



# Annual Report

2018  
2019

An aerial photograph of a wetland area. The top half of the image shows dark water with numerous white, skeletal branches protruding from it. The bottom half shows a lush green landscape with various plants and trees. A large, semi-transparent circular graphic is centered over the image, containing text.

# ACKNOWLEDGEMENT TO COUNTRY

The Shire of Esperance acknowledges the Nyungar and Ngadjju 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.

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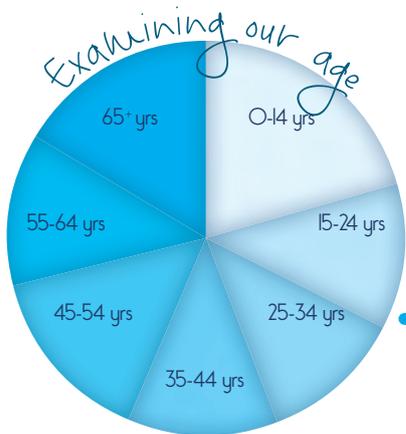
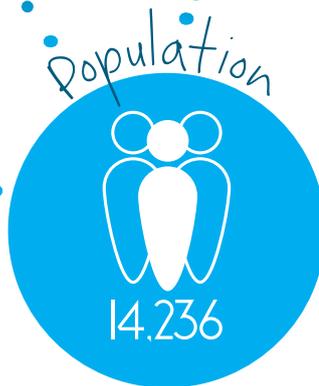
# Esperance in Numbers

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 2017/18 - 2020/21

# Community Vision

The Esperance Community is vibrant, welcoming and supportive and values its social connections and natural landscape.

- Strategic Community Plan 2017 - 2027

# Shire President's Report

It is my pleasure to present the Shire of Esperance's Annual Report for the 2018/2019 financial year. The jetty replacement project has once again dominated the agenda, which at times has cast a cloud over all the good things the Council and Shire staff have achieved in the last twelve months. This document is testament to everything that has been achieved this year, so I encourage you to read it. It demonstrates that this Local Government, Council and Community are looking after our town and region covering a vast array of infrastructure, projects, events and services.

Esperance celebrated thirty years of our Twin Town relationship and student exchange with Ile de Re this year, welcoming two French students for a month in July. At the invitation of the Ile de Re Twin Town committee, we sent a delegation of students and community members to St Martin De Re in September. Here I had the pleasure of representing our town and re-signing the agreement of privileged relations and friendship between our regions.

The Jetty Replacement Draft Concept Design was presented to the Jetty Replacement Working Group by H&H Architects' in July, and subsequently went out for community consultation. The result from those that returned the survey was over 80% in favour of the design. With \$2 million already committed to the project by the Council, it was fabulous news to have the Federal Government commit another \$4 million to the project through the Building Better Regions Fund after our funding application was successful.

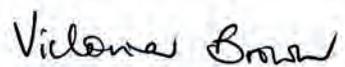
The Community Perception Survey was conducted in February with results that reflected the frustration in the community at the unrest and length of time it is taking to resolve the jetty and waste facility issues. However, it showed that the town is well catered for when it comes to services provided to the community. Tourism continues to rise with a record number of visitors to our town during the year. With increasing images of our spectacular coast and

national parks on social media, and film makers using Esperance as a location to shoot Tim Winton's 'Dirt Music', the challenge for us will be how to accommodate the growth in tourism as more of the world discovers our piece of paradise.

Council committed significant funds to the State Barrier Fence project, our rural roads program, the Community Grants Program, coastal infrastructure, paths and trails and many community events and activities. A cheer went up in May as we witnessed the commencement of the \$8.36 million Indoor Sports Stadium project. The Esperance Complex Fires in February raged across the Shire for over six weeks which challenged our resources, fire services personnel and brigade volunteers. All who coped admirably in very difficult circumstances. No sooner were these fires out, than we had the long awaited Coronial Inquest into the devastating 2015 bushfires.

It has been a delight to attend many club and association milestones this year and conduct fourteen citizenship ceremonies. In April Council posthumously awarded the Key to the Shire to the late Reverend Doug Murray for his outstanding achievements and contribution to the Community. Another significant cultural step was taken with the commencement of discussions with the Tjaltjraak and the Circle of Elders on how to progress the first stage of a Reconciliation Action Plan with our indigenous people.

Finally, I would like to thank fellow Councillors, Shire staff and the hard working members of our Community for working together this year to address the challenges and celebrate the achievements of our beautiful country town and region.



Victoria Brown  
Shire President

# Chief Executive Officer's Report

It is with great pride that I present to you the Shire of Esperance Annual Report for 2018/19. Similar to last year, 2018/19 has been a considerably challenging year; however, once again the Shire has been able to deliver many significant projects and services for the Esperance Community, some of which are documented in this report.

On the major projects front, this year saw significant work continue on the Jetty Replacement, Waste Facility and Indoor Sports Stadium. The Shire's Heritage Architect (H+H Architects), have successfully designed a replacement jetty that meets the needs of the Heritage Council of WA and the Minister for Heritage, while gaining strong support from the Esperance Community. The Minister for Heritage has now issued a section 64 permit which will enable decommissioning of the existing structure and construction of the replacement jetty and the Shire was also successful in receiving \$4m in Building Better Regions Funds.

Testing and further reviews of the Kirwan Road Waste Facility site continued during the year, with the Council receiving an independent third party technical review of the all reports to date. This review found no hydrogeological fatal flaws that would otherwise preclude the site from use as waste management facility. This year also saw the commencement of the new four court Indoor Sports Stadium at the Greater Sports Ground. The Shire has received \$4.78m in funding from the Goldfields Esperance Revitalisation Fund (\$4.06m) and Department of Government Sports and Cultural Industries Community Sporting and Recreation Facilities Fund (CSRFF \$723,000), with Council contributing \$3.58m, enabling this \$8.36m project to commence. Work still needs to occur on the Noel White Pavilion; however the Community can already see the scale of the new stadium which will be completed in 2019/20.

In February and March we experienced a significant fire complex, mostly in Unallocated Crown Land around the district, resulting in significant resources including the army being deployed to Esperance to fight numerous fire fronts. Fortunately, there was no loss of life or major infrastructure damage. After these

fires, the Shire and the community were called to participate in the Coronial Enquiry hearings for the 2015 Fires. I wish to thank and acknowledge the Councillors, Shire Staff and our volunteers, who appeared and retold their stories during the week long hearing.

On a brighter note, this year saw a number of projects commenced and finalised. Free town centre WIFI is now in operation, as well as the introduction of four smart benches along the foreshore, enabling the recharging of devices with solar energy. Additional cycle ways have been completed, including connecting Bandy Creek with the town path network.

At Adventureland Park, we saw the development of a junior cycle track on the old skate park site, and the development of an overarching Masterplan for the future development of this area. A review of the sand renourishment program along the foreshore has commenced with the assistance of the Department of Transport. Research has also commenced into finding a way to make our iconic Pink Lake pink again.

The Shire has developed a Reconciliation Action Plan, starting with Councillors and senior staff attending Cultural Awareness Training and meeting with our local Circle of Elders.

The Shire has commenced working with Ocean Grown Abalone to potentially develop the largest onshore abalone farm in WA. I would like to thank all Shire staff for their dedicated contributions throughout this year. It has been a considerably tough year; however the organisation has continued to provide a high standard of services to the community. Likewise, I would like to thank Shire President Cr Victoria Brown, Deputy Shire President Cr Natalie Bowman, and their fellow Councillors. The Council and Shire Administration have worked closely to deliver the projects and services that are identified within this report.



Matthew Scott  
Chief Executive Officer

# 2018

JULY

French Weekened



Environment Centre Opening @ Lake Morlingup



SEPTEMBER

Jeffy Daff Concept Design open for feedback



AUGUST

Free WIFI & Solar Benches Installed



OCTOBER

French Delegation Returns Home



DECEMBER

Community Christmas Pageant



NOVEMBER

Edge of the Bay Event



2019

JANUARY

Citizen of the Year



FEBRUARY

New Jetty Funding Announcement



Blessing of the Roads



APRIL

MARCH

Youth Week Activities



Pool Upgrade Begins



Roundabout Upgrade Starts



MAY

Esperance show Case in Pixels Entry



JUNE

Interview an Astronaut Winner



# 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 where we can 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 one of our key reporting devices providing information to the 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.

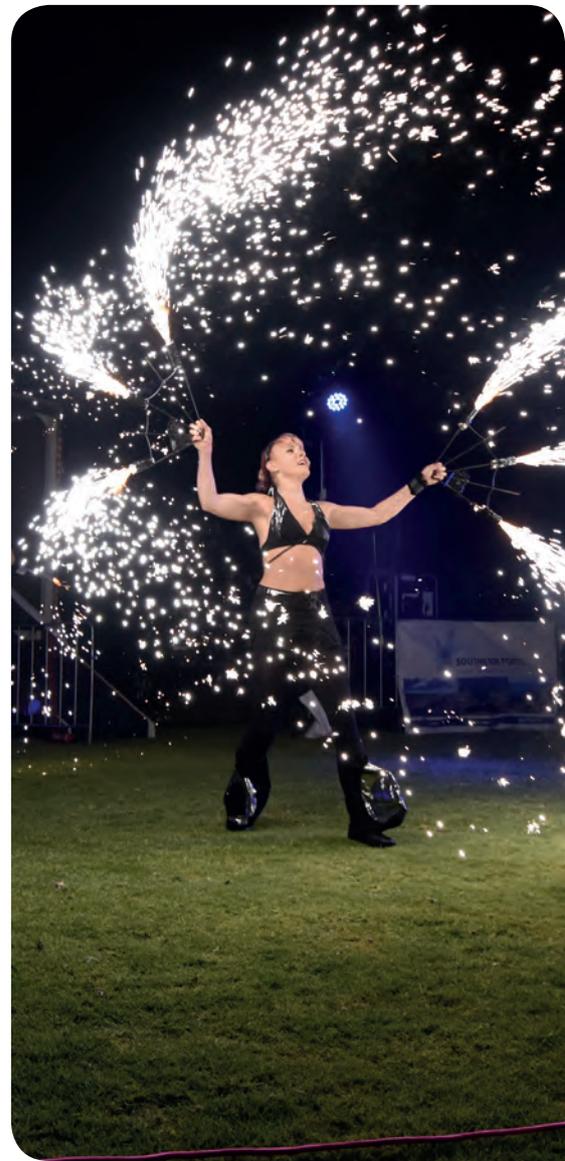
## Where to find this report

Copies can be obtained in hard copy from the Shire Administration Office, 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 the Shire 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. Our staff, in collaboration with industry providers, have been working on a new Disability, Access & Inclusion Plan. As the previous plan had been in place since 2007 requiring multiple amendments, it was decided it was time to develop a new plan that would accurately reflect the services that are available, the areas for improvement and the challenges that need to be minimised. A draft has been sent to the Department of Communities for tentative approval prior to further consultation with the Esperance Community.

This year we continued to improve pathways and trails throughout town to increase access

to areas for people in wheelchairs and on mobility scooters. Providing wide access trails improves accessibility for the whole Community and encourages everyone to be active and connected.

Following concerns raised by Community members who found hearing in Council Meetings difficult, acoustic panels were installed in Council Chambers. The panels absorb sound, improving the overall sound quality for people seated in the public gallery.

During the year we identified future projects that will increase accessibility to our Administration Building. These include a section of the reception desk being lowered and changes made to the ablution facilities at Chambers. Implementation of these is planned for the 2019/2020 financial year.



## Modern Library Services

This year the Library received a \$50,000 grant from the Good Things Foundation to deliver the Be Connected Tech Help Program. The program was designed to help seniors in the Esperance, Ravensthorpe and Norseman Regions to become digitally literate and connected online. Building on our existing Tech Help program, established in 2013, the program has been a great success with a significant number of our residents getting involved. As part of eSmart Week in early September we had over 25 seniors attend a workshop on how to use Facebook and Messenger more effectively. Additionally, we ran a Tax Help program from July to October with the assistance of a Tax Help Volunteer. The initiative was popular with bookings quickly filling.

Following the success of our Be Connected activities, Good Things Foundation advised they will be using the Esperance Library's program for a Case Study "to help share the

### Come One & All!

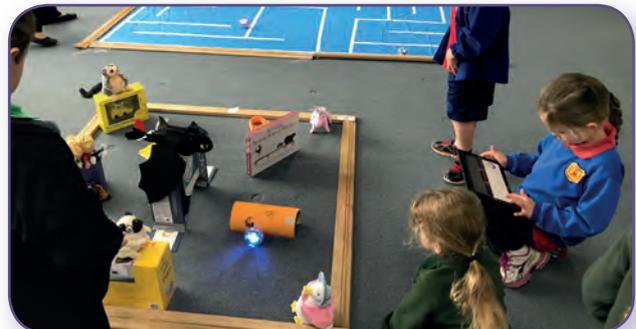
The One & All Community Programs run during the school holidays are designed to make sport and recreation fun for all ages and abilities. The activities are free and are held in partnership with ESCARE with the assistance of Community and sporting groups who volunteer their time to share their skills with the community. They're a great way to try something new and a fantastic opportunity for people of all ages and abilities to be involved. This year saw activities including chess, drumming, wheelchair sports, ultimate frisbee, soccer, bowls, netball, basketball, badminton, brick club, yoga and painting.

886 PARTICIPATES  
OVER  
14 ACTIVITIES

good work you are doing and the positive impact that learning digital skills can have on people's lives." This is a fantastic reflection of the dedicated team at the library.

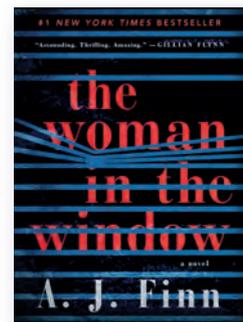
...THE POSITIVE IMPACT THAT  
LEARNING DIGITAL SKILLS CAN  
HAVE ON PEOPLE'S LIVES.

During September we hosted approximately sixty children, staff and carers as part of the 'Mallee Muster' outlying schools program. They spent the morning at the Library enjoying activities that teach robotic coding using the equipment supplied in Telstra's 'Party in a Box', won by the Library in 2017.



Library staff managed an activity at the Armistice Learning Journey event, Call II Duty where over 800 local students learnt about the Codes and Ciphers used during various military conflicts. A range of hands-on activities were provided and each student was given a take-home pack with information relevant to this topic. This activity was made possible through a National Science Week grant.

MOST  
BORROWED  
BOOK



# Community Connection

## Celebrating 30 Years

The 2018 French Weekend celebrated the 30<sup>th</sup> Anniversary of our Twin Towns relationship with the Île de Ré region in France. Local celebrations commenced on Bastille Day with the Tour De Esperance Circuit Race. A French Film, *Marguerite*, played at the Bjiou Theatre with French-themed entertainment, wine, cheese and the odd subtitle. Museum Village Markets supported the French connection with plenty of cheese for community members to sample.

To mark the occasion representatives from Esperance's Twin Town Committee were invited by their French counter-part, the Association Île

de Ré – Esperance, to visit France to officially re-sign an "Agreement of Privileged Relations and Friendship" at a formal Civic Reception. While in France our delegates visited Saint Martin, one of the ten villages on the island of Ré, and the original village which Esperance signed a twin town agreement with in 1988. In collaboration with the Lions Club of Esperance we have supported over 27 student exchanges to Saint-Martin de Ré.

The Twin Town Committee requested Council consider increasing the number of students from two to three in the 2019 Student Exchange Program. This was reflective of the number of French Exchange Students who make their way to Esperance. Council agreed and three positions were advertised for the 2019 program.

## Edge of the Bay

The Edge of the Bay is a Shire event that is gaining momentum and becoming a significant part of the Esperance Community Calendar. This year saw local artists feature in both the music program and the impressive mural created on the side of the Esperance Scout Hall. The event is inclusive and in 2018 involved the participation of many Community groups who promoted their activities, fundraised and networked with Community members. The King of the Concrete skate competition returned for the third year and was well attended with over 70 competitors participating.

The Edge of the Bay success due to the many locals who actively participate in the organisation prior to the day and their willingness to contribute to this vibrant Community event. It takes many volunteer hours and we acknowledge the support of the volunteers and community groups who work together to make this event happen.

Without generous sponsorship large scale Community events like Edge of the Bay are not possible. This event was created for the Community with the support of Horizon Power, Southern Ports, Lotterywest, Road Safety Commission, Healthway and Esperance Civic Centre.





# COMMUNITY DEVELOPMENT



This year we've been involved in:

- NAIDOC Week
- French Weekend
- One & All Program
- Christmas Pageant
- Seniors Christmas Dinner
- Australia Day Celebrations
- TOAST Workshops
- Esperance Agricultural Show
- Pink it Up October
- Youth Week
- Sports Star of the Year Awards
- Tidy Towns
- National Volunteer Week
- Thank a Volunteer Day
- Emergency Services Fun Day
- Edge of the Bay



# Community Connection

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

### Home Care

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

This year we applied for and were successful in becoming a National Disability Insurance Scheme (NDIS) Service Provider. A number of our HACC clients have transitioned to the NDIS and we have been able to accept new clients using this system.

Assessors from the Aged Care Quality and Safety Commission visited Esperance Home Care in June to conduct a three year quality review. During their visit our clients and staff were interviewed and activities in the Centre and the meal service preparation were appraised. The assessors also reviewed documentation including client and staff files, training information, policies and procedures manual, the continuous improvement process, the self-assessment and planning documentation.

The Assessors determined:

- Our clients were extremely satisfied with the service.
- Our staff are happy working at Esperance Home Care and felt they received good communication, were listened to by management, their ideas were considered and issues dealt with.
- Our care plans were identified as an example of best practice. They are individualised and not just generic for all clients, ensuring the client is provided with a high quality service.
- The emphasis on the social activities provided by Home Care staff is to be used as a guideline for other providers. Our goal is to get the clients out and about and keeps them active in our Community. Social programs provided include: specialist dementia and vision impaired groups, café and picnic outings, craft and games in the Centre and weekend lunches and social outings.

We passed all standards with no improvements required which is a credit to our dedicated team at EHC where our aim is to provide an extremely high quality service that enables our older residents to stay in their own home.



350+  
CLIENTS



59,024  
HRS OF SERVICE



8,309  
MEALS PREPARED

473

EXCURSIONS



## Environmental Health Service

Our Environmental Health Team delivers a range of educational programs throughout the year to improve the Community's health. They promote the Fight the Bite campaign which increases knowledge on combating local mosquito issues and personal protection. We held community information sessions regarding the safe disposal of needles in collaboration with Kalgoorlie Population Health.

We subscribed to a new food safety training program FoodSafe Online, a free, self-paced online learning tool that food business operators can use to train their staff to minimum compliance levels in hygiene standards. It is a

requirement that all food handlers demonstrate their skills and knowledge appropriate to the level of food handling that they are employed to carry out. The program is available in multiple languages, increasing its accessibility in our Community.

Our Environmental Health Team has also started the development of a Public Health Plan for the Esperance Community. The draft has involved significant research into the current health services available in Esperance and the challenges being faced by our Community members. We will be presenting a draft for community consultation in the coming financial year.

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

## Community Development

We support community and sporting groups through a variety of ways. We provide funding options via the Community Grants Program, promote upcoming events through the Community News eNewsletter, provide high quality sporting grounds and facilities and have a knowledgeable and supportive Community Development Team who are always ready to offer advice and assistance.

## Modern Workout

During the year we renewed gym equipment at the Bay of Isles Leisure Centre, which has been extremely popular with patrons. The new equipment features a timer and counter that helps you keep track of sets, tutorial videos for different exercises can be accessed by scanning a QR code. Staff are always on hand to assist and make sure you are getting the best work out possible for you.



# Community Connection

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

### Museum Refreshed

The Museum Management Reference Group was officially formed for the purpose of reviewing the progress of the goals and strategies identified within the Esperance Museum Strategic Plan 2017-2023. Regular Cuppa & Chat sessions with our dedicated volunteers have been well attended and are a great space to discuss current and future happenings at the Museum. Topics ranged from how to promote the Museum, the upcoming Skylab celebrations through to emergency evacuation procedures and building maintenance.

The Museum brand was reviewed during the year to update promotional material and signage. This was identified in the Museum Strategic Plan and is aimed at increasing local visitation as well as providing a fresh appearance for visitors. The brochures were delivered to tourism outlets and forwarded to schools to inspire more people to discover our historical roots. Enhancing the Museum visitor experience is being further developed through the delivery of activities that encourage youth participation and fact finding while learning how our community developed and thrived.

The planning for the 40th Anniversary of Skylab is well underway with some fantastic community events planned for all ages. The media interest in the July anniversary is a credit to the work being achieved at the Museum in partnership with several Community groups and will see Esperance grab national, if not international attention.

8,836 VISITORS



### Place Activation

During the financial year we changed the way Local Government Property could be booked and events approved. The streamlined process has resulted in an increase in Event Applications and Use of Local Government Property Permits. It has been exciting to see our Community making use of public land to hold events.

20 EVENTS



56 USE OF LOCAL GOVERNMENT PROPERTY



10 SIGNAGE IN THOROUGHFARE



5 TRADING PERMITS



# Community Connection

## C5 Encourage and support volunteers and community groups

### One Stop Volunteer Shop

Access to external funding allows us to offer the Esperance Volunteer Resource Centre which, in its 20<sup>th</sup> year, is still the one stop shop for all things related to volunteering. This year we matched 186 Community members to suitable volunteer roles via our individualised system, and used the online platform GoVolunteer to promote volunteer vacancies throughout our community. Our Centre supports Community groups through individualised assistance and advice (over 120 instances) and the facilitation of workshops.

186 VOLUNTEERS  
ASSISTED

69 VOLUNTEERS  
PARTICIPATED IN  
5 TRAINING  
SESSIONS



This year we hosted the following workshops:

- Intergenerational Volunteering
- Implementing the National Standards
- Social Media Course
- Volunteer Lifecycle
- First Aid for Volunteers

We celebrate and thank volunteers through events for National Volunteer Week and Thank a Volunteer Day. These events were a great success with over 100 attending the Whale Tail Breakfast in December and 120 volunteers attending a luncheon and talk by two local international volunteers Anne Carey and Donald Howarth, in May.

### Our Volunteers

Esperance Library Friends (ELF) are a proactive volunteer group who assist in many ways at the library including coordinating fundraising efforts. ELF book sales during July raising over \$600 which was used to purchase new stock. In January the Big Book Sale was also conducted by ELF generating over \$5,500 for new library resources. Overall the funds raised by ELF for the 2018/19 year totalled over \$8,000

Esperance Home Care could not provide all the services we do without the help of our wonderful volunteers. We have volunteers who help in the kitchen, deliver meals on wheels, assist with activities, take clients to appointments and many other roles. EHC also runs the Community Visitors Program, an initiative of the Commonwealth Government that provides funding for the coordination of volunteers to visit Nursing Home residents and EHC Package Care clients in their own homes.



## Community Grants Program

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

This year 30 applications were received in the three annual grant categories, Development, Events and Assistance. Council supported a

number of community initiatives.

The Support category of the Community Grants Program is available year round for small grants up to the value of \$1,000. Due to an overwhelming number of successful application resulting in an overspend in 2017/18 by \$1,723 the Council accepted a proposal to increase this year's by \$5,000. This allowed us to support 38 community groups in delivering community projects, events and activities.

Community Grants Program 2018/2019

### DEVELOPMENT

Recipients



The Cannery Arts Centre

Esperance Care Services Inc

Esperance Squash Club Inc

Clontarf Foundation

Esperance Community Arts

\$95,296

### EVENTS

Recipients



RSL Esperance Sub Branch

Esperance Music Festival

Esperance Cycling Club

Rotary Club of Esperance Bay Inc

Esperance Volleyball Association Inc

Esperance Squash Club Inc

Condongup Primary School P&C Association

\$36,820

### ASSISTANCE

Recipients



The Cannery Arts Centre

Esperance Volunteer Sea Search & Rescue Group

Esperance Brass Band Inc

Esperance Amateur Swim Club

Esperance Triathlon Club

Esperance Toy Library

Esperance Emergency Services Day Committee

Esperance Table Tennis Club Inc

\$21,949

### SUPPORT Recipients

\$24,532

Saving Animals from Euthanasia Inc Esperance • Esperance Motorcycle Club • South Coast NRM for Keep Esperance Beautiful • Esperance Anglican Wildflower Festival • Esperance Mechanical Restoration Group Inc • Esperance Photographers Club • Esperance Anglican Community School • South East Runners • Esperance Districts Recreation Association • Esperance Girls Academy • Our Lady Star of the Sea • Ruby Benjamin Animal Foundation • Anchor WA • Escare Inc • Esperance Aboriginal Family and Community Development Group • Esperance Theatre Guild • Cannery Arts Centre • Esperance Goldfields Surf Life Saving Club • Cascade Recreation Association • Esperance Softball Association • Esperance Crisis Accommodation Service • RSL Esperance Sub-Branch • Local Environmental Awareness Forum • Esperance Ultimate Frisbee Club • Moving Movies Esperance Inc • Lions Club of Esperance • Kids Fun Day Out • Esperance Scout Group • Esperance Triathlon Club • Outta The Shed • Gibson Football Club • Esperance Clay Target Club • Esperance Golf Club • St John Ambulance Sub Centre • Hope FM • Adventureland Management Committee • Esperance Soccer Association • Esperance Cycling Club

# Community Connection



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

### YAC Activities

The Youth Advisory Committee are a group of passionate young people who work with us to represent the interests and views of Esperance Youth. This includes developing and hosting events aimed at encouraging participation, teamwork and having fun. The Youth Advisory Committee requested we support busking sessions through the summer at popular meeting spaces to create vibrancy and offer passers-bys the chance to enjoy our home grown talent. We reached out to musicians in the youth age category to perform at Post Office Square and the Jetty Headland. The idea was extremely well received and provided a great atmosphere for everyone of all ages to enjoy.

The Youth Week event in April was held at the Skate Park this year and consisted of giant games, the Scout climbing wall and free

burgers and icy poles. The weather was magic and encouraged several hundred people to head down and be involved. This fantastic Community event was supported by Escare and Esperance Scouts and was deemed very successful by all who attended.

### Basketball Courts Improved

Our upgrades to Adventureland Park included expanding the existing basketball court to full size. The court offers a great space for a group of friends and family to get together and test out their basketball talents. This asset boosts fitness and social interaction opportunities which is definitely a positive for the health and wellbeing of our Community. The equipment installed was selected using input from the Community in partnership with the Ralph Bower Adventureland Park Working Group.

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

### BEN Signs

Beach Emergency Numbering (BEN) signs were installed along our coastline to provide specific location information in the event of an emergency. These are a vital tool for location identification when contacting emergency services. Keep an eye out for them and make yourself familiar with the information. A unique code is included on each sign which is provided when making a call to 000.



### Preventative Education

We implemented a new management system to change the way we administer the Firebreak Inspection Program. Improving the knowledge of property owners who maintain fire breaks is crucial in fire prevention and will help reduce the number of non-compliance notices that are issued.

We undertake a range of preparedness activities each year with our Community in the lead up to fire season. This year we were able to have a Five Minute Fire Chat stall at the bi-annual Emergency Services Day. This was an opportunity to meet a variety of Community members and talk about their individual preparedness.

In the lead up to the 2018/19 Summer we held training for seasonal agricultural workers throughout the Shire. The training allowed us to connect with over 250 participants who learnt about the threats of the Australian Summer.

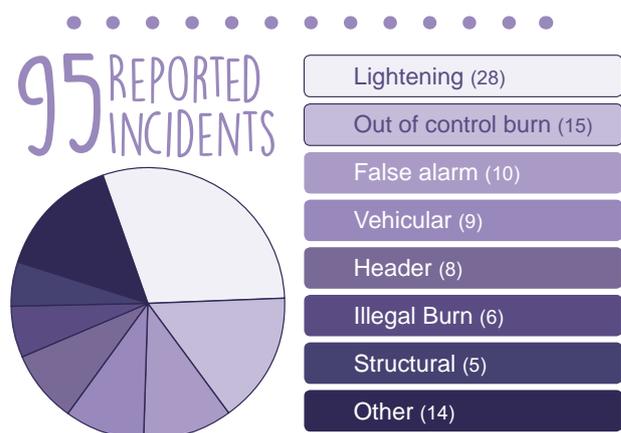
The theme of our Community Street Meet held in Pink Lake was *Is your property fire ready?* We discussed the importance of Bushfire Survival Plans, Emergency Kits, assessing your risk and preparing your property.

### Complex Fires

Esperance experienced a high volume of fires throughout the Shire during the months of February and March, with the fire damaged area in excess of 220,000 hectares. The multiple locations stretched local volunteers to the limit with assistance required from brigades around the state. The response was a huge team effort with approximately 205 firefighters, 11 aircraft, 57 appliances and 26 earthmoving vehicles, with crews and staff coming in from as far away as the Midwest Gascoyne and the Kimberly.

Local firefighters and farmers worked under extreme conditions to strengthen containment lines to help bring the fires under control and keep our community safe.

The influx of visitors for the March long weekend, created a number of challenges for the logistics team housing and feeding the many wonderful volunteers who arrived in Esperance to help extinguish the fires. The Department of Biodiversity, Conservation and Attractions brought their mobile Incident Control Centre which provided the Incident Management Team adequate space to perform their roles. The Army Reserve also set up a camp rest facility in the Indoor Sports Stadium for up to 300 people.



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

### Blackspot Funding

In February we were fortunate to receive National Blackspot Program funding to upgrade the Andrew/Dempster St Roundabout. Our application was successful due to seven (7) car accidents occurring within five (5) years at the roundabout. Five (5) of these were T-Bone incidents which shouldn't occur at roundabouts. The upgrade will improve safety and circulation at the roundabout while accommodating the turning of long and rigid vehicles.

We began work on the roundabout in May and it is expected to continue until August. The project will be followed by a streetscaping project throughout the town centre.



### Bush Fire Fighting Facilities

The Scaddan Bushfire Shed was officially opened on Friday 2 February 2019. Minister for Emergency Services Hon. Francis Logan MLA, WA Member for the Agricultural Region Hon. Darren West MLC, Fire and Emergency Services Commissioner Darren Klemm, Shire of Esperance President Victoria Brown and CEO Matthew Scott, unveiled the plaque open to Scaddan Bushfire Shed.

The two bay facility was a project completed over 18 months to give the Scaddan Bushfire Brigade a base to store their appliance, associated equipment and a place to meet and undertake training. The facility will allow for expansion in the future and give the brigade a base to operate from.

We were successful in securing additional funding for the construction of sheds for the Coomalbidgup and Quarry Road Bush Fire Brigades. Council accepted the \$774,067 grant from the Department of Fire and Emergency Services through the Local Government Grant Scheme. Of this funding, \$274,067 will go towards the \$345,674 Coomalbidgup Fire Shed project. The remaining \$500,000 is allocated to construct a new two bay facility with amenities for the Quarry Road Brigade, with additional funds already secured to also house the Esperance Emergency Support Unit and their Incident Control Vehicle.

### New Landfill Site Selection

During the year we continued to work towards gaining environmental approval from the Environmental Protection Authority (EPA) for our proposed landfill site. The Scoping Document was endorsed by the EPA providing 41 requirements to undertake various environmental and social value investigations. The requirements outlined will increase our knowledge of the environment and surrounding area and enable the EPA to make an informed decision on the viability of a modern landfill facility at Lot 12 Kirwan Road.

### Indoor Sports Stadium Commences

Following the development of the Detailed Design for the new Indoor Sports Stadium we distributed a Request for Tender. A number of submissions were received and construction of a four court stadium was awarded to Sime Building & Construction. The local contractor hit the ground running, completing a significant amount of ground work and fabrication of structural components before the end of the Financial Year.

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

### Facility Improvements

The workroom in our Library underwent some renovations during the year. Changes to the space improved storage and increased workflow efficiencies for staff and volunteers.

We've been working on a renovation program to modernise and freshen up the Esperance Civic Centre. Part of the project was to update the external façade by repainting the roof and rendering the brick walls, these have been undercoated and now await a final decision on what will be painted. Landscaping around the Civic Centre was undertaken to improve the overall aesthetics of the Community's premier entertainment and venue space.

### New Jetty Design

In August 2018 the Draft Concept Design for a new Jetty was released for public comment. Designed in collaboration with H+H Architects and the Heritage Council of Western Australia (HCWA), to be a suitable recreational jetty for our Community. HCWA supported the design in principal before it was released for public comment.

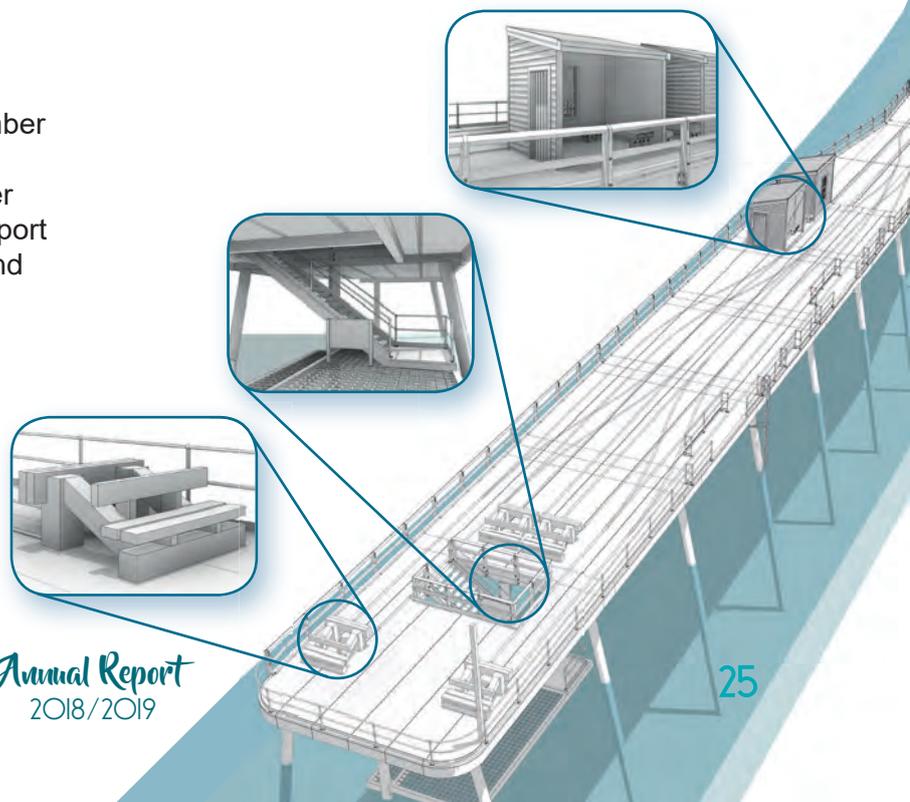
Approximately 80% of our Community expressed their satisfaction with the Draft Concept Design for the new Jetty. In November we submitted our Business Case and application for Round 3 of the Building Better Regions Fund for a new jetty. Letters of support were received from various organisations and included in our application. We received 17 letters of support from local, regional, state and federal agencies and 14 from Community and representative groups.

Council was presented with the Final Concept Design in January 2019 which incorporated the community feedback from the public comment period. A letter of support was received

from the HCWA approving the Concept and the Jetty Replacement Working Group and Council met in February and endorsed the Final Concept Design following. Shortly after it was announced that our funding application was successful and we had secured \$4m from the Federal Government to construct a new jetty.

In May 2019 we received confirmation from HCWA supporting the proposed Detailed Design of the new jetty. At the May Ordinary Council Meeting, Council resolved to follow a Ten Step Process for the replacement project in conjunction with the Department of Planning, Lands & Heritage, Department of Transport, and Southern Ports. This process outlined the administrative tasks required to move forward with the project.

On 26 June 2019 the first step was completed with the issuing of a *Section 64 Permit*, under the *Heritage of Western Australia Act 1990* by the Minister for Heritage. This Permit will allow for the deconstruction of the Esperance Tanker Jetty and stipulates the construction of the replacement jetty to be as per the Detailed Design approved by HCWA.



# Built Environment

## Regional Building Seminar

In March we hosted a Regional Seminar presented by the Department of Mines, Industry Regulation and Safety's Building and Energy team (formerly the Building Commission).

The free Seminar was offered to local building industry participants and professionals providing an opportunity to hear about Building Code focused changes for Volumes One & Two of the National Construction Code (NCC) 2019 Edition. The Seminar also covered recent changes to the Building Regulations 2012.

This was a great opportunity for those involved with designing, approving or constructing buildings to gain first-hand knowledge about important changes. It was relevant to all building types, with a particular focus on residential construction and navigating the NCC's new-look structure and layout.

The seminar aimed to help builders, building surveyors, architects, designers, owner/builders, subcontractors, fabricators and others in the building sector understand the NCC changes as well as amendments to State building legislation.

## New Flag Pole

Our Administration Building had three new flag poles installed at the front of Council Chambers. These replaced two (2) older poles located down the side of the building. The new poles provide a better visual and allows for the Aboriginal Flag to be flown every day. The first use for the new poles was to celebrate National Reconciliation Week which saw the Australian, Aboriginal and Torres Strait Islander Flags flown. The occasion was marked with acknowledgements by the Shire President and local Nyungar Elder Annie Dabb.



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

#### Lighting Upgrades

Lighting along the Foreshore paths received an upgrade this year with new energy efficient LED lighting installed. The LED lights are on 6m high poles spread along the path replacing the previous units. The older lights running from the boat ramp to Port Authority needed wiring upgrades and the new lights are more efficient and provide a better quality light.

Unfortunately, the lower bollard lights (selected to provide a less invasive light) that ran along the foreshore from James St to the Jetty Headland have been prone to significant vandalism. We replaced them with poles that will provide a better quality lighting for path users and are more resistant to vandalism.

#### 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 47km of sealed road construction, 34km of road resealing, and 3.5km of road added to the expansive network. 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 financial year over 185km of gravel roads were resheeted to ensure that the road network continues to support our primary industries.



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

#### Emergency Aircraft Apron

During the aftermath of the November 2015 Esperance bushfires, we began to plan an additional apron at our airport to facilitate water bombing aircraft in the future. In 2016 a funding opportunity arose under the Regional Airports Development Scheme (RADS).

With support from the Department of Fire and Emergency Services and the Department of Parks and Wildlife (now DBCA) we received RADS grant funding later that same year. Plans were finalised soon after and by 2018 the Esperance Airport had a dedicated apron specifically set aside for the use and loading of fire-fighting aircraft.

As well as the apron itself, we constructed a new taxiway and loading facilities with direct

runway access to negate the conflict between emergency water bombing planes and all other aircraft. This brand-new facility was swiftly and unceremoniously 'fire-tested' late in 2018, when the fleet of water bombing aircraft were once again called upon to battle huge blazes in the north of the Shire.

#### Increased Passengers

Our Airport was busy this year with 51,009 people accessing Regional Airline flights in comparison to 50,633 from the previous year.



# Built Environment



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

### Tanker Jetty

The Esperance Tanker Jetty has continued to deteriorate while waiting for approval to construct the new Jetty. An Incident Management Plan was developed to ensure a procedure was in place that would inform all stakeholders immediately should any further uncontrolled collapses occur. There are procedures that outline our role and responsibilities and those of Southern Ports with respect to the collection of loose timbers and debris both in the ocean and along the shore line.

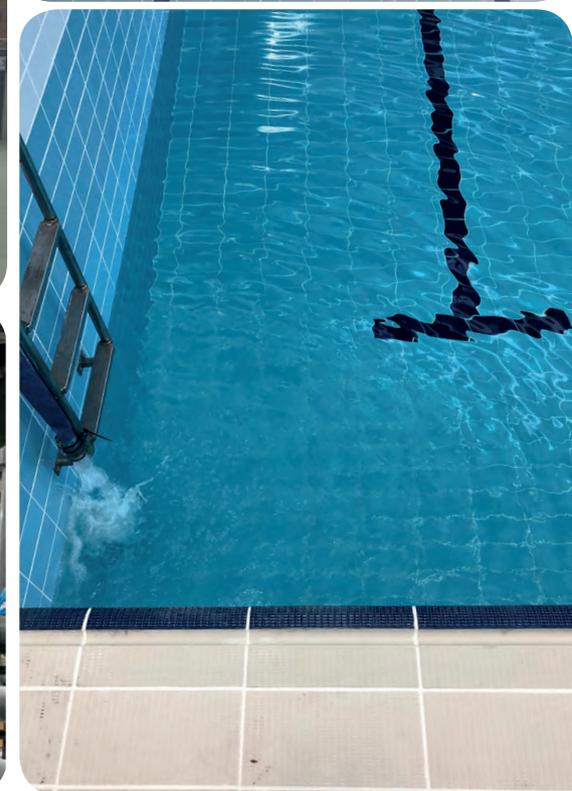
In May 2019 the Shire received confirmation from Heritage Council of WA (HCWA) supporting the proposed Detailed Design of the new Esperance Jetty. At the May Ordinary Council Meeting Council accepted the recommendations made by the HCWA regarding the Deconstruction Methodology for the Tanker Jetty and resolved to engage a Heritage Architect to implement the requested changes as per the advice received. A comprehensive record of the deconstruction works will be maintained by the Heritage Architect which will assist us in maximising the amount and quality of salvaged material from the structure.

### Aquatic Area Maintenance

The aquatic area at the Bay of Isles Leisure Centre (BOILC) was temporarily closed for a 13-week period to allow essential maintenance work to be undertaken. Required works included tiling the lap pool, tile maintenance to the lagoon and hydrotherapy pools and sauna refurbishment. We needed to drain and dry the pools completely before work could start and allow sufficient time to dry the improvements before the pools could be refilled. General pool and plant maintenance was also carried out along with a rearrangement of storage spaces. The end result will see all our pools looking spectacular and storage areas that are more efficient for our staff and patrons to utilise

### Parking Concerns

The Cemetery Carpark works were undertaken to formalise parking as part of the Cemetery Master Plan. The new park also addresses safety concerns by redirecting the parking that was occurring on the side of Pink Lake Road.



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

Amendments 2 and 3 to *Local Planning Scheme No 24* were drafted, advertised for comment, endorsed by Council and subsequently gazetted. Amendment 4 to *Local Planning Scheme No 24* has reached the endorsement phase and is awaiting gazettal. All amendments and *Local Planning Scheme No*

24 are available for review on the Shire website.

A review of the Shire's Planning Policies identified the need for a minor amendment to the *Ancillary Accommodation Policy* and the development of a new *Local Planning Policy: Development for which Development Approval Not Required* adopted in July.

# Natural Environment

N1 Develop community awareness of environmental opportunities, challenges and impacts

## Lake Monjینگup Recovery

We've been working with the Lake Monjینگup Community Development Committee members and numerous Community groups and volunteers at Lake Monjینگup including: Men in Sheds, Scouts, Esperance Anglican Community School, Esperance Senior High School Bushrangers, Esperance Wildflower Society, Esperance Bird Observers Group, Carmel Adventist College, Wongutha Christian Aboriginal Parent-directed School, South Coast Natural Resource Management and our Work for the Dole teams. The rehabilitation and infrastructure work completed by these groups is fantastic and Lake Monjینگup is ready to welcome visitors again.

We held a Community Tree Day at Lake Monjینگup this year and mother nature turned on her best weather. The community planted 1,363 native seedlings, which will provide

ongoing benefits to the Lake Monjینگup Reserve.

This year we have also rebuilt the Environment Centre, boardwalk and toilets. The Boardwalk encourages walkers to wander between the bullrushes and sensitive Paperbark wetlands. Visitors to the Reserve can walk over the water along the boardwalk which connects to nature trails throughout the area. The path and boardwalk have been constructed to be all inclusive, wide enough to allow to prams and wheelchairs to pass.

Wongutha Christian Aboriginal Parent-directed School students have also been extremely busy during the year at Lake Monjینگup – removing over 2,500 seedlings of the Victorian Tea Tree weed. Work included an extensive weed control program, a flora inventory and replanting of 4,000 seedlings.





# Natural Environment

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

## Organics Investigation

The Organics Implementation Plan and Business Case was formally presented to Council during the May 2019 Ordinary Council Meeting, outlining the research required to determine how an organics program can be introduced in Esperance. This includes looking at the best education and collection methods for the household all the way through to how it will be processed at our Waste Facility and what will be the best outcome for the final product.

## Less Waste to Landfill

At the Wylie Bay Waste Facility we introduced a new hardstand that has significantly reduced the number of vehicles required to access the tip face and increased the recovery of steel, green waste and glass. Additionally the

collection of Construction and Demolition (C&D) waste has been improved allowing for better reuse options for other Shire operations.

The clear signage and simpler sorting options offered to the public has seen a higher number of people self loading and sorting, which ultimately sees less waste going to landfill.

738T MATERIAL RECYCLED 

11,216T WASTE RECEIVED



#### N4 Support and encourage businesses to make sustainable choices

### New Waste Initiatives

Our Waste Management team is continually exploring new recycling programs and waste diversion options. We encourage business and the community to utilise these programs in the interest of achieving best practice waste management in esperance.

Polystyrene has been identified as a troublesome waste for many years. Being up to 98% air. It takes up a lot of void space in landfill and, although recyclable it is difficult and expensive to transport. After identifying and contacting business that dispose of a considerable amount of this troublesome product we decided to purchase a polystyrene baler in April 2019 and is now operational at our Wylie Bay Waste Recycling Facility and identified businesses were supplied with wool bales to collect and contain the polystyrene. Once they had a decent amount accumulated they are able to drop it off at our Facility. The

polystyrene goes through the cold press baler, which reduces it in volume by a ratio of 40:1. We will work with more businesses in future years to collect the product. It is crucial that polystyrene is only dropped off to the waste facility, if it goes into bins or skips it breaks up and becomes unmanageable or contaminated by other waste. The product is transported to Perth for recycling.



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

### Education Opportunities

We have delivered a number of community awareness campaigns throughout the year to encourage responsible recycling and avoidance of waste. The commencement of the Community Waste Action Group (a Community group) and the Sustainability Working Group (an internal Shire group) has seen new ideas introduced in the short term and the development of concepts that will be introduced in the long term.

We use our social media accounts to actively promote ideas and programs that offer solutions on how to reduce and avoid waste. This includes sharing information from sites such as Own Your Own Impact and our local group,

the Home Environment Network. These can be fun ways to look at changing habits or more informative posts that explain the significance surrounding the need for change.



# Natural Environment

## 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 was established in 1982. It was built to provide water to Esperance Turf Club, Esperance Golf Club and Newtown Oval due to salt invasion in existing water supplies to the eastern side of Esperance. The current main line is

undersized and after 40 years of operation requires upgrading. The Shire was successful in receiving a grant from the Water WA Towns for \$998,634 towards the \$1.5 Million projects to upgrade 7.6km of the recycled water main line.

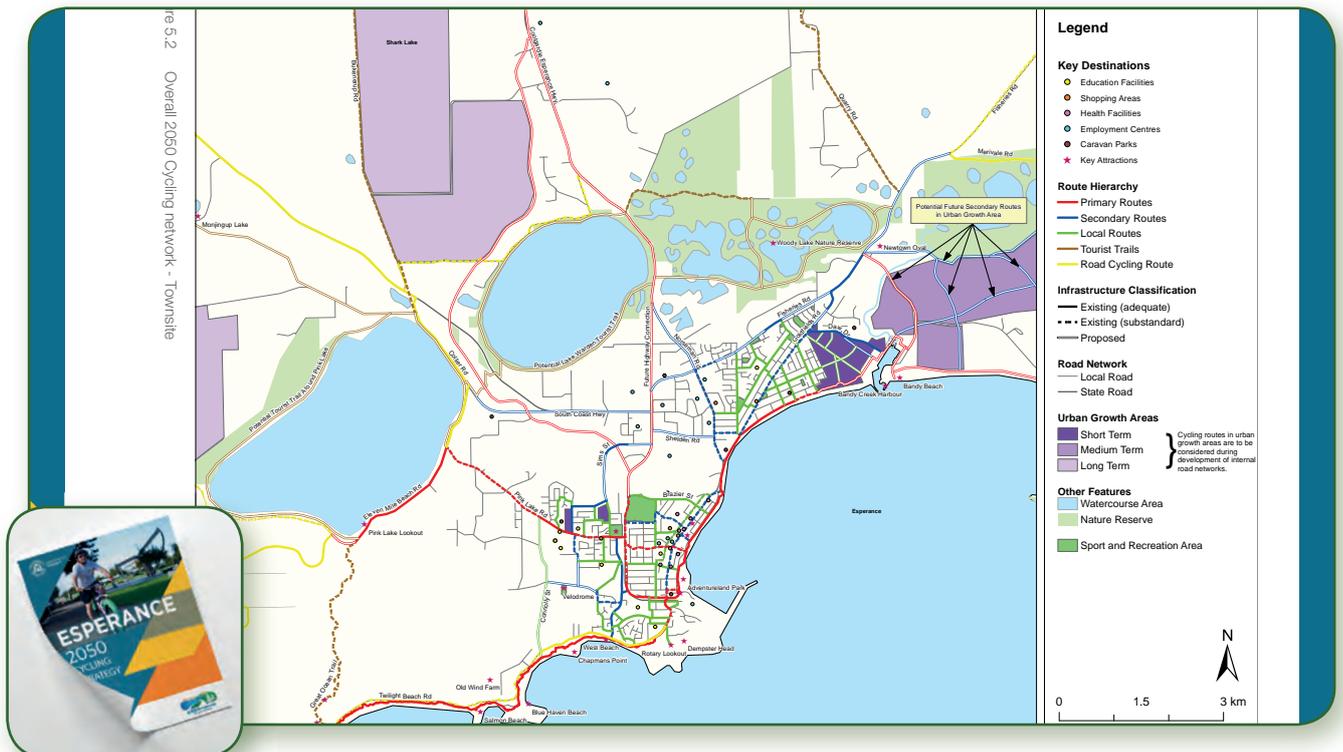
After receiving tenders that exceeded the budget for this project it was decided to undertake the work in house.

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

### Strategic Cycling Network

The 2050 Cycling Strategy was initiated and subsequently completed this year. The Department of Transport led the strategy which sought to create a blueprint for connecting and extending cycling infrastructure within the region. The Strategy aims to enhance riding experiences for residents and showcase some of our best natural assets to visitors

and tourists. Through several community engagement and consultation opportunities Esperance residents were able to identify potential locations for cycling infrastructure that would improve access and safety for cyclists. Cycling enthusiasts, both competitive and social and our transport industry are integral in making sure the strategy appropriately addresses current and future challenges.



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

## Minising Development Impact

Land use and Development control aims to minimise the detrimental impacts on the environment by controlling Development within the Priority Drinking Water Source Areas and the catchments of the RAMSAR wetlands. Specific provisions are also in place

to cater for on-site drinking water connection which minimise the reliance on a consumable resource. There were a few applications during the year where planning decisions relied upon additional information from the Department of Water & Environmental Regulation to ensure the development minimised or had no environmental impact.

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

## Pink Lake

Council have commissioned a feasibility study into scientific options to restore the ecological connection between Lake Warden and Pink Lake, with the goal to make Pink Lake pink again. This project is in partnership with Department of Biodiversity, Conservation and Attraction and the Lake Warden RAMSAR Technical Advisory Group.

## Clean Lighting

We have implemented a replacement policy for all fluorescent tubes in our buildings to be replaced with LED tubes as required. This will see a reduction in overall energy use and costs. This is further supported by the installation of solar powered panels where possible and includes lighting and water opportunities.

PINK LAKE, 1970s



PINK LAKE, 2018



Photo Credit: C.Green

# Growth & Prosperity

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

### Visitor Infrastructure

Tourism signage was renewed along Great Ocean Drive and in various areas around Esperance to improve wayfinding and information available for our visitors. This includes highlighting tourist attractions and directional signs that assist drivers needing long vehicle parking.

WIFI was installed in the town centre, providing free access to locals and visitors from their own devices. The service is available from the Foreshore between the Whale Tail and the Skate Park, along James and Andrew Streets between the Esplanade and Dempster St and along Dempster St between James and Andrew Streets. This is a fantastic way to encourage people to spend a little extra time in the town centre and receive information about Esperance when signing on.

This was a joint project with the Goldfields Esperance Development Commission and the Esperance Chamber of Commerce and Industry with funding made available through Royalties for Regions.

Access to free WIFI in the town centre was enhanced with the installation of four (4) Steora Smart Benches. These benches can charge devices wirelessly and via USB (you just need to pack your own charging cable) and operates

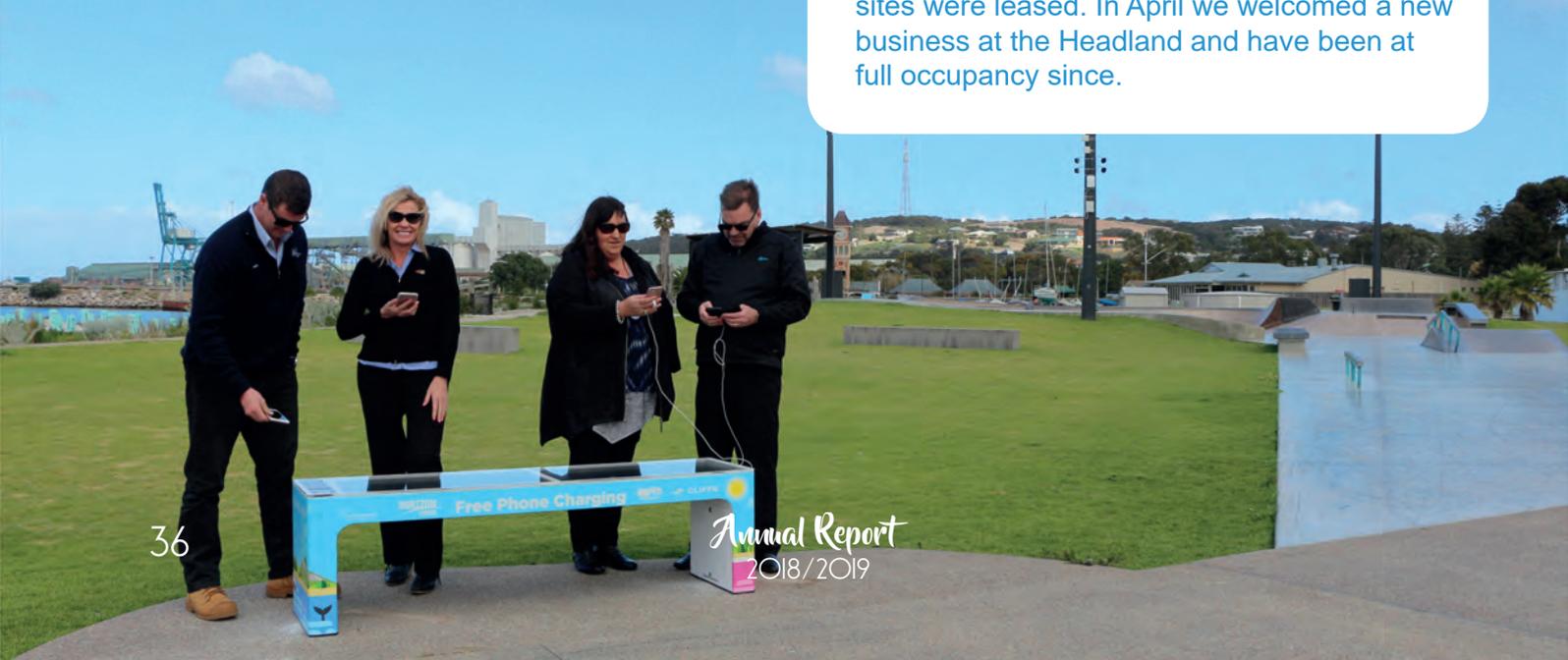
via solar panels built into the bench. They also provide additional seating along the foreshore, located at the Jetty Headland, James St Precinct and Skate Park.

We would like to express our appreciation to Southern Ports, Horizon Power and Cliffs, for their enthusiasm and commitment to this project, a great example of community partnerships delivering services to the Esperance community and visitors to our region.

### Small Business Opportunities

We offer a number of small lease areas at the Jetty Headland (Headland) and Museum Village (Village). Businesses at the Village are small businesses offering local and regional arts & crafts, local produce & tourism retail outlets. They take an active role in organising and participating in the Sunday markets offering the space and their presence complements our Visitor Centre. There was full occupancy at Museum Village for majority of year with the exception of a short amount of time between changing leasees.

Sites at the Headland are usually occupied by food vendors offering their wares from trailers. For most of the year, three (3) of the four (4) sites were leased. In April we welcomed a new business at the Headland and have been at full occupancy since.



## G2 Develop partnerships to actively support economic growth

### Packed to the Rafters

The Overflow Camping facility was open from just before Christmas until the middle of January, over the Australia Day and March long weekends as well as Easter. This facility is run on our behalf by the Esperance Indoor Sports Stadium Management Committee with all proceeds retained by the Committee. It opens when all commercial caravan parks within the town are full to ensure all visitors to Esperance can be accommodated. The extended opening

periods this year (along with advice from the Committee that numbers utilising the facility were up) is a good indicator of the continuing growth in tourism numbers to town.

We continue to work collaboratively with other agencies such as the Goldfields Esperance Development Commission, Esperance Chamber of Commerce and Industry and Southern Ports on a number of projects in the promotion of Esperance as a place to do business.

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

### Showcasing Esperance

Several promotional campaigns were organised during the year to promote Esperance to intrastate, interstate and international visitors. We work in partnership with the Australian Golden Outback and Tourism Esperance. This support is via a financial contribution and through regular contact, ensuring all parties are working on projects complimentary to each other broadening their overall benefit.

A newsletter focused on subjects specific to tourism operators in Esperance was developed and several were sent out over the year. These ranged in topics from detailing current challenges and opportunities, upcoming changes to services, how to respond to poor reviews and so much more.

The CEO and Deputy President travelled to Canberra to promote Esperance at the Showcase WA event held at Parliament House. This was an opportunity for regional tourism centres to highlight what they have to offer to both levels of Federal Government. The purpose of the event was to boost promotional opportunities and to increase awareness of the diversity and funding opportunities available in the WA tourism market. The WA Tourism Industry is experiencing significant

growth which is being supported through State Government expenditure and can be further enhanced with Federal support.

During the year Esperance appeared as the feature location in the Weekend West Travel magazine which included a full editorial and a number of iconic Esperance images. The show Caravan and Camping Western Australia headed to our region and filmed a segment centred around our driveable beaches and Lucky Bay. A local family accompanied the crew to provide a locals 4WD and camping perspective.

### Visitor Centre

A Visitor Centre Feasibility study was completed exploring the future requirements of visitor's centres, identifying opportunities for the Esperance Visitor Centre and offering suggestions on the current infrastructure and potential locations in the future.



# Growth & Prosperity

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

### New Industries

We entered into a land agreement with Ocean Grown Abalone (Ocean Grown) to create possibly the largest onshore Abalone Farm in Western Australia. Through the land agreement Ocean Grown will lease the southern portion of the current Wylie Bay Landfill Site for up to two (2) years while they undergo their due diligence on the property. If successful Ocean Grown has an option to purchase the site, once it has been subdivided. Should this

investment occur we have been advised this project could create up to some 60 jobs with an development of over \$50million. So far no red flags have been identified by Ocean Grown, and we are currently dealing with the State Government in order to subdivide the land for this great development. On a similar note we attended the annual Shellfish convention, this year held in Albany. There is a lot of interest in the developing industry and Esperance is fortunately located due to our pristine waters and relatively sheltered waters.

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

### Regional Events

The Civic centre continues to be promoted as a potential conference venue in addition to the productions it already attracts. The growth of Edge of the Bay shows that Esperance can

accommodate large scale community events while we also support the myriad of state and regional level sporting events that are held in Esperance. The ongoing success of these events continues to spotlight the capabilities of Esperance in this space.

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

### Small Business Support

During the year we signed up to participate in the Small Business Friendly Local Government's initiative. One of the commitments we made as part of this initiative was to participate in training sessions to help local small businesses become preferred suppliers for us to use.

As part of this we hosted a "How to Win Business in Esperance" workshop jointly with the GEDC's Local Content Advisor – Goldfields-Esperance. This session included information on how to tender for contracts with the Port, an overview of the approach Sime's take when looking to win Local and State Government tenders along with details on how to be considered for our Pre-Qualified Supplier Panel. There was also an overview of current and upcoming Shire tenders.

One of the important take-outs from all presenters was that while price is important, it is not the only consideration with the majority of decisions being made on a mix of both price and the quality of the products and services offered.

On our website we added a page called Small Business, this page provides valuable information about who existing and potential business owners and investors should contact for advise.

We also host a networking event each year for tourism operators. This year we held the event at the Esperance Museum rather than the normal venue of the Visitor Centre in order to bring operators into one of our less heralded visitor experiences.

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

## Lobbying for Infrastructure

We joined the Western Australian Regional Centres Alliance (WARCA) to lobby for relevant infrastructure in concert with other local governments, in particular around energy sources. WARCA is currently putting together an infrastructure plan to be presented to State and Federal Government to further develop industry options in major centres in regional WA. We were also represented at a workshop in Kalgoorlie which included representation from all major power distributors and generators to consider and understand options that may be relevant to our community into the future.

At a local level we have had several briefings with Horizon power on their current Expression of Interest process for the future provision of power to Esperance with a strong emphasis on renewable and hybrid options. We have also supported Horizon power in the deployment of self-generation options for people living at the extremes of the local grid.

This year also saw the building of several additional mobile towers to assist in reducing the current mobile black spots and provide additional emergency services linkages along the Coolgardie-Esperance highway.

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

## Land Management

With a quiet housing climate no properties in the Flinders Estate were sold in 2018/2019, however two were under offer at the end of June. The Shark Lake Industrial Estate didn't receive any offers to purchase during, the bulk of the estate is currently under lease and provides some income from the property.

With the offer to purchase lots reiterated to the owners of property in Development Area 3 the Shire has been able to reclaim 15 properties. There are currently 27 properties still in private ownership with the owners of 7 of these having advised that they would be interested in discussing a development consortium approach. Agreements have been sent out to private landowners within the Ocean/Johns/Parson Street area with a view to bringing these lots to a developable status. We are preparing to undertake sand removal from the area over the next two years with the sand being used in other activities. This will improve the development potential of the area.



# Growth & Prosperity

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

### Dirt Music

The Shire liaised with the Goldfields Esperance Development Commission, Esperance Chamber of Commerce and several representative bodies in Esperance to provide valuable support and information to production team for the movie *Dirt Music*. Esperance was selected as one of the locations for film and this provided a fantastic opportunity for us to promote our town to the 60 plus crew members heading to Esperance and will see additional benefits when the film is released

in the next financial year. Welcome packs containing information about local services and tourist attractions were collated by our staff, with promotional leaflets included from local businesses.

The movie will be released internationally and will showcase many of the amazing natural assets that draw visitors to our region. Scenes were filmed on our iconic Twilight Beach, the sand dunes at Wylie Bay and at the rustic Gibson Soak Hotel.



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

### Barrier Fence Extension

Council has resolved to join the Shire of Ravensthorpe and the State and Federal Government in funding the State Barrier Fence Esperance extension, committing \$1.5m to this \$9.6m project. Work commenced on the Fence in April of this year, with an official sod turning by Minister for Regional Development & Agriculture, the Hon. Alannah MacTiernan. This Project will extend the fence from its current termination point near Ravensthorpe, extending north around Salmon Gums and finishing east of Esperance near Cape Arid National Park. The Fence is needed to protect the local farmers from feral animals, such as wild dogs, and assist farmers who are eager to get back into livestock.

We have continued to advocate and lobby for improved telecommunications infrastructure to assist the farming areas that currently have limited options and availability.



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



# 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 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.

Member	Agenda Briefing	Ordinary Council Meetings	Special Council Meetings
<b>Number of Meetings</b>	<b>12</b>	<b>12</b>	<b>4</b>
Cr Victoria Brown	11	11	4
Cr Natalie Bowman	12	11	4
Cr Lara McIntyre	11	12	3
Cr Steve McMullen	11	11	3
Cr Ron Padgurskis	11	11	4
Cr Basil Parker	12	12	4
Cr John Parsons	12	11	4
Cr Shelley Payne	6	10	1
Cr Dale Piercey	10	10	3

214 COUNCIL RESOLUTIONS   
141 COMPLETED

### Advocating for Esperance

We continually advocate for the benefit of our community on a range of issues and this financial year was no exception. With the review of the *Local Government Act* underway, we made several submissions, both directly to the State Government and via organisations such as Goldfields Voluntary Regional Organisation of Councils and WA Regional Capitals Alliance. It is extremely important that the *Local Government Act* becomes more flexible and adaptive to a changing environment. Other matters we have actively advocated for or implemented is the State Barrier Fence Extension, aquaculture, cultural awareness, community events, and new waste initiatives.

We attended the Coroners Inquiry to the 2015 Esperance Fires. Shire representatives attended each and every day of the hearings, while providing support to the local volunteers who also attended.

This was followed up later in the year with a tour of Albany, sharing experience with new developments such as Recreational Centres, Libraries and Visitor Centres.

### Reconciliation Action Plan

A Draft *Reflect Reconciliation Action Plan* (RAP) was developed for the Shire in collaboration with Reconciliation Australia and the Elders and traditional landowners of Esperance. This plan will assist the organisation in developing a governance structure which is vital for all stakeholders to be involved in to determine the different roles we will all undertake in reconciliation. Further consultation will be necessary to ensure this plan is implemented successfully, the first step in this process will be development of a RAP Working Group.

## Annual Electors meeting

Our Annual Electors Meeting was well attended this year with 89 electors coming along. The meeting gave electors an opportunity to raise motions for Council to consider at a subsequent meeting, a chance to ask questions about the Annual Report 2017/2018 and to ask questions about any other general business.

Six (6) motions were passed at the Meeting and we held a Special Council meeting for Council to consider these concerns. Two motions were rejected due to non-compliance with the *Local Government Act 1995*, the remaining four motions were amended with all directing the CEO to complete a number of actions. 54 Electors attended to hear the reasons behind the decisions made regarding each motion.

One action developed from the Council Meeting was for a public forum to be held to discuss our Long Term Financial Plan. The forum highlighted what financial assumptions are and how these are determined, what impact a rate increase or decrease has on services and how money is set aside for future expenditure. Disappointingly only six (6) community members and one (1) media representative attended the forum, with all feedback received from those who came along being very positive.

## Delegated Authority

Each year we present the *Register of Delegated Authority* to Council for their 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*. This year we completed an in-depth review, reviewing the necessity of Delegations, evaluating them with relevant legislation and comparing them against other Local Governments and the new WALGA model. Minimal changes were made to the authority delegated to the CEO, however changes were made to format and wording to make the register easier to understand.

## Community Perception Survey

In early 2019 we undertook our biennial Community Perception Survey. The purpose of a Community Perception Survey is to gather information from the community on their satisfaction with the various services we provide. This survey asked community members to rate services on a scale from excellent to terrible. The responses allow Council to determine which services are meeting, exceeding or underperforming according to community expectations. The results indicated dissatisfaction within the community in governance, economic development and the way the community is consulted.



# Community Leadership

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

### Shifting Operational Fleet

Three pieces of new equipment were added to our fleet being, a nine (9) ton loader, a three (3) and a half ton skid steer and a skid steer mulcher attachment for rural maintenance.

Additional to our new pieces of equipment, we replaced or upgraded a number of machinery. The Town Construction loader was replaced with a Telehandler, offering more operational scope and versatility. The 5000lt water tank spray system was replaced with a 7000lt remote control system. The medium tip truck was also replaced with a matching nine ton plant trailer.

Rural Construction had a side tipping semi-trailer replace the tandem axle end tipper trailer offering more payload. The Grader was replaced with a CAT 12M series and a 3 ton fuel tanker was replace with a locally manufactured unit.

Our Parks and Reserves Team had their lawn care plant replaced; being a new Tri Max three bed mower and a three point linkage Verti Mower which replaced the trailer version saving on registration. A new John Deere Tractor was ordered but suffered delays with manufacture and will be received later in the year.

All three new medium trucks had their towing limits and payloads upgraded. The truck servicing schedules were changed from 200 hours to 250 hours in line with the yellow plant, this resulted in a saving of 22 full services overall per year and environmentally, one ton of oil and a full range of filters and consumables associated with the servicing. The change had no adverse effects on any fleet vehicles.

We use many types of fleet and this year we added two (2) electric bikes to our extensive collection. The bikes are based at the Shire Depot and Shire Administration Buildings. They are available for staff to use to run Shire

errands around town. The bikes provide a transport option that reduces our carbon footprint and promotes fitness.

All together we came in \$196,000 under budget this year with savings made from our competitive procurement process and plant sales.

### Seafront Caravan Park

After managing the caravan park for three (3) years and gaining a better understanding of its operations. We advertised for expressions of interest from companies interested in leasing or managing the park on a medium to long term basis. Following evaluation of the EOI's Council resolved to proceed with a lease and invited those companies that responded to the EOI to provide submissions through our tender process.

### Meeting Data Demand

With the increasing data requirements being demanded by our operations, the Information Technology team is implementing a private fibre optic network to link the Shire Administration, Depot, Leisure Centre and Home Care buildings, and the new Sports Stadium once it's constructed. Installation of the Pits and Conduits is well underway with completion of the project expected by the end of the year. This will remove the risk of bad weather or trees affecting the current wireless Point to Point networks, as well as providing a super-fast, safe, secure, maintenance free network many decades into the future.

1,091,120  
EMAILS RECEIVED  
↓ 69%  
WERE SPAM OR CONTAINED A VIRUS

@  
89,832  
EMAILS SENT



# Community Leadership

## ESPERANCE MINIATURE RAILWAY STATION



### L3 Proactively lead the community through innovation and change

#### e-Applications

Our Records Management and Building Services Team worked together this year to design a PDF stamp that would facilitate the electronic building approval process. This was

part of the process to improve the way Building applications are received and approved. Electronic lodgement improves the efficiency for all parties involved and ensures applications are kept up to date with the information available to all staff instantly.

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

#### Notable Citizens

This year at the Australia Day celebrations we had the opportunity to celebrate the exemplary members in our community. The Australia Day Council's Citizen of the Year Awards are presented annually to recognise individuals and organisations contributing to our community. This year the Citizen of the Year Award was presented to Erica Austen for the many volunteer roles she has fulfilled.

Helen Scott was the recipient of the Senior Citizen of the Year Award with 20 years of dedicated service to the Esperance RFDS under her belt.

Rory Close was presented the Young Community Citizen of the Year Award. His dedication to the Esperance Volunteer Fire & Rescue Service is clear with over 200 responses to triple zero calls.

#### Key to the Shire

In April this year Council posthumously presented the Key to the Shire to Rev. Douglas "Doug" Harry Murray OAM. Ruth McIntyre requested the acknowledgement and accepted the key on Rev. Murray's behalf. Rev Murray was a community member for 50 years and some of his many achievements include being awarded the Order of Australia Medal (OAM) 2010 for service to the Anglican Church in Australia and to the Community, his Public Service Medal for contribution to Education and being a founding member of many community groups in Esperance. The Key to the Shire is an honour that recognises the outstanding achievements and contributions to our community made by Rev. Murray.

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

## Adaptive Communications

Our Communications team undertook a significant amount of community engagement and consultation between the Community Perception Survey and Jetty Concept Design projects. This included multiple pop up displays, online interactions and media coverage. The community response during the engagement period was extremely positive and the information received has informed strategic and operational decisions. Consultation was also undertaken for the Cycling Strategy, Community Waste Engagement Plan, closure of the aquatic are for the Bay of Isles Leisure Centre and the Community Grants Program.

We continued to utilise a variety of tools to communicate with the entire community and target specific audiences. Social media pages are used extensively to forward short succinct messages or to redirect users to our website for further information. The purchase of a small camera and gimbal has allowed us to create short video's highlighting some of the daily tasks we undertake, capture community events and record project progress.

The results from the Community Perception Survey suggested more information on the decisions made by Council needs to be promoted. This instigated a new process where

media were invited to meet with the CEO to discuss the upcoming Agenda items, improving their background knowledge of the items and allowing them to clarify information before the Ordinary Council Meeting. Additionally the Agenda Items are now listed on Facebook, allowing for a quick perusal of what may be going to Council with a link to the Agenda should the reader be interested in viewing the whole report. After the Ordinary Council meeting a brief summary is provided on the decisions made with a link to the Minutes. These changes ensure there is greater community awareness of Council's decision making process through Agendas and Minutes. The Shire Flyer also includes upcoming Council Meeting dates and promotes the public access at Agenda Briefing Sessions and Council Meetings.



49 MEDIA RELEASES



252 MEDIA ENQUIRES



FACEBOOK

6,672 

FOLLOWERS

1,254 POSTS CREATED



INSTAGRAM

975 

FOLLOWERS

364 POSTS CREATED



TWITTER

557 

FOLLOWERS

715 POSTS CREATED

# Statutory Requirements

## Summary of Financial Performance

Financial Ratios	Bench Mark	Actual 2018/19	Actual 2017/18	Actual 2016/17	Actual 2015/16
Current Ratio	100%	179%	266%	184%	189%
Asset Sustainability Ratio	90%	78%	81%	87%	80%
Debt Service Cover Ratio	2%	65.55%	26.62%	37.78%	12.95%
Operating Surplus Ratio	1%	(5)%	(1)%	3%	(16)%
Own Source Revenue Coverage Ratio	40%	72%	76%	70%	59%
Asset Consumption Ratio	50%	54%	56%	77%	95%
Asset Renewal Funding Ratio	75%	107%	100%	105%	104%

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

### 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 a figure of more than 1.0 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 90% and ideally over 100%.

### 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.

### Own Source Surplus Ratio

This ratio is a measure of the Shire's ability to cover its costs through its own revenue. A ratio of 72% is considered to be reasonable considering the Shire's reliance on growth for its road network.

### Asset Consumption Ratio

This is a new ratio implemented under the Integrated Planning and Reporting requirements for Asset Management. This shows the written down value of the Shire's depreciable assets relative to their replacement cost. The ratio highlights the aged condition of the Shire's stock of physical assets.

### 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

	2017/18	2018/19
\$100,000 - \$109,999	7	6
\$110,000 - \$119,999	4	5
\$120,000 - \$129,999		1
\$130,000 - \$139,999		
\$140,000 - \$149,999	1	1
\$150,000 - \$159,999		
\$160,000 - \$169,999	2	
\$170,000 - \$179,999		2
\$180,000 - \$189,999		
\$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 (4) Freedom of Information applications processed by the Shire of Esperance in 2018/2019. Of these:

One (1) was for personal information

Three (3) were for non-personal information, of these:

- 1 were granted edited access to records released
- 0 were denied access
- 2 was subsequently provided full access to public documents

## 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. The 2018/2019 years saw entries one (1) made in this regard.

<b>Date:</b>	2 October 2018
<b>Name of Council Member of whom the complaint is made</b>	Cr Dale Piercey JP
<b>Name of Person Making Complaint</b>	Cr Victoria Brown Cr Natalie Bowman Mr Kevin Hall
<b>Description of Minor Breach</b>	Breached Regulation 7(1) (b) Local Government (Rules & Conduct) Regulations 2007 by Publishing False Information
<b>Details of Action taken under Section 5.110(6) (b) or (c)</b>	The Panel orders under section 5.110(6)(b)(ii) of the Act that Cr Dale Piercey make a public apology in term of the attached Order

# 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 government 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 2018/2019 financial year there were no changes Shire's Local Laws.

The image features a scenic landscape with a teal circular overlay. The background shows a blue sky with light clouds, a dark blue ocean, and a rocky coastline. In the foreground, there is a dense field of green, low-lying vegetation. A large teal circle is centered over the image, containing the text 'Annual Financial Report' in a white, cursive font. The text is split into two lines: 'Annual Financial' on the top line and 'Report' on the bottom line.

# Annual Financial Report

# Shire of Esperance

## Annual Financial Report

### For the year ended 30th June 2019



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Principal place of business:

Administration Offices  
Windich Street  
Esperance WA 6450

# Shire of Esperance Annual Financial Report

For the year ended 30 June 2019

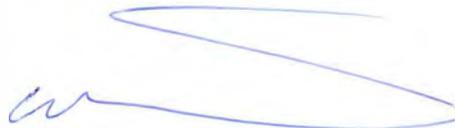
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*Local Government Act 1995  
Local Government (Financial Management) Regulations 1996*

## STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 31 day of OCTOBER 2019



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Matthew Scott  
Chief Executive Officer

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2019

## Statement of Comprehensive Income by Nature and Type

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
Rates	24(a)	20,697,721	20,592,577	19,827,723
Operating grants, subsidies and contributions	2(a)	10,957,057	7,472,224	10,447,621
Fees and charges	2(a)	9,872,602	9,306,174	9,506,409
Interest earnings	2(a)	1,065,179	932,376	969,551
Other revenue	2(a)	1,010,351	800,427	1,050,296
		43,602,910	39,103,778	41,801,600
<b>Expenses</b>				
Employee costs		(15,278,063)	(15,658,376)	(15,291,045)
Materials and contracts		(10,591,795)	(14,160,573)	(10,690,384)
Utility charges		(1,163,850)	(1,174,740)	(1,179,657)
Depreciation on non-current assets	10(b)	(16,202,277)	(16,236,002)	(16,165,182)
Interest expenses	2(b)	(98,578)	(94,330)	(105,172)
Insurance expenses		(988,354)	(801,339)	(686,423)
Other expenditure		(652,185)	(1,338,486)	(556,351)
		(44,975,102)	(49,463,846)	(44,674,214)
		(1,372,192)	(10,360,068)	(2,872,614)
Non-operating grants, subsidies and contributions	2(a)	8,772,890	14,847,976	5,073,070
Profit on asset disposals	10(a)	46,088	215,430	2,555,851
(Loss) on asset disposals	10(a)	(313,687)	(182,620)	(142,204)
Fair value adjustments to financial assets at fair value through profit or loss	7	122,620	0	0
Reversal of prior year loss on revaluation of Infrastructure - Esperance airport	9(a)	0	0	81,371
		8,627,911	14,880,786	7,568,088
<b>Net result for the period</b>		<b>7,255,719</b>	<b>4,520,718</b>	<b>4,695,474</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	1,525,520	0	33,781,792
<b>Total other comprehensive income for the period</b>		<b>1,525,520</b>	<b>0</b>	<b>33,781,792</b>
<b>Total comprehensive income for the period</b>		<b>8,781,239</b>	<b>4,520,718</b>	<b>38,477,266</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 2019

## Statement of Comprehensive Income by Program

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
Governance	2(a)	476,385	321,036	318,883
General purpose funding		27,017,964	23,839,355	25,782,582
Law, order, public safety		549,236	1,000,964	806,072
Health		63,664	63,500	76,918
Education and welfare		4,131,306	3,948,603	3,830,916
Community amenities		4,751,705	4,633,840	4,792,080
Recreation and culture		1,790,151	1,695,259	1,927,999
Transport		1,372,159	1,330,027	2,073,206
Economic services		2,869,620	1,741,737	1,635,232
Other property and services		580,720	529,457	557,711
		<b>43,602,910</b>	<b>39,103,778</b>	<b>41,801,599</b>
<b>Expenses</b>				
Governance	2(b)	(2,673,063)	(2,410,240)	(2,261,738)
General purpose funding		(524,360)	(560,937)	(365,597)
Law, order, public safety		(1,945,868)	(1,761,569)	(1,726,617)
Health		(406,132)	(416,855)	(386,633)
Education and welfare		(4,021,175)	(4,883,383)	(3,974,310)
Community amenities		(5,102,635)	(5,519,464)	(4,586,595)
Recreation and culture		(10,160,626)	(13,382,454)	(10,302,217)
Transport		(16,584,894)	(16,300,344)	(16,914,742)
Economic services		(2,854,295)	(3,140,977)	(2,697,677)
Other property and services		(603,476)	(993,293)	(1,352,915)
		<b>(44,876,524)</b>	<b>(49,369,516)</b>	<b>(44,569,041)</b>
<b>Finance Costs</b>				
Recreation and culture	2(b)	(51,606)	(47,354)	(49,730)
Other property and services		(46,972)	(46,976)	(55,442)
		<b>(98,578)</b>	<b>(94,330)</b>	<b>(105,172)</b>
		<b>(1,372,192)</b>	<b>(10,360,068)</b>	<b>(2,872,614)</b>
Non-operating grants, subsidies and contributions	2(a)	8,772,890	14,847,976	5,073,070
Profit on disposal of assets	10(a)	46,088	215,430	2,555,851
(Loss) on disposal of assets	10(a)	(313,687)	(182,620)	(142,204)
Fair value adjustments to financial assets at fair value through profit or loss	5	122,620	0	0
Reversal of prior year loss on revaluation of Infrastructure - Esperance airport	9(a)	0	0	81,371
		<b>8,627,911</b>	<b>14,880,786</b>	<b>7,568,088</b>
<b>Net result for the period</b>		<b>7,255,719</b>	<b>4,520,718</b>	<b>4,695,474</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	1,525,520	0	33,781,792
<b>Total other comprehensive income for the period</b>		<b>1,525,520</b>	<b>0</b>	<b>33,781,792</b>
<b>Total comprehensive income for the period</b>		<b>8,781,239</b>	<b>4,520,718</b>	<b>38,477,266</b>

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

# Shire of Esperance Annual Financial Report

As at 30 June 2019

## Statement of Financial Position

	NOTE	2019 \$	2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	40,923,369	32,806,101
Trade receivables	5	2,728,117	3,303,580
Financial assets	7	150,459	0
Inventories	6	384,525	366,259
<b>TOTAL CURRENT ASSETS</b>		<b>44,186,470</b>	<b>36,475,940</b>
<b>NON-CURRENT ASSETS</b>			
Trade receivables	5	113,396	870,324
Financial assets		979,580	0
Inventories	6	5,523,228	5,523,228
Property, plant and equipment	0	91,627,889	91,121,661
Infrastructure	9	402,511,372	400,815,009
<b>TOTAL NON-CURRENT ASSETS</b>		<b>500,755,465</b>	<b>498,330,222</b>
<b>TOTAL ASSETS</b>		<b>544,941,935</b>	<b>534,806,162</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	2,920,664	1,932,079
Borrowings	13(b)	196,298	121,309
Employee related provisions	14	2,420,151	2,128,662
Other provisions	15	617,365	617,365
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,154,478</b>	<b>4,799,415</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	13(b)	1,683,227	1,625,178
Employee related provisions	14	369,268	427,846
Other provisions	15	5,307,889	5,307,889
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>7,360,384</b>	<b>7,360,913</b>
<b>TOTAL LIABILITIES</b>		<b>13,514,862</b>	<b>12,160,328</b>
<b>NET ASSETS</b>		<b>531,427,073</b>	<b>522,645,834</b>
<b>EQUITY</b>			
Retained surplus		292,858,451	293,097,473
Reserves - cash backed	4	36,371,897	28,877,155
Revaluation surplus	11	202,196,725	200,671,206
<b>TOTAL EQUITY</b>		<b>531,427,073</b>	<b>522,645,834</b>

\* See note 31 for details regarding the restatement as a result of an error

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

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2019

## Statement of Changes in Equity

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2017</b>		<b>289,909,404</b>	<b>27,369,750</b>	<b>166,889,414</b>	<b>484,168,568</b>
Comprehensive income					
Net result for the period		4,695,474	0	0	4,695,474
Other comprehensive income	11	0	0	33,781,792	33,781,792
Total comprehensive income		4,695,474	0	33,781,792	38,477,266
Transfers from/(to) reserves		(1,507,405)	1,507,405	0	0
<b>Balance as at 30 June 2018</b>		<b>293,097,473</b>	<b>28,877,155</b>	<b>200,671,206</b>	<b>522,645,834</b>
Comprehensive income					
Net result for the period		7,255,719	0	0	7,255,719
Other comprehensive income	11	0	0	1,525,520	1,525,520
Total comprehensive income		7,255,719	0	1,525,520	8,781,239
Transfers from/(to) reserves		(7,494,742)	7,494,742	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>

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

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2019

## Statement of Cash Flows

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		20,644,552	20,592,577	19,836,150
Operating grants, subsidies and contributions		10,282,852	7,674,530	8,821,142
Fees and charges		9,872,602	9,306,174	9,506,409
Interest received		1,065,179	932,376	969,551
Goods and services tax received		1,229,221	0	1,147,249
Other revenue		1,010,351	800,427	1,050,296
		44,104,757	39,306,084	41,330,797
<b>Payments</b>				
Employee costs		(15,036,758)	(15,405,441)	(16,703,457)
Materials and contracts		(6,938,599)	(12,438,856)	(9,167,722)
Utility charges		(1,163,850)	(1,174,740)	(1,179,657)
Interest expenses		(98,578)	(89,330)	(107,442)
Insurance paid		(988,354)	(801,339)	(686,423)
Goods and services tax paid		(2,691,275)	0	(2,567,641)
Other expenditure		(652,185)	(1,338,486)	(556,351)
		(27,569,599)	(31,248,192)	(30,968,693)
<b>Net cash provided by (used in) operating activities</b>	16	16,535,158	8,057,892	10,362,104
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment		(4,155,997)	(13,762,888)	(5,341,079)
Payments for construction of infrastructure		(13,830,089)	(23,318,542)	(12,117,691)
Non-operating grants, subsidies and contributions		8,772,890	14,847,976	5,073,070
Advances to community groups		(260,000)	(60,000)	(60,000)
Proceeds from self supporting loans		83,125	77,474	69,386
Proceeds from sale of property, plant & equipment		839,142	1,171,234	2,995,824
<b>Net cash provided by (used in) investment activities</b>		(8,550,929)	(21,044,746)	(9,380,490)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings		(126,961)	(121,309)	(494,843)
Proceeds from new borrowings		260,000	1,060,000	64,687
<b>Net cash provided by (used in) financing activities</b>		133,039	938,691	(430,156)
<b>Net increase (decrease) in cash held</b>		8,117,268	(12,048,163)	551,459
Cash at beginning of year		32,806,101	32,806,101	32,254,642
<b>Cash and cash equivalents at the end of the year</b>	16	40,923,369	20,757,938	32,806,101

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

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2019

## Rate Setting Statement

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	25 (b)	4,459,137	4,454,211	3,932,316
		4,459,137	4,454,211	3,932,316
<b>Revenue from operating activities (excluding rates)</b>				
Governance		599,005	321,036	1,158,883
General purpose funding		6,771,801	3,246,778	5,954,859
Law, order, public safety		551,276	1,000,964	813,610
Health		63,664	67,471	76,918
Education and welfare		4,131,829	3,948,603	3,830,916
Community amenities		4,759,169	4,638,452	4,792,725
Recreation and culture		1,790,151	1,695,259	3,322,345
Transport		1,396,658	1,340,569	2,079,381
Economic services		2,869,620	1,741,737	1,635,232
Other property and services		592,282	725,762	864,858
		23,525,455	18,726,631	24,529,727
<b>Expenditure from operating activities</b>				
Governance		(2,673,063)	(2,410,240)	(2,277,087)
General purpose funding		(524,360)	(560,937)	(365,597)
Law, order, public safety		(1,955,868)	(1,761,569)	(1,726,617)
Health		(406,132)	(416,855)	(391,664)
Education and welfare		(4,021,175)	(4,883,383)	(3,979,776)
Community amenities		(5,153,988)	(5,519,464)	(4,590,211)
Recreation and culture		(10,213,784)	(13,434,965)	(10,353,428)
Transport		(16,825,653)	(16,469,443)	(17,022,387)
Economic services		(2,854,295)	(3,149,341)	(2,697,677)
Other property and services		(660,471)	(1,040,269)	(1,330,602)
		(45,288,789)	(49,646,466)	(44,735,046)
Non-cash amounts excluded from operating activities	25(a)	16,033,707	16,413,192	12,222,470
<b>Amount attributable to operating activities</b>		(1,270,490)	(10,052,432)	(4,050,533)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		8,772,890	14,847,976	5,073,070
Proceeds from disposal of assets	10(a)	839,142	1,171,234	2,995,824
Proceeds from self supporting loans	13(b)	83,125	77,474	69,386
Purchase of property, plant and equipment	(a)	(4,155,997)	(13,762,888)	(5,341,079)
Purchase and construction of infrastructure	9(a)	(13,830,089)	(23,318,542)	(12,117,691)
<b>Amount attributable to investing activities</b>		(8,290,929)	(20,984,746)	(9,320,490)
<b>FINANCING ACTIVITIES</b>				
Advances to community groups		(260,000)	(60,000)	(60,000)
Repayment of borrowings	13(b)	(126,961)	(121,309)	(494,843)
Proceeds from borrowings	13(c)	260,000	1,060,000	64,687
Transfers to reserves (restricted assets)	4	(13,280,853)	(3,394,810)	(6,109,658)
Transfers from reserves (restricted assets)	4	5,786,111	12,960,720	4,602,253
<b>Amount attributable to financing activities</b>		(7,621,703)	10,444,601	(1,997,561)
<b>Surplus/(deficit) before imposition of general rates</b>		(17,183,122)	(20,592,577)	(15,368,586)
<b>Total amount raised from general rates</b>	24	20,697,721	20,592,577	19,827,723
<b>Surplus/(deficit) after imposition of general rates</b>	25(b)	<b>3,514,599</b>	<b>0</b>	<b>4,459,137</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 2019

## Notes to and forming part of the Financial Report

### 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.

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as 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, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads paragraph 15* and *AASB 116 Property, Plant and Equipment paragraph 7*.

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

### CRITICAL ACCOUNTING ESTIMATES

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

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

### THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the 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 27 to these financial statements.

### Annual Financial Report

For the year ended 30th June 2019

## 2. REVENUE AND EXPENSES

### (a) Revenue

#### Grant Revenue

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

	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Operating grants, subsidies and contributions</b>			
Governance	242,600	85,873	96,106
General purpose funding	5,222,831	2,285,402	4,955,480
Law, order, public safety	290,313	926,214	689,010
Health	1,447	0	3,802
Education and welfare	3,239,164	3,116,988	3,068,842
Community amenities	91,042	50,740	52,497
Recreation and culture	254,653	281,705	331,961
Transport	(40,334)	12,527	712,924
Economic services	1,346,280	374,020	225,130
Other property and services	309,061	338,755	311,869
	10,957,057	7,472,224	10,447,621
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	59,449	122,918	0
Education and welfare	0	330,000	0
Recreation and culture	4,302,627	10,300,639	97,419
Transport	4,410,814	4,094,419	4,975,651
	8,772,890	14,847,976	5,073,070
<b>Total grants, subsidies and contributions</b>	19,729,947	22,320,200	15,520,691

#### SIGNIFICANT ACCOUNTING POLICIES

##### Grants, donations and other contributions

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over

##### Grants, donations and other contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 23. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

## Annual Financial Report

For the year ended 30th June 2019

### 2. REVENUE AND EXPENSES (Continued)

#### (a) Revenue (Continued)

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
<b>Other revenue</b>			
Reimbursements and recoveries	1,010,351	800,427	1,050,296
	1,010,351	800,427	1,050,296
<b>Fees and Charges</b>			
Governance	10,536	9,800	10,543
Law, order, public safety	66,363	74,750	75,561
Health	62,218	63,000	71,939
Education and welfare	694,734	620,805	564,080
Community amenities	4,651,023	4,576,000	4,617,314
Recreation and culture	1,322,475	1,200,550	1,331,207
Transport	1,374,659	1,305,500	1,346,755
Economic services	1,509,666	1,364,067	1,402,844
Other property and services	180,928	91,702	86,166
	9,872,602	9,306,174	9,506,409

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

#### Interest earnings

Reserve accounts interest	663,047	568,876	580,979
Rates instalment and penalty interest (refer Note 24)	159,167	155,000	140,725
Other interest earnings	242,965	208,500	247,847
	1,065,179	932,376	969,551

#### (b) Expenses

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report	14,731	15,385	14,462
- Other services	2,400	10,615	4,000
	17,131	26,000	18,462
<b>Interest expenses (finance costs)</b>			
Borrowings (refer Note 13(b) )	98,578	94,330	105,172
	98,578	94,330	105,172
<b>Rental charges</b>			
- Operating leases	44,207	0	6,544
	44,207	0	6,544

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2019

## Notes to and forming part of the Financial Report

### 3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		40,923,369	32,806,101
		40,923,369	32,806,101
<b>Comprises:</b>			
- Unrestricted cash and cash equivalents		4,154,229	3,928,946
- Restricted cash and cash equivalents		36,769,140	28,877,155
		40,923,369	32,806,101
The following restrictions have been imposed by regulations or other externally imposed requirements:			
<b>Reserve accounts</b>			
Employee Entitlements Long Service Leave Reserve	4	950,761	926,014
Land Purchase & Development Reserve	4	834,323	802,004
Eastern Suburbs Water Pipeline Reserve	4	184,427	179,627
Jetty Reserve	4	1,846,920	1,904,174
Aerodrome Reserve	4	6,930,593	6,216,102
Off Street Parking Reserve	4	530,925	517,107
Sanitation (Rubbish Removal) Service Reserve	4	5,490,322	4,434,511
EHC Asset Replacement Reserve	4	834,567	741,917
Esperance Home Care Fundraising Reserve	4	467,384	97,409
Unspent Grants & Contributions Reserve	4	2,762,203	3,581,302
Plant Replacement Reserve	4	746,452	966,028
Building Maintenance Reserve	4	4,519,969	4,477,320
Governance & Workers Compensation Reserve	4	104,494	222,973
IT System & Process Development Reserve	4	114,918	296,047
Esperance Home Care Annual Leave Reserve	4	231,910	182,651
Esperance Home Care Long Service Leave Reserve	4	208,950	216,529
Priority Projects Reserve	4	4,543,924	3,115,440
		31,303,042	28,877,155
<b>Other restricted cash and cash equivalents</b>			
Unspent grants/contributions	23	5,068,855	920,774
Bonds and Deposits Held	13(d)	397,243	0
<b>Total restricted cash and cash equivalents</b>		36,769,140	29,797,929

#### SIGNIFICANT ACCOUNTING POLICIES

##### Cash and cash equivalents

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

##### Cash and cash equivalents (Continued)

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

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2019

## Notes to and forming part of the Financial Report

### 4. RESERVES - CASH BACKED

	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance	2019 Budget Opening Balance	2019 Budget Transfer to	2019 Budget Transfer (from)	2019 Budget Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Employee Entitlements Long Service Leave Reserve	926,014	24,747	0	950,761	926,014	20,826	0	946,840	834,942	91,072	0	926,014
(b) Land Purchase & Development Reserve	802,004	36,614	(4,296)	834,322	802,004	368,036	(908,800)	261,240	519,179	350,632	(67,807)	802,004
(c) Eastern Suburbs Water Pipeline Reserve	179,627	4,800	0	184,427	179,627	4,040	0	183,667	180,492	4,535	(5,400)	179,627
(d) Jetty Reserve	1,904,174	191,046	(248,300)	1,846,920	1,904,174	183,023	(1,865,734)	221,463	1,874,765	187,147	(157,738)	1,904,174
(e) Aerodrome Reserve	6,216,102	802,964	(88,472)	6,930,594	6,216,102	704,456	(87,875)	6,832,683	5,431,055	938,369	(153,322)	6,216,102
(f) Off Street Parking Reserve	517,107	13,819	0	530,926	517,107	11,629	0	528,736	504,432	12,675	0	517,107
(g) Sanitation (Rubbish Removal) Service Reserve	4,434,511	1,623,570	(567,759)	5,490,322	4,434,511	1,510,926	(844,910)	5,100,527	4,418,144	174,386	(158,019)	4,434,511
(h) EHC Asset Replacement Reserve	741,917	120,562	(27,912)	834,567	741,917	16,685	(278,312)	480,290	608,004	138,696	(4,783)	741,917
(i) Esperance Home Care Fundraising Reserve	97,409	369,975	0	467,384	97,409	2,191	0	99,600	89,185	8,224	0	97,409
(j) Unspent Grants & Contributions Reserve	3,581,302	7,831,058	(3,581,302)	7,831,058	3,581,302	0	(3,581,302)	0	3,550,618	3,581,302	(3,550,618)	3,581,302
(k) Plant Replacement Reserve	966,028	132,328	(351,904)	746,452	966,028	43,237	(361,000)	648,265	942,350	23,678	0	966,028
(l) Building Maintenance Reserve	4,477,320	406,408	(363,759)	4,519,969	4,477,320	100,689	(1,537,652)	3,040,357	4,486,759	345,745	(355,184)	4,477,320
(m) Governance & Workers Compensation Reserve	222,973	181,521	(300,000)	104,494	222,973	85,015	(211,540)	96,448	322,516	38,104	(137,647)	222,973
(n) IT System & Process Development Reserve	296,047	7,912	(189,041)	114,918	296,047	6,658	(145,330)	157,375	288,791	7,256	0	296,047
(o) Esperance Home Care Annual Leave Reserve	182,651	49,259	0	231,910	182,651	4,108	0	186,759	149,881	32,770	0	182,651
(p) Esperance Home Care Long Service Leave Reserve	216,529	5,786	(13,366)	208,949	216,529	4,870	0	221,399	191,244	25,285	0	216,529
(q) Priority Projects Reserve	3,115,440	1,478,484	(50,000)	4,543,924	3,115,440	328,421	(3,138,265)	305,596	2,977,393	149,782	(11,735)	3,115,440
	28,877,155	13,280,853	(5,786,111)	36,371,897	28,877,155	3,394,810	(12,960,720)	19,311,244	27,369,750	6,109,658	(4,602,253)	28,877,155

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

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

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

(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 improvements 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 the 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) Service 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 Grants & 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 2019

## Notes to and forming part of the Financial Report

### 5. TRADE RECEIVABLES

#### Current

Rates receivable	
Sundry receivables	
GST receivable	
Loans receivable - club/institutions	
Interest receivable	
Infringements	
Contract Assets	

#### Non-current

Pensioner's rates and ESL deferred	
Loans receivable - club/institutions	

	2019	2018
	\$	\$
	262,386	205,360
	519,237	2,805,545
	345,440	179,875
	0	77,473
	30,590	35,327
	8,000	0
	1,562,464	0
	2,728,117	3,303,580
	113,396	117,253
	0	753,071
	113,396	870,324

#### 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 26.

##### Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

##### 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 2019

## Notes to and forming part of the Financial Report

### 6. INVENTORIES

#### Current

	2019	2018
	\$	\$
Fuel and materials	45,560	47,981
Roadmaking materials	78,859	72,444
Various goods held for resale	84,049	69,777
Land held for resale - Flinders Estate		
Cost of acquisition	176,057	176,057
	384,525	366,259

#### Non-current

Land held for resale - Flinders Estate	3,139,490	3,139,490
Land held for resale - Shark Lake Industrial Park	2,383,738	2,383,738
	5,523,228	5,523,228

The following movements in inventories occurred during the year:

<b>Carrying amount at 1 July</b>	5,889,487	6,334,446
Inventories expensed during the year	1,729,325	1,260,625
Additions to inventory	(1,711,059)	(1,705,584)
<b>Carrying amount at 30 June</b>	5,907,753	5,889,487

### 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 2019

## Notes to and forming part of the Financial Report

### 7. OTHER FINANCIAL ASSETS

#### (a) Current assets

Other financial assets at amortised cost - self supporting loans

	2019 \$	2018 \$
	150,459	0
	150,459	0
	<hr/>	
	856,960	0
	122,620	0
	979,580	0
	<hr/>	
	856,960	0
	856,960	0
	<hr/>	
	122,620	0
	122,620	0
	<hr/>	
	122,620	0
	122,620	0

#### (b) Non-current assets

Other financial assets at amortised cost

Financial assets at fair value through profit and loss

#### Other financial assets at amortised cost

- Financial assets at amortised cost - self supporting loans

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

- Unlisted equity investments

Financial assets at fair value through profit and loss -  
Units Held in Local Government House Trust

During the year, the following gains/(losses) were recognised in profit and loss:

Fair value gains/(losses) on equity investments at fair value through profit and loss are recognised in other gains/(losses) and classified as other property and services

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 13(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 26.

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Previous accounting policy: available for sale financial assets

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

##### Previous accounting policy: Loans and receivables

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

Refer to Note 29 for explanations regarding the change in accounting policy and reclassification of financial assets.

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2019

Notes to and forming part of the Financial Report

## 8. PROPERTY, PLANT AND EQUIPMENT

### (a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - specialised	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 2017</b>	25,227,500	142,000	25,369,500	52,298,039	52,298,039	77,667,539	426,563	5,147,742	1,983,754	620,753	6,948,339	131,769	92,926,459
Additions	1,658,467	0	1,658,467	408,758	408,758	2,067,225	90,402	393,519	703,125	0	2,086,808	0	5,341,079
(Disposals)	(760,000)	0	(760,000)	(1,392,792)	(1,392,792)	(2,152,792)	0	0	(312,383)	(7,017)	(480,922)	(2,315)	(2,955,429)
Depreciation (expense)	0	0	0	(2,281,791)	(2,281,791)	(2,281,791)	(84,862)	(429,840)	(410,338)	(100,996)	(858,806)	(23,815)	(4,190,448)
<b>Carrying amount at 30 June 2018</b>	26,125,967	142,000	26,267,967	49,032,214	49,032,214	75,300,181	432,103	5,111,421	1,964,158	512,740	7,695,419	105,639	91,121,661
<b>Comprises:</b>													
Gross carrying amount at 30 June 2018	26,125,967	142,000	26,267,967	102,071,012	102,071,012	128,338,979	609,409	5,941,785	2,501,789	667,100	9,102,930	160,200	147,322,192
Accumulated depreciation at 30 June 2018	0	0	0	(53,038,798)	(53,038,798)	(53,038,798)	(177,306)	(830,364)	(537,631)	(154,360)	(1,407,511)	(54,561)	(56,200,531)
<b>Carrying amount at 30 June 2018</b>	26,125,967	142,000	26,267,967	49,032,214	49,032,214	75,300,181	432,103	5,111,421	1,964,158	512,740	7,695,419	105,639	91,121,661
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	406,656	5,265,460	2,087,648	520,740	8,238,381	208,236	91,627,887
<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

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2019

## Notes to and forming part of the Financial Report

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

#### (b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<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	Jun-17	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	Jun-17	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	Jun-17	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent Valuation	Jun-17	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
<b>Furniture and equipment</b>	3	Cost approach using depreciated replacement cost	Independent Valuation	Jun-19	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
<b>Plant and equipment</b>	3	Cost approach using depreciated replacement cost	Independent Valuation	Jun-19	Purchased costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
<b>Motor vehicles - non specialised</b>	2	Market approach using depreciated replacement cost	Independent Valuation	Jun-19	Market price per item
<b>Motor vehicles - specialised</b>	3	Cost approach using depreciated replacement cost	Independent Valuation	Jun-19	Purchased costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
<b>Road making plant - major</b>	2	Market approach using recent observable market data for similar vehicles	Independent Valuation	Jun-19	Market price per item
<b>Road making plant - minor</b>	3	Cost approach using depreciated replacement cost	Independent Valuation	Jun-19	Purchased 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.

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2019

Notes to and forming part of the Financial Report

## 9. 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	Infrastructures - Other infrastructure	Infrastructure - Culverts and pipes	Infrastructure - Esperance airport	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	302,517,770	8,850,668	17,803,531	7,519,689	12,380,848	6,831,259	3,592,884	359,496,649
Additions	10,649,736	425,825	283,890	385,283	302,904	0	70,053	12,117,691
Revaluation increments / (decrements) transferred to revaluation surplus	30,467,343	3,502,466	251,034	2,844,751	970,005	1,804,468	1,253,965	41,094,032
Revaluation (loss) / reversals transferred to profit or loss	0	0	0	0	0	0	81,371	81,371
Depreciation (expense)	(9,405,239)	(445,653)	(191,556)	(996,237)	(660,789)	(96,966)	(178,294)	(11,974,734)
<b>Carrying amount at 30 June 2018</b>	334,229,610	12,333,306	18,146,899	9,753,486	12,992,968	8,538,761	4,819,979	400,815,009
<b>Comprises:</b>								
Gross carrying amount at 30 June 2018	420,777,528	17,805,494	22,634,443	15,241,773	37,376,372	11,874,175	7,806,872	533,516,657
Accumulated depreciation at 30 June 2018	(86,547,918)	(5,472,188)	(4,487,544)	(5,488,287)	(24,383,404)	(3,335,414)	(2,986,893)	(132,701,648)
<b>Carrying amount at 30 June 2018</b>	334,229,610	12,333,306	18,146,899	9,753,486	12,992,968	8,538,761	4,819,979	400,815,009
Additions	11,462,009	895,529	126,696	232,766	1,113,089	0	0	13,830,089
Depreciation (expense)	(9,423,302)	(541,885)	(199,061)	(883,706)	(756,000)	(118,742)	(211,032)	(12,133,728)
<b>Carrying amount at 30 June 2019</b>	336,268,317	12,686,950	18,074,534	9,102,546	13,350,057	8,420,019	4,608,947	402,511,370
<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	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)	(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	402,511,372

**9. 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	Jun-18	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	Jun-18	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	Jun-18	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	Jun-18	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Infrastructures - Other infrastructure	3	Cost approach using depreciated replacement cost	Management Valuation	Jun-18	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	Jun-18	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	Jun-18	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.

## 10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

### 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

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

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

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

#### Revaluation

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

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

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

#### Land under control

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

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

#### Land under roads

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

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

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

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

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

**10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)**

**(a) Disposals of Assets**

	2019		2019		2019		2019		2018		2018	
	Actual Net Book Value	Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	Budget Net Book Value	Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	Actual Net Book Value	Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	0	0	0	0	175,000	350,000	175,000	0	1,172,332	2,316,437	1,144,105	0
Buildings - specialised	0	0	0	0	0	0	0	0	1,392,792	0	1,392,792	0
Plant and equipment	17,960	20,000	2,040	0	963,424	821,234	40,430	(182,620)	0	0	0	0
Motor vehicles - non specialised	270,405	255,660	20,836	(35,581)	0	0	0	0	312,383	279,091	5,251	(38,543)
Motor vehicles - specialised	0	0	0	0	0	0	0	0	7,017	14,545	7,528	0
Road making plant - major	811,259	560,471	23,212	(274,000)	0	0	0	0	480,922	377,261	0	(103,661)
Road making plant - minor	7,117	3,011	0	(4,106)	0	0	0	0	2,315	8,490	6,175	0
	<b>1,106,741</b>	<b>839,142</b>	<b>46,088</b>	<b>(313,687)</b>	<b>1,138,424</b>	<b>1,171,234</b>	<b>215,430</b>	<b>(182,620)</b>	<b>3,367,761</b>	<b>2,995,824</b>	<b>2,555,851</b>	<b>(142,204)</b>

The following assets were disposed of during the year.

	2019		2019	
	Actual Net Book Value	Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
<b>Plant and Equipment</b>				
<b>Law, order, public safety</b>				
Isuzu Fire Truck	17,960	20,000	2,040	0
Toyota Landcruiser	10,000	0	0	(10,000)
<b>Health</b>				
Isuzu Dmax	11,626	19,091	7,465	0
<b>Education and welfare</b>				
Toyota Hiace Bus	49,227	49,750	523	0
<b>Community amenities</b>				
Mitsubishi Triton	12,688	12,273	0	(415)
Mitsubishi Triton (50%)	6,343	6,818	475	0
<b>Recreation and culture</b>				
Isuzu Dmax	13,825	12,273	0	(1,552)
Isuzu Dmax	11,672	10,909	0	(763)
<b>Transport</b>				
Mitsubishi Triton (50%)	6,344	6,818	474	0
Mitsubishi Prime Mover	102,686	76,727	0	(25,959)
Howard Porter Tipper Trailer	6,306	10,918	4,612	0
Caterpillar Front End Loader	122,580	71,227	0	(51,353)
Toyota Hiace Bus	38,018	26,364	0	(11,654)
Isuzu Dmax	22,974	20,909	0	(2,065)
Isuzu Dmax	15,987	17,273	1,286	0
Mitsubishi Tipper	133,064	78,372	0	(54,692)
Isuzu Dmax	22,076	21,364	0	(712)
Mitsubishi Grader	109,570	128,170	18,600	0
Hino Medium Tip Truck	84,441	49,179	0	(35,262)
Caterpillar Front End Loader	115,571	75,098	0	(40,473)
Mitsubishi Tipper	70,450	47,416	0	(23,034)
Ammann Pneumatic Tyred Roller	40,991	14,885	0	(26,106)
Skid Mounted Water Tank	3,231	2,169	0	(1,062)
Speed Display Trailer	1,636	294	0	(1,342)
Howard Pegasus Roller Mower	23,964	8,185	0	(15,779)
Turf Renovator	3,886	842	0	(3,044)
<b>Economic services</b>				
Holden Colorado	14,210	7,727	0	(6,483)
<b>Other property and services</b>				
Nissan Navara	14,857	19,091	4,234	0
Mitsubishi Triton	14,210	12,273	0	(1,937)
Mitsubishi Triton	6,348	12,727	6,379	0
	<b>1,106,741</b>	<b>839,142</b>	<b>46,088</b>	<b>(313,687)</b>
	<b>1,106,741</b>	<b>839,142</b>	<b>46,088</b>	<b>(313,687)</b>

**10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)**

(b) Depreciation	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Buildings - specialised	2,025,753	2,281,776	2,281,791
Furniture and equipment	85,955	89,252	84,862
Plant and equipment	437,703	429,593	429,840
Motor vehicles - non specialised	430,221	441,276	410,338
Motor vehicles - specialised	77,180	93,847	100,996
Road making plant - major	983,864	863,049	858,806
Road making plant - minor	27,873	24,405	23,815
Infrastructure - Roads	9,423,302	8,517,107	9,405,239
Infrastructure - Footpaths	541,885	486,692	445,653
Infrastructure - Drainage	199,061	182,509	191,556
Infrastructure - Parks and ovals	883,706	801,014	996,237
Infrastructures - Other infrastructure	756,000	1,696,951	660,789
Infrastructure - Culverts and pipes	118,742	152,091	96,966
Infrastructure - Esperance airport	211,032	176,440	178,294
	<b>16,202,277</b>	<b>16,236,002</b>	<b>16,165,182</b>

**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
Motor Vehicles	5 to 8 years
Road Making Plant	5 to 10 years
Other Plant and Equipment	3 to 15 years
Infrastructure	
Roads and Streets - Pavements	15 to 60 years
Roads and Streets - Surfaces	8 to 40 years
Footpaths	30 to 60 years
Parking Facilities	15 to 20 years
Water Supply Piping and Drainage	30 to 100 years
Parks and Gardens	10 to 30 years
Airport	10 to 50 years

**Depreciation (Continued)**

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

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

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2019

## Notes to and forming part of the Financial Report

### 11. REVALUATION SURPLUS

	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	Total Movement on Revaluation	2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land & Buildings	31,397,966	0	0	0	31,397,966	38,710,206	0	(7,312,240)	(7,312,240)	31,397,966
Revaluation surplus - Furniture and equipment	116,336	4,021	0	4,021	120,357	116,336	0	0	0	116,336
Revaluation surplus - Plant and equipment	719,111	562,578	0	562,578	1,281,689	719,111	0	0	0	719,111
Revaluation surplus - Motor vehicles - non specialised	716,305	204,754	0	204,754	921,059	716,305	0	0	0	716,305
Revaluation surplus - Motor vehicles - specialised	(219,791)	85,180	0	85,180	(134,611)	(219,791)	0	0	0	(219,791)
Revaluation surplus - Road making plant - major	0	631,881	0	631,881	631,881	0	0	0	0	0
Revaluation surplus - Road making plant - minor	0	37,105	0	37,105	37,105	0	0	0	0	0
Revaluation surplus - Infrastructure - Roads	134,584,177	0	0	0	134,584,177	104,116,834	30,467,343	0	30,467,343	134,584,177
Revaluation surplus - Infrastructure - Footpaths	6,199,980	0	0	0	6,199,980	2,697,514	3,502,466	0	3,502,466	6,199,980
Revaluation surplus - infrastructure - Drainage	12,506,440	0	0	0	12,506,440	12,255,406	251,034	0	251,034	12,506,440
Revaluation surplus - Infrastructure - Parks and ovals	3,418,190	0	0	0	3,418,190	573,439	2,844,751	0	2,844,751	3,418,190
Revaluation surplus - Infrastructures - Other infrastructure	1,365,420	0	0	0	1,365,420	395,415	970,005	0	970,005	1,365,420
Revaluation surplus - Infrastructure - Culverts and pipes	8,613,107	0	0	0	8,613,107	6,808,639	1,804,468	0	1,804,468	8,613,107
Revaluation surplus - Infrastructure - Esperance airport	1,253,965	0	0	0	1,253,965	0	1,253,965	0	1,253,965	1,253,965
	200,671,206	1,525,519	0	1,525,519	202,196,725	166,889,414	41,094,032	(7,312,240)	33,781,792	200,671,206

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 2019

## Notes to and forming part of the Financial Report

### 12. TRADE AND OTHER PAYABLES

#### Current

Sundry creditors  
Accrued salaries and wages  
Accrued interest on long term borrowings  
Bonds and Deposits Held (refer to Note 27)

	2019	2018
	\$	\$
Sundry creditors	2,388,246	1,800,759
Accrued salaries and wages	124,989	116,591
Accrued interest on long term borrowings	10,186	14,729
Bonds and Deposits Held (refer to Note 27)	397,243	0
	2,920,664	1,932,079

#### 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

##### Trade and other payables (Continued)

of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

**Shire of Esperance**  
**Annual Financial Report**

For the year ended 30th June 2019

Notes to and forming part of the Financial Report

**13. INFORMATION ON BORROWINGS**

(a) Borrowings	2019	2018
	\$	\$
Current	196,298	121,309
Non-current	1,683,227	1,625,178
	1,879,525	1,746,487

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2019					30 June 2019					30 June 2018				
				Actual Principal	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Other property and services</b>																		
Flinders Subdivision	288	WATC	1.99%	0	0	0	0	0	0	0	0	378,850	4,687	383,537	6,299	0	0	0
Shark Lake Industrial Park Jetty Replacement	296	WATC	4.52%	915,943	0	43,836	46,972	872,107	915,943	0	43,835	46,976	872,108	957,862	0	41,920	49,143	915,943
				0	0	0	0	0	0	1,000,000	0	0	1,000,000	0	0	0	0	0
				915,943	0	43,836	46,972	872,107	915,943	1,000,000	43,835	46,976	1,872,108	1,336,712	4,687	425,457	55,442	915,943
<b>Self Supporting Loans</b>																		
<b>Recreation and culture</b>																		
Pink Lake Country Club	261	WATC	6.55%	92,411	0	19,473	5,868	72,938	92,411	0	19,474	5,868	72,938	110,641	0	18,231	7,242	92,411
Esperance Seafarers Centre	287A	WATC	3.62%	2,426	0	2,426	35	0	2,426	0	2,426	36	0	5,561	0	3,134	167	2,426
Recherche Aged Welfare	291	WATC	6.36%	266,358	0	14,450	18,330	251,908	266,358	0	14,450	18,332	251,908	279,925	0	13,566	19,300	266,358
Esperance Squash Club	292	WATC	6.05%	18,526	0	7,079	1,071	11,447	18,526	0	7,079	1,068	11,447	25,191	0	6,666	1,526	18,526
Esperance Bay Yacht Club	295	WATC	5.01%	340,978	0	14,998	18,868	325,979	340,978	0	14,998	18,900	325,980	355,253	0	14,274	19,693	340,978
Cascade Town Recreation Assoc	298	WATC	2.33%	49,845	0	13,831	1,365	36,014	49,845	0	13,831	1,361	36,014	63,359	0	13,515	1,777	49,845
Newtown Condingup Football Club	299	WATC	3.05%	60,000	0	5,216	2,199	54,784	60,000	0	5,216	1,789	54,784	0	60,000	0	25	60,000
Esperance Bay Yacht Club	300	WATC	2.63%	0	60,000	5,652	1,108	54,348	0	60,000	0	0	60,000	0	0	0	0	0
Gibson Football Club	301	WATC	2.47%	0	200,000	0	2,762	200,000	0	0	0	0	0	0	0	0	0	0
				830,544	260,000	83,125	51,606	1,007,418	830,544	60,000	77,474	47,354	813,071	839,930	60,000	69,386	49,730	830,544
				1,746,487	260,000	126,961	98,578	1,879,525	1,746,487	1,060,000	121,309	94,330	2,685,179	2,176,642	64,687	494,843	105,172	1,746,487

Self supporting loans are financed by payments from third parties. These are shown in Note 7 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 2019

## Notes to and forming part of the Financial Report

### 13. INFORMATION ON BORROWINGS (Continued)

#### (c) New Borrowings - 2018/19

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2019 Actual	2019 Budget	2019 Actual	2019 Budget		
Esperance Bay Yacht Club	WATC	Short Term	5	2.63%	60,000	0	60,000	0	0	0
Gibson Football Club	WATC	Short Term	5	2.47%	200,000	0	200,000	0	0	0
					260,000	0	260,000	0	0	0

Nil

#### (d) Undrawn Borrowing Facilities

##### Credit Standby Arrangements

	2019	2018
Bank overdraft limit	200,000	200,000
Credit card limit	80,000	80,000
Credit card balance at balance date	(375)	(3,049)
<b>Total amount of credit unused</b>	<b>279,625</b>	<b>276,951</b>

##### Loan facilities

Loan facilities - current	196,298	121,309
Loan facilities - non-current	1,683,227	1,625,178
<b>Total facilities in use at balance date</b>	<b>1,879,525</b>	<b>1,746,487</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 26.

## 14. EMPLOYEE RELATED PROVISIONS

### Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
<b>Opening balance at 1 July 2018</b>			
Current provisions	1,141,615	987,047	2,128,662
Non-current provisions	0	427,846	427,846
	1,141,615	1,414,893	2,556,508
Additional provision	945,990	211,024	1,157,014
Amounts used	(802,903)	(121,200)	(924,103)
<b>Balance at 30 June 2019</b>	1,284,702	1,504,717	2,789,419
<b>Comprises</b>			
Current	1,284,702	1,135,449	2,420,151
Non-current	0	369,268	369,268
	1,284,702	1,504,717	2,789,419

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

	2019	2018
	\$	\$
Less than 12 months after the reporting date	818,532	126,829
More than 12 months from reporting date	1,970,887	2,429,679
	2,789,419	2,556,508

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

##### Other long-term employee benefits (Continued)

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

The 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.

**15. OTHER PROVISIONS**

	<b>Provision for Remediation</b>	
	<b>Costs</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Opening balance at 1 July 2018</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>
<b>Balance at 30 June 2019</b>	<u>5,925,254</u>	<u>5,925,254</u>
<b>Comprises</b>		
Current	617,365	617,365
Non-current	5,307,889	5,307,889
	<u>5,925,254</u>	<u>5,925,254</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 2019

## Notes to and forming part of the Financial Report

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

#### Reconciliation of Cash

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	40,923,369	20,757,938	32,806,101

#### Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	7,255,719	4,520,718	4,695,474
Non-cash flows in Net result:			
Adjustments to fair value of financial assets	(122,620)	0	0
Depreciation	16,202,277	16,236,002	16,165,182
(Profit)/loss on sale of asset	267,599	(32,810)	(2,413,647)
Reversal of loss on revaluation of fixed assets	0	0	(81,371)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	501,847	202,306	(255,379)
(Increase)/decrease in inventories	(18,266)	165,000	32,627
Increase/(decrease) in payables	988,585	1,564,652	(1,296,218)
Increase/(decrease) in provisions	232,907	250,000	(1,411,494)
Grants contributions for the development of assets	(8,772,890)	(14,847,976)	(5,073,070)
Net cash from operating activities	16,535,158	8,057,892	10,362,104

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2019

## Notes to and forming part of the Financial Report

### 17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	30,765,437	30,640,598
General purpose funding	3,219,170	2,986,646
Law, order, public safety	6,537,716	6,375,295
Health	23,000	36,417
Education and welfare	6,731,439	6,403,233
Community amenities	10,526,370	9,595,134
Recreation and culture	55,622,981	63,425,641
Transport	404,158,391	404,984,850
Economic services	2,787,893	1,887,357
Other property and services	8,949,676	8,782,226
Unallocated	15,222,619	13,948,627
	544,544,692	549,066,024

### 18. 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 2019

## Notes to and forming part of the Financial Report

### 19. LEASING COMMITMENTS

#### (a) Operating Lease Commitments

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

Payable:

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

2019	2018
\$	\$
46,432	439
79,426	0
125,858	439

#### SIGNIFICANT ACCOUNTING POLICIES

##### Leases

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

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

##### Leases (Continued)

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

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

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

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2019

## Notes to and forming part of the Financial Report

### 20. RELATED PARTY TRANSACTIONS

#### Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting fees	166,000	166,000	166,000
President's allowance	34,500	34,500	34,500
Deputy President's allowance	8,625	8,625	8,625
Travelling expenses	10,495	12,500	10,426
Telecommunications allowance	18,000	18,000	18,000
	237,620	239,625	237,551

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

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	768,254	745,212
Post-employment benefits	88,615	85,043
Other long-term benefits	23,229	25,851
	880,098	856,106

#### *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.

## 20. 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 guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:	2019 Actual	2018 Actual
	\$	\$
Purchase of goods and services	187,015	253,180

### 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 2019

## Notes to and forming part of the Financial Report

### 21. 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

	2019	2018
	\$	\$
Land and buildings	68,000	68,000
Less: accumulated depreciation	(11,975)	(10,275)
	<u>56,025</u>	<u>57,725</u>

#### 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.

##### 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.

**22. 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 the profit transferred into a Cash Reserve established for Land Development. The Council developed a further 90 lots as Stage 2 during 2009/2010. 67 lots have been sold with the 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**

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
<b>Operating income</b>			
- Profit on sale	0	175,000	304,105
- Reimbursements	15,182	0	0
<b>Operating expenditure</b>			
- Advertising and promotion	(1,648)	(4,000)	(1,670)
- Interest expense	0	0	(6,299)
- Sundry supplies and expenses	(5,617)	0	(6,208)
- Overhead allocation	(4,569)	(4,920)	(4,576)
	<u>3,348</u>	<u>166,080</u>	<u>285,352</u>
<b>Capital income</b>			
- Sale proceeds	0	350,000	716,437
- Borrowings	0	0	4,687
<b>Capital expenditure</b>			
- Development costs	0	(860,000)	0
- Loan repayments	0	0	(383,537)
- Transfer from Land Development Reserve	0	860,000	0
	<u>0</u>	<u>350,000</u>	<u>337,587</u>
	<u>3,348</u>	<u>516,080</u>	<u>622,939</u>

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

**(c) Expected future cash flows**

	2019/20	2020/21	2021/22	2022/23	Total
	\$	\$	\$	\$	\$
<b>Cash outflows</b>					
- Development costs	(860,000)	0	(2,188,388)	0	(3,048,388)
- Printing, stationery and marketing	(4,000)	(4,000)	(4,000)	(4,000)	(16,000)
- Loan repayments	0	0	(1,000,000)	(1,000,000)	(2,000,000)
- Land Development Reserve	(350,000)	(500,000)	0	0	(850,000)
	<u>(1,214,000)</u>	<u>(504,000)</u>	<u>(3,192,388)</u>	<u>(1,004,000)</u>	<u>(5,914,388)</u>
<b>Cash inflows</b>					
- Proceeds from new borrowings	0	0	2,238,388	25,000	2,263,388
- Sale proceeds	350,000	500,000	500,000	500,000	1,850,000
- Land Development Reserve	860,000	0	450,000	475,000	1,785,000
	<u>1,210,000</u>	<u>500,000</u>	<u>3,188,388</u>	<u>1,000,000</u>	<u>5,898,388</u>
<b>Net cash flows</b>	(4,000)	(4,000)	(4,000)	(4,000)	(16,000)

**(d) Assets and liabilities**

	2019	2018
	\$	\$
Land held for resale	3,315,547	3,315,547
	<u>3,315,547</u>	<u>3,315,547</u>

**22. MAJOR LAND TRANSACTIONS (Continued)**

**Shark Lake Industrial Park**

**(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 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 of land.

**(b) Current year transactions**

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
<b>Operating income</b>			
- Profit on sale	0	0	0
- Lease income	2,871	2,870	2,871
- SLIP rate income	10,000	10,000	10,000
<b>Operating expenditure</b>			
- Interest expense	(46,972)	(46,976)	(49,143)
- Overhead allocation	(6,902)	(10,356)	(9,029)
	<u>(41,003)</u>	<u>(44,462)</u>	<u>(45,301)</u>
<b>Capital income</b>			
- Sale proceeds	0	0	0
<b>Capital expenditure</b>			
- Loan repayments	(43,836)	(43,836)	(41,920)
	<u>(43,836)</u>	<u>(43,836)</u>	<u>(41,920)</u>
	<u>(84,839)</u>	<u>(88,298)</u>	<u>(87,221)</u>

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

The only liability in relation to this land transaction as at 30 June 2019 is Loan 288.

**(c) Expected future cash flows**

	2019/20	2020/21	2021/22	2022/23	Total
	\$	\$	\$	\$	\$
<b>Cash outflows</b>					
- Interest expense	(38,907)	(36,812)	(34,620)	(32,329)	(142,668)
- Loan Repayments	(45,840)	(47,935)	(50,126)	(52,417)	(196,318)
	<u>(84,747)</u>	<u>(84,747)</u>	<u>(84,746)</u>	<u>(84,746)</u>	<u>(338,986)</u>
<b>Cash inflows</b>					
- Proceeds from new borrowings	0	0	0	0	0
- Proceeds on sale of land held for sale	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net cash flows</b>	<u>(84,747)</u>	<u>(84,747)</u>	<u>(84,746)</u>	<u>(84,746)</u>	<u>(338,986)</u>

**(d) Assets and liabilities**

	2019	2018
	\$	\$
Land held for resale	2,383,737	2,383,737

**22. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

**Esperance Aerodrome**

**(a) Details**

Councils 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**

	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Operating income</b>			
- Landing fees	1,118,085	1,050,000	1,094,057
- Property rental	24,929	25,000	25,343
- Reimbursements	6,665	3,000	3,054
- Sundry income	8,741	500	379
- Security screening charges	0	0	227
- Grants and subsidies	9,089	11,527	11,527
<b>Operating expenditure</b>			
- Employee expenses	(268,071)	(276,334)	(261,197)
- Insurance	(15,271)	(15,626)	(14,798)
- Building expenses	(57,664)	(51,155)	(136,698)
- Grounds and strip maintenance	(42,218)	(59,500)	(59,292)
- Other sundry expenses	(121,580)	(122,750)	(24,332)
- Overhead allocation	(90,355)	(96,804)	(91,401)
- Depreciation	(330,673)	(299,976)	(298,454)
- Loss on asset disposal	0	(5,469)	(1,753)
	<b>241,677</b>	<b>162,413</b>	<b>246,662</b>
<b>Capital income</b>			
- Reserve transfer	13,472	12,875	78,322
- Proceeds from sale of assets	6,818	7,725	17,273
- Capital grant	0	0	31,156
<b>Capital expenditure</b>			
- Asset	(20,290)	(20,600)	(126,751)
	<b>0</b>	<b>0</b>	<b>0</b>
	<b>241,677</b>	<b>162,413</b>	<b>246,662</b>

**23. CONDITIONS OVER GRANTS/CONTRIBUTIONS**

Grant/Contribution	Opening Balance <sup>(1)</sup>	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing Balance <sup>(1)</sup>	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing Balance
	1/07/17	2017/18	2017/18	30/06/18	2018/19	2018/19	30/06/19
	\$	\$	\$	\$	\$	\$	\$
<b>General purpose funding</b>							
DFES - Bushfire Risk Management Project	0	0	0	0	175,894	(88,494)	87,400
<b>Law, order, public safety</b>							
DFES - Fire Prevention	30,320	203,255	(181,955)	51,620	226,627	(206,525)	71,722
DFES - SES	1,625	21,947	(18,207)	5,365	20,711	(21,505)	4,571
GEDC - Gibson Fire Shed	28,713	0	(28,713)	0	0	0	0
<b>Education and welfare</b>							
Other Programs	8,685	28,584	(32,456)	4,813	32,689	(37,502)	0
Esperance Home Care Operating	13,240	1,871,883	(1,837,157)	47,966	606,094	(654,060)	0
HACC Capital	74,489	0	(7,435)	67,054	0	(19,981)	47,073
Homecare 2	37,350	347,173	(354,382)	30,141	403,625	(336,990)	96,776
Homecare 3	52,203	249,846	(263,557)	38,492	412,668	(359,849)	91,311
Homecare 4	29,375	646,296	(548,913)	126,758	800,464	(788,121)	139,101
Contracts	954	115,914	(116,868)	0	0	0	0
CHSP Carers	31,187	132,339	(142,574)	20,952	1,912,796	(1,910,867)	22,881
HACC U65s - Operating	0	35,000	(10,747)	24,253	243,835	(268,088)	0
Community Visitor Scheme	0	34,608	(34,005)	603	34,007	(34,610)	0
VMP CPO	28,829	117,016	(121,763)	24,082	119,575	(123,247)	20,410
<b>Community amenities</b>							
Coastscapes Biodiversity Fund	3,712	0	(3,712)	0	0	0	0
DPIRD - Collation of Weed Data	0	0	0	0	24,300	0	24,300
<b>Recreation and culture</b>							
Twilight Beach Restoration	15,943	0	(7,411)	8,532	0	(8,532)	0
BHP Bushfire Donation Scaddan	250,000	0	0	250,000	0	0	250,000
Curtin Uni Seagrass Study	10,200	0	(10,200)	0	0	0	0
State NRM - Lake Monji Restoration	16,114	0	(16,114)	0	0	0	0
South Coast NRM - Quagi Beach	10,487	21,000	(31,487)	0	0	0	0
Beach Access Site Planning	15,500	0	(15,500)	0	0	0	0
Dept Sport and Rec - Kidsport	33,878	19,406	(53,284)	0	0	0	0
Good Things Foundation "Be Connected"	0	26,500	0	26,500	51,500	(24,438)	53,562
Science Week	0	2,000	0	2,000	0	(1,354)	646
DLG - Civic Centre Traineeship	0	0	0	0	30,000	0	30,000
Dept of Planning - Fourth Beach	0	0	0	0	13,500	0	13,500
Dept of Planning - Alexander Bay	0	0	0	0	22,610	(681)	21,929
Esp Community Arts - Install Sculptures	0	0	0	0	1,000	0	1,000
DPIRD - Indoor Sports Stadium	0	0	0	0	3,241,024	(1,360,708)	1,880,316
Dept of Water - ESWS Upgrade	0	0	0	0	948,643	0	948,643
<b>Transport</b>							
Roadwise	1,081	0	(1,081)	0	1,000	0	1,000
WA Police - Horns & Hooves Project	0	4,210	(3,822)	388	0	0	388
Road Safety Alliance	0	14,000	0	14,000	4,000	(5,225)	12,775
<b>Economic services</b>							
Wild Dog Control	120,325	185,129	(206,176)	99,278	1,317,818	(190,698)	1,226,398
Supertowns - Growth Plan	800	0	(800)	0	0	0	0
Supertowns - Economic Development	133,600	0	(55,623)	77,977	0	(54,824)	23,153
<b>Total</b>	<b>948,610</b>	<b>4,076,106</b>	<b>(4,103,942)</b>	<b>920,774</b>	<b>10,644,380</b>	<b>(6,496,299)</b>	<b>5,068,855</b>

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2019

## Notes to and forming part of the Financial Report

### 24. RATING INFORMATION

#### (a) Rates

RATE TYPE	Rate in \$	Number of Properties	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2017/18	
			Actual Rateable Value \$	Actual Rate Revenue \$	Actual Interim Rates \$	Actual Back Rates \$	Actual Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$	Actual Total Revenue \$
<b>Differential general rate / general rate</b>												
<b>Gross rental valuations</b>												
GRV - Residential	0.097181	3,930	65,611,968	6,376,237	51,999	2,077	6,430,313	6,353,345	35,200	0	6,388,545	6,078,828
GRV - Commercial	0.099125	402	24,081,826	2,387,112	(6,696)	1,475	2,381,891	2,387,111	0	0	2,387,111	2,278,628
GRV - Vacant	0.097181	113	2,112,930	205,337	(4,498)	(726)	200,113	203,004	0	0	203,004	195,485
<b>Unimproved valuations</b>												
UV - Rural	0.008525	1,111	1,040,148,000	8,867,264	3,761	15,716	8,886,741	8,865,608	0	0	8,865,608	8,497,071
UV - Mining	0.090552	35	1,803,394	163,301	(22,628)	(124)	140,549	169,906	0	0	169,906	169,124
UV - Commercial/Industrial	0.008525	1	150,000	1,279	0	0	1,279	1,279	0	0	1,279	1,357
<b>Sub-Total</b>		5,592	1,133,908,118	18,000,530	21,938	18,418	18,040,886	17,980,253	35,200	0	18,015,453	17,220,493
<b>Minimum payment</b>												
<b>Gross rental valuations</b>												
GRV - Residential	1,124	1,282	12,084,223	1,440,968	(11,594)	(180)	1,429,194	1,455,580	0	0	1,455,580	1,370,534
GRV - Commercial	1,124	61	394,248	68,564	1,124	534	70,222	67,440	0	0	67,440	67,968
GRV - Vacant	1,124	587	2,885,932	662,034	(19,705)	(1,444)	640,885	636,184	0	0	636,184	626,131
<b>Unimproved valuations</b>												
UV - Rural	1,124	63	4,281,200	70,812	0	0	70,812	107,904	0	0	107,904	120,994
UV - Mining	562	19	45,458	11,240	2,594	0	13,834	11,239	0	0	11,239	10,321
UV - Commercial/Industrial	1,124	2	70,100	2,248	0	0	2,248	2,248	0	0	2,248	2,152
<b>Sub-Total</b>		2,014	19,761,161	2,255,866	(27,581)	(1,090)	2,227,195	2,280,595	0	0	2,280,595	2,198,100
		7,606	1,153,669,279	20,256,396	(5,643)	17,328	20,268,081	20,260,848	35,200	0	20,296,048	19,418,593
Discounts/concessions (refer Note 24(d))							(21,918)				(23,042)	(22,058)
<b>Total amount raised from general rate</b>							20,246,163				20,273,006	19,396,535
Ex-gratia rates							319,603				319,571	258,079
Rates paid in advance							131,955				0	173,109
<b>Totals</b>							20,697,721				20,592,577	19,827,723

#### SIGNIFICANT ACCOUNTING POLICIES

##### Rates

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

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2019

Notes to and forming part of the Financial Report

## 24. RATING INFORMATION (Continued)

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

#### Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2019 Actual \$	2019 Budget \$	2018 Actual \$	Circumstances in which Discount is Granted
Unserviced Development Area 3 Lots	50.00%	562	21,356	22,480	20,444	Lots remain unserviced and unable to be developed.
Unserviced Israelite Bay Lot	50.00%	562	562	562	538	Lot remains unserviced and extremely remote to Shire services.
			21,918	23,042	20,982	

#### Waivers or Concessions

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 2019

## Notes to and forming part of the Financial Report

### 24. 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 Sep 2019	0.00	0.00%	11.00%
<b>Option Two</b>				
First instalment	25 Sep 2019	0.00	5.50%	11.00%
Second instalment	27 Nov 2019			
Third instalment	29 Jan 2020			
Fourth instalment	01 Apr 2020			

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Interest on unpaid rates	56,201	50,000	40,871
Interest on instalment plan	102,966	105,000	99,854
	<b>159,167</b>	<b>155,000</b>	<b>140,725</b>

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2019

## Notes to and forming part of the Financial Report

### 25. RATE SETTING STATEMENT INFORMATION

		2018/19 Budget	2018/19
	2018/19 (30 June 2019 Carried Forward)	(30 June 2019 Carried Forward)	(1 July 2018 Brought 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	10(a) (46,088)	(215,430)	(2,555,851)
Less: Reversal of prior year loss on revaluation of fixed assets	0	0	(81,371)
Movement in pensioner deferred rates (non-current)	3,857	0	(2,776)
Movement in employee benefit provisions (non-current)	(440,026)	210,000	(671,814)
Movement in other provisions (non-current)	0	0	(773,104)
Add: Loss on disposal of assets	10(a) 313,687	182,620	142,204
Add: Depreciation on assets	10(b) 16,202,277	16,236,002	16,165,182
<b>Non cash amounts excluded from operating activities</b>	<b>16,033,707</b>	<b>16,413,192</b>	<b>12,222,470</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 - restricted cash	3 (36,371,897)	(19,311,244)	(28,877,155)
Less: Land held for resale - Flinders Estate	(176,057)	(1,036,058)	(176,057)
Less: Loans receivable - club/institutions	0	(95,527)	(77,473)
Add: Borrowings	13(a) 196,298	60,000	121,309
Add: Cashback employee provisions	1,367,358	1,142,267	1,174,624
Add: Waste Facility provisions	617,364	3,026,202	617,364
<b>Total adjustments to net current assets</b>	<b>(34,517,393)</b>	<b>(16,214,360)</b>	<b>(27,217,388)</b>
<b>Net current assets used in the Rate Setting Statement</b>			
Total current assets	44,186,470	25,115,832	36,475,940
Less: Total current liabilities	(6,154,478)	(8,901,472)	(4,799,415)
Less: Total adjustments to net current assets	(34,517,393)	(16,214,360)	(27,217,388)
<b>Net current assets used in the Rate Setting Statement</b>	<b>3,514,599</b>	<b>0</b>	<b>4,459,137</b>

## 26. 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 divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

### (a) Interest rate risk

#### Cash and cash equivalents

The 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>2019</b>					
Cash and cash equivalents	1.64%	40,923,369	22,200,000	18,723,369	0
Financial assets at amortised cost - term deposits	0%	0	0	0	0
<b>2018</b>					
Cash and cash equivalents	2.21%	32,806,101	22,700,000	10,106,101	0
Financial assets at amortised cost	0.00%	0	0	0	0

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

**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\*

\* Holding all other variables constant

	2019	2018
	\$	\$
	409,234	328,061

**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 13(b).

**(b) Credit risk**

**Trade 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 2018 or 1 July 2019 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 no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2019

## Notes to and forming part of the Financial Report

### 26. FINANCIAL RISK MANAGEMENT (Continued)

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<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
Loss allowance	0	0	0	0	0
<b>01 July 2018</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	96,156	23,117	0	86,087	205,360
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2019</b>					
Sundry 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
Loss allowance	0	0	0	0	0
<b>01 July 2018</b>					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	1,972,938	9,806	158	7,238	1,990,140
Loss allowance	0	0	0	0	0

**26. 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><u>2019</u></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
<b><u>2018</u></b>					
Payables	1,932,079	0	0	1,932,079	1,932,079
Borrowings	183,480	555,183	653,060	1,391,723	1,746,487
	2,115,559	555,183	653,060	3,323,802	3,678,566

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2019

## Notes to and forming part of the Financial Report

### 27. 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:

In previous years bonds and deposits were held as trust monies. They are now included in Restricted cash at Note 3 and shown as a current liability at Note 12.

	1 July 2018	Amounts Received	Amounts Paid	30 June 2019
	\$	\$	\$	\$
Town Planning Development Bonds	77,571	16,160	(93,561)	170
Staff Housing Bonds	15,928	1,880	(17,808)	0
Development Subdivision Bonds	2,330	32	(2,362)	0
Engineering Subdivision Bonds	57,142	850	(57,992)	0
Contribution to Public Open Space	192,375	2,653	0	195,028
Commercial Building Bonds	1,323	0	(1,323)	0
Recreation Grounds Bonds	500	0	(500)	0
Home Care Bus Bonds	1,600	0	(1,600)	0
Other General Bonds	93,639	214,131	(208,177)	99,593
Kerb Deposit/Builders Reinstatements	16,900	0	(16,900)	0
BCITF Levy	128	0	(128)	0
General Deposits	79,713	0	(79,713)	0
	539,149	235,706	(480,064)	294,791

### 28. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No significant event occurred after the end of the reporting period.

## 29. 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.

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

### AASB 9 Financial instruments

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

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139.

### Classification and Management

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

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

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

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
- The Shire did not designate any financial assets as at fair value through profit and loss.

In summary, upon the adoption of AASB 9, the Shire had the following required (or elected) reclassifications as at 1 July 2018:

<b>AASB 139 category</b>	<b>AASB 139 value</b>	<b>AASB 9 category amortised cost</b>	<b>Fair value through OCI</b>	<b>Fair value through P/L</b>
	\$	\$	\$	\$
<b>Loans and receivables</b>				
Trade receivables*	830,544	0	0	0
Financial Assets	0	830,544	0	0
	830,544	830,544	0	0

\* The change in carrying amount is a result of additional impairment allowance. See the discussion on impairment below.

**(b) Impairment**

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, the Shire recognised an additional impairment on the Shire's Trade receivables of nil which resulted in a nil decrease/increase in accumulated surplus/(deficit) as at 1 July 2018.

### 30. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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

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

#### (a) Revenue from Contracts with Customers

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

The Shire will assess the impact on the financial statements.

#### (b) Leases

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

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

On adoption of AASB 16, the Shire will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount but discounted using the lessee's incremental borrowing rate as on 1 July 2019.

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).

#### (c) Income For Not-For-Profit Entities

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

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 give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be 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 occurs the financial liability will be extinguished and the Shire will recognise income for the prepaid rates that have not been refunded.

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

**31. 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 ends of the reporting period.

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2019

## Notes to and forming part of the Financial Report

### 32. 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 its happen.

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<b>GOVERNANCE</b> To provide a decision making process for the efficient allocation of scarce resources.	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.
<b>GENERAL PURPOSE FUNDING</b> To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
<b>LAW, ORDER, PUBLIC SAFETY</b> To provide services to help ensure a safer and environmentally conscious community.	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.
<b>HEALTH</b> To provide an operational framework for good community health.	Inspection of food outlets and their control as well as provision of meat inspection services, noise control and waste disposal compliance.
<b>EDUCATION AND WELFARE</b> To provide services to disadvantaged persons, the elderly, children and youth.	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.
<b>COMMUNITY AMENITIES</b> To provide services required by the community.	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.

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2019

## Notes to and forming part of the Financial Report

### 32. ACTIVITIES/PROGRAMS (Continued)

#### RECREATION AND CULTURE

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

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

#### 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 2019

## Notes to and forming part of the Financial Report

### 33. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	1.79	2.66	1.84
Asset consumption ratio	0.54	0.56	0.77
Asset renewal funding ratio	1.07	1.00	1.05
Asset sustainability ratio	0.78	0.81	0.87
Debt service cover ratio	65.55	26.62	37.78
Operating surplus ratio	(0.05)	(0.01)	0.03
Own source revenue coverage ratio	0.72	0.76	0.70

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 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration 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 2019 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

#### Basis for Opinion

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

We are independent of the 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 (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 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 2019 but does not include the financial report and the auditor's report thereon.

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

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

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

## **Shire's Responsibility for the Financial Report**

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

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

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

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

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

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

## 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 and asset sustainability 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.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA  
Director

Perth  
Date: 31 October 2019



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

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