


Annual Report

2020
2021



ACKNOWLEDGEMENT OF 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.

Contents

| | |
|---------------------------------------|----|
| Esperance in Numbers..... | 4 |
| Corporate Mission..... | 5 |
| Community Vision..... | 5 |
| Shire President's Report..... | 6 |
| Chief Executive Officer's Report..... | 7 |
| Planning for the Future..... | 8 |
| About this Report..... | 9 |
| Leadership..... | 10 |
| Community Connection..... | 16 |
| Built Environment..... | 28 |
| Natural Environment..... | 34 |
| Growth & Prosperity..... | 38 |
| Statutory Requirements..... | 42 |
| Annual Financial Report..... | 45 |

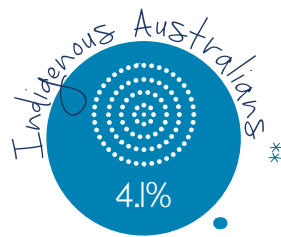
Esperance in Numbers

44,798km²

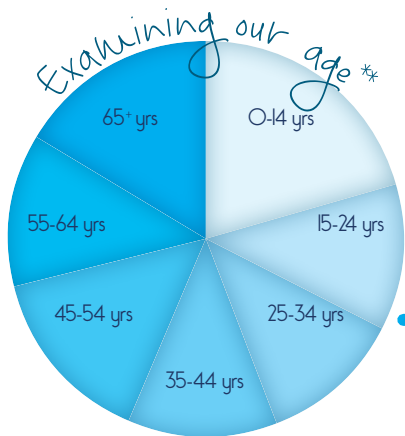
4,853km of Roads

5,900km² of National Parks & Reserves

12,950km² of Agricultural Land



Population****



* Median
 ** 2016 Census QuickStats
 *** 2016 Data
 **** 2020 Data
 Data sourced from the Australian Bureau of Statistics website for LG Area



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 2021/22 - 2024/25

Community Vision

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

- Strategic Community Plan 2017 - 2027

Shire President's Report

It is with great pleasure that I present the 2020/2021 financial year Annual Report for the Shire of Esperance. This year has been one to celebrate, with several huge projects wrapping up.

Council were delighted to appoint Mr Shane Burge as the Chief Executive Officer of the Shire of Esperance in October 2020. Shane's track record of many years' experience, management skills, and corporate knowledge make him an excellent choice to lead our community forward. I thank Shane for his continuous dedication to this organisation and the community as a whole.

In September 2020 Council revisited the tradition of holding one Ordinary Council Meeting a year at a Shire satellite town. We are grateful to the Cascade Recreational Centre for their hospitality and for allowing us to hold the Meeting in their Hall. This was very successful with several residents in attendance taking the opportunity to ask questions and have conversations with Council.

An exciting milestone in Esperance history was achieved with the completion of the Jetty Replacement Project. The official opening brought thousands of people to the Jetty Headland, and I haven't seen the Jetty empty since. I am so proud of the final product, which acknowledges the heritage of the Esperance Tanker Jetty so important to our community. We have been through a journey on this project, and I thank everyone for their patience while Council worked to get the best possible outcome for our town.

The Community Perception Survey results were received in May 2021 and saw a large number of pleasingly positive responses. This is a huge credit to Council and staff for their efforts over the past two years. I appreciate our community's effort in sharing feedback with us, the good and the bad; all valuable information to make sure we are heading in the right direction.

Last year was a big one for community consultation, with Social Pinpoint taking off as the

Shire's go-to online community engagement tool. We consulted on projects such as the James Street Cultural Precinct, proposed Dog Park, Urban Node Trial, Mountain Bike Masterplan, Trails Masterplan, Local Government Ward Review, Lake Monjigup, and the Pink Lake Corridor Shared Path. Extensive comments for these projects were provided, allowing the Shire to set direction with confidence.

Following the 2021 State Election Cr Shelley Payne resigned as a Councillor to take up her role as MLC for the Agricultural Region. I would like to thank her for three and a half years of service and wish her well in WA Government.

I would also like to send my sincere thanks to my fellow Councillors, who have been a pleasure to work alongside, and I extend my great appreciation to every single staff member working behind the scenes to make the wheels of the Shire turn.

As a team, we have delivered some excellent outcomes for the community. I look forward to overcoming more challenges and creating more opportunities for our wonderful town next financial year.



A handwritten signature in black ink that reads "Ian Mickel".

Ian Mickel
Shire President

Chief Executive Officer's Report

I am proud to present the 2020/2021 Annual Report.

The Annual Report is a summary of the highlights, challenges, developments and achievements throughout the last financial year. Esperance has a very gracious community and I trust they will be proud of the outcomes over the past year.

After four months in the role of Acting Chief Executive Officer, it was a great honour to be offered the permanent position in October 2020. I am committed to serving the community, and look forward to the challenges ahead of us.

During this financial year one of Esperance's most high profile projects, the Jetty Replacement Project, was completed and is now being utilised daily by the community and visitors alike. The Esperance Jetty has quickly become as well loved as the old Tanker Jetty. The official opening was a proud moment for not just the Shire staff but for the community as a whole. I commend all staff efforts in organising and executing the opening in a short period of time, an event which saw thousands of people in attendance.

The Esperance Indoor Stadium, Adventureland Park Playground and the Noel White Centre were also all officially opened and look fantastic! These facilities are great assets to the community.

The pandemic has been very much a part of 2020/2021. The Shire acted to uphold State Government regulations and requirements. Meetings with metropolitan based consultants and stakeholders continued to be predominately held via Zoom. Staff grabbed the opportunity to attend various webinars and conferences online which would ordinarily have required attendance in person, responded well to COVID restrictions, and remained flexible under unusual working arrangements when required.

With restrictions prohibiting interstate travel, we saw our fellow Western Australians flock to Esperance over the summer period. The influx of tourists caused the Shire Overflow Campground to reach a maximum of 80% capacity, and prompted the Shire to open Blue Waters Lodge to support local businesses with much needed short term seasonal workers accommodation.

The search for a new landfill site came to an end, with an agreement in place to commence transporting waste to Coolgardie in 2022.

The bi-annual Community Perception Survey was released for residents and ratepayers to provide feedback on the Shire's operations. The scorecard came back with better than ever results, which is a huge credit to staff. I praise all staff for their efforts over the past year. They have produced many great outcomes for the community and I am extremely proud of that.

I would like to thank the Council for their ongoing support and trust, it is a relief to have some of Esperance's largest projects ticked off or progressing forward.

I am looking forward to what the next 12 months brings and am excited for the Shire to continue providing essential services and infrastructure to the Esperance community.



A handwritten signature in black ink, appearing to read 'Shane Burge'.

Shane Burge

Chief Executive Officer

Planning for the Future

Strategic Community Plan

The Shire of Esperance's *Strategic Community Plan 2017-2027* is an overarching document which reflects the long term aspirations 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.

The Strategic Community Plan is reviewed on a two yearly basis, with major reviews occurring every four years, and focusses on the following five themes;



No changes have been made to the Strategic Community Plan during 2020/2021, however our next major review is expected to be undertaken during 2021/2022.

Corporate Business Plan

The Shire of Esperance's *Corporate Business Plan 2021/22-2024/25* is a key operational document that takes into consideration other planning documents including the Strategic Community Plan, Long Term Financial Plan, Asset Management Plans, Operational Plans and Business Unit Plans.

The Corporate Business Plan identifies Council priorities and details current services, future operations and major projects expected to be undertaken by the Shire over the next four years. The Plan also outlines the operational activities that will be undertaken to achieve the desired outcomes of the Strategic Community Plan.

The Plan is reviewed annually and this year's review centered on updates to align with outcomes from a workshop held with Council in December 2020. These changes include separating initiatives from business as usual and highlighting the CEO KPIs for 2021.

About this Report

Welcome!

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

The Annual Report is also one of our key reporting devices, providing information to our community on the work completed in the past financial year.

The Report details our operational performance and outlines the achievements and challenges that we experienced throughout the year.

Our priority for this financial year was to continue to enhance our communication, encourage more people to participate in developing solutions and inspire engagement on topics Council are being asked to make decisions on.

Where to find this report

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

www.esperance.wa.gov.au

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



Leadership

L1 Encourage community participation and insight into activities and decisions

This year we farewelled one of our Elected Members, Cr Shelley Payne, following her election to the Legislative Council for the Agricultural Region.

Meeting Attendance

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

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

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

The Ordinary Council Meeting for September was held at the Cascade Community Hall with nine members of the public and press attending. This also provided an opportunity for open discussion at the end of the meeting.

The following tables outline individual Councillor information for the Financial Year as required under the *Local Government Act 1995*.

Currently none of our Elected Members identify as Aboriginal or Torres Strait Islander.

| Member | Cr Ian Mickel | Cr Basil Parker | Cr Ron Chambers | Cr Wes Graham | Cr Steve McMullen | Cr Jennifer Obourne | Cr Jo-Anne O'Donnell | Cr Shelley Payne | Cr Dale Piercey |
|--------------------------------------|---------------|-----------------|-----------------|---------------|-------------------|---------------------|----------------------|------------------|-----------------|
| OCM (Entitled) | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 9 | 12 |
| OCM Attended | 12 | 10 | 12 | 11 | 11 | 11 | 11 | 7 | 10 |
| SCM (Entitled) | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| SCM Attended | 6 | 3 | 5 | 5 | 6 | 5 | 4 | 5 | 4 |
| Gender | Male | | Male | | Male | Female | Female | | |
| Linguistic Background | English | | English | | English | English | English | | |
| Country of Birth | Australia | | Australia | | Australia | Rhodesia | Australia | | |
| Member of Committees (#) | 8 | 4 | 3 | 3 | 7 | 9 | 7 | 4 | 6 |
| Committee Meetings (Entitled) | 20 | 5 | 10 | 3 | 25 | 22 | 11 | 8 | 11 |
| Committee Meetings Attended | 18 | 4 | 3 | 1 | 19 | 12 | 9 | 6 | 4 |

OCM = Ordinary Council Meeting
SCM = Special Council Meeting

(Entitled) = number of meetings eligible to attend

| Number of Elected Members aged; | |
|---------------------------------|---|
| Between 18 years and 24 years | 0 |
| Between 25 years and 34 years | 1 |
| Between 35 years and 44 years | 1 |
| Between 45 years and 54 years | 0 |
| Between 55 years and 64 years | 2 |
| Over the age of 65 years | 1 |

Annual Electors meeting

Our Annual Electors Meeting was held with seven community members, Councillors and the Shire Executive Team in attendance. This gave local residents an opportunity to question the Annual Report 2019/2020, query general business and to raise motions to Council for discussion at subsequent meetings.

Three motions were raised on the night, all of which were carried.

Motion 1: That Council initiate a formal review of the operational effectiveness of the 'black spot' Dempster Street Roundabout

Motion 2: That Council formally communicates with the community as soon as practical regarding various matters relating to rates, before rates are calculated.

Motion 3: That Council develop appropriate policies, procedures and practices for CCTV equipment and information used in public surveillance in the Shire of Esperance to ensure the protection is kept of individual privacy.



308 COUNCIL RESOLUTIONS
240 COMPLETED

Delegated Authority

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

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

New delegations introduced during the 2020/2021 financial year include;

- Dangerous excavation in or near public thoroughfare
- Obstruction of footpaths and thoroughfares
- Obstruction of public thoroughfare by things placed and left
- Registrations of infringement notices

Council Policies

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

The following five policies were endorsed by Council throughout the year;

- CCTV
- Code of Conduct Behaviour Complaints Management
- Elected Member Professional Development
- Local Planning Scheme No.24 Advertising Requirements
- Temporary Employment or Appointment of CEO

Leadership

Ward & Representation Review

We undertook a review to confirm the current levels of representation in our Local Government Electoral Wards. This review identified that the current ratio of Councillors to Electors in the Rural Ward was much higher than in the Town Ward and therefore it was determined that a change was required.

Following feedback from our community, Council resolved to adjust the ward boundaries to increase the size of the Town Ward, reducing the size of the Rural Ward and also to decrease the number of Elected Members in the Rural Ward from three to two and increase the number of Elected Members in the Town Ward from six to seven.

This change will be implemented at the 2021 Local Government Elections.

Executive Management Team

There have been a few changes to our Executive Management Team this year with Shane Burge being appointed as our Chief Executive Officer in October 2020, Felicity Baxter commencing as Director Corporate and Community Services in February 2021 and Holly Phillips being appointed as Director External Services and due to commence in the coming financial year.

Community Perception Survey

In early 2021, 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. The responses allow Council to determine which services are meeting, exceeding or underperforming according to community expectations.

Key focus areas identified from the feedback received from this year's survey include;

- Economic Development
- Tourism
- Town Centre Activation
- Community Safety and Crime Prevention
- Building and Maintaining Local Roads
- Streetscapes, Trees and Verges
- Planning and Building Approvals
- Managing Responsible Growth and Development

The results from this year's Community Perception Survey indicated a significant improvement in community opinion on most operational services and facilities provided by the Shire when compared to previous years.



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

Our Workforce

We currently employ 317 employees with an approximate full time equivalent (FTE) of 223. It's a highly diverse workforce with females making up 56% of the workforce, although only 33% of permanent employees.

Attracting and retaining appropriately qualified staff remains a significant issue for the Shire. The impact of COVID-19 on the labour market has resulted in the Shire's ability to recruit and retain staff at all levels being compromised and was reflected in the turnover rate. The turnover rate for permanent employees in 2020/2021 was 19%, which was higher than last year's rate of 15% and significantly higher than the 2019/2020 rate of 12%. To assist with attraction and retention of staff, we offer a number of strategies including flexible work arrangements where practicable, health and wellbeing opportunities as well as training and development.

During 2020/2021 the Shire commissioned CATALYSE to conduct an Employee Scorecard survey. The review found that 96% of the workforce rated the Shire positively as a place to work. Job security rated highest amongst what staff valued most. The report highlighted some areas of concern and strategies were developed and implemented to facilitate change and improve engagement.

The pandemic continued to impact staff with a number being required to work from home, work from other worksites or be redeployed to carry out alternative work in situations where they were required to isolate. All staff have been encouraged to be vaccinated and granted time off from work to attend vaccination bookings or recover from any related illness.

During 2020/2021 the Shire initiated a 3-steps to Safety Program which identified Training and Supervision as an area requiring additional attention. During the second half of the year additional attention was focused on training and upskilling of the workforce via focused compliance training and gaps identified through a training needs analysis.

The year ahead presents many challenges but also some exciting opportunities. A new Workforce Plan will be developed and implemented to replace the 2017-2021 Plan and a new Enterprise Agreement needs to be negotiated during the year to replace the existing Agreement that expires on 30 June 2022. Significant focus will be placed on improving Indigenous Employment opportunities and management of our vast and invaluable volunteers to ensure better outcomes for all stakeholders.

317 EMPLOYEES  223 FULL TIME EQUIVALENT

80 CASUAL STAFF 81 PART TIME STAFF

156 FULL TIME STAFF

Leadership

Information Services

Several upgrades have been made to the IT environment over the last year, most notably was the introduction of PaperCut with the new corporate photocopier. This has improved the security of the print process and has the added benefit of reducing wastage from forgotten printouts being left on the photocopier. PaperCut also enables the introduction of "Find Me" printing so print jobs will be available to be retrieved from either one of the Administration Building's photocopiers seamlessly and securely.

The entire server infrastructure was also replaced this year without any disruption to our services. As part of that project the Disaster Recovery infrastructure was updated to make it more resilient, available, and enable longer term retention of backups. Additionally an offsite backup proof of concept was developed to see if it could provide a more stable service while being cheaper and easier to manage than the current online service.

 2,280 CALLS RECEIVED

L3 Foster a culture of innovation

Live Streaming & Recording of Meetings

The IT team worked with an external contractor and the Executive Services team to install equipment in the Council Chambers to facilitate live streaming of council meetings. While the live streaming hasn't been enabled as yet, recordings of Council meetings are now being published on the Shire's website.

Benchmarking

The Shire of Esperance is working with ten other Local Governments through the Western Australian Regional Capitals Alliance to participate in benchmarking activities. The benchmark report will assist local governments to ensure services are provided in a like manner throughout the State and efficiencies can be highlighted through best practice initiatives. The benchmarking report provided for 2018/2019 was provided to Council in March 2021.

L4 Actively engage and communicate with the community to ensure informed decision making

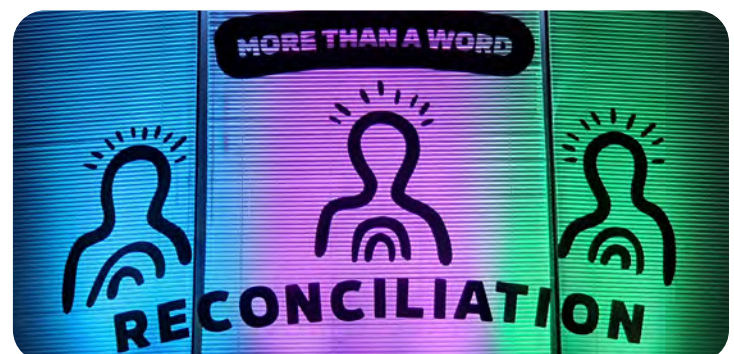
Reconciliation Action Plan

The Reconciliation Action Plan Working Group proposed to put together information for sharing on social media throughout National Reconciliation Week to highlight the week.

Our first sundowner for local organisations who have Reconciliation Action Plans was held during National Reconciliation Week and a database is being collated to assist with further networking events in future.

This was well received, however it was identified that more locally focussed information would be preferred in future posts.

Work is continuing with staff gathering further information to put out during NAIDOC Week.



Marketing & Communications

With consistent information on projects, decisions and activities, community members continue to reference our online newsletters and social posts - reaffirming to us that the DIY newsroom is working. The community are seeking information on the Shire's web and social channels, for their source of true and accurate information.

Social Pinpoint has provided a great tool for us to reach our community with many projects utilising this software to engage with the community for comment, discussion and feedback. Since beginning to use this software, the level of community engagement in our projects has increased.

A weather proof A4 perspex brochure holder has been erected outside the Shire Administration Building and is used to hold physical copies of the Shire Flyer newsletter, enabling those whom are not online to still be able to access Shire information at any time.

Over the past year the Shire e-newsletters and media releases have increased subscribership by over 18%. Utilising the online platform Mailchimp enables us to know where our information is going, who is accessing it, and how it is being used.

Communication & Engagement Strategy

The Communication and Engagement Strategy 2021-2024 has been endorsed by Council and outlines the different approaches we will take to ensure proactive and accurate information sharing across our vast audience.

To demonstrate that we are prioritising communicating and engaging with the community, measurable actions have been set and will be reviewed regularly to ensure there is continual organisational progress and improvement.

54 MEDIA RELEASES

236 MEDIA ENQUIRES



FACEBOOK

9,300 

FOLLOWERS

819 POSTS CREATED

INSTAGRAM

2,062 

FOLLOWERS

290 POSTS CREATED

TWITTER

783 

FOLLOWERS

69 POSTS CREATED

Community Connection

C1 Provide services, facilities and information that are inclusive and accessible

Disability, Access & Inclusion

The revision of the Shire's Disability Access and Inclusion Plan (DAIP) demonstrated our commitment to greater equity for people living with disabilities in our region. The DAIP is a working document and notable achievements during this period include:

- Purchase of a Beach Wheelchair with funding assistance from Southern Ports, the Rotary Club of Esperance Bay and Esperance Home Care - this will be available for loan, and rolling out on the sand in spring.
- ACROD parking options in the town centre were audited, new parking spaces added and old parking spaces upgraded to comply with the current standards.
- Our Community Perception Survey was altered, enabling respondents to self-identify as a person with a disability; this information helps the Shire allocate resources and plan for the future.
- The opportunity to provide valuable work experience at the Shire to people with a disability was explored in discussions with a local NDIS provider.
- The Shire hosted work experience students from the local Education Support Unit; staff were blown away by the willingness and work ethic of the students, and the arrangement benefitted all parties.
- With our Civic Centre turning 40 we're conducting a review into how to make the building more accessible and comfortable to use for those with disabilities

Town Tunes

IGO Town Tunes was held for 23 days in late December and throughout January with live local performers and giant games at the Post Office Square, Whale Tail, Jetty Headland and the Museum Village. We have had a very positive feedback from businesses, locals and visitors.

One & All

The One and All Community program continued to be a big hit this year. The program is a partnership between the Shire of Esperance and ESCARE with ongoing support from Esperance Community Arts. The program runs through the School Holidays offering participants of all ages and abilities the opportunity to participate in free activities. Sessions are run by volunteers and include Brick Club, Surf Life Saving, Badminton, Disco, Nyungar Plants and Culture, Painting, Volleyball, Frisbee and Movies.

609
ATTENDEES



16
ACTIVITIES



Edge of the Bay

The Edge of the Bay Festival was once again a huge success with over 3,000 attendees gathering at the Youth Precinct to take part in the event, and 30 people entering the annual Battle of the Bay skate competition.

Supported by Horizon Power, Southern Ports, 103.9 Hope FM, Freight Lines Group and Lotterywest, this year's festival was the biggest ever welcoming over 60 stallholders, food vendors and community groups.

A vibrant flying kite display decorated the beach, laser tag was played amongst the trees, and art and craft activities took place alongside the action-packed skate park.

The Electric Vehicle Association brought their rides down which were on show along with a display of our local vintage cars, while the Scouts and Army Cadets provided hours of fun with their inflatables.

Andrew Beck performed a memorable Welcome to Country before Shire President Ian Mickel officially opened the event.

Local musical talent was on display with Mary Leske, Kyle Soares and bands, Baron Greenback and Car Park Social, entertaining the crowds before Perth artist Fieldsy shared her unique Celtic rock flavours and Grand Casual brought the evening to a close.



Community Connection



C2 Facilitate improved access to health, welfare and education opportunities

Home Care

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

As a result of the COVID-19 pandemic it became evident that for infection control reasons we needed to reduce the amount of paper that we use. In October we went live with a new scheduling system. Our support workers now have an app on their phone which provides roster information, automatically calculates kilometres travelled, enables them to write progress notes and send through their timesheets. As with all major changes the transition process was difficult, however it has resulted in a much more efficient workplace.

As with many industries in town it has been very difficult to recruit staff, this has had an impact on our service levels. Throughout the year it has been necessary to cancel many non-essential services.

Our Volunteer Coordinator, Marion Mitchell, was named by Volunteering WA as one of the finalists for an award for Excellence in Volunteer Management. A well-deserved recognition for such a hard working member of staff!

The Esperance Home Care Craft Group won the Community Arts Peoples' Choice Award with their 'Plumita Nesto' entry. This is the second year in a row and the \$500 prize was used to purchase craft supplies for the Centre.

Esperance Home Care won the Shire's Neville Mulgat Customer Service Award for 2020. This provided a good boost to our staff who have been through a lot this year.

The annual client survey was sent out in November. The results indicate that 75% of our clients report that the services that are provided by Esperance Home Care have had a medium or high impact on their sense of wellbeing. 70% of clients stated that if they did not receive services from Esperance Home Care it would significantly impact on their ability to stay at home.

446
CLIENTS



52,156
HRS OF SERVICE



9,726
MEALS PROVIDED

445
EXCURSIONS

Environmental Health Service

At the beginning of the year our Environmental Health team focused on ensuring that all premises which require regulatory inspections had Safe WA QR codes and contact registers in place in line with the Department of Health guidelines. The team also assessed COVID-19 safety plans, COVID-19 Event plans and training to ensure safety of the community.

Our visual messaging board was used to promote the Fight the Bite campaign and social distancing in public places and at events.

Public Health Plan

Our Public Health Plan is designed to guide an integrated health and wellbeing planning process for the purpose of protecting, promoting and enhancing the health, wellbeing and quality of life for the Esperance community and reduce the incidence of preventable illness.

The Plan and summary document were put to Council in April where it was resolved to undertake a six week public consultation period to seek comment from the community.

It is expected that the Plan will be endorsed early next financial year.

C3 Facilitate and support sport, recreation, arts and cultural activities

Leisure Centre

2020/2021 was a year of rebuilding after the closure from COVID-19, with many staff having been redeployed during this period, and the team has focussed on encouraging patrons and members to return to the Centre once it reopened.

Membership numbers fell to lower than 400 at the beginning of the year with the numbers rebuilding to 464 at the end of the year during the period where numbers normally drop due to the cooler climate.

Growth has been experienced in all areas of the Centre with the highest increase in patronage seen in the aquatic area.

The introduction of Teen Gym to the Health and Fitness schedule has seen an increase in younger participants in the dry area.

The Centre was recognised as a Gold Waterwise Facility which recognises our commitment to conservation of water and reducing wastage of a valuable resource.

104,042
V I S I T S

Swim School

Enrollments for swimming lessons have increased this year with the swim school being unable to meet the higher demand due to a shortage of swim instructors. We are investigating ways to attract additional instructors to meet demand for this essential service as Esperance is a coastal community and knowing how to swim saves lives.

KidSport vouchers can now be used for swimming lessons and the Centre has registered to enable families to access funds. The KidSport vouchers have been well received and many families have used this service.

Patrons enrolling in the swim school program will soon be able to make payments via direct debit. This will increase accessibility for those who do not currently use swim school due to the upfront payment required.



Community Connection



Sporting Complex & Overflow Camping

The Overflow has been opened for the majority of this year to assist with the increase in visitors to the Esperance region and while the RAC caravan park is closed. The Overflow was staffed during the busy Christmas and Easter period with the Bay of Isles Leisure Centre managing payments during the quieter times.

The refurbishment project for the Noel White Centre was completed. The Centre now includes a meeting room, function room, storage cages and offices which are available for community groups to utilise. The Esperance and Districts Agriculture Society, Esperance Brass Band, Esperance Football Association and Esperance Toy Library have moved in, with the Esperance Districts Recreation Association expected to be moving in at a later date.

The Graham Mackenzie Stadium upgrade has been deferred for two years following rejection of all tenders in January. This will provide time for user group surveys to be undertaken to determine the level of usage for the stadium.

The sporting complex, which includes the Noel White Centre, Esperance Indoor Stadium and Graham Mackenzie Stadium, are now available for hire and some fees were waived by Council to assist sporting clubs who were effected by COVID-19. Basketball, Netball, Badminton, Volleyball and Soccer have all completed seasons in the Indoor Stadium this year.

Civic Centre

The Civic Centre celebrated its 40th Birthday this year with a sundowner held in May. 56 special guests and community members attended with long term Civic Centre Manager, Neville Mulgat's attendance a highlight of the night.

A new public artwork was commissioned for the façade and entrance of the Civic Centre and is a continuation of the Civic Centre Renovation Program which has already seen major interior upgrades, the repainting of the roof and rendering of the exterior brick walls. Further works are planned for the coming financial year.

The Esperance Civic Centre stage rigging requires upgrades in order to meet current industry standards. The Federal Government allocated the Shire \$192,000 through the Local Roads and Community Infrastructure Program which will help to deliver a modern rigging system that fulfills these standards as part of the overall refurbishment project at the Civic Centre. The rigging upgrade works are expected to be completed in the coming financial year.

COVID-19 has continued to shake up the performance schedule with outbreaks affecting various shows throughout the year which caused many to be rescheduled, some more than once. Throughout the year, 25 performances and 166 functions were booked with 21,175 patrons visiting the Civic Centre.



Library

Following the COVID-19 lockdown, the Library opened again with shorter opening hours to the public, however continued to offer Click 'n Collect and Housebound services to vulnerable customers.

Esperance Library Friends (ELF) are a proactive volunteer group who assist in many ways, including coordinating fundraising with the proceeds going towards library resources. This year they raised approximately \$8,000 through their book sales and other fundraising efforts.

We were successful in obtaining a \$1,500 'Backyard Cricket' grant for a Touchscreen that will greatly assist in the delivery of the in-demand Tech Help service and a small National Science Week grant to establish a Community Seed Library in partnership with several other local groups which will begin early in the coming financial year.

Library staff have been involved with several partnership initiatives including Paint the Town Read and the Readers and Writers Festival, and have developed increased resources for family and children activities.

The Be Connected Project Officer position, funded for two years through the Good Things Foundation, has now ended. An urgent need for digital literacy assistance remains in the community as services continue to move online and many members of our community experience difficulties in managing their affairs in an increasingly complex technological society.



Museum

The Museum finally re-opened post-COVID-19 in September 2020 and welcomed back both visitors and volunteers.

Lack of volunteers to cover seven day-a-week opening has led to the museum now being open four days a week, although temporary staff were used during the January and Easter holiday periods for seven day opening due to the large numbers of visitors in town post-COVID-19.

Staff have put together the first two 'Museum in a Box' collections – 'Communications Past and Present' and 'Toys from the Past'. These collections contain information and actual items of past objects to stimulate interest and discussion for classroom usage. They are available for loan by schools and are currently in use. The primary school curriculum has a local history module for each year K-6 and these Collections provide opportunities for children to learn about their own histories through a sensory experience.



Community Connection

C4 Encourage and support volunteers and community groups

Community Grants

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

This year, Council approved 46 applications with the highest amount of funding for the Community Grants Program in more than ten years.

A total of \$267,586 was allocated across the four grant categories, an increase of \$32,820 from last year.

The Support category had 28 successful applications with \$24,694 being granted. Some projects funded through last year's grant program were delayed due to COVID-19 so have taken place this year. One such project was the movie, Before Dawn, which received \$52,000 of grant funding through last year's program.

Volunteer Resource Centre

This year has seen some big changes for the Volunteer Resource Centre. A restructure in the way the Department of Social Services provides funding to the volunteer sector meant a big loss of direct funding for us.

We have since been fortunate in obtaining a portion of the interim funding provided by VolunteeringWA to assist in setting up a new Volunteer Management Activity Program going forward. This means some of our funded outcomes will be changing, and as this funding covers approximately 70% of our services, these changes will be reflected in some of our day-to-day operations. Part of this will include extending some services to organisations in Ravensthorpe and Hopetoun.

Community Grants Program 2020/2021

DEVELOPMENT

Recipients



Esperance Brass Band
Cannery Arts Centre
Esperance Care Services
Esperance Community Arts Inc
Esperance Pony Club
Ports Football Club
TOR Youth Shed Incorporated
Esperance Bay Remote
Control Car Club

\$192,776

EVENTS

Recipients



Cascades Town Recreation
Association
Condingup Primary School
P & C
Esperance Community Arts
Escare (auspicing on behalf
of the Kids Fun Day Out)
Rotary Club of Esperance

\$30,800

ASSISTANCE

Recipients



Moving Movies Esperance Inc
Esperance Scout Group
Castletown Primary School
P & C
Cannery Arts Centre
Esperance & Districts
Agricultural Society

\$19,010

Following on from the uncertainty of 2020, we have seen a slow-and-steady increase in local organisations re-welcoming volunteers, as well as people looking to volunteer more.

Volunteer Recognition

Each year we coordinate two major volunteer recognition events – National Volunteer Week in May, and Thank a Volunteer Day in December.

This year we partnered with four local volunteer-involving organisations to present a full week of activities for our biggest National Volunteer Week to date. Working with Esperance State Emergency Services; Volunteer Fire and Rescue; South Coast Natural Resource Management; and Esperance Community Arts, we were able to offer daily activities ranging from yoga (and beer yoga), a guided wetlands meditation and walk, a gala evening meal (which saw over 70 volunteers in attendance), and social sewing and drumming circles.

As part of the week we also coordinated a tour of the Emergency Services Co-location Facility for more than forty year 11 and 12 students from the Esperance Anglican Community School. This age group is able to join these services either as a cadet or a trainee, and this opportunity allowed the students to see first-hand the various roles and training options available to volunteers with either organisation.

Our Thank a Volunteer Day event was a more low-key affair as it falls during a much busier time of year for volunteers. We set up an opportunity for volunteers to receive a complimentary coffee and cake in the COVID-19 safe environment of the park outside of the Museum. This arrangement was made in order to provide a small gathering opportunity for recognition of our community's wonderful volunteers while still factoring in the possibility of tightened community health guidelines.

102 ORGANISATIONS ASSISTED



108 PEOPLE ASSISTED



Community Connection

C5 Engage youth in the community

Youth Precinct Plan

The Youth Precinct Concept Plan has been endorsed by Council and proposes to develop a youth precinct including an extension to the existing Esperance Skate Park that will activate the foreshore for youth and form a holistic Youth Precinct within Esperance Foreshore.

The Youth Precinct will cater to the needs of the Esperance youth community and provide active recreation opportunities for all ages, abilities and program interests.

The Precinct Plan includes;

- Skate Park Extension
- Pump Track
- Play Facilities
- Amenities and Supporting Infrastructure

Pump Track

Identified as a key project in the Esperance Youth Precinct Concept Plan and the Esperance Mountain Bike Feasibility Study, this project will create a regional-level pump track and associated infrastructure at the Youth Precinct. This project has been allocated \$600,000 from the Local Roads and Community Infrastructure Program funding received from the Federal Government and will be completed in time for the 2021/2022 summer holidays.



C6 Develop and maintain a safe environment for the community

COVID-19 Recovery

In order to aid the Esperance community in its recovery from the COVID-19 pandemic, we activated our Disaster Recovery Plan and formed a Local Recovery Committee, comprising of a Community Support Sub Committee and an Economic Recovery Sub Committee.

The Sub Committees had representatives from social support service and economic backgrounds, and kept abreast of difficulties being experienced in the community during this time, actively working to resolve issues as they arose.

We received \$150,000 from IGO Limited, in an initiative to assist local businesses and community groups with COVID-19 recovery activities. This money was used in a number of ways, including providing a bank of hand sanitizer stations for use at community events,

assisting Lotteries House with cleaning costs to provide shower facilities, supporting community groups to hold events in a COVID-19 safe environment and providing assistance to small business in recovery and contingency planning for further COVID-19 lockdowns.

To date, the Esperance community has been extremely lucky with minimal impacts from COVID-19, however complacency continues to be our biggest threat. While COVID-19 remains in circulation, even if not in our community, COVID-19 measures such as social distancing, hand sanitizing and QR code registrations should be followed to assist in tracing should an outbreak occur.



Coastal Safety Campaign

Our tourism industry had the biggest summer season ever experienced this year, and with this came heightened concerns for coastal safety.

The Shire worked on and supported the Coastal Safety Workgroup with its wide ranging campaign to raise awareness of local risks and advocate for safe behaviours.

Easily understood information rolled out on radio, print media and social media achieved broad coverage, and local visibility was raised with eye catching banners at popular swimming and fishing spots along the coastline.

After analysis of previous safety incidents a top priority of the Coastal Safety Campaign was to get information flyers in front of tourists within 3 hours of their arrival in town. This was achieved by locating them in tourism centres and businesses, where staff were primed to draw attention to them; not just in Esperance but throughout the region and as far away as Kalgoorlie.

There were no beach, swell, rock or shark safety incidents after the rollout of campaign materials, advertising and marketing, a true achievement during the record breaking 2020-2021 summer tourist season, and one celebrated by all stakeholders and local emergency service responders.

CCTV Strategy

Council endorsed the Esperance CCTV Strategy in February, which will see CCTV infrastructure upgraded around the Esperance townsite.

The Strategy will be rolled out via five implementation stages.

Stage One: involves the Esperance Central Business District (CBD), main server and operational control equipment;

Stage Two: concentrates on the Pink Lake Road area;

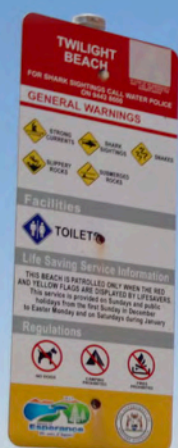
Stage Three: centres on the Esperance Foreshore;

Stage Four: provides mobile camera solutions for seasonal events; and

Stage Five: provides additional sites around the Esperance CBD.

Stage One of the Strategy was funded by a \$210,000 grant from the WA Police's State CCTV Strategy Infrastructure Fund as well as \$100,000 from an extension to the Federal Government's Local Roads and Community Infrastructure Program and was completed in June 2021.

The Shire of Esperance provides the CCTV system to WA Police who have exclusive access to, and control of, all recorded footage. The WA Police monitor the CCTV as required for preventing or responding to antisocial behaviour or crime.



In an emergency dial 000 and quote the information below

Twilight Beach
E1392

Community Connection



Ranger Services

The focus of Ranger Services is to keep the Shire environment clean, welcoming and safe for residents and visitors.

To achieve these objectives Ranger Services provide public education, raise awareness, conduct patrols and interact with the public to assist them in making decisions for their own, as well as others', safety.

Our Rangers team strongly encourage voluntary compliance by the community to meet statutory requirements and enforce various laws including the *Bush Fires Act 1954*, *Dog Act 1976*, *Cat Act 2011*, *Litter Act 1979*, *Local Government Act 1995* and our Local Laws.

The largest portion (40.5%) of the Shire's customer service requests for 2020/2021 were related to animals which covers dogs, cats, livestock and also wildlife such as snakes and sharks. The majority of animal service requests received are related to domestic animals such as dogs and cats.

We continue to work with many partners including animal rescue organisations, WA Police, Department of Primary Industries and Regional Development (DPIRD), Department of Biodiversity, Conservation and Attractions (DBCA) and Department of Planning, Lands and Heritage (DPLH) for various matters including animal control, bush fires and straying livestock.

Construction has begun on our new Animal Management Facility with completion expected early in the coming financial year.

Beach Enclosure

We received \$400,000 in funding from the State Government for a beach enclosure at the James Street groyne.

The Department of Primary Industries and Regional Development has committed the funds for the purchase and installation of the enclosure with ongoing operational costs to be funded by the Shire.

We have also allocated \$322,556 towards a lap pontoon, aimed at encouraging ocean swimming inside the larger enclosure at James Street.

It is hoped that the beach enclosure will help to ease some concerns people may have about swimming in Esperance.

These projects are expected to commence early in the new year with a proposed completion date prior to the 2021 summer holidays.

Shark Response Policy

In May, Council adopted a Shark Hazard Response Policy to manage how the Shire deals with shark-related incidents in the region.

The policy will govern the integrated approach the Shire will take to shark sightings, attacks, response activities, communications related to shark threats, jurisdiction and role clarification of agencies involved in response to shark incidents.



Emergency Management

During the 2020/2021 summer period, the Shire experienced the quietest fire season seen in the past five years. This has been a welcome and well-earned reprieve for our volunteer fire fighters.

The South East Fire Working Group has been formed, comprised of representatives from DFES, DBCA and the Shires of Esperance, Ravensthorpe and Jerramungup. This Group is working as a collective to identify bushfire risks in the wider landscape with a view to assisting and supporting proactive mitigation strategies that are consistent across the three Shires. The Group is working on an overarching plan, complimenting a broader, big picture approach to fire mitigation across the south east area, creating funding opportunities through the statewide Mitigation Activity Fund (MAF).

At a more local level, work has been completed on the Shire of Esperance Bush Fire Risk Management Plan. The Plan has been submitted to the Office of Bush Fire Risk Management (OBRM) for endorsement. Once the Plan is endorsed, the Shire of Esperance will become eligible for MAF Funding, to be applied to treatment strategies identified within the Plan.

In November, DFES announced, in line with the findings from the Coronial Inquest, a number of additional fire appliances would be allocated to the Shire. In consultation with local Brigades, it was established there was a greater need for a number of light vehicles that could either be used as Sector Commander Vehicles or additional response resources through the coastal dune country. As a result, four light tanker appliances have been allocated to our firefighting fleet. These vehicles are currently in the build process and we look forward to accepting these resources into our fleet as soon as they are available.

In the past 12 months, a group of local volunteers have been working with Assistant Commissioner Delavale from DFES in a Bushfire Fleet Mobility Work Group. Issues had been identified with larger fire appliances being deemed “unfit for purpose” in the Esperance area, with volunteers registering concerns that heavier trucks were not performing as required in coastal dune or ripped paddock environments.

As a result the Work Group has been looking into a number of ways to make trucks perform more effectively in these environments. The Group has trialled a number of initiatives, including the use of super single tyres, Central Tyre Inflation Systems, remapping onboard computer outputs and applying aftermarket DPD technology. To date feedback has been positive and the Group, with the ongoing assistance of AC Delavale are continuing to work toward a favourable outcome.

Lastly, at the Bush Fire Advisory Committee meeting held in April, Philip Longmire was appointed as the new Chief Bush Fire Control Officer for the Shire of Esperance.

Philip takes over from Ashley Stewart who has undertaken the role for the past five years. Ashley assumed the “Chief” role shortly after the tragic November 2015 Fires. The past five years have been some of the busiest seasons experienced for a long time, and Ashley’s dedication to the role has been unwavering. In his time as Chief, Ashley was well supported by Deputy Chief Bush Fire Control Officer, Gavin Egan, who also stepped down in April. We would like to thank both Ashley and Gavin for their leadership over the past five years.

 39 REPORTED INCIDENTS



Built Environment

B1 Maintain the Shire's robust asset management practices and maintenance programs

Streetscaping

Street signs made of recycled jetty timbers have been installed in town roundabouts including the recently completed Andrew St roundabout.

The planting of street trees and in-fill planting has also been completed in the CBD using native species supplied by local suppliers.

The Streetscape Advisory Committee was established to provide advice on street furniture and other aspects of CBD landscaping and redevelopment. The Committee provided feedback on the Urban Node Trial that was run throughout the year.

The wrought iron seat has been installed around a Paperbark tree in Post Office Square. Three additional seats have been installed around another Paperbark tree and a bench and platform bench around the other one. It is hoped the platform can be used as a small stage for street performers and buskers over the summer.

Urban Node Trial

We gathered feedback on the Urban Node Trial through a survey released to the community and local businesses.

The nodes came about as part of the Esperance CBD Landscaping Concept Design, which guides the implementation and upgrade of landscaping in the CBD.

As part of the Concept Design it was proposed to trial creating "Urban Nodes", designed to create opportunities for alfresco dining areas or public open space in front of restaurants and cafes through modifying the parking layout.

The trial was originally scheduled for December 2019 until 30 June 2020, however was extended until 30 April 2021 to ensure the nodes could be trialled and assessed effectively as nonessential businesses were forced to close due to the COVID-19 pandemic.

As a result of feedback received for the trial, Council has resolved;

- To investigate the design and implementation of permanent urban nodes at the Break Away Cafe and the new business 33 Degrees Esperance sites; and
- That future urban nodes are designed and integrated into public open space areas in the CBD.



Jetty Opening

The Esperance Jetty was officially opened in March with dignitaries, community members and visitors from across the state gathering at the Jetty Headland to celebrate the historic occasion.

Rick Wilson MP, Member for O'Connor officially opened the Jetty on behalf of the Australian Government, which contributed \$4 million to the project through the Building Better Regions Fund.

The project supported 23 jobs in construction and used local businesses and supplies. The jetty is a huge tourism draw card to our coastal community and will help bring economic prosperity to Esperance for many years to come.

The opening was a momentous occasion and it was fantastic to see so many community members present.

Tanker Chronicles

We proudly hosted the Tanker Chronicles book launch in September with contributors, Councillors and others involved with the project in attendance.

Running from November 2019 through to March 2020, the Tanker Chronicles project focused on gathering and recording the community's memories with the historic Esperance Tanker Jetty, centering on stories that paid tribute to a sense of community pride and engagement.

Collaborating with local creative agency, Wayward Nation, these public submissions were archived and then collated into the Tanker Chronicles book.

Contributions from the local and broader community were collected in the form of written stories, poems, artworks, historical drawings, photographs and video.

Around 40 people participated in the project and in recognition of their efforts they each received a copy of the book.



Built Environment

Security System Upgrade

All security systems are working effectively with plans to upgrade the Security Commander/Challenger system to the Tecom 4 suite at some Shire buildings. This will allow our security system to be integrated into the Genetec system that controls the Shire of Esperance public and private CCTV which aims to provide upgrades in ease of use, searching and diagnostics.

Mountain Bike Feasibility Study

The Esperance Mountain Bike Feasibility Study has been received by Council and recommends a suite of priority sites for potential mountain bike trails and facility development to create recreational opportunities for beginners through to advanced riders.

The Study is being used to inform current projects such as the Pump Track and future projects such as upgrades at the Piggery Mountain Bike Track.

Adventureland Park

Upgrade works at Adventureland Park have been completed. The playground was well received by the community and has been extremely busy since being opened in October.

The old playground at Adventureland has been upgraded with new combination unit equipment, swing and surrounds being installed.



Drone Program

In August 2020, Remote Pilot Licence training and assessment was undertaken by ten staff members. All ten successfully achieved rating to fly a drone up to a weight of 25kg and successfully completed the Aeronautical Radio Operator Certificate (AROC).

In December 2020, the Shire obtained a Remote Pilot Operators Certificate (ReOC). The ReOC's supporting documents include an operation manual and a procedural library to ensure an ongoing safe and legal drone program.

Planning has begun to upgrade from the current manual processes to a paperless pilot management, drone maintenance and flight planning system called AVCRM. The service is already being subscribed to but a reworked ReOC is required before final changeover is possible.

In the six months since formalising the drone program to the end of June, our ten pilots have flown a combined 1,220 minutes over 30 planned flights ranging from measuring stockpile volumes to capturing historical imagery of the opening of Esperance's new jetty.





B2 Deliver a diverse, efficient and safe transport system

Trails Master Plan

The first draft of our Trails Master Plan has been completed and is to be reviewed before going out for public comment.

The Trails Master Plan Project will be progressed using the following phases:

Phase 1: Public consultation to identify existing and new trails to be considered as part of the plan and a user survey to discover trail user expectations.

Phase 2: Review all feedback and consult with key stakeholders to develop the Draft Trails Master Plan.

Phase 3: Public consultation on the Draft Trails Master Plan and community priorities.

Phase 4: Final Trails Master Plan endorsed by Council.

Cycling Strategy

The Pink Lake Shared Path Concept has now been developed. Shared Paths have continued to be implemented across the Esperance town site area.

Road Safety

Council accepted the Western Australian Local Government Association's (WALGA) proposal to undertake a demonstration project to develop and implement a road traffic safety management system for Esperance.

The project will see us work with WALGA's RoadWise program to develop and demonstrate a systematic, organization-wide approach to road safety management system based on the International Standard for road traffic safety management (ISO 39001).

The project will culminate in a bespoke road safety system that will position the Shire to deliver positive outcomes for the Esperance community and become a leader in the local government sector.

17.5KM
ROAD RESEALED

38.1KM
ROAD CONSTRUCTED

172.2KM
ROAD RESHEETED

Built Environment

Airport

Following a year of ups and downs and gradual recovery, weekly local Regional Express flight numbers returned to pre-COVID-19 levels from March 2021.

Interstate and international travel restrictions are still impacting travel plans, however monthly passenger numbers in the period since COVID-19 first appeared have steadily increased from a low of 358 in April 2020 to 4,045 in June 2021. As a guide, in the 2018/2019 financial year pre-COVID-19, the monthly average was 4,249 passengers.

Prior to COVID-19, annual passenger numbers had typically hovered at or about 50,000, then as COVID-19 hit in early 2020, passenger numbers dropped sharply to 40,565 in 2019/2020 and 37,821 in 2020/2021.

It's difficult to forecast in a COVID-19 impacted environment, however based on June 2021 passenger numbers, it's likely that the annual passenger count will total around 48,540 for 2021/2022, so very close to pre-COVID-19 levels.

37,821



PASSENGERS TRAVELLED BY AIR



B3 Encourage innovation and support new development

Planning Scheme No. 24

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

The following amendments were made to the Scheme this year;

- Amendment No. 5 was withdrawn and the EPA was advised;
- Amendment No. 6 was granted final approval by Council in September 2020; and
- Amendment No. 7 was initiated and advertising has commenced.

The following Local Planning Policies were presented to Council;

- Placement of Fill – adopted in December 2020.
- Holiday Houses – adopted in December 2020.
- Blue Haven and Second Beach – draft presented to Council in June 2021.

Property Sales/Purchases

We are currently preparing a group of freehold locations that could be made available for sale and it is expected that an item will be put to Council for endorsement in the near future.

Council has also made a budget amendment to allow for a lot to be purchased in Development Area 3.

14
PROPERTIES SOLD

350 BUILDING
APPLICATIONS RECEIVED

375 DEVELOPMENT
APPLICATIONS RECEIVED



Natural Environment

N1 Raise awareness and increase education on environmental issues

Environmental Partnerships

Our Environmental Services team assisted in the delivery of environmental education activities for school groups at Lake Monjingup Reserve. We partnered with the Esperance Tjaltjraak Native Title Aboriginal Corporation (ETNTAC) Aboriginal Rangers, ESHS Bushrangers, Wongutha CAP Bushrangers and school groups to implement winter planting programs and coastal reserve restoration activities.

Our Environmental Services team also attended Esperance Wildflower Society, Esperance Weed Action Group, RAMSAR Technical Advisory Group and local Natural Resource Management (NRM) Reference Group meetings.

Norfolk Pine Tree Management Plan

The crown lifting program and nutrient treatments for our Norfolk Island Pines has been completed in line with recommendations in the Norfolk Pine Tree Management Plan. Works to reduce soil compaction and to increase the permeable root zone around some trees has also been completed.

Our Horticulture team has commenced native seed propagation activities to support future street tree and tree planting programs



Coastal Projects

A focus this year has been on the Duke of Orleans Bay and Wharton Beach coastal areas with the Shire being successful in receiving funding for a Coastwest application with DPLH for coastal restoration works. We partnered with Esperance Tjaltjraak Native Title Aboriginal Corporation (ETNTAC) and the ETNTAC Rangers to deliver coastal restoration and cultural heritage protection works at the reserve.

Implementation of Projects resourced by the Shire over the 2020/2021 financial year include;

- New toilet and coastal restoration activities at Wharton Beach.
- Coastal restoration activities at Fourth Beach.
- Renewal works at West Beach boardwalk

 **7,000** SEEDLINGS PLANTED IN COASTAL RESERVES



Dempster Head

We have finished grant funded environmental protection and restoration works funded by the Australian Government Community Environment Program at Dempster Head.

Activities were completed to implement the Dempster Head Management Plan including the installation of interpretive signage, track and walk trail directional markers and the completion of track rationalisation and erosion management works.

Another season of rabbit control has been undertaken with the further release of Calicivirus in the reserve.

We worked with Esperance Tjaltjraak Native Title Aboriginal Corporation (ETNTAC) to complete the restoration activities. A new interpretive sign for the reserve has also been developed and installed.

Pink Lake Feasibility Study

The Pink Lake Feasibility Study has been completed and received by Council. The reports and next stages of the project were presented to Council in August 2020. Council endorsed to work with project partners on the next stage of the project and trial.

Tidy Towns Launch

We hosted this year's Keep Australia Beautiful Council of WA Tidy Towns Sustainable Communities Awards in May. This included a community clean-up session with participants collecting rubbish from around the beach and parks from the Jetty Headland toward the townsite and was followed by the official Tidy Towns launch speeches and activities.

Sand Backpassing Trial

We partnered with the Department of Transport (DOT) to undertake a trial involving dredged sand being pumped from Bandy Creek Boat Harbour, to nourish the eroding sections of Castletown Quays Beach.

It's estimated the \$1.5 million project will see 40,000 cubic metres of sand removed from the Bandy Creek entrance channel and pumped 3.6 km through temporary onshore pipelines to the eroding sections of the beach, removing the need for external sand to be trucked in from off-site sand pits.

The trial began in early May 2021 and is expected to run until early August 2021.



Natural Environment

N2 Targeted reduction of waste with an emphasis on resource recovery and waste minimisation

To increase efficiencies for our waste contractor, a change to bin days occurred with very few complaints or queries received in this regard.

Waste Revolution

We have created Esperance's Waste Revolution Facebook and Instagram pages and uploaded many varied posts educating our community on the reduction of waste.

The Waste Revolution Instagram page has attracted 99 followers and the Facebook page has over 400 followers. The pages have focused on busting myths and providing valuable recycling information.

In excess of 70 posts have been created since December 2020, receiving lots of positive comments and feedback

Council committed to supporting a fabric waste recycling trial initiated by Sue Starr, Chris Meyer (Esperance Care Services) and Michael Harding (Freight Lines Group). The trial is due to be reviewed in October 2021.

New Waste Disposal Arrangement

An agreement has been signed, confirming the arrangement to transport our waste to the Shire of Coolgardie for landfilling once our Wylie Bay Landfill is no longer available.

The Myrup Truckwash site at Lot 1885 Myrup Road has been identified for the Community Drop Off and Waste Transfer Station, once the arrangement with the Shire of Coolgardie begins.

Work will begin to develop a detailed concept design and whole of life costings in the 2021/2022 financial year.

FOGO

Council accepted the proposed location of Lot 1885 Myrup Road for Food Organics and Garden Organics (FOGO) processing in November as it was measured against the Draft Better Composting Guidelines. Waste staff will be preparing the next stage of the investigation which is a Community Consultation Strategy for presentation to Council along with financial modelling on the impacts of introducing FOGO.

FOGO will be considered during the Detailed Concept Design Phase of the Myrup Waste Transfer Station and continues to be the main focus of the Community Waste Strategy.

Containers for Change

The WA State Government Program Containers for Change commenced on 1 October 2020, making eligible containers worth 10c each. A Materials Recycling Facility (MRF) Agreement was taken to Council for consideration and subsequently endorsed in October which enables the Shire to collect the 10c refund on all eligible containers within the kerbside recycling bins.

Liquid Waste Facility

Our Waste team has been in contact with a desludging company to clean out the anaerobic ponds at our Liquid Waste Facility.

We have also sought guidance from the Department of Water and Environmental Regulation in relation to whether a licence amendment is required to undertake the desludging.

The license amendment requesting a change to the process of desludging has been submitted.

N3 Build capacity, educate and encourage the community to self-manage minimising resource consumption

Leisure Centre

Solar Panels have been connected to the Bay of Isles Leisure Center after much delay, and the system is finally generating power. Our three buildings that are the biggest users of power, the Administration Building, Depot and Leisure Centre, now all have their own solar systems.

Upgraded pool chemical controllers have been installed and are functioning well providing improved accuracy and display of information increasing the efficiency and safety maintaining the pools chemical balance.

Heat pumps have been ordered to provide heating for the pools within the center. The heat pumps will provide a more efficient method of heating the pools, thus reducing the operational costs of the Centre.

The Bay of Isles Leisure Centre was recognised as a Gold Waterwise Facility during May 2021.

Cities Power Partnership

We have committed to the Cities Power Partnership. Processes and procedures are being changed to ensure the five pledges we have agreed to become business as usual throughout the organisation.

These changes will become more evident following the signing of the Shire's Climate Change Declaration, which is expected to be put to Council in the near future.

Sustainability Awards

We were named as a finalist in the 2020 Cities Power Partnership Climate Awards under the Sustainable Transport Achievement category for our work in encouraging alternative modes of transport through the Esperance Trails Master Plan 2020 and related guiding documents.

The Climate Awards recognise outstanding Council-led initiatives all over Australia and celebrates the exceptional achievements of member Councils striving to lower greenhouse gas emissions and embrace clean energy and transport.



Growth & Prosperity

G1 Promote the Esperance lifestyle using environmental, built, cultural and social assets

James Street Precinct

Extensive consultation has been undertaken with the community for the James Street Cultural Precinct with significant input being received.

The latest round of consultation closed in June and responses are now being collated to enable direction to be given to the consultant on the elements required within the final plan documents.

It is expected that the Plan will be finalised in the coming financial year.



G2 Develop partnerships to strengthen economic growth

COVID-19 Recovery Program

The Local Recovery Committee and Economic and Community Sub Committees secured \$50,000 in support funds donated from IGO Limited which supported the local small business sector by assisting with payments of up to \$1,000 to help with accounting/bookkeeping, human resources or digital assistance to help ensure stronger COVID-19 resilience.

The Esperance Chamber of Commerce and Industry (ECCI) coordinated the initiative and facilitated the distribution of funds through their Business Local program.

Tender Submission Assistance

We assisted the WA Local Government Association (WALGA) and the Goldfields-Esperance Development Commission (GEDC) to host a workshop to assist local businesses when preparing tenders for State Government contracts, with a greater number of participants attending than expected.

6450 Job Connection

We teamed up with the Esperance Chamber of Commerce and Industry (ECCI) and Goldfields-Esperance Development Committee (GEDC) to create and promote the 6450 Job Connection initiative.

6450 Job Connection is a marketing campaign that aims to connect local businesses with potential staff, helping to address the labour shortage that businesses are currently experiencing by putting a call out to locals, while also promoting Esperance to workers outside the region.

The initiative was allotted \$4,000 from the COVID-19 Local Recovery Committee, funded by IGO Limited, for the production of two promotional videos.

With the funds, ECCI contracted local filmmakers to record and produce the videos, featuring local leaders and business owners, promoting Esperance as a “work destination”, which will be used across social media, online channels and print formats, to assist in the initiative’s messaging.

Blue Waters Lodge

We have continued to provide support to businesses with the use of Blue Waters Lodge for workers accommodation throughout the year. It is expected that this will continue for the coming financial year as the levels of available accommodation remain low in the community.

Tourism Workshop

A workshop was held by Australia's Golden Outback (AGO) to launch the new mentoring program that is being offered through the IGO Limited COVID-19 recovery funding.

Designated Area Migration Agreement

A workshop was held for local businesses to provide information on the Goldfields Designated Area Migration Agreement, which is being expanded to include Esperance. This Agreement allows employers to sponsor skilled and semi-skilled overseas workers for positions they are unable to fill with local workers.

This agreement is managed by the City of Kalgoorlie Boulder (City) on behalf of all members, which includes the City and the Shire's of Coolgardie, Dundas, Esperance, Leonora, Menzies and Ravensthorpe.

G3 Lead the promotion of Esperance as a destination of choice

Visitors Centre

Staff spent a day with the Shire of Ravensthorpe and local visitor centre volunteers to ensure that knowledge between Esperance and Ravensthorpe was improved.

Tourism numbers in town continue to be strong with the Tourism WA 'Wander out Yonder' campaign having a significant impact.

The Visitor Centre hosted its annual sundowner for tourism operators in early December with over 40 attendees. This was once again a fantastic night for operators to be able to network prior to peak season, with the large number of Councillors in attendance adding to the positivity on the night. It was also great to have three new tourism operators able to introduce themselves.

Over the past 12 months the Visitor Centre has steadily increased visitation and activity to be consistent with pre-COVID-19 levels (utilising 2018/2019 as the comparison point). Visits into the centre itself were down for the year as a whole by about 15%, while phone enquiries were up by 30%.

The change in market brought about by COVID-19 is further illustrated in the change in sales, with accommodation and tour bookings 65% higher and National Park Pass sales 10% higher, while souvenir sales were lower by 15% and TransWA (bus ticket) sales were lower by over 40%.

The service delivered by the Visitor Centre continued to be rated highly by visitors with 114 ratings provided over the past year, with an average 4.28/5 achieved.



79,859
VISITORS

Growth & Prosperity

Tourism Strategy

Our Tourism Strategy is a whole of Esperance document that has been developed through consultation with stakeholders and interested members of the community. The goals of the Strategy include;

1. Establishing a tourism vision that engages key stakeholder groups and is supported by the industry and the broader Esperance community;
2. Providing direction and guiding action to increase extended visitation to Esperance;
3. Providing key strategic goals to set the direction for action;
4. Guiding improvement and development of Esperance's tourism product offerings;
5. Guiding planning and development of tourism related infrastructure; and
6. Providing a platform from which relationships between key tourism stakeholders and industry bodies can strengthen and improve collaboration.

The Strategy focuses on the overall visitor experience, including consideration of the type of tourists Esperance wants to attract and the experiences they are looking for.

It provides an understanding of the current mix of tourism offerings within Esperance as well as a clear picture of what is required of the local tourism industry in order to grow and develop to its full potential.

Digital Information

All of our pamphlets and maps are now available for digital download via the Shire of Esperance and Visit Esperance websites. Utilising the Issuu platform allows us to update information on the brochures as it comes to hand, and when re-loaded, will automatically update an individual's download, ensuring the information is always accurate and up to date.

Passport Image

We are excited that an iconic Esperance image will be featured in the next Australian Passport design.

The new passport theme includes a number of iconic landscapes from around the nation and Lake Hillier has been chosen as one of only two WA landscapes.





G4 Lobby for infrastructure and capacity necessary to support business growth

Assessment Panel Decisions

A Joint Development Assessment Panel determined two applications due to their development values being over the mandatory referral threshold;

1. A gas power station and battery bank; and
2. A renewable energy hub.

Gas Distribution

We met with the Esperance Gas Distribution Company to see if the future of the gas network has been resolved. Advocated through the Minister for Energy that an outcome for the benefit of the Esperance community is negotiated for reticulated gas to continue in Esperance.

Mobile Phone Reception

We entered into a lease agreement with Telstra at Twilight Beach to enable construction of a communications tower to provide greater reception in the area.

We have applied for a grant for emergency NBN WiFi hot spots in remote area evacuation centres such as Salmon Gums, Cascade and Condingup.

We have also requested that Telstra consider the mobile coverage around the Bandy Creek area.

Assistance continues to be provided to a business looking to provide improved telecommunications services to the rural areas of our community.

G5 Lobby for new industries that add value to established industries

Ocean Grown Abalone

Support has been provided jointly with the Goldfields-Esperance Development Committee (GEDC) to resolve land tenure issues associated with the Ocean Grown Abalone proposal.

Council has also approved a further 12 month extension to their lease to allow for a bankable feasibility study to be undertaken on the site following Ocean Grown Abalone entering into a heads of agreement with Yumbah Aquaculture.

Statutory Requirements

Summary of Financial Performance

| Financial Ratios | Bench Mark | Actual 2020/21 | Actual 2019/20 | Actual 2018/19 | Actual 2017/18 |
|-----------------------------------|------------|----------------|----------------|----------------|----------------|
| Current Ratio | 1 | 1.16 | 1.51 | 1.79 | 2.66 |
| Asset Sustainability Ratio | 0.9 | 1.11 | 0.89 | 0.79 | 0.81 |
| Debt Service Cover Ratio | 2 | 44.87 | 41.60 | 65.55 | 26.62 |
| Operating Surplus Ratio | 0.01 | (0.13) | (0.14) | (0.05) | (0.01) |
| Own Source Revenue Coverage Ratio | 0.4 | 0.69 | 0.68 | 0.72 | 0.76 |
| Asset Consumption Ratio | 0.5 | 0.53 | 0.54 | 0.54 | 0.56 |
| Asset Renewal Funding Ratio | 0.75 | 1.05 | 1.03 | 1.07 | 1.00 |

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

Current Ratio (Working Capital)

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

Asset Sustainability Ratio

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

Debt Service Cover Ratio

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

Operating Surplus Ratio

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

Own Source Revenue Coverage Ratio

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

Asset Consumption Ratio

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

Asset Renewal Funding Ratio

This ratio is used to measure the ability of the Shire to fund its projected asset renewal/replacement in future years. A ratio below 0.75 indicates the Shire is having difficulty in undertaking sustained capital improvement on assets sufficient to renew them.

CEO Remuneration

The Total Reward Package provided to the CEO of the Shire of Esperance for the 2020/2021 financial year was \$273,630.

This is within the relevant Local Government Band Classification (Band 2 \$206,500 - \$319,752).

The position of CEO at the Shire of Esperance is eligible for a \$25,000 Regional/Location Allowance, awarded at the Shire's discretion, however the Shire chooses not to pay this allowance.

Employee Salary Bands

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 \$130,000 or more.

Table 1: Employee Remuneration

| | 2020/21 | 2019/20 |
|-----------------------|---------|---------|
| \$130,000 - \$139,999 | 1 | |
| \$140,000 - \$149,999 | | 1 |
| \$150,000 - \$159,999 | 3 | |
| \$160,000 - \$169,999 | | |
| \$170,000 - \$179,999 | | 1 |
| \$180,000 - \$189,999 | | 1 |
| \$190,000 - \$199,999 | | |
| \$200,000 - \$209,999 | | |
| \$210,000 - \$219,999 | | |
| \$220,000 - \$229,999 | | |
| \$230,000 - \$239,000 | | |
| \$240,000 - \$249,999 | | 1 |

*CEO not included in 2020/21 financial year

Complaints and Payments

Section 5.53(2)(hb) of the *Local Government Act 1995* requires the Annual Report to contain details of entries made under section 5.121 during the financial year in the Register of Complaints. There were no complaints made under this section in the 2020/2021 financial year.

No remuneration or allowances were paid by the Shire under Schedule 5.1 clause 9, and no amount was ordered under section 5.110(6) (b)(iv) to be paid by a person against whom a complaint was made under section 5.107(1), 5.109(1) or 5.114(1). These clauses deal with remuneration, allowances and amounts ordered to be paid as a result of complaints against Council Members. As there were no complaints, there have also been no remuneration, allowances or amounts ordered to be paid.

Freedom of Information Requests

There were a total of two Freedom of Information applications processed by the Shire of Esperance in 2020/2021.

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

- One was withdrawn by the applicant; and

- One was provided edited access.

In addition the Shire proactively released information and subsequently provided full or edited access to all requested information pertaining to an additional six requests outside of the FOI process.

Statutory Requirements

State Records Act

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

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

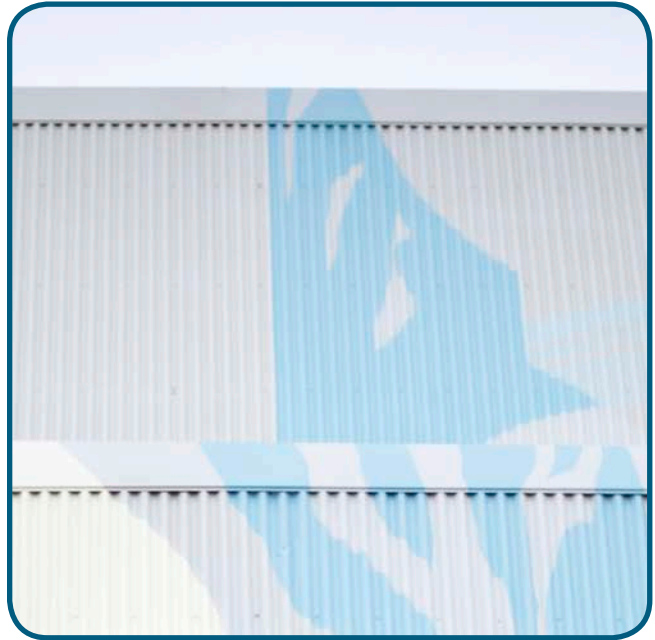
The updated plan was approved by the State Records Commission on 17 March 2017, having effect for five years until 17 March 2022. The Shire's recordkeeping systems are continuously reviewed and developed to improve efficiency, reliability and meet new requirements.

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

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

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

Annual Financial Report



2020 - 2021



Shire of Esperance Annual Financial Report

For the year ended 30th June 2021



TABLE OF CONTENTS

| | |
|---|----|
| Statement by Chief Executive Officer | 2 |
| Statement of Comprehensive Income by Nature or Type | 3 |
| Statement of Comprehensive Income by Program | 4 |
| Statement of Financial Position | 5 |
| Statement of Changes in Equity | 6 |
| Statement of Cash Flows | 7 |
| Rate Setting Statement | 8 |
| Index of Notes to the Financial Report | 9 |
| Independent Auditor's Report | 62 |

Principal place of business:

Administration Offices
Windich Street
Esperance WA 6450

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021



*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 2021 is based on proper accounts and records to present fairly the financial position of the Shire of Esperance at 30 June 2021 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 3rd day of November 2021


Shane Burge
Chief Executive Officer

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Statement of Comprehensive Income by Nature and Type

| | NOTE | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Rates | 27(a) | 21,513,319 | 21,227,601 | 21,429,840 |
| Operating grants, subsidies and contributions | 2(a) | 10,224,432 | 8,730,880 | 10,770,619 |
| Fees and charges | 2(a) | 9,040,472 | 7,574,540 | 8,506,057 |
| Interest earnings | 2(a) | 294,421 | 519,543 | 694,019 |
| Other revenue | 2(a) | 880,382 | 951,027 | 1,243,994 |
| | | <u>41,953,026</u> | <u>39,003,591</u> | <u>42,644,529</u> |
| Expenses | | | | |
| Employee costs | | (16,620,402) | (16,535,492) | (16,169,736) |
| Materials and contracts | | (9,729,137) | (12,336,587) | (11,200,899) |
| Utility charges | | (1,203,164) | (1,091,779) | (1,099,611) |
| Depreciation on non-current assets | 11(b) | (17,671,550) | (16,491,701) | (16,439,464) |
| Interest expenses | 2(b) | (94,820) | (90,761) | (96,792) |
| Insurance expenses | | (667,747) | (920,437) | (666,214) |
| Other expenditure | 2(b) | (811,465) | (846,285) | (518,181) |
| | | <u>(46,798,285)</u> | <u>(48,313,042)</u> | <u>(46,190,897)</u> |
| | | <u>(4,845,259)</u> | <u>(9,309,451)</u> | <u>(3,546,368)</u> |
| Non-operating grants, subsidies and contributions | 2(a) | 10,272,118 | 13,134,114 | 8,195,029 |
| Profit on asset disposals | 11(a) | 957,096 | 892,938 | 218,895 |
| (Loss) on asset disposals | 11(a) | (196,058) | (486,184) | (1,070,348) |
| | | <u>11,033,156</u> | <u>13,540,868</u> | <u>7,343,576</u> |
| | | <u>6,187,897</u> | <u>4,231,417</u> | <u>3,797,208</u> |
| Net result for the period | | | | |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes in asset revaluation surplus | 13 | 0 | 0 | 6,309,358 |
| | | <u>0</u> | <u>0</u> | <u>6,309,358</u> |
| | | <u>6,187,897</u> | <u>4,231,417</u> | <u>10,106,566</u> |

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

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Statement of Comprehensive Income by Program

| | NOTE | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| | 2(a) | | | |
| Governance | | 318,338 | 286,050 | 442,934 |
| General purpose funding | | 27,414,518 | 24,458,594 | 27,755,186 |
| Law, order, public safety | | 476,223 | 1,146,845 | 688,579 |
| Health | | 36,162 | 33,000 | 60,020 |
| Education and welfare | | 4,290,427 | 4,991,169 | 4,158,706 |
| Community amenities | | 4,997,438 | 4,569,684 | 4,761,513 |
| Recreation and culture | | 2,083,266 | 1,823,509 | 1,846,144 |
| Transport | | 1,202,675 | 623,500 | 1,305,090 |
| Economic services | | 669,864 | 596,000 | 1,150,434 |
| Other property and services | | 464,115 | 475,240 | 475,923 |
| | | 41,953,026 | 39,003,591 | 42,644,529 |
| Expenses | | | | |
| | 2(b) | | | |
| Governance | | (2,049,692) | (2,246,529) | (2,430,472) |
| General purpose funding | | (342,487) | (379,970) | (374,581) |
| Law, order, public safety | | (1,686,060) | (1,906,005) | (2,001,159) |
| Health | | (386,333) | (405,955) | (398,486) |
| Education and welfare | | (4,784,913) | (5,681,680) | (4,446,940) |
| Community amenities | | (4,585,958) | (5,311,922) | (4,153,537) |
| Recreation and culture | | (12,138,675) | (12,448,948) | (11,426,034) |
| Transport | | (17,970,205) | (16,821,552) | (17,113,923) |
| Economic services | | (1,770,076) | (2,135,753) | (3,170,450) |
| Other property and services | | (989,066) | (883,967) | (578,523) |
| | | (46,703,465) | (48,222,281) | (46,094,105) |
| Finance Costs | | | | |
| | 2(b) | | | |
| Law, order, public safety | | (153) | 0 | (299) |
| Community amenities | | 0 | 0 | (79) |
| Recreation and culture | | (52,340) | (48,430) | (51,696) |
| Other property and services | | (42,327) | (42,331) | (44,718) |
| | | (94,820) | (90,761) | (96,792) |
| | | (4,845,259) | (9,309,451) | (3,546,368) |
| Non-operating grants, subsidies and contributions | 2(a) | 10,272,118 | 13,134,114 | 8,195,029 |
| Profit on disposal of assets | 11(a) | 957,096 | 892,938 | 218,895 |
| (Loss) on disposal of assets | 11(a) | (196,058) | (486,184) | (1,070,348) |
| | | 11,033,156 | 13,540,868 | 7,343,576 |
| Net result for the period | | 6,187,897 | 4,231,417 | 3,797,208 |
| Other comprehensive income | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes in asset revaluation surplus | 13 | 0 | 0 | 6,309,358 |
| Total other comprehensive income for the period | | 0 | 0 | 6,309,358 |
| Total comprehensive income for the period | | 6,187,897 | 4,231,417 | 10,106,566 |

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

Shire of Esperance Annual Financial Report

As at 30 June 2021

Statement of Financial Position

| | NOTE | 2021 \$ | 2020 \$ |
|--|-------|--------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 29,990,480 | 37,435,254 |
| Trade and other receivables | 6 | 1,330,385 | 1,908,403 |
| Other financial assets | 5(a) | 169,328 | 286,950 |
| Inventories | 7 | 404,157 | 436,411 |
| Contract assets | 2(a) | 112,969 | 787,570 |
| Other assets | 8 | 13,362 | 13,970 |
| TOTAL CURRENT ASSETS | | 32,020,681 | 40,868,558 |
| NON-CURRENT ASSETS | | | |
| Trade and other receivables | 6 | 103,126 | 94,782 |
| Other financial assets | 5(b) | 10,373,790 | 1,316,576 |
| Inventories | 7 | 3,893,859 | 5,236,495 |
| Property, plant and equipment | 9 | 102,446,053 | 103,058,939 |
| Infrastructure | 10 | 414,978,488 | 406,070,173 |
| Right-of-use assets | 12(a) | 44,621 | 72,067 |
| TOTAL NON-CURRENT ASSETS | | 531,839,937 | 515,849,032 |
| TOTAL ASSETS | 21 | 563,860,618 | 556,717,590 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 14 | 3,812,652 | 4,708,309 |
| Other liabilities | 15 | 2,588,954 | 760,282 |
| Lease liabilities | 16(a) | 22,310 | 27,377 |
| Borrowings | 17(a) | 219,453 | 210,939 |
| Employee related provisions | 18 | 2,914,416 | 2,615,852 |
| TOTAL CURRENT LIABILITIES | | 9,557,785 | 8,322,759 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 16(a) | 22,900 | 45,210 |
| Borrowings | 17(a) | 1,772,834 | 1,972,288 |
| Employee related provisions | 18 | 293,399 | 351,530 |
| Other provisions | 19 | 5,307,889 | 5,307,889 |
| TOTAL NON-CURRENT LIABILITIES | | 7,397,022 | 7,676,917 |
| TOTAL LIABILITIES | | 16,954,807 | 15,999,676 |
| NET ASSETS | | 546,905,811 | 540,717,914 |
| EQUITY | | | |
| Retained surplus | | 309,311,629 | 302,362,354 |
| Reserves - cash/financial asset backed | 4 | 29,230,099 | 29,991,477 |
| Revaluation surplus | 13 | 208,364,083 | 208,364,083 |
| TOTAL EQUITY | | 546,905,811 | 540,717,914 |

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

Shire of Esperance

Annual Financial Report

For the year ended 30th June 2021

Statement of Changes in Equity

| | NOTE | RETAINED SURPLUS \$ | RESERVES CASH/FINANCIAL ASSET BACKED \$ | REVALUATION SURPLUS \$ | TOTAL EQUITY \$ |
|--|------|---------------------------|---|------------------------------|-----------------------|
| Balance as at 1 July 2019 | | 292,184,725 | 36,371,898 | 202,054,725 | 530,611,348 |
| Restated balance at the beginning of the financial year | | 292,184,725 | 36,371,898 | 202,054,725 | 530,611,348 |
| Comprehensive income | | | | | |
| Net result for the period | | 3,797,208 | 0 | 0 | 3,797,208 |
| Other comprehensive income | 13 | 0 | 0 | 6,309,358 | 6,309,358 |
| Total comprehensive income | | 3,797,208 | 0 | 6,309,358 | 10,106,566 |
| Transfers from reserves | 4 | 14,073,682 | (14,073,682) | 0 | 0 |
| Transfers to reserves | 4 | (7,693,261) | 7,693,261 | 0 | 0 |
| Balance as at 30 June 2020 | | 302,362,354 | 29,991,477 | 208,364,083 | 540,717,914 |
| Restated balance at 1 July 2020 | | 302,362,354 | 29,991,477 | 208,364,083 | 540,717,914 |
| Comprehensive income | | | | | |
| Net result for the period | | 6,187,897 | 0 | 0 | 6,187,897 |
| Total comprehensive income | | 6,187,897 | 0 | 0 | 6,187,897 |
| Transfers from reserves | 4 | 10,260,610 | (10,260,610) | 0 | 0 |
| Transfers to reserves | 4 | (9,499,232) | 9,499,232 | 0 | 0 |
| Balance as at 30 June 2021 | | 309,311,629 | 29,230,099 | 208,364,083 | 546,905,811 |

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

Shire of Esperance

Annual Financial Report

For the year ended 30th June 2021

Statement of Cash Flows

| | NOTE | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|--|-------|----------------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Rates | | 21,452,993 | 21,227,601 | 21,486,586 |
| Operating grants, subsidies and contributions | | 12,441,164 | 8,730,880 | 9,352,015 |
| Fees and charges | | 9,656,777 | 7,574,542 | 8,506,057 |
| Interest received | | 294,421 | 519,543 | 694,019 |
| Goods and services tax received | | 967,188 | 0 | 896,891 |
| Other revenue | | 880,382 | 951,027 | 1,243,994 |
| | | 45,692,925 | 39,003,593 | 42,179,562 |
| Payments | | | | |
| Employee costs | | (16,245,142) | (16,535,492) | (15,860,877) |
| Materials and contracts | | (10,608,659) | (12,336,587) | (6,140,776) |
| Utility charges | | (1,203,164) | (1,091,779) | (1,099,611) |
| Interest expenses | | (95,978) | (90,761) | (96,792) |
| Insurance paid | | (667,747) | (920,437) | (666,214) |
| Goods and services tax paid | | (842,190) | (222,251) | (3,499,013) |
| Other expenditure | | (811,465) | (846,285) | (518,181) |
| | | (30,474,345) | (32,043,592) | (27,881,464) |
| Net cash provided by (used in) operating activities | 20 | 15,218,580 | 6,960,001 | 14,298,098 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for financial assets at amortised cost - self supporting loans | | (20,000) | 0 | (500,000) |
| Payments for development of land held for resale | | (74,344) | (845,298) | 0 |
| Payments for purchase of property, plant & equipment | 9(a) | (4,473,495) | (9,720,096) | (10,555,386) |
| Payments for construction of infrastructure | 10(a) | (22,233,751) | (25,984,034) | (16,465,390) |
| Non-operating grants, subsidies and contributions | 2(a) | 10,272,118 | 13,134,114 | 8,195,029 |
| Proceeds from financial assets at amortised cost - operating lease straightlined | | 0 | 0 | (123,946) |
| Proceeds from financial assets at amortised cost - self supporting loans | | 163,005 | 163,495 | 150,459 |
| Proceeds from financial assets at amortised cost - Term Deposits | 5(b) | (9,200,000) | 0 | 0 |
| Proceeds from financial assets at fair values through profit and loss - Local Government House Trust | | (6,542) | 0 | 0 |
| Proceeds from sale of property, plant & equipment | 11(a) | 2,945,730 | 2,444,014 | 1,250,241 |
| Proceeds from sale of infrastructure | | 0 | 0 | 0 |
| Net cash provided by (used in) investment activities | | (22,445,037) | (20,807,805) | (18,048,993) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 17(b) | (210,940) | (211,430) | (196,299) |
| Payments for principal portion of lease liabilities | 16(b) | (27,377) | (27,377) | (40,920) |
| Proceeds from new borrowings | 17(b) | 20,000 | 0 | 500,000 |
| Net cash provided by (used in) financing activities | | (218,317) | (238,807) | 262,781 |
| Net increase (decrease) in cash held | | (7,444,774) | (14,086,611) | (3,488,115) |
| Cash at beginning of year | | 37,435,254 | 37,435,254 | 40,923,369 |
| Cash and cash equivalents at the end of the year | 20 | 29,990,480 | 23,348,643 | 37,435,254 |

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

Shire of Esperance

Annual Financial Report

For the year ended 30th June 2021

Rate Setting Statement

| | NOTE | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|---|--------|----------------------|----------------------|----------------------|
| OPERATING ACTIVITIES | | | | |
| Net current assets at start of financial year - surplus/(deficit) | 28 (b) | 3,927,680 | 4,138,881 | 2,840,875 |
| | | 3,927,680 | 4,138,881 | 2,840,875 |
| Revenue from operating activities (excluding rates) | | | | |
| Governance | | 318,338 | 286,050 | 447,579 |
| General purpose funding | | 6,426,258 | 3,230,993 | 6,325,346 |
| Law, order, public safety | | 476,223 | 1,146,845 | 690,034 |
| Health | | 36,162 | 33,000 | 60,020 |
| Education and welfare | | 4,290,427 | 5,007,669 | 4,158,706 |
| Community amenities | | 4,997,438 | 4,569,684 | 4,761,513 |
| Recreation and culture | | 2,085,654 | 1,823,509 | 1,846,144 |
| Transport | | 1,230,325 | 624,938 | 1,305,273 |
| Economic services | | 669,864 | 596,000 | 1,150,445 |
| Other property and services | | 1,391,173 | 1,350,240 | 688,524 |
| | | 21,921,862 | 18,668,928 | 21,433,584 |
| Expenditure from operating activities | | | | |
| Governance | | (2,049,692) | (2,246,529) | (2,451,109) |
| General purpose funding | | (342,487) | (379,970) | (374,581) |
| Law, order, public safety | | (1,686,213) | (1,906,005) | (2,001,458) |
| Health | | (386,333) | (405,955) | (398,486) |
| Education and welfare | | (4,785,913) | (5,682,080) | (4,447,413) |
| Community amenities | | (4,588,751) | (5,311,922) | (4,189,871) |
| Recreation and culture | | (12,193,046) | (12,497,378) | (11,514,304) |
| Transport | | (18,160,444) | (17,294,036) | (17,259,689) |
| Economic services | | (1,770,076) | (2,143,053) | (3,828,668) |
| Other property and services | | (1,031,393) | (932,298) | (795,666) |
| | | (46,994,348) | (48,799,226) | (47,261,245) |
| Non-cash amounts excluded from operating activities | 28(a) | 16,474,990 | 16,271,070 | 16,890,417 |
| Amount attributable to operating activities | | (4,669,816) | (9,720,347) | (6,096,369) |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | 2(a) | 10,272,118 | 13,134,114 | 8,195,029 |
| Proceeds from disposal of assets | 11(a) | 2,945,730 | 2,444,014 | 1,250,241 |
| Proceeds from financial assets at amortised cost - self supporting loans | | 163,005 | 163,495 | 150,459 |
| Payments for financial assets at amortised cost - self supporting loans | | (20,000) | 0 | (500,000) |
| Payments for financial assets at amortised cost - operating lease straightlined | | 0 | 0 | (123,946) |
| Proceeds from financial assets at fair values through profit and loss - Local Government House Trust | | (6,542) | 0 | 0 |
| Purchase land held for resale | | (74,344) | (845,298) | 0 |
| Purchase of property, plant and equipment | 9(a) | (4,473,495) | (9,720,096) | (10,555,386) |
| Purchase and construction of infrastructure | 10(a) | (22,233,751) | (25,984,034) | (16,465,390) |
| | | (13,427,279) | (20,807,805) | (18,048,993) |
| Amount attributable to investing activities | | (13,427,279) | (20,807,805) | (18,048,993) |
| FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 17(b) | (210,940) | (211,430) | (196,299) |
| Proceeds from borrowings | 17(c) | 20,000 | 0 | 500,000 |
| Payments for principal portion of lease liabilities | 16(b) | (27,377) | 27,377 | (40,920) |
| Transfers to reserves (restricted assets) | 4 | (9,499,232) | (3,518,499) | (7,693,261) |
| Transfers from reserves (restricted assets) | 4 | 10,260,610 | 12,978,453 | 14,073,682 |
| Amount attributable to financing activities | | 543,061 | 9,275,901 | 6,643,202 |
| Surplus/(deficit) before imposition of general rates | | (17,554,034) | (21,252,251) | (17,502,160) |
| Total amount raised from general rates | 27(a) | 21,513,319 | 21,227,601 | 21,429,840 |
| Surplus/(deficit) after imposition of general rates | 28(b) | 3,959,285 | (24,650) | 3,927,680 |

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

Shire of Esperance

Annual Financial Report

For the year ended 30th June 2021

Index of Notes

| | | |
|---------|--|----|
| Note 1 | Basis of Preparation | 10 |
| Note 2 | Revenue and Expenses | 11 |
| Note 3 | Cash and Cash Equivalents | 15 |
| Note 4 | Reserves - Cash backed | 16 |
| Note 5 | Other Financial Assets | 18 |
| Note 6 | Trade and Other Receivables | 19 |
| Note 7 | Inventories | 20 |
| Note 8 | Other Assets | 21 |
| Note 9 | Property, Plant and Equipment | 22 |
| Note 10 | Infrastructure | 24 |
| Note 11 | Fixed Assets | 26 |
| Note 12 | Leases | 29 |
| Note 13 | Revaluation Surplus | 31 |
| Note 14 | Trade and Other Payables | 32 |
| Note 15 | Other Liabilities | 33 |
| Note 16 | Lease Liabilities | 34 |
| Note 17 | Information on Borrowings | 35 |
| Note 18 | Employee Provisions | 37 |
| Note 19 | Other Provisions | 38 |
| Note 20 | Notes to the Statement of Cash Flows | 39 |
| Note 21 | Total Assets Classified by Function and Activity | 40 |
| Note 22 | Commitments | 41 |
| Note 23 | Related Party Transactions | 42 |
| Note 24 | Joint Arrangements | 46 |
| Note 25 | Major Land Transactions | 47 |
| Note 26 | Major Trading Undertakings | 49 |
| Note 27 | Rating Information | 50 |
| Note 28 | Rate Setting Statement Information | 53 |
| Note 29 | Financial Risk Management | 54 |
| Note 30 | Trust Funds | 58 |
| Note 31 | Other Significant Accounting Policies | 59 |
| Note 32 | Activities/Programs | 60 |
| Note 33 | Financial Ratios | 61 |

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 Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

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 financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the at fair value of selected non-current assets, financial assets and liabilities.

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 30 to these financial statements.

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

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

The adoption of these standards had no material impact on the financial report.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

It is not expected these standards will have an impact on the financial report.

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.

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

2. REVENUE AND EXPENSES

(a) Grant revenue

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

| | 2021 Actual | 2021 Budget | 2020 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Operating grants, subsidies and contributions | | | |
| Governance | 42,125 | 69,760 | 217,130 |
| General purpose funding | 5,648,295 | 2,698,950 | 5,612,854 |
| Law, order, public safety | 378,291 | 1,004,845 | 432,201 |
| Health | 1,940 | 1,000 | 3,250 |
| Education and welfare | 3,244,417 | 4,073,959 | 3,248,538 |
| Community amenities | 62,184 | 75,684 | 106,544 |
| Recreation and culture | 299,774 | 324,192 | 530,258 |
| Transport | 11,754 | 1,000 | 15,617 |
| Economic services | 273,101 | 210,250 | 326,287 |
| Other property and services | 262,551 | 271,240 | 277,940 |
| | 10,224,432 | 8,730,880 | 10,770,619 |
| Non-operating grants, subsidies and contributions | | | |
| Law, order, public safety | 283,880 | 20,505 | 819,947 |
| Education and welfare | 0 | 339,000 | 0 |
| Recreation and culture | 2,873,661 | 5,462,342 | 2,473,823 |
| Transport | 6,071,106 | 5,901,329 | 4,901,259 |
| Economic services | 1,043,471 | 1,410,938 | 0 |
| | 10,272,118 | 13,134,114 | 8,195,029 |
| | 20,496,550 | 21,864,994 | 18,965,648 |
| Total grants, subsidies and contributions | | | |
| Fees and charges | | | |
| Governance | 10,284 | 9,290 | 7,099 |
| Law, order, public safety | 67,967 | 62,000 | 60,537 |
| Health | 34,222 | 32,000 | 56,096 |
| Education and welfare | 757,323 | 605,700 | 635,253 |
| Community amenities | 4,931,008 | 4,491,300 | 4,649,248 |
| Recreation and culture | 1,641,342 | 1,312,000 | 1,138,256 |
| Transport | 1,078,872 | 576,000 | 1,088,595 |
| Economic services | 378,119 | 381,750 | 811,587 |
| Other property and services | 141,335 | 104,500 | 59,386 |
| | 9,040,472 | 7,574,540 | 8,506,057 |

There were no changes to the amounts of fees or charges detailed in the original budget.

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:

| | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|---|----------------------|----------------------|----------------------|
| Operating grants, subsidies and contributions | 10,417,000 | 8,730,880 | 10,770,619 |
| Fees and charges | 8,645,796 | 7,261,290 | 8,161,831 |
| Non-operating grants, subsidies and contributions | 10,272,118 | 13,134,114 | 8,195,029 |
| | 29,594,450 | 29,316,284 | 27,302,161 |

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:

| | | | |
|---|------------|------------|------------|
| Revenue from contracts with customers included as a contract liability at the start of the period | 760,282 | 0 | 541,769 |
| Revenue from contracts with customers recognised during the year | 18,562,050 | 16,182,170 | 18,565,363 |
| Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year | 10,272,118 | 13,134,114 | 8,195,029 |
| | 29,594,450 | 29,316,284 | 27,302,161 |

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

| | | | |
|---|-------------|--|-----------|
| Trade and other receivables from contracts with customers | 767,440 | | 1,157,500 |
| Contract assets | 112,969 | | 787,570 |
| Contract liabilities from contracts with customers | (2,588,954) | | (760,282) |

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2021.

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

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

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

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

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

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

| | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|--------------------------------|----------------------|----------------------|----------------------|
| General rates | 20,988,260 | 20,913,743 | 20,984,027 |
| Statutory permits and licences | 376,232 | 294,500 | 328,094 |
| Fines | 18,444 | 18,750 | 16,132 |
| | <u>21,382,936</u> | <u>21,226,993</u> | <u>21,328,253</u> |

Other revenue

| | | | |
|-------------------------------|----------------|----------------|------------------|
| Reimbursements and recoveries | 620,846 | 761,027 | 1,069,312 |
| Sale of inventory | 259,536 | 190,000 | 174,682 |
| | <u>880,382</u> | <u>951,027</u> | <u>1,243,994</u> |

Interest earnings

| | | | |
|--|----------------|----------------|----------------|
| Financial assets at amortised cost - self supporting loans | 51,660 | 0 | 0 |
| Interest on reserve funds | 142,722 | 299,543 | 380,638 |
| Rates instalment and penalty interest (refer Note28(c)) | 47,503 | 65,000 | 139,242 |
| Other interest earnings | 52,536 | 155,000 | 174,139 |
| | <u>294,421</u> | <u>519,543</u> | <u>694,019</u> |

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

(b) Expenses

Auditors remuneration

| | | | |
|--------------------------------------|---------------|---------------|---------------|
| Audit of the Annual Financial Report | 14,946 | 17,000 | 15,264 |
| Other Services | 10,678 | 13,000 | 5,843 |
| | <u>25,624</u> | <u>30,000</u> | <u>21,107</u> |

Interest expenses (finance costs)

| | | | |
|-------------------|---------------|---------------|---------------|
| Borrowings | 17(b) 93,987 | 90,761 | 95,502 |
| Lease liabilities | 16(b) 833 | 0 | 1,290 |
| | <u>94,820</u> | <u>90,761</u> | <u>96,792</u> |

Other expenditure

| | | | |
|-----------------|----------------|----------------|----------------|
| Sundry expenses | 811,465 | 846,285 | 518,181 |
| | <u>811,465</u> | <u>846,285</u> | <u>518,181</u> |

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

| Revenue Category | Nature of goods and services | When obligations typically satisfied | Payment terms | Returns/Refunds/Warranties | Determination of transaction price | Allocating transaction price | Measuring obligations for returns | Timing of revenue recognition |
|---|---|--------------------------------------|--|---|---|---|--|--|
| Rates | General Rates | Over time | Payment dates adopted by Council during the year | None | Adopted by Council annually | When taxable event occurs | Not applicable | When rates notice is issued |
| Grant Contracts with customers | Community events, minor facilities, research, design, planning evaluation and services | Over time | Fixed terms transfer of funds based on agreed milestones and reporting | Contract obligation if project not complete | Set by mutual agreement with the customer | Based on the progress of works to match performance obligations | Returns limited to repayment of transaction price of terms | Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared |
| Grants, subsidies or contributions for the construction of non-financial assets | Construction or acquisition of recognisable non-financial assets to be controlled by the local government | Over time | Fixed terms transfer of funds based on agreed milestones and reporting | Contract obligation if project not complete | Set by mutual agreement with the customer | Based on the progress of works to match performance obligations | Returns limited to repayment of transaction price of terms | Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared |
| Grants with no contract commitments | General appropriations and contributions with no reciprocal commitment | No obligations | Not applicable | Not applicable | Cash received | On receipt of funds | Not applicable | When assets are controlled |
| Fees and charges | | | | | | | | |
| - Licences/ Registrations/ Approvals | Building, planning, development and animal management, having the same nature as a licence regardless of naming | Single point in time | Full payment prior to issue | None | Set by State legislation or limited by legislation to the cost of provision | Based on timing of issue of the associated rights | No refunds | On payment and issue of the licence, registration or approval |
| - Pool inspection fees | Compliance safety check | Single point in time | Equal proportion based on as equal annual fee | None | Set by State legislation | Apportioned equally across the inspection cycle | No refunds | After inspection complete based on a 4 year cycle |
| - Other inspection fees | Regulatory food, health and safety | Single point in time | Full payment prior to inspection | None | Set by State legislation or limited by legislation to the cost of provision | Applied fully on timing of inspection | Not applicable | Revenue recognised after inspection event occurs |
| - Waste management collection fees | Kerbside collection service | Over time | Payment on an annual basis in advance | None | Adopted by Council annually | Apportioned equally across the collection period | Not applicable | Output method based on regular weekly and fortnightly period as proportionate to collection service |
| - Waste management entry fees | Waste treatment, recycling and disposal service at disposal sites | Single point in time | Payment in advance at gate or on normal trading terms if credit provided | None | Adopted by Council annually | Based on timing of entry to facility | Not applicable | On entry to facility |
| - Airport landing charges | Permission to use facilities and runway | Single point in time | Monthly in arrears | None | Adopted by Council annually | Applied fully on timing of landing/takeoff | Not applicable | On landing/departure event |
| - Property hire and entry fees | Use of halls and facilities | Single point in time | Payment in full in advance | Refund if event cancelled within 7 days | Adopted by Council annually | Based on timing of entry to facility | Returns limited to repayment of transaction | On entry or conclusion of hire |
| Membership fees | Gym and pool membership | Over time | Payment in full in advance | Refund for unused portion on application | Adopted by Council annually | Apportioned equally across the access period | Returns limited to repayment of transaction | Output method over 12 months matched to access right |
| Fees and charges for other goods and services | Cemetery services, library fees, reinstatements and private works | Single point in time | Payment in full in advance | None | Adopted by Council annually | Applied fully based on timing of provision | Not applicable | Output method based on provision of service or completion of works |
| Sale of Stock | Kiosk and visitor centre stock | Single point in time | Payment in full in advance | Refund for faulty goods | Adopted by Council annually | Applied based on timing of provision | Returns limited to repayment of transaction | Output method based on goods |
| Commissions | Commissions on licensing and ticket sales | Over time | Payment in full on sale | None | Set by mutual agreement with the customer | On receipt of funds | Not applicable | When assets are controlled |
| Reimbursements | Insurance claims | Single point in time | Payment in arrears for claimable event | None | Set by mutual agreement with the customer | When claim is agreed | Not applicable | When claim is agreed |

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of
the Financial Report

3. CASH AND CASH EQUIVALENTS

| | NOTE | 2021 \$ | 2020 \$ |
|--|------|-------------------|-------------------|
| Cash at bank and on hand | | 22,990,480 | 20,735,254 |
| Term deposits | | 7,000,000 | 16,700,000 |
| Total cash and cash equivalents | | 29,990,480 | 37,435,254 |

Restrictions

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

| | | | |
|--------------------------------------|--|-------------------|-------------------|
| - Cash and cash equivalents | | 22,929,188 | 31,249,057 |
| - Financial assets at amortised cost | | 9,200,000 | 0 |
| | | 32,129,188 | 31,249,057 |

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

| | | | |
|--|----|-------------------|-------------------|
| Reserves - cash/financial asset backed | 4 | 29,230,099 | 29,991,477 |
| Contract liabilities from contracts with customers | 15 | 2,588,954 | 760,282 |
| Bonds and deposits held | 14 | 310,135 | 497,298 |
| Total restricted assets | | 32,129,188 | 31,249,057 |

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

4. RESERVES - CASH/FINANCIAL ASSET BACKED

| | 2021 Actual Opening Balance | 2021 Actual Transfer to | 2021 Actual Transfer (from) | 2021 Actual Closing Balance | 2021 Budget Opening Balance | 2021 Budget Transfer to | 2021 Budget Transfer (from) | 2021 Budget Closing Balance | 2020 Actual Opening Balance | 2020 Actual Transfer to | 2020 Actual Transfer (from) | 2020 Actual Closing Balance |
|--|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| (a) Employee Entitlements Long Service Leave Reserve | 1,076,267 | 6,041 | 0 | 1,082,308 | 1,076,266 | 12,289 | 0 | 1,088,555 | 950,761 | 125,506 | 0 | 1,076,267 |
| (b) Land Purchase & Development Reserve | 1,336,260 | 2,187,500 | (91,493) | 3,432,267 | 1,336,260 | 1,765,257 | (845,298) | 2,256,219 | 834,323 | 525,565 | (23,628) | 1,336,260 |
| (c) Eastern Suburbs Water Pipeline Reserve | 186,976 | 1,049 | (150,000) | 38,025 | 186,976 | 2,135 | (150,000) | 39,111 | 184,427 | 2,549 | 0 | 186,976 |
| (d) Jetty Reserve | 1,064,514 | 145,975 | (1,203,424) | 7,065 | 1,064,513 | 152,155 | (1,203,424) | 13,244 | 1,846,920 | 165,525 | (947,931) | 1,064,514 |
| (e) Aerodrome Reserve | 7,078,059 | 271,780 | (1,194,229) | 6,155,610 | 7,078,059 | 80,818 | (1,731,080) | 5,427,797 | 6,930,593 | 356,448 | (208,982) | 7,078,059 |
| (f) Off Street Parking Reserve | 538,262 | 3,021 | 0 | 541,283 | 538,263 | 6,146 | 0 | 544,409 | 530,925 | 7,337 | 0 | 538,262 |
| (g) Sanitation (Rubbish Removal) Reserve | 6,981,470 | 1,874,560 | (289,426) | 8,566,604 | 6,981,470 | 1,178,668 | (370,800) | 7,789,338 | 5,490,322 | 1,579,520 | (88,372) | 6,981,470 |
| (h) EHC Asset Replacement Reserve | 951,172 | 32,492 | 0 | 983,664 | 951,172 | 10,861 | (473,150) | 488,883 | 834,567 | 161,726 | (45,121) | 951,172 |
| (i) Esperance Home Care Fundraising Reserve | 455,250 | 2,555 | (182,373) | 275,432 | 455,250 | 5,198 | (16,000) | 444,448 | 467,384 | 6,459 | (18,593) | 455,250 |
| (j) Unspent Grant & Contributions Reserve | 3,757,089 | 4,151,016 | (3,757,089) | 4,151,016 | 3,757,089 | 0 | (3,757,089) | 0 | 7,831,058 | 3,757,089 | (7,831,058) | 3,757,089 |
| (k) Plant Replacement Reserve | 558,768 | 3,136 | (78,991) | 482,913 | 558,769 | 6,380 | (81,250) | 483,899 | 746,452 | 10,316 | (198,000) | 558,768 |
| (l) Building Maintenance Reserve | 3,307,804 | 486,840 | (1,916,390) | 1,878,254 | 3,307,804 | 137,767 | (3,111,725) | 333,846 | 4,519,969 | 189,794 | (1,401,959) | 3,307,804 |
| (m) Governance & Workers Compensation Reserve | 222,662 | 118,077 | (193,546) | 147,193 | 222,662 | 82,543 | (200,000) | 105,205 | 104,494 | 118,168 | 0 | 222,662 |
| (n) IT System & Process Development Reserve | 116,506 | 654 | 0 | 117,160 | 116,506 | 1,330 | (80,000) | 37,836 | 114,918 | 1,588 | 0 | 116,506 |
| (o) Esperance Home Care Annual Leave Reserve | 253,231 | 129,457 | 0 | 382,688 | 253,231 | 2,891 | 0 | 256,122 | 231,910 | 21,321 | 0 | 253,231 |
| (p) Esperance Home Care Long Service Leave Reserve | 217,000 | 24,470 | 0 | 241,470 | 217,000 | 2,478 | 0 | 219,478 | 208,950 | 8,050 | 0 | 217,000 |
| (q) Priority Projects Reserve | 1,890,187 | 60,609 | (1,203,649) | 747,147 | 1,890,187 | 71,583 | (958,637) | 1,003,133 | 4,543,925 | 656,300 | (3,310,038) | 1,890,187 |
| | 29,991,477 | 9,499,232 | (10,260,610) | 29,230,099 | 29,991,477 | 3,518,499 | (12,978,453) | 20,531,523 | 36,371,898 | 7,693,261 | (14,073,682) | 29,991,477 |

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

4. RESERVES - CASH/FINANCIAL ASSET BACKED (Continued)

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

| Name of Reserve | Anticipated date of use | Purpose of the reserve |
|--|--------------------------------|---|
| (a) Employee Entitlements Long Service Leave Reserve | Ongoing | Established to fund a portion of future commitments for employee entitlements incurred as a result of employing staff and workers in relation to Long Service Leave. Home Care Long Service Leave Reserve specific to Esperance Home Care. |
| (b) Land Purchase & Development Reserve | Ongoing | Established to fund land improvement and sub-division development. |
| (c) Eastern Suburbs Water Pipeline Reserve | Ongoing | Established to provide funds to recycle waste water to recreation grounds. Funded by the proceeds from the sale of water to users. |
| (d) Jetty Reserve | Ongoing | Established to provide funds for maintenance and capital works of the main jetty at the Foreshore Headland. Funded from General Purpose income and donations. |
| (e) Aerodrome Reserve | Ongoing | Established to fund future development and upgrades of airport facility. Funded by the annual surplus derived from operations of the airport. |
| (f) Off Street Parking Reserve | Ongoing | Established to provide funds for the future development of central business car parking in order to make provisions for future business expansion of the CBD. Funded by General Purpose income and contributions. |
| (g) Sanitation (Rubbish Removal) Reserve | Ongoing | Established to fund the purchase of major sanitation equipment and for the future development of waste disposal facilities. Funded from the annual surplus derived from property rubbish disposal collections fees after expenses. |
| (h) EHC Asset Replacement Reserve | Ongoing | Established for the purpose of Esperance Home Care to hold annual depreciation reserved and surplus cash for the replacement of HACC and other externally funded assets in accordance with HACC guidelines. |
| (i) Esperance Home Care Fundraising Reserve | Ongoing | Established for the purpose of holding the net proceeds of volunteer fundraising activities relating to the operation of Esperance Home Care. |
| (j) Unspent Grant & Contributions Reserve | Ongoing | Established for the purpose of containing funds that are derived from unspent or prepaid grants and contributions from external parties. |
| (k) Plant Replacement Reserve | Ongoing | Established to minimise and if possible eliminate any need to rely upon loan finance or unreasonable rate increases to finance the acquisition of major plant items as per Council Policy. Funding is from the General Purpose income. Amounts allocated will be re-assessed annually in response to revisions of the five year plant replacement program and the associated forward cost estimate. |
| (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 or 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 2021

Notes to and forming part of the Financial Report

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

| | 2021 \$ | 2020 \$ |
|------------------------------------|------------|------------|
| Financial assets at amortised cost | 169,328 | 286,950 |
| | 169,328 | 286,950 |

Other financial assets at amortised cost

Operating lease straightlined

Self supporting loans

| | | |
|-------------------------------|---------|---------|
| Operating lease straightlined | 0 | 123,946 |
| Self supporting loans | 169,328 | 163,004 |
| | 169,328 | 286,950 |

(b) Non-current assets

Financial assets at amortised cost

Financial assets at fair value through profit and loss

| | | |
|--|------------|-----------|
| Financial assets at amortised cost | 10,244,628 | 1,193,956 |
| Financial assets at fair value through profit and loss | 129,162 | 122,620 |
| | 10,373,790 | 1,316,576 |

Financial assets at amortised cost

Self supporting loans

Term Deposits

| | | |
|-----------------------|------------|-----------|
| Self supporting loans | 1,044,628 | 1,193,956 |
| Term Deposits | 9,200,000 | 0 |
| | 10,244,628 | 1,193,956 |

Financial assets at fair value through profit and loss

Units in Local Government House Trust

| | | |
|---------------------------------------|---------|---------|
| Units in Local Government House Trust | 129,162 | 122,620 |
| | 129,162 | 122,620 |

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

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

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

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable
Trade and other receivables
GST receivable

Non-current

Pensioner's rates and ESL deferred

| | 2021 | 2020 |
|--|------------------|------------------|
| | \$ | \$ |
| | 238,540 | 303,500 |
| | 769,440 | 1,157,500 |
| | 322,405 | 447,403 |
| | 1,330,385 | 1,908,403 |
| | 103,126 | 94,782 |
| | 103,126 | 94,782 |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

7. INVENTORIES

Current

Fuel and materials
Roadmaking materials
Various goods held for resale
Land held for resale - Flinders Estate
Development costs

Non-current

Land held for resale - Flinders Estate
Development costs
Land held for resale - Shark Lake Industrial Park
Development costs

| | 2021 | 2020 |
|--|------------------|------------------|
| | \$ | \$ |
| | 55,373 | 50,597 |
| | 98,952 | 112,614 |
| | 73,775 | 97,143 |
| | 176,057 | 176,057 |
| | <u>404,157</u> | <u>436,411</u> |
| | 1,510,122 | 2,852,758 |
| | 2,383,737 | 2,383,737 |
| | <u>3,893,859</u> | <u>5,236,495</u> |
| | 5,672,906 | 5,438,059 |
| | (3,087,798) | (1,479,895) |
| | 1,712,908 | 1,714,742 |
| | <u>4,298,016</u> | <u>5,672,906</u> |

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year

Additions to inventory

Balance at end of year

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 2021

Notes to and forming part of the Financial Report

8. OTHER ASSETS

Other assets - current

Interest Receivable

Infringements

| | 2021 | 2020 |
|---------------------|--------|--------|
| | \$ | \$ |
| Interest Receivable | 5,546 | 8,589 |
| Infringements | 7,816 | 5,381 |
| | 13,362 | 13,970 |

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

| | Land | 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 |
|--|------------|--------------|--------------------------|-------------------------|---------------------|----------------------------------|------------------------------|---------------------------|---------------------------|-------------------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2019 | 26,130,263 | 48,628,503 | 74,758,766 | 406,657 | 5,265,459 | 2,087,649 | 520,740 | 8,219,833 | 226,785 | 91,485,889 |
| Additions | 8,926 | 7,597,615 | 7,606,541 | 304,915 | 232,687 | 395,763 | 0 | 1,846,193 | 169,287 | 10,555,386 |
| (Disposals) | (17,942) | (725,360) | (743,302) | 0 | (1,174) | (115,037) | 0 | (240,828) | (5,695) | (1,106,036) |
| Revaluation increments / (decrements) transferred to revaluation surplus | 1,555,253 | 4,754,105 | 6,309,358 | 0 | 0 | 0 | 0 | 0 | 0 | 6,309,358 |
| Depreciation (expense) | 0 | (2,057,025) | (2,057,025) | (65,445) | (389,577) | (472,838) | (60,999) | (1,117,779) | (21,995) | (4,185,658) |
| Balance at 30 June 2020 | 27,676,500 | 58,197,838 | 85,874,338 | 646,127 | 5,107,395 | 1,895,537 | 459,741 | 8,707,419 | 368,382 | 103,058,939 |
| Comprises: | | | | | | | | | | |
| Gross balance amount at 30 June 2020 | 27,676,500 | 110,554,998 | 138,231,498 | 1,329,222 | 9,243,314 | 2,949,412 | 1,940,000 | 12,283,885 | 670,270 | 166,647,601 |
| Accumulated depreciation at 30 June 2020 | 0 | (52,357,160) | (52,357,160) | (683,095) | (4,135,919) | (1,053,875) | (1,480,259) | (3,576,466) | (301,888) | (63,588,662) |
| Balance at 30 June 2020 | 27,676,500 | 58,197,838 | 85,874,338 | 646,127 | 5,107,395 | 1,895,537 | 459,741 | 8,707,419 | 368,382 | 103,058,939 |
| Additions | 12,649 | 1,935,578 | 1,948,227 | 53,705 | 200,739 | 573,014 | 0 | 1,501,186 | 196,624 | 4,473,495 |
| (Disposals) | 0 | 0 | 0 | (2,371) | (1,267) | (177,187) | 0 | (578,529) | (8,359) | (767,713) |
| Depreciation (expense) | 0 | (2,228,760) | (2,228,760) | (79,460) | (414,867) | (283,630) | (55,979) | (1,216,456) | (39,516) | (4,318,668) |
| Balance at 30 June 2021 | 27,689,149 | 57,904,656 | 85,593,805 | 618,001 | 4,892,000 | 2,007,734 | 403,762 | 8,413,620 | 517,131 | 102,446,053 |
| Comprises: | | | | | | | | | | |
| Gross balance amount at 30 June 2021 | 27,689,149 | 112,490,576 | 140,179,725 | 1,367,928 | 9,434,052 | 3,145,426 | 1,940,000 | 12,435,572 | 821,893 | 169,324,596 |
| Accumulated depreciation at 30 June 2021 | 0 | (54,585,920) | (54,585,920) | (749,927) | (4,542,052) | (1,137,692) | (1,536,238) | (4,021,952) | (304,762) | (66,878,543) |
| Balance at 30 June 2021 | 27,689,149 | 57,904,656 | 85,593,805 | 618,001 | 4,892,000 | 2,007,734 | 403,762 | 8,413,620 | 517,131 | 102,446,053 |

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|----------------------------------|----------------------|--|-------------------------------|------------------------|--|
| (i) Fair Value | | | | | |
| Land and buildings | | | | | |
| Land | 2 | Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology | Independent registered valuer | June 2020 | Price per hectare / market borrowing rate |
| Buildings | 3 | Cost approach using depreciated replacement cost | Independent registered valuer | June 2020 | Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs |
| (ii) Cost | | | | | |
| Furniture and equipment | | Cost | Cost | | Purchase cost |
| Plant and equipment | | Cost | Cost | | Purchase cost |
| Road making plant - minor | | Cost | Cost | | Purchase cost |

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

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

10. INFRASTRUCTURE

(a) Movements in Balances

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

| | Infrastructure - Roads | Infrastructure - Footpaths | Infrastructure - Drainage | Infrastructure - Parks and ovals | Infrastructure - Other infrastructure | Infrastructure - Culverts and pipes | Infrastructure - Esperance airport | Infrastructure - Works in Progress | Total Infrastructure |
|--|---------------------------|-------------------------------|------------------------------|-------------------------------------|---|--|---------------------------------------|---------------------------------------|----------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2019 | 336,268,320 | 12,686,949 | 18,074,533 | 9,102,547 | 13,350,057 | 8,420,020 | 4,608,946 | 0 | 402,511,372 |
| Additions | 10,840,372 | 897,830 | 709,295 | 610,031 | 1,511,556 | 0 | 0 | 1,896,306 | 16,465,390 |
| (Disposals) | 0 | 0 | 0 | 0 | (694,224) | 0 | 0 | 0 | (694,224) |
| Depreciation (expense) | (9,535,596) | (557,423) | (198,111) | (857,284) | (734,177) | (118,742) | (211,032) | 0 | (12,212,365) |
| Balance at 30 June 2020 | 337,573,096 | 13,027,356 | 18,585,717 | 8,855,294 | 13,433,212 | 8,301,278 | 4,397,914 | 1,896,306 | 406,070,173 |
| Comprises: | | | | | | | | | |
| Gross balance at 30 June 2020 | 443,079,908 | 19,598,852 | 23,470,434 | 16,084,570 | 38,099,957 | 11,874,176 | 7,806,872 | 1,896,306 | 561,911,075 |
| Accumulated depreciation at 30 June 2020 | (105,506,812) | (6,571,496) | (4,884,717) | (7,229,276) | (24,666,745) | (3,572,898) | (3,408,958) | 0 | (155,840,902) |
| Balance at 30 June 2020 | 337,573,096 | 13,027,356 | 18,585,717 | 8,855,294 | 13,433,212 | 8,301,278 | 4,397,914 | 1,896,306 | 406,070,173 |
| Additions | 12,924,356 | 240,591 | 207,664 | 1,360,635 | 6,757,871 | 0 | 19,229 | 723,405 | 22,233,751 |
| Depreciation (expense) | (10,461,266) | (598,684) | (207,554) | (910,494) | (818,356) | (118,742) | (210,340) | 0 | (13,325,436) |
| Transfers | 0 | 0 | 0 | 0 | 1,807,697 | 0 | 0 | (1,807,697) | 0 |
| Balance at 30 June 2021 | 340,036,186 | 12,669,263 | 18,585,827 | 9,305,435 | 21,180,424 | 8,182,536 | 4,206,803 | 812,014 | 414,978,488 |
| Comprises: | | | | | | | | | |
| Gross balance at 30 June 2021 | 456,004,264 | 19,839,443 | 23,678,098 | 17,445,205 | 46,665,525 | 11,874,176 | 7,826,101 | 812,014 | 584,144,826 |
| Accumulated depreciation at 30 June 2021 | (115,968,078) | (7,170,180) | (5,092,271) | (8,139,770) | (25,485,101) | (3,691,640) | (3,619,298) | 0 | (169,166,338) |
| Balance at 30 June 2021 | 340,036,186 | 12,669,263 | 18,585,827 | 9,305,435 | 21,180,424 | 8,182,536 | 4,206,803 | 812,014 | 414,978,488 |

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

10. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

| Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|---------------------------------------|----------------------|--|----------------------|------------------------|--|
| (i) Fair Value | | | | | |
| Infrastructure - Roads | 3 | Cost approach using depreciated replacement cost | Management valuation | June 2018 | Construction costs and current condition, residual values and remaining useful life assessments inputs |
| Infrastructure - Footpaths | 3 | Cost approach using depreciated replacement cost | Management valuation | June 2018 | Construction costs and current condition, residual values and remaining useful life assessments inputs |
| Infrastructure - Drainage | 3 | Cost approach using depreciated replacement cost | Management valuation | June 2018 | Construction costs and current condition, residual values and remaining useful life assessments inputs |
| Infrastructure - Parks and ovals | 3 | Cost approach using depreciated replacement cost | Management valuation | June 2018 | Construction costs and current condition, residual values and remaining useful life assessments inputs |
| Infrastructure - Other infrastructure | 3 | Cost approach using depreciated replacement cost | Management valuation | June 2018 | Construction costs and current condition, residual values and remaining useful life assessments inputs |
| Infrastructure - Culverts and pipes | 3 | Cost approach using depreciated replacement cost | Management valuation | June 2018 | Construction costs and current condition, residual values and remaining useful life assessments inputs |
| Infrastructure - Esperance airport | 3 | Cost approach using depreciated replacement cost | Management valuation | June 2018 | Construction costs and current condition, residual values and remaining useful life assessments inputs |
| Works in Progress | 3 | Cost approach using depreciated replacement cost | Management valuation | June 2021 | Construction costs and current condition, residual values and remaining useful life assessments inputs |

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

Revaluation

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Revaluation (Continued)

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

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

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

Refer to Note 12 that details the significant accounting policies applying to leases (including right-of-use assets).

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

11. FIXED ASSETS

(a) Disposals of Assets

| | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2020 | 2020 | 2020 | 2020 | |
|---------------------------------------|-----------------------------|----------------------------|------------------|----------------|-----------------------------|----------------------------|------------------|----------------|-----------------------------|----------------------------|------------------|----------------|
| | Actual Net Book Value | Actual Sale Proceeds | Actual Profit | Actual Loss | Budget Net Book Value | Budget Sale Proceeds | Budget Profit | Budget Loss | Actual Net Book Value | Actual Sale Proceeds | Actual Profit | Actual Loss |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Land - freehold land | 1,416,979 | 2,334,316 | 917,337 | 0 | 881,000 | 1,750,000 | 875,000 | (6,000) | 319,376 | 514,035 | 212,601 | (17,942) |
| Buildings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 725,360 | 463,992 | 11 | (261,379) |
| Furniture and equipment | 2,371 | 364 | 24 | (2,031) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plant and equipment | 1,267 | 1,126 | 0 | (141) | 1,200 | 1,200 | 0 | 0 | 1,174 | 0 | 0 | (1,174) |
| Motor vehicles - non specialised | 177,187 | 188,182 | 18,266 | (7,271) | 178,614 | 158,314 | 16,500 | (36,800) | 115,037 | 107,273 | 6,100 | (13,864) |
| Road making plant - major | 578,529 | 415,179 | 19,106 | (182,456) | 976,446 | 534,500 | 1,438 | (443,384) | 240,828 | 127,388 | 0 | (113,440) |
| Road making plant - minor | 8,359 | 6,563 | 2,363 | (4,159) | 0 | 0 | 0 | 0 | 5,695 | 1,546 | 183 | (4,332) |
| Infrastructure - Other infrastructure | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 694,224 | 36,007 | 0 | (658,217) |
| | 2,184,692 | 2,945,730 | 957,096 | (196,058) | 2,037,260 | 2,444,014 | 892,938 | (486,184) | 2,101,694 | 1,250,241 | 218,895 | (1,070,348) |

The following assets were disposed of during the year.

| | 2021 | 2021 | 2021 | 2021 |
|------------------------------------|-----------------------------|----------------------------|------------------|----------------|
| | Actual Net Book Value | Actual Sale Proceeds | Actual Profit | Actual Loss |
| Plant and Equipment | | | | |
| Education and welfare | | | | |
| LV612 2015 Hyundai i30 | 11,000 | 10,000 | 0 | (1,000) |
| Community amenities | | | | |
| TR21 Morris 1200L Tanker | 984 | 1,044 | 60 | 0 |
| TR44 1200L Fuel Tanker | 1,977 | 1,003 | 0 | (974) |
| LV615 2015 Isuzu D-Max | 20,000 | 18,182 | 0 | (1,818) |
| Recreation and culture | | | | |
| LV600 2014 Holden Commodore | 9,000 | 11,363 | 2,363 | 0 |
| Civic Centre Refrigerator | 753 | 91 | 0 | (662) |
| Civic Centre Bain Marie | 113 | 137 | 24 | 0 |
| Civic Centre Oven | 1,505 | 136 | 0 | (1,369) |
| Transport | | | | |
| T112 2014 Isuzu Tip Truck | 22,968 | 25,023 | 2,055 | 0 |
| T111 2013 Hino Tip Truck | 26,251 | 22,820 | 0 | (3,431) |
| TR45 1998 Fuel Tanker | 2,023 | 1,253 | 0 | (770) |
| L60 2013 Caterpillar Backhoe | 53,479 | 69,468 | 15,989 | 0 |
| PREC2 Precoater with trailer | 6,294 | 3,182 | 0 | (3,112) |
| TR71 Graco Line Laser Sprayer | 6,359 | 3,684 | 0 | (2,675) |
| TR57 2003 Fuel tanker | 2,000 | 2,879 | 879 | 0 |
| LV638 2017 Nissan Navara | 16,000 | 19,091 | 3,091 | 0 |
| LV616 2015 Isuzu D-Max | 19,000 | 18,182 | 0 | (818) |
| LV620 2016 Nissan Navara | 16,000 | 17,727 | 1,727 | 0 |
| LV617 2015 Isuzu D-Max | 20,000 | 16,364 | 0 | (3,636) |
| G44 2013 Caterpillar Grader | 164,612 | 101,193 | 0 | (63,419) |
| VR14 2015 Dynapac Roller | 64,383 | 46,534 | 0 | (17,849) |
| L64 2014 Volvo Skid Steer Loader | 39,345 | 27,580 | 0 | (11,765) |
| MR18 2013 Multi Wheel Roller | 17,778 | 20,263 | 2,485 | 0 |
| C29 Elross Ablution Caravan | 6,862 | 4,897 | 0 | (1,965) |
| SL7 Howard Slasher | 1,267 | 1,126 | 0 | (141) |
| L63 2014 Volvo Backhoe Loader | 65,191 | 41,465 | 0 | (23,726) |
| L62 2014 Volvo Backhoe Loader | 65,191 | 38,600 | 0 | (26,591) |
| TR17 Andrei 1200L Tanekr | 935 | 919 | 0 | (16) |
| LV655 2018 Isuzu D-Max | 20,000 | 24,091 | 4,091 | 0 |
| LV641 2017 Isuzu D-Max | 20,000 | 21,364 | 1,364 | 0 |
| TC37 2015 Gianni Ferrari Mower | 36,094 | 8,097 | 0 | (27,997) |
| TC39 2016 Big Dog Mower | 4,162 | 1,838 | 0 | (2,324) |
| Economic services | | | | |
| Other property and services | | | | |
| LV639 2017 Toyota Prado | 26,187 | 31,818 | 5,631 | 0 |
| | 767,713 | 611,414 | 39,759 | (196,058) |
| Land | | | | |
| Other Property and Services | | | | |
| Flinders Estate | 1,416,979 | 2,334,316 | 917,337 | 0 |
| | 1,416,979 | 2,334,316 | 917,337 | 0 |
| | 2,184,692 | 2,945,730 | 957,096 | (196,058) |

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

11. FIXED ASSETS

(b) Depreciation

| | 2021 Actual | 2021 Budget | 2020 Actual |
|---|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Buildings | 2,228,760 | 2,131,004 | 2,057,025 |
| Furniture and equipment | 79,460 | 72,212 | 65,445 |
| Plant and equipment | 414,867 | 411,090 | 389,577 |
| Motor vehicles - non specialised | 283,630 | 440,160 | 472,838 |
| Motor vehicles - specialised | 55,979 | 55,979 | 60,999 |
| Road making plant - major | 1,216,456 | 1,182,075 | 1,117,779 |
| Road making plant - minor | 39,516 | 39,516 | 21,995 |
| Infrastructure - Roads | 10,461,266 | 9,383,027 | 9,535,596 |
| Infrastructure - Footpaths | 598,684 | 540,000 | 557,423 |
| Infrastructure - Drainage | 207,554 | 198,000 | 198,111 |
| Infrastructure - Parks and ovals | 910,494 | 857,000 | 857,284 |
| Infrastructure - Other infrastructure | 818,356 | 730,000 | 734,177 |
| Infrastructure - Culverts and pipes | 118,742 | 118,742 | 118,742 |
| Infrastructure - Esperance airport | 210,340 | 332,896 | 211,032 |
| Right-of-use assets - plant and equipment | 27,446 | 0 | 41,441 |
| | 17,671,550 | 16,491,701 | 16,439,464 |

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

| Asset Class | Useful life |
|-------------------------------------|------------------------------|
| Buildings | 30 to 75 years |
| Furniture and equipment | 5 to 20 years |
| Plant and equipment | 3 to 15 years |
| Motor vehicles | 5 to 8 years |
| Road Making Plant | 5 to 10 years |
| Infrastructure - Roads | 15 to 60 years |
| Infrastructure - Footpaths | 30 to 60 years |
| Infrastructure - Drainage | 30 to 100 years |
| Infrastructure - Parks and ovals | 10 to 30 years |
| Infrastructure - Other | 10 to 50 years |
| Infrastructure - Culverts and pipes | 30 to 100 years |
| Infrastructure - Esperance Airport | 10 to 50 years |
| Right of Use (plant and equipment) | Based on the remaining lease |

Depreciation on revaluation

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

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

Amortisation

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

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

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

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

12. LEASES

(a) Right-of-Use Assets

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

| | Right-of-use assets - plant and equipment | Right-of-use assets Total |
|--------------------------------|--|------------------------------|
| | \$ | |
| Balance at 1 July 2019 | 113,508 | 113,508 |
| Depreciation (expense) | (41,441) | (41,441) |
| Balance at 30 June 2020 | 72,067 | 72,067 |
| Depreciation (expense) | (27,446) | (27,446) |
| Balance at 30 June 2021 | 44,621 | 44,621 |

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

| | 2021 Actual | 2020 Actual |
|---|----------------|----------------|
| | \$ | \$ |
| Interest expense on lease liabilities | (833) | (1,290) |
| Short-term lease payments recognised as expense | (28,210) | (40,920) |
| Total amount recognised in the statement of comprehensive income | (29,043) | (42,210) |
| Total cash outflow from leases | (28,210) | (42,210) |

The Shire has two leases relating to plant and equipment. One lease has a term of 5 years and the other a term of 3 years. For both leases the lease payments are fixed. The measurement of lease liabilities does not include any future cash outflows associated with leases not yet commenced to which the Shire is committed.

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - valuation

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

Refer to Note 11 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

12. LEASES (CONTINUED)

(b) Property, Plant and Equipment Subject to Lease

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date.

| | 2021 Actual \$ |
|------------------|----------------------|
| Less than 1 year | 150,000 |
| 1 to 2 years | 300,000 |
| 2 to 3 years | 300,000 |
| 3 to 4 years | 300,000 |
| 4 to 5 years | 300,000 |
| > 5 years | 3,512,500 |
| | 4,862,500 |

The Shire has leased the caravan park to RAC for a term of 35 years commencing in 2019/2020.

SIGNIFICANT ACCOUNTING POLICIES

The Shire as Lessor

Upon entering into each contract as a lessor, the Shire assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Entity applies AASB 15 to allocate the consideration under the contract to each component.

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

13. REVALUATION SURPLUS

| | 2021 Opening Balance | 2021 Revaluation Increment | 2021 Revaluation (Decrement) | Total Movement on Revaluation | 2021 Closing Balance | 2020 Opening Balance | 2020 Change in Accounting Policy | 2020 Revaluation Increment | 2020 Revaluation (Decrement) | Total Movement on Revaluation | 2020 Closing Balance |
|---|----------------------------|----------------------------------|------------------------------------|-------------------------------------|----------------------------|----------------------------|--|----------------------------------|------------------------------------|-------------------------------------|----------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | | \$ | \$ | \$ | \$ |
| Revaluation surplus - Land & Buildings | 37,565,324 | 0 | 0 | 0 | 37,565,324 | 31,397,966 | (142,000) | 6,309,358 | 0 | 6,309,358 | 37,565,324 |
| Revaluation surplus - Furniture and equipment | 120,357 | 0 | 0 | 0 | 120,357 | 120,357 | 0 | 0 | 0 | 0 | 120,357 |
| Revaluation surplus - Plant and equipment | 1,281,689 | 0 | 0 | 0 | 1,281,689 | 1,281,689 | 0 | 0 | 0 | 0 | 1,281,689 |
| Revaluation surplus - Motor vehicles - non specialised | 921,059 | 0 | 0 | 0 | 921,059 | 921,059 | 0 | 0 | 0 | 0 | 921,059 |
| Revaluation surplus - Motor vehicles - specialised | (134,611) | 0 | 0 | 0 | (134,611) | (134,611) | 0 | 0 | 0 | 0 | (134,611) |
| Revaluation surplus - Road making plant - major | 631,881 | 0 | 0 | 0 | 631,881 | 631,881 | 0 | 0 | 0 | 0 | 631,881 |
| Revaluation surplus - Road making plant - minor | 37,105 | 0 | 0 | 0 | 37,105 | 37,105 | 0 | 0 | 0 | 0 | 37,105 |
| Revaluation surplus - Infrastructure - Roads | 134,584,177 | 0 | 0 | 0 | 134,584,177 | 134,584,177 | 0 | 0 | 0 | 0 | 134,584,177 |
| Revaluation surplus - Infrastructure - Footpaths | 6,199,980 | 0 | 0 | 0 | 6,199,980 | 6,199,980 | 0 | 0 | 0 | 0 | 6,199,980 |
| Revaluation surplus - Infrastructure - Drainage | 12,506,440 | 0 | 0 | 0 | 12,506,440 | 12,506,440 | 0 | 0 | 0 | 0 | 12,506,440 |
| Revaluation surplus - Infrastructure - Parks and ovals | 3,418,190 | 0 | 0 | 0 | 3,418,190 | 3,418,190 | 0 | 0 | 0 | 0 | 3,418,190 |
| Revaluation surplus - Infrastructure - Other infrastructure | 1,365,420 | 0 | 0 | 0 | 1,365,420 | 1,365,420 | 0 | 0 | 0 | 0 | 1,365,420 |
| Revaluation surplus - Infrastructure - Culverts and pipes | 8,613,107 | 0 | 0 | 0 | 8,613,107 | 8,613,107 | 0 | 0 | 0 | 0 | 8,613,107 |
| Revaluation surplus - Infrastructure - Esperance airport | 1,253,965 | 0 | 0 | 0 | 1,253,965 | 1,253,965 | 0 | 0 | 0 | 0 | 1,253,965 |
| | 208,364,083 | 0 | 0 | 0 | 208,364,083 | 202,196,725 | (142,000) | 6,309,358 | 0 | 6,309,358 | 208,364,083 |

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

14. TRADE AND OTHER PAYABLES

Current

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

| 2021 | 2020 |
|------------------|------------------|
| \$ | \$ |
| 3,009,354 | 3,734,574 |
| 94,259 | 211,201 |
| 390,712 | 255,885 |
| 310,135 | 497,298 |
| 8,192 | 9,351 |
| 3,812,652 | 4,708,309 |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

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

Prepaid rates

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

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

15. OTHER LIABILITIES

Current

Contract liabilities

| 2021 | 2020 |
|-----------|---------|
| \$ | \$ |
| 2,588,954 | 760,282 |
| 2,588,954 | 760,282 |

Performance obligations for each type of liability are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

| Contract liabilities |
|----------------------|
| \$ |
| 2,588,954 |
| 2,588,954 |

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

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

Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity

Grant liabilities represent the the Shire's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

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

Service concession liabilities

Service concession liabilities relate to the grant of right to an operator in respect of an asset controlled by the Shire. They represent the unearned revenue related to the grant of right, and is recognised as revenue according to the economic substance of the service concession arrangement.

Shire of Esperance
Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

16. LEASE LIABILITIES

(a) Lease Liabilities

| | 2021 | 2020 |
|-------------|--------|--------|
| | \$ | \$ |
| Current | 22,310 | 27,377 |
| Non-current | 22,900 | 45,210 |
| | 45,210 | 72,587 |

(b) Movements in Carrying Amounts

| Purpose | Lease Number | Institution | Lease Interest Rate | Lease Term | Actual | 30 June 2021 | 30 June 2021 | 30 June 2021 | Budget | 30 June 2021 | 30 June 2021 | 30 June 2021 | Actual | 30 June 2020 | 30 June 2020 | 30 June 2020 | |
|----------------------------------|--------------|----------------|---------------------|------------|-----------------------------|-----------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------------|------------------------------------|----------------------------------|-----------------------------|-----------------------------------|------------------------------------|----------------------------------|--|
| | | | | | Lease Principal 1 July 2020 | Actual Lease Principal Repayments | Actual Lease Principal Outstanding | Actual Lease Interest Repayments | Lease Principal 1 July 2020 | Budget Lease Principal Repayments | Budget Lease Principal Outstanding | Budget Lease Interest Repayments | Lease Principal 1 July 2019 | Actual Lease Principal Repayments | Actual Lease Principal Outstanding | Actual Lease Interest Repayments | |
| | | | | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| Law, order, public safety | | | | | | | | | | | | | | | | | |
| Motor vehicle | | Toyota Fleet | 1.40% | 36 months | 16,127 | (10,714) | 5,413 | (153) | 0 | 0 | 0 | 0 | 26,695 | (10,568) | 16,127 | (299) | |
| Community amenities | | | | | | | | | | | | | | | | | |
| Baler | | Remondis | 1.40% | 36 months | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13,921 | (13,921) | 0 | (79) | |
| Recreation and culture | | | | | | | | | | | | | | | | | |
| Gym Equipment | | Maia Financial | 1.40% | 60 months | 56,460 | (16,663) | 39,797 | (680) | 0 | 0 | 0 | 0 | 72,891 | (16,431) | 56,460 | (912) | |
| | | | | | 72,587 | (27,377) | 45,210 | (833) | 0 | 0 | 0 | 0 | 113,507 | (40,920) | 72,587 | (1,290) | |

17. INFORMATION ON BORROWINGS

| (a) Borrowings | 2021 | 2020 |
|----------------|------------------|------------------|
| | \$ | \$ |
| Current | 219,453 | 210,939 |
| Non-current | 1,772,834 | 1,972,288 |
| | <u>1,992,287</u> | <u>2,183,227</u> |

(b) Repayments - Borrowings

| Particulars | Loan Number | Institution | Interest Rate | Actual | 30 June 2021 | 30 June 2021 | 30 June 2021 | 30 June 2021 | Budget | 30 June 2021 | 30 June 2021 | 30 June 2021 | Actual | 30 June 2020 | 30 June 2020 | 30 June 2020 | 30 June 2020 | |
|-------------------------------------|-------------|-------------|---------------|------------------|---------------|------------------|-----------------|------------------|------------------|------------------|-----------------|------------------|------------------|----------------|------------------|-----------------|------------------|--------|
| | | | | Principal | Actual | Actual | Actual | Principal | Budget | Budget | Budget | Principal | Actual | Actual | Actual | Principal | Actual | Actual |
| | | | | 1 July 2020 | New Loans | repayments | repayments | outstanding | 1 July 2020 | repayments | repayments | outstanding | 1 July 2019 | New Loans | repayments | repayments | outstanding | |
| | | | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| Other property and services | | | | | | | | | | | | | | | | | | |
| Shark Lake Industrial Park | 296 | WATC | 4.52% | 826,267 | 0 | (47,935) | (42,327) | 778,332 | 826,267 | (47,935) | (42,331) | 778,332 | 872,107 | 0 | (45,840) | (44,718) | 826,267 | |
| | | | | <u>826,267</u> | <u>0</u> | <u>(47,935)</u> | <u>(42,327)</u> | <u>778,332</u> | <u>826,267</u> | <u>(47,935)</u> | <u>(42,331)</u> | <u>778,332</u> | <u>872,107</u> | <u>0</u> | <u>(45,840)</u> | <u>(44,718)</u> | <u>826,267</u> | |
| Self Supporting Loans | | | | | | | | | | | | | | | | | | |
| Recreation and culture | | | | | | | | | | | | | | | | | | |
| Pink Lake Country Club | 261 | WATC | 6.55% | 52,137 | 0 | (22,219) | (2,400) | 29,918 | 52,137 | (22,219) | (2,898) | 29,918 | 72,938 | 0 | (20,801) | (4,401) | 52,137 | |
| Recherche Aged Welfare | 291 | WATC | 6.36% | 236,517 | 0 | (16,393) | (16,197) | 220,124 | 236,517 | (16,393) | (16,120) | 220,124 | 251,908 | 0 | (15,391) | (17,302) | 236,517 | |
| Esperance Squash Club | 292 | WATC | 6.05% | 3,930 | 0 | (3,931) | (533) | (1) | 3,930 | (3,930) | (103) | 0 | 11,447 | 0 | (7,517) | (588) | 3,930 | |
| Esperance Bay Yacht Club | 295 | WATC | 5.01% | 310,221 | 0 | (16,559) | (17,077) | 293,662 | 310,221 | (16,559) | (17,092) | 293,662 | 325,980 | 0 | (15,759) | (18,020) | 310,221 | |
| Cascade Town Recreation Assoc | 298 | WATC | 2.33% | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 36,014 | 0 | (36,014) | (437) | 0 | |
| Newtown Condungup Football Club | 299 | WATC | 2.33% | 49,407 | 0 | (5,542) | (1,799) | 43,865 | 49,407 | (5,541) | (1,632) | 43,866 | 54,784 | 0 | (5,377) | (2,003) | 49,407 | |
| Esperance Bay Yacht Club | 300 | WATC | 2.63% | 42,819 | 0 | (11,836) | (1,250) | 30,983 | 42,819 | (11,836) | (1,250) | 30,983 | 54,348 | 0 | (11,529) | (1,639) | 42,819 | |
| Gibson Football Club | 301 | WATC | 2.47% | 161,929 | 0 | (39,013) | (4,590) | 122,916 | 161,928 | (39,012) | (4,975) | 122,916 | 200,000 | 0 | (38,071) | (5,824) | 161,929 | |
| Condungup District Recreation Assoc | 302 | WATC | 1.80% | 500,000 | 0 | (47,512) | (7,769) | 452,488 | 500,000 | (48,004) | (4,360) | 451,996 | 0 | 500,000 | 0 | (570) | 500,000 | |
| Esperance Tennis Club | 303 | WATC | 0.61% | 0 | 20,000 | 0 | (45) | 20,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | | | | <u>1,356,960</u> | <u>20,000</u> | <u>(163,005)</u> | <u>(51,660)</u> | <u>1,213,955</u> | <u>1,356,959</u> | <u>(163,494)</u> | <u>(48,430)</u> | <u>1,193,465</u> | <u>1,007,419</u> | <u>500,000</u> | <u>(150,459)</u> | <u>(50,784)</u> | <u>1,356,960</u> | |
| | | | | <u>2,183,227</u> | <u>20,000</u> | <u>(210,940)</u> | <u>(93,987)</u> | <u>1,992,287</u> | <u>2,183,226</u> | <u>(211,430)</u> | <u>(90,761)</u> | <u>1,971,797</u> | <u>1,879,526</u> | <u>500,000</u> | <u>(196,299)</u> | <u>(95,502)</u> | <u>2,183,227</u> | |

* WA Treasury Corporation

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

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

17. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2020/21

| Particulars/Purpose | Institution | Loan Type | Term Years | Interest Rate | Amount Borrowed | | Amount (Used) | | Total Interest & Charges | Actual Balance Unspent |
|-----------------------|-------------|------------|------------|---------------|-----------------|-------------|---------------|-------------|--------------------------|------------------------|
| | | | | | 2021 Actual | 2021 Budget | 2021 Actual | 2021 Budget | | |
| Esperance Tennis Club | *WATC | Short Term | 4 | 0.61% | \$ 20,000 | \$ 0 | \$ (20,000) | \$ 0 | \$ 0 | \$ 0 |
| | | | | | \$ 20,000 | \$ 0 | \$ (20,000) | \$ 0 | \$ 0 | \$ 0 |

* WA Treasury Corporation

(d) Undrawn Borrowing Facilities

Credit Standby Arrangements

| | 2021 | 2020 |
|--------------------------------------|----------------|----------------|
| | \$ | \$ |
| Bank overdraft limit | 200,000 | 200,000 |
| Bank overdraft at balance date | 0 | 0 |
| Credit card limit | 80,000 | 80,000 |
| Credit card balance at balance date | (2,083) | (912) |
| Total amount of credit unused | 277,917 | 279,088 |

Loan facilities

| | | |
|--|------------------|------------------|
| Loan facilities - current | 219,453 | 210,939 |
| Loan facilities - non-current | 1,772,834 | 1,972,288 |
| Lease liabilities - current | 22,310 | 27,377 |
| Lease liabilities - non-current | 22,900 | 45,210 |
| Total facilities in use at balance date | 2,037,497 | 2,255,814 |

Unused loan facilities at balance date

NIL NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

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

18. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

| | Provision for Annual Leave | Provision for Long Service Leave | Total |
|---|----------------------------------|--|------------------|
| | \$ | \$ | \$ |
| Opening balance at 1 July 2020 | | | |
| Current provisions | 1,367,601 | 1,248,251 | 2,615,852 |
| Non-current provisions | 0 | 351,530 | 351,530 |
| | <u>1,367,601</u> | <u>1,599,781</u> | <u>2,967,382</u> |
| Additional provision | 907,378 | 165,387 | 1,072,765 |
| Amounts used | (736,490) | (95,842) | (832,332) |
| Balance at 30 June 2021 | <u>1,538,489</u> | <u>1,669,326</u> | <u>3,207,815</u> |
| Comprises | | | |
| Current | 1,538,489 | 1,375,927 | 2,914,416 |
| Non-current | 0 | 293,399 | 293,399 |
| | <u>1,538,489</u> | <u>1,669,326</u> | <u>3,207,815</u> |
| Amounts are expected to be settled on the following basis: | 2021 | 2020 | |
| | \$ | \$ | |
| Less than 12 months after the reporting date | 882,651 | 919,865 | |
| More than 12 months from reporting date | 2,282,464 | 2,007,349 | |
| Expected reimbursements from other WA local governments | 42,700 | 40,168 | |
| | <u>3,207,815</u> | <u>2,967,382</u> | |

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

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

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

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.

19. OTHER PROVISIONS

| | Provision for remediation | |
|---|---------------------------|-----------|
| | costs | Total |
| | \$ | \$ |
| Opening balance at 1 July 2020 | | |
| Non-current provisions | 5,307,889 | 5,307,889 |
| | 5,307,889 | 5,307,889 |
| Additional provision | 0 | 0 |
| Amounts used | 0 | 0 |
| Unused amounts reversed | 0 | 0 |
| Increase in the discounted amount arising because of time and the effect of any change in the discounted rate | 0 | 0 |
| | 0 | 0 |
| Balance at 30 June 2021 | 5,307,889 | 5,307,889 |
| Comprises | | |
| Non-current | 5,307,889 | 5,307,889 |
| | 5,307,889 | 5,307,889 |

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 2021

Notes to and forming part of the Financial Report

20. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

| | 2021 Actual | 2021 Budget | 2020 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Cash and cash equivalents | 29,990,480 | 23,348,643 | 37,435,254 |
| Reconciliation of Net Cash Provided By Operating Activities to Net Result | | | |
| Net result | 6,187,897 | 4,231,417 | 3,797,208 |
| Non-cash flows in Net result: | | | |
| Depreciation on non-current assets | 17,671,550 | 16,491,701 | 16,439,464 |
| (Profit)/loss on sale of asset | (761,038) | (406,754) | 851,453 |
| Changes in assets and liabilities: | | | |
| (Increase)/decrease in receivables | 569,674 | (500,000) | (762,726) |
| (Increase)/decrease in other assets | (57,688) | 50,000 | 24,620 |
| (Increase)/decrease in inventories | 32,259 | 75,000 | (66,587) |
| (Increase)/decrease in contract assets | 674,601 | 0 | 774,894 |
| Increase/(decrease) in payables | (895,662) | 500,000 | 1,655,690 |
| Increase/(decrease) in employee provisions | 240,433 | 52,751 | (439,402) |
| Increase/(decrease) in other liabilities | 1,828,672 | (400,000) | 218,513 |
| Non-operating grants, subsidies and contributions | (10,272,118) | (13,134,114) | (8,195,029) |
| Net cash from operating activities | 15,218,580 | 6,960,001 | 14,298,098 |

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

21. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | 2021 | 2020 |
|-----------------------------|--------------------|--------------------|
| | \$ | \$ |
| Governance | 32,689,932 | 32,645,444 |
| General purpose funding | 3,381,244 | 3,394,022 |
| Law, order, public safety | 6,930,424 | 7,265,910 |
| Health | 13,200 | 33,367 |
| Education and welfare | 7,189,874 | 7,491,843 |
| Community amenities | 13,636,657 | 11,906,090 |
| Recreation and culture | 68,883,949 | 67,784,000 |
| Transport | 406,153,268 | 406,377,521 |
| Economic services | 1,241,951 | 831,323 |
| Other property and services | 7,352,167 | 8,719,903 |
| Unallocated | 16,387,952 | 10,268,167 |
| | 563,860,618 | 556,717,590 |

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

22. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- plant & equipment purchases

Payable:

- not later than one year

- later than one year but not later than five years

| | 2021 | 2020 |
|--|--------|--------|
| | \$ | \$ |
| | 49,991 | 76,253 |
| | 49,991 | 76,253 |
| | | |
| | 29,824 | 31,032 |
| | 20,167 | 45,221 |
| | 49,991 | 76,253 |

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 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 2021

Notes to and forming part of the Financial Report

23. RELATED PARTY TRANSACTIONS

Elected Member Remuneration

| | 2021 Actual | 2021 Budget | 2020 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Cr Ian Mickel | | | |
| President's annual allowance | 33,638 | 34,500 | 23,044 |
| Meeting attendance fees | 21,450 | 22,000 | 14,695 |
| Annual allowance for ICT expenses | 2,000 | 2,000 | 1,397 |
| | 57,088 | 58,500 | 39,136 |
| Cr Basil Parker | | | |
| Deputy President's annual allowance | 8,625 | 8,625 | 5,976 |
| Meeting attendance fees | 18,000 | 18,000 | 18,000 |
| Annual allowance for ICT expenses | 2,000 | 2,000 | 2,000 |
| | 28,625 | 28,625 | 25,976 |
| Cr Ron Chambers | | | |
| Meeting attendance fees | 18,000 | 18,000 | 12,571 |
| Annual allowance for ICT expenses | 2,000 | 2,000 | 1,397 |
| | 20,000 | 20,000 | 13,968 |
| Cr Steve McMullen | | | |
| Meeting attendance fees | 18,000 | 18,000 | 18,000 |
| Annual allowance for ICT expenses | 2,000 | 2,000 | 2,000 |
| | 20,000 | 20,000 | 20,000 |
| Cr Jennifer Obourne | | | |
| Meeting attendance fees | 18,000 | 18,000 | 12,571 |
| Annual allowance for ICT expenses | 2,000 | 2,000 | 1,397 |
| | 20,000 | 20,000 | 13,968 |
| Cr Jo-Anne O'Donnell | | | |
| Meeting attendance fees | 18,000 | 18,000 | 12,571 |
| Annual allowance for ICT expenses | 2,000 | 2,000 | 1,397 |
| | 20,000 | 20,000 | 13,968 |
| Cr Dale Piercey | | | |
| Meeting attendance fees | 18,000 | 18,000 | 18,000 |
| Annual allowance for ICT expenses | 2,000 | 2,000 | 2,000 |
| | 20,000 | 20,000 | 20,000 |
| Cr Wes Graham | | | |
| Meeting attendance fees | 18,000 | 18,000 | 12,571 |
| Annual allowance for ICT expenses | 2,000 | 2,000 | 1,397 |
| | 20,000 | 20,000 | 13,968 |
| Cr Shelley Payne | | | |
| Meeting attendance fees | 13,846 | 18,000 | 18,000 |
| Annual allowance for ICT expenses | 1,538 | 2,000 | 2,000 |
| | 15,384 | 20,000 | 20,000 |
| Cr Victoria Brown | | | |
| President's annual allowance | 0 | 0 | 10,406 |
| Meeting attendance fees | 0 | 0 | 6,635 |
| Annual allowance for ICT expenses | 0 | 0 | 603 |
| Annual allowance for travel and accommodation expenses | 0 | 0 | 1,346 |
| | 0 | 0 | 18,990 |

23. RELATED PARTY TRANSACTIONS (Continued)

Elected Member Remuneration (Continued)

Cr Natalie Bowman

| | | | |
|--|---|---|-------|
| Deputy President's annual allowance | 0 | 0 | 2,602 |
| Meeting attendance fees | 0 | 0 | 5,429 |
| Annual allowance for ICT expenses | 0 | 0 | 603 |
| Annual allowance for travel and accommodation expenses | 0 | 0 | 1,010 |
| | 0 | 0 | 7,042 |

Cr Lara McIntyre

| | | | |
|-----------------------------------|---|---|-------|
| Meeting attendance fees | 0 | 0 | 5,429 |
| Annual allowance for ICT expenses | 0 | 0 | 603 |
| | 0 | 0 | 6,032 |

Cr John Parsons

| | | | |
|-----------------------------------|---|---|-------|
| Meeting attendance fees | 0 | 0 | 5,429 |
| Annual allowance for ICT expenses | 0 | 0 | 603 |
| | 0 | 0 | 6,032 |

Cr Ron Padguskis

| | | | |
|--|---|---|-------|
| Meeting attendance fees | 0 | 0 | 5,429 |
| Annual allowance for ICT expenses | 0 | 0 | 603 |
| Annual allowance for travel and accommodation expenses | 0 | 0 | 446 |
| | 0 | 0 | 6,478 |

| | | | |
|--|---------|---------|---------|
| | 221,097 | 227,125 | 225,558 |
| Fees, expenses and allowances to be paid or reimbursed to elected council members. | | | |

| | | | |
|--|---------|---------|---------|
| President's allowance | 33,638 | 34,500 | 33,450 |
| Deputy President's allowance | 8,625 | 8,625 | 8,578 |
| Meeting attendance fees | 161,296 | 166,000 | 165,330 |
| Annual allowance for ICT expenses | 17,538 | 18,000 | 18,000 |
| Annual allowance for travel and accommodation expenses | 0 | 3,000 | 2,802 |
| | 221,097 | 230,125 | 228,160 |

23. RELATED PARTY TRANSACTIONS (Continued)

Key Management Personnel (KMP) Compensation Disclosure

| | 2021 Actual | 2020 Actual |
|--|------------------------|------------------------|
| | \$ | \$ |
| The total of remuneration paid to KMP of the Shire during the year are as follows: | | |
| Short-term employee benefits | 550,593 | 787,955 |
| Post-employment benefits | 55,921 | 94,565 |
| Other long-term benefits | (23,035) | 16,332 |
| Termination benefits | 0 | 93,841 |
| | 583,479 | 992,693 |

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

23. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

The following transactions occurred with related parties:

| | 2021 Actual | 2020 Actual |
|--------------------------------|----------------|----------------|
| | \$ | \$ |
| Purchase of goods and services | 136,479 | 147,440 |

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

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

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Shire.

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 2021

Notes to and forming part of the Financial Report

24. JOINT ARRANGEMENTS

Share of joint operations

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

Non-current assets

Land and Buildings
Less: accumulated depreciation

| | 2021 | 2020 |
|--|---------|---------|
| | \$ | \$ |
| | 72,500 | 72,500 |
| | (7,249) | (5,437) |
| | 65,251 | 67,063 |

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

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

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

Interests in joint arrangements (Continued)

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

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

25. MAJOR LAND TRANSACTIONS

Flinders Residential Subdivision

(a) Details

The Council owned, freehold, East Location 18, Lot 3 which is bounded by Ormonde Street and Goldfields Road Esperance. During 2003/2004 the Council created 33 blocks from part of Lot 3. These blocks were sold at auction and profit transferred into a cash reserve established for Land Development. The Council developed a further 90 lots as Stage 2 during 2009/2010. 83 lots have been sold with remainder to be progressively sold subject to market demand.

(b) Current year transactions

Other revenue

- Sale proceeds

Other expenditure

- Cost of goods sold

| | 2021 Actual | 2021 Budget | 2020 Actual |
|----------------------|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| - Sale proceeds | 2,334,316 | 1,750,000 | 514,035 |
| - Cost of goods sold | (74,344) | (845,298) | (14,702) |
| | 2,259,972 | 904,702 | 499,333 |

The above operating revenue for the proceeds of land held for resale is reflected in other revenue and operating expenditure for the cost of the disposed land held for resale is reflected in other expenditure.

(c) Expected future cash flows

| | 2021/22 | 2022/23 | 2023/24 | 2024/25 | Total |
|-------------------------------------|-------------|-------------|-------------|-----------|-------------|
| | \$ | \$ | \$ | \$ | \$ |
| Cash outflows | | | | | |
| - Development costs | (970,954) | (2,188,388) | 0 | 0 | (3,159,342) |
| - Loan repayments | 0 | (1,000,000) | (1,000,000) | (263,388) | (2,263,388) |
| - Land Development reserve transfer | (350,000) | 0 | 0 | (236,612) | (586,612) |
| | (1,320,954) | (3,188,388) | (1,000,000) | (500,000) | (6,009,342) |
| Cash inflows | | | | | |
| - Sale proceeds | 350,000 | 500,000 | 500,000 | 500,000 | 1,850,000 |
| - Proceeds from new borrowings | 0 | 2,238,388 | 25,000 | 0 | 2,263,388 |
| - Land Development reserve transfer | 970,954 | 450,000 | 475,000 | 0 | 1,895,954 |
| | 1,320,954 | 3,188,388 | 1,000,000 | 500,000 | 6,009,342 |
| Net cash flows | 0 | 0 | 0 | 0 | 0 |

(d) Assets and liabilities

Land held for resale included within Note 7

Current Inventory

Land held for resale - Flinders Estate
Development costs

| | 2021 | 2020 |
|--|---------|---------|
| | \$ | \$ |
| Land held for resale - Flinders Estate | 176,057 | 176,057 |
| Development costs | 176,057 | 176,057 |

25 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 industries lots of varying sizes. Stage 1 consisting of the 28 lots has been completely developed at a total capital cost of \$1,037,953 excluding the costs associated with acquiring the superlot.

Only 1 lot has been sold to date and all remaining lots are listed for sale with local real estate agents with Council taking a longer term view with this strategic industrial development site. The remaining lots are currently leased for grazing resulting in weed and fire control land.

(b) Current year transactions

Other revenue

- Sale proceeds

Other expenditure

- Cost of goods sold

| | 2021 Actual | 2021 Budget | 2020 Actual |
|----------------------|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| - Sale proceeds | 0 | 0 | 0 |
| - Cost of goods sold | 0 | 0 | 0 |
| | 0 | 0 | 0 |

The above operating revenue for the proceeds of land held for resale is reflected in other revenue and operating expenditure for the cost of the disposed land held for resale is reflected in other expenditure.

(c) Expected future cash flows

| | 2021/22 | 2022/23 | 2023/24 | 2024/25 | Total |
|-----------------------|----------|----------|----------|----------|-----------|
| | \$ | \$ | \$ | \$ | \$ |
| Cash outflows | | | | | |
| - Interest expense | (39,850) | (32,329) | (29,933) | (27,428) | (129,540) |
| - Loan repayments | (50,125) | (52,420) | (54,813) | (57,319) | (214,677) |
| | (89,975) | (84,749) | (84,746) | (84,747) | (344,217) |
| Cash inflows | | | | | |
| - Sale proceeds | 150,000 | 0 | 0 | 0 | 150,000 |
| - SLIP rate income | 10,000 | 10,000 | 10,000 | 10,000 | 40,000 |
| - Lease income | 10,500 | 10,500 | 10,500 | 10,500 | 42,000 |
| | 170,500 | 20,500 | 20,500 | 20,500 | 150,000 |
| Net cash flows | 80,525 | (64,249) | (64,246) | (64,247) | (194,217) |

(d) Assets and liabilities

Land held for resale included within Note 7

Current Inventory

Land held for resale - Shark Lake Industrial Park
Development Costs

| | 2021 | 2020 |
|--|------|------|
| | \$ | \$ |
| Land held for resale - Shark Lake Industrial Park Development Costs | 0 | 0 |
| | 0 | 0 |

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

26. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Esperance Aerodrome

(a) Details

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

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

(b) Current year transactions

Operating income

| | | | |
|------------------------|---------|---------|---------|
| - Landing fees | 819,793 | 350,000 | 853,921 |
| - Property rental | 29,613 | 25,000 | 22,536 |
| - Reimbursements | 6,272 | 15,000 | 13,537 |
| - Sundry income | 1,948 | 1,000 | 714 |
| - Grants and subsidies | 1,299 | 0 | 6,163 |

Operating expenditure

| | | | |
|---------------------------------|-----------------|------------------|-----------------|
| - Employee expenses | (320,664) | (279,259) | (259,178) |
| - Insurance | (8,976) | (8,400) | (7,941) |
| - Building expenses | (72,339) | (50,900) | (105,419) |
| - Grounds and strip maintenance | (31,851) | (70,500) | (43,177) |
| - Other sundry expenses | (115,973) | (168,745) | (130,206) |
| - Overhead allocation | (77,070) | (97,819) | (90,285) |
| - Depreciation | (330,217) | (332,896) | (350,209) |
| | <u>(98,165)</u> | <u>(617,519)</u> | <u>(89,544)</u> |

Capital income

| | | | |
|--------------------|---------------|----------------|---------------|
| - Reserve transfer | 19,229 | 271,457 | 33,982 |
| | <u>19,229</u> | <u>271,457</u> | <u>33,982</u> |

Capital expenditure

| | | | |
|---------------------|------------------|------------------|------------------|
| - Landside projects | (19,229) | (15,000) | 0 |
| - Airside projects | 0 | (250,000) | 0 |
| - Capital purchases | 0 | (6,457) | (33,982) |
| | <u>(19,229)</u> | <u>(271,457)</u> | <u>(33,982)</u> |
| | <u>(117,394)</u> | <u>(888,976)</u> | <u>(123,526)</u> |

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

27. RATING INFORMATION

(a) Rates

| RATE TYPE | Rate in \$ | Number of Properties | 2020/21 Actual Rateable Value \$ | 2020/21 Actual Rate Revenue \$ | 2020/21 Actual Interim Rates \$ | 2020/21 Actual Back Rates \$ | 2020/21 Actual Total Revenue \$ | 2020/21 Budget Rate Revenue \$ | 2020/21 Budget Interim Rate \$ | 2020/21 Budget Total Revenue \$ | 2019/20 Actual Total Revenue \$ | |
|---|------------|----------------------|----------------------------------|--------------------------------|---------------------------------|------------------------------|---------------------------------|--------------------------------|--------------------------------|---------------------------------|---------------------------------|------------|
| Differential general rate / general rate | | | | | | | | | | | | |
| Gross rental valuations | | | | | | | | | | | | |
| GRV - Residential | 0.09874 | 3,880 | 65,130,413 | 6,430,976 | 22,023 | 7,101 | 6,460,100 | 6,418,434 | 22,254 | 6,440,688 | 6,404,554 | |
| GRV - Commercial | 0.09874 | 409 | 26,778,113 | 2,644,071 | 26,654 | 7,193 | 2,677,918 | 2,644,071 | 0 | 2,644,071 | 2,666,639 | |
| GRV - Vacant | 0.09874 | 87 | 1,671,369 | 165,031 | 3,289 | (1,116) | 167,204 | 187,649 | 0 | 187,649 | 169,176 | |
| Unimproved valuations | | | | | | | | | | | | |
| UV - Rural | 0.00734 | 1,074 | 1,247,915,000 | 9,164,688 | 0 | 0 | 9,164,688 | 9,167,666 | 0 | 9,167,666 | 9,208,374 | |
| UV - Mining | 0.00734 | 0 | 0 | 0 | 0 | 2,132 | 2,132 | 0 | 0 | 0 | 69,517 | |
| Sub-Total | | 5,450 | 1,341,494,895 | 18,404,766 | 51,966 | 15,310 | 18,472,042 | 18,417,820 | 22,254 | 18,440,074 | 18,518,260 | |
| Minimum payment | | | | | | | | | | | | |
| Gross rental valuations | | | | | | | | | | | | |
| GRV - Residential | 1,166 | 1,382 | 13,343,925 | 1,611,412 | (8,625) | (1,160) | 1,601,627 | 1,632,400 | 0 | 1,632,400 | 1,617,077 | |
| GRV - Commercial | 1,166 | 64 | 433,103 | 74,624 | (1,166) | 0 | 73,458 | 74,624 | 0 | 74,624 | 76,016 | |
| GRV - Vacant | 1,166 | 562 | 2,742,366 | 652,960 | 8,120 | (2,329) | 658,751 | 595,826 | 0 | 595,826 | 662,527 | |
| Unimproved valuations | | | | | | | | | | | | |
| UV - Rural | 1166 | 105 | 10,333,900 | 122,430 | 2 | 225 | 122,657 | 116,600 | 0 | 116,600 | 109,601 | |
| UV - Mining | 1166 | 59 | 814,462 | 68,794 | 5,431 | 75 | 74,300 | 3,498 | 0 | 3,498 | 16,287 | |
| | | 166 | 172,100 | 3,498 | 0 | 0 | 3,498 | 68,794 | 0 | 68,794 | 3,498 | |
| Sub-Total | | 2,175 | 27,839,856 | 2,533,718 | 3,762 | (3,189) | 2,534,291 | 2,491,742 | 0 | 2,491,742 | 2,485,006 | |
| | | | 7,625 | 1,369,334,751 | 20,938,484 | 55,728 | 12,121 | 21,006,333 | 20,909,562 | 22,254 | 20,931,816 | 21,003,266 |
| Discounts/concessions (Note 27(b)) | | | | | | | (18,073) | | | (18,073) | (19,239) | |
| Total amount raised from general rate | | | | | | | 20,988,260 | | | 20,913,743 | 20,984,027 | |
| Ex-gratia rates | | | | | | | 313,858 | | | 313,858 | 313,858 | |
| Prepaid rates | | | | | | | 211,201 | | | 0 | 131,955 | |
| Totals | | | | | | | 21,513,319 | | | 21,227,601 | 21,429,840 | |

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

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

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the
Financial Report

27. RATING INFORMATION (Continued)

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

Rates Discounts

| Rate or Fee Discount Granted | Discount | Discount | 2021 Actual | 2021 Budget | 2020 Actual | Circumstances in which Discount is Granted |
|--|----------|----------|----------------|----------------|----------------|---|
| | % | \$ | \$ | \$ | \$ | |
| Unserviced Development Area 3 Lots | 50.00% | 583 | 17,490 | 17,490 | 18,656 | Lots remain unserviced and unable to be developed |
| Unserviced Israelite Bay Lot | 50.00% | 583 | 583 | 583 | 583 | Lot remains unserviced and extremely remote to Shire services |
| | | | 18,073 | 18,073 | 19,239 | |
| Total discounts/concessions (Note 27(a)) | | | 18,073 | 18,073 | 19,239 | |

| 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 | Support concession holders | To financially assist concession holders |
| Dog Registration Fees | Current valid pensioner concession card | Support concession holders | To financially assist concession holders |
| Leisure Centre Membership/Admission Fees | Current valid pensioner concession card, student card, health care card | Support concession holders | 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 2021

Notes to and forming part of the Financial Report

27. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

| Instalment Options | Date Due | Instalment Plan Admin Charge \$ | Instalment Plan Interest Rate % | Unpaid Rates Interest Rate % |
|---------------------|------------|------------------------------------|------------------------------------|---------------------------------|
| Option One | | | | |
| Single full payment | 28/10/2020 | 0.00 | 0.00% | 5.00% |
| Option Two | | | | |
| First instalment | 28/10/2020 | 0.00 | 2.00% | 5.00% |
| Second instalment | 30/12/2020 | 0.00 | 2.00% | 5.00% |
| Third instalment | 24/02/2021 | 0.00 | 2.00% | 5.00% |
| Fourth instalment | 21/04/2021 | 0.00 | 2.00% | 5.00% |

| | 2021 Actual \$ | 2021 Budget \$ | 2020 Actual \$ |
|-----------------------------|-------------------|-------------------|-------------------|
| Interest on unpaid rates | 12,553 | 20,000 | 33,876 |
| Interest on instalment plan | 34,950 | 45,000 | 105,366 |
| | 47,503 | 65,000 | 139,242 |

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

28. RATE SETTING STATEMENT INFORMATION

| Note | 2020/21 | 2020/21 | 2020/21 | 2019/20 | | |
|--|--|---|----------------------------------|-----------------------------------|---------------------|---------------------|
| | (30 June 2021 Carried Forward) | Budget (30 June 2021 Carried Forward) | (1 July 2020 Brought Forward) | (30 June 2020 Carried Forward) | | |
| | \$ | \$ | \$ | \$ | | |
| (a) Non-cash amounts excluded from operating activities | | | | | | |
| 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> . | | | | | | |
| Adjustments to operating activities | | | | | | |
| | Less: Profit on asset disposals | 11(a) | (957,096) | (892,938) | (218,895) | (218,895) |
| | Less: Movement in liabilities associated with restricted cash | | (1,711,683) | 0 | (688,110) | (688,110) |
| | Movement in pensioner deferred rates (non-current) | | (8,344) | 0 | 18,614 | 18,614 |
| | Movement in employee benefit provisions (non-current) | | (58,131) | 186,123 | (17,737) | (17,737) |
| | Movement of inventory (non-current) | | 1,342,636 | 0 | 286,733 | 286,733 |
| | Add: Loss on disposal of assets | 11(a) | 196,058 | 486,184 | 1,070,348 | 1,070,348 |
| | Add: Depreciation on non-current assets | 11(b) | 17,671,550 | 16,491,701 | 16,439,464 | 16,439,464 |
| | Non cash amounts excluded from operating activities | | 16,474,990 | 16,271,070 | 16,890,417 | 16,890,417 |
| (b) Surplus/(deficit) after imposition of general rates | | | | | | |
| 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. | | | | | | |
| Adjustments to net current assets | | | | | | |
| | Less: Reserves - cash/financial asset backed | 4 | (29,230,099) | (20,531,523) | (29,991,477) | (29,991,477) |
| | Less: Financial assets at amortised cost - self supporting loans | 5(a) | (169,328) | (160,000) | (163,004) | (163,004) |
| | Less: Current assets not expected to be received at end of year | | | | | |
| | - Land held for resale | 7 | (176,057) | (119,355) | (176,057) | (176,057) |
| | Add: Current liabilities not expected to be cleared at end of year | | | | | |
| | - Current portion of borrowings | 17(a) | 219,453 | 180,000 | 210,939 | 210,939 |
| | - Proceeds from financial assets at amortised cost - Term Deposits | 5(b) | 9,200,000 | 0 | 0 | 0 |
| | - Current portion of lease liabilities | | 0 | 22,000 | 0 | 0 |
| | - Employee benefit provisions | | 1,652,420 | 2,792,157 | 1,501,480 | 1,501,480 |
| | Total adjustments to net current assets | | (18,503,611) | (17,816,721) | (28,618,119) | (28,618,119) |
| Net current assets used in the Rate Setting Statement | | | | | | |
| | Total current assets | | 32,020,681 | 26,337,427 | 40,868,558 | 40,868,558 |
| | Less: Total current liabilities | | (9,557,785) | (8,545,356) | (8,322,759) | (8,322,759) |
| | Less: Total adjustments to net current assets | | (18,503,611) | (17,816,721) | (28,618,119) | (28,618,119) |
| | Net current assets used in the Rate Setting Statement | | 3,959,285 | (24,650) | 3,927,680 | 3,927,680 |

29. FINANCIAL RISK MANAGEMENT

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

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

The 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 |
|--|--------------------------------|------------------|---------------------|------------------------|----------------------|
| | % | \$ | \$ | \$ | \$ |
| 2021 | | | | | |
| Cash and cash equivalents | 0.20% | 29,990,480 | 7,000,000 | 22,990,480 | 0 |
| Financial assets at amortised cost - term deposits | 0.41% | 9,200,000 | 9,200,000 | 0 | 0 |
| 2020 | | | | | |
| Cash and cash equivalents | 0.48% | 37,435,254 | 16,700,000 | 20,735,254 | 0 |
| Financial assets at amortised cost - term deposits | 0.00% | 0 | 0 | 0 | 0 |

Sensitivity

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

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

| | 2021 | 2020 |
|--|---------|---------|
| | \$ | \$ |
| | 299,905 | 374,353 |

* Holding all other variables constant

Borrowings

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

29. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. Whilst the Shire was historically able to charge interest on overdue rates and annual charges at higher than market rates, which further encourage 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 2020 or 1 July 2021 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.

The loss allowance as at 30 June 2021 for rates receivable was determined as follows:

| | Current | More than 1 year past due | More than 2 years past due | More than 3 years past due | Total |
|-----------------------|---------|------------------------------|-------------------------------|-------------------------------|---------|
| 30 June 2021 | | | | | |
| Rates receivable | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Gross carrying amount | 52,196 | 14,449 | 8,867 | 163,028 | 238,540 |
| Loss allowance | 0 | 0 | 0 | 0 | 0 |
| 30 June 2020 | | | | | |
| Rates receivable | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Gross carrying amount | 128,080 | 38,222 | 30,475 | 106,723 | 303,500 |
| Loss allowance | 0 | 0 | 0 | 0 | 0 |

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables.

| | Current | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total |
|-----------------------------|---------|-------------------------------|-------------------------------|-------------------------------|-----------|
| 30 June 2021 | | | | | |
| Trade and other receivables | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Gross carrying amount | 694,753 | 67,725 | 2,856 | 4,106 | 769,440 |
| Loss allowance | 0 | 0 | 0 | 0 | 0 |
| 30 June 2020 | | | | | |
| Trade and other receivables | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Gross carrying amount | 522,141 | 158,984 | 57,291 | 419,084 | 1,157,500 |
| Loss allowance | 0 | 0 | 0 | 0 | 0 |

29. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Contract Assets

The Shire's contract assets represent work completed, which have not been invoiced at year end. This is due to the Shire not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The Shire applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Shire has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

29. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 17(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 |
|------------------------------|-------------------------|-------------------------------|-------------------------|------------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| <u>2021</u> | | | | | |
| Payables | 3,756,415 | 0 | 0 | 3,756,415 | 3,812,652 |
| Borrowings | 219,453 | 1,048,462 | 724,372 | 1,992,287 | 1,992,287 |
| Other - Contract liabilities | 1,681,702 | 0 | 0 | 1,681,702 | 2,588,954 |
| Lease liabilities | 22,310 | 17,133 | 5,767 | 45,210 | 45,210 |
| | 5,679,880 | 1,065,595 | 730,139 | 7,475,614 | 8,439,103 |
| <u>2020</u> | | | | | |
| Payables | 4,708,309 | 0 | 0 | 4,708,309 | 4,708,309 |
| Borrowings | 210,939 | 889,487 | 523,098 | 1,623,524 | 2,183,227 |
| Other - Contract liabilities | 760,282 | 0 | 0 | 0 | 760,282 |
| Lease Liabilities | 27,377 | 45,210 | 0 | 72,587 | 72,587 |
| | 5,706,907 | 934,697 | 523,098 | 6,404,420 | 7,724,405 |

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

30. TRUST FUNDS

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

| | 1 July 2020 | Amounts Received | Amounts Paid | 30 June 2021 |
|------------------------------------|-------------|------------------|--------------|--------------|
| | \$ | \$ | \$ | \$ |
| Contributions to Public Open Space | 196,485 | 628 | 0 | 197,113 |
| Other Deposits | 1,124 | 10,929 | (10,929) | 1,124 |
| General Bonds - Interest Bearing | 10,477 | 29,367 | 0 | 39,844 |
| | 208,086 | 40,924 | (10,929) | 238,081 |

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 end of the reporting period.

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

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

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

Shire of Esperance Annual Financial Report

For the year ended 30th June 2021

Notes to and forming part of the Financial Report

33. FINANCIAL RATIOS

| | 2021 Actual | 2020 Actual | 2019 Actual |
|-----------------------------------|----------------|----------------|----------------|
| Current ratio | 1.16 | 1.42 | 1.79 |
| Asset consumption ratio | 0.53 | 0.54 | 0.54 |
| Asset renewal funding ratio | 1.05 | 1.03 | 1.07 |
| Asset sustainability ratio | 1.11 | 0.89 | 0.78 |
| Debt service cover ratio | 44.87 | 41.60 | 65.55 |
| Operating surplus ratio | (0.13) | (0.14) | (0.05) |
| Own source revenue coverage ratio | 0.69 | 0.68 | 0.72 |

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 | $\frac{\text{own source operating revenue}}{\text{operating expense}}$ |



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 Shire of Esperance

To the Councillors of the Shire of Esperance

Report on the audit of the annual financial report

Opinion

I have audited the financial report of the Shire of Esperance (Shire) which comprises:

- the Statement of Financial Position at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

In my opinion the financial report of the Shire of Esperance:

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities section below. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

Auditor's responsibility for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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. 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.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

Report on other legal and regulatory requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
 - a) The Operating Surplus Ratio as reported in Note 34 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial report of the Shire for the year ended 30 June 2020 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2019 and 2020 in Note 34 of the audited annual financial report were included in the audited annual financial report for those years.

Other information

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.


My opinion does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Esperance for the year ended 30 June 2021 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



Grant Robinson
Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
10 November 2021



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

📍 Shire of Esperance
Windich Street
Esperance WA 6450

✉️ PO Box 507

☎️ (08) 9071 0666

📠 (08) 9071 0600

✉️ shire@esperance.wa.gov.au

🌐 www.esperance.wa.gov.au