

Appendix 9.1

LANDSCAPING WORKS STATUS – October 2019

Landscape Works	FYE 2020 Budget	Detailed Design	City of Wanneroo Approval	Proposed Construction Commencement	Proposed Completion	Comments
Biodiversity Conservation Area (South)	\$300,000	Complete	Issued	September 2019	October 2019	<ul style="list-style-type: none"> Interpretive signage is currently being manufactured and installation is anticipated to be complete by late October 2019. Extent of remaining rehabilitation works in the BCA has been reviewed and propagation of native seed stock collected from the Project area has been approved in preparation for site rehabilitation scheduled to occur in winter 2020.
Biodiversity Conservation Area (North)	\$118,080	Complete	Issued	September 2019	October 2019	As above.
Stage 17B Verge Landscaping Works	\$505,769	Complete	Issued	4 September 2019	Late October 2019	Landscaping work is in progress.
Stage 11 POS (Phase 2)	\$800,000	Complete	Issued	October 2019	February 2020	<ul style="list-style-type: none"> Landscaping design approved by City of Wanneroo 11 September 2019. Pricing by landscape contractors provided to TPRC for consideration on 24 September 2019. Tendered cost for a bespoke item of playground equipment ('Catalina seaplane') came in significantly higher than the opinion of probable costs. Satterley was instructed to review the specification for and cost of the seaplane on 26 September 2019. Outcome of this review is pending.

Appendix 9.2

TAMALA PARK REGIONAL COUNCIL
MONTHLY STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2019 TO 31 AUGUST 2019

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**TAMALA PARK REGIONAL COUNCIL
STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2019 TO 31 AUGUST 2019**

	NOTE	31 August 2019 Actual \$	31 August 2019 Y-T-D Budget \$	2019/20 Adopted Budget \$	Variences Budget to Actual Y-T-D %
<u>Operating</u>					
Revenues					
Interest Earnings		199,124	193,230	966,153	3.05%
Other Revenue		0	0	0	0.00%
		199,124	193,230	966,153	3.05%
Expenses					
Employee Costs		(98,961)	(126,475)	(742,371)	(21.75%)
Materials and Contracts Other		(28,243)	(52,130)	(312,762)	(45.82%)
Depreciation		0	(4,264)	(25,578)	(100%)
Insurance		(11,096)	(13,169)	(21,090)	(15.74%)
Utilities		0	(1,101)	(6,611)	(100%)
Other Expenditure		(38,890)	(44,210)	(191,256)	(12%)
		(177,190)	(241,349)	(1,299,668)	(26.58%)
<u>Adjustments for Non-Cash (Revenue) and Expenditure</u>					
Depreciation on Assets		0	4,264	25,578	0.00%
Profit/(loss) on Disposal of Assets	4	0	0	0	0.00%
<u>Capital Revenue and (Expenditure)</u>					
Plant and Equipment	3	0	0	(15,000)	0.00%
Proceeds on disposal	4	0	0	0	0.00%
LESS MEMBERS EQUITY					
Payment for Rates Equivalent					
Development of Land for Resale					
Income Sale of Lots - Subdivision		582,599	756,156	9,073,874	(23%)
Income other - Subdivision		0	0	0	0.00%
Development Costs - Subdivision		(674,052)	(1,361,922)	(16,343,068)	(50.51%)
Contribution Refund		(159,852)	(154,491)	(154,491)	3.47%
Profit Distributions		0	(250,000)	(3,000,000)	(100%)
Rates equivalent		0	0	0	0.00%
Members equity - GST withheld		(41,300)	0	0	0.00%
Change in Contributed Equity	6	(292,605)	(1,010,257)	(10,423,685)	(71.04%)
Net Current Assets July 1 B/Fwd	7	43,994,530	(2,770,830)	(33,249,962)	(1687.77%)
Net Current Assets Year to Date	7	43,723,859	(3,824,942)	(43,996,584)	

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

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2019 TO 31 AUGUST 2019

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

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

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

(b) The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in this statement. 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 statement, but a separate statement of those monies appears at Note 1.

(c) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

(d) 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.

(e) Rounding Off Figures

All figures shown in this statement are rounded to the nearest dollar.

(f) 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.

(g) 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 highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of net current assets.

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

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

Financial assets at amortised cost held with registered financial institutions are listed in this note other financial assets at amortised cost are provided in Note 4 - Other assets.

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2019 TO 31 AUGUST 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) 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.

(h) 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 Resale

Land held for development and resale 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. Borrowing 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 onto the buyer at this point.

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

Contract Assets

A contract asset is the right to consideration in exchange for goods or services the entity has transferred to a customer when that right is conditioned on something other than the passage of time.

Other financial assets at amortised cost

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

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

(i) Fixed Assets

All assets are initially recognised at cost. 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 local government includes the cost of all materials used in the construction, direct labour on the project and an appropriate proportion of variable and fixed overhead. Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. Assets carried at fair value are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2019 TO 31 AUGUST 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Depreciation of Non-Current Assets

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

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Computer Equipment	4 years
Printers, Photocopiers and Scanners	5 years
Furniture and Equipment	4 to 10 years
Floor coverings	8 years
Phones and Faxes	6 to 7 years
Plant and Equipment	5 to 15 years
Infrastructure	30 to 50 years

(k) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Shire 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.

(l) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term 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.

(ii) Annual Leave and Long Service Leave (Long-term Benefits)

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

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2019 TO 31 AUGUST 2019

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

(n) Provisions

Provisions are recognised when: The council 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 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.

(o) 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. Unless otherwise stated assets or liabilities are classified as current if expected to be settled within the next 12 months, being the Council's operational cycle.

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2019 TO 31 AUGUST 2019

2. STATEMENT OF OBJECTIVE

The Regional Council has a specific regional purpose which is:

- a) To undertake, in accordance with the objectives, the rezoning, subdivision, development marketing and sale of land comprising the developable portion of Lot 118 Mindarie (now Lot 9504); and
- b) To carry out and do all other acts and things which are reasonably necessary for the bringing into effect of the matters referred to in paragraph a).

The objectives of the Regional Council are:

- 1. To develop and improve the value of the land;
- 2. To maximise, and with prudent risk parameters, the financial return to the Participants;
- 3. To balance economic, social and environmental issues; and
- 4. To produce a quality development demonstrating the best urban design and development practice.

3. ACQUISITION OF ASSETS

The following assets are budgeted to be acquired during the year:

	31 August 2019 Actual \$	Adopted 2019/20 Budget \$
<u>By Program</u>		
Other Property and Services		
Furniture and equipment	0	(15,000)
Motor Vehicle	0	0
	0	(15,000)
<u>By Class</u>		
Plant and Equipment	0	(15,000)
	0	(15,000)

4. DISPOSALS OF ASSETS

There following asset is budgeted to be disposed during the financial year ended.

<u>Plant and Equipment</u>		
Cost	0	0
Accumulated Depreciation	0	0
Profit/(Loss)	0	0
Proceeds	0	0

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2019 TO 31 AUGUST 2019

5. INFORMATION ON BORROWINGS

No borrowings have been undertaken in the period under review. No borrowings are budgeted during the 2019-20 financial year.

6. CONTRIBUTED EQUITY

	31 August 2019 Actual \$	30 June 2019 Actual \$
Town of Victoria Park	3,635,126	3,657,682
City of Perth	3,665,126	3,687,682
Town of Cambridge	3,635,126	3,657,682
City of Joondalup	7,270,248	7,315,360
City of Wanneroo	7,270,248	7,315,360
Town of Vincent	3,635,126	3,657,682
City of Stirling	14,543,310	14,633,534
TOTAL	43,654,311	43,924,982
Total Movement in equity	(270,671)	

Movement in Contributed Equity Represented by:

	GST Withheld 31 August 2019 \$	Development Expenses 31 August 2019 \$	Land Sales 31 August 2019 \$	Return of Contribution 31 August 2019 \$	Contributed Equity 31 August 2019 \$	Rates Equivalent 31 August 2018 \$
Town of Victoria Park	(3,442)	(56,171)	48,550	0	(13,321)	0
City of Perth	(3,442)	(56,171)	48,550	0	(13,321)	0
Town of Cambridge	(3,442)	(56,171)	48,550	0	(13,321)	0
City of Joondalup	(6,883)	(112,342)	97,100	0	(26,642)	0
City of Wanneroo	(6,883)	(112,342)	97,100	0	(26,642)	0
Town of Vincent	(3,442)	(56,171)	48,550	0	(13,321)	0
City of Stirling	(13,767)	(224,684)	194,199	0	(53,284)	0
	(41,300)	(674,052)	582,599	0	(159,852)	0
Members Contributed Equity Movements			(292,605)			
TPRC Net Result			21,934			
Total Movement in equity			(270,671)			

TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE STATEMENT OF FINANCIAL ACTIVITY
FOR THE PERIOD 1 JULY 2019 TO 31 AUGUST 2019

7. NET CURRENT ASSETS

Composition of Estimated Net Current Asset Position	31 August 2019 Actual \$	Brought Forward 1 July \$
CURRENT ASSETS		
Cash - Unrestricted	43,805,344	43,975,870
Receivables	206,520	344,946
Settlement Bonds	0	0
	44,011,864	44,320,816
LESS: CURRENT LIABILITIES		
Payables and Provisions	(288,005)	(326,286)
	43,723,859	43,994,530

8. RATING INFORMATION

The Regional Council does not levy rates on property.

9. TRUST FUNDS

The Regional Council does not hold any funds in trust on behalf of third parties.

Appendix 9.3

**Tamala Park Regional Council
Summary Payment List
August 2019**

Date	Name	Description	Amount
1/08/2019	Employee costs	Wages for period 18/07/19 - 31/07/19	-11,714.26
1/08/2019	Australian Super	Superannuation for period 18/07/19 - 31/07/19	-695.51
1/08/2019	National Australia Bank	Superannuation for period 18/07/19 - 31/07/19	-1,141.77
1/08/2019	City of Perth	GST owing June 2019	-685.13
1/08/2019	Butler Settineri	Interim audit fee	-4,103.24
1/08/2019	City of Vincent	GST owing June 2019	-685.00
1/08/2019	Imagesource	Catalyst Community Newsletter (June 2019)	-603.90
1/08/2019	Kyocera Mita	Printing charges (July 2019)	-111.01
1/08/2019	LD Total	Landscaping	-79,724.96
1/08/2019	Nel, Wouter & Beunita	Solar Panel Rebate - Lot 974	-2,000.00
1/08/2019	New Living Cleaning	Cleaning of Beach Land Sales Office (July 2019)	-281.54
1/08/2019	NJ Carpentry	Central Sales Office - Maintenance & retro-fit	-7,676.90
1/08/2019	Plan E	Monthly retainer (June 2019)	-7,315.00
1/08/2019	Spectur Ltd	Security cameras x 2	-176.00
1/08/2019	Tranen Revegetation Systems	Annual seed storage fee	-220.00
1/08/2019	Water Corporation	Water charges - Sales Offices 2 & 3	-478.43
6/08/2019	City of Wanneroo	GST owing June 2019	-1,370.26
13/08/2019	Westpac Bank	Payment of credit card charges (CEO & EA) - August 2019	-957.48
15/08/2019	Employee costs	Wages for period 01/08/19 - 14/08/19	-11,685.64
15/08/2019	Australian Super	Superannuation for period 01/08/19 - 14/08/19	-691.65
15/08/2019	National Australia Bank	Superannuation for period 01/08/19 - 14/08/19	-1,141.77
15/08/2019	Australian Taxation Office	IAS (July 2019)	-15,616.00
15/08/2019	Burgess Rawson	GST Valuation (July 2019)	-55.00
15/08/2019	Capital Transport Services	Courier charges (July 2019)	-26.52
15/08/2019	City of Stirling	TPRC office rent (September 2019)	-3,276.04
15/08/2019	Cossill and Webley	Stage 26 Civil Works (July 2019)	-4,310.63
15/08/2019	Kevin Smith Cleaning Services	Cleaning of TPRC office (July 2019)	-132.00
15/08/2019	LD Total	Landscaping maintenance	-40,819.38
15/08/2019	Marketforce	Statutory advertising	-809.09
15/08/2019	Moore Stephens	Accounting services	-9,432.50
15/08/2019	Neverfail	Bottled water x 3	-41.75
15/08/2019	New Living Cleaning	Cleaning of Beach Sales Office (July 2019)	-281.54
15/08/2019	O'Sullivan, Simon	Reimbursement of mobile phones & parking (May - July 201)	-145.19
15/08/2019	R J Vincent and Co	Stage 26 Civil Works (Cert 4)	-233,517.46
15/08/2019	Satterley Property Group	Community development (June 2019)	-6,600.00
15/08/2019	Signs and Lines	Replacement of banner mesh	-1,244.10
15/08/2019	Stantons International	Review of Earthworks Tender evaluation report	-153.45
15/08/2019	Threadgate, N & Lehmann, RG	Solar Panel Rebate - Lot 931	-2,000.00
15/08/2019	Town of Victoria Park	GST Feb - June 2019	-3,505.00
15/08/2019	Treacy Fencing	Fencing	-4,182.75
15/08/2019	WALGA	Annual Membership & Council Connect Fees	-6,868.05
15/08/2019	City of Wanneroo	Stage 17B Landscape Assessment Fee	-1,001.09
15/08/2019	Synergy	Power - Sales Office & POS	-674.25
22/08/2019	Canon Australia Pty Ltd	Canon iRadvC3530i III - Photocopier	-3,406.38
22/08/2019	Planning Institute of Aus	WA Conference Registration (CEO)	-345.00
29/08/2019	Employee costs	Wages for period 15/08/19 - 28/08/19	-11,735.92
29/08/2019	Australian Super	Superannuation for period 15/08/19 - 28/08/19	-668.49
29/08/2019	National Australia Bank	Superannuation for period 15/08/19 - 28/08/19	-1,141.77
29/08/2019	Anderson, Claire	Elected member attendance fee 20 April 2019 - 19 July 201	-2,613.75
29/08/2019	Caddy, Karen	Elected member attendance fee 20 April 2019 - 19 July 201	-2,613.75
29/08/2019	Capital Transport Services	Courier charges (15 August 2019)	-13.80
29/08/2019	Chester, John	Elected member attendance fee 20 April 2019 - 19 July 201	-2,613.75
29/08/2019	City of Wanneroo	Rates 2019/2020	-82,572.73
29/08/2019	Cole, Emma	Elected member attendance fee 20 April 2019 - 19 July 201	-2,613.75
29/08/2019	Coterra Environment	Environmental consulting services (July 2019)	-854.70
29/08/2019	Dominic Carbone and Assoc	GST management and accounting services (July 2019)	-2,112.00
29/08/2019	Fenn, Samantha	Elected member attendance fee 20 April 2019 - 19 July 201	-2,613.75
29/08/2019	Ferrante, Joe	Elected member attendance fee 20 April 2019 - 19 July 201	-2,613.75
29/08/2019	Gouws, H. & L.	Solar Panel Rebate (Lot 305)	-2,000.00
29/08/2019	Hammond, Andrew	Elected member attendance fee 20 April 2019 - 19 July 201	-2,613.75
29/08/2019	Imagesource	Lots to Live For signage	-615.45

29/08/2019	Italiano, Giovanni	Chairman allowance 20 April 2019 - 19 July 2019	-8,886.50
29/08/2019	Jones, Nige	Elected member attendance fee 20 April 2019 - 19 July 201	-2,613.75
29/08/2019	McMullen Nolan Group	Stage 26 surveying	-12,661.00
29/08/2019	Neverfail	Bottled water x 2	-28.25
29/08/2019	New Living Cleaning	Cleaning of Beach Sales Office (August 2019)	-422.31
29/08/2019	Plan E	Landscaping architect services	-2,590.50
29/08/2019	R J Vincent and Co	Stage 26 Civil Works (Cert 5)	-269,091.31
29/08/2019	Sandri, Bianca	Elected member attendance fee 20 April 2019 - 19 July 201	-2,613.75
29/08/2019	Satterley Property Group	Community development services (July 2019)	-3,220.80
29/08/2019	Scott Printers Pty Ltd	EOFY flyers	-63.53
29/08/2019	Signs and Lines	EOFY decal removal & replacement	-2,614.92
29/08/2019	Stewart, Ian	Solar Panel Rebate (Lot 2104)	-2,000.00
29/08/2019	Timmermanis, Andres	Elected member attendance fee 20 April 2019 - 19 July 201	-2,613.75
29/08/2019	Town of Victoria Park	GST July 2019	-247.00
29/08/2019	Treby, Brett	Deputy Chairman allowance 20 April 2019 - 19 July 2019	-3,855.25
29/08/2019	Synergy	Power charges Jun - Aug 2019	-1,351.35
30/08/2019	City of Joondalup	GST June & July 2019	-1,863.93
30/08/2019	City of Wanneroo	GST owing July 2019	-493.67
TOTAL			<u><u>-909,145.30</u></u>

**Tamala Park Regional Council
Summary Payment List
July 2019**

Date	Name	Description	Amount
3/07/2019	Capital Transport Services	Courier charges 24 June 2019	-13.80
3/07/2019	City of Stirling	Rent & IT services	-4,761.04
3/07/2019	Kyocera Mita	Printing charges (June 2019)	-120.44
3/07/2019	LD Total	Landscaping	-26,731.71
3/07/2019	Marketforce	Statutory advertising	-1,768.94
3/07/2019	McLeods Barristers & Solicitors	Legal Fees - CEO Contract (June 2019)	-395.45
3/07/2019	Moore Stephens	Accounting services (May 2019)	-2,062.50
3/07/2019	Spectur Ltd	Security cameras x 2 (July 2019)	-176.00
4/07/2019	Australian Taxation Office	IAS (May 2019)	-13,434.00
4/07/2019	Employee costs	Wages for period 20/06/19 - 03/07/19	-11,527.84
4/07/2019	Australian Super	Superannuation for period 20/06/19 - 03/07/19	-668.49
4/07/2019	National Australia Bank	Superannuation for period 20/06/19 - 03/07/19	-1,141.77
8/07/2019	AMP Bank.	Preparation of Audit Certificate for FYE 2019	-25.00
9/07/2019	City of Wanneroo	Stage 26 Footpath Bond Administration Fee	-1,210.00
11/07/2019	City of Perth	GST owing May 2019	-595.05
12/07/2019	Westpac Bank	Payment of credit card charges (CEO & EA) - July	-619.82
15/07/2019	City of Joondalup	GST Jan - May 2019	-6,523.79
18/07/2019	Employee costs	Wages for period 04/07/19 - 17/07/19	-11,527.85
18/07/2019	Australian Super	SOS & VW sS	-668.49
18/07/2019	National Australia Bank	Superannuation for period 04/07/19 - 17/07/19	-1,141.77
18/07/2019	Burgess Rawson	GST valuations (June 2019)	-110.00
18/07/2019	Capital Transport Services	Courier charges 03/07/19 - 11/07/19	-42.40
18/07/2019	City of Stirling	GST June 2019 & Recycling Bin	-3,015.55
18/07/2019	City of Vincent	GST owing May 2019	-595.00
18/07/2019	Cossill and Webley	Stage 26 Civil Works (June 2019)	-4,310.63
18/07/2019	Coterra Environment	Groundwater licence review & IBSA Data	-986.98
18/07/2019	Docushred	Security bin	-51.70
18/07/2019	Dominic Carbone and Assoc	GST accounting services (May 2019)	-462.00
18/07/2019	Kevin Smith Cleaning	Cleaning of TPRC offices (June 2019)	-132.00
18/07/2019	LD Total	Landscaping services	-28,747.02
18/07/2019	LGIS Insurance Broking	Insurance 2019/2020	-5,246.19
18/07/2019	LGIS Liability	Liability insurance - Instalment 1	-1,590.99
18/07/2019	LGIS Property	Property insurance - Instalment 1	-6,413.52
18/07/2019	LGIS Workcare	WorkCare - Instalment 1	-4,537.50
18/07/2019	McMullen Nolan Group	Stage 26 Surveying (June 2019)	-2,541.00
18/07/2019	Neverfail	Bottled water x 1	-13.50
18/07/2019	New Living Cleaning	Cleaning of Beach Sales Office (June 2019)	-281.54
18/07/2019	Stantons International	Probity Audit - Earthworks Tender	-511.50
22/07/2019	CBRE Valuations Pty Limited	Catalina Estate Valuation (including Lot 807)	-17,600.00
22/07/2019	Red Empire Media	Flythrough video and virtual tour	-8,255.50
22/07/2019	Australian Taxation Office	BAS for quarter April - June 2019	-12,024.00
TOTAL			<u><u>-182,582.27</u></u>

Appendix 9.4

23 September 2019

Mr Tony Arias
Chief Executive Officer
Tamala Park Regional Council
PO Box 655
INNALOO WA 6918

Dear Tony

Catalina Financial Report for August 2019

Please find attached the Catalina Financial Report for August 2019. This report has been prepared on a cash basis and compares actual income and expenditure to the June 2019 approved budget for the period 1 August 2019 to 31 August 2019.

Residential settlement revenue for the financial year to 31 August 2019 is \$0.6m which is \$1.4m behind the approved 'June 2019' budget.

Sales for FYE2020 are \$6k favourable to budget as a result of 1 extra residential lot sale for the year, mostly offset by a lower average selling price per lot due to lot mix.

Overall FYE2020 expenditure is \$1.5m under budget per the approved 'June 2019' budget, with \$0.8m spent against a budget of \$2.3m. The main areas of variances are summarised below:

- Lot Production is \$302k under budget, noting the following variances:
 - Stage 26 \$283k under budget due to timing of invoice payments;
 - \$19k combined minor variances.

- Landscaping is \$809k under budget, noting the following variances:
 - Stage 17 \$252k under budget as works to commence shortly following the recent awarding of contract;
 - Stage 10 BCA \$50k under budget as works yet to commence, recommendation with the TPRC;
 - Stage 25 Greenlink \$67k under budget due to timing of invoice payments;
 - Preliminary Landscape Consultancy \$71k under budget due to timing of works;
 - Northern BCA \$59k under budget as works yet to commence, recommendation with the TPRC;
 - Stage 11 phase 2 \$133k under budget due to works yet to commence;
 - \$177k combined minor variances.

- Infrastructure is \$75k under budget, noting the following variances:
 - Neerabup Rd Green Link Underpass \$52k under budget due to deferral of minor works;
 - \$23k combined minor variances.

- Indirect Consultants \$97k under budget due to timing of invoice payments.
- Special Sites & Fixed Assets \$25k under budget due to timing of invoice payments.
- P&L expenditure is \$224k under budget, noting the following variances:
 - Marketing \$44k under budget due to timing of invoice payments and approval pending on new initiatives;
 - Community Development \$23k under budget due to timing of seasonal events;
 - Central Cell Sales Office Carpark Makegood \$57k under budget due to timing of invoice payments;
 - Rates & Taxes \$83k over budget due to timing of payments;
 - Contingency \$107k not required;
 - \$76k Combined minor variances for other Overheads.

Please refer to the attached Cashflow Analysis for a more detailed analysis of actual to budget variances. Should you have any queries on this report, please do not hesitate to contact me.

Yours faithfully



Ross Carmichael
General Manager - Finance

Catalina Actual vs Budget Analysis

Tamala Park Cashflow FY2020		Actual MTD Vs Budget Aug 2019			Year to date Vs Budget to Aug 2019			Full Year		Project to date Vs Budget to Aug 2019			Bud Comparison: Jun 19 Approved
Job Description	Account Description	Actual 1 month to Aug 2019	Budget 1 month to Aug 2019	Variance	YTD to Aug 2019	YTD budget	Variance	Budget 2020	YTD Act vs Full Year Budget Variance	PTD to Aug 2019	PTD budget	Variance	Comments regarding variance
REVENUE													
Settlements	Settlement revenue	358,000	1,298,914	(940,914)	590,000	2,014,857	(1,424,857)	8,593,874	(8,003,874)	237,688,500	238,703,714	(1,015,214)	2 settlements YTD ex GST Margin scheme. GST Margin as detailed in Burgess Rawson valuations
Margin GST	Margin GST	(3,622)	(18,182)	14,560	(6,584)	(27,273)	20,689	(118,182)	111,598	(3,518,148)	(3,548,435)	30,287	
Direct Selling Costs		(16,043)	(81,383)	65,340	(26,505)	(114,126)	87,621	(416,314)	389,809	(10,814,932)	(10,875,090)	60,158	Includes Commission and Management Fees
Interest Income		0	0	0	0	0	0	0	0	85,114	85,001	113	Penalty interest income on settlements
Forfeited Deposits		0	0	0	0	0	0	0	0	22,727	22,727	0	
Other Income	Special sites revenue	0	436,364	(436,364)	0	436,364	(436,364)	436,364	(436,364)	3,290,721	3,727,085	(436,364)	
Rebate Allowance		(20,763)	(133,693)	112,931	(37,883)	(275,467)	237,584	(1,216,887)	1,179,004	(5,766,175)	(6,634,757)	868,583	Construction Recycling, Fencing, Landscape, Shared Bore, Solar, and Display Builder Rebates
		317,573	1,502,020	(1,184,448)	519,029	2,034,355	(1,515,326)	7,278,856	(6,759,827)	220,987,808	221,480,245	(492,437)	
LOT PRODUCTION													
Earthworks Stages 1-4, 6	Siteworks / Earthworks	0	0	0	0	0	0	0	0	2,122,407	2,122,407	0	
	Direct Consultants	0	0	0	0	0	0	0	0	157,827	157,827	0	
Total Earthworks Stages 1-4, 6		0	0	0	0	0	0	0	0	2,280,234	2,280,234	(0)	
Earthworks Stages 5 & 7	Siteworks / Earthworks	0	0	0	0	0	0	0	0	2,368,798	2,368,798	0	
	Direct Consultants	0	0	0	0	0	0	0	0	121,827	121,827	0	
Total Earthworks Stages 5 & 7		0	0	0	0	0	0	0	0	2,490,625	2,490,625	0	
Earthworks Stage 8	Siteworks / Earthworks	0	0	0	0	0	0	0	0	1,265,418	1,265,418	0	
	Direct Consultants	0	0	0	0	0	0	0	0	63,366	63,366	0	
Total Earthworks Stage 8		0	0	0	0	0	0	0	0	1,328,784	1,328,784	0	
Earthworks Stages 9-11	Siteworks / Earthworks	0	0	0	0	0	0	0	0	4,066,094	4,066,094	0	
	Direct Consultants	0	0	0	0	0	0	0	0	99,325	99,325	0	
Total Earthworks Stages 9-11		0	0	0	0	0	0	0	0	4,165,419	4,165,419	0	
Earthworks Stages 12-13	Siteworks / Earthworks	0	0	0	0	0	0	0	0	1,139,937	1,139,937	0	
	Direct Consultants	0	0	0	0	0	0	0	0	108,025	108,025	0	
Total Earthworks Stage 12-13		0	0	0	0	0	0	0	0	1,247,962	1,247,962	0	
Earthworks Stages 14-18	Siteworks / Earthworks	0	0	0	0	0	0	0	0	1,738,744	1,738,744	0	
	Direct Consultants	0	0	0	0	0	0	0	0	250,660	250,660	0	
Total Earthworks Stage 14-18		0	0	0	0	0	0	0	0	1,989,404	1,989,404	0	
Earthworks Stage 20-24	Direct Consultants	0	0	0	0	0	0	0	0	27,113	27,113	0	
Total Earthworks Stage 20-24		0	0	0	0	0	0	0	0	27,113	27,113	0	
Earthworks Stages 25-27	Siteworks / Earthworks	0	0	0	0	0	0	0	0	3,603,087	3,603,087	(0)	
	Direct Consultants	0	0	0	0	0	0	0	0	186,216	192,859	6,643	
Total Earthworks Stage 25-27		0	0	0	0	0	0	0	0	3,789,303	3,795,945	6,643	
Stage 1	Siteworks / Earthworks	0	0	0	0	0	0	0	0	3,208,532	3,208,532	0	
	Authorities Fees	0	0	0	0	0	0	0	0	158,201	158,201	(0)	
	Direct Consultants	0	0	0	0	0	0	0	0	214,916	214,916	0	
Total Stage 1		0	0	0	0	0	0	0	0	3,581,649	3,581,649	(0)	
Stage 2	Siteworks / Earthworks	0	0	0	0	0	0	0	0	2,691,287	2,691,287	0	
	Authorities Fees	0	0	0	0	0	0	0	0	210,292	210,292	0	
	Direct Consultants	0	0	0	0	0	0	0	0	164,171	166,571	2,400	
Total Stage 2		0	0	0	0	0	0	0	0	3,065,749	3,068,150	2,400	
Stage3	Siteworks / Earthworks	0	0	0	0	0	0	0	0	2,010,933	2,010,933	0	
	Authorities Fees	0	0	0	0	0	0	0	0	284,155	284,155	(0)	
	Direct Consultants	0	0	0	0	0	0	0	0	187,648	187,648	0	
Total Stage 3		0	0	0	0	0	0	0	0	2,482,736	2,482,736	(0)	
Stage 4	Siteworks / Earthworks	0	0	0	0	0	0	0	0	2,298,741	2,298,741	0	
	Authorities Fees	0	0	0	0	0	0	0	0	284,471	284,471	0	
	Direct Consultants	0	0	0	0	0	0	0	0	219,983	219,983	0	
Total Stage 4		0	0	0	0	0	0	0	0	2,803,195	2,803,195	0	
Stage 5	Siteworks / Earthworks	0	0	0	0	0	0	0	0	2,796,102	2,796,102	(0)	
	Authorities Fees	0	0	0	0	0	0	0	0	392,082	392,082	0	
	Direct Consultants	0	0	0	0	0	0	0	0	388,371	388,371	0	
Total Stage 5		0	0	0	0	0	0	0	0	3,576,555	3,576,555	(0)	
Stage 6A	Siteworks / Earthworks	0	0	0	0	0	0	0	0	297,465	297,465	0	
	Authorities Fees	0	0	0	0	0	0	0	0	50,207	50,207	0	
	Direct Consultants	0	0	0	0	0	0	0	0	39,033	39,033	0	
Total Stage 6A		0	0	0	0	0	0	0	0	386,705	386,705	0	
Stage 6B	Siteworks / Earthworks	0	0	0	0	0	0	0	0	708,104	708,104	0	
	Authorities Fees	0	0	0	0	0	0	0	0	202,417	202,417	0	
	Direct Consultants	0	0	0	0	0	0	0	0	121,160	121,650	490	
Total Stage 6B		0	0	0	0	0	0	0	0	1,031,681	1,032,171	490	
Stage 6C	Siteworks / Earthworks	0	0	0	0	0	0	0	0	484,386	484,386	0	
	Authorities Fees	0	0	0	0	0	0	0	0	90,611	90,611	0	

Catalina Actual vs Budget Analysis

Tamala Park Cashflow FY2020		Actual MTD Vs Budget Aug 2019			Year to date Vs Budget to Aug 2019			Full Year		Project to date Vs Budget to Aug 2019			Bud Comparison: Jun 19 Approved
Job Description	Account Description	Actual 1 month to Aug 2019	Budget 1 month to Aug 2019	Variance	YTD to Aug 2019	YTD budget	Variance	Budget 2020	YTD Act vs Full Year Budget Variance	PTD to Aug 2019	PTD budget	Variance	Comments regarding variance
	Direct Consultants	0	0	0	0	0	0	0	0	52,015	52,015	0	
Total Stage 6C		0	0	0	0	0	0	0	0	627,012	627,012	0	
Stage 7	Siteworks / Earthworks	0	0	0	0	0	0	0	0	2,257,683	2,257,684	1	
	Authorities Fees	0	0	0	0	0	0	0	0	425,907	425,907	0	
	Direct Consultants	0	0	0	0	0	0	0	0	290,878	290,878	(0)	
Total Stage 7		0	0	0	0	0	0	0	0	2,974,468	2,974,469	1	
Stage 8	Siteworks / Earthworks	0	0	0	0	0	0	0	0	2,494,187	2,494,187	0	
	Authorities Fees	0	0	0	0	0	0	0	0	314,992	314,992	0	
	Direct Consultants	0	0	0	0	0	0	0	0	251,105	251,105	0	
Total Stage 8		0	0	0	0	0	0	0	0	3,060,284	3,060,284	0	
Stage 9	Siteworks / Earthworks	0	0	0	0	0	0	0	0	2,418,198	2,418,198	0	
	Authorities Fees	0	0	0	0	0	0	0	0	406,804	406,804	0	
	Direct Consultants	0	0	0	0	0	0	0	0	236,848	236,848	0	
Total Stage 9		0	0	0	0	0	0	0	0	3,061,850	3,061,850	0	
Stage 10	Siteworks / Earthworks	0	0	0	0	0	0	0	0	1,229,760	1,229,760	0	
	Authorities Fees	0	0	0	0	0	0	0	0	160,060	160,060	0	
	Direct Consultants	0	0	0	0	0	0	0	0	141,355	141,355	0	
Total Stage 10		0	0	0	0	0	0	0	0	1,531,175	1,531,175	0	
Stage 11	Siteworks / Earthworks	0	0	0	0	0	0	0	0	2,778,422	2,778,422	(0)	
	Authorities Fees	0	0	0	0	0	0	0	0	463,449	463,449	0	
	Direct Consultants	0	0	0	0	0	0	0	0	336,976	336,976	0	
Total Stage 11		0	0	0	0	0	0	0	0	3,578,848	3,578,848	(0)	
Stage 12	Siteworks / Earthworks	0	0	0	0	0	0	0	0	2,077,002	2,077,002	0	
	Authorities Fees	0	0	0	0	0	0	0	0	258,204	258,204	0	
	Direct Consultants	0	0	0	0	0	0	0	0	247,233	247,768	535	
Total Stage 12		0	0	0	0	0	0	0	0	2,582,440	2,582,975	535	
Stage 13A	Siteworks / Earthworks	0	0	0	0	0	0	0	0	1,932,316	1,932,316	0	
	Authorities Fees	0	0	0	0	0	0	0	0	264,752	264,752	0	
	Direct Consultants	0	0	0	0	0	0	0	0	172,787	174,267	1,480	
Total Stage 13A		0	0	0	0	0	0	0	0	2,369,855	2,371,336	1,480	
Stage 13B	Siteworks / Earthworks	0	0	0	0	0	0	0	0	2,115,792	2,115,792	0	
	Authorities Fees	0	0	0	0	0	0	0	0	195,434	195,434	0	
	Direct Consultants	0	0	0	0	0	0	0	0	241,636	242,101	465	
Total Stage 13B		0	0	0	0	0	0	0	0	2,552,862	2,553,327	465	
Stage 14A	Siteworks / Earthworks	0	0	0	0	0	0	0	0	2,221,820	2,221,820	0	
	Authorities Fees	0	0	0	0	0	0	0	0	467,540	467,540	0	
	Direct Consultants	0	0	0	0	0	0	0	0	301,549	344,079	42,530	
Total Stage 14A		0	0	0	0	0	0	0	0	2,990,908	3,033,438	42,530	
Stage 14B	Siteworks / Earthworks	0	0	0	0	0	0	0	0	482,855	500,850	17,995	
	Authorities Fees	0	0	0	0	0	0	0	0	110,991	110,991	0	
	Direct Consultants	0	0	0	0	0	0	0	0	17,639	17,739	100	
Total Stage 14B		0	0	0	0	0	0	0	0	611,485	629,580	18,095	
Stage 15	Siteworks / Earthworks	0	0	0	0	0	0	0	0	1,999,681	1,999,681	0	
	Authorities Fees	0	0	0	0	0	0	0	0	357,841	357,841	0	
	Direct Consultants	0	0	0	0	0	0	0	0	263,241	267,061	3,820	
Total Stage 15		0	0	0	0	0	0	0	0	2,620,763	2,624,583	3,820	
Stage 16A	Authorities Fees	0	0	0	0	0	0	0	0	9,844	9,844	0	
	Direct Consultants	0	0	0	0	0	0	0	0	17,605	17,605	0	
Total Stage 16A		0	0	0	0	0	0	0	0	27,449	27,449	0	
Stage 16B	Direct Consultants	0	0	0	0	0	0	0	0	26,000	26,000	0	
Total Stage 16B		0	0	0	0	0	0	0	0	26,000	26,000	0	
Stage 17A	Siteworks / Earthworks	0	0	0	0	0	0	0	0	732,033	732,033	0	
	Authorities Fees	0	0	0	0	0	0	0	0	161,279	161,279	0	
	Direct Consultants	0	0	0	0	0	0	0	0	110,250	115,250	5,000	
Total Stage 17A		0	0	0	0	0	0	0	0	1,003,563	1,008,563	5,000	
Stage 17B	Siteworks / Earthworks	0	0	0	0	0	0	0	0	1,273,015	1,642,087	369,072	
	Authorities Fees	0	0	0	0	0	0	0	0	194,411	195,384	973	
	Direct Consultants	0	1,466	1,466	0	2,933	2,933	5,969	5,969	180,869	189,564	8,696	
Total Stage 17B		0	1,466	1,466	0	2,933	2,933	5,969	5,969	1,648,295	2,027,035	378,740	
Stage 18A	Siteworks / Earthworks	0	0	0	0	0	0	0	0	871,358	871,358	0	
	Authorities Fees	0	0	0	0	0	0	0	0	216,537	216,537	0	
	Direct Consultants	0	0	0	0	0	0	0	0	125,664	131,200	5,536	
Total Stage 18A		0	0	0	0	0	0	0	0	1,213,559	1,219,095	5,536	
Stage 18B	Siteworks / Earthworks	0	0	0	0	0	0	0	0	1,486,381	2,411,579	925,198	Stage 18C costs doubled up
	Authorities Fees	0	0	0	0	0	0	0	0	267,438	270,948	3,510	
	Direct Consultants	0	0	0	0	0	0	0	0	191,390	364,990	173,600	

Catalina Actual vs Budget Analysis

Tamala Park Cashflow FY2020		Actual MTD Vs Budget Aug 2019			Year to date Vs Budget to Aug 2019			Full Year		Project to date Vs Budget to Aug 2019			Bud Comparison: Jun 19 Approved
Job Description	Account Description	Actual 1 month to Aug 2019	Budget 1 month to Aug 2019	Variance	YTD to Aug 2019	YTD budget	Variance	Budget 2020	YTD Act vs Full Year Budget Variance	PTD to Aug 2019	PTD budget	Variance	Comments regarding variance
Total Stage 18B		0	0	0	0	0	0	0	0	1,945,209	3,047,517	1,102,308	
Stage 18C	Siteworks / Earthworks	0	0	0	0	0	0	305,300	305,300	0	0	0	
	Direct Consultants	0	15,933	15,933	0	15,933	15,933	143,400	143,400	0	15,933	15,933	
Total Stage 18B		0	15,933	15,933	0	15,933	15,933	448,700	448,700	0	15,933	15,933	
Stage 25	Siteworks / Earthworks	0	0	0	0	0	0	0	0	5,523,981	5,579,231	55,250	
	Authorities Fees	0	0	0	0	0	0	0	0	212,929	212,929	0	
	Direct Consultants	0	0	0	0	0	0	0	0	280,279	297,991	17,713	
Total Stage 25		0	0	0	0	0	0	0	0	6,017,188	6,090,151	72,963	
Stage 26	Siteworks / Earthworks	456,917	350,318	(106,599)	456,917	700,636	243,719	1,401,273	944,356	1,002,913	498,486	(504,427)	Timing, within total project budget
	Authorities Fees	(9)	38,454	38,463	1,091	38,454	37,363	38,454	37,363	237,633	490,560	252,927	
	Direct Consultants	15,429	12,018	(3,411)	21,658	24,036	2,378	36,054	14,396	126,026	150,482	24,456	
Total Stage 26		472,337	400,790	(71,547)	479,665	763,126	283,461	1,475,780	996,115	1,366,572	1,139,528	(227,044)	
Various Stages	Clearance Bonds	0	0	0	0	0	0	50,000	50,000	247,245	442,625	195,380	
TOTAL LOT PRODUCTION		472,337	418,190	(54,147)	479,665	781,992	302,327	1,980,449	1,500,783	76,304,143	77,929,417	1,625,274	Within budget
LANDSCAPING													
Stage 7 Landscaping	Landscape Construction	0	0	0	0	0	0	0	0	169,816	169,816	0	Within total FY20 Landscaping budget
Stage 7 Landscaping	Landscape Consulting	0	0	0	0	0	0	0	0	7,193	7,193	0	
Stage 8 Landscaping	Landscape Construction	0	0	0	0	0	0	0	0	412,952	412,952	0	
Stage 8 Landscaping	Landscape Consulting	0	0	0	0	0	0	0	0	30,857	30,857	0	
Stage 9 Landscaping Aviator Blvd Greenlink	Landscape Construction	0	0	0	0	0	0	0	0	104,134	104,134	0	
Stage 9 Landscaping Aviator Blvd Greenlink	Landscape Consulting	0	0	0	0	0	0	0	0	11,489	11,489	0	
Stage 10 POS (10.1)	Landscape Construction	0	0	0	0	0	0	0	0	198,747	198,747	0	
Stage 10 POS (10.1)	Landscape Consulting	0	0	0	0	0	0	0	0	14,417	14,417	0	
Stage 11 Landscape Consultancy	Landscape Construction	0	0	0	0	0	0	0	0	1,331,874	1,331,874	(0)	
Stage 11 Landscape Consultancy	Landscape Consulting	0	0	0	0	0	0	0	0	147,539	163,675	16,136	
Stage 12 Landscaping	Landscape Construction	0	0	0	0	0	0	0	0	236,650	242,601	5,950	
Stage 12 Landscaping	Landscape Consulting	0	0	0	0	0	0	0	0	27,377	27,377	0	
Stage 13 Landscaping	Landscape Construction	0	1,121	1,121	0	2,243	2,243	5,607	5,607	789,993	796,721	6,728	
Stage 13 Landscaping	Landscape Consulting	0	0	0	0	0	0	0	0	61,433	61,433	0	
Stage 14A Landscaping	Landscape Construction	0	0	0	9,014	0	(9,014)	0	(9,014)	551,718	663,360	111,642	
Stage 14A Landscaping	Landscape Consulting	0	0	0	0	0	0	0	0	12,013	8,430	(3,583)	
Stage 14B Landscaping	Landscape Construction	0	0	0	0	0	0	0	0	213,926	216,701	2,775	
Stage 14B Landscaping	Landscape Consulting	0	0	0	0	0	0	0	0	15,457	15,457	0	
Stage 15 Landscaping	Landscape Construction	0	0	0	0	0	0	0	0	114,948	115,933	985	
Stage 15 Landscaping	Landscape Consulting	0	0	0	0	0	0	0	0	18,838	18,838	0	
Stage 16A Landscaping	Landscape Consulting	0	0	0	0	0	0	0	0	11,303	11,303	0	
Stage 17 Landscaping	Landscape Construction	910	126,442	125,532	910	252,885	251,975	252,885	251,975	910	505,769	504,859	
Stage 17 Landscaping	Landscape Consulting	0	0	0	0	0	0	0	0	2,720	2,932	212	
Stage 18 Landscaping	Landscape Construction	0	0	0	0	0	0	0	0	265,611	267,780	2,169	
Stage 18 Landscaping	Landscape Consulting	0	0	0	0	0	0	0	0	46,251	46,001	(250)	
Stage 8 Landscaping Verge Landscaping Lot 475	Landscape Construction	0	0	0	0	0	0	0	0	1,001	1,001	0	
Stage 8 Landscaping Street Trees / Streetscapes	Landscape Construction	0	0	0	0	0	0	0	0	63,552	63,552	0	
Stage 8 Landscaping Street Trees / Streetscapes	Landscape Consulting	0	0	0	0	0	0	0	0	2,587	2,587	0	
Stage 10 Biodiversity Conservation Area	Landscape Construction	0	25,062	25,062	0	50,124	50,124	125,311	125,311	225,263	300,450	75,186	
Stage 10 Biodiversity Conservation Area	Landscape Consulting	0	0	0	0	0	0	0	0	28,012	28,012	0	
Stage 9 Biodiversity Conservation Area	Landscape Construction	0	0	0	0	0	0	0	0	40,000	40,000	0	
Stage 9 Biodiversity Conservation Area	Landscape Consulting	0	0	0	0	0	0	0	0	3,120	3,120	0	
Stage 10 Biodiversity Conservation Area	Landscape Construction	0	0	0	0	0	0	0	0	116,647	116,647	0	
Stage 10 Biodiversity Conservation Area	Landscape Consulting	0	0	0	0	0	0	0	0	7,918	7,918	0	
Seed Collection	Landscape Construction	0	4,625	4,625	0	9,250	9,250	27,750	27,750	7,250	16,500	9,250	
Stage 8 Medium Density Lot Verges	Landscape Construction	0	0	0	0	0	0	0	0	19,598	19,598	0	
Stage 8 Medium Density Lot Verges	Landscape Consulting	0	0	0	0	0	0	0	0	1,346	1,346	0	
Stage 9 Medium Density Lot Verges	Landscape Construction	0	0	0	0	0	0	0	0	95,700	95,700	0	
Stage 9 Medium Density Lot Verges	Landscape Consulting	0	0	0	0	0	0	0	0	5,500	5,500	0	
School Oval	Landscape Construction	0	0	0	0	0	0	0	0	44,219	44,219	0	
Marmion Ave Eastern Verge Upgrade	Landscape Construction	0	0	0	0	0	0	0	0	269,451	292,707	23,256	
Marmion Ave Eastern Verge Upgrade	Landscape Consulting	0	0	0	0	0	0	0	0	19,688	19,688	(0)	
Western Cell Long Beach Prom Entry Statement	Landscape Consulting	0	0	0	0	0	0	0	0	19,164	19,164	0	
Western Cell Long Beach Prom Greenlink	Landscape Consulting	0	0	0	0	0	0	0	0	11,880	11,880	(0)	
Western Cell Marmion Ave Verge	Landscape Consulting	0	0	0	0	0	0	0	0	19,196	19,196	0	
Western Cell POS	Landscape Consulting	0	0	0	0	0	0	0	0	83,145	83,145	0	
Western Cell POS2	Landscape Consulting	0	0	0	0	0	0	0	0	64,091	87,253	23,162	
West Cell Bore, Pump, Electrics & Iron Filtration	Landscape Construction	0	0	0	5,916	0	(5,916)	0	(5,916)	118,324	150,000	31,676	
West Cell Bore, Pump, Electrics & Iron Filtration	Landscape Consulting	0	0	0	0	0	0	0	0	9,466	9,466	0	
Western Cell Long Beach Prom Medians	Landscape Consulting	0	0	0	0	0	0	0	0	19,357	19,357	(0)	
Catalina Beach Foreshore Reserve Interface	Landscape Construction	0	0	0	0	0	0	300,000	300,000	0	0	0	

Catalina Actual vs Budget Analysis

Tamala Park Cashflow FY2020		Actual MTD Vs Budget Aug 2019			Year to date Vs Budget to Aug 2019			Full Year		Project to date Vs Budget to Aug 2019			Bud Comparison: Jun 19 Approved
Job Description	Account Description	Actual 1 month to Aug 2019	Budget 1 month to Aug 2019	Variance	YTD to Aug 2019	YTD budget	Variance	Budget 2020	YTD Act vs Full Year Budget Variance	PTD to Aug 2019	PTD budget	Variance	Comments regarding variance
Catalina Beach Greenlink Stage 25	Landscape Construction	990	69,105	68,115	71,477	138,209	66,732	276,419	204,941	3,884,133	4,157,264	273,130	
Catalina Beach Greenlink Stage 25	Landscape Consulting	0	0	0	0	0	0	0	0	118,249	163,658	45,409	
Preliminary Landscaping Consultancy	Landscape Consulting	9,005	40,079	31,074	9,005	80,159	71,154	254,156	245,151	174,813	268,589	93,776	
Northern Biodiversity Conservation Area	Landscape Construction	0	29,520	29,520	0	59,040	59,040	118,080	118,080	330,479	389,519	59,040	
Northern Biodiversity Conservation Area	Landscape Consulting	0	0	0	0	0	0	0	0	19,093	29,843	10,750	
Neerabup Road Verge Treatment - West	Landscape Construction	0	0	0	0	0	0	0	0	795,713	795,713	0	
Neerabup Road Verge Treatment - West	Landscape Consulting	0	0	0	0	0	0	0	0	47,056	47,056	0	
Neerabup Road Verge Treatment - East	Landscape Construction	0	0	0	0	0	0	0	0	180,487	180,487	0	
Neerabup Road Verge Treatment - East	Landscape Consulting	0	0	0	0	0	0	0	0	23,134	23,134	0	
Neerabup Entry Statement	Landscape Construction	0	0	0	0	0	0	0	0	87,605	87,605	0	
Neerabup Entry Statement	Landscape Consulting	0	0	0	0	0	0	0	0	1,927	1,927	0	
Public Open Space 1	Landscape Construction	0	0	0	0	0	0	0	0	369,509	369,509	0	
Public Open Space 1	Landscape Consulting	0	0	0	0	0	0	0	0	46,158	46,158	0	
Public Open Space - Lot 8009	Landscape Construction	0	0	0	0	0	0	0	0	166,728	170,896	4,168	
Public Open Space - Lot 8009	Landscape Consulting	0	0	0	0	0	0	0	0	11,504	11,504	0	
Sales Centre Landscaping	Landscape Construction	0	0	0	0	0	0	0	0	1,700	1,700	0	
Streetscape To Stage 1	Landscape Construction	0	0	0	0	0	0	0	0	251,365	275,067	23,702	
Public Open Space - Lot 8007	Landscape Construction	0	0	0	0	0	0	0	0	1,083,262	1,083,262	0	
Public Open Space - Lot 8007	Landscape Consulting	0	0	0	0	0	0	0	0	76,262	76,262	0	
Irrigation System	Landscape Construction	0	0	0	0	0	0	0	0	76,010	76,010	0	
Irrigation System	Landscape Consulting	0	0	0	0	0	0	0	0	4,801	4,801	0	
Public Art	Landscape Construction	0	8,333	8,333	0	16,667	16,667	100,000	100,000	155,801	204,180	48,379	
Public Art	Landscape Consulting	0	0	0	0	0	0	0	0	13,105	18,350	5,245	
Streescapes Stg 2 Consultancy	Landscape Construction	0	0	0	0	0	0	0	0	164,882	164,882	0	
Streescapes Stg 2 Consultancy	Landscape Consulting	0	0	0	0	0	0	0	0	11,980	11,980	0	
Streetscape To Stage 3	Landscape Construction	0	0	0	0	0	0	0	0	40,537	40,537	0	
Aviator Blvd Greenlink (5.2)	Landscape Consulting	0	0	0	0	0	0	0	0	6,072	6,072	0	
Neerabup Road Verge Treatment Stg4	Landscape Construction	0	0	0	0	0	0	0	0	206,713	206,713	0	
Neerabup Road Verge Treatment Stg4	Landscape Consulting	0	0	0	0	0	0	0	0	12,759	12,759	0	
Neerabup Road Verge Treatment Stg5	Landscape Construction	0	0	0	0	0	0	0	0	157,346	157,346	0	
Neerabup Road Verge Treatment Stg5	Landscape Consulting	0	0	0	0	0	0	0	0	14,093	14,093	0	
Public Open Space Stage 6	Landscape Construction	0	0	0	0	0	0	0	0	145,252	157,412	12,160	
Public Open Space Stage 6	Landscape Consulting	0	0	0	0	0	0	0	0	6,768	6,768	0	
Sales Centre Landscaping Stg 2	Landscape Construction	0	0	0	0	0	0	0	0	6,798	6,798	(0)	
Sales Centre Landscaping Stg 2	Landscape Consulting	0	0	0	0	0	0	0	0	7,527	7,527	0	
Public Access Way 2.1	Landscape Construction	0	0	0	0	0	0	0	0	150,700	150,700	0	
Public Access Way 2.1	Landscape Consulting	0	0	0	0	0	0	0	0	11,232	11,232	0	
Aviator Blvd Entry Stmt	Landscape Construction	0	0	0	0	0	0	0	0	511,858	512,449	591	
Aviator Blvd Entry Stmt	Landscape Consulting	0	0	0	0	0	0	0	0	27,897	38,637	10,740	
Roundabout	Landscape Construction	0	0	0	0	0	0	0	0	7,162	7,162	0	
Roundabout	Landscape Consulting	0	0	0	0	0	0	0	0	1,035	1,035	0	
Fauna Relocation	Landscape Construction	0	1,111	1,111	0	2,222	2,222	5,556	5,556	37,080	43,747	6,667	
Western Cell Entry Statement & Greenlink	Landscape Construction	0	0	0	0	0	0	0	0	59,051	59,051	0	
Stage 11 Landscape Phase 2	Landscape Construction	0	66,667	66,667	0	133,333	133,333	800,000	800,000	0	133,333	133,333	
Catalina Grove Initial Scoping Works	Landscape Consulting	0	533	533	0	1,066	1,066	1,066	1,066	16,803	20,000	3,197	
Catalina Central Landscape Upgrade	Landscape Construction	0	16,112	16,112	0	32,223	32,223	80,558	80,558	820,749	906,429	85,681	
Catalina Central Landscape Upgrade	Landscape Consulting	0	0	0	0	0	0	0	0	63,128	61,465	(1,663)	
Stage 12/13 Greenlink New Bore	Landscape Construction	0	22,222	22,222	0	44,444	44,444	111,111	111,111	70,354	133,333	62,980	
Marmion Ave Shrub Planting	Landscape Construction	0	13,333	13,333	0	26,667	26,667	120,000	120,000	0	26,667	26,667	
Catalina Beach Display Village Verge Landscaping	Landscape Construction	4,158	5,186	1,028	4,158	10,372	6,214	10,372	6,214	53,415	70,000	16,585	
Bore 6	Landscape Construction	0	0	0	0	0	0	0	0	30,906	0	(30,906)	
Catalina Beach Stage 26 Landscaping	Landscape Construction	0	0	0	0	0	0	40,000	40,000	0	0	0	
Aviator Blvd Roundabouts Upgrade	Landscape Construction	0	5,000	5,000	0	10,000	10,000	60,000	60,000	0	10,000	10,000	
Neerabup Rd Median - Roulettes to Marmion	Landscape Construction	0	11,750	11,750	0	23,500	23,500	117,500	117,500	0	47,000	47,000	
Early Stock Procurement	Landscape Consulting	0	8,333	8,333	0	16,667	16,667	100,000	100,000	0	16,667	16,667	
TOTAL LANDSCAPING		15,063	454,535	439,472	100,480	909,070	808,590	2,906,368	2,805,888	16,654,631	18,428,082	1,773,450	Within budget
INDIRECT CONSULTANTS													
Planning - indirect	Planning	0	18,729	18,729	0	37,458	37,458	224,750	224,750	2,260,072	2,307,325	47,254	Within total FY20 Consultants budget
	Architect	0	1,240	1,240	0	2,480	2,480	14,878	14,878	15,100	23,539	8,439	
	Environmental	977	4,040	3,063	1,874	8,081	6,207	48,486	46,612	323,548	342,232	18,684	
	Geotechnical	0	19	19	0	39	39	1,607	1,607	12,300	13,284	984	
	Title - Survey & Legal fees	0	2,500	2,500	0	5,000	5,000	30,000	30,000	153,160	168,160	15,000	
	Engineering fees	0	8,574	8,574	0	17,148	17,148	102,889	102,889	194,375	229,785	35,410	
	Traffic planning	0	10	10	0	19	19	804	804	84,181	84,673	492	
	Landscaping consultancy	0	0	0	0	0	0	0	0	1,000	0	(1,000)	
	Miscellaneous Consultants	0	4,167	4,167	0	8,333	8,333	50,000	50,000	4,082	28,920	24,838	

Catalina Actual vs Budget Analysis

Tamala Park Cashflow FY2020		Actual MTD Vs Budget Aug 2019			Year to date Vs Budget to Aug 2019			Full Year		Project to date Vs Budget to Aug 2019			Bud Comparison: Jun 19 Approved	
Job Description	Account Description	Actual 1 month to Aug 2019	Budget 1 month to Aug 2019	Variance	YTD to Aug 2019	YTD budget	Variance	Budget 2020	YTD Act vs Full Year Budget Variance	PTD to Aug 2019	PTD budget	Variance	Comments regarding variance	
	Planning - fire & safety	0	0	0	0	5,000	5,000	5,000	5,000	150	25,150	25,000	Within budget	
	Planning - Hydrology	0	3,750	3,750	0	7,500	7,500	45,000	45,000	114,747	136,347	21,600		
	Planning - Sustainability	0	3,000	3,000	0	6,000	6,000	36,000	36,000	26,805	38,805	12,000		
	Acoustic & Noise Consult	0	833	833	0	1,667	1,667	8,333	8,333	0	13,333	13,333		
	Tree Mapping	0	0	0	0	0	0	7,500	7,500	1,616	20,306	18,690		
	TOTAL INDIRECT CONSULTANTS	977	46,863	45,886	1,874	98,725	96,851	575,247	573,372	3,191,136	3,431,859	240,723		
	INFRASTRUCTURE												Within total FY20 Infrastructure budget	
	Marmion relocation services	0	0	0	0	0	0	0	0	450,680	450,680	0	Within budget	
	Marmion relocation services	0	0	0	0	0	0	0	0	48,750	48,750	0		
	Neerabup Road Key Largo Intersection	0	0	0	0	0	0	0	0	974,127	974,127	0		
	Neerabup Road Key Largo Intersection Eng	0	0	0	0	0	0	0	0	54,024	54,024	0		
	Neerabup Rd Maroochydore Way Intersection	0	0	0	0	0	0	0	0	1,498,274	1,480,279	(17,995)		
	Neerabup Rd Maroochydore Way Intersection	0	0	0	0	0	0	0	0	97,321	97,321	0		
	Connolly Drive Green Link Intersection	0	0	0	0	0	0	350,000	350,000	9,400	780	(8,620)		
	Connolly Drive Green Link Intersection	0	0	0	0	0	0	22,750	22,750	99,619	99,619	0		
	Neerabup Road Green Link Underpass	0	25,766	25,766	0	51,533	51,533	51,533	51,533	2,296,934	2,400,000	103,066		
	EPBC Offset - foraging	0	0	0	0	0	0	0	0	490,000	490,000	0		
	Gravity Sewer	0	0	0	0	0	0	0	0	1,518,761	1,518,761	0		
	Gravity Sewer Engineering	0	0	0	0	0	0	0	0	100,778	100,778	0		
	Marmion Avenue Green Link Intersection	0	0	0	0	0	0	0	0	3,041,955	3,041,955	0		
	Marmion Avenue Green Link Intersection Eng	0	0	0	0	0	0	0	0	151,585	151,585	0		
	Asbestos and rubbish removal - Gen Allowance	195	2,917	2,722	195	5,833	5,638	35,001	34,806	24,809	51,887	27,078		
	West Beach Access	0	0	0	0	0	0	644,000	644,000	0	0	0		
	West Beach Access	0	6,977	6,977	0	13,953	13,953	83,720	83,720	0	13,953	13,953		
	UXO - Search Western Cell Phase 2	0	0	0	0	0	0	0	0	14,500	14,500	0		
	UXO - Search Western Cell Phase 2	0	0	0	0	0	0	0	0	1,625	1,625	0		
	Aviator Blvd Extension St 25 to Long Beach Prom incl services extensions (exc Beach Access Tr	0	0	0	0	0	0	389,250	389,250	1,500	1,500	0		
	Aviator Blvd Extension St 25 to Long Beach Prom incl services extensions (exc Beach Access Tr	0	1,751	1,751	0	3,501	3,501	21,008	21,008	29,692	33,193	3,501		
	Housing Auth Dist Plan Scheme 2	0	0	0	0	0	0	0	0	162,919	162,919	0		
	Raise existing bore on Connolly Drive	0	0	0	0	0	0	0	0	0	2,004	2,004		
	Catalina Beach North/South Dual Use Path	0	0	0	0	0	0	1,000,000	1,000,000	0	0	0		
	Catalina Beach North/South Dual Use Path	0	0	0	0	0	0	65,000	65,000	0	0	0		
	Waste Water Pump Station (West)	0	0	0	0	0	0	0	0	1,797,746	1,853,120	55,374		
	Rubbish removal - General Allowance	0	0	0	0	0	0	0	0	17,314	14,717	(2,597)		
	INFRASTRUCTURE	195	37,410	37,215	195	74,821	74,626	2,662,261	2,662,066	12,882,312	13,058,077	175,764	Within budget	
	INFRASTRUCTURE REFUNDS													
	Neerabup Road Reimbursement	0	0	0	0	0	0	0	0	(432,548)	(432,548)	0	Within budget	
	Waste Water Pump Station (West)	0	0	0	0	0	0	(1,253,120)	(1,253,120)	0	0	0		
	INFRASTRUCTURE REFUNDS							(1,253,120)	(1,253,120)	(432,548)	(432,548)	0		
	TOTAL INFRASTRUCTURE	195	37,410	37,215	195	74,821	74,626	1,409,141	1,408,946	12,449,764	12,625,529	175,764	Within budget	
	SPECIAL SITES & FIXED ASSETS													
	Lot 1 Group Housing Site Construction	0	0	0	0	0	0	0	0	172,782	172,782	0	Within budget	
	Removal of temp sales office	0	0	0	0	0	0	0	0	8,636	8,636	0		
	Sales Office Building	0	0	0	0	0	0	0	0	573,050	573,981	932		
	Sales Office Retrofit	6,979	0	(6,979)	6,979	10,000	3,021	10,000	3,021	7,279	30,000	22,721		
	Sales Office Carparks	0	0	0	0	0	0	0	0	98,087	98,087	0		
	Temp Sales office services	0	0	0	0	0	0	0	0	3,812	3,812	0		
	Sales Office Construction Western	0	9,623	9,623	0	19,246	19,246	38,492	38,492	624,762	730,754	105,992		
	Sales office carparks Western	0	0	0	0	0	0	0	0	234,478	234,478	0		
	Security Cameras	0	1,250	1,250	0	2,500	2,500	12,500	12,500	19,560	24,560	5,000		
	TOTAL SPECIAL SITES & FIXED ASSETS	6,979	10,873	3,894	6,979	31,746	24,767	60,992	54,013	1,742,446	1,877,091	134,645		
	TOTAL CONSTRUCTION	495,551	967,871	472,320	589,194	1,896,355	1,307,161	6,932,197	6,343,003	110,342,120	114,291,977	3,949,857		Within budget
	LAND	0	0	0	0	0	0	5,103,000	5,103,000	0	0	0		
	PROFIT & LOSS EXPENDITURE													
	Sales & Marketing													
	Brand Development	0	4,303	4,303	7,505	8,605	1,100	51,633	44,128	213,340	274,499	61,158	Within budget	
	Sales Office & Builder Rel.	0	4,016	4,016	0	8,032	8,032	48,190	48,190	110,761	130,736	19,975		
	Brochures	58	1,801	1,744	58	3,603	3,545	21,617	21,559	139,893	174,438	34,545		
	Advertising	1,295	6,770	5,475	2,903	13,539	10,636	81,235	78,332	770,709	840,997	70,288		
	Signage	3,508	8,491	4,982	3,508	16,981	13,473	101,888	98,380	403,989	438,062	34,073		
	Website	0	1,377	1,377	0	2,754	2,754	16,522	16,522	9,891	43,269	33,379		
	Promotions	0	2,180	2,180	0	4,360	4,360	26,160	26,160	19,550	93,263	73,713		
	Public Relations	0	230	230	0	460	460	2,755	2,755	6,564	17,298	10,735		
	Total Sales and Marketing	4,861	29,167	24,306	13,974	58,334	44,360	350,001	336,027	1,674,697	2,012,563	337,866		
	Total Community Development	9,477	16,042	6,565	9,477	32,083	22,606	192,500	183,023	380,093	516,142	136,048		Within budget
	Administration	920	0	(920)	1,805	0	(1,805)	20,000	18,196	226,771	220,177	(6,594)		

Catalina Actual vs Budget Analysis

Tamala Park Cashflow FY2020		Actual MTD Vs Budget Aug 2019			Year to date Vs Budget to Aug 2019			Full Year		Project to date Vs Budget to Aug 2019			Bud Comparison: Jun 19 Approved
Job Description	Account Description	Actual 1 month to Aug 2019	Budget 1 month to Aug 2019	Variance	YTD to Aug 2019	YTD budget	Variance	Budget 2020	YTD Act vs Full Year Budget Variance	PTD to Aug 2019	PTD budget	Variance	Comments regarding variance
	Cleaning	985	1,000	15	1,267	2,000	733	12,000	10,733	32,652	35,007	2,355	
	Computer Costs	0	500	500	0	1,001	1,001	6,001	6,001	0	3,460	3,460	
	Couriers	0	300	300	0	601	601	3,601	3,601	1,338	10,936	9,598	
	Electricity & Gas	1,841	1,000	(841)	1,841	2,000	159	12,000	10,159	97,279	93,848	(3,432)	
	Insurance	0	500	500	0	1,001	1,001	6,001	6,001	0	3,001	3,001	
	Legal fees	0	4,167	4,167	0	8,333	8,333	50,000	50,000	182,614	207,623	25,009	
	Licenses & Fees	0	500	500	0	1,001	1,001	6,001	6,001	470	4,283	3,813	
	Postage, Print & Stationery	0	500	500	0	1,001	1,001	6,001	6,001	2,244	31,992	29,749	
	Rent - Sales Office & Cprk	0	6,667	6,667	0	13,333	13,333	66,667	66,667	467,350	504,463	37,113	
	Sundry Office Expenses	0	1,500	1,500	0	3,000	3,000	18,000	18,000	1,076	16,200	15,123	
	Training	0	2,083	2,083	0	4,167	4,167	25,000	25,000	0	12,500	12,500	
	Valuations	50	3,333	3,283	16,150	6,667	(9,483)	40,000	23,850	163,213	166,513	3,300	
	Rates & Taxes	83,051	0	(83,051)	83,051	0	(83,051)	290,160	207,109	558,069	743,897	185,828	
	Maintenance	24,796	46,689	21,894	43,181	90,856	47,675	532,523	489,342	1,559,989	1,613,652	53,664	
	Maint- Carpark Makegood	0	0	0	0	57,304	57,304	57,304	57,304	53,798	171,913	118,115	
	Security	160	3,000	2,840	320	6,000	5,680	36,000	35,680	26,847	42,107	15,261	
Total Administration		111,803	71,739	(40,064)	147,615	198,264	50,649	1,187,257	1,039,642	3,373,709	3,881,572	507,863	Within budget
Finance	Contingency	2,523	54,115	51,592	2,523	109,125	106,603	685,621	683,099	2,110,617	316,888	(1,793,728)	Actual Contingency spend applied to cost types above.
	Contingency Offset Transfer	(2,523)	(2,523)	0	(2,523)	(2,523)	0	(2,523)	0	(2,110,617)	0	2,110,617	
Total Finance		0	51,592	51,592	0	106,603	106,603	683,099	683,099	0	316,888	316,888	
Total P&L Expenditure		126,141	168,541	42,399	171,066	395,285	224,219	2,412,857	2,241,791	5,428,500	6,727,165	1,298,665	
Grand Expense Total		621,692	1,136,412	514,720	760,260	2,291,639	1,531,379	14,448,054	13,687,795	115,770,620	121,019,143	5,248,522	Within budget

Contingency Summary

YTD Budget	109,125
Contingency Transferred (Actual & Budget)	<u>(2,523)</u>
Contingency not yet used	<u>106,603</u>

List of Contingency items transferred year to date

Period	Job Description	Amount
Aug-19	Landscape Maintenance	2,523
		<u>2,523</u>

Note: Actual Contingency spend in prior years is reported against the job that the spend relates to.

CATALINA
FINANCE REPORT
AUGUST 2019

1.0 Management Accounts

1.1 KEY STATISTICS

1.1.1 RESIDENTIAL LOTS & DISTRIBUTIONS

	<u>Lots Produced (titles)</u>		<u>Sales</u>		<u>Settlements</u>		<u>Distributions</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>
Prior Years	966	966	928	925	914	913	75,000,000	75,000,000
Jul-2019	-	-	4	2	1	2	-	-
Aug-2019	-	-	2	2	1	4	-	-
Sep-2019	-	38	-	2	-	1	-	-
Sep Qtr	-	38	6	6	2	7	-	-
Oct-2019	-	-	-	2	-	2	-	-
Nov-2019	-	-	-	2	-	2	-	-
Dec-2019	-	-	-	2	-	3	-	-
Dec Qtr	-	-	-	6	-	7	-	-
Jan-2020	-	-	-	2	-	2	-	-
Feb-2020	-	-	-	3	-	2	-	-
Mar-2020	-	-	-	2	-	1	-	-
Mar Qtr	-	-	-	7	-	5	-	-
Apr-2020	-	-	-	3	-	3	-	-
May-2020	-	-	-	5	-	1	-	-
Jun-2020	-	-	-	4	-	3	-	3,000,000
Jun Qtr	-	-	-	12	-	7	-	3,000,000
PTD	966	966	934	929	916	919	75,000,000	75,000,000
Full 2019/20 Year	-	38	6	31	2	26	-	3,000,000
2020/21	-	35	-	47	-	37	-	3,000,000
2021/22	-	97	-	64	-	65	-	8,000,000

- 1 residential lot settled in August comprising:

	<u>Lots</u>
Stage 25	1

1.2 Sales & Settlements

	<u>MTH Act</u>	<u>MTH Bgt</u>	<u>YTD Act</u>	<u>YTD Bgt</u>	<u>PTD Act</u>	<u>PTD Bgt</u>				
Residential										
- Sales #	2	2	5	4	933	929				
- Sales \$	637,000	659,629	1,368,000	1,361,778	242,923,500	241,989,504				
- Sales \$/lot	318,500	329,815	273,600	340,445	260,368	260,484				
- Settlements #	1	4	2	6	916	919				
- Settlements \$	358,000	1,298,914	590,000	2,014,857	237,688,500	238,703,714				
- Settlements \$/lot	358,000	324,729	295,000	335,810	259,485	259,743				
Special Sites										
- Sales #	(1)	-	-	-	3	3				
- Sales \$	(530,000)	-	-	-	3,295,000	3,295,000				
- Sales \$/lot	530,000	-	-	-	1,098,333	1,098,333				
- Settlements #	-	-	-	-	3	3				
- Settlements \$	-	-	-	-	3,295,000	3,295,000				
- Settlements \$/lot	-	-	-	-	1,098,333	1,098,333				
Lots Under Contract										
- Unsettled sales #	17									
- Unsettled sales \$	5,235,000									
- Unsettled sales \$/lot	307,941									
			<table> <tr> <td>Unconditional</td> <td>-</td> </tr> <tr> <td>Conditional</td> <td>17</td> </tr> </table>	Unconditional	-	Conditional	17		Titled	972 incl. Spec sites
Unconditional	-									
Conditional	17									

- The sale of the Central Cell Sales Office was cancelled in August and the property is now back on the market.

CATALINA
FINANCE REPORT
AUGUST 2019

1.3 Cashflow - MTD Actuals to budget

	<u>MTD Act</u>	<u>MTD Bgt</u>	<u>Variance</u>
<u>Income</u>			
Settlement Revenue	358,000	1,298,914	(940,914)
Margin GST	(3,622)	(18,182)	14,560
Direct selling costs	(16,043)	(81,383)	65,340
Interest Income	-	-	-
Forfeited Deposits	-	-	-
Other Income	-	436,364	(436,364)
Rebate Allowance	(20,763)	(133,693)	112,931
	<u>317,573</u>	<u>1,502,020</u>	<u>(1,184,448)</u>
<u>Development costs</u>			
WAPC Land Acq.	-	-	-
Lot production	472,337	418,190	(54,147)
Landscaping	15,063	454,535	439,472
Consultants	977	46,863	45,886
Infrastructure	195	37,410	37,215
Sales office building	6,979	10,873	3,894
	<u>495,551</u>	<u>967,871</u>	<u>472,320</u>
<u>Overheads</u>			
Sales & marketing	4,861	29,167	24,306
Community Develop.	9,477	16,042	6,565
Administration	111,803	71,739	(40,064)
Finance/Contingency	-	51,592	51,592
	<u>126,141</u>	<u>168,541</u>	<u>42,399</u>
Net Cashflow	<u>(304,119)</u>	<u>365,609</u>	<u>(669,728)</u>

1.4 Cashflow - YTD Actuals to budget

	<u>YTD Act</u>	<u>YTD Bgt</u>	<u>Variance</u>
<u>Income</u>			
Settlement Revenue	590,000	2,014,857	(1,424,857)
Margin GST	(6,584)	(27,273)	20,689
Direct selling costs	(26,505)	(114,126)	87,621
Interest Income	-	-	-
Forfeited Deposits	-	-	-
Other Income	-	436,364	(436,364)
Rebate Allowance	(37,883)	(275,467)	237,584
	<u>519,029</u>	<u>2,034,355</u>	<u>(1,515,326)</u>
<u>Development costs</u>			
WAPC Land Acq.	-	-	-
Lot production	479,665	781,992	302,327
Landscaping	100,480	909,070	808,590
Consultants	1,874	98,725	96,851
Infrastructure	195	74,821	74,626
Sales office building	6,979	31,746	24,767
	<u>589,194</u>	<u>1,896,355</u>	<u>1,307,161</u>
<u>Overheads</u>			
Sales & marketing	13,974	58,334	44,360
Community Develop.	9,477	32,083	22,606
Administration	147,615	198,264	50,649
Finance/Contingency	-	106,603	106,603
	<u>171,066</u>	<u>395,285</u>	<u>224,219</u>
Net Cashflow	<u>(241,231)</u>	<u>(257,284)</u>	<u>16,053</u>

1.5 Bonds

	<u>Last Year</u>	<u>Last Month</u>	<u>This Month</u>
City of Wanneroo	247,245	247,245	247,245
	<u>247,245</u>	<u>247,245</u>	<u>247,245</u>

Bonds relate to stage 25 early clearances and a stage 26 footpath bond.

CATALINA
FINANCE REPORT
AUGUST 2019

2.0 PROFIT & LOSS

	<u>MTH Act</u>	<u>MTH Bgt</u>	<u>Var</u>	<u>YTD Act</u>	<u>YTD Bgt</u>	<u>Var</u>	<u>PTD Act</u>	<u>PTD Bgt</u>
- Revenue \$ (Stimts)	358,000	1,298,914	(940,914)	590,000	2,014,857	(1,424,857)	237,688,500	238,703,713
- Revenue \$/lot	358,000	324,729		295,000	335,810		259,485	259,743
- Selling & GST \$	41,665	149,874	108,209	68,089	285,852	217,763	21,411,526	22,233,716
- Selling & GST \$/lot	41,665	37,468		34,044	47,642		23,375	24,193
- Cost of sales \$	144,378	492,810	348,432	288,756	754,099	465,343	85,061,006	85,723,518
- Cost of sales \$/lot	144,378	123,203		144,378	125,683		92,861	93,279
- Gross profit \$	171,957	656,230	(484,273)	233,155	974,906	(741,751)	131,215,968	130,746,479
- Gross profit \$/lot	171,957	164,058		116,578	162,484		143,249	142,270
- Gross profit Mgn %	48.03%	50.52%		39.52%	48.39%		55.21%	54.77%
- Special Sites \$	-	(295,280)	295,280	-	(295,280)	295,280	2,114,938	1,819,658
- Other income \$	-	-	-	-	-	-	255,411	255,298
- Sales & Marketing \$	7,789	55,658	47,869	16,590	122,044	105,454	2,032,530	2,580,616
- Administration \$	45,811	90,242	44,431	68,771	237,795	169,023	3,799,345	4,012,818
- Finance/Other \$	-	-	-	-	-	-	198,181	-
- Contingency \$	-	54,130	54,130	-	109,151	109,151	-	64,373
- Net profit \$	118,357	160,920	(42,563)	147,794	210,636	(62,842)	127,556,261	126,163,628
- Net profit \$/lot	118,357	40,230		73,897	35,106		139,254	137,284

- YTD Gross profit is \$742k unfavourable to budget due to 4 less settlements to date.

- YTD Overheads are \$384k below budget due to:

Marketing costs \$105k favourable (timing of invoice payments and pending approvals for new initiatives);

Admin \$169k favourable (full provisional amounts for Rates & Taxes and Repairs & Maintenance, including Central Cell Carpark makegood, not yet required);

Unused Contingency \$109k.

YEAR TO DATE VERSUS FULL YEAR BUDGET

	<u>YTD Act</u>	<u>FY20 Full Year Bgt</u>	<u>Var</u>
- Revenue \$ (Stimts)	590,000	8,593,874	(8,003,874)
- Revenue \$/lot	295,000	330,534	
- Selling & GST \$	68,089	929,592	861,504
- Selling & GST \$/lot	34,044	35,754	
- Cost of sales \$	288,756	3,352,826	3,064,070
- Cost of sales \$/lot	144,378	128,955	
- Gross profit \$	233,155	4,311,456	(4,078,301)
- Gross profit \$/lot	116,578	165,825	
- Gross profit Mgn %	39.52%	50.17%	
- Special Sites \$	-	(295,280)	295,280
- Other income \$	-	-	-
- Sales & Marketing \$	16,590	678,626	662,036
- Administration \$	68,771	1,127,030	1,058,259
- Finance \$	-	-	-
- Contingency \$	-	430,736	430,736
- Net profit \$	147,794	1,779,784	(1,631,990)
- Net profit \$/lot	73,897	68,453	

* Administration budget includes \$57k Carpark remediation works budgeted as capital costs in the cashflow.

2.1 GROSS PROFIT ANALYSIS

Actual

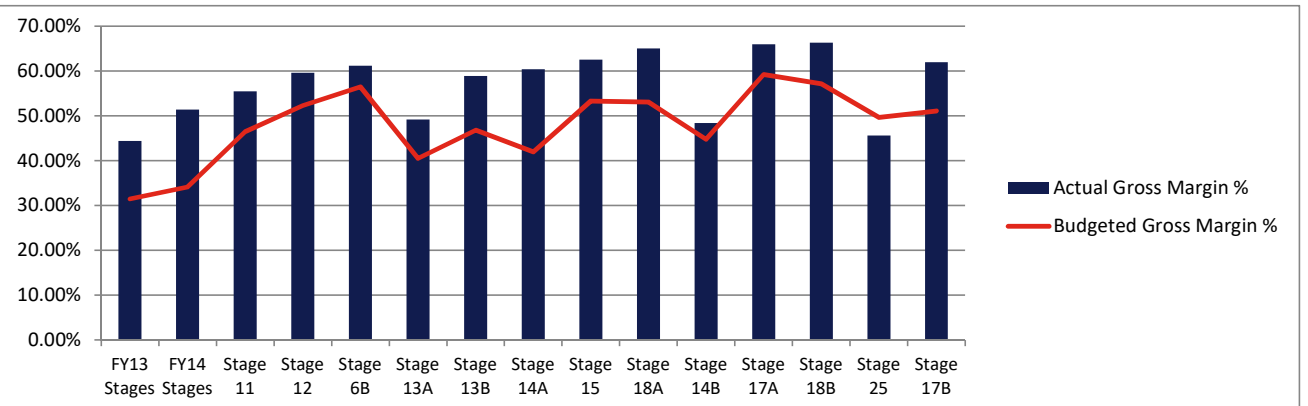
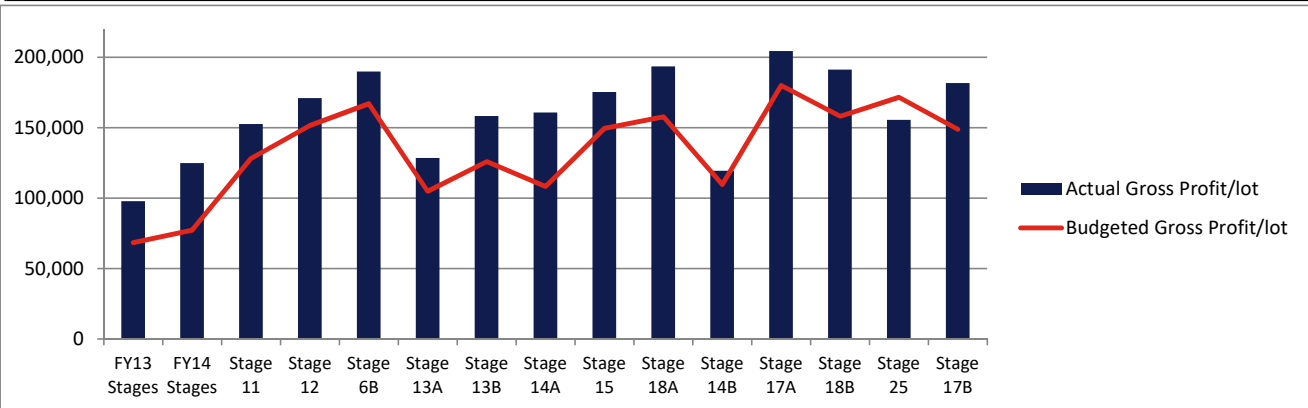
Stages	Title Issue Date	Revenue	Revenue/lot	Direct Selling & COGS (incl. GST)		Direct Costs/lot	Actual Gross		Actual Gross Profit/lot	Actual Gross Margin %
							Profit			
Incentives Writeback					-3,542,647			3,542,647		
FY13 Stages	2012 / 2013	51,375,500	220,496	28,570,159		122,619	22,805,341	97,877		44.39%
FY14 Stages	2013 / 2014	50,325,000	243,116	24,477,309		118,248	25,847,691	124,868		51.36%
Stage 11	1-Oct-14	17,611,000	275,172	7,850,538		122,665	9,760,462	152,507		55.42%
Stage 12	3-Dec-14	14,063,000	287,000	5,678,128		115,880	8,384,872	171,120		59.62%
Stage 6B	19-Jan-15	7,452,000	310,500	2,892,006		120,500	4,559,994	190,000		61.19%
Stage 13A	30-Mar-15	9,675,000	261,486	4,919,669		132,964	4,755,331	128,522		49.15%
Stage 13B	11-May-15	12,103,000	268,956	4,978,879		110,642	7,124,121	158,314		58.86%
Stage 14A	4-Jun-15	16,784,000	266,413	6,644,189		105,463	10,139,811	160,949		60.41%
Stage 15	15-Dec-15	15,444,000	280,800	5,791,567		105,301	9,652,433	175,499		62.50%
Stage 18A	27-May-16	8,626,000	297,448	3,015,429		103,980	5,610,571	193,468		65.04%
Stage 14B	28-Oct-16	2,219,000	246,556	1,144,525		127,169	1,074,475	119,386		48.42%
Stage 17A	20-Feb-17	7,135,000	310,217	2,429,862		105,646	4,705,138	204,571		65.94%
Stage 18B	13-Jun-17	6,925,000	288,542	2,334,342		97,264	4,590,658	191,277		66.29%
Stage 25	8-Aug-17	15,017,000	341,295	8,171,439		185,715	6,845,561	155,581		45.59%
Stage 17B	22-May-18	2,934,000	293,400	1,117,139		111,714	1,816,861	181,686		61.92%
		<u>237,688,500</u>		<u>106,472,533</u>			<u>131,215,967</u>			

- Values for actuals are based on 'settled lots only' for the relevant stages.

Budget

Stages	Budget Version	Revenue	Revenue/lot	Direct Selling & COGS (incl. GST)		Direct Costs/lot	Budgeted Gross		Budgeted Gross Profit/lot	Budgeted Gross Margin %
							Profit			
FY13 Stages	May-12	51,358,953	217,623	35,200,675		149,155	16,158,278	68,467		31.46%
FY 14 Stages	Jun-13	46,931,935	226,724	30,917,421		149,360	16,014,514	77,365		34.12%
Stage 11	Aug-14	17,645,281	275,708	9,444,658		147,573	8,200,623	128,135		46.47%
Stage 12	Aug-14	14,221,581	290,236	6,787,551		138,521	7,434,030	151,715		52.27%
Stage 6B	Aug-14	7,098,672	295,778	3,089,032		128,710	4,009,640	167,068		56.48%
Stage 13A	Aug-14	9,585,882	259,078	5,703,355		154,145	3,882,527	104,933		40.50%
Stage 13B	Aug-14	12,111,408	269,142	6,443,000		143,178	5,668,408	125,965		46.80%
Stage 14A	Aug-14	15,504,265	258,404	9,001,574		150,026	6,502,690	108,378		41.94%
Stage 15	Aug-15	15,433,000	280,600	7,203,599		130,975	8,229,401	149,625		53.32%
Stage 18A	Jun-16	8,626,000	297,448	4,048,854		139,616	4,577,146	157,833		53.06%
Stage 14B	Jun-16	2,448,087	244,809	1,352,232		135,223	1,095,855	109,585		44.76%
Stage 17A	Jun-16	9,427,756	304,121	3,845,430		124,046	5,582,326	180,075		59.21%
Stage 18B	Jun-16	8,584,690	276,925	3,677,414		118,626	4,907,276	158,299		57.16%
Stage 25	Aug-17	19,696,448	345,552	9,915,141		173,950	9,781,307	171,602		49.66%
Stage 17B	Dec-17	10,496,494	291,569	5,131,807		142,550	5,364,687	149,019		51.11%
		<u>249,170,452</u>		<u>141,761,744</u>			<u>107,408,709</u>			

- Values for budget are based on 'total lots' for the relevant stages.



Catalina

Finished Lots & Cost of Lots Sold calculations to 31 Aug 2019

Title date:	Completed	Completed	7-Nov-12	28-Oct-16	20-Feb-17	13-Jun-17	8-Aug-17	8-Aug-17	8-Aug-17	22-May-18	TOTAL
	Spec Sites	Resi Stages	Stage 2	Stage 14B	Stage 17A	Stage 18B	Stage 25	Stage 25 Sales Office	Stage 25 GHS Lot 2179	Stage 17B	
Direct costs											
Civil Construction			3,402,538	633,835	795,104	794,550	4,918,686	83,260	253,163	968,747	
Sewer headwks			215,092	51,015	116,369	136,672	261,837	4,514	4,514	174,117	
Local authority fees			165,796	1,911	6,839	10,835	35,653	615	615	12,684	
Local authority scheme costs			102,782	27,000	67,500	83,700	156,600	-	-	97,200	
Survey & legal fees			38,096	13,139	25,550	29,762	54,801	945	945	35,586	
Engineering fees			211,164	18,200	85,250	97,962	159,500	2,750	12,341	100,839	
Finished Goods Adjustments	- 31,206	- 1,282,787	- 1,073,048	- 11,250	- 25,549	- 39,478	- 220,060				
Earthworks Allocation	420,826	43,233,645	3,062,420	733,850	1,071,063	1,114,003	5,367,017	92,084	271,578	1,389,173	
	260,179	11,806,198	459,466	50,570	123,078	152,616	1,077,304	18,574	66,681	166,059	
Indirect Costs											
Land	-	-	-	-	-	-	-	-	-	-	
Infrastructure	84,898	6,012,456	272,271	70,224	235,295	282,496	620,746	7,879	31,674	351,671	
Landscape	118,628	8,518,643	342,232	154,123	495,646	594,017	1,308,860	16,613	66,785	871,324	
TOTAL COST	884,530	69,570,942	4,136,389	1,008,767	1,925,082	2,143,132	8,373,927	135,150	436,718	2,778,227	
Lots	3	769	38	10	25	31	58	1	1	36	
COST PER LOT	294,843	90,469	108,852	100,877	77,003	69,133	144,378	135,150	436,718	77,173	
Lots settled	3	769	37	9	23	24	44	-	-	10	919
COST OF LOTS SETTLED	884,530	69,570,942	4,027,536	907,890	1,771,075	1,659,199	6,352,634	-	-	771,730	85,945,537
Stage Area (m2)	10,900	261,394	13,481	2,926	10,128	11,236	11,236	255	1,795	13,154	
Cost per m2	81	266	307	345	190	191	745	530	243	211	
Avg lot size	3,633	340	355	293	405	362	194	255	1,795	365	

Other cash expenditure

Direct Selling & Proj Mgt Costs
Marketing costs
Administration
Finance
Contingency

21,707,058
2,032,530
3,799,345
198,181
0

TOTAL COSTS

113,682,651

PERIODIC ANALYSIS

	Month	YTD	PTD	PY Jun-19
Lots settled	1	2	919	917
Cost of lots settled	144,378	288,756	85,945,536	85,656,780
Direct selling costs	41,665	68,089	21,707,058	21,638,969
Marketing costs	7,789	16,590	2,032,530	2,015,940
Administration	45,811	68,771	3,799,345	3,730,574
Finance	-	-	198,181	198,181
Contingency	-	-	-	-
TOTAL COSTS	239,643	442,206	113,682,650	113,240,444

Catalina COGS Calc

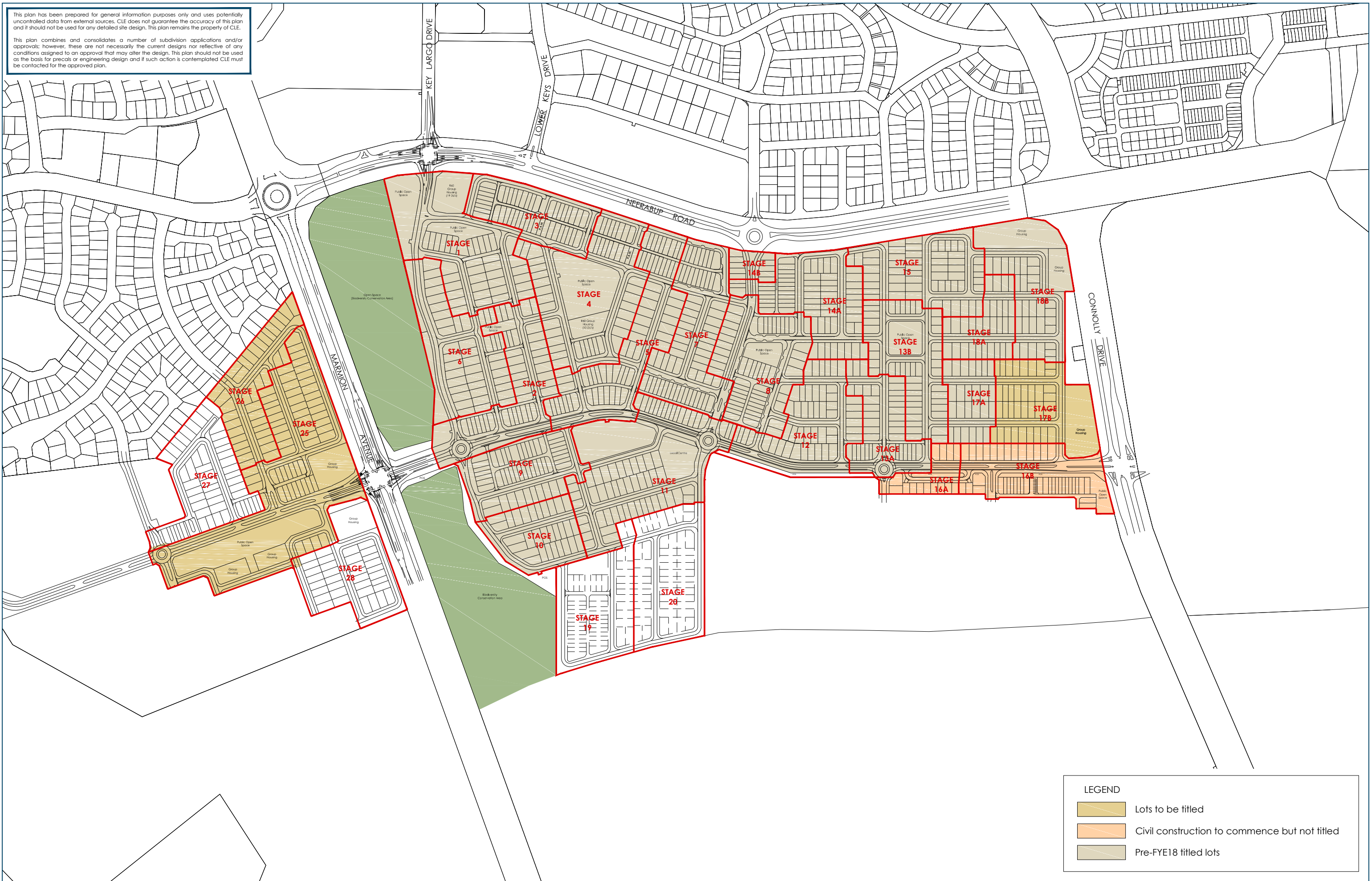
31-Aug-19

Job	Titled Date	Direct Cost	Indirect Cost	COGS Total	Lot #	Titled	Untitled	COGS/Lot	Settled Lots	PTD COGS	Finished Goods	FG/Lot
140-01-001	17-Oct-2012	4,004,839	637,443	4,642,282	35	35	-	132,637	35	4,642,282	-	-
140-01-002	7-Nov-2012	3,521,886	614,504	4,136,389	38	38	-	108,852	37	4,027,537	108,852	108,852
140-01-003	14-Jan-2013	3,002,658	554,241	3,556,899	43	43	-	82,719	43	3,556,899	-	-
140-01-004	20-Mar-2013	3,371,482	800,585	4,172,067	47	47	-	88,767	47	4,172,067	-	-
140-01-005	20-May-2013	4,894,899	968,068	5,862,967	63	63	-	93,063	63	5,862,967	-	-
140-01-06A	18-Jan-2013	483,435	179,725	663,160	8	8	-	82,895	8	663,160	-	-
140-01-06B	19-Jan-2015	1,100,352	510,130	1,610,482	24	24	-	67,103	24	1,610,482	-	-
140-01-06C	3-Apr-2014	671,286	211,296	882,581	10	10	-	88,258	10	882,581	-	-
140-01-007	31-Oct-2013	4,146,749	938,488	5,085,238	63	63	-	80,718	63	5,085,238	-	-
140-01-008	16-Jan-2014	4,389,068	881,805	5,270,874	53	53	-	99,450	53	5,270,874	-	-
140-01-009	8-May-2014	4,640,905	814,395	5,455,300	51	51	-	106,967	51	5,455,300	-	-
140-01-010	8-May-2014	2,460,031	595,126	3,055,157	30	30	-	101,839	30	3,055,157	-	-
140-01-011	1-Oct-2014	4,797,823	1,320,873	6,118,696	64	64	-	95,605	64	6,118,696	-	-
140-01-012	3-Dec-2014	3,225,081	1,064,585	4,289,666	49	49	-	87,544	49	4,289,666	-	-
140-01-13A	30-Mar-2015	2,965,498	717,571	3,683,069	37	37	-	99,542	37	3,683,069	-	-
140-01-13B	11-May-2015	2,739,324	986,155	3,725,479	45	45	-	82,788	45	3,725,479	-	-
140-01-014	4-Jun-2015	3,619,629	1,347,229	4,966,858	63	63	-	78,839	63	4,966,858	-	-
140-01-015	15-Dec-2015	3,073,171	1,243,145	4,316,316	55	55	-	78,478	55	4,316,316	-	-
140-01-18A	27-May-2016	1,453,614	760,239	2,213,853	29	29	-	76,340	29	2,213,853	-	-
140-01-14B	28-Oct-2016	784,420	224,347	1,008,767	10	10	-	100,877	9	907,890	100,877	100,877
140-01-017	20-Feb-2017	1,194,140	730,941	1,925,081	25	25	-	77,003	23	1,771,075	154,006	77,003
140-01-18B	13-Jun-2017	1,266,620	876,513	2,143,133	31	31	-	69,133	24	1,659,199	483,933	69,133
140-02-025	8-Aug-2017	6,444,321	1,929,606	8,373,927	58	58	-	144,378	44	6,352,634	2,021,293	144,378
140-01-17B	22-May-2018	1,555,232	1,222,995	2,778,227	36	36	-	77,173	10	771,730	2,006,497	77,173
140-70-004	12-Dec-2013	20,322	41,798	62,119	1	1	-	62,119	1	62,119	-	-
140-70-005	8-Aug-2017	110,657	24,492	135,149	1	1	-	135,149	-	-	135,149	135,149
140-70-007	17-Oct-2012	222,150	87,611	309,761	1	1	-	309,761	1	309,761	-	-
140-70-008	1-Oct-2014	438,532	74,117	512,649	1	1	-	512,649	1	512,649	-	-
140-70-028	8-Aug-2017	338,259	98,459	436,718	1	1	-	436,718	-	-	436,718	436,718
70,936,380		20,456,482	91,392,862	972	972	-			919	85,945,536	5,447,326	

Appendix 9.5

This plan has been prepared for general information purposes only and uses potentially uncontrolled data from external sources. CLE does not guarantee the accuracy of this plan and it should not be used for any detailed site design. This plan remains the property of CLE.

This plan combines and consolidates a number of subdivision applications and/or approvals; however, these are not necessarily the current designs nor reflective of any conditions assigned to an approval that may alter the design. This plan should not be used as the basis for precasts or engineering design and if such action is contemplated CLE must be contacted for the approved plan.



LEGEND

- Lots to be filled
- Civil construction to commence but not filled
- Pre-FYE18 filled lots

Appendix 9.6

4 September 2019

Mr Tony Arias
Chief Executive Officer
Tamala Park Regional Council
Unit 2, 369 Scarborough Beach Road
INNALOO WA 6018

Via email: simon.osullivan@satterley.com.au

Dear Tony

CATALINA: CHANGE OF KEY PEOPLE AND SALES OFFICE OPEN HOURS

Substitution of Key People

In accordance with section 4.5 of the Development Management Agreement, the Satterley Property Group seeks the approval of the Tamala Park Regional Council to replace the following Key People under Schedule 4 of the Development Management Agreement as follows:

Name of Person	Job
Dominique Rain	Sales Representative

Name of Replacement Person	Job
Terry Warby	Sales Representative

Dominique Rain has performed the duties of the Estate Manager (Sales Representative) for the Catalina Estate for the past four years and during the year prior to this was the Sales Associate. Ms Rain is expecting her first child and will be taking a period of maternity leave commencing from 1st November 2019. During her absence, it is proposed that Terry Warby act as the Estate Manager (Sales Representative). Terry Warby's curriculum vitae is attached as Annexure A to this letter.

The Satterley Property Group (SPG) recognise the importance of replacing Ms Rain with an experienced sales representative and consider Mr Warby to be a suitable alternative. The Satterley Property Group will implement succession planning to ensure a seamless transition between personnel.

Mr Warby has been employed by SPG for the past 3 years during which time he has performed the role of Estate Manager for the Seven Hills Estate. In addition to his land sales experience, Mr Warby has experience with sales of project homes. Mr Warby would be working exclusively on the Catalina Estate.

Sales Office Opening Hours

In April 2018, the Council considered the extension of the Sales Office Opening trial as presented SPG. During this meeting, the Council requested that SPG provide advice regarding optimal opening times to maximise exposure and sales considering current economic conditions.

Market conditions continue to present challenges in lot sales with the number of new visitors calling to the sales office down to approximately three parties per week (predominantly calling on Saturdays and Sundays).

The table below describes the current opening times and resourcing of the Land Sales Office:

Day	Opening Hours	Sales Representation	Staff Hours (Combined)
Monday	12:00pm to 5:00pm	Two Sales Staff	10
Tuesday	12:00pm to 5:00pm	Two Sales Staff	10
Wednesday	12:00pm to 5:00pm	One Sales Staff	5
Thursday	Closed	N/A	0
Friday	12:00pm to 5:00pm	One Sales Staff	5
Saturday	12:00pm to 5:00pm	Two Sales Staff	10
Sunday	12:00pm to 5:00pm	Two Sales Staff	10
TOTAL			50

In order to optimize efficiencies and satisfy market expectations, SPG recently commissioned research from 'Painted Dog' to better understand the significance of the display home(s)/village and land sales office in the customer(s) journey.

The following summarises the three most significant outcomes of the research as it relates to the Catalina Estate:

1. Saturday was the most preferred day for visitors, Sunday is the second and Monday -Friday were least preferred (fig 1).
2. The preferred opening hours are afternoons, between 12 and 5pm (fig 2).
3. There is modest support for twilight opening hours mid -week with 90% of respondents expressing a preference to visit display homes / land sales villages on Saturdays and Sundays (fig 3).

Fig 1 Opening Days

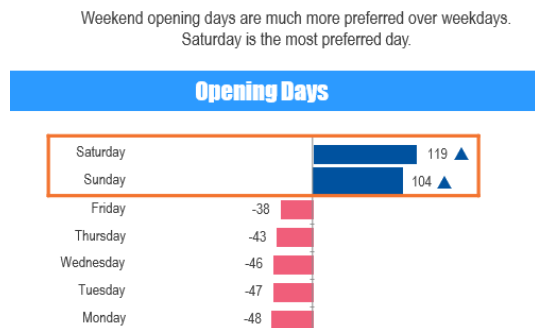


Fig 2 Opening Hours

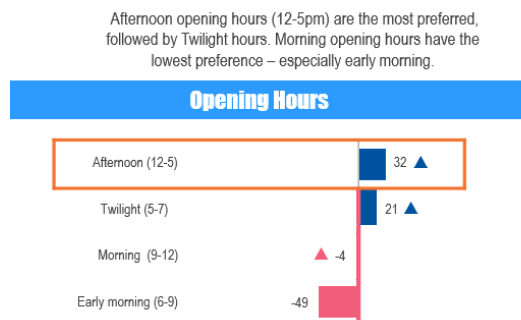
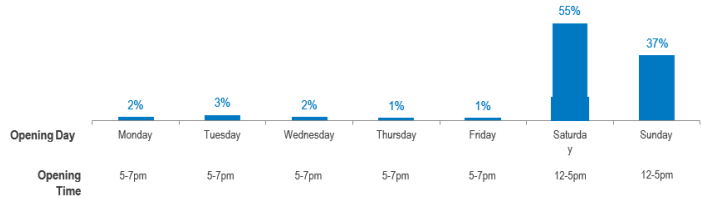


Figure 3: Twilight Opening



SPG are seeking to optimize and align land sales office opening hours with the requirements of the builders and prospective purchasers. SPG consider that the optimal opening hours and resourcing for the land sales office are as follows:

Day	Opening Hours	Sales Representation	Staff Hours
Monday	12:00pm to 5:00pm	One Sales Staff	5
Tuesday	12:00pm to 5:00pm	One Sales Staff	5
Wednesday	12:00pm to 5:00pm	One Sales Staff	5
Thursday	Closed	N/A	0
Friday	12:00pm to 5:00pm	One Sales Staff	5
Saturday	9:00am to 3:00pm	Sales Staff Shift One	6
	12:00pm to 5:00pm	Sales Staff Shift Two	5
Sunday	9:00am to 3:00pm	Sales Staff Shift One	6
	12:00pm to 5:00pm	Sales Staff Shift Two	5
TOTAL			42

It is proposed that mid-week resourcing is reduced from two sales professionals to one sales professional on Mondays and Tuesdays. The sales office and builders display village are currently closed on Thursdays. Further, the builders display Village is closed on Tuesday and Fridays and as such, SPG consider that one rostered sales professional will adequately meet the needs of builders and prospective purchasers visiting the Estate. There has been no recorded new enquiry through the land sales office on a Tuesday for the past several months.

The proposed opening times of the land sales office sales office would reduce the contact hours of staff (50 combined hours to 42 combined hours), however the proposed resourcing would not change. Rather than undertaking desk bound activities within the land sales office, the time of the two land sales professionals would be optimized improving relationships with builder representatives and builder liaisons which generally occur off site (meetings at display villages and builders’ offices etc.).

To capitalise on the benefit of the higher weekend traffic, it is further proposed that the sales office hours be extended from 9:00am to 5:00pm rather than the current opening time of 12:00pm. The sales staff would have a staggered start and finish time, working in two shifts, with a period of three hours during peak traffic times, where two sales professionals would be present.

SPG respectfully request that the revised sales office opening hours and resourcing be trialed for a six month period.

Recommendations

1. Substitution of Ms Dominique Rain with Mr Terry Warby as the Sales Representative as nominated in the Development Management Agreement'.
2. Amend the opening hours of the land sales office to extend weekend opening times (from midday to 5:00pm to 9:00am to 5:00pm) whilst closing on Tuesdays, Thursdays and Fridays for a six month trial period.

Should you require any further clarification please contact Charlie Lawlor or the undersigned.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Carl Buckley', with a stylized flourish extending to the right.

Carl Buckley
Project Director

Appendix 9.7

MEMORANDUM

To: Tony Arias, Simon O’Sullivan
Cc: Carl Buckley, Julia Nelson, Matej Nvota
From: Lena Kozak
Date: 12 August 2019
Subject: **Solar \$10K Rebate October – December Promotion Recommendation**

Dear Tony and Simon,

In accordance with the approved Catalina Annual Marketing Strategy for FYE20, it is prudent to provide details for the planned sales promotion activity for the October – December 2019 period. As outlined in section 4. Key Marketing Strategy, sales promotion is recommended for each of the financial quarters in FYE2020 with \$10,000 incentive, based on the success of the sales promotion campaigns in FYE19.

There is a direct positive correlation between the sales promotion offer (incentive) communicated through a lead-generation activity. The data dictates to update such offers every quarter to keep the market interested enough to generate leads. We recommend the below approach and exposure for the October – December 2019 campaign.

Proposed campaign concept:

- Solar rebate up to \$10,000. Catalina offers \$10,000 rebate so customers can install solar panels and battery.
This will replace of the current Catalina solar rebate of \$2,000 during the promotional period.

How it works:

- Catalina offers \$10,000 rebate toward new customer’s solar panels and battery during the promotional period.

Alternatively, purchasers may obtain up to an \$8,000 cash incentive in lieu of the solar rebate. The value of the cash incentive takes into consideration the existing \$2,000 solar rebate available to all purchasers within the Estate. The cash incentive would not immediately be offered to prospective purchasers but used at the discretion of SPG’S sales professionals to entice prospective purchasers into contracts where financial barriers would have otherwise prevented the successful sale and settlement of a Lot within the Estate.

Rationale:

- This promotion is consistent with the project's objectives and the need to deliver "value-for-money" as determined by the market research.
- Previous success of incentivised campaigns vs un-incentivised.
- This promotion is consistent with the project's vision and objectives (leading environmental sustainability and innovation)
- Fresh and creative angle for the promotion
- Point of difference (no other developer offers battery in their solar packages to the best of our knowledge)
- Indicates limited supply offer and creates urgency.

Key campaign messages:

- With this offer you can realise both, short-term and long-term cost savings on your energy bills, and live a more sustainable lifestyle
- Each high-quality lot in Catalina high-quality coastal community now comes with a \$10,000 rebate on solar package
- Now is the perfect time to buy.
- This offer is available between 15 October and 21 December.
- Brand value proposition message.
- Register your interest for an obligation free chat with our Estate Manager, who can explain why Catalina offers such an incredible lifestyle and value proposition.

The campaign relies on the below exposure and the approved \$10,000 incentive:

- Digital (Google and social media) - **\$15,000 + GST over October - December 2019**
Allocate digital media marketing budget (as above) to promote the offer in the manner consistent with the previous periods.
- Campaign logo (visual lock up) – **concept and artwork cost \$2,800 + GST.**
This retail offer logo will be used on all promotional campaign collateral and advertising elements. Promotional offer logo will have the same shape and content across all participating projects. However, Catalina's name will be used for Catalina promotion.
- Project website, EDM and flyer assets - **concept and artwork cost included in retail logo item above**
This item includes the following elements: website banner images, EDM header image, flyer artwork, cut out artwork.
- Sales Office - **allowance for print costs \$2,000 + GST**
This provisional item includes free standing cardboard cut-outs for sales office area and display homes of participating builders within the project's display village.
Detailed cost will be confirmed prior to printing.

- Marmion Ave sign patches for signs 2 and 33 to be replaced with campaign patches – **allow \$2,377 + GST for the removal of the existing patches, production and installation** of the new promotional patches

All budget amounts are within the approved FY2020 marketing budget and are in line with the previous campaigns' exposure:

Category	Approved Budget FY20	This Recommendation	Remaining after this recommendation is approved
Advertising	\$165,000	\$22,000	\$121,000

Recommendation

Satterley recommends approving full promotional expenditure as outlined in this document. Your response prior to 26 August 2019 is greatly appreciated. Respective POs will be raised upon approval of this recommendation.

Kind regards,

Lena Kozak
Project Manager Marketing

Appendix 9.8

CONFIDENTIAL

Appendix 9.9

TAMALA PARK REGIONAL COUNCIL
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

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COMMUNITY VISION

To create an urban centre for choice, sustainability, community and opportunity.

Principal place of business:
Tamala Park Regional Council
PO Box 655
INNALOO
WA 6918

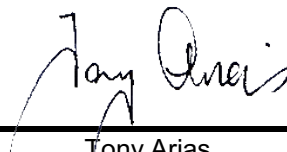
**TAMALA PARK REGIONAL COUNCIL
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Tamala Park Regional Council for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Tamala Park Regional Council at 30 June 2019 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 29th day of August 2019



Tony Arias
Chief Executive Officer

TAMALA PARK REGIONAL COUNCIL
 STATEMENT OF COMPREHENSIVE INCOME
 BY NATURE OR TYPE
 FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Interest earnings	2 (a)	1,186,884	1,040,633	1,059,875
Other revenue	2 (a)	12,790	2,000	9,184
		1,199,674	1,042,633	1,069,059
Expenses				
Employee costs		(610,217)	(725,924)	(569,806)
Materials and contracts		(168,627)	(404,895)	(131,362)
Utility charges		0	(6,450)	0
Depreciation on non-current assets	8(d)	(10,564)	(25,381)	(20,153)
Insurance expenses		(12,354)	(13,880)	(10,894)
Other expenditure		(372,311)	(186,390)	(182,561)
		(1,174,073)	(1,362,920)	(914,776)
		25,601	(320,287)	154,283
(Loss) on asset disposals	8(c)	(5,852)	(1,760)	0
		(5,852)	(1,760)	0
Net result for the period		19,749	(322,047)	154,283
Total comprehensive income for the period		19,749	(322,047)	154,283

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

TAMALA PARK REGIONAL COUNCIL
 STATEMENT OF COMPREHENSIVE INCOME
 BY PROGRAM
 FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
General purpose funding		1,186,884	1,040,633	1,059,875
Other property and services		12,790	2,000	9,184
		1,199,674	1,042,633	1,069,059
Expenses				
Governance		(172,046)	(186,390)	(166,839)
Other property and services		(1,002,027)	(1,176,530)	(747,937)
		(1,174,073)	(1,362,920)	(914,776)
		25,601	(320,287)	154,283
(Loss) on disposal of assets	8(c)	(5,852)	(1,760)	0
		(5,852)	(1,760)	0
Net result for the period		19,749	(322,047)	154,283
Total comprehensive income for the period		19,749	(322,047)	154,283

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

TAMALA PARK REGIONAL COUNCIL
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 \$	2018 Restated * \$	1 July 2017 Restated * \$
CURRENT ASSETS				
Cash and cash equivalents	3	41,210,001	43,846,407	39,213,368
Trade receivables	5	100,557	251,449	310,892
Other financial assets at amortised cost	7	3,010,258	0	0
TOTAL CURRENT ASSETS		44,320,816	44,097,856	39,524,260
NON-CURRENT ASSETS				
Inventories	6	1,600,000	1,800,000	1,800,000
Property, plant and equipment	8	123,283	117,507	130,822
TOTAL NON-CURRENT ASSETS		1,723,283	1,917,507	1,930,822
TOTAL ASSETS		46,044,099	46,015,363	41,455,082
CURRENT LIABILITIES				
Trade and other payables	10	69,717	49,429	54,337
Employee related provisions	12	256,569	240,675	223,745
TOTAL CURRENT LIABILITIES		326,286	290,104	278,082
NON-CURRENT LIABILITIES				
Employee related provisions	12	5,719	5,150	2,597
TOTAL NON-CURRENT LIABILITIES		5,719	5,150	2,597
TOTAL LIABILITIES		332,005	295,254	280,679
NET ASSETS		45,712,094	45,720,109	41,174,403
EQUITY				
Retained surplus		1,810,759	1,791,010	1,617,669
Contributed equity	4	43,894,982	43,922,746	39,550,381
Revaluation surplus	9	6,353	6,353	6,353
TOTAL EQUITY		45,712,094	45,720,109	41,174,403

* See note 21 for details regarding the restatement as a result of a change in accounting policy

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

TAMALA PARK REGIONAL COUNCIL
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	RETAINED SURPLUS \$	CONTRIBUTED EQUITY \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2017		1,636,727	47,922,746	6,353	49,565,826
Change in accounting policy	21	(19,058)	0	0	0
Restated total equity at the beginning of the financial year		1,617,669	47,922,746	6,353	49,565,826
Comprehensive income					
Net result for the period		154,283	0	0	154,283
Total comprehensive income		154,283	0	0	154,283
Members contributions		0	8,372,365	0	0
Return of contributions		0	(4,000,000)	0	(4,000,000)
Balance as at 30 June 2018		1,791,010	43,922,746	6,353	45,720,109
Comprehensive income					
Net result for the period		19,749	0	0	19,749
Total comprehensive income		19,749	0	0	19,749
Members contributions		0	3,972,236	0	3,972,236
Return of contributions		0	(4,000,000)	0	(4,000,000)
Balance as at 30 June 2019		1,810,759	43,894,982	6,353	45,712,094

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

TAMALA PARK REGIONAL COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Interest received		1,319,035	1,092,082	1,103,965
Other revenue		33,702	2,000	24,727
		1,352,737	1,094,082	1,128,692
Payments				
Employee costs		(580,542)	(725,924)	(550,056)
Materials and contracts		(161,551)	(434,324)	(136,537)
Utility charges		0	(6,450)	0
Insurance paid		(12,354)	(13,880)	(10,894)
Goods and services tax paid		(2,171)	0	(190)
Other expenditure		(172,311)	(186,390)	(170,341)
		(928,929)	(1,366,968)	(868,018)
Net cash provided by (used in) operating activities	13	423,808	(272,886)	260,674
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(63,101)	(82,000)	0
Payments for financial assets at amortised cost		(3,010,258)	0	0
Proceeds from sale of property, plant & equipment		40,909	45,000	0
Net cash provided by (used in) investment activities		(3,032,450)	(37,000)	0
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from sale of land		9,938,600	16,355,835	22,035,529
Payments for land development		(4,961,672)	(21,277,191)	(16,488,721)
Return of members contributions and rates equivalent		(5,004,692)	(4,209,337)	(1,174,443)
Net cash provided by (used in) financing activities		(27,764)	(9,130,693)	4,372,365
Net increase (decrease) in cash held		(2,636,406)	(9,440,579)	4,633,039
Cash at beginning of year		43,846,407	43,846,407	39,213,368
Cash and cash equivalents at the end of the year	13	41,210,001	34,405,828	43,846,407

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

TAMALA PARK REGIONAL COUNCIL
 RATE SETTING STATEMENT
 FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	17 (a)	43,807,752	43,807,751	39,246,178
		43,807,752	43,807,751	39,246,178
Revenue from operating activities (excluding rates)				
General purpose funding		1,186,884	1,040,633	1,059,875
Other property and services		12,790	2,000	9,184
		1,199,674	1,042,633	1,069,059
Expenditure from operating activities				
Governance		(177,898)	(188,150)	(166,839)
Other property and services		(1,002,027)	(1,176,530)	(747,937)
		(1,179,925)	(1,364,680)	(914,776)
Non-cash amounts excluded from operating activities	17(a)	216,985	27,141	34,926
Amount attributable to operating activities		44,044,486	43,512,845	39,435,387
INVESTING ACTIVITIES				
Proceeds from disposal of assets	8(c)	40,909	45,000	0
Purchase of property, plant and equipment	8(a)	(63,101)	(82,000)	0
Amount attributable to investing activities		(22,192)	(37,000)	0
MEMBER ACTIVITIES				
Proceeds from sale of member land	4	9,938,600	16,355,835	22,035,529
Member land development expenses	4	(4,961,672)	(21,277,191)	(16,488,721)
Return of members contributions and rates equivalent	4	(5,004,692)	(4,209,337)	(1,174,443)
Amount attributable to financing activities		(27,764)	(9,130,693)	4,372,365
Surplus/(deficit) before imposition of general rates		43,994,530	34,345,152	43,807,752
Surplus/(deficit) after imposition of general rates	17 (a)	43,994,530	34,345,152	43,807,752

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

1. BASIS OF PREPARATION

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Regional Council 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.

2. REVENUE AND EXPENSES

(a) Revenue

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Other revenue			
Other	12,790	2,000	9,184
	12,790	2,000	9,184
Interest earnings			
Other interest earnings	1,186,884	1,040,633	1,059,875
	1,186,884	1,040,633	1,059,875

Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest earnings (Continued)

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes

(b) Expenses

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Auditors remuneration			
- Audit of the Annual Financial Report	6,000	10,450	9,263
	6,000	10,450	9,263

3. CASH AND CASH EQUIVALENTS

NOTE	2019	2018
	\$	\$
Cash at bank and on hand	3,766,374	3,128,118
Term deposits	37,443,627	40,718,289
	<u>41,210,001</u>	<u>43,846,407</u>
Comprises:		
- Unrestricted cash and cash equivalents	41,210,001	43,846,407
	<u>41,210,001</u>	<u>43,846,407</u>

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash

Cash and cash equivalents (Continued)

and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

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4. MEMBER CONTRIBUTIONS	2019 Actual Balance	2019 Budget Balance	2018 Actual Balance
	\$	\$	\$
(a) Town of Victoria Park			
Opening balance	3,659,996	3,653,867	3,295,632
Land development expenses	(413,473)	(1,773,099)	(1,374,060)
Proceeds of sale of land	828,217	1,362,986	1,836,294
Contributed equity	(83,725)	(17,445)	235,463
Return of contribution	(333,333)	(333,333)	(333,333)
	<u>3,657,682</u>	<u>2,892,976</u>	<u>3,659,996</u>
(b) City of Perth			
Opening balance	3,659,996	3,653,867	3,295,632
Land development expenses	(413,473)	(1,773,099)	(1,374,060)
Proceeds of sale of land	828,217	1,362,986	1,836,294
Contributed equity	(83,725)	(17,445)	235,463
Return of contribution	(333,333)	(333,333)	(333,333)
	<u>3,657,682</u>	<u>2,892,976</u>	<u>3,659,996</u>
(c) Town of Cambridge			
Opening balance	3,659,996	3,653,867	3,295,632
Land development expenses	(413,473)	(1,773,099)	(1,374,060)
Proceeds of sale of land	828,217	1,362,986	1,836,294
Contributed equity	(83,725)	(17,445)	235,463
Return of contribution	(333,333)	(333,333)	(333,333)
	<u>3,657,682</u>	<u>2,892,976</u>	<u>3,659,996</u>
(d) City of Joondalup			
Opening balance	7,319,987	7,307,735	6,591,260
Land development expenses	(826,945)	(3,546,199)	(2,748,120)
Proceeds of sale of land	1,656,433	2,725,973	3,672,588
Contributed equity	(167,448)	(34,890)	470,926
Return of contribution	(666,667)	(666,667)	(666,667)
	<u>7,315,360</u>	<u>5,785,952</u>	<u>7,319,987</u>
(e) City of Wanneroo			
Opening balance	7,319,987	7,307,735	6,591,260
Land development expenses	(826,945)	(3,546,199)	(2,748,120)
Proceeds of sale of land	1,656,433	2,725,973	3,672,588
Contributed equity	(167,448)	(34,890)	470,926
Return of contribution	(666,667)	(666,667)	(666,667)
	<u>7,315,360</u>	<u>5,785,952</u>	<u>7,319,987</u>
(f) City of Vincent			
Opening balance	3,659,996	3,653,867	3,295,632
Land development expenses	(413,473)	(1,773,099)	(1,374,060)
Proceeds of sale of land	828,217	1,362,986	1,836,294
Contributed equity	(83,725)	(17,445)	235,463
Return of contribution	(333,333)	(333,333)	(333,333)
	<u>3,657,682</u>	<u>2,892,976</u>	<u>3,659,996</u>
(g) City of Stirling			
Opening balance	14,642,788	14,615,469	13,185,333
Land development expenses	(1,653,890)	(7,092,397)	(5,496,241)
Proceeds of sale of land	3,312,866	5,451,945	7,345,177
Contributed equity	(334,896)	(69,779)	941,853
Return of contribution	(1,333,334)	(1,333,333)	(1,333,334)
	<u>14,633,534</u>	<u>11,571,905</u>	<u>14,642,788</u>
Total members contributions	<u>43,894,982</u>	<u>34,715,714</u>	<u>43,922,746</u>
Opening balance	43,922,746	43,846,407	39,550,381
Land development expenses	(4,961,672)	(21,277,191)	(16,488,721)
Proceeds of sale of land	9,938,600	16,355,835	22,035,529
Contributed equity	(1,004,692)	(209,337)	2,825,557
Return of contribution	(4,000,000)	(4,000,000)	(4,000,000)
	<u>43,894,982</u>	<u>34,715,714</u>	<u>43,922,746</u>

5. TRADE RECEIVABLES

Current

Sundry receivables
GST receivable
Accrued interest
Settlement bonds

2019	2018
\$	\$
95,612	116,124
4,945	2,774
0	132,151
0	400
100,557	251,449

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Classification and subsequent measurement

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.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

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

6. INVENTORIES

Non-current

Land held for resale - cost

Cost of acquisition

The following movements in inventories occurred during the year:

Carrying amount at 1 July

Write down of inventories to net realisable value

Carrying amount at 30 June

	2019	2018
	\$	\$
	1,600,000	1,800,000
	1,600,000	1,800,000
	1,800,000	1,800,000
	(200,000)	0
	1,600,000	1,800,000

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for resale

Land held for development and resale 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.

Land held for resale (Continued)

Borrowing 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 onto the buyer at this point.

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

7. OTHER FINANCIAL ASSETS

(a) Current assets

Other financial assets at amortised cost

Other financial assets at amortised cost

- Financial assets at amortised cost - term deposits

	2019	2018
	\$	\$
	3,010,258	0
	3,010,258	0
	3,010,258	0
	3,010,258	0

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Previous accounting policy: available for sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as 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.

Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 19 for explanations regarding the change in accounting policy and reclassification of term deposits to financial assets at amortised cost.

8. PROPERTY, PLANT AND EQUIPMENT

(a) 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.

	Furniture and equipment	Plant and equipment	Improvements to leasehold property	Total property, plant and equipment
	\$	\$	\$	\$
Balance at 1 July 2017	8,711	56,523	72,426	137,660
Depreciation (expense)	(4,852)	(9,762)	(5,539)	(20,153)
Carrying amount at 30 June 2018	3,859	46,761	66,887	117,507
Comprises:				
Gross carrying amount at 30 June 2018	6,569	65,016	76,442	148,027
Accumulated depreciation at 30 June 2018	(2,710)	(18,255)	(9,555)	(30,520)
Carrying amount at 30 June 2018	3,859	46,761	66,887	117,507
Additions	0	63,101	0	63,101
(Disposals)	0	(46,761)	0	(46,761)
Depreciation (expense)	(1,642)	(7,011)	(1,911)	(10,564)
Carrying amount at 30 June 2019	2,217	56,090	64,976	123,283
Comprises:				
Gross carrying amount at 30 June 2019	6,569	63,101	76,442	146,112
Accumulated depreciation at 30 June 2019	(4,352)	(7,011)	(11,466)	(22,829)
Carrying amount at 30 June 2019	2,217	56,090	64,976	123,283

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Furniture and equipment	Level 3	Management	Observable open market value	Jun 2016	Residual values and remaining useful life assessments.
Plant and equipment	Level 3	Management	Observable open market value	Jun 2016	Market price per item
Improvements to leasehold property	Level 3	Management	Depreciated replacement cost	Jun 2016	Residual values and remaining useful life assessments.

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.

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

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

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

Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Disposals of Assets

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant and equipment	46,761	40,909	0	(5,852)	46,760	45,000	0	(1,760)	0	0	0	0
	46,761	40,909	0	(5,852)	46,760	45,000	0	(1,760)	0	0	0	0

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(d) Depreciation

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Furniture and equipment	1,642	7,315	4,852
Plant and equipment	7,011	14,210	9,762
Improvements to leasehold property	1,911	3,856	5,539
	10,564	25,381	20,153

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested 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.

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.

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 12 years
Improvements to leasehold property	8 years

Depreciation (Continued)

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

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

9. REVALUATION SURPLUS

	2019 Opening Balance	2019 Closing Balance	2018 Opening Balance	2018 Closing Balance
	\$	\$	\$	\$
Revaluation surplus - Improvements to Leasehold Property	6,353	6,353	6,353	6,353
	6,353	6,353	6,353	6,353

Movements on revaluation of property, plant and equipment 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.

10. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Accrued salaries and wages
 ATO liabilities
 Accrued expenses

	2019	2018
	\$	\$
	19,964	13,423
	13,350	12,619
	30,403	17,922
	6,000	5,465
	69,717	49,429

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Trade and other payables (Continued)

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.

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11. INFORMATION ON BORROWINGS

	2019	2018
Undrawn Borrowing Facilities	\$	\$
Credit Standby Arrangements		
Credit card limit	6,000	6,000
Credit card balance at balance date	(612)	(299)
Total amount of credit unused	5,388	5,701

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 18.

12. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Opening balance at 1 July 2018

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Current provisions	146,599	94,076	240,675
Non-current provisions	0	5,150	5,150
	146,599	99,226	245,825

Additional provision

Amounts used

Balance at 30 June 2019

Comprises

Current	167,957	88,612	256,569
Non-current	0	5,719	5,719
	167,957	94,331	262,288

Amounts are expected to be settled on the following basis:

More than 12 months from reporting date

Expected reimbursements from other WA local governments

	2019	2018
	\$	\$
More than 12 months from reporting date	265,874	258,605
Expected reimbursements from other WA local governments	(3,586)	(12,780)
	262,288	245,825

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

Provisions

Provisions are recognised when the Regional Council 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.

13. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	41,210,001	34,405,828	43,846,407
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	19,749	(322,047)	154,283
Non-cash flows in Net result:			
Adjustments to fair value of financial assets	0	0	12,220
Depreciation	10,564	25,381	20,153
(Profit)/loss on sale of asset	5,852	1,760	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	150,892	51,449	59,443
(Increase)/decrease in inventories	200,000	0	0
Increase/(decrease) in payables	20,288	(29,429)	(4,908)
Increase/(decrease) in provisions	16,463	0	19,483
Net cash from operating activities	423,808	(272,886)	260,674

14. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Other property and services	123,283	117,507
Unallocated	45,920,816	45,897,856
	46,044,099	46,015,363

15. CAPITAL AND LEASING COMMITMENTS

(a) Contractual Commitments

As at 30 June 2019, the Regional Council had entered into sale agreements on behalf of its members for 11 lots of member land for a sale price of \$3,823,000.

These contracts had not been settled as at 30 June 2019

On 20 June 2019 Council has approved \$730,000 for the payment of a contributions of up to \$730,000 to the Cities of Joondalup and Wanneroo for the construction of the planned Burns Beach-Mindarie dual use path.

(b) Operating Lease Commitments

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

Payable:

- not later than one year
- later than one year but not later than five years

	2019	2018
	\$	\$
	35,739	35,000
	56,586	105,000
	92,325	140,000

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

Leases (Continued)

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

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

16. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

The following fees, expenses and allowances were paid to council members and the Chairman.

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting fees	132,339	139,303	131,395
Chairman's allowance	19,864	20,870	19,864
Deputy Chairman's allowance	4,966	5,217	4,966
	157,169	165,390	156,225

Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Regional Council during the year are as follows:"

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	446,424	426,474
Post-employment benefits	36,107	34,500
Other long-term benefits	10,819	10,312
	493,350	471,286

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

16. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:	2019 Actual	2018 Actual
	\$	\$
Rent paid	48,249	38,986
Land development expenses	(4,961,672)	(16,488,721)
Proceeds from sale of land	9,938,600	22,035,529
Amounts outstanding from related parties:		
Trade and other receivables	95,434	116,124
Amounts payable to related parties:		
Trade and other payables	19,279	12,961

Related Parties

The Regional Council's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

The associate person of KMP was employed by the Regional Council under normal employment terms and conditions. Member land is developed and sold in the open market on behalf of Member Entities.

iii. Entities subject to significant influence by the Regional Council

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

17. RATE SETTING STATEMENT INFORMATION

	2018/19 (30 June 2019 Carried Forward)	2018/19 Budget (30 June 2019 Carried Forward)	2018/19 (1 July 2018 Brought Forward)
Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
<p>The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i>.</p>			
Adjustments to operating activities			
	200,000	0	
	569	0	2,553
8(c)	5,852	1,760	0
	0	0	12,220
8(d)	10,564	25,381	20,153
	216,985	27,141	34,926
Net current assets used in the Rate Setting Statement			
	44,320,816	34,919,650	44,097,856
	(326,286)	(574,498)	(290,104)
	43,994,530	34,345,152	43,807,752

18. FINANCIAL RISK MANAGEMENT

This note explains the Regional Council's exposure to financial risks and how these risks could affect the Regional Council's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The Regional Council 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 finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The Regional Council's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Regional Council to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Regional Council to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2019					
Cash and cash equivalents	2.43%	40,975,870	34,209,496	3,766,375	0
Financial assets at amortised cost	2.60%	3,000,000	3,000,000	0	0
2018					
Cash and cash equivalents	2.56%	43,846,418	40,718,300	3,128,118	0

Sensitivity

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

	2019 \$	2018 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	44,220	43,976

* Holding all other variables constant

18. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade Receivables

The Regional Council's major receivables comprise amounts due from third parties for goods sold and services performed in the ordinary course of business. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Regional Council manages this risk by monitoring outstanding debt and employing debt recovery policies.

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

The Regional Council applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for trade receivables and no impairment allowance created.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Gross carrying amount	64,726	4,669	6,794	19,423	95,612
01 July 2018					
Sundry Receivables					
Gross carrying amount	100,554	15,570	0	0	116,124

18. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables

Payables are 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 Regional Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

The contractual undiscounted cash flows of the Regional Council's Payables are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2019					
Payables	69,716	0	0	69,716	69,717
	69,716	0	0	69,716	69,717
2018					
Payables	49,429	0	0	49,429	49,429
	49,429	0	0	49,429	49,429

19. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Regional Council applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Regional Council has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Regional Council's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Regional Council's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

20. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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 Regional Council.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Regional Council, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

The Council will adopt AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Regional Council will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments are expected to be made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

(b) Leases

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

On adoption of AASB 16, the Regional Council will recognise lease liabilities in relation to leases which had previously been classified as an operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 is 2.10%.

	<u>Note</u>	<u>2019</u>
		\$
Operating lease commitments disclosed as at 30 June 2019		92,325
Lease liability recognised as at 1 July 2019		
Discounted using the Regional Council's incremental borrowing rate of 2.10%	20(d)	<u>89,809</u>

On adoption of AASB 16, the Regional Council will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount but discounted using the lessee's incremental borrowing rate as on 1 July 2019. Property, plant and equipment increases by \$89,809 on 1 July 2019 and the net impact on retained earnings on 1 July 2019 will be \$89,809.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Regional Council is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

In applying AASB 16 for the first time, the Regional Council will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

20. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (Continued)

(c) Income For Not-For-Profit Entities

The Council will adopt AASB 1058 *Income for Not-for-Profit Entities* (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Regional Council will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements. Currently no impact on comparative information is expected.

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

	AASB 1004 carrying amount		AASB 1058 carrying amount
Note	30 June 2019	Reclassification	01 July 2019
	\$	\$	\$
Trade and other payables	49,429	0	49,429

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

(d) Impact of changes to Retained Surplus

The impact on the Regional Council of the changes as at 1 July 2019 is as follows:

	Note	Adjustments	2019
			\$
Retained surplus - 30 June 2019			1,810,759
Adjustment to retained surplus from adoption of AASB 16	20(b)	89,809	
Adjustment to retained surplus from adoption of AASB 1058	20(c)	0	89,809
Retained surplus - 01 July 2019			1,900,568

21. CHANGE IN ACCOUNTING POLICY

On the 1 July 2018 Paragraph 17A (5) came into operation via Local Government (Financial Management) Regulations 1996. The regulation stated an asset is to be excluded from the assets of a local government if the fair value of the asset at the date of acquisition by the local government is under \$5 000.

The Regional Council has changed their accounting policy and excluded assets with a fair value of under \$5,000 at the time of acquisition from the assets of the Regional Council.

During the year assets with a fair value at the date of acquisition of under \$5,000 and purchased prior to 30 June 2018 have been excluded from the assets of the Regional Council along with those assets acquired during the year ended 30 June 2019 with a fair value of under \$5,000 which were capitalised.

The change in accounting policy has been adopted retrospectively as follows:

Statement of Financial Position (Extract)	30 June 2018 \$	Increase/ (Decrease) \$	30 June 2018 (Restated) \$	30 June 2017 \$	Increase/ (Decrease) \$	01 July 2017 (Restated) \$
Property, plant and equipment	129,727	(12,220)	117,507	149,880	(19,058)	130,822
Net assets	45,732,329	(12,220)	45,720,109	41,193,461	(19,058)	41,174,403
Retained earnings	1,803,230	(12,220)	1,791,010	1,636,727	(19,058)	1,617,669
Total equity	45,732,329	(12,220)	45,720,109	41,193,461	(19,058)	41,174,403

Statement of Comprehensive Income (Extract)	2018 \$	Increase/ (Decrease) \$	2018 (Restated) \$
<i>By Nature or Type</i>			
Other Expenditure	(170,341)	(12,220)	(182,561)
<i>By program</i>			
Expenses			
Governance	(166,839)	0	(166,839)
Other property and services	(735,717)	(12,220)	(747,937)
Total comprehensive income for the period	166503	(12,220)	154283

22. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Regional Council's operational cycle. In the case of liabilities where the Regional Council 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 or non-current based on the Regional Council's intentions to release for sale.

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

The Regional Council 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 Regional Council are consistent with one or more of the following valuation approaches:

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

23. ACTIVITIES/PROGRAMS

The Regional Council's operations as disclosed in these financial statements encompass the following service orientated activities/programs.

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GENERAL PURPOSE FUNDING To collect interest on investments.	Interest revenue.
OTHER PROPERTY AND SERVICES To monitor and control Council's overheads on operating accounts.	Other unclassified activities.

24. FINANCIAL RATIOS

	2019 Actual	2018 Restated *	2017 Actual
Current ratio	135.83	152.01	142.13
Asset consumption ratio	0.84	0.79	0.79
Asset renewal funding ratio	2.07	1.83	1.99
Asset sustainability ratio	2.10	0.00	1.60
Debt service cover ratio	0.00	0.00	0.00
Operating surplus ratio	0.02	0.16	0.22
Own source revenue coverage ratio	1.01	1.17	1.28

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

Appendix 9.10

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TAMALA PARK REGIONAL COUNCIL

Report on the Financial Report

Opinion

We have audited the financial report of the Tamala Park Regional Council, which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In our opinion, the financial report of the Tamala Park Regional Council is in accordance with the underlying records of the Council, including:

- a) giving a true and fair view of the Council's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Basis for Opinion

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Council in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

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

Emphasis of Matter – Basis of Accounting

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

Other Information

Management is responsible for the other information. The other information comprises the information in the Council's annual report for the year ended 30 June 2019 but does not include the financial report and the auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Council's Responsibility for the Financial Report

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors.

- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

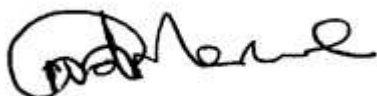
We also provide Council with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Reporting on Other Legal and Regulatory Requirements

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

- a) The Asset Renewal Ratio reported at note 25 to the financial report does not meet the minimum standard of the Department of Local Government, Sport and Cultural Industries.
- b) There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Council.
- c) The Council substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- d) All information and explanations required were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE
Director

Perth
Date: 29 August 2019

30 August 2019

Mr T Arias
Chief Executive Officer
Tamala Park Regional Council
PO Box 655
INNALOO WA 6918

Dear Tony

TAMALA PARK REGIONAL COUNCIL

We wish to advise that we have recently completed the audit of the above mentioned Council for the year ended 30 June 2019.

The Australian Auditing and Assurance Standards Board encourages auditors to issue a management letter on completion of each audit as a means of advising the Council of any matters noted during the course of the audit.

Our audit involves the review of only those systems and controls adopted by the Council upon which we wish to rely for the purposes of determining our audit procedures. Furthermore, our audit should not be relied upon to disclose defalcations or other similar irregularities, although their disclosure, if they exist, may well result from the procedures we undertake. While we have considered the control environment in accordance with Australian Auditing Standards, we have not tested controls and hence do not comment on whether systems and controls are operating effectively.

We advise that we have encountered the following matters during the course of our audit that we believe should be brought to your attention:

Presentation of Financial Activity Statement to Council

Local Government (Financial Management) Regulations 1996 Regulation 34(4) requires the monthly Statement of Financial Activity and the accompanying documents to be presented at an ordinary meeting of Council within two months after the end of the month to which the statement relates. We note that the Council has not complied with this requirement.

Implication:

Non-compliance with Regulation 34(4) of Local Government (Financial Management) Regulations 1996.

Significance of Finding: Moderate

Recommendation:

We recommend that the monthly Statements of Financial Activity be submitted at the ordinary meetings of the council in accordance with the requirements under Regulation 34 (4) of the Local Government (Financial Management) Regulations 1996.

Management Comment:

The non-compliance with the requirements of Regulation 34(4) of Local Government (Financial Management) Regulations 1996 is a direct result of the Tamala Park Regional Council meeting on a bi-monthly basis, which does not allow sufficient time for the monthly statement of financial activity to be prepared and presented to Council within the 2-month period specified. This results in 6 of the 12 monthly Statements of Financial Activity not meeting the required timeframe.

It is noted that the monthly Statements of Financial Activity are prepared by the TPRC and by Moore Stephens (TPRC accountants) and are available for Council's consideration within the prescribed timeframe.

The Tamala Park Regional Council will be requested to approve the Audit Committee meeting on a bi-monthly basis, on alternative months to Council meetings, to consider Statements of Financial Activity. Whilst this will not mean strict compliance with the requirements under Regulation 34 (4), from an oversight and a risk management perspective this will minimize risks arising from the delay in Council's consideration of the monthly Statements of Financial Activity.

Excessive Annual Leave Balance

We noted the Chief Executive Office has accrued more than twenty weeks of leave and the Executive Assistant ten weeks of leave. While we are aware that the employees have taken leave during the year we still like to bring this to Council's attention to ensure that employees are encouraged to utilise their leave entitlements.

Implication:

The accrual of excessive leave hours for key employee may lead to a significant cash payout should the employee leave the employment of the Council.

As well as for managing leave liabilities, it is important for employees to take regular leave for their health and wellbeing.

Significance of Finding: Low

Recommendation:

We recommend that employees are encouraged to use their annual leave entitlements, both as an internal control procedure and to minimize the Council's liabilities.

Management Comment:

Measures are in planning to reduce Annual Leave balance for the Chief Executive Office and the Executive Assistant.

Financial Ratios

Under note 25 of the financial report, we note that the asset renewal ratio does not meet the benchmark as set out by the Department of Local Government.

Implication:

Non-compliance with the benchmark of the Department of Local Government.

Significance of Finding: Low

Recommendation:

We would like to remind Council of the compliance requirements to meet the above ratio.

Management Comment:

It is acknowledged that the Asset Renewal Ratio is below the DLGSC's standard.

The smaller the asset base of a local government, such as the TPRC, the more pronounced the variations in annual asset renewal expenditure. In the case of the TPRC this has resulted in fluctuations between years as assets of the TPRC are renewed.

The financial ratios need to be considered within the overall context of the financial report.

The management of the TPRC operational assets is regularly considered by Moore Stephens and considered to be appropriate.

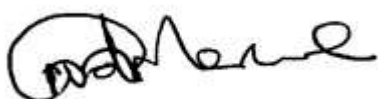
It is noted that the expenditure and management of TPRC assets is consistent with the Council approved Asset Management Plan 2017. The TPRC Asset Management Plan is currently under review, including asset ratios. The review is to be reported to Council in late 2019.

We wish to thank the staff of Tamala Park Regional Council for their assistance during the audit.

Should you have any questions please do not hesitate to contact me.

Yours sincerely

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA
Director

Appendix 9.12

POLICY MANUAL

Payment of Accounts & Security of Payment Instruments Policy (July 2019)

POLICY

1. Objectives

- To safeguard the funds of the Council and to provide a transparent record for authorisation of expenditures which reflect good accounting practice and the requirements of local government legislation.
- To facilitate communication to representatives of TPRC and to the public about probity practices associated with the payment of accounts of the Council.

2. Delegation of Authority

The Council has delegated authority to the Chief Executive Officer to make payment of accounts in accordance with Regulation 13.1 of the financial management regulation.

3. Risk Profile

When exercising functions relating to payment of accounts, the following matters should be considered:

- That relevant delegations are current and complete;
- That bank authorisations are current and complete;
- That chequebooks, bank tokens and passwords are adequately secured;
- That procedures in relation to the use of credit cards, chequebooks, bank tokens and passwords are documented;
- That procedures for recording obligations for expenditure and for authorising payments prior to payments being made are adequate and appropriately recorded and communicated; and
- That all accounts and expenditures are made consistent with the Council's Procurement, Purchasing & Investment Policies.

4. Guidelines

(a) Securing TPRC Cheque Instruments

- Only one chequebook will be maintained at any one time;
- A secure location will be identified for retention of the chequebook;
- Only authorised staff signatories will be advised of the location of the chequebook;

POLICY MANUAL

Payment of Accounts & Security of Payment Instruments Policy (July 2019)

- A monthly reconciliation of cheque instruments recorded on bank statements and the balance of cheque instruments maintained in the chequebook will be made by the Executive Assistant and approved by the CEO;
- The External Auditor will be required to verify the retention practices and check that the balance of cheque instruments reconciles to instruments recorded in the bank statement.

(b) Security of Tokens and Passwords

- On an annual, or more frequent basis (if required), financial institutions will be requested to supply to external auditors details covering the number of passwords and number of tokens issued to TPRC elected and staff representatives. The External Auditor will be asked to reconcile information provided by banks with information provided by elected and staff members.
- Relevant elected members and staff members are to be advised of the procedures for operating bank accounts with tokens and passwords and the limits of delegation from the TPRC Council and in respect of tokens and passwords.
- Relevant elected members and staff are to be acquainted with bank requirements and TPRC requirements relating to reporting of forgotten or lost passwords and tokens.
- Relevant elected and staff representatives are to be acquainted with procedures for reporting potential breach of security in respect of passwords or tokens.
- A compliance checklist covering the points above is to be provided to and completed by elected members and staff members provided with passwords and tokens to ensure current knowledge of requirements and responsibilities.

(c) Purchasing and Credit Cards

Refer to the Credit Card Policy for further information.

(d) Incurrence of Expenditure/Liability on Behalf of TPRC

- All monetary liabilities incurred on behalf of TPRC must conform to the Council Procurement Policy or otherwise be specifically resolved by the TPRC Council.
- In brief, incurrence of expenditure is to be:
 - In accordance with allocations in the TPRC budget;
 - If not in budget, in reference to specific Council resolutions;
 - Subject of tender or quotation as required by TPRC Purchasing Policy;
 - Subject of an order issued on behalf of TPRC by a person authorised under delegation and otherwise in accordance with the Council's Purchasing Policy.

POLICY MANUAL

Payment of Accounts & Security of Payment Instruments Policy (July 2019)

(e) Reporting of Payment Activity

All expenditures incurred or payments made are to be reported to the Council in reference to budget and statutory requirements including:

- Annual budget
- Statutory budget review (by 31 March)
- Financial Management Regulations, particularly relating to lists of payments for Council information (Regulation 13)
- Monthly financial statements (Regulation 14)

(f) Petty Cash

Should the TPRC utilise petty cash it will be in accordance with the Petty Cash Policy.

(g) Receipt of Goods and Services

- A delivery docket and/or account must accompany all goods purchased by TPRC (except minor purchases covered by a detailed receipt).
- Goods and services will be checked to purchase orders, investment instructions, letters of commission or contracts as appropriate.
- The person checking receipt of goods will endorse the appropriate instrument with verification that goods or services have been received and note any variation in supply to requirements.
- Where there is no variation in supply, the receiving officer shall also authorise payment for goods and services.
- Where there is a variation in supply regulations, the variation will be noted together with an appropriate adjustment to the payment obligation of the TPRC.
- In the event that the value of the variation exceeds 10% (plus or minus) of the initial amount, a variation docket will be prepared and attached with the original order or other instrument.

This Payment of Accounts & Security of Payment Instruments Policy is authorised by the Chief Executive Officer on 15 August 2019.

Signature:

Name: JOHN ANTHONY ARIAS

Date: 15 August 2019

Appendix 9.13

POLICY MANUAL

Credit Card Policy (July 2019)

1. POLICY

This policy is to ensure effective controls, policies and procedures are in place with respect to the use of corporate credit cards.

2. PRINCIPLES

- Ensure transparency in Council's operations concerning the use of corporate credit cards.
- Ensure Council's resources are managed with integrity and diligence.

3. OBJECTIVES

- Fulfil all statutory requirements of the Local Government Act with respect to the use of corporate credit cards.
- To adopt best practice in developing a clear and comprehensive policy on the use of corporate credit cards.

4. STRATEGIES

Purpose of Corporate Credit Cards

Corporate credit cards have been implemented to allow the Council to transact its business in an efficient manner and, at the same time, provide Council officers with a more convenient method to meet costs they incur on Council's behalf.

Corporate credit cards should be recognised as a valuable tool for the efficient and effective operation of Council's daily business and not as a benefit assigned to specific individuals. The use of corporate credit cards will create savings in staff administration time in matters such as arranging transport, accommodation and registration for attendance at conferences. It will also reduce the number of creditor creations that are required for one-off purchases.

It is intended to save time and paperwork in making purchases while still maintaining control of purchase through a monthly reconciliation process as well as reducing the need for Council staff to use their private credit card to conduct Council business.

Staff members are not to use their private credit card to conduct Council business over the amount of \$100 in any one transaction, without CEO approval.

POLICY MANUAL

Credit Card Policy (July 2019)

Issuing of Cards

The Chief Executive Officer has delegated authority to authorise the issuing of corporate credit cards to staff.

The Chief Executive Officer will be responsible for maintaining a register of the individual corporate credit cards including their associated limits and expiry dates.

The Chief Executive Officer will be responsible for obtaining approval of the Chairman for the issue of a card and this will be recorded on a 'Cardholder Approval and Acknowledgement' form. Each cardholder will be required to sign this form on receipt of the corporate credit card and acknowledge these policies and procedures.

Monthly Limit and Authorisations

Each corporate credit card will have a monthly limit on expenditure and the expenditure is to be authorised by the person as indicated in the following table.

	<i>Monthly Limit</i>	<i>Expenditure Authorisation</i>
Chief Executive Officer	5,000	Chairman
Manager Project Coordination	2,000	Chief Executive Officer
Executive Assistant	1,000	Chief Executive Officer

Restrictions

Corporate credit cards are not to be used for personal expenses under any circumstances.

Corporate credit cards are not to be used for purchases of fuel unless authorised by the Chief Executive Officer.

Use of the corporate credit cards for purchases over the internet should be restricted to trusted secure sites.

The cardholder will be personally liable for expenditure that cannot be shown to be related to the business of TPRC.

Use of Cards

Corporate credit cards are to be used as a normal credit card, with the valid PIN required to make any purchase.

POLICY MANUAL

Credit Card Policy (July 2019)

No cash advances are available from ATM's or over the counter and BPay facilities are not available.

The card is for official Council business only and may not be used for personal items under any circumstances. The card is not linked to any form of award points and any personal award card or membership should not be used in conjunction with the use of the corporate credit card.

A tax invoice is required to be obtained for every purchase made by the credit card holder. This is required in reconciliations of the corporate credit card statement at the end of each month.

If a transaction is done by telephone or by mail order, the cardholder will need to ensure that an appropriate tax invoice is obtained from the supplier and included with the monthly reconciliation.

Tax invoices must contain the following components in order to comply with taxation law and allow Council to claim an input tax credit for the GST paid:

- Name of creditor;
- The ABN of the creditor;
- Date of issue;
- The quantity and a brief description of what is being supplied;
- The name Tamala Park Regional Council (being the recipient);
- The words 'tax invoice';
- The GST as a separate component OR the invoice total with a statement that 'Total includes GST'.

All details of the purchase, including tax invoices are required to be obtained and retained to support the appropriate allocation of purchases at the end of each month.

Use of a corporate credit card will require the user to abide by Council's Code of Conduct and purchasing policies including purchasing from Council's preferred suppliers wherever possible.

Where any expenditure is incurred relating to business hospitality or other purposes involving staff the cardholder must write on the receipt, or a receipt attached statement, the names of employees and non-employees, detail of expenditures and other sufficient information to make an assessment of fringe benefits tax payable in total and per employee.

The credit limit of the individual cards is not to be exceeded.

POLICY MANUAL

Credit Card Policy (July 2019)

Payment of Monthly Account

The outstanding balance of each corporate credit card will be automatically debited to Council's bank account around the 14th day of each month.

Reconciling Monthly Statements

1. Each cardholder will be issued with a monthly statement listing all their transactions. It is the responsibility of the cardholder to match their supporting documentation to the monthly statement.
2. Monthly statements must be reconciled and returned to the Executive Assistant within seven days of receiving the statement.
3. When the monthly statement is received, a check is required to ensure all purchases are supported by invoices.
4. Record next to each transaction:
 - The reason for the purchase;
 - The account number the purchase is to be allocated to.
5. Attach tax invoices for all the purchases with GST and normal invoices for purchases without GST.
6. For FBT purposes, expenses relating to the provision of entertainment must provide details of the function, the total number of staff who attended, and the total number of attendees.
7. Sign and date the monthly corporate credit card statement at completion of the reconciliation.
8. The monthly corporate credit card statement, with all invoices attached, should then be authorised by the appropriate person as described in the Monthly Limit and Authorisation section of this policy.
9. The corporate credit card statement and all attachments are then to be provided to the Chief Executive Officer.
10. After processing, all corporate credit card statements will be kept by the Executive Assistant.
11. The CEO's corporate credit card statements are to be presented to the Audit Committee every four months.

POLICY MANUAL

Credit Card Policy (July 2019)

12. Copies of all statements and supporting documents are to be filed for audit review.
13. The Council Auditor will include as part of the annual work plan, a periodic review of the supporting documentation in respect of the monthly corporate credit card statement.

Disputed Purchases

The Chief Executive Officer is to be notified of all disputed transactions. The cardholder must complete the 'disputed transactions' form and include it with the monthly reconciliation.

When a dispute occurs, the cardholder should attempt to correct the situation with the merchant. If unable to correct the situation, the matter is to be referred to the Chief Executive Officer. The Chief Executive Officer will attempt to resolve the matter and may have to contact the bank for assistance.

The bank can assist with resolving some disputes with merchants, particularly those involving duplicated charges, non receipt of goods ordered or credits not processed after refund vouchers have been issued.

Terminating or Ceasing Employment

Any cardholder, who is leaving the services of Council, should return any Cards, no later than 5 working days prior to the last day of employment.

Reporting Lost or Stolen Cards

If a card is lost or stolen it is the cardholder's responsibility to immediately to report the loss to the relevant bank.

The Chief Executive Officer should be contacted immediately and advised by the next business day and the cardholder should then complete a 'Lost or Stolen Cards' form and forward it to the Chief Executive Officer.

Replacement Cards

The card is valid for the period shown on the face of the card and the relevant Bank will automatically reissue replacement cards to the Chief Executive Officer one month prior to the expiry date. The Executive Assistant will then update the register details in regard to the replacement card and issue it to the cardholder.

The cardholder will need to complete a 'Replacement Cards' form and sign the form on receipt of the new card.

POLICY MANUAL

Credit Card Policy (July 2019)

This Credit Card Policy is authorised by the Chief Executive Officer on 15 August 2019.

Signature:

Name: JOHN ANTHONY ARIAS

Date: 15 August 2019

Appendix 9.14

POLICY MANUAL

Petty Cash Policy (July 2019)

POLICY

1. Objective

To provide a cash advance to pay authorised expenditure of a minor nature.

2. Local Government Reference

- *Local Government Act 1995* – Section 6.10
- *Local Government (Financial Management) Regulation 11*

3. Petty Cash

- Sum advanced shall be limited to \$100.
- Officers who have received an advance to use such funds to pay for authorised expenditure for each item shall be limited to \$100 (excluding GST).
- Expenditure for each advance shall be recouped by the Reckon accounting system software.
- Annual audit of all cash advances to be conducted.

This Petty Cash Policy is authorised by the Chief Executive Officer on 15 August 2019.

Signature:

Name: JOHN ANTHONY ARIAS

Date: 15 August 2019

Appendix 9.15

POLICY MANUAL

Procurement Policy (July 2019)

BACKGROUND

Part 6 of the *Local Government Act* together with the *Financial Management Regulations and Functions* and *General Regulations* provide an outline of specific requirements and probity guidelines in respect of purchase of goods and tendering on behalf of local governments.

The State Supply Commission has an extensive series of policies and guidelines that are available for use by local governments.

The West Australian Local Government Association purchasing service negotiates contracts for the supply of goods and services for local government.

The State Supply Commission and the Commonwealth Supply agencies also have contracts for the supply of goods and services that are accessible by local governments.

All of the accessible supply contracts and the policies of WALGA and the State Supply Commission provide a framework for best practice procurement.

The West Australian Local Government Association has produced a purchasing and tender guide that refers specifically to good procurement practices in reference to the *Local Government Act and Regulations*.

Wherever possible and appropriate, the contracts and guidelines mentioned above will be used by the Tamala Park Regional Council following objectives for best practice and probity in all procurement activity.

TPRC OBJECTIVES – PROCUREMENT

To provide guidelines for adopting a value for money approach in procuring goods or services through quotes or public tender.

PROCUREMENT POLICY AND GUIDELINES

1. Value for money is the basis for comparing conforming bids so that the optimal offer can be selected. Achieving user requirements, quality standards and service benchmarks is considered to be more important than obtaining the lowest price.

An assessment of the best value for money outcome for any procurement should take into account:

- All relevant whole-of-life costs and benefits;
- Technical merits of the goods or services being offered in terms of compliance with specifications and contractual conditions; and
- Financial viability and capacity to supply without risk of default.

POLICY MANUAL

Procurement Policy (July 2019)

In this context, the value for money principle embraces:

- Cost related factors; and
- Non-cost factors.

2. Value for money assessment involves the comparison and evaluation of suitable conforming offers.

Factors to be considered in making this decision include the following:

- Value for money is not necessarily about selecting the successful bidder based on price alone, although the lowest total priced, conforming offer can be used as an initial benchmark for comparing value for money. Where a higher priced conforming offer is recommended, there should be clear and demonstrable benefits over and above the lowest total priced, conforming offer;
- All offers should be evaluated in a consistent manner against the evaluation criteria for the procurement. The use of weighted matrix analysis is a recommended method for analysing and comparing bids in a detailed and consistent manner, particularly for high value purchases; and
- A due diligence investigation of the preferred or shortlisted bidders should be undertaken for all high value or complex purchases to ensure that bidders have the financial stability and technical capacity to comply with the requirements of the contract.

Value for money considerations are not only relevant to the selection of a successful supplier and the purchase of goods or services. Value for money should also be applied to the ongoing contract management over the life of the procurement.

3. The exclusion provisions contained in the functions and general regulations relating to procurement for a value greater than \$50,000 will also apply to procurement for values less than \$50,000.
4. The Local Government legislation does not require local governments to tender for purchases under the value of \$150,000.

Purchases under \$150,000 are categorised as simple purchases but nevertheless require controls and appropriate accounting and probity support practices.

5. The following should apply to purchases of value less than \$150,000.

- 5.1. Direct Purchasing – Less than or equal to \$2,000

Purchases to \$2,000 may be made on a single quotation, however, best practice will require that market testing be undertaken from time to time and that consideration be given to value for money purchasing.

POLICY MANUAL

Procurement Policy (July 2019)

5.2. Non-Formalised Quotations – Over \$2,000 and less than \$10,000

At least 3 quotations should be obtained except where impractical due to availability of suppliers.

A record of quotations obtained must be maintained.

All quotations are to be obtained prior to a supply order being authorised.

Where there is a waiver of the requirement for 3 quotations the reason for the waiver must be noted and approved by the CEO.

5.3. Formalised Quotations – Over \$10,000 and less than \$150,000

A formalised quotation must be obtained in writing, by fax or email. Email submissions must contain an electronic signature or the image of a signature of a person authorised to provide the quotation.

Quotations must be made in reference to a specification setting out the details of supply, the pricing required, delivery requirements and other relevant matters.

5.4. Special Provisions with respect to Consultancy Services - More than \$10,000 and less than \$150,000

- Quotations must be made in reference to:
 - A written brief defining the services required;
 - The deliverables from the consultancy;
 - The start and end time;
 - The fee basis i.e. fixed, hourly, component completion;
 - The basis for any variation fees; and
 - Provisions for termination of services.
- Completion of a contract for consultancy services must be subject of a written agreement signed by the consultant and TPRC.
- If it is expected that the Council will enter into 2 or more contracts with one supplier which may exceed \$150,000 then Council should invite tenders in accordance with Section 6 of the Policy.

6. Tendering for Goods – Value \$150,000+

All supply of goods and services to a value greater than \$150,000 will proceed in reference to the provisions of the *Local Government Act* and specifically the requirements of Part 4 of the *Functions and General Regulations* made pursuant to the Act.

POLICY MANUAL

Procurement Policy (July 2019)

Before tendering for the supply of goods for an amount greater than \$150,000 an authorisation to proceed with the tender must be obtained from the Council.

Tenders must be subject of a tender brief setting out, in appropriate detail, at least the following:

- The goods or services required;
- The deliverables from the procurement;
- The start and end time for supply;
- The fee basis i.e. fixed, hourly, component completion;
- The basis for any variation fees; and
- Provisions for termination of services.

Evaluation criteria are to be stipulated in tender invitation documents.

The basis for contracts must be stipulated in tender invitations i.e. any Australian Standard contract proposed to be used.

Where a specifically designed contract is proposed, the details of the contract are to be provided with the tender invitation.

Where variations are proposed to Australian Standard contracts, a schedule of variations is to be included in the tender invitation.

An evaluation matrix is to be used in advising prospective tenderers of the evaluation criteria and the method for scoring tender responses.

Evaluation matrix's may consist of either:

- A weighted cost criteria; or
- A non-weighted cost criteria.

a) Weighted Cost Criteria

The use of a weighted cost criteria method is suited to acquisitions where price is considered to be crucial to the outcome of the contract. Price is assessed as a selection criteria item with a predetermined weighting, together with quality criteria.

b) Non-Weighted Cost Criteria

The use of a non-weighted cost criteria method is suited to acquisitions where functional considerations such as capacity or quality, are considered crucial to the outcome of the contract.

POLICY MANUAL

Procurement Policy (July 2019)

A weighted selection criteria containing items addressing the qualitative requirements of the contract are comprised and assessed prior to considerations of price within the evaluation.

Once tenders have been ranked against the qualitative items of the selection criteria, a value judgment of cost differences is able to be made, with judgment as to whether qualitative advantages of a tender justify cost differences.

The allocation of evaluation points available in conducting evaluation of tender responses must be made in accordance with criteria set prior to the issue of tender invitations. The allocation would typically be made over a range of items such as those shown in the following table:

Rate	Description
0	Inadequate or non-appropriate offer, many deficiencies, does not meet criterion
2	Marginal offer, some deficiencies, partly meets criterion
4	Fair offer, few deficiencies, almost meets criterion
6	Good offer, no deficiencies, meets criterion
8	Very good offer, exceeds criterion
10	Outstanding offer, greatly exceeds criterion

The table showing the evaluation of points is not to be published with the tender invitation or to be made otherwise available to prospective or actual tenderers.

Tenders may be lodged to a secure tender box or secure email tender box.

The use of an email tender box will be decided by the CEO in each instance having regard for the nature of the tender, the size of the likely tender response and such other factors as may relate to each tender invitation. Where an email tender is permitted, the full details of how the tender should be submitted should be included in the tender invitation.

When tenders are opened there must be at least two employees of Council, or one Council employee and one person authorised by the CEO, present.

7. Use of Probity Auditor

In all cases where tenders are valued at an amount greater than \$150,000, consideration shall be given to the use of a probity auditor.

POLICY MANUAL

Procurement Policy (July 2019)

A proposal to engage/not engage services of a probity auditor will be included in the report to the Council under section (6) above proposing the issue of an invitation for supply of goods or services.

8. Environmental Procurement Policy

The TPRC will consider the environmental impact in the procurement process when undertaking the purchase of goods and services and disposal of goods.

The governing principle for goods and services procurement is the achievement of value for money. However, when determining value for money, the environmental impact issues to be considered may include:

- Use of recycled or recovered materials;
- Product reusability;
- Product recyclability;
- Durability;
- Energy efficiency and consumption;
- Water efficiency;
- Waste prevention;
- End of life disposal method; and
- Environmental health issues.

9. Environmental Purchasing

Environmental purchasing generally refers to the inclusion of relevant environmental factors in any decision to procure goods and/or services in order to maintain the quality of the environment, conserve resources, minimise waste and protect human health.

The aim of considering environmental factors in procurement is to:

- Managing risks to the broader environment by procuring goods and services that have a reduced impact on the natural environment and human health compared with competing products or services that serve the same purpose.
- Promote the achievement of better value for money on a whole-of-life cycle basis.
- Fostering the development of products and processes that have a positive environmental impact.
- Reducing costs for addressing the effects of environmental health impacts and pollution to the community over the long term.

The focus of environmental purchasing may vary, depending on the nature of the good or service being procured.

POLICY MANUAL

Procurement Policy (July 2019)

10. Environmental Procurement and Value for Money

Value for money is the core principle governing goods and services procurement. In this context, the lowest price is not necessarily an indicator of best value for money.

The environmental impact of a good or service is also a major consideration in the Value for Money Assessment.

Environmentally friendly products will usually involve reduced risks and more efficient use of energy, water and materials leading to lower costs, particularly on a whole of life basis. Therefore, even where an environmentally friendly product or service initially costs more than a conventional product or service, consideration of value for money requires purchasers to give due regard to the benefits obtained from good environmental performance.

It is also essential that the environmental impacts and/or value-add in all procurements are considered across the lifecycle of a product.

Value for money is assessed on a whole of life basis so that all costs and benefits across the procurement cycle can be adequately considered. For example, in the case of a good, the environmental impact should be assessed at each stage of production, use and disposal. Therefore, to ensure effective Value for Money decisions, the environmental assessment also needs to factor in the impacts and costs created when a product is used, particularly during the evaluation stage when comparing products. These costs electrical power, water, fuel and requirements for other consumables.

11. Environmental Considerations in Contracting Process

The level of effort expended to minimise the environmental impact of procurement should be commensurate with the nature of the purchase and should be applied in all phases of the procurement process as follows:

Contract Planning (pre-tender)

- Is the proposed purchase necessary.
- Identify and address environmental impact issues in all procurement plans.
- Develop specifications that give consideration to environmental standards, codes or legislation, where appropriate.
- Consider options for quotation and tender design, including selection criteria that provide positive advantage to goods, services and/or processes that minimise environmental impact.

POLICY MANUAL

Procurement Policy (July 2019)

- Consider options for quotation and tender design that provide positive advantage to innovative goods, services and/or processes that minimise environmental impact.
- Develop selection criteria that provide positive advantage to goods, services and/or processes that minimise environmental impact.
- Where appropriate consider quality assurance, environmental standards, codes or legislation for inclusion in specifications.
- Where appropriate, seek information from suppliers through the offer document on the environmental impact of goods, services and processes tendered (e.g. accreditation, practices, recycled content, durability and reuse options, hazardous material content, energy efficiency, waste prevention, water efficiency).
- Consider options for, and where appropriate specify methods for end of life disposal of product and/or packaging.

The Guidelines provided in:

- *The State Sustainability Strategy*; and
- *The State Supply Commission Environmental Purchasing Guide* may be accessed as appropriate to achieve the stated policy outcomes, operational and cost efficiency.

This Procurement Policy is authorised by the Chief Executive Officer on 15 August 2019.

Signature:

Name: JOHN ANTHONY ARIAS

Date: 15 August 2019

Appendix 9.16

POLICY MANUAL

Financial Management – Significant Accounting Policies (August 2019)

POLICY

Objective

To adopt Full Accrual Accounting and all other applicable Accounting Standards.

Local Government Reference

- *Local Government Act 1995*
- *Local Government (Financial Management) Regulations 1996*
- Australian Accounting Standards

Significant Accounting Policies

The significant accounting policies which have been adopted by Council in the preparation of the financial report are:

1. BASIS OF PREPARATION

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

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

POLICY MANUAL

Financial Management – Significant Accounting Policies (August 2019)

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 Regional Council controls resources to carry on its functions have been included in the financial statements forming part of the 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.

Australian Accounting Standards – Inconsistency Land under roads

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

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

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

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

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

2. REVENUE AND EXPENSES

Interest earnings

Interest revenue is recognised using the effective interest method income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

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Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short-term borrowings in current liabilities in the statement of financial position.

4. TRADE AND OTHER RECEIVABLES

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

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

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.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

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

Classification and subsequent measurement

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

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

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5. 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 resale

Land held for development and resale 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.~~

Borrowing costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit and 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 resale is classified as current except where it is held as non-current based on the Regional Council's intentions to release for sale.

6. OTHER FINANCIAL ASSETS

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.

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- equity investments which the Regional Council has not elected to recognise fair value gains and losses through other comprehensive income.

Previous accounting policy: available for sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as 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.

Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 17 for explanations regarding the change in accounting policy and reclassification of term deposits to financial assets at amortised cost.

7. PROPERTY, PLANT AND EQUIPMENT

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.

Fair Value Measurements

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.

8. FIXED ASSETS

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

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Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are and subsequently revalued in accordance with the mandatory measurement framework.

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

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

Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

Land under control

In accordance with *Local Government (Financial Management) Regulation 16(a)(ii)*, the Regional Council was required to includes as an asset (by June 30 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.

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Disposal of Assets

The Regional Council did not dispose of any assets during the year ended 30 June 2018.

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.

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.

Depreciation rates

Major depreciation periods used for each class of depreciable asset are: Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class

Improvements to leasehold property	8 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 12 years

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

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9. REVALUATION SURPLUS

Movements on revaluation of property, plant and equipment 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.

10. TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the Regional Council prior to the end of the financial year that are unpaid and arise when the Regional Council 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.

11. INFORMATION ON BORROWINGS

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 16.

12. EMPLOYEE RELATED PROVISIONS

Employee Benefits

Short-term employee benefits

Provision is made for the Regional Council's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits)

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

Other long-term employee benefits

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

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

Provisions

Provisions are recognised when the Regional Council 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.

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13. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of cash

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

14. CAPITAL AND LEASING COMMITMENTS

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 Regional Council, 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 on a straight line bases over the lease term.

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

15. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP)

Short-term employee benefits

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

Post-employment benefits

These amounts are the current year's estimated cost of provided for the Regional Council superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accruing during the year.

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Transactions with related parties

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

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

The Regional Council's main related parties are as follows:

- i. Key Management Personnel*
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.
- ii. Other Related Parties*
The associate person of KMP was employed by the Regional Council under normal employment terms and conditions. Member land is developed and sold in the open market on behalf of Member Entities.
- iii. Entities subject to significant influence by the Regional Council.*
An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statue or agreement.

16. FINANCIAL RISK MANAGEMENT

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

The Regional Council 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 Regional Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

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(a) Interest rate risk

Cash and cash equivalents

The Regional Council's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio.

The Regional 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 or their issuers or factors affecting similar instruments traded in a market.

The Regional Council's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Regional Council to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Regional Council to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest-bearing accounts.

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

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

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

(b) Credit risk

Trade Receivables

The Regional Council's major receivables comprise interest, goods and services tax and general debtors amounts due from third parties for goods sold and services performed in the ordinary course of business. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Regional

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Council manages this risk by monitoring outstanding debt and employing debt recovery policies.

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

~~The Regional Council makes suitable provision for doubtful receivables as required and carries out credit checks on debtors.~~

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

~~The Regional Council applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for trade receivables and no impairment allowance created.~~

(c) Liquidity risk

Payables and borrowings

Payables ~~and borrowings~~ are ~~both~~ subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Regional Council 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.~~

17. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

~~Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.~~

AASB 9 Financial instruments

~~AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.~~

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The Regional Council applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Regional Council has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Regional Council's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Regional Council's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

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17. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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 Regional Council.

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

	<u>Title</u>	<u>Issued/ Compiled</u>	<u>Applicable</u> ⁽⁴⁾	<u>Impact</u>
(i)	<u>AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)</u>	<u>December 2014</u>	<u>1 January 2018</u>	<u>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 Regional Council, it is not anticipated the Standard will have any material effect.</u>

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(ii) <u>AASB 15 Revenue from Contracts with Customers</u>	<u>December 2014</u>	<u>1 January 2019</u>	<p><u>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.</u></p> <p><u>The effect of this Standard will depend upon the nature of future transactions the Regional Council has with those third parties it has dealings with. It may or may not be significant.</u></p>
(iii) <u>AASB 16 Leases</u>	<u>February 2016</u>	<u>1 January 2019</u>	<p><u>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.</u></p>

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(iv) AASB 1058 Income of Not for Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)

[AASB 1 & AASB 11]

December 2016

1 January 2019

Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Regional Council, the impact is not expected to be significant.

These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:

- Assets received below fair value;
- Transfers received to acquire or construct non-financial assets;
- Grants received;
- Prepaid rates;
- Leases entered into at below market rates;
and
- Volunteer services.

Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until

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the details of future transactions are known, they will all have application to the Regional Council's operations.

Notes:

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

Adoption of New and Revised Accounting Standards

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

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

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

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18. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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 Regional Council.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Regional Council, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*.

These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

The Council will adopt AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Regional Council adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019.

(b) Leases

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

On adoption of AASB 16, the Regional Council will recognise lease liabilities in relation to leases which had previously been classified as an operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 is 2.10%.

On adoption of AASB 16, the Regional Council will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied

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since its commencement date by the carrying amount but discounted using the lessee's incremental borrowing rate as on 1 July 2019.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Regional Council is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*.

In applying AASB 16 for the first time, the Regional Council will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

(c) Income for Not-for-Profit Entities

The Council will adopt AASB 1058 *Income for Not-for-Profit Entities* (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Regional Council will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements. Currently no impact on comparative information is expected.

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

19. CHANGE IN ACCOUNTING POLICY

On the 1 July 2018 Paragraph 17A (5) came into operation via *Local Government (Financial Management) Regulations 1996*. The regulation stated an asset is to be excluded from the assets of a local government if the fair value of the asset at the date of acquisition by the local government is under \$5 000.

The Regional Council has changed their accounting policy and excluded assets with a fair value of under \$5,000 at the time of acquisition from the assets of the Regional Council.

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During the year assets with a fair value at the date of acquisition of under \$5,000 and purchased prior to 30 June 2018 have been excluded from the assets of the Regional Council along with those assets acquired during the year ended 30 June 2019 with a fair value of under \$5,000 which were capitalised.

The change in accounting policy has been adopted retrospectively.

20. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

b) **Current and non-current classification**

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 Regional Council's operational cycle. In the case of liabilities where the Regional Council 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 or non-current based on the Regional Council's intentions to release for sale.

c) **Rounding off figures**

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

d) **Comparative figures**

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible

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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 Regional Council 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 Regional Council 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

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

i) Impairment of assets

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

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

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

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

This Financial Management – Significant Accounting Policies is authorised by the Chief Executive Officer on 17 October 2019.

Signature:

Name: JOHN ANTHONY ARIAS

Date: 17 October 2019

Appendix 9.17

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