



# Annual Report

2019  
2020



# ACKNOWLEDGEMENT OF COUNTRY

The Shire of Esperance acknowledges the Nyungar and Ngadju people who are the Traditional Custodians of this Land and their continuing connection to land, waters and community. We pay our respect to their Elders past, present and emerging.

# Contents

---

Esperance in Numbers .....	4
Corporate Mission.....	5
Community Vision.....	5
Shire President's Report .....	6
Chief Executive Officer's Report .....	7
Strategic Community Plan.....	8
About this Report .....	9
Community Connection .....	10
Built Environment.....	22
Natural Environment .....	28
Growth & Prosperity.....	32
Community Leadership.....	38
Statutory Requirements.....	44
Annual Financial Report .....	47

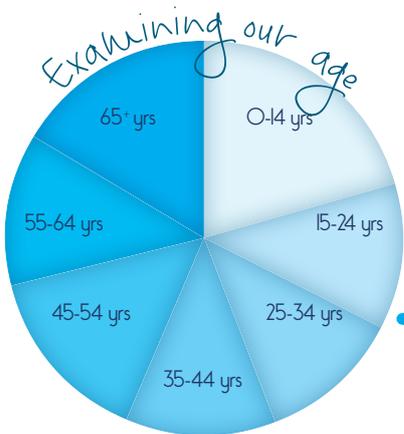
# Esperance in Numbers

44,798km<sup>2</sup>

4,853km of Roads

5,900km<sup>2</sup> of National Parks & Reserves

12,950km<sup>2</sup> of Agricultural Land



\* Median  
 \*\* Household Weekly Income - 2016 Census QuickStats  
 Data from the 2016 Census conducted by the Australian Bureau of Statistics

# Corporate Mission

The Shire of Esperance, as custodians of community infrastructure, will endeavour to be efficient, sustainable and responsive to community needs. As a leading organisation we will operate in a responsible, transparent and ethical manner.

- Corporate Business Plan 2020/21 - 2023/24

# Community Vision

We are the meeting place of outstanding beauty, opportunities for growth and warm welcoming people.

- Strategic Community Plan 2017 - 2027

# Shire President's Report

It is with pleasure that I present the Annual Report for the Shire of Esperance financial year 2019-2020. The year has been one of change, celebration and the unknown.

The 2019 Council election brought about significant change with Victoria Brown, Natalie Bowman, John Parsons, Lara McIntyre, and Ron Padgurskis leaving. I extend sincere thanks to Natalie, John, Lara, Ron and especially Victoria for their dedicated service to Local Government and the community of Esperance.

Ron Chambers, Jennifer Obourne, Jo-Anne O'Donnell, Wes Graham and myself are the newly elected Councillors joining sitting members Basil Parker, Dale Piercey, Shelley Payne and Steve McMullen. The new Council have taken up their responsibility with great enthusiasm.

The former Council, lead by Shire President Victoria Brown, worked diligently with State Government Departments to progress the jetty replacement project. During the year we have watched as the Tanker Jetty was deconstructed and construction on the new Esperance Jetty commenced.

Council also supported the Condingup community to get funding for their project to co-locate the major sporting facilities of bowling greens and tennis courts to the Condingup Community Centre.

Unfortunately our community has had a number of tragedies throughout the past year, with emergency services personnel attending and providing high quality professional assistance. To all community volunteers and professional people who support the Esperance community, tourists and visitors, I extend our sincere gratitude for the great contribution you give so freely.

In early 2020 we heard of COVID-19 impacting countries in the northern hemisphere; soon Australia was impacted also and the WA Government directed immediate action be taken to restrict the spread of the outbreak. This greatly impacted everyone in the community due to the virus being so contagious, and all public activities and social contact was restricted. Residents were confined to their homes and some businesses were not able to operate as usual. This had a significant impact on the Shire too; all operations

were reviewed and many staff operated from home, with increased hygiene and social distancing measures being the major messages.

Council made a request to the Premier that the two highways connecting Esperance to the remainder of WA be closed. He agreed and local residents were very appreciative of this measure as the risk of the virus being brought into Esperance would then be limited.

To their great credit, many businesses developed processes, which meant residents could continue to get food supplies and other items without the need for physical contact. State Government restrictions have since been periodically lifted and the community have felt more confident to move towards our 'new' normal.

The effects of the pandemic are ongoing and we do not know how long the impacts will continue to be present, but until a vaccine is available we all need to act responsibly. At the time of writing we have not had a positive COVID-19 test in Esperance. Well done to ALL.

In May CEO Matthew Scott presented me with a letter of resignation. We thank him for his 7.5 years of service and wish him success in his new position. Shane Burge was appointed as Acting CEO until the recruitment process is completed.

It has been a great privilege for me to be out in the community meeting with groups and individuals to hear about the issues that are important to them. Everyone has been generous with their thoughts and positive hopes for the future. A particular highlight was meeting with the Tjaltjraak Circle of Elders to seek their input on the Shire Roadworks plan.

Last but not least, I extend sincere thanks to my fellow Councillors and all Shire staff for their enthusiasm and hard work during a very trying year. Your excellent effort to address all of the challenges, which come our way, continues to make Esperance the greatest place to Live, Work, Play, Visit, and Invest!



Ian Mickel  
Shire President

# Chief Executive Officer's Report

As the Acting Chief Executive Officer I am proud to present the 2019/2020 Annual Report to the Esperance Community.

The report summarises the actions of the Shire over the last financial year, highlights the challenges experienced and showcases our ongoing commitment to the community.

Firstly I would like to thank our previous CEO, Matthew Scott, for more than 7 years of hard work and dedication to the Esperance community and wish him well in his future endeavours.

COVID-19 has been a major factor this year, which has significantly impacted our community and the services the Shire was able to provide. We were able to continue delivery of the majority of our services to the community by transitioning our staff to either working from home or from different locations to adhere to the imposed social distancing restrictions.

Some centres, including the Library and Volunteer Centre, were required to adjust their practices to work behind closed doors, while others such as the Bay of Isles Leisure Centre had a large portion of their staff redeployed to other areas while the centre was closed.

Zoom meetings became the norm, with Staff, Council and stakeholders meeting virtually in order to continue providing services to the community.

I commend our staff for their efforts and adaptability during this difficult time.

Our Jetty replacement project has progressed with the old structure now removed and the construction of our new Jetty well underway.

The search is on to locate an alternative site for our new waste facility, following Council's decision to move away from the Kirwin Road site.

Our new Indoor Sport Stadium is nearing completion and is looking great!

The 2019 Local Government elections saw the Shire Council farewell Councillors Ron Padgurskis, John Parsons, Lara McIntyre, Victoria Brown and Natalie Bowman and welcome Councillors Wes Graham, Ian Mickel, Jo-Anne O'Donnell, Jennifer Obourne and Ron Chambers.

I would like to thank our Councillors for their leadership in what was a tough year and look forward to another year of providing our community with the facilities and services which make Esperance such a great place to live.



Shane Burge

**A/Chief Executive Officer**



# Strategic Community Plan

The reviewed Shire of Esperance *Strategic Community Plan 2017-2027* was endorsed by Council this year. This overarching document reflects the aspiration and goals of the Esperance Community and guides the provision of Shire services, activities and infrastructure to work towards delivering the outcomes desired by the Esperance Community.

## Community Connection

- A healthy and caring community which has strong support for all ages and abilities
- An active community engaging in positive and rewarding lifestyles with access to a broad range of opportunities
- A supportive community actively encouraging new opportunities
- A safe community where residents feel secure at home, work and play

## Built Environment

- Community infrastructure and services delivered in a timely manner, are well utilised, effective and meet the needs of our growing community
- Transport systems that are functional, efficient, economical and safe, coupled with continuous improvement to meet the safety and amenity needs of the community
- Managing community assets in a whole of life and economically sustainable manner
- New developments will enhance the existing built form and streetscape

## Natural Environment

- Protect the cultural and environmental values of our natural areas while providing sustainable economic and recreational use
- A Community that is a leading example for Waste Management
- Reduce our reliance on resource consumption and all non-renewable resources

## Growth & Prosperity

- A vibrant and supportive community that works together to promote the Esperance lifestyle
- Support and attract investment in the local economy to build thriving business and tourism industries
- A Community with a range of options to improve business opportunities

## Community Leadership

- Leadership that upholds accountable, transparent and ethical decision making
- A shire that manages its finances, services and assets sustainably exceeding community needs
- Proactive Leaders that engage the community when making decisions to reflect community values

# About this Report

## Welcome!

Every year the Shire provides vital community services, and our Annual Report is the document where we highlight our achievements and the progress we've made towards realising the strategic goals identified in our *Strategic Community Plan 2017-2027*.

The Annual Report is also one of our key reporting devices, providing information to our community on the work completed in the past financial year. The Report details our operational performance and outlines the achievements and challenges that we experienced throughout the year.

Our priority for this financial year was to continue to enhance our communication, encourage more people to participate in

developing solutions and inspire engagement on topics Council are being asked to make decisions on. This was actively pursued during the year, with some examples outlined here.

## Where to find this report

Copies can be obtained in hard copy from the Shire Administration Building, Library or Online:

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

Email: [shire@esperance.wa.gov.au](mailto:shire@esperance.wa.gov.au)

Feedback on the report can be dropped off at any Shire building or emailed to us at: [shire@esperance.wa.gov.au](mailto:shire@esperance.wa.gov.au)



# Community Connection

## C1 Create a social environment that is accessible and inclusive for all ages and abilities

### Disability, Access & Inclusion

We are committed to ensuring everyone in our Community can access all Shire services, facilities and programs. Work on the new Disability Access and Inclusion Plan has progressed and the Plan is due to be completed early in the 2020/2021 financial year.

This year alterations were made to a number of areas including;

- Lowering a section of the Shire Administration building's reception desk to allow for conversations to be had while seated;
- Self-opening door fitted to the rear of the Senior Citizen's building;
- Access ramp fitted to the Grass Patch Community Hall;
- Curb removed from Taxi Rank to allow for easier set down and access to footpath;
- Extension of sealed footpath network creating greater accessibility to areas around the town

The fitting of an audio loop in our Council Chambers and the addition of microphones with speakers to the public area has assisted people with compromised hearing to access these meetings.

### Drive-in Movies

Once the COVID-19 restrictions eased a little our Community Development team organised a pop-up drive in movie event to help lift the community's spirits, and aid in recovering from the ordeal. There were two screenings of two movies, Whiplash and Stuart Little, and the events were sell-outs. This event was particularly heralded by families of those with Autism Spectrum Disorder, as it meant they could attend the movies and not be seen as a disturbance if they were making extra noises, which are often associated with the disorder.



## One & All

The One & All Community program continued this year with ongoing support from ESCARE. The program runs through the School Holidays offering participants from any background a taste of different community activities. Sessions are run by volunteers and included Netball, Surf Life Saving, Painting, Ninja games, tennis and indigenous plants, arts and culture.

## Be Connected

The Be Connected Tech Help program will continue to be offered after the Esperance Library gained another \$50,000 grant from the Good Things Foundation. The program is designed to help seniors in the Esperance, Ravensthorpe and Norseman areas become digitally literate and connected online. This grant was specifically aimed at finding 50 volunteer Digital Mentors within the catchment areas to assist with the aims of the original grant program, also run throughout this financial year, during which Library staff trained personnel from local disability organisations on how best to help their clients access digital technology.



## Edge of the Bay

Record crowds of over 3,000 people attended the Edge of the Bay Festival, sampling more than 50 market stalls and food vendors, dropping by the pop up bar, and watching young and old shredding it in the Battle of the Bay. WA's very own Struggling Kings kicked off the live music, followed by James Wilson, Michael Dunstan and Grand Casual. The Esperance Youth Precinct was pumping with colour and action. Children were well catered for, enjoying an Edward the Emu Story Time, laser tag, climbing wall, giant games and the Ross Vegas Circus.



# Community Connection



## Library

Library staff designed and operated a 'Click and Collect' service in response to the COVID-19 restrictions, allowing customers to call or email in their loan requests. Staff would then choose a range of library items, ensure they were sanitised, and make them available for contactless collection. A weekly Housebound Service was also available for the elderly and vulnerable. These services were well received by the community and allowed socially isolated families, children and individuals to continue to take advantage of library facilities.

Public library reform has continued in Western Australia, with negotiations allowing for inter-library loans to continue for audio material and junior items again. Esperance Public Library is a Tier One library in the new system, meaning it is recognised as a larger library with an annual stock purchasing budget from the state government. Unfortunately the ability to select around \$30,000 worth of stock from the Exchange Program has been lost, so alternative methods to continually refresh stock must be found. The stocktake process, required by the State Library in advance of the hand-over

of stock ownership to local governments from July, was completed with minimal reconciliation required.

October saw the Esperance Library support the Hope FM 'Radio Reads' program, with local readers presenting extracts from children's books each Tuesday night in a half-hour timeslot.

## Meet the Author

There wasn't a spare chair in the library during visiting author Meg McKinlay's writing skills workshop. Meg also discussed her book 'Catch a falling star', set during the time of the Skylab re-entry over Esperance in 1979, at a 'meet the author' event. Dr Jodie Fleming stopped off in our town as part of her 'A hole in my genes' book tour, and spoke of her unique perspective as both a patient and doctor in her candid and raw story of being diagnosed with two primary breast cancers before turning thirty seven, and later discovering she was BRCA1 positive. Julie Jansson, also on her book tour, discussed her personal reasons for writing 'The Light Horse Ghost', about the impact of the return of a Light Horseman to his family in goldfields.

## Museum

In January, local author, Kim Maslin, read her latest book “The little possum who looked up” at the Esperance Library’s Family Stargazer ‘Night at the Museum’. The evening included star craft activities and stories, a local indigenous song and songline discussion and advice about using digital devices for stargazing.

8,190 VISITORS



### C2 Facilitate improved access to health and welfare programs and education opportunities in the community

## Home Care

Esperance Home Care provides daily services to help older people and those with a disability live independently in their own home. The services provided include domestic assistance, personal care, gardening, nursing, meals on wheels, transport and social activities.

The number of excursions and hours of service were dramatically affected by the COVID-19 shutdown. We were instructed in mid-March by the Department of Health that we should cease all group activities due to the risk of contracting the virus. In addition, many clients cancelled services due to the fact that they were self-isolating. Service provision has now returned to normal.

This has been a difficult year for our staff with the restrictions imposed as a result of COVID-19. We reviewed and upgraded all of our procedures, and staff have been required to undergo significant additional training, resulting in increased administration expenses.

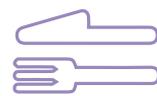
Most Home and Community Care (HACC) clients have now been tested for the National

Disability Insurance Scheme (NDIS). Those that are not eligible are remaining within the HACC program. This has now been extended to 30 June 2021. Esperance Home Care is one of the few organisations in town providing Support Coordination under the NDIS. This has resulted in a big increase in clients. A full time staff member is now dedicating all of her time to provide this service.

380+ CLIENTS



51,453 HRS OF SERVICE



8,238 MEALS PREPARED

434 EXCURSIONS

# Community Connection

## Environmental Health Service

Our Environmental Health Team delivered a range of educational programs throughout the year to improve the Community's health.

This year our team launched the new free Food Safe Online program via a training session in partnership with the Shire's Public Library, providing IT support and internet access to participants.

During COVID-19, registered businesses including public buildings, caravan parks, food and personal appearance businesses were provided with regular Facebook messages, emails, laminated posters and one-on-one visits to assist during the different COVID-19 Phases with the new requirements.

The development of our Public Health Plan progressed with community and stakeholder surveys being conducted, and consultation

being undertaken with WA Country Health Service and the Public Health Plan Working Group. The Plan is expected to be completed in the coming financial year.

A health promotion partnership was developed with the Esperance Scouts, which included them distributing our brochures and 'Fight the Bite' temporary tattoos at the Esperance Annual Agricultural Show.

Our Health Team attended the annual South East Premium Wheat Growers Association (SEPWA) Ladies Day, promoting mosquito protection as well as information on food safety, smoking chimneys and drinking water quality. Free handouts included 'Fight the Bite' reusable bags, roll on repellent bottles and information flyers for farming families and their international workers to increase awareness of mosquito borne disease.



### C3 Develop and promote active and passive sport and recreation opportunities for all ages and abilities

## Leisure Centre

The Bay of Isles Leisure Centre was awarded the 'Watch Around Water' facility of the year for 2019.

Kathy May was honoured with the Most Outstanding Contribution Award from AustSwim WA. Only one is awarded for each state; a huge recognition for the 30 years Kathy has been teaching and mentoring in the industry.

Renovations to the facility were completed, including tiling of the lap pool to protect the pool shell, reduce maintenance requirements and reduce the time required for closures. The centre was also given a facelift with the addition of the Leafy Sea Dragon mural at the front entrance, painted by local Jennell Reynolds.

COVID-19 caused the centre to close with staff redeployed to other areas within the Shire, and a small number remaining at the centre. Staff interacted with the community by creating videos to encourage movement while in isolation.

Junior lifeguard participation increased from 7 to 27 and a carnival was held, which had an effect on other squad sessions offered with numbers increasing as well with up to 37 participants enrolled in Term 1.

A BodyAttack training master class was presented by the instructor, which was enjoyed by a large number of attendees.

## KidSport

The Community Development Team administer the KidSport program, enabling eligible children to participate in community sport through the provision of financial assistance towards club fees. Early in 2020 we had a period of almost no applications being made due to the effect COVID-19 restrictions had on community sport. As the community has returned to sport, we've seen an increased uptake of the program with additional families accessing the funds.

## We Challenge You!

The COVID-19 community and event restrictions created significant challenges for the Shire to continue creating a connected community through their programs. The Community Development team took the opportunity to run some challenges that would keep community members active and engaged in a safe way. A new challenge was issued each week and included a range of activities from art projects to cooking and learning to juggle. At the end of each week a randomly selected participant won a voucher to a local business.



# Community Connection

## C4 Facilitate and promote events, arts, heritage and cultural activities for all ages and abilities

### Civic Centre

The start of this year looked like it was going to be huge; between 1 July 2019 and COVID-19, we saw 2,503 people attend Esperance Civic Centre shows (not including Venue Hires). Last year we had a total of 2,556 so we were on our way to a record breaker!

We took on a full time Trainee, who was quickly thrown in the deep end when the Civic Centre Coordinator went on leave. The Community Development team, Trainee Civic Centre

Technician, and our army of casuals stepped up and kept the place running during this time.

The end of the year saw us busy with the usual school graduations, dance concerts, end of year functions and the rest!

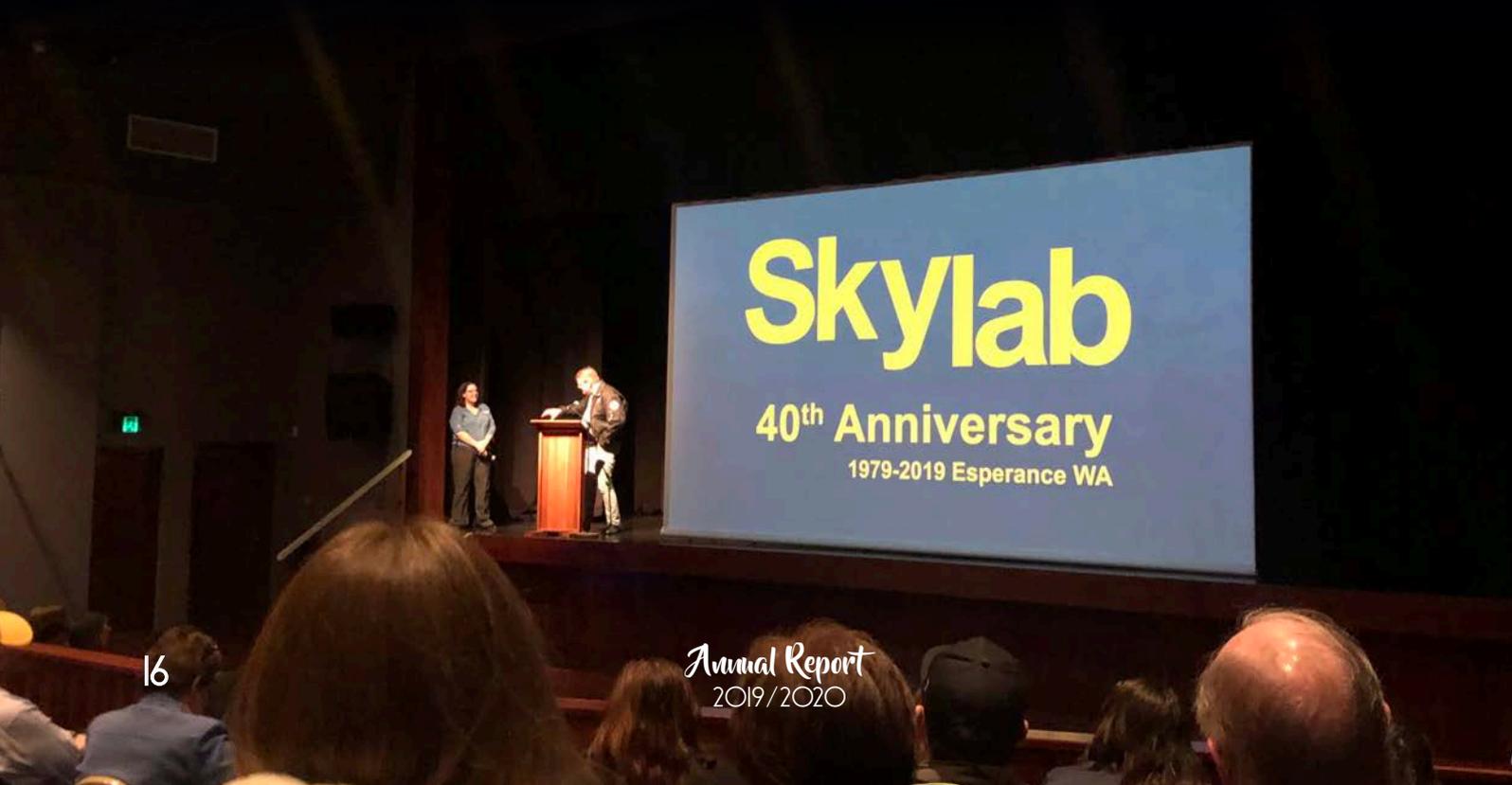
A big achievement for the year were two sold out shows of Erth's Dinosaur Zoo, with a combined total of 1,001 tickets sold, and a great October school holiday program with four shows and 705 attending.



### Skylab

The Museum's Skylab display received a renovation ahead of the anniversary week of activities and events in July 2019, with new information panels and re-organisation and interpretation of exhibits. The Skylab 40th Anniversary Community Program saw over 1,300 visitors through the doors of the Esperance Museum to admire the display during the July school holidays. The week long anniversary program incorporated free

activities and events including: David Carson's 'Skylab Redux – Out of Orbit' art exhibition and immersive dome screenings, inspired by his visit to the Museum's Skylab display over 20 years ago; Meg McKinlay's Meet the Author session, centred around her 'Catch a Falling Star' book set during the fall of the space station to earth; the 'Skylab Styles Fashion Parade'; and the Australian premiere of the widely acclaimed 'Searching for Skylab' documentary.



## Supporting the Arts

The Cannery Arts Centre and Esperance Community Arts received Community Grants from the Shire of Esperance, benefitting from the highest amount of funding for these grants in more than ten years. Community & Economic Development staff subsequently worked with both organisations to facilitate their applications for Regional Arts Sector Investment funding, bringing their expertise and knowledge to the table to help these community organisations remain viable and thrive into the future.



### C5 Encourage and support volunteers and community groups

## Community Grants

Our Community Grants Program allocates funds to develop and actively support community organisations and individuals who are contributing to the wellbeing and cultural life of our region.

45 grants were approved across all categories this year totalling \$234,766, an increase of approximately \$56,000 from last year. Due to COVID-19, three grant applications were

cancelled and ten were postponed with the approved grant funding being rolled over into the coming financial year.

The Support category received fewer applications in the final quarter of the year due to COVID-19 restricting community group's activities. A total of \$19,958 was granted under this category, with 27 community groups benefitting, ranging from Mates 4 Mates Goldfields Esperance to the Esperance Taekwando Academy.

Community Grants Program 2019/2020

## DEVELOPMENT

### Recipients

- Esperance Cycling Club
- Esperance Regional Tourism Inc
- Esperance Care Services
- Esperance Tennis Club
- Cannery Arts Centre
- Esperance Community Arts

\$177,300

## EVENTS

### Recipients

- Condungup Primary School P & C
- Grass Patch Community Development Association
- Rotary Club of Esperance Bay
- Escare (auspicing on behalf of the Kids Fun Day Out)
- Moving Movies

\$13,097

## ASSISTANCE

### Recipients

- IO3.9 Hope FM
- Esperance Soccer Association
- Pink Lake Golf Club
- Esperance Volunteer Fire and Rescue Service
- Cannery Arts Centre
- Esperance Brass Band
- Rotary Club of Esperance Bay

\$24,411

# Community Connection

## Volunteer Resource Centre

As the local one-stop-shop for volunteering, the Esperance Volunteer Resource Centre has continued to help aspiring volunteers find suitable roles, and assisted local volunteer-involving organisations to work within good practice principles and offer meaningful volunteer opportunities.

We partnered with Esperance Care Services to help the community during the COVID-19 lockdown, matching higher risk members of the community with volunteers. Those who wanted to stay isolated received help with tasks such as shopping, walking the dog, and picking up ordered goods.

We celebrate and thank volunteers through annual events like Thank a Volunteer Day and National Volunteer Week. This year on Thank a Volunteer Day 88 Shire volunteers were treated to a trip to the cinema. Due to COVID-19 National Volunteer Week events were cancelled, however a social media campaign was undertaken highlighting volunteering, with the Shire's windows sporting a lighting display to draw attention to the week.

## Our Volunteers

Esperance Library Friends (ELF) are a proactive volunteer group who assist in many ways at the library, including coordinating fundraising with the proceeds going towards library resources, and sponsorship of annual book awards for

our local primary schools. This year they have raised approximately \$10,000 through their book sales and other fundraising efforts.

Since its inception the Museum has been supported by a team of dedicated volunteers, and their work is recognised as a valuable community asset. The Museum is dependent on a volunteer workforce to undertake front of house operations, research, collection management and conservation. There are currently over 40 active volunteers, with a wide range of skills, who assist us at the Museum.

Our Civic Centre could not provide the same level of quality shows without the assistance of many amazing volunteers. Each visiting show requires, on average, eight volunteers to professionally run the Box Office, Bar/ Kiosk, front of house, crowd control and usher services for patrons. Our volunteers are a mix of community members of all ages and abilities who donate approximately four hours minimum per event.

The wonderful volunteers at Esperance Home Care ensure provision of many of our services. We have volunteers who help in the kitchen, deliver meals on wheels, help with activities, take clients to appointments, and many other roles. We also run the Community Visitors Program, an initiative of the Commonwealth Government, providing funding for the coordination of volunteers to visit Nursing Home residents as well as Esperance Home Care Package Care clients in their homes.



**C6 Increase participation and engagement of youth in the community**

## Youth Advisory Council

Our Youth Advisory Council are a group of passionate young community members who work with us to represent the interests and views of the youth in Esperance.

The Council continued to develop with the 'Amazing Race' run again during October, which was a great success with 12 teams of four competing.

The Youth Advisory Council was also involved in a range of other events including the Esperance Agricultural Show and Edge of the Bay.

## Youth Precinct Plan

Based on the usage of the current skate park and community consultation it is evident that the youth community has outgrown the current skate facility which is testament to its success since opening in 2016. We are now looking to develop a youth precinct, including an extension to the existing Skate Park, to activate the foreshore and form a holistic Youth Precinct within Esperance.

The proposed Youth Precinct will cater to the needs of our younger community members and provide active recreation opportunities for all ages, abilities and interests. Community consultation for the Plan was undertaken toward the end of 2019 and in early 2020, with completion expected in the coming year.



# Community Connection

## C7 Develop and maintain a safe environment for the community

### Shark Warning Towers

We received three land-based shark warning towers, installed at West Beach, Kelp Beds and Twilight Beach, featuring audio and visual warning systems that can be activated when tagged sharks are detected or sighted.

The towers notify ocean users of nearby shark activity and create a safer and more enjoyable environment for those in the water. They have also significantly reduced our Ranger response time to alert the public of any shark hazard. Upon notification, our Rangers undertake patrols of the immediate area and nearby locations, placing signage and informing beach users of the known shark hazard in the area.

### Rangers

The largest portion of the Shire's customer service requests (36%) are related to animals which covers dogs, cats, livestock and also wildlife such as snakes. The majority of the service requests received, though, are related to domestic animals those being dogs and cats.

Rangers' objectives are to keep the Shire environment clean, welcoming and safe for residents and visitors. This involves public education, raising awareness, patrols and also enforcement to ensure that dogs and cats are kept under control, the public is well informed and can go out in public safely.

The majority of dogs that came into our care were returned to their owners, with a large proportion of other dogs being transferred through to rescue organisations to find new forever homes. We have committed to commencing the construction of a new animal management facility in the new financial year.

Our Rangers played an important role managing stranded travellers during COVID-19 travel restrictions, patrolling the townsite and coastal campgrounds to assess traveller numbers, passing on information and checking on their welfare. They also assisted with the Emergency Evacuation

Campsite at the Greater Sports Ground and the day to day operation of the Emergency Evacuation Hostel when the YHA was opened up for this purpose.

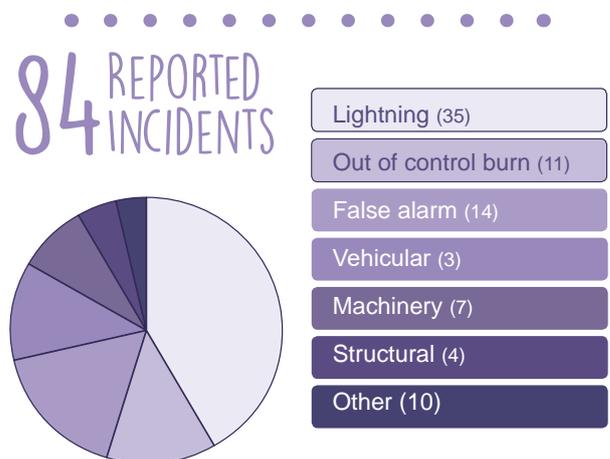
Leading up to the fire season, Rangers were involved with raising awareness, while during the season hundreds of properties were inspected to ensure fire hazards were reduced.

Our Rangers also investigate and enforce legislation to manage illegal dumping and litter, which not only causes the town to look unsightly but can also cause serious health and environmental hazards and the clean-up has proven to be very costly.

### Twilight Network Boost

We partnered with the State Government and Telstra for the installation of a TGo repeater on the roof of the Esperance Goldfields Surf Life Saving Club to enhance mobile communications in the area. This ensures that Surf Life Saving Club members can communicate effectively with other emergency services and boats on the water, and report shark sightings.

A longer term solution is in progress and should be installed in the coming financial year which will enhance the communications in this area even further.



## Emergency Services

Our Bush Fire Brigades responded to 84 incidents throughout the year. The most significant incidents being the Lake Hope Complex, Norseman Complex, Buraminya West Fire and the Mt Ney/Mt Ridley Fire.

The Lake Hope Complex encompassed the Three Star Lake Fire (16,722ha), the Frank Hann National Park Fire (8,524ha) and the Welcome Swamp Lake Fire (33,051ha), whilst the Norseman Complex encompassed the Peak Charles Fire (35,000ha). Buraminya West (107,000ha) and the Mt Ney/Mt Ridley Fire (30,000ha) round up the most significant fires within the Esperance Shire.

These fires were all caused by lightning strikes in Unallocated Crown Land. Some fires burned for several weeks, while the Buraminya West Fire was active over several months.

During the Christmas and New Year Period 25 fires were reported, highlighting the commitment of our volunteers who spent Christmas, Boxing and New Year's Day on the fire ground protecting the community.

The Department of Emergency Services provided funding through the Local Government Grants Scheme to assist us in constructing three new Bush Fire Brigade sheds for the Howick, Coomalbidup and Quarry Road Bush Fire Brigades. The Quarry Road Bush Fire Brigade is now co-located with the Esperance Emergency Services Unit.

We worked with the Department of Biodiversity, Conservation and Attractions and the Department of Fire and Emergency Services to investigate and install a radio repeater on Peak Charles. This vital infrastructure was made possible through a \$50,000 grant from the Royalties for Regions - Mitigation Activity Fund, with a further \$10,000 made available for the installation, and will significantly improve communication during emergency events in the area.

A huge thank you to the Pier Hotel and the Esperance community for raising and donating \$6,400 to us for Bush Fire Brigades, used to purchase four Seek Thermal Imaging Cameras. These cameras are used to quickly find hot spots by detecting temperatures indicative of people, animals, or other objects radiating energy (or heat).

In November 2019 the Coronial Inquest findings from the 2015 Esperance Fires were handed down with 12 recommendations made by Coroner Linton. In concluding her report, Ms Linton reiterated her concern about rising bushfire risks and called on the State Government to act; "The people of Esperance, the staff of DFES and DPAW, and many others, have all contributed to the outcomes in this finding. I hope their work is not in vain and the State Government gives due regards to what the people who actually fight these fires say they need to save lives in the future when the next bushfire inevitably rages in Esperance".



# Built Environment

## B1 Ensure services, infrastructure and public places are aligned to community needs now and in the future

### Noel White Pavilion

The Noel White Pavilion Redevelopment Project is underway, with the interior stripped, asbestos removed, remedial columns being fabricated, and sandblasting of brickwork, ceilings and trusses in preparation for painting. We look forward to the completion of the Pavilion, as it will form an integral part of our modern facilities at the Greater Sports Ground.

### Urban Nodes

The Urban Node trial, designed to create opportunities for alfresco dining areas or public open space in front of Restaurants and Cafes in the CBD and bring vibrancy to the areas, has had mixed success due to COVID-19. Social distancing, lack of foot traffic and supply chain holdups meant these nodes have not functioned as planned and as a result, Council have extended the trial until April 2021.

### CBD Roundabout

Work was completed on the roundabout at the intersection of Andrew and Dempster Streets to improve safety, as part of the Parking, Traffic and Pedestrian Strategy. The roundabout previously had seven car accidents within

five years, with five of those accidents being T-bone incidents, something that should not occur in a roundabout. The Parking, Traffic and Pedestrian Strategy plans for our traffic needs over the next 20 years and is broken up into long and short term stages, aiming to make our town centre pedestrian friendly, vibrant, and welcoming to locals and tourists alike.

### New Landfill

We are proceeding well with the progressive closure and rehabilitation of the landfill through a phased approach to capping areas as soon as they reach design fill levels.

The capping system will minimise the quantity of surface water infiltrating the waste mass and thereby significantly reduce the quantity of leachate generated at the site. The phased approach will enable progressive rehabilitation of the capping system, while still allowing the best practice final fill profile to be achieved.

The capping system comprises three phases, with Phase 1 capping works completed. Initial revegetation of the Phase 1 area was not as successful as envisaged and subsequent revegetation work to infill the bare areas is scheduled to occur in the next year.



## B2 Create a vibrant, modern and safe built environment that reflects the community's identity

### Jetty Project

Progress on our new jetty is making good headway! It's been a long process, from the request for tender going out and a contract being awarded, careful dismantling of the old jetty and site works for the first piles commencing – we're now seeing construction advance seaward as the new jetty takes shape.

The old jetty was regularly monitored by drone and boat inspections to safeguard our community from any debris. The ten step process for the replacement project, agreed to with the Department of Planning, Lands & Heritage, Department of Transport, and Southern Ports, outlining the steps required to move forward has now been completed, and all conditions of the Section 64 Permit issued under the Heritage of Western Australia Act 1990 have been met.

Piles 4 and 5 of the new jetty have been installed, and construction is expected to speed up once the historic section has been completed and piling is into the sea bed instead of the rocks around the headland. Plans for the construction of the new jetty have been well laid and are supported with oversight from several organisations. It is expected that only winds strong enough to halt crane work will hinder progress.

### Property Sales

The design of the Flinders subdivision has progressed with third party utility designs nearing completion. Three blocks were sold in Flinders with another nine under contract, and one property in the Development Area was purchased. Construction drawing for Lot 290 (Flinders) are being finalised and a new real estate tender has been completed after the previous agreement expired.

### Indoor Sports Stadium

Work on the New Indoor Sports Stadium is largely complete, with only minor finishing tasks remaining. The stadium, which is Stage 1 of our Esperance Indoor Sports Stadium Redevelopment Project, has been supported by a \$4 million investment through the Goldfields-Esperance Revitalisation Fund to improve access to sporting activities for the Esperance community, and a \$723,000 investment through the Community Sporting and Recreation Facilities Fund.

The \$7.8 million facility will encompass four full size courts, a kiosk, commercial kitchen, match day facilities, change-rooms, club storage spaces, sprung wooden flooring, retractable grand stand seating, water fountains and additional parking areas, and is expected to attract regional sporting events to our town.

### Adventureland

Following completion of the children's bike track and upgrading of the basketball court last year, additional footpaths were installed which completed Stage 1 of the Ralph Bower Adventureland Park Implementation Plan 2018. Additional landscaping, seating, bike rack, drinking fountain and signage was also installed, and will be an integral part of the overall design of the finished park.

The customised playground design for Stage 2 of the plan is well underway, with funding provided by Lotterywest and both the Rotary Club of Esperance Bay and the Rotary Club of Esperance, supported by the Adventureland Management Committee and Southern Ports. The installation of a flying fox, giant swing, small children's combination unit playground and a giant custom ship playground means this park will be a magnet for local residents and a blessing for folks travelling with children.

# Built Environment



## B3 Deliver a diverse, efficient and safe transport system

### Footpath Upgrades

Almost two kilometres of new footpaths have been constructed this year – an invitation for us all to reconsider driving and walk or pedal to our destinations. Another almost 300m of footpaths have been upgraded, improving our existing network and increasing opportunities to safely exercise in our daily routines.

An audit of our township footpaths has been completed and work on a township sealed road condition audit is well underway, with additional footpath and sealed road audits for outlying towns planned. These audits give a complete picture of any defects in our footpath and road assets, and a measure of how severe any defects are. When benchmarked against previous audits this data will allow staff to evaluate the condition of our footpath and road assets, estimate an expected lifespan, and build an accurate, budget conscious maintenance and repair schedule.

### Our Road Network

Millions of dollars are spent annually managing and maintaining our road network and it is imperative that we deliver a program that is economical and sustainable.

This financial year we completed a number of projects that included an additional six kilometres of sealed road added to the network, and around 43km of roads that were upgraded, which includes widening, reconstruction and resealing. Improving the management of road infrastructure brings major benefits by ensuring that scarce resources are used in the most cost effective manner.

Our gravel road network is extensive in size and spans over 3,700km. This year over 119km of gravel roads were resheeted and reconstructed to ensure the road network continues to support our rural communities.

47KM ROAD CONSTRUCTION

220KM ROAD RESEALED OR RESHEETED

**B4 Work with public transport providers to ensure Esperance is connected and accessible**

## Airport

COVID-19 restrictions meant travel outside the Esperance Region was banned from late March until early June, apart from people with medical needs and essential workers. Air travel was severely disrupted during this time, however flight availability did not bounce back when travel restrictions were eased. In addition to assistance offered at State and Federal Government level, we aided in this recovery, with Council resolving to waive a portion of Regional Express Airlines' (REX) outstanding charges so service could continue to the area.

The decision saw Council waive \$51,265.58, which equates to 50% of REX's March 2020 Head Tax and 50% of their annual airport terminal space lease. Esperance Shire President Ian Mickel said the decision would benefit all within the community. "As so many of our residents need flights to continue due to employment and medical reasons, we need to ensure REX are still able to service Esperance because they were hit hard by the pandemic." "Reliable and affordable air travel for Esperance is a priority for the Shire and this move will help make certain this is maintained," he said.

The Review of the Airport Master Plan is under way, as required approximately every 10 years. Quotes were requested from nine consultants and the contract was awarded to Keith Tonkin at Aviation Projects. Mr Tonkin was unable to brief Council in person due to COVID-19 travel restrictions, however he and the team at Aviation Projects have liaised extensively with

staff and undertaken community consultation via video and phone calls, with a site inspection planned for next year.

## TransWA Bookings

Our Visitor Centre continues to offer the EsperanceEsper community a booking service for TransWA buses. This service is essential for those unable or unwilling to book online themselves, who do not have a printer, or only pay in cash. The Visitor Centre opens early two mornings a week so passengers can purchase a bus ticket at the last minute, as the bus drivers have no ability to book or take payment on those days. This service ensures that everyone in our community has access to cheap, reliable, long distance transport.

## School Buses

Shire Officers liaised with the Public Transport Authority to assist rural families with the logistics of utilising our rural road network for school bus services. Risk assessments were carried out on proposed bus stops and 17 were approved for pick-ups and drop-offs, ensuring rural children can travel to and from school safely.

51,009 PASSENGERS TRAVELLED BY AIR



## B5 Maintain the Shire's robust asset management practices and maintenance programs

### Planning & Budgeting

Maintenance staff have worked hard on a ten year budget outlook for maintenance assessments. The data collected in this document will allow clearly justifiable estimates for maintenance needs and costs, and replacement needs and costs for Shire assets. The great advantage of this information will be the shift in emphasis from reactive maintenance to preventative maintenance. This will make the whole asset maintenance system cheaper, and drive the ratepayer dollar further.

### Efficiencies Gained

The bulk of Shire records are in a digital format, however the need for long term storage of physical records remains and will be required for at least the next decade. Physical records storage has been at capacity for several years now, and was being managed with a secondary storage site. The safety and productivity issues caused by this arrangement have now been resolved with the installation of 36 bays of high density compactus in the Shire Records area. Records staff spent part of the COVID-19 lockdown relocating documents into the 302.4 lineal meters of movable shelving, capable of accommodating 1,008 standard archive boxes. All physical records are now on site, stored according to OSH requirements and able to be accessed in a cost and time effective manner.

This year we have negotiated a 22% reduction in the cost of securing our public toilets with our security contractor.

Installation of new FME server platform software allows us to schedule downloads and automated validation of data sourced from third party authenticated organisations. It is estimated that this is 90 – 95% more efficient than the previous manual process and ensures that the most current data is available to our staff and community.

### Drone

More applications have been discovered for our drone this year, keeping our in-house spatial staff very busy. Running the aerial vehicle over stockpiles to calculate stock volumes is faster and more accurate than the previous surveying process and inspections of roofs, guttering and other objects at height is not only faster, but also a significant OSH improvement, as no one needs to go up ladders. Both these uses of the drone represent a considerable saving in staff time.

The drone is also benefitting our environmental staff when used to gather an overview of outdoor areas under review, giving a much more accurate idea of the condition of the environment, what needs to be worked on and what areas are doing well. It is used to help our media and communications staff by capturing valuable images and video for their use in our publications. Given these positive improvements to our processes, further drone capability is being planned for the future; watch this space!



## B6 Facilitate and guide high quality, compliant and efficient building and development across the Shire

Our Development and Statutory Services officers work with our community, ensuring that proposed buildings and developments are compliant with relevant legislations and regulations. This is a valuable service as it decreases the risk of potential failures and future costs being incurred.

The hard work of our Planning team on Amendment No. 4 to Local Planning Scheme No. 24 last year was finalised when this was Gazetted and came into effect on 9 July 2020. This amendment is designed to provide clarity and structure around Tourism Development,

Environmental, Public Health and Amenity Protection, and R-Codes within our local centre and commercial zones.

Our Building Services team continues to focus on public safety, protection of property, ensuring consistency throughout the region, reducing liability to the Shire, and encouraging the Shire of Esperance to lead by example. Building Applications have been accepted via a range of electronic means, allowing for more efficient lodgement and turnaround, with plans for the purchase of fit for purpose lodgement software in the near future.



# Natural Environment

**N1 Develop community awareness of environmental opportunities, challenges and impacts**

## Partners and Projects

This year we've been working with various partners, including Esperance Senior High School, Esperance Primary School, Condungup Primary School, Carmel Adventist College and Esperance Anglican School, along with the Wildflower Society, South Coast NRM and Rangers from Esperance Tjaltjraak Native Title Aboriginal Corporation and Wongutha CAPS.

Some projects undertaken with the assistance of our partners were;

- Weeding of Victorian Tea Tree at Lake Monjingup
- Planting at West Beach and Fourth Beach
- Tree planting at Duke of Orleans and Dempster Head
- Weeding at Lovers Cove
- Making and distributing native seed balls at Fourth Beach
- Planting pigface and laying weed matting at Twilight Beach
- Basket moth control on foreshore Meleucas
- Spring flora surveys

 **5,000** SEEDLINGS PLANTED IN NATURE RESERVES

## National Tree Day

National Tree Day was celebrated with a tree planting day at Pink Lake hosted by South Coast NRM and the Pink Lake Recovery Team, where 2,500 seedlings were planted. Esperance Tjaltjraak Native Title Aboriginal Corporation Rangers completed fencing and installing bollards to restrict access onto the lake and shoreline at Pink Lake.

## Wildflower Festival

As part of the Esperance Wildflower Festival, we held a number of educational sessions which involved learning about Esperance entomological ecology; fitting with the theme of the festival, being 'Bugs in the Bush'. These sessions included putting baits out to see what critters came, shaking trees, collecting water bugs and identifying them to teach school groups about conservation and the bush.

## The Big Picture Program

The Big Picture program, run through Esperance Anglican School to connect interested students with workplaces, provided us with an enthusiastic workplace student who combined graphic design with biology to design an information sign and interpretive signage for the Dempster Head area.





**N2 Maintain and improve condition of natural assets and reserves sustainably, taking into consideration recreational, environmental, cultural and economic values**

This year saw various projects undertaken including;

- Completion of Twilight Beach steps
- Works to fix the Fourth Beach foredunes
- Irrigation upgrades at Adventureland Park and Gibson Oval

We also partnered with the Department of Biodiversity, Conservation and Attractions, Esperance Tjaltjraak Native Title Aboriginal Corporation and South Coast NRM on a project for coastal protection and restoration works from Wharton Beach to Victoria Harbour.

## Dempster Head

Works have begun to implement the Dempster Head Management Plan. Interpretative signage has been developed with assistance from Esperance Tjaltjraak Native Title Aboriginal Corporation and Men in Sheds. Maintenance works have been undertaken, and erosion management and environmental protection works were completed by the Work for the Dole team along with Wongatha CAPS bushrangers. Rabbit control methods including oat trails and calicivirus have been implemented at the site.

**N3 Targeted reduction of waste with an emphasis on resource recovery and waste minimisation**

## Landfill

Council resolved in February to abandon the proposed landfill site at Kirwin Road due to concerns about potential contamination and damage to the surrounding environment. The search is now underway for a new site. Options to recoup costs already outlaid have been determined, and after a quoting process a consultancy firm has been engaged to develop Site Selection Criteria for the new landfill site.

## FOGO

Investigations began into the possibility of Food Organics and Garden Organics processing, with option papers being put to Council. It is expected that further works in this area will be undertaken in the coming year.

# Natural Environment

## N4 Support and encourage businesses to make sustainable choices

### New Waste Initiatives

#### Our Cities Power Partnership

This year Council have endorsed five pledges to officially join the Cities Power Partnership in a step towards increasing sustainability practices within the region.

Our five pledges are as follows;

- Install renewable energy (solar photovoltaics and battery storage) on Shire buildings;
- Adopt best practice energy efficiency measures across all Shire buildings, and

support community facilities to adopt these measures;

- Ensure Shire fleet purchases meet strict greenhouse gas emissions requirements and support the uptake of electric vehicles;
- Support cycling through the provision of adequate cycle lanes, bike parking and end-of-ride facilities;
- Develop procurement policies to ensure the practices of contractors and financiers align with the Council's renewable energy, energy efficiency and sustainable transport goals.

## N5 Build capacity and raise awareness of individual responsibility to minimise packaging waste

### Recycling Promotion

Additional information regarding our community's recycling options have been added on the Shire website and publicised via social media posts, including links to Recycling Near You and 7 Golden Rules of Kerbside Recycling – a nationwide program that links communities to their local recycling options. Social media posts are used regularly to highlight recycling achievements within the community and to educate about contamination issues.



### Community Waste Action Group

The Community Waste Action Group staffed wash stations at the Edge of the Bay and Foreshore Festival and Fireworks events to promote the reduction of single use plastics for crockery and cutlery.

### Garage Sale Trail

The annual Garage Sale Trail was again promoted as a fun way to encourage reuse and educate the community about the impact we can make when buying second hand. We had a stall at the Show as part of this event with second hand books available.

### CCC

We joined WALGA's Consistent Communications Collective (CCC), which facilitates a meeting every 2 months (via zoom) of WA Local Government Waste Management Officers to discuss waste management messaging to the community, with the aim of getting messaging to align statewide.

**N6 Develop and implement water reuse programs and infrastructure to optimise the efficient use and reuse of our water resources**

## Reusing Water

The Eastern Suburbs Water Supply Scheme mainline upgrade has begun and is progressing well with an expectation for this to be completed in the first quarter of the coming financial year. This project will update aged infrastructure for

maintenance purposes and help establish a more reliable and efficient program for public open space irrigation. The irrigation control and management program has been moved to a cloud based system to allow better access and management of irrigation.

**N7 Improve connectivity and encourage alternative transport options throughout our region**

## Cycling Strategy

The 2050 Cycling Strategy was endorsed by Council in August this year and aims to enhance riding experiences for the community and showcase some of our best natural assets to visitors and tourists.

## Path Works

Further works have been undertaken to extend and improve our existing foot and cycle path networks to be better, safer and more inclusive, with a concept plan being developed for the proposed Pink Lake shared path.

**N8 Effectively use our land and development policies to optimise environmental outcomes and minimise reliance on consumable resources**

We have considered multiple ways of reducing the use of consumable resources by one of the heaviest users of electricity - air conditioning.

To this end we have been in discussion with manufacturers and contractors who produce a window film that can be applied to existing

windows and provides insulating properties almost identical to dual glazing, at a fraction of the cost and with a much lower environmental impact.

We are currently seeking quotes and will investigate this area further in the coming year.

**N9 Build capacity and encourage the community to self-manage minimising resource consumption**

The Bay of Isles Leisure Centre is now a Waterwise facility with a plan in place to reduce and use water efficiently within the Centre.

A sight glass has now been placed in the Leisure Centre's plant room pipework as a result of a leak so that if the valve does not close properly it can be rectified during the backwash procedure.



# Growth & Prosperity

## G1 Leverage our environmental, built, cultural and social assets in the promotion of Esperance

### James Street Precinct

Consultants have been appointed to undertake the James Street Cultural Precinct project with initial meetings taking place. This project is expected to be completed in the coming financial year.

### Preserving Social Assets

Our Community Morale Team was established to identify positive ways to keep community spirits up during COVID-19. This team is made up of officers from the Library, Volunteer Resource Centre, Leisure Centre, Civic Centre, the Community Development Team and Marketing and Communications Team.

The Community Morale Team achieved the following;

- Positive Rotary Board Message - Our Town/Is Proud To/Support Each Other/Stay Safe/ Take Care/Be Kind

- Redeployed the Visitors Centre 'What's On' e-noticeboard to a community support/help e-noticeboard.
- "We Challenge You" Weekly community challenges.
- Drive-In Movies
- ANZAC Day – Live local broadcast on Hope FM radio and display, including lights, in the Council Reception window.
- Library – Easter and Holiday packs.
- Esperance Volunteer Resource Centre - Community Supporting Community program where community members could register to help the vulnerable among us.
- Bay of Isles Leisure Centre online local fitness videos

The Community Morale Team has now changed their name to Community Connection Collaborators and continue to meet fortnightly to share what is being done for the community's benefit.



## G2 Develop partnerships to actively support economic growth

### COVID-19 Relief Initiatives

In response to COVID-19 we adopted a range of community and business relief initiatives to help with the recovery effort.

These initiatives included;

- Adopting our COVID-19 Financial Hardship Policy.
- Removing outstanding rates penalty interest from 1 April until 30 June 2020.
- Waiving commercial and community lease fees, trader's permits and community fees and charges for 6 months from 1 April 2020.
- Relaxing the requirement on Policy COR 007: Procurement for 6 months to require one written quote when there is only one local supplier for purchases under \$75,000.
- Amending the Policy COR 007: Procurement to increase the tender threshold to \$250,000 in line with recently amended Local Government (Functions and General) Regulations.
- Conducting a one off residential bulk verge waste collection.
- A 0% rates and fees increase for 2020/21.
- Developing a COVID-19 Recovery Plan for the Esperance community in consultation with the Esperance Incident Support Group.
- Measures to ensure the community was aware of rapidly changing business operating hours and conditions, to support our local businesses. This included partnering with

the Esperance Chamber of Commerce and Industry to deliver the 'Local for the Long Haul' campaign which encouraged the community to support local businesses as they adapted to changes due to COVID-19.

Lease holders at the Museum Village and Jetty Headland took advantage of the rent relief measures with most applying for their commercial lease fees to be waived for 6 months. Some of our tenants have stated that this made a huge difference between remaining open and having to close their business down.

The Seafront Caravan Park was leased to RAC Parks and Resorts following a tender process. This lease includes provisions for upgrades to the park.

The Shire signed up to the Small Business Friendly program, an initiative of the Small Business Development Commission. In the initial year of this program we committed to a Biannual Business Roundtable with the Esperance Chamber of Commerce, improving wayfinding signage within Esperance, and offering training sessions on how local businesses can become preferred suppliers to local and State Government as well as larger mining companies.

The Shire of Esperance Community Recovery Plan – COVID-19 was endorsed in May 2020, with a Local Recovery Committee, Economic Sub Committee and Community Support Sub Committee being established.



# Growth & Prosperity

## G3 Promote awareness in Esperance on the value of tourism

Tourism numbers in Esperance over the summer season exceeded previous years and this was reflected in Visitor Centre patronage, however the end of the season was significantly impacted by COVID-19 restrictions. Followers and interaction on our Visit Esperance social media channels (@visitesperance, #visitesperance) are consistently increasing and our Marketing and Communications Team are capitalising on this growth.

During COVID-19 the Visitor Centre focussed on assisting travellers unexpectedly stranded in our region and working with local operators with much of their efforts focussed on processing cancellations.

### Tear Off Maps

An A3 tear off map of Esperance has been developed and is believed to be a useful tool for visitors, particularly for cruise ship passengers, as this allows staff to highlight points of interest and tourist destinations specific to each visitor's needs. These maps are now available from the Visitor Centre, Administration Building and Library.

### Top Tourism Awards

Esperance was awarded the bronze medal for the 2019 GWN7 Top Tourism Town Award. This award recognises towns in Western Australia that demonstrate a strong commitment to encouraging tourism and increasing visitation to their destination.

### Campaign Partnerships

During COVID-19 we partnered with the City of Kalgoorlie-Boulder for the 'Holiday at Home' campaign, encouraging locals to stay in their regional area to reduce the risk of spreading the virus.

The ongoing partnership with Australia's Golden Outback and Tourism Esperance to promote our local area continues, with a focus on publicising the attraction-packed road trips to and from Esperance, rather than simply focussing on our destination alone.

We assisted with the filming of a segment on the Esperance Museum, Great Ocean Drive, and various sustainability initiatives the Shire is undertaking, for the Caravan and Camping WA TV show, which has a nationwide audience.



**G4 Strengthen and diversify our economy by targeting new industries as well as building on our existing strengths**

### Abalone Lease Extended

The lease with Ocean Grown Abalone was extended for a further 12 months to allow for further due diligence on the property, and the subdivision application process has begun. Investigations into obtaining land tenure to facilitate the development have commenced.



### Jetty Headland Concept

Council supported local business owners operating from vans at the Jetty Headland, who bought forward the idea to install temporary kiosks to replace their vans. This would mean vans, typically installed on a trailer, would not have to be towed to and from the headland and manoeuvred into place on a daily basis. Without the need for staff with specialised towing skills businesses may be able to extend their opening hours, and cater more completely to our growing tourist trade. Following their support for the initial concept, a further detailed proposal will be presented to Council for approval.

**G5 Promote Esperance as a destination of choice for events**

The beginning of this year looked like it was going to be a bumper year for events in Esperance, however the impact of COVID-19 meant that the majority of events planned for 2020 were either postponed or cancelled.

### Civic Centre

The Civic Centre continues to be the focal point of entertainment in Esperance with various events and conferences held during the year.

### Looking to the future

The annual Edge of the Bay event is enjoyed by our local community and tourists, with a wide range of attractions on offer, and continues to grow each year. With the new Indoor Sport Stadium nearing completion, we will soon have access to a large sporting venue and increased capacity to host regional and other events.



# Growth & Prosperity

## **G6 Facilitate knowledge sharing, marketing and networking opportunities for local businesses**

### Tourism Strategy

Consultants were engaged to develop a tourism strategy for our region, with consultation being undertaken toward the end of this year. COVID-19 has impacted this project due to the consultants not being able to travel to the region and it is anticipated that the project will progress further in the coming financial year.

### Sundowner

The Visitor Centre hosts an annual sundowner each year in the lead-in to summer to bring our many tourism operators and related businesses together for networking and information exchange in a relaxed environment.

## **G7 Lobby for infrastructure and capacity necessary to support commercial and business growth with an emphasis on energy options, costs and communications**

An opportunity for improved telecommunications provision into some of the Shire farming communities was presented to a

range of stakeholders for feedback, which looks to have some exciting potential.

## **G8 Review and align land use, strategic planning, local policies and infrastructure to support our local economy**

### Planning

The Local Planning Strategy provides the direction for the Local Planning Scheme. The Scheme and related Local Planning Policies are aligned with the Strategy to provide opportunity to, and support, our local economy.

The planning framework has been under constant review. This included the review of Local Planning Policies, Gazettal of Amendment No. 4 and initiation of Amendments No. 5 and 6.



Promoting Esperance as a place to live, work, invest and visit to encourage growth in our region ensuring we have a prosperous future.

### **G9 Work with key partners to represent and support all businesses and core industries**

COVID-19 resulted in a greater focus on assisting local businesses given the trading limitations that were progressively imposed. We worked with the Esperance Chamber of Commerce and Industry and the Goldfields-Esperance Development Commission to modify the 'What's On' section of the Visit Esperance website. The revised site provided regularly updated information to the community on how to access goods and services from

local businesses, including trading hours and conditions in place.

A concerted effort has been made to promote the message of supporting local at this time.

The Regional Coordination Group project to undertake a Social and Impact Study with regard to the mining operations currently operating and proposed within the Shire of Esperance was finalised.

### **G10 Lobby for increased capacity in the primary industry sector**

We have continued investigations into the capacity for releasing agricultural land to the north of Cascade. These investigations will continue in the coming financial year.



# Community Leadership

## L1 Provide transparent and accountable leadership

### Meeting Attendance

The Esperance Shire Council meets weekly on a Tuesday for information sessions and workshops on a variety of topics.

On the third Tuesday of each month they attend an Agenda Briefing, an informal opportunity for Councillors to ask questions, request further information and discuss the items listed in the Ordinary Council Meeting Agenda.

On the fourth Tuesday, Council attend the Ordinary Council Meeting where decisions are made on all report items in the best interest of our community.

Below is a table outlining individual Councillor attendance for the Financial Year.

### Delegated Authority

Each year we present the Delegated Authority Register to Council for endorsement.

The Register provides authority to the CEO to use some of the Local Government's powers and discharge its duties under the *Local Government Act 1995*.

In this year's review we identified that there was a need for the CEO to be appointed Delegated Authority under the Building Regulations 2012 and that the Delegation relating to s6.64 of the *Local Government Act 1995* was no longer required and should be rescinded.

Member	Ordinary Council Meetings (Entitled to attend)	Ordinary Council Meetings Attended	Special Council Meetings (Entitled to attend)	Special Council Meetings Attended
Former Cr Victoria Brown	3	2	3	3
Former Cr Natalie Bowman	3	2	3	2
Former Cr Lara McIntyre	3	3	3	2
Former Cr Ron Padgurskis	3	3	3	3
Former Cr John Parsons	3	3	3	2
Cr Basil Parker	12	12	6	6
Cr Steve McMullen	12	12	6	6
Cr Shelley Payne	12	12	6	4
Cr Dale Piercey	12	11	6	5
Cr Ian Mickel	9	9	3	3
Cr Ron Chambers	9	9	3	3
Cr Jennifer Obourne	9	9	3	3
Cr Jo-Anne O'Donnell	9	9	3	3
Cr Wes Graham	9	9	3	3

## Elections

The 2019 Local Government Election was highly contested with five elected member positions available. Shire staff were involved in the election in a subsidiary role, supporting the Returning Officer appointed by the WA Electoral Commission.

We welcomed Councillors Wes Graham and Ian Mickel representing the Rural Ward and Councillors Jo-Anne O'Donnell, Jennifer Obourne and Ron Chambers representing the Town Ward.

Councillors Ron Padgurskis, John Parsons, Lara McIntyre, Victoria Brown and Natalie Bowman were not returned to Council.

The Shire remains apolitical during elections, however actively promotes and encourages community members to be involved and vote for their preferred elected representatives. Our community benefits from having a range of Councillors with differing views, ensuring the broader community is represented when making decisions.

Elections for Council leadership roles were held on the following Monday with Ian Mickel being elected as Shire President and Basil Parker being elected as Deputy Shire President.

Ward	Available Positions	Number of Candidates	Voter Turnout
Rural Ward	2	4	58.31%
Town Ward	3	10	44.96%



239 COUNCIL RESOLUTIONS  
189 COMPLETED

## Annual Electors meeting

Our Annual Electors meeting was attended by 50 people this year and gave electors an opportunity to question the Annual Report 2018/2019, query general business and to raise motions to Council for discussion at subsequent meetings. Two motions were raised on the night, both of which were carried:

Motion 1: That the Shire of Esperance explores the forming of a Streetscape Committee.

Motion 2: That the Esperance Shire abandons Lot 12 Kirwan Road and pursues a replacement landfill site on land more accommodating for this type of land use.

## Council Policies

Our policies are in place to guide us in the efficient management of resources, and effective procedures for our daily operations and decision making. Our policies are reviewed regularly to ensure they remain current and relevant to our needs and the expectations of our community.

This year the following six policies were endorsed by Council;

- COR 017: Dealing with Difficult Customers
- COR 018: Asset Disposal
- COR 019: COVID-19 Financial Hardship
- COR 020: Regional Price Preference
- EXT 031: Shark Hazard Response
- EXT 032: Seasonal Indoor Sports Stadium Fees

The following policies were rescinded;

- EXT 002: 2, 4-D High Volatile Ester Use
- EXT 008: Kerb and Footpath Bonds
- EXT 023: Sanitation and Recycling
- EXT 025: Esperance Seafront Caravan Park Pricing

# Community Leadership

## L2 Provide responsible resource and planning management for now and the future

### Corporate Business Plan

The Corporate Business Plan was reviewed later than normal this year to ensure it was consistent with the reviewed Strategic Community Plan.

Our Corporate Business Plan outlines how we will deliver services and facilities that meet the goals outlined in the Strategic Community Plan and includes our priorities and projects.

### Information Services

Our Records area have undergone renovations to increase their storage capacity due to the closure of our offsite record facility. This has also allowed our Records team to do a thorough audit of the records prior to moving to the new compactus. The redeployment of Bay of Isles Leisure Centre staff due to COVID-19 assisted our Records team with this project.

An upgrade to our Authority system went relatively smoothly after almost a year of testing, with only a few minor report and menu issues.

COVID-19 caused a massive hit to planned projects with social distancing requirements forcing our staff to work from home or not in their normal place of work. Our IT team arranged to get everyone set up for working from home or at alternate workstations in an extremely short timeframe and have since made several improvements to IT Systems which has made work from home an easy process.

## Our Workforce

The Shire of Esperance currently employs approximately 295 staff with an approximate full time equivalent (FTE) of 220. The ability of the Shire to deliver quality services is dependent on its staff.

Attracting and retaining the right staff is an important issue that continues to face our Shire. During this year, we undertook 52 recruitment processes. For this period, the turnover rate for permanent employees was 15%, which was slightly higher than last year. To assist with attraction and retention of staff, we offer a number of strategies including flexible work arrangements where practicable, health and wellbeing opportunities as well as training and development.

In February 2020 our Insurer conducted a Safety Audit with work subsequently being undertaken to address areas identified in the Audit as requiring improvement. We have continued developing an organisational culture that places a high level of importance on safety, values and attitudes.

The majority of our staff are employed under the Shire of Esperance Enterprise Agreement. Negotiation of the new Agreement was finalised in August 2019 with the Fair Work Commission approving the Agreement with an effective operational date of 15 October 2019. In April 2020, due to unprecedented circumstances that resulted from COVID-19, we sought endorsement from staff, and subsequent approval from the Fair Work Commission, to vary the Agreement and remove the scheduled increase for the second year of the Agreement, meaning that salaries would not increase by the scheduled 2% in the 2020/21 financial year. All staff employed on Contracts were also requested to have a zero increase for this same period.

During the pandemic, a number of staff were required to work from home, work from other worksites or were redeployed to carry out alternative work. In situations where the work site was closed due to COVID-19 restrictions, every effort was made to ensure that all permanent staff were offered alternative work.



295  
EMPLOYEES

 220  
FULL TIME  
EQUIVALENT

76 CASUAL  
STAFF

66 PART TIME  
STAFF

153 FULL TIME STAFF

# Community Leadership

## L3 Proactively lead the community through innovation and change

### New Era for Meetings

This year we were challenged to adapt our meeting practices to comply with COVID-19 restrictions as we were no longer able to meet face to face for discussions. This resulted in the use of Zoom software to meet our requirements for Council, stakeholder and staff meetings.

This technology was well embraced by our staff and stakeholder groups in order to continue with our operations during the lockdown and has continued to be used since the restrictions eased.

### Public Online Maps

We have now made our mapping system available to the community online through our website.

The digital map has a number of layers, themes, views and modules that the community can activate to view different types of information, such as wards, elected members, planning and zoning information, and rubbish collection dates. You can also view aerial photography or explore local topographic information.

## L4 Encourage shared responsibility through an informed and inspired community

### Council Committees

We have a number of Council Committees, which are in place to provide guidance to Council on a wide variety of areas within the community. Our Council Committees were reviewed following the local government election in October 2019 with the following Committees being endorsed;

- Audit Committee
- Bush Fire Advisory Committee
- Museum Management Reference Group
- Twin Towns Committee
- Esperance RoadWise Committee
- Greater Sports Ground Redevelopment Advisory Committee
- Scaddan Restoration Reference Group
- Esperance Visitor Centre Management Committee
- Youth Advisory Council
- New Landfill Community Reference Group
- Reconciliation Action Plan Working Group
- Local Recovery Committee
- Economic Sub Committee
- Community Support Sub Committee
- Streetscape Advisory Committee

### Reconciliation Action Plan

Our first Reconciliation Action Plan (RAP) was endorsed this year and the Reconciliation Action Plan Working Group was created to assist us to meet the deliverables of this Plan. The RAP aims to assist us to develop relationships with Aboriginal and Torres Strait Islander stakeholders in order to actively work toward building a more inclusive and culturally understanding community.

### Strategic Community Plan

The Shire of Esperance Strategic Community Plan identifies our community's vision, aspirations and priorities for the future.

This year we have undertaken a minor review of our Strategic Community Plan which was endorsed by Council in May 2020. The review has streamlined the Plan to better address the aspirations and goals of the community, while also ensuring that the Plan is still relevant to the needs of the community.

**L5 Actively engage and communicate with the community to ensure informed decision-making**

## Marketing and Communications

Following a restructure, our Marketing and Communications Team have audited their work area and focussed on improving our social media processes to create more consistency across our platforms.

During COVID-19 our social media channels and website were heavily used as a trusted source of information by the community. Our Communications Team worked tirelessly to ensure that the most current data was made available in a timely manner across all platforms.

With the Esperance Express pausing production indefinitely, our Communications

Team has had to be more creative and look for innovative methods around communicating to community members who are not online, particularly those who may be older and more vulnerable.

The acquisition of a visual messaging display board mounted on a trailer has been a useful tool. Easily understood signage has been digitally created and displayed at various locations around the town to convey important messages to our community.

With the implementation of our DIY newsroom we have been able to better control our messages as we are not relying as heavily on outside media organisations to get our messages out to the community. This has been instrumental in shifting from a reactive to more pro-active communications stance.



56 MEDIA RELEASES



195 MEDIA ENQUIRES



FACEBOOK

7,822  FOLLOWERS

1,185 POSTS CREATED



INSTAGRAM

1765  FOLLOWERS

475 POSTS CREATED



TWITTER

725  FOLLOWERS

456 POSTS CREATED

# Statutory Requirements

## Summary of Financial Performance

Financial Ratios	Bench Mark	Actual 2019/20	Actual 2018/19	Actual 2017/18	Actual 2016/17
Current Ratio	1	1.51	1.79	2.66	1.84
Asset Sustainability Ratio	0.9	0.89	0.79	0.81	0.87
Debt Service Cover Ratio	2	41.60	65.55	26.62	37.78
Operating Surplus Ratio	0.01	(0.14)	(0.05)	(0.01)	0.03
Own Source Revenue Coverage Ratio	0.4	0.68	0.72	0.76	0.70
Asset Consumption Ratio	0.5	0.54	0.54	0.56	0.77
Asset Renewal Funding Ratio	0.75	1.03	1.07	1.00	1.05

The Financial Performance Measures are stated in the Annual Financial Report together with comparative figures from the previous years. Brackets indicate negative numbers.

### Current Ratio (Working Capital)

This is a comparison of the Shire's current assets to its current liabilities and gives an indication of the Shire's ability to meet its short term financial obligations. A figure of greater than one is desirable, and is indicative of a good short term financial position.

### Asset Sustainability Ratio

This ratio indicates whether the Shire is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out. This ratio needs to be at least 0.9 and ideally over 1.

### Debt Service Cover Ratio

This ratio measures the ability of the Shire to pay its debts including lease payments. The higher the ratio, the easier it is for the Shire to obtain and repay debt.

### Operating Surplus Ratio

This ratio measures the Shire's ability to cover its operational costs and have revenues available for capital funding or other purposes. Ideally this ratio needs to be greater than 0.01.

### Own Source Revenue Coverage Ratio

This ratio is a measure of the Shire's ability to cover its costs through its own revenue. A ratio greater than 0.4 is ideal.

### Asset Consumption Ratio

This ratio compares the written down value of the Shire's depreciable assets to their replacement cost. The ratio highlights the aged condition of the Shire's stock of physical assets and the standard is met if greater than 0.5.

### Asset Renewal Funding Ratio

This ratio is used to measure the ability of the Shire to fund its projected asset renewal/replacement in future years. A ratio below .75 indicates the Shire is having difficulty in undertaking sustained capital improvement on assets sufficient to renew them.

## Employee Remuneration

Pursuant to Regulation 19B of the *Local Government (Administration) Regulation 1996*, Table 1 sets out, in bands of \$10,000, the number of Shire employees entitled to an annual salary of \$100,000 or more:

Table 1: Employee Remuneration

	2018/19	2019/20
\$100,000 - \$109,999	6	4
\$110,000 - \$119,999	5	7
\$120,000 - \$129,999	1	1
\$130,000 - \$139,999		
\$140,000 - \$149,999	1	1
\$150,000 - \$159,999		
\$160,000 - \$169,999		
\$170,000 - \$179,999	2	1
\$180,000 - \$189,999		1
\$190,000 - \$199,999		
\$200,000 - \$209,999		
\$210,000 - \$219,999		
\$220,000 - \$229,999		
\$230,000 - \$239,000		
\$240,000 - \$249,999	1	1

## Freedom of Information Requests

There were a total of four Freedom of Information applications processed by the Shire of Esperance in 2019/2020.

All four of these applications were for non-personal information. Of these:

- 1 was withdrawn by the applicant
- 2 were denied access
- 1 was subsequently provided full access to public documents

## State Records Act

The State Records Act 2000 requires the Shire to have an approved Recordkeeping Plan to detail the way the Shire keeps its records.

Following the expiry of the Shire's 2011 (RKP 2011035) Recordkeeping Plan, the Shire has developed an updated plan reflecting changes in Shire processes.

The updated plan was approved by the State Records Commission on 17 March 2017, having effect for five years until 17 March 2022. The Shire's record keeping systems are continuously reviewed and developed to improve efficiency, reliability and meet new requirements.

As part of the Staff Induction Program employees are informed of their record keeping obligations. Additional training sessions for the Shire's record keeping system are performed on a regular basis, complemented by recordkeeping work instructions and guidelines, in accordance with the course outline.

The effectiveness and efficiency of the recordkeeping program is reviewed regularly to ensure it meets the business needs and compliance for record keeping.

Elected Members receive training in their record keeping obligations and the associated process at the commencement of their term of office. Regular updates are provided to Elected Members through their normal communication channels.

## Complaints

Section 5.53(2)(hb) of the *Local Government Act 1995* requires the Annual Report to contain details of entries made under section 5.121 during the financial year in the Register of Complaints. There were no complaints made under this section in the 2019/2020 financial year.

# National Competition Policy

The Competition Principles Agreement is an Inter-government Agreement between the Commonwealth and State/Territory Governments. It sets out how governments will apply National Competition Policy principles to public sector organisations within their jurisdiction.

The State Government released a Policy Statement effective from July 1996, called the Clause 7 Statement, which forms part of the Competition Principles Agreement. The provisions of Clause 7 of the Competition Principles Agreement require local governments to report annually as to the implementation, application and effects of the Competition Policy.

The Competition Principles Agreement, under Clause 7, specifies three broad areas of reporting. These are:

1. Competitive Neutrality;
2. Structural Review of Public Monopolies; and
3. Legislative Review.

## Competitive Neutrality

The objective of competitive neutrality is the elimination of resource allocation distortions arising out of local government ownership of significant business activities.

The Shire of Esperance has previously assessed its operations and considers that it has one business activity that would be classed as significant under the current guidelines. The Shire of Esperance does not operate a business enterprise that has been classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or Public Financial Enterprise.

The number of activities to which competitive neutrality principles have been applied in the reporting period is zero (0).

The number of activities to which competitive neutrality principles have been considered but not applied in the reporting period is zero (0).

During the reporting period the Shire of Esperance did not become aware of any allegations of non-compliance with the competitive neutrality principles.

## Structural Review of Public Monopolies

In relation to structural review of public monopolies, the Shire of Esperance discloses the following:

- Structural reform principles have been applied to the following number of activities in the reporting period: Zero (0); and
- Structural reform principles have been considered but not applied to the following number of activities in the reporting period: Zero (0).

## Legislative Review

Parties to the National Competition Policy package agreed that legislation should not restrict competition unless:

- The benefits of the restriction to the community as a whole outweigh the costs; and
- The objectives of the legislation can only be achieved by restricting competition.

Accordingly, the Shire of Esperance is required to implement a systematic review of all of its existing legislation to determine whether there are any direct or indirect effects on competition.

The *Local Government Act 1995* requires all existing Local Laws to be reviewed every eight years. As part of this process the intention to review Local Laws is advertised in the media giving residents and rate payers the opportunity to comment on any proposed changes, additions or deletions to the Shire's Local Laws. During the 2019/2020 financial year there were no changes to the Shire's Local Laws.



# Annual Financial Report



# Shire of Esperance

## Annual Financial Report

### For the year ended 30th June 2020

---

#### TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Index of Notes to the Financial Report	9
Independent Auditor's Report	63

Principal place of business:

Administration Offices  
Windich Street  
Esperance WA 6450

**Shire of Esperance**  
**Annual Financial Report**  
For the year ended 30 June 2020

---

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Esperance for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the Shire of Esperance at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 10<sup>th</sup> day of December 2020

  
\_\_\_\_\_  
Shane Burge  
Chief Executive Officer

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Statement of Comprehensive Income by Nature and Type

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Rates	27(a)	21,429,840	21,343,597	20,697,721
Operating grants, subsidies and contributions	2(a)	10,770,619	7,853,178	10,957,057
Fees and charges	2(a)	8,506,057	8,719,973	9,872,602
Interest earnings	2(a)	694,019	992,873	1,065,179
Other revenue	2(a)	1,243,994	797,183	1,010,351
		<b>42,644,529</b>	<b>39,706,804</b>	<b>43,602,910</b>
<b>Expenses</b>				
Employee costs		(16,169,736)	(16,500,644)	(15,278,063)
Materials and contracts		(11,200,899)	(14,841,025)	(10,591,795)
Utility charges		(1,099,611)	(1,060,104)	(1,163,850)
Depreciation on non-current assets	11(b)	(16,439,464)	(16,175,460)	(16,202,277)
Interest expenses	2(b)	(96,792)	(96,887)	(98,578)
Insurance expenses		(666,214)	(724,447)	(988,354)
Other expenditure		(518,181)	(571,891)	(652,185)
		<b>(46,190,897)</b>	<b>(49,970,458)</b>	<b>(44,975,102)</b>
		<b>(3,546,368)</b>	<b>(10,263,654)</b>	<b>(1,372,192)</b>
Non-operating grants, subsidies and contributions	2(a)	8,195,029	12,868,597	8,772,890
Profit on asset disposals	11(a)	218,895	256,711	46,088
(Loss) on asset disposals	11(a)	(1,070,348)	(111,641)	(313,687)
Fair value adjustments to financial assets at fair value through profit or loss		0	0	122,620
		<b>7,343,576</b>	<b>13,013,667</b>	<b>8,627,911</b>
<b>Net result for the period</b>		<b>3,797,208</b>	<b>2,750,013</b>	<b>7,255,719</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	6,309,358	0	1,525,520
<b>Total other comprehensive income for the period</b>		<b>6,309,358</b>	<b>0</b>	<b>1,525,520</b>
<b>Total comprehensive income for the period</b>		<b>10,106,566</b>	<b>2,750,013</b>	<b>8,781,239</b>

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

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Statement of Comprehensive Income by Program

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Governance	2(a)	442,934	307,943	476,385
General purpose funding		27,755,186	24,825,895	27,017,964
Law, order, public safety		688,579	1,059,309	549,236
Health		60,020	59,500	63,664
Education and welfare		4,158,706	4,272,447	4,131,306
Community amenities		4,761,513	4,637,940	4,751,705
Recreation and culture		1,846,144	1,870,660	1,790,151
Transport		1,305,090	1,308,000	1,372,159
Economic services		1,150,434	902,700	2,869,620
Other property and services		475,923	462,410	580,720
		<b>42,644,529</b>	<b>39,706,804</b>	<b>43,602,910</b>
<b>Expenses</b>				
Governance	2(b)	(2,430,472)	(2,477,368)	(2,673,063)
General purpose funding		(374,581)	(453,344)	(524,360)
Law, order, public safety		(2,001,159)	(1,862,759)	(1,945,868)
Health		(398,486)	(423,176)	(406,132)
Education and welfare		(4,446,940)	(5,260,935)	(4,021,175)
Community amenities		(4,153,537)	(5,163,798)	(5,102,635)
Recreation and culture		(11,426,034)	(12,817,735)	(10,160,626)
Transport		(17,113,923)	(16,855,155)	(16,584,894)
Economic services		(3,170,450)	(3,686,876)	(2,854,295)
Other property and services		(578,523)	(872,425)	(603,476)
		<b>(46,094,105)</b>	<b>(49,873,571)</b>	<b>(44,876,524)</b>
<b>Finance Costs</b>				
Recreation and culture	2(b)	(51,696)	(52,160)	(51,606)
Other property and services		(44,718)	(44,727)	(46,972)
		<b>(96,792)</b>	<b>(96,887)</b>	<b>(98,578)</b>
		<b>(3,546,368)</b>	<b>(10,263,654)</b>	<b>(1,372,192)</b>
Non-operating grants, subsidies and contributions	2(a)	8,195,029	12,868,597	8,772,890
Profit on disposal of assets	11(a)	218,895	256,711	46,088
(Loss) on disposal of assets	11(a)	(1,070,348)	(111,641)	(313,687)
Fair value adjustments to financial assets at fair value through profit or loss		0	0	122,620
		<b>7,343,576</b>	<b>13,013,667</b>	<b>8,627,911</b>
<b>Net result for the period</b>		<b>3,797,208</b>	<b>2,750,013</b>	<b>7,255,719</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	6,309,358	0	1,525,520
<b>Total other comprehensive income for the period</b>		<b>6,309,358</b>	<b>0</b>	<b>1,525,520</b>
<b>Total comprehensive income for the period</b>		<b>10,106,566</b>	<b>2,750,013</b>	<b>8,781,239</b>

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

# Shire of Esperance Annual Financial Report

As at 30 June 2020

## Statement of Financial Position

	NOTE	2020 \$	2019 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	37,435,254	40,923,369
Trade and other receivables	6	1,908,403	1,127,063
Other financial assets	5(a)	286,950	150,459
Inventories	7	436,411	384,525
Contract assets	2(a)	787,570	1,562,464
Other assets	8	13,970	38,590
<b>TOTAL CURRENT ASSETS</b>		<b>40,868,558</b>	<b>44,186,470</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	6	94,782	113,396
Other financial assets	5(b)	1,316,576	979,580
Inventories	7	5,236,495	5,523,228
Property, plant and equipment	9	103,058,939	91,627,889
Infrastructure	10	406,070,173	402,511,372
Right of use assets	12(a)	72,067	0
<b>TOTAL NON-CURRENT ASSETS</b>		<b>515,849,032</b>	<b>500,755,465</b>
<b>TOTAL ASSETS</b>		<b>556,717,590</b>	<b>544,941,935</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	4,708,309	2,920,664
Contract liabilities	15	760,282	0
Lease liabilities	16(a)	27,377	0
Borrowings	17(a)	210,939	196,298
Employee related provisions	18	2,615,852	2,420,151
Other provisions	19	0	617,365
<b>TOTAL CURRENT LIABILITIES</b>		<b>8,322,759</b>	<b>6,154,478</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	16(a)	45,210	0
Borrowings	17(a)	1,972,288	1,683,227
Employee related provisions	18	351,530	369,268
Other provisions	19	5,307,889	5,307,889
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>7,676,917</b>	<b>7,360,384</b>
<b>TOTAL LIABILITIES</b>		<b>15,999,676</b>	<b>13,514,862</b>
<b>NET ASSETS</b>		<b>540,717,914</b>	<b>531,427,073</b>
<b>EQUITY</b>			
Retained surplus		302,362,354	292,858,451
Reserves - cash/financial asset backed	4	29,991,477	36,371,897
Revaluation surplus	13	208,364,083	202,196,725
<b>TOTAL EQUITY</b>		<b>540,717,914</b>	<b>531,427,073</b>

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

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Statement of Changes in Equity

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/FINANCIAL ASSET BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2018</b>		<b>293,097,474</b>	<b>28,877,155</b>	<b>200,671,205</b>	<b>522,645,834</b>
Comprehensive income					
Net result for the period		7,255,719	0	0	7,255,719
Other comprehensive income	13	0	0	1,525,520	1,525,520
Total comprehensive income		7,255,719	0	1,525,520	8,781,239
Transfers from reserves	4	5,786,111	(5,786,111)	0	0
Transfers to reserves	4	(13,280,853)	13,280,853	0	0
<b>Balance as at 30 June 2019</b>		<b>292,858,451</b>	<b>36,371,897</b>	<b>202,196,725</b>	<b>531,427,073</b>
Initial application of accounting standards	32(b)	(673,724)	0	0	(673,724)
Adjustment due to the change in regulations	32(a)	0	0	(142,000)	(142,000)
<b>Restated total equity at 1 July 2019</b>		<b>292,184,727</b>	<b>36,371,897</b>	<b>202,054,725</b>	<b>530,611,348</b>
Comprehensive income					
Net result for the period		3,797,208	0	0	3,797,208
Other comprehensive income	13	0	0	6,309,358	6,309,358
Total comprehensive income		3,797,208	0	6,309,358	10,106,566
Transfers from reserves	4	14,073,682	(14,073,682)	0	0
Transfers to reserves	4	(7,693,261)	7,693,261	0	0
<b>Balance as at 30 June 2020</b>		<b>302,362,354</b>	<b>29,991,477</b>	<b>208,364,083</b>	<b>540,717,914</b>

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

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Statement of Cash Flows

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		21,486,586	21,343,597	20,644,552
Operating grants, subsidies and contributions		9,352,015	9,753,178	10,282,852
Fees and charges		8,506,057	8,719,973	9,872,602
Interest received		694,019	992,873	1,065,179
Goods and services tax received		896,891	0	1,229,221
Other revenue		1,243,994	797,183	1,010,351
		42,179,562	41,606,804	44,104,757
<b>Payments</b>				
Employee costs		(15,860,877)	(15,571,090)	(15,036,758)
Materials and contracts		(6,140,776)	(15,972,525)	(6,938,599)
Utility charges		(1,099,611)	(1,060,104)	(1,163,850)
Interest expenses		(96,792)	(91,887)	(98,578)
Insurance paid		(666,214)	(724,447)	(988,354)
Goods and services tax paid		(3,499,013)	(223,282)	(2,691,275)
Other expenditure		(518,181)	(571,891)	(652,185)
		(27,881,464)	(34,215,226)	(27,569,599)
<b>Net cash provided by (used in) operating activities</b>	20	14,298,098	7,391,578	16,535,158
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for financial assets at amortised cost - self supporting loans		(500,000)	0	(260,000)
Payments for purchase of property, plant & equipment	9(a)	(10,555,386)	(14,938,230)	(4,155,997)
Payments for construction of infrastructure	10(a)	(16,465,390)	(24,665,626)	(13,830,089)
Non-operating grants, subsidies and contributions	2(a)	8,195,029	12,868,597	8,772,890
Proceeds from financial assets at amortised cost - operating lease straightlined		(123,946)	0	0
Proceeds from financial assets at amortised cost - self supporting loans		150,459	150,460	83,125
Proceeds from sale of property, plant & equipment	11(a)	1,250,241	727,743	839,142
<b>Net cash provided by (used in) investment activities</b>		(18,048,993)	(25,857,056)	(8,550,929)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	17(b)	(196,299)	(196,299)	(126,961)
Payments for principal portion of lease liabilities	16(b)	(40,920)	0	0
Proceeds from new borrowings	17(b)	500,000	0	260,000
<b>Net cash provided by (used in) financing activities</b>		262,781	(196,299)	133,039
<b>Net increase (decrease) in cash held</b>		(3,488,115)	(18,661,777)	8,117,268
Cash at beginning of year		40,923,369	40,526,126	32,806,101
<b>Cash and cash equivalents at the end of the year</b>	20	37,435,254	21,864,349	40,923,369

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

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2020

## Rate Setting Statement

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>OPERATING ACTIVITIES</b>				
Net current assets at start of financial year - surplus/(deficit)	28 (b)	2,840,875	3,514,599	4,459,137
		2,840,875	3,514,599	4,459,137
<b>Revenue from operating activities (excluding rates)</b>				
Governance		447,579	349,460	599,005
General purpose funding		6,325,346	3,482,298	6,771,801
Law, order, public safety		690,034	1,069,309	551,276
Health		60,020	59,500	63,664
Education and welfare		4,158,706	4,272,447	4,131,829
Community amenities		4,761,513	4,639,940	4,759,169
Recreation and culture		1,846,144	1,874,171	1,790,151
Transport		1,305,273	1,332,683	1,396,658
Economic services		1,150,445	902,700	2,869,620
Other property and services		688,524	637,410	592,282
		21,433,584	18,619,918	23,525,455
<b>Expenditure from operating activities</b>				
Governance		(2,451,109)	(2,477,368)	(2,673,063)
General purpose funding		(374,581)	(453,344)	(524,360)
Law, order, public safety		(2,001,458)	(1,862,759)	(1,955,868)
Health		(398,486)	(423,176)	(406,132)
Education and welfare		(4,447,413)	(5,260,935)	(4,021,175)
Community amenities		(4,189,871)	(5,163,298)	(5,153,988)
Recreation and culture		(11,514,304)	(12,869,895)	(10,213,784)
Transport		(17,259,689)	(16,744,014)	(16,825,653)
Economic services		(3,828,668)	(3,686,876)	(2,854,295)
Other property and services		(795,666)	(917,152)	(660,471)
		(47,261,245)	(49,858,817)	(45,288,789)
Non-cash amounts excluded from operating activities	28(a)	16,890,417	16,020,107	16,033,707
<b>Amount attributable to operating activities</b>		(6,096,369)	(11,704,193)	(1,270,490)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	8,195,029	12,868,597	8,772,890
Proceeds from disposal of assets	11(a)	1,250,241	727,743	839,142
Proceeds from financial assets at amortised cost - self supporting loans		150,459	150,460	83,125
Proceeds from financial assets at amortised cost - operating lease straightlined		(123,946)	0	0
Payments for financial assets at amortised cost - self supporting loans		(500,000)	0	(260,000)
Purchase of property, plant and equipment	9(a)	(10,555,386)	(14,938,230)	(4,155,997)
Purchase and construction of infrastructure	10(a)	(16,465,390)	(24,665,626)	(13,830,089)
<b>Amount attributable to investing activities</b>		(18,048,993)	(25,857,056)	(8,550,929)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	17(b)	(196,299)	(196,299)	(126,961)
Proceeds from borrowings	17(c)	500,000	0	260,000
Payments for principal portion of lease liabilities	16(b)	(40,920)	0	0
Transfers to reserves (restricted assets)	4	(7,693,261)	(2,750,244)	(13,280,853)
Transfers from reserves (restricted assets)	4	14,073,682	19,164,195	5,786,111
<b>Amount attributable to financing activities</b>		6,643,202	16,217,652	(7,361,703)
<b>Surplus/(deficit) before imposition of general rates</b>		(17,502,160)	(21,343,597)	(17,183,122)
<b>Total amount raised from general rates</b>	27(a)	21,429,840	21,343,597	20,697,721
<b>Surplus/(deficit) after imposition of general rates</b>	28(b)	<b>3,927,680</b>	<b>0</b>	<b>3,514,599</b>

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

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2020



### Index of Notes

Note 1	Basis of Preparation	10
Note 2	Revenue and Expenses	11
Note 3	Cash and Cash Equivalents	14
Note 4	Reserves - Cash backed	15
Note 5	Other Financial Assets	17
Note 6	Trade and Other Receivables	18
Note 7	Inventories	19
Note 8	Other Assets	20
Note 9	Property, Plant and Equipment	21
Note 10	Infrastructure	23
Note 11	Fixed Assets	25
Note 12	Leases	28
Note 13	Revaluation Surplus	29
Note 14	Trade and Other Payables	30
Note 15	Contract Liabilities	31
Note 16	Lease Liabilities	32
Note 17	Information on Borrowings	33
Note 18	Employee Provisions	35
Note 19	Other Provisions	36
Note 20	Notes to the Statement of Cash Flows	37
Note 21	Total Assets Classified by Function and Activity	38
Note 22	Contingent Liabilities	39
Note 23	Related Party Transactions	40
Note 24	Joint Arrangements	42
Note 25	Major Land Transactions	43
Note 26	Trading Undertakings and Major Trading Undertakings	45
Note 27	Rating Information	46
Note 28	Rate Setting Statement Information	49
Note 29	Financial Risk Management	50
Note 30	Events Occurring After the End of the Reporting Period	53
Note 31	Initial Application of Australian Accounting Standards	54
Note 32	Change in Accounting Policies	57
Note 33	Trust Funds	58
Note 34	Other Significant Accounting Policies	59
Note 35	Activites/Programs	60
Note 36	Financial Ratios	62

### 1. BASIS OF PREPARATION

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

#### AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, *Financial Management Regulation 16* arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Shire. This was not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

From 1 July 2019, the Shire has applied AASB 16 *Leases* which requires leases to be included by lessees in the statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 in respect of the comparatives for the year ended 30 June 2019 remains.

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

#### NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

On 1 July 2020 the following new accounting standards are to be adopted:

- AASB 1059 *Service Concession Arrangements: Grantors*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*

AASB 1059 *Service Concession Arrangements: Grantors* is not expected to impact the financial report.

Specific impacts of AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*, have not been identified.

#### CRITICAL ACCOUNTING ESTIMATES

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

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

#### THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 33 to these financial statements.

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 2. REVENUE AND EXPENSES

#### (a) Grant revenue

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
<b>Operating grants, subsidies and contributions</b>			
Governance	217,130	73,580	242,600
General purpose funding	5,612,854	2,461,325	5,222,831
Law, order, public safety	432,201	985,059	290,313
Health	3,250	1,000	1,447
Education and welfare	3,248,538	3,427,334	3,239,164
Community amenities	106,544	68,940	91,042
Recreation and culture	530,258	256,950	254,653
Transport	15,617	1,000	(40,334)
Economic services	326,287	306,750	1,346,280
Other property and services	277,940	271,240	309,061
	10,770,619	7,853,178	10,957,057
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	819,947	967,536	59,449
Education and welfare	0	330,000	0
Recreation and culture	2,473,823	6,783,403	4,302,627
Transport	4,901,259	4,787,658	4,410,814
	8,195,029	12,868,597	8,772,890
<b>Total grants, subsidies and contributions</b>	18,965,648	20,721,775	19,729,947
<b>Fees and charges</b>			
Governance	7,099	9,000	10,536
Law, order, public safety	60,537	74,250	66,363
Health	56,096	58,500	62,218
Education and welfare	635,253	646,803	694,734
Community amenities	4,649,248	4,561,000	4,651,023
Recreation and culture	1,138,256	1,397,550	1,322,475
Transport	1,088,595	1,290,500	1,374,659
Economic services	811,587	585,700	1,509,666
Other property and services	59,386	96,670	180,928
	8,506,057	8,719,973	9,872,602

#### SIGNIFICANT ACCOUNTING POLICIES

##### Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

##### Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 2. REVENUE AND EXPENSES (Continued)

#### (a) Revenue (Continued)

	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Contracts with customers and transfers for recognisable non-financial assets</b>			
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:			
Non-operating grants, subsidies and contributions, operating grants, fees and charges and other revenue	8,195,029	12,868,597	8,772,890
Operating grants	10,770,619	7,853,178	10,957,057
Fees and charges	8,506,057	8,719,973	9,872,602
Other revenue	1,243,994	797,183	1,010,351
	<b>28,715,699</b>	<b>30,238,931</b>	<b>30,612,900</b>
<b>Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:</b>			
Trade and other receivables from contracts with customers	1,157,500	0	0
Contract assets	787,570	0	1,562,464
Contract liabilities from contracts with customers	(760,282)	0	0

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2020.

Assets associated with contracts with customers were not subject to an impairment charge.

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

Consideration from contracts with customers is included in the transaction price.

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 2. REVENUE AND EXPENSES (Continued)

#### (a) Revenue (Continued)

##### Revenue from statutory requirements

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

##### General rates

	20,984,027	21,006,739	20,246,163
	<u>20,984,027</u>	<u>21,006,739</u>	<u>20,246,163</u>

##### Other revenue

##### Reimbursements and recoveries

	1,243,994	797,183	1,010,351
	<u>1,243,994</u>	<u>797,183</u>	<u>1,010,351</u>

##### Interest earnings

##### Interest on reserve funds

	380,638	622,473	663,047
--	---------	---------	---------

##### Rates instalment and penalty interest

	139,242	155,000	159,167
--	---------	---------	---------

##### Other interest earnings

	174,139	215,400	242,965
--	---------	---------	---------

	<u>694,019</u>	<u>992,873</u>	<u>1,065,179</u>
--	----------------	----------------	------------------

#### SIGNIFICANT ACCOUNTING POLICIES

##### Interest earnings

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

##### Interest earnings (continued)

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

#### (b) Expenses

##### Auditors remuneration

- Audit of the Annual Financial Report
- Other services

	15,264	16,410	14,731
	5,843	11,590	2,400
	<u>21,107</u>	<u>28,000</u>	<u>17,131</u>

##### Interest expenses (finance costs)

##### Borrowings

	95,502	96,887	98,578
--	--------	--------	--------

	1,290	0	0
--	-------	---	---

	<u>96,792</u>	<u>96,887</u>	<u>98,578</u>
--	---------------	---------------	---------------

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
	15,264	16,410	14,731
	5,843	11,590	2,400
	<u>21,107</u>	<u>28,000</u>	<u>17,131</u>
17(b)	95,502	96,887	98,578
16(b)	1,290	0	0
	<u>96,792</u>	<u>96,887</u>	<u>98,578</u>

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

Notes to and forming part of  
the Financial Report

## 3. CASH AND CASH EQUIVALENTS

	NOTE	2020 \$	2019 \$
Cash at bank and on hand		37,435,254	40,923,369
<b>Total cash and cash equivalents</b>		<b>37,435,254</b>	<b>40,923,369</b>

### Restrictions

The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents		30,627,813	36,371,897
- Financial assets at amortised cost		123,946	0
		<b>30,751,759</b>	<b>36,371,897</b>

The restricted assets are a result of the following specific purposes to which the assets may be used:

Reserves - cash/financial asset backed	4	29,991,477	36,371,897
Contract liabilities from contracts with customers	15	760,282	0
<b>Total restricted assets</b>		<b>30,751,759</b>	<b>36,371,897</b>

### SIGNIFICANT ACCOUNTING POLICIES

#### Cash and cash equivalents

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

#### Restricted assets

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 4. RESERVES - CASH/FINANCIAL ASSET

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Employee Entitlements Long Service Leave Reserve	950,761	125,506	0	1,076,267	950,761	21,802	0	972,563	926,014	24,747	0	950,761
(b) Land Purchase & Development Reserve	834,323	525,565	(23,628)	1,336,260	834,323	369,132	(908,800)	294,655	802,005	36,614	(4,296)	834,323
(c) Eastern Suburbs Water Pipeline Reserve	184,427	2,549	0	186,976	184,427	4,229	0	188,656	179,627	4,800	0	184,427
(d) Jetty Reserve	1,846,920	165,525	(947,931)	1,064,514	1,846,920	182,552	(1,820,498)	208,974	1,904,174	191,046	(248,300)	1,846,920
(e) Aerodrome Reserve	6,930,593	356,448	(208,982)	7,078,059	6,930,593	441,139	(1,462,000)	5,909,732	6,216,101	802,964	(88,472)	6,930,593
(f) Off Street Parking Reserve	530,925	7,337	0	538,262	530,925	12,175	0	543,100	517,106	13,819	0	530,925
(g) Sanitation (Rubbish Removal) Reserve	5,490,322	1,579,520	(88,372)	6,981,470	5,490,322	1,351,255	(747,400)	6,094,177	4,434,511	1,623,570	(567,759)	5,490,322
(h) EHC Asset Replacement Reserve	834,567	161,726	(45,121)	951,172	834,567	19,138	(250,000)	603,705	741,917	120,562	(27,912)	834,567
(i) Esperance Home Care Fundraising Reserve	467,384	6,459	(18,593)	455,250	467,384	10,718	(20,000)	458,102	97,409	369,975	0	467,384
(j) Unspent Grant & Contributions Reserve	7,831,058	3,757,089	(7,831,058)	3,757,089	7,831,058	0	(7,831,058)	0	3,581,302	7,831,058	(3,581,302)	7,831,058
(k) Plant Replacement Reserve	746,452	10,316	(198,000)	558,768	746,452	17,117	(198,000)	565,569	966,028	132,328	(351,904)	746,452
(l) Building Maintenance Reserve	4,519,969	189,794	(1,401,959)	3,307,804	4,519,970	103,645	(2,562,674)	2,060,941	4,477,320	406,408	(363,759)	4,519,969
(m) Governance & Workers Compensation Reserve	104,494	118,168	0	222,662	104,494	82,397	(95,500)	91,391	222,973	181,521	(300,000)	104,494
(n) IT System & Process Development Reserve	114,918	1,588	0	116,506	114,918	2,635	(80,000)	37,553	296,047	7,912	(189,041)	114,918
(o) Esperance Home Care Annual Leave Reserve	231,910	21,321	0	253,231	231,910	5,318	0	237,228	182,651	49,259	0	231,910
(p) Esperance Home Care Long Service Leave Reserve	208,950	8,050	0	217,000	208,950	4,791	0	213,741	216,530	5,786	(13,366)	208,950
(q) Priority Projects Reserve	4,543,924	656,300	(3,310,038)	1,890,186	4,543,924	122,201	(3,188,265)	1,477,860	3,115,440	1,478,484	(50,000)	4,543,924
	36,371,897	7,693,261	(14,073,682)	29,991,477	36,371,898	2,750,244	(19,164,195)	19,957,947	28,877,155	13,280,853	(5,786,111)	36,371,897

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

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

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
(a) Employee Entitlements Long Service Leave Reserve	Ongoing	Established to fund a portion of future commitments for employee entitlements incurred as a result of employing staff and workers in relation to Long Service Leave. Home Care Long Service Leave Reserve specific to Esperance Home Care.
(b) Land Purchase & Development Reserve	Ongoing	Established to fund land improvement and sub-division development.
(c) Eastern Suburbs Water Pipeline Reserve	Ongoing	Established to provide funds to recycle waste water to recreation grounds. Funded by the proceeds from the sale of water to users.
(d) Jetty Reserve	Ongoing	Established to provide funds for maintenance and capital works of the main jetty at the Foreshore Headland. Funded from General Purpose income and donations.
(e) Aerodrome Reserve	Ongoing	Established to fund future development and upgrades of airport facility. Funded by the annual surplus derived from operation of the airport.
(f) Off Street Parking Reserve	Ongoing	Established to provide funds for the future development of central business car parking in order to make provisions for future business expansion of the CBD. Funded by General Purpose income and contributions.
(g) Sanitation (Rubbish Removal) Reserve	Ongoing	Established to fund the purchase of major sanitation equipment and for the future development of waste disposal facilities. Funded from the annual surplus derived from property rubbish disposal collection fees after expenses.
(h) EHC Asset Replacement Reserve	Ongoing	Established for the purpose of Esperance Home Care to hold annual depreciation reserved and surplus cash for the replacement of HACC and other externally funded assets in accordance with HACC guidelines.
(i) Esperance Home Care Fundraising Reserve	Ongoing	Established for the purpose of holding the net proceeds of volunteer fundraising activities relating to the operation of Esperance Home Care.
(j) Unspent Grant & Contributions Reserve	Ongoing	Established for the purpose of containing funds that are derived from unspent or prepaid grants and contributions from external parties.
(k) Plant Replacement Reserve	Ongoing	Established to minimise and if possible eliminate any need to rely upon loan finance or unreasonable rate increases to finance the acquisition of major plant items as per Council Policy. Funding is from the General Purpose income. Amounts allocated will be re-assessed annually in response to revisions of the five year plant replacement program and the associated forward cost estimates.
(l) Building Maintenance Reserve	Ongoing	Established to hold unexpended funds from the Building Maintenance Program for the use of building maintenance and refurbishment of Council buildings.
(m) Governance & Workers Compensation Reserve	Ongoing	Established for the purpose of future workers compensation insurance costs under the performance based contribution scheme; or cyclical gross rental valuation cost for rating purposes; or unforeseen legal costs.
(n) IT System & Process Development Reserve	Ongoing	Established to finance the acquisition and enhancement of information technology across the Shire. Ongoing appropriations from the Municipal Fund are provided as and when needed.
(o) Esperance Home Care Annual Leave Reserve	Ongoing	Established to fund future commitments for annual leave entitlements as a result of employing staff. Funded from external grant funding.
(p) Esperance Home Care Long Service Leave Reserve	Ongoing	Established to fund future commitments for long service leave entitlements as a result of employing staff. Funded from external grant funding.
(q) Priority Projects Reserve	Ongoing	Established to fund sufficient capacity to assist with the design, construction and operation of priority projects as determined by Council.

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 5. OTHER FINANCIAL ASSETS

	2020 \$	2019 \$
<b>(a) Current assets</b>		
Financial assets at amortised cost - self supporting loans	286,950	150,459
	<u>286,950</u>	<u>150,459</u>
<b>Other financial assets at amortised cost</b>		
Operating Lease Straightlined	123,946	0
Self supporting loans	163,004	150,459
	<u>286,950</u>	<u>150,459</u>
<b>(b) Non-current assets</b>		
Financial assets at amortised cost	1,193,956	856,960
Financial assets at fair value through profit and loss	122,620	122,620
	<u>1,316,576</u>	<u>979,580</u>
<b>Financial assets at amortised cost</b>		
Self supporting loans	1,193,956	856,960
	<u>1,193,956</u>	<u>856,960</u>
<b>Financial assets at fair value through profit and loss</b>		
Units in Local Government House Trust	122,620	122,620
	<u>122,620</u>	<u>122,620</u>

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 17(b) as self supporting loans.

#### SIGNIFICANT ACCOUNTING POLICIES

##### Other financial assets at amortised cost

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

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

##### Financial assets at fair value through profit and loss

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

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

##### Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 29.

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 6. TRADE AND OTHER RECEIVABLES

#### Current

Rates receivable  
Trade and other receivables  
GST receivable

#### Non-current

Pensioners rates and ESL deferred

	2020	2019
	\$	\$
	303,500	262,386
	1,157,500	519,237
	447,403	345,440
	<b>1,908,403</b>	<b>1,127,063</b>
	94,782	113,396
	<b>94,782</b>	<b>113,396</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Trade and other receivables

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

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

##### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 29.

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Classification and subsequent measurement

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

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

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

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 7. INVENTORIES

#### Current

Fuel and materials	50,597	45,560
Roadmaking materials	112,614	78,859
Various goods held for resale	97,143	84,049
Land held for resale - Flinders Estate		
Cost of acquisition	176,057	176,057
	436,411	384,525

#### Non-current

Land held for resale - Flinders Estate		
Cost of acquisition	2,852,758	3,139,490
Land held for resale - Shark Lake Industrial Park	2,383,737	2,383,738
	5,236,495	5,523,228

The following movements in inventories occurred during the year:

#### Carrying amount at beginning of period

Inventories expensed during the year	1,479,895	1,729,325
Additions to inventory	(1,714,742)	(1,711,059)
<b>Carrying amount at end of period</b>	<b>5,672,906</b>	<b>5,907,753</b>

### SIGNIFICANT ACCOUNTING POLICIES

#### General

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

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

#### Land held for resale

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

#### Land held for resale (Continued)

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

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

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

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 8. OTHER ASSETS

Interest Receivable  
Infringements

	2020	2019
	\$	\$
Interest Receivable	8,589	30,590
Infringements	5,381	8,000
	13,970	38,590

#### SIGNIFICANT ACCOUNTING POLICIES

##### Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 9. PROPERTY, PLANT AND EQUIPMENT

#### (a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Motor vehicles - non specialised	Motor vehicles - specialised	Road making plant - major	Road making plant - minor	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	26,125,967	142,000	26,267,967	49,032,214	49,032,214	75,300,181	432,104	5,111,420	1,964,159	512,740	7,676,871	124,188	91,121,663
Additions	4,296	0	4,296	1,622,042	1,622,042	1,626,338	56,487	47,124	619,362	0	1,706,204	100,482	4,155,997
(Disposals)	0	0	0	0	0	0	0	(17,960)	(270,405)	0	(811,259)	(7,117)	(1,106,741)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	4,021	562,578	204,754	85,180	631,881	37,105	1,525,519
Depreciation (expense)	0	0	0	(2,025,753)	(2,025,753)	(2,025,753)	(85,955)	(437,703)	(430,221)	(77,180)	(983,864)	(27,873)	(4,068,549)
<b>Carrying amount at 30 June 2019</b>	26,130,263	142,000	26,272,263	48,628,503	48,628,503	74,900,766	406,657	5,265,459	2,087,649	520,740	8,219,833	226,785	91,627,889
<b>Comprises:</b>													
Gross carrying amount at 30 June 2019	26,130,263	142,000	26,272,263	103,693,054	103,693,054	129,965,317	1,024,307	9,022,627	2,777,349	1,940,000	10,975,693	535,482	156,240,775
Accumulated depreciation at 30 June 2019	0	0	0	(55,064,551)	(55,064,551)	(55,064,551)	(617,650)	(3,757,168)	(689,700)	(1,419,260)	(2,755,860)	(308,697)	(64,612,886)
<b>Carrying amount at 30 June 2019</b>	26,130,263	142,000	26,272,263	48,628,503	48,628,503	74,900,766	406,657	5,265,459	2,087,649	520,740	8,219,833	226,785	91,627,889
Adjustment due to the change in regulations	0	(142,000)	(142,000)	0	0	(142,000)	0	0	0	0	0	0	(142,000)
<b>Adjusted carrying amount at 1 July 2019</b>	26,130,263	0	26,130,263	48,628,503	48,628,503	74,758,766	406,657	5,265,459	2,087,649	520,740	8,219,833	226,785	91,485,889
Additions	8,926	0	8,926	7,597,615	7,597,615	7,606,541	304,915	232,687	395,763	0	1,846,193	169,287	10,555,386
(Disposals)	(17,942)	0	(17,942)	(725,360)	(725,360)	(743,302)	0	(1,174)	(115,037)	0	(240,828)	(5,695)	(1,106,036)
Revaluation increments / (decrements) transferred to revaluation surplus	1,555,253	0	1,555,253	4,754,105	4,754,105	6,309,358	0	0	0	0	0	0	6,309,358
Depreciation (expense)	0	0	0	(2,057,025)	(2,057,025)	(2,057,025)	(65,445)	(389,577)	(472,838)	(60,999)	(1,117,779)	(21,995)	(4,185,658)
<b>Carrying amount at 30 June 2020</b>	27,676,500	0	27,676,500	58,197,838	58,197,838	85,874,338	646,127	5,107,395	1,895,537	459,741	8,707,419	368,382	103,058,939
<b>Comprises:</b>													
Gross carrying amount at 30 June 2020	27,676,500	0	27,676,500	110,554,998	110,554,998	138,231,498	1,329,222	9,243,314	2,949,412	1,940,000	12,283,885	670,270	166,647,601
Accumulated depreciation at 30 June 2020	0	0	0	(52,357,160)	(52,357,160)	(52,357,160)	(683,095)	(4,135,919)	(1,053,875)	(1,480,259)	(3,576,466)	(301,888)	(63,588,662)
<b>Carrying amount at 30 June 2020</b>	27,676,500	0	27,676,500	58,197,838	58,197,838	85,874,338	646,127	5,107,395	1,895,537	459,741	8,707,419	368,382	103,058,939

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 9. PROPERTY, PLANT AND EQUIPMENT (Continued)

#### (b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent Valuation	June 2020	Price per hectare / market borrowing rate
Land - vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent Valuation	June 2020	Improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3)
Buildings - non-specialised	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2020	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Buildings	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2020	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs

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

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

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy.

Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

Notes to and forming part of the Financial Report

## 10. INFRASTRUCTURE

### (a) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks and ovals	Infrastructure - Other infrastructure	Infrastructure - Culverts and pipes	Infrastructure - Esperance airport	Works in Progress	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	334,229,613	12,333,305	18,146,898	9,753,487	12,992,968	8,538,762	4,819,978	0	400,815,011
Additions	11,462,009	895,529	126,696	232,766	1,113,089	0	0	0	13,830,089
Depreciation (expense)	(9,423,302)	(541,885)	(199,061)	(883,706)	(756,000)	(118,742)	(211,032)	0	(12,133,728)
<b>Carrying amount at 30 June 2019</b>	336,268,320	12,686,949	18,074,533	9,102,547	13,350,057	8,420,020	4,608,946	0	402,511,372
<b>Comprises:</b>									
Gross carrying amount at 30 June 2019	432,239,537	18,701,022	22,761,139	15,474,539	38,489,461	11,874,176	7,806,872	0	547,346,746
Accumulated depreciation at 30 June 2019	(95,971,217)	(6,014,073)	(4,686,606)	(6,371,992)	(25,139,404)	(3,454,156)	(3,197,926)	0	(144,835,374)
<b>Carrying amount at 30 June 2019</b>	336,268,320	12,686,949	18,074,533	9,102,547	13,350,057	8,420,020	4,608,946	0	402,511,372
Additions	10,840,372	897,830	709,295	610,031	1,511,556	0	0	1,896,306	16,465,390
(Disposals)	0	0	0	0	(694,224)	0	0	0	(694,224)
Depreciation (expense)	(9,535,596)	(557,423)	(198,111)	(857,284)	(734,177)	(118,742)	(211,032)	0	(12,212,365)
<b>Carrying amount at 30 June 2020</b>	337,573,096	13,027,356	18,585,717	8,855,294	13,433,212	8,301,278	4,397,914	1,896,306	406,070,173
<b>Comprises:</b>									
Gross carrying amount at 30 June 2020	443,079,908	19,598,852	23,470,434	16,084,570	38,099,957	11,874,176	7,806,872	1,896,306	561,911,075
Accumulated depreciation at 30 June 2020	(105,506,812)	(6,571,496)	(4,884,717)	(7,229,276)	(24,666,745)	(3,572,898)	(3,408,958)	0	(155,840,902)
<b>Carrying amount at 30 June 2020</b>	337,573,096	13,027,356	18,585,717	8,855,294	13,433,212	8,301,278	4,397,914	1,896,306	406,070,173

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 10. INFRASTRUCTURE (Continued)

#### (b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Parks and ovals	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Other infrastructure	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Culverts and pipes	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Infrastructure - Esperance airport	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs

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

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

## 11. FIXED ASSETS

### SIGNIFICANT ACCOUNTING POLICIES

#### Fixed assets

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

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

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

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 zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

#### Revaluation

The fair value of land, buildings and infrastructure is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

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

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### Land under control prior to 1 July 2019

In accordance with the then *Local Government (Financial Management) Regulation 16(a)(ii)* the Shire was previously required to include as an asset (by 30 June 2013), vested Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or regional significance.

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

#### Land under roads prior to 1 July 2019

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

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

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

Whilst such treatment is inconsistent with the requirements of *AASB 1051, Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail. Consequently, any land under roads acquired on or after 1 July 2008 was not included as an asset of the Shire.

#### Land under roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, are treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

#### Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the Shire to measure the vested improvements as part of the related right-of-use assets at zero cost.

The Shire has no vested improvements recognised.

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

Notes to and forming part of the Financial Report

## 11. FIXED ASSETS

### (a) Disposals of Assets

	2020	2020	2020	2020	2020	2020	2020	2019	2019	2019	2019	
	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	319,376	514,035	212,601	(17,942)	175,000	350,000	175,000	0	0	0	0	0
Buildings	725,360	463,992	11	(261,379)	0	0	0	0	0	0	0	0
Plant and equipment	1,174	0	0	(1,174)	407,673	377,743	81,711	(111,641)	17,960	20,000	2,040	0
Motor vehicles - non specialised	115,037	107,273	6,100	(13,864)	0	0	0	0	270,405	255,660	20,836	(35,581)
Road making plant - major	240,828	127,388	0	(113,440)	0	0	0	0	811,259	560,471	23,212	(274,000)
Road making plant - minor	5,695	1,546	183	(4,332)	0	0	0	0	7,117	3,011	0	(4,106)
Infrastructure - Other infrastructure	694,224	36,007	0	(658,217)	0	0	0	0	0	0	0	0
	2,101,694	1,250,241	218,895	(1,070,348)	582,673	727,743	256,711	(111,641)	1,106,741	839,142	46,088	(313,687)

The following assets were disposed of during the year.

	2020	2020	2020	2020
	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss
	\$	\$	\$	\$
<b>Plant and Equipment</b>				
<b>Governance</b>				
Toyota prado	33,537	38,182	4,645	0
Mitsubishi pajero	26,000	22,727	0	(3,273)
Mitsubishi triton	14,000	13,636	0	(364)
<b>Law, order, public safety</b>				
Isuzu dmax	14,000	15,455	1,455	0
<b>Education and welfare</b>				
Home Care trailer	473	0	0	(473)
<b>Recreation and culture</b>				
Trailer	300	0	0	(300)
Seeding unit	401	0	0	(401)
<b>Transport</b>				
Line laser marker	818	1,001	183	0
Water tank trailer	2,999	0	0	(2,999)
Rota slasher	1,878	545	0	(1,333)
Rockbuster - major	20,744	16,182	0	(4,562)
Toyota hilux	27,500	17,273	0	(10,227)
New holland tractor - major	15,000	10,918	0	(4,082)
Vibrating road roller - major	19,846	12,152	0	(7,694)
Backhoe loader - major	64,853	44,040	0	(20,813)
Skid steer loader - major	44,586	13,651	0	(30,935)
Vibratory road roller - major	75,799	30,445	0	(45,354)
	362,734	236,207	6,283	(132,810)
<b>Land</b>				
<b>Governance</b>				
Lot 11 Coolgardie-Esperance Hwy	17,000	0	0	(17,000)
Lot 500 Chartwell Lane	942	0	0	(942)
<b>Other property and services</b>				
Flinders lots	301,434	514,035	212,601	0
	319,376	514,035	212,601	(17,942)
<b>Buildings</b>				
<b>Recreation &amp; culture</b>				
Thomas River toilets	22,068	0	0	(22,068)
Thomas River toilet block	14,187	0	0	(14,187)
Blacksmith Shop - Period Village	35,874	0	0	(35,874)
<b>Transport</b>				
Airport terminal upgrade	16,825	0	0	(16,825)
<b>Economic services</b>				
Caravan park kiosk/office	26,711	26,722	11	0
Caravan park - campers kitchen	26,921	26,921	0	0
Caravan park - ablution blocks	253,000	253,000	0	0
Caravan park - caretakers house	38,278	38,278	0	0
Caravan park - site 45 structure	4,405	4,405	0	0
Caravan park - ensuite cabins	114,666	114,666	0	0
<b>Other property and services</b>				
Depot storeroom	1,510	0	0	(1,510)
Depot machinery shed	16,705	0	0	(16,705)
Depot maintenance records shed	5,789	0	0	(5,789)
Depot store & amenities block	148,421	0	0	(148,421)
	725,360	463,992	11	(261,379)
<b>Infrastructure</b>				
<b>Economic services</b>				
Caravan Park infrastructure	694,224	36,007	0	(658,217)
	694,224	36,007	0	(658,217)
	2,101,694	1,250,241	218,895	(1,070,348)

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 11. FIXED ASSETS

#### (b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings	2,057,025	2,024,140	2,025,753
Furniture and equipment	65,445	88,096	85,955
Plant and equipment	389,577	432,119	437,703
Motor vehicles - non specialised	472,838	449,354	430,221
Motor vehicles - specialised	60,999	60,999	77,180
Road making plant - major	1,117,779	972,610	983,864
Road making plant - minor	21,995	21,313	27,873
Infrastructure - Roads	9,535,596	9,423,302	9,423,302
Infrastructure - Footpaths	557,423	541,885	541,885
Infrastructure - Drainage	198,111	199,061	199,061
Infrastructure - Parks and ovals	857,284	883,706	883,706
Infrastructure - Other infrastructure	734,177	749,101	756,000
Infrastructure - Culverts and pipes	118,742	118,742	118,742
Infrastructure - Esperance airport	211,032	211,032	211,032
Right of use assets - plant and equipment	41,441	0	0
Right of use assets - land	0	0	0
	16,439,464	16,175,460	16,202,277

#### SIGNIFICANT ACCOUNTING POLICIES

##### Depreciation

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

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

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

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

##### Depreciation rates

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

Asset Class	Useful life
Buildings	30 to 75 years
Furniture and equipment	5 to 20 years
Plant and equipment	3 to 15 years
Motor Vehicles	5 to 8 years
Road Making Plant	5 to 10 years
Infrastructure - Roads	15 to 60 years
Infrastructure - Footpaths	30 to 60 years
Infrastructure - Drainage	30 to 100 years
Infrastructure - Park and Ovals	10 to 30 years
Infrastructure - Other	10 to 50 years
Infrastructure - Culverts and Pipes	30 to 100 years
Infrastructure - Esperance Airport	10 to 50 years
Right of use (land)	Based on the remaining lease
Right of use (plant and equipment)	Based on the remaining lease

##### Depreciation on revaluation

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

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

##### Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 12. LEASES

#### (a) Right of Use Assets

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

	Right of use assets - plant and equipment \$	Right of use assets - land \$	Right of use assets Total
<b>Carrying amount at 30 June 2019</b>	0	0	0
Recognised on initial application of AASB 16	113,508	0	113,508
Depreciation (expense)	(41,441)	0	(41,441)
<b>Carrying amount at 30 June 2020</b>	<b>72,067</b>	<b>0</b>	<b>72,067</b>
<b>(b) Cash outflow from leases</b>			
Interest expense on lease liabilities	(1,290)	0	(1,290)
Lease principal expense	(40,920)	0	(40,920)
<b>Total cash outflow from leases</b>	<b>(42,210)</b>	<b>0</b>	<b>(42,210)</b>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Leases

At inception of a contract, the Shire assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right of use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Shire uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Leases for right-of-use assets are secured over the asset being leased.

##### Right-of-use assets - valuation

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

##### Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Shire anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 13. REVALUATION SURPLUS

	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land & Buildings	31,397,966	(142,000)	6,309,358	0	6,309,358	37,565,324	31,397,966	0	0	0	31,397,966
Revaluation surplus - Furniture and equipment	120,357	0	0	0	0	120,357	116,336	4,021	0	4,021	120,357
Revaluation surplus - Plant and equipment	1,281,689	0	0	0	0	1,281,689	719,111	562,578	0	562,578	1,281,689
Revaluation surplus - Motor vehicles - non specialised	921,059	0	0	0	0	921,059	716,305	204,754	0	204,754	921,059
Revaluation surplus - Motor vehicles - specialised	(134,611)	0	0	0	0	(134,611)	(219,791)	85,180	0	85,180	(134,611)
Revaluation surplus - Road making plant - major	631,881	0	0	0	0	631,881	0	631,881	0	631,881	631,881
Revaluation surplus - Road making plant - minor	37,105	0	0	0	0	37,105	0	37,105	0	37,105	37,105
Revaluation surplus - Infrastructure - Roads	134,584,177	0	0	0	0	134,584,177	134,584,177	0	0	0	134,584,177
Revaluation surplus - Infrastructure - Footpaths	6,199,980	0	0	0	0	6,199,980	6,199,980	0	0	0	6,199,980
Revaluation surplus - Infrastructure - Drainage	12,506,440	0	0	0	0	12,506,440	12,506,440	0	0	0	12,506,440
Revaluation surplus - Infrastructure - Parks and ovals	3,418,190	0	0	0	0	3,418,190	3,418,190	0	0	0	3,418,190
Revaluation surplus - Infrastructure - Other infrastructure	1,365,420	0	0	0	0	1,365,420	1,365,420	0	0	0	1,365,420
Revaluation surplus - Infrastructure - Culverts and pipes	8,613,107	0	0	0	0	8,613,107	8,613,107	0	0	0	8,613,107
Revaluation surplus - Infrastructure - Esperance airport	1,253,965	0	0	0	0	1,253,965	1,253,965	0	0	0	1,253,965
	202,196,725	(142,000)	6,309,358	0	6,309,358	208,364,083	200,671,206	1,525,520	0	1,525,520	202,196,725

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 14. TRADE AND OTHER PAYABLES

#### Current

Sundry creditors
Prepaid rates
Accrued salaries and wages
Bonds and deposits held
Accrued interest on long term borrowings

2020	2019
\$	\$
3,734,574	2,388,246
211,201	0
255,885	124,989
497,298	397,243
9,351	10,186
4,708,309	2,920,664

#### SIGNIFICANT ACCOUNTING POLICIES

##### Trade and other payables

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

The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

##### Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 15. CONTRACT LIABILITIES

#### Current

Contract liabilities from contracts with customers

	2020	2019
	\$	\$
	760,282	0
	<u>760,282</u>	<u>0</u>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Contract Liabilities

Contract liabilities represent the the Shire's obligation to transfer goods or services to a customer for which the Shire has received consideration from the customer.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

Notes to and forming part of the Financial Report

## 16. LEASE LIABILITIES

### (a) Lease Liabilities

	2020	2019
	\$	\$
Current	27,377	0
Non-current	45,210	0
	<u>72,587</u>	<u>0</u>

### (b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual	30 June 2020	30 June 2020	30 June 2020	Budget	30 June 2020	30 June 2020	30 June 2020
					Lease Principal 1 July 2019	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	Lease Principal 1 July 2019	Budget Lease Principal Repayments	Budget Lease Principal Outstanding	Budget Lease Interest Repayments
					\$	\$	\$	\$	\$	\$	\$	\$
<b>Law, order, public safety</b>												
Motor vehicle		Toyota Fleet	1.40%	36 months	26,695	10,568	16,127	299	0	0	0	0
<b>Community amenities</b>												
Baler		Remondis	1.40%	36 months	13,921	13,921	0	79	0	0	0	0
<b>Recreation and culture</b>												
Gym Equipment		Maia Financial	1.40%	60 months	72,891	16,431	56,460	912	0	0	0	0
Adventureland Park		Southern Port Authority	1.40%	120 months	10	0	10	0	0	0	0	0
					<u>113,517</u>	<u>40,920</u>	<u>72,597</u>	<u>1,290</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 17. INFORMATION ON BORROWINGS

#### (a) Borrowings

	2020	2019
	\$	\$
Current	210,939	196,298
Non-current	1,972,288	1,683,227
	2,183,227	1,879,525

#### (b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2020	30 June 2020	30 June 2020	30 June 2020	Budget	30 June 2020	30 June 2020	30 June 2020	Actual	30 June 2019	30 June 2019	30 June 2019	30 June 2019
				Principal	Actual	Actual	Actual	Principal	Budget	Budget	Budget	Principal	Actual	Actual	Actual	Principal	Actual
				1 July 2019	New Loans	repayments	repayments	outstanding	1 July 2019	repayments	repayments	outstanding	1 July 2018	New Loans	repayments	repayments	outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Recreation and culture</b>																	
Pink Lake Country Club	261	*WATC	6.55%	72,938	0	20,801	4,401	52,137	72,938	20,801	4,469	52,137	92,411	0	19,473	5,868	72,938
Esperance Seafarers Centre	287A	*WATC	3.62%	0	0	0	0	0	0	0	0	0	2,426	0	2,426	35	0
Recherche Aged Welfare	291	*WATC	6.36%	251,908	0	15,391	17,302	236,517	251,908	15,391	17,226	236,517	266,358	0	14,450	18,330	251,908
Esperance Squash Club	292	*WATC	6.05%	11,447	0	7,517	588	3,930	11,447	7,517	592	3,930	18,526	0	7,079	1,071	11,447
Esperance Bay Yacht Club	295	*WATC	5.01%	325,980	0	15,759	18,020	310,221	325,980	15,759	18,008	310,221	340,978	0	14,998	18,868	325,980
Cascade Town Recreation Assoc	298	*WATC	2.33%	36,014	0	36,014	437	0	36,014	36,013	438	1	49,845	0	13,831	1,365	36,014
Newtown Condingup Football Club	299	*WATC	3.05%	54,784	0	5,377	2,003	49,407	54,784	5,377	1,815	49,407	60,000	0	5,216	2,199	54,784
Esperance Bay Yacht Club	300	*WATC	2.63%	54,348	0	11,529	1,639	42,819	54,348	11,529	1,639	42,819	0	60,000	5,652	1,108	54,348
Gibson Football Club	301	*WATC	2.47%	200,000	0	38,071	5,824	161,929	200,000	38,073	7,973	161,929	0	200,000	0	2,762	200,000
Condingup District Recreation Assoc	302	*WATC	1.80%	0	500,000	0	570	500,000	0	0	0	0	0	0	0	0	0
<b>Other property and services</b>																	
Shark Lake Industrial Park	296	*WATC	4.52%	872,107	0	45,840	44,718	826,267	872,107	45,840	44,727	826,267	915,943	0	43,836	46,972	872,107
				1,879,525	500,000	196,299	95,502	2,183,227	1,879,526	196,299	96,887	1,683,226	1,746,487	260,000	126,961	98,578	1,879,525
				1,879,525	500,000	196,299	95,502	2,183,227	1,879,526	196,299	96,887	1,683,226	1,746,487	260,000	126,961	98,578	1,879,525

\* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 5 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 17. INFORMATION ON BORROWINGS (Continued)

#### (c) New Borrowings - 2019/20

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2020 Actual	2020 Budget	2020 Actual	2020 Budget		
Condingup District Recreation As:	*WATC	Short Term	5	1.80%	\$ 500,000	\$ 0	\$ 500,000	\$ 0	\$ 0	\$ 0
					\$ 500,000	\$ 0	\$ 500,000	\$ 0	\$ 0	\$ 0

\* WA Treasury Corporation

#### (d) Undrawn Borrowing Facilities Credit Standby Arrangements

	2020	2019
Bank overdraft limit	\$ 200,000	\$ 200,000
Bank overdraft at balance date	0	0
Credit card limit	80,000	80,000
Credit card balance at balance date	(912)	(375)
<b>Total amount of credit unused</b>	<b>279,088</b>	<b>279,625</b>

#### Loan facilities

Loan facilities - current	210,939	196,298
Loan facilities - non-current	1,972,288	1,683,227
Lease liabilities - current	27,377	0
Lease liabilities - non-current	45,210	0
<b>Total facilities in use at balance date</b>	<b>2,255,814</b>	<b>1,879,525</b>

#### Unused loan facilities at balance date

Nil Nil

### SIGNIFICANT ACCOUNTING POLICIES

#### Financial liabilities

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

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

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

#### Borrowing costs

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

#### Risk

Information regarding exposure to risk can be found at Note 29.

## 18. EMPLOYEE RELATED PROVISIONS

### (a) Employee Related Provisions

#### Opening balance at 1 July 2019

Current provisions

Non-current provisions

Additional provision

Amounts used

#### Balance at 30 June 2020

#### Comprises

Current

Non-current

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2019			
Current provisions	1,284,702	1,135,449	2,420,151
Non-current provisions	0	369,268	369,268
	1,284,702	1,504,717	2,789,419
Additional provision	(737,292)	23,737	(713,555)
Amounts used	820,191	71,327	891,518
<b>Balance at 30 June 2020</b>	<b>1,367,601</b>	<b>1,599,781</b>	<b>2,967,382</b>
<b>Comprises</b>			
Current	1,367,601	1,248,251	2,615,852
Non-current	0	351,530	351,530
	<b>1,367,601</b>	<b>1,599,781</b>	<b>2,967,382</b>

#### Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

Expected reimbursements from other WA local governments

	2020 \$	2019 \$
Less than 12 months after the reporting date	919,865	818,532
More than 12 months from reporting date	2,007,349	1,931,660
Expected reimbursements from other WA local governments	40,168	39,227
	<b>2,967,382</b>	<b>2,789,419</b>

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

### SIGNIFICANT ACCOUNTING POLICIES

#### Employee benefits

##### Short-term employee benefits

Provision is made for the Shire's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

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

##### Other long-term employee benefits

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

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

service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

#### Provisions

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

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

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 19. OTHER PROVISIONS

	Provision for Remediation	
	Costs	Total
	\$	\$
<b>Opening balance at 1 July 2019</b>		
Current provisions	617,365	617,365
Non-current provisions	5,307,889	5,307,889
	<u>5,925,254</u>	<u>5,925,254</u>
Additional provision	(617,365)	(617,365)
<b>Balance at 30 June 2020</b>	<u>5,307,889</u>	<u>5,307,889</u>
<b>Comprises</b>		
Current	0	0
Non-current	5,307,889	5,307,889
	<u>5,307,889</u>	<u>5,307,889</u>

#### Provision for remediation costs

Under the licence for the operation of the Wylie Bay Waste Facility landfill site, the Shire has a legal obligation to restore the site.

A provision for remediation is recognised when:

- there is a present obligation as a result of waste activities undertaken;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount of the provision can be measured reliably.

The estimated future obligations include the costs of restoring the affected areas and continued monitoring of the site.

The provision for future remediation costs is the best estimate of the present value of the expenditure required to settle the remediation obligation at the reporting date. Future remediation costs are reviewed annually and any changes in the estimate are reflected in the present value of the remediation provision at each reporting date.

Amounts which are reliably expected to be paid out within 12 months of the reporting date are classified as current. Exact timing of payment of non-current obligations is unable to be reliably estimated as it is dependent on the remaining life of the waste facility.

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 20. NOTES TO THE STATEMENT OF CASH FLOWS

#### Reconciliation of Cash

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	37,435,254	21,864,349	40,923,369
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	3,797,208	2,750,013	7,255,719
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	0	0	(122,620)
Depreciation on non-current assets	16,439,464	16,175,460	16,202,277
(Profit)/loss on sale of asset	851,453	(145,070)	267,599
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(762,726)	700,000	501,847
(Increase)/decrease in other assets	24,620	0	0
(Increase)/decrease in inventories	(66,587)	165,000	(18,266)
(Increase)/decrease in contract assets	774,894	1,200,000	0
Increase/(decrease) in payables	1,655,690	508,500	988,585
Increase/(decrease) in provisions	(439,402)	706,272	232,907
Increase/(decrease) in contract liabilities	218,513	(1,800,000)	0
Non-operating grants, subsidies and contributions	(8,195,029)	(12,868,597)	(8,772,890)
Net cash from operating activities	14,298,098	7,391,578	16,535,158

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

Notes to and forming part of  
the Financial Report

## 21. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	32,645,444	30,765,437
General purpose funding	3,394,022	3,219,170
Law, order, public safety	7,265,910	6,537,716
Health	33,367	23,000
Education and welfare	7,491,843	6,731,439
Community amenities	11,906,090	10,526,370
Recreation and culture	67,784,000	55,622,981
Transport	406,377,521	404,158,391
Economic services	831,323	2,787,893
Other property and services	8,719,903	8,949,676
Unallocated	10,268,167	15,619,862
	<u>556,717,590</u>	<u>544,941,935</u>

---

## **22. CONTINGENT LIABILITIES**

The Shire of Esperance is unaware of any contingent liabilities at the current reporting date.

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 23. RELATED PARTY TRANSACTIONS

#### Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	165,330	166,000	166,000
President's allowance	33,450	34,500	34,500
Deputy President's allowance	8,578	8,625	8,625
Travelling expenses	2,802	12,500	10,495
Telecommunications allowance	18,000	18,000	18,000
	228,160	239,625	237,620

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

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	787,955	768,254
Post-employment benefits	94,565	88,615
Other long-term benefits	16,332	23,229
Termination benefits	93,841	0
	992,693	880,098

#### *Short-term employee benefits*

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

#### *Post-employment benefits*

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

#### *Other long-term benefits*

These amounts represent long service benefits accruing during the year.

#### *Termination benefits*

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

## 23. RELATED PARTY TRANSACTIONS (Continued)

### Transactions with related parties

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

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

The following transactions occurred with related parties:

	2020 Actual	2019 Actual
Purchase of goods and services	\$ 147,440	\$ 187,015

### Related Parties

The Shire's main related parties are as follows:

*i. Key management personnel*

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

*ii. Other Related Parties*

The associate person of KMP was employed by the Shire under normal employment terms and conditions.

*iii. Entities subject to significant influence by the Shire*

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

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 24. JOINT ARRANGEMENTS

#### Share of joint operations

Provision of a regional Records Service. The only asset is a building. Council's one-tenth share of this asset included in Land and Buildings is as follows:

#### Non-current assets

Land and Buildings  
Less: accumulated depreciation

2020	2019
\$	\$
72,500	68,000
(5,437)	(11,975)
67,063	56,025

#### SIGNIFICANT ACCOUNTING POLICIES

##### 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 arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

##### Interests in joint arrangements (Continued)

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

# Shire of Esperance Annual Financial Report

## Notes to and forming part of the Financial Report

For the year ended 30th June 2020

### 25. MAJOR LAND TRANSACTIONS

#### Flinders Residential Subdivision

##### (a) Details

The Council owns, freehold, East Location 18, Lot 3 which is bounded by Ormonde Street and Goldfields Road Esperance. During 2003/2004 the Council created 33 blocks from part of Lot 3. These blocks were sold at auction and profit transferred into a cash reserve established for Land Development. The Council developed a further 90 lots as Stage 2 during 2009/2010. 70 lots have been sold with remainder to be progressively sold subject to market demand. The Council has developed a Business Plan in relation to this development a copy of which is available on request from the Council Administration Office.

##### (b) Current year transactions

###### Operating Income

- Profit on sale	212,601	175,000	0
- Reimbursements	0	0	15,182

###### Operating expenditure

- Advertising and promotion	(1,960)	(2,000)	(1,648)
- Sundry supplies and expenses	(728)	(2,000)	(5,617)
- Overhead allocation	(4,471)	(5,371)	(4,569)
	205,442	165,629	3,348

###### Capital income

- Sale proceeds	514,035	350,000	0
-----------------	---------	---------	---

###### Capital expenditure

- Development costs	(14,702)	(860,000)	0
	719,477	515,629	3,348

##### (c) Expected future cash flows

	2020/21	2021/22	2022/23	2023/24	Total
	\$	\$	\$	\$	\$
<b>Cash outflows</b>					
- Development costs	(845,298)	(2,188,388)	0	0	(3,033,686)
- Printing and stationery	(2,000)	(2,000)	(2,000)	(2,000)	(8,000)
- Advertising and promotions	(2,000)	(2,000)	(2,000)	(2,000)	(8,000)
- Loan repayments	0	(1,000,000)	(1,000,000)	(263,388)	(2,263,388)
- Land Development Reserve	(1,750,000)	(50,000)	(25,000)	(736,612)	(2,561,612)
	(2,599,298)	(3,242,388)	(1,029,000)	(1,004,000)	(7,874,686)
<b>Cash inflows</b>					
- Proceeds from new borrowings	0	2,238,388	25,000	0	2,263,388
- Sale proceeds	1,750,000	1,000,000	1,000,000	1,000,000	4,750,000
- Land Development Reserve	845,298	0	0	0	845,298
	2,595,298	3,238,388	1,025,000	1,000,000	7,858,686
					0
<b>Net cash flows</b>	<b>(4,000)</b>	<b>(4,000)</b>	<b>(4,000)</b>	<b>(4,000)</b>	<b>(16,000)</b>

##### (d) Assets and liabilities

###### Land held for resale included within Note 7

###### Inventory

Land held for resale - Flinders Estate

	2020	2019
	\$	\$
	3,014,113	3,315,547
	3,014,113	3,315,547

# Shire of Esperance Annual Financial Report

## Notes to and forming part of the Financial Report

For the year ended 30th June 2020

### 26. MAJOR LAND TRANSACTIONS (Continued)

#### Shark Lake Industrial Park (SLIP) - Shire Subdivision

##### (a) Details

During the 2010/2011 financial year the Council continued to undertake a major land transaction as defined under the Local Government Act 1995. With the Superlot Stage of the Shark Lake Industrial Park subdivision complete, Council has further subdivided the acquired superlot into approximately 28 general industrial lots of varying sizes. Stage 1 consisting of 28 lots has been completely developed at a total capital cost of \$1,037,953 excluding the costs associated with acquiring the superlot. Stage 1 lots were auctioned in May 2010 with no sales resulting. 1 sale occurred during 2015/2016. All remaining stage 1 lots remain listed for sale with local real estate agents with Council taking a longer term view with this strategic industrial development site. The remaining lots are currently leased for grazing resulting in weed and fire control land.

##### (b) Current year transactions

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
<b>Operating Income</b>			
- Lease income	4,143	2,870	2,871
- SLIP rate income	10,000	10,000	10,000
<b>Operating expenditure</b>			
- Interest expense	(44,718)	(44,727)	(46,972)
- Overhead allocation	(6,421)	(6,727)	(6,902)
	(36,996)	(38,584)	(41,003)
<b>Capital income</b>			
- Sale proceeds	0	0	0
<b>Capital expenditure</b>			
- Loan repayments	(45,840)	(45,840)	(43,836)
	(45,840)	(45,840)	(43,836)
	(82,836)	(84,424)	(84,839)

The above capital expenditure is included in land held for resale.

The only liability in relation to this land transaction as at 30 June 2020 is Loan 288.

##### (c) Expected future cash flows

	2020/21	2021/22	2022/23	2023/24	Total
	\$	\$	\$	\$	\$
<b>Cash outflows</b>					
- Interest expense	(36,811)	(34,620)	(32,329)	(29,933)	(133,693)
- Loan repayments	(47,935)	(50,126)	(52,417)	(54,813)	(205,291)
	(84,746)	(84,746)	(84,746)	(84,746)	(338,984)
<b>Cash inflows</b>					
- Proceeds from new borrowings	0	0	0	0	0
- Sale proceeds	0	0	0	0	0
	0	0	0	0	0
<b>Net cash flows</b>	(84,746)	(84,746)	(84,746)	(84,746)	(338,984)

##### (d) Assets and liabilities

#### Land held for resale included within Note 7

	2020	2019
	\$	\$
<b>Inventory</b>		
Land held for resale - Shark Lake Industrial Park	2,383,737	2,383,737

# Shire of Esperance Annual Financial Report

## Notes to and forming part of the Financial Report

For the year ended 30th June 2020

### 26. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

#### Esperance Aerodrome

##### (a) Details

Council's objective is to maintain a safe landing airstrip and functional airport amenities conducive to the promotion of the district as a tourist and business destination.

Operating costs are met by landing fees charges. Annual surpluses are transferred to a cash reserve to finance future improvements to the facility.

##### (b) Current year transactions

#### Operating Income

- Landing fees	877,171	1,050,000	1,118,085
- Property rental	0	25,000	24,929
- Reimbursements	13,537	5,000	6,665
- Sundry Income	0	5,500	8,741
- Grants and subsidies	6,163	0	9,089

#### Operating expenditure

- Employee expenses	(259,178)	(269,697)	(268,071)
- Insurance	(7,941)	(15,870)	(15,271)
- Building expenses	(105,419)	(134,350)	(57,664)
- Grounds and strip maintenance	(43,177)	(72,000)	(42,218)
- Other sundry expenses	(130,206)	(209,520)	(121,580)
- Overhead allocation	(90,285)	(96,850)	(90,355)
- Depreciation	(333,384)	(330,673)	(330,673)
- Loss on asset disposal	(16,825)	0	0
	<b>(89,544)</b>	<b>(43,460)</b>	<b>241,677</b>

#### Capital income

- Reserve transfer	33,982	287,000	13,472
- Proceeds from sale of assets	0	0	6,818

#### Capital expenditure

- Asset	(33,982)	(292,000)	(20,290)
	<b>0</b>	<b>(5,000)</b>	<b>0</b>
	<b>(89,544)</b>	<b>(48,460)</b>	<b>241,677</b>

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 27. RATING INFORMATION

#### (a) Rates

RATE TYPE	Rate in \$	Number of Properties	2019/20 Actual Rateable Value \$	2019/20 Actual Rate Revenue \$	2019/20 Actual Interim Rates \$	2019/20 Actual Back Rates \$	2019/20 Actual Total Revenue \$	2019/20 Budget Rate Revenue \$	2019/20 Budget Interim Rate \$	2019/20 Budget Back Rate \$	2019/20 Budget Total Revenue \$	2018/19 Actual Total Revenue \$
<b>Differential general rate / general rate</b>												
<b>Gross rental valuations</b>												
GRV - Residential	0.098740	3,854	64,593,957	6,378,007	22,777	3,770	6,404,554	6,373,797	11,077	0	6,384,874	6,430,313
GRV - Commercial	0.098740	408	26,802,053	2,646,435	(2,100)	22,304	2,666,639	2,646,435	0	0	2,646,435	2,381,891
GRV - Vacant	0.098740	89	1,713,349	169,176	0	0	169,176	169,176	0	0	169,176	200,113
<b>Unimproved valuations</b>												
UV - Rural	0.007702	1,078	1,181,571,000	9,100,460	70,927	36,987	9,208,374	9,167,159	20,000	0	9,187,159	8,886,741
UV - Mining	0.007702	31	1,589,817	142,511	(72,994)	0	69,517	142,511	0	0	142,511	140,549
UV - Commercial/Industrial	0.007702	0	0	0	0	0	0	0	0	0	0	1,279
<b>Sub-Total</b>		5,460	1,276,270,176	18,436,589	18,610	63,061	18,518,260	18,499,078	31,077	0	18,530,155	18,040,886
<b>Minimum payment</b>												
<b>Gross rental valuations</b>												
GRV - Residential	1,166	1,390	13,419,015	1,620,740	(3,300)	(363)	1,617,077	1,618,408	0	0	1,618,408	1,429,194
GRV - Commercial	1,166	64	433,103	74,624	0	1,392	76,016	73,458	0	0	73,458	70,222
GRV - Vacant	1,166	577	2,805,718	672,781	(9,229)	(1,025)	662,527	673,948	0	0	673,948	640,885
<b>Unimproved valuations</b>												
UV - Rural	1,166	93	8,624,600	108,438	1,258	(95)	109,601	110,770	0	0	110,770	70,812
UV - Mining	583	28	73,368	16,907	(674)	54	16,287	15,741	0	0	15,741	13,834
UV - Commercial/Industrial	1,166	3	220,100	3,498	0	0	3,498	3,498	0	0	3,498	2,248
<b>Sub-Total</b>		2,155	25,575,904	2,496,988	(11,945)	(37)	2,485,006	2,495,823	0	0	2,495,823	2,227,195
		7,615	1,301,846,080	20,933,577	6,665	63,024	21,003,266	20,994,901	31,077	0	21,025,978	20,268,081
Discounts (Note 27(b))							(19,239)				(19,239)	(21,918)
<b>Total amount raised from general rate</b>							20,984,027				21,006,739	20,246,163
Ex-gratia rates							313,858				336,858	319,603
Prepaid rates							131,955				0	131,955
<b>Totals</b>							21,429,840				21,343,597	20,697,721

### SIGNIFICANT ACCOUNTING POLICIES

#### Rates

Control over assets acquired from rates is obtained at the commencement of the rating period. Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

Notes to and forming part of the Financial Report

## 28. RATING INFORMATION (Continued)

### (b) Discounts, Incentives, Concessions, & Write-offs

#### Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$	Circumstances in which Discount is Granted
Unserviced Development Area 3 Lots	50.00%	583	18,656	18,656	21,356	Lots remain unserviced and unable to be developed.
Unserviced Israelite Bay Lot	50.00%	583	583	583	562	Lot remains unserviced and extremely remote to Shire services.
Total discounts/concessions (Note 27(a))			19,239	19,239	21,918	

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Rubbish Collection Services	Current valid pensioner concession card		
Dog Registration Fees	Current valid pensioner concession card		
Leisure Centre Membership/Admission Fees	Current valid pensioner concession card, student card, health care card		To make the Bay of Isles Leisure Centre financially accessible to everyone in the community

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 27. RATING INFORMATION (Continued)

#### (c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	25/09/2019	0.00	0.00%	11.00%
<b>Option Two</b>				
First instalment	25/09/2019	0.00	5.50%	11.00%
Second instalment	27/11/2019			
Third instalment	29/01/2020			
Fourth instalment	1/04/2020			

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	33,876	50,000	56,201
Interest on instalment plan	105,366	105,000	102,966
	139,242	155,000	159,167

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 28. RATE SETTING STATEMENT INFORMATION

		2019/20 Budget	2019/20	2018/19
	2019/20 (30 June 2020 Carried Forward)	(30 June 2020 Carried Forward)	(1 July 2019 Brought Forward)	(30 June 2019 Carried Forward)
Note	\$	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	11(a)	(218,895)	(46,088)	(46,088)
Less: Movement in liabilities associated with restricted cash		0	0	0
Movement in pensioner deferred rates (non-current)		18,614	3,857	3,857
Movement in employee benefit provisions (non-current)		(705,847)	(440,026)	(440,026)
Movement of inventory (non-current)		286,733	0	0
Add: Loss on disposal of assets	11(a)	1,070,348	313,687	313,687
Add: Depreciation on non-current assets	11(b)	16,439,464	16,202,277	16,202,277
<b>Non cash amounts excluded from operating activities</b>		<b>16,890,417</b>	<b>16,033,707</b>	<b>16,033,707</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
Less: Reserves - cash/financial asset backed	4	(29,991,477)	(36,371,897)	(36,371,897)
Less: Financial assets at amortised cost - self supporting loans	5(a)	(163,004)	(150,459)	(150,459)
Less: Current assets not expected to be received at end of year - Land held for resale	7	(176,057)	(176,057)	(176,057)
Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings	17(a)	210,939	196,298	196,298
- Waste Facility Provision		0	617,364	617,364
- Cashback Employee benefit provisions		1,501,480	1,367,358	1,367,358
<b>Total adjustments to net current assets</b>		<b>(28,618,119)</b>	<b>(34,517,393)</b>	<b>(34,517,393)</b>
<b>Net current assets used in the Rate Setting Statement</b>				
Total current assets		40,868,558	44,186,470	44,186,470
Less: Total current liabilities		(8,322,759)	(6,828,202)	(6,154,478)
Less: Total adjustments to net current assets		(28,618,119)	(34,517,393)	(34,517,393)
<b>Net current assets used in the Rate Setting Statement</b>		<b>3,927,680</b>	<b>2,840,875</b>	<b>3,514,599</b>
<b>(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards</b>				
<b>Total current assets at 30 June 2019</b>				
- Contract assets	31(a)			44,186,470
<b>Total current assets at 1 July 2019</b>				<b>44,186,470</b>
<b>Total current liabilities at 30 June 2019</b>				
- Contract liabilities from contracts with customers	31(a)			(6,154,478)
- Rates paid in advance	31(b)			(541,769)
<b>Total current liabilities at 1 July 2019</b>				<b>(6,828,202)</b>

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 29. FINANCIAL RISK MANAGEMENT

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

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

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

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating division. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

#### (a) Interest rate risk

##### Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
<b>2020</b>					
Cash and cash equivalents	0.48%	37,435,254	16,700,000	20,735,254	0
Financial assets at amortised cost - operating lease straightlined	0.00%	123,946	0	0	12,394
<b>2019</b>					
Cash and cash equivalents	1.64%	40,923,369	0	40,923,369	

##### Sensitivity

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

Impact of a 1% movement in interest rates on profit and loss and equity\*

	2020	2019
	\$	\$
	207,353	409,234

\* Holding all other variables constant

##### Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 17(b).

**29. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit risk**

**Trade and Other Receivables**

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

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

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

The Shire applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates and accordingly adjustments are made to the expected credit loss rate based on these factors. There are not material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2020 and 1 July 2019 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2019 or 30 June 2020 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2020</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	128,080	38,222	30,475	106,723	303,500
<b>30 June 2019</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	101,227	32,305	14,190	114,664	262,386

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2020</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	522,141	158,984	57,291	419,084	1,157,500
<b>30 June 2019</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	366,951	79,403	8,916	63,967	519,237

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 29. FINANCIAL RISK MANAGEMENT (Continued)

#### (c) Liquidity risk

##### Payables and borrowings

Payables and borrowings are both subject to liquidity risk - that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 13(d).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2020</b>					
Payables	4,708,309	0	0	4,708,309	4,708,309
Borrowings	210,939	889,487	523,098	1,623,524	2,183,227
Lease liabilities	27,377	45,210	0	72,587	72,587
	4,946,625	934,697	523,098	6,404,420	6,964,123
<b>2019</b>					
Payables	2,920,664	0	0	2,920,664	2,920,664
Borrowings	259,344	687,390	620,588	1,567,322	1,879,525
	3,180,008	687,390	620,588	4,487,986	4,800,189

---

### **30. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

There were no significant events after the end of the reporting period to disclose.

### 31. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

#### (a) AASB 15: Revenue from Contracts with Customers

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

	Note	AASB 118 carrying amount 30 June 2019 \$	Reclassification \$	AASB 15 carrying amount 01 July 2019 \$
<b>Contract liabilities - current</b>				
Contract liabilities from contracts with customers	15	0	541,769	541,769
Adjustment to retained surplus from adoption of AASB 15	32(b)		541,769	

#### (b) AASB 1058: Income For Not-For-Profit Entities

The Shire adopted AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods was not restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 118: Revenue and AASB 1004: Contributions before the change:

	Note	AASB 118 and AASB 1004 carrying amount 30 June 2019 \$	Reclassification \$	AASB 1058 carrying amount 01 July 2019 \$
<b>Trade and other payables</b>				
Rates paid in advance	14	0	(131,955)	(131,955)
Adjustment to retained surplus from adoption of AASB 1058	32(b)		(131,955)	

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance gave rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates were recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurred, the financial liability was extinguished and the Shire recognised income for the prepaid rates that have not been refunded.

### 31. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 118 and 1004 and related Interpretations that were in effect before the change.

		2020 \$	2020 \$	2020 \$
	Note	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004
<b>Statement of Comprehensive Income</b>				
<b>Revenue</b>				
Rates	27(a)	21,429,840	211,201	21,641,041
Operating grants, subsidies and contributions	2(a)	10,770,619	760,282	11,530,901
Fees and charges	2(a)	8,506,057	(787,570)	7,718,487
Non-operating grants, subsidies and contributions	2(a)	8,195,029	0	8,195,029
Net result		3,797,208	183,913	3,981,121
<b>Statement of Financial Position</b>				
Trade and other payables	14	4,708,309	(211,201)	4,497,108
Contract liabilities	15	760,282	(760,282)	0
Net assets		540,717,914	183,913	540,901,827
<b>Statement of Changes in Equity</b>				
Net result		3,797,208	183,913	3,981,121
Retained surplus		302,362,354	183,913	302,546,267

Refer to Note 2(a) for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058.

#### (c) AASB 16: Leases

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

	Note	2020 \$
Operating lease commitments at 30 June 2019 applying AAS 117		116,314
Discount applied using incremental borrowing rate		(2,797)
Lease liability recognised as 1 July 2019 discounted using the Shire's incremental borrowing rate of 1.4%	16(b)	113,517
Lease liability - current		40,919
Lease liability - non-current		72,589
Right-of-use assets recognised at 1 July 2019		113,508

On adoption of AASB 16, the Shire recognised a right-of-use asset in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is deemed to be equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

Property, plant and equipment and lease liabilities increased by \$113,508 on 1 July 2019 resulting in no impact on retained surplus.

---

**31. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)**

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

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

### 32. CHANGE IN ACCOUNTING POLICIES

#### (a) Change in Accounting Policies due to regulation changes

Effective 6 November 2020, *Local Government (Financial Management) Regulation 16* was deleted and *Local Government (Financial Management) Regulation 17A* was amended with retrospective application. The changes were effective for financial years ending on or after 30 June 2020 so are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 11.

In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

	Note	Carrying amount 30 June 2019 \$	Reclassification \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	9	91,627,889	(142,000)	91,485,889
Revaluation surplus	5	202,196,725	(142,000)	202,054,725

Also, following changes to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously or during the year were not reversed as it was deemed fair value approximates cost at the date of the change.

#### (b) Changes in equity due to change in accounting policies

The impact on the Shire's opening retained surplus due to the adoption of AASB 15 and AASB 1058 as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			292,858,451
Adjustment to retained surplus from adoption of AASB 15	31(a)	(541,769)	
Adjustment to retained surplus from adoption of AASB 1058	31(b)	(131,955)	(673,724)
Retained surplus - 1 July 2019			292,184,727

The impact on the Shire's opening revaluation surplus resulting from *Local Government (Financial Management) Regulation 16* being deleted and the amendments to *Local Government (Financial Management) Regulation 17A* as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Revaluation surplus - 30 June 2019			202,196,725
Adjustment to revaluation surplus from deletion of FM Reg 16	32(a)	(142,000)	
Adjustment to revaluation surplus from deletion of FM Reg 16	32(a)	0	(142,000)
Revaluation surplus - 1 July 2019			202,054,725

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 33. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
Town Planning Development Bonds	170	0	(170)	0
Contributions to Public Open Space	195,028	1,457	0	196,485
Other General Bonds	99,593	531	(99,000)	1,124
General Bonds - Interest Bearing	0	81,841	(71,364)	10,477
	<u>294,791</u>	<u>83,829</u>	<u>(170,534)</u>	<u>208,086</u>

**34. OTHER SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

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

**c) Rounding off figures**

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

**d) Comparative figures**

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

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

**e) Budget comparative figures**

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

**f) Superannuation**

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

**g) Fair value of assets and liabilities**

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

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

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

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

**h) Fair value hierarchy**

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

**Valuation techniques**

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

**Market approach**

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

**Income approach**

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

**Cost approach**

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

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

**i) Impairment of assets**

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

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

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

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

**35. ACTIVITIES/PROGRAMS**

**Statement of Objective**

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

**Community Vision**

Esperance is spectacular. We have a vibrant, welcoming community that encourages new people to our region and gives a sense of belonging to those who live here. We value our natural resources and accept the responsibility to manage them for future generations to enjoy. We aim to strengthen and diversify the regions economic base in a way that complements our social and environmental values. We are strategically located as a diverse and dynamic region that is committed to a sustainable change and growth. Above all, we are a community that makes it happen.

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

<b>PROGRAM NAME AND OBJECTIVES</b>	<b>ACTIVITIES</b>
<p><b>GOVERNANCE</b></p> <p>To provide a decision making process for the efficient allocation of scarce resources.</p>	<p>Includes the activities of members of Council (Councillors) and the administrative support services available to the Council for the provision of governance of the district. Other costs relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific services.</p>
<p><b>GENERAL PURPOSE FUNDING</b></p> <p>To collect revenue to allow for the provision of services.</p>	<p>Rates, general purpose government grants and interest revenue.</p>
<p><b>LAW, ORDER, PUBLIC SAFETY</b></p> <p>To provide services to help ensure a safer and environmentally conscious community.</p>	<p>Supervision and enforcement of various local laws relating to fire prevention, animal control and protection of the environment and other aspects of public safety including beaches and emergency services.</p>
<p><b>HEALTH</b></p> <p>To provide an operational framework for good community health.</p>	<p>Inspection of food outlets and their control as well as provision of meat inspection services, noise control and waste disposal compliance.</p>
<p><b>EDUCATION AND WELFARE</b></p> <p>To provide services to disadvantaged persons, the elderly, children and youth.</p>	<p>Maintenance of child minding centre, playgroup centre, senior citizens centre and aged care centre. Provision and maintenance of home and community care programs and youth support services.</p>
<p><b>COMMUNITY AMENITIES</b></p> <p>To provide services required by the community.</p>	<p>Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.</p>
<p><b>RECREATION AND CULTURE</b></p> <p>To establish and effectively manage infrastructure and resources which will help the social well being of the community.</p>	<p>Maintenance of public halls, civic centre, aquatic centre, beaches, recreation centre and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operations of library, museum and other cultural facilities.</p>

**35. ACTIVITIES/PROGRAMS (Continued)**

**TRANSPORT**

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

Construction and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc. Provision and operation of airport. Provision of licensing facilities.

**ECONOMIC SERVICES**

To help promote the Shire and its economic well being.

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.

**OTHER PROPERTY AND SERVICES**

To monitor and control Council's overheads operating accounts.

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

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2020

## Notes to and forming part of the Financial Report

### 36. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	1.51	1.79	2.66
Asset consumption ratio	0.54	0.54	0.56
Asset renewal funding ratio	1.03	1.07	1.00
Asset sustainability ratio	0.89	0.78	0.81
Debt service cover ratio	41.60	65.55	26.62
Operating surplus ratio	(0.14)	(0.05)	(0.01)
Own source revenue coverage ratio	0.68	0.72	0.76

The above ratios are calculated as follows:

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SHIRE OF ESPERANCE

### Report on the Financial Report

#### Opinion

We have audited the financial report of the Shire of Esperance, which comprises the statement of financial position as at 30 June 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows and rate setting statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the statement by the Chief Executive Officer.

In our opinion, the financial report of the Shire of Esperance is in accordance with the underlying records of the Shire, including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- b) complying with to the extent that they are not consistent with the Act, Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

#### Basis for Opinion

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

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

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

#### Emphasis of Matter

We draw attention to Note 1 and 11 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

Our opinion is not modified in respect of this matter.

## **Other Information**

Management is responsible for the other information. The other information comprises the information in the Shire's annual report for the year ended 30 June 2020 but does not include the financial report and the auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

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

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

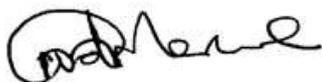
We also provide Council with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats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

### **Reporting on Other Legal and Regulatory Requirements**

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

- a) The operating surplus ratio does not meet the minimum standard of the Department of Local Government, Sport and Cultural Industries.
- b) There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- c) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- d) All information and explanations required were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit.
- f) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA  
Director

Perth  
Date: 10 December 2020

An aerial photograph of a road construction site. A yellow truck is positioned on a dirt road, and a white truck is on a newly paved asphalt road. The surrounding area is dry and hilly with sparse vegetation.

**For further details on the Annual Report please contact the Shire of Esperance**

📍 Shire of Esperance  
Windich Street  
Esperance WA 6450

✉️ PO Box 507

☎️ (08) 9071 0666

📄 (08) 9071 0600

✉️ [shire@esperance.wa.gov.au](mailto:shire@esperance.wa.gov.au)

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