



TAMALA PARK
Regional Council

Annual Report 2015/16



Tamala Park Regional Council
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Background

The Tamala Park Regional Council (TPRC) is a local government formed in 2006 specifically to implement the urban development of 180 hectares of land situated in the City of Wanneroo. The land is jointly owned by 7 local governments.

Tamala Park Regional Council comprises the following 7 local government members:



- Town of Cambridge
- City of Joondalup
- City of Perth
- City of Stirling
- Town of Victoria Park
- City of Vincent
- City of Wanneroo

The purpose of the Tamala Park Regional Council is to undertake the rezoning, subdivision, development, marketing and sale of the Tamala Park land.

The objectives of the TPRC are:

- to develop and improve the value of the Land;
- to maximise, within prudent risk parameters, the financial return to the Participants;
- to balance economic, social and environmental issues; and
- to produce a quality development demonstrating the best urban design and development practice.

The Tamala Park Project, marketed as Catalina, will be a new urban development in the suburbs of Clarkson and Mindarie and will comprise around 2,500 lots. It is anticipated to be developed at a rate of approximately 200 lots per annum.

The Tamala Park Project will facilitate a range of housing types and densities to meet the emerging needs of the Perth Metropolitan Region with respect to lifestyle, accessibility and changing demography. It is intended to create a community having a sense of place, which takes advantage of prevailing natural features, a well-planned built environment and relationship with existing and future retail, business, community services and other employment opportunities in the immediate locality and wider region.

When the land is fully developed the TPRC will have completed its Charter and will cease to exist.

The life of the Council is currently projected to extend to 2029.

Message from the Chairman

This is the eighth annual report of the Tamala Park Regional Council (TPRC).

The Council comprises 12 members nominated by the 7 owner local governments according to ownership shares. The Regional Council operates under the Local Government Act in the same manner as other local governments. An Establishment Agreement between the local government participants deals with equity issues and Council decision-making.

The focus over the last 12 months has been to consolidate the Tamala Park Project, known as the Catalina Estate, as a significant urban project in Perth's north coast by continued construction, marketing and sale of residential lots.



There has been considerable construction activity at Catalina during financial year 2015/16 with large stages of bulk earthworks, a number of stages of civil construction works, landscape works and housing construction being undertaken. The Project is now a major local employment centre for the region.

Significant landscape works were undertaken during the last twelve months helping to transform the site, demonstrate the quality of the Catalina Estate and provide important amenities for residents.

The Sales and Marketing program for the Project has been successful with 770 lots sold to 30 June 2016 with a value of over \$194M, which I consider an excellent result.

Importantly the Council continues to cover all operating expenses through investment and land sales income. During the year the Council made a \$15M distribution of income from land sales to participant local governments.

A handwritten signature in black ink that reads "Giovanni Italiano JP". The signature is fluid and cursive.

Cr Giovanni Italiano JP
CHAIRMAN



Message from the Chief Executive Officer

This year was a difficult year for the land development industry in Western Australia as a result of declining economic confidence. The TPRC still undertook major planning, construction, landscaping, marketing and sales programs at Catalina, in accordance with approved risk minimization strategies. The Phase 1 Bulk Earthworks for the Catalina Beach Precinct were completed, which marked another milestone for the Project. Civil works for Stages 15 and 18 were completed.



The level of construction activity at Catalina reflected a prudent approach to the soft land sales market.

The Sales and Marketing program for 2015/16 resulted in 93 residential lot sales at an average sale price of \$277,913 and 112 lot settlements with a value of \$30.5M.

The marketing strategy continued the Catalina branding and the promotion of the Catalina Builders Display Village and Land Sales Office. The Catalina Builders Display Village No. 2 opened in February 2016 showing contemporary homes by Perth's leading builders.



The Catalina Telethon Home was completed in September 2015 and successfully auctioned in October 2015. The Catalina Telethon Home was a quality a two-storey design charity home. A significant marketing campaign was undertaken to promote the Home and the Catalina Estate, including television, radio and press advertisements and advertorials. It is estimated that over 7,000 persons visited the Estate during the Catalina Telethon Home construction and viewing period.

The Council also continued to implement the following important environmental programs during 2015/16:

- Fauna relocation in Bulk Earthworks areas;
- Grass tree and Zamia Palms relocation;
- Rehabilitation of Biodiversity Conservation Area (Stage);
- Seed collections from significant flora areas; and
- Builders Waste Recycling Program.

A handwritten signature in black ink that reads "Tony Arias". The signature is written in a cursive, slightly slanted style.

Mr Tony Arias
CHIEF EXECUTIVE OFFICER

Governance

Audit Committee

The Audit Committee is formally appointed by the Council and assists in ensuring that there are effective and best practice accounting, auditing, internal control, business risk management, compliance and reporting systems, processes and practices. The Audit Committee did not identify any adverse findings for the financial year.

Council Appointed Auditor

The Council appointed Independent Auditors (Butler Settineri) is required to report on the financial position of the local government and the operations of the local government. The Council appointed Auditor did not make any adverse comments in its report.

Local Government Compliance Audit Report

All local governments are required to carry out an annual compliance audit for the period 1 January to 31 December as required by the Department of Local Government and Communities. The 2016 Compliance Audit Return was approved by Council on 18 February 2016 and a certified copy of the return was submitted to the Director General of the Department of Local Government and Communities.

Competition Policy

The TPRC has met its obligations with regard to competition policy. The Council has no local laws or policies that reflect anti-competitive practice. No complaints have been received by the TPRC in 2015/16 in relation to anti-competitive practices.

Recordkeeping Plan Required under the State Records Act

A Recordkeeping Plan meeting the requirements of the State Records Office was approved at its meeting on 8 April, 2011. The State Records Commission approved the amended Plan. The TPRC is currently reviewing the Plan which is to be submitted to the State Records Office by 30 December 2016.

Disability Services Plan

Local governments are required to prepare a Disability Services Plan in accordance with prescribed standards for public access and infrastructure. The Plan is required to be submitted to the Disability Services Commission with project timetables that must be approved by the Commission.

The Tamala Park Regional Council does not currently have responsibilities that require reporting under the Disability Services Act. In consequence, there has been no Plan prepared or required.

Disability access matters will be incorporated in the design of the TPRC urban development and will become the responsibility for the City of Wanneroo as the local authority responsible for the area covering the Catalina development.

Financial Budget Review

A formal review of the TPRC budget is required in the manner prescribed under the Local Government Act 1995 between 1 January and 31 March each year. The review was undertaken in February 2016 and no adverse findings or matters of consequence were found during the review. The Council considered the review and resolved to adopt the review at its meeting on 18 February 2016.

Strategic Community Plan 2013-2023

The Department of Local Government's Integrated Planning and Reporting Framework, requires all local governments to prepare a Strategic Community Plan. The TPRC approved the Strategic Community Plan 2013-2023 at its meeting held on the 20 June 2013.

Corporate Business Plan 2013-2017

The Department of Local Government's Integrated Planning and Reporting Framework, requires all local governments to prepare a Corporate Business Plan in consultation with its community and stakeholders. The TPRC approved the Corporate Business Plan 2013-2017 at its meeting held on 20 June 2013. The corporate Business Plan is to be reviewed in 2017.

Local Government (Rules of Conduct) Regulations 2007

These regulations require reporting various offences by Council Members. Council Members must comply with their obligations under the Local Government Act 1995. In 2015/16 no complaints were received concerning Council Members.

Code of Conduct

The Council's Code of Conduct prescribes the standard of conduct and behaviour expected of the Council Members and all Employees. The Code is required to be reviewed annually and was re-adopted on 18 February 2016.

Register of Financial Interests for Council Members and Senior Employees

The requirements of the Local Government Act 1995 in reporting the financial interests of Council Members and Senior Staff were complied with. This register was implemented on 1 July 1997 in accordance with the requirements of the Local Government Act 1995 and is available for viewing by the public.

Freedom of Information Act

The Council is subject to the provisions of the Freedom of Information Act 1994. The Act gives individuals and organisations a general right of access to information held by the Council. The Council has not received any requests under the Freedom of Information Act during 2015/2016.

Complaints Register

There were no complaints received during 2015/2016.

Committee Membership



Chairman
Cr Giovanni Italiano
City of Stirling

CEO Performance Review
Committee
Management Committee



Deputy Chairman
Cr Dianne Guise
City of Wanneroo

Management Committee



Cr Karen Caddy
City of Stirling
(Joined November 2015)

Audit Committee



Cr John Carey
City of Vincent



Cr Louis Carr
Town of Cambridge

Audit Committee



Cr John Chester
City of Joondalup

Management Committee



Cr Janet Davidson
City of Perth

Audit Committee



Cr Keith Hayes
Town of Victoria Park
(Joined November 2015)

Management Committee



Cr Kerry Hollywood
City of Joondalup
(Joined November 2015)

CEO Performance Review
Committee



Cr David Michael
City of Stirling

Audit Committee

Committee Membership (continued)



Cr Brett Treby
City of Wanneroo

CEO Performance Review
Committee
Management Committee



Cr Rod Willox
City of Stirling

Audit Committee
CEO Performance Review
Committee

Retired November 2015



Cr Tom McLean
City of Joondalup

Audit Committee



Cr Terry Tyzack
City of Stirling

Audit Committee
CEO Performance Review
Committee



Cr Trevor Vaughan
Town of Victoria Park

CEO Performance Review
Committee

Attendance at Meetings by Council Members

Meeting attendances by Council members for 2015/16 are shown in the table below:

Councillor	Council (8)	Audit (3)	CEO Performance Review (5)	Management (5)
Cr Karen Caddy	6 (6)	1 (1)		
Cr John Carey	5 (8)		1 (3)	
Cr Louis Carr	8 (8)	3 (3)		
Cr John Chester	8 (8)			2 (3)
Cr Janet Davidson	6 (8)	1 (2)	2 (3)	
Cr Dianne Guise	8 (8)	0 (1)		3 (5)
Cr Keith Hayes	6 (6)			1 (3)
Cr Kerry Hollywood	6 (6)		2 (2)	
Cr Giovanni Italiano	8 (8)		5 (5)	4 (5)
Cr Tom McLean	2 (2)	2 (2)		2 (2)
Cr David Michael	6 (8)	2 (3)		2 (2)
Cr Brett Treby	7 (8)		3 (5)	4 (5)
Cr Terry Tyzack	1 (2)	2 (2)	3 (3)	
Cr Trevor Vaughan	1 (2)		0 (3)	
Cr Rod Willox	8 (8)		1 (2)	2 (2)
Cr Jimmy Murphy (as alternate member)	1			
Cr Elizabeth Re (as alternate member)	1			

Notes

- Crs Tom McLean, Terry Tyzack and Trevor Vaughan retired from the TPRC in November 2015.
- Crs Karen Caddy, Keith Hayes and Kerry Hollywood were appointed to the TPRC in November 2015.
- Cr Jimmy Murphy was alternate member for Cr John Carey at the special meeting of Council on 3 March 2016.
- Cr Elizabeth Re was alternate member for Cr Terry Tyzack at the ordinary meeting of Council on 13 August 2015.

Year 2015/16 Under Review

Council Activity

The current Council comprises 12 members which are elected by constituent local authorities following the ordinary bi-annual Council elections. There have been 6 changes in Council membership during the year.

During the year the Council has held 6 ordinary bi-monthly Council meetings, 2 special Council meetings and the following Committee meetings:

- Audit Committee — 3 meetings
- CEO Performance Committee — 5 meetings
- Management Committee — 5 meetings



Member Local Governments' Equity

The following reflects the member local governments' equity in the Tamala Park Project.

	2012/13	2013/14	2014/15	2015/16
TOC Contributed Equity	2,334,462	3,535,548	4,007,856	4,103,229
COP Contributed Equity	2,334,462	3,535,548	4,007,856	4,103,229
TOVP Contributed Equity	2,334,462	3,535,548	4,007,856	4,103,229
COV Contributed Equity	2,334,462	3,535,548	4,007,856	4,103,229
COJ Contributed Equity	4,668,926	7,071,097	8,015,711	8,206,459
COW Contributed Equity	4,668,926	7,071,097	8,015,711	8,206,459
COS Contributed Equity	9,337,848	14,142,194	16,031,422	16,412,917
TOTAL EQUITY	28,013,548	42,426,580	48,094,266	49,238,752

Employee Remuneration

The *Local Government Act 1995* requires that the Council provides information relating to the number of employees entitled to a salary of \$100,000 or more.

This information is presented below:

Salary Range	No.
100-110K	1
300-310K	1
TOTAL	2



Distribution to Participating Councils

The TPRC made a \$15M distribution (Return of Contribution) from land sales income to the seven participating local governments.

The TPRC has not exercised its option under the Establishment Agreement to require Councils to transfer their shares in the landholding jointly held by Councils at Tamala Park. Individual Councils continue to pay municipal rate levies to City of Wanneroo and the TPRC has decided to reimburse the Councils for an amount equivalent to rates paid from retained earnings.

Distributions for 2014/15 and 2015/16 are shown below:

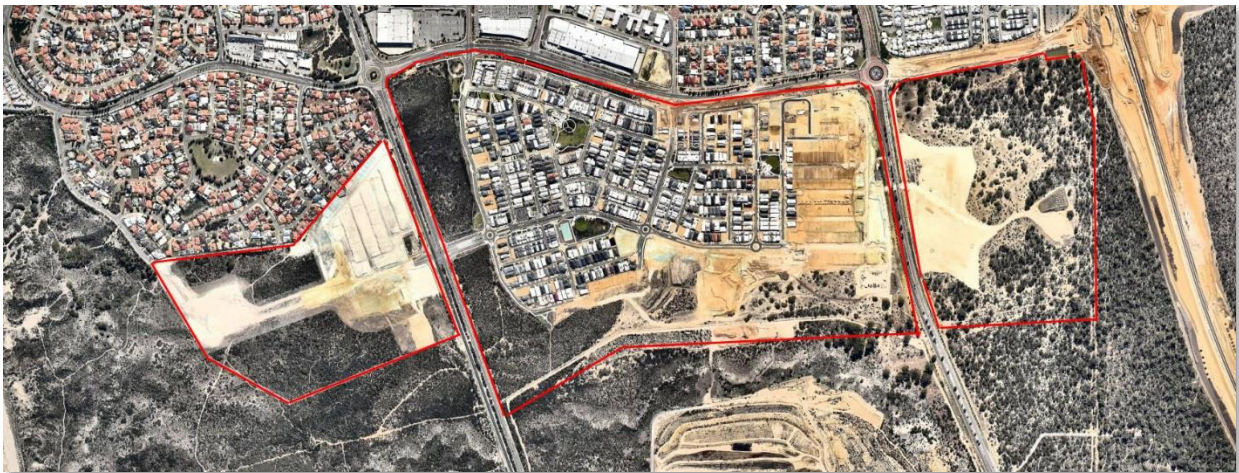
Participant Council	Rates Reimbursement		Return of Contribution	
	2014/15	2015/16	2014/15	2015/16
Town of Cambridge	35,214	25,838	2,583,334	1,249,999
City of Perth	35,214	25,838	2,583,334	1,249,999
Town of Victoria Park	35,214	25,838	2,583,334	1,249,999
City of Vincent	35,214	25,838	2,583,334	1,249,999
City of Joondalup	70,426	51,676	5,166,666	2,500,001
City of Wanneroo	70,426	51,676	5,166,666	2,500,001
City of Stirling	140,854	103,352	10,333,334	5,000,002
TOTAL	422,562	310,056	31,000,000	15,000,000

Infrastructure & Land Use Changes in 2015/16 Impacting Tamala Park Planning & Development

The land is surrounded by the residential areas of Burns Beach, Kinross, Clarkson and Mindarie and is within one of the fastest growing regions in Australia.

The residential lot market has slowed over the last 12 months with a decline in sales and buyers' interest when compared to the previous 12 months. Significant development is occurring at Butler, Jindalee, Eglinton and Yanchep Two Rocks. Residential lot sales are continuing within this area.

Lot sales have continued within the Peet & Co Burns Beach subdivision to the south-west with substantial new housing under construction.



The infrastructure from Clarkson to the rail and bus stations is now well defined and there continues to be consolidation of commercial and business activity within the rail station precinct.

Within the Clarkson commercial centre the development of light industry and commercial businesses has continued, consolidating the area as an area for local employment. A new Bunning's store has opened fronting Neerabup Road.

Works on the extension of the Mitchell Freeway commenced in May 2015 and are anticipated to be completed by the end of 2017.

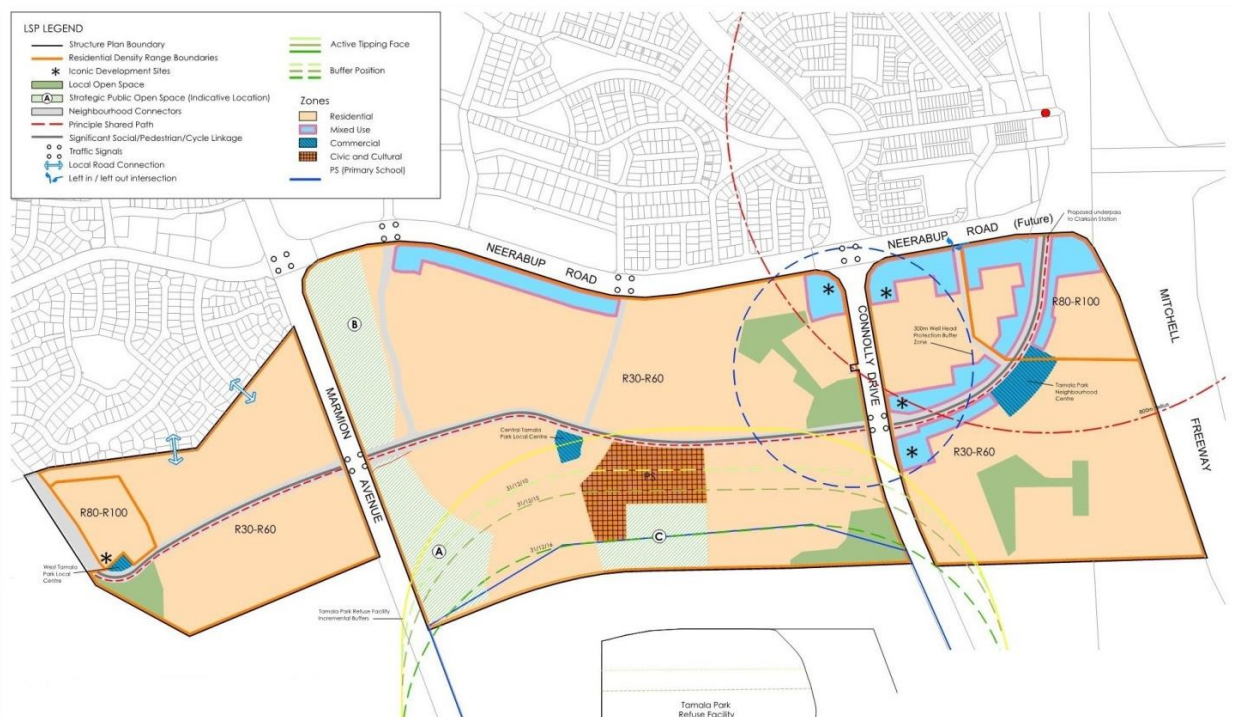
The Freeway extension works from Burns Beach Road to Hector Avenue, including the construction of Neerabup Road between Connolly Drive and Wanneroo, provide significant benefits to the Catalina Project such as enhanced access to employment hubs including the Neerabup Industrial Park and Joondalup.

TPRC Local Structure Plan

In 2013 the Tamala Park Local Structure Plan was formally approved. The land subject of the Structure Plan is shown in the diagram below.

Key aspects of the Local Structure Plan include:

- Providing for the orderly distribution of residential density and a range of housing types that address changing demographics and the needs of future populations within the north-west sector of the Perth Metropolitan Region.
- Providing for sustainable environmental outcomes with respect to such matters as water use, energy efficiency, conservation and transport, while taking advantage of natural features and views.
- Providing active commercial centres and community hubs that meet the daily and weekly needs of residents and provide employment opportunities that are co-located with local recreation and community facilities.
- Providing an appropriate urban design response in recognition of adjoining public transport infrastructure.
- A high level of linkage both within and beyond the boundaries of the Tamala Park landholding to commercial centres, coastal reserves and transport nodes via cycle and pedestrian access, public transport and private vehicle.
- Addressing the forecast demand for a variety of community services and social infrastructure.



The major land use elements of the Local Structure Plan are set out as follows:-

Precincts	West	Central West	Central East	Eastern Precinct	Total	
Area	HA	HA	HA	HA	HA	%
Residential	21.03	22.33	21.03	23.89	88.28	49.54%
Mixed use			2.50	5.71	8.21	4.61%
Centre	0.16	0.70		0.90	1.76	0.99%
Business		2.08			2.08	1.17%
Active/Passive POS	1.02	0.91	3.28	3.27	8.48	4.76%
School			5.0		5.00	2.81%
Green Link	1.38	1.2	0.61	0.92	4.11	2.31%
Conservation Reserves		11.57			11.57	6.49%
Roads	8.82	11.67	15.09	13.14	48.72	27.34%
Total (inc Roads)	32.41	50.46	47.51	47.83	178.21	100%

The Local Structure Plan envisages a central link connecting the Clarkson rail and bus stations under Neerabup Road through the entire east/west extent of the development. All residential land in the development will be within 400m of the central greenlink which will connect to public amenities including a primary school.

A mixed use zone has been created close to the Clarkson rail station and the junction of Neerabup Road and Mitchell Freeway.



Environmental Management

A Mitigation and Offset Management Plan was approved by the Department of Sustainability, Environment, Water, Population and Communities (SEWPAC) under the EPBC Act. The TPRC was required to prepare a mitigation strategy outlining measures to avoid or reduce impacts to Carnaby's Black Cockatoo and Graceful Sun Moth. The TPRC has begun the implementation of the SEWPAC conditions, which includes the following:

- Purchase of an Offset site for Carnaby's Black Cockatoo foraging, habitat and breeding;
- Rehabilitation and fencing of Biodiversity Conservation Area;
- Seed collection and storage from prescribed areas; and
- Preparation of Audit and Compliance report.

An Environmental Management Plan (EMP) has been approved by the EPA which provides management and mitigation measures for impacts of the proposed Tamala Park Development on biodiversity assets and values of the area.



The EMP is intended to accompany the Local Structure Plan and to address the specific Ministerial Conditions set for the development. These conditions are summarized as follows:



- Management of remnant vegetation whilst strengthening links between the coast and the Neerabup National Park;
- Specially protected fauna species;
- Fire management;
- Management of public access to the areas reserved for conservation and recreation;
- Recommendations for revegetation; and
- Recommendations for public education and awareness of the natural environment.

Key Activities 2016/17

Project	Timeframe
<p>Implementation of Environmental Approval Conditions - Environmental Protection & Biodiversity Conservation Act (EPBC Act)</p> <p>The Project's EPBC Act approval stipulates a number of conditions. These conditions, including the retention of Bushland Conservation Areas have commenced implementation and will continue to be implemented as the Project progresses.</p>	2016-2017 and ongoing
<p>Implementation of Subdivision Approvals</p> <p>The Council will progressively implement the Subdivision Plan approval for Stages 14C - 18 (195 lots) in the Central Precinct, and the subdivision of Stages 25 - 27 (189 lots) in Catalina Beach. A further subdivision application for 200 lots will be prepared for the first stages of the Catalina Grove Precinct.</p>	2016-2017
<p>Project Marketing and Branding</p> <p>Various initiatives are to be implemented throughout the year to promote the Catalina Project and the sales releases. Key marketing initiatives will be the upgrade of Estate signage and promotion of Catalina Beach.</p>	2016-2017 and ongoing
<p>Bulk Earthworks</p> <p>Completion of bulk earthworks for the Central Precinct, including the Primary School Site and Public Open Space, and extension of the Western Precinct bulk earthworks are to be undertaken.</p>	2016-2017
<p>Civil Construction Works</p> <p>In the Central Precinct civil construction of Stages 17A (29 Lots) is expected to be undertaken during the year. The first civil construction stage in the Catalina Beach Precinct is also expected to commence, producing 59 lots including 15 display home lots in Stage 25.</p>	2016-2017
<p>Catalina 2nd Builders Display Village</p> <p>The 2nd Builders Display Village comprises 23 homes and will attract significant interest to Catalina and will continue to operate as the key focus for the Catalina Project. The Village opened in February 2016 and will remain open until October 2018 as per the approval.</p>	2016-2017
<p>Landscaping Works</p> <p>Significant landscape works are to be undertaken during the year including Stages 12 and 13 Greenlink verges. Completion of rehabilitation and pathways for the Biodiversity Conservation Area. Catalina Beach POS, Marmion Avenue landscaping and the entrance statement are also planned for FYE 2017.</p>	2016-2017
<p>Sale of Residential Lots</p> <p>The Sales program anticipates 119 lot sales for 2016/17.</p>	2016-2017

Annual Financial Report (including Audit Report)



TAMALA PARK REGIONAL COUNCIL
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016

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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 2016**

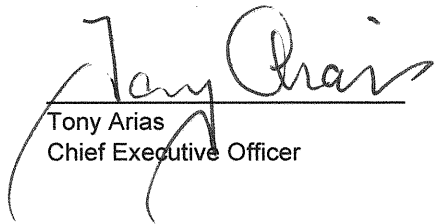
**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed as authorisation of issue on the

1st day of September 2016


Tony Arias
Chief Executive Officer

**TAMALA PARK REGIONAL COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
Interest earnings	2(a)	1,435,795	958,606	1,459,506
Other revenue		<u>5,700</u>	<u>1,937</u>	<u>12,926</u>
		<u>1,441,495</u>	<u>960,543</u>	<u>1,472,432</u>
Expenses				
Employee costs		(593,993)	(727,610)	(598,053)
Materials and contracts		(138,115)	(443,517)	(140,286)
Utility charges		(457)	(6,150)	(457)
Depreciation on non-current assets	2(a)	(17,259)	(17,797)	(16,250)
Insurance expenses		(10,152)	(17,323)	(12,967)
Other expenditure		<u>(160,023)</u>	<u>(175,971)</u>	<u>(199,701)</u>
		<u>(919,999)</u>	<u>(1,388,368)</u>	<u>(967,714)</u>
		521,496	(427,825)	504,718
Loss on revaluation of non current assets	2(a)	(21,651)	0	0
Profit on asset disposals	19	<u>0</u>	<u>0</u>	<u>956</u>
Net result		499,845	(427,825)	505,674
Other comprehensive income				
Changes on revaluation of non-current assets	11	(1,164)	0	0
Total other comprehensive income		<u>(1,164)</u>	<u>0</u>	<u>0</u>
Total comprehensive income		<u>498,681</u>	<u>(427,825)</u>	<u>505,674</u>

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 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
Revenue				
General purpose funding	2(a)	1,435,795	958,606	1,459,506
Other property and services		5,700	1,937	12,926
		<u>1,441,495</u>	<u>960,543</u>	<u>1,472,432</u>
Expenses				
Governance	2(a)	(158,354)	(175,663)	(161,533)
Other property and services		(783,296)	(1,212,705)	(806,181)
		<u>(941,650)</u>	<u>(1,388,368)</u>	<u>(967,714)</u>
Profit/(Loss) on disposal of assets				
Other property and services	19	<u>0</u>	<u>0</u>	<u>956</u>
Net result		499,845	(427,825)	505,674
Other comprehensive income				
Changes on revaluation of non-current assets	11	(1,164)	0	0
Total other comprehensive income		<u>(1,164)</u>	<u>0</u>	<u>0</u>
Total comprehensive income		<u><u>498,681</u></u>	<u><u>(427,825)</u></u>	<u><u>505,674</u></u>

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

**TAMALA PARK REGIONAL COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2016**

	NOTE	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	3	47,135,952	46,060,590
Trade and other receivables	4	<u>404,508</u>	<u>389,124</u>
TOTAL CURRENT ASSETS		<u>47,540,460</u>	<u>46,449,714</u>
NON-CURRENT ASSETS			
Inventories	5	1,800,000	1,818,182
Property, plant and equipment	6	<u>131,368</u>	<u>151,943</u>
TOTAL NON-CURRENT ASSETS		<u>1,931,368</u>	<u>1,970,125</u>
TOTAL ASSETS		<u>49,471,828</u>	<u>48,419,839</u>
CURRENT LIABILITIES			
Trade and other payables	7	73,175	191,738
Provisions	9	<u>121,431</u>	<u>102,906</u>
TOTAL CURRENT LIABILITIES		<u>194,606</u>	<u>294,644</u>
NON-CURRENT LIABILITIES			
Provisions	9	<u>56,652</u>	<u>30,931</u>
TOTAL NON-CURRENT LIABILITIES		<u>56,652</u>	<u>30,931</u>
TOTAL LIABILITIES		<u>251,258</u>	<u>325,575</u>
NET ASSETS		<u>49,220,570</u>	<u>48,094,264</u>
EQUITY			
Retained surplus		0	0
Members contributions	10	49,214,217	48,086,747
Revaluation surplus	11	<u>6,353</u>	<u>7,517</u>
TOTAL EQUITY		<u>49,220,570</u>	<u>48,094,264</u>

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 2016**

	NOTE	RETAINED SURPLUS \$	CONTRIBUTED EQUITY \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2014		0	42,419,063	7,517	42,426,580
Comprehensive income					
Net result		505,674	0	0	505,674
Total comprehensive income		505,674	0	0	505,674
Distribution to Members		(505,674)	505,674		
Members Contributions		0	36,162,010	0	36,162,010
Return of Capital		0	(31,000,000)	0	(31,000,000)
Balance as at 30 June 2015		0	48,086,747	7,517	48,094,264
Comprehensive income					
Net result		499,845	0	0	499,845
Changes on revaluation of non-current assets	11	0	0	(1,164)	(1,164)
Total comprehensive income		499,845	0	(1,164)	498,681
Distribution to Members		(499,845)	499,845	0	
Members Contributions		0	15,627,625	0	15,627,625
Return of Capital		0	(15,000,000)	0	(15,000,000)
Balance as at 30 June 2016		0	49,214,217	6,353	49,220,570

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 2016**

	NOTE	2016 \$	2016 Budget \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Interest earnings		1,422,836	1,147,730	1,459,506
Goods and services tax		143,158	0	142,676
Other revenue		6,068	1,937	353,545
		<u>1,572,062</u>	<u>1,149,667</u>	<u>1,955,727</u>
Payments				
Employee costs		(547,427)	(727,610)	(553,558)
Materials and contracts		(258,998)	(485,253)	(530,790)
Utility charges		(457)	(6,150)	(457)
Insurance expenses		(10,152)	(17,323)	(12,967)
Goods and services tax		(145,951)	0	(145,951)
Other expenditure		(160,023)	(175,971)	(199,701)
		<u>(1,123,008)</u>	<u>(1,412,307)</u>	<u>(1,443,424)</u>
Net cash provided by (used in) operating activities	12(b)	<u>449,054</u>	<u>(262,640)</u>	<u>512,303</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,317)	(25,000)	(65,303)
Proceeds from sale of fixed assets		0	0	38,182
Net cash provided by (used in) investment activities		<u>(1,317)</u>	<u>(25,000)</u>	<u>(27,121)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from members contributions		15,937,684	42,402,937	36,584,572
Repayment of members contributions		(15,310,059)	(65,981,203)	(31,422,562)
Net cash provided by (used in) financing activities		<u>627,625</u>	<u>(23,578,266)</u>	<u>5,162,010</u>
Net increase (decrease) in cash held		1,075,362	(23,865,906)	5,647,192
Cash at beginning of year		46,060,590	46,060,590	40,413,398
Cash and cash equivalents at the end of the year	12(a)	<u><u>47,135,952</u></u>	<u><u>22,194,684</u></u>	<u><u>46,060,590</u></u>

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 2016**

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
Revenue from operating activities				
General purpose funding		1,435,795	958,606	1,459,506
Other property and services		5,700	1,937	13,882
		<u>1,441,495</u>	<u>960,543</u>	<u>1,473,388</u>
Expenditure from operating activities				
Governance		(158,354)	(175,663)	(161,533)
Other property and services		(783,296)	(1,212,705)	(806,181)
		<u>(941,650)</u>	<u>(1,388,368)</u>	<u>(967,714)</u>
Net result excluding rates		499,845	(427,825)	505,674
Adjustments for cash budget requirements:				
Non-cash expenditure and revenue				
Fair value adjustment to non current assets		21,651	0	0
(Profit)/Loss on asset disposals	19	0	0	(956)
Movement in employee benefit provisions (non-current)		25,721	0	14,670
Depreciation and amortisation on assets	2(a)	17,259	17,797	16,250
Capital Expenditure and Revenue				
Purchase of furniture and equipment	6(b)	(1,317)		0
Purchase plant and equipment		0	(25,000)	(65,303)
Proceeds from disposal of fixed assets	19	0	0	38,182
Repayment of members contributions	10	627,625	(23,578,264)	5,162,010
Transfers from reserves (restricted assets)	10			
ADD Estimated surplus/(deficit) July 1 b/fwd	21(b)	46,155,070	46,155,070	40,484,543
LESS Estimated surplus/(deficit) June 30 c/fwd	21(b)	47,345,854	22,141,778	46,155,070
Total amount raised from general rate	21(a)	<u>0</u>	<u>0</u>	<u>0</u>

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

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

All amounts are disclosed in Australian Dollars.

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.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 18 to these financial statements.

(b) Goods and Services Tax (GST)

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

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

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

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

(c) Cash and Cash Equivalents

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

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

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Trade and Other Receivables

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

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

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

(e) Inventories

General

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

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

Land held for sale

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

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

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

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

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

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

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

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

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Fixed Assets (Continued)

Initial recognition and measurement between mandatory revaluation dates

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

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

Revaluation

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

Depreciation

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

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

Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

Computer equipment	4 years
Furniture and equipment	4 to 10 years
Printers, photocopiers and scanners	5 years
Floorcoverings	8 years
Phones and faxes	6 to 7 years
Plant and equipment	5 to 12 years

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

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

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

Capitalisation threshold

Expenditure on items of equipment under \$1,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fair Value of Assets and Liabilities

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

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.

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.

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income approach

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

Cost approach

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the 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.

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

(h) Impairment of Assets

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

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

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

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

(i) Trade and Other Payables

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

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Other long-term employee benefits

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

The 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.

(k) 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.

(l) 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

(m) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Regional Council's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 15.

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Rates, Grants, Donations and Other Contributions

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

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

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

(o) 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.

(p) 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 non-current based on the Regional Council's intentions to release for sale.

(q) Rounding Off Figures

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

(r) 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 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.

(s) 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.

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Regional Council, it is not anticipated the Standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2018	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend 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.</p>
(iii) AASB 16 Leases	February 2016	1 January 2018	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability 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.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Regional Council, the impact is not expected to be significant.</p>

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	<p>This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Regional Council's financial statements.</p>
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	<p>This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p> <p>Given the Regional Council currently uses the expected pattern of of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.</p>
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) 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.

These new and revised standards were as follows:

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

or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

2. REVENUE AND EXPENSES	2016	2015
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
- Audit of the annual financial report	7,736	7,000
Depreciation		
Improvements to leasehold property	5,539	5,539
Furniture and equipment	1,915	1,618
Plant and equipment	9,805	9,093
	17,259	16,250
Other revenue		
Other	5,700	12,926
	5,700	12,926
	2016	2016
	Actual	Budget
	\$	\$
Interest earnings		
- Other funds	1,435,795	958,606
	1,435,795	958,606
	2015	Actual
		\$
		1,459,506
		1,459,506

(b) Statement of Objective

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

COMMUNITY VISION

The Tamala Park Regional Council will endeavour to provide high quality services to the community through the various service orientated programs which it has established. Council operations as disclosed in these financial statements encompass the following service orientated activities/programs.

GENERAL PURPOSE FUNDING

Objective:

To collect interest on investments

Activities:

Interest revenue.

OTHER PROPERTY AND SERVICES

Objective:

To monitor and control council's overheads operating accounts.

Activities:

Other unclassified Activities.

(c) Conditions over Grants/Contributions

During the reporting period Tamala Park Regional Council did not hold any grants/contributions over which there are conditions.

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

	Note	2016 \$	2015 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		<u>47,135,952</u>	<u>46,060,590</u>
		<u>47,135,952</u>	<u>46,060,590</u>
4. TRADE AND OTHER RECEIVABLES			
Current			
Sundry debtors		201,815	180,487
GST receivable		2,793	3,846
Accrued Interest		188,350	175,391
Settlement bonds		900	29,400
Settlement bonds - Lot 1 McAllister		10,650	0
		<u>404,508</u>	<u>389,124</u>
5. INVENTORIES			
Non-current			
Land held for resale - cost			
Cost of acquisition		<u>1,800,000</u>	<u>1,818,182</u>
		<u>1,800,000</u>	<u>1,818,182</u>
		2016	2015
		\$	\$
6 (a). PROPERTY, PLANT AND EQUIPMENT			
Improvements to leasehold property at:			
- Management valuation 2013 - level 3		101,260	101,260
Less accumulated depreciation		<u>(16,617)</u>	<u>(11,078)</u>
		84,643	90,182
Furniture and equipment at:			
- Management valuation 2014 - level 3		800	800
- Additions after valuation - cost		8,285	6,968
Less accumulated depreciation		<u>(5,087)</u>	<u>(3,172)</u>
		3,998	4,596
Plant and equipment at:			
- Management valuation 2016 - level 3		42,727	0
- Additions after valuation - cost		0	65,303
Less accumulated depreciation		<u>0</u>	<u>(8,138)</u>
		42,727	57,165
		<u>131,368</u>	<u>151,943</u>

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

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Improvements to leasehold property	90,182	0	0	0	0	0	(5,539)	0	84,643
Furniture and equipment	4,596	1,317	0	0	0	0	(1,915)	0	3,998
Plant and equipment	57,165			(1,164)	(3,469)	0	(9,805)	0	42,727
Total property, plant and equipment	<u>151,943</u>	<u>1,317</u>	<u>0</u>	<u>(1,164)</u>	<u>(3,469)</u>	<u>0</u>	<u>(17,259)</u>	<u>0</u>	<u>131,368</u>

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Improvements to leasehold property	Level 3	Management	Depreciated replacement Cost	June 2016	Level 3 inputs in the fair value hierarchy
Furniture and equipment	Level 3	Management	Observable open market value	June 2016	Level 3 inputs in the fair value hierarchy
Plant and equipment	Level 3	Management	Observable open market value	June 2016	Level 3 inputs in the fair value hierarchy

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.

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

	2016	2015
	\$	\$
7. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	42,318	163,501
Accrued salaries and wages	10,851	7,080
ATO liabilities	13,716	14,965
FBT Liabilities	1,490	1,692
Accrued expenses	4,800	4,500
	<u>73,175</u>	<u>191,738</u>
	<u>73,175</u>	<u>191,738</u>

8. LONG-TERM BORROWINGS

During the reporting period the Regional Council did not have any long term borrowings at the reporting date.

9. PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2015			
Current provisions	102,906	0	102,906
Non-current provisions	0	30,931	30,931
	<u>102,906</u>	<u>30,931</u>	<u>133,837</u>
Additional provision	18,525	25,721	44,246
Balance at 30 June 2016	<u>121,431</u>	<u>56,652</u>	<u>178,083</u>
	<u>121,431</u>	<u>56,652</u>	<u>178,083</u>
Comprises			
Current	121,431	0	121,431
Non-current	0	56,652	56,652
	<u>121,431</u>	<u>56,652</u>	<u>178,083</u>
	<u>121,431</u>	<u>56,652</u>	<u>178,083</u>

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

	2016 \$	2016 Budget \$	2015 \$
10. MEMBERS CONTRIBUTIONS			
(a) Town of Victoria Park			
Opening balance	4,007,855	4,007,855	3,535,548
Land development expenses	(1,883,556)	(3,969,213)	(1,957,706)
Proceeds of sale of member land	3,211,696	3,533,578	5,006,422
Return of Contribution	(1,250,000)	(1,500,000)	(2,583,334)
Rates equivalent	(25,838)	(29,221)	(35,214)
TPRC Nett Result	<u>41,557</u>	<u>(35,652)</u>	<u>42,140</u>
	<u>4,101,714</u>	<u>2,007,348</u>	<u>4,007,855</u>
(b) City of Perth			
Opening balance	4,007,855	4,007,855	3,535,548
Land development expenses	(1,883,556)	(3,969,213)	(1,957,706)
Proceeds of sale of member land	3,211,696	3,533,578	5,006,422
Return of Contribution	(1,250,000)	(1,500,000)	(2,583,334)
Rates equivalent	(25,838)	(29,221)	(35,214)
TPRC Nett Result	<u>41,557</u>	<u>(35,652)</u>	<u>42,140</u>
	<u>4,101,714</u>	<u>2,007,348</u>	<u>4,007,855</u>
(c) Town of Cambridge			
Opening balance	4,007,855	4,007,855	3,535,548
Land development expenses	(1,883,556)	(3,969,213)	(1,957,706)
Proceeds of sale of member land	3,211,696	3,533,578	5,006,422
Return of Contribution	(1,250,000)	(1,500,000)	(2,583,334)
Rates equivalent	(25,838)	(29,221)	(35,214)
TPRC Nett Result	<u>41,557</u>	<u>(35,652)</u>	<u>42,140</u>
	<u>4,101,714</u>	<u>2,007,348</u>	<u>4,007,855</u>
(d) City of Joondalup			
Opening balance	8,015,711	8,015,711	7,071,097
Land development expenses	(3,767,112)	(7,938,425)	(3,915,418)
Proceeds of sale of member land	6,423,392	7,067,156	10,012,845
Return of Contribution	(2,500,000)	(3,000,000)	(5,166,666)
Rates equivalent	(51,677)	(58,442)	(70,426)
TPRC Nett Result	<u>83,114</u>	<u>(71,304)</u>	<u>84,279</u>
	<u>8,203,428</u>	<u>4,014,696</u>	<u>8,015,711</u>
(e) City of Wanneroo			
Opening balance	8,015,711	8,015,711	7,071,097
Land development expenses	(3,767,112)	(7,938,425)	(3,915,418)
Proceeds of sale of member land	6,423,392	7,067,156	10,012,845
Return of Contribution	(2,500,000)	(3,000,000)	(5,166,666)
Rates equivalent	(51,677)	(58,442)	(70,426)
TPRC Nett Result	<u>83,114</u>	<u>(71,304)</u>	<u>84,279</u>
	<u>8,203,428</u>	<u>4,014,696</u>	<u>8,015,711</u>
(f) City of Vincent			
Opening balance	4,007,855	4,007,855	3,535,548
Land development expenses	(1,883,556)	(3,969,213)	(1,957,706)
Proceeds of sale of member land	3,211,696	3,533,578	5,006,422
Return of Contribution	(1,250,000)	(1,500,000)	(2,583,334)
Rates equivalent	(25,838)	(29,221)	(35,214)
TPRC Nett Result	<u>41,557</u>	<u>(35,652)</u>	<u>42,140</u>
	<u>4,101,714</u>	<u>2,007,348</u>	<u>4,007,855</u>

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

10 MEMBERS CONTRIBUTIONS (continued)

	2016 \$	2016 Budget \$	2015 \$
(g) City of Stirling			
Opening balance	16,031,421	16,031,421	14,142,194
Land development expenses	(7,534,221)	(15,876,850)	(7,830,834)
Proceeds of sale of member land	12,846,785	14,134,313	20,025,689
Return of Contribution	(5,000,000)	(6,000,000)	(10,333,332)
Rates equivalent	(103,353)	(116,883)	(140,854)
TPRC Nett Result	166,227	(142,608)	168,558
	<u>16,406,857</u>	<u>8,029,392</u>	<u>16,031,421</u>
TOTAL MEMBERS CONTRIBUTIONS	<u><u>49,220,570</u></u>	<u><u>24,088,175</u></u>	<u><u>48,094,264</u></u>
Total Opening balance	48,094,264	48,094,264	42,426,580
Land development expenses	(22,602,669)	(47,630,551)	(23,492,495)
Proceeds of sale of member land	38,540,353	42,402,937	60,077,067
Return of Contribution	(15,000,000)	(18,000,000)	(31,000,000)
Rates equivalent	(310,059)	(350,650)	(422,562)
TPRC Nett Result	498,681	(427,825)	505,674
TOTAL EQUITY	<u><u>49,220,570</u></u>	<u><u>24,088,175</u></u>	<u><u>48,094,264</u></u>

11. REVALUATION SURPLUS

**2016
\$**

**2015
\$**

Revaluation surpluses have arisen on revaluation of the following classes of non-current assets:

(a) Improvements to leasehold property

Opening balance	6,353	6,353
Revaluation increment	<u>0</u>	<u>0</u>
	<u>6,353</u>	<u>6,353</u>

(b) Plant and equipment

Opening balance	1,164	0
Revaluation increment	0	1,164
Revaluation decrement	<u>(1,164)</u>	<u>0</u>
	<u>0</u>	<u>1,164</u>

TOTAL ASSET REVALUATION SURPLUS

<u><u>6,353</u></u>	<u><u>7,517</u></u>
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**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

12. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2016 \$	2016 Budget \$	2015 \$
Cash and cash equivalents	<u>47,135,952</u>	<u>22,194,684</u>	<u>46,060,590</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	499,845	(427,825)	505,674
Non-cash flows in Net result:			
Depreciation	17,259	17,797	16,250
(Profit)/Loss on sale of asset	0	0	(956)
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(15,384)	189,124	345,944
(Increase)/Decrease in inventories	18,182	0	0
Increase/(Decrease) in payables	(118,563)	(41,738)	(395,957)
Increase/(Decrease) in provisions	44,246	0	41,348
Net cash from operating activities	<u>449,054</u>	<u>(262,642)</u>	<u>512,303</u>

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

The Regional Council does not have any undrawn borrowing facilities at 30 June 2016.

13. CONTINGENT LIABILITIES

There were no known contingent liabilities at 30 June 2016.

14. CAPITAL AND LEASING COMMITMENTS

The Regional Council did not have any future operating lease commitments at the reporting date.

(b) Capital Expenditure Commitments

The Regional Council did not have any future capital expenditure commitments at the reporting date.

15. JOINT VENTURE ARRANGEMENTS

The Regional Council is not involved in any joint venture arrangements.

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2016 \$	2015 \$
Governance	4,596	4,596
Other property and services	176,747	176,474
Unallocated	<u>49,290,485</u>	<u>48,238,769</u>
	<u>49,471,828</u>	<u>48,419,839</u>

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

	2016	2015	2014
17. FINANCIAL RATIOS			
Current ratio	244.29	157.65	61.98
Asset sustainability ratio	0.08	4.02	0.51
Debt service cover ratio	0.00	0.00	0.00
Operating surplus ratio	0.35	0.35	(0.17)
Own source revenue coverage ratio	1.53	1.51	1.20

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 36 of this document.

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

18. TRUST FUNDS

The Regional Council holds no funds in trust for other entities.

19. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

No assets were disposed of during the year.

20. INFORMATION ON BORROWINGS

(a) Repayments - Debentures - 2015/16

The Regional Council did not have any borrowings during the reporting period.

(b) New Debentures - 2015/16

The Regional Council did not take up any new debentures during the reporting period.

(c) Unspent Debentures

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

(d) Overdraft

The Regional Council does not have an overdraft facility.

21. RATING INFORMATION - 2015/16 FINANCIAL YEAR

(a) The Regional Council did not impose any rates on property during the reporting period.

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

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

(b) Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
Surplus/(Deficit) 1 July 15 brought forward	<u>47,345,854</u>	<u>46,155,070</u>	<u>46,155,070</u>
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	47,135,952	46,060,590	46,060,590
Receivables			
Sundry debtors	201,815	180,487	180,487
GST receivable	2,793	3,846	3,846
Accrued Interest	188,350	175,391	175,391
Settlement bonds	900	29,400	29,400
Settlement bonds - Lot 1 McAllister	10,650	0	0
LESS:CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(42,318)	(163,501)	(163,501)
Accrued salaries and wages	(10,851)	(7,080)	(7,080)
ATO liabilities	(13,716)	(14,965)	(14,965)
FBT Liabilities	(1,490)	(1,692)	(1,692)
Accrued expenses	(4,800)	(4,500)	(4,500)
Provisions			
Provision for annual leave	(121,431)	(102,906)	(102,906)
Unadjusted net current assets	<u>47,345,854</u>	<u>46,155,070</u>	<u>46,155,070</u>
Adjusted net current assets - surplus/(deficit)	<u>47,345,854</u>	<u>46,155,070</u>	<u>46,155,070</u>

Difference

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

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

22. SPECIFIED AREA RATE - 2015/16 FINANCIAL YEAR

The Regional Council did not impose any Specified Area Rates during the reporting period.

23. SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Regional Council did not impose any service charges during the reporting period.

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

The Regional Council did not offer any discounts, provide any concessions or allow any write offs during the reporting period.

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

The Regional Council did not impose interest charges during the reporting period.

26. FEES & CHARGES

There were no fees and charges applied during the reporting period.

27. GRANT REVENUE

The Regional Council did not receive any Grant Revenue during the reporting period.

28. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2016	2015
	<u>3</u>	<u>3</u>

29. ELECTED MEMBERS REMUNERATION

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

	2016	2016	2015
	\$	Budget	\$
		\$	
Elected Members Remuneration	128,750	128,700	131,708
Alternate Elected Members Remuneration	512	2,000	420
Chairman's Allowance	19,570	19,570	15,338
Deputy Chairman's allowance	4,892	4,893	4,857
	<u>153,724</u>	<u>155,163</u>	<u>152,323</u>

30. MAJOR LAND TRANSACTIONS

The Regional Council did not participate in any major land transactions during the reporting period.

31. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Regional Council did not participate in any trading undertakings or major trading undertakings during the reporting period.

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

32. FINANCIAL RISK MANAGEMENT

The Regional Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk 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 foreign currency risk.

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

The Regional Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	47,135,952	46,060,590	47,135,952	46,060,590
Receivables	404,508	389,124	404,508	389,124
	<u>47,540,460</u>	<u>46,449,714</u>	<u>47,540,460</u>	<u>46,449,714</u>
Financial liabilities				
Payables	73,175	191,738	73,175	191,738
	<u>73,175</u>	<u>191,738</u>	<u>73,175</u>	<u>191,735</u>

Fair value is determined as follows:

Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

(a) Cash and Cash Equivalents

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

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

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

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

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

32. FINANCIAL RISK MANAGEMENT (continued)

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

	2016	2015
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	507,412	462,469
- Statement of Comprehensive Income	507,412	462,469

Notes:

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

(b) Receivables

The Regional Council's major receivables comprise user charges and fees. 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 makes suitable provision for doubtful receivables as required and carries out credit most non-rate debtors.

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

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

	2016	2015
Percentage of other receivables		
- Current	51%	53%
- Overdue	2%	2%

**TAMALA PARK REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2016**

32. FINANCIAL RISK MANAGEMENT (continued)
(c) Payables

Payables 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 cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2016</u>					
Payables	73,175	0	0	73,175	73,175
	<u>73,175</u>	<u>0</u>	<u>0</u>	<u>73,175</u>	<u>73,175</u>
<u>2015</u>					
Payables	191,738	0	0	191,738	191,738
	<u>191,738</u>	<u>0</u>	<u>0</u>	<u>191,738</u>	<u>191,738</u>

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

Report on the Financial Report

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

Management's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

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

- a) giving a true and fair view of the financial position of Tamala Park Regional Council as at 30 June 2016 and of its performance for the year ended on that date; and
- b) complies with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to page 37 of the financial report "Supplementary Ratio Information", which describes certain ratio information relating to the financial report. Management's calculation of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on these ratios.

However, we have reviewed the calculations as presented and in our opinion these are based on verifiable information and appear reasonable.

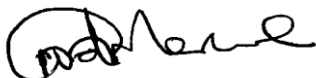
Reporting on Other Legal and Regulatory Requirements

We did not, during the course of our audit, become aware of any instances where the Council did not comply with the statutory requirements of the Local Government Act (1995) (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

- a) There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Regional Council.
- b) The Regional Council substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) All information and explanations required were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA
Director

Perth

Date: 1 September 2016

**TAMALA PARK REGIONAL COUNCIL
SUPPLEMENTARY RATIO INFORMATION
FOR THE YEAR ENDED 30TH JUNE 2016**

RATIO INFORMATION

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

	2016	2015	2014
Asset consumption ratio	0.66	0.80	0.81
Asset renewal funding ratio	1.57	1.96	N/A

The above ratios are calculated as follows:

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