preparation premises, public swimming pools, control of diseases and noise nuisances.
- Bushland management including weed control, feral animal control and firebreak maintenance.
- Environmental planning and protection, fencing, biodiversity and revegetation.
- Sustainability initiatives including water and energy conservation.



The City provides expertise in Planning, Building and Engineering, including:

- Building assessments, site inspections, demolition licenses etc.
- Upkeep of the City's buildings.
- Development applications, structure planning assessments, planning policies and town planning scheme amendments.
- Roads, pathways, bridges, drainage, landscaping and street lighting.
- Road safety audits, traffic analysis, transport coordination and car parking studies.

The City uses a number of survey and evaluation methods to continually assess community needs. Results of the City's Community Perception Survey are used to measure satisfaction and the level of importance of the products and services that it delivers to the community. The City strives to ensure that it is continually reviewing and providing essential services to meet the needs of its growing community.

To find out more about the range of products and services provided by the City of Kwinana visit [www.kwinana.wa.gov.au/a-z](http://www.kwinana.wa.gov.au/a-z).



## Our Vision

### OUR VISION

The community's vision for the future is:

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

This vision forms the foundation of the City's Strategic Community Plan, with each part of the vision represented as a specific community aspiration. To achieve these aspirations, clearly defined community outcomes have been identified. These outcomes further illustrate how the community would like the City of Kwinana to look like in ten years' time.

# Integrated and Strategic Planning

The Annual Report (Part 1 – Community) measures our progress against priorities and aspirations that were developed in consultation with the community and documented in the City of Kwinana’s long term vision, the Strategic Community Plan 2017-2027.

The City’s Corporate Business Plan 2018-2023 provides clarity on the initiatives and services that the City is planning or implementing over the next five years, with emphasis on the delivery of the strategic priorities outlined in our Strategic Community Plan 2017-2027.

These two key strategic documents are then underpinned by a number of informing documents including, but not limited to, the Long Term Financial Plan, Asset Management Plans, Workforce Plan and issues or area-specific plans (see figure 1).

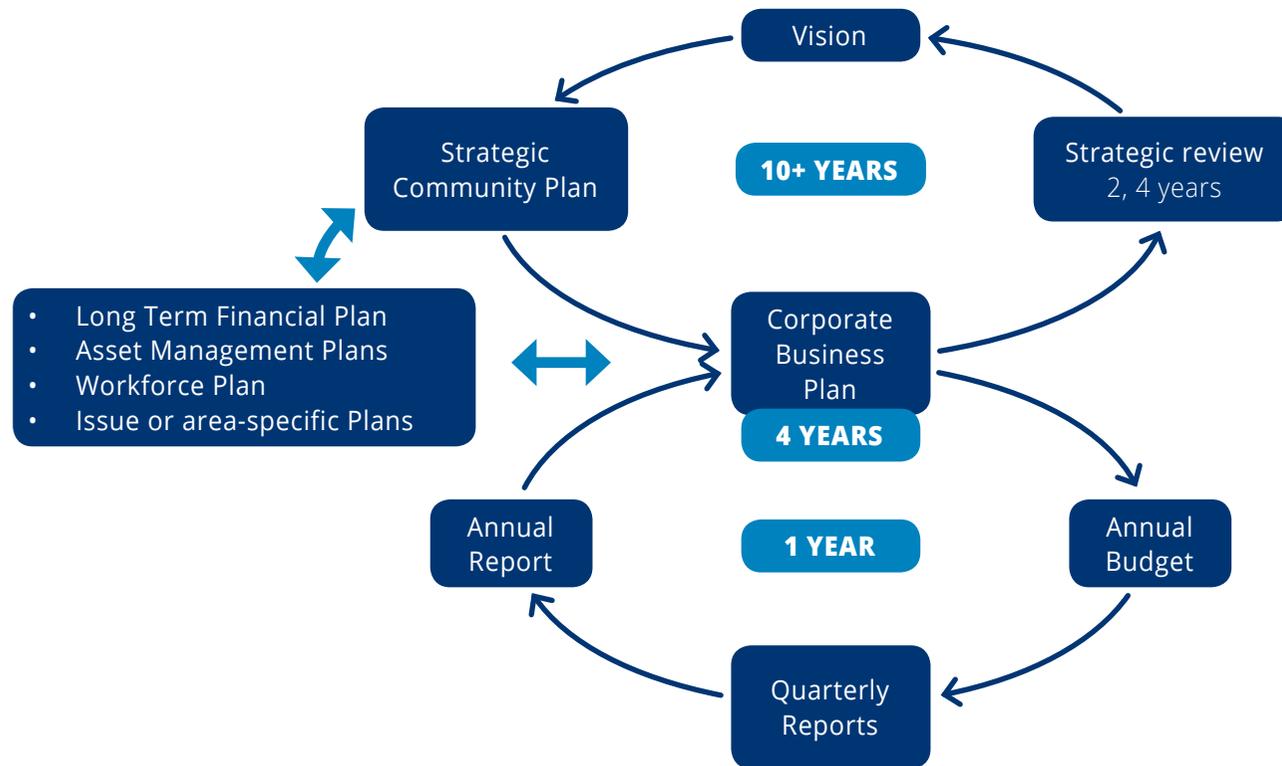


Figure 1

Department of Local Government and Communities – Integrated Planning and Reporting: Framework and Guidelines, 2016

## STRATEGIC COMMUNITY PLAN MODIFICATIONS

The Council adopted minor modifications to the Strategic Community Plan at the Ordinary Council Meeting held on 13 December 2017. Changes were approved to keep the strategies that achieve the community's vision up to date. No major changes to the community's vision, aspirations or objectives were made.

## Key Items of Expenditure

Key projects in the 2017/18 year that were achieved include:

- \$2.4m for road upgrades including Cockman Way, Anketell Road and Johnson Road
- \$2.4m for safety and security including the expansion of CCTV coverage, community education initiatives, illegal dumping control, compliance operations and 24/7 City Assist service
- \$385k for Bertram Oval
- \$310k for the new community events program including the Children's Festival, Youth Festival, new major event and Australia Day event.
- \$270k for the Bushcare program
- \$250k for street tree planting programs in Bertram and the Industrial Area
- \$238k for the Bowling Club's new shed and replacement of bowling green
- \$216k for the Parks for People program including upgrades to Rogan Park, Ascot Parkway, Bertram (small skate park), Honeywood Park (exercise equipment)
- \$206k for the waste education program including bin tagging, collection calendars, education initiatives and workshops

- \$155k for the Kwinana Netball Courts
- \$152k for Wellard Pavilion
- \$145k for traffic calming devices and new speed alert mobile trailer
- \$140k for the Medina Oval upgrade
- \$90k for local business grants and programs
- \$80k for Kwinana Tennis Club
- \$50k for free public Wi-Fi at Kwinana Adventure Park and Edge Skatepark
- \$38k for continued rollout for the 360L recycling bins
- \$26k for a community public art project at the Edge Skatepark
- \$25k for heritage site conservation at Smirk's Cottage, Sloan's Cottage and Wheatfield Cottage conservation works
- \$350k for the Sloan's Reserve revitalisation





## 2017/18 Key Priorities Achieved

Key organisational priorities in the 2017/18 year that were achieved include:

The City continued its lobbying and advocacy activities in relation to a new port and infrastructure development in Kwinana and carried out a significant number of meetings with key stakeholders. On 12 September 2017 the Minister for Transport announced the formation of the Westport Taskforce. The City is now represented on a number of work streams as part of the Westport Taskforce. The City has also had input into strategic land use, freight and transport planning studies and infrastructure development related to the Outer Harbour including finalising Council submissions to the State Government on:

- Westport Preparing for the Strategy;
- Draft State Planning Policy (SPP) 4.1 Industrial Interface;
- Draft SPP 5.4 Road and Rail Noise; and
- Draft lifting of urban deferment guidelines.

The City prepared and progressed a number of land development policies during the year with the following being adopted by Council:

- Local Planning Policy 3: Bollard Bulrush East Landscape Masterplan;
- Local Planning Policy No. 5 : Development Contribution to Public Art; and
- Timed Vehicle Parking Policy Wellard Village.

The City established an internal audit program. Council appointed an independent Audit Committee Member and internal audit reports are now presented to the Audit Committee on a quarterly basis.

The City progressed discussions with Landcorp in relation to the reimbursement of funds by the State Government for the City Centre revitalisation project.

The City developed a 'tidy neighbourhood' program to improve the aesthetics of Kwinana.

The City advanced the Aboriginal Reconciliation Plan. On 8 May 2018, the first Reconciliation Advisory Group meeting was held, where it was decided that the word 'conciliation' better reflected the process and the journey that the City and the community was embarking upon. The Council adopted the City of Kwinana Conciliation Statement of Intent at its Ordinary Council Meeting on 9 May 2018.

Council adopted a Planning Policy for Designing out Crime. The Policy was developed in parallel with 'Safe Kwinana Communities' - A Community Safety and Crime Prevention Plan for Safe, Welcoming and Inclusive Kwinana Communities 2018-2022 (Safe Kwinana Communities). The Safe Kwinana Communities Plan was also adopted by Council in February 2018 and included a number of safety and crime prevention strategies.

The City significantly advanced its new Events Strategy. Council resolved to adopt a program of City-hosted community events, including a re-visioned 'Youth Event', A 'Big Event', an 'Australia Day Event', a 'Children's Festival' and the annual Christmas Lolly Run. The City successfully ran each of these events in line with the following adopted criteria: to ensure people had a good time, that the event represented value for money, that it aligned with or leveraged other programs, that it had local importance, it was relevant to the local community and that there was an appropriate budget for the event.



# ASPIRATION AREAS

## Aspiration 1: Rich in spirit

### ASPIRATION STATEMENT:

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

The outcomes we aspire to create include:

- a unique identity;
- a City alive with activity;
- a safe and welcoming place;
- services for an active community;
- strong community leaders;
- a community who help each other;
- a vibrant arts culture;
- a sense of place and heritage; and
- accessibility for everyone.

### RELATED PLANS (INTERNAL):

- Place Plans for City Areas
- Conciliation Action Plan
- Events Strategy
- Welcoming Diversity Strategy
- Children and Families Policy
- Club Development Plan
- Active Citizenship Strategy
- Heritage Assets
- Multicultural Action Plan
- Youth Strategy
- Community Safety and Crime Prevention Plan
- Active Ageing Strategy
- Community Development Fund
- Public Art Masterplan
- Disability Access and Inclusion Plan



## FAST FACTS:

- Act-Belong-Commit Rock Symphony was the largest and most successful event to be held in Kwinana with over 6,000 people enjoying orchestral music with a twist.
- The City of Kwinana Library had 90,176 visits during the 2017/18 financial year, which translated to 181,818 loans, 24,410 print jobs and 5,468 individuals attending library programs or events.
- The Recquatic received 280,054 visits as well as 10,656 crèche attendances, 2,089 vacation care participants and 152 teams participate in sport competitions.
- A total of 13,836 contacts by young people were recorded by the Zone, over the 12 month period, with young people engaging in drop in, a youth development activity or participating in the Lyrik Youth Program.
- The Lyrik program facilitated 21 youth volunteering opportunities and delivered 16 educational scholarships worth \$7,500 through the Educational Scholarship Program.
- The City ran 58 activation sessions at the newly built Edge Skate Park, which attracted over 1,000 young people to participate in coaching clinics and competitions.
- The Kwinana Community Funding Program helped to fund 26 applications to the value of \$65,000 (\$24,900 provided by the City)
- The Local Community Events Funding Program supported 13 groups to host events worth almost \$45,000.

## KEY PROJECTS/ACHIEVEMENTS IN 2017/18:

The 2017/18 saw a re-invigoration of the City's event program, bringing a range of exciting new options to the community's doorstep, including:

- A free performance from the Perth Symphony Orchestra (PSO) at the Act-Belong-Commit Rock Symphony on 2 December 2017 on Calista Oval. The event was the City's largest and most successful event to date with approximately 6,000 people in attendance.
- The annual Christmas Lolly Run, which was supported by 20 volunteer crews, saw Santa take to the streets on Christmas morning to share 13,000 bags of lollies with local residents.
- The City's Australia Day event had a great turn-out of over 800 people in 2018, with the combined community event and citizenship ceremony taking place under the trees inside the Kwinana Adventure Park.
- The Alcoa Children's Festival launched in a new and improved format with over 4,000 enthusiastic attendees.

A number of other events outside of the City's events strategy were also held throughout the year, giving residents even more opportunities to become involved in their community. These included:

- The Edge Skatepark opening in late 2017 to much hype and excitement from the local and State skating, BMX and scootering communities. The launch attracted over 250 people of all ages.
- The Recquatic annual Open Day on 20 January 2018 with around 1,500 visitors attending.
- The Kwinana Adventure Race, which took place in April 2018 in partnership with the Kwinana Schools and Community Network (KSCN). The race aimed to increase children's time spent being active outdoors and to showcase the City's parks and reserves. The City also hosted the annual Parks Play series, which strengthened relationships with external service providers such as KEYS, Ngala and the KSCN.
- The City partnered with Chorus (formerly Community First), Avivo and the Department of Communities (formerly Disability Services Commission) to host the Celebrate All Abilities event on 1 December 2017. This event coincided with an exhibition opening, and showcased the contributions people of all abilities make to the Kwinana community.

The City's community and activity centres continued to act as localised hubs of activity, hosting a range of diverse programs to suit the City's unique community profile.

- The William Bertram Community Centre Colourfest engaged and connected the local community through a range of colour inspired activities.
- The John Wellard Community Centre continued to grow in use by the community with social activities introduced to encourage casual use of the Centre during opening hours. School Holiday Programs including Robotics, Movies, Open Day for Children, Woodwork and Healthy Lifestyles for Children as well as the Twilight Christmas

Market event, held in partnership with Rotary, Peet, Creating Communities, Collier and the Village at Wellard Resident's Association, again proved to be a key success for the Centre.

- The Darius Wells Library and Resource Centre further cemented its place in the hearts of the local community through a number of lifelong learning programs including the popular 'Sing for Your Life' Choir Program, Boredom Busters Afterschool Program, Art with Morris and Cuppa with Joe.
- Activation of Chisham Square saw a number of events and activities held at the location, including three School Holiday programs, four outdoor movie nights, a number of Christmas programs including the popular turning on of the Christmas Lights, open mic nights, games sessions as well as pop ups and Sunday activation activities such as a mini wellness expo.

*There was a total of 76 term programs run at Darius Wells and a total of 400 individuals attended the different programs.*





The Library continually adapts its program offering to better address the needs of the community. This aim remained unchanged in 2017/18, which saw the Library:

- Extend its opening hours to include Sunday afternoons (from February 2018), which saw 1,500 people use the library on Sundays over a four-month period.
- Launch its CoderDojo coding program, for children aged seven to 17 years of age with 133 children attending the sessions in its first two terms.
- Participate in the activation of the Darius Wells Library and Resource Centre - offering a range of early literacy, lifelong learning, digital literacy and more to over 5,000 people who attended the 297 sessions throughout the year.
- Improve its digital service offering through a joint arrangement to increase content for its eBook platform (this increased Library content from 253 to 4905 titles). The Library also upgraded its Management System, and the user interface on the self-checkout machines.

The City's Annual Exhibition Program held at the Darius Wells Library and Resource Centre featured ten exhibitions celebrating local artists and significant national events including Harmony Day, Biodiversity Month, ANZAC Day and NAIDOC. The Annual Exhibition program was complemented by art projects in public spaces including:

- Is This My Nest? - a sculpture located in a tree of significant age on the corner of Meares Avenue and Hutchins Way.
- Love and Memory - a series of artworks 'integrated with the elements' in Rogan Park, created by young Aboriginal artists, the Deadly Sista Girlz.

To help ensure that Kwinana is seen as a safe and welcoming place, the City implemented a number of safety initiatives including:

- Installation of CCTV cameras – 21 in Wellard along The Strand and 15 in and around the Edge Skatepark.
- City Assist vehicles being fitted with devices allowing Officers to receive and respond to calls while out on the road, reducing their response time.
- The City's Community Liaison Officers continued patrols of known antisocial behaviour 'hot spots' in and around the City Centre and to link disadvantaged community members with the support services they need.
- A policy for Designing out Crime was developed in parallel with 'Safe Kwinana Communities' - A Community Safety and Crime Prevention Plan for Safe, Welcoming and Inclusive Kwinana Communities 2018-2022 (Safe Kwinana Communities), which was adopted by Council on 18 February 2018 and includes a number of safety and crime prevention strategies.

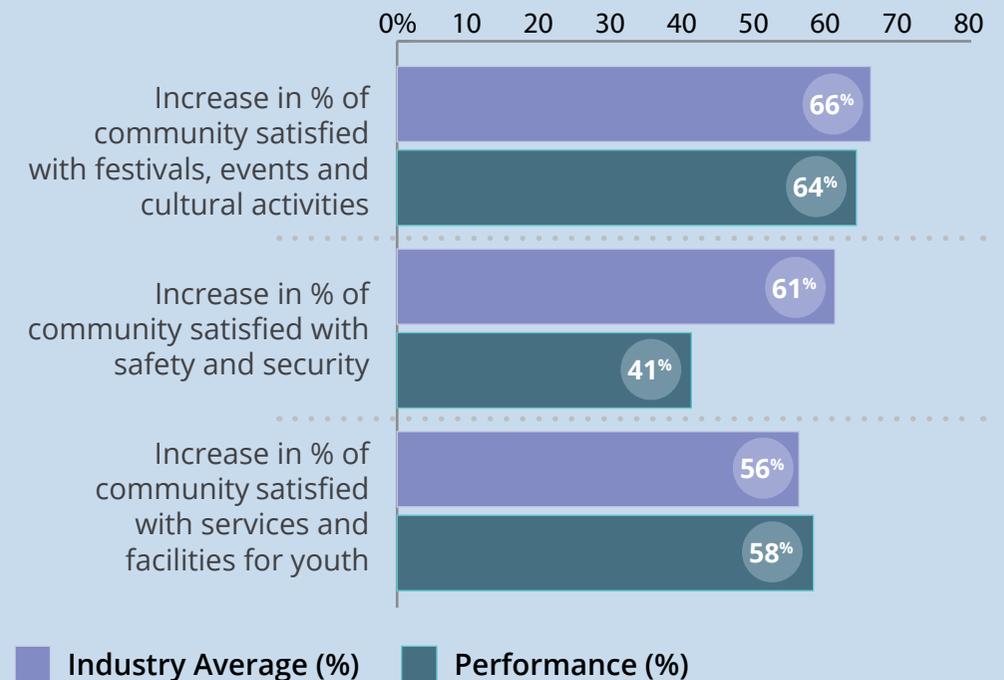
The City continued to foster its unique identity through a range of inclusive and cultural initiatives including:

- The continued implementation of the City's Multicultural Action Plan, which is supported by the Multicultural Action Group, who oversee the implementation of the plan and provide advice on issues relating to people of culturally and linguistically diverse backgrounds.
- The City's Conciliation Advisory Group, formed in May 2018 in respect to the process and journey the City is embarking on to build new and strong relationships with Kwinana's Aboriginal community. The City also held "Kwinana's Reconciliation Journey: Let's Take the Next Step" to commemorate National Reconciliation Week in May 2018 and officially announced the City's Conciliation Statement of Intent (see page 38).
- The City has continued to have a strong focus on improving its disability access and inclusion initiatives, including developing a community events checklist, upgrading a number of its parks and continuing to facilitate the Disability Access and Inclusion Working Group on a bi-monthly basis regarding development of all public buildings, parks, beaches and spaces (see page 37).

#### AWARDS:

- Public Health Advocacy Institute of Western Australia (PHAIWA) Children's Environment and Health Local Government Policy Awards – Category Winner for 'Healthy and Safe Food' (Me and My Lunchbox Project)
- Tanya Halliday - Youth Engagement Officer for Kwinana Youth Services, won Youth Worker of the Year Award.

#### OUTCOME MEASURES:



\*results from the 2016 Community Wellbeing and Perception Survey

**KEY PROJECTS TO OCCUR IN 2018/19:**

- Creation of Place Plans for City areas;
- Implementation of the Cultural Plan;
- Creation of a Conciliation Action Plan;
- Implementation of the Youth Strategy;
- Implementation of the Events Strategy;
- Implementation of the Community Safety and Crime Prevention Plan;
- Implementation of the Welcoming Diversity Strategy;
- Implementation of the Children and Families Strategy;
- Creation of an Active Ageing Strategy;
- Continued Activation of the City's Community Centres and Public Spaces;
- Implementation of the Club Development Plan;
- Creation of an Active Citizenship Strategy;
- Review of the Public Art Masterplan; and
- Implementation of the Disability Access and Inclusion Plan.



## Aspiration 2: Alive with opportunity

### **ASPIRATION STATEMENT:**

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

The outcomes we aspire to create include:

- varied job opportunities;
- quality education for all ages;
- a bustling retail scene;
- a powerhouse industrial area;
- a thriving local economy; and
- innovative approval system.

*The City's newly created Local Commercial and Activity Centre Grants provided 14 grants worth \$38,000 for improvements to small local businesses.*

### **RELATED PLANS (INTERNAL):**

- Economic Development Action Plan
- Land Optimisation Strategy
- Local Commercial and Activity Centres Strategy
- Integrated Transport Strategy
- Kwinana Outer Harbour Project
- Lifelong Learning Strategy
- Local Planning Strategy

### **FAST FACTS:**

- The Kwinana Volunteer Centre saw 614 hours volunteered by community members and facilitated 643 referrals to 43 agencies over the year.
- Bright Futures Children's Services increased their educator memberships to 22 in the Kwinana area.
- 477 community members accessed 'I'm Alert' training which is a free training service provided to all City of Kwinana food businesses.
- The City approved around half a billion dollars' worth of development in the Kwinana Industrial Area alone.
- The City assessed 265 development applications and 22 subdivision applications.
- 207 businesses were created in Kwinana.

### KEY PROJECTS/ACHIEVEMENTS IN 2017/18:

The City combined two of its key areas of focus - youth services and creating varied job opportunities - through a range of activities provided at the Zone Youth Space. This included a program aimed at job readiness and helping young people with resume writing and interview preparation.

The City's Youth Services continued to provide support services such as referral support, advocacy, information provision, informal counselling, transport and linking into education to young people between the ages of 12 to 18 years old. Some of the key programs provided, together with their support services, included:

- Youth Outreach programs such as Community Drumming, Totally Tuesday, Thrilling Thursday and Late Night Outreach and co-facilitated programs to support vulnerable people.
- The Lyrik Program - which received 45 nominations for the annual Lyrik Awards to recognise, acknowledge and support young people's further development.
- Continued meeting of the Kwinana Youth Advisory Council (YAC), who are members of the planning committee for YACTivate 2018, a youth led project by young people for young people promoting Youth Advisory Councils in WA.
- A range of programs to increase the engagement between culturally and linguistically diverse (CaLD), Aboriginal and Torres Strait Islander (ATSI) and non-CaLD young people, including the Young Womens' Boxing Program, Keys for Life, Unique As, Girls Empowerment, The Blossom Guide, Positive Vibes Multicultural Youth Panel, and the Nightfields program.
- Three diversional programs, Beatball, in conjunction with Nyoongar Wellbeing and Sports; Nightfields, in conjunction with the WA Football Commission; and Thrilling Thursdays.



Bright Futures Children's Services also enhanced employment opportunities in the area by providing community educators with support in the form of a planning book aimed at achieving consistency in the quality of care provided.

Five bimonthly workshops were held as part of the Skills Boosting and Networking Workshop Series, with guest presenters speaking on a range of capacity building topics including Managing an Event for Community Groups.

The City also undertook a number of initiatives through the year in an effort to bring community and local businesses together at a local level and activate local areas and business. This included:

- An end-of-year community group dinner, attended by 80 members who provided a short presentation about what their group achieved throughout the year.
- The creation of the Medina Activation Network, who organised and held the ideas-raiser at the Medina Festival, as well as planning the Pace Road Clean Up event to be held in August 2018.

- Assisting celebrations for Neighbour Day (25 March) by providing funding and assistance to four community groups and five community members to host events in The Village at Wellard, Homestead Ridge, Wandii, Calista and Emerald Park.

The City continued to lobby and advocate for the construction of a new port in Kwinana, otherwise known as the 'Outer Harbour'. As part of this lobbying, the City met with numerous political stakeholders and facilitated a number of information sessions on the topic. The Mayor and CEO were both made members of the Westport Taskforce Reference Group with the City having representation on all of the Westport work streams including Constraints and Opportunities, Trade Task, Supply Chain and Port Capabilities as well as the Environment work stream.

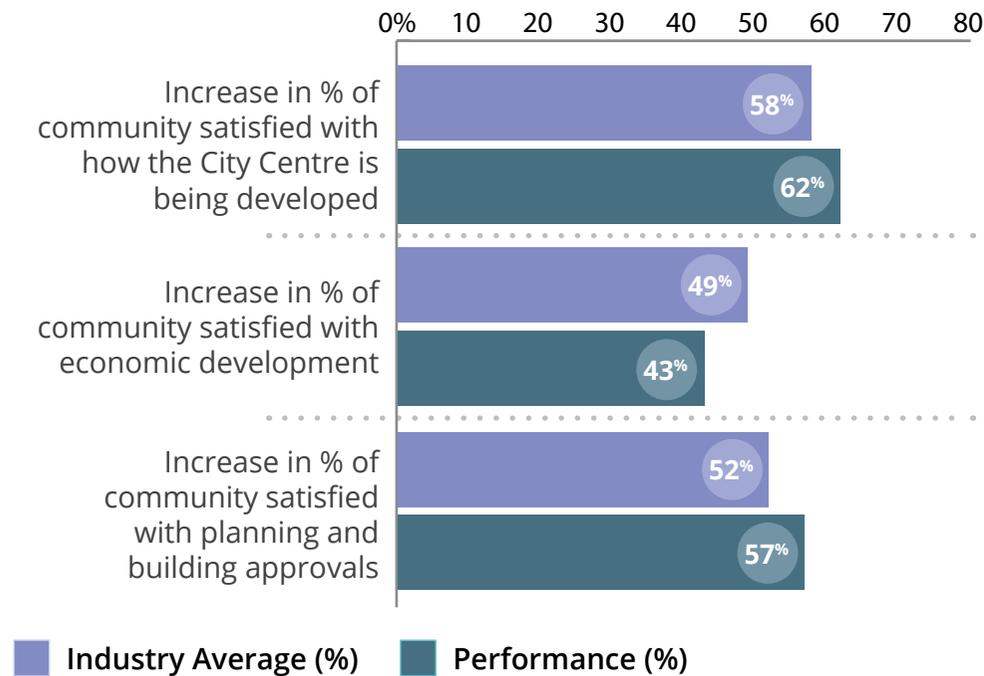
The City also had input into strategic land use, freight and transport planning studies and infrastructure development related to the Outer Harbour, including proposing local planning policy initiatives and amendments such as the Local Planning Policy 12 – Mandogalup Future Development, which aims to provide guidance to landowners, developers and Council on future development, zoning and structure planning for the area.



## AWARDS:

- The City's Bright Futures Children's Services achieved an 'exceeding' rating in the National Quality Standards.
- City of Kwinana was recognised as a small business friendly local government as part of the State's Small Business Development Corporation initiative

## OUTCOME MEASURES:



\*results from the 2016 Community Wellbeing and Perception Survey

## KEY PROJECTS TO OCCUR IN 2018/19:

- Creation of the Economic Development Action Plan;
- Progression of the Kwinana Outer Harbour Project;
- Implementation of the Multicultural Action Plan;
- Creation of a Lifelong Learning Strategy;
- Review of the Local Commercial and Activity Centres Strategy;
- Implementation of the Local Planning Strategy;
- Preparation of an Integrated Land Use and Transport Strategy; and
- Implementation of the Land Optimisation Strategy.

## Aspiration 3: Surrounded by nature

### ASPIRATION STATEMENT:

In 2030, the City of Kwinana will still be physically surrounded by nature. A practical, affordable and sustainable balance has been achieved between protection and development. The rich biodiversity of the area has been conserved through the identification and preservation of significant natural areas as well as with the active participation of residents in a range of environmental activities.

The outcomes we aspire to create include:

- a beautiful natural environment;
- an energy-efficient City;
- a water-wise City; and
- a City adapted to climate change.

### RELATED PLANS (INTERNAL/EXTERNAL):

- Local Biodiversity Strategy
- Perth Natural Resource Management Swan Region Strategy
- Kwinana Local Emergency Management Plan
- Climate Change Mitigation and Adaption Plan
- Ground Water Operating Strategy
- Natural Areas Management Plan
- Environmental Education Strategy
- Revolving Energy Fund
- Sustainable Water Management Plan
- Water Conservation Plan



**FAST FACTS:**

- Over 20,000 native plants were planted in Kwinana over the year by the community, volunteers and the City.
- The City planted 10,000 native tube stock plants between the Kwinana Tennis Club and Kwinana Adventure Park.
- The Conservation Volunteers Australia Corporate Day event saw volunteer's plant 4,250 plants in a two-hour period.
- At \$295 per annum, the City of Kwinana's waste fee is one of the lowest in the Perth Metropolitan area.

**KEY PROJECTS/ACHIEVEMENTS IN 2017/18:**

One of the most significant and recognised aspects of the City of Kwinana is the City's trees and beautiful natural environment. To preserve and protect this natural asset within the City, environmental initiatives such as planting days play a big part. The City held a number of planting days in 2017/18, involving hundreds of volunteers planting native seedlings in several different conservation reserves.

The Schools Planting Program saw 315 students from Bertram, Orelia and North Parmelia Primary Schools assist with planting in our conservation reserves and gave students the direct opportunity to experience nature and appreciate the biodiversity contained in our local reserves.

Other environmental initiatives undertaken by the City included:

- The continuation of the City's leak detection program, which saw a further three data loggers installed in the City. The program has identified leaks which, to date, have saved the City approximately \$30,000.
- Successful installation of solar panel systems on one of the City's administration buildings and the Bertram Community Centre. These systems now save approximately 186 tonnes of CO<sup>2</sup> and \$58,000 in electricity costs every year.
- The City held a number of events including the Living Smart Sustainable Living Course, the 'Living Green' sustainability event and the regular local native seedling subsidy scheme. These events provided advice on recycling and waste management, verge gardening, growing local native plants, energy and water efficiency, green cleaning and more.
- The City joined Switch Your Thinking, a regional grouping of Councils who deliver a range of sustainability education projects and provided Kwinana residents and businesses with access to workshops, recognition schemes and discounts on environmental products.
- In January 2018, a Green Building Policy was adopted for new and renovated City buildings. This policy was considered in the design of the Bertram Oval Club Facility and will continue to be implemented across the City.

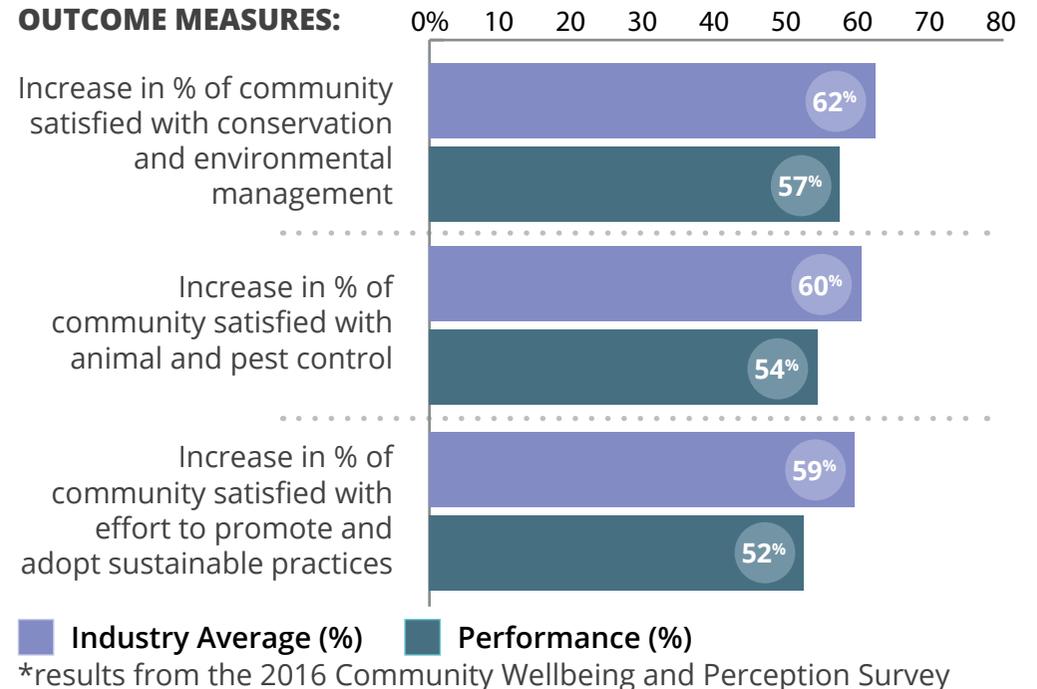
Two new policies were introduced to ensure the City maintained its beautiful natural environment – these were for Charity Clothing Receptacles and the Prohibition on the Organised Release of Balloons.

The last 12 months also saw some significant changes in the Emergency Services area including:

- The City's Local Emergency Management Committee (LEMC) saw increased participation.
- Introduction and acceptance of the City's interim Local Emergency Management Arrangements.

#### AWARDS:

The City was again awarded Gold Waterwise Council status by the Water Corporation and Department of Water at an event in May 2018.



#### KEY PROJECTS TO OCCUR IN 2018/19:

- Review of the Natural Areas Management Plan;
- Finalisation of the Local Biodiversity Strategy;
- Alignment with the Perth Natural Resource Management Swan Region Strategy;
- Creation of an Environmental Education Strategy;
- Implementation of the Revolving Energy Fund;
- Implementation of the Climate Change Mitigation and Adaptation Plan;
- Implementation of the Sustainable Water Management Plan;
- Implementation of the Groundwater Operating Strategy;
- Review of the Water Conservation Plan; and
- Review of the Kwinana Local Emergency Management Plan.

230 volunteers participated in  
the community planting program.



# Aspiration 4: It's all here

## **ASPIRATION STATEMENT:**

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.

The outcomes we aspire to create include:

- great public places;
- well-kept green spaces;
- a well-serviced City;
- a well-planned City;
- a well-maintained City; and
- a connected transport network.

## **RELATED PLANS (INTERNAL):**

- Community Infrastructure Plan
- Strategic Waste Management Plan
- Public Open Space Standards Policy
- Town Planning Scheme
- Public Lighting Asset Management Plan
- Bike and Walk Plan
- Parks and Reserves Assets Management Plan
- Lobbying Strategy
- Parking Strategy
- Landscape Strategy
- Integrated Transport Strategy
- Roads and Transport Assets Management Plan



## FAST FACTS:

- The Kwinana community used over 75% of the bandwidth/usage of the City's corporate internet connection through public WiFi.
- The City's works team completed a total of 4,186 customer requests including 1,693 works maintenance and 2,493 building maintenance requests.
- 7,307 trees were pruned as part of the annual Street Tree Powerline Clearance Pruning Program.
- The City sealed 14.5km of cracked road and completed 14.2km of road shouldering as part of the annual road maintenance program.
- Annual drainage maintenance saw 768 drainage assets such as side entry pits, gross pollutant pits, man holes and soak wells cleaned.
- The City accepted handover of two irrigation bores, 10 streetscape stages and nine public open space areas totalling over 9.6 hectares of landscape.
- There were 251 bookings for the Kwinana Adventure Playground Patio area.
- 377 pools were inspected and 47 swimming pool and barrier applications were assessed and approved.
- 243 dogs and 80 cats were impounded with, 97 per cent of those returned to the owners or being rehomed.
- There were 309 abandoned vehicles, with 71 of the reported abandoned vehicles being impounded.

## KEY PROJECTS/ACHIEVEMENTS IN 2017/18:

The City continued to provide great public places for its community by ensuring these spaces were well maintained and by implementing initiatives such as those listed below, during 2017/18:

- Major improvements to local sporting facilities, including Kwinana Tennis Club, Kwinana Netball Courts, Medina Oval, Wellard Pavilion and the construction of the Bertram Oval Club Facility.
- Replacement of playground equipment in June 2018 at Gawler Way public open space, Hewison Park and Wells Park.
- Replacement of all fencing and bollards surrounding Calista Oval.
- Implementation of the painting renewal program for seven facilities including a full internal paint at the William Bertram Community Centre.
- Heritage conservation works at Sloan's Cottage and Wheatfield Cottage as part of the management plans for these sites.
- A condition audit of the City's building portfolio to help effectively plan maintenance work.

The City's award-winning Adventure Park continued to build in popularity and the Playground Patio proved to be a very popular asset with 251 bookings. An additional afternoon time slot was added during the summer months to increase public access to this space. The City also undertook annual maintenance works at the park in late 2017, including garden mulching, furniture treatments and removal of deadwood from trees.

The City continued its role in assessing and approving planning applications - from multi-million dollar industrial developments to medium sized residential apartments, commercial proposals and special rural and rural pursuits. The team continued to forward-plan for development in new areas, to ensure a coordinated approach to development and continually liaise with key stakeholders as part of structure planning approvals, subdivision and local development plans.

As part of its forward-planning, the City prepared a local planning policy for the large Casuarina future Urban Cell (between Thomas Road and Mortimer Road). The planning policy was designed to provide clarity and guidance to developers and the City on the strategic land use planning framework for the cell. It facilitates planning so that key land uses are provided and environmental values protected.

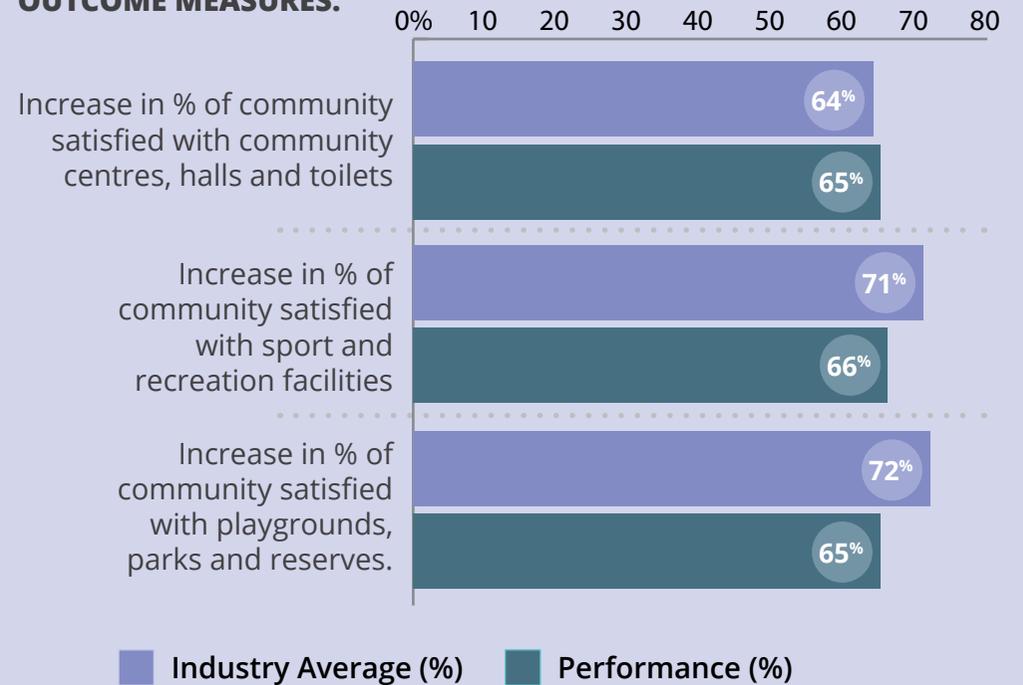
Initial consultation and preparation of the City's Bike and Walk Plan was rolled out over the year. The aim of the Plan is to prepare a draft strategy for a network of cycling and walking paths (integrating existing paths, future paths and upgrades) so that regional and local destinations and daily activities can be reached safely and conveniently on foot or by bike promoting healthy active communities. The final report is due to be completed in late 2018.

Work continued on the implementation of the Parks for People Strategy with the City undertaking a number of community engagement activities, including surveys and workshops, to receive input from the community on design upgrades.

#### AWARDS:

- LGIS – Diligence in Safety Award – Tier 3 Silver Certificate (Works Depot, Environment and Recquatic Teams were involved in the safety audit)

#### OUTCOME MEASURES:



\*results from the 2016 Community Wellbeing and Perception Survey

#### KEY PROJECTS TO OCCUR IN 2018/19:

- Implementation of the Community Infrastructure Plan;
- Implementation of the Parks and Reserves Asset Management Plan;
- Implementation of the Depot Service Review Improvement Plan;
- Implementation of the Strategic Waste Management Plan;
- Preparation of stage one of the Local Planning Strategy;
- Creation of a Lobbying Strategy;
- Creation of a Public Open Space Standards Policy;

- Creation of a Parking Strategy;
- Creation of a Landscape Strategy;
- Implementation of the Public Lighting Asset Management Plan;
- Creation of an Integrated Land Use and Transport Strategy;
- Implementation of the Roads and Transport Asset Management Plan; and
- Finalisation of a Bike and Walk Plan.



The City provided 2,950, 360L bin upgrades for increased recycling.

# Future Measures



## CITY OUTCOMES

The City has a number of Key Performance Indicators in place that are vital to business improvement.

DLGSC Indicators	Measures	Achieving Benchmarking Standard/ City Target <sup>1</sup>	Current <sup>2</sup>
Asset Management Indicators	Asset Consumption Ratio (%)	>50%	81%
	Asset Renewal Funding ratio (%)	Greater than 75%	78%
	Asset Sustainability Ratio (%)	90%	24%
Business Performance	Development Applications assessed within statutory timeframes (%)	100	80
	Local Development Plans assessed within statutory timeframes (%)	100	100
	Subdivision Applications assessed within statutory timeframes (%)	100	100
	Building Approval Certificates processed and issued within 10 days (%)	100	100
	Certified Building Permits processed and issued within 10 days (%)	100	100
	Uncertified Building Permits processed within 25 days (%)	100	100

<sup>1</sup> The benchmarking standard targets are set by the Department of Local Government, Sport and Cultural Industries

<sup>2</sup> Current values for Business Performance and Assets are as at 30 June 2018.

# STATUTORY REPORTING

## Disability Access and Inclusion Plan

The City continued to ensure all residents have equal access and opportunity to services and facilities within Kwinana, by providing support to all residents, people with a disability and their carers.

The City's Access and Inclusion Working Group continued to meet on a bi-monthly basis, to provide advice on access and inclusion issues affecting the community and to ensure the delivery of the City's Disability Access and Inclusion Plan - which addresses the key outcomes of service and event delivery, access to buildings, access to information, equal level and quality of service, the same opportunity to make complaints and to be consulted and to receive the same opportunities to be employed.

A number of actions identified within the Plan were undertaken during 2017/18 including:

- All City buildings are now accessible to people with disabilities and, where possible, existing buildings have been improved with automatic doors, ramps and accessible toilets.
- City events now use the Disability Services Commission 'Creating Accessible Events' checklist, and provide a link to the checklist on the City's webpage.
- The City ran a number of accessible programs including:
  - SeniorSational – Seniors and disabilities program, government funded and run through the Recquatic.
  - Living Longer Living Stronger – program for seniors and disabilities.
  - SAIL program – one-on-one swimming classes for children with a disability at the Recquatic.
- The City continued to require that some natural areas intended as public open space have infrastructure installed that enables members of the community with limited mobility to interact with the environment. This includes wheelchair-compatible access points, concrete paths and compacted limestone firebreaks seen at Rogan Park and Bellingham Park.
- The City improved safety and access from the Library and medical services hub to the major shopping precinct through installation of a pedestrian crossing linked to an effective ramp system entering the shopping centre car park.
- Disability Parking (ACROD) bays were installed at the Kwinana Adventure Park, Kwinana Edge Skatepark and Sloan's Reserve to enable improved access.

- The Kwinana Recquatic improved pool access through use of a hoist system, to enable clients with a disability to access the pools. Split-level service areas for wheelchair access were also incorporated as part of the design of the Recquatic's new reception area.
- A public toilet upgrade was undertaken, to ensure public facilities located at Thomas Kelly Pavilion, Darius Wells Library and Resource Centre, John Wellard Community Pavilion, Fiona Harris Pavilion, William Bertram Community Centre, Medina Hall and Kwinana Recquatic have a universally accessible toilet.

The City also continued to provide a number of accessible services including TTY phone service, at-home library delivery, bin service, accessible website features and the provision of a community bus to improve community access to events and facilities.



## Reconciliation Action Plan

The City is currently in the process of developing its Reconciliation Plan, with the 2017/18 financial year seeing a number of milestones achieved, further progressing the development of the plan.

One of these milestones was the formation of the City's Conciliation Advisory Group in May 2018, which is co-chaired by Mayor Carol Adams and community member and Chairperson of the Medina Aboriginal Cultural Centre (MACC) Charne Hayden.

The Kwinana Conciliation Advisory Group advised the City to use the term "Conciliation" as a more accurate reference term in respect to the process and journey the City is embarking upon, in relation to the building of a new, strong, relationship with Kwinana's Aboriginal community.

In May 2018, the City held an event to commemorate National Reconciliation Week. The event featured sharing of local Aboriginal stories (recordings) and bush tucker style food provided by an Aboriginal business. Over 50 community members attended the event, at which the City officially announced the organisation's Conciliation Statement of Intent:

"The City of Kwinana is committed to the journey of conciliation and respects Aboriginal people's connection to country as the traditional custodians of the land. The City of Kwinana's vision is to work together with the Kwinana community to build positive relationships between Aboriginal and non-Aboriginal communities. Through this journey the City aims to promote and assist with the development of pathways and opportunities for Aboriginal and Torres Strait Islander communities that are meaningful, mutually beneficial and sustainable."

# Reporting Requirements

## **NATIONAL COMPETITION POLICY**

The City of Kwinana has met its obligations in regard to the National Competition Policy with no issues being raised with the City.

## **LOCAL GOVERNMENT ACT 1995**

This Annual Report (Part 1 – Community), together with the Annual Report (Part 2 – Annual Financial Report), complies with the requirements of section 5.53(1) of the *Local Government Act 1995* to prepare an annual report for each financial year.

## **ELECTED MEMBER CONDUCT**

No complaint regarding a City of Kwinana Elected Member's conduct, under Section 5.121 of the *Local Government Act 1995*, was recorded in the financial year ending 30 June 2018.

## **ANNUAL FINANCIAL REPORT**

Under section 6.4 of the *Local Government Act 1995*, a local government is to prepare an Annual Financial Report for the preceding financial year and such other financial reports as are prescribed in the *Local Government (Financial Management) Regulations 1996*.

## **STATE RECORDS ACT 2000**

The City of Kwinana is committed to the reliable and systematic management of government records in accordance with legislative requirements and best practice standards. As such, this report has been published in accordance with the requirements of the *State Records Act 2000*.

The City's updated Recordkeeping Plan 2016-2021 was approved by the State Records Commission in 2016. This Plan describes the City's commitment to good and compliant record keeping procedures.

The City undertook monitoring and compliance through record keeping audits, to identify the uptake of the records system and any potential areas requiring additional training.

Training continued to be provided to all staff to ensure they had an appropriate awareness of their 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.

## FREEDOM OF INFORMATION ACT 1992

In accordance with Section 96(1) of the *Freedom of Information Act 1992*, residents have the legally enforceable right to access records (which are not otherwise exempt) held by State and local government agencies. The following FOI applications were received:

	2017-2018
FOI Requests	7
Access in Full	1
Edited Access	5
Applications withdrawn	1
Access deferred	0
Access refused	0

The City also reviewed and updated the Information Statement as required by the *Freedom of Information Act 1992* in August 2018. The Information Statement was submitted to the Information Commissioner on 1 August 2018.

## PUBLIC HEALTH ACT 2016 AND FOOD SAFETY STANDARDS

The City has complied with the authorisation requirements for Officers registered under the *Public Health Act 2016*. The City has also provided optional reporting information requested by the Department of Health under the provision of the Act.

The *Food Act 2008* was applied to food premises within the City based on a risk-assessment approach by way of inspection. In total, the City carried out 598 inspections during the 2017/18 financial year.

## EQUAL OPPORTUNITIES

The City of Kwinana has an Employee Equal Opportunity (EEO) Plan that was submitted to the EEO Commission in March 2018, that details how the City adheres to the *Equal Opportunity Act 1984*, in eliminating discrimination, sexual and racial harassment and to promote equality in the workplace.

## OCCUPATIONAL HEALTH AND SAFETY

The City of Kwinana recognises its corporate responsibility under the *Occupational Safety and Health Act 1984* and associated legislation and is fully committed to ensuring, that as far as practicable, it will provide a working environment that is without risk to its employees and others in the City's workplaces.

The City focuses on exceeding its obligations under the Occupational Safety and Health legislation by ensuring its operational activities eliminate or minimise the risk of illness, injury and damage to people, property and the environment.

In May 2018, the City was acknowledged by the Local Government Insurance Scheme for its safety practices, receiving a Silver Diligence in Safety Award, which recognised the City's efforts in maintaining a safety and health management system that meets the WorkSafe Plan criteria.

The City's 2018-2020 OSH Plan aims to build on the above-mentioned achievements by continuing to engage with the workforce through training, education and consultative mechanisms.

## REVIEW OF LOCAL LAWS

Section 3.16 of the *Local Government Act 1995* requires that all local laws of a local government must be reviewed within an eight-year period after their commencement to determine if they should remain unchanged or be repealed or amended.

The review of several local laws was undertaken during the 2017/18 financial year, with the following local laws being progressed to varying levels and all due to be finalised in the 2018/19 financial year:

- The Parking and Parking Facilities Local Law 2018, which is due to be advertised by way of public notice for comment in late 2018.
- Standing Orders Local Law – due to go before Council in the 2018/19 financial year.
- Local Government Property Local Law - due to go before Council in the 2018/19 financial year.
- Activities on Thoroughfares and Public Places and Trading Local – due to go before Council in the 2018/19 financial year.
- Bush Fire Brigades Local Law – due to go before Council in the 2018/19 financial year.

## 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. The following salaries within this range for the 2017/18 period are:

Salary Range	No. Employees
\$100,000 and \$110,000	6
\$110,000 and \$120,000	3
\$120,000 and \$130,000	8
\$140,000 and \$150,000	1
\$150,000 and \$160,000	3
\$190,000 and \$200,000	2
\$200,000 and \$210,000	3
\$250,000 and \$260,000	1



Annual Financial Report 2017/18 is available  
online at [www.kwinana.wa.gov.au](http://www.kwinana.wa.gov.au)







**ADMINISTRATION**

Cnr Gilmore Ave and Sulphur Rd,  
Kwinana WA 6167  
PO Box 21, Kwinana WA 6966

Telephone 08 9439 0200

[customer@kwinana.wa.gov.au](mailto:customer@kwinana.wa.gov.au)

[www.kwinana.wa.gov.au](http://www.kwinana.wa.gov.au)



# Annual Financial Report

for the Year Ended 30 June 2018



**CITY OF KWINANA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

**TABLE OF CONTENTS**

Statement by Chief Executive Officer	3
Statement of Comprehensive Income by Nature or Type	4
Statement of Comprehensive Income by Program	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Rate Setting Statement	9
Notes to and forming part of the Financial Report	10
Independent Auditor's Report	49

**COMMUNITY VISION**

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

Principal place of business:  
Corner Gilmore Avenue and Sulphur Road  
Kwinana WA 6167

**CITY OF KWINANA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2018**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the City of Kwinana for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the City of Kwinana at 30 June 2018. The results of the operations for the financial year are in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the

6<sup>th</sup>

day of November 2018



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Joanne Abbiss  
Chief Executive Officer

**STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
<b>Revenue</b>				
Rates	24(a)	35,057,664	35,239,983	34,367,785
Operating grants, subsidies and contributions	2(a)	8,468,213	15,591,452	8,909,512
Fees and charges	2(a)	12,949,200	13,612,832	13,492,239
Interest earnings	2(a)	3,067,213	2,183,500	2,251,635
Other revenue	2(a)	3,895,968	589,101	2,183,307
		<b>63,438,258</b>	<b>67,216,868</b>	<b>61,204,478</b>
<b>Expenses</b>				
Employee costs		(26,770,022)	(28,531,268)	(25,332,263)
Materials and contracts		(24,786,855)	(27,092,856)	(23,375,655)
Utility charges		(2,333,379)	(2,527,669)	(2,388,243)
Depreciation on non-current assets	9(b)	(14,379,553)	(13,268,106)	(12,461,397)
Interest expenses	2(a)	(1,153,004)	(1,101,765)	(1,191,217)
Insurance expenses		(558,909)	(593,109)	(539,510)
Other expenditure		(172,291)	(170,153)	(740,180)
		<b>(70,154,013)</b>	<b>(73,284,926)</b>	<b>(66,028,465)</b>
		<b>(6,715,755)</b>	<b>(6,068,058)</b>	<b>(4,823,987)</b>
Non-operating grants, subsidies and contributions	2(a)	15,409,897	1,707,484	20,004,053
Other non-operating revenue		0	0	29,948
Profit on asset disposals	9(a)	12,226	6,746	43,484
(Loss) on asset disposals	9(a)	(180,851)	(146,145)	(211,313)
(Loss) on revaluation of Infrastructure - Street Lights	8(b)	(9,803)	0	0
Reversal of prior year loss on revaluation of Infrastructure - Parks & Ovals	8(b)	2,762,144	0	0
<b>Net result</b>		<b>11,277,858</b>	<b>(4,499,973)</b>	<b>15,042,185</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	57,147,876	0	1,966,674
<b>Total other comprehensive income</b>		<b>57,147,876</b>	<b>0</b>	<b>1,966,674</b>
<b>Total comprehensive income</b>		<b>68,425,734</b>	<b>(4,499,973)</b>	<b>17,008,859</b>

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

**STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
<b>Revenue</b>				
	2(a)			
Governance		512,047	34,112	398,955
General purpose funding		40,042,948	39,360,031	40,009,005
Law, order, public safety		423,460	428,938	437,430
Health		198,151	232,333	202,220
Education and welfare		10,763,316	7,077,857	7,742,585
Community amenities		6,521,169	14,725,868	7,307,664
Recreation and culture		3,013,006	3,182,645	2,931,537
Transport		421,207	246,593	311,016
Economic services		1,303,720	1,656,713	1,338,552
Other property and services		239,234	271,778	525,514
		<b>63,438,258</b>	<b>67,216,868</b>	<b>61,204,478</b>
<b>Expenses</b>				
	2(a)			
Governance		(5,286,761)	(5,657,452)	(4,938,262)
General purpose funding		(1,200,118)	(1,507,199)	(1,363,247)
Law, order, public safety		(3,165,065)	(3,274,281)	(2,670,214)
Health		(1,185,747)	(1,306,423)	(1,237,340)
Education and welfare		(10,912,644)	(9,709,305)	(10,101,888)
Community amenities		(9,480,011)	(11,077,159)	(8,897,157)
Recreation and culture		(18,851,782)	(19,202,442)	(17,528,733)
Transport		(13,325,344)	(14,147,394)	(12,558,114)
Economic services		(1,888,929)	(2,202,270)	(1,934,499)
Other property and services		(3,704,608)	(4,099,236)	(3,607,794)
		<b>(69,001,009)</b>	<b>(72,183,161)</b>	<b>(64,837,248)</b>
<b>Finance Costs</b>				
	2(a)			
Governance		(57,150)	(57,237)	(62,679)
Education and welfare		(94,793)	(94,856)	(96,611)
Recreation and culture		(844,658)	(810,652)	(869,687)
Transport		(156,403)	(139,020)	(162,240)
		<b>(1,153,004)</b>	<b>(1,101,765)</b>	<b>(1,191,217)</b>
		<b>(6,715,755)</b>	<b>(6,068,058)</b>	<b>(4,823,987)</b>
Non-operating grants, subsidies and contributions	2(a)	15,409,897	1,707,484	20,004,053
Other non-operating revenue				29,948
Profit on disposal of assets	9(a)	12,226	6,746	43,484
(Loss) on disposal of assets	9(a)	(180,851)	(146,145)	(211,313)
(Loss) on revaluation of Infrastructure - Street Lights	8(b)	(9,803)	0	0
Reversal of prior year loss on revaluation of Infrastructure - Parks & Ovals	8(b)	2,762,144	0	0
		<b>17,993,613</b>	<b>1,568,085</b>	<b>19,866,172</b>
		<b>11,277,858</b>	<b>(4,499,973)</b>	<b>15,042,185</b>
<b>Net result</b>				
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	57,147,876	0	1,966,674
		<b>57,147,876</b>	<b>0</b>	<b>1,966,674</b>
		<b>68,425,734</b>	<b>(4,499,973)</b>	<b>17,008,859</b>

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

**STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2018**

	NOTE	2018 \$	2017 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	52,896,908	53,726,269
Trade and other receivables	5	5,584,432	4,463,080
Inventories	6	34,180	36,203
<b>TOTAL CURRENT ASSETS</b>		<b>58,515,520</b>	<b>58,225,552</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	5	4,602,040	4,488,131
Property, plant and equipment	7	155,477,757	159,964,117
Infrastructure	8	357,614,778	288,754,573
<b>TOTAL NON-CURRENT ASSETS</b>		<b>517,694,575</b>	<b>453,206,821</b>
<b>TOTAL ASSETS</b>		<b>576,210,095</b>	<b>511,432,373</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	4,016,753	4,269,486
Current portion of long term borrowings	12(a)	777,133	617,723
Provisions	13	4,627,270	4,522,884
<b>TOTAL CURRENT LIABILITIES</b>		<b>9,421,156</b>	<b>9,410,093</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables	11	19,224,000	22,117,000
Long term borrowings	12(a)	21,294,278	22,071,411
Provisions	13	447,068	436,010
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>40,965,346</b>	<b>44,624,421</b>
<b>TOTAL LIABILITIES</b>		<b>50,386,502</b>	<b>54,034,514</b>
<b>NET ASSETS</b>		<b>525,823,593</b>	<b>457,397,859</b>
<b>EQUITY</b>			
Retained surplus		241,215,987	232,470,241
Reserves - cash backed	4	52,875,771	50,343,659
Revaluation surplus	10	231,731,835	174,583,959
<b>TOTAL EQUITY</b>		<b>525,823,593</b>	<b>457,397,859</b>

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	RETAINED SURPLUS	RESERVES - CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
<b>Balance as at 1 July 2016</b>		<b>220,833,639</b>	<b>46,938,076</b>	<b>172,617,285</b>	<b>440,389,000</b>
Comprehensive income					
Net result		15,042,185	0	0	15,042,185
Changes on revaluation of assets	10	0	0	1,966,674	1,966,674
Total comprehensive income		15,042,185	0	1,966,674	17,008,859
Transfers from/(to) reserves		(3,405,583)	3,405,583	0	0
<b>Balance as at 30 June 2017</b>		<b>232,470,241</b>	<b>50,343,659</b>	<b>174,583,959</b>	<b>457,397,859</b>
Comprehensive income					
Net result		11,277,858	0	0	11,277,858
Changes on revaluation of assets	10	0	0	57,147,876	57,147,876
Total comprehensive income		11,277,858	0	57,147,876	68,425,734
Transfers from/(to) reserves		(2,532,112)	2,532,112	0	0
<b>Balance as at 30 June 2018</b>		<b>241,215,987</b>	<b>52,875,771</b>	<b>231,731,835</b>	<b>525,823,593</b>

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

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2018**

NOTE	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Rates	34,142,548	34,182,784	33,186,450
Operating grants, subsidies and contributions	8,106,746	15,591,452	9,063,794
Fees and charges	12,949,200	13,612,832	13,492,243
Interest earnings	3,067,213	2,183,500	2,251,634
Goods and services tax	2,861,322	0	3,275,733
Other revenue	3,895,968	589,101	2,183,307
	<u>65,022,997</u>	<u>66,159,669</u>	<u>63,453,161</u>
<b>Payments</b>			
Employee costs	(26,684,529)	(27,491,069)	(25,116,512)
Materials and contracts	(27,821,794)	(27,075,856)	(28,144,211)
Utility charges	(2,333,379)	(2,527,669)	(2,388,243)
Interest expenses	(1,231,824)	(1,101,765)	(1,095,601)
Insurance expenses	(558,909)	(593,109)	(539,510)
Goods and services tax	(2,835,644)	0	(3,158,993)
Other expenditure	(172,291)	(170,153)	(740,180)
	<u>(61,638,370)</u>	<u>(58,959,621)</u>	<u>(61,183,250)</u>
<b>Net cash provided by (used in) operating activities</b>	14 <u>3,384,627</u>	<u>7,200,048</u>	<u>2,269,911</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of property, plant & equipment	(2,237,698)	(6,761,951)	(2,764,010)
Payments for construction of infrastructure	(5,163,939)	(5,470,454)	(7,453,990)
Non-operating grants, subsidies and contributions	3,258,381	1,707,484	6,440,531
Proceeds from sale of fixed assets	531,347	659,000	443,979
<b>Net cash provided by (used in) investment activities</b>	<u>(3,611,909)</u>	<u>(9,865,921)</u>	<u>(3,333,490)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term borrowings	(617,723)	(617,722)	(3,365,770)
Proceeds from self supporting loans	15,644	15,645	(591)
Proceeds from new long term borrowings	0	2,897,000	2,798,494
<b>Net cash provided by (used in) financing activities</b>	<u>(602,079)</u>	<u>2,294,923</u>	<u>(567,867)</u>
<b>Net increase (decrease) in cash held</b>	(829,361)	(370,950)	(1,631,445)
Cash at beginning of year	53,726,269	54,341,736	55,357,714
<b>Cash and cash equivalents at the end of the year</b>	14 <u><u>52,896,908</u></u>	<u><u>53,970,786</u></u>	<u><u>53,726,269</u></u>

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

**RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at 1 July b/fwd - surplus/(deficit)</b>		3,194,697	1,534,059	2,844,089
		3,194,697	1,534,059	2,844,089
<b>Revenue from operating activities (excluding rates)</b>				
Governance		518,239	34,112	398,955
General purpose funding		4,985,284	4,127,548	5,641,220
Law, order, public safety		423,460	428,938	439,886
Health		198,151	232,333	202,220
Education and welfare		10,763,316	7,077,857	7,742,585
Community amenities		6,521,169	14,725,868	7,307,664
Recreation and culture		3,013,006	3,182,645	2,931,576
Transport		421,207	246,593	311,016
Economic services		1,303,720	1,656,713	1,338,552
Other property and services		245,268	278,524	566,504
		28,392,820	31,991,131	26,880,178
<b>Expenditure from operating activities</b>				
Governance		(5,366,680)	(5,740,233)	(5,005,256)
General purpose funding		(1,200,118)	(1,514,699)	(1,363,247)
Law, order, public safety		(3,211,075)	(3,285,871)	(2,714,408)
Health		(1,185,747)	(1,306,423)	(1,242,379)
Education and welfare		(11,007,437)	(9,804,161)	(10,198,499)
Community amenities		(9,485,946)	(11,083,382)	(8,902,957)
Recreation and culture		(19,697,694)	(20,013,094)	(18,453,873)
Transport		(13,511,834)	(14,313,868)	(12,720,354)
Economic services		(1,888,929)	(2,202,270)	(1,954,927)
Other property and services		(1,027,063)	(4,174,570)	(3,683,879)
		(67,582,523)	(73,438,571)	(66,239,779)
<b>Operating activities excluded</b>				
(Profit) on disposal of assets	9(a)	(12,226)	(6,746)	(43,484)
Loss on disposal of assets	9(a)	180,851	146,145	211,313
Loss on revaluation of fixed assets	8(b)	9,803	0	0
(Reversal) of prior year loss on revaluation of fixed assets	8(b)	(2,762,144)	0	0
Movement in deferred pensioner rates (non-current)		(79,585)	0	(10,323)
Movement in employee benefit provisions (non-current)		115,445	0	34,739
Movement in Banksia Park deferred management fund receivable		4,648	0	(548,983)
Movement in Banksia Park valuation of unit contribution		(2,893,000)	0	482,000
Depreciation and amortisation on assets	9(b)	14,379,553	13,268,106	12,461,397
<b>Amount attributable to operating activities</b>		(27,051,661)	(26,505,876)	(23,928,853)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		15,409,897	1,707,484	20,004,053
Other non-operating revenue		0	0	29,948
Proceeds from disposal of assets	9(a)	531,347	659,000	443,979
Purchase of property, plant and equipment	7(b)	(2,237,698)	(6,761,951)	(2,764,009)
Purchase and construction of infrastructure	8(b)	(5,163,939)	(5,470,454)	(7,453,990)
Contributed infrastructure assets		(12,151,516)	0	(13,593,470)
<b>Amount attributable to investing activities</b>		(3,611,909)	(9,865,921)	(3,333,490)
<b>FINANCING ACTIVITIES</b>				
Repayment of long term borrowings	12(a)	(617,723)	(617,722)	(3,365,770)
Proceeds from new long term borrowings	12(b)	0	2,897,000	2,798,494
Proceeds from self supporting loans	12(a)	15,644	15,645	(591)
Proceeds from loan borrowings (Unspent)		0	0	62,705
Transfers to reserves (restricted assets)	4	(9,919,440)	(9,196,975)	(8,649,520)
Transfers from reserves (restricted assets)	4	7,387,328	8,033,866	5,243,937
<b>Amount attributable to financing activities</b>		(3,134,191)	1,131,814	(3,910,745)
<b>Surplus(deficiency) before general rates</b>		(33,797,761)	(35,239,983)	(31,173,088)
<b>Total amount raised from general rates</b>	24	35,057,664	35,239,983	34,367,785
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	25	<b>1,259,903</b>	<b>0</b>	<b>3,194,697</b>

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**1. BASIS OF PREPARATION**

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities and to the extent they are not in-consistent with the *Local Government Act 1995* and accompanying regulations.), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise.

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

**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.

**THE LOCAL GOVERNMENT REPORTING ENTITY (Continued)**

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.

**AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY**

**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, Council 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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

2. REVENUE AND EXPENSES

(a) Revenue	2018 Actual \$	2017 Actual \$
<b>Significant revenue</b>		
Non-Operating Grants, Subsidies & Contributions - Contributed Assets	12,151,516	13,593,470
<b>Other revenue</b>		
Reimbursements and recoveries	922,993	813,526
Other	2,972,975	1,369,781
	3,895,968	2,183,307
<b>Fees and Charges</b>		
Governance	39,593	39,791
General purpose funding	158,726	146,924
Law, order, public safety	203,977	172,868
Health	150,217	160,335
Education and welfare	1,962,266	1,805,620
Community amenities	6,445,575	7,086,464
Recreation and culture	2,436,356	2,410,474
Transport	181,818	0
Economic services	1,207,161	1,247,212
Other property and services	163,511	422,551
	12,949,200	13,492,239

There were 7 amendments to the 2017/18 Fees and Charges after budget adoption during the year ended 30 June 2018.

At the Ordinary Council Meeting held on the 26th July 2017 an amendment was made to reduce the Waste Management Changeover Fee for Recycling 360 litre MRB bins (from 240L) from \$52 to no charge.

At the Ordinary Council Meeting held on the 26th July 2017 amendments were made to the following Building charges to change them to Statutory Fees and adjust the amount of the fee as indicated:

Building - Sign Licence Application Fee (By-Law relating to Signs & Bill Posting)		
	Previously Adopted Fee	Amended Fee
A Pylon Sign - (will also require a building permit)	\$21.00	\$20.00
An Illuminated Sign - (will also require a building permit)	\$16.00	\$15.00
Any Other Sign - (may also require a building permit)	\$11.00	\$10.00
Hoardings up to 22m <sup>2</sup>	\$52.00 per annum	\$50.00 per annum
Hoardings > 22m <sup>2</sup> and up to 36m <sup>2</sup>	\$103.00 per annum	\$100.00 per annum

At the Ordinary Council Meeting held on the 25th October 2017 an amendment was made to the Dishonoured Cheque / Direct Debit Processing Fee to include GST in the actual cost incurred.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Grant Revenue

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

	2018	2017
	\$	\$
<b>Operating grants, subsidies and contributions</b>		
General purpose funding	1,675,627	2,420,523
Law, order, public safety	178,449	225,949
Health	24,028	29,671
Education and welfare	5,819,016	5,350,878
Community amenities	63,334	201,529
Recreation and culture	472,817	375,831
Transport	234,942	304,131
Other property and services	0	1,000
	<b>8,468,213</b>	<b>8,909,512</b>
<b>Non-operating grants, subsidies and contributions</b>		
Law, order, public safety	599,260	129,479
Education and welfare	9,650	0
Community amenities	527,801	2,642,913
Recreation and culture	519,860	1,702,988
Transport	13,753,326	15,502,383
Other property and services	0	26,290
	<b>15,409,897</b>	<b>20,004,053</b>
<b>Total grants, subsidies and contributions</b>	<b>23,878,110</b>	<b>28,913,565</b>

SIGNIFICANT ACCOUNTING POLICIES

Grants, Donations and Other Contributions

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

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

Grants, Donations and Other Contributions (Continued)

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 23. 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 operations.

Interest earnings

Reserve funds	
Other funds	
Debtor interest	
Other interest revenue (refer note 24(e))	

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
	1,239,050	1,000,000	1,233,110
	1,049,924	644,000	377,996
	28,194	0	0
	750,045	539,500	640,529
	<b>3,067,213</b>	<b>2,183,500</b>	<b>2,251,635</b>

(b) Expenses

Auditors remuneration

Audit of the Annual Financial Report	
Other Engagements	

	2018	2017
	\$	\$
	28,454	24,750
	7,150	23,060
	<b>35,604</b>	<b>47,810</b>
<b>Finance costs (refer Note 13(a))</b>		
Interest on Long Term Borrowings	921,230	1,033,650
Bank Guarantee Fees on Long Term Borrowings	231,774	157,567
	<b>1,153,004</b>	<b>1,191,217</b>
<b>Rental charges</b>		
Operating leases	433,083	324,931
	<b>433,083</b>	<b>324,931</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**3. CASH AND CASH EQUIVALENTS**

	NOTE	2018	2017
		\$	\$
Unrestricted		21,137	3,382,610
Restricted		52,875,771	50,343,659
		52,896,908	53,726,269
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Aged Persons Units Reserve	4	748,728	643,364
Asset Management Reserve	4	501,595	566,868
Asset Replacement Reserve	4	498,123	595,442
Banksia Park Reserve	4	115,626	107,840
City Assist Initiative Reserve	4	100,401	0
Contiguous Local Authorities Group Reserve	4	265,873	239,215
Community Services & Emergency Relief Reserve	4	84,017	26,059
Employee Leave Reserve	4	4,231,590	4,074,338
Family Day Care Reserve	4	1,462,302	1,383,878
Future Community Infrastructure Reserve	4	1,381,900	1,568,683
Golf Course Cottage Reserve	4	28,033	27,264
Information Technology Reserve	4	1,890,703	0
Infrastructure Reserve	4	339,968	128,213
Rates Strategy Reserve	4	0	819,692
Refuse Reserve	4	8,736,657	8,636,810
Restricted Grants & Contributions Reserve	4	2,491,721	2,644,457
Settlement Agreement Reserve	4	160,000	157,743
Workers Compensation Reserve	4	338,710	210,503
Youth Engagement Reserve	4	144,650	270,000
DCA 1 - Hard Infrastructure - Bertram	4	1,887,550	1,743,837
DCA 2 - Hard Infrastructure - Wellard	4	1,877,524	1,969,898
DCA 5 - Hard Infrastructure - Wandi	4	1,309,322	3,104,086
DCA 7 - Hard Infrastructure - Mandogalup (west)	4	11,713	8,567
DCA 9 - Soft Infrastructure - Wandi/Anketell	4	10,487,573	9,928,654
DCA 10 - Soft Infrastructure - Casuarina/Anketell	4	227,912	0
DCA 11 - Soft Infrastructure - Wellard East	4	5,944,904	4,374,577
DCA 12 - Soft Infrastructure - Wellard West	4	6,663,351	6,297,347
DCA 13 - Soft Infrastructure - Bertram	4	282,230	288,108
DCA 14 - Soft Infrastructure - Wellard/Leda	4	504,779	367,092
DCA 15 - Soft Infrastructure - Townsite	4	158,316	161,124
		52,875,771	50,343,659

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

**Cash and cash equivalents (Continued)**

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

4. RESERVES - CASH BACKED

	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Transfer (from)	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Transfer (from)	2017 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Aged Persons Units Reserve	643,364	315,600	(210,236)	748,728	389,941	279,588	(221,315)	448,214	528,629	307,621	(192,886)	643,364
Asset Management Reserve	566,868	17,817	(83,090)	501,595	784,951	22,399	(83,090)	724,260	1,212,394	30,515	(676,041)	566,868
Asset Replacement Reserve	595,442	17,900	(115,219)	498,123	213,186	254,814	(468,000)	0	531,374	528,902	(464,834)	595,442
Banksia Park Reserve	107,840	112,975	(105,189)	115,626	107,650	735	(108,385)	0	72,479	111,605	(76,244)	107,840
City Assist Initiative Reserve	0	100,401	0	100,401	0	0	0	0	0	0	0	0
Community Services & Emergency Relief Reserve	26,059	57,958	0	84,017	25,966	611	0	26,577	25,299	760	0	26,059
Contiguous Local Authorities Group Reserve	239,215	30,882	(4,224)	265,873	253,161	56,950	(45,000)	265,111	246,658	7,407	(14,850)	239,215
Employee Leave Reserve	4,074,338	169,645	(12,393)	4,231,590	4,100,853	0	(539,162)	3,561,691	4,100,853	110,494	(137,009)	4,074,338
Family Day Care Reserve	1,383,878	78,424	0	1,462,302	1,446,637	34,023	(751,569)	729,091	1,423,011	42,537	(81,670)	1,383,878
Future Community Infrastructure Reserve	1,568,683	44,291	(231,074)	1,381,900	2,013,802	54,784	(527,100)	1,541,486	2,571,524	70,508	(1,073,349)	1,568,683
Golf Course Cottage Reserve	27,264	769	0	28,033	27,167	639	0	27,806	26,469	795	0	27,264
Information Technology Reserve	0	1,890,703	0	1,890,703	0	0	0	0	0	0	0	0
Infrastructure Reserve	128,213	211,755	0	339,968	122,859	2,889	0	125,748	119,703	8,510	0	128,213
Rates Strategy Reserve	819,692	0	(819,692)	0	819,692	0	(819,692)	0	819,692	0	0	819,692
Refuse Reserve	8,636,810	190,371	(90,524)	8,736,657	8,606,073	202,401	(1,667,704)	7,140,770	8,385,016	251,794	0	8,636,810
Restricted Grants & Contributions Reserve	2,644,457	2,131,170	(2,283,906)	2,491,721	1,297,522	0	(1,297,522)	0	2,303,075	2,391,338	(2,049,956)	2,644,457
Settlement Agreement Reserve	157,743	2,257	0	160,000	157,743	0	0	157,743	157,743	0	0	157,743
Workers Compensation Reserve	210,503	204,225	(76,018)	338,710	342,176	0	(289,544)	52,632	0	342,176	(131,673)	210,503
Youth Engagement Reserve	270,000	917	(126,267)	144,650	270,000	0	(270,000)	0	0	270,000	0	270,000
DCA 1 - Hard Infrastructure - Bertram	1,743,837	216,358	(72,645)	1,887,550	1,738,315	489,830	(414,093)	1,814,052	1,483,289	304,642	(44,094)	1,743,837
DCA 2 - Hard Infrastructure - Wellard	1,969,898	423,144	(515,518)	1,877,524	1,953,717	487,102	0	2,440,819	1,530,683	439,215	0	1,969,898
DCA 5 - Hard Infrastructure - Wandl	3,104,086	732,392	(2,527,156)	1,309,322	3,079,247	2,662,656	0	5,741,903	2,846,531	257,555	0	3,104,086
DCA 7 - Hard Infrastructure - Mandogalup (west)	8,567	15,326	(12,180)	11,713	8,537	27,097	0	35,634	0	8,567	0	8,567
DCA 9 - Soft Infrastructure - Wandl/Anketell	9,928,654	571,099	(12,180)	10,487,573	9,893,320	1,895,119	(488,318)	11,300,121	9,116,394	875,793	(63,533)	9,928,654
DCA 10 - Soft Infrastructure - Casuarina/Anketell	0	240,092	(12,180)	227,912	0	666,609	(7,117)	659,492	0	0	0	0
DCA 11 - Soft Infrastructure - Wellard East	4,374,577	1,583,546	(13,219)	5,944,904	4,323,240	958,816	(9,724)	5,272,332	3,647,606	763,915	(36,944)	4,374,577
DCA 12 - Soft Infrastructure - Wellard West	6,297,347	378,184	(12,180)	6,663,351	6,274,935	914,116	(15,637)	7,173,414	5,779,219	526,209	(8,081)	6,297,347
DCA 13 - Soft Infrastructure - Bertram	288,108	6,302	(12,180)	282,230	287,083	6,750	0	293,833	286,381	8,465	(6,738)	288,108
DCA 14 - Soft Infrastructure - Wellard/Leda	367,092	149,867	(12,180)	504,779	359,161	117,719	(6,704)	470,176	406,289	53,485	(92,682)	367,092
DCA 15 - Soft Infrastructure - Townsite	161,124	25,070	(27,878)	158,316	160,443	61,328	(4,190)	217,581	137,457	117,020	(93,353)	161,124
	50,343,659	9,919,440	(7,387,328)	52,875,771	49,057,377	9,196,975	(8,033,866)	50,220,486	46,938,076	8,649,520	(5,243,937)	50,343,659

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**4. RESERVES - CASH BACKED (Continued)**

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

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
Aged Persons Units Reserve	Ongoing	This Reserve has been established to provide funds for the capital acquisition and maintenance of the Aged Persons Units, Callistemon Court.
Asset Management Reserve	Ongoing	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	Ongoing	This Reserve is utilised to replace existing fleet, plant and other City assets.
Banksia Park Reserve	Ongoing	This Reserve has been established to provide funds for the capital acquisition and maintenance of the Banksia Park Retirement Village.
City Assist Initiative Reserve	Ongoing	This Reserve has been established to provide funds for infrastructure and other initiatives to enhance the safety and security of the City.
Community Services & Emergency Relief Reserve	Ongoing	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.
Contiguous Local Authorities Group Reserve	Ongoing	This Reserve has been established to provide funds for the prevention and education of Mosquito management.
Employee Leave Reserve	Ongoing	This Reserve is established for the purpose of ensuring that adequate funds are available to finance employee leave entitlements.
Family Day Care Reserve	Ongoing	This Reserve provides for the capital acquisitions and maintenance of this facility.
Future Community Infrastructure Reserve	Ongoing	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	Ongoing	This Reserve was established to provide funds for the maintenance of this building.
Information Technology Reserve	Ongoing	This Reserve was established to provide funds for the implementation and maintenance of the City's software requirements.
Infrastructure Reserve	Ongoing	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.
Rates Strategy Reserve	Ongoing	To be used to assist in the future management of the City's rating strategy.
Refuse Reserve	Ongoing	This Reserve was established to provide funds for the costs and subsidy of Waste Management in the City.
Restricted Grants & Contributions Reserve	Ongoing	This Reserve is utilised to restrict funds required to complete projects from prior financial years.
Settlement Agreement Reserve	Ongoing	This Reserve was established to provide funds to account for future negotiated settlement agreement payments.
Workers Compensation Reserve	Ongoing	To be used to fund workers compensation costs incurred by the City where the maximum contribution amount for a previous year has been reached and there is a claim which remains open and requires the City to pay costs relating to the open claims in the current and future years.
Youth Engagement Reserve	Ongoing	To be used to assist with youth engagement and diversion initiatives.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

4. RESERVES - CASH BACKED (Continued)

Name of Reserve	Anticipated date of use	Purpose of the reserve
DCA 1 - Hard Infrastructure - Bertram	Ongoing	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.
DCA 2 - Hard Infrastructure - Wellard	Ongoing	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.
DCA 4 - Hard Infrastructure - Anketell	Ongoing	This Reserve is established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 4 Hard Infrastructure Anketell.
DCA 5 - Hard Infrastructure - Wandí	Ongoing	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.
DCA 7 - Hard Infrastructure - Mandogalup (west)	Ongoing	This Reserve is established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 7 Hard Infrastructure Mandogalup (west).
DCA 9 - Soft Infrastructure - Wandí/Anketell	Ongoing	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.
DCA 10 - Soft Infrastructure - Casuarina/Anketell	Ongoing	This Reserve is established to restrict funds received from Developers for contributions towards future infrastructure costs and administrative costs for DCA 10 Soft Infrastructure Casuarina/Anketell.
DCA 11 - Soft Infrastructure - Wellard East	Ongoing	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.
DCA 12 - Soft Infrastructure - Wellard West	Ongoing	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.
DCA 13 - Soft Infrastructure - Bertram	Ongoing	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.
DCA 14 - Soft Infrastructure - Wellard/Leda	Ongoing	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.
DCA 15 - Soft Infrastructure - Townsite	Ongoing	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 30TH JUNE 2018

**5. TRADE AND OTHER RECEIVABLES**

**Current**

Rates outstanding
Sundry debtors
GST receivable
Loans receivable - clubs/institutions
Accrued Income
DMF Receivable
Prepayments

**Non-current**

Rates outstanding - pensioners
Loans receivable - clubs/institutions
DMF Receivable

Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

**Rates outstanding**

Includes:
Past due and not impaired

**Sundry debtors**

Includes:
Past due and not impaired
Impaired

	2018	2017
	\$	\$
	3,597,121	2,761,590
	720,635	738,586
	411,656	437,333
	16,168	15,645
	491,460	74,118
	346,925	402,065
	467	33,743
	<u>5,584,432</u>	<u>4,463,080</u>
	678,782	599,197
	266,682	282,850
	<u>3,656,576</u>	<u>3,606,084</u>
	4,602,040	4,488,131
	3,597,121	2,761,590
	341,068	204,170
	7,536	126,024

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other receivables**

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

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.

**Classification and subsequent measurement**

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.

**6. INVENTORIES**

**Current**

Stores & Materials
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	2018	2017
	\$	\$
	34,180	36,203
	<u>34,180</u>	<u>36,203</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**7 (a). PROPERTY, PLANT AND EQUIPMENT**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Land and buildings		
Land - freehold land at:		
- Independent valuation 2017 - level 2	8,420,000	8,420,000
- Independent valuation 2017 - level 3	27,011,000	27,011,000
	<u>35,431,000</u>	<u>35,431,000</u>
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 3	12,140,000	12,140,000
	<u>12,140,000</u>	<u>12,140,000</u>
<b>Total land</b>	<u>47,571,000</u>	<u>47,571,000</u>
Buildings - specialised at:		
- Independent valuation 2017 - level 3	104,111,403	104,111,403
- Additions after valuation - cost	783,780	0
Less: accumulated depreciation	( 4,643,062)	0
	<u>100,252,121</u>	<u>104,111,403</u>
<b>Total land and buildings</b>	<u>147,823,121</u>	<u>151,682,403</u>
Furniture and equipment at:		
- Independent Valuation 2016 - level 3	1,408,897	1,408,897
- Management valuation 2016 - level 3	4,624,955	4,624,955
- Additions after valuation - cost	852,452	705,507
Less: accumulated depreciation	( 5,364,347)	( 4,874,511)
	<u>1,521,957</u>	<u>1,864,848</u>
Plant and equipment at:		
- Independent Valuation 2016 - level 2	3,207,361	3,207,361
- Independent Valuation 2016 - level 3	1,802,058	1,802,058
- Management Valuation 2016 - level 3	3,271,235	3,271,235
- Additions after valuation - cost	1,236,545	1,357,452
Less: accumulated depreciation	( 3,384,520)	( 3,221,240)
	<u>6,132,679</u>	<u>6,416,866</u>
<b>Total property, plant and equipment</b>	<u>155,477,757</u>	<u>159,964,117</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

7. 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.

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	35,219,404	12,140,000	47,359,404	105,452,341	152,811,745	1,636,680	6,373,939	160,822,364
Additions	0	0	0	701,051	701,051	705,507	1,357,452	2,764,010
(Disposals)	0	0	0	(44,725)	(44,725)	(10,927)	(556,156)	(611,808)
Revaluation increments/ (decrements) transferred to revaluation surplus	211,596	0	211,596	1,755,078	1,966,674	0	0	1,966,674
Depreciation (expense)	0	0	0	(3,752,342)	(3,752,342)	(466,412)	(758,369)	(4,977,123)
<b>Carrying amount at 30 June 2017</b>	35,431,000	12,140,000	47,571,000	104,111,403	151,682,403	1,864,848	6,416,866	159,964,117
Additions	0	0	0	783,780	783,780	152,248	1,301,670	2,237,698
(Disposals)	0	0	0	0	0	(2,254)	(697,718)	(699,972)
Depreciation (expense)	0	0	0	(4,643,062)	(4,643,062)	(492,885)	(888,139)	(6,024,086)
<b>Carrying amount at 30 June 2018</b>	35,431,000	12,140,000	47,571,000	100,252,121	147,823,121	1,521,957	6,132,679	155,477,757

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

7. 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
<b>Land and buildings</b>					
Land - freehold land					
- Independent valuation	2	Market approach using recent observable open market values as evidenced by sales transactions of similar property types	Independent registered valuer	June 2017	Price per square metre
- Independent valuation	3	Market approach using recent observable open market values as evidenced by sales transactions of similar property types, adjusted for condition and comparability, at their current use as highest and best use.	Independent registered valuer	June 2017	Price per square metre adjusted for zoning restrictions
Land - vested in and under the control of Council					
- Independent valuation	3	Improvements to land valued using cost approach	Independent registered valuer	June 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - specialised					
- Independent valuation	3	Cost approach using depreciated replacement costs	Independent registered valuer	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Furniture and equipment</b>					
- Independent Valuation	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
- Management Valuation	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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

7. 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
<b>Plant and equipment</b>					
- Independent Valuation	2	Market approach using recent observable market data for similar assets	Independent registered valuer	June 2016	Market price per item
- Independent Valuation	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
- Management Valuation	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 30TH JUNE 2018**

**(a). INFRASTRUCTURE**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Infrastructure - Roads		
- Independent valuation 2015 - level 3	0	224,918,631
- Management valuation 2018 - level 3	241,501,314	0
- Additions after valuation - cost	0	34,474,939
Less: accumulated depreciation	0	(76,756,947)
	<u>241,501,314</u>	<u>182,636,623</u>
Infrastructure - Footpaths		
- Independent valuation 2015 - level 3	0	40,380,270
- Management valuation 2018 - level 3	37,195,170	0
- Additions after valuation - cost	0	7,250,021
Less: accumulated depreciation	0	(12,825,218)
	<u>37,195,170</u>	<u>34,805,073</u>
Infrastructure - Drainage		
- Independent valuation 2015 - level 3	0	55,012,877
- Management valuation 2018 - level 3	46,344,823	0
- Additions after valuation - cost	0	9,893,492
Less: accumulated depreciation	0	(15,685,611)
	<u>46,344,823</u>	<u>49,220,758</u>
Infrastructure - Car Parks		
- Independent valuation 2015 - level 3	0	2,655,110
- Management valuation 2018 - level 3	3,124,606	0
- Additions after valuation - cost	0	224,233
Less: accumulated depreciation	0	(1,469,995)
	<u>3,124,606</u>	<u>1,409,348</u>
Infrastructure - Bus Shelters		
- Independent valuation 2015 - level 3	0	1,584,000
- Management valuation 2018 - level 3	622,216	0
- Additions after valuation - cost	0	92,154
Less: accumulated depreciation	0	(935,591)
	<u>622,216</u>	<u>740,563</u>
Infrastructure - Street Lights		
- Independent valuation 2015 - level 3	0	1,483,400
- Management valuation 2018 - level 3	899,458	0
- Additions after valuation - cost	0	41,430
Less: accumulated depreciation	0	(586,609)
	<u>899,458</u>	<u>938,221</u>
Infrastructure - Parks & Ovals		
- Independent valuation 2015 - level 3	0	19,383,277
- Management valuation 2018 - level 3	27,409,102	0
- Additions after valuation - cost	0	8,675,430
Less: accumulated depreciation	0	(9,582,880)
	<u>27,409,102</u>	<u>18,475,827</u>
Infrastructure - Other		
- Independent valuation 2015 - level 3	0	2,853,000
- Management valuation 2018 - level 3	518,089	0
Less: accumulated depreciation	0	(2,324,840)
	<u>518,089</u>	<u>528,160</u>
<b>Total infrastructure</b>	<u><b>357,614,778</b></u>	<u><b>288,754,573</b></u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

8. 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.

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Car Parks	Infrastructure - Bus Shelters	Infrastructure - Street Lights	Infrastructure - Parks & Ovals	Infrastructure - Parks & Ovals - Work in Progress	Infrastructure - Other	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	175,800,698	33,683,962	47,089,520	1,448,720	762,976	979,674	11,737,039	3,091,127	597,671	275,191,387
Additions	11,325,366	2,083,510	2,944,152	92,329	46,947	12,974	4,542,182	0	0	21,047,460
Depreciation (Expense)	(4,489,441)	(962,399)	(812,914)	(131,701)	(69,360)	(54,427)	(894,521)	0	(69,511)	(7,484,274)
Transfers	0	0	0	0	0	0	3,091,127	(3,091,127)	0	0
<b>Carrying amount at 30 June 2017</b>	182,636,623	34,805,073	49,220,758	1,409,348	740,563	938,221	18,475,827	0	528,160	288,754,573
Additions	9,718,038	1,919,481	2,720,336	344,631	33,521	26,839	2,455,101	0	97,508	17,315,455
Increments / (Decrements) Transferred to revaluation Surplus	54,065,551	1,516,411	(4,711,655)	1,525,181	(79,008)	0	4,869,464	0	(38,068)	57,147,876
Revaluation (loss) / reversals transferred to profit or loss	0	0	0	0	0	(9,803)	2,762,144	0	0	2,752,341
Depreciation (Expense)	(4,918,898)	(1,045,795)	(884,616)	(154,554)	(72,860)	(55,799)	(1,153,434)	0	(69,511)	(8,355,467)
<b>Carrying amount at 30 June 2018</b>	241,501,314	37,195,170	46,344,823	3,124,606	622,216	899,458	27,409,102	0	518,089	357,614,778

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Infrastructure - Car Parks	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Infrastructure - Bus Shelters	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Infrastructure - Street Lights	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Infrastructure - Parks & Ovals	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition, non-depreciable components and remaining useful life assessments (Level 3 inputs)
Infrastructure - Other	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	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.

## 9. FIXED ASSETS

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

#### Initial recognition and measurement between mandatory revaluation dates

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

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

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

#### Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

#### Land under control

In accordance with *Local Government (Financial Management) Regulation 16(a)(ii)*, the City was 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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

9. FIXED ASSETS (Continued)

(a) Disposals of Assets

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
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Plant and Equipment</b>								
<b>Governance</b>								
Toyota Aurion Sportivo	26,484	13,464	0	(13,020)	26,170	15,000	0	(11,170)
Holden Colorado LTZ	34,188	28,236	0	(5,952)	33,278	25,000	0	(8,278)
Toyota Kluger	31,617	37,782	6,165	0	31,458	28,000	0	(3,458)
Holden VF Evoke V6 Sportswagon	17,937	14,145	0	(3,792)	17,638	15,000	0	(2,638)
Laptop - Dell Latitude 3540	108	137	29	0	0	0	0	0
Apple iPad Pro 9.7	780	775	0	(5)	0	0	0	0
<b>Law, order, public safety</b>								
Volkswagen Amarok	27,989	18,643	0	(9,346)	31,590	20,000	0	(11,590)
Volkswagen Amarok	27,562	16,825	0	(10,737)	0	0	0	0
Volkswagen Amarok	27,302	18,643	0	(8,659)	0	0	0	0
Isuzu Fire Truck	38,177	20,909	0	(17,268)	0	0	0	0
<b>Community amenities</b>								
Holden Colorado	26,899	20,964	0	(5,935)	26,223	20,000	0	(6,223)
<b>Recreation and culture</b>								
Single Seater Lounge	627	0	0	(627)	0	0	0	0
Single Seater Lounge	627	0	0	(627)	0	0	0	0
<b>Transport</b>								
Volvo 710 Vhp Grader	73,730	43,642	0	(30,088)	74,659	60,000	0	(14,659)
Volvo L70F Loader	0	0	0	0	92,795	80,000	0	(12,795)
<b>Other property and services</b>								
Holden Colorado	26,699	22,555	0	(4,144)	26,223	20,000	0	(6,223)
Holden Colorado	26,950	25,055	0	(1,895)	26,223	20,000	0	(6,223)
Toyota Camry	14,496	10,530	0	(3,966)	14,243	15,000	757	0
Ford Ranger	22,297	21,645	0	(652)	22,112	20,000	0	(2,112)
Holden Colorado	26,342	21,645	0	(4,697)	26,223	20,000	0	(6,223)
Holden Colorado	26,393	20,509	0	(5,884)	26,223	20,000	0	(6,223)
Ford Ranger	24,487	23,009	0	(1,478)	24,105	20,000	0	(4,105)
Holden Colorado	26,699	20,509	0	(6,190)	26,223	20,000	0	(6,223)
Ford Ranger	20,932	23,691	2,759	0	0	0	0	0
Apple iPhone 6	112	150	38	0	0	0	0	0
Hino 14T Tip Truck	0	0	0	0	81,808	80,000	0	(1,808)
Mitsubishi Fuso Tip Truck	0	0	0	0	31,884	25,000	0	(6,884)
Mower Toro GM7200	16,339	6,000	0	(10,339)	16,112	4,000	0	(12,112)
Mower Toro Zero Turn Grandmaster	10,523	6,000	0	(4,523)	9,501	4,000	0	(5,501)
Kubota Tractor	0	0	0	0	10,885	8,000	0	(2,885)
Hino 500 Tip Truck	102,702	72,426	0	(30,276)	103,812	95,000	0	(8,812)
Vermeer Wood Chipper	18,335	21,003	2,668	0	19,011	25,000	5,989	0
Stihl Hedgetrimmers x 5	621	909	288	0	0	0	0	0
Stihl Hedgetrimmers x 1	127	91	0	(36)	0	0	0	0
Clearing Saw Hedgetrimmers x 2	1,079	364	0	(715)	0	0	0	0
Stihl Brushcutters x 6	812	1,091	279	0	0	0	0	0
	699,972	531,347	12,226	(180,851)	798,399	659,000	6,746	(146,145)

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**9. FIXED ASSETS (Continued)**

**(b) Depreciation**

	2018	2017
	\$	\$
Buildings - specialised	4,643,062	3,752,342
Furniture and equipment	492,885	466,412
Plant and equipment	888,139	758,369
Infrastructure - Roads	4,918,898	4,489,441
Infrastructure - Footpaths	1,045,795	962,399
Infrastructure - Drainage	884,616	812,914
Infrastructure - Car Parks	154,554	131,701
Infrastructure - Bus Shelters	72,860	69,360
Infrastructure - Street Lights	55,799	54,427
Infrastructure - Parks & Ovals	1,153,434	894,521
Infrastructure - Other	69,511	69,511
	<b>14,379,553</b>	<b>12,461,397</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Depreciation**

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 for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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.

**Depreciation rates**

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

Buildings	2 - 100 Years
Furniture and Equipment	
Computer & Audio	
Visual Equipment	2 - 7 Years
Office Furniture & Equipment	3 - 15 Years
Other Furniture & Equipment	5 - 15 Years
Art Works	Not Depreciated
Plant and Equipment	
Motor Vehicles	3 - 10 Years
Other Plant & Equipment	3 - 20 Years
Infrastructure - Roads	
Roads	0 - 100 Years
Footpaths	40 - 80 Years
Drainage	80 Years
Car Parks	5 - 20 Years
Bus Shelters	20 - 25 Years
Street Lights	15 - 30 Years
Parks & Reserves	10 - 50 Years

**Depreciation (Continued)**

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

10. REVALUATION SURPLUS

	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	2018 Total Movement on Revaluation	2018 Closing Balance	2017 Opening Balance	2017 Revaluation Increment	2017 Revaluation (Decrement)	2017 Total Movement on Revaluation	2017 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land and buildings	78,166,636	0	0	0	78,166,636	76,199,962	1,966,674	0	1,966,674	78,166,636
Revaluation surplus - Furniture and equipment	199,013	0	0	0	199,013	199,013	0	0	0	199,013
Revaluation surplus - Plant and equipment	1,581,222	0	0	0	1,581,222	1,581,222	0	0	0	1,581,222
Revaluation surplus - Infrastructure - Roads	58,351,626	54,065,551	0	54,065,551	112,417,177	58,351,626	0	0	0	58,351,626
Revaluation surplus - Infrastructure - Footpaths	13,401,415	1,516,411	0	1,516,411	14,917,826	13,401,415	0	0	0	13,401,415
Revaluation surplus - Infrastructure - Drainage	21,897,256	0	(4,711,655)	(4,711,655)	17,185,601	21,897,256	0	0	0	21,897,256
Revaluation surplus - Infrastructure - Car Parks	311,846	1,525,181	0	1,525,181	1,837,027	311,846	0	0	0	311,846
Revaluation surplus - Infrastructure - Bus Shelters	458,799	0	(79,008)	(79,008)	379,791	458,799	0	0	0	458,799
Revaluation surplus - Infrastructure - Parks & Ovals	0	4,869,464	0	4,869,464	4,869,464	0	0	0	0	0
Revaluation surplus - Infrastructure - Other	216,146	0	(38,068)	(38,068)	178,078	216,146	0	0	0	216,146
	174,583,959	61,976,607	(4,828,731)	57,147,876	231,731,835	172,617,285	1,966,674	0	1,966,674	174,583,959

Movements 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 30TH JUNE 2018**

**11. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors  
Accrued interest on long term borrowings  
Accrued salaries and wages  
Accrued expenses

**Non Current**

Unit Contribution

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
	2,686,691	3,064,174
	33,599	112,419
	1,004,600	1,034,551
	291,863	58,342
	<b>4,016,753</b>	<b>4,269,486</b>
	19,224,000	22,117,000
	<b>19,224,000</b>	<b>22,117,000</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the City prior to the end of the financial year that are unpaid and arise when the City becomes obliged to make future payments in respect

**Trade and other payables (Continued)**

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

12. INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

Particulars	Principal 1 July 2017	New Loans	Principal Repayments		Principal 30 June 2018		Interest Repayments	
			Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Governance</b>								
Loan 99 - Administration Office Renovations	845,986	0	84,414	84,414	761,572	761,572	57,150	57,237
<b>Education and welfare</b>								
Loan 96 - Youth Specific Space	171,398	0	23,558	23,558	147,840	147,840	13,543	13,606
Loan 100 - Youth Specific Space Stage 2	1,521,312	0	0	0	1,521,312	1,521,312	81,250	81,250
<b>Recreation and culture</b>								
Loan 94 - Wellard Sports Pavilion	248,483	0	43,658	43,658	204,825	204,825	16,363	16,802
Loan 95 - Orelia Oval Pavilion	411,355	0	56,540	56,540	354,815	354,815	32,503	32,655
Loan 97 - Orelia Oval Pavilion Stage 2	1,871,922	0	186,787	186,785	1,685,135	1,685,137	126,457	126,648
Loan 102 - Resource & Knowledge Centre	7,421,567	0	0	0	7,421,567	7,421,567	386,720	386,720
Loan 104 - Recquatic Centre Upgrade	3,350,000	0	0	0	3,350,000	3,350,000	159,126	135,675
Loan 105 - Bertram Community Centre	1,296,840	0	0	0	1,296,840	1,296,840	50,827	50,827
Loan 106 - Calista Destination Park	1,609,695	0	93,163	93,163	1,516,532	1,516,532	60,860	49,819
<b>Transport</b>								
Loan 98 - Industrial Area Streetscape	1,142,082	0	113,959	113,959	1,028,123	1,028,123	77,153	77,270
Loan 101 - City Centre Redevelopment	2,500,000	0	0	0	2,500,000	2,500,000	79,250	61,750
	22,390,640	0	602,079	602,077	21,788,561	21,788,563	1,141,202	1,090,259

Particulars	Principal 1 July 2017	New Loans	Principal Repayments		Principal 30 June 2018		Interest Repayments	
			Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Self Supporting Loans</b>								
<b>Recreation and culture</b>								
Loan 103B - Kwinana Golf Club Refurbishment	298,494	0	15,644	15,645	282,850	282,849	11,802	11,506
	298,494	0	15,644	15,645	282,850	282,849	11,802	11,506
	22,689,134	0	617,723	617,722	22,071,411	22,071,412	1,153,004	1,101,765

Self supporting loans are financed by payments from third parties.  
All other loan repayments were financed by general purpose revenue.

Borrowings

	2018	2017
	\$	\$
Current	777,133	617,723
Non-current	21,294,278	22,071,411
	22,071,411	22,689,134

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

12. INFORMATION ON BORROWINGS (Continued)

(b) New Borrowings - 2017/18

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term Years	Total Interest & Charges	Interest Rate	Amount (Used)		Balance Unspent
	Actual	Budget						Actual	Budget	
Loan 107 - Administration / Chambers Building Refurbishment	\$ 0	\$ 2,897,000	WATC	Debenture	10	\$ 0	3.65%	\$ 0	\$ 2,897,000	\$ 0

The City had not drawn down on budgeted borrowings as at 30 June 2018.

(c) Unspent Borrowings

The City had no unspent borrowings as at 30 June 2018.

(d) Undrawn Borrowing Facilities

Credit Standby Arrangements

	2018	2017
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	85,000	71,000
Credit card balance at balance date	(15,045)	(17,535)
<b>Total amount of credit unused</b>	<b>69,955</b>	<b>53,465</b>

Loan facilities

Loan facilities - current	777,133	617,723
Loan facilities - non-current	21,294,278	22,071,411
<b>Total facilities in use at balance date</b>	<b>22,071,411</b>	<b>22,689,134</b>

Unused loan facilities at balance date

NIL NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

13. PROVISIONS

Opening balance at 1 July 2017

Current provisions  
Non-current provisions

Additional provision

Balance at 30 June 2018

Comprises

Current  
Non-current

	Provision for Annual Leave	Provision for Other Leave	Provision for Long Service Leave	Total
	\$	\$	\$	\$
Opening balance at 1 July 2017				
Current provisions	2,114,174	587,792	1,820,918	4,522,884
Non-current provisions			436,010	436,010
	2,114,174	587,792	2,256,928	4,958,894
Additional provision	46,130	19,117	46,750	111,997
Balance at 30 June 2018	2,160,304	606,909	2,303,678	5,070,891
Comprises				
Current	2,160,304	610,356	1,856,610	4,627,270
Non-current			447,068	447,068
	2,160,304	610,356	2,303,678	5,074,338

SIGNIFICANT ACCOUNTING POLICIES

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**14. NOTES TO THE STATEMENT OF CASH FLOWS**

**Reconciliation of Cash**

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

	<b>2018 Actual</b>	<b>2018 Budget</b>	<b>2017 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	52,896,908	53,970,786	53,726,269
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	11,277,858	(4,499,973)	15,042,185
Non-cash flows in Net result:			
Depreciation	14,379,553	13,268,106	12,461,397
(Profit)/loss on sale of asset	168,625	139,399	167,829
Banksia Park DMF receivable movement	4,648	0	548,983
Contributed Assets	(12,151,516)	0	(13,593,470)
Loss on revaluation of fixed assets	9,803	0	0
Reversal of loss on revaluation of fixed assets	(2,762,144)	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(871,487)	(1,057,199)	(1,795,886)
(Increase)/decrease in accrued income/prepayments	(384,066)	0	336,592
(Increase)/decrease in inventories	2,023	17,000	(10,041)
Increase/(decrease) in payables	(3,270,483)	1,040,199	(4,537,034)
Increase/(decrease) in accrued expenses/income in advance	124,750	0	55,148
Increase/(decrease) in provisions	115,444	0	34,739
Grants contributions for the development of assets	(3,258,381)	(1,707,484)	(6,440,531)
Net cash from operating activities	<b>3,384,627</b>	<b>7,200,048</b>	<b>2,269,911</b>

**15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Governance	70,100,083	70,214,891
Law, order, public safety	2,204,801	1,943,919
Health	99,513	115,971
Education and welfare	33,416,340	34,875,180
Community amenities	908,486	1,068,015
Recreation and culture	84,968,301	78,311,834
Transport	329,275,107	269,235,234
Economic services	51,599,340	51,777,537
Other property and services	3,638,124	3,889,792
	<b>576,210,095</b>	<b>511,432,373</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**16. CONTINGENT LIABILITIES**

There are no contingent liabilities as at the reporting date.

**17. CAPITAL AND LEASING COMMITMENTS**

**(a) Capital Expenditure Commitments**

Contracted for:

- capital expenditure projects

Payable:

- not later than one year

Kwinana Outdoor Youth Space and Carpark

Bertram Oval - Ablution Block

Kwinana Tennis Courts - Fencing

Medina Oval - Carpark

	2018	2017
	\$	\$
	209,615	43,753
	209,615	43,753
	0	43,753
	181,470	0
	24,535	0
	3,610	0
	209,615	43,753

**(b) Operating Lease Commitments**

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year

- later than one year but not later than five years

- later than five years

	543,070	322,602
	746,861	473,487
	0	0
	1,289,931	796,089

**SIGNIFICANT ACCOUNTING POLICIES**

**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.

**Leases (Continued)**

Leased 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.

**18. JOINT VENTURE ARRANGEMENTS**

The City is not involved in any joint venture arrangements.

**19. INVESTMENTS IN ASSOCIATES**

The City does not have any investments in associates.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**20. RELATED PARTY TRANSACTIONS**

**Elected Members Remuneration**

The following fees, expenses and allowances were paid to council members and/or the Mayor.

	<b>2018 Actual</b>	<b>2018 Budget</b>	<b>2017 Actual</b>
	\$	\$	\$
Meeting Fees	271,825	273,794	266,593
Mayor's allowance	88,864	88,864	88,864
Deputy Mayor's allowance	22,216	22,216	22,216
Travelling expenses	6,007	8,000	2,331
Telecommunications allowance	27,981	28,000	28,000
Other Reimbursements	0	600	4,580
	<b>416,893</b>	<b>421,474</b>	<b>412,584</b>

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

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

	<b>2018</b>	<b>2017</b>
	\$	\$
Short-term employee benefits	1,843,030	1,308,106
Post-employment benefits	223,466	142,988
Other long-term benefits	46,168	29,393
Termination benefits	0	85,415
	<b>2,112,664</b>	<b>1,565,902</b>

*Short-term employee benefits*

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

*Post-employment benefits*

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

*Other long-term benefits*

These amounts represent long service benefits accruing during the year.

**Termination benefits**

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

**Transactions with related parties**

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

The following transactions occurred with related parties:

	<b>2018</b>	<b>2017</b>
	\$	\$
<b>Associated companies/individuals</b>		
Sale of goods and services	15,957	52,069
Purchase of goods and services	220,566	797,636
	<b>236,523</b>	<b>849,705</b>

**Amounts outstanding from related parties:**

Trade and other receivables	0	11,180
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**Amounts payable to related parties:**

Trade and other payables	445	1,655
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**Related Parties**

**The City's main related parties are as follows:**

*i. Key management personnel*

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

*ii. Entities subject to significant influence by the City*

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence.

Significant influence may be gained by share ownership, statute or agreement.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

21. MAJOR LAND TRANSACTIONS

The City did not participate in any major land transactions during the 2017/2018 financial year.

22. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The City did not participate in any trading undertakings or major trading undertakings during the 2017/2018 financial year.

23. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance <sup>(1)</sup> 1/07/16	Received <sup>(2)</sup> 2016/17	Expended <sup>(3)</sup> 2016/17	Closing Balance <sup>(1)</sup> 30/06/17	Received <sup>(2)</sup> 2017/18	Expended <sup>(3)</sup> 2017/18	Closing Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
<b>Law, order, public safety</b>							
Cat Sterilisation Study	1,273	0	(1,273)	0	0	0	0
CCTV Supply & Installatin - Safer Streets	76,236	0	(76,236)	0	0	0	0
FESA ESL Grant	17,357	176,843	(170,277)	23,923	175,183	(157,485)	41,621
<b>Education and welfare</b>							
Connections Your Next Step	2,000	0	(823)	1,177	0	(1,177)	0
LYRIK - Youth Incentives Program	0	0	0	0	20,000	0	20,000
<b>Community amenities</b>							
BP Coastcare	1,812	10,000	(7,168)	4,644	0	(4,644)	0
Bushcare Projects	0	101,250	(90,211)	11,039	0	(11,039)	0
Caring for the Coast Kwinana Rockingham Region	446	0	(446)	0	0	0	0
Challenger Beach Coastal Rehabilitation	10,937	0	0	10,937	0	0	10,937
Coastcare in the Kwinana Industrial Area	13,250	10,000	(8,476)	14,774	0	(10,102)	4,672
Community Energy Efficiency	2,265	0	(2,265)	0	0	0	0
Developer Contributions - DCA 1 - DCA 15	25,233,849	3,354,865	(345,424)	28,243,290	4,341,379	(3,229,495)	29,355,174
Fauna Survey and Feral Animal Control	0	30,000	(18,832)	11,168	0	(11,168)	0
Greening Fund	0	0	0	0	100,000	(685)	99,315
Honeywood Wetlands	13,636	0	(13,636)	0	0	0	0
Local Government Coastcare Program	5,071	0	(5,071)	0	0	0	0
Perth Region NRM Support for South Metro Coast	4,646	5,000	(7,310)	2,336	0	(2,336)	0
SMCC - Challenger Beach Coastal Rehab Project	16,000	0	(13,498)	2,502	16,000	(14,861)	3,641
SMCC - Degremont (proAlliance) - Adopt a Beach	5,958	5,000	(3,462)	7,496	0	(1,861)	5,635
SMCC - Tronox - Adpot a Beach	712	5,000	(5,712)	0	0	0	0
Street Furniture Maintenance & Bus Shelter Subsidy	0	13,848	(5,149)	8,699	13,108	(21,807)	0
Swan Alcoa Landcare Program - Lake Magenup	4,549	0	(4,549)	0	0	0	0
Water Wise Project - Water Efficiency Program	7,398	0	(7,398)	0	0	0	0
<b>Recreation and culture</b>							
Beach Emergency Number Signs (BEN Program)	0	0	0	0	4,115	0	4,115
Freak Fest	5,000	0	(5,000)	0	0	0	0
Medina Oval Lighting	0	0	0	0	150,000	(5,625)	144,375
Naidoc Week Celebrations	1,635	6,000	(7,635)	0	0	0	0
Noongar Cultural Heritage Program	3,649	0	(2,043)	1,606	0	(1,606)	0
Prince Regent Park Bertram Play Equipment	20,000	0	(20,000)	0	0	0	0
Public Open Space Upgrade Strategy Implementation	18,674	0	(18,674)	0	0	0	0
Rock Symphony Sponsorship	0	0	0	0	10,000	0	10,000
Silversport - Pilot Seniors Program	77,500	10,000	(83,436)	4,064	0	(4,064)	0
<b>Transport</b>							
Johnson Road Urban Forest Streetscape Project	3,088	0	(3,088)	0	0	0	0
Roads to Recovery 2016 / 2017 Funding	0	670,432	(589,367)	81,065	645,353	(726,418)	0
Speed Alert Mobile Trailer for Drive Speed Education	0	26,290	0	26,290	0	(26,290)	0
State Black Spot	0	1,203	0	1,203	0	(1,203)	0
<b>Total</b>	<b>25,546,941</b>	<b>4,425,731</b>	<b>(1,516,459)</b>	<b>28,456,213</b>	<b>5,475,138</b>	<b>(4,231,866)</b>	<b>29,699,485</b>

For grants and contributions where the funds have not been fully expended at 30 June 2018, the balance of the grant has been transferred to the Restricted Grants and Contributions Reserve, relevant Developer Contribution Reserve or remains in net current assets at 30 June surplus. These funds are quarantined as Restricted Cash at year ended 30 June 2018 and will be expended in the 2018/19 year or as determined by the relevant 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 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 30TH JUNE 2018

24. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>Differential general rate / general rate</b>											
<b>Gross rental valuations</b>											
Improved Residential	0.07351	13,272	232,167,136	16,223,658	612,016	46,007	16,881,680	16,223,659	850,000	0	17,073,659
Vacant Residential	0.15769	415	8,175,770	1,385,002	(65,428)	(9,627)	1,309,947	1,385,002	0	0	1,385,002
Improved Special Residential	0.06515	804	19,230,171	1,256,013	(2,588)	0	1,253,425	1,256,013	0	0	1,256,013
Light Industrial and Commercial	0.08719	137	23,436,443	2,025,036	52,145	4,419	2,081,600	2,025,036	0	0	2,025,036
General Industry and Service Commercial	0.08246	320	35,560,611	2,943,173	105,438	299	3,048,910	2,943,173	0	0	2,943,173
Large Scale General Industry and Service Commercial	0.08559	46	46,905,960	4,105,511	(83,670)	(313)	4,021,528	4,105,511	0	0	4,105,511
<b>Unimproved valuations</b>											
General Industrial	0.01696	6	141,212,300	2,055,552	0	0	2,055,552	2,055,552	0	0	2,055,552
Rural	0.00471	151	247,492,300	459,936	(2,654)	0	457,282	459,936	0	0	459,936
Mining	0.00817	0	0	306,710	7,603	4,996	319,309	306,710	0	0	306,710
Urban/Urban Deferred	0.00576	0	0	868,775	(4,800)	24,880	888,855	868,775	0	0	868,775
<b>Sub-Total</b>		15,151	754,180,691	31,629,366	618,062	70,661	32,318,088	31,629,367	850,000	0	32,479,367
<b>Minimum payment</b>											
<b>Minimum</b>											
<b>\$</b>											
<b>Gross rental valuations</b>											
Improved Residential	971	1,707	20,517,772	1,646,816	12,062	2,362	1,661,240	1,646,816	0	0	1,646,816
Vacant Residential	971	958	4,987,503	985,565	(61,993)	(22,417)	901,155	985,565	0	0	985,565
Improved Special Residential	971	6	84,640	5,826	402	0	6,228	5,826	0	0	5,826
Light Industrial and Commercial	1,263	24	260,141	32,838	(1,038)	0	31,800	32,838	0	0	32,838
General Industry and Service Commercial	1,263	34	299,022	46,731	1,263	0	47,994	46,731	0	0	46,731
Large Scale General Industry and Service Commercial	1,263	0	0	0	0	0	0	0	0	0	0
<b>Unimproved valuations</b>											
General Industrial	1,263	0	0	0	0	0	0	0	0	0	0
Rural	971	263	16,161,767	8,739	971	5,168	14,878	8,739	0	0	8,739
Mining	1,263	0	0	16,419	592	0	17,011	16,419	0	0	16,419
Urban/Urban Deferred	1,263	0	0	17,682	27,194	14,394	59,270	17,682	0	0	17,682
<b>Sub-Total</b>		2,992	42,310,845	2,760,616	(20,547)	(493)	2,739,576	2,760,616	0	0	2,760,616
<b>Total amount raised from general rate</b>											
		18,143	796,491,536	34,389,982	597,515	70,168	35,057,664	34,389,983	850,000	0	35,239,983
Write Offs / Incentives							(7,302)				(7,500)
<b>Totals</b>							<u>35,050,362</u>				<u>35,232,483</u>

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

24. RATING INFORMATION (Continued)

(b) Specified Area Rate

No specified area rates were imposed by the City during the year ended 30 June 2018.

(c) Service Charges

No service charges were imposed by the City during the year ended 30 June 2018.

(d) Discounts, Incentives, Concessions, & Write-offs

Write Offs / Incentives	Actual	2018 Budget
	\$	\$
Small Balance Write Off	2,302	2,500
Rates Incentive Prize	5,000	5,000
	7,302	7,500

The City did not provide any rates concessions or discounts during the year ended 30 June 2018.

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
<b>Option One</b>		0	Nil	11.00%
Single full payment	25-Aug-17			
<b>Option Two</b>		7.60	5.50%	11.00%
First instalment	25-Aug-17			
Second instalment	05-Jan-18			
<b>Option Three</b>		22.80	5.50%	11.00%
First instalment	25-Aug-17			
Second instalment	27-Oct-17			
Third instalment	05-Jan-18			
Fourth instalment	09-Mar-18			
<b>Option Four</b>				
Direct debit option is available on a weekly or fortnightly deduction cycle. Instalment plan administration charge is charged as a per deduction fee.		0.28	5.50%	11.00%

	2018	2018 Budget
	\$	\$
Interest on unpaid rates	453,321	254,000
Interest on instalment plan	281,864	270,000
Charges on instalment plan	119,040	100,000
Deferred Pensioner Interest	14,860	15,500
	869,085	639,500

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018

25. NET CURRENT ASSETS

Composition of net current assets

	2018 (30 June 2018 Carried Forward)	2018 (1 July 2017 Brought Forward)	2017 (30 June 2017 Carried Forward)
	\$	\$	\$
<b>Surplus/(Deficit)</b>	1,259,903	3,194,697	3,194,697
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	21,137	3,382,610	3,382,610
Restricted	52,875,771	50,343,659	50,343,659
Receivables			
Rates outstanding	3,597,121	2,761,590	2,761,590
Sundry debtors	720,635	738,586	738,586
GST receivable	411,656	437,333	437,333
Loans receivable - clubs/institutions	16,168	15,645	15,645
Accrued Income	491,460	74,118	74,118
Prepayments	467	33,743	33,743
Inventories			
Stores & Materials	34,180	36,203	36,203
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(2,686,691)	(3,064,174)	(3,064,174)
Accrued interest on long term borrowings	(33,599)	(112,418)	(112,418)
Accrued salaries and wages	(1,004,600)	(1,034,551)	(1,034,551)
Accrued Expenses	(291,863)	(58,342)	(58,342)
Current portion of long term borrowings	(777,133)	(617,723)	(617,723)
Provisions			
Provision for annual leave	(2,160,304)	(2,114,174)	(2,114,174)
Provision for long service leave	(1,856,610)	(1,820,918)	(1,820,918)
Provision for other leave	(610,356)	(587,792)	(587,792)
<b>Unadjusted net current assets</b>	48,747,439	48,413,394	48,413,394
<b>Adjustments</b>			
Less: Reserves - restricted cash	(52,875,771)	(50,343,659)	(50,343,659)
Less: Loans receivable - clubs/institutions	(16,168)	(15,645)	(15,645)
Add: Current portion of long term borrowings	777,133	617,723	617,723
Add: Current Provisions	4,627,270	4,522,884	4,522,884
<b>Adjusted net current assets - surplus/(deficit)</b>	1,259,903	3,194,697	3,194,697

**Difference**

There was no difference between the surplus 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus carried forward position as disclosed in the 2017 audited financial report.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**26. FINANCIAL RISK MANAGEMENT**

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

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

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

The City held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	52,896,908	53,726,269	52,896,908	53,726,269
Receivables	10,186,472	8,951,211	10,186,472	8,951,211
	<u>63,083,380</u>	<u>62,677,480</u>	<u>63,083,380</u>	<u>62,677,480</u>
<b>Financial liabilities</b>				
Payables	23,240,753	26,386,486	23,240,753	26,386,486
Borrowings	22,071,411	22,689,134	23,576,144	16,026,256
	<u>45,312,164</u>	<u>49,075,620</u>	<u>46,816,897</u>	<u>42,412,742</u>

Fair value is determined as follows:

Cash and cash equivalents, receivables, 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 whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. The City has an Investment Policy and the Policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

Cash is subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations

The City manages these risks by diversifying its portfolio and only investing in investments authorised by Local Government (Financial Management) Regulation 19C.

	2018	2017
	\$	\$
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	528,969	537,263
- Statement of Comprehensive Income	528,969	537,263

Notes:

<sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible interest rate movements.

## 26. FINANCIAL RISK MANAGEMENT (Continued)

### (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 the due date through incentives.

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 and benchmarks are set and monitored for acceptable collection performance.

The City makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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:

	<b>2018</b>	<b>2017</b>
	%	%
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	94%	94%
- Overdue	6%	6%

## 26. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Payables and borrowings

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2018</b>					
Payables	5,176,753	9,032,000	9,032,000	23,240,753	23,240,753
Borrowings	1,888,752	13,346,702	13,364,041	28,599,495	22,071,411
	7,065,505	22,378,702	22,396,041	51,840,248	45,312,164
<b>2017</b>					
Payables	5,375,336	10,505,575	10,505,575	26,386,486	26,386,486
Borrowings	1,773,779	12,575,100	16,162,644	30,511,523	22,689,134
	7,149,115	23,080,675	26,668,219	56,898,009	49,075,620

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 tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

Year ended 30 June 2018	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings	0	0	0	2,679,686	527,794	18,863,931	22,071,411	4.41%
Weighted average Effective interest rate				2.73%	7.53%	4.56%		
<b>Year ended 30 June 2017</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Long term borrowings	0	0	0	0	2,748,482	19,940,652	22,689,134	4.45%
Weighted average Effective interest rate					2.82%	4.67%		

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**27. TRUST FUNDS**

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

	1 July 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
Hall Security Bonds	55,341	92,200	(75,888)	71,653
Footpath & Kerbing Security Deposits	857,177	2,100	(448,597)	410,680
Sports Forfeiture Security Deposits	200	0	0	200
Bus Hire Security Deposits	3,000	2,500	(2,500)	3,000
Demolition Security Deposits	16,334	0	(13,983)	2,351
Miscellaneous Deposits	70,351	12,553	(481)	82,423
Footpath Construction Bonds	2,000	0	0	2,000
Land Subdivision Bonds	506,810	169,941	(88,540)	588,211
Road Maintenance Bonds	293,234	0	0	293,234
Landscaping Subdivision Bonds	125,315	13,472	0	138,787
Planning Advertising Bonds	250	0	(250)	0
Mortimer Road - Community Trust	10,421	0	0	10,421
ATU Landscaping Bonds	3,168	0	(790)	2,378
Landscaping Development Bonds	56,822	7,655	0	64,477
Subdivision Handrails	15,395	0	0	15,395
APU Security Bonds	16,462	1,844	(2,825)	15,481
Off Road Vehicles	0	1,510	0	1,510
Councillor Nomination Bonds	0	720	(720)	0
DCA 5 Contingency Bonds	729,967	89,411	(553,642)	265,736
Contiguous Local Authorities Group (CLAG)	200	0	0	200
Retention Funds	0	48,901	(11,377)	37,524
Public Open Space Cash In Lieu	49,608	150,453	0	200,061
	<u>2,812,055</u>	<u>593,260</u>	<u>(1,199,593)</u>	<u>2,205,722</u>

## 28. 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 pronouncements that are relevant to the City, applicable to future reporting periods and which have not yet been adopted are set out as follows:

	<b>Title</b>	<b>Issued / Compiled</b>	<b>Applicable (1)</b>	<b>Impact</b>
(i)	AASB 9 Financial Instruments	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 2019	<p>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.</p> <p>The effect of this Standard will depend on the nature of future transactions the City has with those third parties it has dealings with. It may or may not be significant.</p>
(iii)	AASB 16 Leases	February 2016	1 January 2019	<p>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 into the 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 when AASB 16 is adopted.</p> <p>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.</p>

Notes:

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

## 28. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (Continued)

Title	Issued / Compiled	Applicable (1)	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> <li>- Assets received below fair value;</li> <li>- Transfers received to acquire or construct non-financial assets;</li> <li>- Grants received;</li> <li>- Prepaid rates;</li> <li>- Leases entered into at below market rates; and</li> <li>- Volunteer services.</li> </ul> <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the City's operations.</p>

Notes:

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

### 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.

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

(i) AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	1 January 2017
(ii) AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities	1 January 2017

## 29. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

### b) Current and non-current classification

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.

### c) Rounding off figures

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

### d) Comparative figures

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

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

### e) Budget comparative figures

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

### f) Superannuation

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

### g) Fair value of assets and liabilities

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

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

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

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

### h) Fair value hierarchy

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

#### Level 1

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

#### Level 2

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

#### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

#### Valuation techniques

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

#### Market approach

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

#### Income approach

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

#### Cost approach

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

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

#### i) Impairment of assets

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

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2018**

**30. ACTIVITIES/PROGRAMS**

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

<b>PROGRAM NAME</b>	<b>OBJECTIVE</b>	<b>ACTIVITIES</b>
<b>GOVERNANCE</b>	To provide a decision making process for the efficient allocation of scarce resources.	Members of Council and Governance (includes Audit and other costs associated with reporting to Council). Administration, Financial and Computing Services are included.
<b>GENERAL PURPOSE FUNDING</b>	To collect revenue to allow for the provision of services.	Rates income and expenditure, Grants Commission and Pensioner deferred rates interest and interest on investments
<b>LAW, ORDER, PUBLIC SAFETY</b>	To provide services to help ensure a safer and environmentally conscious community.	Supervision of various local laws, fire prevention and animal control.
<b>HEALTH</b>	To provide an operational framework for environmental and community health.	Prevention and treatment of human illness, including inspection of premises and food control, immunisation and child health.
<b>EDUCATION AND WELFARE</b>	To provide services to disadvantaged persons, the elderly, children and youth.	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.
<b>COMMUNITY AMENITIES</b>	To provide services required by the community.	Town planning and development, rubbish collection services, stormwater drainage, the provision of public conveniences, bus shelters, roadside furniture and litter control.
<b>RECREATION AND CULTURE</b>	To establish and effectively manage infrastructure and resources which will help the social well being of the community	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, garden, sports grounds and the operation of Libraries.
<b>TRANSPORT</b>	To provide safe, effective and efficient transport services to the community.	Construction, maintenance and clearing of streets, roads, bridges, drainage works, footpaths, parking facilities, traffic signs and the City Depot, including plant purchases and maintenance.
<b>ECONOMIC SERVICES</b>	To help promote the City and economic wellbeing.	Rural services, pest control and the implementation of building controls.
<b>OTHER PROPERTY AND SERVICES</b>	To monitor and control the City's overheads operating accounts.	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 30TH JUNE 2018**

**31. FINANCIAL RATIOS**

	2018	2017	2016
Current ratio	1.09	1.48	1.21
Asset consumption ratio	0.81	0.76	0.80
Asset renewal funding ratio	0.78	1.02	0.99
Asset sustainability ratio	0.24	0.31	0.52
Debt service cover ratio	6.44	1.97	4.43
Operating surplus ratio	(0.08)	(0.10)	(0.08)
Own source revenue coverage ratio	0.78	0.79	0.80

The above ratios are calculated as follows:

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

**Notes:**

Four of the ratios disclosed above were distorted by the following items:-

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	803,423	782,530	0
Amount of Financial Assistance Grant received in prior year relating to current year.	782,530	0	719,859
Loss on revaluation of Infrastructure - Street Lights	9,803	0	0
Reversal of prior year loss on revaluation of Infrastructure - Parks & Ovals	2,762,144	0	0
Conversion of the Short Term Liquidity Loan of \$2.5M to a fixed rate 5% year interest only loan. The debt service ratio has been adjusted to reduce principal loan repayments amount of \$2.5M to account for this conversion.	0	2,500,000	2,500,000

If the events detailed above did not occur, the impacted ratios in the 2018, 2017 and 2016 columns above would be as follows

	2018	2017	2016
Current ratio	n/a*	1.33	n/a
Debt service cover ratio	4.87	4.15	6.89
Operating surplus ratio	(0.13)	(0.11)	(0.07)
Own source revenue coverage ratio	0.78	n/a	n/a

\*The financial assistance grant of \$803,423 received during the year relating to the subsequent year has been excluded as part of restricted cash, therefore there is no impact on the Current ratio.

## INDEPENDENT AUDITOR'S REPORT TO THE COUNCILLORS OF THE CITY OF KWINANA

### REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Level 15, Exchange Tower,  
2 The Esplanade, Perth, WA 6000  
PO Box 5785, St Georges Terrace,  
WA 6831

T +61 (0)8 9225 5355

F +61 (0)8 9225 6181

[www.moorestephens.com.au](http://www.moorestephens.com.au)

#### **Opinion**

We have audited the accompanying financial report of the City of Kwinana (the City), which comprises the Statement of Financial Position as at 30 June 2018, 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.

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

- a) is based on proper accounts and reports; and
- b) fairly represents, in all material respects, the results of the operations of the City for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the Local Government Act 1995 (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

#### **Basis for Opinion**

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

#### **Emphasis of Matter – Basis of Preparation**

We draw attention to Note 1 to the financial report, which describes the basis of preparation. The financial report has been prepared for the purpose of fulfilling the City's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. Our opinion is not modified in respect of this matter.

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

The Chief Executive Officer (CEO) of the City is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

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

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

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

***REPORT ON THE AUDIT OF THE FINANCIAL REPORT (CONTINUED)***

***Auditor's Responsibilities for the Audit of the Financial Report***

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

- a) All required information and explanations were obtained by us.
- b) All audit procedures were satisfactorily completed in conducting our audit.
- c) In our opinion, the asset consumption ratio and the asset renewal ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

**MATTERS RELATING TO THE ELECTRONIC PUBLICATION OF THE AUDITED FINANCIAL REPORT**

This auditor's report relates to the annual financial report of the City of Kwinana for the year ended 30 June 2018 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

MOORE STEPHENS  
CHARTERED ACCOUNTANTS



WEN-SHIEN CHAI  
PARTNER

Date: 6 November 2018  
Perth, WA

6 November 2018

The Mayor  
City of Kwinana  
Po Box 21  
KWINANA WA 6167

**MOORE STEPHENS**

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Level 15, Exchange Tower,  
2 The Esplanade, Perth, WA 6000  
PO Box 5785, St Georges Terrace,  
WA 6831

T +61 (0)8 9225 5355  
F +61 (0)8 9225 6181

[www.moorestephens.com.au](http://www.moorestephens.com.au)

Dear Mayor Adams

## MANAGEMENT REPORT FOR THE YEAR ENDED 30 JUNE 2018

We advise that we have completed our audit procedures for the year ended 30 June 2018.

We are required under the Local Government Audit Regulations to report certain compliance matters in our audit report. Other matters which arise during the course of our audit that we wish to bring to Council's attention are raised in this management report.

It should be appreciated that our audit procedures are designed primarily to enable us to form an opinion on the financial statements and therefore may not bring to light all weaknesses in systems and procedures which may exist. However, we aim to use our knowledge of the City's organisation gained during our work to make comments and suggestions which, we hope, will be useful to you.

We noted the following matters concerning the City's ratios we wish to draw to your attention:

- **OPERATING SURPLUS RATIO**

The Operating Surplus Ratio represents the percentage by which the operating surplus (or deficit) differs from the City's own source revenue which includes rates and operating grants.

The City's ratio (after adjustment for FAGs and Loss on revaluation of infrastructure) has slightly deteriorated in the current year from (0.11) to (0.13) and it has been negative for the last 3 years.

Analysis of the City's Statement of Comprehensive Income indicates the deterioration of the ratio has been attributed to the increase in operating expenses (in particular, depreciation, employee costs and material and contracts) more than the increase in operating revenue.

Discussion with management indicated they will continue their effort in identifying practical ways of increasing the City's operating position in the future in order to increase the ratio above the basic acceptable target level. This includes considering the sustainability of the current rating structure, identifying potential new avenues of revenue, and finding the optimum level of the City's operating expenses.

- **ASSET SUSTAINABILITY RATIO**

The Asset Sustainability Ratio expresses capital expenditure on renewal and replacement of existing assets as a percentage of depreciation costs. It is used to identify any potential decline or improvement in asset conditions. A percentage of less than 100% on an ongoing basis indicates assets may be deteriorating at a greater rate than spending on renewal or replacement.

This ratio has deteriorated further from last year and is trending downwards, and has been below the Department of Local Government, Sport and Cultural Industries target level of 0.90 for the last 2 years.

An analysis of the City's Statement of Comprehensive Income indicates the main reasons for the deterioration of this ratio to be:

- a) A significant reduction in the City's capital renewal expenditure for the year. This was due mainly to the City's resources being utilised on the completion of the Calista Oval Destination Park and Kwinana Outdoor Youth Space Skate Park. Capital expenditure on new projects is not taken into account in calculating this ratio and may be a reason for short term fluctuations; and

• **ASSET SUSTAINABILITY RATIO (CONTINUED)**

- b) An increase in the depreciation expense from \$12.5m to \$14.4m for the current year. The increase was mainly due to additional infrastructure assets (in particular roads) worth \$13.6m contributed by developers and the revaluation of buildings last year.

To help the City maintain its assets base more effectively and improve this ratio, the above matters should be considered in the City's asset management planning in the future.

**Summary**

As detailed above, some ratios are below the accepted industry benchmarks. Given the relative strength of the other ratios and the City's balance sheet, lower ratios may be acceptable in the short term provided other measure/strategies are maximised. Notwithstanding this, these ratios appear to be trending downwards over the longer term and this should be carefully considered moving forward to avoid the development of an adverse trend in the City's financial position.

We would like to take this opportunity to stress one off assessments of ratios at a particular point in time can only provide a snapshot of the financial position and operating situation of the City. As is the case with all ratios and indicators, their interpretation is much improved if they are calculated as an average over time with the relevant trends being considered.

We noted no other matters we wish to bring to your attention.

**UNCORRECTED MISSTATEMENTS**

We advise there were no uncorrected misstatements noted during the course of our audit.

We take this opportunity to thank all staff for the assistance provided during the audit.

Should you wish to discuss any matter relating to the audit or any other matter, please do not hesitate to contact us.

Yours faithfully



Wen-Shien Chai  
Partner  
Moore Stephens

Encl.