



Annual Report

2017
2018



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Shire President's Report

It is my pleasure to present the Shire of Esperance's Annual Report for the 2017/2018 financial year. Whilst our achievements have been many, and are to be celebrated, two challenges that have taken up a lot of time, energy and angst, have been the jetty replacement and the proposed new waste facility. 2017/18 has been a tough year for Council, the Shire and the community.

In July 2017, the community was presented with a jetty concept design that aimed to create a landmark replacement structure celebrating the history of the old Tanker Jetty whilst providing a modern recreational jetty for our community and visitors. Listening to the community, it was quickly determined that this concept was not supported. The Heritage Council came to Esperance to discuss this preliminary design, and recommended that the Shire engage a heritage architect to lead the replacement project and redesign the concept plan. In September 2017 we saw a partial collapse of the jetty which was, and continues to be, distressing to see, and at this stage we still have a way to go before we can provide the community with a recreational jetty for everyone to enjoy.

The Strategic Community Plan was endorsed after months of community consultation, and Council has been working on strategies to make sure its goals and community aspirations are achieved. The community expressed a desire to see more Local Government involvement in tourism. We took this on board and are working with local tourism operators, Australia's Golden Outback and Shire staff to determine where we can assist in this area the most. One project completed this year was the new Visitor Centre Website. The new

site highlights everything that makes Esperance unique and showcases our tourism industry to the world. This is the first step in Council's plans to increase our involvement in the local tourism sector, providing support to our operators and identifying ways to improve our service to visitors.

Local Government elections in October 2017 saw three new Town Ward Councillors elected; Shelley Payne, Steve McMullen and Dale Piercey. Cr Basil Parker was returned for the Rural Ward. Council farewellled and thanked outgoing Councillors Kevin Hall and Paul Griffiths for their strong contributions to our community. Cr Beverley Stewart retired from Council after serving for over twenty years in Local Government. This is a magnificent achievement and Beverley is still a strong advocator for the community.

Each year Council has the opportunity to support community groups through the Community Grants Program. This is a great initiative that allows us to be presented with, and subsequently help, many community groups. Whilst we can't fund all the projects we were able to commit over \$190k to the program. This was allocated to arts, sports, and social development groups as well as supporting events in our town and surrounding communities.

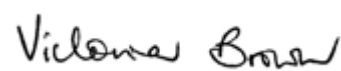
Nearly 200 people attended the Annual Electors' Meeting in January with the jetty and the waste facility taking precedence for discussion. Five motions were raised in total and these were tabled in February 2017 at a Special Council Meeting, attended by just over 100 people. The large number of attendees show a passionate community who are prepared to challenge Council

decisions. This can be positive as long as respect for the process and the opinions of others is maintained.

It has been a mixed bag of ups and downs this year with social media proving to be a real distraction. Posts containing incorrect information and personal attacks on Councillors, staff and other community members when there is disagreement about a Council decision unsettles the community and breeds mistrust. The sad thing is that the huge amount of good that is happening seems to be over shadowed by a negative few professing to speak on behalf of the community. Council is always listening, unfortunately we can't always give everyone the answer they would like. This is why we have elected members to make decisions on behalf of a diverse community.

Have a read of this report and see what a strong financial position our Shire is in and what wonderful things are being achieved in our community.

I would like to thank Councillors for their commitment to the community throughout the year, and in particular Deputy President Natalie Bowman, whose support and steady demeanour is highly valued. I look forward to Council and Shire Officers continuing to work together to approach new challenges and turn these into opportunities for our community, whilst celebrating our achievements in this fantastic place in which we choose to live.



Victoria Brown
Shire President

Chief Executive Officer's Report

It is with great pride that I present to you the Shire of Esperance Annual Report for 2017/18. I would first of all like to take this opportunity to thank the dedicated Shire staff who have shown strength and resilience in what has been an extremely busy and challenging year.

Much of the 2017/18 year seems to have focused on two projects, being the Replacement of Esperance Tanker Jetty and the Kirwan Road Landfill development. Though both have required much attention and effort, they have overshadowed many of the smaller, but not necessarily less significant, achievements of the Shire throughout the year.

In regards to the Jetty, 2017/18 saw a meeting between the Shire Council and Heritage Council of WA to develop a pathway forward in providing the community with a new jetty. From these discussions, the Shire appointed a Heritage Architect to lead a design team. Initial results are very promising, and the aim is to present a new draft concept design to the community for comment as soon as possible. Unfortunately during the year there was two uncontrolled collapses in different sections of the Tanker Jetty, which caused significant alarm and concerns for our community. Public safety was our number one priority when these occurred and I would like to thank all agencies and staff

who responded immediately to remove debris from the water.

On the landfill front, given local concerns, the Shire has undertaken additional tests on the proposed site and advocated for, and received, a full Public Environmental Review from the Environmental Protection Authority (EPA) on the proposal. This will ensure the highest level of environmental protection to neighbouring properties, bushland and catchment areas. In late 2017 the Shire hosted a visit from the Chair of the EPA and continues to maintain an open dialogue with relevant stakeholders. Work will continue, as the EPA develops the scoping document for the Public Environmental Review process, which is likely to commence late 2018 or early 2019.

In addition to these major projects, Council and staff have continued to work for the benefit of the Esperance community. Within this Annual Report, and associated Annual Financial Statements, ratepayers, residents and visitors can see the work being achieved to make Esperance a better place. Planning is already under way to deliver a number of new initiatives, including free wifi for the town centre, smart solar benches along the Esperance Foreshore, a full review of the foreshore sand renourishment program and implementation of the Town Centre parking strategy, to name only a few.

During the year the Shire was able to assist in an number of worthy projects, including the 60th anniversary of St John Ambulance Service in Esperance and the highly successful Edge of the Bay celebration, while providing some \$195k to Local Community groups through the Community Grants Program. The Hon. David Templeman MLA visited the Shire, to formally enter into a Memorandum Of Understanding with the Shire for the protection of the grave of war veteran Tom Starceвич VC, the only VC grave in WA outside the metropolitan area.

As a result of the 2017 October Local Government elections, the Shire Council farewelled retiring Councillors Beverly Stewart, Kevin Hall and Paul Griffiths. We also welcomed three new Councillors, Cr Shelley Payne, Cr Dale Piercey and Cr Steve McMullen, with Cr Basil Parker being re-elected for his second term. Cr Victoria Brown and Cr Natalie Bowman were re-elected as Shire President and Deputy President respectively. In conclusion I would like to thank the entire Council for their dedication and support over the last 12 months and look forward to moving forward and delivering real benefits to our community.



Matthew Scott
Chief Executive Officer

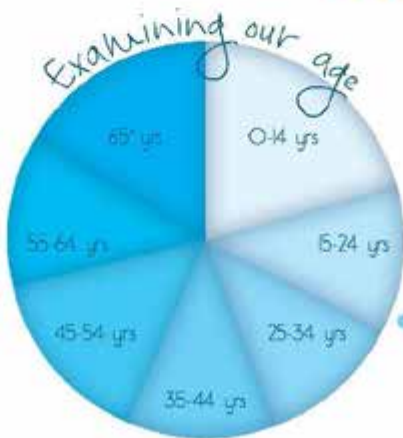
Esperance in Numbers

44,798km²

4,853km of Roads

5,900km² of National Parks & Reserves

12,950km² of Agricultural Land



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

Corporate Mission

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

- Corporate Business Plan 2017/18 - 2020/21

Community Vision

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

- Strategic Community Plan 2017 - 2027

Strategic Community Plan

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

Community Connection

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

Built Environment

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

Natural Environment

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

Growth & Prosperity

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

Community Leadership

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

About this Report

Welcome!

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

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

A priority for this financial year was to continue to enhance our communication, encourage more people to participate in developing solutions and inspire engagement on topics Council are being asked to make decisions on. This was actively pursued during the year with some examples outlined here.

Where to find this report

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

www.esperance.wa.gov.au

Email: shire@esperance.wa.gov.au

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

Highlights

Minimising our waste to landfill was a hot topic this year with work on the Community Waste Strategy involving a number of individuals and groups advocating the avoid, reuse and repurpose message. A Waste Forum was held at the Civic Centre to discuss the draft Strategy, the priorities for Esperance and what we can do as individuals. Additionally a Council Corner was held at the markets to promote Esperance's Waste Revolution objectives while sharing information on how we can all make a difference.

Two workshops were held during the year to discuss events and the concept of an Iconic Event. These workshops included Councillors, staff, delegates from local representative bodies, groups and individuals who are involved in the delivery of events. Agreed objectives were to look for events that could be held outside of Esperance's peak tourism season, have a broad reach to attract visitors and involve multiple stakeholders to support and grow the event over a three to five year timeframe.

Council made a commitment to develop and support a Youth Advisory Council to enable the younger members of our community to have a voice. The Youth Advisory Council (YAC) was established in August

and has attracted passionate proactive youths aged between 12-25 years. The purpose of the committee is to represent the interests and views of young people and provide the opportunity to build positive connections with each other and the wider community.

Esperance tourism has continued to increase over the last few years and a more coordinated approach is now being demanded by the local tourism industry. Several workshops were held discussing strategies from improving overall tourism services, targeted marketing programs and capitalising on the increased awareness of what Esperance has to offer. Local photographers and businesses have utilised social media channels to showcase images of Esperance that has seen our tourism numbers buck the WA trend.

US Consul General Rachel Cooke visited Esperance in March and was keen to visit the Esperance Museum. Consul General Cooke was interested in the Skylab Exhibit and the newly opened New Era in Agriculture display. Both have direct links with the United States and highlight the importance of building international ties that can create economic benefits for all involved.

July



NAIDOC Week
French Weekend

First Jetty
Design is
released

2017

August



Youth Advisory Council
Announced

WAFI game held in
Esperance

September



Partial collapse of the
jetty

One & All Program
Success

October



Strategic Community
Plan endorsed

Council Election

November



Pedestrian crossings
arrive in Esperance

EPA calls for submissions
proposed landfill site

December



Library eSmart Prize

Success for Edge of the
Bay

Community Christmas
Pageant

2018

Annual Electors Meeting



January

New Era Display at Museum

Volunteer Employer Recognition Award



February

US Consul General Visit

Visitor Centre Website Live

Community Waste Strategy



March

Youth week in Esperance

Open Day at the Bay of Isles Leisure Centre



April

Jetty Architects meet with Council

Judging for Banners in the Terrace Competition

Volunteer Week



May

Dempster Head Management Plan

Pump Tests at Kirwan Rd Site

Community Grants Allocated



June

Community Connection

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

Playground Upgrades

Parks and Reserves staff actively consulted with local residents seeking input on the most suitable play equipment for the upgrades at Eagle Court and Victoria Street Parks. Two meetings were held where residents in the catchment area were asked to provide information and preferences for the children most likely to be using the playgrounds. This allowed the Parks and Reserves staff to design an area that will be the most suited to surrounding residents.

Consultation with the Adventureland Park Management Committee and residents in the catchment zone was undertaken during the year to source feedback on the Ralph Bower Adventureland Park Implementation Plan. The information provided was presented to Council to assist in the allocation of funds and identification of the priority equipment. The Management Committee are seeking additional funding from alternative sources to assist with the development of the Park so the project can commence next year.

Disability Access & Inclusion Plan

The Disability Access and Inclusion Plan (DAIP) is currently being reviewed and updated to ensure it continues to highlight improvements that can be made to our infrastructure and services. The DAIP review requires significant input from the people impacted the most. Stakeholder meetings are planned with groups of all ages and abilities to determine the most appropriate solutions for our community. In the meantime, our existing DAIP has continued to guide and assist the Shire when considering projects such as the Cemetery Carpark upgrades, the installation of pedestrian crossings in the town centre and with planning of community events such as Edge of the Bay and the Christmas Pageant.

During the year planning was undertaken to upgrade the network of footpaths through Adventureland Park to enable people with disabilities, the elderly, and those with infants/young children to be able to move throughout the reserve on a sealed surface (asphalt). Planning was also undertaken to install a 30 meter double cableway (flying fox) that will include one seat for people with disabilities. Construction will be completed in 2018/19 financial year.

New toilet blocks have been installed at the Munglingup and Quagi coastal campgrounds, and Lake Monjingup. These new toilet blocks are access and mobility compliant and provide a level of service that supports people with limited movement and families with younger children who need additional space.



Evolving Library Services

The Library continues to offer a range of resources and services for all age groups in the Esperance community through a mix of traditional and technological approaches.

The Library offers a Housebound Service which operates fortnightly, delivering resources to people unable to visit the Library personally but who still want reading, audio and visual resources to enhance their daily lives.

Helping seniors to cope with the ever-increasing complexities of technology that greatly affects daily living has been an expanding service over the last few

years. Staff offer 45 minute Tech Help sessions which are very popular. Impromptu help is also available to community members accessing services like faxing, scanning, copying, computers and free wifi.

Robots and coding activities are a new addition to the Library's technology resources as a result of the Library winning a Telstra prize for participating in regular E-Smart activities in 2017.

The Library was awarded eSmart status early in 2018 and is gaining a well-earned reputation for being the place to go for community tech help.

Early literacy initiatives continue to be a strong focal point for library services. Storytime sessions occur twice weekly for young children plus

a range of activities at other times for youth and families. The 'Better Beginnings' resources program continues to be offered to all primary schools in the shire with a 100% take-up. Library staff also visit schools on a regular basis to promote literacy programs and curriculum based initiatives that help teachers planning visits to both the Library and the Museum.

The Library offers a wide range of arts and culture activities for all ages. In addition to participating for the fourth time in the 'Travelling Sketchbook' project, local youth were also invited to join in the 'Write your own Storybook' project and a Youth Games Night.



56

Housebound Customers

Early Literacy Activities

1,196

Attendees

Tech Help Sessions

186

Booked

Quick Facts

27



Most borrowed book

Community Connection

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

Esperance Home Care

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

Over recent years the aged care sector has been in a constant state of change – 2017/18 was no exception. Clients over the age of 65 who previously received services funded by the Home and Community Care (HACC) program were transitioned

to the Commonwealth Home Support Program (CHSP) from 1 July 2018. This has resulted in no change to clients services however it involved many system and administrative changes. Service Coordinators managed the preparations efficiently with staff and clients ready for the new financial year.

Clients under the age of 65 will remain on the State Government HACC program until they transition to the National Disabilities Service Commission (NDIS). Esperance Home Care is in the process of applying to become an NDIS Service Provider.

Clients have enjoyed many wonderful social events throughout the year including a respite trip to Albany, a visit to Hopetoun, a day trip to Woody Island and a monthly long lunch in the Home Care Centre. Each day there is a choice of different activities to participate in that ensure clients can feel connected and involved in social activities.

A new vegetable garden was created at Home Care with thanks to donations from Bunnings. The garden beds are tended by the clients and the vegetables are used in the meals on wheels kitchen and taken home by clients.

350

Clients Assisted



8,470

Meals Prepared



58,828

Hrs of Service

454

Excursions



Connecting our community to achieve a healthy, inclusive, active and safe place to live

Food Safety

Food safety education was provided by Environmental Health staff during food safety week, the festive season and during targeted food monitoring programs. Changes to the country of origin food labelling was introduced by the State government and local officers actively promoted these changes within the industry, providing assistance where possible.

Education

During the year we presented to school groups on a variety of Shire services from waste education through to Ranger activities and community tree planting programs. We had multiple schools tour Shire facilities, highlighting areas our younger members in the community find interesting.

The enthusiasm and questions from our volunteer school students in Esperance during dune rehabilitation works was fantastic to see as we look towards this generation being future champions of the environment.

Fight the bite

Shire health officers continued to promote the Fight the Bite program encouraging people to be aware of and how to reduce the risk of mosquito bites and potential blood-borne infections.

Health Services attended many events explaining the mosquito management program in place, displaying education material and providing free funded insect repellent. Successful funding also assisted with 50% of the cost of some equipment and Fight the Bite promotional material. This included educating the community on the precautions that can reduce personal risk and the simple steps around the home to remove or modify breeding sites.



Community Connection



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

WAFL Success

In July the West Australian Football League visited Esperance for Round 17 of the season. A clash of big cats ensued with the Subiaco Lions prevailing over the Claremont Tigers by 40 points. The day concluded with a women's exhibition game being played between Esperance and Kalgoorlie.

A variety of groups chipped in to see the event come to fruition. The provision of change rooms, movement of game fixtures and lending of facilities to name a few. Hosting the game also meant additional work for the Shire Reserves Team, including preparing the oval, supplying extra rubbish bins and repairing the boundary fence.

Over 2,000 people attended the game and it was a great example of how the Esperance Sporting Network and the Community can work together to get a great result for our town.

Funding Support

Council supported applications for grants through the Community Sporting and Recreation Facilities Fund (CSRFF) from the Esperance Bowling Club and Newtown Condingup Football Club.

The Department of Sport and Recreation through the CSRFF provides assistance to community groups and Local Governments to develop infrastructure for sport and recreation. Local Government prioritises projects prior to them being assessed. Both applicants were successful, with both projects providing a higher level of service to the recreation groups and their members.

One & All

The One and All Program is held during most school holidays for one or two weeks. The aim of the program is to provide fun activities that are a great way to try something new and the perfect opportunity for people of all ages and abilities to be involved. The activities are free and supported by ESCARE and BOICO with the assistance of local interest groups who volunteer their time to share their skills with the community.



20 Activities



907
Participants



Community Connection

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

Edge of the Bay

Edge of the Bay 2017 was held on the 2 and 3 December. The event included a King of Concrete skate competition held at the skate park and the Illuminate Music Festival at the Soundshell. In addition to these two drawcards, there was a Roadwise Yoga and breakfast session, community markets and the lighting of the town Christmas tree.

In total there were 52 competitors in King of Concrete with around 500 spectators throughout the day. Jedd McKenzie took out the open category, followed by Zac Callaghan and Sonny Cooke. Isi Campbell won the women's category followed by locals Ruby Gordon and

Harper Brett. Zeik Cooke won the 16 and under, with local Reese Haslam coming in second and Jayden Lawrence coming in third. Isi Campbell also took out the Under 12s, followed by locals Axle Brett and Hamish Haslam.

The Soundshell was sounding superb with the Illuminate Music Festival attracting around 300 listeners. The audience were able to relax on the grass and enjoy hearing some talented local and travelling musicians.

The Edge of the Bay is a local event that receives fantastic support from all areas of our community, from sponsors through to volunteers, with multiple opportunities for community groups to fundraise.

Esperance BBQ Challenge

The inaugural Esperance BBQ Challenge was held during the Esperance Agricultural Show in 2017. Three entrants smoked pork, pork ribs, beef brisket and chicken creating an amazing aroma around the sporting grounds. Congratulations to Shaw Thing who were our overall winners in the first ever Esperance BBQ challenge. The Shire supported this event to encourage a new participative activity at the Show that would attract some interest of the show goers, while the number of entrants was low, the food was superb and greatly enjoyed by all.



Activating Esperance

There are many ways to bring vibrancy and activation to a location or event. Esperance is fortunate to have so many positive and community minded people who actively get involved in coordinating events that benefit locals, visitors and at times are a great way to promote Esperance to tourism markets. Some examples of permits that were issued this year included a photo shoot for Seafolly, who shot their summer collection in Esperance. Three busking permits were issued with two being held at the Skate Park. Kyza Presents organised the buskers which included DJ's and musicians to entertain the locals and promote their amazing talents.

Esperance Care Services obtained a permit to trial Friday evening BBQ's at the Skate Park. This was to encourage youths to come along who may not be able to make it out to the ECS complex on Woods St. Esperance Care Services provide an essential service to our town with the aim of seeking to relieve hardship, suffering and poverty. Taking their service out to the

community while providing a meal is a positive way to reach people in need.

A new fee structure was introduced for events to classify events using criteria determining the complexity and potential impact on other groups. There are 5 classifications. Class 1 being the most complex with the largest impact on the space being used, minimising opportunities for other user groups who use this space. This would include large events like the New Years Eve Fireworks, Australia Day, Kids Fun Day Out etc. Classification 5 is for use of parks and reserves (including Post Office Square and excluding Soundshell, GSG and sporting ovals) where groups will have minimal impact on other users.

Similar classifications were introduced for commercial activities in thoroughfares and trading in thoroughfares and public places. This provides a fee structure that is more appropriate for the different types of events and encourages smaller events to be organised without being concerned about fees.



49

Use of Local Government Property Permits



14

Event Approvals

Community Connection

French Connections

The Shire of Esperance and the Esperance Twin Towns Committee celebrated Bastille Day, France's national holiday with a weekend of festivities. Events included a French Film night, Sunday markets with a French Flair and the annual Tour de Esperance hosted by the Esperance Cycling Club. Esperance's French connections date back to 1792 when French explorers made the first European landing on

our beaches while sheltering from a storm. The French are credited with naming the town after the ship, L'Espérance, which is French for 'hope'.

The Twin Towns Committee supported a successful exchange program with two Esperance students selected to attend Esperance's sister region Il de Re, and approval was given by Council for a delegation to represent Esperance at the 30th Anniversary celebrations of the relationship.

Talking History

The museum was the centre of a visit by eminent British historian Guy de la Bedoyere in February. Guy has featured widely on 'Time Team', a British archaeology series very popular in Australia. He was the guest presenter for a 'Children's Night at the Museum' involving children in an archaeological dig and other related activities inside and outside of the Museum. He then presented a fascinating talk the following night for an adult 'Night at the Museum' event. The museum is developing a program of 'Night at the Museum' and 'Talking History' events for the future.

The Esperance Bay Historical Society launched their 'New Era in Agriculture' museum display and the United States Consul-General made her biennial visit in March to view the new display with Esperance's link to the States mentioned throughout.



C5 Encourage and support volunteers and community groups

Community Grants Program

The Community Grants Program is the Shire's principal community investment program. The purpose of the program is to develop and actively support community organisations and individuals who positively contribute to community wellbeing and the cultural life of the region. The program is a positive way for Council to support dynamic projects, programs and activities; encouraging collaboration through engagement and participation in the community; facilitating stronger, more sustainable and resilient communities; and supporting the maintenance and upgrade of community facilities.

An information session was held this year to explain the different grant categories and provide additional information for potential applicants. All members of the public were invited and the session was well attended with 15 community groups being represented on the night.

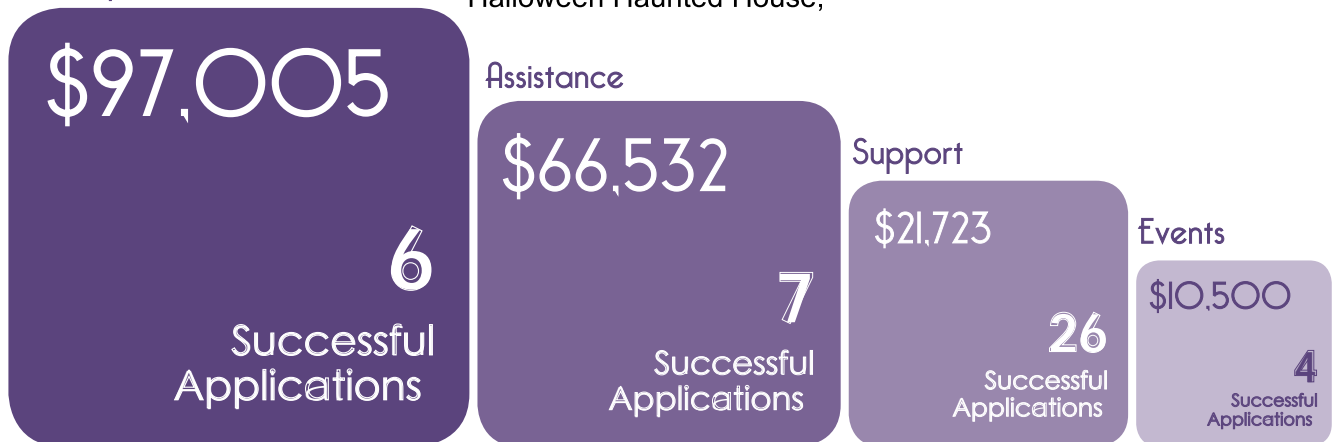
Esperance Community Arts received \$43,296 as part an ongoing agreement between the Shire and ECA to supplement the funding received from higher levels of government.

The budget allocation of \$20,000 for the support category was exceeded due to the number of positive community events and activities applied for during the year. Some great examples of programs supported this year include the Esperance Theatre Guild hosting a Halloween Haunted House;

Esperance Community Arts Nyungar Yarning and Healing Dolls exhibition; Ruby Benjamin Animal Foundations Pet Sterilisation Program; St John ambulance's 60 year anniversary; and the Esperance Senior High School's Tournament of the Minds team.

Projects funded via the Community Grants Program this year include Training gear for Esperance Volunteer Fire and Rescue; assistance with program costs for Esperance Community Arts; purchase of machinery and assistance with operation costs for Esperance Care Services; contributions towards upgrades at the Newtown Condingup and Ports Football Clubs; assisting in the costs of running events for the Condingup Fair, Kids Fun Day Out and the Grass Patch Community Development Association.

Development



\$195,760 of funding distributed

Community Connection

Esperance Volunteer Resource Centre

The Esperance Volunteer Resource Centre (the Centre) has a vital role in the community in building robust relationships that support volunteering and form partnerships in our community.

The Centre assisted 177 people who were looking to volunteer in Esperance and undertook 157 face to face interviews in order to match volunteers to suitable roles. In our volunteer support services area over 50 organisations were assisted in their pursuit to have a strong volunteer program, and individuals from Not For Profit Groups were assisted. Six training opportunities were provided throughout the year with 85 attendees. Training topics included, Duties and Responsibilities of a NFP Board; Social Media training; Grant Writing; Supporting Volunteers for Success; Creating and Maintaining Professional Boundaries.

The Volunteer Centre loans equipment to community organisations on a regular basis assisting in their community activities and displays.

It is important to recognise all community volunteers and the Centre organised

celebratory community events to thank volunteers in National Volunteer Week and on Thank a Volunteer Day. This year a beautiful breakfast in the gardens of the Museum was held which attracted 120 volunteers representing over 50 organisations. A morning tea at the Library and a sundowner at the Emergency Services co-location facility saw 102 volunteers attend representing over 46 organisations.

Staff are involved in a number of diverse tasks ranging from chairing meetings to putting organisations in contact with their perfect volunteer. The Centre is heavily involved in the Local Emergency Management Committee, Kids Fun Day Out and Esperance

Districts Recreation Association committees during the year, and have been working with the Anchor group and Emergency Services Day committees to progress upcoming activities.



177

Volunteers Assisted

50

Organisations Assisted



6

Training Sessions

Attendees

85



Our Volunteers

The Shire could not provide the services offered without the help of wonderful dedicated volunteers.

Esperance Home Care (EHC) have volunteers who help in the kitchen, deliver meals on wheels, assist with activities, take clients to appointments, and many other roles. EHC also runs the Community Visitors Program. This is an initiative of the Commonwealth Government that provides funding for the coordination of volunteers to visit Nursing Home residents as well as EHC Package Care clients in their homes.

The Library also has a strong volunteer team doing a variety of routine tasks that enable staff to use their skills to provide a higher level of service to the community.

The Esperance Library Friends (ELF) deal with all donated and discarded items and raised over \$8000 in 17/18 through regular Book Sale initiatives. This allows library staff to purchase additional resources.

The Museum currently has the help of 42 volunteers, who have benefited this year from having the Cultural Officer based at the museum for three and a half days a week.

The Cultural Officer supports the volunteers and carries out a range of administrative tasks that allows the volunteers to concentrate on museum tasks that best suit their skills and capabilities. Renovations to a number of workroom areas have resulted in an improved working environment for volunteers and created office space for the Family History Society to relocate from the Library to the Museum.

Monthly 'Cuppa and Chat' sessions are proving popular with volunteers and other museum stakeholders. These sessions provide two-way communication opportunities and exchanging of ideas for museum improvement.

The Esperance Civic Centre relies on volunteers to ensure each show runs smoothly and patrons enjoy themselves. Volunteers man the box office before shows, serve as ushers and provide refreshments through a bar service. During 2017/18, the Civic Centre had 20 regular volunteers who provided approximately 500 hours of labour.



Thank
You!

Community Connection

C6 Increase participation and engagement of youth in the community

Youth Advisory Committee

Council made a commitment to develop and support a Youth Advisory Council to enable the younger members of our community to have a voice. During consultation for the Strategic Community Plan, this was highlighted as an important step in improving and supporting programs for young people

in Esperance. The Youth Advisory Council (YAC) is for passionate proactive youths aged between 12-25 years. The committee represents the interests and views of young people and provides the opportunity to build positive connections with each other and the wider community.

YAC organised a successful Amazing Race event in partnership with Escare Inc. Youth Service and the Shire.

The event was fully prescribed with 12 teams of four setting off to be the first team to complete the inaugural amazing race in Esperance. Teams had to solve clues and complete challenges from scoring a hole in one, to an egg and spoon race, from blindly racing around a track in a wheel chair to dancing and slip and sliding. It was a fun filled day for all involved which ended with a bite to eat listening to live music.



C7 Develop and maintain a safe environment for the community

Defibrillators

Two new potentially life-saving Heartstart defibrillators were installed in the Esperance town centre for use in emergencies, bringing the total number of publicly-accessible defibrillators in Esperance to 47. The defibrillators were installed by the Shire of Esperance and donated by Southern Ports. The defibrillators, which are stored in hard cases, are located outside the Esperance Visitor Centre in the Museum Park Period Village and the Esperance Police Station, in Dempster Street. Both are registered with the St John Community First Response Program.

Rangers

Firebreaks are essential in keeping people and property safe. Local Government Rangers are charged with inspecting firebreaks to ensure that vacant lots and properties most at risk are maintained in a safe manner by reducing fuel loads. Rangers inspected 647 firebreaks and found 385 non-compliant blocks.

Rangers undertake several public education activities every year. Topics covered include how to look after your pets, what happens at the pound, why animals are picked up and why we should

register them. Presentations to Probus and Esperance Primary School were achieved this year.

Old Dog, New Tricks

Jax was a known escape artist and had been impounded a few times over several years until he was eventually left at the pound. He was sent off to a rescue organisation for fostering where his transformation, both physically and behaviourally, has defied the odds. Jax became a favourite and is now the poster dog for advertising campaigns and lives with one of the organisers. What makes this story so incredibly unique is that Jax is 17 years old...



Roadwise Committee

The Esperance Roadwise Committee holds a variety of workshops during the year with road safety as the core theme, these included:

- Keys for Life Parent Workshop
- Bike Week
- iScoot Information Sessions
- Child Car Restraint Fittings

As a part of the 2017 Edge of the Bay event the Committee held a Community Yoga session and followed with a free breakfast. The yoga promoted the Slow down, Enjoy the Ride message and was well attended with approximately 30 people, enjoying a stretch.

Each year, in the lead up to Easter, Roadwise holds a Blessing of the Roads to promote road safety. The event was held at the Jetty Headland this year and was attended by Police, Emergency Service Volunteers, Shire Councillors and the Community.

Community Connection

Community Emergency Services

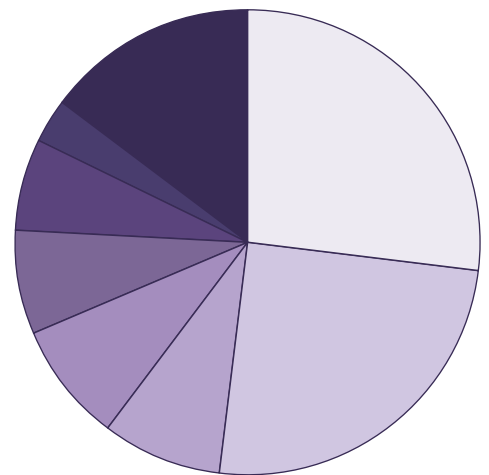
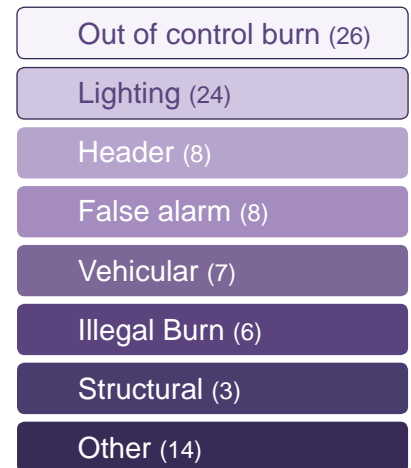
In December the Shire of Esperance, Department of Fire and Emergency Services and the Pink Lake Bush Fire Brigade held a Community Bushfire Preparedness Street Meet. Over 30 Pink Lake residents attended this community get-together to find out more about how best to prepare their properties against the threat of bushfire. The feedback from this informal meeting was extremely positive and the intention is to expand the program and undertake more similar style events prior to the commencement of the next fire season. The meetings would generally be held in the more at risk bush fire prone areas, concentrating firstly on those properties with small acreage.

Shire of Esperance Bush Fire Brigades responded to 96

incidents throughout the year. The most significant being the Burminya Fire. This fire was caused by a lightning strike in Unallocated Crown Land and became a prolonged incident, running for several weeks over the Christmas period. This incident highlighted the commitment of our volunteers, paid staff and contractors, who spent Christmas and Boxing Day on the fire ground, protecting our community.

The Office of Bushfire Risk Management (OBRM) initiated a review of the local government 'Permit to Burn'. Through the Stakeholder consultation a new Permit to Burn was introduced. The new format improves the coordination, oversight and consistency of planned fire activities while increasing the understanding of roles and responsibilities in relation to permits with a view to reduce the potential for planned burns to escape and cause significant damage.

96 Reported Incidents



Mosquito Monitoring

While mosquitoes might be a pest and some species have the potential to carry bloodborne diseases, mosquitoes are a vital component of the local ecosystem. They require a careful approach to minimise the impact on the environment while reducing the risk to the community.

Environmental Health Services completed its second year of the Esperance Mosquito Management program. The program includes monitoring activity of adult mosquitoes and their larvae, treating areas and informing the public according to the public health risk while encouraging a preventive approach and promoting the Fight the Bite message.

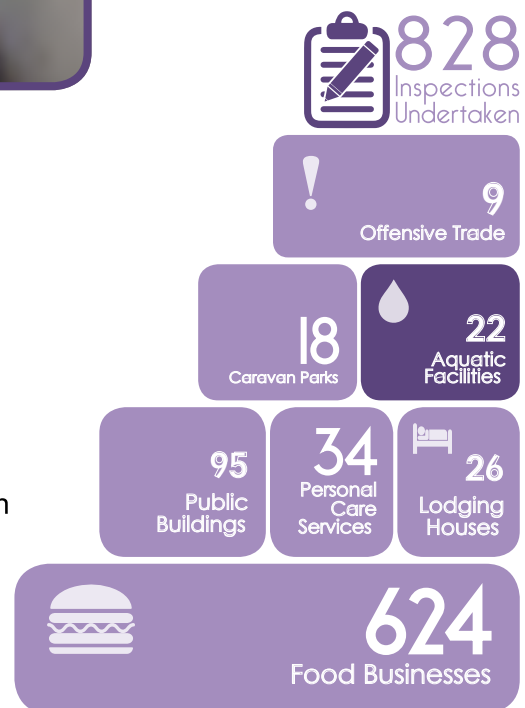
Mosquito activity is very weather dependent. This past monitoring season (October to March) was influenced by the relatively dry and warmer weather, characterised by lower numbers of mosquitoes and below average reported cases of mosquito bloodborne infection for Esperance.



- Ensure the implementation of food safety and environmental health standards of local businesses;
- Investigate community health amenity issues related to public health nuisances;
- Ensure recycled water and swimming pool waters of aquatic facilities meet standards; and,
- Continue to operate the annual mosquito surveillance and management program.

Environmental Health

Environmental Health Services implement and maintain public, environmental health and environmental related services, programs and projects in accordance with community expectations and statutory requirements. The main four key priorities this year were:



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

Indoor Sports Stadium Upgrade

Successful funding applications have seen the planning of the Indoor Sports Stadium Upgrade undertaken. This Project is for the construction of a new indoor sports stadium in Esperance to meet National and State competition standards and provide expanded and improved facilities for sporting activities, sports administration, temporary camping overflow and regional events. The new indoor sports stadium will also be used for major non-sporting events in Esperance including the annual Agricultural show.

The new stadium will deliver:

- Three indoor courts suitable for state level competition;
- Kiosk and kitchen facilities;
- Match day facilities;
- Change-rooms (that cater for the future four courts and additional overflow camping);
- Storage space for user's equipment;
- New car parking spaces.
- Re-clad the Noel White Pavilion Roof including insulation; and
- Club / function rooms

Bay of Isles Leisure Centre

The Leisure Centre saw an extra 15,000 patrons this year, with a total of 91,780 people walking through the door.

An upgrade was completed during the year on one of the fitness class studios making it a far more suitable space for participants to attend a Health and Fitness class. The crèche was also brightened up with new paint, adding a colourful addition to the room. Additionally an outside area was built for the youngest patrons of the Centre, this included shade sails in the outdoor area.

Challenges were experienced with the condensing boilers which were having operational issues causing temperature fluctuations. A faulty flame rod was originally identified as causing the problem, however this was only a symptom and the boilers catastrophically failed in February. As a result, the BOILC had to close the aquatic area due to the lower than acceptable temperature of the water. These closures effected swim school, booked birthday parties and members. Replacement boilers were sourced and fortunately the temporary closure was limited to two weeks.

The BOILC created a pool operator traineeship to assist with the shortage of pool operators available within the aquatic industry and to formalise the training that has occurred at the BOILC in the past. This position has helped maintain qualified staff within the aquatic area this year. The pool operator trainee was nominated for the Esperance Business Excellence Awards in the apprentice and trainee of the year section and was the proud recipient of the award.

A number of promotions were held through the year with Open aquatic days, the Archipelago Challenge, BOGA Fit mat classes and internal promotions. The inflatable increases patronage over the school holidays in the aquatic area which sees an increase in sales at the kiosk while providing a fun environments for the kids.



91,780

People used the centre

Airport

The Esperance Airport is a vital transport hub for locals and visitors into and out of Esperance. The Airport lounge, runway and leased facilities are all critical to the comfort and experience of travellers and must be maintained at the highest levels. Runway and apron markings were repainted during the year as part of an ongoing maintenance program. Just over 50,000 passengers were transported between Esperance and Perth this year, an increase of 1,000 people to the previous year.

In conjunction with DFES, and with input from the water bomber pilots, a dedicated apron has been constructed at the Esperance Airport to enable safe and efficient

operation of water bomber aircraft during emergencies. The new apron has its own tank based water supply and will greatly reduce potential conflict between water bomber aircraft and other aircraft operating at times of an emergency.

Pedestrian Crossings

Pedestrian crossings were introduced into the Esperance town centre in November with seven wombat crossings being installed. The need for the crossings was identified through the Esperance Town Centre Parking, Traffic and Pedestrian Strategy where safety concerns were raised regarding the priority for vehicles over pedestrians and improvements for pedestrian

access were identified. Enhancing the town centre and improving access for locals and visitors to stroll, or ride, through town is a positive step in achieving the goals identified by the community. An eighth crossing was installed later in the year linking the Esperance Public Library to the Esperance Boulevard Shopping Centre.



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

Guiding Policies

Council endorsed four policies developed to support the Activities in Thoroughfares and Public Places and Trading Local Law. The policies are tailored to assist in facilitating the assessment and approval of permits, maintain amenity,

usability and public safety in public places. They will ensure equitable treatment to all applicants while promoting the vibrancy of public places to encourage economic development in the Shire of Esperance. The new Local Law broadened the type of activity which can occur in

a thoroughfare and public place, these policies provide guidance on what is required while protecting our public places that are highly valued environmental, cultural and social assets.

Jetty

The Esperance Tanker Jetty has remained closed to the public this year as the Shire continues to work towards providing a recreational jetty for the community. In the early parts of the year a Draft Design was submitted to the Heritage Council along with an Interpretation Plan for input. The Heritage Council indicated that they were not satisfied with the proposed design and headed to Esperance for a meeting with Shire Councillors and representatives from Department of Planning, Lands and Heritage.

The meeting discussed topics ranging from the removal of the superstructure and the concept design, to the principles and practices required to identify and recognise the cultural heritage of the Tanker Jetty.

The Heritage Council stated during the meeting they would support either of two options;

- Option one is reconstruction of the existing structure based on the 1935 design, potentially using old and new material. If this is not feasible then;

- Option two is replacement using a more contemporary design driven by heritage values constructed with new and recycled materials. For example, built to today's current engineering standards, the piles could be 9m apart rather than the 4.2m currently in place.

After calling for quotes Council determined option one was not prudent or feasible.

The Heritage Council recommended that the replacement design be led by a heritage architect and engineer to ensure the replacement reflects the values outlined in the statement of significance.

In March the tender for the Esperance Tanker Jetty Replacement Detailed Design Development was awarded. There were 56 Tender registrations resulting in 8 submissions, and the contract being awarded to H+H Architects. Director Julie de Jong met with Council and the Jetty Replacement Working Group to discuss the objectives of the project and the design approach that H+H would be undertaking. The Draft Concept Design will be made available to the

community for comment to determine the level of support and potential design changes.

There were two uncontrolled collapses on the Esperance Tanker Jetty. Shire staff worked with Southern Ports and the Department of Transport quickly to remove all debris from the water and warn the public of the potential safety risks while this was occurring.



Design is always a compromise. A new jetty can reinterpret the heritage values of the old while satisfying the needs of generations to come.

Julie de Jong
Director, H+H Architects

Maintaining, upgrading and planning for present and future infrastructure to service the community

B3 Deliver a diverse, efficient and safe transport system

Road Network

Roads are the Shire's biggest asset and it is vital to our agricultural and tourism industries that they are maintained for the safety of all road users. The Shire has over 4,500kms of road, with maintenance programs determined each year by a Road Hierarchy. Regular assessments and reports from residents assist in keeping our roads open and to an acceptable standard. This year our largest individual spend on a road was \$2m for re-sheeting approximately 30kms of Parmango Road. Parmango Road is an integral road for farmers in the Beaumont area, accesses a gypsum pit and is an alternative path for travellers to take when heading east through its connection with the Balladonia track.

251km

Road Resealed or Resheeted

19.27km

Road Constructed

Ground Penetrating Radar

In the Shire of Esperance we have over 3,500km of unsealed roads in our road network. Determining the thickness of the road surface is an important consideration for construction quality assurance of new pavements and structural capacity of existing pavements. This information is essential for road management in order to maintain the safety, serviceability, and durability of the Shire's road networks.

The pavement condition of unsealed roads depends upon the available pavement thicknesses. Traditionally, in order to evaluate the thickness, drilled cores were used to obtain pavement samples to perform laboratory testing. This then determines the thickness of different layers and examines the conditions which cause pavement deterioration. Conventional methods of core sampling are expensive and time-consuming since they are labour intensive and require road closures,

which affects the safety of workers and the traveling public. Considering the scale of Shire road network, there was a requirement for a non-destructive, economical and reliable method to assess the condition and Ground Penetration Radar was deemed to be the best solution.

Ground Penetration Radar (GPR) is a non-destructive method used for high-resolution images of subsurface conditions. GPR works similarly to a fish finder or sonar on a boat. The difference is that the GPR uses electromagnetic pulses instead of sound. The system receives different signals from different layers of road pavements with the density changes of its material, which are displayed as continuous profiles on a monitor as a radargram. After processing the radargram data, the layer thickness is identified for each road section and interpreted in a useful format such as geographic information system (GIS) enabling an informed management approach.

Built Environment

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

Accessible Travel Options

Esperance is serviced daily from Perth by bus, through Transwa and by air, through Regional Express Airlines (REX) with three flights per week day. The Shire regularly meets with the Department of Transport, the Community Consultation Group and REX representatives discussing service levels (both supply and demand) and expectations. REX continued to support the Community Fare negotiated

with the Shire. The fare of \$128 is claimable if booking more than 60 days ahead or within 24 hours (should seats still be available). This fare has proven to be popular with more residents booking ahead to acquire the cheaper flights. The Shire is committed to continually reviewing the structure of airfares to minimise costs to the community. Affordable air

travel benefits our community and our tourism industry.

Transwa also offer a public transport service from Esperance to Kalgoorlie three days a week and Esperance to Albany one day a week. These are essential services for Esperance residents and a strong access route for visitors to make their way to our beautiful town.

50,620 Passengers travelled by air



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

Public Space

The Parks and Environment team had a productive year with a number of key projects delivered that will have a positive impact on the community, including:

- Playground upgrades at Victoria Street and Eagle Court Parks
- Rebuilding of the Environment Centre at Lake Monjingup
- Updating the Dempster Head Management Plan
- Upgrading the Quagi Beach campground
- Commissioning the new Eastern Suburbs Water Supply pump station

- Rehabilitating the Castletown Quays dunes and formalising beach access points

Asset Planing

The Shire continues to monitor and assess all assets and improve data available for future asset management planning. A new computerised maintenance management system, MEX, has been purchased and implemented. This system currently covers mobile plant and vehicles and will be extended to include fixed plant maintenance. The system provides a framework for recording all plant asset register information, maintenance undertaken,

expected service time frames, and allows staff to monitor the maintenance performance and the plant availability. A workshop restructure has seen the workshop employ two full time mechanics responsible for planned and reactive maintenance.

In addition to the new Ground Penetrating Radar the Shire has an ARRB Roughness meter that can survey the roughness condition of sealed roads. This type of equipment provides conditional data that assists in identifying sections of roads requiring maintenance and supports the valuation of roads which in turn gives the best representation to the Shire on the value of its largest asset.

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

New Scheme

Local Planning Scheme 24 was gazetted in August 2017, finalising a process which commenced in December 2015. Local Planning Schemes are essential for making sure our community has appropriate planning controls for land use including catering for future development in Esperance for both private and commercial use. The new Scheme was developed by local staff, who have the skills and expertise to complete a comprehensive scheme that will ensure Esperance continues to have suitable land for housing, commercial activities, community facilities, recreation and open space.

The new Scheme was prepared to accommodate changes to State regulation and the opportunity was taken to incorporate a wider range of development potential whilst ensuring environmental constraints were taken into account.

Specific improvements that were incorporated into the Scheme were:

- Inclusion of 19 additional uses that reflected existing and proposed land uses;
- Inclusion of new permitted development to reduce 'red tape' where possible.
- Increased density bonus for residential lots.
- Refined the potable water supply standards for development not connected to reticulated water.

- Expanding SCA5 to cover the Lake Gore catchment (Lake Gore is a RAMSAR wetland).
- Inclusion of SCA10 over the unallocated crown land in the north of the Shire.
- Scheme map improved through use of GIS to more accurately reflect the status of land.

The speed by which the Scheme was prepared allows it to be very responsive to local development pressures. In addition this has resulted in a contemporary scheme meeting the requirements of the Planning and Development (Local Planning Scheme) Regulations 2015 that is becoming an example for other local governments as they start to review their local Schemes.



Natural Environment

N1 Develop community awareness of environmental opportunities, challenges and impacts

Education Opportunities

Community awareness and education surrounding our natural environment encourages behavioural change. Shire Environmental, Waste and Health staff all pursue opportunities to engage with the community to see increased awareness of how our individual activities can improve and protect our natural surroundings.

Local School groups have been involved in planting and rehabilitation programs throughout the year and are advocates on how we can look after our environment. Esperance Senior High School Bush Rangers have been busy planting amongst the dunes at

Twilight Beach and removing waste from along the beach. Cascade and Castletown Primary Schools have been kept busy looking after Quagi Beach and Castletown Quays respectively. These areas will reap the benefits of the rehabilitation programs over many years as we protect our fragile dune infrastructure while showing our younger generation the value of reducing our impact on the environment.

Students from Esperance Anglican Community School are working with Shire Environmental Officers on an ecological monitoring project at Dempster Head.

Pink Lake

Esperance Senior High School Education Support students headed out to Pink Lake to learn about salt lake environments and how flora and fauna adapt to changing environs. Pink Lake provides a visual example of how small environmental shifts can have a knock on effect with significant impacts.

A sign explaining the science and contributors to Pink Lake's hue (or lack of) has been erected to help locals and visitors understand the Lake's history. The site has seen significant community rehabilitation work undertaken to clean up around the lake with the goal being to reverse the process and see Pink Lake pink again.



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

Lake Monjingup

The Esperance community supported National Tree Day by attending an event hosted by the Shire at Lake Monjingup. Over 60 people headed out on a wet day to plant over 3000 native seedlings from 29 different species. The work completed will help restore biodiversity, create habitat and protect the wetland after Lake Monjingup was affected by a bushfire in January 2015.

Quagi Beach Campsite

Quagi Beach was given a major upgrade this year with new beach access steps fitted, a viewing platform completed, the day use picnic area upgraded and new information signage installed. Over 8000 seedlings were planted as part of the Campsite upgrade, this is an amazing achievement and a special thanks goes to Cascade Primary School students, Work for the Dole team, Work Placement Students and South Coast NRM's Coastal Works team, all who dedicated time to work with Shire staff in achieving great results at Quagi.

Dempster Head

South Coast NRM developed an updated Dempster Head Management Plan during the year, consulting with community groups with competing uses for this natural asset. Dempster Head is a popular destination for locals and visitors with walkways, a lookout, beach access and bike riding tracks. The Plan needed to balance protecting the environment while encouraging recreational use. Mountain bike riding was the primary concern with a similar number of submissions being received both for and against this activity on the headland. The outcome was to currently halt mountain bike activities due to the fragile nature of the flora in this location. Council resolved to undertake a whole of reserve study to look at potentially suitable locations for downhill and endurance mountain biking.

Beach Access

The Off Road Vehicle Working Group assessed the tracks between 10 Mile Beach carpark and 11 Mile Beach carpark to determine if there was a need for this access to be closed. The Coastal Management Plan 2014 identified closing this access could avoid potential conflicts between beach users in the area and four wheel drive vehicles, while also assisting in the prevention of beach erosion. The Group reviewed seven public submissions and assessed the concerns raised in the Coastal Management Plan. The recommendation was to rationalise the number of existing tracks while retaining overall access, balancing the need to protect our natural environment whilst making sure recreational users are recognised.



Natural Environment



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

New Landfill

Following the purchase of Lot 12 Kirwan Road, the Shire referred the project to the Environmental Protection Agency and subsequently received a level of assessment set as Public Environment Review (PER) for a 6 week period. The Shire has been working through the requirements to produce an Environmental Scoping Document that will define the works required to be considered within the PER. Council have committed to a strenuous investigative process to be followed on the property ensuring a best practice waste facility can be built with minimal impact on the surrounding environment.

Organics Processing

Council accepted a proposal to investigate the costs and benefits of processing organic waste (likely to be via composting) rather than landfilling this waste. This is expected to reduce the volume of waste to landfill by around 8,000 tonnes per annum and provide a high value compost that can be used commercially and on town/residential gardens. This is an exciting opportunity for Esperance with residents expressing their willingness to support this new initiative.

Footprint Extension

The Shire submitted an application to the Department of Environmental Regulation to extend the footprint of the Wylie Bay landfill to give sufficient time for Council to go through the State Government approval processes for a new landfill.

Capping of Phase I

Over the summer/autumn period the Shire capped the first phase of the Wylie Bay Landfill. This involved the laying of gas collection pipes, layers of geofabric and geonet and 1.2m of soil. The cap has had hydromulch and a seed layer planted to ensure that a stable surface is generated.

11,372t
Waste to Landfill



896t
Materials Recycled

Exploring alternative renewable energy, minimising waste and protecting our natural environment for everyone to enjoy

N4 Support and encourage businesses to make sustainable choices

Waste Revolution

Promotion to local businesses regarding the benefits of recycling and selecting more sustainable packaging products has occurred throughout the year. This financial year centred on preparing businesses for the introduction of the ban on single use plastic bags.

A Community Waste Strategy was drafted and taken to the community for input. The Strategy needs to reflect what we can do as a community to avoid, reduce, reuse and recycle with respect to our waste consumption. A workshop was held encouraging interested parties to attend. The ideas and challenges raised were included in the Community

Waste Strategy. Community support is essential if we are to reduce our reliance on landfill.

The Community Waste Strategy 2018/2023 was endorsed by Council after community input and the collection of waste data was incorporated into the document.



Natural Environment

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

Community Drop Off Area

The Shire is progressing with a plan to have a community drop off area at Wylie Bay which can increase the amount of recyclable material diverted from landfill and decrease the number of clients accessing the landfill (to reduce the risk of collision with heavy plant, etc). This needs to be in place prior to the closure of the Wylie Bay Landfill.



Choose to Refuse

The Shire has actively promoted minimising waste by publishing material that encourages better choices when purchasing items. Potential ideas and alternatives have been presented to initiate positive changes in behaviour at an individual level, additionally the Shire has been working with event organisers to support and develop events that choose to offer solutions that reduce waste.

The State Government announced the introduction of the Plastic Bag Ban Plastic to occur on 1 July 2018. In the lead up to this ban a significant marketing campaign was undertaken from a state and local government level endeavouring to make sure everyone was ready with to take their own bags.

The Shire of Esperance worked with and provided support to local community groups and businesses in the lead up to the ban. A number of ideas were promoted and it was fantastic to see the support for the ban in Esperance.

Plastic Free July was promoted with Councillors and Shire staff attending the markets with educational stall highlighting what is and is not recyclable in Esperance. This included a demonstration on how to make Bees Wax Wraps, encouraging people to reduce reliance on soft plastics and showcasing the alternatives available. Social Media was used extensively during the month to remind people to minimise their use of plastics. A competition was run to encourage use of plastic alternatives and educate readers on what plastics are recyclable.

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

Pump Station Upgrade

Work on the Eastern Subs Water Station Pump upgrade was completed during the year. The project included an upgrade to the old pump

station and storage tanks which were more than 30 years old. This will ensure a reliable and efficient supply of reusable water into the future.

The Eastern Subs Water Station provides approximately 200,000kl of recycled waste water annually. This water

goes towards irrigating public open space, sporting grounds and other community assets. The project was made possible through a Community and Water Supply Grant from Department of Water, providing \$100,000 towards the \$450,000 upgrade.

N7 Improve connectivity and encourage alternative transport options throughout our region

Connecting Paths

Work commenced late in the financial year to develop an updated Bicycle Path Network Strategy. This project is being led by the Department of Transport with input from the Shire, Main Roads, Department of Sport and Recreation and local stakeholder groups.

The Shire has continued to build the path network throughout town to support

pedestrian and bicycle traffic. A funding application was successful to extend a path out to the Newtown Condingup Football Club, going past the Esperance Turf Club. This will provide a safe passage for those who would prefer to leave their cars at home or young sports people making their way out to the sporting fields. Work also commenced on a path along Daw Drive, opening up a safe access route for pedestrians and cyclists heading to Bandy Creek Boat Harbour.

The connectivity provided throughout town enables residents and visitors to choose alternative forms of transport when heading into or out of town. Electric bikes are now seen more frequently in Esperance and the provision of well formed paths encourages regular use. The connection from Castletown Quays through to Twilight Beach is highly regarded as a tourism asset and additional links will be completed in the next financial year.

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

Guiding Developments

Local Planning Scheme 24 has several aims to ensure development in the Esperance Shire is complementary to our natural environment. These include the promotion of sustainable land use for agriculture, forestry and aquaculture whilst accommodating other compatible rural activities, promoting the amenity and quality of our urban, rural and coastal environments and protecting our natural resources including waterways and wetlands.



Natural Environment

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

Encouraging Changes

Education and behavioural change are being actively encouraged across the state with programs being designed to reduce our reliance on single use products ranging from plastic bags, take away coffee cups and straws through to composting, repurposing and recycling products. With the Esperance Community Waste Strategy being implemented during the year, the community is becoming more aware of the options available in managing personal resource consumption.

During the course of the year the Shire promoted the alternative bin sizes that are available for all residential properties. The promotions were designed to encourage community members to opt for a larger recycle bin and smaller rubbish bin. This is a cost saving at rates time, while supporting the preference for waste to be recycled wherever possible.

Promoting Reuse

The Esperance Agricultural Show is an event that sees a large amount of rubbish produced due to disposable food and drink containers. In an effort to reduce the number of disposable coffee cups used, the Shire Waste team provided Waste Revolution keep cups to all stall holders who were at the Ag Show for the whole two days. The idea being to reduce the amount of rubbish produced by those who were more likely to have multiple drinks on site and to educate a group of people who would potentially be at the following years agricultural show. The support from the stall holders was fantastic with a significant number of cups in use over the two days. An example of how well this can work at events is the staff who worked at the Shire stall over two days. All used keep cups for an average of three drinks each, meaning 12 single use coffee cups were not placed in landfill.





Growth & Prosperity

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

Civic Centre

The Civic Centre is the community's leading multi-functional complex with an Auditorium capable of seating 500 people, a Reception Room that can hold 250 guests and the Foyer with 150 person capacity. The Civic Centre hosted 169 eclectic events over the year, ranging from Comedy shows like the Melbourne Comedy Festival, to children's shows such as Josephine Wants to Dance.

The Civic Centre was closed for eight weeks during the year to have vital maintenance undertaken, including upgrades to lighting that now provides an enhanced experience when attending shows at the Civic Centre.

Travel Promotions

Esperance featured on two travel shows throughout the year with coverage on Today Tonight and Destination WA. Additionally the fantastic drone work captured by talented Esperance locals has seen Esperance feature on several news programs not just in WA but across Australia. Research from Tourism WA indicates that natural assets and adventure tourism are priority tourism experiences and Esperance can supply these in abundance.

An opportunity to promote Esperance in a story for a Sunday Times lift out was provided. The lift out was based on a local's personal view of the top 5 things to do in Esperance. Images used highlighted the local story by using local photographers.

Destination of Choice

The unspoilt beauty of Esperance, our relative isolation and relaxed lifestyle is what attracts travellers to visit from all over the world and encourages people to make Esperance their home. The provision of quality infrastructure and services ensures Esperance is seen as a destination of choice to live, work, invest and visit. Promoting Esperance on the Visitor Centre website by using high quality images of destinations and events assists in attracting people to venture to Esperance or undertake more research on why they should choose to holiday in Esperance.

The Visitor Centre recorded a 4.5% increase in visitors through the door this year. This is indicative of the increased tourism numbers that were experienced across the industry in Esperance.

169 Venue Hires

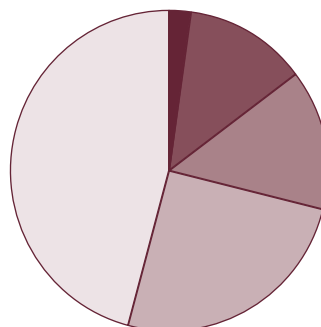
4 Regional Venue Hires (4)

21 Shire Hosted Performances (21)

24 Local Venue Hires (24)

43 Church Hires (43)

77 Other Hires (77)





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

G2 Develop partnerships to actively support economic growth

Collaboration Success

The Shire of Esperance, Australian Golden Outback and Tourism Esperance continue to collaborate on promoting Esperance as the perfect holiday destination. This partnership involves a one third contribution from each organisation with AGO then taking the lead to promote Esperance to intrastate, interstate and international travellers. This year saw the development of the Road Trip to Esperance campaign, which was aimed at encouraging driving visitation to Esperance. The campaign was successful with over 500k people reached through Facebook alone during the first 3 weeks. A contest was incorporated into the program whereby 646 entries were received and all were required to show proof of travel to Esperance during the travel

dates provided. The campaign encouraged commentary and interaction with visitors providing quality feedback on their experiences during the drive and in Esperance. The Road Trip to Esperance also featured in the West Australian during the promotional campaign.

International markets are being actively pursued by Australian Golden Outback with Japanese and German tourism wholesalers visiting Esperance and representation at the Tourism WA UK and Europe Roadshow. The Esperance tourism industry will continue to grow as collaboration amongst industry members continues enhancing the visitor experience. Building the Esperance tourism brand is essential across the whole sector, a strong brand will see an increase in tourism numbers and length of stay.

Overflow Camping

With the growing popularity of Esperance as a tourist destination, especially over the peak periods of Christmas and Easter, a partnership has been developed between the Shire and the Esperance Indoor Sports Stadium Committee to make the Greater Sports Ground available for overflow camping. This arrangement helps to accommodate a significant number of visitors who otherwise wouldn't be able to access an accommodation option in Esperance at this time while also providing an important source of income for the ongoing operations of the Indoor Stadium. This area will be further enhanced for visitors when the new Indoor Sports Stadium is constructed.

Growth & Prosperity

G3 Promote awareness in Esperance on the value of tourism

Visitor Numbers Rising

Esperance once again saw an increase in its tourism numbers this year, defying the WA trend. A significant trigger to attracting visitors to our town is the imagery work being completed by talented locals who showcase the amazing natural assets that are found in abundance around Esperance. This imagery combined with the marketing campaign being led by Australian Golden Outback and the new Visitor Centre website/social media package has raised intrastate, interstate and international awareness

that saw our most successful tourism season yet.

Council committed funding at the commencement of this year for an upgrade of the Esperance Visitor Centre website. The existing website was outdated and in dire need of refreshing. The Visitor Centre site is the first port of call for visitors thinking of heading to Esperance or for those who are here and looking for information. The new Visitor Centre website was launched at the end of the summer season this year and is a significant improvement on its predecessor. The imagery has been updated, highlighting the amazing

natural assets that Esperance is known for while providing high quality information on tourism opportunities, events and attractions.

During the development of the new site, local tourism operators were involved through the provision of updated information, ideas on content and provided with assistance to improve individual business promotion. The What's On calendar was developed to promote all community events in one easy place, this is a great tool for visitors and locals and has been heavily promoted to encourage all local events to be included.

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

Moving Forward

Council have committed to becoming more involved in the tourism industry after discussions throughout the year with the community and industry specific groups. The Visitor Centre Management Committee has been analysing the services being provided and the location of the centre itself to determine the best way forward. A presentation and workshop with the Australian Golden Outback CEO and Council

was held to determine how Council could assist and what spend would be appropriate. A workshop was hosted by the Shire, inviting tourism representatives together to work on sustainable solutions for the Esperance operators, identifying challenges and opportunities and meeting market demands.



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

G5 Promote Esperance as a destination of choice for events

Planning an Event

Two Event workshops were held with local stakeholders to brainstorm ideas for a potential iconic event. The workshop identified some ideas including potential target audiences, proposed dates and a desire to see more development opportunities for event management training in Esperance. A second and bigger workshop was held a few months later to define what the main event will be, what complementary events should be considered and what the project team will look like. Discussion also occurred on current

local events, the support required, volunteer fatigue and resourcing of events. The temporary outcome was to further develop current smaller events and support community groups involved in the planning and delivery of these events.

Supercharged Weekend

Shire staff have worked with several community and sporting groups on developing promotional material that would encourage people already heading to town to stay a little longer. On the

March long weekend there were four sporting events being held in town, all of these events were attracting people from different towns and regions. The Shire collated a specific promotional brochure for the weekend that could be emailed out to competitors and clubs, enticing them to add a day or two to their trip or get them out visiting our tourism destinations while here. Additionally, Dining Out and Tourism brochures were forwarded and hard copies of all promotional material were supplied to the clubs. This is a simple way to enhance locally held events and promote tourism simultaneously.

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

Cumulative Knowledge

Council Committees and Shire representation on Community Committees provides interaction opportunities between a group of people who are keen to work towards a common goal. (Council has representatives on the Tourism Esperance Committee and is a member.) Representatives from Tourism Esperance sit on the Visitor Centre Management Committee and the Jetty Replacement Working Group. Council and

Shire representatives also work with the Esperance Chamber of Commerce and the Goldfields Esperance Development Commission on projects that will benefit the business community and potentially stimulate the Esperance economy.

The Esperance Chamber of Commerce hold monthly Business after hours events and these are an opportunity for Council and Shire staff to interact with local business owners. The Shire sponsors the ECCI and the Small Business Awards. Strong business support and

representation is vital for local businesses in a tough economy and changing market conditions like those currently being experienced.

The Visitor Centre hosted an after hours event at the Museum. This was an opportunity for Tourism Operators to discuss the peak season, hear about the new website and tour the Museum. The intention was to reignite Families in Esperance encouraging operators to become local tourists, boosting their knowledge of Esperance's product.

Growth & Prosperity

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

Iron Market Shifts

With the announcement that Cliffs Resources were exiting the Australian market, there were concerns about the impact this would have on

employment within Esperance. Council advocated for assistance and a workable solution with the State Government to determine how the loss of not only this employment generator would be minimised, but also

the significant sponsorship support they provided to community and recreation groups. The financial impact on the Esperance community is still to be determined at this stage.

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

Buskers Wanted!

Two policies endorsed by Council this year were designed to inspire activities that would activate and attract more people into Esperance and enhance local spending. The policies make it simpler for businesses or individuals to understand and gain approvals to undertake

activities in public areas that will create a positive vibrant atmosphere encouraging the public to stay in town a little longer. The Street Entertainers and Busking Policy and the Trading in Public Places Policy were developed with community and business input and are complimentary to the Town Centre Revitalisation Plan.

Flinders Estate

Four residential lots were sold during the year from the Shire's residential subdivision, Flinders Estate. This demonstrates a decrease from previous years with a softer building market being experienced state wide.

There was a Flinders Stage 4 Business Plan developed for Lot 290 Hillier Ave. This was publically advertised and subsequently endorsed by Council.

Conditional Subdivision approval has been received. Civil Works and services need to be in place prior to full approval being recieved and lots being available for sale. The residential lots within this Subdivision were developed to meet the market demand for smaller vacant lots.



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

Connecting Farmers

The Shire co-funded a mobile communications trial at Lort River and Cascade undertaken by SEPWA. The aim of the project was to trial Long Term Evolution technology to determine if this was a possible solution to providing better internet connectivity for our rural regional area. It was found during the project that farmers in these areas avoid using data intensive technologies due to the unreliable and/or slow services available. This can reduce their ability to take up new advanced technology that would benefit their farming

practices. Further initiatives are required to provide reliable and efficient services to our broadacre farmers.

Networking

The Shire has a Memorandum of Understanding with the Esperance Chamber of Commerce and Goldfields Esperance Development Commission that outlines the importance of the three representative bodies working together on the economic future of the Esperance.

The Port Consultative Committee meets regularly to discuss port operations and developments, potential

new markets, communication requirements and strategic information regarding the Port and expected impacts on other stakeholders and the community. There is representation from a variety of bodies such as Tourism Esperance, ECCI, GEDC, WAFF, Department of Environment Regulation, community members and includes the CEO and a Councillor from the Shire. With the withdrawal of Cliffs Resources, and subsequent impact felt within the Esperance Community, this committee ensured all stakeholders were kept informed and assistance was provided where possible.

G10 Lobby for increased capacity in the primary industry sector

Barrier Fence

The Department of Primary Industries and Regional Development, Agriculture (DPIRD) on behalf of the agricultural industries in the Shires of Esperance and Ravensthorpe, proposed to extend the existing State Barrier Fence (SBF) from its current termination point 25km east of Ravensthorpe, north to Salmon Gums and ending east of Esperance near Cape Arid National Park in Western Australia (WA). The proposed extensions aims to protect

agricultural enterprises in the Shires of Esperance and Ravensthorpe from the socio-economic impacts associated with wild dogs limiting livestock enterprises; and damage to crops and pasture from emus and kangaroos in the agricultural region.

The Proposal involves the construction of a 660km long and 1.35m high barrier fence that is largely impermeable to wild dogs, emus and kangaroos (target fauna). The proposed alignment follows the boundary between agricultural land

and Unallocated Crown Land (UCL) in the Great Western Woodlands, with a total of approximately 529km of the proposed alignment to be located on UCL and a further 131km on private farming property. The Shire committed to supplying and installing twelve road grids, including the associated road and signage works, for the Esperance portion of the extension. The Shire will continue to lobby the State Government to commit to constructing the Esperance Extension.

Community Leadership

L1 Provide transparent and accountable leadership

Elections

The 2017 Local Government Election was a highly contested election with a number of candidates in both the Town and Rural Wards. Shire staff were involved in the election in a subsidiary role through supporting the Returning Officer appointed by the Electoral Commission. The election included some emotive issues that saw all media channels being actively used by candidates during the campaigning process.

The election saw a few new faces join the Esperance Shire Council with three new councillors representing the Town Ward. Congratulations

to Steve McMullen, Shelley Payne and Dale Piercey who were all successfully elected. Councillor Beverley Stewart retired after 22 years of service to the Esperance Community and Councillors Kevin Hall and Paul Griffiths were not returned to Council. Councillor Basil Parker retained his rural seat for another four year term.

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

represented when making decisions. The voter turn out for this election was 49.7%.

Elections for Council leadership roles were held on the following Monday with Shire President Victoria Brown and Deputy President Natalie Bowman successfully returning to these roles.



Meeting Attendance

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

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

where decisions are made on all report items in the best interest of our community.

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

Member	Ordinary Council Meetings entitled to attend	Ordinary Council Meetings attended	Special Council Meetings entitled to attend	Special Council Meetings attended
Shire President Victoria Brown	12	11	4	4
Deputy Shire President Natalie Bowman	12	11	4	4
Former Cr Kevin Hall	3	3	1	0
Former Cr Paul Griffiths	3	3	1	1
Former Cr Beverley Stewart	3	3	1	1
Cr Lara McIntyre	12	11	4	4
Cr Steve McMullen	9	9	3	3
Cr Ron Padgurskis	12	11	4	4
Cr Basil Parker	12	11	4	4
Cr John Parsons	12	11	4	4
Cr Shelley Payne	9	9	3	2
Cr Dale Piercey	9	9	3	3

Governance

The 2017 Fencing Local Law was reviewed during the year and submitted to the Joint Standing Committee on Delegated Legislation. This updated local law is simpler and consistent with new higher legislation.

The Fencing Local Law outlines what is considered a

sufficient fence, what materials are appropriate and prohibited and the penalties for non-compliance with the Local Law.

The Delegations Register from Council to CEO and CEO to Authorised Persons must be reviewed annually. This year saw minimal changes required to the delegations issued to the CEO and Authorised Officers.



Community Leadership

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

Seafront Caravan Park

The Seafront Caravan Park has had ongoing upgrades undertaken as it works towards improving amenities and park utilisation, including:

- Rendering of front entry statements
- New signage
- Conversion of remaining ablution block to gas hot water
- Over 50% of the washing and all the dryers replaced.
- Internal refit of one laundry
- Conversion from RMS 7 to RMS 9+ (booking system)

A Request for Quote was released for the preparation of a Redevelopment Masterplan for the Esperance Seafront Caravan Park. Sustainable Park Developments was the successful applicant. The

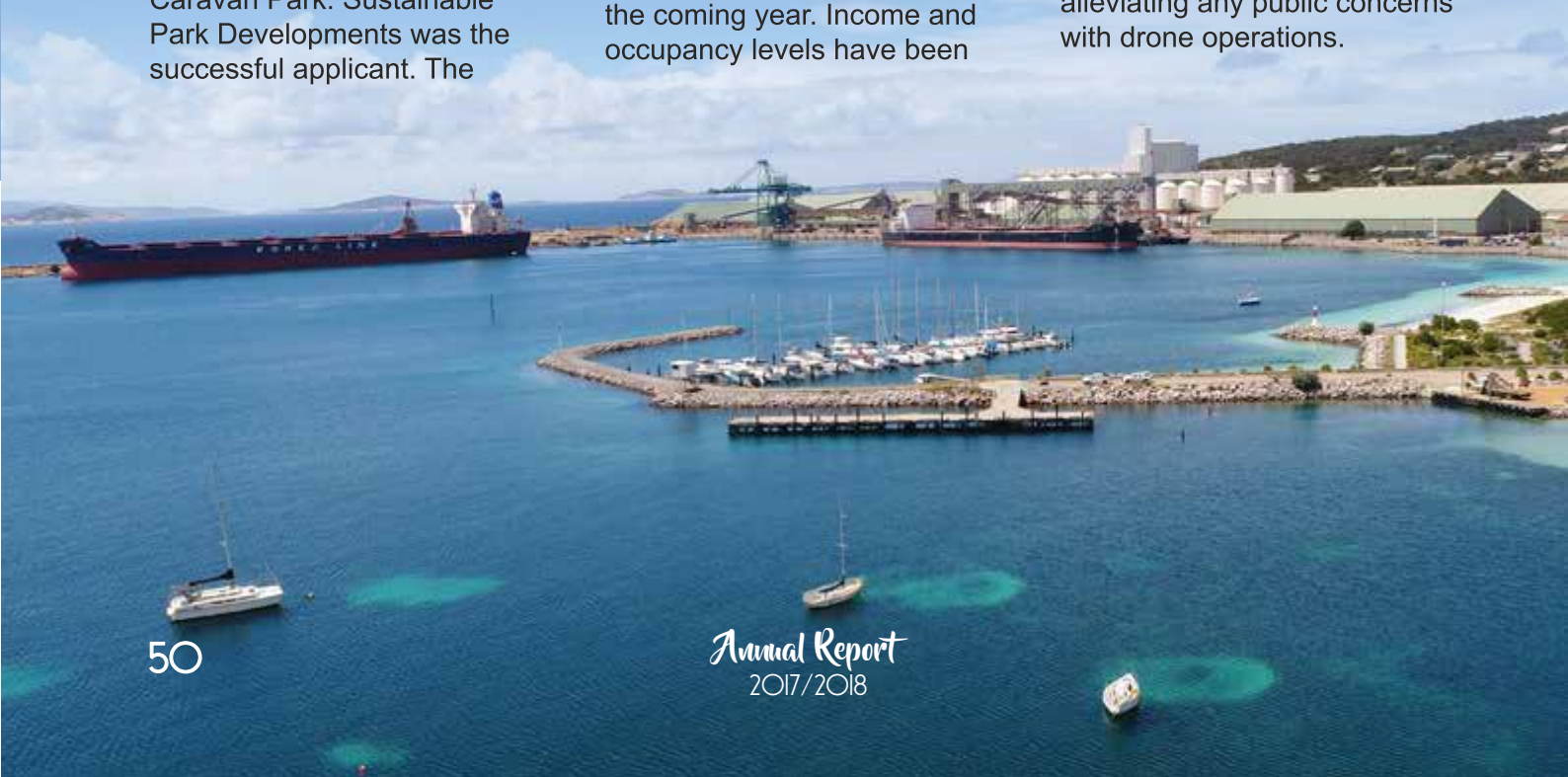
objective of the Masterplan was to analyse redevelopment of the park to provide a clear future direction on the type of accommodation spaces demanded, upgrading amenities, identifying target markets and operational frameworks. The Masterplan will provide valuable information to Council to base the decisions on strategic direction for the park.

The peak season accommodation numbers at the park exceeded the previous years both in the number of people staying and the number of nights stayed. Commentary received through Trip Adviser refers to positive and helpful staff but dated facilities. Maintenance work was undertaken all year with additional planned maintenance and improvements scheduled for the coming year. Income and occupancy levels have been

higher every month for this financial year in comparison to last financial year.

Drone Technology

The Shire purchased a drone to be used for spot aerial photography, collecting asset data, 3D surveys, promotions and events. The drone has seen efficiencies and cost savings since its purchase due to an increased ability to fully visualise works and provide accurate detail for planning and future mapping. Jetty inspections are now undertaken using the drone, providing a higher level of safety when it was utilised to locate floating timbers immediately after the two uncontrolled collapses. A policy was developed to provide guidance around the use of the drone for staff while alleviating any public concerns with drone operations.

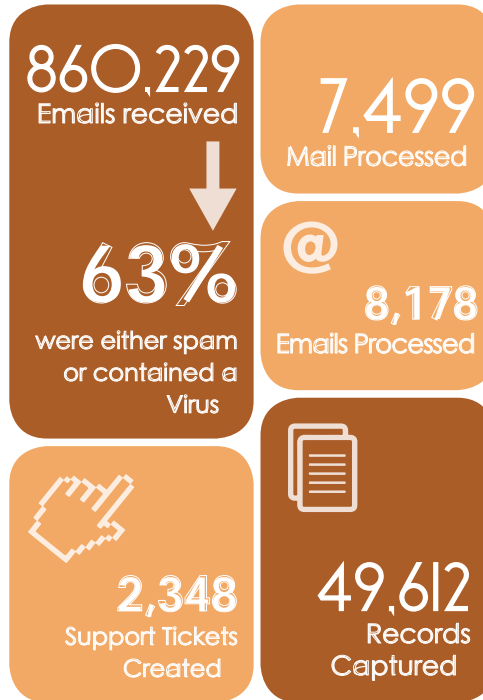


Corporate Business Plan

The Corporate Business Plan was reviewed later than normal this year to ensure it was consistent with the comprehensively reviewed Strategic Community Plan. The Corporate Business Plan is the operational plan that outlines how the Shire will deliver the services and facilities that will attain the community goals outlined in the Strategic Community Plan. The Plan includes Council priorities and Shire priority projects. Challenges and opportunities are listed throughout the document as a reminder of community sentiment

Monitoring Requests

All customer service requests, reports and complaints are recorded in the Shire's Customer Request Management system. This software allows tracking to occur for each individual request ensuring they are actioned and responded to and it provides valuable historical data that can identify repeated issues that need further attention.



Customer Service Requests



Information Services

An upgrade and expansion of the Shire's Point to Point Wireless Network brought the Wylie Bay Waste facility and the Museum onto the Shire's network. This has increased the usability of the Shire's software applications at Wylie Bay, as well as integrating the Museum's computers and telephones into the Shire's IT Infrastructure. This has seen efficiency gains and improved communication in both areas.

The Volunteer Resource Centre was also brought on to the Shire's network to enable better management and security of IT assets and allow easier access to Shire information for EVRC Staff.

Several back end changes to the Shire's IT tools has allowed for a more efficient delivery of support to staff and prepared the organisation for the rollout of Windows 10. Additionally the replacement of the Shire's cabled network switch hardware was undertaken during the year ensuring a more secure and reliable network.

Community Leadership

Our People

Human Resources have been reviewing and updating internal planning procedures and policies to ensure they are legislatively correct and relevant to today's working environment. This included undertaking a major review of the Workforce Plan, reviewing OSH procedures and ensuring employee awareness and assistance in implementing actions from the Safety Audit.

Work continued on improving the Shire's Risk Management procedures, with high risk tasks needing to be continually updated. Organisational Risk Training was completed at a management level to determine the procedures needed in the event of a whole community emergency.

There were a number of long term and challenging workers compensation claims during the year. These claims required careful monitoring and close involvement to assist staff in their return to work as soon as possible after injury.

The turnover rate for permanent employees of the Shire for this financial year has been calculated at 14%, which is slightly higher than last year. There are pressures to ensure good employees are retained



due to high costs associated with the recruitment of vacant positions.

In February 2018, an Employee Survey was conducted. 91% of employees rated the Shire as an excellent, good or okay

place to work with 70% of staff advising that they would still like to be working for the Shire in three year's time.

Employees rated the key positives of working for the Shire to be -

1. Enjoying the work they do.
2. Support being available for employees who experience workplace injuries or illness.
3. Work that is carried out is interesting, engaging and meaningful.

Employee Surveys are generally conducted on a biennial basis with the next Survey to be conducted in 2020.

Recognising Exemplary Service

The Neville Mulgat Customer Service Awards are given annually to employees who have displayed consistent exceptional service in their role or going beyond their core duties.

2017 Individual Winners

Ryan Gath
Waste Management General Hand

Cathy Murray
Customer Service/Licensing Officer

2017 Team Winners

Rural Maintenance – Bitumen Team



Community Leadership

L3 Proactively lead the community through innovation and change

Advisory Group

The Shire is in the process of developing a new waste management facility with the Wylie Bay Waste Facility due to be capped in 2020. Council determined a need to develop a new advisory group to assist the Shire in gaining all required environmental approvals and to provide input into a detailed design of a modern waste management facility. The New Landfill Community Reference Group was established to increase the consultative process with local agencies and the community with a view to minimise impact on surrounding landowners and the environment. Committee membership includes Councillors, representatives from South Coast NRM, Local Environmental Action Forum and Department of Biodiversity, Conservation & Attractions and Community Representatives.

The Group will principally consider options to minimise the environmental risk and local amenity issues of a modern waste management facility at Kirwan Road and then advise Council of ways to minimise these risks.

Advocacy

The Shire of Esperance made two formal submissions during the year. Firstly, on the proposed State Barrier Fence Extension, being looked at by the Environment Protection Authority. The extension supported with concerns raised regarding the proposed alignment, design and construction. Additionally, a review of the Emergency Services Levy was conducted by the Economic Regulation Authority, and saw Council adopt a position on the management and distribution of the Emergency Services Levy.

Councillors and staff have positions on multiple external committees, both local and regional. These committees are a positive way to share input and information on matters that involve Esperance and the South East Region. These range from government, business, recreational and community committees.



11
External
Committees

14

Council
Committees

Volunteer Employer Recognition Award

The Department of Fire and Emergency Services Volunteer Employer Recognition Awards acknowledges the important contribution employers and self-employed volunteers provide to the community. The Shire was presented with a Silver Award.

The Shire was one several Esperance businesses recognised for their support through releasing qualified staff to attend emergencies and/or natural disasters that have occurred in our community over the last year. These volunteers play a critical role in keeping our community safe and the Shire provides support by providing paid time to attend incidents and specialised training.



L4 Encourage shared responsibility through an informed and inspired community

Talking More

Communication expectations and channels to be used have increased over the last five years with the ability to access far greater information available. There is a greater demand for communication outside of normal business hours as the increase in social media has increased the demand for information instantaneously. The Shire has met many of these new demands through linking programs and developing procedures that ensure those who need immediate responses are assisted and those queries that can wait until business hours are advised and connected with the next working day.

Communication on current projects, potential or upcoming changes to services and requests for comment are all valuable discussion points that the Shire sends out to encourage input from the community and to advise of impending changes and their potential impacts. This year included requests for comment and information on services on a diverse range of topics with examples being: the proposed closure of beach access between Ten and Eleven Mile Beaches; the upgrades completed at Alexander Bay; Replacement Jetty Updates; proposed Fencing Local Law; Kirwan Road Landfill EPA engagement; nominations for

Council Committees and the Local Government Election.

The Shire is required to be leaders in communicating and providing information to the community and encouraging the community to be involved with new initiatives, for example the ban on plastic bags. All communication tools are used to share messages, from social media, print and radio media and where possible via direct emails. The Esperance community embraced the change and feedback from local businesses leading up to the deadline was positive. Regular waste and environmental messages are posted on the Shire site to remind everyone of the small individual actions and changes that can be undertaken to reduce our reliance on landfill and increase our awareness of our environmental impact.

Reactive communication has increased drastically in response to certain events, for example the uncontrolled collapse that occurred with the Esperance Tanker Jetty. A large amount of information was shared across all channels to get as much information out as possible with an immediate timeframe. In this case, a reactive response is unavoidable, however there has also been some reactive communication to inaccurate information, particularly on social media.

The implementation of two shark buoys in Esperance and the vigilance of the Esperance community has seen an increased amount of warnings being issued through a number of communication channels. A similar system is in place for DFES warnings and these work by providing immediate and accurate information to the broadest audience possible.

Efficiencies in utilising software programs like Hootsuite and Business Manager, migrates risk, improves scheduling, messaging and media monitoring. This boosts the Shire's ability to share communications expediently to the whole community or to the most appropriate community demographic.

Through this document there are many examples of where community engagement was undertaken to assist in informing decision making. This includes the Local Planning Scheme 24; Dempster Head Management Plan; Fencing Local Law; Museum Strategic Plan; Events Workshops; New Council Committees and many more.



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Media Releases

Community Leadership

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

Strategic Community Plan

The Shire of Esperance Strategic Community Plan (SCP) identifies our communities vision, aspirations and priorities for the future. It provides guidance on how resources should be allocated balancing aspirations against capacity. While Council has a custodial role in initiating, preparing and maintaining the plan on behalf of the community, it is not wholly responsible for its implementation. The aim of the plan is to encourage Council, the community and other agencies to work together as one to deliver on our vision for the future. For this to occur it is vital that community goals and aspirations are accurately captured, detailed demographics of the region incorporated and future challenges and opportunities identified. The 2017-2027 Strategic Community Plan was endorsed this year by Council after significant community engagement was undertaken to review the previous reiteration of the plan last year. This information was collated and used to develop the SCP.

Annual Electors Meeting

Nearly 200 people attended the Annual Electors Meeting held in January. The meeting gave electors an opportunity to raise motions for Council to discuss at a subsequent meeting, a chance to ask questions about the Annual Report 2016/2017 and to ask questions about any other general business. Five motions were raised from the floor, all of which were carried and subsequently discussed at a Special Council Meeting in February which saw 99 people attend.

The motions from the floor called for a review of the CEO's position; the abandonment of Lot 12 Kirwan Road as the potential waste facility site; the identification of suitable locations for heavy and hazardous industries and mining; desist from advocating demolition of the jetty and cap the cost of treated water to various organisations and sporting bodies. Council discussed all motions raised at a Special Council Meeting and provided amended Council Resolutions. Discussions and reasons as to why decisions were made were included at the meeting.

Museum Strategic Plan

The Esperance Museum is a fantastic local asset that originated through the hard work of local historians with a passion to capture Esperance's past. This year saw the introduction of a Cultural Officer to assist in the day to day operations of the Museum and to drive the implementation of the newly developed Museum Strategic Plan.

The Museum volunteers and Museum Management Committee worked with the Shire to develop a plan that guides future actions to ensure the Museum continues to be provide high quality displays that reflect Esperance's history and will attract larger local and visitor audiences.



Council Engagement

Engaging with the community is part of being a Councillor, it ranges from formal engagements to casual catch ups where community members have an opportunity to stop and chat with elected members at community events. Many formal engagement activities were organised to gather input on

specific projects like the Jetty, Dempster Head Management Plan and proposed Landfill Site or reviewing feedback when commentary is requested for projects like updating the Local Planning Scheme 24 and the Fencing Local Law

The community had the opportunity to have a chat to Councillors at the Esperance Ag Show, Condingup Fair, Grass Patch Yabbie Classic, some Museum Village

Markets and Growers Markets and Blessing of the Roads. Councillors attend smaller specific community group events or meetings. Council enjoyed being involved in celebrations including school graduations, the Nulsen in November Fun Day, Edge of the Bay and the Seniors Dinner. Councillors also attended community events like Australia Day, ANZAC Day RSL Service, NAIDOC Week March and a French Weekend.



Statutory Requirements

Summary of Financial Performance

Financial Ratios	Bench Mark	Actual 2017/18	Actual 2016/17	Actual 2015/16	Actual 2014/15
Current Ratio	100%	266%	184%	189%	124%
Asset Sustainability Ratio	90%	81%	87%	80%	90%
Debt Service Cover Ratio	2%	26.62%	37.78%	12.95%	15.65%
Operating Surplus Ratio	1%	(1)%	3%	(16)%	25%
Own Source Revenue Coverage Ratio	40%	76%	70%	59%	83%
Asset Consumption Ratio	50%	56%	77%	95%	65%
Asset Renewal Funding Ratio	75%	100%	105%	104%	94%

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

Current Ratio (Working Capital)

This is a comparison of the Shire's current assets to its current liabilities and gives an indication of the Shire's ability to meet its short term financial obligations. A figure of greater than one is desirable and a figure of more than 1.0 is indicative of a good short term financial position.

Asset Sustainability Ratio

This ratio indicates whether the Shire is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out. This ratio needs to be at least 90% and ideally over 100%.

Debt Service Cover Ratio

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

Operating Surplus Ratio

This ratio measures the Shire's ability to cover its operational costs and have revenues available for capital funding or other purposes.

Own Source Surplus Ratio

This ratio is a measure of the Shire's ability to cover its costs through its own revenue. A ratio of 70% is considered to be reasonable considering the Shire's reliance on growth for its road network.

Asset Consumption Ratio

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

Asset Renewal Funding Ratio

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

Notes:

Information relating to the asset consumption ratio and the asset renewal funding ratio can be found at Supplementary Ratio Information on Page 62 of the Financial Report.

Three of these ratios disclosed were distorted by the early receipt of Financial Assistance Grants.

This year the Shire received an early payment for a Financial Assistance Grant relating to the subsequent year of \$2,660,528 and an amount of \$2,602,008 was received in the prior year that relates to this year.

In addition, two of the ratios were impacted by revenue and expenses associated with flood damage re-instatement which is considered one-off in nature. This year a \$698,196 reimbursement was received and expenditure of \$698,196 on flood damage re-instatement was incurred.

	2018	2017	2016
Current ratio	2.66	1.27	2.12
Debt service cover ratio	26.53	31.61	16.13
Operating surplus ratio	(0.01)	(0.05)	(0.07)

If the events detailed above did not occur, the impacted ratios in the 2018, 2017 and 2016 columns above would be as follows:

	2018	2017	2016
Own Source Revenue Ratio	N/A	N/A	0.69

Employee Remuneration

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

Table 1: Employee Remuneration

	2016 2017	2017 2018
\$100,000 - \$109,999	5	7
\$110,000 - \$119,999	4	4
\$120,000 - \$129,999		
\$130,000 - \$139,999		
\$140,000 - \$149,999	1	1
\$150,000 - \$159,999	1	
\$160,000 - \$169,999	1	2
\$170,000 - \$179,999		
\$180,000 - \$189,999		
\$190,000 - \$199,999		
\$200,000 - \$209,999		
\$210,000 - \$219,999		
\$220,000 - \$229,999		
\$230,000 - \$239,000	1	
\$240,000 - \$249,999		1



Freedom of Information Requests

There were a total of eleven (11) Freedom of Information applications processed by the Shire of Esperance in 2017/2018. Of these:

- 0 were for personal information
- 11 were for non-personal information, of these:
 - 3 were granted edited access to records released
 - 1 were denied access
 - 7 was subsequently provided full access to public documents



Complaints

Section 5.53(2)(hb) of the *Local Government Act 1995* requires the Annual Report to contain details of entries made under section 5.121 during the financial year in the Register of Complaints. The 2017/18 year saw Nil (0) entries made in this regard.



National Competition Policy

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

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

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

- Competitive Neutrality;
- Structural Review of Public Monopolies; and
- Legislative Review.

Competitive Neutrality

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

The Shire of Esperance has previously assessed its operations and considers that it has one business activity that would be classed as significant under the current guidelines. The Shire of Esperance does not operate a business enterprise that has been

classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or Public Financial Enterprise.

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

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

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

Structural Review of Public Monopolies

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

Structural reform principles have been applied to the following number of activities in the reporting period: Zero (0); and

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

Legislative Review

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

The benefits of the restriction to the community as a whole outweigh the costs; and

The objectives of the legislation can only be achieved by restricting competition.

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

The *Local Government Act 1995* requires all existing Local Laws to be reviewed every eight years. As part of this process the intention to review Local Laws is advertised in the media giving residents and rate payers the opportunity to comment on any proposed changes, additions or deletions to the Shire's Local Laws. During the 2017/2018 financial year there was one change to the Shire's Local Laws. The Shire of Esperance Fencing Local Law 2002. The local law has been submitted to the Joint Standing Committee on Delegated Authority. The Fencing Local Law 2018 differs from its predecessor in metrics used and terminology that is consistent with the Local Planning Scheme. The most notable difference between the two is the removal of design advice throughout the Local Law which was considered a liability to the Shire.

As at the reporting date the number of by-laws and Local Laws which the application of any legislative review principles were considered but not applied is One (1).



*Annual Financial
Report*

Shire of Esperance

Annual Financial Report

For the year ended 30th June 2018

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Principal place of business:

Administration Offices
Windich Street
Esperance WA 6450

Shire of Esperance Annual Financial Report

For the year ended 30th June 2018

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and supporting notes and other information for the financial year ended 30th June 2018 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2018 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the *Local Government Act 1995* and the regulations under that Act.

Signed as authorisation of issue on the

1 day of November 2018



Matthew Scott
Chief Executive Officer

Shire of Esperance Annual Financial Report

For the year ended 30th June 2018

Statement of Comprehensive Income by Nature and Type

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Rates	22(a)	19,827,723	19,624,021	18,950,818
Operating grants, subsidies and contributions	2(a)	10,447,621	6,851,557	13,834,954
Fees and charges	2(a)	9,506,409	9,221,172	9,305,256
Interest earnings	2(a)	969,551	904,966	967,640
Other revenue	2(a)	1,050,296	662,984	956,683
		<u>41,801,600</u>	<u>37,264,700</u>	<u>44,015,350</u>
Expenses				
Employee costs		(15,291,045)	(14,870,256)	(14,677,708)
Materials and contracts		(10,690,384)	(15,112,544)	(10,856,325)
Utility charges		(1,179,657)	(1,158,676)	(1,116,167)
Depreciation on non-current assets	8(b)	(16,165,182)	(14,993,065)	(14,785,990)
Interest expenses	2(b)	(105,172)	(113,699)	(119,137)
Insurance expenses		(686,423)	(685,777)	(676,196)
Other expenditure		(556,351)	(1,218,080)	(512,259)
		<u>(44,674,214)</u>	<u>(48,152,097)</u>	<u>(42,743,783)</u>
		<u>(2,872,614)</u>	<u>(10,887,397)</u>	<u>1,271,568</u>
Non-operating grants, subsidies and contributions	2(a)	5,073,070	10,155,772	5,998,676
Profit on asset disposals	8(a)	2,555,851	185,488	118,425
(Loss) on asset disposals	8(a)	(142,204)	(451,028)	(369,805)
Reversal of prior year loss on revaluation of Infrastructure - Esperance Airport	7(b)	81,371	0	0
Net result		4,695,474	(997,165)	7,018,862
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	9	33,781,792	0	3,138,646
Total other comprehensive income		33,781,792	0	3,138,646
Total comprehensive income		38,477,266	(997,165)	10,157,508

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

Shire of Esperance Annual Financial Report

For the year ended 30th June 2018

Statement of Comprehensive Income by Program

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
Revenue				
	2(a)			
Governance		318,883	297,675	282,769
General purpose funding		25,782,582	22,817,667	27,365,727
Law, order, public safety		806,072	1,002,708	1,635,526
Health		76,918	61,250	66,533
Education and welfare		3,830,916	3,112,071	3,241,556
Community amenities		4,792,080	4,456,718	4,529,064
Recreation and culture		1,927,999	1,878,669	1,802,278
Transport		2,073,206	1,468,957	2,682,677
Economic services		1,635,232	1,644,834	1,554,785
Other property and services		557,711	524,151	854,436
		41,801,599	37,264,700	44,015,351
Expenses				
	2(b)			
Governance		(2,261,738)	(2,285,471)	(2,166,396)
General purpose funding		(365,597)	(392,460)	(497,171)
Law, order, public safety		(1,726,617)	(1,624,780)	(1,567,338)
Health		(386,633)	(402,334)	(373,817)
Education and welfare		(3,974,310)	(3,920,920)	(3,623,996)
Community amenities		(4,586,595)	(7,080,413)	(4,828,104)
Recreation and culture		(10,302,217)	(12,771,974)	(9,347,789)
Transport		(16,914,742)	(15,528,497)	(16,726,710)
Economic services		(2,697,677)	(3,070,181)	(2,352,007)
Other property and services		(1,352,915)	(961,368)	(1,141,318)
		(44,569,041)	(48,038,398)	(42,624,646)
Finance Costs				
	2(b)			
Recreation and culture		(49,730)	(49,297)	(54,914)
Other property and services		(55,442)	(64,402)	(64,223)
		(105,172)	(113,699)	(119,137)
		(2,872,614)	(10,887,397)	1,271,568
Non-operating grants, subsidies and contributions	2(a)	5,073,070	10,155,772	5,998,676
Profit on disposal of assets	8(a)	2,555,851	185,488	118,425
(Loss) on disposal of assets	8(a)	(142,204)	(451,028)	(369,805)
Reversal of prior year loss on revaluation of Infrastructure - Esperance Airport	7(b)	81,371	0	0
		7,568,088	9,890,232	5,747,296
Net result		4,695,474	(997,165)	7,018,862
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	9	33,781,792	0	3,138,646
Total other comprehensive income		33,781,792	0	3,138,646
Total comprehensive income		38,477,266	(997,165)	10,157,508

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

Shire of Esperance Annual Financial Report

For the year ended 30th June 2018

Statement of Financial Position

	NOTE	2018	2017
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	32,806,101	32,254,642
Trade and other receivables	4	3,303,580	3,042,890
Inventories	5	366,259	398,886
TOTAL CURRENT ASSETS		36,475,940	35,696,418
NON-CURRENT ASSETS			
Other receivables	4	870,324	885,021
Inventories	5	5,523,228	5,935,559
Property, plant and equipment	6	91,121,661	97,453,116
Infrastructure	7	400,815,009	359,496,649
TOTAL NON-CURRENT ASSETS		498,330,222	463,770,345
TOTAL ASSETS		534,806,162	499,466,763
CURRENT LIABILITIES			
Trade and other payables	10	1,932,079	3,228,297
Current portion of long term borrowings	11(a)	121,309	461,305
Provisions	12	2,746,027	5,039,734
TOTAL CURRENT LIABILITIES		4,799,415	8,729,336
NON-CURRENT LIABILITIES			
Long term borrowings	11(a)	1,625,178	1,715,337
Provisions	12	5,735,735	4,853,522
TOTAL NON-CURRENT LIABILITIES		7,360,913	6,568,859
TOTAL LIABILITIES		12,160,328	15,298,195
NET ASSETS		522,645,834	484,168,568
EQUITY			
Retained surplus		293,097,473	289,909,404
Reserves - cash backed	3	28,877,155	27,369,750
Revaluation surplus	9	200,671,206	166,889,414
TOTAL EQUITY		522,645,834	484,168,568

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

Shire of Esperance Annual Financial Report

For the year ended 30th June 2018

Statement of Changes in Equity

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2016		284,756,675	25,503,617	163,750,768	474,011,060
Comprehensive income					
Net result		7,018,862	0	0	7,018,862
Changes on revaluation of assets	9	0	0	3,138,646	3,138,646
Total comprehensive income		7,018,862	0	3,138,646	10,157,508
Transfers from/(to) reserves		(1,866,133)	1,866,133	0	0
Balance as at 30 June 2017		289,909,404	27,369,750	166,889,414	484,168,568
Comprehensive income					
Net result		4,695,474	0	0	4,695,474
Changes on revaluation of assets	9	0	0	33,781,792	33,781,792
Total comprehensive income		4,695,474	0	33,781,792	38,477,266
Transfers from/(to) reserves		(1,507,405)	1,507,405	0	0
Balance as at 30 June 2018		293,097,473	28,877,155	200,671,206	522,645,834

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

Shire of Esperance Annual Financial Report

For the year ended 30th June 2018

Statement of Cash Flows

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		19,836,150	19,624,021	19,263,275
Operating grants, subsidies and contributions		8,821,142	6,851,557	12,450,236
Fees and charges		9,506,409	9,221,172	9,305,256
Interest earnings		969,551	904,966	967,640
Goods and services tax		1,147,249	0	938,919
Other revenue		1,050,296	662,984	0
		41,330,797	37,264,700	42,925,326
Payments				
Employee costs		(16,703,457)	(14,964,819)	(14,632,663)
Materials and contracts		(9,167,722)	(14,823,983)	(6,991,056)
Utility charges		(1,179,657)	(1,158,676)	(1,116,167)
Interest expenses		(107,442)	(108,699)	(112,322)
Insurance expenses		(686,423)	(685,777)	(676,196)
Goods and services tax		(2,567,641)	0	(2,671,633)
Other expenditure		(556,351)	(1,218,080)	(512,259)
		(30,968,693)	(32,960,034)	(26,712,296)
Net cash provided by (used in) operating activities	13	10,362,104	4,304,666	16,213,030
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of Land held for resale		0	(860,000)	0
Payments for purchase of property, plant & equipment		(5,341,079)	(4,988,329)	(7,642,559)
Payments for construction of infrastructure		(12,117,691)	(23,102,582)	(13,187,628)
Advances to community groups		(60,000)	0	(70,000)
Non-operating grants, subsidies and contributions		5,073,070	10,155,772	5,998,675
Proceeds from sale of fixed assets		2,995,824	1,212,249	869,973
Net cash provided by (used in) investment activities		(9,449,876)	(17,582,890)	(14,031,539)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings		(494,843)	(461,304)	(302,371)
Proceeds from self supporting loans		69,386	69,386	112,924
Proceeds from new long term borrowings		64,687	1,860,000	79,669
Net cash provided by (used in) financing activities		(360,770)	1,468,082	(109,778)
Net increase (decrease) in cash held		551,459	(11,810,142)	2,071,711
Cash at beginning of year		32,254,642	32,252,487	30,182,931
Cash and cash equivalents at the end of the year	13	32,806,101	20,442,345	32,254,642

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

Shire of Esperance

Annual Financial Report

Rate Setting Statement

For the year ended 30th June 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)				
		3,932,316	3,931,592	3,858,730
		<u>3,932,316</u>	<u>3,931,592</u>	<u>3,858,730</u>
Revenue from operating activities (excluding rates)				
Governance		1,159,528	300,538	282,769
General purpose funding		5,954,859	3,193,646	8,414,909
Law, order, public safety		813,610	1,002,708	1,642,061
Health		76,918	61,250	66,533
Education and welfare		3,830,916	3,112,071	3,251,805
Community amenities		4,792,080	4,457,593	4,529,064
Recreation and culture		3,320,791	1,878,669	1,802,278
Transport		2,079,381	1,468,957	2,718,319
Economic services		1,635,232	1,644,834	1,554,785
Other property and services		866,412	705,901	920,435
		<u>24,529,727</u>	<u>17,826,167</u>	<u>25,182,958</u>
Expenditure from operating activities				
Governance		(2,277,087)	(2,322,896)	(2,171,128)
General purpose funding		(365,597)	(392,460)	(497,171)
Law, order, public safety		(1,726,617)	(1,635,280)	(1,573,118)
Health		(386,633)	(414,809)	(373,817)
Education and welfare		(3,979,776)	(3,936,441)	(3,629,999)
Community amenities		(4,595,242)	(7,132,586)	(4,857,465)
Recreation and culture		(10,351,947)	(12,836,616)	(9,434,144)
Transport		(17,023,868)	(15,805,197)	(16,902,510)
Economic services		(2,697,677)	(3,070,181)	(2,363,322)
Other property and services		(1,330,602)	(1,056,659)	(1,310,914)
		<u>(44,735,046)</u>	<u>(48,603,125)</u>	<u>(43,113,588)</u>
Operating activities excluded				
(Profit) on disposal of assets	8(a)	(2,555,851)	(185,488)	(118,425)
Loss on disposal of assets	8(a)	142,204	451,028	369,805
Loss on revaluation of fixed assets	7(b)	0	0	0
(Reversal) of prior year loss on revaluation of fixed assets		(81,371)	0	0
Movement in deferred pensioner rates (non-current)		(2,776)	0	4,892
Movement in employee benefit provisions (non-current)		(1,444,918)	199,000	18,585
Depreciation and amortisation on assets	8(b)	16,165,182	14,993,065	14,785,990
Amount attributable to operating activities		<u>(4,050,533)</u>	<u>(11,387,761)</u>	<u>988,947</u>
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		5,073,070	10,155,772	5,998,676
Proceeds from disposal of assets	8(a)	2,995,824	1,212,249	869,973
Purchase of land held for resale		0	(860,000)	0
Purchase of property, plant and equipment	6(b)	(5,341,079)	(4,988,329)	(7,642,559)
Purchase and construction of infrastructure	7(b)	(12,117,691)	(23,102,582)	(13,187,628)
Amount attributable to investing activities		<u>(9,389,876)</u>	<u>(17,582,890)</u>	<u>(13,961,538)</u>
FINANCING ACTIVITIES				
Advances to community groups		(60,000)	0	(70,000)
Repayment of long term borrowings	11(a)	(494,843)	(461,304)	(302,371)
Proceeds from new long term borrowings	11(a)	64,687	1,860,000	79,669
Proceeds from self supporting loans	11(a)	69,386	69,386	112,924
Transfers to reserves (restricted assets)	3	(6,109,658)	(1,405,476)	(7,451,206)
Transfers from reserves (restricted assets)	3	4,602,253	9,284,025	5,585,073
Amount attributable to financing activities		<u>(1,928,175)</u>	<u>9,346,631</u>	<u>(2,045,911)</u>
Surplus(deficiency) before general rates		<u>(15,368,586)</u>	<u>(19,624,021)</u>	<u>(15,018,502)</u>
Total amount raised from general rates	22	<u>19,827,723</u>	<u>19,624,021</u>	<u>18,950,818</u>
Net current assets at June 30 c/fwd - surplus/(deficit)	23	<u>4,459,137</u>	<u>0</u>	<u>3,932,316</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 2018

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), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise.

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

THE LOCAL GOVERNMENT REPORTING ENTITY (Continued)

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY Land under roads

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

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

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

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

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

2 REVENUE AND EXPENSES

(a) Revenue

Other revenue

Reimbursements and recoveries

Fees and Charges

Governance

Law, order, public safety

Health

Education and welfare

Community amenities

Recreation and culture

Transport

Economic services

Other property and services

	2018 Actual	2017 Actual
	\$	\$
	1,050,296	956,683
	<u>1,050,296</u>	<u>956,683</u>
	10,543	8,121
	75,561	73,478
	71,939	63,434
	564,080	478,861
	4,617,314	4,446,217
	1,331,207	1,307,730
	1,346,755	1,327,287
	1,402,844	1,268,192
	86,166	331,936
	<u>9,506,409</u>	<u>9,305,256</u>

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

Shire of Esperance Annual Financial Report

For the year ended 30th June 2018

Notes to and forming part of the Financial Report

2 REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Grant Revenue

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

	2018	2017
	\$	\$
Operating grants, subsidies and contributions		
Governance	96,106	106,938
General purpose funding	4,955,480	7,414,373
Law, order, public safety	689,010	1,533,342
Health	3,802	681
Education and welfare	3,068,842	2,619,179
Community amenities	52,497	59,322
Recreation and culture	331,961	255,260
Transport	712,924	1,345,266
Economic services	225,130	207,500
Other property and services	311,869	293,092
	10,447,621	13,834,954
Non-operating grants, subsidies and contributions		
Law, order, public safety	0	81,059
Community amenities	0	15,710
Recreation and culture	97,419	773,450
Transport	4,975,651	5,107,525
Economic services	0	17,727
Other property and services	0	3,205
	5,073,070	5,998,676
Total grants, subsidies and contributions	15,520,691	19,833,630

SIGNIFICANT ACCOUNTING POLICIES

Grants, Donations and Other Contributions

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

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

Grants, Donations and Other Contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 21. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations.

Interest earnings

- Reserve funds
- Other funds
Other Interest Revenue (refer note 22(e))

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
- Reserve funds	580,979	535,666	596,454
- Other funds	247,847	192,300	218,516
Other Interest Revenue (refer note 22(e))	140,725	177,000	152,670
	969,551	904,966	967,640

Shire of Esperance Annual Financial Report

For the year ended 30th June 2018

Notes to and forming part of the Financial Report

2 REVENUE AND EXPENSES (Continued)

(b) Expenses

Significant expense

Wyle Bay Waste Facility Rehabilitation

Auditors remuneration

- Audit of the Annual Financial Report
- Audit of Acquittals

Interest expenses (finance costs)

Debentures (refer note 11(a))

Rental charges

- Operating leases

	2018	2017
	\$	\$
Wyle Bay Waste Facility Rehabilitation	1,637,697	0
Auditors remuneration		
- Audit of the Annual Financial Report	14,462	14,180
- Audit of Acquittals	4,000	8,905
	18,462	23,085
Interest expenses (finance costs)		
Debentures (refer note 11(a))	105,172	119,137
	105,172	119,137
Rental charges		
- Operating leases	6,544	7,900
	6,544	7,900

Shire of Esperance Annual Financial Report

For the year ended 30th June 2018

Notes to and forming part of the Financial Report

3 CASH AND CASH EQUIVALENTS

	NOTE	2018 \$	2017 \$
Unrestricted		3,928,946	4,884,892
Restricted		28,877,155	27,369,750
		<u>32,806,101</u>	<u>32,254,642</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Employee Entitlements Long Service Leave Reserve	3	926,014	834,942
Land Purchase & Development Reserve	3	802,004	519,179
Eastern Suburbs Water Pipeline Reserve	3	179,627	180,492
Jetty Reserve	3	1,904,174	1,874,765
Aerodrome Reserve	3	6,216,102	5,431,055
Off Street Parking Reserve	3	517,107	504,432
Sanitation (Rubbish Removal) Services Reserve	3	4,434,511	4,418,144
EHC Asset Replacement Reserve	3	741,917	608,004
Esperance Home Care Fundraising Reserve	3	97,409	89,185
Unspent Grants & Contributions Reserve	3	3,581,302	3,550,618
Plant Replacement Reserve	3	966,028	942,350
Building Maintenance Reserve	3	4,477,320	4,486,759
Governance & Workers Compensation Reserve	3	222,973	322,516
IT System & Process Development Reserve	3	296,047	288,791
Esperance Home Care Annual Leave Reserve	3	182,651	149,881
Esperance Home Care Long Service Leave Reserve	3	216,529	191,244
Priority Projects Reserve	3	3,115,440	2,977,393
		<u>28,877,155</u>	<u>27,369,750</u>

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Cash and cash equivalents (Continued)

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

Shire of Esperance Annual Financial Report

For the year ended 30th June 2018

Notes to and forming part of the Financial Report

3 RESERVES - CASH BACKED

	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Transfer (from)	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Transfer (from)	2017 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Employee Entitlements Long Service Leave Reserve	834,942	91,072	0	926,014	834,942	18,777	0	853,719	864,879	16,086	(46,023)	834,942
Land Purchase & Development Reserve	519,179	350,632	(67,807)	802,004	519,179	11,676	(70,800)	460,055	553,099	15,263	(49,183)	519,179
Eastern Suburbs Water Pipeline Reserve	180,492	4,535	(5,400)	179,627	180,492	4,059	(7,097)	177,454	175,645	4,847	0	180,492
Jetty Reserve	1,874,765	187,147	(157,738)	1,904,174	1,874,765	182,362	(1,967,472)	89,655	1,906,567	194,331	(226,132)	1,874,765
Aerodrome Reserve	5,431,055	938,369	(153,322)	6,216,102	5,431,055	742,716	(168,251)	6,005,520	4,771,054	735,001	(75,000)	5,431,055
Off Street Parking Reserve	504,432	12,675	0	517,107	504,432	11,344	0	515,776	490,886	13,546	0	504,432
Sanitation (Rubbish Removal) Services Reserve	4,418,144	174,386	(158,019)	4,434,511	4,418,144	99,360	(1,353,076)	3,164,428	4,241,718	1,724,121	(1,547,695)	4,418,144
EHC Asset Replacement Reserve	608,004	138,696	(4,783)	741,917	608,004	12,687	(100,557)	520,134	666,327	62,245	(120,568)	608,004
Esperance Home Care Fundraising Reserve	89,185	8,224	0	97,409	89,185	2,992	0	92,177	56,934	32,250	0	89,184
Unspent Grants & Contributions Reserve	3,550,618	3,581,302	(3,550,618)	3,581,302	3,550,618	0	(3,550,618)	0	1,955,595	3,550,618	(1,955,595)	3,550,618
Plant Replacement Reserve	942,350	23,678	0	966,028	942,350	21,193	0	963,543	953,878	26,006	(37,533)	942,350
Building Maintenance Reserve	4,486,759	345,745	(355,184)	4,477,320	4,486,758	104,961	(859,154)	3,732,565	4,968,206	774,307	(1,255,754)	4,486,759
Governance & Workers Compensation Reserve	322,516	38,104	(137,647)	222,973	322,516	37,253	(157,000)	202,769	459,365	28,252	(165,101)	322,516
IT System & Process Development Reserve	288,791	7,256	0	296,047	288,791	6,495	0	295,286	299,974	8,199	(19,382)	288,791
Esperance Home Care Annual Leave Reserve	149,881	32,770	0	182,651	149,881	3,371	0	153,252	162,342	9,500	(21,961)	149,881
Esperance Home Care Long Service Leave Reserve	191,244	25,285	0	216,529	191,245	4,301	0	195,546	216,036	13,354	(38,145)	191,244
Priority Projects Reserve	2,977,393	149,782	(11,735)	3,115,440	2,977,393	141,929	(1,050,000)	2,069,322	2,761,112	243,281	(27,000)	2,977,393
	27,369,750	6,109,658	(4,602,253)	28,877,155	27,369,750	1,405,476	(9,284,025)	19,491,201	25,503,616	7,451,206	(5,585,073)	27,369,750

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

3 RESERVES - CASH BACKED

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
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 staff.
Land Purchase & Development Reserve	Ongoing	Established to fund land improvements and sub-division development.
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.
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.
Aerodrome Reserve	Ongoing	Established to fund future development and upgrades of the airport facility. Funded by the annual surplus derived from operation of the airport.
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.
Sanitation (Rubbish Removal) Services Reserve	Ongoing	Established to fund the purchase of major sanitation equipment and for the future development of waste disposal facilities. Funded from the annual surplus derived from property rubbish disposal collection fees after expenses.
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.
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.
Unspent Grants & Contributions Reserve	Ongoing	Established for the purpose of containing funds that are derived from unspent or prepaid grants and contributions from external parties.
Plant Replacement Reserve	Ongoing	Established to minimise and if possible eliminate any need to rely upon loan finance or unreasonable rate increases to finance the acquisition of major plant items as per Council Policy. Funding is from the General Purpose Income. Amounts allocated will be re-assessed annually in response to revisions of the five year plant replacement program and the associated forward cost estimates.
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.
Governance & Workers Compensation Reserve	Ongoing	Established for the purpose of future workers compensation insurance costs under the performance based contribution scheme; or cyclical gross rental valuation cost for rating purposes; or unforeseen legal costs.
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.
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.
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.
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 2018

Notes to and forming part of the Financial Report

4 TRADE AND OTHER RECEIVABLES

Current

Rates outstanding	
Sundry debtors	
GST receivable	
Loans receivable - clubs/institutions	
Interest receivable	

Non-current

Rates outstanding - pensioners	
Loans receivable - clubs/institutions	

Information with respect to the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:

Rates outstanding

Includes:	
Past due and not impaired	

Sundry debtors

Includes:	
Past due and not impaired	

	2018	2017
	\$	\$
Rates outstanding	205,360	216,563
Sundry debtors	2,805,545	2,306,764
GST receivable	179,875	395,298
Loans receivable - clubs/institutions	77,473	69,386
Interest receivable	35,327	54,879
	3,303,580	3,042,890
Rates outstanding - pensioners	117,253	114,477
Loans receivable - clubs/institutions	753,071	770,544
	870,324	885,021
Past due and not impaired	205,360	216,563
Past due and not impaired	0	390,702

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.

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

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

Classification and subsequent measurement

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

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

Shire of Esperance Annual Financial Report

For the year ended 30th June 2018

Notes to and forming part of the Financial Report

5 INVENTORIES

Current

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

Non-current

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

	2018	2017
	\$	\$
	47,981	36,862
	72,444	111,362
	69,777	74,605
	176,057	176,057
	<u>366,259</u>	<u>398,886</u>
	3,139,490	3,551,822
	2,383,738	2,383,737
	<u>5,523,228</u>	<u>5,935,559</u>

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 sale

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

Land held for sale (Continued)

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

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

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

6 (a) PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	\$	\$
Land and buildings		
Land - freehold land at:		
- Independent valuation 2017 - level 2	26,885,967	25,227,500
- Disposals after valuation - cost	(760,000)	0
	<u>26,125,967</u>	<u>25,227,500</u>
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 3	142,000	142,000
	<u>142,000</u>	<u>142,000</u>
Total land	<u>26,267,967</u>	<u>25,369,500</u>
Buildings - specialised at:		
- Independent valuation 2017 - level 3	102,071,012	114,773,854
Less: accumulated depreciation	(53,038,798)	(57,949,159)
	<u>49,032,214</u>	<u>56,824,695</u>
Total buildings	<u>49,032,214</u>	<u>56,824,695</u>
Total land and buildings	<u>75,300,181</u>	<u>82,194,195</u>
Furniture and equipment at:		
- Management valuation 2016 - level 3	764,609	674,207
- Disposals after valuation - cost	(155,200)	(155,200)
Less: accumulated depreciation	(177,306)	(92,444)
	<u>432,103</u>	<u>426,563</u>
Plant and equipment at:		
- Management valuation 2016 - level 3	6,025,756	5,632,237
- Disposals after valuation - cost	(83,971)	(83,971)
Less: accumulated depreciation	(830,364)	(400,524)
	<u>5,111,421</u>	<u>5,147,742</u>

6 (a) PROPERTY, PLANT AND EQUIPMENT (Continued)

	2018	2017
	\$	\$
Motor Vehicles - Non Specialised at:		
- Management valuation 2016 - level 2	3,298,639	2,595,512
- Disposals after valuation - cost	(801,712)	(341,300)
Less: accumulated depreciation	(561,102)	(298,793)
	<u>1,935,825</u>	<u>1,955,419</u>
Motor Vehicles - Specialised at:		
- Management valuation 2016 - level 3	757,100	757,100
- Disposals after valuation - cost	(25,000)	0
Less: accumulated depreciation	(191,027)	(108,013)
	<u>541,073</u>	<u>649,087</u>
Road Making Plant - Major at:		
- Management valuation 2016 - level 2	9,701,930	8,091,619
- Disposals after valuation - cost	(599,000)	(489,022)
Less: accumulated depreciation	(1,407,511)	(656,458)
	<u>7,695,419</u>	<u>6,946,139</u>
Road Making Plant - Minor at:		
- Management valuation 2016 - level 3	166,400	180,402
- Disposals after valuation - cost	(6,200)	0
Less: accumulated depreciation	(54,561)	(46,431)
	<u>105,639</u>	<u>133,971</u>
Total property, plant and equipment	<u>91,121,661</u>	<u>97,453,116</u>

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Motor Vehicles - Non Specialised	Motor Vehicles - Specialised	Road Making Plant - Major	Road Making Plant - Minor	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	24,490,490	3,100,000	27,590,490	50,560,830	50,560,830	78,151,320	362,500	4,436,233	1,641,000	757,100	5,883,400	180,402	91,411,957
Additions	1,502,907	0	1,502,907	1,469,209	1,469,209	2,972,116	311,707	1,196,004	954,512	0	2,208,220	0	7,642,559
(Disposals)	0	0	0	(131,296)	(131,296)	(131,296)	(139,406)	(73,776)	(267,852)	0	(406,764)	(14,000)	(1,033,094)
Revaluation increments/ (decrements) transferred to revaluation surplus	(765,897)	(2,958,000)	(3,723,897)	6,862,543	6,862,543	3,138,646	0	0	0	0	0	0	3,138,646
Depreciation (expense)	0	0	0	(1,936,591)	(1,936,591)	(1,936,591)	(108,238)	(410,719)	(372,241)	(108,013)	(738,717)	(32,431)	(3,706,951)
Carrying amount at 30 June 2017	25,227,500	142,000	25,369,500	56,824,695	56,824,695	82,194,195	426,563	5,147,742	1,955,419	649,087	6,946,139	133,971	97,453,116
Additions	1,658,467	0	1,658,467	408,758	408,758	2,067,225	90,402	393,519	703,125	0	2,086,808	0	5,341,079
(Disposals)	(760,000)	0	(760,000)	(5,919,448)	(5,919,448)	(6,679,448)	0	0	(312,381)	(7,018)	(478,722)	(4,517)	(7,482,086)
Depreciation (expense)	0	0	0	(2,281,791)	(2,281,791)	(2,281,791)	(84,862)	(429,840)	(410,338)	(100,996)	(858,806)	(23,815)	(4,190,448)
Carrying amount at 30 June 2018	26,125,967	142,000	26,267,967	49,032,214	49,032,214	75,300,181	432,103	5,111,421	1,935,825	541,073	7,695,419	105,639	91,121,661

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent Valuation	June 2017	Price per hectare / market borrowing rate
Land - vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent Valuation	June 2017	Improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3)
Buildings - non-specialised	3	Coast approach using depreciated replacement cost	Independent Valuation	June 2017	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Buildings - specialised	3	Coast approach using depreciated replacement cost	Independent Valuation	June 2017	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Furniture and equipment	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2016	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Plant and equipment	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2016	Purchased costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Motor Vehicles - Non Specialise	2	Market approach using recent observable market data for similar vehicles	Independent Valuation	June 2016	Market price per item

Shire of Esperance Annual Financial Report

For the year ended 30th June 2018

Notes to and forming part of the Financial Report

(c) Fair Value Measurements (Continued)

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Motor Vehicles - Specialised	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2016	Purchased costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Road Making Plant - Major	2	Market approach using recent observable market data for similar vehicles	Independent Valuation	June 2016	Market price per item
Road Making Plant - Minor	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2016	Purchased costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs

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

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

Shire of Esperance Annual Financial Report

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Notes to and forming part of the Financial Report

7 (a) INFRASTRUCTURE

	2018	2017
	\$	\$
Infrastructure - Roads		
- Management valuation 2018 - level 3	420,777,528	0
- Management valuation 2015 - level 3	0	315,096,438
Less: accumulated depreciation	(86,547,918)	(17,583,668)
	<u>334,229,610</u>	<u>297,512,770</u>
Infrastructure - Footpaths		
- Management valuation 2018 - level 3	17,805,494	0
- Management valuation 2015 - level 3	0	9,713,891
Less: accumulated depreciation	(5,472,188)	(863,223)
	<u>12,333,306</u>	<u>8,850,668</u>
Infrastructure - Drainage		
- Management valuation 2018 - level 3	22,634,443	0
- Management valuation 2015 - level 3	0	18,165,507
Less: accumulated depreciation	(4,487,544)	(361,976)
	<u>18,146,899</u>	<u>17,803,531</u>
Infrastructure - Parks and Ovals		
- Management valuation 2018 - level 3	15,241,773	0
- Management valuation 2015 - level 3	0	9,204,305
Less: accumulated depreciation	(5,488,287)	(1,684,616)
	<u>9,753,486</u>	<u>7,519,689</u>
Infrastructure - Other Infrastructure		
- Management valuation 2018 - level 3	37,376,372	0
- Management valuation 2015 - level 3	0	18,574,048
Less: accumulated depreciation	(24,383,404)	(1,188,200)
	<u>12,992,968</u>	<u>17,385,848</u>
Infrastructure - Culverts and Pipes		
- Management valuation 2018 - level 3	11,874,175	0
- Management valuation 2015 - level 3	0	7,025,191
Less: accumulated depreciation	(3,335,414)	(193,932)
	<u>8,538,761</u>	<u>6,831,259</u>
Infrastructure - Esperance Airport		
- Management valuation 2018 - level 3	7,806,872	0
- Management valuation 2015 - level 3	0	3,955,801
Less: accumulated depreciation	(2,986,893)	(362,917)
	<u>4,819,979</u>	<u>3,592,884</u>
Total infrastructure	<u>400,815,009</u>	<u>359,496,649</u>

Shire of Esperance Annual Financial Report

For the year ended 30th June 2018

Notes to and forming part of the Financial Report

7 INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Infrastructure - - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks and Ovals	Infrastructure - Other Infrastructure	Infrastructure - Culverts and Pipes	Infrastructure - Esperance Airport	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	296,383,574	8,914,389	17,381,989	6,979,151	17,026,389	6,928,225	3,774,343	357,388,060
Additions	9,874,614	363,623	605,358	1,387,209	956,824	0	0	13,187,628
Depreciation (Expense)	(8,745,418)	(427,344)	(183,816)	(846,671)	(597,365)	(96,966)	(181,459)	(11,079,039)
Carrying amount at 30 June 2017	297,512,770	8,850,668	17,803,531	7,519,689	17,385,848	6,831,259	3,592,884	359,496,649
Additions	10,649,736	425,825	283,890	385,283	302,904	0	70,053	12,117,691
Revaluation Increments/(Decrements) Transferred to revaluation Surplus	35,472,343	3,502,466	251,034	2,844,751	(4,034,995)	1,804,468	1,253,965	41,094,032
Reversals through profit or loss	0	0	0	0	0	0	81,371	81,371
Depreciation (Expense)	(9,405,239)	(445,653)	(191,556)	(996,237)	(660,789)	(96,966)	(178,294)	(11,974,734)
Carrying amount at 30 June 2018	334,229,610	12,333,306	18,146,899	9,753,486	12,992,968	8,538,761	4,819,979	400,815,009

7 INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

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

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

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

8 FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

Land under control

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

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

Land under roads

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

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

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

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

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

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8 FIXED ASSETS (Continued)

(a) Disposals of Assets

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Governance								
Lot 64 Dempster Street	310,000	650,000	340,000	0	0	0	0	0
Lot 63 Dempster Street	310,000	650,000	340,000	0	0	0	0	0
Toyota Kluger	16,960	16,364	0	(596)	23,800	26,663	2,863	0
Hyundai i40	15,940	10,909	0	(5,031)	20,475	8,000	0	(12,475)
Hyundai i40	15,940	10,909	0	(5,031)	20,475	8,000	0	(12,475)
Hyundai i40	15,600	10,909	0	(4,691)	20,475	8,000	0	(12,475)
161 Norseman Road	70,000	150,000	80,000	0	0	0	0	0
162 Norseman Road	70,000	150,000	80,000	0	0	0	0	0
Law, order, public safety								
Toyota Hilux	17,263	17,273	10	0	22,500	12,000	0	(10,500)
Isuzu Fire Truck	7,017	14,545	7,528	0	0	0	0	0
Health								
Hyundai i40	15,940	10,909	0	(5,031)	20,475	8,000	0	(12,475)
Education and welfare								
Toyota Hiace Commuter Bus	24,709	21,818	0	(2,891)	26,714	20,600	0	(6,114)
Caravelle 9 Seater Bus	23,484	20,909	0	(2,575)	30,625	21,218	0	(9,407)
Community amenities								
Ford Territory	13,616	10,000	0	(3,616)	19,125	20,000	875	0
Toyota Hilux	20,719	21,364	645	0	24,565	15,000	0	(9,565)
Front End Loader	0	0	0	0	136,719	94,111	0	(42,608)
Recreation and culture								
Hako Floor Cleaner	0	0	0	0	2,000	2,000	0	0
Toyota Hilux	20,719	22,273	1,554	0	26,010	16,230	0	(9,780)
Isuzu Dmax	9,208	7,727	0	(1,481)	13,680	8,115	0	(5,565)
Golf and Turf Club Buildings	1,392,792	0	1,392,792	0	0	0	0	0
Transport								
Isuzu Dmax	19,026	17,273	0	(1,753)	22,825	15,000	0	(7,825)
Isuzu DMax	21,322	19,091	0	(2,231)	28,875	15,000	0	(13,875)
Isuzu Tip Truck	29,405	25,049	0	(4,356)	29,167	20,914	0	(8,253)
Custom Roller MR8	842	1,293	451	0	750	500	0	(250)
Collins Roller MR1	0	417	417	0	(250)	500	750	0
Collins Roller MR2	0	417	417	0	(250)	500	750	0
Caterpillar Bulldozer	258,978	185,481	0	(73,497)	262,500	153,082	0	(109,418)
Plant Trailer	898	4,685	3,787	0	1,250	2,000	750	0
Fuel Tanker	575	1,678	1,103	0	0	0	0	0
Caterpillar Grader	127,180	123,990	0	(3,190)	137,500	111,650	0	(25,850)
Mitsubishi Tip Truck	65,359	42,741	0	(22,618)	69,167	47,056	0	(22,111)
Prime Mover	0	0	0	0	111,375	70,023	0	(41,352)
8 Wheel Tip Truck	0	0	0	0	144,375	88,876	0	(55,499)
Speed Radar Trailer	0	0	0	0	2,800	2,030	0	(770)
Sundry Equipment	0	0	0	0	2,800	2,800	0	0
Bitumen Emulsion Storage Tank	0	0	0	0	0	4,500	4,500	0
Other property and services								
Lot 238 Asken Turn	103,083	179,575	76,492	0	43,750	87,500	43,750	0
Lot 246 Asken Turn	103,083	171,969	68,886	0	43,750	87,500	43,750	0
Lot 252 Walmsley	103,083	181,421	78,338	0	43,750	87,500	43,750	0
Lot 251 Walmsley	103,083	183,472	80,389	0	43,750	87,500	43,750	0
Toyota Prado	24,231	27,273	3,042	0	30,420	26,663	0	(3,757)
Isuzu Dmax	15,973	14,545	0	(1,428)	20,167	12,000	0	(8,167)
Nissan Navara	21,733	19,545	0	(2,188)	31,680	21,218	0	(10,462)
	3,367,761	2,995,824	2,555,851	(142,204)	1,477,789	1,212,249	185,488	(451,028)

8 FIXED ASSETS (Continued)

(b) Depreciation

	2018	2017
	\$	\$
Buildings - specialised	(2,281,791)	(1,936,591)
Furniture and equipment	(84,862)	(108,238)
Plant and equipment	(429,840)	(410,719)
Motor Vehicles - Non Specialised	(410,338)	(372,241)
Motor Vehicles - Specialised	(100,996)	(108,013)
Road Making Plant - Major	(858,806)	(738,717)
Road Making Plant - Minor	(23,815)	(32,431)
Infrastructure - Roads	(9,405,239)	(8,745,418)
Infrastructure - Footpaths	(445,653)	(427,344)
Infrastructure - Drainage	(191,556)	(183,816)
Infrastructure - Parks and Ovals	(996,237)	(846,671)
Infrastructure - Other Infrastructure	(660,789)	(597,365)
Infrastructure - Culverts and Pipes	(96,966)	(96,966)
Infrastructure - Esperance Airport	(178,294)	(181,459)
	(16,165,182)	(14,785,990)

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Depreciation rates

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

Buildings	30 to 75 years
Furniture & Equipment	5 to 20 years
Motor Vehicles	5 to 8 years
Road Making Plant	5 to 10 years
Other Plant & Equipment	3 to 15 years
Infrastructure	
Roads & Streets - Pavements	15 to 60 years
Roads & Streets - Surfaces	8 to 40 years
Footpaths	30 to 60 years
Parking Facilities	15 to 20 years
Water Supply Piping & Drainage	30 to 100 years
Parks & Gardens	10 to 30 years
Airport	10 to 50 years

Depreciation (Continued)

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.

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For the year ended 30th June 2018

Notes to and forming part of the Financial Report

9 REVALUATION SURPLUS

	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	2018 Total Movement on Revaluation	2018 Closing Balance	2017 Opening Balance	2017 Revaluation Increment	2017 Revaluation (Decrement)	2017 Total Movement on Revaluation	2017 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land and Buildings	38,710,206	0	(7,312,240)	(7,312,240)	31,397,966	35,571,560	3,138,646	0	3,138,646	38,710,206
Furniture and Equipment	116,336	0	0	0	116,336	116,336	0	0	0	116,336
Plant and Equipment	719,111	0	0	0	719,111	719,111	0	0	0	719,111
Motor Vehicles - Non Specialised	716,303	0	0	0	716,303	716,303	0	0	0	716,303
Motor Vehicles - Specialised	(219,791)	0	0	0	(219,791)	(219,791)	0	0	0	(219,791)
Roads	104,116,834	0	0	0	104,116,834	104,116,834	0	0	0	104,116,834
Footpaths	2,697,514	0	0	0	2,697,514	2,697,514	0	0	0	2,697,514
Drainage	12,255,406	0	0	0	12,255,406	12,255,406	0	0	0	12,255,406
Parks and Ovals	573,439	0	0	0	573,439	573,439	0	0	0	573,439
Other Infrastructure	395,415	0	0	0	395,415	395,415	0	0	0	395,415
Culverts and Pipes	6,808,639	0	0	0	6,808,639	6,808,639	0	0	0	6,808,639
Revaluation surplus - Infrastructure - Roads	0	35,472,343	0	35,472,343	35,472,343	0	0	0	0	0
Revaluation surplus - Infrastructure - Footpaths	0	3,502,466	0	3,502,466	3,502,466	0	0	0	0	0
Revaluation surplus - Infrastructure - Drainage	0	251,034	0	251,034	251,034	0	0	0	0	0
Revaluation surplus - Infrastructure - Parks and Ovals	0	2,844,751	0	2,844,751	2,844,751	0	0	0	0	0
Revaluation surplus - Infrastructure - Other Infrastructure	0	0	(4,034,995)	(4,034,995)	(4,034,995)	0	0	0	0	0
Revaluation surplus - Infrastructure - Culverts and Pipes	0	1,804,468	0	1,804,468	1,804,468	0	0	0	0	0
Revaluation surplus - Infrastructure - Esperance Airport	0	1,253,965	0	1,253,965	1,253,965	0	0	0	0	0
	166,889,414	45,129,027	(11,347,235)	33,781,792	200,671,206	163,750,767	3,138,646	0	3,138,646	166,889,414

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

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For the year ended 30th June 2018

Notes to and forming part of the Financial Report

10 TRADE AND OTHER PAYABLES

Current

Sundry creditors
Accrued interest on long term borrowings
Accrued salaries and wages

2018	2017
\$	\$
1,800,759	3,093,788
14,729	16,998
116,591	117,511
1,932,079	3,228,297

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Trade and other payables (Continued)

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

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11 INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

Particulars	Principal	New Loans	Principal Repayments		Principal 30 June 2018		Interest Repayments	
	1 July 2017		Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$	\$	\$
Other property and services								
Loan 288 - Flinders	378,850	4,687	383,537	350,000	0	28,850	6,299	15,000
Loan 296 - SLIP	957,862	0	41,920	41,919	915,942	915,943	49,143	49,402
	1,336,712	4,687	425,457	391,919	915,942	944,793	55,442	64,402
Self Supporting Loans								
Recreation and culture								
Loan 261 - Pink Lake Country Club	110,641	0	18,231	18,231	92,411	92,411	7,242	7,242
Loan 287A - Esp Seafarers Centre	5,561	0	3,134	3,134	2,427	2,427	167	167
Loan 291 - Recherche Aged Welfare	279,925	0	13,566	13,566	266,359	266,359	19,300	19,301
Loan 292 - Esp Squash Club	25,191	0	6,666	6,666	18,525	18,525	1,526	1,526
Loan 295 - Esp Yacht Club	355,253	0	14,274	14,274	340,979	340,979	19,693	19,647
Loan 298 - Cascade Town Recreatic	63,359	0	13,515	13,515	49,844	49,844	1,777	1,414
Loan 299 - Newtown Condingup Foc	0	60,000	0	0	60,000	0	25	0
	839,930	60,000	69,386	69,386	830,545	770,545	49,730	49,297
	2,176,642	64,687	494,843	461,305	1,746,487	1,715,338	105,172	113,699

Self supporting loans are financed by payments from third parties.
All other loan repayments were financed by general purpose revenue.

Borrowings

	2018	2017
	\$	\$
Current	121,309	461,305
Non-current	1,625,178	1,715,337
	1,746,487	2,176,642

Shire of Esperance Annual Financial Report

For the year ended 30th June 2018

Notes to and forming part of the Financial Report

11 INFORMATION ON BORROWINGS (Continued)

(b) New Borrowings - 2017/18

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term Years	Total Interest & Charges	Interest Rate	Amount (Used)		Balance Unspent
	Actual	Budget						Actual	Budget	
Loan 288 - Flinders	\$ 4,687	\$ 860,000	WATC	Short Term		\$	2.03%	\$	\$ 860,000	\$ 0
Loan 299 - Newtown Condingup Football Club	60,000	0	WATC	Debenture			3.05%		0	0
	64,687	860,000				0		0	860,000	0

(c) Unspent Borrowings

(d) Undrawn Borrowing Facilities Credit Standby Arrangements

Bank overdraft limit
Bank overdraft at balance date
Credit card limit
Credit card balance at balance date
Total amount of credit unused

Loan facilities

Loan facilities - current
Loan facilities - non-current
Total facilities in use at balance date

Unused loan facilities at balance date

	2018	2017
	\$	\$
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	80,000	80,000
Credit card balance at balance date	(3,049)	(24,232)
Total amount of credit unused	76,951	55,768
Loan facilities		
Loan facilities - current	121,309	461,305
Loan facilities - non-current	1,625,178	1,715,337
Total facilities in use at balance date	1,746,487	2,176,642
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.

12 PROVISIONS

Opening balance at 1 July 2017

Current provisions
Non-current provisions

Additional provision

Amounts used

Balance at 30 June 2018

Comprises

Current
Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
1,070,492	943,040	2,013,532	
0	318,737	318,737	
1,070,492	1,261,777	2,332,269	
891,052	277,162	1,168,214	
(819,929)	(124,046)	(943,975)	
1,141,615	1,414,893	2,556,508	
1,141,615	987,047	2,128,662	
0	427,846	427,846	
1,141,615	1,414,893	2,556,508	

Provision for Waste Facility Rehabilitation

Current Provisions
Non-Current Provision

	2018 \$	2017 \$
617,365	3,026,202	
5,307,889	4,534,785	
5,925,254	7,560,987	

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

13 NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Cash and cash equivalents	32,806,101	20,442,345	32,254,642
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	4,695,474	(997,165)	7,018,862
Non-cash flows in Net result:			
Depreciation	16,165,182	14,993,065	14,785,990
(Profit)/loss on sale of asset	(2,413,647)	265,540	251,380
Reversal of loss on revaluation of fixed assets	(81,371)	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(255,379)	0	(1,090,025)
(Increase)/decrease in inventories	32,627	165,000	(9,338)
Increase/(decrease) in payables	(1,296,218)	131,496	1,262,815
Increase/(decrease) in provisions	(1,411,494)	(97,498)	(7,978)
Grants contributions for the development of assets	(5,073,070)	(10,155,772)	(5,998,676)
Net cash from operating activities	10,362,104	4,304,666	16,213,030

14 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	30,640,598	30,298,452
General purpose funding	2,986,646	2,931,023
Law, order, public safety	6,375,295	6,376,853
Health	36,417	9,620
Education and welfare	6,403,233	6,339,161
Community amenities	9,595,134	9,507,270
Recreation and culture	63,425,641	62,907,819
Transport	404,984,850	356,143,900
Economic services	1,887,357	1,422,805
Other property and services	8,782,226	9,215,383
Unallocated	13,948,627	14,314,477
	549,066,024	499,466,763

15 CONTINGENT LIABILITIES

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

16 LEASING COMMITMENTS

2018	2017
\$	\$

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

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for

Payable:

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

439	3,293
0	0
0	0
439	3,293

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 amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leases (Continued)

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

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

17 JOINT VENTURE ARRANGEMENTS

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:

	2018	2017
	\$	\$
Non-current assets		
Land and buildings	68,000	68,000
Less: accumulated depreciation	(10,275)	(8,575)
	<u>57,725</u>	<u>59,425</u>

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

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

Separate joint venture entities providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to Note 27 for a description of the equity method of accounting.

Interests in joint arrangements (Continued)

Joint venture 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.

18 RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2018	2018	2017
	Actual	Budget	Actual
	\$	\$	\$
Meeting Fees	166,000	166,000	166,000
President's allowance	34,500	34,500	34,500
Deputy President's allowance	8,625	8,625	8,625
Travelling expenses	10,426	12,500	11,317
Telecommunications allowance	18,000	18,000	18,000
	237,551	239,625	238,442

Key Management Personnel (KMP) Compensation Disclosure

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

	2018	2017
	\$	\$
Short-term employee benefits	745,212	726,380
Post-employment benefits	85,043	81,769
Other long-term benefits	25,851	18,487
	856,106	826,636

Short-term employee benefits

These amounts include all salary, paid leave, 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.

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:

	2018	2017
	\$	\$
Purchase of goods and services	253,180	233,115

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.

iii. Joint venture entities accounted for under the proportionate consolidation method

The Shire has a one-tenth interest in a regional records facility in Kalgoorlie. The interest in the joint venture entity is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities refer to Note 17.

19 MAJOR LAND TRANSACTIONS

Flinders Residential Subdivision

(a) Details

The Council owns, freehold, East Location 18, Lot 3 which is bounded by Ormonde Street and Goldfields Road Esperance. During 2003/2004 the Council created 33 blocks from part of Lot 3. These blocks were sold at auction and the profit transferred into a Cash Reserve established for Land Development. The Council developed a further 90 lots as Stage 2 during 2009/2010. 66 lots have been sold with the remainder to be progressively sold subject to market demand. The Council has developed a Business Plan in relation to this development a copy of which is available on request from the Council Administration Office.

(b) Current year transactions

Operating income

- Profit on sale

Operating income

- Advertising and Promotion
- Interest Expense
- Sundry Supplies & Expenses
- Overhead Allocation

Capital income

- Sale proceeds
- Borrowings

Capital expenditure

- Development Costs
- Loan Repayments

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Operating income			
- Profit on sale	304,105	175,000	61,103
Operating income			
- Advertising and Promotion	(1,670)	(4,000)	(3,352)
- Interest Expense	(6,299)	(15,000)	(13,004)
- Sundry Supplies & Expenses	(6,208)	0	0
- Overhead Allocation	(4,576)	(4,920)	0
	<u>285,352</u>	<u>151,080</u>	<u>44,747</u>
Capital income			
- Sale proceeds	716,437	350,000	149,361
- Borrowings	4,687	860,000	9,669
Capital expenditure			
- Development Costs	0	(860,000)	0
- Loan Repayments	(383,537)	(350,000)	(149,361)
	<u>337,587</u>	<u>0</u>	<u>9,669</u>
	<u>622,939</u>	<u>151,080</u>	<u>54,416</u>

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

The only liability in relation to this land transaction as at 30 June 2018 is loan 288 (see note 11(a))

(c) Expected Future Cash Flows

	2019	2020	2021	2022	Total
	\$	\$	\$	\$	\$
Cash outflows					
- Development costs	(860,000)	0	(2,188,388)	0	(3,048,388)
- Printing, Stationery and Marketing	(4,000)	(4,000)	(4,000)	(4,000)	(16,000)
- Loan repayments	0	0	0	(500,000)	(500,000)
- Land Development Reserve	(350,000)	(500,000)	0	0	(850,000)
	<u>(1,214,000)</u>	<u>(504,000)</u>	<u>(2,192,388)</u>	<u>(504,000)</u>	<u>(4,414,388)</u>
Cash inflows					
- Loan proceeds	0	0	1,188,388	0	1,188,388
- Sale proceeds	350,000	500,000	500,000	500,000	1,850,000
- Land Development Reserve	860,000	0	500,000	0	1,360,000
	<u>1,210,000</u>	<u>500,000</u>	<u>2,188,388</u>	<u>500,000</u>	<u>4,398,388</u>
Net cash flows	<u>(4,000)</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>(16,000)</u>

19 MAJOR LAND TRANSACTIONS (Continued)

Shark Lake Industrial Park

(a) Details

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

(b) Current year transactions

Operating income

- Profit on sale
- Lease income
- SLIP rate income

Operating expenditure

- Advertising and Promotion
- Interest Expense
- Maintenance
- Overhead Allocation

Capital income

- Sale proceeds

Capital expenditure

- Loan Repayments

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Operating income			
- Profit on sale	0	0	0
- Lease income	2,871	2,750	2,630
- SLIP rate income	10,000	10,000	10,000
Operating expenditure			
- Advertising and Promotion	0	0	0
- Interest Expense	(49,143)	(49,402)	(51,220)
- Maintenance	0	0	0
- Overhead Allocation	(9,029)	(10,356)	(5,371)
	<u>(45,301)</u>	<u>(47,008)</u>	<u>(43,961)</u>
Capital income			
- Sale proceeds	0	0	0
Capital expenditure			
- Loan Repayments	(41,920)	(41,919)	(40,087)
	<u>(41,920)</u>	<u>(41,919)</u>	<u>(40,087)</u>
	<u>(87,221)</u>	<u>(88,927)</u>	<u>(84,048)</u>

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

(c) Expected Future Cash Flows

	2019	2020	2021	2022	Total
	\$	\$	\$	\$	\$
Cash outflows					
- Interest Expense	(47,116)	(44,852)	(42,500)	(40,008)	(174,476)
- Loan repayments	(43,836)	(45,840)	(47,935)	(50,125)	(187,736)
	<u>(90,952)</u>	<u>(90,692)</u>	<u>(90,435)</u>	<u>(90,133)</u>	<u>(362,212)</u>
Cash inflows					
- Loan proceeds	0	0	0	0	0
- Sale proceeds	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net cash flows	<u>(90,952)</u>	<u>(90,692)</u>	<u>(90,435)</u>	<u>(90,133)</u>	<u>(362,212)</u>

20 TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Esperance Aerodrome

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 charged. Annual surpluses are transferred to reserve funds to finance future improvements to the facility.

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
(a) Operating Statement			
Operating income			
- Landing Fees	1,094,057	1,050,000	1,073,588
- Commissions	0	0	0
- Property Rental	25,343	19,000	22,426
- Reimbursements	3,054	4,000	3,301
- Sundry Income	379	500	405
- Security Screening Charges	227	0	0
- Grants and Subsidies	11,527	11,527	12,065
- Profit on Sale of Assets	0	0	25,400
Operating expenditure			
- Employee Expenses	(261,197)	(271,300)	(260,652)
- Insurance	(14,798)	(14,775)	(14,774)
- Building Expenses	(136,698)	(99,275)	(159,036)
- Grounds and Strip Maintenance	(59,292)	(55,500)	(170,162)
- Security Screening	0	0	(47,485)
- Other Sundry Expenses	(24,332)	(23,600)	(19,336)
- Administration Overheads	(91,401)	(96,635)	(36,321)
- Depreciation	(298,454)	(294,267)	(379,330)
- Loss on Asset Disposal	(1,753)	(7,825)	0
	<u>246,662</u>	<u>221,850</u>	<u>50,089</u>
Capital income			
- Reserve Transfer	78,322	93,251	0
- Proceeds from Sale of Assets	17,273	15,000	163,636
- Capital Grant	31,156	49,025	0
Capital expenditure			
- Infrastructure	(126,751)	(157,276)	0
	<u>0</u>	<u>0</u>	<u>163,636</u>
Total Net Result	<u>246,662</u>	<u>221,850</u>	<u>213,725</u>

Shire of Esperance Annual Financial Report

For the year ended 30th June 2018

Notes to and forming part of the Financial Report

21 CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/16	Received ⁽²⁾ 2016/17	Expended ⁽³⁾ 2016/17	Closing Balance ⁽¹⁾ 30/06/17	Received ⁽²⁾ 2017/18	Expended ⁽³⁾ 2017/18	Closing Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
Law, order, public safety							
DFES - Fire Prevention	52,890	50,545	(73,115)	30,320	203,255	(181,955)	51,620
DFES - SES	4,163	5,522	(8,060)	1,625	21,947	(18,207)	5,365
GEDC - Gibson Fire Shed	0	39,950	(11,237)	28,713	0	(28,713)	0
Education and welfare							
Carers WA	1,600	0	(1,600)	0	0	0	0
Grant - Other Programs	9,019	0	(334)	8,685	28,584	(32,456)	4,813
Grant - Esperance Home Care Operating	59,082	0	(45,842)	13,240	1,871,883	(1,837,157)	47,966
Grant - HACC Capital	178,867	0	(104,378)	74,489	0	(7,435)	67,054
Grant - Homecare 2	24,506	12,844	0	37,350	347,173	(354,382)	30,141
Grant - Homecare 3	12,748	39,455	0	52,203	249,846	(263,557)	38,492
Grant - Homecare 4	0	29,375	0	29,375	646,296	(548,913)	126,758
Grant - Contracts	0	954	0	954	115,914	(116,868)	0
Grant - CHSP Carers	0	31,187	0	31,187	132,339	(142,574)	20,952
Grant - HACC U65s - Operating	0	0	0	0	35,000	(10,747)	24,253
Grant - Community Visitor Scheme	0	0	0	0	34,608	(34,005)	603
VMP CPO	30,480	119,002	(120,653)	28,829	117,016	(121,763)	24,082
Community amenities							
Coastscapes Biodiversity Fund	14,193	0	(10,481)	3,712	0	(3,712)	0
City of Kalgoorlie Boulder	99,794	0	(99,794)	0	0	0	0
State NRM - Lake Monji Action Group	14,174	0	(14,174)	0	0	0	0
Recreation and culture							
CLGF	552,758	0	(552,758)	0	0	0	0
Twilight Beach Restoration	0	24,000	(8,057)	15,943	0	(7,411)	8,532
BHP Bushfire Donation Scaddan	250,000	0	0	250,000	0	0	250,000

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For the year ended 30th June 2018

Notes to and forming part of the Financial Report

21 CONDITIONS OVER GRANTS/CONTRIBUTIONS (Continued)

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/16	Received ⁽²⁾ 2016/17	Expended ⁽³⁾ 2016/17	Closing Balance ⁽¹⁾ 30/06/17	Received ⁽²⁾ 2017/18	Expended ⁽³⁾ 2017/18	Closing Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
Recreation and culture (Continued)							
Curtin Uni Seagrass Study	0	10,200	0	10,200	0	(10,200)	0
State NRM - Lake Monji Restoration	0	26,400	(10,286)	16,114	0	(16,114)	0
South Coast NRM - Quagi Beach	0	21,000	(10,513)	10,487	21,000	(31,487)	0
Beach Access Site Planning	0	15,500	0	15,500	0	(15,500)	0
Sport & Rec - Kidsport	0	79,221	(45,343)	33,878	19,406	(53,284)	0
Grant - Good Things Foundation "Be Connected"	0	0	0	0	26,500	0	26,500
Grant - Science Week	0	0	0	0	2,000	0	2,000
Transport							
Tourism WA Skate Park	200,000	0	(200,000)	0	0	0	0
Roads to Recovery	223,973	0	(223,973)	0	0	0	0
Roadwise	1,454	20,930	(21,303)	1,081	0	(1,081)	0
Grant - WA Police - Horns & Hooves Project	0	0	0	0	4,210	(3,822)	388
Grant - Road Safety Alliance	0	0	0	0	14,000	0	14,000
Economic services							
Wild Dog Control	68,583	217,500	(165,758)	120,325	185,129	(206,176)	99,278
Supertowns - Growth Plan	26,994	0	(26,194)	800	0	(800)	0
Supertowns - Economic Development	130,317	3,283	0	133,600	0	(55,623)	77,977
Total	1,955,595	746,868	(1,753,853)	948,610	4,076,106	(4,103,942)	920,774

Notes:

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

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

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

Shire of Esperance Annual Financial Report

For the year ended 30th June 2018

Notes to and forming part of the Financial Report

22 RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential general rate / general rate											
Gross rental valuations											
GRV - Residential	0.0930	3,873	64,481,036	5,999,377	73,551	5,900	6,078,828	5,999,380	39,623	0	6,039,003
GRV - Commercial	0.0949	401	24,131,538	2,290,131	(4,718)	(6,785)	2,278,628	2,290,131	0	0	2,290,131
GRV - Vacant	0.0930	113	2,194,450	204,174	(7,661)	(1,028)	195,485	204,174	0	0	204,174
Unimproved valuations											
UV - Rural	0.0090	1,116	938,345,000	8,490,145	4,117	2,809	8,497,071	8,490,146	0	0	8,490,146
UV - Mining	0.0895	42	1,832,999	164,138	4,930	56	169,124	164,138	0	0	164,138
UV - Commercial/Industrial	0.0090	1	150,000	1,357	0	0	1,357	1,357	0	0	1,357
Sub-Total		5,546	1,031,135,023	17,149,322	70,219	952	17,220,493	17,149,326	39,623	0	17,188,949
Minimum payment											
Gross rental valuations											
GRV - Residential	1,076	1,281	12,134,385	1,378,356	(7,054)	(768)	1,370,534	1,378,356	0	0	1,378,356
GRV - Commercial	1,076	61	406,588	65,636	(622)	2,954	67,968	65,636	0	0	65,636
GRV - Vacant	1,076	611	3,036,050	657,436	(32,902)	1,597	626,131	660,664	0	0	660,664
Unimproved valuations											
UV - Rural	1,076	80	4,985,800	86,080	8,166	26,748	120,994	86,080	0	0	86,080
UV - Mining	538	22	48,711	11,836	(1,531)	16	10,321	11,836	0	0	11,836
UV - Commercial/Industrial	1,076	2	70,100	2,152	0	0	2,152	2,152	0	0	2,152
Sub-Total		2,057	20,681,634	2,201,496	(33,943)	30,547	2,198,100	2,204,724	0	0	2,204,724
		7,603	1,051,816,657	19,350,818	36,276	31,499	19,418,593	19,354,050	39,623	0	19,393,673
Discounts/concessions							(22,058)				(29,052)
Total amount raised from general rate							19,396,535				19,364,621
Prepaid Rates							173,109				0
Ex-gratia rates							258,079				259,400
Totals							19,827,723				19,624,021

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

22 RATING INFORMATION (Continued)

(b) Specified Area Rate

No specified area rates were imposed by the Shire during the year ended 2018.

(c) Service Charges

No service charges were imposed by the Shire during the year ended 2018.

(d) Discounts, Incentives, Concessions, & Write-offs
Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	Actual \$	Budget \$	Circumstances in which Discount is Granted
Unserviced Development Area 3 Lots	50.00%	538	20,444	27,438	Lots remain unserviced and unable to be developed.
Unservice Israelite Bay Lot	50.00%	538	538	538	Lot remains unserviced and extremely remote to Shire services.
Low Value Myrup Fly In Estate	50.00%	538	1,076	1,076	Hanger lots remain under \$15,000 UV valuation on Strata Plan 60076.
			<u>22,058</u>	<u>29,052</u>	

Waivers or Concessions

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

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For the year ended 30th June 2018

Notes to and forming part of the
Financial Report

22 RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan	Instalment Plan	Unpaid Rates
		Admin Charge	Interest Rate	Interest Rate
		\$	%	%
Option One				
Single full payment	27-Sep-17	0		11.00%
Option Two				
First instalment	27-Sep-17	0	5.50%	11.00%
Second instalment	29-Nov-17			
Third instalment	31-Jan-18			
Fourth instalment	04-Apr-18			
			2018 Actual	2,018 Budget
			\$	\$
Interest on unpaid rates			40,871	75,000
Interest on instalment plan			99,854	102,000
Charges on instalment plan			0	0
			140,725	177,000

Shire of Esperance Annual Financial Report

For the year ended 30th June 2018

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23 NET CURRENT ASSETS

Composition of net current assets

	2018 2018 Carried Forward)	2018 (1 July 2017 Brought Forward)	2017 (30 June 2017 Carried Forward)
	\$	\$	\$
Surplus/(Deficit) 1 July 17 brought forward	4,459,137	3,932,316	3,932,316
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	3,928,946	4,884,892	4,884,892
Restricted	28,877,155	27,369,750	27,369,750
Receivables			
Rates outstanding	205,360	216,563	216,563
Sundry debtors	2,805,545	2,306,764	2,306,764
GST receivable	179,875	395,298	395,298
Loans receivable - clubs/institutions	77,473	69,386	69,386
Interest receivable	35,327	54,879	54,879
Inventories			
Fuel and materials	47,981	36,862	36,862
Roadmaking materials	72,444	111,362	111,362
Various goods held for resale	69,778	74,605	74,605
Land held for resale - Flinders Estate	176,057	176,057	176,057
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(1,800,759)	(3,093,788)	(3,093,788)
Accrued interest on long term borrowings	(14,729)	(16,998)	(16,998)
Accrued salaries and wages	(116,591)	(117,511)	(117,511)
Debentures	(121,309)	(461,305)	(461,305)
Provisions			
Provision for annual leave	(1,141,615)	(1,070,492)	(1,070,492)
Provision for long service leave	(987,047)	(943,040)	(943,040)
Unadjusted net current assets	32,293,891	29,993,284	29,993,284
Adjustments			
Less: Reserves - restricted cash	(28,877,157)	(27,369,750)	(27,369,750)
Less: Land held for resale - Flinders Estate	(176,057)	(176,057)	(176,057)
Less: Loans receivable - clubs/institutions	(77,473)	(69,386)	(69,386)
Add: Secured by floating charges	121,309	461,305	461,305
Add: Cashback employee provision	1,174,624	1,092,920	1,092,920
Adjusted net current assets - surplus/(deficit)	4,459,137	3,932,316	3,932,316

Difference

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.

24 FINANCIAL RISK MANAGEMENT

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

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 Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	32,806,101	32,254,642	32,806,101	32,254,642
Receivables	4,173,904	3,927,911	4,173,904	3,927,911
	<u>36,980,005</u>	<u>36,182,553</u>	<u>36,980,005</u>	<u>36,182,553</u>
Financial liabilities				
Payables	1,932,079	3,228,297	1,932,079	3,228,297
Borrowings	1,746,487	2,176,642	1,746,487	2,176,642
	<u>3,678,566</u>	<u>5,404,939</u>	<u>3,678,566</u>	<u>5,404,939</u>

Fair value is determined as follows:

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

Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

24 FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. Council has an Investment Policy and the Policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

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

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

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

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

	2018	2017
Impact of a 1% ⁽¹⁾ movement in interest rates on cash	\$	\$
- Equity	359,697	322,546
- Statement of Comprehensive Income	359,697	322,546

Notes:

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

24 FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

The Shire makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

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

The profile of the Shire’s credit risk at balance date was:

	2018	2017
	%	%
Percentage of rates and annual charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables		
- Current	99.00%	90.00%
- Overdue	1.00%	10.00%

24 FINANCIAL RISK MANAGEMENT (Continued)

(c) 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.

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2018					
Payables	1,932,079	0	0	1,932,079	1,932,079
Borrowings	183,480	555,183	653,060	1,391,723	1,746,487
	<u>2,115,559</u>	<u>555,183</u>	<u>653,060</u>	<u>3,323,802</u>	<u>3,678,566</u>
2017					
Payables	3,228,297	0	0	3,228,297	3,228,297
Borrowings	483,492	944,491	755,889	2,183,872	2,176,642
	<u>3,711,789</u>	<u>944,491</u>	<u>755,889</u>	<u>5,412,169</u>	<u>5,404,939</u>

Borrowings are also 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 following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

Year ended 30 June 2018	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
Borrowings								
Fixed rate								
Long term borrowings	(2,426)	(49,845)	(18,526)	0	(92,411)	(1,583,279)	(1,746,487)	4.91%
Weighted average Effective interest rate	3.62%	2.33%	6.05%	0.00%	6.55%	4.88%		
Year ended 30 June 2017								
Borrowings								
Fixed rate								
Long term borrowings	0	(384,411)	(63,359)	0	(25,191)	(1,703,682)	(2,176,643)	4.52%
Weighted average Effective interest rate	0.00%	2.20%	3.62%	0.00%	6.05%	5.06%		

25 TRUST FUNDS

Funds held at balance date over which the Shire has no control and which are not included in the financial statements are as follows:

	1 July 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
Town Planning Development Bonds	76,990	18,402	(17,821)	77,571
Staff Housing Bonds	12,498	5,930	(2,500)	15,928
Development Subdivision Bonds	2,297	33	0	2,330
Engineering Subdivision Bonds	56,347	795	0	57,142
Contribution to Public Open Space	189,702	2,673	0	192,375
Commercial Building Bonds	1,453	0	(130)	1,323
Recreation Grounds Bonds	500	0	0	500
Home Care Bus Bonds	1,600	0	0	1,600
Other General Bonds	73,264	81,888	(61,513)	93,639
Kerb Deposit/Builders Reinstatements	21,300	0	(4,400)	16,900
BCITF Levy	1,725	128	(1,725)	128
General Deposits	<u>131,106</u>	73,741	(125,134)	<u>79,713</u>
	568,782			539,149

26 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS

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

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

	Title	Issued / Compiled	Applicable (1)	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend on the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.</p>
(iii)	AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.</p>

Notes:

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

26 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (Continued)

Title	Issued / Compiled	Applicable (1)	Impact
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

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

Adoption of New and Revised Accounting Standards

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

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

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

27 SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the 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 statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

e) Budget comparative figures

Unless otherwise stated, the budget comparative figures shown in 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 an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the 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 such as roads, drains, public buildings and the like, no annual assessment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

28 ACTIVITIES/PROGRAMS

Statement of Objective

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

Community Vision

Esperance is spectacular. We have a vibrant, welcoming community that encourages new people to our region and gives a sense of belonging to those who live here.

We value our natural resources and accept the responsibility to manage them for future generations to enjoy. We aim to strengthen and diversify the regions economic base in a way that complements our social and environmental values.

We are strategically located as a diverse and dynamic region that is committed to a sustainable change and growth. Above all, we are a community that makes it happen.

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

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of Council (Councillors) and the administrative support services available to the Council for the provision of governance of the district. Other costs relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific services.
GENERAL PURPOSE FUNDING	To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and protection of the environment and other aspects of public safety including beaches and emergency services.
HEALTH	To provide an operational framework for good community health.	Inspection of food outlets and their control as well as provision of meat inspection services, noise control and waste disposal compliance.
EDUCATION AND WELFARE	To provide services to disadvantaged persons, the elderly, children and youth.	Maintenance of child minding centre, playgroup centre, senior citizens centre and aged care centre. Provision and maintenance of home and community care programs and youth support services.

28 ACTIVITIES/PROGRAMS (Continued)

PROGRAM NAME	OBJECTIVE	ACTIVITIES
COMMUNITY AMENITIES	To provide services required by the community.	Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.
RECREATION AND CULTURE	To establish and effectively manage infrastructure and resources which will help the social well being of the community.	Maintenance of public halls, civic centre, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operations of library, museum and other cultural facilities.
TRANSPORT	To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots, cycleways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc. Provision and operation of airport. Provision of licensing facilities.
ECONOMIC SERVICES	To help promote the Shire and its economic well being.	Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building control.
OTHER PROPERTY AND SERVICES	To monitor and control Councils overheads operating accounts.	Private works, plant repair and operation costs and engineering operation costs.

Shire of Esperance Annual Financial Report

For the year ended 30th June 2018

Notes to and forming part of the Financial Report

29 FINANCIAL RATIOS

	2018	2017	2016
Current ratio	2.66	1.84	1.89
Asset sustainability ratio	0.81	0.87	0.80
Debt service cover ratio	26.62	37.78	12.95
Operating surplus ratio	(0.01)	0.03	(0.16)
Own source revenue coverage ratio	0.76	0.70	0.59

The above ratios are calculated as follows:

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

Notes:

Information relating to the asset consumption ratio and the asset renewal funding ratio can be found at Supplementary Ratio Information on Page 62 of this document.

Three of the ratios disclosed above were distorted by the early receipt of Financial Assistance Grants.

In addition, two of the ratios were impacted by revenue and expenses associated with flood damage re-instatement which is considered one-off in nature.

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	2,660,528	2,602,008	0
Amount of Financial Assistance Grant received in prior year relating to current year.	2,602,008	0	2,521,921
Amount of reimbursement for flood damage recognised.	698,196	1,302,817	0
Expenditure on flood damage re-instatement.	698,196	1,470,817	0

If the events detailed above did not occur, the impacted ratios in the 2018, 2017 and 2016 columns above would be as follows:

	2018	2017	2016
Current ratio	2.66	1.27	2.12
Debt service cover ratio	26.53	31.61	16.13
Operating surplus ratio	(0.01)	(0.05)	(0.07)
Own source revenue coverage ratio	N/A	N/A	0.69

Auditors Report

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

Report on the Financial Report

Opinion

We have audited the financial report of the Shire of Esperance, which comprises the statement of financial position as at 30 June 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Chief Executive Officer.

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

- a) giving a true and fair view of the Shire's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Basis for Opinion

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

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

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

Other Information

The Councillors are responsible for the other information. The other information comprises the information in the Shire's annual report for the year ended 30 June 2018 but does not include the financial report and the auditor's report thereon.

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

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

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

Council's Responsibility for the Financial Report

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors.
- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Shire to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

Emphasis of Matter

Without modifying our opinion, we draw attention to page 62 of the financial report “Supplementary Ratio Information”, which describes certain ratio information relating to the financial report. Management’s calculation of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on these ratios.

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

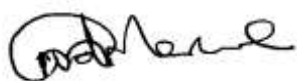
Reporting on Other Legal and Regulatory Requirements

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

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

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

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE
Director

Perth
Date: 1 November 2018

RATIO INFORMATION


The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information.

	2018	2017	2016
Asset consumption ratio	0.56	0.77	0.95
Asset renewal funding ratio	1.00	1.05	1.04

The above ratios are calculated as follows:

Asset consumption ratio
$$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$$

Asset renewal funding ratio
$$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$$



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

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