

Shire of Esperance 2014-2015 Annual Report





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Our 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 region’s 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”

Our Values

Professionalism - in the standards and ethics of our actions

Respect - through courtesy and honesty in our dealings with all people

Integrity - that builds community trust

Dedication - of a committed team that works together to provide leadership for the community

Excellence - in the service that we provide for the community

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.

Presidents Report



It is with much pride that I present the Shire of Esperance Annual Report for 2014/15 financial year.

In last year's report I commented on our world class waterfront redevelopment and the opening by the Hon Premier, Colin Barnett and the Min of Regional Development, Terry Redman of the James St precinct on 8 June 2014. Progress continued on this transformational project and we were able to commission the headland precinct which the Minister of Regional Development, Terry Redman officially opened on 30 November 2014. The opening provided an opportunity for the community to celebrate and they turned out in droves to support the various community activities and markets that were staged on what turned out to be a glorious day. Since the opening it is very gratifying to see locals and visitors alike embrace the waterfront and enjoy all that it has to offer. This included coffee and food vans, exercise activities, cycling or walking the various pathways, enjoying the BBQ's and rest areas or just enjoying the glorious views on offer. Our immense pride in our waterfront was endorsed by being awarded the State Winner of Best Project Development by Parks & Leisure Australia Awards of Excellence at a ceremony in Perth in June 2015. This now means that the project will progress to the National Competition to be held early in the new financial year. I believe we will feature prominently in these awards.

The Shire of Esperance hosted the Consulate of the Republic of Vietnam in July 2014 and then again for our Agricultural Show in October 2014. While our discussions have been cursory it is hoped that trade opportunities will arise from this dialogue continuing.

The Shire has been kept very busy with numerous community consultation events being held including the:-

- Rates information forum
- Town Centre Revitalisation Master plan
- Draft Economic Development Strategy
- Waste Management facility site selection
- Skate Park site selection and design workshops

Councillors attended Local Government Week and incorporated a road trip to visit Jurian Bay, Gin Gin, Lancelin, Cervantes and Geraldton to view and inspect caravan parks and water front developments which proved invaluable. These visits to other Shires or regions are important to not only assess where we sit on

common issues but also to exchange ideas.

In our own Shire, we as a Council attended Salmon Gums for their community hall opening, held meetings in Condingup and Cascade. These visits enabled Council to discuss local issues and interact with the communities in their local environments.

Esperance hosted state events for Speedway, Volleyball and Squash. These events received financial support from our community grants program and showcased what Esperance has to offer magnificently. We were also featured in the WA Weekender series and hosted the Australian Airports Association Regional meeting.

We had a send-off for a number of our Volunteer Fire Fighters to assist with fighting fires in the South West and also had to deal with the devastating fire at Lake Monjigup which destroyed the bush as well as infrastructure, this was heart breaking for the hard working Management Group. Fortunately the community has rallied and undertaken to rebuild Lake Monjigup to restore it to its former glory.

I am pleased to report that we were able to continue making progress on addressing our Asset Management gap which our planning documents have identified. We will need to continue to provide for replacement and maintenance of our aged infrastructure in the town and region. The challenge is for the community to be kept fully informed and to understand the issue and appreciate its significance for the long term future of our wonderful town. It is vitally important that our message continues to be reinforced at every opportunity. A little short term pain will provide a very substantial long term gain.

Some additional exciting developments initiated during the year were the LED Street lighting replacement program and the launch of the brand "Esperance – Create your own story". A further highlight was to recognise Kimberley Doig 'a visitor to Esperance' who saved three Irish tourists from drowning at West Beach. We fortunate in being able to express our gratitude for her acts of bravery.

In closing I wish to thank my fellow Councillors for their dedicated service and support over the year. Our program has been very busy and demanding at times, however their enthusiasm and passion has always shone through. Thank you to our CEO Matthew Scott, Directors and all staff at the Shire of Esperance for their assistance and dedication to the organisation and community.

I am honoured to be your Shire President and look forward with great optimism to a fruitful and exciting 2015-16.



Cr Malcolm Heasman
Shire President

CEO's Report



It is with great pleasure I present to the Esperance Community the 2014-2015 Annual Report. As you read this document, I think you will agree the Shire continues to deliver on its promise on providing quality services and infrastructure for the residents and ratepayers of the District.

Without doubt the greatest achievement this year was the completion and re-opening of the Esperance Waterfront in November 2014. This \$24 million project was completed ahead of time and under budget, while still achieving a world class recreational space for residents and visitors alike, winning a Parks and Leisure Australia Regional Awards for Excellence. From the Shire's perspective, it is also remarkable to recognise that some 85% of the project funding went to local businesses and suppliers, benefiting the entire community. The Waterfront was opened by the Hon. Terry Redman, Minister for Regional Development and Lands, drawing visitors across the region and the state. Already the "Whale Tail" public art piece is already an iconic symbol of Esperance, appearing as a logo for many local businesses and community groups. Savings from this project have been put back into the waterfront with additional playgrounds and relocation of the Skatepark being planned.

This year also saw the completion of the Town Centre Revitalisation Plan, the draft Esperance Regional Economic Development Plan and finalisation of the Esperance Community Branding Strategy. These SuperTown projects, funded from Royalties for Regions, will have far reaching benefits for Esperance. The challenge for the Shire and the community is to turn these strategic aspirations in to tangible outcomes, to help grow and develop the district, while maintaining our unique character and culture.

The Council has maintained its commitment to community consultation, with numerous community forums discussing the budget and rates, Town Centre Revitalisation, Waste Facility Development, Skatepark and Tanker Jetty redevelopment options, and RV camping, while also regularly attending community

markets and other community events. The Shire provides weekly information to the community via radio and print media, and continues to explore other methods of engaging with the community on matters of interest. An example of this is the development of a community youth strategy, where the Shire sought comment directly from children at school, or by creating a postcard competition to demonstrate how the community brand could be utilised.

The Shire continues to be lead by the Shire President, Cr Malcolm Heasman and Deputy President Victoria Brown, with the assistance their fellow Councillors, Cr Natalie Bowman, Cr Beverly Stewart, Cr Lara McIntyre, Cr Kevin Hall, Cr Rob Horan, Cr Basil Parker and Cr Paul Griffiths. Local Government General Elections will be held in October 2015, with five Council seats up for re-election.

From a Staffing perspective, the Shire successfully implemented an organisation restructure that better reflects the changing nature of local government and the specific priorities of Esperance, as determined by the current Community Strategic Plan. Once again I would like to thank my management team, staff and volunteers of the Shire for their continued support and enthusiasm in realising many of the achievements that are highlighted within this Annual Report.

I would encourage you to read this annual report, which will assist in better understanding what and how the Shire operates, including the quantum of services the Shire provides to meet the needs and aspirations of our community, now and into the future.



Matthew Scott
Chief Executive Officer



Meet your Councillor's



**Shire President:
Cr Malcolm Heasman**



**Deputy Shire President:
Cr. Victoria Brown**



Cr. Natalie Bowman



Cr. Kevin Hall



Cr. Lara McIntyre



Cr. Rob Horan



Cr. Paul Griffiths



Cr. Beverly Stewart



Cr. Basil Parker

Executive Management



Matthew Scott
Chief Executive Officer

Executive Services

Executive Services is responsible for the coordination of elected members of Council, Council liaison, organisation management, executive assistance, governance, corporate reporting, media and communications, major projects and strategic planning



Shane Burge
Director Corporate Resources

Corporate Resources

Corporate Services is responsible for audit and grant management, finance management, long term financial planning, information technology, records management, statutory reporting, administration, customer service, licensing and rates, payroll, insurance, tenders and contracts, human resources, occupational safety and health and risk management



Gavin Harris
Director Asset Management

Asset Management

Asset Management is responsible for drafting, surveying, building maintenance, fleet management, fixed plant, depot and stores, parks and reserves, environment, cemetery, urban rural and coastal infrastructure management, traffic and transport, engineering management, asset management and project management



Terry Sargent
Director External Services

External Services

External Services is responsible for Bay of Isles Leisure Centre, Airport, Waste Management, Land and Property Development, Economic Development, Visitors Centre, Civic Centre, Library and Culture, Museum, Esperance Home Care, Volunteer Resources Centre, Seniors, Youth and Disability, Recreation and Club Development, Community Emergency Services, Rangers, Compliance, Strategic and Statutory planning, Building permits and approvals and Environmental Health





Our Community*

Population	14240
Families	3490
Households	4731
Ave per household	2.5
Residents born in Aust	80.2%
Medium age	38

Our Profile*

Land Area	44366 kms
Roads	4520 kms
Footpaths	124 kms
Buildings	94 (renewal and maintenance responsibility) 120 (maintenance responsibility only)
Playgrounds	36
Sporting Grounds	21 ha
Public Open Space	88 ha (active) 107 (passive)

Our Location

Located on Western Australia's southeast coast about 725km from Perth by road, covering over 44,000 square kilometres. The boundary extends from Munglinup, to Israelite Bay and north to the Daniell rail siding.



About this Report

Welcome to the Shire of Esperance's 2014-15 Annual Report, which highlights the Shire's progress against the strategic goals identified in our Strategic Community Plan 2012-2022. Under the *Local Government Act 1995* all local governments are required to prepare an annual report at the end of each financial year. This is to provide information back to the community on the overall health of the organisation.

Additionally with the Integrated Planning and Reporting Framework the annual report is now the key reporting device, providing information to the community on the work undertaken in the past financial year. The Annual Report identifies Council priorities and major projects being undertaken or planned and will include community indicators based on the goals and strategies outlined in the Strategic Community Plan.

This report details our operational performance and outlines the achievements and challenges that were experienced throughout this financial year.

Council identified communication and engagement as focus areas for improvement during this financial year. Encouraging community involvement and input which in turn supports better decision making. With a significant number of major projects underway and planning for major infrastructure projects required there have been a number of workshops held to gather community input and ensure community goals and aspirations are incorporated into all current and future works.

Council has also been involved in several 'Council Corner' opportunities at the local community markets and other community events to allow for one on one conversations. Biannual forums have also been initiated in our remote towns and localities, giving all community members the opportunity to talk with Council.

Where to find this report

Copies of this report can be obtained in the following ways:

- In person: Collect a hard copy from the Shire administration office or Library
- Online: Shire Website www.esperance.wa.gov.au
- Email: A low resolution copy can be emailed shire@esperance.wa.gov.au

Comment

Council and Shire of Esperance officers are keen for any feedback you may have on the Annual Report. This can be in writing and dropped off at any shire building or emailed to the shire at: shire@esperance.wa.gov.au

Strategic Community Plan

The Shire of Esperance Strategic Community Plan 2012-2022 is the over arching document developed to embody the aspirations and goals of the Esperance community. The themes and goals identified underpin the strategies and outcomes that Council and the Shire of Esperance will be measured against from 2013-14 onwards to ensure the future desires of the community are attained. The Strategic Community Plan had a minor review this year to ensure all references and information was up to date and minor corrections to wording. A full review will occur in the next financial year.

Theme 1: Social

Social - Our community, neighbourhoods, recreation and culture

A healthy and caring community which has strong support for all ages and abilities, and is accommodating and tolerant of a wide range of views

A safe community where residents feel secure and comfortable at home, work and play

A healthy community engaging in positive and rewarding lifestyles with access to a broad range of recreational opportunities

A vibrant community, enjoying access to a wide range of quality arts and cultural activities

Theme 2: Environment

Environment - Our environment, resource management and services

Valuing our pristine environment and ensuring the natural resources within the Shire are recognised as an important asset and managed in a sustainable manner

Recognising the environmental and recreational value of coastal reserves, and managing them in a way that will preserve them for generations to enjoy

Aiming for the equitable and sustainable development of land within the Shire that provides a genuinely desirable lifestyle

Managing waste and recycling in a manner that is environmentally sustainable and meets the expectations of the community

Theme 3: Economic

Economic - Our economy, infrastructure, systems and services

Community infrastructure and services delivered in a timely manner, are well utilised, effective and meet the expectations 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

Promoting sustainable and diverse economic development opportunities that make the Shire of Esperance an attractive place to live, work and play

Theme 4: Civic Leadership

Civic Leadership - Our Council, services, policies and engagement

A leading Council that is supported by an excellent organisation

Governance structures that ensure accountable, transparent and ethical decision making

Building the organisation and managing its structure, finances and assets in a sustainable manner

A Council that pro actively engages with all elements of its community in order to make decisions that reflect positively on the future of Esperance



The Consul General of the Socialist Republic of Vietnam met with Councillors and CEO to discuss potential partnerships between Esperance and Vietnam.

300 Esperance residents attended the 2014-15 Budget Forum. Brief presentations were given about rates, asset management, and waste management. This was followed by question time enabling the community members to ask direct questions to Councillors and Staff.

A survey of the Stormwater drainage system was undertaken as per the Asset Management Strategy.

Submissions sought after proposed changes to dog exercise areas within the Townsite, following amendments to the Dog Regulations 2014.

Council made a submission to the Minister for Transport regarding the proposed changes to the Perth to Esperance weekly flight schedule by Virgin Airlines.

Design development for the depot and pound upgrade was awarded to Cartman Designs.

Council revised the Bay of Isles Leisure Centre fees and charges in relation to VacsWim and Intern Pool entry following concerns raised by Esperance Primary School and Department of Education.

A proactive approach was undertaken by the Shire of Esperance to ensure all buildings become compliant.



“Official Waterfront Opening”, Minister for Regional Development, Hon Terry Redman officially opened the Esperance Waterfront. 60 local businesses and community groups were involved on the day providing activities and market stalls, with over 3000 people attending.

Focus sessions commenced in regards to the Town Centre Revitalisation Draft Master Plan.

Council sought nominations from the community to join the Off Road Vehicle Working Group.

Over 30 members of the public attended the Annual Elector’s Meeting. The Shire Presidents Report, CEO Report, Auditor’s Report and Annual Financial Statement were received followed by a community question time.

July

August

September

October

November

December

2014

Bay of Isles Leisure Centre celebrated the launch of the centre’s new inflatable.

Cascade Community Forum was held on the 29th July. Topics covered included rates, asset management, land release, waste management, Waterfront Project, Economic Development Strategy, TCR and Tanker Jetty replacement. The update was followed by a community question session.



‘A Night at the Museum’ - children participated in an awesome adventure through the history of Esperance.

Installation of the first barbecues on the Esperance Waterfront.

Council endorsed the 2014-2015 Budget at a Special Council Meeting.

Civic Centre hosted the National Boys Choir of Australia as part of their 50th Anniversary Tour.

Waterfront Project continued to progress with the installation of solar-powered compacting bins, lighting and information signs, and the construction of picnic shelters.

Shire of Esperance commenced the process of reviewing its 13 Local Laws.

The Esperance Town Centre Revitalisation Draft Master Plan 2015-2035 and Esperance Regional Economic Development Strategy were made available for public viewing.



Community input was sought on conducting a 12 month trial to provide low costs camping area for RV users.

Council invited public comment on the proposed transfer of the Thomas River Camp site to the WA Conservation Commission for management by the Department of Parks and Wildlife. Decision by Council was to retain control.

The annual Christmas Pageant and Lions Carols by Candlelights was a great end to 2014.



Esperance residents aged 60 and older partied away at the annual Seniors Christmas Dinner.

Esperance Bay Rotary Club hosted the New Years Eve fireworks.



Lake Monjigup Reserve was devastated by a fire.

Applications for the 2014-15 Community Activity Program grants opened.

Flinders Stage 3 Business Plan is endorsed & forwarded to WAPC for sub-division approval.

Council expressed support for the proposed registration of the Esperance Fish Cannery to be listed in the State Register of Heritage Places.

Council accepted the Waste Management Facility Site Selection Study, and adopted and enacts the Communication and Engagement Plan.

The Waste Management Facility Site Selection Study was made available for public viewing. Meetings were held with key stakeholders and the broader community to discuss the site selection process. Letters were also sent to landowners within the identified areas.



Council received 82 submissions on the Town Centre Revitalisation draft Master Plan. Plan was endorsed with changes made reflecting community input.

To help celebrate National Youth Week the Shire of Esperance in collaboration with WA Country Health held a range of activities with 150 of our youth attending.

60 submissions received on the Esperance Regional Economic Development Strategy.

Results from the Waterfront Community and Tourist Satisfaction Survey were received and the feedback was overwhelmingly positive with more than 85% of locals saying the waterfront redevelopment met expectations, with 90% using the foreshore every week.

New skate park site was selected and endorsed by Council.



The Esperance Waterfront - A World Class Foreshore Development won the 2015 Parks and Leisure Australia WA state award for Parks and Open Space: Development, recognising best practice in design and management of a park development. The waterfront became a finalist in the National Awards in Sydney in October.

January

February

March

April

May

June

2015

Focus sessions continued in regards to the Town Centre Revitalisation Draft Master Plan.

Design of the Skate Park was awarded to Convic.



Council appointed Community and non Council members to the Off Road Vehicle Working Group.

Council adopted the amended Disability Access and Inclusion Plan, includes Outcome 7: "people with disability have the same opportunities as other people to obtain and maintain employment with a public authority."

Applications for the 2015-16 Community Grants Program opened.

20 members of the community attended a community consultation workshop to help identify how the Esperance community could be more 'youth-friendly'.

Council declared the Electoral Commission will be responsible for the 2015 ordinary election, Council also resolved the election will be a postal election.

The Grass Patch Store & Post Office was officially opened after restoration.

A flow of ideas and robust discussion made the Esperance Skate Park community engagement sessions a success. The information collated from the sessions and the on-line survey is being used in the planning and design of the new skate park.

Esperance Volunteer Resource Centre held several events to help celebrate National Volunteer Week.

Wylie Bay Waste Facility was temporarily closed to allow for remedial work to be undertaken.

Shire of Esperance and Horizon Power announce the LED Street Lighting Retrofit Project, over the next three months 1,743 new LED street lights to be installed across the town.



The Shire of Esperance, Goldfields Esperance Development Commission and the Chamber of Commerce launched the 'The Esperance Brand'. The promotional story - DVD was premiered and the 'Tell Your Story Competition' launched in front of 40 community and business members.



*Theme 1: Social
Our community, neighbourhoods,
recreation and culture*



Outcome: A shire where the broadest community feel welcome involved and connected to each other

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

Visitors Centre

Tourism Esperance continues to meet with the Esperance Shire Council to discuss the groups role in the future management of the Esperance Visitor Centre.

Esperance Senior Citizens

The Shire of Esperance provides efficient and effective administration support to the Senior Citizens Management Committee in providing activities and programs to the over 55 community.

Communities for Youth

In March 2015, the Shire of Esperance actively engaged and sought input from people aged 12 to 25 years through the 'Communities for Youth' project. The aim of the project was to identify what young people perceived as important for a community to be youth friendly as well as identifying how to improve the Esperance 'place' or 'experience' for young people.

The project was funded by a grant from the Department of Local Government and Communities. The Shire engaged a consultant, to facilitate the engagement activities and prepare the project report. Eight themes were covered within the engagement activities; health, education, recreation, transport, volunteering and inclusion. Eight per cent of the Esperance youth population were engaged during the activities, representing a valid sample size. The group included diverse ages, genders and demographics.

The Communities for Youth Report and recommendations will be available to the public in August 2015.

Senior Plan

A successful grant application of \$10,000 was received from the Age Friendly Community Grants Program to assist in the development of a Seniors Plan. A consultant has been engaged and consultation with the Community will be undertaken during Seniors Week in November 2015.

Bay of Isles Leisure Centre

A new hoist was installed in the lap pool at the Bay of Isles Leisure Centre thanks to funding from the Community Pools Revitalisation Grant.

The hoist adds to the disability equipment now available at the Bay of Isles Leisure Centre in the dry and wet sides of the facility. An upgrade of the disabled toilets in the wet area is currently underway to improve access.

Disability Access and Inclusion Plan (DAIP)

During 2014-15 there were 20 strategies planned to enhance and improve the ability of persons with disability to participate in the activities of community life within the Shire of Esperance. Progress was made on all but one strategy, which was a recommendation that all persons (staff and contractors) receive appropriate training in working with persons with disability. Training was not readily available during the reporting period.

Significant achievements during the reporting period included:

- Active promotion of the Shire Face book page to improve avenues for communication.
- Community Engagement Policy adopted by Council.

- The construction of rest areas, access ramps to beach, ACROD parking bays, paved pathways, seating, easy access toilets and shaded shelters, as a component of the town site Waterfront Project.
- Development of a Town Centre Revitalisation Plan which identifies the need for seating, car parking, pedestrian and scooter access, and user friendly areas.
- Renovation and improvements to easy access change rooms and Bay of Isles Leisure Centre
- Self opening doors installed at Esperance Museum.
- Employment vacancies advertised as “we are an equal opportunity employer”



Outcome: Active, attractive and affordable towns which the community are proud of and engaged in

Strategy: Create a vibrant built environment that is accessible and inclusive and reflects the Shire's identity and local heritage

Town Centre Revitalisation Plan

The Esperance Town Centre Revitalisation Plan entered into an exciting new phase with the release of the draft master plan. Highlighting all the possible development opportunities in the town centre, the draft plan for 2015-2035, was developed to ensure the 'central heart' of Esperance remains inside a long term framework that will provide for the future growth of the town centre.

Focus sessions were held throughout the shire enabling community members to have their say on the draft plan with 80 written submissions being received. Feedback from the focus sessions and public submissions were considered by the Shire of Esperance, Esperance Chamber of Commerce and Goldfields-Esperance Development Commission with minor amendments being made prior to the finalisation and formal adoption of the plan in April.

New Waste Management Facility

With the August 2019 closure of the Wylie Bay Waste Facility quickly approaching, the Shire of Esperance focused on finding a site for the new waste management facility, whilst actively seeking funding to assist in the development and operational costs associated with a new facility.

The Waste Management Facility Site Selection Study was released and engagement sessions were held with the community and stakeholders in regards to the site selection of the new waste management facility. Works continues to progress and further consultation with the community will be undertaken in 2015-2016.

Esperance Skate Park Project

The current skate park was constructed approximately 20 years ago and is reaching the end of its life. The community were invited to participate and provide input during the consultative process to design a facility which meets user requirements, a possible location and within a set budget, this also included an on-line survey. The concept designs will be available to the public in July 2015 with further consultation undertaken before formal adoption of the design, the project is expected to be completed mid 2016.



Outcome: A Shire where the broadest community have improving health and access to health facilities and education opportunities

Strategy: Facilitate improved access to health and welfare programs and education opportunities in the Shire

Health

Throughout 2014-15 Shire representatives met with various Local Members of Parliament and representatives from Country Health to discuss health related matters, including progress of the Hospital Upgrade, Health Services and the numbers of Doctors within the district.

Chief Executive Officer discussed opportunities for local schools after the release of the 2015-16 State budget with Dr Graham Jacobs MLA.

Education

Throughout 2014-15 Shire representatives met with Local Members of Parliament to discuss the local Agricultural Research Station and representatives from the Goldfields Institute of Technology (GIT) regarding new study courses being considered at the Esperance Campus.

Shire Officers meet bimonthly with Local State Government Agencies to discuss local issues, including Education and Health Services.

Council and Shire Officers advocate for continued and improved access to services for the Esperance Community.

Esperance Home Care

Esperance Home Care operates an adult respite centre, Men in Shed's programme, meals on wheels service, nursing service, client services covering a range of in home services, carer support, and programme outings

over seven days a week.

Esperance Home Care is sponsored by the Shire of Esperance and funded by state and commonwealth governments, serviced are delivered by 54 local staff, 140 volunteers at an annual cost of approximately \$3 million.

Esperance Home Care completed a successful service review with the Australian Aged Care Quality Agency in June this year. The quality review report indicated that EHC had met the performance requirements against all of the expected outcomes of the Home Care Standards as set out in the Quality of Care Principles 2014. This review involved interviewing clients, carers and staff; inspecting buildings and equipment; and a thorough documentation review.

Esperance Home Care commenced the transition of packaged care clients to consumer directed care. This will result in clients having more choice and flexibility regarding the care that they receive.

As part of the aged care reforms the Federal Government created the My Aged Care website. This website enables people to find up-to-date information on aged care services in their local area. EHC is now registered on the My Aged Care website.

A Registered Nurse from Esperance Home Care successfully completed a Dementia Fellowship through the Dementia Training Studies Centre in Melbourne. This involved identifying a "Dementia Pathway" – determining the best way to support people with dementia to live independently and to work with staff to achieve this.

As part of our commitment to have well trained staff, three staff members were taken on as trainees during 2014-15; two have now completed the Certificate III in Aged Care and the third is about to complete the program.

Outcome: Active and growing volunteer and community groups

Strategy: Encourage and support volunteers and community groups

Esperance Volunteer Resource Centre

EVRC operates as a one stop shop for all things to do with Volunteering. The centre list volunteer vacancies and help potential volunteers find the right role for them. Helps volunteer involving organisations with recruitment of volunteers and with training and advice around volunteer management. Has gained a great reputation as a training provider by offering training to local community groups and volunteers on all types of topics which are pertinent to running their organisation. In addition the centre promotes volunteering and its benefits both for individuals and the community.

The centre is an inclusive organisation and is funded to offer assistance to anyone from the Esperance community. It offers an individualised service and will advocate and work with organisations and individuals if the “just right” volunteer role is not available. Help can be via a face to face interview, telephone enquiry or via email.

In the last 12 months a least 180 face to face interviews were conducted, interestingly 42% of these were with young adults in the 20 to 29 year age group, closely followed by those in their 30s and 50s.

Our work with organisations has also been high this year with over 80 consultations conducted face to face.

Enquiries can be from those wishing to register for placement of volunteer vacancies to helping with a Volunteer Management Strategy. The Centre is available on an ad hoc basis or via appointment to go through complex issues as needed. Staff also attend specific organisational meetings in order to disseminate information or facilitate discussions around volunteers and their management.

Training offered this year has utilised local, national and international experts. EVCR heard about the new National Standards for Volunteer Management and HR Management from Volunteering WA; the Centre was lucky to be able to offer a day with UK Volunteer Management guru Rob Jackson which covered the philosophy of volunteering, how to develop meaningful roles and his top 10 tips for making your organisation attractive to volunteers (he returns in November); two accredited courses were fully booked, Project Management and Leadership; and the Centre offered Mental Health First Aid training in partnership with Bret Kipling was offered.

Our celebration and promotion of volunteering was done via: pop up stalls at the Boulevard and IGA; presentations at the sporting breakfast and interagency meetings; several events held during National Volunteer Week including a morning tea in partnership with Esperance Care Services; and held a breakfast for volunteers on ‘Thank a Volunteer Day’.

The centre is sponsored by the Shire of Esperance and funded by the Department of Local Government and Communities and Federal Department of Social Services. One of the biggest challenges for the year was to understand the new Federal Funding opportunities and successfully apply for the continuation of our service for 2015-16.

	2012-2013	2013-2014	2014-2015
Individuals assisted to volunteer	354	352	180
Community organisations assisted	60	60	55
Volunteers trained	69	66	67
Volunteer Managers trained	61	30	54

Library volunteers

The Library has fourteen regular volunteers who give two or more hours of their time each week to assist staff with routine tasks enabling staff to provide enhanced customer service. Volunteer tasks include shelving, disc cleaning, filing, stock processing and assistance with children’s activity programmes.

Esperance Library Friends

The Esperance Library Friends (ELF) group is a separate and incorporated group of Library Champions who support and assist library staff in the promotion and development of library services. They play an important role in dealing with the discarded and donated resources that they sell through a variety of methods to raise funds for new library resources.

Museum volunteers

The Shire of Esperance Museum operational duties are performed by a large and dedicated group of volunteers, supported by the Shire of Esperance in cooperation with the Esperance Bay Historical Society. The volunteers carry out a variety of tasks associated with opening the Museum to the public and the development and care of the Museum collections. The Museum opens for three hours daily each afternoon and is the largest non-regional museums in Western Australia. The support of these dedicated volunteers allows the museum to offer a fantastic service in preserving our history and allows locals and visitors to view a snapshot of the past.

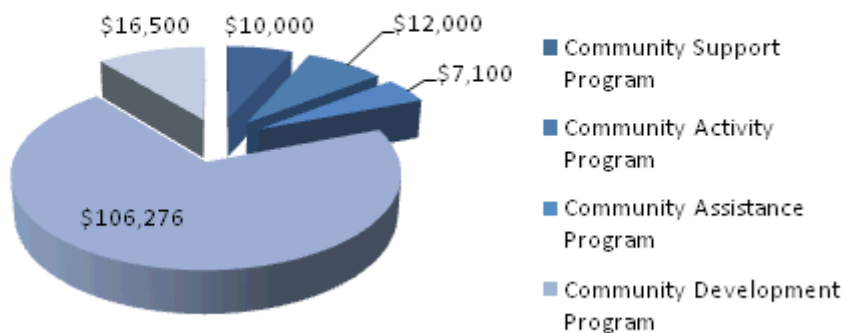
Emergency Services

On February 2015, 22 volunteer fire fighters, 3 heavy appliance and 2 light tankers were deployed from the Shire of Esperance to Boddington to assist the Department of Fire and Emergency Services battle an out-of-control blaze near the town. The crews worked in shifts around the clock for 3 days, conducting important mop up work in burnt out areas to ensure flare ups did not occur. This deployment provided a valuable learning experience for our volunteers as the terrain and forest vegetation was an environment not readily found in Esperance. A huge thank you to all involved.

Community Grants Program

The Community Grants Program (CGP) is offered to assist community groups who provide valuable community, cultural, environmental, sporting and recreational services and activities. The fund allows Council to support not for profit community based organisations to hold an event, build or repair infrastructure or conduct activities that facilitate stronger, more sustainable and resilient communities. This year Council approved over \$151,000 in funding, this included projects such as \$40,504 towards a lighting upgrade project for the Gibson Football Club; \$5000 towards operational costs for Esperance Brass Band; \$2000 towards the 2015 Condingup Community Fair and \$7000 to Esperance Speedway to hold the WASCF Inc Street Stock State Title.

2014/2015 Community Grants Program



Outcome: A feeling of safety within our neighbourhoods and a sense of being looked out for

Strategy: Create and Maintain a safe environment for the community

Emergency Services

The Shires fire fighting fleet received an additional two fire fighting vehicles with 4.4 appliances arriving for the Neridup and Howick Brigades. These vehicles carry 4000 litres of water, which will assist greatly in these remote areas. Both vehicles replaced existing appliances that were returned to the Dept of Fire and Emergency Services (DFES).

The safety of our volunteers is paramount and DFES followed up the fire blanket installations last year, with the retrofit of heat shields and drop down curtains to 13 of our newer fire trucks. These measures will increase the chances of survival of our fire fighters should they ever find themselves in a burn over situation and are unable to escape on a fire ground.

Bushfire Ready is a DFES initiative, supported by Local Government, to encourage landowners to be prepared for bush fire season. A group of 8 volunteers completed a Bush Fire Ready Facilitators Course, providing them with the tools and information to work with groups of residents to develop and implement strategies to be bush fire ready.

The Shire and Dept of Parks and Wildlife have been working closely with Recfishwest and the South East Recreational Fishing Group to implement safety strategies along our coastline. Rock Bolts for fishers to tie off on, Angel Rings and improved signage have been installed at 6 sites. Additionally localised safety brochures and personal flotation devices available for loan are now at our local fishing tackle shops.

Stage one of the project has been completed and, funding

dependant, planning for a second stage will take place in the second half of 2015-16.

Swimming Lessons

In a coastal community the importance of children having access to quality swimming lessons is high as it aides in reducing the risk of drowning within our community. The Bay of Isles Leisure Centre as a licensed AustSwin centre conducts lessons throughout the year using qualified instructors. The Education Department also conducts In-Term and Vacation Swimming lessons at the Bay of Isles Leisure Centre, each program provides a valuable educational service to the community based on water safety.

The Bay of Isles Leisure Centre undertook a Safety Assessment Audit, conducted by Royal Life Saving Association WA, receiving an overall rating of 97.39% up from 90% in 2011, this reflects the Shire's commitment to provide a safe environment for all users within the community.



Ranger Services

An educational program commenced at the beginning of 2015 on parking safety within school zones. This program was initiated due to concerns being raised from schools, nearby residents and parents with respect to unsafe parking on footpaths and road verges. Information was provided through schools and by rangers during peak times to highlight how important parking safely in these zones is and where safe parking is available. There has been notable improvements made and the program will continue into the new year encouraging everyone to always select the safe parking option.

Changes identified in the Dog Amendment Regulations 2014 have meant the Shire of Esperance's Dog Local Law no longer needs to detail dog exercise areas and areas where dogs are prohibited. Council has been given the power to establish areas as dog exercise areas without the need to amend its local laws. An education campaign was undertaken to inform the Esperance community of the changes and impacts on the areas where dogs can be exercised or are required to stay on a lead. Signs have also been put in place detailing times, areas and type of access allowed. Rangers will continue to work with dog owners promoting a positive message to all users on the responsible ownership of dogs.

During the year a Parvovirus outbreak hit the Esperance town, keeping the Shire Rangers busy and leading to the temporary quarantine of the Shire pound. The outbreak was a sober reminder to dog owners to have their dog

vaccinated against the contagious and potentially fatal virus that is highly preventable through vaccination.

Council engaged with the community and direct stakeholders before deciding whether or not to trial a low-cost area for RV users. After consultation Council voted against the trial as there are sufficient caravan parks in town and camping sites located out of town that would satisfy the diverse user groups visiting Esperance. Caravan and camping regulations make it an offence to camp on any land without the consent of the owner and this year saw a spike in the number of campers in unauthorised areas. Shire of Esperance rangers conducted patrols during the holiday periods and issued cautions and infringement notices to those in breach of caravan and camping regulations, holiday makers were encouraged to utilise available camping facilities as a first response prior to issuing fines.

Several beach closures occurred over the summer period with shark sightings at popular locations along the coast. Unfortunately a shark attack occurred at a spot known as Kelp Beds on Wylie Bay beach, Shire of Esperance rangers immediately closed the beach and assisted the Department of Fisheries who were the lead investigator into the incident. The on site response from the public and emergency agencies was commendable and was followed up with all agencies working together to protect and inform the community. The Esperance Community also rallied to support the victim through raising funds to assist in his recovery.

Outcome: A variety of accessible sport and recreation opportunities and activities

Strategy: Develop and promote active and passive sport and recreation opportunities for all ages

KidSport Program

During 2014/15 the KidSport program assisted young participants in the Shire of Esperance in the provision of 198 vouchers for 295 individual children to the amount of \$43,037.95.

Esperance Inclusion Community Holiday clinics are organised for 1 week of every school holidays. These free clinics are hosted by sport and recreation clubs, community groups and are offered to community members of any age and ability.

The Club Development Officer worked with local clubs to organise state sporting associations to visit Esperance sports people and local schools to coach, train and provide advice in their respective sports. This includes visits from Woodhouse Academy(Hockey), Football West, Western Australian Football Commission, Subiaco FC, WA Squash, Netball WA, Swimming WA, Little Athletics WA, Triathlon WA, Western Australian Cricket Association, Basketball WA, Volleyball WA and Yachting WA. The introduction of the Regional Talent Development program has helped enhance the relationship between the local clubs and state sporting associations whilst helping to develop coaches and athletes within our community.

Training offered to develop clubs and their members included: Inclusive Clubs workshop, Coach and Officials breakfast, Nutrition workshop, Grant Writing & Goal Setting workshop, Governance workshop, Sports Taping & Injury Prevention workshop, Positive Club Culture workshop, Mental Health workshop and a Good Sports Alcohol in Sport breakfast.

The role of the Club Development Officer is to continue a high level of communication with the 105 sport and

recreation Clubs within the Shire of Esperance, including the newly established clubs Esperance Ultimate Frisbee, Esperance Long Boarders and Esperance RC Car Club. The role is to support those sport and recreation clubs to become sustainable organisations that deliver diverse opportunities for people to participate in physical activity in their local community, in a safe and welcoming environment. The Club Development Officer scheme is a partnership with the Department of Sport and Recreation, Shire of Esperance and the Esperance District Recreation Association.

Esperance Foreshore

The 1000m² playground located at the headland includes a crows nest tower, maritime theme play structures, an interactive trail formed by recycled jetty timbers and areas which encourage imaginative play. A set of tuned musical chimes stands beneath the trees in the playground together with the natural play area with climbing nets. The nature playground is a unique feature of the wider Esperance Waterfront Project, which also includes exercise equipment, grassed play areas and walk trails and is a central element of the recreational precinct at the coastal headland. The Esperance community have embraced these new facilities as the foreshore is utilised for a number of activities by a large number of people.

Bay of Isles Leisure Centre

Programs promoted through the Bay of Isles Leisure Centre encouraging an active community include; timetabled classes, squad swimming and supervised gym sessions.

HealthWise is a supervised gym session aimed at the over 50's, ensuring improved health and quality of life.

Liaising with the Esperance Triathlon Club, the 2BFit Program was designed to encourage health and fitness users of the centre to participate in a Triathlon and was well attended.

A postnatal program was held with assistance from the Esperance Hospital Physiotherapy Department. The program encouraged mothers to include exercise in their lifestyle, 6 weeks after the birth of their child. It was aimed at increasing physical health and well being of mothers, and provides an opportunity to exercise as well as to meet other mothers within the community.

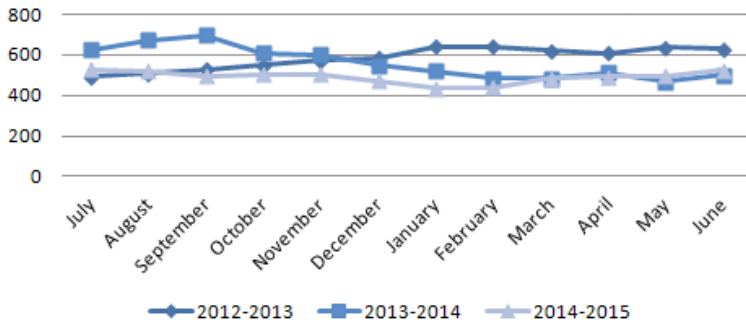
The program also introduces the mothers to other activities provided by the Bay of Isles Leisure Centre.

Several promotional events were held throughout the year including the BHP Super Series, Swim School Open Day, Holiday Fun Days and a Christmas Party with an emphasis on family fun for members and casual users whilst enjoying the aquatic facilities of the centre.

Once again the Bay of Isles Leisure Centre in conjunction with Esperance Island Cruises held the “Swim to Woody Island Challenge”. Participants had the choice of completing the 35km round trip to Woody Island in the heated water of the Bay of Island Leisure Centre or completing the distance to Middle Island in the gym or spin classes.

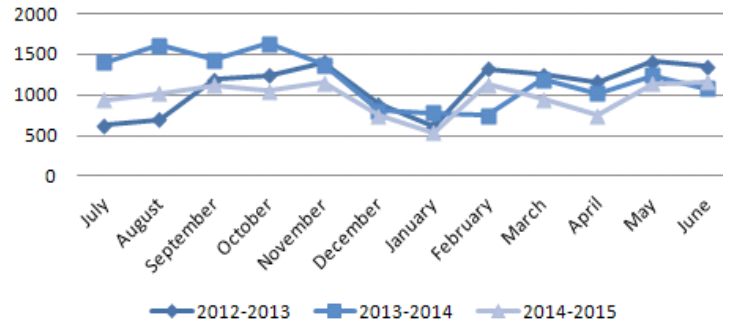
Graphs:

BOILC - Active Members (as at the end of each month)



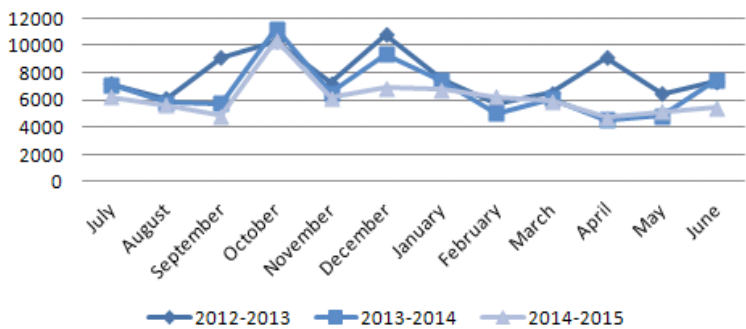
Active members - Number of active memberships is less than previous years. This could be attributed to commercial business's offering similar services. Over the past six months membership retention has remained steady.

BOILC - Patrons participating in Health & Fitness classes



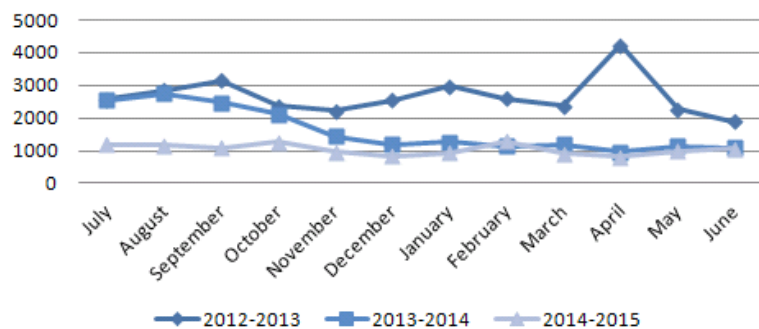
Health & Fitness Classes - The number of participants to H&F classes is less than previous years. A new timetable was introduced and average class numbers has increased per class.

BOILC - Number of patron visits to the Aquatic Area



Aquatic Visits - A reduction in participants to Education Department swimming lessons is reflected in the number of visits to the aquatic area.

BOILC - Number of patron visits to the Gymnasium



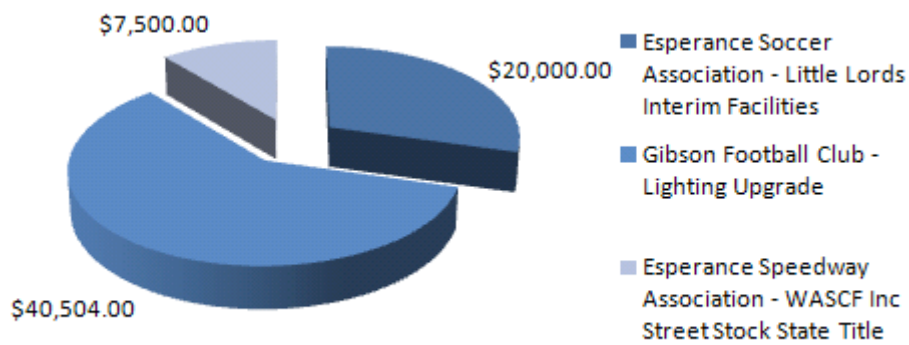
Gymnasium Visits - Number of visits to the gymnasium is similar to last year.

Community Grants Program

Council advocate for the participation of all community members in active and passive sport as a way to promote inclusively and encourage a strong and supportive community. Funding to sporting groups is allocated

through the Community Grants Program and is aimed at building capacity by recognising the value of an event being held or the addition/replacement of infrastructure required to improve the groups sustainability, some examples of successful applicants is above.

Sporting Groups supported through the Community Grants Program



Outcome: A variety of arts and cultural activities which can be exhibited and pursued by local and visiting patrons

Strategy: Facilitate and promote arts and cultural activities for all ages

Museum

Two special events relating to the World War 1 and Anzac Centenaries took place at the Museum in 2014-15.

An “Anzac Evening” was held in November when 60 people enjoyed dancing, music and poetry readings of the era. The “Remembering Them” World War I Exhibition opened at the Museum on Anzac Day 2015 and was attended by over 70 people.

The Museum was awarded a “Trip Advisor Certificate of Excellence” early in 2015 due to the number of positive reviews attracted in the past year. A basic Museum website was launched in 2014 as part of an ongoing promotional campaign to attract more visitors to the Museum. Many groups of local school children visit the Museum each year and it is a popular tourist attraction for the increasing numbers of Cruise Ship travellers coming to Esperance from October to March.

Library

The Library offered a variety of special programmes, events and activities throughout the year for children and adults. Some examples of these are listed below.

Trained local volunteers assisted low-income earners to submit annual tax returns using the special Tax Office initiative that operates from July to October each year.

In August 2014 the library ran “A Night at the Museum” event for children aged 6 – 11. Thirty children, accompanied by parents and other adult volunteers, enjoyed various activities within the Museum aimed at showing the children how science affected everyday life in

old Esperance.

Story time on Stage was held at the local Bijou Theatre this one hour variety show for children and families was initiated by library staff and involved a variety of local people presenting music, songs, stories and other acts on the stage. Held over two nights this attracted over 300 people and many accolades.

The Great Debate was held at the Bijou Theatre in May 2015 this was a fun family entertainment show with two celebrity teams debating the topic of the Book versus the Kindle. The one hour show also included songs, short films and poetry to support the arguments for and against and then the audience were asked to determine whether the book reigned supreme or modern technology won the day. This inaugural event attracted over 70 attendees and received high praise from the community.

Rapid advances in technology continue to astound and confuse a great number of people. In response to increasing demand the library offers weekly one-on-one ‘Help sessions’ aimed at improving people’s digital literacy skills and enabling them to better use the various digital services that the library offers and general life requires them to use. Four one-hour weekly sessions are available and are usually booked well in advance.

The Esperance Library joined a new statewide pilot programme allowing for the discard of State Library stock to become the responsibility of the local library. After the cessation of the regular state Discard Book Sales the new pilot allows for the library to dispose of its own discarded stock and this is done in Esperance through the Esperance Library Friends group. They organize one large, and several smaller, book sales throughout the year and also operate a year-round small Discard Book Shop in the library foyer and an online Discard shop. Funds from the sales are used to purchase resources required for various library purposes.

Through various statewide consortia initiatives and partnerships the Esperance Library offers a wide variety of E-Resources to the community. These are mainly accessed via the Library’s website and help is available in the Library for people accessing these resources for the first time.

Civic Centre

The Esperance Civic Centre presented 14 performance shows throughout the year with 1735 tickets sold, 509 complimentary tickets and 1 companion card issued. Two additional performance shows booked at the Esperance Civic Centre sold 176 tickets, with 4 complimentary tickets and 1 companion card issued.

Major highlights of the year included “Dust of Uruzgan”, from the songwriter and diplomat Fred Smith, the “National Boys Choir” on their national tour and “It’s Dark Outside” the exploration of dementia through puppetry, mask, animation and live performance. The centre also presented a free family concert, B2M at the Sound Shell which attracted 95 people.

The “360 ALLSTARS” show attracted a near sell out crowd with it’s reinvention of traditional circus with contemporary performance styles. The show has visited Esperance before and and is very popular with the Esperance community.

156 private functions were held at the Esperance Civic Centre ranging from Corporate Functions, Seminars, Meetings, Weddings, Graduations, School Balls and Church Services.

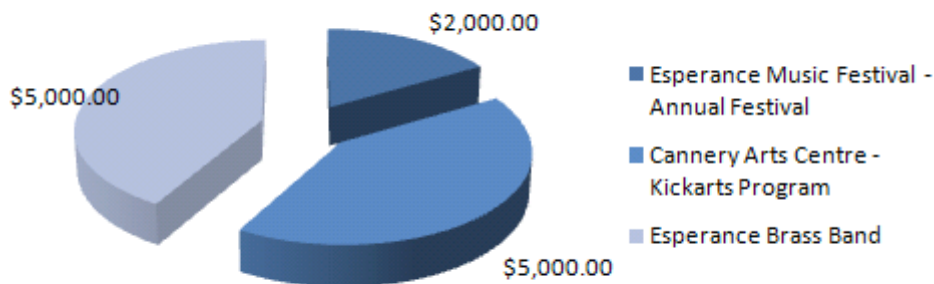
The Friends of the Civic Centre are passionate about performing arts and assist in volunteering during shows. Numbers are not as strong as they once were therefore new strategies are being put in place to boost numbers and support in the next financial year.

Community Grants Program

Through the allocation of grants (CGP) Council are able to support and promote community groups involved in arts and culture activities that actively contribute to the wellbeing and cultural life of the region. Esperance

Community Arts were the recipients of \$43,296 from this years Community Grants Program to assist with its work supporting and stimulating diverse and dynamic arts projects and local artists. Some other examples of successful applicants are:

Arts and cultural activities supported through the Community Grants Program



Outcome: A Shire which seeks to mitigate environmental health risks to ensure a healthy and safe community

Strategy: Manage environmental health risks in the Shire

Environmental Health

There were 25 food recalls activated during the year compared to 32 in 2013-14, this is an indication appropriate quality controls implemented by the food industry are beginning to have a positive effect.

In 2014-15 two notifiable disease notifications were issued compared to 27 last financial year (the majority of these notifications were for the mosquito borne illness 'Ross River Virus').

An informative education campaign was undertaken during

November in relation to 'Asbestos Awareness - avoiding hazards in older buildings'. This was received well in the community and building industry and is considered to have been successful in getting an important message out to the community

On-site Effluent Disposal Packs were developed in-house to provide a one stop shop for all matters pertaining to issues involving onsite waste water disposal. These are made available to residents who may be considering installing a standard septic tank and leach drain system or an aerobic treatment unit.

The Shire of Esperance was recognised for it's efforts in combining art with an anti smoking message to help prevent young people from consuming tobacco products. An award from the office of Public Health Advocacy in the Disease Prevention Category was obtained.

2014/2015 Environmental Health Inspection Activity

Inspections	2011-2012	2012-2013	2013-2014	2014-2015
Caravan Parks and Camping Grounds	9	12	14	19
Effluent Disposal Inspections	39	67	80	63
Food Safety	333	242	272	241
Hair Dressing/Skin Penetration	4	10	11	0
Lodging House	27	8	12	25
Offensive Trade	5	3	7	1
Public Building	106	85	73	63
Swimming Pools	10	27	23	11



*Theme 2: Environment
Our environment, resource
management and services*



Outcome: *An environment which is effectively managed for future generations and for the intrinsic value of its biodiversity*

Strategy 2.1 Protect, restore and enhance the Shire's natural assets

Esperance Waterfront

Prior to the Esperance Waterfront project approximately \$200,000 per year was spent on sand re-nourishment along the Esperance foreshore area with 10m-15m of sand and foreshore lost in any one storm event. A 1100m long granite seawall was installed as a defence against further erosion which allowed the foreshore area to be developed to its maximum potential. Additionally 63,000 plants/shrubs were grown and planted along the foreshore as well as 1,000 new trees/plants and 112 trees were retained.

Castletown Quays Rehabilitation Project

The Coastal Management Plan and the Esperance Town-site Coastal Hazard and Vulnerability assessment identified Castletown Quays as an area requiring a detailed plan to address protection and maintenance of the area and foster sustainable recreational and tourist use. The Shire of Esperance successfully applied for funding through the Coastwest Grants Program and the following

works are to be carried out in the 2015-16 period:

- building new access to the beach
- removing weeds
- laying weed matting
- tree planting

Off Road Vehicles

The Off Road Vehicle Working Party (ORVWP) was formed as an advisory committee to Council. The party will look at sustainable and safe use of off road recreational vehicles within the Shire of Esperance. Vehicle usage on beaches and within coastal reserves is identified within the Coastal Management Plan as an issue that needs to be managed. The challenge is to reduce vehicle impact in environmental degradation, the spread of dieback and safety concerns.

Street Tree Policy

A survey of existing trees throughout the Esperance Town-site was undertaken, as per recommendations within the Street Tree Policy. This policy aims to preserve and protect existing street trees, the provision of new street trees and to provide a structure for all management practices such as pruning and other operational tasks.

The following was identified in the survey:

- Total no of Street Trees 2800
- Trees under power lines 626
- Trees currently requiring maintenance 114
- Trees that have an expected life of <10 years 117



Outcome: A community which values and respects the environment

Strategy 2.2 Educate the community on ways to use our environment responsibly and build environmental awareness

The Shire of Esperance regularly meets and works with various external groups on environmental issues within the Esperance shire. Groups include:

- South Coast Natural Resource Management - reduce the risk of dieback spread throughout the reserve at Membinup Beach

Outcome: A range of parks, reserves and trails which the broadest community can access

Strategy: Provide equitable access for all users to our environment while balancing the protection of natural assets

Public Open Space Strategy

As part of the Public Open Space Strategy (POS) a playground safety audit was undertaken by Shire staff to determine priority works on all playgrounds. Works required will be included in the POS Implementation Plan currently being developed. This will prioritise work and assist in maintaining asset management.

Biodiversity Project - South Coast NRM

The South Coast Natural Resource Management works team completed restoration works at Membinup Beach. The works included bollarding of day use areas, bollarding

- Esperance Weed Action Group - coastal projects at Castletown Quays and Twilight Beach
- Esperance Nyungar Aboriginal Corporation - coastal projects at Castletown Quays and Twilight Beach
- Lake Monjingup Development Group - restoration of the reserve after the fire

The Shire hosted a bimonthly South Coast Management Group meeting, with representatives from Denmark, Albany, Jerramungup, Ravensthorpe and Esperance attending to discuss environmental issues across the region.

A joint project between the Shire of Esperance, Esperance Regional Forum and the Nulsen Community Progress Association saw 23 trees planted on reserves throughout the Nulsen area and rubbish was removed from roadside verges.

of bush areas being damaged by campers, closing off duplicate 4wd tracks and installation of Dieback signage. Shire staff are now working with South Coast NRM on the revegetation of degraded areas throughout the reserve.

South Coast NRM Dieback Project

The Shire of Esperance works team undertook work at Membinup Beach, works included filling in bog holes on the access track, ripping and closing off duplicate 4wd tracks affected by Dieback and grading of existing beach access tracks.

Coastal Management Plan

Shire of Esperance staff continue to work with the City of Albany and Tourism WA to prepare a grant application for upgrade works to toilet facilities and waste sites within our coastal camp grounds. The application is to be submitted during 2015-16 and if successfully works to be undertaken during the same period.

Outcome: *An environment which is effectively managed for future generations and for the intrinsic value of its biodiversity*

Strategy: **Effectively use our land and development policies to optimise environmental outcomes and minimise environmental risks and impacts**

Environmental Policies

Shire land and development policies have been reviewed during the past year to ensure that they are reflecting contemporary planning practice with a specific focus on achieving good environmental outcomes. This assists in managing and minimising environmental risks and impacts in particular relating to development.



Outcome: *A sustainable and progressive approach to managing waste, water and energy use on the environment*

Strategy: **Sustainably manage our waste, water, energy use and facilities and investigate opportunities to reduce their impacts on our environment**

Improve the energy and water efficiency of all Shire facilities

In our desire to improve energy efficiency, LED lights were installed in the Administration Building and Frank Collett Library. A consultant was engaged to investigate fit for purpose energy saving lighting at the Civic Centre and Bay of Isles Leisure Centre. Consultants advised a saving of \$100,000 per year for the Bay of Isles Leisure Centre would be achieved with installation proposed during the 2015-16 period.

Lighting motion sensors were installed in the RSL and West Beach toilets. This provides lighting only when required and aids in reducing safety risks.

Water saving taps are being installed throughout the Bay of Isles Leisure Centre as traditional taps fail, change room upgrades booked for next year will include all water saving fixtures.

Building Maintenance Systems (BMS) have been installed at the Civic Centre and Bay of Isles Leisure Centre. Desk top monitoring and control for the heating and cooling at the Bay of Isles Leisure Centre is now active to identify faults, which will improve efficiencies. Cabling for the BMS at the Civic Centre is to be undertaken in June for preparation of the BMS activation to improve HVAC control.

Shire of Esperance Representatives met with the Department of Water (DoW) to discuss water management within the Shire. A number of newly drilled bores and upgraded irrigation systems were inspected and a demonstration of the Shire's Rainman Central Irrigation Control system was given. The feed back from Department of Water was very positive and Council were congratulated on their continued commitment to water management.

Wylie Bay Landfill and recycling facility

The Wylie Bay Facility received over 17,000 cubic meters of waste and recycled approximately 1,000 tonnes this year.

The Landfill recorded zero noncompliance against the audits conducted by the Department of Environmental Regulations and Australian Quarantine & Inspection Service.

Planning for the closure of the existing site continues, with the August 2019 deadline looming. A works approval was received to extend the existing footprint to allow for best practice capping. The liquid waste pond was capped and is now stabilised. The perimeter track is complete around phase 1 and 6000m³ of historical waste has been relocated whilst land filling continues in Phase 1 to achieve final fill contours. Work continues on the specifications and tender documents for the geosynthetic clay clapping, with this stage to commence in the summer of 2016.

Esperance Waterfront

Renewable energy, sustainable water and waste technologies were factored into the design of the Esperance Waterfront Project. These included solar

efficiencies, enabling the toilet blocks to be stand alone solar if required, solar lighting, heating of hot water for beach showers, security lighting and compacting waste bins. As well as an irrigation control system to utilise the latest technologies and processes that ensure premier water conservation practices.

New Landfill Site

With the Wylie Bay Waste Facility nearing the end of its life and required to close operations by August 2019, the search is on for the best possible new site. Gone are the days of digging a hole and filling it with rubbish. Today, environmental, social and sustainability considerations are a priority, as we ensure the current and future health and safety of our community and the local habitat.

The new facility will have the capacity for inert and green waste recycling, increased community recycling and reuse capability, and the ability to incorporate future waste technology (such as waste to energy), as it becomes available; all aimed at minimising the use of landfill, wherever possible. The diversion of waste through organic processing and resource recovery will be practiced ensuring a healthy waste management facility that will adhere to current and future needs and expectations for at least the next seventy years.



Outcome: A Shire which seeks to mitigate environmental risks across the Shire

Strategy 2.6 Manage environmental risks in the Shire

Environmental Services

Throughout 2014-15 the Shire of Esperance successfully applied for grants for the following projects:

- Biodiversity Funding through South Coast NRM - coastal restoration works
- Coastwest through South Coast Management Group - off road vehicle control
- Biodiversity funding - dieback works
- State NRM Grant - Twilight Project Coastwest Grant - Castletown Quays

The annual compliance inspection of Wylie Bay Waste Facility and Myrup Truck Wash and Liquid Waste Facility was conducted by the Department of Environment Regulation (DER). DER inspectors commented on a significant improvement in compliance from previous years, with Wylie Bay Waste facility recording zero noncompliance issues.

The Shire regularly received enquiries from the public regarding various matters, including weed control, coastal reserves, water monitoring and progress on current or proposed projects. This enables the Shire to provide the community with up to date information on environmental risks within the Esperance district.

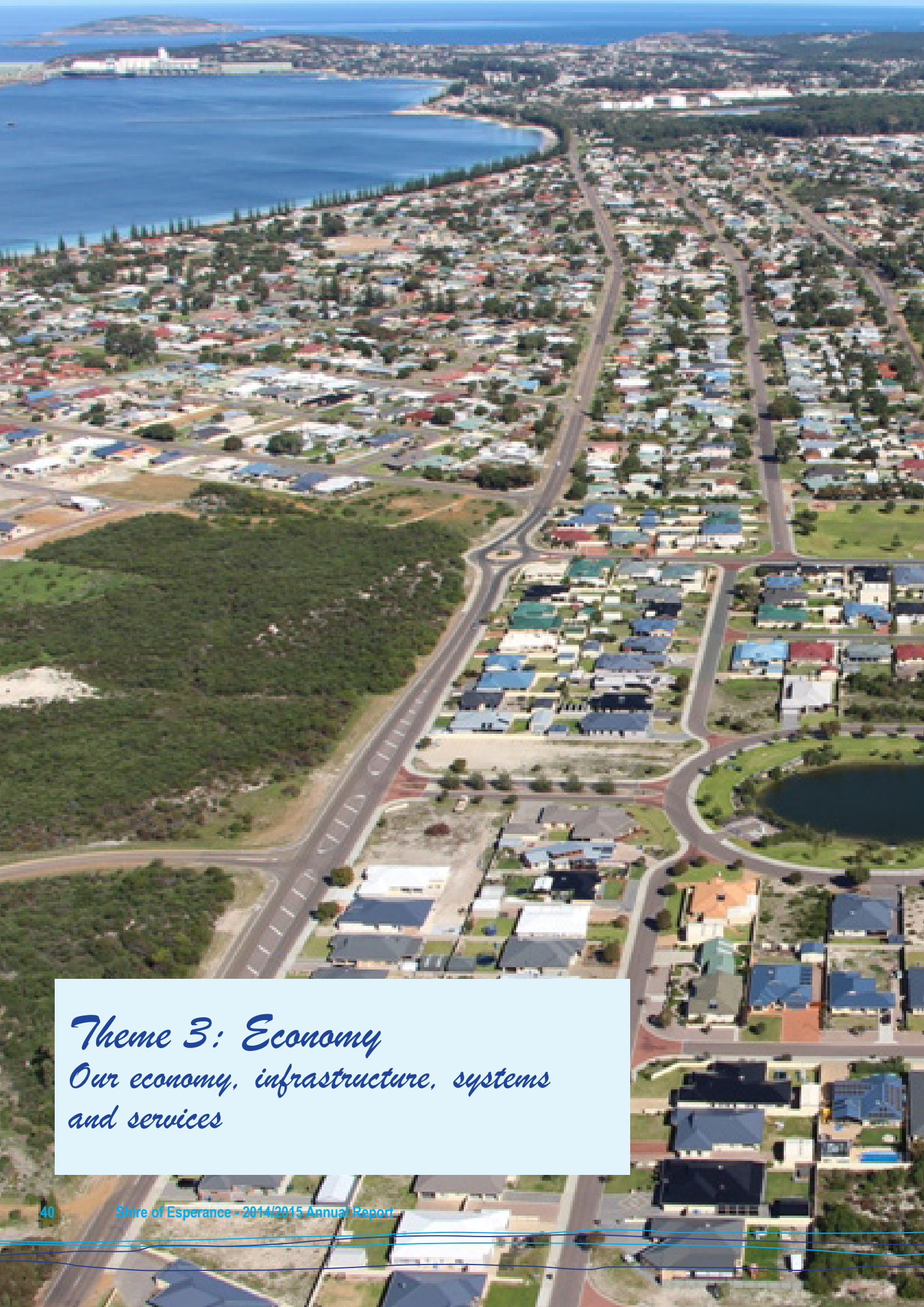
Outcome: A Shire which address the challenges and opportunities presented by climate change and water and energy vulnerability

Strategy: Plan for and adapt to changes in our climate and the impacts of increased water and energy vulnerability

External climate change programs, projects and initiatives

During 2014-15 the Shire as part of the Esperance Town Centre Revitalisation Project commissioned a supporting report to assess the coastal hazard and vulnerability of the Esperance foreshore. This report was in line with the requirement of State Planning Policy 2.6 and provided updated coastal setback details for the Revitalisation Project.

Building on the outcomes of the coastal hazard and vulnerability assessment of the Esperance Foreshore the Shire have commenced the development of a Coastal Hazard Adaptation Strategy. This strategy models anticipated coast climate impact out to 2110 and will be completed in 2015-16.



Theme 3: Economy
Our economy, infrastructure, systems
and services



Outcome: *A range of services, facilities and programs that the broadest community can access*

Strategy: Deliver a diverse range of affordable services and infrastructure across the Shire

Urban, Rural and Coastal Infrastructure

With a budget of \$13.2 million, some of the major projects undertaken include:

- Chartwell Lane and South Coast Highway intersection was identified as a State Black Spot Project. Realign and improve intersection alignment including sealing first 100m of Chartwell Lane, at a cost of \$450,000.
- Road works undertaken throughout the shire this year include:
 - o Resheeting of 179km of road, at a cost of \$3.42 million, with some of the more significant ones being:
 - Henke Road 16.72km
 - Merivale Road 25.85km
 - Scaddan Road 19.12km
 - Styles Road 16.28km
 - o \$1.06 million on resealing
 - o Reconstruction of 6.64km of road, at a cost of \$1.02 million
 - o Construction of 9.35km of road, at a cost of \$1.43 million
- Street light upgrade, at a cost of \$414,000
- Dual use footpath upgrade and construction, at a cost of \$372,080
- Drainage works, at a cost of \$694,198
- Street tree program, at a cost of \$152,821
- Carparks, at a cost of \$77,375

New Landfill

In March 2015 the Shire of Esperance released the Waste Management Site Selection Study. The Study includes the methodology that will guide the project, the selection criteria used to identify the broad areas of interest and the necessary next steps towards locating an appropriate site.

Several community meetings were conducted in March to assist in initiating discussion with all community members on the process that needs to be undertaken to identify potential sites. The community will continue to be kept informed due to the significant community asset and the challenges raised in finding a new site.

Waste collection is a critical service to the community and the depositing of waste in a landfill is currently required. While the Shire continues to consider alternatives to landfill, it remains essential to construct a new landfill site.

The Waste Management Site Selection Study identifies two geographical areas that have the greatest chance of providing a Waste Management Facility site that will be environmentally adequate to construct a best practice facility. The Study outlines the large number of variables that impact and influence the process, these will be discussed in detail with the community.

Esperance Waterfront

With 14 years in development the \$25 million Esperance Waterfront project was officially opened on the 30th November 2014, with final works completed in February 2015. This transformational project has delivered a world class waterfront development to the community of Esperance and visitors to the region. The project has become a popular tourist attraction, created jobs within the community and protects \$113 million worth of critical infrastructure. It is the catalyst that links the town centre with the waterfront and will unlock further business and investment opportunities within the region.

The main elements of the project were to;

- develop a regionally significant recreational area on the townsite foreshore to service both current and future populations of the region
- to protect vital infrastructure

- Link the foreshore to the CBD and
- trigger private sector investment.

Our world class foreshore development was recognised by Parks and Leisure Australia winning the 2015 Parks and Leisure Australia WA state award for Parks and Open Space: Development, recognising best practise in design and management of a park development. The award now makes the waterfront a finalist in the National Awards in October 2016.

Maintenance - Shire buildings

A total of 686 reactive building maintenance jobs were raised during the 2015-16 period with a total of 671 jobs completed at a cost of \$190,434.



Outcome: *Services and infrastructure which meets the needs of the broadest community and responds to changing priorities*

Strategy: Ensure essential services and infrastructure are aligned to community needs now and in the future

Service Review

Council and the Executive Management Team identified that a full organisational review needed to be undertaken. In July 2015 Shire staff attended a Service Delivery Workshop facilitated by the Australian Centre of Excellence for Local Government.

The Service Delivery review process will be undertaken on all services provided by the Shire of Esperance in the following stages:

- Stage 1: Define current levels of service for whole of organisation (internal)
- Stage 2: Identify current and future community priorities and needs (external)
- Stage 3: Determine and deliver efficient, compliant and sustainable levels of service (combination)

Reviews will ensure the following objectives are met:

- The delivery of efficient services to our customers both internally and externally
- Services and finances are sustainable
- Ensure that Council services are aligned with the Strategic Community Plan

Shire buildings

A total of \$563,702 planned building maintenance was undertaken throughout the year, based on the 2014-15 budget. Works included:

- Replacement fence at Bay of Isles Leisure Centre
- Installation of access ramps at the Library
- Removal of asbestos from Black Street Kindergarten
- Records Office upgrade and installation of firewall

Esperance Waterfront Stage 3 - Tanker Jetty Replacement

During the Esperance Agricultural Show community members were able to view the concept designs for the replacement of the Tanker Jetty. Community engagement and further development of design plans will be undertaken in 2015-16.



Outcome: *A diverse and safe transport system that balances the needs of all users from pedestrians, cyclists, private vehicles, public transport and freight*

The hierarchy categories are based on a number of considerations including usage and traffic counts. Predominately funding for resheeting works has been spent on the top two categories over the past 5 years. The use of the Hierarchy has now ensured that resheeting works will occur to all categories of roads.

Strategy: Deliver and advocate for a diverse and safe transport system which is efficient and meets the needs of all users

Esperance Airport

A new flight schedule was introduced by the State Government in February 2015 after local consultation with the Community Consultation Group. The reduction in flights per week has translated into a significant increase in passenger load percentage, but a slight decrease in number of passengers compared to last year. Several audits were conducted throughout the year with minimal issues raised, including the Annual Technical Inspection, Annual Electrical Inspection and Office of Transport Security Audit.

A 5 year contract extension was awarded to MSS Security for the provision of aviation security screening services.

Road Hierarchy Plan

The Shire of Esperance introduced a Road Hierarchy Plan that will be used in the formulation of the roads budget from 2015. There are 5 hierarchy levels consisting of the following –

- 445km Regional Distributor Roads
- 346km Local Distributor Roads
- 749km Rural Access A Roads
- 758km Rural Access B Roads
- 700km Minor Access Roads

Outcome: *The community has access to a range of education, health and transport opportunities to maximise their potential*

Strategy: Create and strengthen partnerships to advocate for and deliver community facilities, and services and major infrastructure

The Shire of Esperance is represented on the Goldfields Voluntary Regional Organisation of Councils by both Council and Staff. This collective group of councils in the Goldfields region lobby other levels of government, pool resources when a joint outcome is required and exchange knowledge and information that will benefit the whole. GVROC work corroboratively to attract funding for major regional projects. One of the more notable projects this year was the organisation of the LED Street Light Retrofit Program, this joint project with Horizon Power will see street lighting in Esperance become more energy efficient by the replacement of traditional street lights with LED globes. Additionally the globes also have a longer life span, saving on maintenance costs.

The Esperance Town Centre Revitalisation project included significant community engagement this year to ensure the plan, is reflective of community aspirations

Outcome: *Assets which meet the expectations of the community*

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

Asset Management Plans

During the 2014-15 a number of improvement actions were undertaken with respect to the Shire's Asset Management Plans, this included improvements in data confidence and systems. A Corporate Asset Management System was implemented which contains all our asset

and while encouraging economic growth. In addition to the community sessions held, over 80 submissions were received on how to improve the plan that will guide development in the Esperance Town Centre for the next 20 years. The project was a joint project with the Esperance Chamber of Commerce and Goldfields Esperance Development Commission and was funded under the Royalties for Regions SuperTown program.

Council have been active in encouraging community comment on the changes occurring with air travel between Esperance and Perth. The Department of Transport requested community input on the proposed revised flight schedule by Virgin airlines. A submission was sent through detailing the concerns and issues that the proposed schedule would create to Esperance travellers. Letters of support were sought from the community to highlight the level of concern. The changes implemented did mean a loss of the afternoon service, however proposed evening flight times was pushed out by an hour. The Shire remains a strong community advocate for an air service that meets community needs.

Council and Shire continue to work collaboratively with our state and federal members of parliament to ensure the needs of our community are promoted. Regular meetings are held with our parliamentary representatives, discussing both local, state and national issues which have an impact on the Esperance Community. These discussions have helped secure vital resources, such as National Broadband planned to be introduced into Esperance in 2016.

information. This enables the capture and verification of our open space, coastal and drainage assets. Council adopted the Fleet Asset Management Plan. Further work will be undertaken during 2015-16 on the Asset Management System and a restructure of the Asset Management Plan Templates to support better core asset information will be incorporated. The focus will move to the road assets data inventory.

Public Land Strategy

The Public Land Strategy and associated policy was endorsed by Council during the year. Current property decisions are being made utilising the policy direction from this with progression of the broader opportunities identified within the strategy being progressed. This strategy will guide a planned and strategic approach to all Shire land assets.

Outcome: A growing Shire supported by improved job opportunities and diversity in our industries, businesses and housing

Strategy: Advocate and plan for population growth and diverse residential and economic development in a sustainable manner

Economic Development Strategy

A SuperTowns funded program the Esperance Regional Economic Development Strategy is a project being undertaken by the Goldfields Esperance Development Commission (GEDC) as lead agent with partners the Esperance Chamber of Commerce and Industry (ECCI) and the Shires of Esperance, Dundas and Ravensthorpe to initiate and recognise future economic development in the region.

The Shire conducted a series of workshops throughout the Community and with key stakeholders. After the required advertising period 70 submissions were received from the Community which were considered in Council's final recommendation of the draft report to the GEDC. The final Draft Strategy will be made public once received from the GEDC and endorsed by Council.

Esperance Branding Strategy

A Brand for Esperance is a SuperTowns initiative which is key to the evolution of Esperance and its ability to attract people to live and seek employment in our region, attract investment and attract more visitors. Branding is a powerful visual tool that allows customers to quickly and easily identify Esperance as a preferred destination to live, work, invest and visit. Community engagements and a competition will be held in the first half of 2015-16 to encourage community support and acceptance.



Outcome: *A community which is continually learning and is self sustaining*

Strategy: Build skills, capacity and partnerships across the whole community to work towards a self sustaining Shire

Support and advice to business and industries

The Shire continued its support of Tourism Esperance's effort to develop a new governance structure for tourism in the Esperance area.

The Shire continues to work with the Indoor Sports Stadium Committee in the upgrade of the sports stadium. More than \$450,000 has been committed by the Shire in 2015-16 for the proposed upgrade.

An application for extended training over the ANZAC weekend was received by Council, however was declined by the Minister for Commerce.

Support and advice to community groups

Working in partnership with the Department of Sport and Recreation the Shire hosts a Club Development Officer

Outcome: *A community with high quality and efficient buildings and development*

Strategy: Facilitate and guide high quality and efficient building and development across the Shire

Planning Services

The Shire processed 286 planning applications

A proactive approach was undertaken by the Shire of

to assist Clubs with planning and financing their futures whilst advocating on their behalf to the Council to ensure facilities are available to support their activities.

The Shire provides administrative support and advice to community and shire management committees such as Monjigup Development Community Group, Museum Management Committee, Art Collection Advisory Committee, St Martin De Re Twin Towns Committee, Festival of the Wind Committee, Senior Citizens Centre Management Committee, Nulsen Community Progress Association, Salmon Gums Development Group, Esperance Agencies Supporting Youth.

Financial support is predominantly provided via the Community Grants Program which is a funding program accessible to all community groups. The Council distributed \$192,672 to community groups during the year and committed \$111,263 towards an upgrade of ablutions at the Indoor Sports Stadium.

During the year Esperance youth were consulted on their views for making Esperance a Youth Friendly Community. Further engagements with youth will occur during 2015-16.

The Esperance Volunteer Resource Centre continues to offer relevant and up to date training on a diverse range of topics. These are determined through community input and requests for training. This year included courses to improve skills in project management, leadership and mental health.

Esperance to ensure all buildings become compliant. A total of 246 investigations were undertaken with 83 investigations still being active.

Development Application Approvals

	Applications Received	Applications Determined
Development Applications	363	365
Subdivisions	10	14
Home Occupations	2	2

Skate Park

The Shire of Esperance Skate Park Facility was constructed approximately 20 years ago and despite regular maintenance the park has reached the end of its useful life. Community workshops were held in May, with the goal being to create a skate park that is site responsive, multi-purpose and meets the needs of the Esperance community.

The draft concept design will be made available to the community in July 2015, the community will have an opportunity to provide feedback on the draft concept design and consider other elements for the design of the whole facility. This process will ensure the community remains an integral part of the design process. This consultation will be summarised and used to inform the final concept design of the Esperance skate park. The final concept plan will be available in August 2015.

Shark Lake Industrial Park

Shark Lake Industrial park has started to generate interest over the past 12 months with one property under contract and awaiting settlement, while interest is currently being shown in other properties.

Flinders Estate

Sales in Flinders were slower than the previous couple of years, however we only have 14 lots remaining available for sale as at the end of this year. Planning for Stage 3 has therefore commenced with a business plan being endorsed by Council and sub-division approval currently being sought for the Western Australian Planning Commission. Council also supported converting Lot 190 Hillier Avenue (currently a large multi-unit site) into townhouse lots. A development plan for this proposal is currently being progressed.

Building Services

Building Approvals

	2013-2014	2013-2014	2014-2015	2014-2015
	Number	Value	Number	Value
New Dwelling (Class 1)	81	\$27,937,550	90	\$30,707,421
Alter Dwelling (Class 1)	24	\$1,130,463	31	\$2,868,633
Demo Dwelling (Class 1)	6	\$117,500	8	\$79,000
Un-authorised Dwelling (Class 1)	1	\$30,000	3	\$421,000
New (Class 2-9)	14	\$3,823,472	28	\$9,069,129
Alter (Class 2-9)	9	\$1,262,311	15	\$2,814,677
Demo (Class 2-9)	1	\$62,800	3	\$14,500
Un-authorised (Class 2-9)	0	\$ -	3	\$270,802
New Non-habitable (Class 10)	183	\$4,763,167	183	\$3,527,129
Alter Non-habitable (Class 10)	16	\$222,300	30	\$504,410
Demo Non-habitable (Class 10)	3	\$17,500	7	\$12,500
Un-authorised Non- Habitable (Class 10)	5	\$115,000	20	\$147,800
TOTAL	343	\$39,482,063	421	\$50,437,001



*Theme 4: Civic Leadership
Our Council, services, policies and
engagement*



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Outcome: A clear direction for the future Community confidence and trust in Council and its workforce

Strategy: Ensure Councillors are representative of the community and provide strong and visionary leadership

Community Engagement

2014-15 marked the greatest number of community engagements undertaken by the Council, supporting Council's commitment to be more consultative with the community.

Engagements included:

- Cascade Community Forum
- Condingup Community Forum
- Community Forum to discuss rates and other local issues

- Annual Electors Meeting
- Blessing of the Fleet - Council Corner
- Esperance Agricultural Show
- Grasspatch Community Show
- Town Centre Revitalisation Workshops & Forums
- Economic Development Strategy Forums
- Regional Arts Forum
- RV Community and Stakeholder Meeting
- Skatepark Workshops
- Waterfront Opening
- Esperance Branding Launch and ongoing presentations
- 4wd Working Party



Outcome: *Openness and transparency in Council decisions*

Strategy: Maintain a clear, transparent and ethical decision making process

Council Meetings

Ordinary council meetings are held at 4pm on the fourth Tuesday of every month as part of our monthly council business cycle. These meetings are open to the general public and media representatives. Agenda briefing sessions are held on the third Tuesday of every month and are an opportunity for Council, Shire Officers and the community to discuss matters before council in an informal session with open discussion and question opportunities. Community members directly related to a specific report item are individually invited to attend these sessions and provide input. The community are encouraged to read or attend meetings to remain up to date with what is happening in our Local Government.

Council Agendas are made publicly available on the Shire website and in hard copy at the Shire Administration Office and Library on the Friday prior to the Agenda Briefing session (at the latest). Ordinary Council Meeting minutes are also publicly available on the website and on request from community members.

Review of Local Laws

As per section 3.16(1) of the Local Government Act 1995 a local government must review all of its local laws within an eight year period, a full review of the Shire of Esperance Local Laws was undertaken in 2009. It was considered that a holistic review of the Shire's entire suite of Local Laws be undertaken over a 12 month period.

Strategic Community Plan

A desk top review of the Strategic Community Plan was undertaken during the year, changes to the plan include updating methodology and strategies being implemented to activate the plan. A desk top review does not alter the goals in the plan as these were set by the community and a full review is scheduled in 2015-16.

Outcome: *A community who is aware of Council decisions and activities*

Strategy: Ensure open and consistent communication between the Shire and the Community

Communicating to the Community

The TV screen in the foyer has enabled the Shire to communicate a variety of events and notices to the community visiting the Shire Administration Building. Scrolling through poster images of upcoming events at the Civic Centre, community engagement sessions, major projects being undertaken by the Shire, competitions, promotion of social media engagement and fee changes, to name a few. This is a visual engagement tool which provides communication to those people who are waiting.

The Shire has addressed various commonly heard comments and rumours about specific issues in the form of a Myth Busters column in the weekly Council Connections published in the Esperance Express. The Economic Development Strategy raised community concerns about land release and agricultural development, many of which were unfounded, and these were able to be addressed and corrected publicly. Parking issues, community engagement and major projects have been discussed in the column in a question and answer format.

Tourism shows on television feature exotic holiday destinations, and Esperance's beautiful new foreshore along with our Great Ocean Drive featured on our TV screens on WA Weekender. Some of our gems were shared with holiday makers across the state, and this was the first time many would have seen the changes to our foreshore.

The significant planning and completion of the sea wall and landscaping work has created a world-class waterfront which provides fantastic facilities for both residents and visitors to enjoy, while also protecting vital coastal infrastructure. WA Weekender spread the word of our unique holiday destination even further. The show is presented by Esperance local Dan Paris, who shows appreciation and passion over our region's beauty. The program completed 5 stories about Esperance and they aired from late April thru to May.

Social Media is a key way to communicate with the public, and an excellent complement to traditional print advertising and media releases. The Shire uses its own Facebook page, as well as other popularly used local pages to alert the community to public notices, road closures, employment opportunities, important council announcements and notices of special meetings. It has also been used successfully in the rehoming of animals from Rangers Services. The Shire's Facebook page is linked to Twitter, so all posts are tweeted as well, reaching more people within the community and ensuring our communications are targeting the widest possible demographic.

Outcome: A knowledge of how and when the community can engage

The community have a variety of opportunities to be involved and are able to make meaningful contributions to decision making

Strategy: Actively engage with the community to inform decision making and improve conversations within the community

Community Forums

Around 300 Esperance residents attended the 2014-15 budget forum held by the Shire in August 2015. Brief presentations were given by Executive Management staff on asset management, waste management and rates. Shire President Malcolm Heasman then answered public questions including enquiries about rates, the rates incentive scheme, the impact of the Valuer General Office's recent revaluations, waste management, fees and charges, rates revenue, the Town Centre Revitalisation, Council sitting fees, the replacement of the Tanker Jetty and the construction of the rock wall on the Waterfront

Eight community sessions and numerous individual sessions were held throughout 2014-15 to discuss the draft Town Centre Revitalisation Master Plan. This was an opportunity for members of the public to ask questions and provide input on the plan.

During the consultation period 82 submissions were received. These suggestions were reviewed and some subsequent changes were made prior to Council endorsement. This feedback was forwarded to the Goldfields Esperance Development Commission (GEDC), the lead agency for this project.

The Draft Regional Economic Development Strategy was released for public comment and the information and input received were considered in the recommended changes to the strategy.

In March and April of 2015 the Shire of Esperance engaged with the community and relevant stakeholders in the site selection process for a new waste facility. Meetings were held with key stakeholders and the broader community to inform them of what is involved in the process, the timeframes required and to encourage community involvement by providing feedback and input into the Freehold Land Site Selection Study.

Community engagement sessions were held in April to discuss the Esperance Skate Park. A flow of ideas and robust discussion made the workshops a success. The collation of valuable information from the engagement sessions and the on-line survey were used in the planning and design of the new skate park.



Outcome: A Shire that is progressive, sustainable, resilient and adaptive to changes

Strategy: Be innovative in the management of Shire operations, services, staff and resources to create a resilient and financially stable Shire

Organisation Restructure

To meet the community's needs as identified in the Community Strategic Plan, a review of the Shire's organisational structure was undertaken during 2014-15. The restructure aimed to better align our services and gain efficiencies in the delivery of those services.

Information Technology

The Information Technology (IT) Department identified that approximately 60 PCs were over 5 years old and faults were more than likely to occur due to the age of the PCs. A Standard Operating System was developed and a replacement program was adopted. The IT Department continues to work closely with the Shire's Managed Services provider with a review of the current Managed Services agreement pending.

An upgrade of the Shire's Authority Software was undertaken, a Business Information Systems Software (BIS) was commissioned, an additional Server Rack was purchased to reduce the congestion of equipment in the server room and to allow for future growth of the organisation. A large capacity Network Storage Device (NAS) was commissioned to increase the capacity of the Shire's off-site backup storage.

Record Keeping

During the 2014-15 period 45,781 documents were entered in TRIM system. The Shire of Esperance continues to improve its Electronic Document Management System (EDMS), including enhancement of business classification and folder structure, cleanup of contacts and meta data. These enhancements improve search ability and strengthen our ability to locate historical data.

Service Requests

A procedure to better capture and record service requests and complaints from the community is currently being implemented. The Customer Response Management program will automatically log all incoming requests and distribute these to the correct department and Shire officer's this will ensure all requests receive a timely response.

Shire Website

The current Shire Website was identified as being outdated and non-user friendly, with staff working on the design concept for a new website. The new website is set to be commissioned in late 2015.

Interplan

The use of performance reporting software Interplan, allows staff across the organisation to collate data and maintain progress comments that aid in ensuring decisions are made with robust and current information. Key performance indicators report directly against those issues that are important to the community and Council. They also accurately track performance against strategies and objectives.

Business Continuity Plan

The Shire of Esperance engaged LGIS-WA to assist in the development of a 'Business Continuity Plan'. In May 2015 the final component of the Business Continuity Management Project was undertaken. This phase involved the facilitation of a desktop Business Continuity exercise scenario.

Exercise Objectives:-

- To validate current business continuity information, plans, time frames and strategies and identify any potential gaps.
- To familiarise the Business Continuity Team and their support with their roles and responsibilities.
- To instil confidence in using plans and build a common understanding of business continuity.

Occupational Safety and Health

The Shire was awarded a Diligence in Safety Award (Silver) after a safety audit was conducted by the Shire's Insurance Company LGIS, the Shire achieved a minimum of 60% across all areas.

Outcome: *Employees who continually improve the operational service delivery
A community who receives excellent customer service*

Strategy: *Employees actively contribute to improved operational service delivery and ensure excellent customer service*

Shire of Esperance Enterprise Agreement 2012

The Employee Consultative Committee meets on a quarterly basis, the committee is a forum for open discussion and consultation. Matters on which the Committee should deal with include, but not limited to:

- Shire of Esperance 'Strategic Action Plan';
- Community Strategic and Corporate Plans;
- Behaviour expectations such as the Code of Conduct and application of the organisational values;
- Customer service;
- Improved work practices and conditions;
- Business excellence;
- Team based culture; and
- Productivity improvements

The current Enterprise Agreement is in place until October 2016, a review of the Agreement is in its early stages.

Efficiency database

The Shire's Enterprise Agreement incorporates a commitment by employees to work with the Shire to improve productivity across the organisation. An organisation wide database was developed to record efficiencies, improvements or productivity gains across all service areas of the Shire. This information is summarised and provided to Council on a regular basis. This year, nineteen efficiencies were identified by staff, ranging from:

- after hours call centre relating to Shire Building call outs;
- purchase of energy efficient PC's;
- new AIR BP contract;
- winch to lift bore pumps; timer switches on gym air conditioners;
- removal of grass and replaced with synthetic grass.

All efficiencies had an impact on Shire resources through the reduction in cost, time or improved quality.

Training courses undertaken

The Shire aims to provide quality and meaningful training to employees. Effective training has many benefits including, a more productive workforce, higher quality work, reduced employee turnover and improved motivation and morale.

Each year, the Shire conducts organisation wide training courses, training for specific job tasks, training to support traineeships as well as support for further studies and continuing professional development.

This year, administrative training courses conducted included –

- Cultural Awareness Training
- Advanced Excel
- Introduction to Local Government
- Change Management
- Intermediate Excel
- Supervisor
- Customer Service
- Indesign
- Time Management
- Leadership Training
- Report writing for Government

Two teams represented the Shire of Esperance at the Regional Government Challenge in Kalgoorlie. The challenge focused on contemporary issues and circumstances, faced by country and regional local governments. It was an opportunity for staff to participate in a valuable training and professional development exercise. Due to the positive feedback from the participants, an in-house corporate challenge was undertaken with encouraging results.

Job specific courses were conducted for a number of areas including –

- Chainsaw operation
- Self Contained Breathing Apparatus
- Chlorine Gas Handling
- Senior First Aid
- Load Restraint training
- Traffic Management Training
- Asbestos Licence
- Snake Handling
- Fire Warden
- Working in Confined Space



Employee Remuneration

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

Employee Remuneration

	2012-2013	2013-2014	2014-15
\$100,000 - \$109,999			2
\$110,000 - \$119,999			1
\$120,000 - \$129,999	2	2	
\$130,000 - \$139,999	1	1	2
\$140,000 - \$149,999	1	1	2
\$150,000 - \$159,999			1
\$160,000 - \$169,999			
\$170,000 - \$179,999			
\$180,000 - \$189,999	1		
\$190,000 - \$199,999			
\$200,000 - \$209,999			
\$210,000 - \$219,999		1	
\$220,000 - \$229,999			1

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 2014-15 year saw Nil (0) entries made in this regard.

Statement on the Record Keeping Plan

The Shire of Esperance is committed to the management of government records in accordance with legislative requirements and best practice standards. The Amended Record Keeping Plan (2011035) was approved at the State Records Commission meeting on the 2 December 2011 with the next statutory review due in December 2016.

Review of Electronic Document Records Management System

The current Electronic Document Records Management System (EDRMS) has been reviewed, and is subject to continuous improvement to ensure it meets the needs and requirements of the Shire. It is compliant with the *State Records Act 2000*, with the exception of it being rolled-out throughout external business units. This is currently budgeted for, and will occur between 2015-16 and 2016-17.

Offsite Storage

The Shire of Esperance has commenced moving digitised archives to a contractor offsite storage facility. This will ensure space is used at an optimal level in the records area, while still ensuring compliance with the *State Records Act 2000*.

Training

The Shire continues to provide training to staff, including initial Records Induction Training for all staff. Documentation on the responsibilities of staff regarding record keeping, what constitutes a business email, Shire of Esperance Records Awareness Training RAT, and using the records system.

KPI and Performance Management

Records performance is measured through the Interplan System on a monthly basis, providing a system of monitoring of the Information Management Area by management and Council. An increase of nearly 5000 documents were received this financial year.

Performance Indicators

Records Process	Target	Amount*
Documents catalogued by Records Staff	N/A	19,310 documents
Documents catalogued by other staff	N/A	26,471 documents
Incoming Mail catalogued by 12 noon*	99%	59%
Freedom of Information applications processed within 45 days	100%	100% (2 requests)

*Amount - Monthly percentages calculated and then averaged annually.

Freedom of Information Statement

The Freedom of Information Coordinator for the Shire of Esperance is the Coordinator of Information Management. The Information Statement is available on the Shire's website and from the Administration Centre.

There were two (2) new valid Freedom of Information requests received during the 2014-15 financial year.

Of these:

- 0 were for personal information
- 2 were for non-personal information
- 2 were granted edited access
- 0 withdrawn
- 0 remain on hand (external review)

National Competition Policy

The Competition Principles Agreement is an Inter-government Agreement between the Commonwealth and State/Territory Governments that sets out how government 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 Clause 7 policy document sets out nominated principles from the Agreement that now apply to Local Government. The provisions of Clause 7 of the Competition Principles Agreement require local government to report annually as to the implementation, application and effects of the Competition Policy.

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

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

In accordance with the requirements of the National Competition Policy, the Shire of Esperance makes the following disclosures for 2014-15.

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. Also 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 made by a private entity against the Shire.

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).

As no structural reform has been applied to any activities, the review requirements of principal SR.3 of Clause 7 of the Competition Policy Statement have not been undertaken.

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. For the 2014-15 Financial year there were no changes to the Shire's Local Laws, however a review has been undertaken and potential changes will be dealt with in the next year.

As at the reporting date the number of by-laws and Local Laws which have been reviewed and reformed as a result of any legislative review is Zero (0); and

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 Zero (0).

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

*Fair Value Accounting was commenced in the 2012-13 financial year and continued to be implemented over the next two consecutive years. This has a direct bearing on the depreciation value of all Shire assets and will impact on the ratios being reported. The full impact on the financial ratios will be recognised in the 2015-16 financial year.

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.

Summary of Financial Performance

Financial Ratios	Actual 2014-15	Actual 2013-14	Actual 2012-13	Actual 2011-12	Actual 2010-11
Current Ratio	1.24:1	1.65:1	1.41:1	1.66:1	1.69:1
Asset Sustainability Ratio *	90%	148%	139%	102%	82%
Debt Service Cover Ratio	15.65	3.12	7.04	28.55	26.72
Operating Surplus Ratio*	25%	3%	71%	2%	-5%
Own Source Revenue Coverage Ratio*	83%	78%	82%	70%	68%
Asset Consumption Ratio*	65%	63%	64%	N/A	N/A
Asset Renewal Funding Ratio*	94%	73%	53%	N/A	N/A

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 83% is considered to be sound. It is worth noting that this ratio is increasing each year thus providing more control and stability over Shire funds.

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:

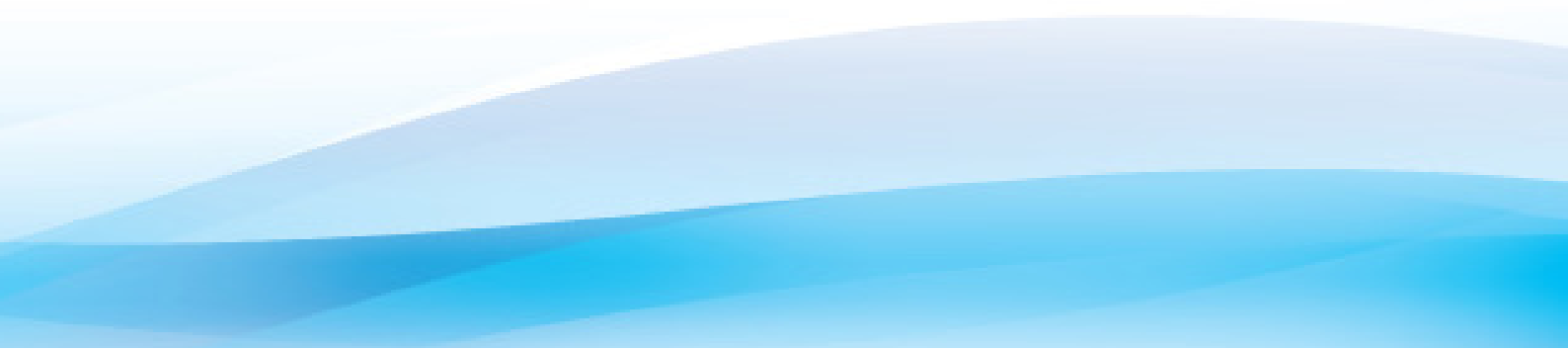
Two of the 2015 ratios disclosed above are distorted by "one off" or timing/non cash items as follows -

- Revenue was distorted by the early payment of 2015/16 Financial Assistance Grants totalling \$2,521,921
- Expenses were distorted by the loss on revaluation of fixed assets amounting to \$81,371

These items are considered to be "one-off" and non-cash in nature and, if it was ignored, the calculations disclosed in the 2015 column above would be as follows:

2015

Debt Service Cover Ratio
13.43
Operating Surplus Ratio
0.17



2014-2015 Annual Financial Report



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Principal place of business: Administration Offices Windich Street Esperance WA 6450	

**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 other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2015 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 26th day of October 2015



Matthew Scott
Chief Executive Officer

Annual Financial Report

For the year ended 30 June 2015

Statement of Comprehensive Income by Nature & Type

2014-2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue				
Rates	22	16,642,770	16,456,588	14,701,106
Operating grants, subsidies and contributions	28	13,881,685	8,671,508	7,727,195
Fees and charges	27	9,842,041	8,355,711	8,027,421
Interest earnings	2(a)	1,026,908	1,001,775	1,311,217
		<u>41,393,404</u>	<u>34,485,582</u>	<u>31,766,939</u>
Expenses				
Employee costs		(13,939,986)	(14,166,835)	(13,982,041)
Materials and contracts		(8,461,160)	(10,470,856)	(7,698,753)
Utility charges		(973,163)	(1,131,832)	(941,948)
Depreciation on non-current assets	2(a)	(9,780,017)	(8,911,303)	(8,033,221)
Interest expenses	2(a)	(147,019)	(109,913)	(204,709)
Insurance expenses		(468,756)	(482,093)	(572,282)
Other expenditure		(513,477)	(567,834)	(771,214)
		<u>(34,283,578)</u>	<u>(35,840,666)</u>	<u>(32,204,168)</u>
		7,109,826	(1,355,084)	(437,229)
Non-operating grants, subsidies and contributions				
	28	4,976,555	4,818,722	6,911,714
Loss on revaluation of fixed assets	2(a)	(81,371)	0	0
Profit on asset disposals	20	399,094	695,329	1,400,358
Loss on asset disposals	20	(171,738)	(310,910)	(200,981)
		<u>12,232,366</u>	<u>3,848,057</u>	<u>7,673,862</u>
Net result				
Other comprehensive income				
Changes on revaluation of non-current assets	12	126,847,245	0	35,571,561
		<u>126,847,245</u>	<u>0</u>	<u>35,571,561</u>
Total other comprehensive income				
		<u>139,079,611</u>	<u>3,848,057</u>	<u>43,245,422</u>
Total comprehensive income				

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

Annual Financial Report

For the year ended 30 June 2015

Statement of Comprehensive Income by Program

2014-2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
Revenue	2(a)			
Governance		330,132	142,708	160,664
General purpose funding		25,054,156	22,297,236	18,349,247
Law, order, public safety		2,114,948	349,959	1,203,027
Health		54,756	44,750	58,108
Education and welfare		2,679,812	2,736,729	2,617,683
Community amenities		4,865,020	3,983,375	4,147,197
Recreation and culture		1,701,276	1,660,696	1,753,731
Transport		2,422,985	2,309,874	2,291,124
Economic services		672,791	444,146	737,002
Other property and services		1,497,528	516,109	449,156
		<u>41,393,404</u>	<u>34,485,582</u>	<u>31,766,939</u>
Expenses	2(a)			
Governance		(2,104,000)	(1,984,325)	(2,076,424)
General purpose funding		(448,899)	(506,816)	(542,327)
Law, order, public safety		(1,725,534)	(1,752,802)	(1,620,623)
Health		(350,234)	(341,454)	(313,020)
Education and welfare		(3,132,355)	(3,365,729)	(2,849,753)
Community amenities		(5,118,080)	(5,792,392)	(4,532,391)
Recreation and culture		(7,506,874)	(7,778,028)	(6,802,615)
Transport		(11,823,054)	(11,338,588)	(11,032,541)
Economic services		(1,391,081)	(1,411,618)	(1,862,396)
Other property and services		(536,448)	(1,459,002)	(367,369)
		<u>(34,136,559)</u>	<u>(35,730,754)</u>	<u>(31,999,459)</u>
Finance costs	2(a)			
Recreation and culture		(60,050)	(61,175)	(62,145)
Other property and services		(86,969)	(48,737)	(142,564)
		<u>(147,019)</u>	<u>(109,912)</u>	<u>(204,709)</u>
Loss on Revaluation of Fixed Assets	2(a)			
Transport		(81,371)	0	0
		<u>(81,371)</u>	<u>0</u>	<u>0</u>
Non-operating grants, subsidies and contributions				
Law, order, public safety		8,616	0	73,749
Education and welfare		0	0	8,172
Community amenities		0	0	600,170
Recreation and culture		1,530,560	1,396,060	2,903,850
Transport		3,437,379	3,422,662	3,322,601
Other property and services		0	0	3,172
	28	<u>4,976,555</u>	<u>4,818,722</u>	<u>6,911,714</u>
Profit/(Loss) on disposal of assets				
Governance		0	0	(1,789)
Law, order, public safety		13,715	(8,461)	0
Health		(3,953)	(8,649)	0
Education and welfare		(16,000)	(250)	0
Community amenities		(52,018)	0	(57,636)
Recreation and culture		0	(110,000)	(1,603)
Transport		(58,283)	(128,111)	(41,805)
Other property and services		343,895	639,890	1,302,210
	20	<u>227,356</u>	<u>384,419</u>	<u>1,199,377</u>
Net result		12,232,366	3,848,057	7,673,862
Other comprehensive income				
Changes on revaluation of non-current assets	12	126,847,245	0	35,571,561
Total other comprehensive income		126,847,245	0	35,571,561
Total comprehensive income		139,079,611	3,848,057	43,245,422

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

Annual Financial Report

For the year ended 30 June 2015

Statement of Financial Position

2014-2015

	NOTE	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	3	26,806,596	26,339,276
Trade and other receivables	4	1,923,883	2,184,855
Inventories	5	697,616	1,357,650
TOTAL CURRENT ASSETS		<u>29,428,095</u>	<u>29,881,781</u>
NON-CURRENT ASSETS			
Other receivables	4	992,479	1,069,319
Inventories	5	6,112,076	5,883,217
Property, plant and equipment	6	88,041,767	87,348,181
Infrastructure	7	358,095,215	219,308,330
TOTAL NON-CURRENT ASSETS		<u>453,241,537</u>	<u>313,609,047</u>
TOTAL ASSETS		<u>482,669,632</u>	<u>343,490,828</u>
CURRENT LIABILITIES			
Trade and other payables	8	1,741,877	936,325
Current portion of long term borrowings	9	1,154,151	1,924,376
Provisions	10	2,055,097	1,852,783
TOTAL CURRENT LIABILITIES		<u>4,951,125</u>	<u>4,713,484</u>
NON-CURRENT LIABILITIES			
Long term borrowings	9	1,880,803	2,019,592
Provisions	10	241,477	241,136
TOTAL NON-CURRENT LIABILITIES		<u>2,122,280</u>	<u>2,260,728</u>
TOTAL LIABILITIES		<u>7,073,405</u>	<u>6,974,212</u>
NET ASSETS		<u>475,596,227</u>	<u>336,516,616</u>
EQUITY			
Retained surplus		286,185,431	274,628,025
Reserves - cash backed	11	24,319,659	23,644,699
Revaluation surplus	12	165,091,137	38,243,892
TOTAL EQUITY		<u>475,596,227</u>	<u>336,516,616</u>

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

Annual Financial Report

For the year ended 30 June 2015

Statement of Changes in Equity

2014-2015

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2013		258,749,393	31,849,469	2,672,331	293,271,193
Comprehensive income					
Net result		7,673,862	0	0	7,673,862
Changes on revaluation of non-current assets	12	0	0	35,571,561	35,571,561
Total comprehensive income		7,673,862	0	35,571,561	43,245,423
Transfers from/(to) reserves		8,204,770	(8,204,770)	0	0
Balance as at 30 June 2014		274,628,025	23,644,699	38,243,892	336,516,616
Comprehensive income					
Net result		12,232,366	0	0	12,232,366
Changes on revaluation of non-current assets	12	0	0	126,847,245	126,847,245
Total comprehensive income		12,232,366	0	126,847,245	139,079,611
Transfers from/(to) reserves		(674,960)	674,960	0	0
Balance as at 30 June 2015		286,185,431	24,319,659	165,091,137	475,596,227

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

Annual Financial Report

For the year ended 30 June 2015

Statement of Cashflows

2014-2015

	NOTE	2015 \$	2015 Budget \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		16,236,537	16,436,588	14,605,884
Operating grants, subsidies and contributions		14,634,874	8,121,508	8,967,079
Fees and charges		9,743,080	8,291,398	7,776,637
Interest earnings		923,272	1,001,775	1,369,940
Goods and services tax		2,853,861	4,200,000	2,857,918
		<u>44,391,624</u>	<u>38,051,269</u>	<u>35,577,458</u>
Payments				
Employee costs		(13,616,487)	(13,367,953)	(13,823,892)
Materials and contracts		(7,640,312)	(9,363,948)	(7,918,266)
Utility charges		(1,023,451)	(1,131,832)	(974,519)
Interest expenses		(151,512)	(109,913)	(199,315)
Insurance expenses		(468,756)	(482,093)	(572,282)
Goods and services tax		(2,758,762)	(4,200,000)	(3,063,178)
Other expenditure		(513,477)	(567,834)	(771,214)
		<u>(26,172,757)</u>	<u>(29,223,573)</u>	<u>(27,322,666)</u>
Net cash provided by (used in) operating activities	13(b)	18,218,867	8,827,696	8,254,792
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of Land held for resale		0	(35,637)	(12,392)
Payments for purchase of property, plant & equipment		(5,047,818)	(5,644,717)	(3,281,221)
Payments for construction of infrastructure		(18,155,027)	(21,136,285)	(19,619,471)
Advances to community groups		0	0	(460,000)
Non-operating grants, Subsidies and contributions		4,976,555	4,818,722	6,911,714
Proceeds from sale of fixed assets		1,285,404	2,639,509	3,080,546
Net cash provided by (used in) investment activities		<u>(16,940,886)</u>	<u>(19,358,408)</u>	<u>(13,380,824)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of debentures		(950,771)	(1,960,012)	(2,677,481)
Proceeds from self supporting loans		98,354	0	114,583
Proceeds from new debentures		41,756	35,637	549,733
Net cash provided by (used in) financing activities		<u>(810,661)</u>	<u>(1,924,375)</u>	<u>(2,013,165)</u>
Net increase (decrease) in cash held		467,320	(12,455,087)	(7,139,197)
Cash at beginning of year		26,339,276	26,316,034	33,478,473
Cash and cash equivalents at the end of the year	13(a)	<u>26,806,596</u>	<u>13,860,947</u>	<u>26,339,276</u>

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

Annual Financial Report

For the year ended 30 June 2015

Rate Setting Statement

2014-2015

	NOTE	2015 Actual \$	2015 Budget \$	2014 Actual \$
Revenue				
Governance		330,132	142,708	166,757
General purpose funding		8,411,386	5,840,648	3,648,141
Law, order, public safety		2,147,691	349,959	1,276,776
Health		54,756	44,750	58,108
Education and welfare		2,679,812	2,740,229	2,625,855
Community amenities		4,865,020	3,983,375	4,747,367
Recreation and culture		3,231,836	3,056,756	4,657,581
Transport		5,890,563	5,774,365	5,684,955
Economic services		672,791	444,146	737,002
Other property and services		1,842,296	1,166,109	1,775,363
		<u>30,126,283</u>	<u>23,543,045</u>	<u>25,377,905</u>
Expenses				
Governance		(2,104,000)	(1,984,325)	(2,084,306)
General purpose funding		(530,270)	(506,816)	(542,327)
Law, order, public safety		(1,735,946)	(1,761,263)	(1,620,623)
Health		(354,187)	(350,103)	(313,020)
Education and welfare		(3,148,355)	(3,369,479)	(2,849,753)
Community amenities		(5,170,098)	(5,792,392)	(4,590,027)
Recreation and culture		(7,566,924)	(7,949,203)	(6,866,363)
Transport		(11,911,536)	(11,508,528)	(11,145,576)
Economic services		(1,391,081)	(1,411,618)	(1,862,396)
Other property and services		(624,290)	(1,517,849)	(530,758)
		<u>(34,536,687)</u>	<u>(36,151,576)</u>	<u>(32,405,149)</u>
Net result excluding rates		(4,410,404)	(12,608,531)	(7,027,244)
Adjustments for cash budget requirements:				
Non-cash expenditure and revenue				
(Profit)/Loss on asset disposals	20	(227,356)	(384,419)	(1,199,377)
Loss on Revaluation of Fixed Assets		81,371	0	0
Movement in deferred pensioner rates (non-current)		(23,614)	0	(15,706)
Movement in employee benefit provisions (non-current)		163,229	179,250	(8,975)
Depreciation and amortisation on assets	2(a)	9,780,017	8,911,303	8,033,221
Capital Expenditure and Revenue				
Purchase land held for resale		0	(35,637)	(12,392)
Purchase of land and buildings	6(b)	(1,084,258)	(2,395,301)	(224,397)
Purchase furniture & equipment	6(b)	(65,190)	(150,888)	(41,581)
Purchase plant & equipment	6(b)	(2,397,325)	(3,098,528)	(587,582)
Purchase motor vehicles - non-specialised	6(b)	(423,131)	0	(541,543)
Purchase motor vehicles - specialised	6(b)	0	0	(55,725)
Purchase road making plant - major	6(b)	(1,048,283)	0	(1,830,393)
Purchase road making plant - minor	6(b)	(29,631)	0	0
Purchase roads	7(b)	(7,463,073)	(9,072,343)	(6,224,097)
Purchase footpaths	7(b)	(237,024)	0	(171,737)
Purchase drainage	7(b)	(609,333)	0	(283,324)
Purchase other infrastructure	7(b)	(9,845,597)	0	(39,515)
Purchase street lighting		0	0	(20,597)
Purchase Parking		0	0	(44,266)
Purchase construction other than buildings		0	(12,063,942)	(12,835,935)
Advances to community groups		0	0	(460,000)
Proceeds from disposal of fixed assets	20	1,285,404	2,639,509	3,080,546
Repayment of debentures	21(a)	(950,771)	(1,960,012)	(2,677,481)
Proceeds from new debentures	21(a)	41,756	35,637	549,733
Proceeds from self supporting loans		98,354	98,353	114,583
Transfers to reserves (restricted assets)	11	(9,884,081)	(2,718,888)	(12,015,050)
Transfers from reserves (restricted assets)	11	9,209,121	12,802,640	20,219,820
ADD Surplus/(deficit) July 1 b/fwd	22(b)	3,283,428	3,310,209	2,901,336
LESS Surplus/(deficit) June 30 c/fwd	22(b)	1,886,379	(55,000)	3,283,428
Total amount raised from general rate	22(a)	<u>(16,642,770)</u>	<u>(16,456,589)</u>	<u>(14,701,106)</u>

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Preparation**

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

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

Critical accounting estimates

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

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

The local government reporting entity

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 19 to these financial statements.

(b) Goods and Services Tax (GST)

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

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

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

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

(c) Cash and Cash Equivalents

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(d) Trade and Other Receivables**

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

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

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

(e) Inventories**General**

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

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

Land held for sale

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

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

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

(f) Fixed Assets

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

Mandatory requirement to revalue non-current assets

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

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

- (a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and
 - (b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
 - (i) that are plant and equipment; and
 - (ii) that are -
 - (I) land and buildings; or-
 - (II) Infrastructure;
- and
- (c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every 3 years.

In 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(f) Fixed Assets (Continued)*****Land under control***

In accordance with Local Government (Financial Management) Regulation 16(a), 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.

Initial recognition and measurement between mandatory revaluation dates

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

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

Revaluation

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(f) Fixed Assets (Continued)*****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.

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

Buildings	20 to 50 years
Furniture and equipment	5 to 20 years
Motor vehicles	3 to 5 years
Road making plant	5 to 10 years
Other plant and equipment	3 to 15 years
Infrastructure	
Roads & streets - formation	not depreciated
Roads & streets - road base	10 to 60 years
Roads & streets - bituminous seals	15 to 25 years
Footpaths - slab	25 to 50 years
Water supply piping and drainage systems	15 to 40 years
Parks & gardens	10 to 20 years
Airport	15 to 60 years
Coastal	20 to 100 years

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

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

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

Capitalisation threshold

Expenditure on items of equipment under \$5,000 is not capitalised. Rather, it is recorded on an asset inventory listing.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(g) Fair Value of Assets and Liabilities**

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

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(g) Fair Value of Assets and Liabilities (Continued)*****Valuation Techniques (Continued)*****Income approach**

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

Cost approach

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

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

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(h) Financial Instruments***Initial recognition and measurement***

Financial assets and financial liabilities are recognised when the Shire becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Shire commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or at cost.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments and any reduction for impairment; and
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(h) Financial Instruments (Continued)*****Classification and subsequent measurement (Continued)******(i) Financial assets at fair value through profit and loss***

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

(ii) Loans and receivables

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.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Shire has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in non-current assets, where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) Available-for-sale financial assets

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

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as non-current.

(v) Financial liabilities

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(h) Financial Instruments (Continued)*****Impairment***

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Shire no longer has any significant continual involvement in the risks and benefits associated with the asset.

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.

(i) Impairment of Assets

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

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

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

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

(j) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(k) 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 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.

(l) 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.

(m) 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.

(n) 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(o) Investment in Associates**

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate.

When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(p) Interests in Joint Arrangements

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

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(o) for a description of the equity method of accounting.

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. Information about the joint ventures is set out in Note 16.

(q) Rates, Grants, Donations and Other Contributions

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

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

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

(r) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**(s) 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.

(t) Rounding Off Figures

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

(u) 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.

(v) 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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) 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 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	September 2012	1 January 2018	Nil - The revisions embodied in this Standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Shire (refer (i) above).
	[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]			
(iii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	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. The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(iv)	AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer title column	Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value. As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Shire.
(v)	AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.
(vi)	AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.

2014-2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures.</p>
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	<p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn.</p> <p>It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.</p>

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**(w) New Accounting Standards and Interpretations for Application in Future Periods (Continued)**

	Title	Issued / Compiled	Applicable ⁽¹⁾	Impact
(x)	AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]	March 2015	1 July 2016	The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities. The Standard is expected to have a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.

Notes:

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

These new and revised Standards were:

AASB 2011-7
AASB 2012-3
AASB 2013-3
AASB 2013-8
AASB 2013-9 Parts A & B

Most of the Standards adopted had a minimal effect on the accounting and reporting practices of the Shire as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

2. REVENUE AND EXPENSES	2015	2014
	\$	\$
(a) Net Result		
The Net result includes:		
(i) Charging as an expense:		
Auditors remuneration		
- Audit of the annual financial report	27,100	31,400
- Assistance with the finalisation of the annual financial report	4,500	7,500
- Audit of Acquittals	14,300	18,700
Depreciation		
Building Not Owned by but Under the Control of Council	1,827,396	1,042,258
Furniture & Equipment	35,327	40,439
Plant & Equipment	471,578	353,632
Minor Plant & Equipment	39,482	54,000
Motor Vehicles - Non-Specialised	260,905	248,189
Motor Vehicles - Specialised	121,127	120,528
Road Making Plant - Major	809,777	742,286
Road Making Plant - Minor	80,409	89,001
Airport	185,234	185,234
Roads	4,774,233	4,233,315
Footpaths	266,507	240,432
Drainage	152,866	136,533
Other Infrastructure	508,477	96,651
Culverts & Pipes	112,653	112,653
Street Lighting	31,109	30,230
Parking	100,484	79,222
Tourist Road Signs	2,453	2,452
Construction Other Than Buildings	0	226,166
	<u>9,780,017</u>	<u>8,033,221</u>
Interest expenses (finance costs)		
Debentures (refer Note 21 (a))	147,019	204,709
	<u>147,019</u>	<u>204,709</u>
Rental charges		
- Operating leases	17,050	19,725
	<u>17,050</u>	<u>19,725</u>
(ii) Crediting as revenue:		
Operating grants, subsidies and contributions		
Reimbursements and recoveries	659,597	0
Other	13,222,088	7,727,195
	<u>13,881,685</u>	<u>7,727,195</u>
	<u>2015</u>	<u>2015</u>
	<u>Actual</u>	<u>Budget</u>
	\$	\$
Interest earnings		
- Reserve funds	580,238	573,775
- Municipal funds	286,005	315,000
Other interest revenue (refer note 26)	160,665	113,000
	<u>1,026,908</u>	<u>1,001,775</u>
	<u>2014</u>	<u>Actual</u>
		\$
		501,017
		701,111
		109,089
		<u>1,311,217</u>

2. REVENUE AND EXPENSES (Continued)**(b) 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.

GOVERNANCE**Objective:**

To provide a decision making process for the efficient allocation of scarce resources.

Activities:

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING**Objective:**

To collect revenue to allow for the provision of services.

Activities:

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY**Objective:**

To provide services to help ensure a safer and environmentally conscious community.

Activities:

Supervision and enforcement of various local laws relating to fire prevention, animal control protection of the environment and other aspects of public safety including emergency services.

HEALTH**Objective:**

To provide an operational framework for good community health.

Activities:

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

EDUCATION AND WELFARE**Objective:**

To provide services to disadvantaged persons, the elderly, children and youth.

Activities:

Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home and community care programs and youth services.

2. REVENUE AND EXPENSES (Continued)**(b) Statement of Objective (Continued)****COMMUNITY AMENITIES****Objective:**

To provide services required by the community.

Activities:

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**Objective:**

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

Activities:

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

TRANSPORT**Objective:**

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

Activities:

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

ECONOMIC SERVICES**Objective:**

To help promote the shire and its economic wellbeing.

Activities:

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

OTHER PROPERTY AND SERVICES**Objective:**

To monitor and control Council's overheads operating accounts.

Activities:

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

2014-2015

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance ⁽¹⁾ 30/06/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance 30/06/15 \$
DLG Workforce Planning	Governance	17,550	0	(17,550)	0	0	0	0
DFES - Fire Prevention	Law & Order	5,872	246,939	(204,257)	48,554	225,570	218,685	55,439
LEMC/BHP	Law & Order	1,208	0	(1,208)	0	0	0	0
DLG Cat Management Facilities	Law & Order	43,836	0	(43,836)	0	0	0	0
DFES/SES	Law & Order	996	25,846	(20,305)	6,537	23,340	20,142	9,735
Crossroads Youth Program	Law & Order	15,511	0	(11,539)	3,972	0	3,972	0
Cat Sterilization Program	Law & Order	0	5,391	(45)	5,346	0	0	5,346
Youth Consultation	Education	0	10,000	0	10,000	0	10,000	0
HACC Seniors Leisure Link	Education	4,000	0	(4,000)	0	0	0	0
Hearing Impaired Pilot Project	Education	4,417	0	0	4,417	0	4,417	0
Seniors Technology Link	Education	13,200	0	0	13,200	0	13,200	0
Carers WA	Education	1,400	3,100	(2,190)	2,310	1,260	2,310	1,260
Other Programs (Minor Assets)	Education	14,583	1,363	(2,600)	13,346	0	7,639	5,707
HACC Operating	Education	91,960	1,588,475	(1,671,695)	8,740	1,593,100	1,532,125	69,715
HACC Capital	Education	63,149	8,172	0	71,321	0	6,409	64,912
HACC NRCP	Education	0	0	0	0	122,978	118,003	4,975
HACC Trainee Expenses	Education	0	3,700	(1,532)	2,168	0	2,168	0
Community Visitor Scheme	Education	0	10,683	0	10,683	0	10,683	0
VMP CPO	Education	18,959	133,652	(129,292)	23,319	143,952	134,881	32,390
DLGC Youth Friendly Community	Education	0	0	0	0	10,000	0	10,000
DLGC Age Friendly Community	Education	0	0	0	0	10,000	0	10,000
Coastal Adaptation Strategy	Community	1,650	0	0	1,650	35,000	33,973	2,677
SCMG Recreational Vehicle Access	Community	3,335	0	(3,335)	0	0	0	0
CLGF - Myrup Truck Wash	Community	350,000	0	(350,000)	0	0	0	0
Coastscapes Biodiversity Fund	Community	0	39,936	(9,945)	29,991	0	26,829	3,162
South Coast NRM	Community	0	9,000	0	9,000	0	6,696	2,304
Community Energy Efficiency Program	Community	0	549,201	(392,287)	156,914	378,000	156,914	378,000
Balance to next page		651,626	2,635,458	(2,865,616)	421,468	2,543,200	2,309,046	655,622

2014-2015

2 REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions

Grant/Contribution	Function/ Activity	Opening Balance ⁽¹⁾ 1/07/13 \$	Received ⁽²⁾ 2013/14 \$	Expended ⁽³⁾ 2013/14 \$	Closing Balance ⁽¹⁾ 30/06/14 \$	Received ⁽²⁾ 2014/15 \$	Expended ⁽³⁾ 2014/15 \$	Closing Balance 30/06/15 \$
Balance from previous page		651,626	2,635,458	(2,865,616)	421,468	2,543,200	2,309,046	655,622
Supertown - Town Centre Revitalisation	Community	388,706	9,284	(352,169)	45,821	2,339	26,395	21,765
Sand Renourishment Program	Recreation	90,453	50,000	(140,453)	0	0	0	0
Telstra Connected Seniors	Recreation	3,263	0	(3,263)	0	0	0	0
NRM Walker St Fencing & Signage	Recreation	13,398	0	(13,398)	0	0	0	0
Dept of Sport & Rec Kidsport	Recreation	17,755	41,670	(28,070)	31,355	20,000	51,355	0
R4R GERGS	Recreation	98,112	2,500,000	(2,598,112)	0	0	0	0
RDL - Regional CLGF	Recreation	969,982	0	(969,982)	0	0	0	0
Read Out Loud	Recreation	546	0	(546)	0	0	0	0
RDA	Recreation	0	200,000	(62,000)	138,000	0	138,000	0
Supertown - Waterfront	Recreation	13,048,900	324,627	(7,112,991)	6,260,536	0	6,260,536	0
CLGF	Recreation	0	0	0	0	937,727	96,197	841,530
Twilight Beach Restoration	Recreation	0	0	0	0	16,380	14,611	1,769
Castletown Beach Restoration	Recreation	0	0	0	0	34,279	9,956	24,323
MRWA - Blackspot	Transport	15,946	0	(15,946)	0	0	0	0
MRWA - RRD (Fisheries Rd)	Transport	968	0	(968)	0	0	0	0
Roadwise	Transport	0	0	0	0	1,776	1,350	426
Wild Dog Control	Economic	67,454	195,800	(218,930)	44,324	168,500	189,071	23,753
Dept of Ag & Food - Dry Season	Economic	10,000	0	(10,000)	0	0	0	0
Supertown - Growth Plan	Economic	208,901	0	(149,728)	59,173	0	26,178	32,995
Supertown - Economic Development	Economic	199,440	4,469	(43,342)	160,567	7,382	11,848	156,101
Total		15,785,450	5,961,308	(14,585,514)	7,161,244	3,731,583	9,134,543	1,758,284 ⁽⁴⁾

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.
- (4) - This amount is included in Unspent Grants and Contributions Reserve together with the early payment of 2015/2016 Financial Assistance Grants of \$2,521,921.

	Note	2015 \$	2014 \$
3. CASH AND CASH EQUIVALENTS			
Unrestricted		2,486,937	2,694,577
Restricted		24,319,659	23,644,699
		<u>26,806,596</u>	<u>26,339,276</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Land Purchase & Development Reserve	11	334,557	997,128
Council Buildings Construction Reserve	11	0	333,635
Eastern Suburbs Water Pipeline Reserve	11	172,051	152,728
Jetty Reserve	11	1,832,878	871,898
Aerodrome Reserve	11	3,881,473	2,861,211
Salmon Gums Quarry Reserve	11	0	9,976
Off Street Parking Reserve	11	475,554	140,069
Sanitation (Rubbish Removal) Services Reserve	11	2,856,290	2,256,814
HACC Asset Replacement Reserve	11	571,360	516,656
Esperance Home Care Fundraising Reserve	11	3,695	51,756
Gravel Resources Compensation Reserve	11	0	53,932
Southern Suburbs Water Supply Reserve	11	0	27,721
Cemetery Reserve	11	0	40,401
Unspent Grants & Contributions Reserve	11	4,280,205	7,161,244
Historical Village Reserve	11	0	2,009
Plant Replacement Reserve	11	786,159	599,532
Employee Entitlements - Long Service Leave Reserve	11	837,866	815,257
History Book Reserve	11	0	18,638
Tanker Jetty Donations Reserve	11	0	44,520
Library Reserve	11	0	46,573
Drainage Reserve	11	0	240,888
Building Maintenance Reserve	11	5,282,385	4,587,727
Community Bus Maintenance & Replacement Reserve	11	0	93,815
Governance & Workers Compensation Reserve	11	445,018	330,120
SLIP - Environmental Monitoring & Drainage/Maintenance Reserve	11	0	86,389
Staff Retention & Attraction Reserve	11	0	4,749
IT System & Process Development Reserve	11	290,605	317,945
Esperance Home Care Annual Leave Reserve	11	170,845	146,804
Esperance Home Care Long Service Leave Reserve	11	190,588	198,173
Priority Projects Reserve	11	1,908,130	636,391
		<u>24,319,659</u>	<u>23,644,699</u>

	2015 \$	2014 \$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates outstanding	558,668	164,574
Sundry debtors	1,000,635	1,666,338
GST receivable	110,161	205,260
Loans - clubs/institutions	100,454	98,354
Interest Receivable	153,965	50,329
	<u>1,923,883</u>	<u>2,184,855</u>
Non-current		
Rates outstanding - pensioners	109,626	86,012
Loans - clubs/institutions	882,853	983,307
	<u>992,479</u>	<u>1,069,319</u>
5. INVENTORIES		
Current		
Fuel and materials	44,050	86,096
Land held for resale - cost		
Shark Lake Industrial Park	80,464	0
Flinders Estate	349,815	1,008,954
Roadmaking Materials	150,414	157,917
Goods Held for Resale	72,873	104,683
	<u>697,616</u>	<u>1,357,650</u>
Non-current		
Land held for resale - cost		
Shark Lake Industrial Park	2,383,737	2,464,201
Flinders Estate	3,728,339	3,419,016
	<u>6,112,076</u>	<u>5,883,217</u>

2014-2015

	2015 \$	2014 \$
6 (a). PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Freehold land at:		
- Independent valuation 2014 - level 2	24,617,000	24,617,000
- Additions after valuation - cost	<u>8,503</u>	<u>0</u>
	24,625,503	24,617,000
Land Vested in and Under the Control of Council at:		
- Independent valuation 2014 - level 3	<u>3,100,000</u>	<u>3,100,000</u>
	3,100,000	3,100,000
	<u>27,725,503</u>	<u>27,717,000</u>
Building Not Owned by but Under the Control of Council at:		
- Independent valuation 2014 - level 3	7,287,800	7,287,800
- Independent valuation 2014 - level 3	39,319,656	39,319,656
- Additions after valuation - cost	1,086,954	0
Less: accumulated depreciation	<u>(1,827,396)</u>	<u>0</u>
	45,867,014	46,607,456
	<u>45,867,014</u>	<u>46,607,456</u>
Total land and buildings	<u>73,592,517</u>	<u>74,324,456</u>
Furniture & Equipment at:		
- Independent valuation 2013 - level 3	199,800	199,800
- Additions after valuation - cost	106,770	41,581
Less accumulated depreciation	<u>(75,765)</u>	<u>(40,439)</u>
	230,805	200,942
Plant & Equipment at:		
- Independent valuation 2013 - level 3	3,146,500	3,146,500
- Additions after valuation - cost	2,964,397	605,072
Less accumulated depreciation	<u>(823,779)</u>	<u>(371,122)</u>
	5,287,118	3,380,450
Minor Plant & Equipment at:		
- Independent valuation 2013 - level 2	218,000	218,000
Less accumulated depreciation	<u>(215,500)</u>	<u>(54,000)</u>
	2,500	164,000
Motor Vehicles - Non-Specialised at:		
- Independent valuation 2013 - level 2	1,380,500	1,380,500
- Additions after valuation - cost	478,939	260,543
Less accumulated depreciation	<u>(387,304)</u>	<u>(183,994)</u>
	1,472,135	1,457,049
Motor Vehicles - Specialised at:		
- Independent valuation 2013 - level 3	1,308,900	1,308,900
- Additions after valuation - cost	21,225	55,725
Less accumulated depreciation	<u>(233,632)</u>	<u>(120,528)</u>
	1,096,493	1,244,097

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

	2015 \$	2014 \$
Road Making Plant - Major at:		
- Independent valuation 2013 - level 2	5,583,800	5,583,800
- Additions after valuation - cost	1,615,682	1,142,398
Less accumulated depreciation	<u>(1,261,058)</u>	<u>(621,564)</u>
	5,938,424	6,104,634
Road Making Plant - Minor at:		
- Independent valuation 2013 - level 3	567,000	567,000
- Additions after valuation - cost	19,431	(8,000)
Less accumulated depreciation	<u>(164,656)</u>	<u>(86,447)</u>
	421,775	472,553
	<u>88,041,767</u>	<u>87,348,181</u>

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

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) \$	Impairment (Losses)/ Reversals \$	Other \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Freehold land	24,617,000	8,503	0	0	0	0	0	0	24,625,503
Land Vested in and Under the Control of Council	3,100,000	0	0	0	0	0	0	0	3,100,000
Total land	27,717,000	8,503	0	0	0	0	0	0	27,725,503
Building Not Owned by but Under the Control of Council	46,607,456	1,075,755	0	0	0	11,199	(1,827,396)	0	45,867,014
Total buildings	46,607,456	1,075,755	0	0	0	11,199	(1,827,396)	0	45,867,014
Total land and buildings	74,324,456	1,084,258	0	0	0	11,199	(1,827,396)	0	73,592,517
Furniture & Equipment	200,942	65,190	0	0	0	0	(35,327)	0	230,805
Plant & Equipment	3,380,450	2,397,325	(5,562)	0	0	(13,517)	(471,578)	0	5,287,118
Minor Plant & Equipment	164,000	0	(122,018)	0	0	0	(39,482)	0	2,500
Motor Vehicles - Non-Specialised	1,457,049	423,131	(152,140)	0	0	0	(260,905)	5,000	1,472,135
Motor Vehicles - Specialised	1,244,097	0	(21,477)	0	0	0	(121,127)	(5,000)	1,096,493
Road Making Plant - Major	6,104,634	1,048,283	(354,717)	0	0	(49,999)	(809,777)	0	5,938,424
Road Making Plant - Minor	472,553	29,631	0	0	0	0	(80,409)	0	421,775
Total property, plant and equipment	87,348,181	5,047,818	(655,914)	0	0	(52,317)	(3,646,001)	0	88,041,767

2014-2015

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					
Freehold land	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent Valuation	June 2014	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 2014	Improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Building Not Owned by but Under the Control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent Valuation	June 2014	Improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Furniture & Equipment	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2013	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Plant & Equipment	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2013	Purchase costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Minor Plant & Equipment	2	Market approach using recent observable market data for similar properties	Independent Valuation	June 2013	Price per item

2014-2015

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements (Continued)

<u>Asset Class</u>	<u>Fair Value Hierarchy</u>	<u>Valuation Technique</u>	<u>Basis of valuation</u>	<u>Date of last Valuation</u>	<u>Inputs used</u>
Motor Vehicles - Non-Specialised	2	Market approach using recent observable market data for similar properties	Independent Valuation	June 2013	Price per item
Motor Vehicles - Specialised	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2013	Purchase 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 properties	Independent Valuation	June 2013	Price per item
Road Making Plant - Minor	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2013	Purchase 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.

2014-2015

	2015 \$	2014 \$
7 (a). INFRASTRUCTURE		
Roads		
- Management valuation 2015 - level 3	296,405,722	0
- Cost	0	309,366,280
Less accumulated depreciation	<u>0</u>	<u>(124,179,795)</u>
	296,405,722	185,186,485
Footpaths		
- Management valuation 2015 - level 3	9,092,452	0
- Cost	0	7,018,940
Less accumulated depreciation	<u>0</u>	<u>(2,759,851)</u>
	9,092,452	4,259,089
Drainage		
- Management valuation 2015 - level 3	16,933,967	0
- Cost	0	5,713,534
Less accumulated depreciation	<u>0</u>	<u>(1,743,829)</u>
	16,933,967	3,969,705
Parks & Ovals		
- Management valuation 2015 - level 3	7,495,027	0
- Cost	0	6,268,506
Less accumulated depreciation	<u>0</u>	<u>(6,268,506)</u>
	7,495,027	0
Other Infrastructure		
- Management valuation 2015 - level 3	17,187,055	0
- Cost	0	2,692,356
Less accumulated depreciation	<u>0</u>	<u>(718,411)</u>
	17,187,055	1,973,945
Culverts & Pipes		
- Management valuation 2015 - level 3	7,025,191	0
- Cost	0	4,506,113
Less accumulated depreciation	<u>0</u>	<u>(4,176,908)</u>
	7,025,191	329,205
Street Lighting		
- Cost	0	751,070
Less accumulated depreciation	<u>0</u>	<u>(223,152)</u>
	0	527,918
Tourist Road Signs		
- Cost	0	80,937
Less accumulated depreciation	<u>0</u>	<u>(22,034)</u>
	0	58,903
Esperance Airport		
- Management valuation 2015 - level 3	3,955,801	0
- Cost	0	5,553,345
Less accumulated depreciation	<u>0</u>	<u>(1,330,939)</u>
	3,955,801	4,222,406

2014-2015

	2015 \$	2014 \$
7 (a). INFRASTRUCTURE (Continued)		
Parking		
- Cost	0	711,343
Less accumulated depreciation	<u>0</u>	<u>(511,477)</u>
	0	199,866
Construction Other Than Buildings		
- Cost	0	20,674,277
Less accumulated depreciation	<u>0</u>	<u>(2,093,469)</u>
	0	18,580,808
	<u><u>358,095,215</u></u>	<u><u>219,308,330</u></u>

The fair value of infrastructure is determined at least every three years in accordance with legislative requirements. Additions since the date of valuation are shown as cost. Given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation is reviewed and, where appropriate, the fair value is updated to reflect current market conditions.

This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires infrastructure to be shown at fair value.

2014-2015

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.

	Balance as at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments \$	Revaluation (Decrements) \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of the Year \$
Roads	185,186,485	7,463,073	0	104,116,833	0	(4,774,233)	4,413,564	296,405,722
Footpaths	4,259,089	237,024	0	2,697,514	0	(266,507)	2,165,332	9,092,452
Drainage	3,969,705	609,333	0	12,255,405	0	(152,866)	252,390	16,933,967
Parks & Ovals	0	0	0	573,439	0	0	6,921,588	7,495,027
Other Infrastructure	1,973,945	9,845,597	0	395,415	0	(508,477)	5,480,575	17,187,055
Culverts & Pipes	329,205	0	0	6,808,639	0	(112,653)	0	7,025,191
Street Lighting	527,918	0	0	0	0	(31,109)	(496,809)	0
Tourist Road Signs	58,903	0	0	0	0	(2,453)	(56,450)	0
Esperance Airport	4,222,406	0	0	0	(81,371)	(185,234)	0	3,955,801
Parking	199,866	0	0	0	0	(100,484)	(99,382)	0
Construction Other Than Buildings	18,580,808	0	0	0	0	0	(18,580,808)	0
Total infrastructure	219,308,330	18,155,027	0	126,847,245	(81,371)	(6,134,016)	0	358,095,215

The revaluation of infrastructure assets resulted in an increase on revaluation of \$126,847,245 in the net value of infrastructure.

All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12) and was recognised as Changes on Revaluation of non-current assets in the Statement of Comprehensive Income whilst \$81,371 was debited to the profit or loss section of the Statement of Comprehensive Income and recognised as "Loss on revaluation of fixed assets" in the Statement of Comprehensive Income.

2014-2015

7. INFRASTRUCTURE (Continued)
(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
Roads	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Footpaths	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Drainage	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Parks & Ovals	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Other Infrastructure	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Culverts & Pipes	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Esperance Airport	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	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.

2014-2015

	2015 \$	2014 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	1,227,352	537,563
Accrued interest on debentures	11,381	15,874
Accrued salaries and wages	503,144	382,888
	<u>1,741,877</u>	<u>936,325</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by floating charge Debentures	<u>1,154,151</u>	<u>1,924,376</u>
	<u>1,154,151</u>	<u>1,924,376</u>
Non-current		
Secured by floating charge Debentures	<u>1,880,803</u>	<u>2,019,592</u>
	<u>1,880,803</u>	<u>2,019,592</u>

Additional detail on borrowings is provided in Note 21.

10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2014	1,056,826	795,957	1,852,783
Non-current provisions	0	241,136	241,136
	<u>1,056,826</u>	<u>1,037,093</u>	<u>2,093,919</u>
Additional provision	803,882	283,391	1,087,273
Amounts used	(740,417)	(144,201)	(884,618)
Balance at 30 June 2015	<u>1,120,291</u>	<u>1,176,283</u>	<u>2,296,574</u>
Comprises			
Current	1,120,291	934,806	2,055,097
Non-current	0	241,477	241,477
	<u>1,120,291</u>	<u>1,176,283</u>	<u>2,296,574</u>

2014-2015

	2015 \$	2015 Budget \$	2014 \$
11. RESERVES - CASH BACKED			
(a) Land Purchase & Development Reserve			
Opening balance	997,128	997,128	1,025,654
Amount set aside / transfer to reserve	23,582	34,899	263,826
Amount used / transfer from reserve	<u>(686,153)</u>	<u>(966,046)</u>	<u>(292,352)</u>
	<u>334,557</u>	<u>65,981</u>	<u>997,128</u>
(b) Council Buildings Construction Reserve			
Opening balance	333,635	333,635	418,132
Amount set aside / transfer to reserve	9,252	11,677	15,503
Internal transfer	(217,180)	(193,645)	0
Amount used / transfer from reserve	<u>(125,707)</u>	<u>(151,667)</u>	<u>(100,000)</u>
	<u>0</u>	<u>0</u>	<u>333,635</u>
(c) Eastern Suburbs Water Pipeline Reserve			
Opening balance	152,728	152,728	97,086
Amount set aside / transfer to reserve	25,473	12,897	55,642
Amount used / transfer from reserve	<u>(6,150)</u>	<u>(15,200)</u>	<u>0</u>
	<u>172,051</u>	<u>150,425</u>	<u>152,728</u>
(d) Jetty Reserve			
Opening balance	871,898	871,898	799,922
Amount set aside / transfer to reserve	915,225	100,516	203,453
Internal transfer	45,755	46,178	0
Amount used / transfer from reserve	<u>0</u>	<u>(40,000)</u>	<u>(131,477)</u>
	<u>1,832,878</u>	<u>978,592</u>	<u>871,898</u>
(e) Aerodrome Reserve			
Opening balance	2,861,211	2,861,211	1,907,062
Amount set aside / transfer to reserve	1,102,512	980,152	1,061,712
Amount used / transfer from reserve	<u>(82,250)</u>	<u>(75,000)</u>	<u>(107,563)</u>
	<u>3,881,473</u>	<u>3,766,363</u>	<u>2,861,211</u>
(f) Salmon Gums Quarry Reserve			
Opening balance	9,976	9,975	9,567
Amount set aside / transfer to reserve	277	349	409
Internal transfer	(10,253)	(10,324)	0
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>9,976</u>
(g) Off Street Parking Reserve			
Opening balance	140,069	140,069	134,334
Amount set aside / transfer to reserve	335,485	4,902	5,735
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>475,554</u>	<u>144,971</u>	<u>140,069</u>
(h) Sanitation (Rubbish Removal) Services Reserve			
Opening balance	2,256,814	2,256,814	1,915,126
Amount set aside / transfer to reserve	1,183,032	495,050	1,058,633
Amount used / transfer from reserve	<u>(583,556)</u>	<u>(931,876)</u>	<u>(716,945)</u>
	<u>2,856,290</u>	<u>1,819,988</u>	<u>2,256,814</u>

2014-2015

	2015 \$	2015 Budget \$	2014 \$
11 RESERVES - CASH BACKED (Continued)			
(i) HACC Asset Replacement Reserve			
Opening balance	516,656	516,656	348,880
Amount set aside / transfer to reserve	75,939	18,083	167,776
Amount used / transfer from reserve	<u>(21,235)</u>	<u>(37,000)</u>	<u>0</u>
	<u>571,360</u>	<u>497,739</u>	<u>516,656</u>
(j) Esperance Home Care Fundraising Reserve			
Opening balance	51,756	51,756	40,322
Amount set aside / transfer to reserve	1,435	5,731	11,434
Amount used / transfer from reserve	<u>(49,496)</u>	<u>0</u>	<u>0</u>
	<u>3,695</u>	<u>57,487</u>	<u>51,756</u>
(k) Gravel Resources Compensation Reserve			
Opening balance	53,932	53,932	51,724
Amount set aside / transfer to reserve	1,496	1,888	2,208
Internal transfer	<u>(55,428)</u>	<u>(55,820)</u>	<u>0</u>
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>53,932</u>
(l) Southern Suburbs Water Supply Reserve			
Opening balance	27,721	27,721	26,492
Amount set aside / transfer to reserve	769	970	1,229
Internal transfer	<u>(28,490)</u>	<u>(27,995)</u>	<u>0</u>
Amount used / transfer from reserve	<u>0</u>	<u>(696)</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>27,721</u>
(m) Cemetery Reserve			
Opening balance	40,401	40,401	36,424
Amount set aside / transfer to reserve	4,220	1,414	3,977
Internal transfer	<u>(44,621)</u>	<u>(26,815)</u>	<u>0</u>
Amount used / transfer from reserve	<u>0</u>	<u>(15,000)</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>40,401</u>
(n) Unspent Grants & Contributions Reserve			
Opening balance	7,161,244	7,361,244	18,345,769
Amount set aside / transfer to reserve	4,280,205	0	7,161,244
Amount used / transfer from reserve	<u>(7,161,244)</u>	<u>(7,361,244)</u>	<u>(18,345,769)</u>
	<u>4,280,205</u>	<u>0</u>	<u>7,161,244</u>
(o) Historical Village Reserve			
Opening balance	2,009	2,009	1,927
Amount set aside / transfer to reserve	56	70	82
Internal transfer	<u>(2,065)</u>	<u>(2,079)</u>	<u>0</u>
Amount used / transfer from reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>	<u>2,009</u>
(p) Plant Replacement Reserve			
Opening balance	599,532	599,532	602,446
Amount set aside / transfer to reserve	186,627	20,983	31,258
Amount used / transfer from reserve	<u>0</u>	<u>(147,500)</u>	<u>(34,172)</u>
	<u>786,159</u>	<u>473,015</u>	<u>599,532</u>

2014-2015

	2015 \$	2015 Budget \$	2014 \$
11 RESERVES - CASH BACKED (Continued)			
(q) Employee Entitlements - Long Service Leave Reserve			
Opening balance	815,257	815,257	781,876
Amount set aside / transfer to reserve	22,609	28,534	33,381
Amount used / transfer from reserve	0	0	0
	<u>837,866</u>	<u>843,791</u>	<u>815,257</u>
(r) History Book Reserve			
Opening balance	18,638	18,638	17,584
Amount set aside / transfer to reserve	535	952	1,054
Internal transfer	(19,173)	(19,590)	0
Amount used / transfer from reserve	0	0	0
	<u>0</u>	<u>0</u>	<u>18,638</u>
(s) Tanker Jetty Donations Reserve			
Opening balance	44,520	44,520	37,854
Amount set aside / transfer to reserve	1,235	1,658	6,666
Internal transfer	(45,755)	(46,178)	0
Amount used / transfer from reserve	0	0	0
	<u>0</u>	<u>0</u>	<u>44,520</u>
(t) Library Reserve			
Opening balance	46,573	46,573	39,485
Amount set aside / transfer to reserve	12,916	9,130	7,088
Internal transfer	(59,489)	(55,703)	0
Amount used / transfer from reserve	0	0	0
	<u>0</u>	<u>0</u>	<u>46,573</u>
(u) Drainage Reserve			
Opening balance	240,888	240,888	231,025
Amount set aside / transfer to reserve	6,681	8,431	9,863
Internal transfer	(247,569)	(249,319)	0
Amount used / transfer from reserve	0	0	0
	<u>0</u>	<u>0</u>	<u>240,888</u>
(v) Building Maintenance Reserve			
Opening balance	4,587,727	4,587,727	3,568,382
Amount set aside / transfer to reserve	782,999	752,049	1,094,992
Amount used / transfer from reserve	(88,341)	(2,431,411)	(75,647)
	<u>5,282,385</u>	<u>2,908,365</u>	<u>4,587,727</u>
(w) Community Bus Maintenance & Replacement Reserve			
Opening balance	93,815	93,815	85,008
Amount set aside / transfer to reserve	7,085	12,384	8,807
Internal transfer	(4,065)	(11,199)	0
Amount used / transfer from reserve	(96,835)	(95,000)	0
	<u>0</u>	<u>0</u>	<u>93,815</u>
(x) Governance & Workers Compensation Reserve			
Opening balance	330,120	330,120	395,526
Amount set aside / transfer to reserve	114,898	11,554	39,594
Amount used / transfer from reserve	0	0	(105,000)
	<u>445,018</u>	<u>341,674</u>	<u>330,120</u>

2014-2015

	2015 \$	2015 Budget \$	2014 \$
11 RESERVES - CASH BACKED (Continued)			
(y) Shark Lake Industrial Park - Environment Monitoring and Landscape/Drainage Maintenance Reserve			
Opening balance	86,389	86,389	75,237
Amount set aside / transfer to reserve	10,977	3,024	11,152
Internal transfer	(97,366)	(89,413)	0
Amount used / transfer from reserve	0	0	0
	<u>0</u>	<u>0</u>	<u>86,389</u>
(z) Staff Retention & Attaction Reserve			
Opening balance	4,749	4,749	220,341
Amount set aside / transfer to reserve	132	166	9,408
Internal transfer	(4,881)	(4,915)	0
Amount used / transfer from reserve	0	0	(225,000)
	<u>0</u>	<u>0</u>	<u>4,749</u>
(aa) IT System & Process Development Reserve			
Opening balance	317,945	317,945	320,840
Amount set aside / transfer to reserve	8,817	11,128	83,000
Amount used / transfer from reserve	(36,157)	(50,000)	(85,895)
	<u>290,605</u>	<u>279,073</u>	<u>317,945</u>
(ab) Esperance Home Care Annual Leave Reserve			
Opening balance	146,804	146,804	164,004
Amount set aside / transfer to reserve	24,041	4,927	(17,200)
Amount used / transfer from reserve	0	0	0
	<u>170,845</u>	<u>151,731</u>	<u>146,804</u>
(ac) Esperance Home Care Long Service Leave Reserve			
Opening balance	198,173	198,173	151,440
Amount set aside / transfer to reserve	5,497	6,095	46,733
Amount used / transfer from reserve	(13,082)	0	0
	<u>190,588</u>	<u>204,268</u>	<u>198,173</u>
(ad) Priority Projects Reserve			
Opening balance	636,391	636,391	0
Amount set aside / transfer to reserve	740,074	179,274	636,391
Internal transfer	790,580	746,818	0
Amount used / transfer from reserve	(258,915)	(485,000)	0
	<u>1,908,130</u>	<u>1,077,483</u>	<u>636,391</u>
TOTAL RESERVES	<u><u>24,319,659</u></u>	<u><u>13,760,947</u></u>	<u><u>23,644,699</u></u>
Total Opening balance	23,644,699	23,844,699	31,849,469
Total Amount set aside / transfer to reserve	9,884,081	2,718,888	12,015,050
Total Amount used / transfer from reserve	(9,209,121)	(12,802,640)	(20,219,820)
TOTAL RESERVES	<u><u>24,319,659</u></u>	<u><u>13,760,947</u></u>	<u><u>23,644,699</u></u>

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.

11 RESERVES - CASH BACKED (Continued)

In accordance with council resolutions in relation to each reserve account, the purpose for which the funds are set aside are as follows:

(a) Land Purchase & Development Reserve

Established to fund land improvements and sub-division development.

(b) Council Buildings Construction Reserve

Established to provide a fund for the construction of new community facilities and upgrading of existing Council owned buildings.

(c) Eastern Suburbs Water Pipeline Reserve

Established to provide funds to recycle waste water to recreation grounds. Funded by the proceeds from the sale of water to users.

(d) Jetty Reserve

Established to provide funds for future maintenance and repair of the main jetty opposite Gladstone Street. Funded from General Purpose Income.

(e) Aerodrome Reserve

Established to fund future development and upgrades of the airport facility. Funded by the annual surplus derived from operation of the airport.

(f) Salmon Gums Quarry Reserve

Established to fund the rehabilitation of the Salmon Gums Quarry following exhaustion of its gravel reserves. Funded from General Purpose Income.

(g) Off Street Parking Reserve

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.

(h) Sanitation (Rubbish Removal) Services Reserve

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.

(i) HACC Asset Replacement Reserve

Established for the purpose of holding surplus cash from the operation of HACC activities by Esperance Home Care in accordance with HACC guidelines.

(j) Esperance Home Care Fundraising Reserve

Established for the purpose of holding the net proceeds of volunteer fundraising activities relating to the operation of Esperance Home Care.

(k) Gravel Resources Compensation Reserve

Established for the purpose of paying compensation to land owners for damages and inconvenience caused by Council accessing gravel supplies on private property under the provisions of the Local Government and Public Works Act Legislation. Also used to fund works provided by Council by agreement with the landowner in lieu of a compensation payment. Funded from General Purpose Income.

(l) Southern Suburbs Water Supply Reserve

Established to provide funds to recycle waste water to recreation grounds. Funded by the proceeds from the sale of water to users.

11 RESERVES - CASH BACKED (Continued)**(m) Cemetery Reserve**

Established to fund maintenance at the Shire of Esperance Cemetery.

(n) Unspent Grants & Contributions Reserve

Created for the purpose of containing funds that are derived from unspent or prepaid grants and contribution from external parties.

(o) Historical Village Reserve

Established to fund future improvements and major building repairs at the historical village. Funded from the surplus derived from on site property rentals after operating and maintenance expenses.

(p) Plant Replacement Reserve

Council's Policy is 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. 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.

(q) Employee Entitlements - Long Service Leave Reserve

The purpose of this Reserve is 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.

(r) History Book Reserve

Established to accumulate the proceeds from the sale of the Shire of Esperance history book. The accumulated funds are intended to offset future printing costs that relate to the reproduction of the history book.

(s) Tanker Jetty Donations Reserve

Established to accumulate donated funds for the restoration and maintenance of the tanker jetty.

(t) Library Reserve

Established to hold the net proceeds from computer user charges at the Library to be used for the future replacement and improvement of computer facilities to the general public.

(u) Drainage Reserve

Established to hold contributions made to the Council by Developers for the establishment of legal costs.

(v) Building Maintenance Reserve

Established to hold unexpended funds from the Building Maintenance Program for the use of building maintenance and refurbishment of Council buildings.

(w) Community Bus Maintenance & Replacement Reserve

Established to provide funds for the replacement and major maintenance of the Seniors Community Bus. Funded from the revenue received from the hire of the Seniors Community Bus.

(x) Governance & Workers Compensation Reserve

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.

11 RESERVES - CASH BACKED (Continued)**(y) Shark Lake Industrial Park - Environment Monitoring and Landscape/Drainage Maintenance Reserve**

Direct contributions by the Shire of Esperance, Esperance Port Authority and CBH and any subsequent Specified Area Rate applied to landowners within the Shark Lake Industrial Park, to cover costs of undertaking water sampling and environmental monitoring as well as maintaining landscape areas and drainage.

(z) Staff Retention & Attaction Reserve

Established to assist with the funding of future employment initiatives linked to the Enterprise Bargaining Agreement or other staff related matters. Funded from savings within the wage and salary budget.

(aa) IT System & Process Development Reserve

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.

(ab) Esperance Home Care Annual Leave Reserve

Established to fund future commitments for annual leave entitlements as a result of employing staff. Funded from external grant funding.

(ac) Esperance Home Care Long Service Leave Reserve

Established to fund future commitments for long service leave entitlements as a result of employing staff. Funded from external grant funding.

(ad) Priority Projects Reserve

Established to fund sufficient capacity to assist with the design, construction and operation of priority projects as determined by Council.

All of the reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

12. REVALUATION SURPLUS

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

(a) Land and buildings

	2015	2014
Opening balance	35,571,561	0
Revaluation increment	0	35,571,561
Revaluation decrement	0	0
	<u>35,571,561</u>	<u>35,571,561</u>

(b) Plant & Equipment

Opening balance	1,936,608	0
Revaluation increment	0	1,936,608
Revaluation decrement	0	0
	<u>1,936,608</u>	<u>1,936,608</u>

(c) Motor Vehicles - Non-Specialised

Opening balance	513,089	0
Revaluation increment	0	513,089
Revaluation decrement	0	0
	<u>513,089</u>	<u>513,089</u>

(d) Road Making Plant - Major

Opening balance	222,634	0
Revaluation increment	0	222,634
Revaluation decrement	0	0
	<u>222,634</u>	<u>222,634</u>

(e) Roads

Opening balance	0	0
Revaluation increment	104,116,833	0
Revaluation decrement	0	0
	<u>104,116,833</u>	<u>0</u>

(f) Footpaths

Opening balance	0	0
Revaluation increment	2,697,514	0
Revaluation decrement	0	0
	<u>2,697,514</u>	<u>0</u>

(g) Drainage

Opening balance	0	0
Revaluation increment	12,255,405	0
Revaluation decrement	0	0
	<u>12,255,405</u>	<u>0</u>

(h) Parks & Ovals

Opening balance	0	0
Revaluation increment	573,439	0
Revaluation decrement	0	0
	<u>573,439</u>	<u>0</u>

2014-2015

12 REVALUATION SURPLUS (Continued)	2015	2014
(i) Other Infrastructure		
Opening balance	0	0
Revaluation increment	395,415	0
Revaluation decrement	<u>0</u>	<u>0</u>
	<u>395,415</u>	<u>0</u>
(j) Culverts & Pipes		
Opening balance	0	0
Revaluation increment	6,808,639	0
Revaluation decrement	<u>0</u>	<u>0</u>
	<u>6,808,639</u>	<u>0</u>
TOTAL ASSET REVALUATION SURPLUS	<u><u>165,091,137</u></u>	<u><u>38,243,892</u></u>

13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	2015 \$	2015 Budget \$	2014 \$
Cash and cash equivalents	<u>26,806,596</u>	<u>13,860,947</u>	<u>26,339,276</u>

(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	12,232,366	3,848,057	7,673,862
Non-cash flows in Net result:			
Depreciation	9,780,017	8,911,303	8,033,221
(Profit)/Loss on sale of asset	(227,356)	(384,419)	(1,199,377)
Loss on revaluation of fixed assets	81,371	0	0
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	239,458	(634,313)	747,341
(Increase)/Decrease in inventories	81,359	12,244	(15,046)
Increase/(Decrease) in payables	805,552	1,094,664	(205,972)
Increase/(Decrease) in provisions	202,655	798,882	132,477
Grants contributions for the development of assets	<u>(4,976,555)</u>	<u>(4,818,722)</u>	<u>(6,911,714)</u>
Net cash from operating activities	<u>18,218,867</u>	<u>8,827,696</u>	<u>8,254,792</u>

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

	2015 \$	2014 \$
Bank overdraft limit	200,000	200,000
Bank overdraft at balance date	0	0
Credit card limit	80,000	80,000
Credit card balance at balance date	(1,928)	(714)
Total amount of credit unused	<u>278,072</u>	<u>279,286</u>

Loan facilities

Loan facilities - current	1,154,151	1,924,376
Loan facilities - non-current	1,880,803	2,019,592
Total facilities in use at balance date	<u>3,034,954</u>	<u>3,943,968</u>

Unused loan facilities at balance date

	<u>5,484,638</u>	<u>6,302,637</u>
--	------------------	------------------

14. CONTINGENT LIABILITIES

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

15. CAPITAL AND LEASING COMMITMENTS	2015	2014
	\$	\$
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but		
Payable:		
- not later than one year	7,611	15,635
- later than one year but not later than five years	17,455	10,689
- later than five years	0	0
	<u>25,066</u>	<u>26,324</u>

(b) Capital Expenditure Commitments

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

16. 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 as follows:

	2015	2014
	\$	\$
Non-current assets		
Land and buildings	68,000	68,000
Less: accumulated depreciation	(5,175)	(3,475)
	<u>62,825</u>	<u>64,525</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2015	2014
	\$	\$
Governance	29,170,644	29,081,742
General purpose funding	3,184,397	272,728
Law, order, public safety	6,761,399	5,617,950
Health	25,733	27,575
Education and welfare	5,684,056	5,853,105
Community amenities	8,331,969	6,665,470
Recreation and culture	52,996,031	58,142,470
Transport	351,094,055	217,779,056
Economic services	1,079,523	903,036
Other property and services	7,921,767	8,560,775
Unallocated	16,420,058	10,586,921
	<u>482,669,632</u>	<u>343,490,828</u>

2014-2015

	2015	2014	2013
18. FINANCIAL RATIOS			
Current ratio	1.24	1.65	1.41
Asset sustainability ratio	0.90	1.48	1.39
Debt service cover ratio	15.65	3.12	7.04
Operating surplus ratio	0.25	0.03	0.71
Own source revenue coverage ratio	0.83	0.78	0.81

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:

- (a) Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 72 of this document.
- (b) **2015**
- (i) The Debt Service Cover and the Operating Surplus ratios as disclosed were distorted by the item of significant revenue relating to the early payment of 2015/16 Financial Assistance Grants (FAGs) of \$2,521,921 which was received prior to year end as well as an item of expense being the loss on revaluation of fixed assets amounting to \$81,371.
- (ii) The Own Source Coverage ratio as disclosed above was distorted by the item of expense as detailed in (b)(i) above.
- (c) **2014**
- (i) The Current, Debt Service Cover and Operating Surplus ratios disclosed above were distorted by the change to the payment of FAGs during the year ended 30 June 2014 which saw the advance payment for the first quarter of the following year cease. This created a timing difference which resulted in an amount of some \$2,424,653 less revenue for the year.
- (d) **2013**
- (i) The Debt Service Cover and Operating Surplus ratios as disclosed above were all distorted by an item of significant revenue totalling \$12,317,900 relating to the initial recognition of Land under the Shire's control in accordance with amendments to the Financial Management Regulations (refer Notes 1(f) for further details).

2014-2015

18 FINANCIAL RATIOS (Continued)

These items are considered "one-off" timing/non-cash in nature and, if they were ignored, the calculations disclosed in the columns above would be as follows:

	2015	2014	2013
Current ratio	1.24	2.30	1.41
Debt Service Cover Ratio	13.43	3.96	3.93
Operating Surplus Ratio	0.17	0.13	0.18
Own source revenue coverage ratio	0.83	0.78	0.81

The Debt Service Cover Ratio for 2014 and 2013 are abnormally low due to large principal repayments for Loan 288 - Flinders. The principal repayments are directly linked to the value of land sales at Flinders Estate sub-division.

19. 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:

	Balance 1 July 2014 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30 June 2015 \$
Town Planning Development Bonds	87,546	1,861	0	89,407
Caravan Park Lease Bonds	52,405	1,114	0	53,519
TransWA Bus Transport	13,977	0	(13,977)	0
Dept of Transport Licensing Agency	103,414	0	(103,414)	0
Air BP Fuel Agency	1,424	0	(1,424)	0
Builders Reinstatement Bonds	22,300	0	(500)	21,800
BCITF Levy	13,116	0	(13,116)	0
Staff Housing Bonds	10,204	7,146	(3,217)	14,133
Subdivision Bonds	2,181	46	0	2,227
Homecare Bus Bonds	1,800	0	0	1,800
Engineering Subdivision Bonds	112,511	318,068	(342,664)	87,915
Other	2,723	12,293	(12,392)	2,624
Commercial Building Bonds	1,453	0	0	1,453
Contributions to Public Open Space	194,438	3,974	(14,445)	183,967
General Deposits	37,825	0	(37,825)	0
	<u>657,317</u>			<u>458,845</u>

20. DISPOSALS OF ASSETS - 2014/15 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land Held For Resale						
Other property and services						
Flinders Subdivision	349,816	1,008,954	688,639	1,658,954	338,823	650,000
Recreation and culture						
Sale of Hockey Place block	0	250,000	0	250,000	0	0
Plant and Equipment						
Law, order, public safety						
Toyota Landcruiser	5,170	0	21,317	0	16,147	0
Isuzu Fire Truck	391	0	8,371	0	7,980	0
Toyota Hilux	17,955	19,600	15,909	11,139	(2,046)	(8,461)
Isuzu Fire Truck	21,477	0	15,429	0	(6,048)	0
Health						
Suzuki Vitara	14,862	16,500	10,909	7,851	(3,953)	(8,649)
Education and welfare						
Ford Falcon	5,000	0	364	0	(4,636)	0
Toyota Coaster Bus	25,000	18,750	13,636	15,000	(11,364)	(3,750)
Kia Carnival	0	12,500	0	16,000	0	3,500
Community amenities						
Landfill Compactor	122,018	140,000	70,000	30,000	(52,018)	(110,000)
Transport						
Caterpillar Grader	114,764	127,501	130,000	147,518	15,236	20,017
Skid Steer Loader	23,068	28,125	25,270	21,855	2,202	(6,270)
Slasher	0	550	2,500	200	2,500	(350)
Backhoe Loader	33,754	37,500	32,000	47,741	(1,754)	10,241
Vibratory Roller	50,505	55,000	45,000	41,375	(5,505)	(13,625)
Vibratory Roller	50,505	55,000	45,000	41,375	(5,505)	(13,625)
Backhoe Loader	57,719	62,857	32,000	47,741	(25,719)	(15,116)
Low Loader	0	12,000	0	21,218	0	9,218
Tip Truck	0	150,000	0	95,481	0	(54,519)
Tip Truck	0	150,000	0	95,481	0	(54,519)
Caravan	0	7,000	0	0	0	(7,000)
Bitumen Spray Tanker	0	5,416	0	500	0	(4,916)
Sundry Equipment	0	1730	0	1730	0	0
Holden Colorado	22,378	24,357	22,727	19,096	349	(5,261)
Tractor	24,404	30,000	30,000	30,000	5,596	0
Truck	49,999	0	0	0	(49,999)	0
Other property and services						
Holden Colorado	10,252	12,500	17,273	14,853	7,021	2,353
Isuzu Dmax	30,365	0	33,605	0	3,240	0
Nissan Patrol	26,328	29,250	25,455	24,401	(873)	(4,849)
Building						
Law, order, public safety						
SES Building	2,318	0	0	0	(2,318)	0
	1,058,048	2,255,090	1,285,404	2,639,509	227,356	384,419

Profit	399,094	695,329
Loss	(171,738)	(310,910)
	<u>227,356</u>	<u>384,419</u>

21. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal 1 July 2014 \$	New Loans \$	Principal Repayments		Principal 30 June 2015		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Recreation and culture								
*Loan 261 - Pink Lake Country Club	158,644	0	14,958	14,958	143,686	143,686	9,933	10,182
*Loan 285 - Esp Speedway	9,016	0	2,819	2,819	6,197	6,197	470	543
*Loan 286 - Esp Bowling Club	98,431	0	30,733	30,732	67,698	67,699	6,066	6,072
*Loan 287A - Esp Seafarers Centre	14,313	0	2,813	2,813	11,500	11,500	467	488
*Loan 290 - Cascade Town Rec Assoc	3,393	0	3,393	3,393	0	0	71	80
*Loan 291 - Recherche Aged Welfare	315,845	0	11,226	11,226	304,619	304,619	19,991	20,037
*Loan 292 - Esp Squash Club	42,948	0	5,567	5,567	37,381	37,381	2,491	2,507
*Loan 294 - Scaddan Country Club	45,000	0	14,540	14,540	30,460	30,460	1,028	1,439
*Loan 295 - Esp Yacht Club	394,072	0	12,305	12,305	381,767	381,767	19,533	19,828
Other property and services								
Loan 288 - Flinders	1,789,363	41,756	815,758	1,825,000	1,015,361	0	38,244	0
Loan 296 - SLIP	1,072,943	0	36,659	36,659	1,036,284	1,036,284	48,725	48,737
	3,943,968	41,756	950,771	1,960,012	3,034,953	2,019,593	147,019	109,913

(*) Self supporting loan financed by payments from third parties.
All other loan repayments were financed by general purpose revenue.

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2014/15

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	41,756	35,637	WATC	Short Term Lending Facility	Revolving	201	1.95%	41,756	35,637	0
	41,756	35,637				201		41,756	35,637	0

(c) Unspent Debentures

The Shire did not have any unspent debentures as at 30 June 2015.

(d) Overdraft

Council established an overdraft facility of \$200,000 on 12 July 2000 to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2014 and 30 June 2015 was \$nil.

Annual Financial Report

For the year ended 30 June 2015

Notes to and forming part of the Financial Report

2014-2015

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable 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 value valuations											
GRV - Residential	0.0810	3,676	60,801,042	4,924,884	42,818	8,455	4,976,157	4,895,459	0	0	4,895,459
GRV - Commercial	0.0842	396	24,235,372	2,041,588	(31,908)	(12,165)	1,997,515	2,017,829	0	0	2,017,829
GRV - Vacant	0.0810	133	2,591,580	209,918	(5,082)	1,644	206,480	202,194	0	0	202,194
GRV - Lesser Service	0.0810	2	18,300	1,482	0	0	1,482	1,482	0	0	1,482
Unimproved value valuations											
UV - Rural	0.0083	1,111	844,822,000	6,979,075	(522)	1,422	6,979,975	6,973,102	0	0	6,973,102
UV - Mining	0.1119	52	1,332,978	149,160	114,469	253	263,882	149,160	0	0	149,160
UV - Commercial/Industrial	0.0083	1	150,000	1,239	0	0	1,239	1,239	0	0	1,239
Sub-Totals		5,371	933,951,272	14,307,346	119,775	(391)	14,426,730	14,240,465	0	0	14,240,465
Minimum payment	Minimum \$										
Gross rental value valuations											
GRV - Residential	938	1,255	11,888,705	1,177,190	(254)	(1,841)	1,175,095	1,181,880	0	0	1,181,880
GRV - Commercial	938	57	366,820	53,466	1,717	0	55,183	53,466	0	0	53,466
GRV - Vacant	938	657	3,537,901	616,266	(19,009)	(3,474)	593,783	635,026	0	0	635,026
GRV - Lesser Service	469	53	15,229	24,857	0	0	24,857	25,326	0	0	25,326
Unimproved value valuations											
UV - Rural	938	94	5,284,600	83,953	(4,495)	0	79,458	89,110	0	0	89,110
UV - Mining	469	32	41,837	15,008	(5,843)	0	9,165	15,008	0	0	15,008
UV - Commercial/Industrial	938	1	78,000	938	938	0	1,876	0	0	0	0
UV - Lesser Service	469	1	8,700	469	0	0	469	469	0	0	469
Sub-Totals		2,150	21,221,792	1,972,147	(26,946)	(5,315)	1,939,886	2,000,285	0	0	2,000,285
Ex-gratia rates							16,366,616				16,240,750
Prepaid Rates							208,883				215,838
Discounts/concessions (refer note 25)							67,271				0
Total amount raised from general rate							16,642,770				16,456,588
Specified Area Rate (refer note 23)							0				0
Totals							16,642,770				16,456,588

22. RATING INFORMATION - 2014/15 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward

	2015 (30 June 2015 Carried Forward) \$	2015 (1 July 2014 Brought Forward) \$	2014 (30 June 2014 Carried Forward) \$
Surplus/(Deficit) 1 July 14 brought forward	<u>1,886,379</u>	<u>3,283,428</u>	<u>3,283,428</u>
<u>Comprises:</u>			
Cash and cash equivalents			
Unrestricted	2,486,937	2,694,577	2,694,577
Restricted	24,319,659	23,644,699	23,644,699
Receivables			
Rates outstanding	558,668	164,574	164,574
Sundry debtors	1,000,635	1,666,338	1,666,338
GST receivable	110,161	205,260	205,260
Loans - clubs/institutions	100,454	98,354	98,354
Interest Receivable	153,965	50,329	50,329
Inventories			
Fuel and materials	44,050	86,096	86,096
Land held for resale - cost			
Cost of acquisition	430,279	1,008,954	1,008,954
Roadmaking Materials	150,414	157,917	157,917
Goods Held for Resale	72,873	104,683	104,683
<u>Less:</u>			
Trade and other payables			
Sundry creditors	(1,227,352)	(537,563)	(537,563)
Accrued interest on debentures	(11,381)	(15,874)	(15,874)
Accrued salaries and wages	(503,144)	(382,888)	(382,888)
Current portion of long term borrowings			
Secured by floating charge	(1,154,151)	(1,924,376)	(1,924,376)
Provisions			
Provision for annual leave	(1,120,291)	(1,056,826)	(1,056,826)
Provision for long service leave	(934,806)	(795,957)	(795,957)
Net current assets	<u>24,476,970</u>	<u>25,168,297</u>	<u>25,168,297</u>
<u>Less:</u>			
Reserves - restricted cash	(24,319,659)	(23,644,699)	(23,644,699)
Land held for resale - cost			
Cost of acquisition	(430,279)	(1,008,954)	(1,008,954)
Loans - Clubs/Institutions	(100,454)	(98,354)	(98,354)
<u>Add:</u>			
Secured by floating charge	1,154,151	1,924,376	1,924,376
Cashback Employee Provisions	1,105,650	942,762	942,762
Surplus/(deficit)	<u>1,886,379</u>	<u>3,283,428</u>	<u>3,283,428</u>

Difference

There was no difference between the surplus/(deficit) 1 July 2014 brought forward position used in the 2015 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2014 audited financial report.

23. SPECIFIED AREA RATE - 2014/15 FINANCIAL YEAR

The Shire did not impose any Specified Area Rates.

24. SERVICE CHARGES - 2014/15 FINANCIAL YEAR

The Shire did not impose any service charges.

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2014/15 FINANCIAL YEAR

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
General Debtors	Write-off	N/A	17,726	27,000
Rate Assessments	Write-off	N/A	1,388	1,000
			19,114	28,000

Waivers

A waiver of rates in relation to commercial leases entered into with tenants of the Musuem Village Park has been granted. This waiver is granted as part of a tenancy lease negotiated with each tenant.

The council offers those residents who hold a current valid seniors concession card, a concession in respect of the following services:

(i) Rubbish Collection Services, 25% off the normal fee applicable.

Concessions of various fees are offered to holders of studen cards, health care cards and pensioner cards. These concessions are available on pool/spa/sauna entry, health and fitness memberships to the gymnasium, aquatic area or whole complex, health and fitness classes and sport hall hire. These concessions are available only upon presentation of a relevant card and are offered to make the Bay of Isles Leisure Centre financially accessible to everyone in the community.

26. INTEREST CHARGES AND INSTALMENTS - 2014/15 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on unpaid rates	11.00	N/A	71,175	45,000
Interest on instalments plan	5.50	N/A	84,642	88,000
Interest on Deferred Pension Rates	11.00	N/A	0	2,500
Interest on Overdue Rubbish Charges	11.00	N/A	4,848	3,800
			160,665	139,300

Ratepayers had the option of paying rates in four equal instalments, due on 24 September 2014, 26 November 2014, 28 January 2015 and 1 April 2015. Interest applied for the final three instalments.

27. FEES & CHARGES	2015	2014
	\$	\$
Governance	9,450	9,280
General purpose funding	210	1,473
Law, order, public safety	73,996	82,914
Health	54,673	53,108
Education and welfare	338,214	300,261
Community amenities	4,172,967	3,456,612
Recreation and culture	1,205,124	1,231,180
Transport	2,317,831	2,253,115
Economic services	509,698	520,812
Other property and services	1,159,878	118,666
	<u>9,842,041</u>	<u>8,027,421</u>

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

28. GRANT REVENUE

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

By Nature or Type:	2015	2014
	\$	\$
Operating grants, subsidies and contributions	13,881,685	7,727,195
Non-operating grants, subsidies and contributions	4,976,555	6,911,714
	<u>18,858,240</u>	<u>14,638,909</u>
By Program:		
Governance	320,682	151,384
General purpose funding	7,389,116	2,337,781
Law, order, public safety	2,049,567	1,193,861
Health	83	5,000
Education and welfare	2,341,598	2,325,593
Community amenities	687,205	1,288,425
Recreation and culture	2,026,714	3,426,401
Transport	3,542,532	3,360,612
Economic services	163,093	216,189
Other property and services	337,650	333,663
	<u>18,858,240</u>	<u>14,638,909</u>

29. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

<u>214</u>	<u>207</u>
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30. ELECTED MEMBERS REMUNERATION

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

	2015	2015	2014
	\$	Budget	\$
		\$	
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	9,119	12,000	9,490
Telecommunications allowance	18,000	18,000	18,000
	<u>236,244</u>	<u>239,125</u>	<u>236,615</u>

31. MAJOR LAND TRANSACTIONS

Flinders Residential Subdivision

(a) Details

The Council owns land, freehold at East Location 18, Lot 3 which is bounded by Ormonde Street and Goldfields Road. During 2003/04 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 to Land Development. The Council developed a further 90 lots as Stage 2 during 2009/10. 58 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	2015 \$	2015 Budget \$	2014 \$
Operating income			
- Profit on sale	338,823	650,000	1,170,846
- Reserve Transfer In	5,970	300,000	0
Operating expenditure			
- Advertising & Promotions	(4,012)	(22,000)	(4,712)
- Sundry Supplies & Expenses	(6,444)	0	(146)
- Professional Services	(5,970)	(300,000)	0
- Interest	(38,244)	0	(2,509)
	<u>290,123</u>	<u>628,000</u>	<u>1,163,479</u>
Capital income			
- Sale proceeds	688,639	1,658,954	2,410,756
- Reserve Transfer	166,046	166,046	292,352
- Reimbursements	0	0	3,172
- Loan Borrowings	0	35,637	0
Capital expenditure			
- Landscaping	0	0	(12,392)
- Interest Expense	0	(35,637)	(89,733)
- Loan Repayments	(815,758)	(1,825,000)	(2,527,842)
	<u>38,927</u>	<u>0</u>	<u>76,313</u>
Total Net Result	<u>329,050</u>	<u>628,000</u>	<u>1,239,792</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 2015 is Loan 288 (see note 21(a)).

(c) Expected Future Cash Flows

	2016 \$	2017 \$	2018 \$	2019 \$	Total \$
Cash outflows					
- Printing & Stationery	(5,000)	(4,000)	(4,000)	(4,000)	(17,000)
- Marketing & Selling Costs	(10,000)	(120,000)	0	0	(130,000)
- Interest Expense	(15,000)	0	0	0	(15,000)
- Loan Repayments	(1,015,361)	0	0	0	(1,015,361)
- Development Costs	(864,000)	(2,188,388)	0	0	(3,052,388)
	<u>(1,909,361)</u>	<u>(2,312,388)</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>(4,229,749)</u>
Cash inflows					
- Sale proceeds	685,000	1,620,000	2,160,000	2,160,000	6,625,000
	<u>685,000</u>	<u>1,620,000</u>	<u>2,160,000</u>	<u>2,160,000</u>	<u>6,625,000</u>
Net cash flows	<u>(1,224,361)</u>	<u>(692,388)</u>	<u>2,156,000</u>	<u>2,156,000</u>	<u>2,395,251</u>

The net cash flows of the entire land transaction is expected to result in an inflow/profit of \$2,395,251.

31 MAJOR LAND TRANSACTIONS

Shark Lake Industrial Park

(a) Details

During the 2010/11 financial year the Council continued to undertake a major land transaction as defined under the Local Government Act 1995.

With the Superlot Stage of the Shark Lake Industrial park subdivision complete, Council has further subdivided the acquired superlot into approximately 28 general industrial lots of varying sizes.

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

Stage 1 lots were auctioned in May 2010 with no sales resulting.

All 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.

(b) Current year transactions	2015 \$	2015 Budget \$	2014 \$
Operating income			
- Profit on sale	0	0	0
- Rent	2,909	2,909	0
- Rate Income	10,000	10,000	0
Operating expenditure			
- Advertising & Promotions	(1,328)	0	(444)
- Sundry Supplies & Expenses	(6,319)	(15,000)	0
- Professional Services	0	0	0
- Interest	(48,725)	(48,737)	(50,323)
	<u>(43,463)</u>	<u>(50,828)</u>	<u>(50,767)</u>
Capital income			
- Sale proceeds	0	0	0
Capital expenditure			
- Loan Repayments	(36,659)	(36,659)	(35,057)
	<u>(36,659)</u>	<u>(36,659)</u>	<u>(35,057)</u>
Total Net Result	<u>(80,122)</u>	<u>(87,487)</u>	<u>(85,824)</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 2015 is Loan 296 (see note 21(a)).

(c) Expected Future Cash Flows

	2016 \$	2017 \$	2018 \$	2019 \$	Total \$
Cash outflows					
- Interest Expense	(46,412)	(44,659)	(42,827)	(40,911)	(174,809)
- Loan repayments	(38,335)	(40,088)	(41,920)	(43,836)	(164,179)
	<u>(84,747)</u>	<u>(84,747)</u>	<u>(84,747)</u>	<u>(84,747)</u>	<u>(338,988)</u>
Cash inflows					
- Sale proceeds	133,683	0	0	0	133,683
	<u>133,683</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>133,683</u>
Net cash flows	<u>48,936</u>	<u>(84,747)</u>	<u>(84,747)</u>	<u>(84,747)</u>	<u>(205,305)</u>

One lot is expected to sell in 2016. The net cash flows above is only based on available information as at 30 June 2015 and thus not conclusive. The full analysis of cash flows will only be made when the entire land transaction is expected to be completed.

32. 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.

	2015 \$	2015 Budget \$	2014 \$
(a) Operating Statement			
Operating income			
- Landing Fees	1,037,247	900,000	1,011,755
- Commissions	50,157	45,000	36,382
- Property Rental	33,408	26,500	33,686
- Reimbursements	19,365	3,000	3,352
- Sundry Income	1,925	1,500	8,115
- Security Screening Charges	933,695	850,000	933,454
- Profit on Sale of Assets	0	0	3,351
Operating expenditure			
- Employee Expenses	(340,608)	(365,696)	(246,777)
- Insurance	(15,125)	(15,125)	(8,580)
- Building Expenses	(74,783)	(52,150)	(68,119)
- Grounds & Strip Maintenance	(31,584)	(37,650)	(88,221)
- Security Screening	(556,634)	(520,000)	(496,636)
- Other Sundry Expenses	(33,901)	(41,958)	(33,755)
- Administration Overheads	(35,303)	(41,389)	(57,717)
- Depreciation	(385,742)	(385,736)	(384,422)
- Loss on asset Disposal	0	0	(28,801)
	<u>602,117</u>	<u>366,296</u>	<u>617,067</u>
Capital income			
- Reserve Transfer	7,250	20,000	107,563
- Proceeds from Sale of Assets	0	0	10,909
Capital expenditure			
- Infrastructure	0	0	(85,954)
- Airport Equipment Purchase	(7,250)	(20,000)	0
- Airport Vehicle	0	0	(32,518)
	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Result	<u><u>602,117</u></u>	<u><u>366,296</u></u>	<u><u>617,067</u></u>

33. 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	
	2015	2014	2015	2014
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	26,806,596	26,339,276	26,806,596	26,339,276
Receivables	<u>2,916,362</u>	<u>3,254,174</u>	<u>2,916,362</u>	<u>3,254,174</u>
	<u><u>29,722,958</u></u>	<u><u>29,593,450</u></u>	<u><u>29,722,958</u></u>	<u><u>29,593,450</u></u>
Financial liabilities				
Payables	1,741,877	936,325	1,741,877	936,325
Borrowings	<u>3,034,954</u>	<u>3,943,968</u>	<u>3,468,634</u>	<u>6,116,737</u>
	<u><u>4,776,831</u></u>	<u><u>4,880,293</u></u>	<u><u>5,210,511</u></u>	<u><u>7,053,062</u></u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

33. FINANCIAL RISK MANAGEMENT (Continued)**(a) Cash and Cash Equivalents**

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

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

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

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

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

	2015	2014
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	268,066	360,161
- Statement of Comprehensive Income	268,066	360,161

Notes:

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

33. 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:

	2015	2014
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	97.33%	92.93%
- Overdue	2.67%	7.07%

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33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

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 \$
<u>2015</u>					
Payables	1,741,877	0	0	1,741,877	1,741,877
Borrowings	941,454	1,494,077	1,900,679	4,336,210	3,034,954
	<u>2,683,331</u>	<u>1,494,077</u>	<u>1,900,679</u>	<u>6,078,087</u>	<u>4,776,831</u>
<u>2014</u>					
Payables	936,325	0	0	936,325	936,325
Borrowings	2,139,672	4,605,524	2,082,686	8,827,882	3,943,968
	<u>3,075,997</u>	<u>4,605,524</u>	<u>2,082,686</u>	<u>9,764,207</u>	<u>4,880,293</u>

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Borrowings (continued)

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:

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year ended 30 June 2015								
Borrowings								
Fixed rate								
Debentures	1,015,362	104,357	0	11,499	37,381	1,866,355	3,034,954	4.17%
Weighted average Effective interest rate	2.30%	5.51%	0.00%	3.62%	6.05%	5.08%		
Year ended 30 June 2014								
Borrowings								
Fixed rate								
Debentures	1,789,363	3,393	45,000	107,447	14,313	1,984,452	3,943,968	4.48%
Weighted average Effective interest rate	3.70%	5.65%	3.13%	6.50%	3.62%	5.11%		

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

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REPORT ON THE FINANCIAL REPORT

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We have audited the accompanying financial report of the Shire of Esperance, which comprises the statement of financial position as at 30 June 2015, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

Management's Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Shire's preparation and fair presentation of the financial report that gives a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

Opinion

In our opinion, the financial report of the Shire of Esperance is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a) giving a true and fair view of the Shire's financial position as at 30 June 2015 and of its financial performance and its cash flows for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australian Accounting Interpretations).

**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF ESPERANCE (CONTINUED)**

Report on Other Legal and Regulatory Requirements

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) In relation to the Supplementary Ratio Information presented at page 72 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest it is not:
 - i) reasonably calculated; and
 - ii) based on verifiable information.
- d) All necessary information and explanations were obtained by us.
- e) All audit procedures were satisfactorily completed in conducting our audit

MOORE STEPHENS
CHARTERED ACCOUNTANTS



WEN-SHIEN CHAI
PARTNER

Signed at Perth on this 26th day of October 2015

2014-2015

RATIO INFORMATION

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

	2015	2014	2013
Asset consumption ratio	0.65	0.63	0.64
Asset renewal funding ratio	0.94	0.73	0.53

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 2014-15 Annual Report please contact Executive Services

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Version 1 - 2015
Document Number - D15/27517