

# Shire of Esperance 2012/2013 Annual Report





## Contents

Vision and Values	1
Meet your Councillors	3
Executive Management Team	4
Shire President's Report	6
CEO's Report	8
About this Report	9
Strategic Community Plan	10
Executive Services	11
Community Services	15
Engineering Services	23
Development Services	27
Corporate Services	31
Financial Report	35



# Vision and Values

## Our Vision

Through community engagement a vision was developed to encapsulate the essence of Esperance and what we, as individuals, believe makes us a community.

*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 sustainable change and growth.*

*Above all, we are a community that makes it happen.*

## Values

As the representatives of the Esperance community, the Council and Shire staff are guided by the values of **PRIDE**:

**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

# Meet your Councillors



**Cr Malcom Heasman**  
Shire President  
Town Ward  
Term expires 2015



**Cr Victoria Brown**  
Deputy Shire President  
Rural Ward  
Term expires 2015



**Cr Nigel Walker**  
Rural Ward  
Term expires 2013



**Cr Lara McIntyre**  
Town Ward  
Term expires 2015



**Cr Wayne (Buck) Rodgers**  
Town Ward  
Term expires 2013



**Cr Natalie Bowman**  
Rural Ward  
Term expires 2015



**Cr Roger Mansell**  
Town Ward  
Term expires 2015



**Cr Paul Griffiths**  
Town Ward  
Term expires 2013



**Cr Beverley Stewart**  
Town Ward  
Term expires 2013

# Executive Management Team



**Matthew Scott**  
Chief Executive Officer

## Executive Services

Executive Services is responsible for the coordination of elected members of Council, emergency services management, governance, human services, occupational safety and health, media and communications, major projects, strategic planning and economic and business development.



**Rod Hilton**  
Director Community Services

## Community Services

Community Services covers a range of services within the Shire, including rangers, senior citizens centre, home and community care centre, museum, library, culture, bay of isles leisure centre, civic centre, volunteer resource centre, community development funds, recreation reserves and playgrounds, tourism and events.



**Shane Burge**  
Director Corporate Services

## Corporate Services

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.



**Richard Hindley**  
Director Development Services

## Development Services

Development Services is responsible for health services such as water and food inspection, immunisation services, toilet facilities, noise control and meat inspections and animal control, building services, including inspections, licensing, certification and enforcement, planning and development approval and environmental services.



**Gavin Harris**  
Director Engineering Services

## Engineering Services

Engineering Services is responsible for infrastructure and property services, local roads, bridges, footpaths, drainage, asset management, airport, waste collection and recycling, cemeteries, foreshore erosion management and development.





# Shire President's Report



It is with great pleasure that I present the Shire of Esperance Annual Report for 2012/2013. I concluded last year's report by saying that although 2011/2012 was a watershed year I believed 2012/2013 would be even better. I am pleased to say that 2012/2013 has lived up to that expectation.

In last year's report I advised the Local Government Minister had introduced the Integrated Planning and Reporting Framework. This required Council to prepare a number of strategic planning documents by June 2013. We were not only able to achieve this deadline early but produced a suite of documents in house and of an exceptionally high standard. Our dedicated team planned and produced:

- » Shire of Esperance Strategic Community Plan 2012-2022
- » Corporate Business Plan 2013/14 – 2016/17
- » Long Term Financial Plan 2013/14 - 2022/23,
- » Workforce Plan 2013/14 - 2016/17
- » Infrastructure Asset Management Plan 2013

I commend these documents to you as they encapsulate the community's visions and aspirations for the future of Esperance and outline how we will, over the ensuing years, work towards achieving the best possible outcomes for our community. Council is fully committed to deliver on the goals identified in these Strategic Plans.

During the year Malcolm Osbourne resigned as CEO to take a position in Port Headland. We formally thank Malcolm for his leadership, commitment to Council and his valued contribution.

Following Malcolm's resignation we were fortunate to secure Matthew Scott to the position of CEO. During the recruitment process we had a very capable acting CEO in Shane Burge and I sincerely thank Shane for fulfilling this role until Matthew took the position in January 2013. Matthew and his family have embraced Esperance and we are delighted to have him as our CEO.

I alluded to our Waterfront Project earlier and am very excited about this transformational project. We have secured approximately \$25 million to construct stages 1 and 2 of our world class waterfront development. Stage 1 consists of the rock wall and headland construction. Italia Stone Group secured the contract and have almost completed the rock wall. I believe the community will be blown away with the final product and can assure the community it will be worth the wait.

Council identified that communications with the community needed to be more diverse. Communication through print media was not enough to enable us to engage with tech savvy generations X and Y. Therefore Council embraced new communication tools like Facebook to ensure we have a dialogue with all age demographics. We appointed a full time Media Officer and Council is encouraged by the results to date.

The Myrup Truck Wash Facility redevelopment began this year and we should see finalisation of this important facility in December 2013. We have also commissioned the Airport extensions and security screening initiative. Every visitor I have spoken to has commented on the fantastic airport and facilities.

During the year the Initial Town Centre Revitalisation Conference was held. The interest generated from this event was positive and the precursor to the Town Centre Revitalisation Plan which Council will develop next year following community workshops.

In closing I wish to thank all the Shire staff who do a magnificent job, often with little thanks or affirmation. We have achieved much over the last 12 months. I have enjoyed my time as Shire President and thank my fellow Councillors for their support and contribution, and look forward to 2013/2014 with great optimism.

A handwritten signature in black ink, appearing to read 'M Heasman'. The signature is stylized and fluid.

Cr Malcolm Heasman  
Shire President



# CEO's Report



The 2012/2013 financial year has been extremely productive for the Shire of Esperance with a number of significant projects progressing around the Shire.

I joined the Shire of Esperance in January 2013 and feel privileged to have been involved in some of the exciting current projects. I would like to take this opportunity to acknowledge former CEO Malcolm Osborne and Acting CEO Shane Burge for their management of the Shire, prior to my commencement. Much of what is taking place now is result of their foresight and initiative.

Work on the Esperance Waterfront project started in 2012 and has already transformed our foreshore. The headland was completed in May, and the sea wall is due to be completed in August 2013. The landscaping of the foreshore will then begin. This project will protect precious infrastructure well into the future and provide a foreshore that will be enjoyed by locals and tourists alike.

The Myrup Wastewater Treatment Facility has commenced construction and is proposed to be completed in December 2013. This facility will provide improved efficiencies for users while meeting best practice standards in environmental management.

The Integrated Planning and Reporting Framework was successfully completed by the deadline set by State Government and all plans were adopted by May 2013. These plans will ensure the provision of a governance structure that continues to be accountable, transparent and ethical. All plans are of a high standard and are a credit to the hard work of both Council and staff.

Council, and the Shire, faces an asset management challenge and must develop a strategy on closing the funding gap between what is currently spent on the maintenance of our community infrastructure assets and what needs to be spent to ensure all operating, maintenance and renewal costs are met. The total funding gap identified in the Asset Management Plans is approximately \$8.5million. The closure of this gap will require a significant amount of quality planning over the next few years to guide decision making on service levels and establish a clear direction for the future.

The Shire now has a Corporate Business Plan which outlines the major projects identified by Council as priorities for the future. These projects are essential to the economic and social well being of our community, and include Esperance Waste Disposal Facility, Esperance Town Centre Revitalisation Implementation, Esperance Indoor Sports Stadium, Esperance Waterfront – Tanker Jetty Renewal, Esperance Pound Redevelopment and Esperance Depot Redevelopment.

Esperance showed true resilience when faced with three fires that threatened our community in February. Volunteer fire fighters and emergency services personnel worked tirelessly in trying conditions to minimise destruction. The limited damage is a testament to the group of people, and associated agencies, that worked together in this time of crisis. I would like to extend my gratitude to all those involved and applaud the work done by these dedicated people.

During the year the Shire was fortunate to have the opportunity to host visits from a number of distinguished people including the Governor of Western Australia, His Excellency Malcolm McCusker AC CVO QC, the Premier Honourable Colin Barnett MEdc MLA, the U.S. Consul General Aleisha Woodward and several state and federal ministers.

I would like to take this opportunity to thank the Shire President Cr Malcolm Heasman and the Councillors for their continued support and assistance over the past twelve months. I would also like to thank the Directors, Shire staff and all our volunteers for their enthusiasm and commitment to delivering high quality services to the Esperance community.



**Matthew Scott**  
**Chief Executive Officer**

# About this Report

The Local Government (Administration) Regulations 1996 was amended in 2011 to require each local government adopt a Strategic Community Plan and a Corporate Business Plan by June 30, 2013.

Section 5.56(1) and (2) of the Act requires that each local government is 'to plan for the future of the district', by developing plans in accordance with these regulations.

The new regulations specify what a 'plan for the future' should involve. In particular, local governments are formally required to develop and adopt two new planning instruments:

- » A Strategic Community Plan, and
- » A Corporate Business Plan.

The new regulations also require each local government to include in its Annual Report any changes to either of the above plans. This will ensure the community is fully informed of any specific changes.

After significant community consultation to develop the Shire of Esperance Strategic Community Plan 2012-2022 it was adopted by Council in November 2012. The plan highlights the community's aspirations and goals based on the four themes of Social, Environmental, Economic and Civic Leadership. The goals provide an overarching framework to guide Council in decision making and direction for current and future Shire services.

A special Council Meeting was held in May 2013 to formally adopt the Corporate Business Plan 2013/14 – 2016/17, the Long Term Financial Plan 2013/14-2022/23, the Infrastructure Asset Management Plan 2013 and the Shire of Esperance Strategic Community Plan 2012-2022 Addendum 1: Community Indicators. The Workforce Plan 2013/14 - 2016/17 was also received by Council in May 2013. Copies of all adopted plans and the addendum are available on the Shire of Esperance website.

The Shire of Esperance Corporate Business Plan 2013/14-2016/17 is an operational document that outlines Shire activities for the next four years and is the first step in realising the aspirations of the community. The plan sets the strategic priorities that will drive the operation of the Shire over the short to medium term.

In future the Annual Report will report directly on identified Council priorities and major projects being undertaken or planned for and will include community indicators based on the goals and strategies outlined in the Strategic Community Plan.

This year's Annual Report follows the formats of previous years by reporting from each directorate. However, with the adoption of the Strategic Community Plan and Corporate Business Plan, future annual reports will be structured to report on the goals outlined by the community and the strategies in place to achieve these.

# Strategic Community Plan

The Shire of Esperance Strategic Community Plan 2012-2022 is the overarching 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 2013/2014 onwards to ensure the future desires of the community are attained.

## 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

## 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 future 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

## 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

## 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 proactively engages with all elements of its community in order to make decisions that reflect positively on the future of Esperance

# Executive Services



## Executive Services Overview

### Communication

Improving communication and engagement with the community was one of Council's priorities. Several engagement events were held in late 2012 to inform the community on the many projects occurring in Esperance. With the launch of the SuperTowns Growth Plan a public forum was held to inform the community about current projects and enable residents to ask questions. The event included presentations on Shire, State and private projects that ranged from upgrades planned by Esperance Ports Sea and Land, the Esperance Residential College, work being carried out along the Port Access Corridor, the progress of the medical co-location facility, the Esperance Waterfront project, the draft Shire of Esperance Strategic Community Plan and many more.

The draft Strategic Community Plan was released in 2012 with the community encouraged to provide input. The final plan adopted embodies the aspirations and goals of the whole Esperance Community. Council and Shire officers were keen to discuss the plan with the community at several events, including the 2012 Esperance Agricultural Show and the SuperTowns public forum.

The Shire of Esperance Facebook page was launched in May 2013 as an additional avenue to communicate with the public. This has proven to be successful at reaching a demographic group that have not previously been well communicated with. The use of social media allows information to be circulated in a timely manner, not always afforded when using print media. Training workshops on social media were conducted across the organisation with positive results. The Shire of Esperance website remains our flagship source of information for the community with all media releases, news, events and council minutes available on this page.

### Major Projects

With the commencement of the Esperance Waterfront project several engagement events were held to gather community opinion on the future needs and aspirations for the foreshore. A community reference group was established and assisted in the development of landscaping plans. Opportunities to be involved included interactive stands at the Esperance Boulevard, a community meeting and a BBQ held at the Esperance Tanker Jetty prior to construction of the headland and rock wall. These events were well attended by the community.

### Integrated Planning and Reporting

Significant resources across the organisation were utilised to achieve compliance with the Integrated Planning and Reporting Framework prior to the deadline. The full integration of these plans has ensured the Shire has built a strong foundation to plan current and future services. The Executive Services team will implement systems to evaluate our performance on an ongoing basis to provide meaningful reports back to the community.

### SuperTowns

This financial year saw the continuation of our collaborative relationship with the Goldfields-Esperance Development Commission and Esperance Chamber of Commerce. The SuperTowns Growth Plan was launched when the partnership group held a community meeting that involved updates on all SuperTowns projects and other major projects occurring in our community. Delivery of the SuperTowns program including the development of a brand for Esperance, a Public Land Strategy and Esperance Region Economic Development Strategy have all commenced. These projects were identified as important during the development of the SuperTowns Growth Plan in community workshops.

### Flinders

Flinders Estate is a Shire land development that gathered momentum this financial year. Sixteen lots settled for prices between \$170,000 and \$190,000. This momentum is expected to continue with another three lots waiting for settlement as at June 30. A business plan to determine future development stages has been initiated and expected to be implemented in the next financial year.

### Elected Members

During the 2012/2013 financial year changes were made to the structure of Council meetings with the temporary suspension of the All Purpose Committee. This committee was replaced with an Agenda Briefing session that meets on the third Tuesday of every month at 1pm. This provides Council, Shire Officers and the community an opportunity to discuss matters before Council in a more informal session with open discussion and question opportunities. The Agenda Briefing sessions are attended by all Councillors. Council found the flexibility in this arrangement positive and have elected to continue in this format next year.

Ordinary Council meetings are held at 4pm on the fourth Tuesday of every month as part of a monthly business cycle, with Council meetings being open to the general public. Reports to Council are the formal method by which the administration provides advice to the Elected Members. Ordinary Council Meetings are where Council make a formal decision on all reports presented.

Agendas for Council meetings are made available to members of the public on the Shire's website, as well as at the Shire Administration Offices and Library. Minutes of all Council meetings are also publicly available.



#### Shire of Esperance Council

Back row - Cr Beverley Stewart, Cr Nigel Walker, Cr Lara McIntyre, Cr Roger Mansell, Cr Wayne (Buck) Rodgers  
Front row - Cr Natalie Bowman, Cr Malcolm Heasman (Shire President), Cr Victoria Brown (Deputy Shire President),  
Cr Paul Griffiths



## Executive Services

### Emergency Services

During the 2012/2013 fire season the first day of the school year was a busy one for fire fighters with three fires occurring on the same day, stretching our local fire fighters and resources to their limits.

A fantastic community response involving over 120 fire fighters including Bush Fire Brigade volunteers from across the Shire, Department of Environment and Conservation, Elders Forestry, Department of Fire and Emergency Services and property owners, ensured limited damage to homes and properties occurred.

Local emergency services have been boosted with the delivery of new fire appliances to the region with trucks arriving for Beaumont, Gibson, Merivale, Cascade, Munglinup and Southern Mallee Brigade. These vehicles are a great asset to our fire fighting fleet with a further eight appliances to be delivered over the coming twelve months.



# Community Services



## Bay of Isles Leisure Centre

The 2012/2013 year saw many operational changes at the Bay of Isles Leisure Centre. Improvements included the installation of an entry control system at reception to ensure a high level of safety for our aquatic area and to assist with both statistical data collection and improved customer service. New barcoded membership key-tags have been introduced and have been well received. Members can now gain entry via the turnstiles without having to wait for assistance. Other minor enhancements were undertaken to ensure the centre continues to be a comfortable and relaxing place.

Les Mills fitness classes were added to the options available in our health and fitness area in September 2012. The introduction of the Les Mills brand has seen an increase in the take up of classes and has encouraged more community members to enjoy being active with the addition of new equipment and some aesthetic changes to liven up the exercise areas.

A risk management report outlined safety issues with dive blocks in public swimming pools and recommended that dive blocks be removed or locked out so that only supervised patrons that require the blocks for competition swimming have access. The dive blocks at our 25m lap pool were removed and modified so they can be easily put into place when required. Only groups trained to use the dive blocks, such as the local swimming club, are now able to access them.

Water saving efficiencies have been gained through the installation of sight glasses to our lap pool and lagoon pool systems so that when backwashing the pools, to remove contaminants from the filters, operators are able to see the water that is being discharged. This allows operators to backwash only for the time it takes to remove the contaminants. Previously, we had to backwash for a set amount of time, potentially dumping clean water unnecessarily for part of the backwash procedure. Any water savings in our pool systems can also reduce costs associated with heating and chemical treatment.

Further efforts to use water more efficiently included the installation of five water (sub) meters in strategic locations in our plant room, and on the supply lines to change rooms, to determine where water is being used. The meters will provide the ability to identify a hidden leak and find the location of the leak, a task that has proven difficult in the past. Once water use patterns throughout the facility are defined, plans can be made to target high use or inefficient areas.

Water use was reduced by 869,607 litres compared with the previous year. Savings have been achieved due to backwashing procedures and the introduction of a water efficient floor cleaning machine.

Installation of a zip track blind system on some of the Lagoon pool windows took place in October. The blinds cover 10 windows and a double glass door. The door has a press stud style attachment to allow normal operation of the door. The windows are covered by a clear retractable blind that can be set in several positions if required and is fitted to the outside side of the building. The surface glare has been substantially reduced and the blinds are neat and tidy.

Electrical energy use has been reduced by 848 units compared to the previous financial year. This reduction represents 2.5 weeks of operation at the facility. Savings can be attributed to removal of inefficient bar heaters, addition of timers (and temperature lockouts) for gym air-conditioning systems and improved internal processes. The solar panels continue to assist in keeping power costs as low as possible.

The leisure centre has experienced an increase in membership numbers with the promotion of the products available, the provision of more options available for users and the introduction of the Les Mills Brand.

### Esperance Public Library

The Esperance Public Library provides an essential service to the Esperance Community and its visitors. It is a valued space where community members can access resources for information, or enjoyment, learn new technologies and relax in a comfortable atmosphere.

In addition to the traditional library services, the library provides access to computers with internet, photocopying, printing, faxing and scanning services. The library is also utilised by community members to access the Tax Help programme and family history services, attend library organised events and participate in organised learning opportunities. Regular children's programs are well attended with Baby Bounce, Toddler Time and Story Time sessions held every week during the school term. These programs are provided free and are available to both locals and visitors. In addition the library runs Better Beginnings Early Literacy quarterly programmes for babies 7-9 months. This is a Statewide programme funded by Rio Tinto, the State Library and Esperance Library Friends (ELF). Holiday Activities for children are held quarterly throughout the year with an average of 5 activities per quarter.

A diverse range of adult activity based sessions were offered throughout the year, including Adult Learners' Week and Seniors Week, Seniors Computer Classes, National Science Week Science Night, Read Aloud and Storytime on Stage.

The Esperance Public Library is supported by a strong volunteer base of dedicated individuals known as the Esperance Library Friends (ELF). This enthusiastic group assists library staff in a variety of ways that ensure the services offered exceed community expectations.

Since the provision of computer classes to seniors in 2011/2012 there has been an increase in the number of seniors using digital devices and resources with many seeking further help with Ipad, e-reader and smartphone. Twice-weekly one-on-one half hour sessions for adults requiring assistance with new technology are well patronised. The library has embraced digital media to make sure the services provided are relevant and offered efficiently to all user groups. E-books, downloadable audio and e-zines were promoted successfully with an increase in user numbers of over a hundred per cent during the year.

Staff continue to investigate the provision of services and resources that allow customers to create as well as consume, for example self-publishing training, provision of creative software resources and universal online study programmes.



### Esperance Volunteer Resource Centre

The Esperance Volunteer Centre officially opened its doors in May 1999 with the assistance of funding from the Federal Department of Health and Aged Care, at the time, through their Volunteer Management Program, auspiced by the Shire of Esperance. The funding model of short annual funding has remained fairly unchanged over the years. However, in June 2012 negotiations were finalised to continue Federal Funding (from the Department for the Prime Minister) for a further three years and State Government funding for the next five years, (through the Department for Communities).

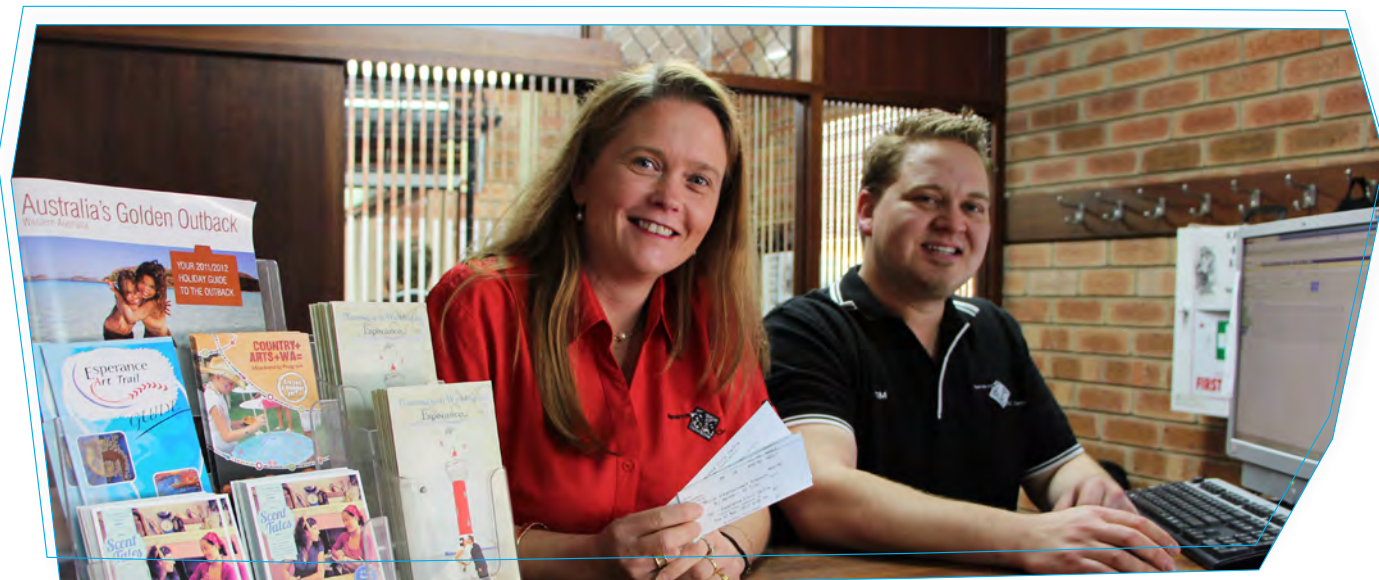
The Volunteer Centre's aim is to help members of the public find volunteer opportunities and agencies to find and retain volunteers. It also provides training to assist agencies and present a central point for the recognition of volunteers. Organisations are offered support in setting up structures and systems to efficiently manage volunteers, improve retention and determine future recruitment strategies.

The Centre organised and facilitated nine training sessions with 130 volunteers and volunteer managers, attending. Topics such as Youth Mental Health First Aid, How Volunteer Managers Sabotage their Programs, Roles and Responsibilities of Board members, Engaging Youth Projects and Risk Management.

Appreciation for our volunteers is vital in maintaining the enthusiasm and dedication of the work they complete and assists in encouraging new volunteers. Volunteers were recognised during the year with a sunset sausage sizzle held as part of International Volunteer Day and a Mad Hatters morning tea was held during National Volunteer Week. Support was also provided to the Sport Star evening with a category recognising volunteers in sporting organisations.



### Esperance Civic Centre



As the premier entertainment and multi-function complex for Esperance the Esperance Civic Centre continues to be a valuable asset for the Esperance community.

This year saw the venue once again present a wide variety of shows with a view to offering 'something for everyone'. Esperance is gaining more recognition as a viable stop as part of a professional regional Western Australian performing arts tour. Additionally the Civic Centre is widely used for community events from school functions to music extravaganzas, conferences to fundraising balls, funerals, weddings and sports and business award events.

Covering a broad artistic spectrum, the venue presented a diverse range from children's shows (The Bugulugs Bum Thief, Treasure Island and Sticks, Stones and Broken Bones), Circus shows (360 All Stars and Freefall), Comedy shows (The Kingswood and I, What A Man's Gotta Do, Cave To The Rave and our annual presentation of the Melbourne International Comedy Road Show), Contemporary Dance (Shiver), Classical Music (Deep Blue Orchestra and Moon), Country Music (Jane Germain and The Lazy Boys), Traditional Theatre (Ladies Night and Animal Farm) to the Black Swan production 'Managing Carmen', simulcast live from the Heath Ledger Theatre.

Once again, the Esperance Civic Centre was successful in its application for a Lotterywest Regional Performing Arts grant. This grant provided the Civic Centre with funds to assist in finding creative ways to grow and diversify our audience base. The grant also allows the Esperance community to access world class artistic performances that may not be attainable otherwise.

A vibrant arts and cultural program plays a vital role in the 'liveability' of our local community and contributes to our community's social goals as identified in the Shire of Esperance Strategic Community Plan 2012-2022.

The Shire also has a Shire of Esperance Community Cultural Plan which identifies our responsibilities as:

*"Develop arts and cultural activities and services through the encouragement and support of vibrant volunteer art and cultural groups, and the development and maintenance of quality arts and cultural facilities."*

*"Council acknowledges that one of the things that make a community unique and adds to the quality of life for residents is a vibrant arts and culture sector."*

Increasingly, all tiers of government are recognising the value of arts and culture to a community's health and wellbeing. Additionally, expectations of our local community have also increased and we are constantly looking at ways to ensure these needs are met.

### Esperance Visitor Centre

The Esperance Visitors Centre has enjoyed a successful year with new initiatives and strategies focused on promoting the centre. Collaboration with local and state-wide stakeholders has strengthened, as has the profile of the Centre as a must-visit reference point for visitors to our region.

The Visitors Centre was the winner of the Community Engagement award at the GWN7 Top Tourism Awards. This award reflects the strong gains the centre has made over the past two years in cementing relationships with local industry operators and users, and the dedication and commitment of all those involved. Throughout 2012/2013 the Esperance Visitor Centre teamed up with Tourism Esperance and our Regional Tourism Authority, Australia's Golden Outback (AGO) to promote and market the Esperance region.

Visitor Centre staff were involved in promoting the Visitor Centre and Esperance as a tourist destination at several events throughout the year, including:

- » Participating in the 5 day Perth Caravan and Camping Show;
- » Attendance at the 2012 Visitor Centre Association of Western Australia (VCAWA) annual conference;
- » Host the launch of the new Tourism Esperance 'Esperance Planner'; and
- » Promotional visit to Nullarbor Roadhouse operators.

The Visitors Centre was involved in the coordination of cruise ship visits to Esperance and in the facilitation of workshops for local operators on their specific needs. The Visitors Centre ensures tourists are able to access visitor services during their time in Esperance. The Shire has a representative on the Cruise Western Australia Committee (CWA), a sub-committee of Tourism WA. Cruise ship trade is a growing component of Esperance's tourism strategy with more visits anticipated during the 2013/2014 summer period.



## Ranger Services

Shire Rangers conduct investigations, issue notices and enforce breaches of various state and local laws with the primary purpose being to uphold community law and public safety. Rangers are active in dog control and significant time is spent handling dog-related complaints. Impending changes to the Cat Act have seen a considerable increase in the number of complaints with the expectation this will continue in to the next financial year once the legislation is implemented.

Rangers duties also extend to regulating off-road vehicle areas, educational programs, parking control and monitoring Shire camping areas and illegal campers.

The Greater Sports Ground was used as an overflow camping ground during Christmas, New Year and Easter as local caravan parks and camping grounds were at capacity. A new initiative for the overflow camping ground saw the introduction of self registration, this was trialled over Easter 2012. This proved successful and, in conjunction with signage, will become standard practice for the operation of the overflow area.

The Rangers have been working on the development of a re-homing program called the Pound Pooch Program and through this initiative have strengthened relationships with local businesses and other local stakeholders involved in the care of animals, while also recruiting a solid base of volunteer carers.

The Shire of Esperance has been preparing for the introduction of the Cat Act 2011 which will be enforceable from November 1, 2013. The result has been a combined effort by the Shire, the community and local businesses, combining forces to ensure the relevant information is disseminated to the community.

During 2012/2013 a major review of the coastal reserves was undertaken by the Shire. This involved identification of key issues, suggested work plans and implementation schedules. As a result of this some planned works at the coastal reserves have been temporarily suspended pending the outcome and recommendations from this report. Camp hosts were in residence at Alexander Bay over the busy season resulting in positive outcomes both for visitors and Ranger Services staff.

Rangers handled a total of 1897 enquiries during the year, the break down of these calls is outlined in Table 1.

Table 1 - 2012/2013 Ranger Enquiries

	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
Dogs	2654	2847	2522	939	831	918
RSPCA	57	56	18	8	13	36
Livestock	175	154	185	66	56	33
Litter	29	29	43	34	35	52
Cats	166	233	219	56	54	98
Fire	216	364	152	49	54	50
Parking	104	103	90	21	14	64
Camping	73	142	117	50	49	72
General Enquiries	811	934	787	139	149	64
After Hours	Not known	Not known	Not known	501	943	510
<b>Total</b>	<b>4285</b>	<b>4862</b>	<b>4133</b>	<b>1863</b>	<b>2198</b>	<b>1897</b>



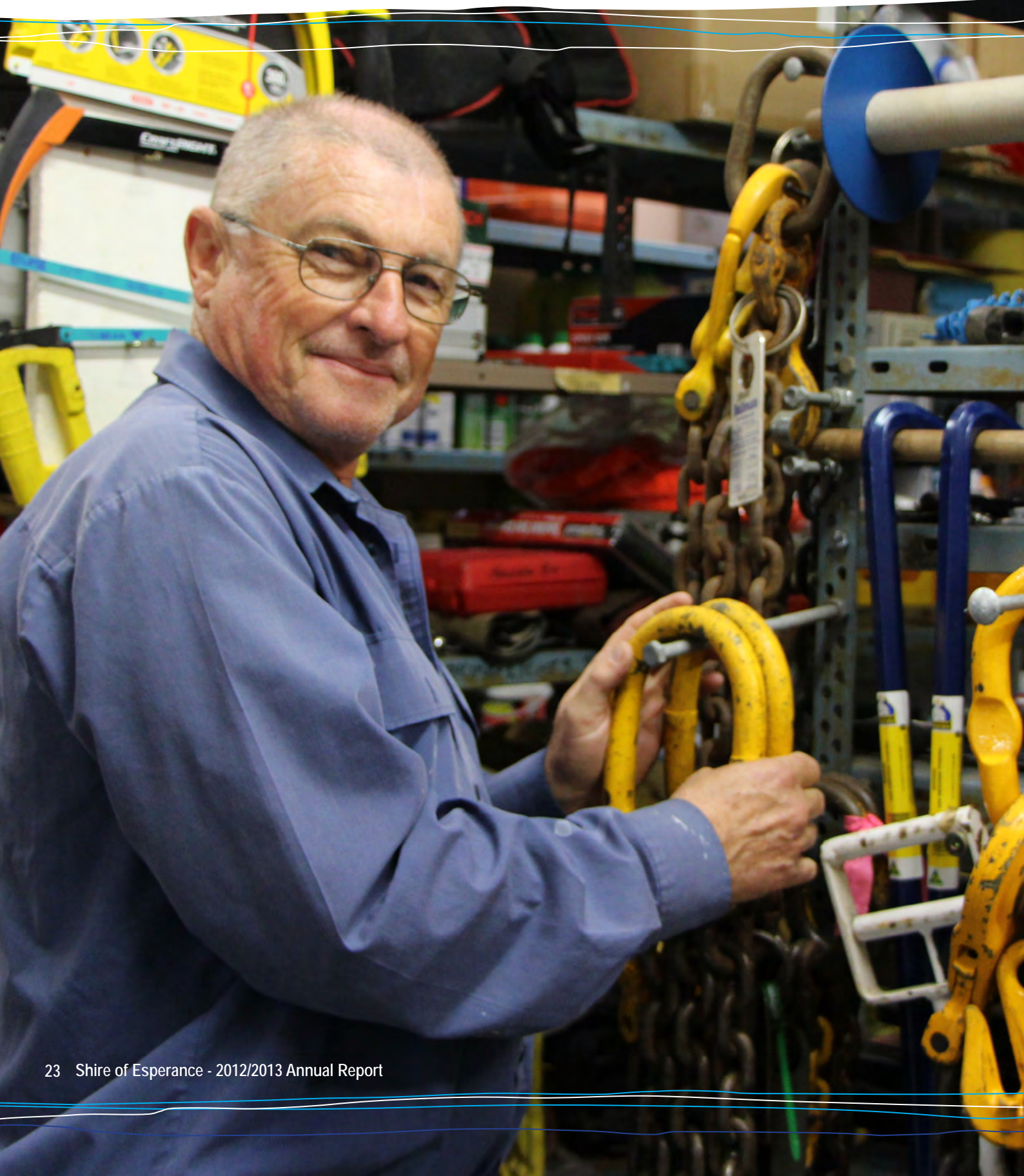


RAIDER SERVICES  
HATHAN



State of  
Esperance

# Engineering Services



## Engineering Services Overview

A number of significant projects for the Esperance community commenced this financial year, including the Esperance Waterfront project, with the sea wall construction commencing in February 2013. A tender for landscaping works will be awarded in September 2013. The project is scheduled to be completed by June 2014.

The Myrup Wastewater Treatment Facility, including a new truckwash, commenced construction in June 2013 and completion is scheduled for December 2013.

Once again the Engineering Services department has endeavoured to maintain approximately \$555 million of public infrastructure (excluding buildings) on a very limited budget. The work that has been undertaken to ensure the maintenance, renewal and upgrade of the community infrastructure has been first rate, particularly with the limited funds available. As identified under Asset Management we currently underfund the renewal of our infrastructure by approximately \$8,645,736 per year which presents a significant challenge to the Shire now and into the future.

## Roads

The Shire of Esperance is responsible for the management and maintenance of the largest road network of any local government in Western Australia with 819 km of sealed roads and 3,679 km of unsealed roads.

In the 2012/2013 financial year we were able to complete the following works:

- » Gravel and limestone re-sheeting of approximately 159km of gravel roads;
- » Reconstructed approximately 10km of rural sealed roads;
- » Resealed approximately 18.25km of rural and urban sealed roads;
- » Construction of approximately 5.95km of new rural and urban sealed roads;
- » Spent \$654,818 on stormwater upgrades including Forrest Street and a new gross pollutant trap on the Williams Street ocean outfall;
- » Spent \$136,924 on completing the roundabout at Windich Street and Andrew Street;
- » Spent \$92,313 on new kerbing in the residential and industrial areas in Esperance.



## Parks and Gardens

The first stage of critical reticulation upgrades commenced this year with the complete replacement of the reticulation system at the Greater Sports Ground with a new state of the art system valued at \$397,329.

A playground audit has been completed that resulted in the removal and replacement of some elements of equipment that were deemed dangerous. The audit will feed into the Public Open Space Strategy that will be completed in 2013/14 financial year.

Following the review of the Parks and Gardens operations in 2011/2012 this year saw a continued improvement in the presentation of parks and landscaped areas throughout the Shire.

## Waste Management

The Shire has been advised that the existing licence to operate a landfill site will not be renewed once the current licence finishes in August 2019. This means the Shire must close the existing landfill site and establish a new landfill site by August 2019. The closure and development of a new site is expected to cost approximately \$15,000,000. We are currently in the process of locating a suitable new site and one should be identified in the 2013/14 Financial Year.

The Wylie Bay landfill continues to operate successfully in accordance with our licence conditions. The Recycling Centre recycled over 1,200 tonnes. The year under review saw the successful introduction of free e-waste recycling for the first time in rural Western Australia. The number of products being kept out of the landfill continues to increase every year.

## Esperance Airport

In July 2012, the Esperance Airport started Security Screening of passengers and baggage for each Regular Passenger Transport flight. This process is conducted within the expanded Terminal that was fully opened to the public on 28th October 2012. The expansion to the Terminal was conducted in two stages with half of the Terminal closed at a time, the Shire appreciates the patience of the travelling public during this period of rebuilding. The construction of the Terminal and commencement of Security Screening involved capital expenditure of over \$3.2M and increased the operational expenditure of the airport by over \$600,000 per annum.

The 2012/2013 financial year saw approximately 45,000 passengers travel through the airport, this is a reduction of almost 10 per cent from the previous year and was impacted by the Global Financial Crisis, a change in operations of personnel from First Quantum Minerals in Ravensthorpe and other minor matters. The first two months of the 2013/14 financial year is showing a healthy increase in passenger numbers.

## Asset Management

Asset management plans for the major strategic asset groups continued to be produced and accepted by Council. Asset management plans covering asset values of \$655 million have now been adopted, interestingly the Transport Assets are the predominant asset, totalling \$507 million. To maintain the assets in their current condition, the Shire needs to spend \$19,801,761 per annum. Currently the Shire spends \$11,156,025 on operating, maintaining and renewing its current assets. The difference in the two figures, \$8,645,736 represents the funding gap.

The Shire will now focus on detailing the current levels of service and providing Council with options to close the funding gap.



# Development Services



## Town Planning

Through the Regional Centres Development Program, funding was made available to the Esperance SuperTown's Project Team for growth planning. One of the eight listed key actions, projects or initiatives of the 'Planning our Future: A Growth Plan for Esperance and the South East Region' is the "Esperance Town Centre Revitalisation Project including Precinct Planning for Museum Park and linkages to the Waterfront."

With the assistance of the Regional Centres Development Program, the Shire has initiated the preparation of a Revitalisation Master Plan (RMP) for the Town Centre of Esperance.

The SuperTown's Project Team has endorsed the purposes of the Revitalisation Master Plan and established a project governance structure involving the Shire of Esperance, the Goldfields- Esperance Development Commission, and the Esperance Chamber of Commerce and Industry. A Project Plan has been prepared and adopted. Tenders will be called early in 2013/14 for consultants to support the preparation of the Revitalisation Master Plan with a planned completion date of early 2014/15.

Amendments 11 and 13 to Local Planning Scheme No. 23 were gazetted in 2012/2013. A further four Scheme Amendments were being processed throughout the year.

A Local Planning Policy for Industrial Precinct Design Guidelines was adopted by Council in 2012/2013.

A significant number of development applications were received during 2012/13 including 291 development applications and 15 subdivision applications. This represented a similar level of development that occurred in 2011/12. Significant applications received in this period included two large grouped dwelling developments, one of 66 dwellings, and the other consisted of 51 dwellings. Applications regarding the Myrup Truck Wash, a Dental Studio and several Mobile Phone towers were also received.

Table 2 - 2012/2013 Development Application Approvals

	Applications Received	Applications Determined
Development Applications	291	284
Subdivisions	15	14
Home Occupations	8	8
Home Occupation Renewals	20	20

## Building Projects

The West Beach toilet block was also completed this year, along with the scheduling and removal of the old SES building and fire station with completion due by July 2013. The Administration Building refurbishment has been completed with the installation of electrical safety switches, painting, new carpet and internal fitout.

## Building Renewal & Maintenance

The Building Asset Maintenance Program was implemented very successfully throughout the year and utilised in planning and determining required works. A reactive account has also been introduced to determine the impact of the planned schedule in removing the unexpected repairs that have been prevalent from the Shire's built assets in the past, encouraging a prioritised, effective and efficient process.

The private swimming pool inspection program commenced in February 2013 with a total of 97 pools to inspect. All but two have been inspected with 64 deemed compliant up to June 30, 2013.

Building work within the Shire of Esperance is steady and generally consistent with figures across the building industry. In total, 269 building licences were issued by the Shire of Esperance, worth over \$25 million in 2012/2013.

## Breakdown of Building Approvals

Table 3

Description	2011/2012		2012/2013	
	No	Value	No	Value
New Single Dwellings/Duplexes	52	\$14,969,358	64	\$19,472,456
Alter to Dwellings	25	\$2,432,174	27	\$1,132,540
Approval Certificates Dwellings (Retrospective Approval)			4	\$130,000
Industrial, Commercial	19	\$9,979,120	10	\$1,571,123
Alter to Industrial, Commercial	10	\$5,332,072	7	\$911,500
Approval Certificates Industrial, Commercial (Retrospective Approval)	2	\$13,000		
Outbuildings	106	\$1,573,716	113	\$1,318,543
Alter to Outbuildings	6	\$25,000	5	\$142,934
Approval Certificates Outbuilding (Retrospective Approval)				
Sundry Structures - Retaining walls, Fencing	18	\$172,998	26	\$265,000
Sundry Structures - Retaining walls, Fencing (Retrospective Approval)				
Demolition	4	\$28,355	9	\$345,618
Pools	4	\$57,500	4	\$60,000
<b>Total</b>	<b>246</b>	<b>\$34,583,293</b>	<b>269</b>	<b>\$25,349,714</b>



## Health and Environmental Services

Preventative health measures are essential to minimise the impact of trauma and disease within our community. Environmental Health Services contributes through monitoring the supply of safe food, accommodation standards, investigating communicable disease, ensuring the implementation of appropriate waste disposal, pollution control measures, and waters including potable, recycled, liquid waste, groundwater and recreational. Environmental Health Services implements inspection programs in the areas of food, accommodation, public buildings, hair dressing beauticians and skin penetration.

Environmental Health services also coordinated and completed a significant sampling and monitoring program in waste management generating 168 microbiological and 36 chemical reports. These reports covered swimming pools, recreational, potable and recycled waters, food chemical residues, asbestos, liquid waste and groundwater. The Environmental Health team completed over 1,400 assigned tasks associated with activities in the above mentioned areas.

## Environmental Health Service inspection activity

Table 4

Inspections	
Caravan Parks and Camping Grounds	12
Effluent Disposal Inspections	67
Food Safety	242
Skin Penetration	10
Lodging House	8
Offensive Trade	3
Public Building	85
Swimming Pools	27



# Corporate Services



## Information Technology

The Shire works consistently to ensure efficient and up to date systems are implemented with regular training of staff to make sure the maximum benefits are being achieved.

A move to new hardware and supporting software systems in Managed Services took place during the year. The Shire agreed to be a test case for the new systems allowing staff to work closely with Civica to produce a work environment configured to be as efficient as possible and modelled specifically to our needs.

Asset replacement plans for hardware and software were created to ensure planned replacements are accounted for and occur in a timely manner. The Shire's connected network infrastructure was upgraded to an acceptable industry standard to provide better management capabilities.

## Statutory Reports

### Compliance with the State Records Act 2000

The role of the Shire of Esperance's Records Department is to make sure all records are captured accurately and efficiently into the Shire's Electronic Document Management System (EDMS) – TRIM while complying with the State Records Act 2000 and the Shire's Recordkeeping Plan.

This Recordkeeping Plan highlights the Shire's commitment to efficient and compliant recordkeeping procedures of both physical and electronic records. All records created and received in the course of the Shire's business must be captured, regardless of format, and lodged in the Shire's records system.

During 2012/2013 the Shire redesigned TRIM, which has been enhanced with a new business classification system and semi automated retention and disposal of folders. The new system was implemented for the Administration Building in October 2012 with an emphasis on training users to use the system and the importance in relation to the State Records Act 2000. All new staff must attend induction training and are required to sign a form acknowledging their understanding of the Shire of Esperance Record Keeping Plan. Regular refresher training courses are offered to staff to ensure a consistent and efficient approach is maintained.

The Shire has also been addressing the disposition backlog of hardcopy records held in storage. The Shire has currently sentenced 10,077 folders, of which:

- » 763 files were identified as permanent archives
- » 1,647 files were identified as local archives
- » 3,201 files were identified as inactive records, for future disposal, and
- » 4,466 files were identified for destruction, which have since been destroyed.

The Shire's main focus in records for the next year is the deployment of the new environment to external business units of the Shire and digitisation of vital corporate records. This will enable quick and efficient access to information, make business processes more efficient and improve decision making processes.

The Records Department is currently maintaining statistical information for work processes within the department. In accordance with the State Records Act 2000 the Shire has developed performance indicators based on the statistical information gathered, see table 5.

Table 5 - Performance Indicators 2012/2013

Records Process	Target	Amount*
Documents catalogued by Records Staff	N/A	17,705 documents
Documents catalogued by other staff	N/A	14,582 documents
Incoming Mail catalogued by 12 noon*	99%	85%
Freedom of Information applications processed within 45 days	100%	100% (1 request)

\*Amount - Monthly percentages calculated and then averaged annually.

## Information Statement

In July, 2013, the Shire updated and approved the Information Statement as required by the Freedom of Information Act 1992. The Information Statement can be obtained from the Shire's website or at the Administration Office.

## 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 2012/2013 year saw zero (0) entries made in this regard.

## 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:

Table 6 - Employee Remuneration

Salary Band (\$)	2013	2012	2011	2010
\$100,000 - \$109,999			3	2
\$110,000 - \$119,999		2	1	
\$120,000 - \$129,999	2	2		
\$130,000 - \$139,999	1			
\$140,000 - \$149,999	1			
\$150,000 - \$159,999				
\$160,000 - \$169,000				1
\$170,000 - \$179,999			1	
\$180,000 - \$189,999	1			
\$200,000 - 209,999		1		



## Disability Services

Report under Section 29(2) of the Disability Services Act 1993:

### Disability Access and Inclusion Plan Progress Report

Under the Disability Services Act 1993 (amended 2004), the Shire of Esperance is required to publish the progress of the implementation of the Disability Access and Inclusion Plan. See table 7.

Local Governments play an important role in the lives of people with disabilities, as local governments are multi functional, with extensive responsibilities and activities across property, community and human service areas.

We are aware people with disabilities often experience difficulty in doing things that many of us take for granted. Commonly experienced difficulties include:

- » Hearing what is said at public meetings;
- » Visiting the municipal library or senior citizens centre;
- » Seeing and understanding directional signs;
- » Using public and recreational facilities;
- » Reading and understanding notices and newsletters prepared by Councils; and
- » Making contact with Councillors or Council staff by telephone or in person at the Council offices.

To address some of these issues Council has developed a Disability Access and Inclusion Plan. This plan confirms Council's commitment to ensure that people with disabilities are recognised and acknowledged within our community by ensuring that they, their families and carers, have the same rights as other people to access local government services and utilise public facilities.

### Dissemination of the Plan

The plan is a public document, which is available on request from the Shire Administration Office or Library. It can be translated into alternative formats for large print, audio or braille and is also available electronically and via email upon request. The Access and Inclusion Plan is available to download from the Shire of Esperance website.

Table 7 - Progress on Disability Access and Inclusion Plan

Disability Access and Inclusion Plan Outcomes	Number of strategies planned	Number of strategies completed	Number of strategies progressed
<b>Outcome 1:</b> People with disabilities have the same opportunities as other people to access the <b>services</b> of and any <b>events</b> organised by a public authority.	6	4	0
<b>Outcome 2:</b> People with disabilities have the same opportunity as other people to access the <b>buildings</b> and other facilities of a public authority.	7	3	1 Sports Facilities Plan
<b>Outcome 3:</b> People with disabilities receive <b>information</b> from a public authority in a format that will enable them to access the information as readily as other people are able to access it.	1	1	0
<b>Outcome 4:</b> People with disabilities receive the same level and <b>quality of service</b> from the staff of a public authority as other people receive from the staff of that public authority.	2	1	0
<b>Outcome 5:</b> People with disabilities have the same opportunities as other people to make <b>complaints</b> to a public authority.	1	1	0
<b>Outcome 6:</b> People with disabilities have the same opportunities as other people to participate in any <b>public consultations</b> by a public authority.	1	1	0

# Financial Report



**TABLE OF CONTENTS**

Statement by Chief Executive Officer	(i)
Statement of Comprehensive Income by Nature or Type	1
Statement of Comprehensive Income by Program	2
Statement of Financial Position	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Rate Setting Statement	6
Notes to and Forming Part of the Financial Report	7 to 65
Independent Audit Report	66 to 67
Supplementary Ratio Information	68

# Annual Financial Report

For the year ended 30th June 2013

# Statement by Chief Executive Officer

2012-2013

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

### STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Esperance being the annual financial report and other information for the financial year ended 30th June 2013 are in my opinion properly drawn up to present fairly the financial position of the Shire of Esperance at 30th June 2013 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

8 day of November 2013



Matthew Scott  
Chief Executive Officer



**Annual Financial Report**

For the year ended 30th June 2013

2012-2013

**Statement of Comprehensive  
Income by Nature & Type**

	NOTE	2013 \$	2013 Budget \$	2012 \$
<b>Revenue</b>				
Rates	22	13,508,614	13,449,943	12,187,696
Operating Grants, Subsidies and Contributions	26	9,507,775	5,852,625	9,230,839
Fees and Charges	25	7,197,759	6,978,798	6,395,373
Interest Earnings	2(a)	1,464,000	909,895	1,190,025
Other Revenue		<u>12,317,900</u>	<u>0</u>	<u>0</u>
		<u>43,996,048</u>	<u>27,191,261</u>	<u>29,003,933</u>
<b>Expenses</b>				
Employee Costs		(12,984,941)	(12,906,017)	(11,757,213)
Materials and Contracts		(6,417,099)	(7,957,354)	(6,521,682)
Utility Charges		(898,303)	(973,430)	(936,309)
Depreciation on Non-Current Assets	2(a)	(6,993,627)	(8,587,940)	(8,588,017)
Interest Expenses	2(a)	(51,507)	(59,069)	(54,999)
Insurance Expenses		(452,427)	(488,908)	(473,578)
Other Expenditure		<u>(668,452)</u>	<u>(663,440)</u>	<u>(529,470)</u>
		<u>(28,466,356)</u>	<u>(31,636,158)</u>	<u>(28,861,268)</u>
		15,529,692	(4,444,897)	142,665
Non-Operating Grants, Subsidies and Contributions	26	8,965,906	10,982,543	19,398,853
Profit on Asset Disposals	20	1,191,466	544,676	329,180
Loss on Asset Disposal	20	<u>(193,880)</u>	<u>(111,132)</u>	<u>(16,187)</u>
<b>Net Result</b>		<b>25,493,184</b>	<b>6,971,190</b>	<b>19,854,511</b>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	12	2,672,331	0	0
<b>Total Other Comprehensive Income</b>		<u><b>2,672,331</b></u>	<u><b>0</b></u>	<u><b>0</b></u>
<b>Total Comprehensive Income</b>		<u><u><b>28,165,515</b></u></u>	<u><u><b>6,971,190</b></u></u>	<u><u><b>19,854,511</b></u></u>

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

**Annual Financial Report**

For the year ended 30th June 2013

**Statement of Comprehensive  
Income by Program**

2012-2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
<b>Revenue</b>				
Governance		228,467	119,750	221,647
General Purpose Funding		19,531,562	16,673,603	18,643,845
Law, Order, Public Safety		1,421,518	339,469	351,855
Health		68,049	158,276	158,405
Education and Welfare		2,486,710	2,414,562	2,353,543
Community Amenities		2,802,854	2,805,532	2,659,854
Recreation and Culture		14,143,207	1,670,999	2,005,803
Transport		1,973,367	2,062,950	1,298,901
Economic Services		694,888	414,120	690,127
Other Property and Services		645,426	532,000	619,953
	2(a)	<u>43,996,048</u>	<u>27,191,261</u>	<u>29,003,933</u>
<b>Expenses</b>				
Governance		(1,588,673)	(1,402,976)	(1,219,015)
General Purpose Funding		(367,319)	(434,400)	(384,080)
Law, Order, Public Safety		(1,266,744)	(1,223,854)	(1,154,889)
Health		(326,533)	(394,981)	(412,662)
Education and Welfare		(2,613,496)	(2,819,642)	(2,542,779)
Community Amenities		(3,994,552)	(3,953,039)	(3,783,020)
Recreation and Culture		(6,174,512)	(5,760,757)	(5,806,630)
Transport		(10,314,746)	(12,092,474)	(10,996,849)
Economic Services		(1,272,044)	(2,599,817)	(1,651,299)
Other Property and Services		(496,230)	(895,149)	(855,046)
	2(a)	<u>(28,414,849)</u>	<u>(31,577,089)</u>	<u>(28,806,269)</u>
<b>Finance Costs</b>				
Recreation and Culture		(51,691)	(59,069)	(54,491)
Other Property and Services		184	0	(508)
	2(a)	<u>(51,507)</u>	<u>(59,069)</u>	<u>(54,999)</u>
<b>Non-Operating Grants, Subsidies and Contributions</b>				
Law, Order, Public Safety		43,836	0	26,227
Education and Welfare		88,138	0	22,651
Community Amenities		350,000	0	0
Recreation and Culture		3,486,033	0	1,269,175
Transport		4,997,899	6,924,685	4,069,934
Economic Services		0	0	13,942,866
Other Property and Services		0	4,057,858	68,000
		<u>8,965,906</u>	<u>10,982,543</u>	<u>19,398,853</u>
<b>Profit/(Loss) on Disposal of Assets</b>				
Governance		702	7,624	0
Law, Order, Public Safety		(5,745)	0	(4,924)
Education and Welfare		0	0	909
Community Amenities		(1,616)	(964)	(6,691)
Transport		(32,053)	354,165	173,127
Other Property and Services		1,036,298	72,719	150,572
		<u>997,586</u>	<u>433,544</u>	<u>312,993</u>
<b>Net Result</b>		<b>25,493,184</b>	<b>6,971,190</b>	<b>19,854,511</b>
<b>Other Comprehensive Income</b>				
Changes on revaluation of non-current assets	12	2,672,331	0	0
<b>Total Other Comprehensive Income</b>		<b>2,672,331</b>	<b>0</b>	<b>0</b>
<b>Total Comprehensive Income</b>		<b>28,165,515</b>	<b>6,971,190</b>	<b>19,854,511</b>

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

# Annual Financial Report

For the year ended 30th June 2013

## Statement of Financial Position

2012-2013

	NOTE	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	33,478,473	32,946,714
Trade and Other Receivables	4	2,957,515	2,160,390
Inventories	5	<u>1,533,650</u>	<u>395,813</u>
<b>TOTAL CURRENT ASSETS</b>		<u>37,969,638</u>	<u>35,502,917</u>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	698,583	845,458
Inventories	5	7,550,773	10,604,952
Property, Plant and Equipment	6	52,066,823	34,093,188
Infrastructure	7	<u>204,941,007</u>	<u>198,389,898</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>265,257,186</u>	<u>243,933,496</u>
<b>TOTAL ASSETS</b>		<u>303,226,824</u>	<u>279,436,413</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	1,142,297	2,638,200
Current Portion of Long Term Borrowings	9	2,416,900	127,779
Provisions	10	<u>1,747,404</u>	<u>1,591,472</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>5,306,601</u>	<u>4,357,451</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9	3,654,816	8,973,938
Provisions	10	<u>214,038</u>	<u>219,170</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>3,868,854</u>	<u>9,193,108</u>
<b>TOTAL LIABILITIES</b>		<u>9,175,455</u>	<u>13,550,559</u>
<b>NET ASSETS</b>		<u>294,051,369</u>	<u>265,885,854</u>
<b>EQUITY</b>			
Retained Surplus		259,529,569	236,122,784
Reserves - Cash Backed	11	31,849,469	29,763,070
Revaluation Surplus	12	<u>2,672,331</u>	<u>0</u>
<b>TOTAL EQUITY</b>		<u>294,051,369</u>	<u>265,885,854</u>

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

# Annual Financial Report

For the year ended 30th June 2013

## Statement of Changes in Equity

2012-2013

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2011		232,356,754	13,674,589	0	246,031,343
Comprehensive Income					
Net Result		19,854,511	0	0	19,854,511
Changes on Revaluation of Non-Current Assets	12	0	0	0	0
Total Comprehensive Income		19,854,511	0	0	19,854,511
Reserve Transfers		(16,088,481)	16,088,481	0	0
<b>Balance as at 30 June 2012</b>		<b>236,122,784</b>	<b>29,763,070</b>	<b>0</b>	<b>265,885,854</b>
Comprehensive Income					
Net Result		25,493,184	0	0	25,493,184
Changes on Revaluation of Non-Current Assets	12	0	0	2,672,331	2,672,331
Total Other Comprehensive Income		25,493,184	0	2,672,331	28,165,515
Reserve Transfers		(2,086,399)	2,086,399	0	0
<b>Balance as at 30 June 2013</b>		<b>259,529,569</b>	<b>31,849,469</b>	<b>2,672,331</b>	<b>294,051,369</b>

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

# Annual Financial Report

For the year ended 30th June 2013

## Statement of Cashflows

2012-2013

	NOTE	2013 \$	2013 Budget \$	2012 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		13,540,551	13,450,943	12,217,845
Operating Grants, Subsidies and Contributions		8,517,487	5,860,625	9,445,780
Fees and Charges		7,375,239	6,985,888	6,219,060
Interest Earnings		1,466,842	909,895	1,082,155
Goods and Services Tax		<u>2,427,582</u>	<u>2,200,000</u>	<u>3,028,167</u>
		33,327,701	29,407,351	31,993,007
<b>Payments</b>				
Employee Costs		(12,795,549)	(12,477,775)	(11,580,123)
Materials and Contracts		(6,896,457)	(8,501,103)	(6,104,917)
Utility Charges		(910,476)	(973,430)	(895,809)
Insurance Expenses		(452,427)	(488,908)	(473,578)
Interest Expenses		(52,958)	(59,069)	(49,471)
Goods and Services Tax		(3,587,680)	(2,200,000)	(1,828,014)
Other Expenditure		<u>(652,315)</u>	<u>(663,440)</u>	<u>(528,220)</u>
		<u>(25,347,862)</u>	<u>(25,363,725)</u>	<u>(21,460,132)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	13(b)	<u>7,979,839</u>	<u>4,043,626</u>	<u>10,532,875</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Development of Land Held for Resale		(267,156)	(417,548)	(469,441)
Payments for Purchase of Property, Plant & Equipment		(5,681,063)	(6,361,105)	(3,400,400)
Payments for Construction of Infrastructure		(11,703,396)	(31,183,539)	(8,146,229)
Advances to Community Groups		0	(400,000)	(59,395)
Non-Operating Grants, Subsidies and Contributions		8,965,906	10,982,543	19,398,853
Proceeds from Sale of Assets		4,139,851	1,136,375	868,366
Proceeds from Advances		<u>0</u>	<u>0</u>	<u>63,659</u>
<b>Net Cash Provided By (Used In) Investing Activities</b>		<u>(4,545,858)</u>	<u>(26,243,274)</u>	<u>8,255,413</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(3,297,157)	(507,590)	(263,659)
Proceeds from Self Supporting Loans		127,779	0	0
Proceeds from New Debentures		<u>267,156</u>	<u>765,000</u>	<u>447,863</u>
<b>Net Cash Provided By (Used In) Financing Activities</b>		<u>(2,902,222)</u>	<u>257,410</u>	<u>184,204</u>
<b>Net Increase (Decrease) in Cash Held</b>		531,759	(21,942,238)	18,972,492
Cash at Beginning of Year		32,946,714	32,826,473	13,974,222
<b>Cash and Cash Equivalents at the End of the Year</b>	13(a)	<u><u>33,478,473</u></u>	<u><u>10,884,235</u></u>	<u><u>32,946,714</u></u>

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

# Annual Financial Report

For the year ended 30th June 2013

2012-2013

## Rate Setting Statement

	NOTE	2013 Actual \$	2013 Budget \$	2012 Actual \$
<b>Revenue</b>				
Governance		229,169	127,374	221,647
General Purpose Funding		6,022,948	3,223,660	6,456,149
Law, Order, Public Safety		1,465,354	339,469	378,082
Health		68,049	158,276	158,405
Education and Welfare		2,574,848	2,414,562	2,377,103
Community Amenities		3,170,404	3,094,095	2,659,854
Recreation and Culture		17,629,240	8,595,684	3,274,978
Transport		7,070,531	6,254,380	5,546,534
Economic Services		694,888	414,120	14,632,993
Other Property and Services		1,719,375	646,917	838,525
		<u>40,644,806</u>	<u>25,268,537</u>	<u>36,544,270</u>
<b>Expenses</b>				
Governance		(1,588,673)	(1,402,976)	(1,219,015)
General Purpose Funding		(367,319)	(434,400)	(384,080)
Law, Order, Public Safety		(1,272,489)	(1,223,854)	(1,159,813)
Health		(326,533)	(394,981)	(412,662)
Education and Welfare		(2,613,496)	(2,819,642)	(2,542,779)
Community Amenities		(4,013,718)	(3,954,003)	(3,789,711)
Recreation and Culture		(6,226,203)	(5,819,826)	(5,861,121)
Transport		(10,446,064)	(12,160,444)	(11,001,421)
Economic Services		(1,272,044)	(2,600,641)	(1,651,299)
Other Property and Services		(533,697)	(936,523)	(855,554)
		<u>(28,660,236)</u>	<u>(31,747,290)</u>	<u>(28,877,455)</u>
<b>Net Result Excluding Rates</b>		11,984,570	(6,478,753)	7,666,815
<b>Adjustments for Cash Budget Requirements:</b>				
<b>Non-Cash Expenditure and Revenue</b>				
Decrement in Fair Value of Office Furniture & Equipment		16,137	0	0
Initial Recognition of Assets Due to Change to Regulations				
- Land & Buildings Under Control of Council	2(a)(ii)	(12,317,900)	0	0
(Profit)/Loss on Asset Disposals	20	(997,586)	(433,544)	(312,993)
Movement in Deferred Pensioner Rates (Non-Current)		(1,092)	0	(15,053)
Movement in General Receivables (Non-Current)		40,000	0	40,000
Movement in Employee Benefit Provisions (Non-Current)		81,998	159,446	47,015
Depreciation and Amortisation on Assets	2(a)	6,993,627	8,587,940	8,588,017
<b>Capital Expenditure and Revenue</b>				
Purchase Land Held for Resale		(267,156)	(417,548)	(469,441)
Purchase Land and Buildings		(2,086,730)	(2,474,117)	(1,943,386)
Purchase Infrastructure Assets - Roads		(6,388,051)	(7,070,105)	(6,505,702)
Purchase Infrastructure Assets - Other		(5,315,345)	(24,113,434)	(1,640,527)
Purchase Plant and Equipment		(3,577,647)	(3,646,515)	(1,285,060)
Purchase Furniture and Equipment		(16,686)	(240,473)	(171,954)
Proceeds from Disposal of Assets	20	4,139,851	1,136,375	868,366
Repayment of Debentures	21	(3,297,157)	(507,590)	(263,659)
Proceeds from New Debentures	21	267,156	765,000	447,863
Advances to Community Groups		0	(400,000)	(59,395)
Self-Supporting Loan Principal Income		127,779	141,931	63,659
Transfers to Reserves (Restricted Assets)	11	(22,018,811)	(2,593,727)	(20,120,053)
Transfers from Reserves (Restricted Assets)	11	19,932,412	21,798,363	4,005,772
Transfers from Other Restricted Assets		0	0	25,800
ADD Surplus/(Deficit) July 1 B/Fwd	22(b)	2,093,353	2,283,808	939,573
LESS Surplus/(Deficit) June 30 C/Fwd	22(b)	2,901,336	(53,000)	2,093,353
<b>Total Amount Raised from General Rate</b>	22(a)	<u>(13,508,614)</u>	<u>(13,449,943)</u>	<u>(12,187,696)</u>

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

**1. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

**(a) Basis of Preparation**

The financial report is a general purpose financial statement which has 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.

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of the 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.

**(b) The Local Government Reporting Entity**

All Funds through which the Council 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, but a separate statement of those monies appears at Note 19 to these financial statements.

**(c) 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.

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(d) Cash and Cash Equivalents**

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

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

**(e) Trade and Other Receivables**

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

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

Collectibility 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.

**(f) 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 Resale***

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

Gains and losses are recognised in the statement of comprehensive income 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 resale is classified as current except where it is held as non-current based on Council's intention to release for sale.



**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(g) Fixed Assets**

Each class of fixed assets is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation or 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.

Council has 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.

***Land Under Control***

In accordance with local Government (Financial Management) Regulation 16 (a), the Council is 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 other policies detailed in this Note.

Whilst they were initially recorded at cost, fair value at the date of acquisition was deemed cost as per AASB 116.

Consequently, these assets were initially recognised at cost but will be revalued along with other items of Land and Buildings at 30 June 2014.

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(g) Fixed Assets (Continued)*****Initial Recognition***

All assets are initially recognised at cost. 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 Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

***Revaluation***

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

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date (Level 1 inputs in fair value hierarchy).

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

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

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value, imposes a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(g) Fixed Assets (Continued)*****Transitional Arrangement***

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

Those assets carried at cost will be carried in accordance with the policy detailed in the ***Initial Recognition*** section as detailed above.

Those assets carried at fair value will be carried in accordance with the ***Revaluation*** methodology section as detailed above.

***Early Adoption of AASB 13 - Fair Value Measurement***

Whilst the new accounting standard in relation to fair value, *AASB 13 - Fair Value Measurement* does not become applicable until the end of the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to early adopt AASB 13 (as allowed for in the standard).

As a consequence, the principles embodied in *AASB 13 - Fair Value Measurement* have been applied to this reporting period (year ended 30 June 2013).

Due to the nature and timing of the adoption (driven by legislation), the adoption of this standard has had no effect on previous reporting periods.

***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 AASB1051 - 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 Council.

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(g) Fixed Assets (Continued)*****Depreciation of Non-Current Assets***

All non-current assets having a limited useful life (excluding freehold land) are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	20 to 50 years
Furniture and Equipment	5 to 20 years
Plant and Equipment	3 to 15 years
Infrastructure	
Formation	not depreciated
Construction Road Base	50 years
Bituminous Seal	25 years
Footpaths - slab	10 to 30 years
Parking Facilities	15 to 16 years
Water supply piping and drainage systems	40 years
Parks and Gardens	20 years
Airport	35 to 36 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 with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

***Capitalisation Threshold***

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

**(h) Intangible Assets****Easements**

Due to legislative changes, Easements are required to be recognised as assets.

If significant, they are initially recognised at cost and have an indefinite useful life.

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(i) Financial Instruments*****Initial Recognition and Measurement***

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (ie 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.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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;
- (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; and
- (d) less any reduction for impairment.

The effective interest rate 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.

***(i) Financial assets at fair value through profit and loss***

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current. They are subsequently measured at fair value with changes to carrying amount being included in profit or loss.

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(i) Financial Instruments (Continued)*****Classification and Subsequent Measurement (Continued)******(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 and fixed maturities that the Council's management 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 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.

They are subsequently measured at fair value with changes in such fair value (ie 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 the 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.

***Impairment***

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired.

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 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 instruments, 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 into profit or loss at this point.

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(i) Financial Instruments (Continued)*****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 Council no longer has any significant continued involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. 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.

**(j) Impairment**

In accordance with Australian Accounting Standards the Council'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 (eg AASB 116). 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.

**(k) Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council 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.

**(l) Employee Benefits**

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

**(m) 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.

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(n) Provisions**

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; and
- c) 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.

**(o) 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 Council, 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.

**(p) Investments in Associates**

Associates are entities in which the Council has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Council. 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 Council's share of net assets of the associate entity. In addition, Council's share of the profit or loss of the associate entity is included in the Council's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition, whereby the Council'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 Council and the associate are eliminated to the extent of the Council's interest in the associate.



**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(q) Joint Venture**

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 16.

The Council's interest in joint venture entities are recorded using the equity method of accounting (refer to Note 1(p) for details) in the financial report.

When the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of gain or loss not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

**(r) 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 operation for the current reporting period.

**(s) Superannuation**

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

**(t) 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 Council's operational cycle. In the case of liabilities where the Council 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 resale where it is held as non-current based on Council's intentions to release for sale.

**(u) Rounding Off Figures**

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

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(v) Comparative Figures**

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

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

**(w) 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)

#### (x) 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 Council.

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

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments	December 2009	01 January 2013	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 Council, it is not anticipated the standard will have any material effect.
AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures	September 2012	Deferred AASB 9 until 1 January 2015	
(ii) AASB 2009 – 11 Amendments to Australian Accounting Standards arising from AASB 9  [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)	December 2009	01 January 2013	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 Council (refer (i) above).

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

Title and Topic	Issued	Applicable (*)	Impact
(iii) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [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]	December 2010	01 January 2013	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 Council (refer (i) above).
(iv) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards  [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these, except for AASB 128 , are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB 2011 - 9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently.  It effects presentation only and is not expected to significantly impact the Council.
(vi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2012-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(vii) AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 32]	June 2012	01 January 2013	Principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.  This Standard is not expected to significantly impact on the Council's financial statements.

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2013	01 January 2014	<p>This Standard adds application guidance to AASB 132: <i>Financial Instruments: Presentation</i> to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.</p> <p>This Standard is not expected to significantly impact on the Council’s financial statements.</p>
(ix) AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132, 134 and Interpretation 2]	June 2012	01 January 2013	<p>Outlines changes to the various standards and interpretations as listed. These topics are not currently relevant to Council, nor are they expected to be in the future. As a consequence, this Standard is not expected to significantly impact on the Council’s financial statements.</p>
(x) AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]	December 2012	01 January 2013	<p>Mainly consequential changes relating to transition guidance. It is not expected to have a significant impact on Council.</p>

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(y) Adoption of New and Revised Accounting Standards**

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

These new and revised standards were:

AASB 2010 – 8  
AASB 2011 - 3  
AASB 2011 - 13

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either 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.

The Council also chose to early adopt *AASB 13 – Fair Value Measurement* as allowed for in the standard. For further details with respect to this early adoption, refer to Note 1(g).

# Annual Financial Report

For the year ended 30th June 2013

# Notes to and forming part of the Financial Report

2012-2013

## 2. REVENUE AND EXPENSES

2013  
\$

2012  
\$

### (a) Net Result

The Net Result includes:

(i) Charging as an Expense:

#### Auditors Remuneration

- Audit of the financial report	26,065	21,000
- Financial Position and System Review	0	18,000
- Assistance with the finalisation of the annual financial report	5,250	0
- Audit of Acquittals	11,700	12,909

#### Depreciation

Buildings	690,237	618,927
Furniture and Equipment	37,503	43,409
Plant and Equipment	1,163,895	1,249,025
Construction other than Building	174,432	169,909
Roads	4,073,768	5,802,398
Lighting	30,146	23,617
Footpaths	236,644	214,952
Parks and Reserves	0	5,478
Drainage	113,146	108,679
Pipes	112,653	112,652
Other	96,046	75,149
Tourist Signs	2,453	2,453
Airport	175,863	132,732
Parking	86,841	28,637
	<u>6,993,627</u>	<u>8,588,017</u>

#### Interest Expenses (Finance Costs)

Debentures (refer Note 21(a))	51,507	54,999
	<u>51,507</u>	<u>54,999</u>

#### Rental Charges

- Operating Leases	<u>70,857</u>	<u>83,846</u>
--------------------	---------------	---------------

(ii) Crediting as Revenue:

#### Significant Revenue

Recreation & Culture	12,317,900	0
	<u>12,317,900</u>	<u>0</u>

This significant revenue related to the initial recognition of Land under the Shire's control in accordance with amendments to the Financial Management Regulations. It has been classified as Other Revenue by Nature or Type.

	2013 \$	2013 Budget \$	2012 \$
<b>Interest Earnings</b>			
Investments			
- Reserve Funds	558,841	480,895	659,501
- Other Funds	812,980	340,000	438,891
Other Interest Revenue (refer note 24)	92,179	89,000	91,633
	<u>1,464,000</u>	<u>909,895</u>	<u>1,190,025</u>



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

The Shire of Esperance is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

**GOVERNANCE**

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

**Activities :** Includes the activities of members of council (Councillors) and the administrative support available to the Council for the provision of governance of the district. Other costs relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific 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 as well as 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 citizens and aged care centre. Provision and maintenance of home and community care programs and youth support services.

**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, administration of town planning schemes, cemetery and public conveniences.

**RECREATION AND CULTURE**

**Objective :** To establish and effectively manage infrastructure and resources 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, cycleways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc. Provision and operation of airport.

**2. REVENUE AND EXPENSES (Continued)****(b) Statement of Objective (Continued)****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, 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.

# Annual Financial Report

For the year ended 30th June 2013

## Notes to and forming part of the Financial Report

2012-2013

### 2. REVENUE AND EXPENSES (Continued)

#### (c) Conditions Over Grants/Contributions

Grant/Contribution	Opening Balance (*) 1-Jul-11 \$	Received (+) 2011/12 \$	Expended (#) 2011/12 \$	Closing Balance (*) 30-Jun-12 \$	Received (+) 2012/13 \$	Expended (#) 2012/13 \$	Closing Balance 30-Jun-13 \$
<b>General Purpose Funding</b>							
Grant - Royalties for Regions	336,175	0	(336,175)	0	0	0	0
<b>Governance &amp; Administration</b>							
Grant - DLG Workforce Planning	0	0	0	0	25,000	(7,450)	17,550
<b>Law, Order &amp; Public Safety</b>							
Grant - FESA - Fire Prevention	0	194,716	(187,256)	7,460	208,515	(210,103)	5,872
Sponsorship - LEMC/BHP	3,442	0	(1,547)	1,895	0	(687)	1,208
Sponsorship - Horizon Power	0	10,000	0	10,000	0	(10,000)	0
Grant - State Graffiti Fund	0	13,627	0	13,627	0	(13,627)	0
Grant - DLG Cat Management Facilities	0	0	0	0	43,836	0	43,836
Grant - DFES/SES	0	0	0	0	20,700	(19,704)	996
Grant - Crossroads Youth Program	0	0	0	0	25,000	(9,489)	15,511
<b>Education &amp; Welfare</b>							
Grant - HACC Seniors Leisure Link	4,000	0	0	4,000	0	0	4,000
Grant - Hearing Impaired Pilot Project	4,417	0	0	4,417	0	0	4,417
Grant - Seniors Technology Link	0	0	0	0	13,200	0	13,200
Grant - Carers WA	0	0	0	0	1,400	0	1,400
Grant - Other Programs (Minor Assets)	13,868	12,665	0	26,533	0	(11,950)	14,583
Grant - HACC Operating	25,117	34,019	0	59,136	32,824	0	91,960
Grant - HACC Capital	215,713	22,651	(185,829)	52,535	10,614	0	63,149
Grant - VMP CPO	13,069	4,442	0	17,511	134,056	(132,608)	18,959
<b>Community Amenities</b>							
Grant - SCNRM Environmental Weed Project	4,706	0	0	4,706	0	(4,706)	0
Grant - Dieback Works #1 & 2	4,485	0	0	4,485	0	(2,835)	1,650
Grant - Lovers Cove	0	5,835	(4,709)	1,126	0	(1,126)	0
Grant - SCMG Recreational Vehicle Access	0	0	0	0	8,500	(5,165)	3,335
Grant - CLGF - Myrup Truck Wash	0	0	0	0	350,000	0	350,000
Grant - National Science Week	760	0	(760)	0	0	0	0
Balance carried to next page	625,752	297,955	(716,276)	207,431	873,645	(429,450)	651,626

# Annual Financial Report

For the year ended 30th June 2013

## Notes to and forming part of the Financial Report

2012-2013

### 2. REVENUE AND EXPENSES (Continued)

#### (c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Opening Balance (*) 1-Jul-11 \$	Received (+) 2011/12 \$	Expended (#) 2011/12 \$	Closing Balance (*) 30-Jun-12 \$	Received (+) 2012/13 \$	Expended (#) 2012/13 \$	Closing Balance 30-Jun-13 \$
Balance from previous page	625,752	297,955	(716,276)	207,431	873,645	(429,450)	651,626
<b>Recreation &amp; Culture</b>							
Grant - RLCIP Solar Panels	16,344	0	0	<b>16,344</b>	0	(16,344)	<b>0</b>
Grant - Sand Renourishment Program	0	0	0	<b>0</b>	150,000	(59,547)	<b>90,453</b>
Grant - Magellan - Lions Playground	0	15,000	(10,985)	<b>4,015</b>	0	(4,015)	<b>0</b>
Grant - Tanker Jetty Structural Assessment	18,215	0	(11,202)	<b>7,013</b>	0	(7,013)	<b>0</b>
Grant - Telstra Connected Seniors	0	5,000	(167)	<b>4,833</b>	0	(1,570)	<b>3,263</b>
Grant - PLA Storytime on Stage	0	500	0	<b>500</b>	0	(500)	<b>0</b>
Grant - RLCIP Walker St Playground	111,535	0	(111,535)	<b>0</b>	0	0	<b>0</b>
Grant - Accessible Communities	11,615	0	(11,615)	<b>0</b>	0	0	<b>0</b>
Grant - Dept of Agriculture	17,809	0	(17,809)	<b>0</b>	0	0	<b>0</b>
Grant - NRM Walker St Fencing & Signage	0	20,000	0	<b>20,000</b>	0	(6,602)	<b>13,398</b>
Grant - Dept of Sport & Rec Kidsport	0	52,000	(14,451)	<b>37,549</b>	0	(19,794)	<b>17,755</b>
Grant - R4R GERGS	0	0	0	<b>0</b>	500,000	(401,888)	<b>98,112</b>
Grant - Dept of Regional Dev & Lands - Foreshore	0	1,045,000	0	<b>1,045,000</b>	0	(1,045,000)	<b>0</b>
Grant - RDL - Regional CLGF	0	0	0	<b>0</b>	969,982	0	<b>969,982</b>
Grant - Community Arts Catalyst Walker St P/G	0	10,000	(9,805)	<b>195</b>	0	(195)	<b>0</b>
Grant - Club Development Officer	0	50,000	(49,175)	<b>825</b>	0	(825)	<b>0</b>
	0	0	0	<b>0</b>	909	(363)	<b>546</b>
<b>Transport</b>							
Grant - Roadwise #491	5,843	0	(5,843)	<b>0</b>	0	0	<b>0</b>
Grant - Road Safety #286	2,037	0	(2,037)	<b>0</b>	0	0	<b>0</b>
Grant - Roadwise Action Plan	343	1,000	(580)	<b>763</b>	0	(763)	<b>0</b>
Contribution - Jetrio Pty Ltd	15,000	0	0	<b>15,000</b>	0	(15,000)	<b>0</b>
Grant - DOT Security Screening	0	650,000	(218,214)	<b>431,786</b>	0	(431,786)	<b>0</b>
Grant - MRWA - Blackspot	0	0	0	<b>0</b>	15,946	0	<b>15,946</b>
Grant - MRWA - RRG (Fisheries Rd)	0	0	0	<b>0</b>	968	0	<b>968</b>
Balance carried to next page	824,493	2,146,455	(1,179,694)	1,791,254	2,511,450	(2,440,655)	1,862,049

### 2. REVENUE AND EXPENSES (Continued)

#### (c) Conditions Over Grants/Contributions (Continued)

Grant/Contribution	Opening Balance (*) 1-Jul-11 \$	Received (+) 2011/12 \$	Expended (#) 2011/12 \$	Closing Balance (*) 30-Jun-12 \$	Received (+) 2012/13 \$	Expended (#) 2012/13 \$	Closing Balance 30-Jun-13 \$
Balance from previous page	824,493 0	2,146,455 0	(1,179,694) 0	1,791,254 0	2,511,450 0	(2,440,655) 0	1,862,049
<b><u>Economic Services</u></b>							
Contribution - Wild Dog Control	106,002	155,932	(145,595)	<b>116,339</b>	140,750	(189,635)	<b>67,454</b>
Grant - Dept Of Ag & Food - Dry Season	0	0	0	<b>0</b>	10,000	0	<b>10,000</b>
Grant - Supertowns	0	13,942,867	(484,113)	<b>13,458,754</b>	416,339	(29,146)	<b>13,845,947</b>
Grant - Dept of Agriculture	4,000	0	(4,000)	<b>0</b>	0	0	<b>0</b>
<b>Total</b>	<b>934,495</b>	<b>16,245,254</b>	<b>(1,813,402)</b>	<b>15,366,347</b>	<b>3,078,539</b>	<b>(2,659,436)</b>	<b>15,785,450</b>

#### Notes:

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

(+) - 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.

(#) - 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.

All of the unspent grants/contributions are held as restricted cash in Unspent Grants & Contributions Reserve.

2012-2013

	2013 \$	2012 \$
<b>3. CASH AND CASH EQUIVALENTS</b>		
Unrestricted	1,629,004	3,183,644
Restricted	<u>31,849,469</u>	<u>29,763,070</u>
	<u>33,478,473</u>	<u>32,946,714</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Land Purchase & Development Reserve	1,025,654	890,054
Council Buildings Construction Reserve	418,132	174,378
Eastern Suburbs Water Pipeline Reserve	97,086	79,413
Jetty Reserve	799,922	696,877
Aerodrome Reserve	1,907,062	1,454,520
Salmon Gums Quarry Reserve	9,567	9,134
Off Street Parking Reserve	134,334	128,252
Sanitation (Rubbish Removal) Services Reserve	1,915,126	1,620,206
Esperance Home Care Fundraising Reserve	40,322	62,111
HACC Asset Replacement Reserve	348,880	191,935
Gravel Resources Compensation Reserve	51,724	49,382
Southern Suburbs Water Supply Reserve	26,492	34,649
Cemetery Reserve	36,424	32,103
Unspent Grants & Contributions Reserve	18,345,769	17,724,018
Historical Village Reserve	1,927	1,839
Plant Replacement Reserve	602,446	1,105,304
Employee Entitlements - Long Service Leave Reserve	781,876	746,481
History Book Reserve	17,584	16,597
Tanker Jetty Donations Reserve	37,854	34,480
Library Reserve	39,485	32,541
Drainage Reserve	231,025	220,566
Building Maintenance Reserve	3,568,382	2,771,970
Community Bus Maintenance & Replacement Reserve	85,008	73,020
Governance & Workers Compensation Reserve	395,526	307,099
Shark Lake Industrial Park - Environment Monitoring and Landscape/Drainage Maintenance Reserve	75,237	68,990
Staff Retention & Attraction Reserve	220,341	641,730
IT System & Process Development Reserve	320,840	316,506
Esperance Home Care Annual Leave Reserve	164,004	139,844
Esperance Home Care Long Service Leave Reserve	<u>151,440</u>	<u>139,071</u>
	<u>31,849,469</u>	<u>29,763,070</u>

**Annual Financial Report**

For the year ended 30th June 2013

2012-2013

**Notes to and forming part of the  
Financial Report**

	2013	2012
	\$	\$
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates & Rubbish	101,001	134,030
General Receivables	2,639,495	1,786,687
Interest	109,052	111,894
Self Supporting Loan Receivables	107,967	127,779
	<u>2,957,515</u>	<u>2,160,390</u>
<b>Non-Current</b>		
Rates Outstanding - Pensioners	70,306	69,214
General Receivables	0	40,000
Self Supporting Loan Receivables	628,277	736,244
	<u>698,583</u>	<u>845,458</u>
<b>5. INVENTORIES</b>		
<b>Current</b>		
Roadmaking Materials	147,327	96,731
Fuels & Oils	33,330	36,995
Goods Held for Resale	152,993	81,339
Land Held for Resale (Flinders)	1,200,000	180,748
	<u>1,533,650</u>	<u>395,813</u>
<b>Non-Current</b>		
Land Held for Resale (Shark Lake Industrial Park)	2,579,803	2,553,709
Land Held for Resale (Flinders)	4,970,970	8,051,243
	<u>7,550,773</u>	<u>10,604,952</u>

	2013 \$	2012 \$
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land and Buildings		
Freehold Land - Cost	916,766	882,450
Land - Vested in and Under the Control of Council - Cost	6,170,000	0
Total Land	<u>7,086,766</u>	<u>882,450</u>
Buildings on Land - Vested in and Under the Control of Council - Cost	6,147,900	0
Buildings owned by Council - Cost	36,195,405	33,816,397
Less Accumulated Depreciation	<u>(9,767,748)</u>	<u>(9,051,259)</u>
Total Buildings	<u>32,575,557</u>	<u>24,765,138</u>
Total Land and Buildings	<u>39,662,323</u>	<u>25,647,588</u>
Office Furniture and Equipment - Independent Valuation 2013	199,800	0
Office Furniture and Equipment - Cost	0	517,216
Less Accumulated Depreciation	<u>0</u>	<u>(165,385)</u>
	199,800	351,831
Plant and Equipment		
Major Plant and Equipment at:		
- Independent Valuation 2013	3,146,500	0
- Cost	0	1,481,541
Less Accumulated Depreciation	<u>0</u>	<u>(1,109,329)</u>
	3,146,500	372,212
Minor Plant and Equipment at:		
- Independent Valuation 2013	218,000	0
- Cost	0	318,674
Less Accumulated Depreciation	<u>0</u>	<u>(121,523)</u>
	218,000	197,151
Total Plant and Equipment	<u>3,364,500</u>	<u>569,363</u>
Motor Vehicles		
Non-Specialised Motor Vehicles at:		
- Independent Valuation 2013	1,380,500	0
- Cost	0	2,028,585
Less Accumulated Depreciation	<u>0</u>	<u>(591,386)</u>
	1,380,500	1,437,199
Specialised Motor Vehicles at:		
- Independent Valuation 2013	1,308,900	0
- Cost	0	1,737,118
Less Accumulated Depreciation	<u>0</u>	<u>(976,510)</u>
	1,308,900	760,608
Total Motor Vehicles	<u>2,689,400</u>	<u>2,197,807</u>
Road Making Plant		
Major Road Making Plant at:		
- Independent Valuation 2013	5,583,800	0
- Cost	0	8,093,713
Less Accumulated Depreciation	<u>0</u>	<u>(3,331,408)</u>
	5,583,800	4,762,305
Minor Road Making Plant at:		
- Independent Valuation 2013	567,000	0
- Cost	0	877,122
Less Accumulated Depreciation	<u>0</u>	<u>(312,828)</u>
	567,000	564,294
Total Road Making Plant	<u>6,150,800</u>	<u>5,326,599</u>
	<u>52,066,823</u>	<u>34,093,188</u>



**6. PROPERTY, PLANT AND EQUIPMENT (Continued)****Plant and Equipment**

The Shire's Plant and Equipment was revalued at 30 June 2013 by independent valuers. Valuations for all minor plant and equipment were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy). Valuations for major plant and equipment are based on residual values and remaining useful life (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.

The revaluation resulted in an increase of \$51,522 in the net value of the Shire's Minor Plant and Equipment and an increase of \$1,885,086 in the net value of the Shire's Major Plant and Equipment. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(c) for further details) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

**Motor Vehicles**

The Shire's Motor Vehicles was revalued at 30 June 2013 by independent valuers. Valuations for all non-specialised motor vehicles were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy). Valuations for specialised motor vehicles are based on residual values and remaining useful life (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.

The revaluation resulted in an increase of \$7,743 in the net value of the Shire's Non-Specialised Motor Vehicles and an increase of \$505,346 in the net value of the Shire's Specialised Motor Vehicles. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(c) for further details) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

**Road Making Plant**

The Shire's Road Making Plant was revalued at 30 June 2013 by independent valuers. Valuations for all major road making plant were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy). Valuations for minor road making plant are based on residual values and remaining useful life (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.

The revaluation resulted in an increase of \$221,793 in the net value of the Shire's Major Road Making Plant and an increase of \$841 in the net value of the Shire's Minor Road Making Plant. All of this increase was credited to the revaluation surplus in the Shire's equity (refer Note 12(c) for further details) and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

**Office Furniture and Equipment**

The Shire's Furniture and Equipment was revalued at 30 June 2013 by management valuation having regard for their current replacement cost, condition assessment (Level 2 inputs in the fair value hierarchy), residual values and remaining estimated useful life (Level 3 inputs).

Given the significance of the Level 3 inputs into the overall fair value measurement, the assets are deemed to have been valued using Level 3 inputs.

These 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.

The revaluation resulted in an overall decrease of \$16,137 to the net value of the Shire's Office Furniture and Equipment. This decrease was recognised in the net result in the Statement of Comprehensive Income.

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**
**Movements in Carrying Amounts**

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

	Land	Buildings	Total Land and Buildings	Office Furniture and Equipment (Level 3)	Minor Plant and Equipment (Level 2)	Major Plant and Equipment (Level 3)	Total Plant and Equipment	Non-Specialised Motor Vehicles (Level 2)	Specialised Motor Vehicles (Level 3)	Total Motor Vehicles	Major Road Making Plant (Level 2)	Minor Road Making Plant (Level 3)	Total Road Making Plant	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at the beginning of the year	882,450	24,765,138	25,647,588	351,831	197,150	372,213	569,363	1,231,237	966,570	2,197,807	4,762,305	564,294	5,326,599	34,093,188
Additions	34,316	2,052,414	2,086,730	16,686	0	1,079,228	1,079,228	578,132	0	578,132	1,861,281	59,006	1,920,287	5,681,063
(Disposals)	0	0	0	0	0	(18,927)	(18,927)	(231,000)	0	(231,000)	(590,255)	0	(590,255)	(840,182)
Revaluation - Increments	0	0	0	0	51,522	1,885,086	1,936,608	7,743	505,346	513,089	221,793	841	222,634	2,672,331
- (Decrements)	0	0	0	(16,137)	0	0	0	0	0	0	0	0	0	(16,137)
Impairment - (Losses)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- Reversals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Initial Recognition of Assets Due to Changes to Regulations	6,170,000	6,147,900	12,317,900	0	0	0	0	0	0	0	0	0	0	12,317,900
Depreciation (Expense)	0	(690,237)	(690,237)	(37,503)	(30,672)	(36,130)	(66,802)	(205,612)	(163,016)	(368,628)	(671,324)	(57,141)	(728,465)	(1,891,635)
Reclassification	0	300,342	300,342	(115,077)	0	(134,970)	(134,970)	0	0	0	0	0	0	50,295
<b>Carrying amount at the end of year</b>	<b>7,086,766</b>	<b>32,575,557</b>	<b>39,662,323</b>	<b>199,800</b>	<b>218,000</b>	<b>3,146,500</b>	<b>3,364,500</b>	<b>1,380,500</b>	<b>1,308,900</b>	<b>2,689,400</b>	<b>5,583,800</b>	<b>567,000</b>	<b>6,150,800</b>	<b>52,066,823</b>

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>7. INFRASTRUCTURE</b>		
Roads - Cost	303,142,183	296,754,133
Less Accumulated Depreciation	<u>(119,946,480)</u>	<u>(115,872,713)</u>
	183,195,703	180,881,420
Footpaths - Cost	6,847,202	6,779,008
Less Accumulated Depreciation	<u>(2,519,418)</u>	<u>(2,282,774)</u>
	4,327,784	4,496,234
Drainage - Cost	5,430,210	4,775,393
Less Accumulated Depreciation	<u>(1,607,296)</u>	<u>(1,494,150)</u>
	3,822,914	3,281,243
Culverts & Pipes - Cost	4,506,113	4,506,113
Less Accumulated Depreciation	<u>(4,064,255)</u>	<u>(3,951,602)</u>
	441,858	554,511
Parks & Ovals - Cost	6,268,506	6,268,506
Less Accumulated Depreciation	<u>(6,268,506)</u>	<u>(6,268,506)</u>
	0	0
Street Lighting - Cost	730,473	720,264
Less Accumulated Depreciation	<u>(192,922)</u>	<u>(162,776)</u>
	537,551	557,488
Tourist Road Signs - Cost	80,937	80,937
Less Accumulated Depreciation	<u>(19,582)</u>	<u>(17,129)</u>
	61,355	63,808
Esperance Airport - Cost	5,553,345	5,028,769
Less Accumulated Depreciation	<u>(1,145,705)</u>	<u>(969,842)</u>
	4,407,640	4,058,927
Parking - Cost	667,077	640,841
Less Accumulated Depreciation	<u>(432,255)</u>	<u>(345,415)</u>
	234,822	295,426
Other - Cost	2,652,841	2,605,594
Less Accumulated Depreciation	<u>(621,760)</u>	<u>(525,714)</u>
	2,031,081	2,079,880
Construction other than buildings - Cost	7,794,395	3,884,028
Less Accumulated Depreciation	<u>(1,914,096)</u>	<u>(1,763,067)</u>
	5,880,299	2,120,961
	<u>204,941,007</u>	<u>198,389,898</u>

**7. INFRASTRUCTURE (Continued)**

**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.

	Roads	Footpaths	Drainage	Culverts & Pipes	Parks & Ovals	Street Lighting	Tourist Road Signs	Esperance Airport	Parking	Other	Construction other than Buildings	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of the year	180,881,420	4,496,234	3,281,243	554,511	0	557,488	63,808	4,058,927	295,426	2,079,880	2,120,961	198,389,898
Additions	6,388,051	68,194	654,817	0	0	10,209	0	524,576	26,237	47,247	3,984,065	11,703,396
(Disposals)	0	0	0	0	0	0	0	0	0	0	0	0
Revaluation - Increments	0	0	0	0	0	0	0	0	0	0	0	0
- (Decrements)	0	0	0	0	0	0	0	0	0	0	0	0
Impairment - (Losses)	0	0	0	0	0	0	0	0	0	0	0	0
- Reversals	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation (Expense)	(4,073,768)	(236,644)	(113,146)	(112,653)	0	(30,146)	(2,453)	(175,863)	(86,841)	(96,046)	(174,432)	(5,101,992)
Reclassification	0	0	0	0	0	0	0	0	0	0	(50,295)	(50,295)
<b>Carrying amount at the end of year</b>	<b>183,195,703</b>	<b>4,327,784</b>	<b>3,822,914</b>	<b>441,858</b>	<b>0</b>	<b>537,551</b>	<b>61,355</b>	<b>4,407,640</b>	<b>234,822</b>	<b>2,031,081</b>	<b>5,880,299</b>	<b>204,941,007</b>

2013  
\$

2012  
\$

## 8. TRADE AND OTHER PAYABLES

### Current

Sundry Creditors	772,216	1,143,474
Accrued Interest on Debentures	10,480	11,931
Accrued Salaries and Wages	339,986	303,082
Good & Services Tax Payable	19,615	1,179,713
	<u>1,142,297</u>	<u>2,638,200</u>

## 9. LONG-TERM BORROWINGS

### Current

Secured by Floating Charge Debentures	2,416,900	127,779
	<u>2,416,900</u>	<u>127,779</u>

### Non-Current

Secured by Floating Charge Debentures	3,654,816	8,973,938
	<u>3,654,816</u>	<u>8,973,938</u>

Additional detail on borrowings is provided in Note 21.

## 10. PROVISIONS

Analysis of Total Provisions

Current	1,747,404	1,591,472
Non-Current	214,038	219,170
	<u>1,961,442</u>	<u>1,810,642</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance as at 1 July 2012	839,611	971,031	1,810,642
Additional provisions	694,639	146,583	841,222
Amounts used	(601,677)	(88,745)	(690,422)
Balance at 30 June 2013	<u>932,573</u>	<u>1,028,869</u>	<u>1,961,442</u>

	2013 \$	2013 Budget \$	2012 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Land Purchase &amp; Development Reserve</b>			
Opening Balance	890,054	890,054	777,983
Amount Set Aside / Transfer to Reserve	334,557	35,602	165,294
Amount Used / Transfer from Reserve	<u>(198,957)</u>	<u>(638,207)</u>	<u>(53,223)</u>
	<u>1,025,654</u>	<u>287,449</u>	<u>890,054</u>
<b>(b) Council Buildings Construction Reserve</b>			
Opening Balance	174,378	174,379	16,125
Amount Set Aside / Transfer to Reserve	243,754	257,767	158,253
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>418,132</u>	<u>432,146</u>	<u>174,378</u>
<b>(c) Eastern Suburbs Water Pipeline Reserve</b>			
Opening Balance	79,413	79,414	136,683
Amount Set Aside / Transfer to Reserve	88,673	53,177	6,515
Amount Used / Transfer from Reserve	<u>(71,000)</u>	<u>(99,460)</u>	<u>(63,785)</u>
	<u>97,086</u>	<u>33,131</u>	<u>79,413</u>
<b>(d) Jetty Reserve</b>			
Opening Balance	696,877	696,877	1,552,851
Amount Set Aside / Transfer to Reserve	103,045	27,875	144,026
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>(1,000,000)</u>
	<u>799,922</u>	<u>724,752</u>	<u>696,877</u>
<b>(e) Aerodrome Reserve</b>			
Opening Balance	1,454,520	1,454,520	1,842,733
Amount Set Aside / Transfer to Reserve	838,410	725,008	87,845
Amount Used / Transfer from Reserve	<u>(385,868)</u>	<u>(658,043)</u>	<u>(476,058)</u>
	<u>1,907,062</u>	<u>1,521,485</u>	<u>1,454,520</u>
<b>(f) Salmon Gums Quarry Reserve</b>			
Opening Balance	9,134	9,134	8,718
Amount Set Aside / Transfer to Reserve	433	365	416
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>9,567</u>	<u>9,499</u>	<u>9,134</u>
<b>(g) Municipal Museum Reserve</b>			
Opening Balance	0	0	2,597
Amount Set Aside / Transfer to Reserve	0	0	124
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>(2,721)</u>
	<u>0</u>	<u>0</u>	<u>0</u>
<b>(h) Off Street Parking Reserve</b>			
Opening Balance	128,252	128,252	122,417
Amount Set Aside / Transfer to Reserve	6,082	5,130	5,835
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>134,334</u>	<u>133,382</u>	<u>128,252</u>

	2013 \$	2013 Budget \$	2012 \$
<b>11. RESERVES - CASH BACKED (Continued)</b>			
<b>(i) Sanitation (Rubbish Removal) Services Reserve</b>			
Opening Balance	1,620,206	1,620,206	1,368,867
Amount Set Aside / Transfer to Reserve	378,507	472,084	251,339
Amount Used / Transfer from Reserve	<u>(83,587)</u>	<u>(1,169,203)</u>	<u>0</u>
	<u>1,915,126</u>	<u>923,087</u>	<u>1,620,206</u>
<b>(j) HACC Asset Replacement Reserve</b>			
Opening Balance	191,935	191,935	126,963
Amount Set Aside / Transfer to Reserve	156,945	7,677	64,972
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>348,880</u>	<u>199,612</u>	<u>191,935</u>
<b>(k) Esperance Home Care Fundraising Reserve</b>			
Opening Balance	62,111	62,112	62,762
Amount Set Aside / Transfer to Reserve	2,945	2,484	2,993
Amount Used / Transfer from Reserve	<u>(24,734)</u>	<u>0</u>	<u>(3,644)</u>
	<u>40,322</u>	<u>64,596</u>	<u>62,111</u>
<b>(l) Gravel Resources Compensation Reserve</b>			
Opening Balance	49,382	49,382	47,135
Amount Set Aside / Transfer to Reserve	2,342	1,975	2,247
Amount Used / Transfer from Reserve	<u>0</u>	<u>(1,000)</u>	<u>0</u>
	<u>51,724</u>	<u>50,357</u>	<u>49,382</u>
<b>(m) Southern Suburbs Water Supply Reserve</b>			
Opening Balance	34,649	34,649	38,756
Amount Set Aside / Transfer to Reserve	1,643	1,386	1,847
Amount Used / Transfer from Reserve	<u>(9,800)</u>	<u>(943)</u>	<u>(5,954)</u>
	<u>26,492</u>	<u>35,092</u>	<u>34,649</u>
<b>(n) Cemetery Reserve</b>			
Opening Balance	32,103	32,102	27,778
Amount Set Aside / Transfer to Reserve	4,321	3,784	4,325
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>36,424</u>	<u>35,886</u>	<u>32,103</u>
<b>(o) Unspent Grants &amp; Contributions Reserve</b>			
Opening Balance	17,724,018	17,749,818	2,129,275
Amount Set Aside / Transfer to Reserve	18,345,769	0	17,724,018
Amount Used / Transfer from Reserve	<u>(17,724,018)</u>	<u>(17,749,818)</u>	<u>(2,129,275)</u>
	<u>18,345,769</u>	<u>0</u>	<u>17,724,018</u>
<b>(p) Historical Village Reserve</b>			
Opening Balance	1,839	1,839	1,756
Amount Set Aside / Transfer to Reserve	88	3,511	83
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>1,927</u>	<u>5,350</u>	<u>1,839</u>

	2013 \$	2013 Budget \$	2012 \$
<b>11. RESERVES - CASH BACKED (Continued)</b>			
<b>(q) Plant Replacement Reserve</b>			
Opening Balance	1,105,304	1,105,304	626,023
Amount Set Aside / Transfer to Reserve	52,412	44,212	479,281
Amount Used / Transfer from Reserve	<u>(555,270)</u>	<u>(597,878)</u>	<u>0</u>
	<u>602,446</u>	<u>551,638</u>	<u>1,105,304</u>
<b>(r) Employee Entitlements - Long Service Leave Reserve</b>			
Opening Balance	746,481	746,479	712,515
Amount Set Aside / Transfer to Reserve	35,395	29,859	33,966
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>781,876</u>	<u>776,338</u>	<u>746,481</u>
<b>(s) History Book Reserve</b>			
Opening Balance	16,597	16,597	15,803
Amount Set Aside / Transfer to Reserve	987	1,464	794
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>17,584</u>	<u>18,061</u>	<u>16,597</u>
<b>(t) Tanker Jetty Donations Reserve</b>			
Opening Balance	34,480	34,480	30,521
Amount Set Aside / Transfer to Reserve	3,374	3,879	3,959
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>37,854</u>	<u>38,359</u>	<u>34,480</u>
<b>(u) Library Reserve</b>			
Opening Balance	32,541	32,542	28,805
Amount Set Aside / Transfer to Reserve	6,944	3,002	3,736
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>39,485</u>	<u>35,544</u>	<u>32,541</u>
<b>(v) Drainage Reserve</b>			
Opening Balance	220,566	220,566	210,529
Amount Set Aside / Transfer to Reserve	10,459	8,823	10,037
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>231,025</u>	<u>229,389</u>	<u>220,566</u>
<b>(w) Building Maintenance Reserve</b>			
Opening Balance	2,771,970	2,771,969	2,348,036
Amount Set Aside / Transfer to Reserve	1,068,100	760,879	640,781
Amount Used / Transfer from Reserve	<u>(271,688)</u>	<u>(339,595)</u>	<u>(216,847)</u>
	<u>3,568,382</u>	<u>3,193,253</u>	<u>2,771,970</u>
<b>(x) Community Bus Maintenance &amp; Replacement Reserve</b>			
Opening Balance	73,020	73,019	65,965
Amount Set Aside / Transfer to Reserve	11,988	9,921	7,055
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>85,008</u>	<u>82,940</u>	<u>73,020</u>



	2013 \$	2013 Budget \$	2012 \$
<b>11. RESERVES - CASH BACKED (Continued)</b>			
<b>(y) Governance &amp; Workers Compensation Reserve</b>			
Opening Balance	307,099	307,100	249,873
Amount Set Aside / Transfer to Reserve	88,427	12,284	99,726
Amount Used / Transfer from Reserve	0	0	(42,500)
	<u>395,526</u>	<u>319,384</u>	<u>307,099</u>
<b>(z) Shark Lake Industrial Park - Environmental Monitoring &amp; Landscape/Drainage Maintenance Reserve</b>			
Opening Balance	68,990	68,991	54,397
Amount Set Aside / Transfer to Reserve	6,247	2,760	14,593
Amount Used / Transfer from Reserve	0	0	0
	<u>75,237</u>	<u>71,751</u>	<u>68,990</u>
<b>(aa) Staff Retention &amp; Attraction Reserve</b>			
Opening Balance	641,730	641,730	584,850
Amount Set Aside / Transfer to Reserve	30,427	25,669	56,880
Amount Used / Transfer from Reserve	(451,816)	(462,216)	0
	<u>220,341</u>	<u>205,183</u>	<u>641,730</u>
<b>(ab) IT System &amp; Process Development Reserve</b>			
Opening Balance	316,506	316,506	246,520
Amount Set Aside / Transfer to Reserve	85,008	82,660	81,751
Amount Used / Transfer from Reserve	(80,674)	(82,000)	(11,765)
	<u>320,840</u>	<u>317,166</u>	<u>316,506</u>
<b>(ac) Esperance Home Care Annual Leave Reserve</b>			
Opening Balance	139,844	139,844	118,722
Amount Set Aside / Transfer to Reserve	24,160	4,927	21,122
Amount Used / Transfer from Reserve	0	0	0
	<u>164,004</u>	<u>144,771</u>	<u>139,844</u>
<b>(ad) Esperance Home Care Long Service Leave Reserve</b>			
Opening Balance	139,071	139,071	118,631
Amount Set Aside / Transfer to Reserve	12,369	5,563	20,440
Amount Used / Transfer from Reserve	0	0	0
	<u>151,440</u>	<u>144,634</u>	<u>139,071</u>
<b>TOTAL CASH BACKED RESERVES</b>	<u><u>31,849,469</u></u>	<u><u>10,584,235</u></u>	<u><u>29,763,070</u></u>

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

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

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

**Land Purchase & Development Reserve**

Established to fund land improvements and sub-division development. Funded by land sales.

**Council Buildings Construction Reserve**

Established to provide a fund for the construction of new community facilities and upgrading of existing Council owned buildings. Funded from General Purpose income.

**East Suburbs Water Pipeline Reserve**

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

**Jetty Reserve**

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

**Aerodrome Reserve**

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

**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.

**Municipal Museum Reserve**

Established to provide funds for future major repairs or renovations to the museum building. Funded from the annual surplus derived from museum entrance fees after expenses.

**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 from General Purpose income.

**Sanitation (Rubbish Removal) Services Reserve**

Established to fund the purchase of major sanitation equipment and for the future development of waster disposal facilities. Funded from the annual surplus derived from property rubbish disposal/collection fees after expenses.

**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.

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

**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.

**Southern Suburbs Water Supply Reserve**

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

**Cemetery Reserve**

Established to fund maintenance at the Shire of Esperance Cemetery.

**Unspent Grants & Contributions Reserve**

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

**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.

**Plant Replacement Reserve**

Council's policy is to minimise and if possibly 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.

**Employee Entitlements - Long Service Leave Reserve**

The purpose of this Reserve is to fund a portion of future commitments for employees entitlements incurred as a result of employing staff and workers in relation to Long Service Leave.

**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 of the history book.

**Tanker Jetty Donations Reserve**

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

**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.

**Drainage Reserve**

Established to hold contributions made to the Council by Developers for the establishment of Drainage within the Esperance district.

**11. RESERVES - CASH BACKED (Continued)****Building Maintenance Reserve**

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

**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.

**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.

**Shark Lake Industrial Park - Environmental Monitoring & Landscape/Drainage Maintenance Reserve**

Direct contribution of \$10,000 each 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.

**Staff Retention & Attraction Reserve**

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

**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.

**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.

**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.

**Expected Usage**

The Reserves have funds applied to projects and may be reimbursed from the Municipal Fund on an ongoing basis each year as determined by Council during the budget process. The current year's movements in to or out of reserves are disclosed at Note 11 above. Any change in the purpose of reserve funds is made in accordance with the Local Government Act and Local Government Financial Management Regulations.

## 12. REVALUATION SURPLUS

	2013 \$	2012 \$
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
<b>(a) Land and Buildings</b>		
Opening balance	0	14,914,317
Revaluation Increment	0	0
Revaluation Decrement	0	(14,914,317)
	<u>0</u>	<u>0</u>
<b>(b) Roads</b>		
Opening Balance	0	89,470,833
Revaluation Increment	0	0
Revaluation Decrement	0	(89,470,833)
	<u>0</u>	<u>0</u>
<b>(c) Plant and Equipment</b>		
Opening Balance	0	0
Revaluation Increment	1,936,608	0
Revaluation Decrement	0	0
	<u>1,936,608</u>	<u>0</u>
<b>(d) Motor Vehicles</b>		
Opening Balance	0	0
Revaluation Increment	513,089	0
Revaluation Decrement	0	0
	<u>513,089</u>	<u>0</u>
<b>(e) Road Making Plant</b>		
Opening Balance	0	0
Revaluation Increment	222,634	0
Revaluation Decrement	0	0
	<u>222,634</u>	<u>0</u>
<b>TOTAL ASSET REVALUATION RESERVES</b>	<u><u>2,672,331</u></u>	<u><u>0</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:

	2013 \$	2013 Budget \$	2012 \$
Cash and Cash Equivalents	<u>33,478,473</u>	<u>10,884,235</u>	<u>32,946,714</u>

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

Net Result	25,493,184	6,971,190	19,854,511
Revaluation Decrement	16,137	0	0
Depreciation	6,993,627	8,587,940	8,588,017
(Profit)/Loss on Sale of Asset	(997,586)	(433,544)	(312,993)
(Increase)/Decrease in Receivables	(778,029)	16,090	(18,653)
(Increase)/Decrease in Inventories	(118,585)	(15,499)	(8,599)
Increase/(Decrease) in Payables	(1,495,903)	(528,250)	1,734,573
Increase/(Decrease) in Employee Provisions	150,800	428,242	94,872
Grants/Contributions for the Development of Assets	(8,965,906)	(10,982,543)	(19,398,853)
Initial Recognition of Assets Due to Changes in Regulations	<u>(12,317,900)</u>	<u>0</u>	<u>0</u>
Net Cash from Operating Activities	<u>7,979,839</u>	<u>4,043,626</u>	<u>10,532,875</u>

### (c) Undrawn Borrowing Facilities

#### Credit Standby Arrangements

Bank Overdraft limit	200,000	200,000
Bank Overdraft at Balance Date	0	0
Credit Card limit	80,000	40,000
Credit Card Balance at Balance Date	<u>(6,321)</u>	<u>(69)</u>
<b>Total Amount of Credit Unused</b>	<u>273,679</u>	<u>239,931</u>

#### Loan Facilities

Loan Facilities - Current	2,416,900	127,779
Loan Facilities - Non-Current	<u>3,654,816</u>	<u>8,973,938</u>
<b>Total Facilities in Use at Balance Date</b>	<u>6,071,716</u>	<u>9,101,717</u>

<b>Unused Loan Facilities at Balance Date</b>	<u>3,864,528</u>	<u>962,305</u>
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## 14. CONTINGENT LIABILITIES

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

	2013 \$	2012 \$
<b>15. CAPITAL AND LEASING COMMITMENTS</b>		
<b>(a) Finance Lease Commitments</b>		
The Shire of Esperance has no current finance leasing or hire purchase commitments.		
<b>(b) Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	18,085	32,779
- later than one year but not later than five years	<u>7,619</u>	<u>25,704</u>
	<u><u>25,704</u></u>	<u><u>58,483</u></u>

**(c) Capital Expenditure Commitments**

The Shire of Esperance has no capital expenditure commitments as at the current reporting date.

**16. JOINT VENTURE**

The Shire of Esperance together with the Shires of Coolgardie, Dundas, Laverton, Leonora, Menzies, Ngaanyatjarraku, Ravensthorpe, Wiluna and City of Kalgoorlie Boulder have a joint venture arrangement with regard to the provision of a Regional Records Service. The only asset is a building. Council's one-tenth share of this asset is included in Land and Buildings as follows:

	2013 \$	2012 \$
<b>Non-Current Assets</b>		
Land & Buildings	68,000	68,000
Less: Accumulated Depreciation	<u>(1,775)</u>	<u>(75)</u>
	<u><u>66,225</u></u>	<u><u>67,925</u></u>

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

Governance	3,641,118	3,304,077
General Purpose Funding	2,624,313	2,447,392
Law, Order, Public Safety	4,003,793	1,326,993
Health	0	60,323
Education and Welfare	4,173,541	4,011,321
Community Amenities	3,984,341	3,134,724
Recreation and Culture	50,170,900	24,247,540
Transport	215,381,857	208,844,661
Economic Services	1,217,359	13,871,593
Other Property and Services	10,093,399	11,990,382
Unallocated	<u>7,936,203</u>	<u>6,197,407</u>
	<u><u>303,226,824</u></u>	<u><u>279,436,413</u></u>

	2013	2012	2011
<b>18. FINANCIAL RATIOS</b>			
Current Ratio	1.41	1.66	1.69
Asset Sustainability Ratio	1.39	1.02	0.82
Debt Service Cover Ratio	7.04	28.55	26.72
Operating Surplus Ratio	0.71	0.02	(0.05)
Own Source Revenue Coverage Ratio	0.82	0.70	0.68

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	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$
Own Source Revenue Coverage Ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

**Notes:**

Information relating to the **Asset Consumption Ratio** and the **Asset Renewal Funding Ratio** can be found at Supplementary Ratio Information on Page 68 of this document.

Two of the 2013 ratios disclosed above are distorted by item of significant revenue totalling \$12,317,900 relating to the initial recognition of assets under the Shire's control in accordance with amendments to the Financial Management Regulations (refer to Notes 1(g) and 2(a)(ii) for further details).

This item forms part of operating revenue and has been included in the calculations above.

This item of significant revenue is considered to be "one-off" and is non-cash in nature and, if it was ignored, the calculations disclosed in the 2013 column above would be as follows:

	2013
Debt Service Cover Ratio	3.36
Operating Surplus Ratio	0.18

Furthermore, the Debt Service Cover Ratio is abnormally low due to a large principal repayment for Loan 288 - Flinders. The principal repayment is 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:

	<b>Balance 1-Jul-12</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>Balance 30-Jun-13</b>
	<b>\$</b>	<b>\$</b>	<b>(\$)</b>	<b>\$</b>
Town Planning Development Bonds	92,956	4,350	(8,153)	89,153
Caravan Park Lease Bonds	49,652	1,542	0	51,194
TransWA Bus Transport	15,716	21,599	(15,716)	21,599
Dept of Transport Licensing Agency	97,168	80,066	(97,168)	80,066
Air BP Fuel Agency	6,139	8,424	(166)	14,397
Builders Reinstatement Bonds	21,300	1,500	(2,500)	20,300
BCITF Levy	1,545	3,724	(1,545)	3,724
Staff Housing Bonds	11,347	2,660	(5,000)	9,007
Subdivision Bonds	2,067	64	0	2,131
Homecare Bus Bonds	1,800	0	0	1,800
Engineering Sub -division Bonds	126,103	3,781	(7,089)	122,795
Other	2,469	3,457	(3,383)	2,543
Commercial Building Bonds	1,453	0	0	1,453
Contributions to Public Open Space	184,224	5,720	0	189,944
General Deposits	42,327	39,187	(42,327)	39,187
	<u>656,266</u>	<u>176,074</u>	<u>(183,047)</u>	<u>649,293</u>

## 20. DISPOSALS OF ASSETS - 2012/13 FINANCIAL YEAR

The following assets were disposed of during the year:

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Land Held For Resale</b>						
Other Property & Services						
Flinders Subdivision	2,302,083	184,000	3,373,687	290,000	1,071,604	106,000
<b>Plant &amp; Machinery</b>						
Law Order & Public Safety						
Fair Value Adjustment	5,745	0	0	0	(5,745)	0
Community Amenities						
Cardboard Baler	0	7,000	17,550	7,000	17,550	0
Fair Value Adjustment	13,182	0	0	0	(13,182)	0
Transport						
Sundry Equipment	0	2,000	0	2,000	0	0
Ride-on Mower	24,469	24,149	7,500	4,000	(16,969)	(20,149)
Front End Loader	38,508	44,416	60,000	90,000	21,492	45,584
Grader	112,286	121,839	110,000	139,050	(2,286)	17,211
Vibrating Roller	6,063	8,078	18,500	20,000	12,437	11,922
Bull Dozer	183,126	140,000	140,000	140,000	(43,126)	0
Single Axle Tipper	18,533	23,690	50,000	40,000	31,467	16,310
8 Wheel Tipper	102,770	113,336	82,500	90,000	(20,270)	(23,336)
Prime Mover	67,890	75,143	65,000	60,000	(2,890)	(15,143)
Roller Multiwheel	7,074	7,338	40,000	40,000	32,926	32,662
End Tipper	0	(2,041)	0	0	0	2,041
Water Tanker	0	(971)	0	0	0	971
Track Loader	0	(288,563)	0	0	0	288,563
Fair Value Adjustment	29,536	0	0	0	(29,536)	0
<b>Light Vehicles</b>						
Governance						
Triton Dual Cab	15,207	16,066	15,909	23,690	702	7,624
Community Amenities						
Ford Mondeo	16,752	16,414	10,768	15,450	(5,984)	(964)
Transport						
Mitsubishi Pajero	18,148	24,029	19,091	30,900	943	6,871
Nissan Navara	15,579	15,654	9,678	15,450	(5,901)	(204)
Ford Ranger	19,580	21,564	15,455	16,995	(4,125)	(4,569)
Ford Ranger	21,892	21,564	15,677	16,995	(6,215)	(4,569)
Other Property & Services						
Toyota Prado	22,332	21,983	24,677	30,900	2,345	8,917
Toyota Hilux	33,071	35,137	22,727	23,690	(10,344)	(11,447)
Holden Colorado	29,941	29,641	15,223	12,360	(14,718)	(17,281)
Holden Colorado	27,830	29,641	16,364	16,995	(11,466)	(12,646)
Mitsubishi Triton	10,668	11,724	9,545	10,900	(1,123)	(824)
	<b>3,142,265</b>	<b>702,831</b>	<b>4,139,851</b>	<b>1,136,375</b>	<b>997,586</b>	<b>433,544</b>

### 21. INFORMATION ON BORROWINGS

#### (a) Repayments - Debentures

Particulars	Principal 1-Jul-12 \$	New Loans \$	Principal Repayments		Principal 30-Jun-13		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Recreation &amp; Culture</b>								
Loan 261 - Pink Lake Country Club S	185,756	0	13,109	13,109	172,647	172,647	11,839	12,030
Loan 285 - Esp Speedway S	14,151	0	2,487	2,487	11,664	11,664	815	875
Loan 286 - Esp Bowling Club S	167,175	0	26,186	27,036	140,991	127,257	9,764	9,768
Loan 287 - Esp Seafarers Centre S	32,086	0	5,619	5,619	26,467	26,467	2,077	2,143
Loan 290 - Cascade Town Rec Assoc S	16,050	0	6,151	6,151	9,899	9,899	778	794
Loan 291 - Recherche Aged Welfare S	336,280	0	9,895	9,895	326,385	326,385	21,337	21,368
Loan 292 - Esp Squash Club S	53,128	0	4,937	4,937	48,191	48,191	3,124	3,137
Loan 294 - Scaddan Country Club S	59,395	0	59,395	59,395	0	0	1,957	1,954
Loan 295 - Esperance Yacht Club S	0	0	0	13,302	0	386,698	0	7,000
<b>Other Property &amp; Services</b>								
Loan 288 - Flinders C	8,237,696	267,156	3,169,378	365,659	4,227,472	8,237,036	(600)	*
Loan 296 - SLIP C	0	0	0	0	1,108,000	0	416	0
	<b>9,101,717</b>	<b>267,156</b>	<b>3,297,157</b>	<b>507,590</b>	<b>6,071,716</b>	<b>9,346,244</b>	<b>51,507</b>	<b>59,069</b>

Key: "C" denotes loans to fund Council works and services.

"S" denotes self supporting loans for community and sporting groups.

All other loan repayments were financed by general purpose revenue.

(\* ) Interest on Loan 288 is being capitalised and added to the overall cost of developments  
On 28 June 2013 Loan 288 split into two loans (Loan 288 and 296).

**21. INFORMATION ON BORROWINGS (Continued)**

**(b) New Debentures - 2012/13**

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used		Balance Unspent
	Actual \$	Budget \$						Actual \$	Budget \$	
Loan 288 - SLIP/Flinders	267,156	365,000	WATC	Short Term Lending Facility	Revolving	32,462	2.98	267,156	365,000	0

**(c) Unspent Debentures**

The Shire of Esperance does not have any unspent loans as at 30 June 2013.

**(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 2012 and 30 June 2013 was \$nil.

# Annual Financial Report

For the year ended 30th June 2013

2012-2013

## Notes to and forming part of the Financial Report

### 22. RATING INFORMATION - 2012/13 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 \$
<b>General Rate</b>											
GRV - Residential	0.083309	3,386	45,261,390	3,770,682	46,149	666	3,817,497	3,764,820	30,000	0	3,794,820
GRV - Commercial	0.083309	366	19,157,361	1,595,981	1,459	191	1,597,631	1,592,515	0	0	1,592,515
GRV - Vacant	0.083309	198	3,393,290	282,691	(5,783)	(8,818)	268,090	286,636	5,000	0	291,636
UV - Rural	0.006727	1,124	844,939,000	5,683,905	(986)	19	5,682,938	5,669,981	5,000	0	5,674,981
UV - Commercial/Industrial	0.006727	1	150,000	1,009	0	0	1,009	1,009	0	0	1,009
<b>Sub-Totals</b>		5,075	912,901,041	11,334,268	40,839	(7,942)	11,367,165	11,314,961	40,000	0	11,354,961
<b>Minimum Rates</b>	<b>Minimum \$</b>										
GRV - Residential	795.00	1,440	11,267,558	1,144,800	2,178	(350)	1,146,628	1,144,799	0	0	1,144,799
GRV - Commercial	795.00	83	509,393	65,985	464	0	66,449	65,985	0	0	65,985
GRV - Vacant	795.00	646	3,569,719	513,570	(16,662)	1,916	498,824	515,955	0	0	515,955
GRV - Lesser Service	397.50	70	13,397	27,825	0	0	27,825	28,223	0	0	28,223
UV - Lesser Service	397.50	1	8,700	398	0	0	398	398	0	0	398
UV - Rural	795.00	55	3,759,700	43,725	21,541	0	65,266	44,520	0	0	44,520
UV - Mining	795.00	142	1,990,531	112,890	8,201	0	121,091	118,455	0	0	118,455
UV - Commercial/Industrial	795.00	1	78,000	795	0	0	795	795	0	0	795
<b>Sub-Totals</b>		2,438	21,196,998	1,909,988	15,722	1,566	1,927,276	1,919,130	0	0	1,919,130
							13,294,441				13,274,091
Prepaid Rates							38,426				0
Ex-Gratia Rates							175,747				175,852
<b>Total Amount Raised from General Rate/Total Rates</b>							<b>13,508,614</b>				<b>13,449,943</b>

## 22. RATING INFORMATION - 2012/13 FINANCIAL YEAR (Continued)

(b) Information on Surplus/(Deficit) Brought Forward	<b>2013</b> <b>(30 June 2013</b> <b>Carried</b> <b>Forward)</b> <b>\$</b>	<b>2013</b> <b>(1 July 2012</b> <b>Brought</b> <b>Forward)</b> <b>\$</b>	<b>2012</b> <b>(30 June 2012</b> <b>Carried</b> <b>Forward)</b> <b>\$</b>
<b>Surplus/(Deficit) - Rate Setting Statement</b>	<u>2,901,336</u>	<u>2,093,353</u>	<u>2,093,353</u>
<b><u>Comprises:</u></b>			
Cash - Unrestricted	1,604,677	3,183,644	3,183,644
Cash - Restricted	31,873,796	29,763,070	29,763,070
Rates - Current	101,001	134,030	134,030
Sundry Debtors	2,639,495	1,786,687	1,786,687
Interest Receivable	109,052	111,894	111,894
GST Receivable	0	0	0
Inventories	333,650	215,065	215,065
<b>Less:</b>			
Reserves - Restricted Cash			
Land Purchase & Development Reserve	(1,025,654)	(890,054)	(890,054)
Council Buildings Construction Reserve	(418,132)	(174,378)	(174,378)
Eastern Suburbs Water Pipeline Reserve	(97,086)	(79,413)	(79,413)
Jetty Reserve	(799,922)	(696,877)	(696,877)
Aerodrome Reserve	(1,907,062)	(1,454,520)	(1,454,520)
Salmon Gums Quarry Reserve	(9,567)	(9,134)	(9,134)
Municipal Museum Reserve	0	0	0
Off Street Parking Reserve	(134,334)	(128,252)	(128,252)
Sanitation (Rubbish Removal) Services Reserve	(1,915,126)	(1,620,206)	(1,620,206)
Esperance Home Care Fundraising Reserve	(40,322)	(62,111)	(62,111)
HACC Asset Replacement Reserve	(348,880)	(191,935)	(191,935)
Gravel Resources Compensation Reserve	(51,724)	(49,382)	(49,382)
Southern Suburbs Water Supply Reserve	(26,492)	(34,649)	(34,649)
Cemetery Reserve	(36,424)	(32,103)	(32,103)
Unspent Grants & Contributions Reserve	(18,345,769)	(17,724,018)	(17,724,018)
Historical Village Reserve	(1,927)	(1,839)	(1,839)
Plant Replacement Reserve	(602,446)	(1,105,304)	(1,105,304)
Employee Entitlements - Long Service Leave Reserve	(781,876)	(746,481)	(746,481)
History Book Reserve	(17,584)	(16,597)	(16,597)
Tanker Jetty Donations Reserve	(37,854)	(34,480)	(34,480)
Library Reserve	(39,485)	(32,541)	(32,541)
Drainage Reserve	(231,025)	(220,566)	(220,566)
Building Maintenance Reserve	(3,568,382)	(2,771,970)	(2,771,970)
Community Bus Maintenance & Replacement Reserve	(85,008)	(73,020)	(73,020)
Governance & Workers Compensation Reserve	(395,526)	(307,099)	(307,099)
Shark Lake Industrial Park - Environmental Monitoring & Landscape/Drainage Reserve	(75,237)	(68,990)	(68,990)
Staff Retention & Attraction Reserve	(220,341)	(641,730)	(641,730)
IT System & Process Development Reserve	(320,840)	(316,506)	(316,506)
EHC Employee Entitlements Annual Leave Reserve	(164,004)	(139,844)	(139,844)
EHC Employee Entitlements Long Service Leave Reserve	(151,440)	(139,071)	(139,071)

**22. RATING INFORMATION - 2012/13 FINANCIAL YEAR (Continued)**

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

	<b>2013</b>	<b>2013</b>	<b>2012</b>
Sundry Creditors	(772,216)	(1,143,474)	(1,143,474)
Accrued Interest on Debentures	(10,480)	(11,931)	(11,931)
Accrued Salaries and Wages	(339,986)	(303,082)	(303,082)
Current Employee Benefits Provision	(932,573)	(839,611)	(839,611)
Non-cash backed Staff Leave Liability	164,004	139,844	139,844
GST Payable	(19,615)	(1,179,713)	(1,179,713)
<b>Surplus/(Deficit)</b>	<u><u>2,901,336</u></u>	<u><u>2,093,353</u></u>	<u><u>2,093,353</u></u>

**Difference:**

There was no difference between the Surplus/(Deficit) 1 July 2012 Brought Forward position used in the 2013 audited financial report and the Surplus/(Deficit) Carried Forward position as disclosed in the 2012 audited financial report.

**23. WAIVERS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2012/13 FINANCIAL YEAR**

	<b>Total Cost/ Value \$</b>	<b>Budget Cost/ Value \$</b>
<b>(a) Write-offs</b>		
General Debtors	619	0
Rate Assessments	706	1,000
	<b>1,325</b>	<b>1,000</b>

**(b) Waivers**

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

**(c) Concessions**

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, 50% off the normal fee applicable.
- (ii) Dog Registration Fees, 50% off the normal fee applicable.
- (iii) Various concessions on user charges at the Bay of Isles Leisure Centre (see below).

A concession of \$40 is offered to schools using the Shire Civic Centre for conventions, meetings and prize nights etc on those fees normally charged.

Concessions of various fees are offered to holders of student 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.

**(d) Incentives**

A prize is offered to ratepayers whose payment of the full amount owing, including arrears is received on or before 31 August 2012 or 35 days after the date of service appearing on the rate notice, whichever is the later. The total value of the rate incentive scheme is \$25,000.

**24. INTEREST CHARGES AND INSTALMENTS - 2012/13 FINANCIAL YEAR**

	<b>Interest Rate %</b>	<b>Admin. Charge \$</b>	<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on Unpaid Rates	11.00%	N/A	31,451	30,000
Interest on Instalments Plan	5.50%	N/A	60,728	55,000
			<b>92,179</b>	<b>85,000</b>

Ratepayers had the option of paying rates in four equal instalments, due on 26th September 2012, 28th November 2012, 30th January 2013 and 3rd April 2013. Interest charges were applied for the final three instalments.



<b>25. FEES &amp; CHARGES</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Governance	9,880	10,410
General Purpose Funding	331	24
Law, Order, Public Safety	43,928	38,362
Health	48,813	136,769
Education and Welfare	266,407	234,582
Community Amenities	2,737,888	2,560,991
Recreation and Culture	1,304,197	1,227,878
Transport	1,945,367	1,261,264
Economic Services	527,421	509,906
Other Property and Services	313,527	415,187
	<u>7,197,759</u>	<u>6,395,373</u>

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

**26. GRANT REVENUE**

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

<b>By Nature and Type:</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Operating Grants, Subsidies and Contributions	9,507,775	9,230,839
Non-Operating Grants, Subsidies and Contributions	8,965,906	19,398,853
	<u>18,473,681</u>	<u>28,629,692</u>
<b>By Program:</b>		
Governance	218,587	211,237
General Purpose Funding	4,561,003	5,269,309
Law, Order, Public Safety	1,421,426	339,720
Health	19,236	21,637
Education and Welfare	2,308,441	2,141,612
Community Amenities	412,581	95,653
Recreation and Culture	4,007,142	2,047,100
Transport	5,025,900	4,107,572
Economic Services	167,467	14,123,087
Other Property and Services	331,898	272,765
	<u>18,473,681</u>	<u>28,629,692</u>

<b>27. ELECTED MEMBERS REMUNERATION</b>	<b>2013</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	67,800	67,800	71,000
President's Allowance	15,500	15,500	15,000
Deputy President's Allowance	3,875	3,875	3,750
Travelling Expenses	8,789	12,000	11,197
Telecommunications Allowance	13,500	13,500	14,250
IT (Information Technology) Allowance	4,500	4,500	4,614
	<u>113,964</u>	<u>117,175</u>	<u>119,811</u>

<b>28. EMPLOYEE NUMBERS</b>	<b>2013</b>	<b>2012</b>
The number of full-time equivalent employees at balance date	<u>207</u>	<u>192</u>

**29. MAJOR LAND TRANSACTIONS**
**(a) Flinders Residential Subdivision**
**(i) 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 for Land Development. The Council developed a further 90 Lots as Stage 2 during 2009/10. 42 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>(ii) Current year transactions</b>	<b>2013</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
<b>Operating Revenue</b>			
- Profit on sale	1,071,604	106,000	149,092
<b>Operating Expense</b>			
- Advertising & Promotions	(14,355)	(44,000)	0
- Feasibility Approval Studies	0	(2,000)	0
- Administration Allocation	0	0	(508)
- Interest	600	0	0
	<u>1,057,849</u>	<u>60,000</u>	<u>148,584</u>
<b>Capital Revenue</b>			
- Sale Proceeds	3,373,687	290,000	432,163
- Interest Capitalised	241,062	330,000	350,384
- Reserve Transfers	128,207	128,207	0
<b>Capital Expenditure</b>			
- Landscaping	0	(52,548)	0
- Development Costs	0	0	(80,971)
- Interest Expense	(241,062)	(330,000)	(350,384)
- Loan Repayments	(3,169,378)	(365,659)	(200,000)
	<u>332,516</u>	<u>0</u>	<u>151,192</u>
<b>Total Net Result</b>	<u>1,390,365</u>	<u>60,000</u>	<u>299,776</u>

The above capital expenditure is included in land held for resale as disclosed elsewhere in this financial report. The only liability in relation to this land transaction as at 30 June 2013 is Loan 288 (see note 21(a)).

**(iii) Expected Future Cash Flows**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>(Cash Outflows)</b>						
- Printing & Stationery	(4,000)	(4,000)	(4,000)	(4,000)	0	<b>(16,000)</b>
- Interest Expense	(125,000)	(83,144)	(11,430)	0	0	<b>(219,574)</b>
- Marketing & Selling Costs	(120,000)	(120,000)	(120,000)	(120,000)	0	<b>(480,000)</b>
- Loan Repayments	(2,273,876)	(1,876,000)	(285,740)	0	0	<b>(4,435,616)</b>
	<u>(2,522,876)</u>	<u>(2,083,144)</u>	<u>(421,170)</u>	<u>(124,000)</u>	<u>0</u>	<u>(5,151,190)</u>
<b>Cash Inflows</b>						
- Sale Proceeds	2,000,000	2,000,000	2,000,000	2,000,000	0	<b>8,000,000</b>
Reserve Transfer In	292,352	0	0	0	0	<b>292,352</b>
	<u>2,292,352</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>0</u>	<u>8,292,352</u>
<b>Net Cash Flows</b>	<u>(230,524)</u>	<u>(83,144)</u>	<u>1,578,830</u>	<u>1,876,000</u>	<u>0</u>	<u>3,141,162</u>

The net cash flows to 30 June 2013 in relation to this subdivision is an outflow (or cost) of \$3,784,673. The net cash flows of the entire land transaction is expected to result in an outflow/cost of \$643,511.

## 29. MAJOR LAND TRANSACTIONS (Continued)

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

#### (i) 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 90 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.

(ii) Current year transactions	2013 \$	2013 Budget \$	2012 \$
<b>Operating Revenue</b>			
- Profit on sale	0	0	0
<b>Operating Expense</b>			
- Interest	(416)	0	0
	<u>(416)</u>	<u>0</u>	<u>0</u>
<b>Capital Revenue</b>			
- Sale Proceeds	0	0	38,084
- Interest Capitalised	26,094	38,084	0
<b>Capital Expenditure</b>			
- Interest Expense	(26,094)	(38,084)	(38,084)
	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Net Result</b>	<u>(416)</u>	<u>0</u>	<u>0</u>

The above capital expenditure is included in land held for resale as disclosed elsewhere in this financial report.

The only liability in relation to this land transaction as at 30 June 2013 is Loan 296 (see Note 21(a)).

#### (iii) Expected Future Cash Flows

	2014 \$	2015 \$	2016 \$	2017 \$	2018 \$	Total \$
<b>(Cash Outflows)</b>						
- Interest Expense	(50,340)	(48,738)	(47,062)	(45,310)	(43,477)	<b>(234,927)</b>
- Loan Repayments	(35,056)	(36,659)	(38,335)	(40,088)	(41,920)	<b>(192,058)</b>
	<u>(85,396)</u>	<u>(85,397)</u>	<u>(85,397)</u>	<u>(85,398)</u>	<u>(85,397)</u>	<u>(426,985)</u>
<b>Cash Inflows</b>						
- Sale Proceeds	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Cash Flows</b>	<u>(85,396)</u>	<u>(85,397)</u>	<u>(85,397)</u>	<u>(85,398)</u>	<u>(85,397)</u>	<u>(426,985)</u>

No sales of lots are expected within the next five years. The net cash flows above is only based on available information as at 30 June 2013 and thus not conclusive. The full analysis of cash flows will only be made until the entire land transaction is expected to be completed.

## 30. 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.

	2013 Actual \$	2013 Budget \$	2012 Actual \$
<b>(a) Operating Statement</b>			
<u>Operating Revenues</u>			
Landing Fees	832,451	800,000	955,847
Commissions	36,546	35,000	38,712
Property Rental	15,710	19,000	16,641
Reimbursements	2,951	1,000	2,037
Sundry Income	1,853	950	4,374
Security Screening Charges	814,509	940,000	0
<b>Total</b>	<u>1,704,020</u>	<u>1,795,950</u>	<u>1,017,611</u>
<u>Less Operating Expenditure</u>			
Employee Expenses	(245,639)	(239,737)	(229,620)
Insurance	(8,580)	(8,590)	(8,580)
Building Expenses	(60,523)	(25,500)	(36,623)
Grounds & Strip Maintenance	(42,583)	(148,676)	(38,157)
Marketing	(249)	(2,000)	0
Security Screening	(446,275)	(711,852)	(13,148)
Airport Identification Expenses	(209)	(3,000)	(2,758)
Other Sundry Expenses	(30,623)	(51,720)	(39,307)
Administration overheads	(56,304)	(59,900)	(52,891)
Depreciation	(252,822)	(172,937)	(172,936)
<b>Total</b>	<u>(1,143,807)</u>	<u>(1,423,912)</u>	<u>(594,020)</u>
<b>Operating Result</b>	<u><b>560,213</b></u>	<u><b>372,038</b></u>	<u><b>423,591</b></u>
<b>(b) Non-Operating Income &amp; Expenditure</b>			
<u>Capital Revenues</u>			
Grants & Subsidies	1,429,393	1,165,375	767,625
Transfer from Reserve Fund	817,655	1,014,829	401,058
	<u>2,247,048</u>	<u>2,180,204</u>	<u>1,168,683</u>
<u>Less Capital Expenditure</u>			
Infrastructure	(1,813,171)	(1,661,566)	(1,146,497)
Airport Equipment Purchase	(433,877)	(431,786)	(218,214)
	<u>(2,247,048)</u>	<u>(2,093,352)</u>	<u>(1,364,711)</u>
<b>Non-Operating Result</b>	<u><b>0</b></u>	<u><b>86,852</b></u>	<u><b>(196,028)</b></u>
<b>TOTAL NET TRADING UNDERTAKING</b>	<u><u><b>560,213</b></u></u>	<u><u><b>458,890</b></u></u>	<u><u><b>227,563</b></u></u>

**31. FINANCIAL RISK MANAGEMENT**

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

Council 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 Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2013	2012	2013	2012
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	33,478,473	32,946,714	33,478,473	32,946,714
Receivables	3,656,098	1,061,848	3,656,098	1,061,848
	<u>37,134,571</u>	<u>34,008,562</u>	<u>37,134,571</u>	<u>34,008,562</u>
<b>Financial Liabilities</b>				
Payables	1,142,297	2,638,200	1,142,297	2,638,200
Borrowings	6,071,716	9,101,717	5,635,650	8,618,053
	<u>7,214,013</u>	<u>11,739,917</u>	<u>6,777,947</u>	<u>11,256,253</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.

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

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

Cash investments is 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 Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash investments.

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% (*) movement in interest rates on cash investments:		
- Equity	354,561	207,849
- Statement of Comprehensive Income	354,561	207,849

**31. FINANCIAL RISK MANAGEMENT (Continued)****(b) Receivables**

Council'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. Council 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 Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council 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.

Council 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 Council's credit risk at balance date was:

	<b>2013</b>	<b>2012</b>
Percentage of Rates and Annual Charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of Other Receivables		
- Current	92.54%	74.57%
- Overdue	7.46%	25.43%

**31. 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. Council 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 Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2013</u></b>					
Payables	1,142,297	0	0	1,142,297	1,142,297
Borrowings	2,622,806	2,979,782	1,798,760	7,401,348	6,071,716
	<u>3,765,103</u>	<u>2,979,782</u>	<u>1,798,760</u>	<u>8,543,645</u>	<u>7,214,013</u>
<b><u>2012</u></b>					
Payables	2,638,200	0	0	2,638,200	2,638,200
Borrowings	484,699	10,185,213	582,298	11,252,210	9,101,717
	<u>3,122,899</u>	<u>10,185,213</u>	<u>582,298</u>	<u>13,890,410</u>	<u>11,739,917</u>



### 31. 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. Council 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 %
<b>Year Ended 30 June 2013</b>								
Payables								
Borrowings								
<b>Fixed Rate</b>								
Debentures	4,253,939	9,899	0	152,655	0	1,655,223	6,071,716	4.18%
Weighted Average Effective Interest Rate	3.72%	5.65%		6.50%		5.15%		
<b>Year Ended 30 June 2012</b>								
Payables								
Borrowings								
<b>Fixed Rate</b>								
Debentures	59,395	8,269,781	16,050	0	181,327	575,164	9,101,717	3.94%
Weighted Average Effective Interest Rate	3.35%	3.71%	5.65%		6.50%	6.43%		

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

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**REPORT ON THE FINANCIAL REPORT**

We have audited the accompanying financial report of the Shire of Esperance, which comprises the statement of financial position as at 30 June 2013, 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 Auditing 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 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.

**AUDITOR'S 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 2013 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

During the course of the audit we became aware of the following instances where the Council did not comply with the Financial Management Regulations 1996 (as amended).

**Delegation to the CEO of the Power to Make Payments**

This delegation was incorrectly revoked in April 2012 resulting in payments of accounts not being properly approved as required by Financial Management Regulation 13(2).

**Investment Policy**

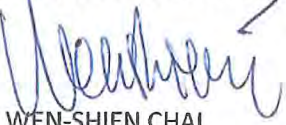
The Council's investment policy regarding the restrictions on investment of money does not comply with Financial Management Regulation 19C.

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) Except as detailed above, 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 68 of this report, we have reviewed the calculations as presented and nothing has come to our attention to suggest they are 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.

Date: 8 November 2013  
Perth, WA

UHY HAINES NORTON  
CHARTERED ACCOUNTANTS

  
WEN-SHIEN CHAI  
PARTNER

**RATIO INFORMATION**

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

	<b>2013</b>	<b>2012</b>	<b>2011</b>
Asset Consumption Ratio	0.63	N/A	N/A
Asset Renewal Funding Ratio	0.53	N/A	N/A

The above ratios are calculated as follows:

Asset Consumption Ratio  $\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciable assets}}$

Asset Renewal Funding Ratio  $\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

**N/A -In keeping with amendments to Local Government (Financial Management) Regulation 50, comparatives for the two preceding years (being 2012 and 2011) have not been reported as financial information is not available.**





For further details on the 2012/2013 Annual Report please contact Executive Services

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