

Annual Report 2015/2016





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Message from the Shire President

This 2015/2016 Annual Report demonstrates the Shire has continued to improve both our financial position and long-term sustainability. The Shire's population continues to both grow and age and this creates a need for new services and infrastructure to meet increasing housing, employment and transport demands. No new service comes without a cost, and a strong financial position puts us in a good place to meet community needs.

The theme of this past year has been internal reform. We have survived the forced amalgamations with the help of our community and have focused our attention on how this organisation can be worthy of continued support.

The Council elected last year, has dug deep to become more responsive to the community and has been developing strategies to better consult and communicate.

Throughout the year we have seen great progress on several major projects, including the Forrestfield Industrial Area Stage 1, Kostera Oval Redevelopment, the Dual Density Zoning Amendment and the Hartfield Park Redevelopment. We have begun planning for the space surrounding the new train station, started working on the Stirk Park Master Plan and the Wattle Grove Streetscape Project.

We have also initiated a major advocacy program to lobby the State and Federal Governments to invest in infrastructure within the Shire and have been working particularly intensively on suitable aged care for our area. A good relationship with

our State and Federal counterparts is critical in this economic environment which continues to see the State Government push costs onto local government.

In the latter half of 2016 we will engage in a large community consultation process to review the future strategic direction of the Shire. We also plan to deliver more regular and meaningful communication to better update and inform the community on Shire activities.

I would like to thank my fellow Councillors, the Chief Executive Officer Rhonda Hardy, and Shire staff for their professionalism, resilience and commitment during what has been a very busy year.



Andrew Waddell JP
Shire President



Message from the Chief Executive Officer

The 2015/2016 financial year has been a year of stabilising and refocusing the organisation toward the future. Following the aftermath of failed local government reform the Shire had to quickly respond to many initiatives put on hold due to an uncertain future.

The reconstruction began with a review of the Shire's strategic direction and reinvigorating the organisational culture, which had taken a dramatic downturn during the reform agenda. The Shire has targeted several key plans to ignite more community engagement and operational improvements including:

- a Youth Plan consultation
- a Customer Service Strategy development
- an Aged Accommodation Strategy review and development of a Positive Ageing Plan
- an Information Technology and Communications Strategy to harness benefits of technology
- a Risk Management Framework to better monitor the Shire's risks
- the Stirk Park Master Plan community engagement project.

The Shire's community engagement program covered a broad range of topics including the Youth Careers Expo, the Bush Fire Expo, the Meet Your Neighbour project and new Club Development workshops.

A major review of the Organisational Structure and capacity was undertaken. Service reviews of all functions was completed and this resulted in a

structure with increased capacity to deliver in areas under pressure. Four new business units were created to focus upon.

1. Economic Development and Lands Services
2. Customer and Public Relations
3. Strategic Land Use Planning
4. Strategic Asset Management

The Shire's financial strength continues to grow as end of year results show the Shire is managing within its financial capacity. A surplus was posted for the fifth year in a row and the Shire's cash reserves are being slowly re-established. The Shire's ongoing financial sustainability is achievable if a business as usual approach is taken, however if the Shire wants to develop and replace assets then increasing the rate base over future years will be essential. The Shire must open itself up to increasing densities in the foothills, particularly around the new train station, if it is to increase revenues and build financial sustainability. We acknowledge, balancing lifestyle with density growth will be confronting for many residents.

The Shire strengthened its advocacy effort over the financial year to capitalise on the Federal election and was successful in securing several projects during this time, including:

- a mobile base station in Bickley;
- a \$170,000 commitment for CCTV at the Zig Zag Scenic Drive, Lions Lookout, Falls Road and the Jack Healey Centre;
- a \$650,000 upgrade to Hale and Woolworths

- Drive in Forrestfield;
- a \$1 million development for the Kalamunda Learning Centre; and
- solar panels for Forrestfield Soccer Club and the Kalamunda RSL.

The Shire continued its performance in the delivery of major capital works projects including:

- the Kostera Oval Redevelopment – (\$3 million) completed the amalgamation, levelling and returfing of the oval;
- the Hartfield Park Redevelopment – (\$6 million) completed the expansion of Morrison Oval, the construction of the Skate Park and rugby lighting installations;
- a \$9 million capital works program delivered and completed within budget; and
- Kalamunda Town Centre Improvements – with underground power installation completed.

Other major projects undertaken included progress toward the district structure planning for the exciting new Forrestfield North Train Station Precinct. The Shire also initiated a dual density community consultation project, to look at housing densities around the activity centres of High Wycombe, Forrestfield and Kalamunda.

The past 12 months have been challenging and rewarding for all those involved with the Shire. Re-establishing the organisation, has been a key priority. Rebuilding motivation and trust with staff and the community, has been a key factor for bringing about the changes needed to go forward. Reviewing the organisational structure and changing behaviours and attitudes through cultural shifts, have been essential ingredients to focus the Shire on its future of self-determination. The Shire is now well positioned to reset its direction and become a sustainable, prosperous and reputable local government.

As the CEO, I am grateful for the dedication and support I have received from staff and Council and would also like to thank our community for their patience. I look forward to the exciting challenges the next few years will bring.

Rhonda Hardy
Chief Executive Officer





Our Shire

Vision

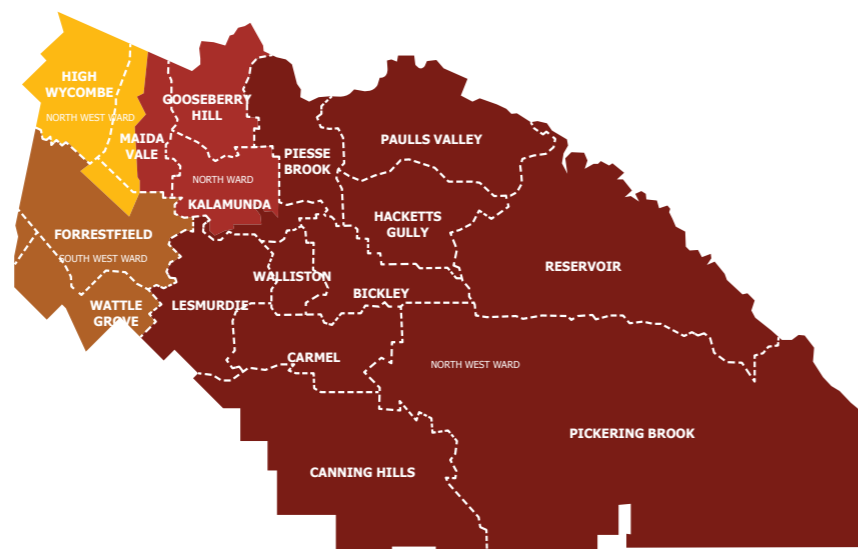
The Shire will have a diversity of lifestyles and people. It will take pride in caring for the natural, social, cultural and built environments and provide opportunities for people of all ages.

Mission

Working together to provide effective and efficient leadership and services for our whole community.

Profile

Population estimates and age structures of the Shire of Kalamunda provide key insights into the level of demand for services and facilities. It is also an indicator of the Shire's residential role and function and how it is likely to change into the future.



The official population of the Shire of Kalamunda as of 30 June 2015 was 60,830. This shows an increase of 9,778 people living here since in 2005.

Results from the last national Census in 2011, show there were 3,085 people over the age of 75 living in the Shire of Kalamunda, and 4,000 residents between 15 to 19 years.

The largest changes in age structure between 2006 and 2011 were in the age groups at each end of the spectrum.

- 0 to 4 (+492 persons)
- 60 to 64 (+811 persons)

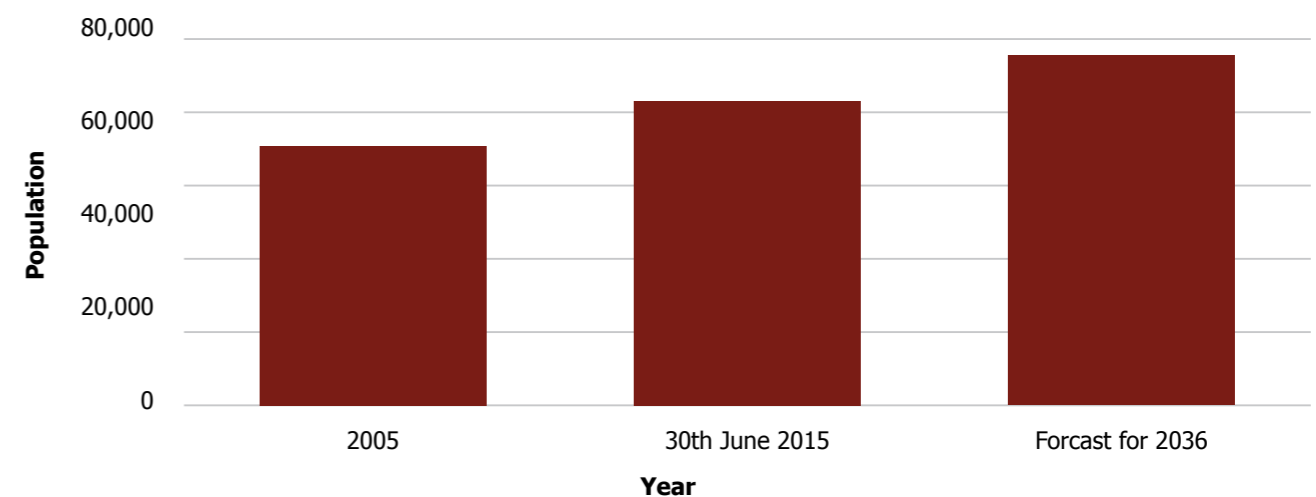
- 65 to 69 (+569 persons)
- 75 to 79 (+369 persons)

Between 2011 and 2021, the age structure forecasts for the Shire of Kalamunda indicate a 16.9% increase in population under working age, a 52.7% increase in population of retirement age, and a 7.0% increase in population of working age.

In May 2016 population forecasts were predicting that by 2036 the total population would reach 77,130 people.

Source profile id <http://profile.id.com.au/>

Shire of Kalamunda Population



Councillor Attendance

Councillor attendance at Committee and Council Meetings 1 July 2015 – 30 June 2016

Councillor	No. of Meetings Eligible to Attend	Development & Infrastructure Committee	Corporate & Community Committee	Special Council Meetings	Audit & Risk Committee	Ordinary Council Meetings	Leave of Absences	Total Meeting Attendance
Cr Michael Fernie	31	7	7	7	3	8	16-25 April 2016	32
Cr John Giardina	41	10	8	8	3	9		38
Cr Geoff Stallard	41	10	9	9	3	11		41
Cr Allan Morton	41	10	9	9	3	11		41
Cr Brooke O'Donnell	31	6	6	6	3	8	4-15 May 2016	29
Cr Noreen Townsend	41	9	8	8	3	10		38
Cr Andrew Waddell	41	10	9	9	3	10	28 Aug-8 Sep 2015	41
Cr Dylan O'Connor	41	8	8	7	3	11		37
Cr Sara Lohmeyer	31	4	7	4	3	5	19-23 May 2016	23
Cr Simon Di Rosso	41	6	7	6	2	10		31
Cr Tracy Destree	31	5	6	7	3	7		28
Cr Sue Bilich	41	9	7	9	2	9		36
Cr Justin Whitten	13	2	2	3	2	3	20 April-10 May 2015	12
Cr Margaret Thomas JP	13	2	2	3	2	2	10-22 May 2016	11
Cr Frank Lindsey	13	3	2	3	2	2		12



Strategic Community Plan: Kalamunda Advancing – Achievements & Goals



Goal 1: Kalamunda Cares Looking after our people

Major Achievements in 2015-2016

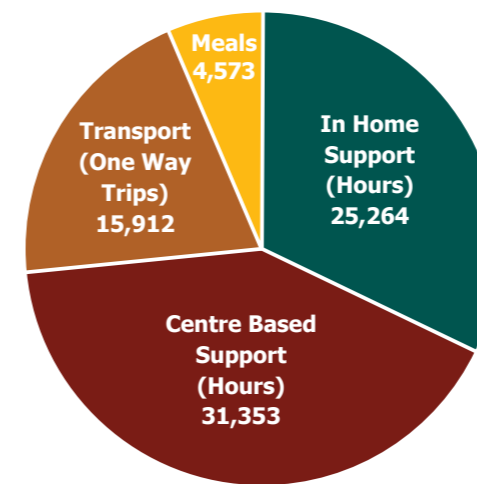
- Delivery of our first co-facilitated art program in the day centre, where a service user with a passion for pastel art taught other service users
- Floristry workshop held following feedback from service users indicating they always wanted to know how to make floral arrangements
- Day Centre service users chose some key community projects to contribute to including the RSPCA and knitting squares and blankets for a range of worthy projects.
- Successful funding applications:
 - Department of Local Government and Communities, \$10,000
 - WA Department of Health – Home and Community Care Program, \$84,063
- Successful selection to the Dementia Champions Program 2016, a subsidised training package valued at \$5,000
- Wisdom Wall project launch during Seniors Week 2015 which captured a range of thoughts and opinions from seniors to demystify the stereotypes of ageing
- Launch of the "I Volunteer Because" program, used to gain insight and stories from our valued volunteers.



1.1 To be a community that cares for its aged and frail and those less fortunate

This year has been driven strongly by the desire to further develop our support and programs in a way that embraces the philosophy of consumer choice and control. Community Care has continued to provide support to eligible residents through a partnership approach which aims to allow each person the ability to live their best possible life.

Our key externally funded programs are the Home and Community Care (HACC), Home Care Packages and the Community Visitors Scheme. The below table shows volumes of support provided through 2015/2016.



Home and Community Care (HACC) – total community members supported - 951

From 1 July 2015, our Home Care Packages transitioned to the service delivery model of Consumer Directed Care. Our experience was excellent, with service users and staff remaining very flexible and adaptable to the changes. In October 2015, the Australian Aged Care Quality Agency conducted a Quality Review of the Home Care Packages and found we met all 18 expected outcomes of the Home Care Standards.

During this year, our service also reviewed its strategies and operations in preparation for the transition of eligible users under the age of 65 to the National Disability Insurance Scheme (NDIS).

Participants' satisfaction remained high with our Satisfaction Survey demonstrating 98.5% of participants were satisfied with the services received.

Seniors

Seniors were offered the opportunity to attend a free hearing check, information sessions and a range of events throughout the year. Seniors Week was celebrated in style during November at a variety of free popular events including High Tea, Seniors Art Exhibition and Bingo. The introduction of the Sentimental Supper Club Variety Show and picnic at History Village added a new flavour to the popular program.

To meet the changing needs of the community, the Shire has formed a new Aged Care Advisory Committee (KACAC) which consists of Councillors, staff, professionals and community members. The purpose of the KACAC is: 'To advise and make recommendations to Council on a range of strategic issues, which affect the quality of life of the ageing population, their families and carers living-in and visiting the Shire of Kalamunda.' The committee also assists with the development and promotion of the Positive Ageing Plan.

The Shire continues to work in partnership with seniors, volunteers, community groups and businesses to offer a range of services and activities at the Jack Healey Centre and Woodlupine Family and Community Centre. Services include podiatry, hairdressing, computer courses, and the very popular Seniors Coffee Lounge at the Woodlupine Centre.



People with a disability

Under *The Disability Services Act (WA) 1993 (amended 2004)* and *Disability Services Regulations 2004*, the Shire of Kalamunda is required to review its Disability Access and Inclusion Plan 2012 to 2017 (DAIP) every five years.

Each year the Shire is required to submit a DAIP Progress Report on its implementation to the Disability Services Commission.

Some of the activities undertaken by the Shire of Kalamunda to improve access within the community during 2015-2016 were as follows.

- Review of Outcome 7 within the Disability Access and Inclusion Plan
- Review of Disability Access and Inclusion Advisory Committee
- Celebration of International Day of People with Disability and Disability Awareness Week at Lesmurdie Library in partnership with students from the Kalamunda Senior High School Education Support Centre
- Raising awareness of students with disability seeking work experience placements with local businesses
- Participation in ConnectAbility Community Expo with Inclusion WA
- Presentation of disability awareness training developed to meet the individual needs of business units across the organisation
- Upgrade ACROD Bay within the town centre

Disability and Carers Advisory Committee (DACAC)

The Shire has developed a new Disability and Carers Advisory Committee which meets quarterly to discuss the DAIP and provision of access, services, facilities and programs to people with disability within the community.

The committee name, function and membership was reviewed in 2015 to include matters arising from the introduction of the trial of National Disability Insurance Trust in the hills area and to meet the changing needs of people with disabilities in our community.

1.2 To ensure the aging population has housing choice

The Shire and the Western Australian Planning Commission have progressed the planning of Wilkins Road through amendments to the Metropolitan Region Scheme and Local Planning Scheme No.3 to facilitate the development of integrated aged care on the site. The amendments were sent to the Western Australian Planning Commission for determination in October 2015.

Amendments for the aged care proposal for Gavour Road in Wattle Grove, also went to the Western Australian Planning Commission and the Minister for Planning for determination.

The Shire continues to advocate for aged care developments through its endorsed Aged Accommodation Strategy and through the establishment of its Aged Care Advisory Committee.

1.3 To be a community that listens to, engages with and involves its young people in decision making

Youth Services is part of Community Development Services and its activities are guided by the Shire's Youth Plan 2011-2016. The team delivers a balanced program of free activities and events as well as encouraging engagement between young people (aged 12 to 25 years) and the wider community. The Shire also maintains partnerships which support the following initiatives.

Constable Care Child Safety Foundation Inc.

– providing safety messages through the 'theatre-in-education' program in local schools, libraries and playgroups.

YouthCARE – providing chaplaincy services in school communities for young people, their families and staff who may be facing challenging personal and social issues.

Major Achievements in 2015/2016

Youth Plan – work began on the new five-year Youth Plan 2017-22, with significant community consultation taking place from March to May. Over 600 surveys were completed and the Plan is in development.

Youth & Community Assistant – an annual initiative which provides an entry level employment opportunity for one local young adult to gain work experience in youth and community services in local government. Now in its fourth year, this continues to provide an invaluable experience, as well as a direct connection for the Shire with the young community. Promoted throughout October and November, the 12-month contract position runs from January to December and combines well with part-time study.

Youth Arts Fest – a youth arts competition and exhibition showcasing the originality and artistic talent of young local artists aged 10 to 25 years. Thirty-five artworks of all genres were featured in the Zig Zag Gallery from 28 August to 13 September 2015. The theme for 2015 mirrored that of National Youth Week: 'it starts with us'. Professional local artists judged the works and awarded nine prizes to the young artists.

Ramp It Up Sk8 Series & competition – featuring free monthly skate, scoot and BMX clinics at High Wycombe and Forresterfield Skate Parks, and in the school holidays at Kalamunda Skate Park. Experts from Freestyle Now teach tips, tricks and skills to participants which helps prepared local skaters for the annual Ramp It Up Skate competition held in May.



The Influence – opportunities for young people to volunteer at, or get involved with, youth events and activities.

Forresterfield Youth Initiative (FYI) – these weekly after school drop-in sessions feature social sports, a chill-out zone, craft activities and healthy snacks at Hartfield Park Recreation Centre and continue to regularly attract 20 or more young people.

National Youth Week event: Race through history – supported by a National Youth Week grant, 'Race Through History' (an amazing race style event), was held in April at the Kalamunda History Village. Around 100 participants (young people and families) took on the race challenge whilst learning about local history.





Kalamunda Careers Expo – this event was created in response to a request from local schools four years ago. This year it attracted more than 600 Year 10 students from schools within the Shire, as well the public. It is an excellent opportunity for all who attended to gather information on career pathways from a wide range of exhibitors including TAFE's, universities, employment agencies and specialised training organisations. A motivational speaker also provided food for thought as to how young people can build their resilience and skill sets to make the transition to life after school.



Craft Your Business – building on the number of young people interested in starting creative businesses, this opportunity saw 15 young entrepreneurs either holding stalls at Kalamunda Village Market or attending four business and marketing workshops tailored specifically to the needs of emerging businesses.

In the Mix – this annual music program continues to attract local young musicians with its successful combination of expert tutelage from Music Rocks Australia and provided an opportunity to perform 'live' for a large audience at the Shire's Corymbia Festival in Forrestfield in March.



1.4 To ensure the community has the resilience to respond and protect itself from danger and disasters

Fire protection

A community Bush Fire Expo was held prior to the start of the 2015/2016 bush fire season at the Kalamunda Agricultural Hall. The event was well attended by the community and provided the opportunity for residents to learn more about how to be prepared for, and to respond to a bushfire.



This year's season involved a dedicated engagement approach to engage residents and actively work for compliance under the requirements of the Fire Breaks Notice. As a result, 1,079 work orders and 57 infringements were issued, and two prosecutions were pursued.

Three hundred and forty seven Hazard Reduction Permits were issued this year, most of which related to private property owners wishing to burn garden refuse. Several were also issued to the Shire to conduct larger hazard reduction burns on Shire reserves.

Fire mitigation

In 2015/2016, the burn season was short as the weather did not permit a start until mid-October. Despite this, the Shire undertook 12 fuel reduction burns across areas totalling 13.5 hectares. This was achieved with the help of the Volunteer Bush Fire Brigade and additional equipment for the larger burns.

The Shire is responsible for the maintenance of 66 kilometres of fire breaks throughout various reserves. A total of 17,278m of new or upgraded fire breaks were completed as stage 1 of a three-year program. Fire breaks needed in environmentally sensitive areas were started first, along with evacuation areas and major evacuation roads.



The Shire established Building Protection Zones around all 143 of its 'habitable' buildings. This work ranged from pruning to total removal of trees and shrubs.

To minimise fuel loading, the Shire slashed, mowed, brush cut and sprayed a total 103,135 hectares of land which is owned or vested in the Shire of Kalamunda, and mowed, brush cut and/or sprayed 397.5km of rural road verges within the extreme fire risk area.

Vegetation clearance work was carried out to clear all vegetation (including overhanging branches) within five metres from two wooden bridges on Mundaring Weir Road.

Emergency management

The Shire of Kalamunda has a Local Emergency Management Committee (LEMC) which meets quarterly and holds Local Recovery Committee meetings twice a year. The Bush Fire Advisory Committee also meets regularly to discuss key issues and recommend appointment of positions within the Bush Fires Act. The Shire of Kalamunda Emergency Management Arrangements were activated once during this year, for the Wattle Grove fire in December 2015.

The Shire continues to maintain close relationships with key stakeholders in Emergency Management including the Department of Fire and Emergency Services, WA Police, Department of Parks and Wildlife, Department of Child Protection and Family Support and local volunteer emergency service agencies.



1.5 To provide a safe environment for the entire community to enjoy

Community Safety & Crime Prevention Plan 2013-2018

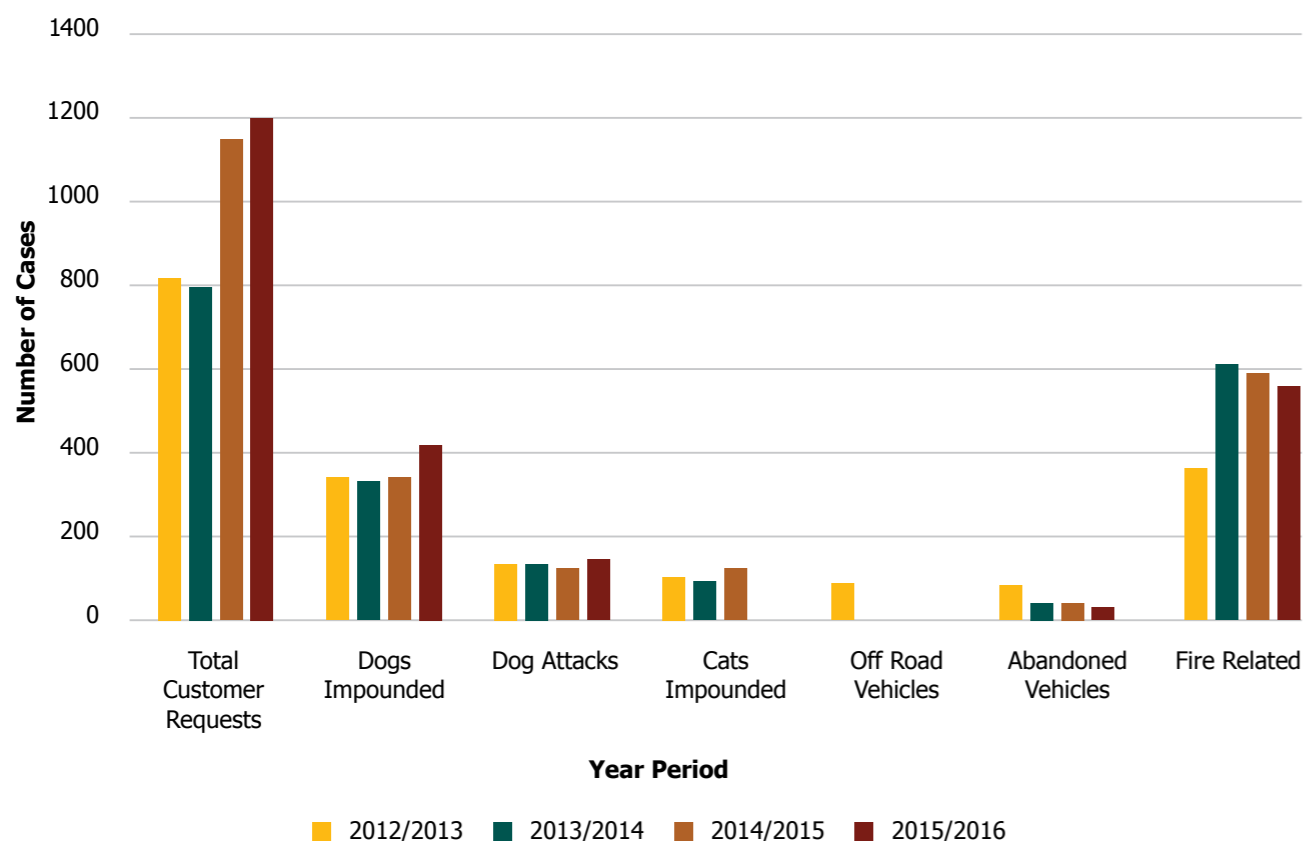
Following endorsement of the Community Safety & Crime Prevention Plan 2013-2018 a range of initiatives continue to be introduced and maintained. The Shire has also received a

grant to install CCTV at fixed locations identified by WA Police.

Community Safety Services help provide a safer environment for the community to enjoy using a variety of techniques to educate residents in relation to the keeping of dogs and cats, fire safety, parking and off road vehicles.

A variety of requests were received as indicated in the following graph.

Community Safety Statistics



E-Watch

Shire residents can subscribe to and receive regular updates via an email-based system connecting residents to their local police and council. Residents who join e-watch receive regular email updates on crime trends and statistics, safety initiatives, emerging issues and events specific to their area. The online newsletter is a free service provided through WA Police and Neighbourhood Watch and is proudly supported by the WA Local Government Association. The Shire of Kalamunda promotes the initiative through its website and encourages subscriptions regularly. The Shire also has access to send its own reminders and issue updates as needed.

Meet Your Neighbour project

The Shire of Kalamunda partnered with local community group All We Need Is Right Here (AWNIRH) to encourage residents to hold Meet the Neighbour events in their street. The premise being people not only feel safer but generally are safer if they feel connected to those in their immediate community.

AWNIRH promoted and organised several events, ranging from a coffee van turning up, to an IGA voucher that funded gatherings in someone's home or garden. These events were well attended with some resulting in up to 50 neighbours participating.



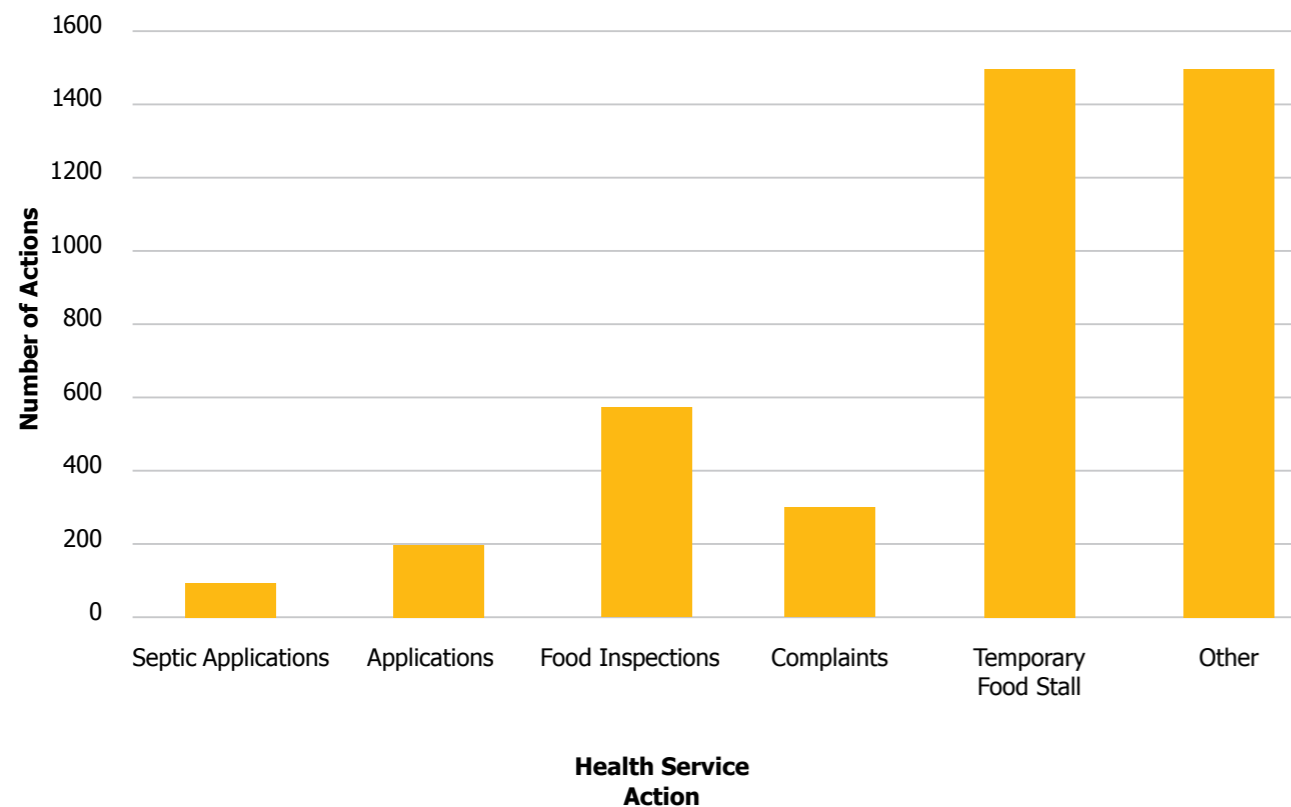


Health Services

The Shire's Health Service provides a range of services to the community to protect and improve public health. These services consider both the administration of regulatory duties as well as the implementation of the Community Health and Wellbeing Plan. Regulatory duties include approval

of applications, routine inspections and complaint investigation in a broad range of areas including; food premises, public buildings, skin penetration, hairdressers, effluent disposal, water sampling, noise monitoring, pest management, nuisance control and public safety. Around 3,000 actions were completed in 2015/2016 as shown in the below graph.

Health Services Actions



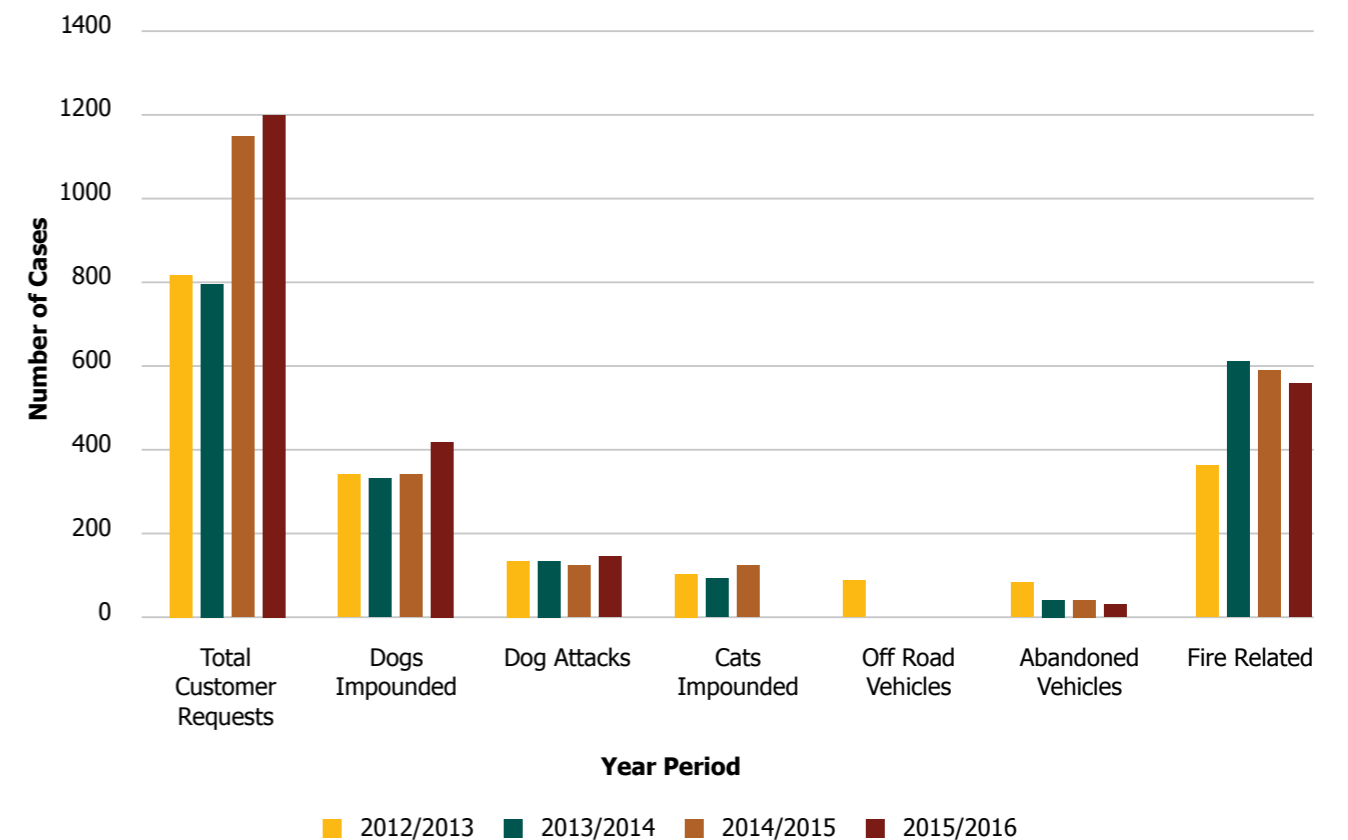
The Community Health and Wellbeing Plan 2013-2016 is in its third and final year of implementation and covers initiatives ranging from food plants for residents, a food gardening calendar, an asbestos sampling program and an environmental health guide for seniors. The Shire won two awards in the 2015 Children's Environment and Health Local Government Report Competition in the Shade in Public Places and Road and Active Transport Safety categories. It also received commendations in the categories for Young People Making a Difference in Communities, and Promoting Healthy Behaviors.

Community Safety Services help to provide a safer environment for the community to enjoy using a variety of techniques to educate residents in relation to the keeping of dogs and cats, fire safety, parking and off-road vehicles.

Wandering dogs and dog attacks continued to pose a risk to resident safety across the Shire and were a key focus. While the education of dog owners is a priority to address these issues, enforcement of offences against the Dog Act were also pursued. Eighteen successful prosecutions for serious offences were undertaken during the year.



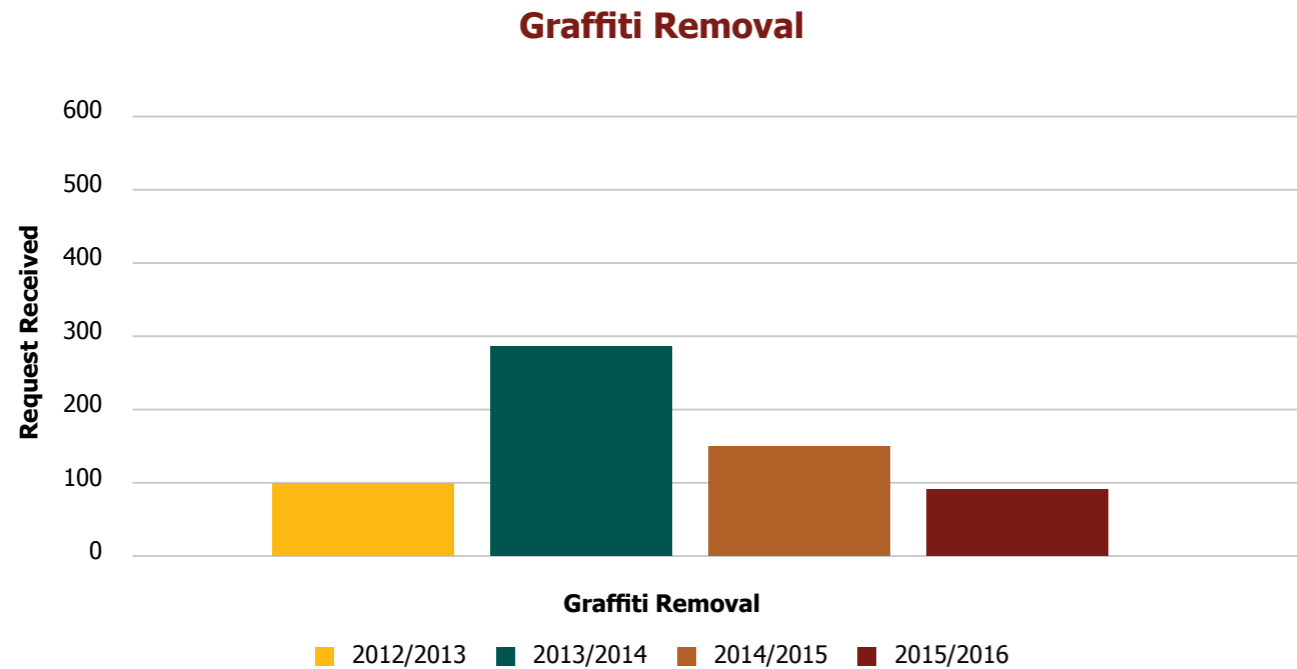
Community Safety Statistics



1.6 To ensure the Shire is free of antisocial graffiti vandalism

The Shire has a proactive graffiti removal program where all incidences of graffiti are removed irrespective of location. This has maintained low numbers of graffiti removal requests, with 92 requests received during the year.

All incidences of graffiti are reported to Forrestfield Police, and WA Police have started the rollout of state-wide reporting for better analysis of graffiti issues allowing improved enforcement. In 2015/2016 the Shire was successful in receiving a grant to implement this tool. The implementation will be undertaken in 2016/2017.



1.7 To create healthy environments and lifestyles for the community

The Shire's Community Health and Wellbeing Plan has entered its final year, with work to update the document also starting. As one of the plan's final outcomes, Council approved the appointment of a Health Promotion Officer. In addition, to establish a new and improved Community Health and Wellbeing Plan, the position will allow for more of the plan's initiatives to be actioned. One example of the plan's success to date, has been the introduction of the community kitchen, a program that has grown in popularity since its inception in 2013.

1.8 To support local community groups to grow, prosper and share the future of Kalamunda

Strategic club development pilot program - the Shire started a pilot program to assist one selected club to work with a consultant to prepare

a five-year Strategic Plan. The aim of the program is to support clubs to become self-sufficient and sustainable by looking at their current position and planning where they would like to be in five years' time. Hills BMX club were selected from nine applications to pilot the program.



Clubs 4 Life - the Clubs 4 Life (education program), in addition to the Community Funding Program, continue to be promoted, with valuable information and workshops available to all community groups, to support their growth and sustainability. Four workshops were held over the year covering First Aid, Safe Clubs 4 Kids and Changes to the Association Incorporations Act 2015 (WA).

Community funding program - this program supports local community and sporting groups through the Sport and Community Development fund as well as the Club Fundraising Program. The October 2015 round of Sport and Community Development funding received 20 applicants with 10 groups receiving funding. The Club Fundraising program received five applications with all five groups receiving funding. Overall 15 sport and community groups received a total of \$9,192 between them to assist with their projects.

The March 2016 round of Sport and Community Development funding received 17 applicants with 11 groups receiving funding. The Club Fundraising program received four applications with all four groups receiving funding. Overall 15 sport and community groups received a total of \$9,850 between them to assist with their projects.

1.9 To provide high quality community facilities to meet the needs of our community

Hartfield Park Recreation Centre - throughout the year 93,803 people attended the centre. This year Hartfield Park Recreation Centre introduced two new junior programs to cater for a diverse range of youth. These programs consisted of Music and Movement for children aged one to five and Sh'Bam for Young people aged between 10 and 15 years.



Les Mills GRIT - four Les Mills GRIT group fitness classes were added to the Group Fitness timetable which resulted in a positive response from members.



Crèche - additional Crèche activities were included in the current crèche service such as, Healthy Eating Day and Mini Movers, held on selected days. Both programs encourage healthy eating and keeping active.



Bookings - our permanent bookings have expanded to schools and other community groups to assist with individual healthy activity programs. Examples include Boogie Babes, Carmel Adventist College, Interwork, Heritage College, Kalamunda Shire Youth Program, Evolution Cheer, WA Institute of Tae Kwon Do, Global Mission church group, WA Liberal Party of WA, Hillside Christian College and multiple badminton/volleyball groups.

High Wycombe Community & Recreation Centre - throughout the year 53,406 people attended the Centre. Permanent user group bookings at High Wycombe Community & Recreation Centre have increased since 2013/2014 financial year. This is predominately due to an increase in bookings such as; engagement parties/sport presentations, kitchen hire and general small to medium social family ceremonies.

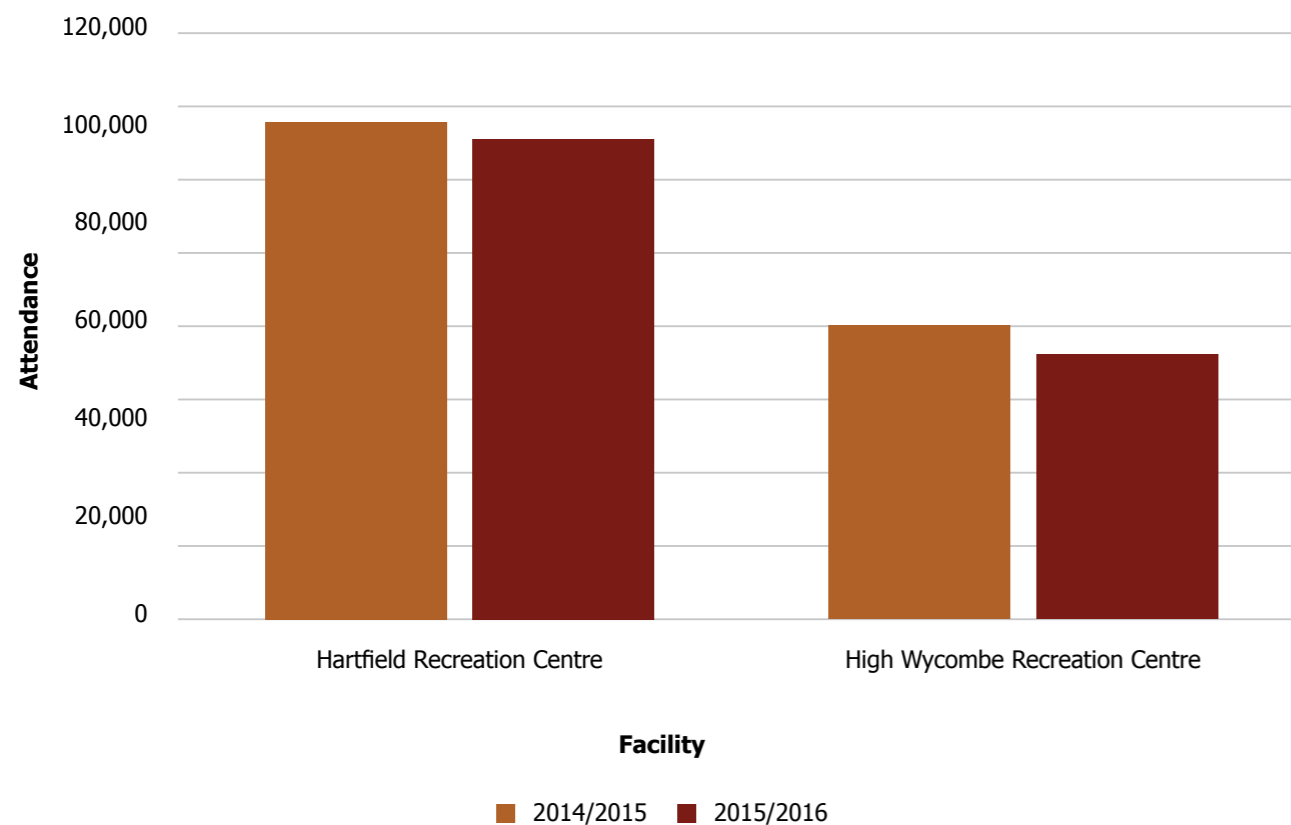


Kid's Cooking Club – this year Kid's Cooking Club, held during the school holidays, hosted extra classes due to popular demand. This program also benefited from an improvement in menu options which included vegetarian, meat and poultry.

Zumba for kids – Zumba for Kids, a previous High Wycombe Recreation Centre junior program was

replaced with a Soccer for seven to 11-year-olds, junior program which has resulted in a positive increase of interest and attendance. The students who preferred a dance-based junior program were encouraged to join the successful Hartfield Park Recreation Centre Junior Sh'Bam class, therefore the remaining Junior Zumba Kids students were also accommodated.

Attendances to the Recreational Facilities



Ray Owen Sports Centre – Ray Owen Sports Centre continues to be one the Shire's premier regional sporting facilities, catering for basketball and netball. Term programs run at the Centre including the Live Active class. Two major sporting associations run their competitions at Ray Owen. Kalamunda Districts Basketball Association (KDBA) conduct competitions and coaching sessions Monday, Wednesday and Thursday afternoon ranging in ages from five years through to adult. KDBA is home to the Kalamunda Eastern Suns which represents Kalamunda in the WA Basketball League (WABL). KDBA also hosts WA Basketball League completions and State Basketball competitions on the weekends.

Kalamunda Districts Netball Association (KDNA) conducts its Saturday Winter program from May to September which boasts close to 190 teams ranging in age from five years to adult. KDNA has teams representing the Association in various carnivals during the year as well as State competitions. KDNA hosts a very successful Home and Away competition on Friday nights, a social competition on Tuesday nights, along with Spring Netball. KDNA also hosts Regional and State League games during the year.

1.10 To support families with young children

Constable Care child safety – the Shire continues to partner with the Constable Care Child Safety Foundation to deliver safety, crime prevention and citizenship theatre-in-education performances to primary schools and early learning centres. The Shire of Kalamunda continues to be an active member of the Zig Zag Early Years Partnership. Shire facilities also continue to host playgroups within the community.

KidSport – the Shire once again administered the State Government's KidSport program, enabling families in financial hardship to have their children's junior sporting fees paid up to the value of \$200 and for providing uniforms. KidSport make it possible for Western Australian children to participate in community sport and recreation in the face of their limited financial circumstances. KidSport will allow eligible youth aged five to 18 years to apply for financial assistance towards club fees. The fees go directly from the Shire of Kalamunda to the registered KidSport club participating in the project. From 14 November 2016, parents and guardians will be able to apply for KidSport online, with paper-based forms still available if the internet is not accessible.

Library family activities – Library Services hosted a range of activities to support families with young children including free weekly rhyme time and story time sessions at all libraries. Various additional special activities were held during the school holidays, for example Lego sessions, Magic Shows, meeting wildlife such as snakes, possums, a koala, an echidna and learning all about domestic animals such as dogs, cats, chickens and guinea pigs.





Goal 2: Kalamunda Interacts Providing our people with enjoyment

2.1 To stimulate active participation of the broader community in artistic practice through collaborative cultural development

The Shire of Kalamunda continues to be a community with a strong cultural connection evident through community events, a performing arts centre, cultural centre, art gallery, art and music programs, historic heritage, and a love of the natural environment.

The Zig Zag Cultural Centre, Kalamunda Performing Arts Centre and Kalamunda History Village continue to be well used cultural spaces for locals and visitors to the Shire. These assets embody a collaborative approach between artists, community

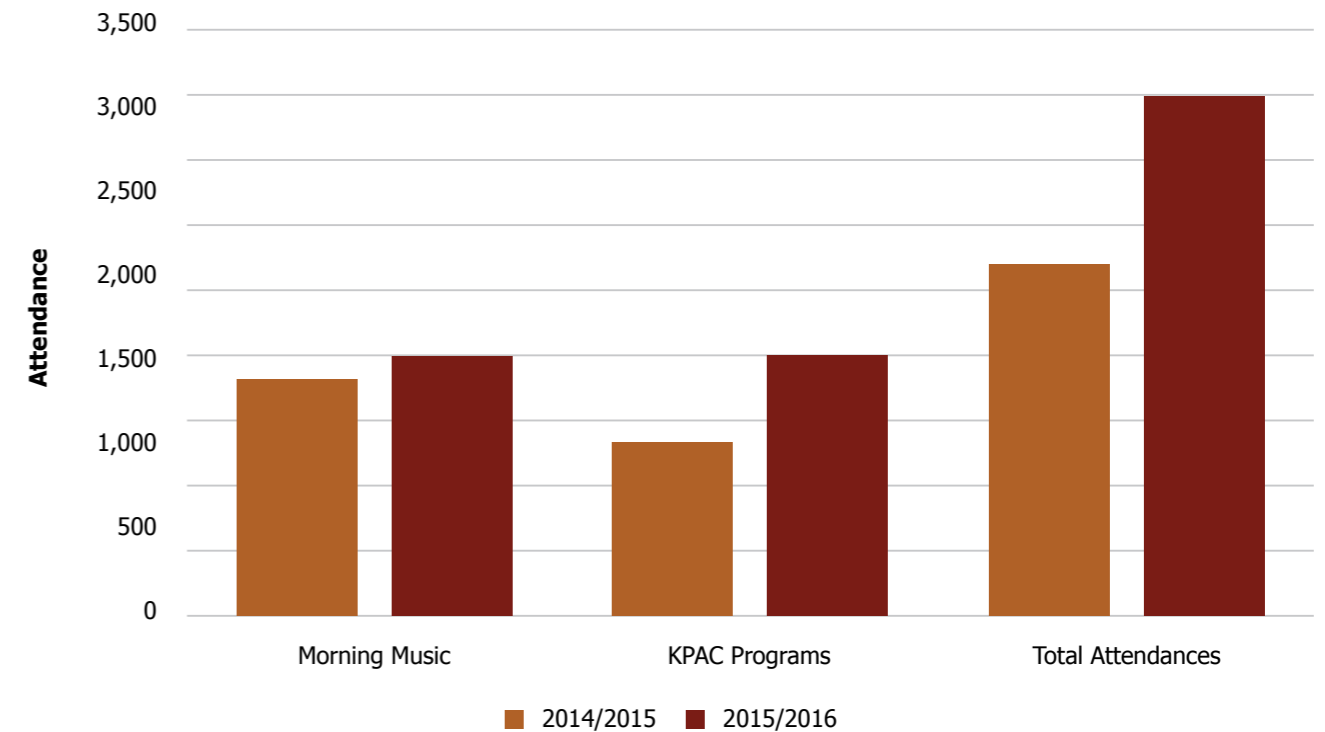
groups, youth, seniors, schools and businesses to deliver culturally influenced events, programs and activities to the community.

The Upper Lesmurdie Falls project, coordinated by the Lesmurdie & Districts Community Association with the support of several partners including the Shire, is one example of a collaborative cultural development program due for completion later in 2016. The project comprises environmental, artistic and tourism elements such as path trail enhancements that will attract and accommodate locals and visitors to appreciate nature in conjunction with beautiful city views.

2.2 To provide high quality and age appropriate entertainment for the benefit and happiness of our community

Kalamunda Performing Arts Centre

Attendance Numbers to Shows



Theatre shows

Kalamunda Performing Arts Centre hosted 19 different professional performances in 2015/2016. The ever-popular Morning Music program delivered 11 performances throughout the year. Morning Music takes place on the first Wednesday of the month and was attended by 1,478 people in 2015/2016, with an average of 134 people per show. Income totaling \$17,244, with an average of \$1,568 per show was generated throughout the financial year. The successful format of a social morning tea, followed by a concert continues to get great reviews from the regular local and visiting patrons. Highlights of a successful year included:

- Australia Day – a Satirical play written and directed by Jonathan Biggins
- Comedy Gold – the best of Adelaide Fringe Festival
- Ali McGregor – “Alchemy” Unique Jazz Hybrids and Standards

- Masina Miller – a tribute to Carol King’s famous ‘Tapestry’ album
- Grigoryan Brothers – award-winning classical guitarists
- Matt Hale – “Hypnolicious” comedy hypnotist
- Bobby Fox – “4 Seasons In 1 Night” a tribute to Frankie Valli
- Educating Rita – a comedic play by Willy Russell





Community use

The Agricultural Hall attracted a wide range of community groups who hired the space for a variety of activities. These groups included:

- Local Senior High Schools
- Local Primary Schools
- Local Junior Sporting Club
- Dance Academies
- Prime Movers
- Tai Kwon Do
- Pilates
- Fitness Classes
- Kalamunda Showtime Singers
- Toastmasters
- Kalamunda Agricultural Society

Zig Zag Cultural Centre

Perth Hills Visitor Centre

The Zig Zag Cultural Centre, incorporating the Perth Hills Visitor Centre and Zig Zag Gallery, saw 37,220 visitors in 2015/2016. This represents a reduction of 4% compared to 2014/2015. The centre was again a finalist in the Western Australian Tourism Awards in the category of Visitor Information and Services and continues to attract visitors looking to source local tourism information.

The Visitor Centre gift shop achieved \$48,653 of merchandise sales in 2015/2016, an increase of over 12% on 2014/2015. The gift shop continues to provide popular local and regional products evidenced by the significant sales growth.

Regular tours of local tourism venues enable staff and volunteers to be continually updated about Perth Hills tourism products available. This first-hand knowledge is key to delivering quality customer service to visitors and locals.

Art Gallery

The art exhibition space, located within the Zig Zag Cultural Centre, continues to attract quality artists and exhibitors. Exhibition highlights for the year included:

- Burnt Offerings – exhibition of works by Sandie Schroder and Barbara George.
- Kalamunda Lions Club Arts Awards – art prize open to community artists
- Black, White plus Random Colours – exhibition of works by John Baldock
- Spring in the Hills Photographic Exhibition – Gem Camera Club

- Youth Arts Fest – competition and exhibition for local young artists
- Bush Dreaming – exhibition of works by Trenton Harris

Kalamunda History Village

The Kalamunda History Village is a unique, popular tourist and education attraction for locals, visitors and school groups. It attracted 11,801 people in 2015/2016, in comparison to 12,949 in 2014/2015. Throughout all school terms, weekly bookings remained at capacity, with schools consistently looking to book well in advance due to demand exceeding the number of available days. The Kalamunda and Districts Historical Society and its volunteer members in conjunction with Shire staff continue to collaboratively manage the site grounds, building and historical artefacts whilst providing a high level of customer service to schools, visitors and locals.

Men's Sheds – The Kalamunda Men's Shed on Falls Road Lesmurdie and the Foothills Men's Shed on Anderson Road Forrestfield, continue to service a collective membership of approximately 140 men. The Kalamunda Men's Shed undertook a significant refurbishment project designed to better segment the various interests, social and educational areas of the shed. Both Men's Sheds continue to provide an outlet for the membership to get involved in creative shed activities in a sharing, social environment.

Stirk Park Master Plan – Stirk Park is widely recognised as the Shire of Kalamunda's premier park. The Shire's Community Facilities Plan, which guides the development of public facilities in the Shire, recognised the need to enhance Stirk Park to a more contemporary, district level park with play spaces and social spaces for the community.

In March 2016, TPG and Emerge Consultants were engaged to begin a master planning process for Stirk Park. During the months of April to June 2016 a comprehensive community engagement and consultation phase attracting over 650 responses from the community was conducted.

Next the consultants will re-engage the community and seek further feedback on concept designs.

2.3 To encourage and facilitate healthy lifestyles through regular participation in recreational and leisure oriented activities



KidSport – the Shire received \$125,000 in funding from the Department of Sport and Recreation to administer the KidSport Program. This program assisted more than 600 children between the ages of five and 18 to participate in community sport and recreation.

Kalamunda sporting precinct and development – this year has focused on completing the Kostera Oval Redevelopment Project. The Shire has now doubled the size of the playing fields and upgraded the drainage, reticulation and turf quality of the new multi-use surface and installed a top-quality turf cricket pitch that does not impact on the winter sports fields.

Forrestfield Skate Park – the Shire has finalised the new skate park located at Hartfield Park Reserve. The skate park hosted a fortnightly Ramp It Up Sk8 Series along with various skate clinics throughout the year.

Kalamunda Sports Star Awards – this annual event recognises and congratulates local junior athletes who were successfully awarded funding through the Shire's Kalamunda Sports Star Funding Program. In November 2015, 58 successful applicants were awarded with Australian cricketer Brad Hogg delivering a motivational speech on the awards night. The funding assists athletes with travel, accommodation and other costs associated with selection to State or National teams. In 2015/2016 \$11,700 was contributed to Shire of Kalamunda sporting stars.



Bike Week – The Shire held its Annual Bike Week celebrations with the yearly community bike ride event. The event was held on the Kalamunda Rail Trail in partnership with Rock 'n' Roll Bike Hire, Kalamunda Mountain Bike Collective, Kalamunda Water Park and Lions Forrestfield. Participants enjoyed a guided ride along the trails, a free sausage sizzle, free bike use and admission to the Kalamunda Water Park for the day.



Kalamunda Water Park - more than 44,000 people attended the water park during the season. This popular facility continues to offer an eight-lane, 50 metre pool catering for lap and leisure swimmers. It also offers plenty of water space containing inflatable toys, lap lanes and some free play areas. The two smaller pools were also popular helping to improve children's confidence in the water away from the hustle and bustle of the Olympic-sized pool.

Young families enjoyed the additional shade around the Kiddies Play Area, with the splash pad providing toddlers and young children with an introduction to the Park. In line with 'Watch Around Water' requirements, strong educational promotion ensured all families were aware children under the age of five, must be accompanied in the water, within arms-reach, by a responsible adult.

Other special events included the Australia Day celebrations and Easter Party, which were favourites with the local community.



2.4 To be a community that values life-long learning

Author talks and workshops – Library Services held many successful events this year including meet the author with one of Australia's best storytellers, Judy Nunn. Dr Lynne Milne spoke about forensic science and the use of pollen to solve crimes and Shannon Loveday talked about WA Gallipoli heroes. The first workshops in the highly popular Smart and Sustainable series began in 2016 together with writing workshops and an information session on planning for the future by the Public Trustees, this continues the Library Services' commitment to providing learning opportunities for the community.

Kalamunda library refurbishments – this year Kalamunda Library received a facelift with new carpets, paint and a new ceiling. Staff took the opportunity to alter the layout of the collection, creating more spaces for seating and study areas. New public computers were installed, offering an improved service to library visitors.



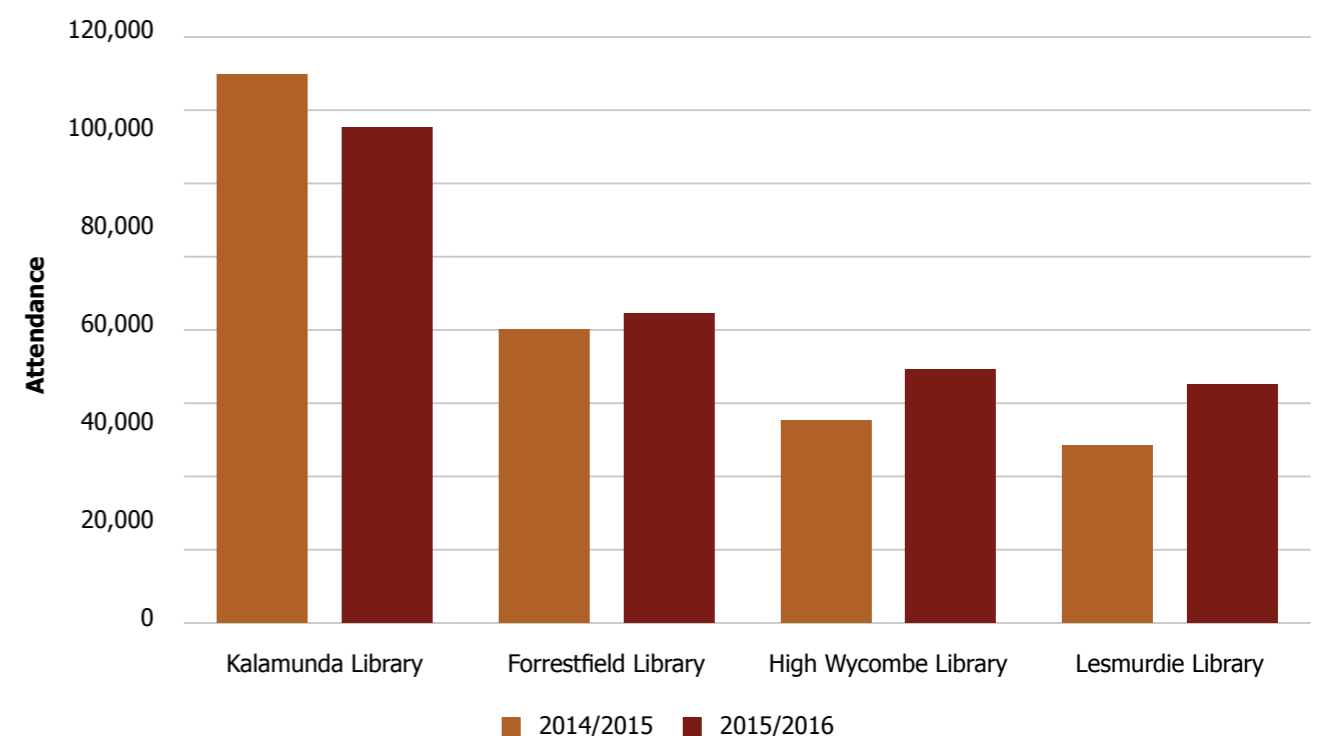
Resources - whilst access to online and digital resources continues to increase with over 13,000 e-resources loaned, the Library Services' physical collection still brought 255,970 people to the four libraries in the Shire with 346,315 items loaned during 2015/2016.



School holiday programs - over 1,100 children enjoyed the school holiday programs this year based on Lego, Magic and Wild Things themes. Eight local schools participated in Children's Book Week celebrating Australian literature with 647 students and their teachers listening to local and interstate authors and illustrator talks about the writing process. The Shire also continues to

support the Better Beginnings program, a collaboration with the State Library of Western Australia and Rio Tinto, promoting the value of reading and developing lifelong readers. Over 1,458 Better Beginnings bags were distributed to child health centres and Kindergarten classes from all our public libraries.

Visitations to Shire of Kalamunda Libraries





Goal 3: Kalamunda Clean and Green

Caring for the natural environment

3.1 To clearly identify the Shire's role in protecting, promoting and enhancing the environmental values and biodiversity of the Shire in partnership with the community

Friends group assistance

The Shire worked with the many friends groups to remove woody weeds, grassy weeds and undertake revegetation activities. Assistance for weed control was also provided to the Friends of Jorgenson Park, Poison Gully and Anderson Road Reserve.

The development of Action Plans with groups has continued.

Environmental Services in conjunction with the Shire of Mundaring delivered the Mundaring/ Kalamunda Friends Group Celebration on Saturday 13 June. Forty Friends Group members from across both Shires enjoyed a light lunch at Lake Leschenaultia in Chidlow. The networking event

provides volunteers with the opportunity to talk about their site, achievements and compare what works for them.

On Friday 17 July, the first Friends Group Coordinators workshop was delivered. Twenty-two groups were represented and discussion included: lessons learnt, tips and activities, environmental issues and threats, upcoming workshops, herbicide application and identifying training options. Twelve groups and their sites were recognised for achieving the completion of their site-specific plans.

Some Friends Group volunteers attended a Green Card training session with volunteers from the Shire of Mundaring. Topics covered at the session included working safely with chemicals and bush regeneration techniques. This is part of the Bush Skills for the Hills program.

Grab a gladdie

During October, volunteers from ten of the Shire's Friends Groups removed copious amounts of the invasive Gladioli weed from their respective bushland environments. Over 60 hours of work was undertaken and all the reserves are looking much more flora and fauna friendly. Great effort by all!

For the third year in row, the Shire's executive team also joined forces to help remove Gladioli from the Maida Vale Reserve on Watsonia Road. The team noticed a clear reduction in the amount of Gladioli present in the reserve, due to the dedicated efforts of previous years.



Bush skills for the hills

On Saturday 27 June, 20 keen and adventurous youngsters and adults from across the eastern region attended the Creek Lines and Critters Workshop at Poison Gully in High Wycombe as part of this year's Bush Skills for the Hills program.

Participants learnt about the importance of plants, animals and fungi for creek line ecosystems by helping to reduce erosion and by experiencing how wildlife improves people's enjoyment of natural areas. Kids young and old searched through leaf litter, scooped up water bugs with nets and trays and used their eyes and ears to identify over 65 species of plants or animals in the region.



A workshop was also delivered by Kanyana Wildlife and Rehabilitation Centre to raise awareness of wildlife rescue and appropriate techniques. Staff learnt how to handle injured wildlife, identify signs of wildlife and developed a greater understanding of local wildlife found in our local environment which ranged from mammals, birds and frogs. Two workshops were also held for volunteers.



The Shire hosted a Great Gardens Workshop on 21 October promoting water wise gardening in local conditions including plant selection, reticulation and soil amendment and health which all lead to reduce water consumption and garden resilience. The event was well received being attended by 34 community members.



3.2 To protect and enhance the Shire's local bushland reserves, local natural areas and biodiversity conservation areas

Roadside vegetation and conservation values

On 14 June the Roadside Conservation Committee presented the results of roadside assessments undertaken over two Spring seasons using 220 volunteer hours.

The information provided an overview of the conservation status of roadside remnant vegetation in the Shire. Results indicated 42% of the roadsides surveyed in the Shire had high conservation value.

Remnant vegetation roadsides are important corridors and some in the Shire also contain rare and priority flora that need to be protected.



Plants for residents

The Shire's annual Plants for Residents program was held on Sunday 7 June. The event is always well attended by the wider Kalamunda community. The program delivers anywhere between 8,000 to 11,000 plants.

This year 2,000 fresh strawberry plants were also available to the community for free through collaboration between Environmental Services and Environmental Health.

The program gives away free native plants to residents and encourages:

- the removal and replacement of weeds with native plant species;
- the introduction of native plant species to private gardens across the Shire;
- the promotion of water wise plants into private residences; and
- the improvement of habitat values in home gardens to benefit amenity values and corridor linkages for wildlife.



Commemorative tree planting

Commemorative tree planting took place in July at three locations.

1. Lenihan Corner, Wattle Grove,
2. Federation Gardens, Forrestfield and
3. Jorgenson Park, Kalamunda

A total of 85 families with children born within the year participated in the event where a tree and plaque were positioned in the local park.

Green Army projects

The Green Army is a federally funded grant program, the Shire's contribution has been materials and in kind support. Teams of up to nine young people aged between 17 to 24 years have been undertaking a diverse range of practical hands-on environmental works in Kalamunda, Forrestfield and Wattle Grove to help enhance and protect the Shire's natural environmental areas. The Green Army is a hands-on, practical environmental action program that supports local environment and heritage conservation projects across Australia.

A recent collaborative example was undertaken at Jorgenson Park to construct a rock drainage runway below the car park, as the area had become an erosion channel due to higher rainfall and water run-off. The Green Army team positioned the smaller sized rocks and planted the area with rushes.

The Green Army has also worked with the Kalamunda Men's Shed to construct and paint nest-boxes to be installed at Anderson Road Reserve for birds and bats.

Construction and planting of the Seed Orchard at

Federation Gardens in Forrestfield was finalised. The plants will be used to collect seed for local provenance propagation in the future.

Areas around the lake of Federation Gardens have been planted with aquatic vegetation to improve habitat for frogs and birds, improve water quality and aesthetics. Wire frames and netting were used to protect these plants from the wetland birds.

The Green Army team also learnt about stormwater run-off and the water quality issues it can create in our wetlands. The presence or absence of certain macro-invertebrates are good indicators of water quality and a session on macro-invertebrate sampling and identification was held.

Seed was collected from a variety of reserves including species such as Marri, Calothamnus, Melaleuca, Isopogon, Eucalyptus, Hakea, Allocasuarina and Petrophile. This seed will be used in the Shires revegetation program.

A total of 288 trees were stem injected with phosphite to reduce the impacts of dieback at the Hartfield Park Country Club and 29 at Anderson Road Reserve in Forrestfield. An estimated 1,200, 20litre bags of unsightly and damaging rubbish has been removed across all sites.



3.3 To reduce the Shire's carbon footprint and prepare the Shire for adapting to the impacts climate change

The Shire continued its carbon emission monitoring through the Greensense program, keeping a database to record electricity, fuel and gas use. The collection of data includes electricity, gas, fuels (unleaded, diesel) and street lighting. This is entered into the Greensense reporting platform.

The introduction of energy efficient lighting continues with an upgrade to the lights in the Kalamunda Library car park, the car park lights at KPAC and the Hartfield Park Rugby Club. The replacement of the ceilings in the Kalamunda Library presented an opportunity to replace the ceiling insulation and reduce heat loss in Winter and heat gain in Summer. The installation of sub metres at various facilities also allows for better monitoring of energy use.

The Shire of Kalamunda now includes hybrid cars in the mobile fleet as an alternative to unleaded vehicles. The Shire is also starting to see more solar panel installation, with interest at the Hartfield Park Country Club and the Lesmurdie Men's Shed. The Shire has also engaged the services of Eco-advance for energy audits at various facilities.

3.4 To manage the use of water sustainability within the Shire of Kalamunda

The Shire of Kalamunda retained its water wise status for the financial year 2015/2016. This initiative is coordinated by the Department of Water and the Water Corporation. The successful completion of the criteria highlights a commitment to saving water and improving water quality. Initiatives have included the following.

- Delivery of Great Garden workshops which covered topics such as improving soils, reticulation, landscaping and weeds
- Aeration and grass thatch reductions allow water to penetrate to root zones in our sports fields
- Use of terracottem, a soil conditioner in the construction of Kostera Oval
- Water audits undertaken at 17 homes in Gooseberry Hill, Forrestfield, Maida Vale, Lesmurdie and High Wycombe which provides savings of up to 2,336 Kl/yr.
- 2015 Plants for Residents Program, with about 7,000 plants given away
- Community Group Revegetation Program with 13,000 plants distributed to 25 friends groups for planting on local reserves



- Green waste collection - residents are also able to drop green waste off at the local transfer station free of charge.
- Reticulation staff attended an Irrigation Efficiency Course

The Shire has utilised 344,000kl less than the volume allocated under the Shire's water licence which is 165,000kl less than the Shire used at the same time last year.

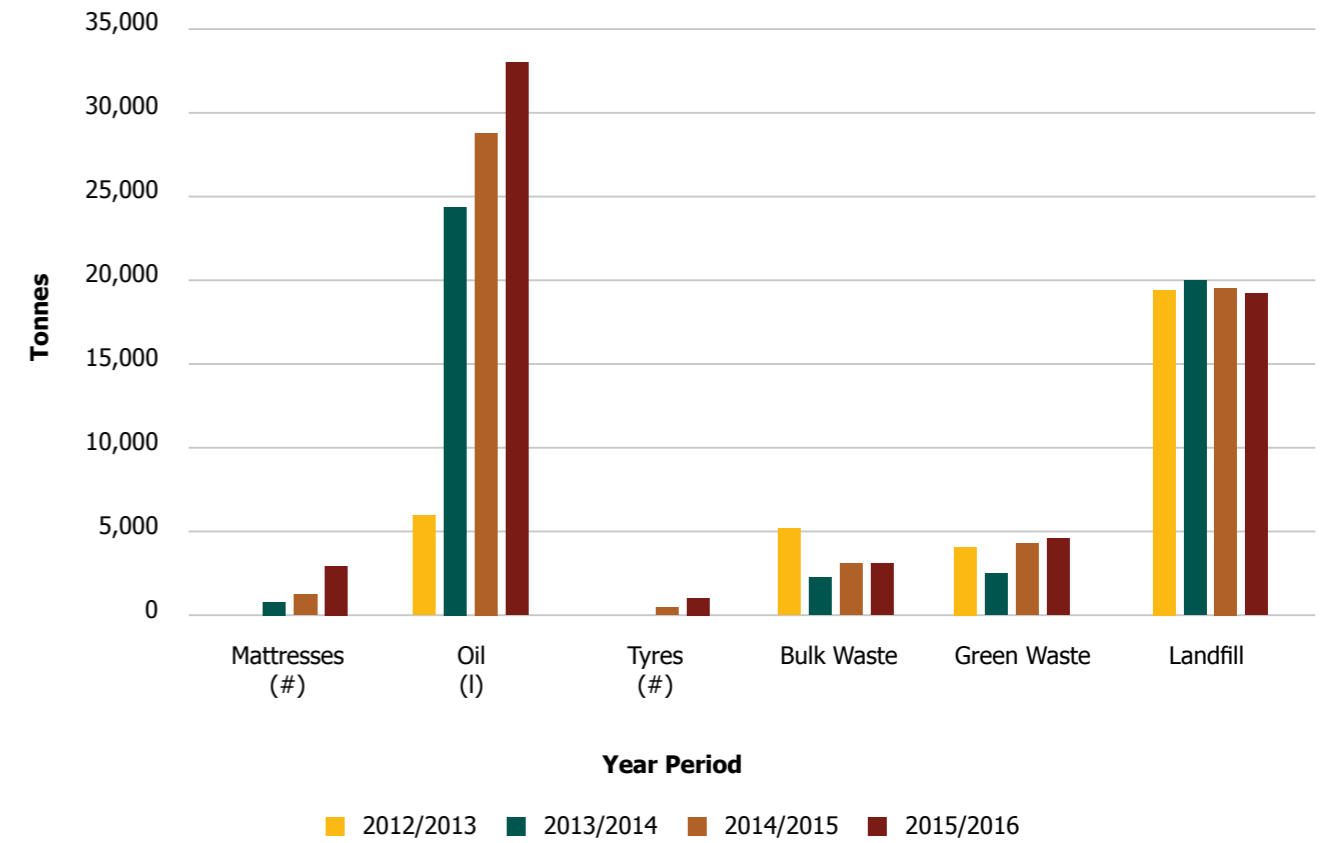
The main reasons for these achievements in 2015/2016 is ongoing good water management and establishment of the resurfaced Reid Oval in 2014/2015.

3.5 To reduce the amount of waste produced and increase the amount of reuse and recycling of waste

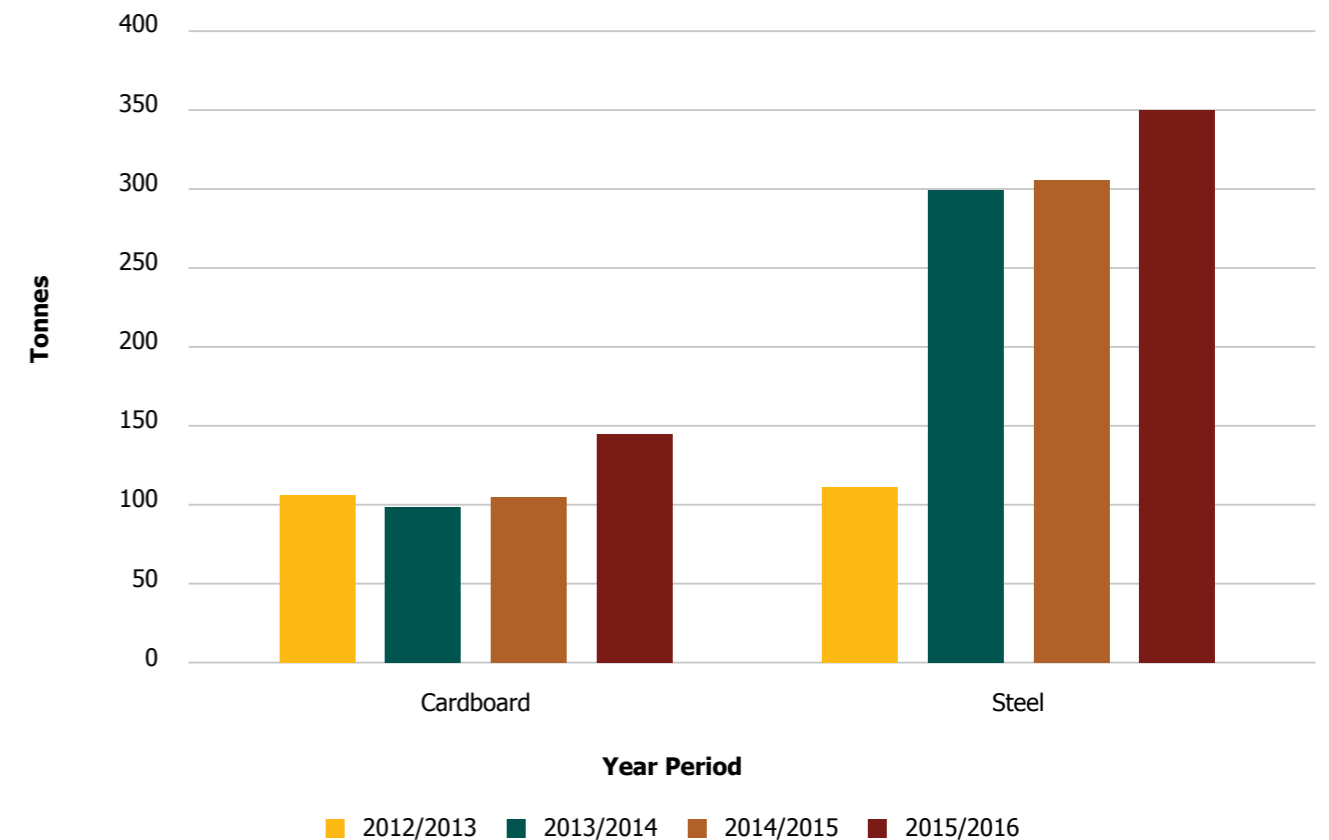
The volume of waste generated in the Shire continues to be a concern, with the per-property volumes produced being higher than any other Eastern Metropolitan Regional Council member council. There has been a small improvement in recycling rates, increasing to 43% for 2015/2016 (up from 30% in 2014/2015).

Significant improvements have been made at the Walliston Transfer Station. Household waste service is an area which requires ongoing attention.

Waste Volumes

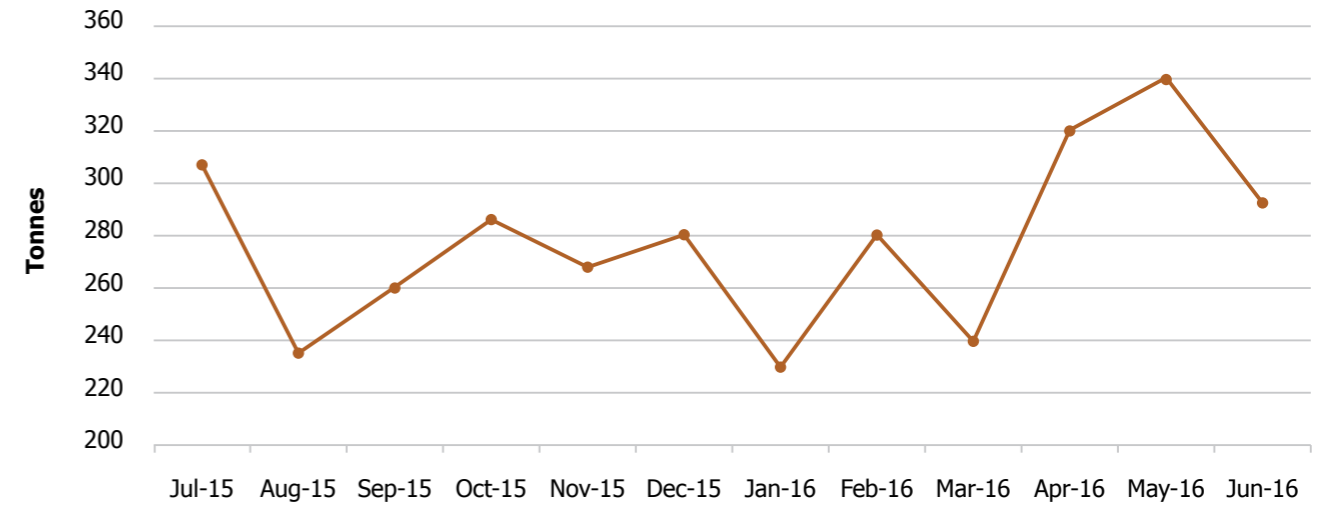


Cardboard and Metals Recycled

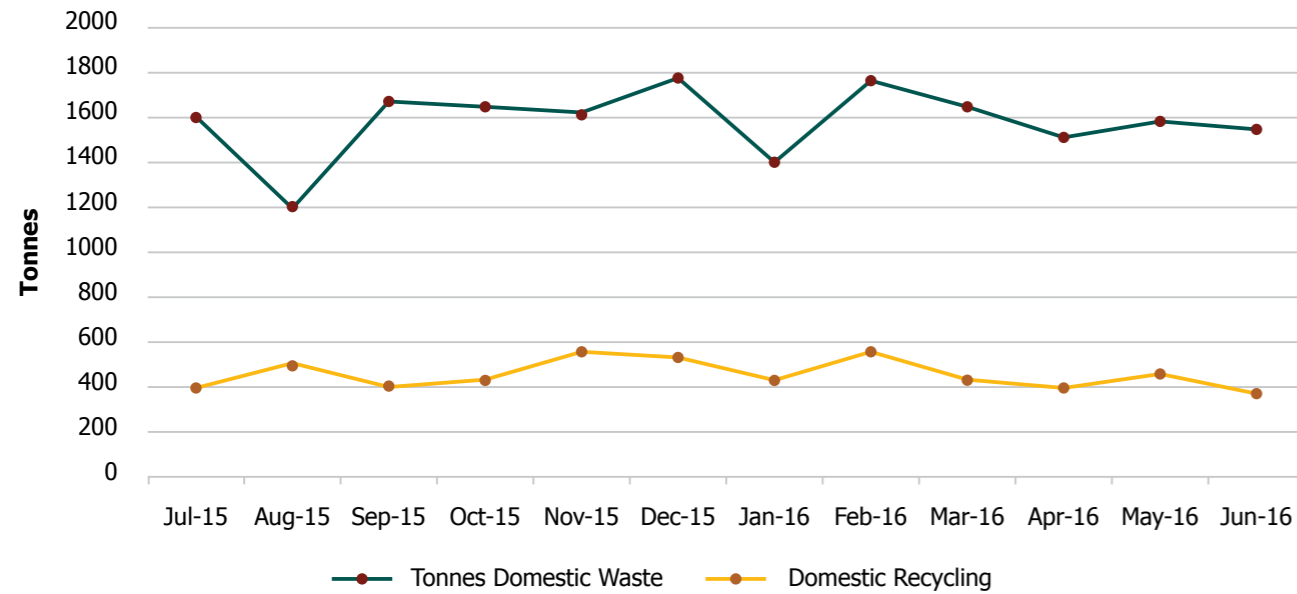




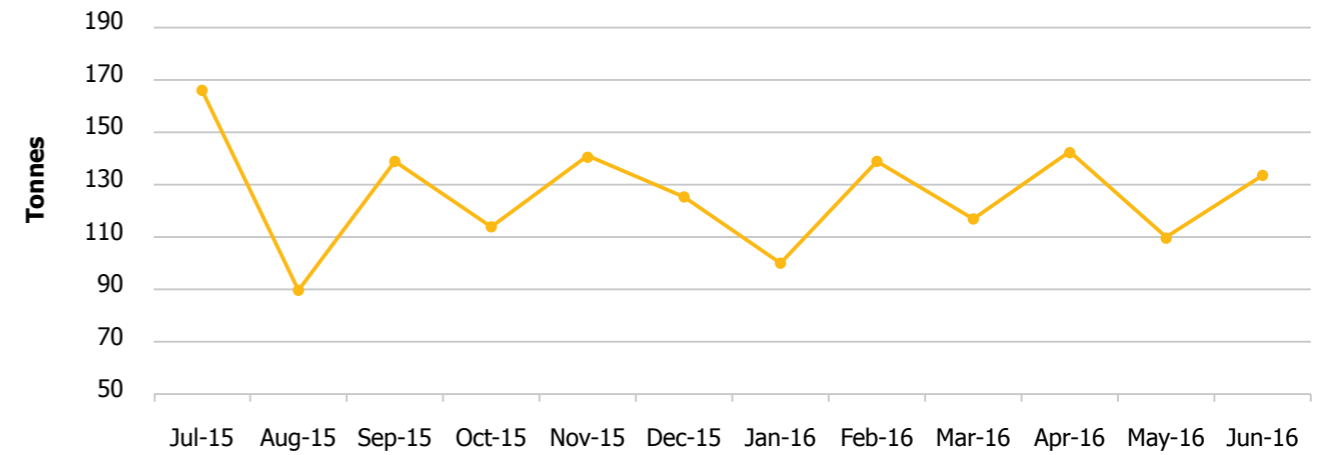
Waste Skip Bins - Montly Tonnes Collected



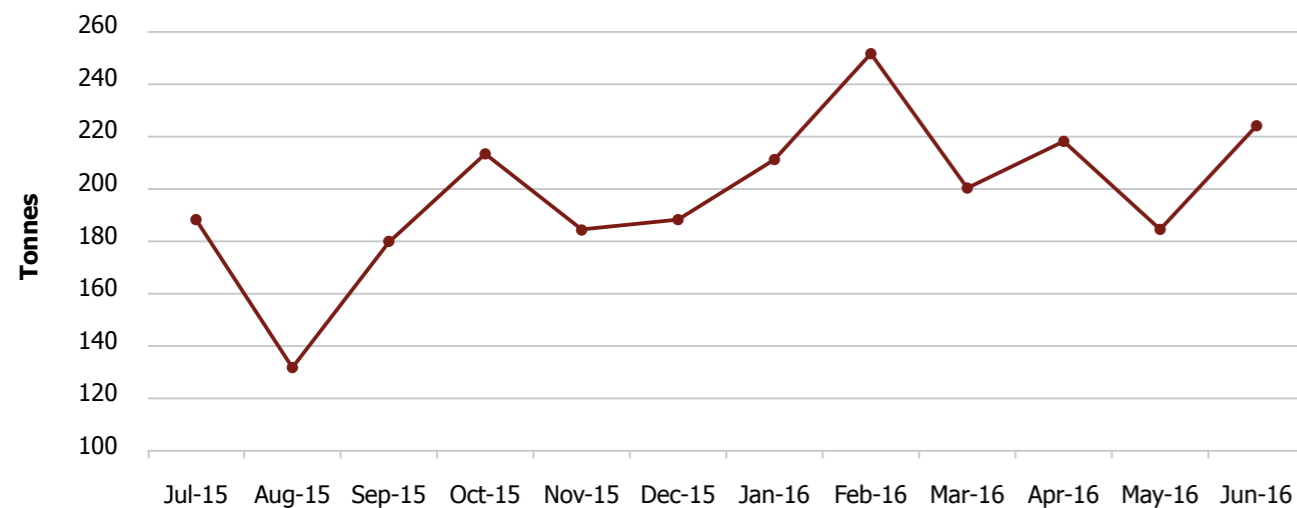
Household Bins Tonnes per month



Green Waste Skip Bins - Monthly Tonnes Collected



Total Monthly Tonnes received at the Transfer Station



3.6 To ensure the Shire’s contaminated sites are reclassified to enable future land use

The Shire engaged a consultant to address community concerns at Ledger Road Reserve. This included preparing a Preliminary Site Investigation report. It was also identified that investigative gas migration works need to be undertaken at the Dawson Avenue former landfill site.

In this financial year Alan Anderson Park presented with an increasing number of undulations and sink holes, deeming it unsafe for community use. The Department of Environment and Regulation (DER) has classified the site as ‘possibly contaminated – investigation required’. An October 2015 geotechnical study found remnants of crushed car bodies, large tree roots, general waste and asbestos. At the start of 2016, the Shire began consulting with the community about the future

of the site. Considering community feedback and advice, Council endorsed the recommended actions toward conducting a Preliminary Site Investigation (PSI) and restoration of the site as advised by DER and Department of Health.

Works were also undertaken to remove the asbestos eaves lining at the Jack Healy Centre. There was significant damage in several areas, with all the lower eaves on the building scheduled for replacement.

The Shire of Kalamunda has also progressed the planning for Forrestfield North. This will include preparation of a Structure Plan which will consider the planning use options for the former Brand Road Landfill Facility and make recommendations as to how the site is best used as part of the future redevelopment of the area.



Goal 4: Kalamunda Develops Using our land and assets diversely and effectively

4.1 To ensure land use plans provide long-term sustainable population growth

Pickering Brook Townsite Expansion – Metropolitan Region Scheme Amendment

In March 2016 Council requested the Western Australian Planning Commission (WAPC) to initiate a Metropolitan Region Scheme Amendment (MRS) amendment to rezone the Pickering Brook Townsite Expansion Area from Rural to Urban.

In response to the request the WAPC have requested that the Shire prepare technical studies relating to Bushfire Management to support the MRS amendment request. The findings of the study and the implications for the MRS amendment proposal are being discussed with Department of Fire and Emergency Services and the Department for Planning.

Forrestfield North

When State Government announced a decision to proceed with the construction of Forrestfield-Airport Rail Link, the Shire was tasked with considering the planning land use opportunities for the surrounding areas of Forrestfield and High Wycombe. The long-term vision for Forrestfield North is to create an attractive, vibrant and sustainable urban setting with high landscape amenity focused on medium and high density housing with access to surrounding employment opportunities.

4.2 To effectively plan for the diverse range of housing stock that will be required to meet the social and economic needs of the Shire’s changing demographics

Local Housing Strategy

The Local Housing Strategy builds on the work already undertaken as part of the Local Planning Strategy, and provides recommendations for future residential density recordings and amendments to Local Planning Scheme No.3. The strategy establishes a framework to address current and future housing needs and make recommendations to accommodate a variety of housing choices. This will include for the aged, for people with special needs and cater for affordable housing.

A key recommendation of the Local Housing Strategy was to introduce dual density codes to encourage new development which would contribute positively to the built environment and streetscapes of Forrestfield, High Wycombe, Maida Vale and Kalamunda. Scheme Amendment 82 – Dual Density Code was granted final approval in June 2016. The amendment is with the Western Australian Planning Commission for consideration. At its determination, the Shire will progress a local planning policy and elaborate on the criteria to allow for the redevelopment of properties at the higher density code, to ensure positive built form and streetscape outcomes.

Review of the Local Planning Scheme No.3

The Local Planning Scheme is the principal document used for the management of private land in the Shire. It zones and reserves land and sets out use and development standards.

There is a legislative requirement for all local authorities to review their Local Planning Scheme, to ensure it represents an appropriate and contemporary legal and technical framework. The Shire will be starting a review of the local planning scheme in 2017/2018.

Scheme Amendment 74 introduced several changes to the scheme text aiming to provide clarity and assist in the procedural and governance aspects of the Shire’s development control responsibilities. The amendment was endorsed by the Western Australian Planning Commission in June 2016, subject to a number of changes which the Shire

is progressing in consultation with the Western Australian Planning Commission.

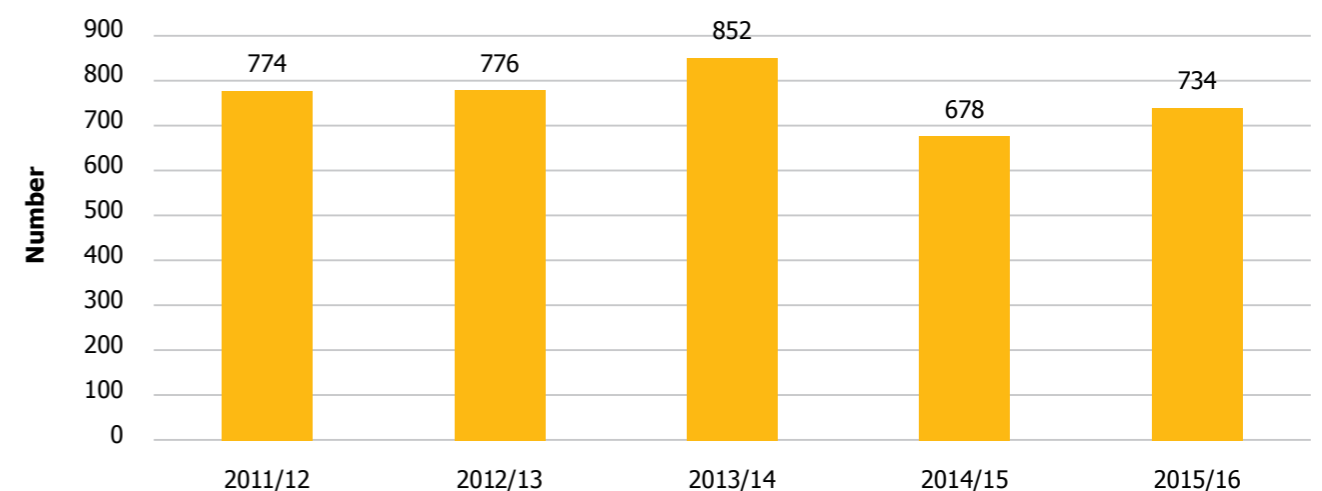
4.2 To ensure that the Shire’s development is in accord with the Shire’s statutory and legislative obligations and accepted urban design planning standards

All development is assessed against the provisions of Local Planning Scheme No.3, adopted policies and other relevant legislation. Land use compliance is undertaken resulting in negotiated outcomes or the issuing of directions and penalties where appropriate.

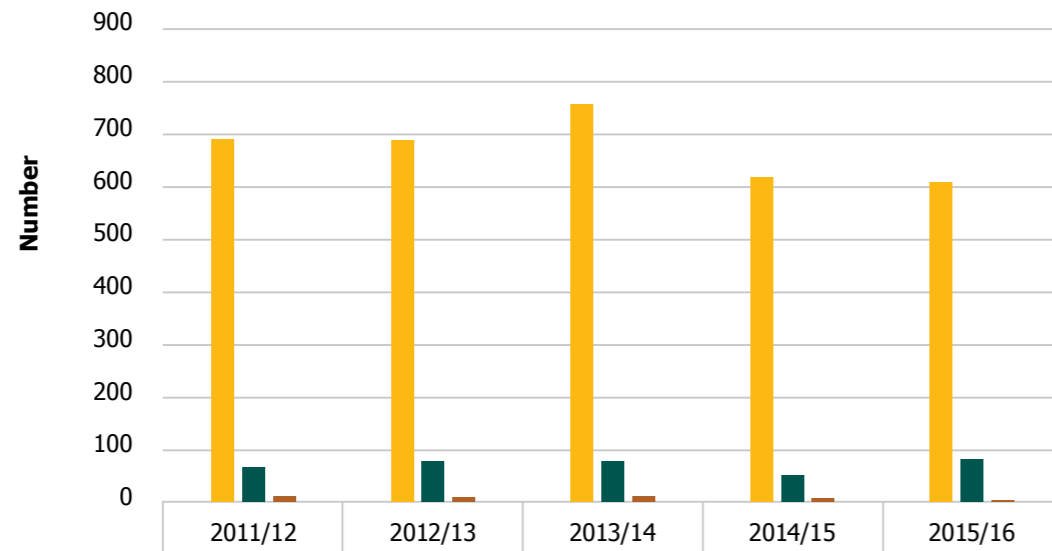
Planning statistics

In 2015/2016 a total of 734 planning applications were received and processed, representing 56 more than in the previous year.

Total Planning Applications Received Financial Years 2011/12-2015/16



Statutory Planning Assessments Financial Years 2011/12-2015/16



Development Applications	696	691	765	621	617
Subdivision Referrals	67	76	76	51	79
Scheme Amendments Initiated	11	9	11	6	4

The above table shows the types of planning applications received.

The amount of development and subdivision applications received reflects the status of the housing market and the economy at the time.

It is anticipated development and subdivision applications received will increase in the short-term with the Forrestfield/High Wycombe Industrial Area now progressing and the recent sale of the Western Power landholding in Forrestfield for residential land use. This development will see about 435 residential lots created. More applications are now

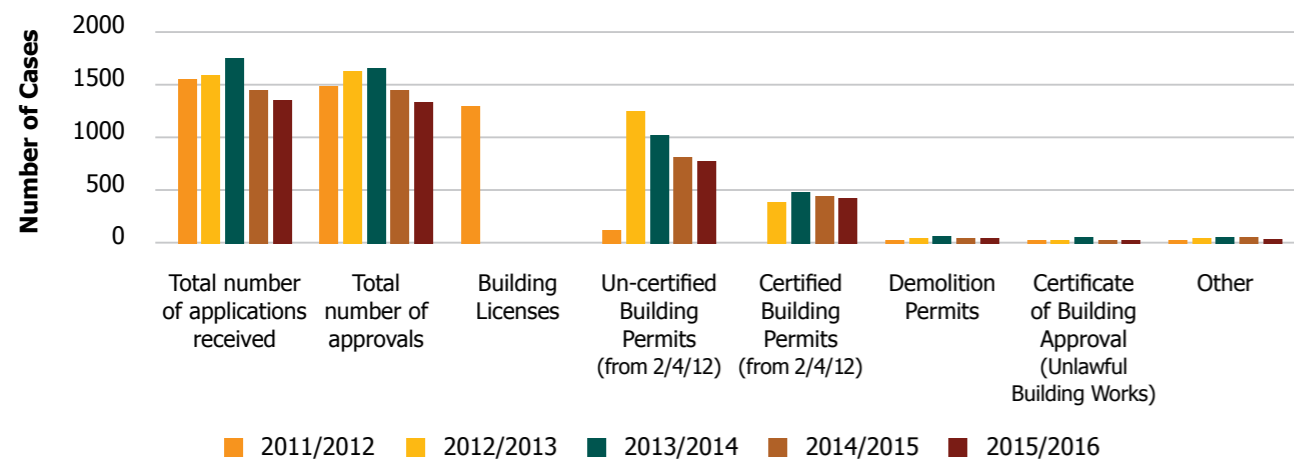
being received as a result of assessments being required in bushfire prone areas and changes to permitted (exempted) land uses, under the soon to be released amended Planning Regulations.

In 2015/2016 there were a number of appeals lodged with the State Administrative Tribunal.

Building statistics

The following graph compares the number of Building and Demolition permit approvals over the past five financial years.

Building Approvals

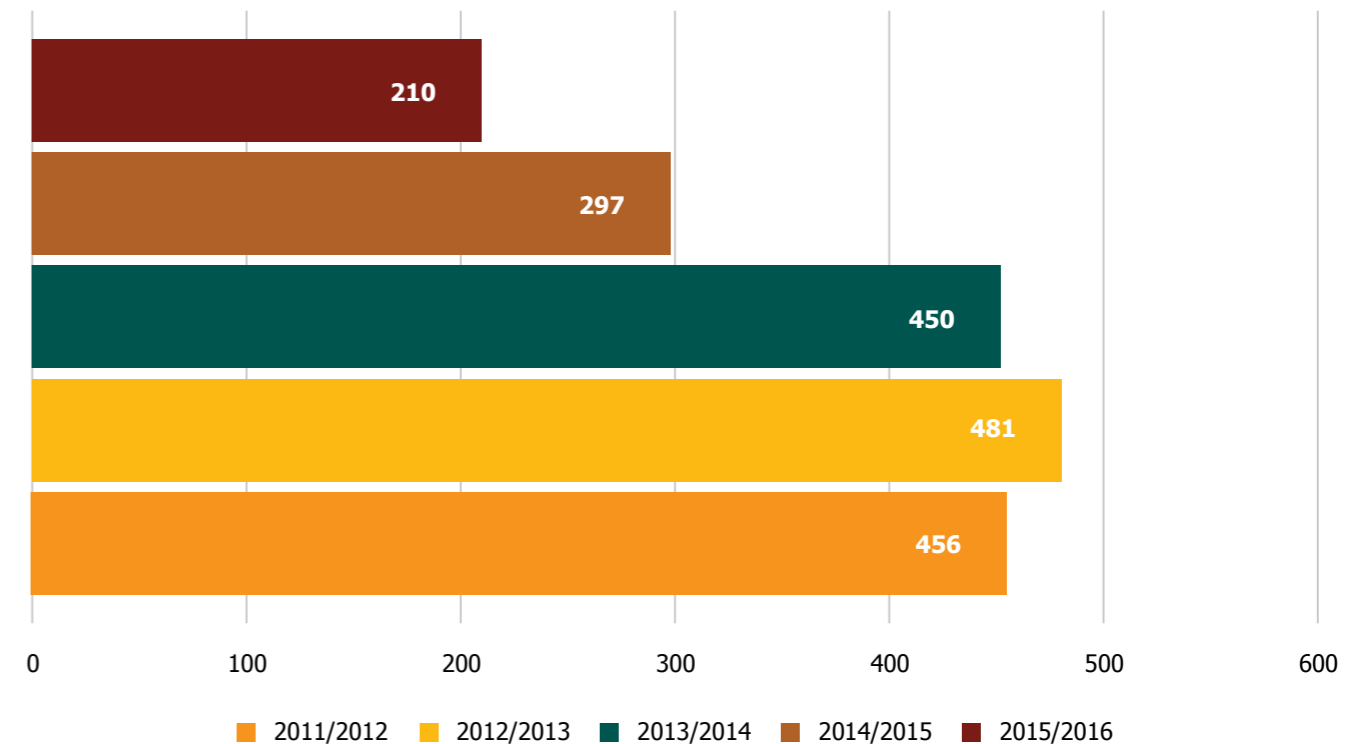


- In the 2014/2015 financial year there were 1,408 building approvals, compared with 1,278 in the 2015/2016 financial year. This is almost a 9% decrease.
- 1,278 Permits were issued for the year with a total value of \$116,750,607 which is an increase in building value of \$7,016,321 or about a 6.4% increase. The average value per building permit was \$94,230 compared with \$81,526 last year. The relatively low average value is due to a large number of minor structures such as patios and sheds. The lowest value was \$300 and the highest was \$4.8M.
- A total of 210 new residences were approved compared with 297 the previous year, which is almost 29% less than the previous year. This in part, could be due to less broad acre subdivisions being developed during the year.
- Forty-five Demolition Permits were issued for the year.
- Statute requires a local authority approves applications for Certified and Demolition

Permits within 10 working days, and Uncertified Applications within 25 working days. Failure to comply with these times requires the local authority to refund the application fees. Average approval times were as follows.

- Certified Applications – five days
- Demolition Permits – four days
- Uncertified Applications – eight days
- High Wycombe proved the most popular suburb for new residential development with 52 approvals for new residences. Kalamunda had 50 new dwellings, 41 were approved in Wattle Grove, 22 in Forrestfield and nine in Lesmurdie.
- Class 2 developments (multiple housing/ apartment style developments) are still proving popular with 20 new units approved in Kalamunda. In the coming year it is anticipated a number of new sites will undergo development within the Kalamunda Town Centre or within 500m of it.

Number of Residences Approved



- During the year 148 applications for Codes Approval were determined. A Codes Approval is required where an applicant applies for a variation or dispensation of the deemed to satisfy provisions of the Residential Design Codes.
- The decline in building approvals can be attributed to several factors, including, no new

subdivisions that would normally generate great interest, very few large scale commercial developments, and what appears to be a lack of confidence in the property market. Statistically there has been a marked decline in building approvals state-wide.



Compliance

- The number of unlawful building works being brought to the Shire's attention slightly declined during the year with 35, (40 in the previous year), property owners making application for retrospective approval. The Building Act 2011, states where unlawful building works have been undertaken, they should be formally approved through the Building Approval Certificate process.

Private swimming pools and spas

- Currently the Shire has 5,692 registered private swimming pools and spas which the State Government legislates must be inspected at least once every four years.
- While most of our swimming pool or spa owning community comply with the legislation, it has been found several properties still have non-compliant security fencing or have allowed their fencing to deteriorate to the point of non-compliance. Four infringement notices were issued where property owners are refusing to install compliant fencing.

As at 30 June 2016 the Shire had:

- a total of 5,692 swimming pools and spas;
- a total of 1,050 non-compliant pools and spas (including those not yet inspected and those inspected but non-compliant);
- a total of 4,642 that were compliant (as per four yearly inspection regime);
- a total of 2,321 pools that were inspected with 3,569 inspections undertaken (1,248 required re-visiting);
- a total of 963 pools that were compliant on initial inspection.

Memorandum of Understanding – shared services agreement with seven regional shires

Five years ago the Shire entered into a Memorandum of Understanding (MOU) with the Shires of Brookton and Pingelly, providing Planning and Building Surveying services. Since late 2012, the Shires of Kulin, Corrigin, Narembeen, Kondinin, and the Shire of Wandering and more recently the Shire of Bruce Rock have approached the Shire to provide services for them as well. The principal services provided are:

- processing planning and building applications and issuing Certificates of Design Compliance for all Classes of Buildings
- attending onsite discussions with building applicants, inspecting Shire building assets and providing reports used for maintenance or for budgeting purposes
- swimming pool fencing compliance inspections
- building compliance inspections and provide written reports
- preparing Council Report items and attending Council meetings as and when required.

Forrestfield North District Structure Plan

In response to the request from the State Government, to consider land use surrounding the Forrestfield-Airport Rail Link, the Shire of Kalamunda began the preparation of the draft Forrestfield North District Structure Plan (FNDSP) in September 2014. The preliminary work on the draft plan included the preparation of a number of technical documents relating to transport, environment, hydrology 2015 which was, along with a number of technical studies, presented to Council for its consideration.

In February 2015 Council approved the FNDSP for public advertising. Several submissions from residents, stakeholders and State Government agencies were received and addressed. In September 2015, Council endorsed the FNDSP and forwarded the document to the Western Australian Planning Commission for their final endorsement.

Once endorsed, the Shire will prepare the local structure plans for the individual precincts.



Hills Rural Study

The purpose and scope of this study was to understand the current land use trends in the hills rural areas, as well as review the existing strategic plans, policies and statutory requirements and environmental regulations that govern land use and lot size in the area. The study was adopted by the Council in March 2015. The study recommends several changes to the planning scheme, which will be further investigated by the Shire.



4.4 To enhance and protect the historic heritage of the Shire of Kalamunda

Municipal Inventory of Heritage Places

The review of the Shire’s Municipal Inventory of Heritage Places was adopted by Council in July 2015. The new Inventory has been forwarded to the State Heritage Office and has been added to the heritage database, accessible online at www.inherit.stateheritage.wa.gov.au.

4.5 To create a desirable and recognising image for the Shire of Kalamunda

The Shire has been considering its recognition status, brand and values since local government reform was abandoned. This process began by initiating a conversation with the community about achieving ‘city status’, our brand, colours and what we now want to represent and be known for. A community survey provided insight on these matters and confirmed the name ‘Kalamunda’ is still desirable. Becoming a city was referred to future discussions with the community as we reviewed the Strategic Community Plan.

Across the Shire striving to uphold the current vision and values is recognised in Shire policies,

business unit strategies, projects and day-to-day decision making. This year, this has been evident in consideration of the look and feel of our town centres, landscaping choices, project planning design concepts, arterial road maintenance, service delivery and events – which have all aimed acknowledge our diversity of people and lifestyles, and provide opportunities for all ages.

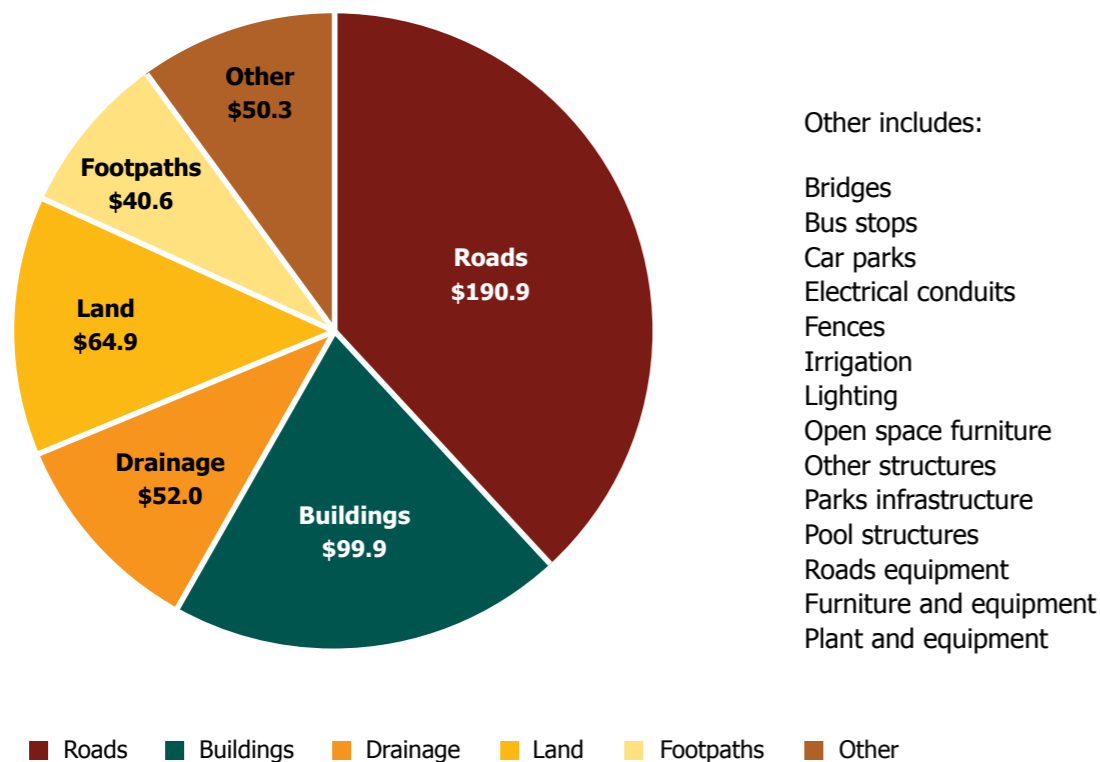
4.6 To ensure optimal management of assets delivers continuity of services to the community

Strategic Asset Management

Fair Value for Infrastructure Assets was completed as required under the WA Department of Local Government Framework as at 30 June 2015. GHD Consultants were engaged and provided valuations on all Shire Infrastructure Assets.

Asset categories include Roads, Footpaths, Stormwater Drainage, Bridges, Car Parks, Bus Shelters, Lighting, Fences, Park and Reserve Assets. The following pie chart from the Asset Management System (MyData) details the Gross Replacement Value of the Shire’s Total Asset Portfolio excluding Plant and Equipment.

Current Replacement Values of Total Asset Portfolio at 30/06/2016 - Total \$499 million



Condition data from “myData” (Asset Management System) was also used to assist in shortlisting and prioritisation of renewal projects for inclusion into the Long Term Financial Plan and 2016/2017 Annual Budget.

IntraMaps / myData - Asset management system integration

IntraMaps is the Shire’s current mapping system which is being used to visually display asset locations captured in Quantum GIS projects and also displays key asset inventory and attribute data held in myData Asset Management System.



Kostera Oval opened

The Kostera redevelopment, officially opened on 13 May 2016 by Shire President Andrew Waddell and the member for Kalamunda the Hon John Day, has been hailed a huge success with the first rounds of football now played on site.

Kostera Oval is Kalamunda’s main sporting reserve, with shared club rooms for junior football and senior and junior cricket. It is home to more than 200 cricketers and 440 junior footballers and the Kalamunda Agricultural Show. This main oval and some smaller grassed areas, are also the outdoor classroom for recreation activities for Kalamunda Senior High School.

To reduce wear and tear on the main oval,

increase the number of fields and provide a viable high quality facility, the Shire has re-profiled the three multi-levelled sporting spaces into a single level space. The \$3million project also included upgrading the drainage, reticulation and turf quality of the new multi-use surface, and installation a top quality turf cricket pitch that does not impact on the winter sports fields.

The redevelopment has seen the playing area increase with three distinct ovals now available to play on, one larger fully dedicated AFL field and two smaller junior ovals incorporating other sports such as cricket. Kalamunda Cricket Club and the Kalamunda and Districts Junior Football Club will now have the ability to run multiple games at the ground at one time.



Asset Delivery

Kostera Oval Redevelopment

The Kostera Oval Redevelopment Project was made possible due to a \$2million investment from the Shire of Kalamunda, along with a \$1million contribution from the State Government.

This project involved the following deliverables.

- Three ovals into a single level
- Earthworks and Drainage
- Relocation of the Water Corporation Sewer main
- New roll on turf across the whole new surface
- New irrigation system
- New turf cricket wicket
- New cricket practice nets
- New cricket maintenance shed
- New access pathway from Kalamunda High School
- New fencing
- Extension of the existing drainage basin
- Turf installation was successfully complete in March 2016

The first major component, Stage 1 of Earthworks and Drainage was completed in September 2015.

This component involved earth-working the three ovals into a single level across the whole site. It includes cutting the existing turf from the main oval and transporting for use as the base for the fill area at the southern end of the site. Specified material was then transported to the site and spread evenly and compacted to specification across the site.

Installation of a new subsoil oval drainage system was a key project deliverable. The system will significantly improve the oval drainage issues at Kostera Reserve and at the same time, harvest storm water to supplement the requirements for the new irrigation system by recharging the water storage basin on site during winter.

The new irrigation system has been designed to accommodate the site's major constraint, lack of available water. This system will be extremely efficient with a high level of controllability to manage the lake of water on site.

The existing basin has been realigned and lengthened to accommodate the new field layout and inflow from the newly installed subsoil drainage. This harvested storm water plays a vital role in providing water for the irrigation system.



The new turf wicket has been constructed to Western Australian Cricket (WACA) Association specifications with a foundation of 150mm of specialised WACA clay. The original Kostera Oval comprised of four pitches, under the re-development this has been increased to five full size pitches.



The final deliverable in this project was the construction of the maintenance/storage shed and the cricket practice wickets. This work was successfully completed in June. The practice wicket has four synthetic and four turf playing surfaces.





Hartfield Park

Project deliverables are based on the State Government's Financial Assistance Agreement with the Shire of Kalamunda totalling \$6.01 million for the years from January 2014 to December 2017.

Scouts Kitchen and Toilet Refurbishment

Works involved a kitchen and toilet refurbishment as part of the Hartfield Park State Government funded redevelopment.



Completed Toilet Refurbishment



New Stainless Steel Kitchen

Rugby Lighting Upgrade

Practical completion was accepted in late January 2016. The level of lighting has been significantly improved, with competition lighting being provided on the main field and training lighting on the remaining area of the rugby ground. The rugby clubrooms have also received a power upgrade.



Clearing and Development at Morrison Oval

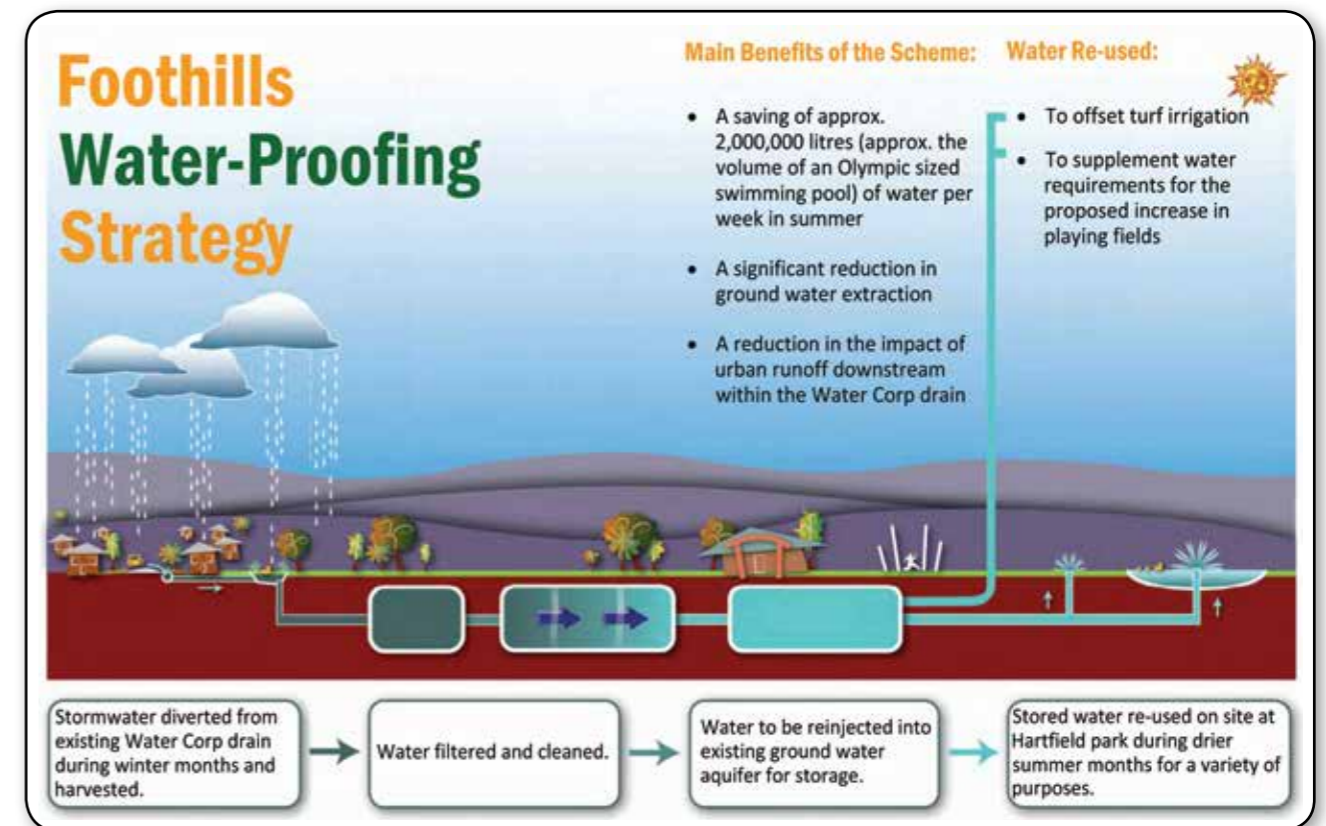
Earthworks, irrigation and turf installation was completed on the 24 June 2016. This project has increased the active playing space by 1,500m², optimised the useability of the site and reduced the playing surface wear and tear.

Implement the Foothills Future Waterproofing Project

The Shire is implementing the recommendations outlined by the Shire's Hydrologist and supported by the Department of Water (DoW).

These recommendations include the drilling of a monitoring bore and the introduction of an activated Carbon Filter. The monitoring bore was installed in March 2016. The geological results have determined the aquifer being injected is the Leederville Aquifer.

As a result of this data, the Shire's licenses are being revised and updated by DoW. The active carbon filtration is programed for construction in August 2016 and will be used to mitigate the risk of biological clogging in the aquifer.



Upgrade of the existing Forrestfield United Soccer Clubrooms

Representatives from the Forrestfield and United Soccer Club (FUSC) have been consulted and involved in scope of works and as concept designs for this project are developed. This process culminated in the concept design drawings endorsed by Council on 25 July 2016 for tendering and construction in July 2016. In addition, a Memorandum of Understanding between the Shire and FUSC will be developed to stipulate maintenance responsibilities for the seating in the viewing area. An independent construction estimate was completed on the viewing area to ensure the proposed design could be built within the approved budget.



Development of new car parking areas and new pathway networks

The 2.5m dual use pathway was constructed in April 2016. This pathway provides connectivity from the existing sporting complex on Morrison Road to the proposed hockey facility located on Hartfield Road.

Construction of Tee ball Storage

Construction work was completed in June 2016 and was undertaken by the Forrestfield Flyers Tee Ball Club with assistance from the Shire. The Shire provided two-thirds of the funding contribution as part of the implementation in the Hartfield Park Masterplan.



Works included a new automatic irrigation system, the supply and installation of a new storage tank, tank fill connections from two existing bores, and water transfer from an existing tank. This project was also successful in securing a new water source from a fractured rock aquifer.



Kalamunda Performing Arts Centre – Car park and area lighting upgrades

Thirty-six new light fittings, lighting the car parking and pedestrian areas around the Kalamunda Performing Arts Centre (KPAC) and Agricultural Hall will greatly enhance these areas for night time use. This project will be widely appreciated for events such as the Kalamunda Show and for evening performances at the centre.



Hartfield Park Recreation Centre – Roof refurbishment

Works undertaken included replacement of old sumps and downpipes and installation of a walkway system to keep foot traffic by tradesmen and contractors confined to protected areas to reduce the likelihood of incidental damage to the roof sheeting, as well as to provide safer access to the roof.

The roof also had a heat reflective roof coating applied. This 'Cool Roof' technology is to improve the thermal comfort of people inside the building by reflecting radiant energy and reducing the heat absorption of the existing Zinalume sheeting.

Emergency generator connection points

The physical installation of emergency generator connection points is completed. The connection points at Hartfield Park Recreation Centre, Ray Owen Reserve and High Wycombe Recreation Centre have been completed.

Electrical audit upgrades

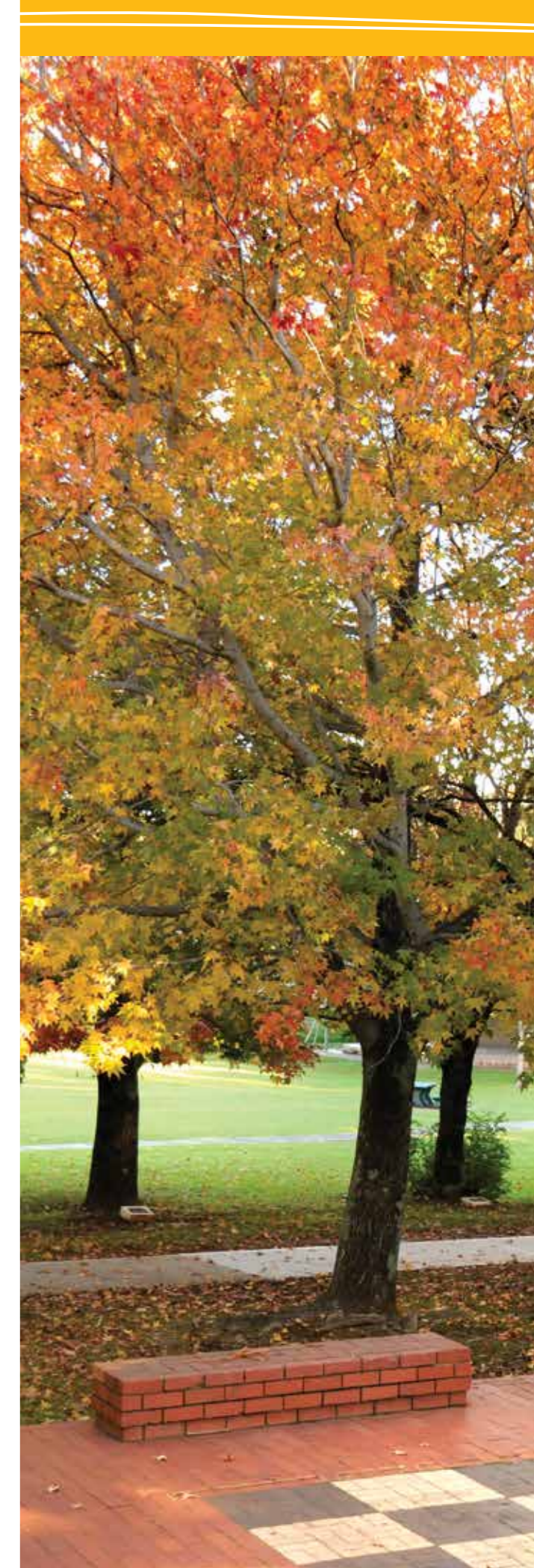
This project was identified through the electrical audit upgrade program. The Stirk Park site board has been upgraded to ensure Western Power safety compliance has been met.



Connection of the Stirk Park Site Board

Collins Road – New air conditioners and ventilation

Works at the Collins Road Centre (old Rollerama building) included the removal of the older, undersized air-conditioning units. This required roof repairs and replacement to extensively corroded roof sheeting near the old air conditioners. To enhance the performance, upgraded air-conditioning and additional ventilation was installed to improve airflows.





Road renewals

- Dawson Avenue asphalt upgrade from Juniper Way to 197 Dawson Avenue was completed during mid-April 2016 as part of a Road to Recovery funding program
- Upgrading pathway adjacent to the road carriageway to a consistent 2m width along the full length of Dawson Avenue is also being undertaken, with works completed in June 2016
- Roadside car parking embayment's at Dawson Primary School have been upgraded as part of the road resurfacing works
- Pomeroy Road upgrade as part of Road to Recovery funding with the first stage of the works completed where a base layer of Stone Mastic Asphalt (SMA) has been applied to stabilise the main gravel base. Upgrade of the kerbing at the roundabout was also included as well as along Pomeroy Road

- Shield Road upgrade as part of Road to Recovery funding with the first stage completed with a base layer of SMA applied to stabilise main gravel base, upgrade of side entries, with the second stage consisting of an asphalt wearing coarse
- Armour Way resurfacing works form part of Road to Recovery funding with the first stage completed with a base layer of 25mm SMA applied to stabilise main gravel base and upgrade of side entries.
- An upgrade of the existing drainage infrastructure at the intersection of Sussex Road and Edinburgh Road has also been done, which brought the manhole lids up to pavement level to allow the new overlay to match
- Profiling works started in November to remove original asphalt as it had deteriorated over the years
- Abernethy Road median treatments in February 2016



Abernethy Road



4.7 To ensure the selection, maintenance, inspection, renewal and disposal of all categories of assets with the Shire is managed efficiently

Building Maintenance

- Structural repairs at Kalamunda Library were required as a result of roof sheeting collapsing. The repairs were completed and the Shire took the opportunity to complete some additional renovations. The Library was successfully reopened on the 15 December 2015
- Removal of broken asbestos boarding and reinstallation of timber weatherboards to the rear of Kalamunda Performing Arts Centre theatre and the Agricultural Hall was completed in December 2015



- External repairs and painting works at Cyril Road Hall
- The refit and refurbishment of public toilets at Falls Road

Infrastructure Maintenance

Roads

Some examples of the types of road maintenance undertaken during the year have included:

- Road repairs on David Street, Maida Vale caused from tree roots
- Laying of hot mix on David Street, Maida Vale
- Road works were out at Arthur Road, Wattle Grove - tree roots were removed to prevent damage to cars and to reduce the noise level for nearby houses.

Drainage

The open drain at Maida Vale Reserve was located near Maida Vale Public School. As students now access the school from the reserve, it was identified this was a potential hazard. The open drain has been piped and filled in.

On Dawson Avenue, the drainage crew replaced a side entry, which was in the middle of a resident's driveway, with a grate. This resolved access issues.

As a result of continuing erosion in Woodlupine Creek, Forrestfield, the Shire undertook rock pitching works. A majority of the rocks were hand placed to use minimal cement to keep the natural look along the creek. Slow points to stem water flow around the bends were also installed.

Sports Fields Maintenance

Turf management has occurred to all sports fields in the Shire to assist with seasonal completion and training; Ray Owen, Kostera, Hartfield Park, Maida Vale Reserve and Scott Reserve. During sports change over in the Autumn and Spring, areas of turf are rejuvenated through fertilising, aeration, turf replacement and heavy rolling if needed. Much time this Autumn has been spent on preparing the Kostera cricket wicket and the practice nets. Organic injections have been applied to Scott Oval to reduce the impacts of nematode, a microscopic pest worm.



Parks and Environment

Garden Bed / Park / Streetscape Upgrades and Maintenance

The Parks team have reinvigorated many garden areas throughout the Shire in the 12 months including the following:

- Hawtin and Berkshire Roads Maida Vale, July 2015
- The Administrative Building, with new grass trees and garden mulching
- Weeds, dead and damaged plants around the lake at Jacaranda Springs Estate were removed and sedge planting
- Sheffield Road Lake edge was addressed where soil and rocks were deposited to aid turtle nesting and the rushes *Facinia nodosa* will provide safety and shelter as well as aesthetics
- Refurbished the gardens in front of the Kalamunda Library's stained glass window. Plant selection included low-growing waterwise plants with showy flowers to provide colour and enhance the features of the glass window
- Excavation to a portion of the Bluebell Reserve in Maida Vale to accommodate reticulated lawn adjacent to a recently installed playground for the local children. The area was levelled in preparation and is delineated by concrete kerbing to define play areas and maintenance
- The Coyong Road area of parkland in Wattle Grove has been planted with turf stolons and a special blend of soil has been trialled which will help reduce water use in the first two to three years of growth. The volume of water used to irrigate this area will be monitored next Summer and compared to the current water usage to benchmark water use
- Caltrop, an invasive weed of disturbed areas (predominately verges), has also been targeted with herbicide to prevent seeding. Timely control is important to prevent its spread. Caltrop burr seeds readily attach to tyres and footwear and rapidly spread.



Bluebell Reserve in Maida Vale



Goal 5: Kalamunda Employs Supporting our industries and businesses

5.1 To create a world class precinct for industrial and commercial land development

The Shire's Forrestfield and Wattle Grove industrial areas are strategically located, well-connected and well-served. The areas are prime for the location of logistics and transport based businesses with some subdivision potential for co-location of ancillary uses.

The movement network in Forrestfield will soon be up to a RAV 7 basis, which allows movement of 37m trucks directly onto Roe Highway. With nearby residential areas, the Shire is working hard to meet employment self-sufficiency targets, and keep its residents working in the area where they live.

5.2 To deliver alternative funding strategies through property development to fund future investments in community infrastructure

The Shire has recently received approval from the Minister for Planning to rezone land on Hale Road in Forrestfield and Edney Road in High Wycombe, which will facilitate future investment and business opportunities.

5.3 To facilitate increased economic activity within the Shire

The Shire continues to facilitate local investment in the economy in a variety of ways. Detailed population forecasting has been updated which

should better assist local businesses with longer term planning to meet the needs of their customers.

Amendments to the Local Planning Scheme to support tourism development within the rural areas have now been completed. Council has adopted policies to create greater certainty for land owners wanting to develop tourism developments within water catchment areas.

The Shire has worked collaboratively with the Kalamunda Chamber of Commerce on several joint initiatives to activate the Kalamunda Town Centre and build the capacity of local businesses through training workshops.

Planning for the Forrestfield North area continues and will create numerous economic benefits in the long-term.

5.4 To be recognised as an excellent tourism destination with high levels of patronage

The Shire of Kalamunda continues to develop its tourism support provided through the Perth Hills Visitor Centre, demonstrating its commitment to the emerging tourism industry in the Perth Hills.

The destination website - www.experienceperthhills.com.au - has become a major information point for visitors with over 20,000 hits in its first full year of operation.



Alongside this social media for the Experience Perth Hills brand has continued to gather pace. The Facebook page has now collected almost 6,000 'likes'.

A Bickley Valley Wine Trail brochure, reflecting the Experience Perth Hills brand, has been designed, printed and circulated to promote the boutique wine and cider experiences on offer. Other brochures have also been produced to offer a range of useful visitor information options.

The Visitor Centre has continued to assist in building the capacity of local tourism businesses through a scheme to provide subsidised access to a local marketing consultant.

The Visitor Centre membership for local tourism businesses has increased to 50 with the steady addition of new members. Members of the centre receive benefits such as brochure display, website listing, and promotion of events and competitions on social media pages.

5.5 To be courageous and tenacious in the pursuit of benefits from the State and the Federal governments through effective advocacy

The Shire of Kalamunda has undertaken a number of advocacy projects within the financial year. We have also seen the benefits of previous advocacy

work undertaken, including the grade separation of the Roe Highway and Berkshire Road Intersection in Forrestfield.

The Shire of Kalamunda is now moving forward with advocacy relating to the grade separation of Kalamunda Road and Roe Highway in High Wycombe. A campaign to upgrade Abernethy Road is also getting traction.

We have also continued to work with the State Government following the announcement of Forrestfield Airport Link to bring a new train station to the western edge of the Shire of Kalamunda. This infrastructure initiative instigated a major re-think of the broad land use and planning objectives for the surrounding area. The aim is to ensure the area becomes a prestigious industrial development area in a sought after location.

5.6 To foster regional collaboration within Perth's Eastern Region

The Shire of Kalamunda has continued to build a strong relationship with the Eastern Metropolitan Regional Council, and all of its member councils, working collaboratively to deliver a number of key environmental projects, such as Bush Skills for the Hills.

The Shire has also worked closely with the City of Swan and the City of Belmont in relation to the road network at a regional level, with strong advocacy campaigns to strengthen key freight links.

Goal 6: Kalamunda Leads Providing good government

6.1 To ensure a highly effective and strategic thinking Council sets direction and works for the greater good of the community at all times

Audit and Risk Committee

The Audit and Risk Committee is a committee of Council whose role is to ensure the audit of the Council's financial and statutory functions are undertaken in accordance with the provisions of the Local Government Act 1995 and associated regulations. The committee also provides oversight to the risk management function.

An Internal Audit Plan provides a framework that focuses the Shire's audit activities and includes reviews around systems and procedures, internal controls and legislative compliance. The audit program contained no significant audit findings during the course of the year and is based on continuous improvement.

Internal Audit

The role of internal audit is to provide independent assurance that the Shire's risk management, governance and internal control processes are operating effectively. During the year several areas were reviewed with reports provided to the Audit and Risk Committee. Internal audit findings and management responses are placed in an Audit Risk Register which allows management to regularly monitor and review risks in alignment with the

strategic plan, divisional operational plans and programs of activity.

6.2 To ensure local laws are upheld

The Shire strives for continual improvement seeking to ensure its local laws are relevant, and in keeping with contemporary lawmaking. The Shire has reviewed a number of local laws this financial year including the review and adoption of a new Standing Orders Local Law. It also started to review its Fencing and Parking, and Parking Facilities Local Laws.

6.3 To lead, motivate and advance the Shire of Kalamunda

The Shire started a review of its Strategic Community Plan: Kalamunda Advancing, in accordance with the Local Government Act Integrated Planning Framework. The review process was adopted by Council in December 2015 which outlined requirements for extensive community engagement and environmental analysis of existing macro trends currently prevalent to the Shire.

A tender was released in January 2016 seeking a suitably qualified consultant to provide oversight and facilitation of the process. The review will occur throughout 2016 and be finalised in early 2017. The process ensures the Shire meets its compliance obligations and also provides an opportunity for community participation in the future direction of the Shire.

6.4 To engage regularly and proactively with the community

The Shire was recognised for its community consultation and engagement program for the Forrestfield Skate Park development, receiving an award for excellence from the Planning Institute of Australia.

The Shire also consulted with community on several other key plans and activities including:

- the Forrestfield North Station Precinct
- the Hartfield Park sporting fields
- the Kalamunda Town Site Improvement Plans
- the Dual Density Rezoning Proposal
- the Stirk Park Master Plan.

Statutory advertising requirements for public comment were also met on a range of activities and issues through the 2015/2016 year.



DATE	KEY PROPOSALS OPENED FOR PUBLIC COMMENT
30 June - 15 September	Gathering our Collective Thoughts
7 September - 26 September	Perth Hills Loop Trails Development
17 September, 2 October	Wandoo Road Forrestfield
2 October - 30 October	Noise Management Plan for Kerbside Waste Collection
12 October - 27 November	Standing Orders Local law 2015
6 November - 28 November	Library Story time Feedback
30 November - 18 December	Adelaide Street High Wycombe
24 November - 29 January	Maddington-Kenwick Strategic Employment Area (MKSEA)
23 December - 15 January	Mobile Towers: Black Spot Nominations
1 January - 4 March	Dual Density Codes – Amendment 82, Dual residential densities for certain areas of Forrestfield, High Wycombe, Maida Vale and Kalamunda
1 January - 29 January	Call for Community Representation: Kalamunda Environmental Advisory Committee
20 January - 1 March	Kalamunda Sporting Precinct
1 January - 4 March	Call for Community Representation, Disability and Carers Advisory Committee
10 February - 31 March	Alan Anderson Park Restoration
10 February - 3 March	Proposal to transfer part of Wattle Grove from the Shire of Kalamunda to the City of Gosnells
24 February - 14 March	Proposed Telecommunications Mast – Lot 103 (65) McCorkill Road, Pickering Brook
4 March - 8 April and 27 June - 4 June	Noise Management Plans For Specified Works
4 March - 28 March	Proposed Closure of Webster Rd & Bedford Crescent Rd Reserve (Forrestfield)
15 March - 28 April	Proposed Fencing Local Law 2016
15 March - 30 March	Proposed Local Planning Policy: Ancillary Dwellings (P-DEV 50)
30 March - 31 May	Youth Plan Survey
30 March - 26 April	2016 Community Scorecard
14 April - 2 May	Draft Planning Policy - P-DEV 52: Telecommunications Infrastructure
3 May - 30 May	Development application - Proposed Mobile Phone Base Station - Gooseberry Hill
6 May - 13 June	Draft Perth Hills Trail Loop Concept Design Report
16 May - 20 June	Stirk Park - Master Plan
8 June - 20 June	Forrestfield Cell 7 Structure Plan at Lots 3000 and 9502, Forrestfield
9 June - 20 July	Local Planning Scheme No.3 - Amendment 76 (Lot 201 (234) Stanhope Road, Walliston)

6.5 To ensure a quality experience for every interaction with our community

Customer Service Officers within the Shire's Business Units provide a 'first impression' experience for our community and clients in every aspect of service delivery performed by the Shire. The teams look to ensure we support our communities by creating exceptional value through innovative solutions and looking for better ways to deliver more.

Customer Service through internal working groups have developed work flow improvements, triage for customer request escalations, and internal feedback loops. Key focuses of these working groups have been as follows:

- Quality in everything we do
- Exceeding customer expectations
- Trust, respect and integrity in all of our relationships
- Continuous improvement, innovation and embracing change
- Teamwork and open, honest communication
- Each employee's responsibility for contributing to the Shire's success
- Creating a safe, productive and rewarding work environment
- Building a high-performing, diverse workforce
- Promoting awareness of the extent of Shire services
- Contributing to a welcoming environment and supporting communities through our actions

Outcomes of this work will be built into a review of the Shire's Customer Service Charter and development of a Customer Service Strategy.

6.6 To ensure excellent information, technology & communication services are being consistently delivered

The Shire of Kalamunda has adopted an Information Communications (ICT) Strategy setting the course for the organisation's future. The strategy will oversee the roll out of new systems that will provide customer-friendly online information and services. Internally, improvements will be realised through more seamless workflows and end-to-end visibility of work requests, projects and transactions enabling the organisation to function more effectively, and provide a higher level of customer service and improved efficiencies.

The roll out is in the planning and scoping stage with the first new public interfacing system expected to be online in early 2017. Improvements in the IT security framework, systems and capability have also evolved to provide the highest level of protection from cybercrime the Shire of Kalamunda has ever had.

To further improve the Shire's resilience, a permanent Disaster Recovery solution is being implemented giving the Shire its own managed environment providing 99.9% uptime in the event of a natural disaster.

The CCTV implementation program also continues with the Shire of Kalamunda being awarded separate grants to complete work under the state CCTV and Safer Communities initiatives. This will give 24-hour surveillance in eight high public use locations within the Shire.



6.7 To provide a business environment that strives for continuous improvement through the use of highly effective business systems and processes

Under the ICT Strategy key systems are being reviewed and sourced for the ongoing program of identifying the greatest impact and current obstacles to the Shire’s service delivery to the community and internally. Key systems assessed are the public facing Internet, internal Intranet, Records System and the Shire’s major database that expands across every function within the Shire.

The development of new systems will map the requirements and outputs of each area aiming to dramatically improve how information and requests are delivered and reduce handling times, through better system integration and more options for self-service to our community and stakeholders.

Other existing systems will continue to grow and improve in the availability and accuracy of information, which are pre-conditioned to integrate with future systems.

6.8 To ensure financial sustainability through the implementation of effective financial management, system and plans

Financial sustainability is a core element of the Shire’s long-term planning with a responsible approach to fiscal management focused on growing revenue and reducing expenditure. In a challenging fiscal environment, with the Shire absorbing the impacts of rising utility costs, increases in the State Government Landfill Levy, and a downward trend in interest rates impacting investment earnings, the Shire continues to improve its financial sustainability.

The Shire has focused strongly on innovation to deliver efficiencies in its services and operations. Some of the initiatives introduced have included the following.

- Introduction of automated payment systems to streamline processing of rates payments
- Renegotiation of insurance contracts to deliver improved coverage and cheaper premiums
- Renegotiation of contestable power sites delivering savings in energy costs
- Undertaking an energy audit at two sites enabling reduced power consumption
- Reducing the Shire’s fleet vehicle costs and associated Fringe Benefits Tax liability

These innovations enable the Shire to invest strongly in the areas of Roads, Buildings, Parks and Ovals.

Long Term Financial Plan

The Shire operates under the Long Term Financial Plan (LTFP) which is an informing strategy outlining the Shire’s approach to the delivery of community services and infrastructure over the next 10 years. The LTFP is underpinned by a series of principles designed to meet the Shire’s capital asset replacement and renewal needs whilst maintaining financial sustainability.

The LTFP will enable the Shire to:

- establish a robust visible framework enabling future activities to be adequately funded
- integrate financial strategies with service delivery and strategic direction to achieve planned outcomes
- analyse the cumulative financial effects of the Shire’s operations

- identify financial opportunities and challenges facing the Shire
- outline the Shire’s financial sustainability over the next decade against which the financial performance can be measured next to industry benchmarked financial indicators
- ensure that maintenance, replacement and renewal of community infrastructure can be adequately funded.

6.9 To provide a risk minimised and safe working environment in every aspect of the Shire’s business

The Shire of Kalamunda considers risk management to be an essential management function in its operations. The risk management responsibility for managing specific risks lies with the person who has the responsibility for the function, service, activity, purchase of new equipment or product that gives rise to that risk. It is every staff member’s responsibility to be involved in the identification, evaluation and treatment of risks and opportunities that could impact or influence outcomes for the organisation.

Risk management pro-forma and processes are available for staff use to ensure consistent, efficient, and effective assessment of risk in all planning, decision making and operational processes.

6.10 To build a high performing and motivated workforce

Shire of Kalamunda gives all employees the opportunity to address their learning requirements and build on their professional development. This is conducted through the annual performance appraisal system and also the Kalamunda ‘GROW’ program.

The Kalamunda GROW program is a comprehensive training and development program which aims to develop staff to deliver their best at all times, to both internal and external clients. Employees are given a clear understanding of what is expected of them, through professional behaviours and the application of quality customer service and standards in all that we do.





Record Keeping and Statutory Requirements

Statement on the Shire of Kalamunda's Record Keeping Plan

The Shire of Kalamunda is committed to the management of government records in accordance with legislative requirements and best practice standards. The Shire of Kalamunda's approved Record Keeping Plan requires two main areas of improvement.

1. Development and implementation of policy and procedures for the management of Elected Members records
2. Further development of staff training activities to incorporate external training courses in records management, to complement current in-house training

A Records Management Training program has been implemented with a focus on:

- records induction training
- record keeping responsibilities
- business emails.

The Shire recently completed an Information Communications Technology Strategy (ICT Strategy) that will guide future investment decisions around the Shire's information systems. A key component of this strategy is to implement a new Electronic Document Records Management System which will be considered as part of the overall priorities of the ICT Strategy.

Freedom of Information Statement

The Freedom of Information Coordinator for the Shire of Kalamunda is the Manager Technology & Corporate Support. The Information Statement for the Shire of Kalamunda was updated in August 2015, and will be updated within the required timeframe. The Information Statement is available on the Shire's website and from the Administration Centre.

There were 33 new valid Freedom of Information requests received during the 2015/2016 financial year, with one carried through to the 2016/2017 financial year. Of these:

- six were for personal information
- 27 were for non-personal information

The average time taken to deal with a FOI request was nine days. No FOI requests were dealt with outside of the 45-day timeframe.

Employee Remuneration

The following table sets out in bands of \$10,000 the number of employees at the Shire with an annual salary of \$100,000 or more.

SALARY RANGE	2015/2016
100,000 - 109,999	3
110,000 - 119,999	1
120,000 - 129,999	1
130,000 - 139,999	2
140,000 - 149,999	2
150,000 - 159,999	2
160,000 - 169,999	4
170,000 - 179,999	0
180,000 - 189,999	3
190,000 - 199,999	0
200,000 - 209,999	0
210,000 - 219,999	0
220,000 - 229,999	0
230,000 - 239,999	0
240,000 - 249,999	0
250,000 - 259,999	1



Statement by the Chief Executive Officer

SHIRE OF KALAMUNDA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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

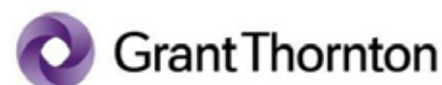
STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the 20 day of October 2016


Rhonda Hardy
Chief Executive Officer

Independent Auditor's Report



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Independent Auditor's Report To the Ratepayers of the Shire of Kalamunda

We have audited the accompanying financial report of the Shire of Kalamunda (the "Shire"), which comprises the statement of financial position as at 30 June 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the Chief Executive Officer.

Responsibility of Management for the financial report

The Management of the Shire is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Local Government Act 1995 Part 6. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 Part 6 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Shire's financial position and of their performance.

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

Independence

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

Auditor's Opinion

In our opinion, the financial report of the Shire of Kalamunda:

- i presents fairly, in all material respects, the Shire's financial position as at 30 June 2016 and of its performance and cash flows for the year then ended;
- ii complies with Australian Accounting Standards and;
- iii is prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under that Act.

Statutory Compliance

I did not, during the course of my audit, become aware of any instance where the Council did not comply with the requirements of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 as they relate to financial statements.

GRANT THORNTON

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M A Petricevic

M A Petricevic
Partner - Audit & Assurance
Perth, 24 October 2016

Statement of Comprehensive Income by nature or type – year ending 30 June 2016

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Rates	24	32,769,644	32,014,510	30,592,405
Operating Grants and Subsidies	31	4,882,108	5,565,582	6,868,760
Contributions, Reimbursements and Donations		828,513	770,441	929,560
Fees and Charges	30	14,152,939	13,951,465	13,313,685
Interest Earnings	2(a)	1,160,328	896,545	1,155,674
Other Revenue	2(a)	274,798	62,641	54,602
		<u>54,068,330</u>	<u>53,261,184</u>	<u>52,914,686</u>
Expenses				
Employee Costs		(24,003,114)	(24,276,755)	(23,036,210)
Materials and Contracts		(18,133,837)	(19,532,829)	(17,422,883)
Utility Charges		(2,482,795)	(2,358,152)	(2,410,918)
Depreciation on Non-Current Assets	2(a)	(6,043,120)	(8,163,761)	(7,556,640)
Interest Expenses	2(a)	(394,480)	(418,674)	(430,780)
Insurance Expenses		(567,478)	(609,244)	(608,348)
Other Expenditure		(474,055)	(343,976)	(1,166,118)
		<u>(52,098,879)</u>	<u>(55,703,391)</u>	<u>(52,631,897)</u>
Non-Operating Grants, Subsidies and Contributions	31	5,846,078	3,250,771	3,951,296
Profit on Asset Disposals	22	2,144	386,640	25,577
(Loss) on Asset Disposals	22	(1,771,246)	(20,000)	(502,036)
Change in Equity - Joint Venture	4	1,703,629	3,600,407	2,280,458
(Loss) on Revaluation of Plant and Equipment	7(b)	(91,366)	0	0
Net result		7,658,690	4,775,611	6,038,084
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on Revaluation of Non-Current Assets - Plant and Equipment	13	(481,711)	0	0
Changes on Revaluation of Non-Current Assets - Infrastructure Assets ^(a)	14	0	0	2,586,075
Capital (Developer) Contributions		3,060,926	0	1,932,377
Revaluation of Assets of Joint Venture	4	788,568	0	0
Total Other Comprehensive Income		3,367,783	0	4,518,452
Total Comprehensive Income		11,026,473	4,775,611	10,556,536

This statement is to be read in conjunction with the accompanying notes.
(a) Restated amounts for 2015 (see note 14 (a) 'prior years' restatements')

Statement of Comprehensive Income by program – year ending 30 June 2016

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

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Governance	2(a)	99,932	47,186	88,389
General Purpose Funding		35,605,806	35,318,701	35,638,730
Law, Order, Public Safety		556,406	361,025	480,016
Health		261,554	220,863	231,593
Education and Welfare		3,807,453	3,752,704	3,697,154
Community Amenities		11,074,136	11,129,320	10,237,400
Recreation and Culture		1,753,929	1,579,540	1,670,027
Transport		113,739	0	27,769
Economic Services		432,468	528,727	440,217
Other Property and Services		362,907	323,118	403,391
		<u>54,068,330</u>	<u>53,261,184</u>	<u>52,914,686</u>
Expenses				
Governance	2(a)	(3,445,150)	(3,003,520)	(3,124,093)
General Purpose Funding		(831,218)	(789,829)	(803,302)
Law, Order, Public Safety		(1,861,494)	(1,936,215)	(1,619,923)
Health		(1,179,673)	(1,188,709)	(1,077,962)
Education and Welfare		(4,109,766)	(4,250,801)	(4,460,315)
Community Amenities		(13,037,637)	(14,367,632)	(12,743,781)
Recreation and Culture		(17,161,135)	(19,021,740)	(17,919,375)
Transport		(8,102,694)	(8,817,528)	(8,168,074)
Economic Services		(1,062,980)	(1,107,582)	(1,051,603)
Other Property and Services		(912,652)	(801,161)	(1,232,688)
		<u>(51,704,399)</u>	<u>(55,284,717)</u>	<u>(52,201,116)</u>
Finance Costs				
Other Property and Services		(394,480)	(418,674)	(430,780)
		<u>(394,480)</u>	<u>(418,674)</u>	<u>(430,780)</u>
Non-Operating Grants, Subsidies and Contributions	31	5,846,078	3,250,771	3,951,296
Profit on Disposal of Assets	22	2,144	386,640	25,577
(Loss) on Disposal of Assets	22	(1,771,246)	(20,000)	(502,037)
Change in Equity - Joint Venture	4	1,703,629	3,600,407	2,280,458
(Loss) on Revaluation of Plant and Equipment	7(b)	(91,366)	0	0
Net result		7,658,690	4,775,611	6,038,084
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on Revaluation of Non-Current Assets - Plant and Equipment	13	(481,711)	0	0
Changes on revaluation of non-current assets - infrastructure assets ^(a)	14	0	0	2,586,075
Capital (Developer) Contributions		3,060,926	0	1,932,377
Revaluation of Assets of Joint Venture	4	788,568	0	0
Total Other Comprehensive Income		3,367,783	0	4,518,452
Total Comprehensive Income		11,026,473	4,775,611	10,556,536

This statement is to be read in conjunction with the accompanying notes.
(a) Restated amounts for 2015 (see note 14 (a) 'prior years' restatements')

Statement of Financial Position – year ending 30 June 2016

SHIRE OF KALAMUNDA STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2016

	NOTE	2016 \$	Restated ^(a) 2015 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	26,471,157	20,522,982
Trade and Other Receivables	5	2,423,363	2,082,180
Inventories	6	224,274	498,601
TOTAL CURRENT ASSETS		29,118,794	23,103,763
NON-CURRENT ASSETS			
Other Receivables	5	825,604	855,448
Inventories	6	300,707	300,707
Interest in Joint Venture	4	27,488,876	24,996,679
Property, Plant and Equipment	7	151,609,801	154,922,420
Infrastructure	8	165,957,256	160,382,770
TOTAL NON-CURRENT ASSETS		346,182,244	341,458,024
TOTAL ASSETS		375,301,038	364,561,787
CURRENT LIABILITIES			
Trade and Other Payables	9	6,424,383	6,474,817
Current Portion of Long Term Borrowings	10	629,778	593,852
Provisions	11	2,992,612	2,619,691
TOTAL CURRENT LIABILITIES		10,046,773	9,688,360
NON-CURRENT LIABILITIES			
Long Term Borrowings	10	5,664,169	6,293,947
Provisions	11	688,693	704,550
TOTAL NON-CURRENT LIABILITIES		6,352,862	6,998,497
TOTAL LIABILITIES		16,399,635	16,686,857
NET ASSETS		358,901,403	347,874,930
EQUITY			
Retained Surplus		209,020,577	205,253,254
Reserves - Cash Backed	12	18,160,388	11,208,096
Revaluation Surplus	13	131,720,438	131,413,581
TOTAL EQUITY		358,901,403	347,874,930

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

(a) Restated amounts for balances as at 30 June 2015 (see note 14(a) 'Prior years' restatements')



Statement of Changes in Equity – year ending 30 June 2016

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		205,879,928	2,610,960	128,827,506	337,318,394
Comprehensive Income					
Net Result		6,038,084	0	0	6,038,084
Transfer of Developer Contributions		1,932,377	0	0	1,932,377
Changes on Revaluation of Assets ^(a)	13	0	0	2,586,075	2,586,075
Total Comprehensive Income		7,970,461	0	2,586,075	10,556,536
Transfers from/(to) Reserves		(8,597,136)	8,597,136	0	0
Balance as at 30 June 2015		205,253,254	11,208,096	131,413,581	347,874,930
Comprehensive Income					
Net Result		7,658,690	0	0	7,658,690
Transfer of Developer Contributions		3,060,926	0	0	3,060,926
Changes on Revaluation of Assets	13	0	0	(481,711)	(481,711)
Increase / Decrease in EMRC revaluation surplus		0	0	788,568	788,568
Total Comprehensive Income		10,719,616	0	306,857	11,026,473
Transfers from/(to) Reserves		(6,952,293)	6,952,293	0	0
Balance as at 30 June 2016		209,020,577	18,160,388	131,720,438	358,901,403

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

(a) Restated amounts for 2015 (see note 14(a) 'prior years' restatements')

Cash Flow Statement – year ending 30 June 2016

SHIRE OF KALAMUNDA STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		32,104,297	31,994,511	30,814,251
Operating Grants and Subsidies		4,882,108	6,189,581	6,868,761
Contributions, Reimbursements and Donations		828,513	770,441	929,560
Fees and Charges		12,301,560	13,951,459	11,503,387
Interest Earnings		1,160,328	896,545	1,155,674
Goods and Services Tax		4,181,659	1,695,947	2,420,722
Other Revenue		88,748	62,641	54,602
		<u>55,547,213</u>	<u>55,561,125</u>	<u>53,746,957</u>
Payments				
Employee Costs		(23,624,351)	(24,159,507)	(23,292,640)
Materials and Contracts		(18,222,620)	(19,502,005)	(15,844,175)
Utility Charges		(2,482,795)	(2,358,153)	(2,410,918)
Interest Expenses		(404,802)	(609,244)	(442,094)
Insurance Expenses		(567,478)	(428,987)	(608,348)
Goods and Services Tax		(2,042,345)	(1,000,769)	(959,959)
Other Expenditure		(474,055)	(343,975)	(1,166,118)
		<u>(47,818,446)</u>	<u>(48,402,640)</u>	<u>(44,724,252)</u>
Net Cash Provided by (used in) Operating Activities	15(b)	<u>7,728,767</u>	<u>7,158,485</u>	<u>9,022,705</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for Development of Land Held for Resale		0	(18,000)	0
Payments for Purchase of Property, Plant & Equipment		(1,777,925)	(2,014,438)	(2,177,538)
Payments for Construction of Infrastructure		(8,960,280)	(11,410,407)	(3,666,949)
Non-Operating Grants, Subsidies and Contributions		5,846,078	3,250,771	3,951,296
Proceeds from Sale of Fixed Assets / Land Held for Resale		578,387	945,000	1,760,104
Net Cash Provided by (used in) Investment Activities		<u>(4,313,740)</u>	<u>(9,247,074)</u>	<u>(133,087)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of Borrowings		(593,852)	(593,852)	(629,037)
Proceeds from Self Supporting Loans		66,074	67,869	63,900
Proceeds from New Borrowings		0	500,000	0
Capital (Developer) Contributions		3,060,926	0	1,932,377
Net Cash Provided by (used in) Financing Activities		<u>2,533,148</u>	<u>(25,983)</u>	<u>1,367,240</u>
Net Increase (Decrease) in Cash Held		<u>5,948,175</u>	<u>(2,114,572)</u>	<u>10,256,858</u>
Cash at Beginning of Year		20,522,982	14,400,834	10,266,124
Cash and Cash Equivalents at the End of the Year	15(a)	<u>26,471,157</u>	<u>12,286,262</u>	<u>20,522,982</u>
Cash and Cash Equivalents		26,471,157	12,286,262	20,522,982
		<u>26,471,157</u>	<u>12,286,262</u>	<u>20,522,982</u>

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

Rate Setting Statement – year ending 30 June 2016

SHIRE OF KALAMUNDA RATE SETTING STATEMENT FOR THE YEAR ENDED 30TH JUNE 2016

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Net Current Assets at Start of Financial Year - Surplus/(Deficit)		<u>4,968,115</u>	<u>2,438,941</u>	<u>4,244,120</u>
		4,968,115	2,438,941	4,244,120
Revenue from Operating Activities (Excluding Rates)				
Governance		99,932	47,186	88,389
General Purpose Funding		4,677,215	7,034,275	7,326,783
Law, Order, Public Safety		556,406	361,025	480,016
Health		261,554	220,862	231,593
Education and Welfare		3,807,453	3,752,703	3,697,154
Community Amenities		11,074,136	11,515,960	10,262,977
Recreation and Culture		1,753,929	1,579,536	1,670,027
Transport		113,739	0	27,769
Economic Services		432,468	528,727	440,217
Other Property and Services		365,050	323,119	403,390
		<u>23,141,882</u>	<u>25,363,393</u>	<u>24,628,315</u>
Expenditure from operating activities				
Governance		(3,445,150)	(3,003,520)	(3,124,093)
General Purpose Funding		(831,218)	(789,829)	(803,302)
Law, Order, Public Safety		(1,861,494)	(1,936,215)	(1,619,923)
Health		(1,179,673)	(1,188,709)	(1,077,962)
Education and Welfare		(4,109,766)	(4,250,799)	(4,493,732)
Community Amenities		(14,712,637)	(14,367,632)	(13,155,310)
Recreation and Culture		(17,161,135)	(19,021,740)	(17,919,375)
Transport		(8,102,694)	(8,817,528)	(8,168,074)
Economic Services		(1,062,980)	(1,107,582)	(1,051,603)
Other Property and Services		(1,403,379)	(1,239,831)	(1,720,559)
		<u>(53,870,126)</u>	<u>(55,723,385)</u>	<u>(53,133,933)</u>
Operating Activities Excluded from Budget				
(Profit) on Disposal of Assets	22	(2,144)	(386,640)	(25,577)
Loss on Disposal of Assets	22	1,771,246	20,000	502,036
Profit from Sale of Land Classified as Inventory		(186,050)	0	0
Movement in Deferred Pensioner Rates (Non-Current)		(40,227)	(30,000)	(58,788)
Movement in Employee Benefit Provisions (Non-Current)		357,064	749,272	306,644
Interest on Deferred Loan Repayment		(316)	0	(309)
EMRC Contribution (Non-Cash)	2(a)	(1,703,629)	(3,600,407)	(2,280,458)
Depreciation and Amortisation on Assets	2(a)	6,043,120	8,163,761	7,556,640
Amount Attributable to Operating Activities		<u>(19,521,065)</u>	<u>(23,005,065)</u>	<u>(18,261,310)</u>
INVESTING ACTIVITIES				
Non-Operating Grants, Subsidies and Contributions	31	5,846,078	3,250,771	3,951,296
Proceeds from Disposal of Assets		578,387	945,000	1,760,104
Purchase of Land Held for Resale / Land Development Costs		0	(18,000)	(5,300)
Purchase of Property, Plant and Equipment	7(b)	(1,777,925)	(2,014,437)	(2,172,236)
Purchase and Construction of Infrastructure	8(b)	(8,960,280)	(11,410,407)	(3,666,949)
Amount Attributable to Investing Activities		<u>(4,313,740)</u>	<u>(9,247,073)</u>	<u>(133,085)</u>
FINANCING ACTIVITIES				
Repayment of Debentures	23(a)	(593,852)	(593,852)	(629,037)
Proceeds from New Debentures	23(a)	0	500,000	0
Proceeds from Self Supporting Loans		66,074	67,869	63,900
Capital (Developer) Contributions		3,060,926	0	1,932,377
Transfers to Reserves (Restricted Assets)	12	(11,195,189)	(5,016,343)	(10,041,259)
Transfers from Reserves (Restricted Assets)	12	4,242,897	8,151,024	1,444,123
Amount Attributable to Financing Activities		<u>(4,419,145)</u>	<u>3,108,698</u>	<u>(7,229,896)</u>
Surplus(Deficiency) before General Rates		<u>(28,253,949)</u>	<u>(29,143,440)</u>	<u>(25,624,290)</u>
Total Amount Raised from General Rates	24	<u>32,632,220</u>	<u>31,884,831</u>	<u>30,592,405</u>
Net Current Assets at June 30 c/fwd - Surplus/(Deficit)	25	<u>4,378,271</u>	<u>2,741,391</u>	<u>4,968,115</u>

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

Notes to and forming part of the Financial Report - year ending 30 June 2016

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

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

Critical accounting estimates

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

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

The local government reporting entity

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 21 to these financial statements.

(b) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

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

(c) Cash and Cash Equivalents

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land held for sale

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

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

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

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Land under control

In accordance with Local Government (Financial Management) Regulation 16(a), the Shire 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.

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but revalued along with other items of Land and Building at 30 June 2014.

Initial recognition and measurement between mandatory revaluation dates

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire 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 detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

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

Land under roads

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

Effective as at 1 July 2008, 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 Shire.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

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.

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

Buildings	30 to 50 years
Furniture and equipment	5 to 10 years
Plant and equipment	5 to 10 years
Infrastructure	
Roads	50 years
Drains	80 years
Parks (Plant and Equipment)	10 to 40 years

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.

Capitalisation threshold

Expenditure on items of land under \$1, IT Software under \$30,000 and all other assets under \$3,000 is not capitalised. Rather it is recorded on an asset inventory listing.

(g) Fair Value of Assets and Liabilities

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

Fair Value is the price that the Shire 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Fair value hierarchy

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

Level 1

Measurements based on 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 Shire 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 Shire 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 Shire 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years in accordance with the regulatory framework.

(h) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

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

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

(ii) Loans and receivables

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Classification and subsequent measurement (continued)

(iii) Held-to-maturity investments

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

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

(iv) Available-for-sale financial assets

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

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

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

(v) Financial liabilities

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

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial Instruments (Continued)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

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.

(i) Impairment of Assets

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

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

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

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(j) Trade and Other Payables

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

(k) Employee Benefits

Short-term employee benefits

Provision is made for the Shire'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 Shire'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 Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee Benefits (Continued)

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

(l) Borrowing Costs

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

(m) Provisions

Provisions are recognised when the Shire 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.

(n) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, 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.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Investment in Associates

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

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

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

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

(p) Interests in Joint Arrangements

The Shire's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 18.

The Shire's interest in joint venture entities are recorded using the equity method of accounting (refer to Note 1(o) for details) in the financial report.

When the Shire contributes assets to the joint venture or if the Shire purchases assets from the joint venture, only the portion of the gain or loss not attributable to the Shire's share of the joint venture shall be recognised. The Shire recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

(q) Rates, Grants, Donations and Other Contributions

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

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

(r) Superannuation

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



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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) 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 Shire's operational cycle. In the case of liabilities where the Shire 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 Shire's intentions to release for sale.

(t) Rounding Off Figures

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

(u) Comparative Figures

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

When the Shire 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.

(v) 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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) 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 Shire.

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iii) AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted. Currently, operating lease payments are expensed by as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the number of operating leases held by the Shire, the impact is not expected to be significant.
(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting standards for business combinations. Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset. Revenue is generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of depreciation, it is not expected to have a significant impact.
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15.	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.
(vii) AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in the financial statements. This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column. It is not anticipated it will have any significant impact disclosures as they currently exist and any changes will relate to presentation.
(viii) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of <i>AASB 124 Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

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



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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were as follows:

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

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

2. REVENUE AND EXPENSES	2016	2015
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
Current Auditor		
- Audit of the Annual Financial Report	22,291	19,500
- Audit and Acquittal of external funded projects	3,100	0
Depreciation		
Buildings - non-specialised	1,704,201	1,705,367
Furniture and equipment	469,085	500,407
Plant and equipment	529,836	528,405
Infrastructure - Roads	2,330,025	2,915,477
Infrastructure - Footpaths	266,689	263,469
Infrastructure - Drainage	234,428	398,925
Infrastructure - Parks and Ovals	170,887	985,100
Infrastructure - Other	337,969	259,490
	<u>6,043,120</u>	<u>7,556,640</u>
Interest expenses (finance costs)		
Debentures (refer Note 23 (a))	394,480	430,780
	<u>394,480</u>	<u>430,780</u>
Rental charges		
- Operating leases	374,727	290,796
	<u>374,727</u>	<u>290,796</u>
(ii) Crediting as revenue:		
Significant revenue		
Increase in Equity Value		
Eastern Metropolitan Regional Council (EMRC)	1,703,629	2,280,458
	<u>1,703,629</u>	<u>2,280,458</u>
Other revenue		
Other	274,798	54,602
	<u>274,798</u>	<u>54,602</u>
	2016	2015
	Actual	Actual
	\$	\$
Interest earnings		
- Loans receivable - clubs/institutions	23,628	28,031
- Reserve funds	173,613	54,977
- Municipal funds	543,644	604,048
Non-investments - Municipal	87,614	110,099
Other interest revenue	331,829	358,519
	<u>1,160,328</u>	<u>1,155,674</u>

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

The Shire of Kalamunda is dedicated to providing high quality services to the community through the various service oriented programs which it has established.

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

GOVERNANCE

Objective:

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

Activities:

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

Objective:

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

Activities:

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

Objective:

To provide an operational framework for environmental and community health.

Activities:

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

EDUCATION AND WELFARE

Objective:

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

Activities:

Provision and maintenance of home and community care programs, day care centres, youth services and other voluntary services.

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

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

COMMUNITY AMENITIES

Objective:

To provide services required by the community.

Activities:

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes and public conveniences.

RECREATION AND CULTURE

Objective:

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

Activities:

Maintenance of public halls, civic centres, aquatic centre, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

TRANSPORT

Objective:

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

Activities:

Construction and maintenance of roads, footpaths, bridges, lighting and cleaning of streets.

ECONOMIC SERVICES

Objective:

To help promote the shire and its economic wellbeing.

Activities:

Tourism and area promotion, rural services and building control.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

Private works operation, plant repair and operation costs and engineering operation costs.



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

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening	Received ⁽²⁾	Expended ⁽³⁾	Closing	Received ⁽²⁾	Expended ⁽³⁾	Closing
		Balance ⁽¹⁾ 1/07/14 \$	2014/15 \$	2014/15 \$	Balance ⁽¹⁾ 30/06/15 \$	2015/16 \$	2015/16 \$	Balance 30/06/16 \$
State Emergency Services	Law, Order and Public Safety	15,175	58,625	(60,465)	13,335	54,044	(53,340)	14,039
SES equipment	Law, Order and Public Safety	1,460	5,700	(7,160)	0	0	0	0
Bush Fire Brigade	Law, Order and Public Safety	31,662	126,999	(125,861)	32,800	130,332	(131,200)	31,932
Healthy Community Initiative	Recreation and Culture	5,818	0	(5,818)	0	0	0	0
Kids Sport Program	Recreation and Culture	1,562	81,670	(78,440)	4,792	110,000	(114,792)	0
Hartfield Park Offset Proposal Funding	Community Amenities	69,430	0	(28,809)	40,621	0	(21,981)	18,640
Woodlupine family centre - CCTV camera	Community Amenities	0	8,966	0	8,966	0	(8,966)	0
Bronze wing Grass Weed Control	Community Amenities	4,798	0	(4,798)	0	0	0	0
Banksia Woodland Project	Community Amenities	7,250	0	(1,460)	5,790	5,550	(11,340)	0
Weed Cycle at Lower Lesmurdie	Community Amenities	6,684	0	(6,684)	0	0	0	0
Water Conservation Project	Community Amenities	10,000	0	(10,000)	0	0	0	0
Pioneer park	Community Amenities	18,333	0	(18,333)	0	0	0	0
Ray Owen Sports Centre Kiosk	Community Amenities	11,973	0	(11,973)	0	0	0	0
Ray Owen Lighting Upgrade	Community Amenities	12,017	0	(12,017)	0	0	0	0
Hartfield Park Master plan	Community Amenities	141,432	3,005,000	(801,407)	2,345,025	2,755,000	(857,555)	4,242,470
Kostera Oval redevelopment project	Community Amenities	0	500,000	(222,372)	277,628	500,000	(777,628)	0
Mobile Graffiti removal implementation project	Community Amenities	0	0	0	0	18,842	0	18,842
Hale Road	Transport	11,334	0	(11,334)	0	0	0	0
Kalamunda/Fernan/Abernethy	Transport	666,666	0	(666,666)	0	0	0	0
Lot 24 Hardey Road East	Transport	12,125	0	0	12,125	0	(12,125)	0
Lot 47 Hardey Road East	Transport	15,572	0	0	15,572	0	(15,572)	0
Metro Local Government Reform	Governance	6,232	0	(6,232)	0	0	0	0
Financial Assistance Grant - Bridges	General purpose funding	0	0	0	0	210,000	(10,000)	200,000
Total		1,049,523	3,786,960	(2,079,829)	2,756,654	3,783,768	(2,014,499)	4,525,923

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.

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

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Cash on Hand - Unrestricted		7,190	6,940
Cash at Bank - Municipal		8,303,579	9,307,946
Cash at Bank - Restricted Reserves		<u>18,160,388</u>	<u>11,208,096</u>
		<u>26,471,157</u>	<u>20,522,982</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserves - Restricted			
Long Service Leave Reserve	12	1,530,051	1,060,585
Plant and Equipment Reserve	12	0	29,696
Land and Property Enhancement and Maintenance Reserve	12	1,578,059	1,354,213
Waste Management Reserve	12	787,591	232,426
EDP IT Equipment Reserve	12	542,562	139,326
Local Government Elections Reserve	12	126,009	50,000
Stirk Park Reserve	12	0	25,897
HACC Reserve	12	741,168	1,220,151
Forrestfield Industrial Area Reserve	12	119,376	117,322
Insurance Contingency Reserve	12	175,565	172,542
Light Plant Reserve	12	0	35,033
Revaluation Reserve	12	249,098	244,811
Nominated Employee Leave Provisions Reserve	12	1,135,890	525,500
Forrestfield Industrial Scheme Stage 1 Reserve	12	5,022,391	1,932,377
Asset Enhancement Reserve	12	856,713	0
Unexpended Capital Works and Specific Purpose Grants Reserve	12	5,229,908	4,003,345
Waste Avoidance and Resource Recovery Environmental Reserve	12	66,007	64,872
		<u>18,160,388</u>	<u>11,208,096</u>
Municipal Cash - Restricted			
Bonds	9	1,949,970	2,029,486
Conditional Unspent Grants and Contributions	2(c)	<u>4,525,923</u>	<u>2,756,654</u>
		<u>6,475,893</u>	<u>4,786,140</u>
Total Restricted		<u>24,636,281</u>	<u>15,994,236</u>
4. INTEREST IN JOINT VENTURE			
Equity Accounted Investment		<u>27,488,876</u>	<u>24,996,679</u>
Investment in Joint Venture			
At the beginning of the year		24,996,679	22,716,221
Change in Equity			
Other property and services		1,703,629	2,280,458
Other Comprehensive Income			
Revaluation of Assets of Joint Venture		788,568	0
At the end of the year		<u>27,488,876</u>	<u>24,996,679</u>

The Shire held investments in the Eastern Metropolitan Regional Council (EMRC) as at 30 June 2016 (for details refer to Note 18)



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

	2016 \$	2015 \$
5. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	1,238,207	613,087
Sundry Debtors	384,668	496,659
Prepayments	315,198	544,655
GST Receivable	414,902	361,706
Loans - Clubs/Institutions	70,388	66,073
	<u>2,423,363</u>	<u>2,082,180</u>
Non-current		
Rates Outstanding - Pensioners	554,647	514,420
Loans receivable - clubs/institutions	270,957	341,028
	<u>825,604</u>	<u>855,448</u>
6. INVENTORIES		
Current		
Fuel and Materials	138,914	111,941
Land Held for Resale - Cost		
Cost of Acquisition	85,360	335,593
Development Costs	0	51,067
	<u>224,274</u>	<u>498,601</u>
Non-current		
Land Held for Resale - Cost		
Cost of Acquisition	284,661	284,661
Development Costs	16,046	16,046
	<u>300,707</u>	<u>300,707</u>

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

	2016 \$	2015 \$
7 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land - freehold at:		
- Independent valuation 2014	61,426,000	63,101,000
- Additions after Valuation - Cost	<u>2,000</u>	<u>0</u>
	61,428,000	63,101,000
Land - Vested in and under the Control of Council at:		
- Independent valuation 2014	<u>2,799,800</u>	<u>2,799,800</u>
	64,227,800	65,900,800
Buildings - non-specialised at:		
- Independent valuation 2014	83,141,844	83,141,844
- Additions after Valuation - Cost 2015	1,596,994	1,596,994
- Additions after Valuation - Cost 2016	1,560,324	0
Less: Accumulated Depreciation	<u>(3,404,265)</u>	<u>(1,700,064)</u>
	82,894,897	83,038,774
Total land and buildings	<u>147,122,697</u>	<u>148,939,574</u>
Furniture and equipment at:		
- Cost	6,309,984	6,171,359
Less: Accumulated Depreciation	<u>(4,905,165)</u>	<u>(4,436,080)</u>
	1,404,819	1,735,279
Plant and equipment at:		
- Management valuation 2016 - level 2	3,082,285	0
- Management valuation 2013 - level 2	0	4,356,073
- Additions after Valuation - Cost 2014	0	923,763
Less: Accumulated Depreciation	<u>0</u>	<u>(1,032,269)</u>
	3,082,285	4,247,567
	<u>151,609,801</u>	<u>154,922,420</u>

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



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

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.

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Depreciation (Expense) \$	Carrying Amount at the End of Year \$
Land - freehold	63,101,000	2,000	(1,675,000)	0	0	0	61,428,000
Land - Vested in and under the Control of Council	<u>2,799,800</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,799,800</u>
Total land	<u>65,900,800</u>	<u>2,000</u>	<u>(1,675,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>64,227,800</u>
Buildings - non-specialised	83,038,774	1,560,324	0	0	0	(1,704,201)	82,894,897
Total buildings	<u>83,038,774</u>	<u>1,560,324</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,704,201)</u>	<u>82,894,897</u>
Total land and buildings	<u>148,939,574</u>	<u>1,562,324</u>	<u>(1,675,000)</u>	<u>0</u>	<u>0</u>	<u>(1,704,201)</u>	<u>147,122,697</u>
Furniture and equipment	1,735,279	138,625	0	0	0	(469,085)	1,404,820
Plant and equipment	4,247,567	76,976	(139,346)	(481,711)	(91,366)	(529,836)	3,082,284
Total property, plant and equipment	<u>154,922,420</u>	<u>1,777,925</u>	<u>(1,814,346)</u>	<u>(481,711)</u>	<u>(91,366)</u>	<u>(2,703,122)</u>	<u>151,609,801</u>



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

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
Land and buildings					
Land - freehold	2	Market approach using recent observable market data for similar assets	Independent registered valuer	June 2014	Average price for square meter / sales process of comparable properties
Land - Vested in and under the Control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent registered valuer	June 2014	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - non-specialised	3	Improvements to building valued using cost approach using depreciated replacement cost	Independent registered valuer	June 2014	Improvements to building using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - specialised	2	Market approach using recent observable market data for similar assets	Independent registered valuer	June 2014	Average price for square meter / sales process of comparable properties
Plant and equipment					
- Management valuation 2016	2	Market approach using recent observable market data for similar assets	Management valuation	June 2016	Market price per item
- Management valuation 2016	3	Cost approach using depreciated replacement cost	Management valuation	June 2016	Purchase cost 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.

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

	2016 \$	Restated 2015 \$
8 (a). INFRASTRUCTURE		
Infrastructure - Roads		
- Independent Valuation 2015	115,916,874	193,671,293
- Additions after Valuation - Cost	3,664,334	0
- Correction on revaluation	0	(77,754,419)
Less: Accumulated Depreciation	<u>(2,330,025)</u>	<u>0</u>
	117,251,183	115,916,874
Infrastructure - Footpaths		
- Independent Valuation 2015	13,255,933	15,398,876
- Additions after Valuation - Cost	71,765	0
- Correction on revaluation	0	(2,123,602)
Less: Accumulated Depreciation	<u>(253,046)</u>	<u>0</u>
	13,074,652	13,275,274
Infrastructure - Drainage		
- Independent Valuation 2015	18,640,817	19,251,658
- Additions after Valuation - Cost	299,458	0
- Correction on revaluation	0	(607,874)
Less: Accumulated Depreciation	<u>(232,054)</u>	<u>0</u>
	18,708,221	18,643,784
Infrastructure - Parks and Ovals		
- Independent Valuation 2015	5,795,052	5,868,888
- Additions after Valuation - Cost	4,719,185	0
- Correction on revaluation	0	(29,983)
Less: Accumulated Depreciation	<u>(142,846)</u>	<u>0</u>
	10,371,391	5,838,905
Infrastructure - Other		
- Independent Valuation 2015	6,615,233	6,988,568
- Additions after Valuation - Cost	205,538	0
- Correction on revaluation	0	(280,635)
Less: Accumulated Depreciation	<u>(268,962)</u>	<u>0</u>
	6,551,809	6,707,933
	<u>165,957,256</u>	<u>160,382,770</u>

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

The Shire of Kalamunda undertook an independent valuation as at 30 June 2015 of its Infrastructure Assets. During the Financial year 30 June 2016, it was identified that the unit replacement rate (URR) used to value kerbing area of roads was incorrect. As such, the formula on kerbing needed to be updated which resulted in a \$77,754,419 reduction to the value on the roads assets.

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

8 (a). INFRASTRUCTURE (Continued)

As the revaluation for Infrastructure assets was conducted on 30 June 2015, there is no impact on the net result for the current financial year as the adjustment was recognised within the revaluation reserve.

In addition to the above adjustment there are other revaluation adjustments found in other infrastructure categories. The summary of the total decrease in value of the infrastructure category due to the valuation adjustments are as follows:

Footpaths	2,123,602
Roads	77,754,419
Drainage - Stormwater drainages	142,546
Drainage - Stormwater pits	465,328
Parks and gardens	29,983
Infrastructure - Other - bridges	280,635
	<u>80,796,513</u>

Subsequent to the above adjustments, the revaluation of infrastructure assets resulted in an overall increase of \$2,586,075 in the net value of the Shire's Infrastructure assets in 2015. It is the Council Policy in relation to accounting for revaluation movements to treat categories as one class of asset, being Infrastructure. The sub-categories have been disclosed purely for reference purposes. As the Council deems these assets to be one class, any decrements are offset against increments within the same class of asset and the net credit/deficit is recognised in the Statement of Other Comprehensive income and the Revaluation Reserve. Should the decrements above not be netted off with the increments recognised it would result in a charge to the Statement of Comprehensive Income of \$8,801,745. The net result for 2014/2015 would therefore be (\$2,763,661) and the Other Comprehensive Income for the period would be \$13,320,297

For further details relating to the prior period adjustment refer to note 14

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

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.

	Restated ^(a) Balance as at the Beginning of the Year	Additions	(Disposals)	Depreciation (Expense)	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$
Infrastructure - Roads	115,916,874	3,664,334	0	(2,330,025)	117,251,183
Infrastructure - Footpaths	13,275,274	71,765	(5,698)	(266,689)	13,074,652
Infrastructure - Drainage	18,643,784	299,458	(593)	(234,428)	18,708,221
Infrastructure - Parks and Ovals	5,838,905	4,719,185	(15,812)	(170,887)	10,371,391
Infrastructure - Other	6,707,933	205,538	(23,693)	(337,969)	6,551,809
Total infrastructure	<u>160,382,770</u>	<u>8,960,280</u>	<u>(45,796)</u>	<u>(3,339,998)</u>	<u>165,957,256</u>

^(a) Restated amounts for 2015 (see note 14 (a) 'prior years' restatements')



SHIRE OF KALAMUNDA
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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	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2015	Observable input based on depreciation replacement cost (Level 3)
Infrastructure - Footpaths	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2015	Observable input based on depreciation replacement cost (Level 3)
Infrastructure - Drainage	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2015	Observable input based on depreciation replacement cost (Level 3)
Infrastructure - Parks and Ovals	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2015	Observable input based on depreciation replacement cost (Level 3)
Infrastructure - Other	Level 3	Cost approach using depreciated replacement cost	Independent valuation	June 2015	Observable input based on depreciation replacement cost (Level 3)

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.

SHIRE OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2016 \$	2015 \$
9. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	3,901,573	3,534,421
Bonds and Deposits	1,949,970	2,029,486
Accrued Expenses	409,021	748,639
Accrued Interest on Debentures	126,333	136,655
Accrued Salaries and Wages	21,885	186
Income in Advance	15,601	25,430
	<u>6,424,383</u>	<u>6,474,817</u>

10. LONG-TERM BORROWINGS

Current

Secured by Floating Charge Borrowings		
Borrowings	629,778	593,852
	<u>629,778</u>	<u>593,852</u>

Non-current

Secured by Floating Charge Borrowings		
Borrowings	5,664,169	6,293,947
	<u>5,664,169</u>	<u>6,293,947</u>

Additional detail on borrowings is provided in Note 23.

11. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2015			
Current provisions	1,504,662	1,115,029	2,619,691
Non-current provisions	0	704,550	704,550
	<u>1,504,662</u>	<u>1,819,579</u>	<u>3,324,241</u>
Additional provision	1,783,449	348,227	2,131,676
Amounts used	(1,740,203)	(198,220)	(1,938,423)
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate	70,817	92,994	163,811
Balance at 30 June 2016	<u>1,618,725</u>	<u>2,062,580</u>	<u>3,681,305</u>
Comprises			
Current	1,618,725	1,373,887	2,992,612
Non-current	0	688,693	688,693
	<u>1,618,725</u>	<u>2,062,580</u>	<u>3,681,305</u>



SHIRE OF KALAMUNDA
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12. RESERVES - CASH BACKED

	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$	Budget 2016 Opening Balance \$	Budget 2016 Transfer to \$	Budget 2016 Transfer (from) \$	Budget 2016 Closing Balance \$	Actual 2015 Opening Balance \$	Actual 2015 Transfer to \$	Actual 2015 Transfer (from) \$	Actual 2015 Closing Balance \$
(a) Long Service Leave Reserve	1,060,585	469,466	0	1,530,051	883,752	126,513	(550,000)	460,265	275,403	785,182	0	1,060,585
(b) Plant and Equipment Reserve	29,696	0	(29,696)	0	29,962	0	(29,962)	0	29,086	610	0	29,696
(c) Land and Property Enhancement and Maintenance Reserve	1,354,213	223,846	0	1,578,059	468,830	3,382,581	(3,000,000)	831,411	874,089	1,421,568	(941,444)	1,354,213
(d) Waste Management Reserve	232,426	555,165	0	787,591	90,483	252,714	(50,000)	293,197	160,645	71,781	0	232,426
(e) EDP IT Equipment Reserve	139,325	403,236	0	542,561	15,960	200,479	(98,000)	118,439	136,450	2,875	0	139,325
(f) Local Government Elections Reserve	50,000	76,009	0	126,009	53,099	81,593	(126,000)	8,692	0	50,000	0	50,000
(g) Stirk Park Reserve	25,897	0	(25,897)	0	19,878	0	(19,878)	0	25,364	533	0	25,897
(h) HACC Reserve	1,220,151	21,017	(500,000)	741,168	1,243,834	37,315	(500,000)	781,149	582,781	1,102,790	(465,420)	1,220,151
(i) Forrestfield Industrial Area Reserve	117,322	2,054	0	119,376	102,806	3,084	0	105,890	131,897	2,776	(17,351)	117,322
(j) Insurance Contingency Reserve	172,542	3,023	0	175,565	74,074	2,222	0	76,296	168,985	3,557	0	172,542
(k) Light Plant Reserve	35,033	0	(35,033)	0	35,346	0	(35,346)	0	34,313	720	0	35,033
(l) Revaluation Reserve	244,811	4,287	0	249,098	144,646	64,339	(60,000)	148,985	138,886	105,925	0	244,811
(m) Nominated Employee Leave Provisions Reserve	525,500	610,390	0	1,135,890	531,725	505,952	0	1,037,677	24,973	500,527	0	525,500
(n) Forrestfield Industrial Scheme Stage 1 Reserve	1,932,377	3,108,446	(18,432)	5,022,390	1,952,285	0	0	1,952,285	0	1,952,285	(19,908)	1,932,377
(o) Asset Enhancement Reserve	0	856,713	0	856,713	0	127,742	0	127,742	0	0	0	0
(p) Unexpended Capital Works and Specific Purpose Grants Reserve	4,003,345	4,860,401	(3,633,838)	5,229,908	4,003,345	240,201	(3,633,838)	609,708	0	4,003,345	0	4,003,345
(q) Environmental Reserve	64,873	1,136	0	66,008	64,718	11,608	(48,000)	28,326	28,088	36,785	0	64,873
	11,208,096	11,195,189	(4,242,897)	18,160,388	9,714,743	5,016,343	(6,151,024)	6,580,062	2,610,960	10,041,259	(1,444,123)	11,208,096

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.

SHIRE OF KALAMUNDA
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12. RESERVES - CASH BACKED (Continued)

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

Name of Reserve	Purpose of the reserve
(a) Long Service Leave Reserve	To be used to provide cash-backing for all annual and long service leave entitlements. Transfers to this reserve are based on the leave liability at the end of each year.
(b) Plant and Equipment Reserve	To be used to fund future replacement of Shire's plant and associated equipment.
(c) Land and Property Enhancement and Maintenance Reserve	To be used to fund land and property purchases, upgrade and maintenance of existing properties.
(d) Waste Management Reserve	To be used to fund financing operations for the development of Shire's sanitation service.
(e) EDP IT Equipment Reserve	To be used for the upgrade/replacement of the Shire's computer hardware and software
(f) Local Government Elections Reserve	To be used to fund the cost of future elections.
(g) Stirk Park Reserve	To be used to fund improvements to Stirk Park.
(h) HACC Reserve	To be used to fund future HACC Service programmes and asset replacement.
(i) Forrestfield Industrial Area Reserve	To be used to fund infrastructure requirements for the Forrestfield Industrial Area.
(j) Insurance Contingency Reserve	To be used to fund insurance variations and potential call backs.
(k) Light Plant Reserve	To be used to fund future replacement of Shire's plant and associated equipment.
(l) Revaluation Reserve	To be used to fund triennial rating revaluations.
(m) Nominated Employee Leave Provisions Reserve	To be used to fund future nominated staff leave entitlements.
(n) Forrestfield Industrial Scheme Stage 1 Reserve	The reserve is established to meet the Shires' reporting obligation under clause 6.5.16 of the Shire of Kalamunda Local Planning Scheme No. 3. The funds that were managed under the Trust for the scheme were transferred to the newly established reserve on 23rd June 2015. The reserve will be maintained to reflect all transactions related to the scheme for the benefit of the scheme members.
(o) Asset Enhancement Reserve	To be used to fund future replacement of Shires' infrastructure and plant and equipment needs
(p) Unexpended Capital Works and Specific Purpose Grants Reserve	To be used to carry forward available funding for uncompleted projects and specific purpose grants, that will be completed and expended in ensuing financial years.
(q) Environmental Reserve	To be used to fund environment strategies and projects.



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(14) PRIOR PERIOD ADJUSTMENT ON INFRASTRUCTURE REVALUATION

(a) (i) During the Financial year 30 June 2015, the Shire of Kalamunda ("Shire") revalued all categories of its' infrastructure assets using the services of a specialist as an external expert. For roads assets the specialist obtained a schedule from the Shires' asset management software called myData to calculate the unit replacement rate ("URR").

During the Financial year 30 June 2016, it was identified that the URR used to value kerbing area of roads is incorrect. As such, the formula on kerbing needed to be updated which resulted in a \$77,754,419 reduction of the value on the roads assets for the year ended 30 June 2015.

(ii) In addition to the above adjustment, subsequent to the revaluation of infrastructure assets additional adjustments were identified during the fiscal period 30 June 2016. Accordingly, the revaluation surplus was reduced by following amounts to accommodate the necessary changes in the valuation.

	\$
Footpaths	2,123,602
Infrastructure - Other - bridges	280,635
Drainage - Stormwater drainages	142,546
Drainage - Stormwater pits	465,328
Parks and gardens	29,983

The combined impact of the prior years' restatements of the Shires' individual line items in the Financial Statements can be summarised as follows:

30 June 2015 comparative year :

Statement of Financial Position (Extract)

	2015 Previously Stated	Decrease due to the prior period restatement	2015 restated
	\$	\$	\$
Non-current assets			
Infrastructure - Roads	193,671,293	(77,754,419)	115,916,874
Infrastructure - Footpaths	15,398,876	(2,123,602)	13,275,274
Infrastructure - Drainage	19,251,658	(607,874)	18,643,784
Infrastructure - Parks and Ovals	5,868,888	(29,983)	5,838,905
Infrastructure - Other	6,988,568	(280,635)	6,707,933
Total infrastructure	241,179,283	(80,796,513)	160,382,770
Equity			
Revaluation surplus			
Revaluation surplus on infrastructure assets	83,382,588	(80,796,513)	2,586,075

For further details relating to the impact on the Statement of Comprehensive Income refer to note 8

**SHIRE OF KALAMUNDA
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13. REVALUATION SURPLUS

	Restated				Restated				Restated						
	2016 Opening Balance \$	2016 Revaluation Increment \$	2016 Revaluation Decrement \$	2016 Total Movement on Revaluation \$	2016 Closing Balance \$	2015 Opening Balance \$	2015 Revaluation Increment \$	2015 Revaluation Decrement \$	2015 Total Movement on Revaluation \$	2015 Closing Balance \$	2015 Opening Balance \$	2015 Revaluation Increment \$	2015 Revaluation Decrement \$	2015 Total Movement on Revaluation \$	2015 Closing Balance \$
Land	59,097,346	0	0	0	59,097,346	59,097,346	0	0	0	59,097,346	59,097,346	0	0	0	59,097,346
Buildings	69,248,449	0	0	0	69,248,449	69,248,449	0	0	0	69,248,449	69,248,449	0	0	0	69,248,449
Plant and Equipment	481,711	0	(481,711)	(481,711)	0	481,711	0	0	0	481,711	481,711	0	0	0	481,711
Infrastructure ^(a)	2,586,075	0	0	0	2,586,075	0	83,382,588	(80,796,513)	2,586,075	2,586,075	2,586,075	0	0	0	2,586,075
EMRC asset revaluation	0	788,568	0	788,568	788,568	0	0	0	0	788,568	0	0	0	0	788,568
	131,413,581	788,568	(481,711)	306,857	131,720,438	128,827,506	83,382,588	(80,796,513)	2,586,075	131,413,581	131,413,581	83,382,588	(80,796,513)	2,586,075	131,413,581

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.

^(a) Restated amounts for 2015 (see note 14 (a) 'prior years' restatements')

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

15 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2016 \$	2016 Budget \$	2015 \$
Cash and cash equivalents	<u>26,471,157</u>	<u>12,286,262</u>	<u>20,522,982</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	7,658,690	4,775,611	6,038,084
Non-cash flows in Net result:			
Depreciation	6,043,120	8,163,761	7,556,640
(Profit)/Loss on sale of asset	1,769,102	(366,640)	476,459
Fair value adjustments to fixed assets at fair value through profit or loss	(1,703,629)	(3,600,407)	(2,280,458)
Loss on revaluation of fixed assets	91,366	0	0
(Profit)/Loss on sale of land classified as inventory	(186,050)	0	0
Interest on deferred loans	(316)	0	309
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(377,095)	513,981	(127,997)
(Increase)/Decrease in inventories	(26,973)	2,017	(4,623)
Increase/(Decrease) in payables	(50,434)	132,662	1,008,942
Increase/(Decrease) in provisions	357,064	788,271	306,645
Grants contributions for the development of assets	(5,846,078)	(3,250,771)	(3,951,296)
Net cash from operating activities	<u>7,728,767</u>	<u>7,158,485</u>	<u>9,022,705</u>
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Bank overdraft limit	1,500,000		1,500,000
Bank overdraft at balance date	(102,414)		0
Credit card limit	75,000		75,000
Credit card balance at balance date	(1,486)		(9,471)
Total amount of credit unused	<u>1,471,100</u>		<u>1,565,529</u>
Loan facilities			
Loan facilities - current	629,778		593,852
Loan facilities - non-current	5,664,169		6,293,947
Total facilities in use at balance date	<u>6,293,947</u>		<u>6,887,799</u>
Unused loan facilities at balance date	<u>NIL</u>		<u>NIL</u>

SHIRE OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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16. CONTINGENT LIABILITIES

The Shire of Kalamunda has no contingent liabilities that require disclosure or adjustments in the Financial report as at 30 June 2016.

17. CAPITAL AND LEASING COMMITMENTS

(a) Operating Lease Commitments

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

	2016 \$	2015 \$
Payable:		
- not later than one year	316,431	353,332
- later than one year but not later than five years	278,966	442,089
- later than five years	0	0
	<u>595,397</u>	<u>795,421</u>

(b) The Shire did not have any future capital expenditure commitments at the reporting date.

18. JOINT VENTURE ARRANGEMENTS

The Shire of Kalamunda has a share in the Net Assets in the Eastern Metropolitan Regional Council (EMRC) as a member council.

The accounting share applicable to the Shire of Kalamunda as at 30 June 2016 as disclosed in the Financial Statements of the Eastern Metropolitan Regional Council is \$27,488,876. This represents the Shire's 16.80% share of the Total Equity in the Eastern Metropolitan Regional Council.

The Shire's interest in the Assets and Liabilities to the EMRC are as follows:

	2016 \$	2015 \$
Interest in the Joint Venture	<u>27,488,876</u>	<u>24,996,679</u>
Current Assets	15,206,585	13,403,040
Non-Current Assets	<u>14,746,573</u>	<u>13,801,751</u>
	<u>29,953,158</u>	<u>27,204,791</u>
Current Liabilities	1,219,898	1,013,679
Non-Current Liabilities	<u>1,244,384</u>	<u>1,194,433</u>
	<u>2,464,282</u>	<u>2,208,112</u>
Net Assets	<u>27,488,876</u>	<u>24,996,679</u>

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016 \$	2015 \$
Governance	8,780,575	8,657,932
General purpose funding	8,627,335	10,395,351
Law, order, public safety	1,100,824	1,149,446
Health	812,302	257,139
Education and welfare	3,844,331	4,408,470
Community amenities	70,266,656	68,008,121
Recreation and culture	99,103,601	93,322,850
Transport	175,466,245	174,504,897
Economic services	2,425	2,425
Other property and services	7,296,744	3,855,156
	<u>375,301,038</u>	<u>364,561,787</u>

SHIRE OF KALAMUNDA
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	2016	2015	2014
20. FINANCIAL RATIOS			
Current ratio	0.83	1.17	1.06
Asset sustainability ratio	1.50	0.42	0.67
Debt service cover ratio	8.35	9.51	12.96
Operating surplus ratio	0.04	0.05	0.09
Own source revenue coverage ratio	0.91	0.87	0.85

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
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:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 121 of this document.

Debt Service Cover Ratio / Operating Surplus Ratio

2016 and 2015 ratios disclosed above are distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$1,206,203.

The early payment was considered to be "one-off" and if recognised in the year to which the allocation related the calculations in the 2016 and 2015 columns above would be as follows:

	2016	2015
Debt service cover ratio	9.57	8.37
Operating surplus ratio	0.06	0.02

Current Ratio

The Current Ratio is being impacted in 2016 due to the funds received during the period which have been allocated to restricted reserves which are not offset by corresponding liabilities associated with these restricted assets. The ratio is improved significantly post balance date following the raising of rates. In addition, the Council has large construction projects underway which are, partly being funded by reserves.



SHIRE OF KALAMUNDA
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21. TRUST FUNDS

Funds held at balance date over which the Shire has no control and which are not included in the Financial Statements are as follows:

	1 July 2015	Amounts Received	Amounts Paid	30 June 2016
	\$	\$	(\$)	\$
Unclaimed Monies	20,901	5,161	4,063	21,999
Wattle grove - Cell 9	12,793,720	1,127,099	256,859	13,663,960
B.C.I.T.F Levies	19,517	216,423	206,914	29,026
B.S.L Levies	24,626	252,541	251,425	25,742
Cash in lieu of Public Open Space	2,223,524	463,476	440,000	2,247,000
	<u>15,082,288</u>	<u>2,064,700</u>	<u>1,159,261</u>	<u>15,987,727</u>

22. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual			Budget		
	Net Book Value	Sale Proceeds	Profit / (loss)	Net Book Value	Sale Proceeds	Profit / (loss)
	\$	\$	\$	\$	\$	\$
Plant and Equipment						
Other property and services	139,346	91,037	(48,309)	185,000	165,000	(20,000)
Land & Building						
Community Amenities	1,675,000	0	(1,675,000)	393,360	780,000	386,640
Infrastructure assets						
Other property and services	45,793	0	(45,793)	0	0	0
	<u>1,860,139</u>	<u>91,037</u>	<u>(1,769,102)</u>	<u>578,360</u>	<u>945,000</u>	<u>366,640</u>

	Actual	Budget
	\$	\$
Profit	2,144	386,640
Loss	(1,771,246)	(20,000)
	<u>(1,769,102)</u>	<u>366,640</u>



SHIRE OF KALAMUNDA
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23. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal	New Loans		Principal Repayments		Principal		Interest	
	1 July 2015	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Community amenities									
Foothills Netball Association	80,370	0	0	3,879	3,879	76,491	76,491	5,023	5,138
Shire Depot	1,802,371	0	0	72,365	72,365	1,730,006	1,730,006	118,896	120,816
Wet'n'Wild	287,986	0	0	50,766	50,766	237,220	237,220	15,731	17,135
Land Acquisition Kalamunda Rd	925,598	0	0	148,142	148,142	777,456	777,456	47,210	49,610
Plant & Equipment Purchase	280,545	0	0	88,044	88,044	192,501	192,501	13,809	15,532
Newburn Rd Extension	432,535	0	0	62,400	62,400	370,135	370,135	23,748	23,653
Kalamunda Swimming Pool	1,655,073	0	0	63,012	63,012	1,592,061	1,592,061	91,247	92,306
Depot Waste Trucks	1,028,829	0	0	39,170	39,170	989,659	989,659	56,721	57,379
Forrestfield North Project	0	0	500,000	0	0	0	0	0	13,551
	6,493,307	0	500,000	527,778	527,778	5,965,529	5,965,529	372,385	395,120
Self Supporting Loans									
Recreation and culture									
*Forrestfield Bowling Club	23,317	0	0	3,949	3,949	19,368	19,368	1,696	1,826
*Kalamunda Cricket Club	6,101	0	0	1,902	1,902	4,199	4,199	327	374
*Kalamunda & District Basketball	60,859	0	0	18,984	18,984	41,875	41,875	3,340	3,709
*Forrestfield United Soccer Club	108,634	0	0	5,889	5,889	102,745	102,745	5,823	5,959
*Lesmurdie Tennis Club	16,163	0	0	4,262	4,262	11,901	11,901	896	963
*Maida Vale Tennis Club	36,741	0	0	2,976	2,976	33,765	33,765	2,118	2,179
*Kalamunda Club	131,735	0	0	26,182	26,182	105,553	105,553	7,297	7,893
*Forrestfield Junior Football Club	10,943	0	0	1,930	1,930	9,013	9,013	598	651
	394,493	0	0	66,074	66,074	328,419	328,419	22,095	23,554
	6,887,800	0	500,000	593,852	593,852	6,293,948	6,293,948	394,480	418,674

(*) Self supporting loan financed by payments from third parties.
All other loan repayments were financed by general purpose revenue.

SHIRE OF KALAMUNDA
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FOR THE YEAR ENDED 30TH JUNE 2016

23. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2015/16

The Shire did not take up any new debentures during the year ended 30 June 2016.

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2016.

(d) Overdraft

Council established an overdraft facility of \$1,500,000 in 2011 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2015 was nil and 30 June 2016 was \$102,414.



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

24. RATING INFORMATION - 2015/16 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Total Revenue \$
General Rate										
Gross rental value valuations										
General GRV	0.05524	19,817	427,154,720	23,270,831	193,289	7,096	23,471,216	23,311,981	286,956	23,598,937
Commercial \ Industrial GRV	0.05666	532	116,874,254	6,594,222	122,154	(39,295)	6,677,081	6,622,095	0	6,622,095
Vacant GRV	0.07250	431	11,787,744	659,829	65,347	2,047	727,224	854,611	0	854,611
Unimproved value valuations										
General UV	0.00309	236	166,740,000	515,227	1,541	0	516,768	515,227	0	515,227
Commercial \ Industrial GRV	0.00339	60	41,191,249	138,787	1,309	0	140,096	139,638	0	139,638
Sub-Total		21,076	763,747,967	31,178,897	383,640	(30,152)	31,532,385	31,443,552	286,956	31,730,508
Minimum payment										
Gross rental value valuations										
General GRV	840	1,029		946,225	0	0	946,225	82,081	0	82,081
Commercial \ Industrial GRV	980	57		55,860	0	0	55,860	14,248	0	14,248
Vacant	695	253		94,810	0	0	94,810	55,905	0	55,905
Unimproved value valuations										
Commercial \ Industrial GRV	980	3		2,940	0	0	2,940	2,088	0	2,088
Sub-Total		1,342		1,099,835	0	0	1,099,835	154,322	0	154,322
Total amount raised from general rate										
Ex-gratia rates							32,632,220			31,884,830
Totals							<u>32,769,644</u>			<u>32,014,510</u>

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

25. NET CURRENT ASSETS

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Surplus/(Deficit) 1 July 15 brought forward	<u>4,378,271</u>	<u>4,968,115</u>	<u>4,968,115</u>
CURRENT ASSETS			
Cash and cash equivalents			
Cash on Hand - Unrestricted	7,190	6,940	6,940
Cash at Bank - Municipal	8,303,578	9,307,946	9,307,946
Cash at Bank - Restricted Reserves	18,160,389	11,208,096	11,208,096
Receivables			
Rates Outstanding	1,238,207	613,087	613,087
Sundry Debtors	384,668	496,659	496,659
Prepayments	315,198	544,655	544,655
GST Receivable	414,902	361,706	361,706
Inventories			
Fuel and Materials	138,914	111,941	111,941
Land Held for Resale - Cost			
Cost of Acquisition	85,360	335,593	335,593
Development Costs	0	51,067	51,067
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry Creditors	(3,901,573)	(3,534,421)	(3,534,421)
Accrued Interest on Debentures	(126,333)	(136,655)	(136,655)
Accrued Salaries and Wages	(21,885)	(186)	(186)
Bonds and Deposits	(1,949,970)	(2,029,486)	(2,029,486)
Accrued Expenses	(409,024)	(748,641)	(748,641)
Income in Advance	(15,601)	(25,430)	(25,430)
Current Portion of Long Term Borrowings			
Secured by Floating Charge Borrowings	(629,778)	(593,852)	(593,852)
Provisions			
Provision for annual leave	(1,618,725)	(1,504,662)	(1,504,662)
Provision for long service leave	(1,373,887)	(1,115,029)	(1,115,029)
Unadjusted net current assets	19,001,630	13,349,328	13,349,328
Adjustments			
Less: Reserves - restricted cash	(18,160,389)	(11,208,096)	(11,208,096)
Less: Land Held for Resale - Cost			
Cost of Acquisition	(85,360)	(335,593)	(335,593)
Development Costs	0	(51,067)	(51,067)
Add: Secured by Floating Charge Borrowings	629,778	593,852	593,852
Add: Provision for Annual Leave	1,618,725	1,504,662	1,504,662
Add: Provision for Long Service Leave	1,373,887	1,115,029	1,115,029
Adjusted net current assets - surplus/(deficit)	<u>4,378,271</u>	<u>4,968,115</u>	<u>4,968,115</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.



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

26. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates in 2015-16.

27. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire did not impose any service charges in 2015-16.

**28. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2015/16 FINANCIAL YEAR**

Pursuant to Section 6.46 of the Local Government Act 1995, Shire offered the following incentive prizes to ratepayers who has paid their rates in full one week before the due date 17 August 2015.

- 9 cash prizes of \$1,000 donated by the Shire of Kalamunda.
 - 1 cash prize of \$1,000 donated by the Commonwealth Bank of Australia.
 - 1 \$500 passbook account donated by the Bendigo Bank -
 - 2 double passes to a concert performed and donated by the Western Australian Symphony Orchestra.
- A new rate incentive prize is also introduced in addition to the above. All ratepayers who register to have their future rates notices received electronically (eRates) by the same date as above will be eligible for ;
- 2 Samsung Galaxy Tab 3 lite 7" 8GB WiFi tablets
 - 2 Apple iPad Mini 2 16GB WiFi tablets

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

29. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Instalment Options				
Option One				
Single full payment	17-Aug-15	0	0.00%	11.00%
Option Two				
First Instalment	17-Aug-15	0		
Second Instalment	10-Dec-15	6	5.50%	11.00%
Option Three				
First Instalment	17-Aug-15	0	5.50%	11.00%
Second Instalment	12-Oct-15	6	5.50%	11.00%
Third Instalment	10-Dec-15	6	5.50%	11.00%
Fourth Instalment	08-Feb-16	6	5.50%	11.00%
Pensioner Deferred Rate Interest				2.25%
			Revenue \$	Budgeted Revenue \$
Interest on unpaid rates			88,998	203,992
Interest on instalment plan			214,174	160,292
Interest on pensioner deferred rates			\$9,195	\$17,085
ESL penalty interest			\$19,200	\$16,448
Rates interest			331,567	397,817
Charges on instalment plan			113,154	147,194
			<u>444,721</u>	<u>545,011</u>

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

30. FEES & CHARGES	2016	2015
	\$	\$
Governance	84,417	490
General purpose funding	341,146	335,365
Law, order, public safety	318,907	266,827
Health	232,756	221,839
Education and welfare	527,765	519,584
Community amenities	10,786,575	10,153,794
Recreation and culture	1,314,331	1,264,236
Transport	55,622	27,769
Economic services	432,365	440,217
Other property and services	59,055	83,564
	<u>14,152,939</u>	<u>13,313,685</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

31. GRANT REVENUE

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

By Programme:	2016	2015
	\$	\$
Operating grants, subsidies and contributions		
Governance	1,311,428	3,544,014
Law, order, public safety	184,376	185,624
Education and welfare	3,186,399	3,019,503
Community amenities	39,947	11,085
Recreation and culture	126,800	104,534
Transport	31,908	0
Other property and services	1,250	4,000
	<u>4,882,108</u>	<u>6,868,760</u>
Non-operating grants, subsidies and contributions		
Law, order, public safety	0	95,638
Health	0	8,966
Recreation and culture	3,623,239	3,616,086
Transport	2,222,839	230,606
	<u>5,846,078</u>	<u>3,951,296</u>
	<u>10,728,186</u>	<u>10,820,056</u>

32. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date	<u>254</u>	<u>250</u>
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**SHIRE OF KALAMUNDA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

33. ELECTED MEMBERS REMUNERATION	2016	2016	2015
	\$	Budget	\$
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	273,433	279,645	273,980
President's allowance	61,899	61,800	61,800
Deputy President's allowance	15,465	15,450	16,477
Information, Communications and Technology Allowance	41,039	42,000	41,125
Travel and Accommodation Allowance	1,556	600	588
Training and Conferences	18,426	0	5,418
	<u>411,818</u>	<u>399,495</u>	<u>399,388</u>

34. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2015/16 financial year.

35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2015/16 financial year.



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

36. FINANCIAL RISK MANAGEMENT

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

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

	Carrying Value		Fair Value	
	2016 \$	2015 \$	2016 \$	2015 \$
Financial assets				
Cash and cash equivalents	26,471,157	20,522,982	26,471,157	20,522,982
Receivables	<u>3,248,967</u>	<u>2,937,628</u>	<u>3,248,967</u>	<u>2,937,628</u>
	<u>29,720,124</u>	<u>23,460,610</u>	<u>29,720,124</u>	<u>23,460,610</u>
Financial liabilities				
Payables	6,424,383	6,474,817	6,424,383	6,474,817
Borrowings	<u>6,293,947</u>	<u>6,887,799</u>	<u>6,293,947</u>	<u>6,887,799</u>
	<u>12,718,330</u>	<u>13,362,616</u>	<u>12,718,330</u>	<u>13,362,616</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

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

36. FINANCIAL RISK MANAGEMENT (Continued)

**(a) Cash and Cash Equivalents
Financial assets at fair value through profit and loss
Available-for-sale financial assets
Held-to-maturity investments**

The Shire's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council 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.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also 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 under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

	2016 \$	2015 \$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	264,712	205,230
- Statement of Comprehensive Income	264,712	205,230

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible market movements.



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

36. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

The Shire'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 Shire 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 Shire to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. The Shire 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 Shire 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 Shire's credit risk at balance date was:

	2016	2015
Percentage of rates and annual charges		
- Current	69%	54%
- Overdue	31%	46%
Percentage of other receivables		
- Current	76%	99%
- Overdue	24%	1%

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

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire 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 Shire'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 \$
2016					
Payables	6,424,383	0	0	6,424,383	6,424,386
Borrowings	629,778	2,264,791	3,399,378	6,293,947	6,293,947
	<u>7,054,161</u>	<u>2,264,791</u>	<u>3,399,378</u>	<u>12,718,330</u>	<u>12,718,333</u>
2015					
Payables	6,474,817	0	0	6,474,817	6,474,819
Borrowings	593,852	2,894,568	3,399,379	6,887,799	6,887,799
	<u>7,068,669</u>	<u>2,894,568</u>	<u>3,399,379</u>	<u>13,362,616</u>	<u>13,362,618</u>

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

36. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables
Borrowings (continued)

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire 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:

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year ended 30 June 2016								
Borrowings								
Fixed rate								
Debentures	629,778	667,890	575,199	590,085	431,618	3,399,377	6,293,947	6.01%
Weighted average Effective interest rate	5.96%	5.96%	5.93%	5.92%	5.91%	6.07%		
Year ended 30 June 2015								
Borrowings								
Fixed rate								
Debentures	593,852	629,778	667,890	575,199	590,085	3,830,996	6,887,799	6.01%
Weighted average Effective interest rate	5.96%	5.96%	5.96%	5.93%	5.92%	6.06%		

Supplementary Ratio Information – year ending 30 June 2016

SHIRE OF KALAMUNDA
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2016

RATIO INFORMATION

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

	2016	2015	2014
Asset consumption ratio ^(a)	0.965	0.831	0.764
Asset renewal funding ratio	0.998	0.927	0.896

The above ratios are calculated as follows:

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

^(a) Restated amounts for 2015 (see note 14 (a) 'prior years' restatements')

Shire of Kalamunda

2 Railway Road, Kalamunda WA

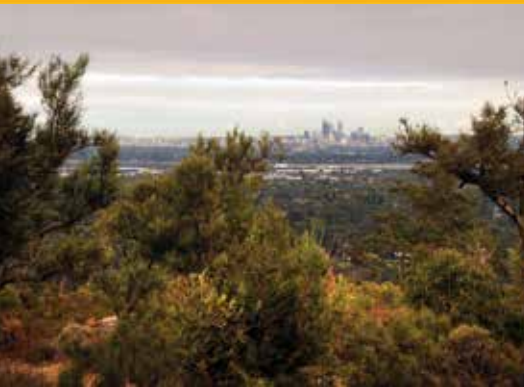
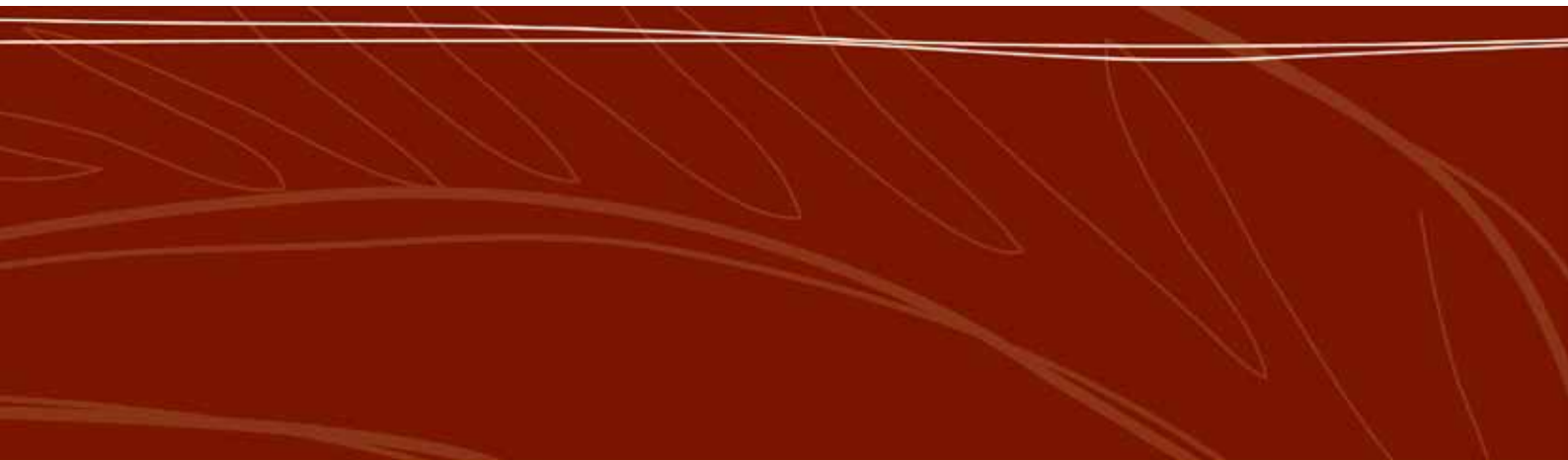
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kalamunda**