

Shire of Esperance  
**2015-2016**  
*Annual Report*









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## Our Vision

*“Esperance is spectacular.*

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

*We value our natural resources and accept the responsibility to manage them for future generations to enjoy.*

*We aim to strengthen and diversify the region’s economic base in a way that complements our social and environmental values.*

*We are strategically located as a diverse and dynamic region that is committed to a sustainable change and growth.*

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

## Our Values

*Professionalism - in the standards and ethics of our actions*

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

*Integrity - that builds community trust*

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

*Excellence - in the service that we provide for the community*

## Corporate Mission

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



# Presidents Report



It is with great pleasure that I present the Shire of Esperance Annual Report for 2015/2016. This is my first report as Shire President and I would like to thank outgoing Shire President Malcolm Heasman for his diligent work, commitment, valued contribution and steady hand at the helm for the previous four years.

There is often a defining moment when you look back over a twelve month period, and that was surely the devastating November Fires that tore through our farming community and threatened our town. Most devastating of all was the loss of four lives including local farmer and firefighter, Freddy Curnow.

During this time the essential nature and character of our community came to the fore. A strong, caring, resilient and cohesive mob who rallied in the face of adversity as we lifted ourselves through the dark days and into recovery. I was so proud to represent this truly amazing community and to host visits from the Prime Minister Malcolm Turnbull and the Premier Colin Barnett as they offered their support.

The real heroes were our Local Emergency Services, the volunteer fire fighters from our local brigades and all those who came to help us from inside and outside the district, be they paid workers or volunteers. Community organisations, Shire staff, other Local Governments and countless local individuals all came flooding in with support. We were very grateful the Lord Mayor of Perth, Lisa Scaffidi, opened the Lord Mayor's Distress Relief Fund which raised \$1,674,986 for the fire victims.

The Shire has been busy updating its Long Term Financial Plan, Corporate and Strategic Plans amongst others. These define what and how we deliver to the community. This Council is committed to a long term vision of how to maintain the services and assets the community enjoys and expects, as well as delivering new projects, with the least financial impost on our electors and ratepayers. It is a challenge and there is no quick fix solution. Council has concentrated on funding rural roads in the past few years, increasing our annual rural road spend from \$10.2m in 2014/15 to \$13.7m in the 2016/17 budget. It was good to see our Shire awarded a Financial Health Index rating of 91%, well above the state average of 75%, proving that we are on target to becoming a responsible and financially sustainable Local Government.

Thank you to all involved. It has certainly brought energetic conversations between Shire staff and Council as we work together towards the long term future of our town and district.

The new skate park/youth precinct is well on the way, but the two biggest projects that have caused the most community concern this year have been on the table for well over twenty years. The Indoor Sports Stadium and the Tanker Jetty (sadly closed to the public in December) have jostled for priority position as the structures deteriorate and need repair, restructure or replacement. Hopefully in 2016/17 we will see solutions to both these much loved and used community assets.

I thank my fellow Councillors, particularly Deputy Shire President Natalie Bowman, for their dedication, support and the often robust and feisty contributions around the table whilst serving our community. Thank you to our CEO Matthew Scott, Directors and all Shire staff, be they in the Shire offices or running and maintaining our community assets and services. It is a great honour to be Shire President of this wonderful community in our far flung corner of Western Australia. I look forward to tackling the challenges and celebrating the achievements with Council, Shire staff and community in the forthcoming year.

A handwritten signature in black ink that reads "Victoria Brown".

Cr Victoria Brown  
Shire President



# CEO's Report



As the Chief Executive Officer I am proud to present the 2015/16 Annual Report to the Esperance Community. The report summarises the actions of the Shire over the last financial year, highlights the challenges experienced and showcases our ongoing commitment to the community.

The November fires demonstrated how vulnerable we are to Mother Nature and how strong we are when we pull together as a community. These destructive and tragic fires showed that even being equipped with the best of skills, experience and knowledge, communities like ours can still be tested both on how catastrophic events are handled and as importantly, how we heal and recover in the aftermath. The Esperance Community faced these challenges with courage, passion and resilience.

I would like to take this opportunity to personally thank the countless individuals and organisations, both locally and outside the district, who sacrificed their time and resources in controlling the fires and assisting the Shire on the long road to recovery. The Recovery Team have been continuing to work with the community since the fires. This has included ensuring access to information was easily available on financial, environmental and emotional support.

In December, Councillors and Shire staff were in the unenviable position of having to make some difficult decisions regarding the Tanker Jetty. An engineering condition report was received and confirmed the suspicions of rapid deterioration of this much loved structure and subsequently led to its closure to the public. The decision to initiate the tender process for demolition caused further emotional distress and Council and Shire staff will continue to work towards the providing most sustainable and positive solution for the Esperance ratepayers.

Local Government elections were held in October and the Esperance Shire Council saw two new Councillors elected, councillors John Parsons and Ron Padgurskis. Councillor Victoria Brown was voted in as the Shire President and Councillor Natalie Bowman as Deputy President. We would like to thank Malcolm Heasman and Rob Horan for their representation on behalf of the community during their terms on Council.

Please read through the Annual Report to discover the work undertaken by the Shire over the last twelve months. From the construction of the all access, all abilities playground on the foreshore, the finalisation of the skate park design, and

the improvements completed at the Munglinup campground. We were successful in receiving \$1.7m in Black Spot funding and \$230,000 towards Coastal Reserve upgrades.

A joint program with Horizon Power to install the more efficient and sustainable LED Lights will see positives savings over coming years and reduce our impact on the environment. We also hosted a visit by the Consul General of the People's Republic of China, who were interested in studying our agriculture industry, further proof that Esperance farmers are leaders in their field.

The Esperance Foreshore continued to receive recognition nationally for its design, the innovative work undertaken to preserve vital infrastructure and the recognition of Esperance's heritage through the foreshore. The Shire has sent a high standard to meet with regards stages 3 and 4 of the foreshore masterplan.

The Shire delivered a financially responsible Budget which acknowledged the cost of living pressures residents are experiencing whilst ensuring the continued delivery and maintenance of major infrastructure projects, services and programs the community expects. We will continue to seek efficiencies in all services provided, with every effort made to keep cost increases to a minimum for our residents.

Other projects of note, either commenced or completed in 2015/16 include the visit from the HMAS Rankin, progress towards the upgrade of the Indoor Sports Stadium, allocation of \$214,897 of Community Grants to 52 local community organisations, community perception survey, endorsement of concept designs and issuing of tenders for the new skate park, review of parking in the CBD, and finalisation of both youth and over 65 community plans.

I would like to thank Council for their leadership in what was a tough year and Shire staff for their ongoing commitment in the provision of high quality services to the community. We have an exciting and challenging year ahead as we see the completion of the youth precinct, the progression of the Indoor Sports Stadium plans and a resolution for the Tanker Jetty that benefits the Esperance community long term. We will continue to strive to meet community expectations and remain committed to the vision and values set out in the Strategic Community Plan.

Matthew Scott  
Chief Executive Officer







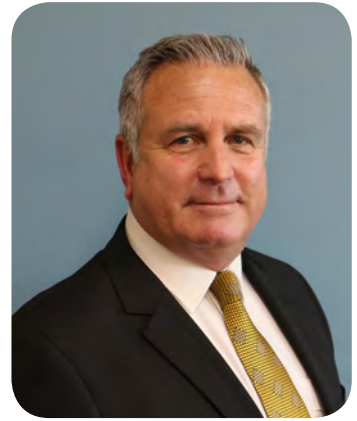
# Meet your Councillors



Shire President  
Cr Victora Brown



Deputy Shire President  
Cr. Natalia Bowman



Cr. John Parsons



Cr. Kevin Hall



Cr. Lara McIntyre



Cr. Ronald Padgurskis



Cr. Paul Griffiths



Cr. Beverly Stewart



Cr. Basil Parker



# Executive Management



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

## Executive Services

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



**Shane Burge**  
**Director Corporate Resources**

## Corporate Resources

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



**Mathew Walker**  
**Director Asset Management**

## Asset Management

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



**Terry Sargent**  
**Director External Services**

## External Services

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







## *Esperance is located. . .*

725km from Perth. on WA's Southeast Coast, where...  
105 Islands create the Recherche Archipelago and...  
5,900km<sup>2</sup> of National Park beckon.

## *The Esperance Community is made up of. . .*

12,378 people living in the Region, of which...  
79.7% of the population were born in Australia and...  
38 is the medium age.

3,231 Families occupy some...  
5,969 Households meaning that...  
2.5 people live in each household on average

## *The Shire of Esperance covers. . .*

44,366km<sup>2</sup> of land, across which...  
4520kms of road wind through the landscape.  
124kms of footpath connect our community  
1.95km<sup>2</sup> of Public Open Space which include...  
36 playgrounds

\*2011 Census Data - Australian Bureau of Statistics



# About this Report

Welcome to the Shire of Esperance's 2015-16 Annual Report, which highlights the Shire's progress against the strategic goals identified in our Strategic Community Plan 2012-2022. Under the Local Government Act 1995 all local governments are required to prepare an annual report at the end of each financial year. This is to provide information back to the community on the overall health of the organisation.

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

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

Council identified communication and engagement as focus areas for improvement during this financial year. Encouraging community involvement and input which in turn supports better decision making. With a significant number of major projects underway and planning for major

infrastructure projects required there have been a number of workshops held to gather community input and ensure community goals and aspirations are incorporated into all current and future works.

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

## Where to find this report

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

- In person: Collect a hard copy from the Shire administration office or Library
- Online: [www.esperance.wa.gov.au](http://www.esperance.wa.gov.au)
- Email: [shire@esperance.wa.gov.au](mailto:shire@esperance.wa.gov.au)

## Comment

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





# Strategic Community Plan

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

## Theme 1: Social

### Our community, neighbourhoods, recreation and culture

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

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

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

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

## Theme 2: Environment

### Our environment, resource management and services

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

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

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

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

## Theme 3: Economic

### Our economy, infrastructure, systems and services

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

Transport systems that are functional, efficient, economical and safe, coupled with continuous improvement to meet the safety and amenity needs of the community

Managing community assets in a whole of life and economically sustainable manner

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

## Theme 4: Civic Leadership

### Our Council, services, policies and engagement

A leading Council that is supported by an excellent organisation

Governance structures that ensure accountable, transparent and ethical decision making

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

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



# 2015

## July

A French Film Night and Tour De Esperance were two events held to celebrate French Week.



Esperance Brand 'Create your Story' competition is launched. Entrants are asked to supply an image capturing their own Esperance Story.

Lake Monjigup caretaker, Brian Warren and his wife Norma announce their retirement from the Lake Monjigup Development Community Group.

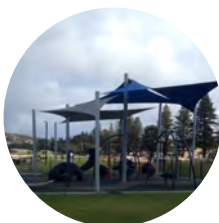
Esperance Skate Park draft concept designs presented back to the community.

## August

SIME Building and Construction is awarded the 'Master Builders Association Best Civil Engineering Works Award', recognising the extensive and innovative work undertaken to preserve and enhance the foreshore.

Installation of a new hoist in the lap pool at the Bay of Isles Leisure Centre provides disable access.

James Street playground opens, complimenting the headland while providing Esperance with an inclusive playground for our younger community members.



## September

HMAS Rankin visits Esperance. The Commander and crew meet with primary students, play a friendly football match against 'Clontarf' students and hold a civic function.



'Slow Down and Enjoy the Ride' campaign is launched.

Community Perception Survey is launched, allowing community members to share their views on local services and facilities.

Esperance wins the 2015 'General Appearance' category at the Tidy Towns Sustainable Community Awards.

Students and staff from Esperance Senior High School participate in flora surveys at Lake Monjigup Reserve during National Student Volunteer week.

## October

Shire of Esperance receives \$230,000 of funding to assist with coastal reserve upgrades, supported through the Royalties for Regions funding program.

Local Government Ordinary Elections were held; Cr Victoria Brown, Cr Natalie Bowman, Cr Lara McIntyre retained their seats. Mr Ron Padgurskis and Mr John Parsons were elected as new members to Council.

Shire of Esperance celebrates 120 years of Municipality.



## November

Shire hosted the Consul General of the People's Republic of China.



State Government announces Regional Express (REX) as the preferred tenderer for the Perth-Esperance airline route.

Shire undertakes condition assessments on the Tanker Jetty, James Street Jetty and the Boat Ramp Jetty. Leads to the December closure of the Tanker Jetty, due to safety and structural concerns.

Esperance is devastated by the worst bushfires the state has seen in more than 50 years, this involves numerous staff and shire resources to assist in the management of the incident. Community unites during the response phase.

## December

The Governor of Western Australia, Her Excellency the Honourable Kerry Sanderson AO visits Esperance.

Esperance Recovery Information Centre (ERIC) is established as a central location for community members to source information on the recovery efforts being undertaken after the devastating November Fires.

Prime Minister Malcolm Turnbull visits Esperance and meets with more than 350 volunteers and community members affected by the fires.



The Shire receives a \$64,000 Lotterywest Grant to assist with audience development strategies at the Civic Centre.

## Looking back on the 2015-2016 financial year



## January

Esperance receives a significant boost in the form of a Lotterywest grant of \$415,000 towards our skate park and outdoor recreational youth precinct.

Shire participates in the Department of Local Government and Commodities 'Better Practice Program' to recognise and promote good practice in WA's country local governments.

LED street light project sees the installation of hundreds of new LED street lights across Esperance.



350kms of burnt fencing has been removed, just some of the work undertaken by BLAZE AID to assist with the clean up and rebuild after the devastation of the November fires.



## February

More than 120 community members attend a Special Council Meeting on the future of the Tanker Jetty. Esperance Council make the difficult decision to authorise the demolition of the Esperance Tanker Jetty.



Esperance wins the 'Safety Road Use' category at the Local Government Road Safety Awards in recognition for the Enjoy the Ride campaign.

Temporary closure of the Bay of Isles Leisure Centre aquatic area, allowing essential maintenance to be undertaken for a ten week period.



Tanker Jetty Replacement Survey opens for community input.

The Lord Mayor's Distress Relief Fund closes with a total of \$1.5 million raised to assist those affected by the November fires.

## March

Josh Byrne, Presenter on ABC Gardening Australia program conducted a workshop with community members in Scadden who were affected by the bushfires. He also met with Shire Parks and Environment staff to discuss water efficiency and all things gardening.



Convic is awarded the tender to design and construct the new skate park.

More than 1700 surveys are submitted on the replacement of the Tanker Jetty.

The Community Grants Program assists the P&C Condingup Community Fair, funding allows free entry to the event.

James Street Jetty is temporarily closed due to safety concerns identified through the condition assessments.

## April

Scaddan Restoration Reference Group is formed to assist in restoring the Scaddan townsite after last year's bushfires.

Shire receives \$1.7 million from the Black Spot Funding Program.

The 10th Light Horse Brigade and the unveiling of a Light Horsemen mural were two of the highlights from this years ANZAC Day celebrations.

After more than 20 years, long standing Bush Fire Control Officer Tom Brown retires.

Espy Challenge, a free event is held to celebrate National Youth Week.



More than 400 people attended the Bay of Isles Leisure Centre open day to celebrate the reopening of the aquatic area.

'Nick's Top Secret Guide to Fishing' is published to assist locals and visitors to fish the best spots in town.

## May

Launch of the 1st edition of 'The Shire Flyer', Council's new weekly newsletter.

Tanya Jenkyn wins the local 'Banners in the Terrace' competition. It will be displayed along St Georges Terrace between the 24<sup>th</sup> July to 6<sup>th</sup> August.



Restoration work continues at Lake Monjigup Reserve. Stage 1 includes replacing fencing, toilets, buildings and signage lost in the January 2015 fires.

A signage information evening was held to discuss recent concerns and encourage feedback on signage (fixed & portable), alfresco dining and stallholder permits.

Shire engages consultants MKI to design and customise Christmas Decorations for 2016 in the town centre.

## June

Work on the upgrade of the Munglinup Shire campground commences. Upgrades to the site include a new toilet block, upgrades to carparks and camping facilities, new signage and dune rehabilitation.

The boiler at the Bay of Isles Leisure centre fails, forcing the closure of the aquatic area for several weeks.

Over 1100 cars passed through the gates delivering 3% of our annual waste during the Free domestic waste weekend.







## *Theme 1: Social*

*Our community, neighbourhoods,  
recreation and culture*







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

## **Strategy 1.1: Create a social environment that is accessible and inclusive for all ages and abilities**

### **Visitors Centre**

The Esperance Visitors Centre is located on the corner of Dempster & Kemp Street in the historic Museum Village. Our friendly and knowledgeable staff are able to help you with all your holiday requirements including; what to see and do, accommodation, tours, TransWA bus or train bookings and DPAW National Parks Passes.

In 2015-16 approximately 112,000 people visit the Centre, whilst our website had 165,724 hits.

### **Esperance Senior Citizens**

The Esperance Senior Citizen's Centre provides affordable social activities for people who are over 55. Some of these activities include bingo, indoor bowls, crafts, gentle exercise, dancing, outings and day trips.

Approximately 312 of our Esperance community seniors are members of the Esperance Senior Citizen Centre.

### **Youth**

The 2016 Esperance Youth Summit was held in April 2016 and was the perfect opportunity for our youth to explore and develop ideas from the 'Community for Youth Project' which was developed in 2015. A copy of the outcomes can be found on the Shire website.

Another significant event also held in April 2016 to celebrate 'Youth Week' was the 2016 Espy Challenge. A free event for 12-25 year olds, the event included competitions, mini colour run, DJ, water fights, slime slide and pool (as the below picture indicates this was a get down and dirty fun event). The Shire organised the event in conjunction with Esperance Local Drug Action Group, WA Country Health Service, ESCARE, Esperance Senior High School and Esperance Anglican Community School with supporting funding from the Department of Local Government and Communities.

### **Seniors**

During the period of October to December 2015, the Shire of Esperance actively engaged the plus 55 community and stakeholders in the 'Plus 55 Community Project'. The aim of the project was to identify how Esperance could be improved as an age-friendly community. Feedback was sought as to what was working well, as well as identifying where improvements could be made to make Esperance more age-friendly. A copy of the outcomes can be found on the Shire website.

Esperance Senior Citizens Centre hosted a Royal Automobile Club of WA educational session directed at senior drivers and mobility scooter users.

### **Disability Access and Inclusion Plan**

In December 2016 the Disability and Inclusion Plan 2012-17 was amended to include a seventh outcome which states 'people with a disability have the same opportunities as other people to obtain and maintain employment with a public authority'.

This change requires the shire to include information into the plan which outlined how we will improve employment opportunities for disabled people and break down existing barriers.

### **James Street Playground**

Esperance's first all-access playground opened in August 2015. The playground features play equipment including a spinner, seesaw, balance equipment as well as a disabled-friendly swing.

Since its completion the playground has been extensively used by locals and visitors. It provides another feature along the foreshore that encourages outdoor activity.

#### **Community Grants Program**

##### **Esperance Brass Band**

**\$5,000 - Esperance Brass Band Operational Costs**

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

**Strategy 1.2:** Create a vibrant built environment that is accessible and inclusive and reflects the community's identity

#### Esperance Parking, Traffic, and Pedestrian Strategy - Town Centre Revitalisation Plan

Esperance Town Centre Revitalisation Master Plan 2015-2035 proposes to revitalise the town centre of Esperance over a 20 year period. Community consultation throughout the development of the Master Plan, discovered 'parking' was a significant issue within the town centre, to the extent that it was recommended as a short-term implementation action requiring priority research and analysis.

The development of the Esperance Town Centre Parking, Traffic, and Pedestrian Strategy will focus on the following objectives:

- Increase foot traffic and incentives to walk through town;
- Pedestrian and bicycle priority in main activity areas;
- Improve car movement and parking areas;
- Improve accessible parking, ramps and facilities for people with disabilities and the elderly;
- Create streets that are places;
- Improve transport options to and within town centre and surrounding beaches;
- Allow for access for trucks and deliveries for businesses;
- Passenger drop off and pick up points and taxi ranks; and
- Allow for easier access and closer parking for RV and caravans.

Specialist consultants will be engaged during 2016 to assist in the creation of the Strategy, and the project including community engagement workshops will commence in early July 2016.

#### Skate Park

Community consultation and workshops were held last year with local stakeholders attending and contributing positively to plans for the future of our skate park.

During 2015-16 Council endorsed the future site of the Esperance Skate Park as the foreshore at the base of William St south of the boat ramp and appointed Convic to design and construct the new Skate Park.

Staff continue to work with Convic on the design documents and construction is due to start in July 2016.

#### Community Grants Program

##### Adventureland Park Committee

\$3,525 - Adventureland Park electric BBQ

##### Salmon Gums Development Group

\$5,000 - Community Centre Landscape and Fit Out









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

### **Strategy 1.3: Facilitate improved access to health and welfare programs and education opportunities in the community**

#### **Health**

Local Government is not directly involved in the provision of traditional health services, however we actively advocate on behalf of our community to those who do. Additionally we ensure community has access to sporting opportunities and quality public open space to encourage physical activity and social interaction.

Community facilities like the Bay of Isles Leisure Centre, Library, Museum, Senior Citizens Centre and Civic Centre provide places where people can meet and be involved with others.

Positive community health and well being are vital to a strong and health community.

#### **Education**

Council is supportive of all educational providers in the Esperance Shire. Liaising with the Department of Education on the needs of the Esperance community from our youngest members through to mature age requirements.

It is vital for the growth of our community to be able to offer education options that allow people to undertake training in town through on line learning and courses through TAFE.

The Shire supports work experience and traineeship's to help increase skill sets in Esperance.

#### **Esperance Home Care**

Esperance Home Care provides critical services that help older people and people with a disability stay independent for longer by providing care for people in their own home. The Adult Day Centre provides respite and transport is provided by our wheelchair accessible bus which will pick you up from your home and drop you back again.

Esperance Home Care provides a range of services suited to the needs of individuals and their carers. These include:

- Personal Care & Packaged Care
- Home & Community Care
- Domestic Assistance & Home Maintenance
- Carer Support and Respite
- Complex Care Needs
- Transport
- Meals on Wheels

Esperance Home Care applied for and was successful in receiving an additional ten Level 3 Home Care Packages during the 2015 Aged Care Approvals Round. These have enabled us to increase the support we offer to people with higher care needs.

Packaged care clients have all successfully transitioned to consumer directed care. As a result clients have more choice and flexibility regarding the care that they receive. A new system of invoicing has commenced showing individual clients their available funds, how those funds have been spent and the balance of any unspent funds.

The program National Respite for Carers Program became the Commonwealth Home Support Program. This has involved many system changes including providing data through a data exchange and altering the way that services are linked. This has resulted in greater flexibility in the way that Esperance Home Care can provide services to carers.

Esperance Home Care is now registered with and providing regular updates to national websites including My Aged Care; the National Health Services Directory Carer Gateway; and the My Aged Care Guide. These websites enable people to find up-to-date information on aged care services in their local area.

The Centre received non-recurrent funding of \$135,704 from the HACC program. \$116,054 was for the replacement of a bus with a wheelchair lift and \$19,650 was for architectural planning to remodel the Day Centre.



**Outcome:** Active and growing volunteer and community groups

## Strategy 1.4: Encourage and support volunteers and community groups

### Volunteer Services

Civic Centre:	60 volunteers	200 hours
Home Care:	151 volunteers (5408 meals delivered)	10,249 hours
Museum:	52 volunteers	18,000 hours
Library:	14 volunteers	2,000 hours

### Esperance Volunteer Resource Centre

The Esperance Volunteer Resource Centre is our local one stop shop for anything related to volunteering. With a vision of a community that values and supports volunteering, through funding from both Federal and State Governments, the centre is a centralised support and information service which aims to increase and enhance volunteer participation throughout the region.

The Esperance Volunteer Centre was inundated with offers for assistance during the November fires. Assistance ranged from those offering services during the fires to others wishing to help with the recovery process. The centre recorded over 400 offers of assistance during this period and was able to refer 200 people to roles of one sort or another. The majority were those tasked with packing the 'Rat Packs' for the fires. Assistance was also provided to SES with volunteers scribing the radio communication and assisting in the evacuation centre. It was evident that there was also a lot of unofficial volunteering happening in the community which shows the wonderful community spirit we live in Esperance.

Following the work undertaken by the centre during the Fires, we have been requested on several occasions to provide an account of what as a VRC we did - this has prompted other VRCs to look at their spontaneous volunteer plans.

In addition to our volunteer referral service, the centre provides training for volunteers and not for profit organisations. Training undertaken this year included;

Human Resource Management 2 for Volunteer Managers presented by Volunteering WA;

- Leadership in the Workplace training - an accredited course presented by a regional TAFE;
- One on one training with a number of organisations looking at their volunteering processes and procedures;
- 19 people attended Psychological First Aid training with Red Cross to assist those people affected by the November fires;
- A leading UK expert in all areas of volunteering - Rob Jackson came to Esperance as part of his WA tour and delivered enlightening training to 9 volunteer managers and 13 volunteers.

The centre continues to develop robust relationships with organisations and individuals in supporting volunteering in Esperance. During the year the centre worked in partnership or as an adviser with:

- Kids Fun Day Out Committee;
- Esperance Senior High School;
- Esperance Regional Forum;
- State Emergency Service;
- Department of Fire and Emergency Services;
- Rotary; and
- Escare



### Esperance Library Friends

The Esperance Library Friends group raised around \$6,000 through three book sales and their onsite and online discard bookshops. This money is used to enhance library services and resources.

### Museum volunteers

There are over 50 volunteers working at the Museum in a variety of different jobs and areas. Seventy percent of the volunteers work at the front counter to ensure the Museum is open to the public for three hours every day annually and others work in the collection areas to maintain and develop the Museum collections. New volunteers are always welcome and can register at the Esperance Volunteer Resource Centre.



### BlazeAid

On December 9<sup>th</sup> 2015, volunteer organisation BlazeAid arrived after the devastating November fires. This generous and fantastic bunch of people rolled up their sleeves and got stuck in helping our farmers rebuild and repair the fire damaged fencing and structures. In total 164 people volunteered over four months to assist with 35 properties, clearing more than 900 kilometres of fencing and rebuilding 82km of fences.

### Community Grants Program

The Community Grants Program (CGP) is offered to assist community groups who provide valuable community, cultural, environmental, sporting and recreational services and activities. The fund allows Council to support not for profit community based organisations to hold an event, build or repair infrastructure or conduct activities that facilitate stronger, more sustainable and resilient communities.

### Community Grants Distribution

# \$81,000

Community Development Program

# \$45,560

Community Events Program

# \$25,225

Community Assistance Program

# \$19,186

Community Support Program



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

## Strategy 1.5: Create and maintain a safe environment for the community

### Emergency Services

The Esperance Bush Fire Brigades experienced their busiest fire season on record.

In November lightning started fires in Unallocated Crown Land (UCL) near Cascade, the lake system near Merivale and in the Cape Arid National Park near Israelite Bay. Unprecedented fire weather conditions in the days after the fires starting resulted in a multi agency and Statewide response with nearly 500 career and volunteer fire fighters arriving in Esperance to assist with combating the fires. The three fires burnt a total of 500,000 ha, destroyed several dwellings and caused damage to others, burnt crops and livestock, and caused extensive damage to the Scaddan town site, in addition to claiming the lives of four Esperance residents.

The Shire has been working with the affected communities in a bid to assist them in the recovery from this event. Blaze Aid established a camp at the Grass Patch Community Centre for a four month period to help farmers with clean up around their properties, removal of burnt fences and the installation of new ones. The support received by the community from far and wide has been amazing with both financial and equipment donations being made for the benefit of affected landowners and responding agencies.

Since these fires, the Shire has been working with DFES and Parks and Wildlife in areas such as mitigation works with the UCL, looking at ways to deploy utilise aerial support better as well as working with the community to establish additional local resources that are available around the Shire that may be used during incidents.

After a busy pre Christmas time for our fire fighters, another lightning storm started a fire in the coastal reserve west of Esperance in January. This fire burnt a 50,000ha area over 10 days and our volunteer fire fighters worked alongside DFES and Parks and Wildlife fire crews to limit the damage to private property.

At the Bush Fire Advisory Committee meeting in April, Chief Bush Fire Control Officer, Tom Brown, retired from the position after 20 years of service to Esperance community. Tom has been a dedicated leader over this time and the driving force behind many of the initiatives introduced for the betterment of the bush fire network. Ashley Stewart replaces Tom as the Chief Bush Fire Control Officer for the Shire of Esperance. The Shire looks forward to continuing this strong relationship which is vital to the Esperance community.



### Swimming Lessons

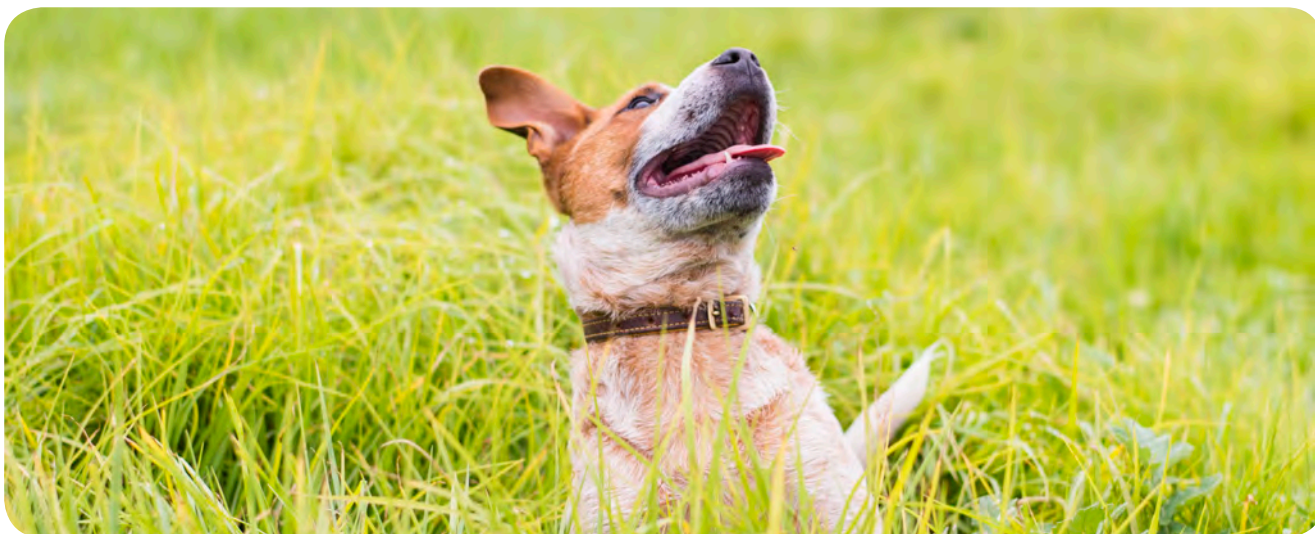
1,112 children enrolled in AustSwim swimming lessons at the Bay of Isles Leisure Centre during 2015-16. Due to the closure of the swimming area for maintenance this number is significantly lower than last year.

The Education Department also conducted In-Term and Vacation Swimming lessons at the Bay of Isles Leisure Centre. All programs provide valuable educational swimming and water safety skills to the Esperance community.

### Community Grants Program

St John Ambulance

\$1,775 - Salmon Gums Rain Water Tank



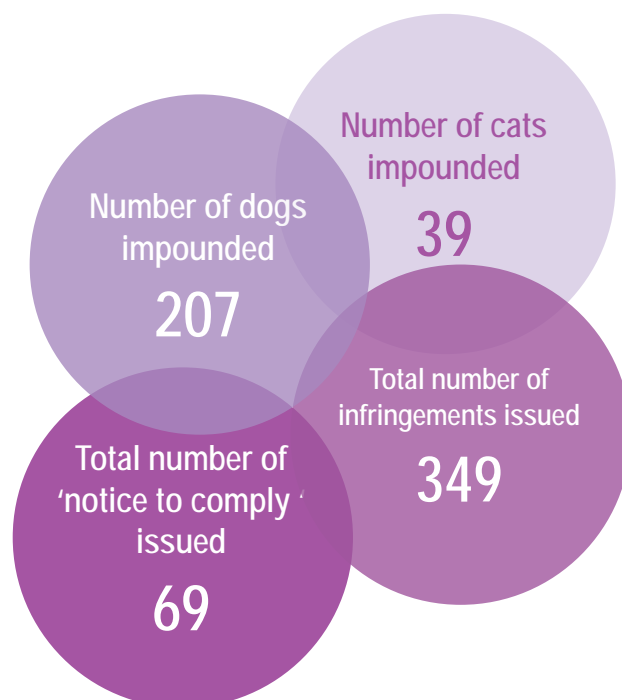
### Ranger Services

Shire rangers provide multiple services to the community in the areas of animal control, parking, camping, firebreaks and local laws. Their responsibilities include administrative, educational and enforcement roles under various sections of state legislation. Shire rangers are keen to work with community members to provide a safe and high quality services for everyone.

Animal control was an ongoing priority, with 246 animals being processed through the animal management facility. The majority of these animals were successfully returned to their owners and the remainder entered rehoming programs where appropriate. Rangers encourage responsible pet ownership to help reduce nuisance or danger to the community, and to ensure household pets are safely contained and do not enter the animal management facility. The use of social media to support in the identification and rehoming of animals has been very successful this year with the community actively assisting in finding potential owners.

An extensive education campaign was undertaken this year to promote changes to pet ownership legislation. Micro chipping of all dogs and cats, regardless of pre-existing registration, became mandatory. Shire Rangers and SAFE Esperance worked in conjunction to host 'Dogs Day Out', a community event where pet owners were encouraged to bring down their animals and have them microchipped at a reduced rate. In addition, a number of events were also held during the year in collaboration with Swans Veterinary Service to highlight the need to micro chip pets.

Parking around schools was monitored and a promotion campaign was undertaken to increase the safety of children during the busy periods before and after school and reduce the concerns of home owners in the area. The local newspaper, shire website and facebook pages, local radio stations and school newsletters were all utilised to spread the message about unsafe parking, parking on private property and lines of sight for drivers. Raising awareness of the reasons why there are some parking constraints provides a positive outcome for everyone involved.





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

## **Strategy 1.6: Develop and promote active and passive sport and recreation opportunities for all ages and abilities**

### **Bay of Isles Leisure Centre**

Promotions were held throughout the year to increase BOILC facility awareness within the community. The Woody Island Challenge event was once again held at the centre in conjunction with Esperance Island Cruises. 130 people participated, 69 were children under the age of 16, with the youngest being 6 while 22 participants were seniors, with the oldest being 81. Participants enjoyed the reward trip to Woody Island provided by Esperance Island Cruises and the BBQ lunch provided by the BOILC and Shire of Esperance. The promotion is a great way to encourage participants to set a goal and then strive to reach it.

In December a Christmas Party was held at the centre for members and patrons with Santa visiting on his motorbike and handed out lolly bags to the children. Inflatables were available for use during the day. It was well attended with everyone enjoying the event and getting into the Christmas spirit.

More than 300 people attended the Bay of Isles Leisure Centre Open Day, after the aquatic closure, to celebrate the reopening of the pools. There were lots of smiles, a very popular sausage sizzle and a visit from the Watch Around Water mascot dog 'Walter'. Other activities held on the day included games, classes to try, inflatables and competitions for patrons. The whole centre was buzzing with a positive and inclusive feel amongst everyone there.

A morning tea was held at the centre to introduce agencies to the additional services available for disabled people at the Bay of Isles Leisure Centre. The morning was well attended and the revamped disabled change room was very well received. The BOILC aims to be a community facility accessible by all ages and abilities.

Training throughout the year for BOILC staff included the AustSwim King Neptune Conference. Laurie Lawrence was the guest speaker and the conference focussed on the 'Stay alive do the 5' program. The Bay of Isles Leisure Centre has

a large baby and toddler swimming program and attendees were introduced to some great ideas and safety skills that will assist in providing exceptional service.

The Leisure Industry of Western Australia Conference was held at the Fremantle Esplanade Hotel and the conference was divided into a management and operations stream for the first time. The operations stream provided attendees with updated practices in the aquatic industry for supervision, Water Wise, water quality and also touched on the Craigie Centre chlorine gas leak and managing the media fallout. The management stream covered leasing options, LG procurement practices, marketing and staff management.

In August 2015 the Shire and BOILC commenced an extensive communication program to advise users, members and the community of the impending closure of the aquatic centre for 10 weeks in February-April 2016. Maintenance included painting of the lap pool and replacement of cracked tiles in the lagoon pool and plant maintenance that could not be completed whilst the centre was open. The Café kitchen received new benches, improvements to the preparation area and a new CCTV system was also installed.

Memberships were changed last year to wet, dry or all options. The change simplified membership options for sales, which saw efficiencies gained in the way memberships are recorded, expensed and monitored. During the 2015-2016 year the BOILC changed to a more cost effective point of sale system known as Links. This will be an ongoing project with modified memberships, to allow for improved monitoring, direct debit time frames and accessibility. The links system has the possibilities to be used online for membership renewals and swim school enrolments and these options will be investigated after the direct debit function is installed.

### Club Development Program

The Esperance Inclusion Community Holiday clinics are organised five times a year and are offered free to all community members of any age and ability. Sessions on offer during 2015-16 included:

- Squash
- Dance
- Brick Club
- Table Tennis
- Indoor Volleyball
- Badminton
- Little Athletics
- Wheelchair Sports
- Beach Volleyball
- Teeball
- Ultimate Frisbee
- Cricket
- Beach Investigation
- Water Pistol Sports
- Indoor Soccer
- Netball
- Golf

The Club Development Officer assists as the Shire of Esperance representative for Esperance District Recreation

Association (EDRA), the Sports Star of the Year, the DSR Regional Talent Development Program and offers support to Club Land throughout the year.

The Club Development Officer also engages with state sporting associations to visit Esperance sportspeople and local schools to coach, train and advise in their respective sports.

**419**  
KidSport  
vouchers issued  
in 2015-16

**\$52,951**  
funded

### Energy Consumption & patronage at the Bay of Isles Leisure Centre

**4,310,243L**

Water consumption  
6% < 14/15\*

**5,936**

Children used Creche

**14,519kj**

Power consumption  
20% < 14/15\*

**4,919**

Public visits to the  
Dry Area

**12,533**

Member visits to the  
Wet Area

**169,681**

Gas consumption  
22% < 14/15\*

**12,512**

Member visits to the  
Dry Area

**41,169**

Public visits to the  
Wet Area

\*Pool closed for 35 days



## Community Grants Program

The Community Grant Program is the Shire's principal community investment program. The purpose of the CGP is to develop and actively support community organisations and individuals who positively contribute to community wellbeing and the cultural life of the Esperance region.



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

## **Strategy 1.7: Facilitate and promote arts, heritage and cultural activities for all ages and abilities**

### **Civic Centre**

The Esperance Civic Centre hosted 20 performances during 2015-16. Highlights included:

- Packed with laughter, surprise and mayhem "Cranky Bear" attracted over 250 people, mainly school children who learnt about the woes of a cranky bear based on a best selling book.
- One of Australia's most loved folk-rock touring bands returned to the Civic Centre in 2015-16, "The Waifs". Their concert attracted a sell-out crowd of 500 people.
- 250 people attended the award winning show "Trash Test Dummies", this comedy routine took the household wheelie bin to new heights, showcasing acrobatics, juggling and stunt work.

Other performance included:

- "Kevin 'Bloody' Wilson" - 309 people
- "The Cowgirl and the Showgirl" - 116 people
- "Xavier Rudd" - 252 people
- "The Graeme Connors" - 160 people
- "The Chipolatas" 121 people

146 private functions were booked at the Civic Centre ranging from meetings, corporate functions, weddings, graduations, awards ceremonies, school balls, church services and the federal election polling booth.

### **Library**

Four family history workshops were held during Family History Week August 2015 and attracted over 90 attendees. Each workshop was presented by a local expert and topics included Beginning the Search, an Intro to Ancestry.com, How to Scan Documents and Photos and Caring for Family Treasures.

The WA Society of Women Writers held four writing workshops at the library during October 2015. Topics included Writing Erotic Fiction, Your Life Story, Creating Coffee Table books and Children's Picture Books. 36 people attended and the

Society voted it one of the best regional weekends they have delivered.

The 'Forever Young' Seniors Week Photo Project was a library initiative in November. Seniors were invited to register to have themselves photographed holding an enlarged photo of themselves from their youth. Over 100 seniors were photographed including Aged Care residents. Photos were then displayed in a week-long exhibition at the Senior Citizens Centre and each participant received a framed A4 colour photo of themselves and also a framed A4 black and white enlargement of their original youth photo. The library was warmly congratulated by the Esperance Aged Care Facility for the pleasure that it brought to the residents and their families as a result of the project.

An Intergenerational Storytime was held as part of the library's Seniors Week 2015 programme. Over 60 people including Story and Toddler Time children, carers and aged care residents participated.

Esperance Library participated for the second time in the 'Travelling Sketchbook' project. This partnership between Propel Youth Arts WA and the State Library provides blank sketchbooks to be filled in by people aged 12-26yrs, creating a small memory of an aspect of their life. A Sketching Workshop was held at the library and 15 sketchbooks were submitted. The completed sketchbooks from all around the state are then returned to the State Library of WA and then despatched as an Exhibition to various libraries for one year, Esperance will host this exhibition in January 2017.

Due to the closure of the Grass Patch School late in 2015 the Grass Patch Community Development Association moved a motion to close the Grass Patch community library that was situated at the school. A decline in usage and lack of an alternative site for the library also contributed to the closure. Stock has been relocated to the Esperance Library.



## Museum

Volunteers worked with the Shire OSH/Risk Officer to ensure the Museum workshop complies with the *Occupational Safety and Health Act 1984*. Dangerous Goods and Hazardous materials are now recorded on a register. The workshop area was made more secure and new smaller fire extinguishers and fire blankets were installed.

Dr John Kennewell, a Curtin University physicist, gave a talk on "Space Junk" at the Museum in August 2015. His talk related to the Skylab debris that fell over Esperance in 1979 and the thirty five attendees were invited to view the Museum's Skylab display and discuss this with Dr Kennewell.

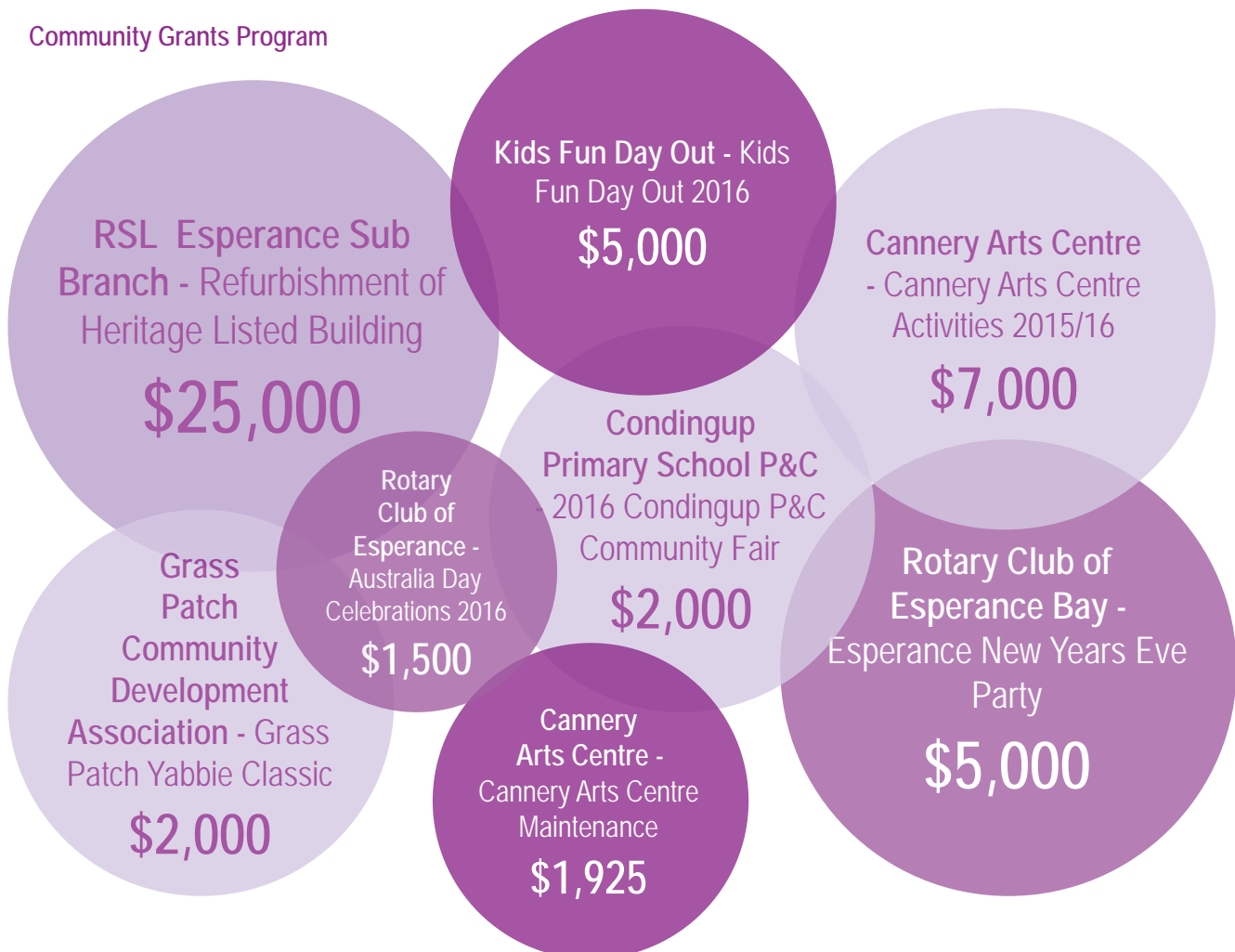
A 'Tag-a-Museum Volunteer' Week was held in September 2015 to combat the continuing drop in volunteer numbers. People were invited to come and work with a volunteer to see what is involved in working in the various Museum

areas. Seven new volunteers joined the Museum team as a result of this initiative.

The Australian National Maritime Museum's travelling exhibition 'War at Sea - the Navy in WW1' opened at the Esperance Museum on Anzac Day. The panels provided personal accounts of Navy servicemen through their diaries, mementoes, ships' logs and letters home that portrayed bravery and sacrifice amidst the drudgery of life at sea.

A Planning Workshop was held in May 2016 to review the Museum Strategic Plan. Over thirty people attended including Volunteers, Historical Society members, Councillors and Shire staff. The new Draft Strategic Plan is under consideration for adoption by Council and will guide the operations of the Museum for the next five years.

## Community Grants Program



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

## Strategy 1.8: Manage environmental health risks in the community

### Environmental Health

The Shire health department were required to activate and distribute information on 47 food recalls. This is significantly higher than previous years with 25 in 2014-15 and 32 in 2013-14.

In 2015-16, 28 notifiable disease notifications were issued compared to 2 in 2014-15 and 27 in 2013-14. 17 notifications were enteric cases (the majority were due to food poisoning). The remaining 9 notifications were due to mosquito-borne illness. The Shire is in the process of developing a Mosquito Management Program for 2016-17.

Health Officers attended Esperance Home Expo and Esperance Growers Market during the year to provide information on asbestos, effluent disposal systems and requirements and advice for starting new food businesses.

These events provided an opportunity to educate and display information fact sheets in an informal setting.

The new Shire website now includes a section for food businesses with supportive documents and fact sheets providing consistent information for applicants. It covers legislative requirements, food safety training, temporary food permits, mobile food businesses, home-based food businesses, food labelling and allergy awareness resources for food businesses.

2015-16 conducted inspections for health premises were above targets in many areas and above last year, this is mainly due to the department having a full compliment of staff. An audit of the data base was conducted to ensure accuracy and provide targets for 2016-17 (refer to Table 1).

Table 1: 2015/2016 Environmental Health Inspection Activity

Inspections	2012-2013	2013-2014	2014-2015	2015-2016
Caravan Parks and Camping Grounds	12	14	19	21
Effluent Disposal Inspections	67	80	63	95
Food Safety	242	272	241	376
Hair Dressing/Skin Penetration	10	11	0	25
Lodging House	8	12	25	33
Offensive Trade	3	7	1	8
Public Building	85	73	63	92
Swimming Pools	27	23	11	7





## *Theme 2: Environment*

*Our environment, resource  
management and services*







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

## Strategy 2.1 Protect, restore and enhance our natural assets

### Off Road Vehicles

The Off Road Vehicle Working Group was formed to assess the issues caused by off road vehicle use and develop strategies to manage off road vehicles. The group focuses on exploring options to sustainably manage off road vehicles particularly in the coastal zone of the Shire.

### Street Trees

During the year Shire staff developed the Street and Park Tree Selection Handbook, this handbook contains a list of suitable trees to plant in the town streets, parks and reserves. The list includes photos of each species with relevant information on the characteristics of each tree. The booklet can be used to identify existing trees and assist in choosing the correct species for new plantings.

300 trees were ordered in May 2016 in preparation for the annual tree planting program. Areas identified include 100 street trees within the Nulsen and Sinclair areas, 100 trees within the Cemetery grounds and 100 replacement trees throughout the town.



### Lake Monjingup Reserve

The reserve was closed to the public after the 2015 bushfire to allow for the reserve to regrow and recover.

Commenced implementation of the 'Lake Monjingup Restoration of Eco-Education Facilities and Materials' a State Natural Resource Management (NRM) project. Shire staff installed the new bird hide with assistance from Men in Sheds and Work for the Dole team.



**Outcome:** *A community which values and respects the environment*

## Strategy 2.2 Educate the community on ways to use our environment responsibly

An outcome of the Fire Recovery Environment Subcommittee meeting was the need for a temporary fence to be erected between the Newtown Football Club and Gun Club to restrict off road vehicle access while the bush recovers. The fence is to be funded through South Coast Natural Resource Management.

Council supported the recommendation from the Off Road Vehicle Working Group to restrict vehicle access to the beach between 10 Mile - 11 Mile beach and 300m east of the Wind Farm Road due to public safety concerns and reduce the risk of environmental damage.

Esperance Senior High School Bushrangers commenced working with Shire Environmental Officers, this 40 minute session will continue for the remainder of 2016. Works carried out to date include weeding sessions at Lake Monjingup, planting of seedlings at West Beach and the bushrangers held their camp at Munglinup Beach where they carried out a beach clean-up.

The Shire commenced a year long project with Esperance Anglican High School Year 11 Biology, studying flora and ecology at the Lake Monjingup Reserve.

Environmental Officers continued to work with the Esperance Wildflower Society in the monitoring of vegetation at Lake Monjingup. Total species list for the reserve is now 243 species, previous survey work conducted in a 1996 survey listed only 140 species.

The Shire Environmental Officer in conjunction with Esperance Weed Action Group have sourced some Cochineal Mealy Bugs *Dactylopius Opuntiae* from the Department of Agriculture and Fisheries in Queensland to be used for Prickly Pear biological control in the Salmon Gums to Scaddan area.

Scaddan Primary School will assist in this project which is scheduled to commence at the end of 2016.

### Community Grants Program

#### Esperance Regional Forum

\$9,000 - Smart Living and Sustainable Esperance

#### Esperance Primary School P&C Association

\$2,500 - Community garden for a sustainable future





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

### Strategy 2.3: Provide equitable access for all users to our environment while balancing the protection of natural assets

#### Public Open Space

The amended 'Playground and Public Open Space Strategic Plan 2015-2025' was adopted by Council and provides staff with a clear direction moving forward with POS development and playground upgrades over the next 10 years. This plan identified the need to remove non compliant and unsafe playground equipment and this was commenced immediately after the plan was adopted. Priority removals in rural communities will be undertaken in 2016-17

Upgrades to the irrigation systems at the Administration Building, Library and Civic Centre were undertaken during the year. A new bore, pump, rainman controller and electrical cabinet were installed. The new infrastructure will allow for more efficient and reliable application of water to this prominent area. Irrigation work was also undertaken at the museum precinct. Works included installation of a new mainline, new solenoid valves, new wiring and new pipe works and sprinklers around the Sound Shell.

Landscaping works around the base of the Norfolk Pines in the CBD area was completed. New kerbing was installed, fresh mulching was added and compact spoil was removed. Trees were also injected with nutrients to promote overall tree health and ensure the trees survive well into the future.

A site assessment and survey were completed at the proposed new Greater Sports Ground playground area. Concept designs will be developed towards the end of 2016.

#### Biodiversity Project

South Coast Natural Resource Management were contracted to develop site works plans for Thomas River, Quagi, Alexander Bay and Munglinup Beach reserves. The plans will form part of the overall Coastal Implementation Plan.

#### Environment Compliance - Flora

Over 30 rare flora markers were replaced due to damage sustained during the November fires. Several rare flora populations were also damaged during the fires, including two priority one populations of *Eremophila* east of Scaddan. Environmental Officers conducted a germination trial in an old limestone pit west of Grass Patch as 90% of this species was burnt in the November fires. The outcomes will be known during the next financial year.

#### Environment Compliance - Clearing Permits

Annual reports for all Shire existing clearing permits have been completed with a number of non compliance issues found, Environmental staff are currently working with Road Works teams to better understand clearing regulations to ensure compliance with the Department of Environment Regulation (DER) conditions in all future jobs. Rehabilitation works are currently underway on all existing permits as per DER requirements.



**Outcome:** *The desire for compliant development and growth is balanced with the need to protect, restore and enhance the environment*

## **Strategy 2.4: Effectively use our land, development and building policies to protect the environment**

### **Coastal Management Plan**

The Shire and the 'Work for the Dole' team prepared the dune areas at Quagi Beach for rehabilitation planting. Infill planting and weed control matting was installed using Esperance Nyungar Aboriginal Corporation teams and a new toilet facility funded through a TourismWA Grant was also installed.

Castletown Quays Project was completed in February 2016. The Shire worked with several partner groups to undertake the works including Esperance Nyungar Aboriginal Corporation, 'Work for the Dole' Team, students from Castletown Primary School and Esperance Weed Action Group. The project included removal of grass and weeds, installation of weed control matting, planting of native plants, installation of new pathway, fencing, signage and seats.

Twilight Beach was nominated in the "Community Action

and Wellbeing" category of the Tidy Towns Awards for the environmental work undertaken during the year. The project was a collaboration between the 'Work for the Dole' team, Esperance Senior High School Bushrangers, Esperance Nyungar Aboriginal Corporation and Shire of Esperance staff. Work carried out included weed control, planting within car park areas, dunes and surrounding areas of the car park and towards the surf club house. The windmill which provides water to the shower block and toilet was replaced and extensive areas of weed matting were laid and tree guards installed on exposed dune areas.

Munglinup Beach Camp Ground Project commenced in May 2016. Work included a new toilet block, bay realignment, upgrades to day use parking, new bins, signage, fencing and revegetation works. This project was funded through municipal funds and Tourism WA.





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

## Strategy 2.5: Sustainably manage our waste, water, energy use and facilities

### Improve the energy and water efficiency of all Shire facilities

Energy efficient lighting was installed at the Bay of Isles Leisure Centre and in the Civic Centre change rooms.

In June 2016 the boiler at the Bay of Isles Leisure Centre failed. Staff are looking at an upgrade for the replacement boiler with newer technology to increase efficiencies and reduce gas consumption.

### Environment Compliance - Waste

As per the Condungup Landfill Site Closure Management Plan capping work was completed during the year. Direct seeding of native grasses and creepers were carried out on the clay capped section. Additional seedings on the remainder of the site and fencing is scheduled for winter 2016.

### Waste and Recycling

Australian Quarantine and Inspection Service conducted an annual audit in May 2016, regarding the burying of quarantine waste, no non-compliances were received. Audit reports from Department of Environment Regulation for Wylie Bay Landfill and Myrup Liquid Waste and Truck Wash were received, with no non-compliances or actions required.

6,000m<sup>3</sup> of crushed concrete and brick material was generated and will be used as the floor of a hardstand area in the proposed transfer station. CCTV security system was installed during the year to assist with vandalism and theft issues that have occurred over the past few years.

The Dempster Street recycling station was removed in July 2016 due to the general misuse of equipment and dumping. The recycling station was relocated to an area near the Esperance Visitors Centre.

Staff commenced a communication drive to advise the community of the proposed trial weekend hours, starting on the 2nd July 2016. This will be a 12 week trial and will be assessed by Council to determine if the trial hours become permanent.



### Wylie Bay Landfill Closure Plan

Planning continues for the closure of the Wylie Bay Landfill as the August 2019 deadline looms. Infilling of Phase 2 has commenced, surveying of Phase 1 was undertaken and staff are waiting on results to determine whether additional filling is required or if the waste level for Phase 1 is finished.

Consultants 'Talis' are preparing the tender specifications for the capping and spiromatic coils. It is intended that a tender will be issued in September/October 2016 to allow capping of Phase 1 to commence in January 2017.

### New Landfill Site

The Shire of Esperance commissioned Talis Consultants Pty Ltd to undertake a Site Selection Study with the objective of selecting a suitable site for a modern Waste Management Facility.

The Shire initially prioritised the investigation of Crown and Shire land as part of the Site Selection Study. A preferred site located on Crown Land was identified, however, native title claims associated with the site indicated it would exceed time constraints, therefore an assessment of freehold land for the development of the waste management facility was undertaken.

The process included a Community and Stakeholder Engagement Program with the release of a Community Consultation Report and Feedback Forms and a series of community workshops and stakeholder meetings. This process enabled interested owners to be informed on the environmental requirements for an engineered, lined landfill and nominate their own properties to be included in the selection process. 13 properties were nominated and considered within the 2015 'Site Selection Study, Freehold Land Assessment - Technical Report'.

Site inspections for the highest ranked sites undertaken in early February 2016. Talis have undertaken a variety of investigation works on the preferred Freehold Site including hydrogeological investigations, geotechnical investigations, due diligence, landfill capability assessment and approvals path.

Consultants Talis and Shire of Esperance staff continue to progress on the development of a new waste management facility in Esperance.

### Eastern Suburbs Water Supply Scheme

Eastern Suburbs Water Supply Scheme (ESWSS) was originally installed in 1983-84 with a 30 year design life. The ageing ESWSS infrastructure is increasingly burdening the Shire with maintenance and operational costs, and consequently, has been identified as having reached the end of its useful life.

The ESWSS Infrastructure Renewal Project (Project) proposes to replace, upgrade and expand, as applicable, the existing in situ infrastructure to enable the continual provision of water to the eastern suburbs, now and into the future. The Project will increase the capacity of the scheme to meet urban growth predictions, secure supply reliability and afford the Shire product delivery control as it actively encourages users to implement more efficient irrigation practices, while promoting an overall reduction in use.

Planning for the Project is well underway, with design and cost estimates currently being finalised. In June 2016 the Shire was successful in obtaining a \$100,000 grant through the 'Community Water Supply Program'.

The 'Big Belly' bins located on the Foreshore are solar-powered compacting bins providing increased capacity with an SMS capability to inform the operator when the bin is at 85 per cent capacity. However staff on a weekly basis need to attend to issues such as resetting the circuit boards, cleaning sensors, pest control, and general cleaning/lock maintenance. In addition to this demand on resources, is the contractors cost to attend to bins issuing false reports. In the long term, it will need to be considered whether it is viable to continue to install 'Big Belly' bins on future projects.





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

## Strategy 2.6: Plan for and adapt to changes in our climate

### External climate change programs, projects and initiatives

The Shire attended a presentation on climate change at the 'Parks Leisure Australia' conference. The presentation looked at options for the application of alternate energy sources in Australia such as solar and wind.

A public meeting was held in March 2016 with representatives from BMT JFA Consultants in regards to the Esperance Coastal Hazard Adaption Strategy. The meeting discussed the risks, potential hazards of erosion and coastal inundation

along the Esperance coast as well as identify appropriate strategies and planning responses to reduce our vulnerability.

The Esperance Coastal Hazard Adaption Strategy aims to reduce vulnerability to coastal hazards in the developed and planned to be developed coastal zone of Esperance, and build the long-term adaptive capacity of the Esperance Community to manage coastal hazard risks.









## *Theme 3: Economy*

*Our economy, infrastructure, systems  
and services*





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

### **Strategy 3.1: Ensure essential services and infrastructure are aligned to community needs now and in the future**

#### **Service Review**

Council is undertaking an organisation wide service review to ensure the following objectives can be met:

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

It is essential for the Shire to align services with community needs to ensure the future sustainability of both the organisation and the broader community. A review of current services and identification of future requirements will lead to a more efficient use of our limited resources.

The service review will be integrated with our strategic planning framework, including our Strategic Community Plan, Asset Management Plans and our performance management frameworks.

During 2015-16 the following service areas completed Stage One 'Identify current service levels' of the Service Review Process: Esperance Homecare, Civic Centre and Records.

#### **Urban, Rural and Coastal Infrastructure**

A total of \$15.8m was budgeted to maintain shire road infrastructure (a combination of municipal and external funding was allocated:

- Kerbing \$60,000;
- Footpath upgrades \$35,000;
- Footpath construction \$249,200;
- Town drainage \$517,000;
- Carparks \$123,750;
- Town road reseal \$754,500;
- Town road construction \$84,000; and
- Rural roads \$8,909,231.

#### **Shire buildings**

A total of 560 reactive building maintenance jobs were raised during the 2015-16 period at a cost of \$437,157.

A total of \$959,862 planned building maintenance was undertaken throughout the year, works included:

- Replacement of back doors at Administration building with sliding doors;
- Refurbish airport toilets;
- Remove asbestos from Cascade Community Hall and Old Matrons Quarters;
- Esperance Kindergarten (Black Street), demolish building and clean site; and
- Refurbishment kitchen, replace ceiling in skullery and arts storeroom and paint corridors in Senior Citizens Centre.



### Esperance Waterfront Stage 3 - Tanker Jetty Replacement

The Shire engaged BMT JFA Consultants to undertake a visual assessment of the Tanker Jetty on the 17th and 19th of November 2015 and a visual inspection of the substructure occurred on 11th of November 2015. The result of the inspections were outlined in the Esperance Jetties Condition Assessments – Condition Inspection and Maintenance Strategy Report.

The Report outlines:

- The jetty inspection and condition assessments carried out found that as a result of aggregation of poor and failed component condition, the structure had insufficient structural capacity to ensure public safety;
- Urgent repairs of components highlighted as immediate priorities are required to piles and half caps; and
- A detailed inspection of all piles is required to fully establish the rate of deterioration of these components.

Four options were proposed in the Report for the future of the Tanker Jetty:

- Option 1 - Retain the existing Tanker Jetty for the full length
- Option 2 - Retain the Tanker Jetty to pier 87 which would give a length of 248 metres

- Option 3 - Retain the full length and re-pile
- Option 4 - Permanently close the Tanker Jetty and plan to build a new a Jetty

At a Special Council Meeting in December 2015, Council endorsed the decision to close the Esperance Tanker Jetty based on the BMT JFA Consultants report.

At the Special Council Meeting held in February 2016 Council authorised the Shire CEO to initiate the preparation of specifications and tender documents for the demolition of the Tanker Jetty, including all required permits and approvals, and call for tenders for the demolition of the Tanker Jetty.

Under the provisions of Section 11 of the Heritage of Western Australia Act 1990 the proposed development was referred to the Heritage Council.

Council advised the Heritage Council that, as per Section 11 (3)(c) of the Heritage of Western Australia Act, there is no feasible or prudent alternative except to demolish the Tanker Jetty, as preserving the current structure would impose unsustainable long-term economic costs to the Esperance Community. Council also advised that as far as reasonably practicable the Shire would meet the conditions set out by Heritage Council for the demolition of the Tanker Jetty.





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

### **Strategy 3.2: Deliver a diverse, efficient and safe transport system**

#### **Esperance Airport**

In September 2015 Virgin Australia announced it would cease commercial flights to and from Esperance when its contract ended in February 2016. Regional EXpress Holding Limited (Rex) was appointed by the Department of Transport as the preferred tenderer.

Council removed the \$41 screening fee in February 2016 as the new airline service provider Rex uses an aircraft with a mass of less than 20,000 kilograms, removing the need for security screening under legislation.

Rex Airlines have experienced some issues regarding freight, flight delays and passengers baggage being off loaded. The Shire conveyed these issues to Rex and the Department of Transport to ensure all stakeholders work together to provide a quality service.

The Shire decided to terminate their Air BP contract due to proven cost savings, refuelling is now conducted by Aus-Flight Handling. This is a more efficient system for the Shire.

The annual CASA audit was received in June 2016 with some very minor non-compliances related to the height of markers and minor scouring. These issues will be rectified in the near future.

#### **Road Hierarchy Plan**

An Urban Road Hierarchy Plan was developed during 2016 and, together with the Rural Road Hierarchy Plan was used to develop the 2015-16 road budget. Officers are currently working on a 5 year road capital works program for future budget planning. This allows for an efficient spend on roads, coordinating works long term, and determining materials and resources needed.

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

### **Strategy 3.3: Create and strengthen partnerships to advocate for and deliver community facilities, services and major infrastructure**

The LED Street Light Retrofit Program was completed in 2016. A joint project with Horizon Power the project saw the installation of hundreds of new LED street lights across Esperance. The new LED lights are made up of LED chips and the fitting has a single photoelectric cell installed which is light sensitive and switches the lamp on and off automatically. The lights are made of poly carbonate which makes them durable and shock-resistant. As LEDs do not contain hazardous waste, they can be completely recycled.

An external business case consultant was appointed to provide advice in the development of new concept designs for the Indoor Sports Stadium. The indoor sports stadium must accommodate multiple user groups needs and take into account structural capacity of existing facilities. Financial assistance was provided to the Shire through the Goldfields-Esperance Revitalisation Fund administered by the Goldfields-Esperance Development Commission. The business case, including concept designs and future funding applications will be undertaken in the 2016-17 period.

Council and Shire staff regularly meet with state and federal members of parliament and other agencies to ensure the needs of our community are heard, including:

- Met with Lotterywest representatives to discuss funding opportunities;
- Discussed future funding opportunities with Prime Minister Malcolm Turnbull;
- Discussed the challenges and major projects at the 'Over the Horizon' forum;
- Attended the Department of Agriculture planning session for the new Agricultural Infrastructure audit;
- Discussed community views regarding proposed airline changes with Department of Transport;
- Met with Federal Member Rick Wilson regarding growing agricultural capacity; and
- Hosted the Chinese Consulate General visit to Esperance.





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

### Strategy 3.4: Maintain the Shire's robust asset management practices and maintenance programs

#### Asset Management Plans

A review of the Asset Management Planning process was undertaken in 2015 and the '2015 Asset Management Strategy' and 'Asset Management Plan Summary' were developed.

The 2015 Asset Management Strategy outlines:

- The current position with respect to Asset Management practice;
- Future needs with respect to Asset Management practice;
- The current maturity level of Asset Management practice with regard to the nationally recognised levels of competency;

- An Improvement and Action Plan on how Council intends to achieve future needs; and
- A performance monitoring process.

#### Shire Fleet

Based on the 2015-16 Budget \$1,145,000 was spent on replacement fleet.

#### Public Land Strategy

The Public Land Strategy continues to be utilised to ensure property decisions are made in a structured and consistent manner. Opportunities continue to be explored to maximise economic and community benefit from land controlled by the Shire.



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

### Strategy 3.5: Advocate and plan for economic development in a sustainable manner

#### Economic Development Strategy

The Esperance Regional Economic Development Strategy has been endorsed with options to implement initiatives identified within the strategy currently being explored.

#### Esperance Branding Strategy

The Shire of Esperance along with the Goldfields Esperance Development Commission and the Esperance Chamber of Commerce and Industry, developed a brand for the Esperance community to help position Esperance as a preferred destination to live, work, invest and visit.

Esperance Branding 'Your Story' photo competition was launched and the winners for each category were:

Live: Heather Gee;

Work: Create and See owner Lynne Beros;

Invest: Kylie Ryan; and

Visit: Jacky Moroney.

The winning voter was an excited 7 year old local, Alice Fowler who nominated a local toy shop to spend her \$50.00 prize.

### The Winners of the 'Your Story' Branding Competition





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

### **Strategy 3.6: Build skills, capacity and partnerships across the whole community to work towards a self sustaining Shire**

The Shire held discussions with Australia's Golden Outback regarding opportunities to attract regular overseas tours following the recent international exposure of Lake Hillier on Middle Island.

The Shire provided information to the Regional Australia Institute to assist with research they are undertaking regarding regional economic development within Australia. Information was also provided to the University of Western Australia to assist with research they were undertaking on regional economic development.

Shire staff regularly attend the 'Business After Hours' events which provides an opportunity for Shire officers to interact with the local business community in a relaxed atmosphere.

The Community Grants Program provides financial support to community groups. This year the Council distributed \$171,601 to a diverse number of community groups.

The Department of Local Government and Communities, contributed \$10,000 to the Shire through the 'Youth Friendly Communities Grant'. The 'Community for Youth' project objectives included engaging youth in prioritising the identified strategies, deliver an 'Esperance Youth Summit'



and support youth contribution in growing a youth friendly community for consideration in the further development of the Shire's strategies, policies and plans.

Over the past year the Shire has partnered with South Coast Natural Resource Management (SCNRM) on the following projects:

- Biodiversity fund - funded by SCNRM delivered by the Shire, the projects aimed at the rehabilitation and restoration of coastal reserves. To date the rehabilitation and protection of 173ha has been achieved.
- Munglinup Beach Campground upgrade – the Shire worked closely with SCNRM to develop work plans for the upgrade works to ensure the reserve is developed and managed in a sustainable manner.
- Castletown Quays Restoration Stage 1 and Twilight Beach Restoration Stage 1 - SCNRM provided in kind professional advice regarding the restoration works and supported our grant application.
- SCNRM also provide support to the South Coast Management Group on the management of coastal reserves across the region. The Shire is also member.

The Shire again supported the Work for the Dole program this year by the way of a group activity aimed at the preservation of our coastal and nature reserves. Key achievements over the year include:

- Restoration works at Lake Monjigup including weed control, fencing, pruning, revegetation and minor construction works.
- Weed control and revegetation works along Castletown Quays.
- Weed control and revegetation works at Twilight Beach.
- Revegetation works at Quagi Beach campground.

Both partnerships were a huge success and delivered some great outcomes for the community. It should be acknowledged the Shire potentially would not have been able to deliver all of the above projects without these partnerships.

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

## Strategy 3.7: Facilitate and guide high quality and efficient building and development across the Shire

### Planning Services

Amendment No. 19 was a major omnibus amendment to the Local Planning Scheme No. 23. This amendment is designed to be the major update to the Scheme before a new Scheme is prepared. The amendment is currently awaiting gazettal with the Department of Planning and Infrastructure.

Local Planning Scheme No. 24 is a draft Scheme that is being prepared to replace Local Planning Scheme No. 23. This Scheme will apply across the entire Shire and will become the primary statutory planning instrument against which development and land use will be guided and controlled. The Scheme has been designed to be consistent with the *Planning and Development (Local Planning Schemes) Regulations 2015* and reflects the current and future needs of our community. The Scheme is currently with the Environment Protection Authority and the Department of Planning and it will be advertised for public comment on receipt of their advice.

### Building Services

Table 2: Building Approvals

	2014-2015		2015-2016	
	Number	Value	Number	Value
New Dwelling (Class 1)	90	\$30,707,421	56	\$19,955,885
Alter Dwelling (Class 1)	31	\$2,868,633	24	\$1,674,992
Demo Dwelling (Class 1)	8	\$79,000	6	\$127,000
Un-authorised Dwelling (Class 1)	3	\$421,000	9	\$102,500
New (Class 2-9)	28	\$9,069,129	25	\$5,904,793
Alter (Class 2-9)	15	\$2,814,677	13	\$5,114,826
Demo (Class 2-9)	3	\$14,500	3	\$60,000
Un-authorised (Class 2-9)	3	\$270,802	2	\$51,500
New Non-habitable (Class 10)	183	\$3,527,129	164	\$2,682,431
Alter Non-habitable (Class 10)	30	\$504,410	24	\$216,899
Demo Non-habitable (Class 10)	7	\$12,500	2	\$2,485
Un-authorised Non-Habitable (Class 10)	20	\$147,800	45	\$377,200
<b>TOTAL</b>	<b>421</b>	<b>\$50,437,001</b>	<b>373</b>	<b>\$36,270,511</b>

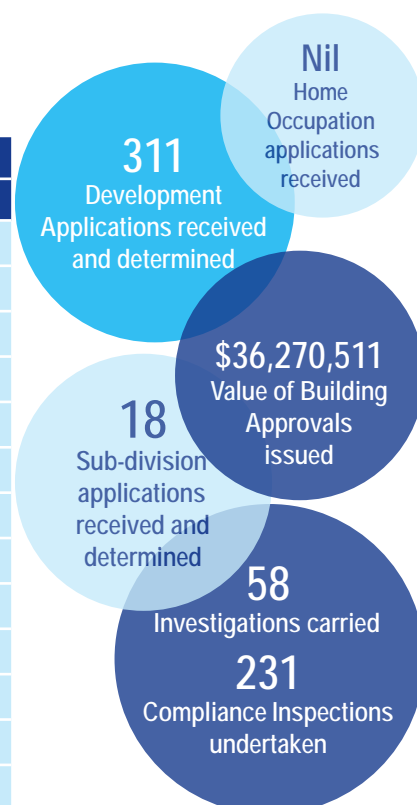
### Land Development

During the 2015-16 period 3 blocks were sold in Flinders Estate Stage 2 leaving 11 currently available for sale. Flinders Estate Stage 3 also received subdivision approval, with a decision on the timing of development dependent on continuing sales within Stage 2. Council also decided to sub-divide Lot 290 Tribune Parade, with sub-division plans now finalised enabling a Statutory Business Case to be proceeded with.

One property was sold in the Shark Lake Industrial Park with 27 properties still being available for sale.

### Compliance - Education

Staff attended the 2016 Home Expo and were available to provide advice to the public, ratepayers, builders and developers on building, planning and compliance provisions within the Shire.







## *Theme 4: Civic Leadership*

*Our Council, services, policies and engagement*







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

#### Strategy 4.1: Assist Councillors to provide strong and visionary leadership

##### Community Engagement

Community engagement is a fundamental aspect of Council's role and is an essential element in the planning and delivery of community-focused services.

In 2015-16 the following engagements activities were organised or attended:

- Business After Hours;
- Condingup School meeting;
- Branding presentations to several stakeholder groups;
- Esperance Agricultural Show;
- November Fire update meetings;
- Annual Electors meeting;
- Community Recovery meetings;
- Council Corners at Esperance Yabbie Classic, the Condingup Community Fair, Blessing of the Fleet and the Museum Village Markets;
- Waste Facility Update meetings at Scaddan and Dalyup; and
- Signs information forum.



**Outcome:** Openness and transparency in Council decisions

## Strategy 4.2: Maintain a clear, transparent and ethical decision making process

### Council Meetings

Community members are encouraged to come along to Council Meetings which are open to the public and advertised on the Shire's website and in Council Connections and the Shire Flyer. Ordinary Council Meetings are held on the fourth Tuesday of every month at 4pm in Council Chambers and provide an opportunity for the community to ask questions about report items going before Council.

### Review of Local Laws

Local Laws are enforceable rules made by local governments to apply within their district. They help to establish and maintain the quality of life in line with the expectations of the local community and provide a standard under which businesses, residents and ratepayers must conduct their activities. Local Laws support higher legislation (Acts of Parliament) to control and manage the more basic matters that affect the community. They can be helpful in the resolution of disputes, as well as achieving effective government.

On Wednesday 23 March 2016, the Joint Standing Committee on Delegated Legislation resolved to take no further action and passed the Shire of Esperance Repeal Local Law 2015. This Local Law repealed the Shire of Esperance Pest Plants By-Laws 1979 and the Shire of Esperance Local Laws Relating to Signs 2004.

The Shire of Esperance Standing Orders Local Law 2015 was Gazetted on Tuesday, 14th June 2016. As required pursuant to s3.12(7) of the *Local Government Act 1995* the Explanatory Memorandum and associated documents were sent to the Joint Standing Committee on Delegated Legislation and the Legislative Council has until Tuesday, 13th September 2016 to disallow the Local Law.

At the June 2016 Ordinary Council Meeting Council resolved to review the Shire of Esperance Activities on Thoroughfares and Trading in Thoroughfares and Public Places Local Law 2001, Local Government Property Local Law 2001 and Private Property Local Law 2003 as per s3.16 of the *Local*

*Government Act 1995*. Submissions about the proposed review is currently being sought.

### Integrated Planning and Reporting Framework

The Integrated Planning and Reporting Framework was legislated in late 2011 to allow local governments to plan for the future and to equip organisations to respond to short, medium and long term community requirements. To meet compliance with the framework, the Shire of Esperance has developed a suite of plans. These plans detail our resourcing capabilities for operational services and major projects, maintenance of community assets and predicted long term financial expectations. The Plans are reviewed annually to ensure they remain up to date, have full integration and provide a framework clearly outlining our current and future activities and resourcing requirements.

In 2015, the Corporate Business Plan was reviewed and the changes were made to reflect the current environment, operations, planning, progress, position and assumptions of Council and the Shire. Specific changes made to the document include, changes to Priority Projects, Major Projects Underway, The Role of Council and the Shire, Shire Services, Organisational SWOT, Key Organisation Risks, Asset Management, Workforce Planning, Global Assumptions and Financial Position Summary.

The Local Government Better Practice Review (BPR) Program was an initiative undertaken by the Department of Local Government and Communities to recognise and promote good practice in Western Australian country local governments. The Shire's review was conducted during January 2016 and the program identifies areas of better practice, strengths and areas for further development under the headings of Governance; Planning and Regulatory functions; Plan for the Future; Assets and Finance; Workforce Planning and Human Resource Management; and Community and Consultation. The results of the program are expected in the new financial year.



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

### Strategy 4.3: Ensure open and consistent communication between the Shire and the Community

#### Communicating to the Community

Social Media is a highly interactive platform and allows the Shire to interact with the community by sharing information with them and receiving information from them instantaneously. Our Website, Facebook, Twitter, YouTube accounts allow Council and the Shire to respond to the changing needs of our community and provides a greater level of interaction.

The Shire published 63 media releases during 2015-16, some of these included:

- Differential Rates;
- Esperance Named a Tidy Town;
- Official Bushfire Appeal Launched;
- Tanker Jetty Closed;
- Shire of Esperance Awarded for Road Campaign; and
- Have your say! Town Parking

Media releases are a great way for accurate information to be disseminated on council and community issues. Council and the Shire use a variety of tools to communicate with the Community, these include:

- Radio Interviews;
- Council Corner;

- Council Connections (Esperance Express);
- From the Coast (Kalgoorlie Miner);
- Notice Boards;
- Community Meetings;
- Social Media (Facebook and Twitter);
- Direct Email;

In 2016 the Shire introduced the Shire Flyer, a weekly newsletter updating the community on the latest Shire and Council news, available at various local businesses, Shire buildings and to subscribers of our eNewsletters.

The TV screen located in the foyer at the administration building allows the Shire to communicate a variety of notices and events to the community whilst they are waiting.

#### Community Feedback

The Shire of Esperance strives to deliver better customer service and encourages the community to provide feedback. Whether you have a service request, wish to report a problem, a compliment or a complaint the Shire would like to hear from you. There are formal procedures in place to make sure your feedback is followed up.





### Civic and Ceremonial Functions

Council hosted a number of civic and ceremonial functions throughout the year.

14 Citizenship Ceremonies were held with 26 Esperance residents becoming Australian Citizens. This included an outdoor Australia Day Citizenship Ceremony held in conjunction with the announcement of the Premier's Australia Day Active Citizenship Award, the winners of the Premiers Awards were:

- Community Group or Event Award - Esperance Bush Fire Brigade, efforts of the members during the November fires;
- Under 25 Citizen of the Year - Michael Ridway, a volunteer with St John Ambulance; and
- Citizen of the Year Award - Barry Wroth, for his complete spectrum of community services activities.

On Sunday the 20th September 2015 the Shire of Esperance held a civic function to commemorate the 120th anniversary of the gazettal of the Municipality of Esperance, which was proclaimed on the September 27, 1895. The event involved many past and present elected members who have worked towards making sure Esperance is the community we choose to live in.

Our senior community members attended a dinner and enjoyed Christmas festivities at the Annual Senior Christmas Dinner, with approximately 180 people attending, volunteer Councillors and Shire staff were kept busy making sure everyone was able to relax and enjoy good food and company.

Hundreds of community members enjoyed the Community Christmas Pageant, with 27 entries including a Minion Float, followed by Lions Carols by Candlelight this annual event was once again a community family success.

In September 2015 a Collins Class Submarine "HMAS Rankin" docked in Esperance. The crew of Rankin visited local schools and played in a charity football match against strong opponents representing the Clontarf Foundation. A civic reception was held for the crew, with Commanding Officer Douglas Theobald being presented with a Shire of Esperance Crest. RSL members, and representatives from local Cadet Groups were also invited.



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

#### Strategy 4.4: Actively engage with the community to inform decision making

##### Community Perception Survey

The Community Perception Survey enables Council to keep in touch with the current wishes of local residents, determine priorities and make the best decisions possible on behalf of the community in line with our Strategic Community Plan.

808 community members took part in the 2015 survey

and provided valuable information on local services and facilities and ideas about how these could be improved.

Some of the results of the survey are included in the graphic below

##### Community Survey

The transformational Esperance Waterfront included significant upgrades along the Esperance foreshore in addition to the protection of infrastructure from coastal erosion. At the completion of the waterfront the Shire released the Esperance Waterfront Community and Tourist Satisfaction Survey to engage the usage, expectations and thoughts of locals and tourists, 181 responses were received.

Council were considering initiating a permanent change to Christmas Trading Hours and needed to understand people's thoughts for this, and gain an understanding of when people actually believe the Christmas period started and finished. An Esperance Christmas trading hours survey was released

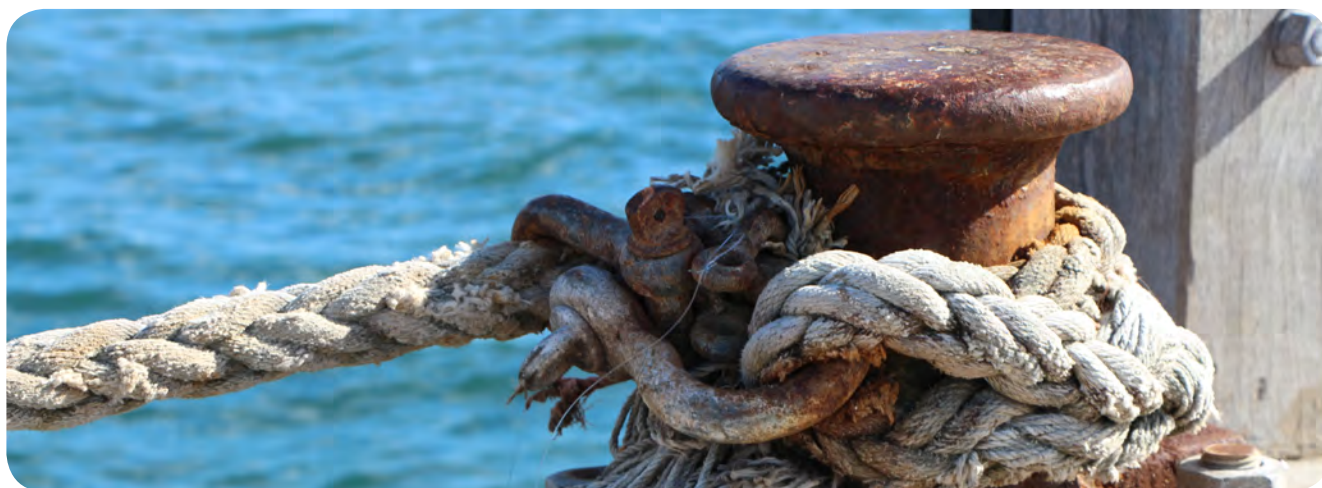
and 165 responses were received giving Council some additional views to be considered when making a decision.

The Plus 55 Community Project was an opportunity for Plus 55 community members to provide their honest opinion as to how the Shire of Esperance community and stakeholders could make Esperance a better place for them and for other Plus 55. The project included a survey where 45 responses were received. A strategy has been developed and distributed to all stakeholders who will benefit from information provided.

In February 2016 Council initiated the Replacement Tanker Jetty Survey to gather input from the community to determine a future design for a jetty replacement. 1770 responses were received and would be used by Council to guide and inform all decisions needed to develop a concept design for the replacement jetty.

Results indicated strong support for a replacement jetty to be built at the headland. A recreational jetty is highly valued with respondents keen to see a fish cleaning bench, seating, low level platforms and shade shelters. Opinions were split on whether a traditional or contemporary/unique jetty is most desirable.

Concept designs and workshops will be held during the 2016-17 financial year to ensure the broadest community is happy with the jetty built.







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

## **Strategy 4.5: Effectively manage Shire operations and resources to create a resilient and financially stable organisation**

### **Information Technology**

The major project undertaken in 2015-16 was the review of the Managed Services Agreement with 'Civica' which expired in September 2015. Civica provided Managed IT Services which were managed off-site in Civica's datacentre and were accessed by the Shire remotely using a Remote Desktop application.

The project centred around transferring all data and applications from Civica's Managed Services environment back to the Shire of Esperance offices. Having servers onsite would alleviate the printing and data transfer issues that had plagued the Managed Services implementation since inception and would allow 3rd party vendors to integrate their software much more easily.

### **Record Keeping Plan**

Staff commenced the review of the Record Keeping Plan which is due in early December 2016. The following items need to be completed before then:

- Completion and sign-off of the records disaster recovery plan;
- Completion of the annual records audit;
- Completion of the website procedures (following creation of the new website);
- Completion of the Archival Records listing for what stays and what goes (including justification) to be added to the plan;
- Completed review of our records storage (electronic and hardcopy) in line with the updated State and Federal Standards (including records at external locations eg. Homecare and Kalgoorlie storage); and
- All internal records procedures and work instructions updated.

### **Customer Request Management System**

At the start of 2016 shire staff commenced the implementation of an application which would provide a single environment that manages all forms of communication between the Shire and its customers.

The Customer Request Management system (CRM) enables the Shire to manage verbal, paper based, email and electronic web based communications via the same set of business rules and workflows. CRM enables the management of the full lifecycle of a customer request from initiation to finalisation. The new system is due to go live in late July 2016.

### **Shire Website**

The new website will be divided into sections Live, Work, Play, Develop and Your Council. This will make it easier than ever to locate contact numbers, forms, Council publications and information. It will also highlight what Esperance has to offer, with stunning visuals and will have an interactive events diary in which you can add an event to your Outlook calendar at the click of a button. The events calendar can add community events which will benefit those promoting events and those looking for something to do.

The website is regularly updated with Council news, media releases, meeting times, agendas and minutes and easy links to Shire services such as the Library, Civic Centre, Bay of Isles Leisure Centre, Volunteer Resource Centre, Home Care and Visitor Centre. The new website is due to go live on the 1st July 2016.







**Outcome:** *Employees who continually strive to improve performance and service delivery across the organisation*

#### **Strategy 4.6: Employees actively contribute to improved operational service delivery and ensure excellent customer service**

##### **Shire of Esperance Enterprise Agreement 2012**

The Shire of Esperance Enterprise Agreement 2012 has a nominal expiry date of 30 June 2016. Negotiations between staff and management are currently underway for the new Agreement with the current Agreement remaining in place until a replacement Agreement is endorsed. The Agreement embraces contemporary workplace issues as well as recognising the need for flexibility in workplace arrangements.

##### **Efficiency database**

This year, twenty one efficiencies were identified by staff. All efficiencies had an impact on Shire resources through the reduction in cost, time or improved quality. Efficiencies ranged from:

- Hako floor cleaner at the Bay of Isles Leisure Centre, reduces water consumption;
- Dehosting from Civica Managed Services, reduces the complexity of the system which in turn reduces system issues; and
- The use of an infrared camera to detect electrical and mechanical faults before issues arise.



##### **Employee Survey**

The Shire of Esperance have conducted Employee Surveys on a biennial basis since 2011, with the last Survey being conducted in October 2015. All permanent staff were invited to participate in the Survey with a response rate of 80%. LGIS, who conducted the Survey on behalf of the Shire, identified a number of positive findings as well as areas for improvement. Feedback sessions were held with all staff to ensure that staff were advised of survey findings. The Shire continues to work towards developing strategies to address issues raised.





## Training

The Shire conducts organisation wide training courses, training for specific job tasks, training to support traineeships, as well as support for further studies and continued professional development.

This year, administrative training courses conducted included:

- CRM Admin Training
- OSH Roles and Responsibilities
- UV presentation
- OSH Rep Training 5 days
- Fire Warden
- Mental health presentation
- Fire Extinguisher
- Hold Up / Aggressive Customer training
- Eyes on the Street – information gathering and incident reporting
- Risk Management
- Excel – Intermediate
- Men's Health Day
- Introduction to Local Government

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

- Basic Worksite Traffic Management and Traffic Control
- First Aid – all outdoor staff offered this training
- Chlorine Gas Handling

- Self-Contained Breathing Apparatus
- Cert IV Training & Assessment
- Confined Space
- Tree Pruning & Polesaw
- Auschem Chemical Training
- Chainsaw training
- Asbestos training

A staff member was accepted into the 12 month Local Government Managers Association 'Lift Off' Program for aspiring leaders in local government. The mentoring program pairs the staff member with a recognised and respected leader within Local Government to guide and develop their skills as a leader.

Another staff member attended the LGMA 'Executive Management' Program to gain a better understanding of senior and executive management. The program is specific to local government and all the presenters were knowledgeable, highly experienced and well regarded in local government arena.

The LGMA 'Ignite' Program is designed for staff new to management roles working in local government. The core elements of the program include coaching, leading your team, and organisational culture. This years participant was highly impressed with the program and has been able to see the differences in his own leadership practices and how he has been able to pass this onto his team.



# Record Keeping and Statutory Requirements

## Employee Remuneration

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

Table3: Employee Remuneration

	2012-2013	2013-2014	2014-2015	2015-2016
\$100,000 - \$109,999			2	5
\$110,000 - \$119,999			1	
\$120,000 - \$129,999	2	2		1
\$130,000 - \$139,999	1	1	2	1
\$140,000 - \$149,999	1	1	2	
\$150,000 - \$159,999			1	2
\$160,000 - \$169,999				
\$170,000 - \$179,999				
\$180,000 - \$189,999	1			
\$190,000 - \$199,999				
\$200,000 - \$209,999				
\$210,000 - \$219,999		1		
\$220,000 - \$229,999			1	
\$230,000 - \$239,000				1



## Complaints

Section 5.53(2)(hb) of the Local Government Act 1995 requires the Annual Report to contain details of entries made under section 5.121 during the financial year in the Register of Complaints. The 2015 -16 year saw Nil (0) entries made in this regard.





### Statement on the Record Keeping Plan

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

### Review of Electronic Document Records Management System

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

### Offsite Storage

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

### Training

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

### KPI and Performance Management

Records performance is measured through the Interplan System on a monthly basis, providing a system of monitoring of the Information Management Area by management and Council. An increase of over 3500 documents were received this financial year.

Table 4: Performance Indicators

Records Process	Target	Amount*
Documents catalogued by Records Staff	N/A	28,855 documents
Documents catalogued by other staff	N/A	20,282 documents
Incoming Mail catalogued by 12 noon*	99%	73%
Freedom of Information applications processed within 45 days	100%	100% (5 requests)

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

### Freedom of Information Statement

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

There were five (5) new valid Freedom of Information requests received during the 2015-16 financial year.

Of these:

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



# National Competition Policy

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

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

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

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

In accordance with the requirements of the National Competition Policy, the Shire of Esperance makes the following disclosures for 2015-16.

## Competitive Neutrality

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

The Shire of Esperance has previously assessed its operations and considers that it has one business activity that would be classed as significant under the current guidelines. Also the Shire of Esperance does not operate a business enterprise that has been classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or Public Financial Enterprise.

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

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

During the reporting period the Shire of Esperance did not become aware of any allegations of non-compliance with the competitive neutrality principles made by a private entity against the Shire.

## Structural Review of Public Monopolies

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

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

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

## Legislative Review

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

- The benefits of the restriction to the community as a whole outweigh the costs; and
- The objectives of the legislation can only be achieved by restricting competition.

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

The *Local Government Act 1995* requires all existing Local Laws to be reviewed every eight years. As part of this process the intention to review Local Laws is advertised in the media giving residents and rate payers the opportunity to comment on any proposed changes, additions or deletions to the Shire's Local Laws. During the 2015-16 financial year there was one change to the Shire's Local Laws. The Shire of Esperance Repeal Local Law 2015 was gazetted and passed by the Joint Standing Committee on Delegated Authority. This Local Law repealed the Shire of Esperance Pest Plants By-Laws 1979 and the Shire of Esperance Local Laws Relating to Signs 2004. As at the reporting date the number of by-laws and Local Laws which have been reviewed and reformed as a result of any legislative review is One (1); and

As at the reporting date the number of by-laws and Local Laws which the application of any legislative review principles were considered but not applied is Zero (0).

Table 5: Summary of Financial Performance

Financial Ratios	Bench Mark	Actual 2015-16	Actual 2014-15	Actual 2013-14	Actual 2012-13
Current Ratio	1.0:1	1.89:1	1.24:1	1.65:1	1.41:1
Asset Sustainability Ratio*	90%	80%	90%	148%	139%
Debt Service Cover Ratio	2.0	12.95	15.65	3.12	7.04
Operating Surplus Ratio*	0.01	(16)%	25%	3%	71%
Own Source Revenue Coverage Ratio*	40%	59%	83%	78%	82%
Asset Consumption Ratio*	50%	95%	65%	63%	64%
Asset Renewal Funding Ratio*	75%	104%	94%	73%	53%

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

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

#### Current Ratio (Working Capital)

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

#### Asset Sustainability Ratio

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

#### Debt Service Cover Ratio

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

#### Operating Surplus Ratio

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

#### Own Source Revenue Ratio

This ratio is a measure of the Shire's ability to cover its costs through its own revenue. A ratio of 59% is considered to be reasonable considering the Shire's reliance on growth for its road network.

#### Asset Consumption Ratio

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

#### Asset Renewal Funding Ratio

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

Two of the 2016 and 2015 ratios disclosed above are distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$2,521,921.

The early payment was considered to be "one-off" and if recognised in the year to which the allocation related the calculations in the 2016 and 2015 columns above would be as follows:

	2016	2015
Debt Service Cover Ratio	16.13	13.43
Operating Surplus Ratio	-(7)%	17%







A scenic view of a waterfront park at dusk. In the foreground, there are several wooden picnic tables and benches on a wet, paved area. Large, reddish-brown rocks are scattered around. In the middle ground, there are several young trees and a concrete pier extending into the water. The background shows a calm body of water and distant hills under a dramatic sky with dark clouds and a faint rainbow. The overall atmosphere is serene and picturesque.

# *2015-2016 Annual Financial Report*





# Shire of Esperance

## Annual Financial Report

*For the year ending 30th June 2016*

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



# Shire of Esperance Financial Report

For the year ending 30th June 2016

Statement by Chief  
Executive Officer

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

### STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and other information for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2016 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 *31<sup>st</sup>* day of *October* 2016



Matthew Scott  
Chief Executive Officer

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Statement of Comprehensive Income by Nature and Type

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>				
Rates	22	18,012,991	17,447,566	16,642,770
Operating grants, subsidies and contributions	29	9,750,978	6,256,890	13,881,685
Fees and charges	28	8,888,264	9,037,228	9,842,041
Interest earnings	2(a)	1,017,813	732,863	1,026,908
		<u>37,670,046</u>	<u>33,474,547</u>	<u>41,393,404</u>
<b>Expenses</b>				
Employee costs		(14,166,342)	(14,453,932)	(13,939,986)
Materials and contracts		(11,069,938)	(13,826,211)	(8,461,160)
Utility charges		(929,222)	(998,541)	(973,163)
Depreciation on non-current assets	2(a)	(14,704,454)	(12,808,160)	(9,780,017)
Interest expenses	2(a)	(138,787)	(116,183)	(147,019)
Insurance expenses		(462,633)	(478,066)	(468,756)
Other expenditure		(616,901)	(492,885)	(513,477)
		<u>(42,088,277)</u>	<u>(43,173,978)</u>	<u>(34,283,578)</u>
		(4,418,231)	(9,699,431)	7,109,826
Non-operating grants, subsidies and contributions	29	5,994,201	6,109,696	4,976,555
Profit on asset disposals	20	362,396	444,633	399,094
(Loss) on asset disposals	20	(334,087)	(67,294)	(171,738)
Fair value adjustments to fixed assets at fair value through profit or loss	6(b)	(169,089)	0	(81,371)
<b>Net result</b>		<u>1,435,190</u>	<u>(3,212,396)</u>	<u>12,232,366</u>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets	12	(1,340,371)	0	126,847,245
Waste Facility Rehabilitation		(7,560,987)	0	0
Recognition of Relinquished Asset	29	5,881,000	0	0
<b>Total other comprehensive income</b>		<u>(3,020,358)</u>	<u>0</u>	<u>126,847,245</u>
<b>Total comprehensive income</b>		<u>(1,585,168)</u>	<u>(3,212,396)</u>	<u>139,079,611</u>

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



# Shire of Esperance Annual Financial Report

For the year ended 30th June 2016

## Statement of Comprehensive Income by Program

	NOTE	2016 \$	2016 Budget \$	2015 \$
<b>Revenue</b>	2(a)			
Governance		222,018	200,797	330,132
General purpose funding		21,393,476	20,627,609	25,054,156
Law, order, public safety		1,620,269	286,751	2,114,948
Health		55,447	56,750	54,756
Education and welfare		2,927,639	2,772,691	2,679,812
Community amenities		5,242,398	4,258,027	4,865,020
Recreation and culture		2,864,100	1,804,485	1,701,276
Transport		2,106,538	2,280,804	2,422,985
Economic services		646,162	628,310	672,791
Other property and services		591,999	565,323	1,497,528
		<u>37,670,046</u>	<u>33,481,547</u>	<u>41,393,404</u>
<b>Expenses</b>	2(a)			
Governance		(2,124,216)	(2,214,471)	(2,104,000)
General purpose funding		(555,312)	(520,408)	(448,899)
Law, order, public safety		(2,604,763)	(1,727,654)	(1,725,534)
Health		(327,881)	(383,184)	(350,234)
Education and welfare		(3,321,786)	(3,493,960)	(3,132,355)
Community amenities		(5,998,237)	(8,117,462)	(5,118,080)
Recreation and culture		(9,156,405)	(8,711,404)	(7,506,874)
Transport		(15,545,240)	(14,955,635)	(11,823,054)
Economic services		(1,463,960)	(1,791,535)	(1,391,081)
Other property and services		(851,690)	(1,142,082)	(536,448)
		<u>(41,949,490)</u>	<u>(43,057,795)</u>	<u>(34,136,559)</u>
<b>Finance costs</b>	2(a)			
Recreation and culture		(60,237)	(54,771)	(60,050)
Other property and services		(78,550)	(61,412)	(86,969)
		<u>(138,787)</u>	<u>(116,183)</u>	<u>(147,019)</u>
		<u>(4,418,231)</u>	<u>(9,692,431)</u>	<u>7,109,826</u>
Non-operating grants, subsidies and contributions	29	5,994,201	6,109,696	4,976,555
Profit on disposal of assets	20	362,396	444,633	399,094
(Loss) on disposal of assets	20	(334,087)	(67,294)	(171,738)
Fair value adjustments to financial assets at fair value through profit or loss	6(b)	(169,089)	0	(81,371)
<b>Net result</b>		<u>1,435,190</u>	<u>(3,205,396)</u>	<u>12,232,366</u>
<b>Other comprehensive income</b>				
Changes on revaluation of non-current assets	12	(1,340,371)	0	126,847,245
Waste Facility Rehabilitation		(7,560,987)	0	0
Recognition of Relinquished Asset		5,881,000	0	0
<b>Total other comprehensive income</b>		<u>(3,020,358)</u>	<u>0</u>	<u>126,847,245</u>
<b>Total comprehensive income</b>		<u>(1,585,168)</u>	<u>(3,205,396)</u>	<u>139,079,611</u>

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

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Statement of Financial Position

	NOTE	2016 \$	2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	30,182,931	26,806,596
Trade and other receivables	4	1,984,867	1,923,883
Inventories	5	389,548	697,616
<b>TOTAL CURRENT ASSETS</b>		<b>32,557,346</b>	<b>29,428,095</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4	895,941	992,479
Inventories	5	6,023,817	6,112,076
Property, plant and equipment	6	91,411,957	88,041,767
Infrastructure	7	357,388,059	358,095,215
<b>TOTAL NON-CURRENT ASSETS</b>		<b>455,719,774</b>	<b>453,241,537</b>
<b>TOTAL ASSETS</b>		<b>488,277,120</b>	<b>482,669,632</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	1,965,482	1,741,877
Current portion of long term borrowings	9	496,369	1,154,151
Provisions	10	5,087,298	2,055,097
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,549,149</b>	<b>4,951,125</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	9	1,902,976	1,880,803
Provisions	10	4,813,936	241,477
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>6,716,912</b>	<b>2,122,280</b>
<b>TOTAL LIABILITIES</b>		<b>14,266,061</b>	<b>7,073,405</b>
<b>NET ASSETS</b>		<b>474,011,059</b>	<b>475,596,227</b>
<b>EQUITY</b>			
Retained surplus		284,756,676	286,185,431
Reserves - cash backed	11	25,503,617	24,319,659
Revaluation surplus	12	163,750,766	165,091,137
<b>TOTAL EQUITY</b>		<b>474,011,059</b>	<b>475,596,227</b>

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



# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Statement of Changes in Equity

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2014</b>		<b>274,628,025</b>	<b>23,644,699</b>	<b>38,243,892</b>	<b>336,516,616</b>
Comprehensive income					
Net result		12,232,366	0	0	12,232,366
Changes on revaluation of assets	12	0	0	126,847,245	126,847,245
Total comprehensive income		12,232,366	0	126,847,245	139,079,611
Transfers from/(to) reserves		(674,960)	674,960	0	0
<b>Balance as at 30 June 2015</b>		<b>286,185,431</b>	<b>24,319,659</b>	<b>165,091,137</b>	<b>475,596,227</b>
Comprehensive income					
Net result		(244,797)	0	0	(244,797)
Changes on revaluation of assets	12	0	0	(1,340,371)	(1,340,371)
Total comprehensive income		(244,797)	0	(1,340,371)	(1,585,168)
Transfers from/(to) reserves		(1,183,958)	1,183,958	0	0
<b>Balance as at 30 June 2016</b>		<b>284,756,676</b>	<b>25,503,617</b>	<b>163,750,766</b>	<b>474,011,059</b>

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

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Statement of Cash Flows

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		18,033,290	17,447,566	16,236,537
Operating grants, subsidies and contributions		15,301,223	6,256,890	14,634,874
Fees and charges		9,166,479	9,043,430	9,743,080
Interest earnings		1,093,097	739,863	923,272
Goods and services tax		2,134,970	3,650,000	2,853,861
		<u>45,729,059</u>	<u>37,137,749</u>	<u>44,391,624</u>
<b>Payments</b>				
Employee costs		(14,400,506)	(14,050,506)	(13,616,487)
Materials and contracts		(10,580,017)	(14,435,944)	(7,640,312)
Utility charges		(858,176)	(998,541)	(1,023,451)
Interest expenses		(139,985)	(478,066)	(151,512)
Insurance expenses		(467,114)	(116,183)	(468,756)
Goods and services tax		(2,242,912)	(3,650,000)	(2,758,762)
Other expenditure		(616,901)	(492,885)	(513,477)
		<u>(29,305,611)</u>	<u>(34,222,125)</u>	<u>(26,172,757)</u>
<b>Net cash provided by (used in) operating activities</b>	13(b)	<u>16,423,448</u>	<u>2,915,624</u>	<u>18,218,867</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for development of Land held for resale		0	(864,000)	0
Payments for purchase of property, plant & equipment		(9,560,706)	(5,372,010)	(5,047,818)
Payments for construction of infrastructure		(10,452,338)	(13,995,513)	(18,155,027)
Non-operating grants, subsidies and contributions		5,994,201	6,109,696	4,976,555
Proceeds from sale of fixed assets		1,506,886	1,709,934	1,285,404
<b>Net cash provided by (used in) investment activities</b>		<u>(12,511,957)</u>	<u>(12,411,893)</u>	<u>(16,940,886)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(655,223)	(823,789)	(950,771)
Proceeds from self supporting loans		100,453	0	98,354
Proceeds from new debentures		19,614	879,000	41,756
<b>Net cash provided by (used in) financing activities</b>		<u>(535,156)</u>	<u>55,211</u>	<u>(810,661)</u>
<b>Net increase (decrease) in cash held</b>		3,376,335	(9,441,058)	467,320
Cash at beginning of year		26,806,596	26,806,595	26,339,276
<b>Cash and cash equivalents at the end of the year</b>	13(a)	<u><u>30,182,931</u></u>	<u><u>17,365,537</u></u>	<u><u>26,806,596</u></u>

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



# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Rate Setting Statement

	NOTE	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>		<u>1,886,379</u>	<u>1,886,379</u>	<u>3,283,428</u>
		1,886,379	1,886,379	3,283,428
<b>Revenue from operating activities (excluding rates)</b>				
Governance		222,018	200,797	330,132
General purpose funding		3,698,657	3,399,746	8,411,386
Law, order, public safety		1,631,749	286,751	2,139,075
Health		55,447	56,750	54,756
Education and welfare		2,937,107	2,807,506	2,679,812
Community amenities		5,251,524	4,260,027	4,865,020
Recreation and culture		8,745,100	1,804,485	1,701,276
Transport		2,131,366	2,319,086	2,453,184
Economic services		646,162	628,310	672,791
Other property and services		<u>899,493</u>	<u>934,859</u>	<u>1,842,296</u>
		26,218,623	16,698,317	25,149,728
<b>Expenditure from operating activities</b>				
Governance		(2,173,004)	(2,214,471)	(2,104,000)
General purpose funding		(555,312)	(520,408)	(448,899)
Law, order, public safety		(2,616,269)	(1,727,654)	(1,735,946)
Health		(327,881)	(383,184)	(354,187)
Education and welfare		(3,410,619)	(3,493,960)	(3,148,355)
Community amenities		(13,559,224)	(8,122,319)	(5,170,098)
Recreation and culture		(9,280,990)	(8,766,175)	(7,566,924)
Transport		(15,832,676)	(15,008,524)	(11,911,536)
Economic services		(1,463,960)	(1,791,535)	(1,391,081)
Other property and services		<u>(932,505)</u>	<u>(1,213,042)</u>	<u>(624,290)</u>
		(50,152,440)	(43,241,272)	(34,455,316)
<b>Operating activities excluded from budget</b>				
(Profit) on disposal of assets	20	(362,396)	(444,633)	(399,094)
Loss on disposal of assets	20	334,087	67,294	171,738
Loss on Revaluation of Fixed Assets	6(b)	169,089	0	81,371
Movement in deferred pensioner rates (non-current)		(9,743)	50,273	(23,614)
Movement in employee benefit provisions (non-current)		45,942	149,727	163,229
Movement in Other Provision (non-current)		4,534,785	0	0
Depreciation and amortisation on assets	2(a)	<u>14,704,454</u>	<u>12,808,160</u>	<u>9,780,017</u>
<b>Amount attributable to operating activities</b>		<u>(2,631,220)</u>	<u>(12,025,755)</u>	<u>3,751,487</u>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		5,994,201	6,109,696	4,976,555
Proceeds from disposal of assets	20	1,506,886	1,709,934	1,285,404
Purchase of land held for resale		0	(864,000)	0
Purchase of property, plant and equipment	6(b)	(9,560,706)	(5,372,010)	(5,047,818)
Purchase and construction of infrastructure	7(b)	<u>(10,452,338)</u>	<u>(13,995,513)</u>	<u>(18,155,027)</u>
<b>Amount attributable to investing activities</b>		<u>(12,511,957)</u>	<u>(12,411,893)</u>	<u>(16,940,886)</u>
<b>FINANCING ACTIVITIES</b>				
Repayment of debentures	21(a)	(655,223)	(823,789)	(950,771)
Proceeds from new debentures	21(a)	19,614	879,000	41,756
Proceeds from self supporting loans		100,453	100,454	98,354
Transfers to reserves (restricted assets)	11	(6,727,927)	(3,838,751)	(10,720,416)
Transfers from reserves (restricted assets)	11	<u>5,543,969</u>	<u>10,892,871</u>	<u>10,045,456</u>
<b>Amount attributable to financing activities</b>		<u>(1,719,114)</u>	<u>7,209,785</u>	<u>(1,485,621)</u>
<b>Surplus(deficiency) before general rates</b>		<u>(16,862,291)</u>	<u>(17,227,863)</u>	<u>(14,675,020)</u>
<b>Total amount raised from general rates</b>	22	<u>17,694,819</u>	<u>17,227,863</u>	<u>16,642,770</u>
Add: Cashback Waste Facility Rehabilitation - (current)		<u>3,026,202</u>	<u>0</u>	<u>0</u>
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	23	<u><u>3,858,730</u></u>	<u><u>0</u></u>	<u><u>1,967,750</u></u>

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

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Basis of Preparation**

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

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

All amounts are stated in Australian dollars.

#### **Critical accounting estimates**

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

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

#### **The local government reporting entity**

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

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

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

### **(b) Goods and Services Tax (GST)**

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

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

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

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

### **(c) Cash and Cash Equivalents**

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

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



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

**(d) Trade and Other Receivables**

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

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

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

**(e) Inventories**

***General***

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

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

***Land held for sale***

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

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

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

**(f) Fixed Assets**

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

***Mandatory requirement to revalue non-current assets***

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

During the year ended 30 June 2013, the Shire commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Shire revalues its asset classes in accordance with this mandatory timetable.

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

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

**(f) Fixed Assets (Continued)**

***Land under control***

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

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

***Initial recognition and measurement between mandatory revaluation dates***

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

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

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

***Revaluation***

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

***Land under roads***

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

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

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

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

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



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

**(f) Fixed Assets (Continued)**

***Depreciation***

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

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

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

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

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

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

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

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

***Capitalisation threshold***

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

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

### **(g) Fair Value of Assets and Liabilities**

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

Fair Value is the price that the Shire would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

#### ***Fair value hierarchy***

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

##### **Level 1**

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

##### **Level 2**

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

##### **Level 3**

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

#### ***Valuation techniques***

The Shire selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Shire are consistent with one or more of the following valuation approaches:

##### **Market approach**

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.



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

**(g) Fair Value of Assets and Liabilities (Continued)**

**Income approach**

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

**Cost approach**

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

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Shire gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

**(h) Financial Instruments**

***Initial recognition and measurement***

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

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

***Classification and subsequent measurement***

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

Amortised cost is calculated as:

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

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

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

**(h) Financial Instruments (Continued)**

***Classification and subsequent measurement (continued)***

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

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

***(ii) Loans and receivables***

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

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

***(iii) Held-to-maturity investments***

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

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

***(iv) Available-for-sale financial assets***

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

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

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

***(v) Financial liabilities***

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



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

**(h) Financial Instruments (Continued)**

***Impairment***

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

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

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

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

***Derecognition***

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

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

**(i) Impairment of Assets**

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

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

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

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

**(j) Trade and Other Payables**

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

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

**(k) Employee Benefits**

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

**(l) Borrowing Costs**

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

**(m) Provisions**

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

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

**(n) Leases**

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

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

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

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

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



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

**(o) Investment in Associates**

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

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

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

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

**(p) Interests in Joint Arrangements**

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

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

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

**(q) Rates, Grants, Donations and Other Contributions**

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

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

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

**(r) Superannuation**

The Shire contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Shire contributes are defined contribution plans.

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

**(s) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operational cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Shire's intentions to release for sale.

**(t) Rounding Off Figures**

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

**(u) Comparative Figures**

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

When the Shire applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

**(v) Budget Comparative Figures**

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.



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

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

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

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

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

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(iii) AASB 16 Leases (Continued)	February 2016	1 January 2019	Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.
(iv) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations  [AASB 1 & AASB 11]	August 2014	1 January 2016	<p>This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i>, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.</p> <p>Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Shire's financial statements.</p>
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation  [AASB 116 & 138]	August 2014	1 January 2016	<p>This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p>



# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title	Issued / Compiled	Applicable <sup>(1)</sup>	Impact
(v) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation (Continued)  [AASB 116 & 138]	August 2014	1 January 2016	Given the Shire currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.
(vi) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	Consequential changes to various Standards arising from the issuance of AASB 15. It will require changes to reflect the impact of AASB 15.
(vii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101  [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.  This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.  It is not anticipated it will have any significant impact on disclosures as they currently exist and any changes will relate to presentation.

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

#### (x) Adoption of New and Revised Accounting Standards

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

These new and revised standards were as follows:

- (i) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality
- (ii) AASB 2015-7 Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities



# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

### 2. REVENUE AND EXPENSES

#### (a) Net Result

The Net result includes:

(i) Charging as an expense:

#### Significant expense and revenue

Wylie Bay Waste Facility Rehabilitation	(7,560,987)	0
Recognition of Bulding Asset relinquished	5,881,000	0
	<u>(1,679,987)</u>	<u>0</u>

#### Auditors remuneration

- Audit of the Annual Financial Report	25,384	27,100
- Assistance with the finalisation of the annual financial report	0	4,500
- Audit of Acquittals	9,040	14,300

#### Depreciation

Buildings	1,842,629	1,827,396
Furniture and equipment	39,697	35,327
Plant and equipment	452,479	471,578
Minor Plant & Equipment	0	39,482
Motor Vehicles - Non Specialised	285,669	260,905
Motor Vehicles - Specialised	119,603	121,127
Road Making Plant - Major	733,174	809,777
Road Making Plant - Minor	71,709	80,409
Roads	8,838,250	4,774,233
Footpaths	435,880	266,507
Drainage	178,160	152,866
Parks and Ovals	837,944	0
Other Infrastructure	590,835	508,477
Culverts & Pipes	96,966	112,653
Street Lighting	0	31,109
Parking	0	100,484
Tourist Road Signs	0	2,453
Esperance Airport	181,459	185,234
	<u>14,704,454</u>	<u>9,780,017</u>

#### Interest expenses (finance costs)

Debentures (refer Note 21 (a))	138,787	147,019
	<u>138,787</u>	<u>147,019</u>

#### Rental charges

- Operating leases	7,900	17,050
	<u>7,900</u>	<u>17,050</u>

(ii) Crediting as revenue:

#### Other revenue

Reimbursements and recoveries	1,141,124	659,597
Other	8,609,854	13,222,088
	<u>9,750,978</u>	<u>13,881,685</u>

### 2. REVENUE AND EXPENSES (Continued)

#### (a) Net Result (Continued)

	2016 Actual \$	2016 Budget \$	2015 Actual \$
<b>Interest earnings</b>			
- Reserve funds	569,077	363,863	580,238
- Other funds	273,164	214,000	286,005
Other interest revenue (refer note 27)	175,572	155,000	160,665
	<u>1,017,813</u>	<u>732,863</u>	<u>1,026,908</u>

#### (b) Statement of Objective

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

#### COMMUNITY VISION

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

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

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

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

#### GOVERNANCE

##### Objective:

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

##### Activities:

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

#### GENERAL PURPOSE FUNDING

##### Objective:

To collect revenue to allow for the provision of services.

##### Activities:

Rates, general purpose government grants and interest revenue.

#### LAW, ORDER, PUBLIC SAFETY

##### Objective:

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

##### Activities:

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



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

### **(b) Statement of Objective (Continued)**

#### **HEALTH**

**Objective:**

To provide an operational framework for good community health.

**Activities:**

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

#### **EDUCATION AND WELFARE**

**Objective:**

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

**Activities:**

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

#### **COMMUNITY AMENITIES**

**Objective:**

To provide services required by the community.

**Activities:**

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

#### **RECREATION AND CULTURE**

**Objective:**

To establish and effectively manage infrastructure and 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, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc. Provision and operation of airport.

#### **ECONOMIC SERVICES**

**Objective:**

To help promote the shire and its economic wellbeing.

**Activities:**

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

#### **OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control Council's overheads operating accounts.

**Activities:**

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

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

### 2. REVENUE AND EXPENSES (Continued)

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

Grant/Contribution	Function/ Activity	Opening Balance <sup>(1)</sup> 1/07/14 \$	Received <sup>(2)</sup> 2014/15 \$	Expended <sup>(3)</sup> 2014/15 \$	Closing Balance <sup>(1)</sup> 30/06/15 \$	Received <sup>(2)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance 30/06/16 \$
DFES - Fire Prevention	Governance	48,554	225,570	(218,685)	<b>55,439</b>	49,940	(52,489)	<b>52,890</b>
DFES - SES	Law & Order	6,537	23,340	(20,142)	<b>9,735</b>	4,163	(9,735)	<b>4,163</b>
Crossroads Youth Program	Law & Order	3,972	0	(3,972)	<b>0</b>	0	0	<b>0</b>
Cat Sterilization Program	Law & Order	5,346	0	0	<b>5,346</b>	0	(5,346)	<b>0</b>
Youth Consultation	Education	10,000	0	(10,000)	<b>0</b>	0	0	<b>0</b>
Hearing Impaired Pilot Project	Education	4,417	0	(4,417)	<b>0</b>	0	0	<b>0</b>
Seniors Technology Link	Education	13,200	0	(13,200)	<b>0</b>	0	0	<b>0</b>
Carers WA	Education	2,310	1,260	(2,310)	<b>1,260</b>	340	0	<b>1,600</b>
Other Programs (Minor Assets)	Education	13,346	0	(7,639)	<b>5,707</b>	6,663	(3,351)	<b>9,019</b>
HACC Operating	Education	8,740	1,593,100	(1,532,125)	<b>69,715</b>	52,419	(63,052)	<b>59,082</b>
HACC Capital	Education	71,321	0	(6,409)	<b>64,912</b>	135,706	(21,751)	<b>178,867</b>
HACC NRCP	Education	0	122,978	(118,003)	<b>4,975</b>	0	(4,975)	<b>0</b>
HACC Trainee Expenses	Education	2,168	0	(2,168)	<b>0</b>	0	0	<b>0</b>
Community Visitor Scheme	Education	10,683	0	(10,683)	<b>0</b>	0	0	<b>0</b>
VMP CPO	Education	23,319	143,952	(134,881)	<b>32,390</b>	118,190	(120,100)	<b>30,480</b>
DLGC Youth Friendly Community	Education	0	10,000	0	<b>10,000</b>	0	(10,000)	<b>0</b>
DLGC Age Friendly Community	Education	0	10,000	0	<b>10,000</b>	0	(10,000)	<b>0</b>
Homecare 2	Education	0	0	0	<b>0</b>	24,506	0	<b>24,506</b>
Homecare 3	Education	0	0	0	<b>0</b>	12,748	0	<b>12,748</b>
Coastal Adaptation Strategy	Community	1,650	35,000	(33,973)	<b>2,677</b>	5,000	(7,677)	<b>0</b>
Coastscapes Biodiversity Fund	Community	29,991	0	(26,829)	<b>3,162</b>	20,218	(9,187)	<b>14,193</b>
South Coast NRM	Community	9,000	0	(6,696)	<b>2,304</b>	1,000	(3,304)	<b>0</b>
Community Energy Efficiency Program	Community	156,914	378,000	(156,914)	<b>378,000</b>	442,244	(820,244)	<b>0</b>
Supertown - Town Centre Revitalisation	Community	45,821	2,339	(26,395)	<b>21,765</b>	0	(21,765)	<b>0</b>
City of Kalgoorlie Boulder	Community	0	0	0	<b>0</b>	166,324	(66,530)	<b>99,794</b>
State NRM - Lake Monji Com Action Group	Community	0	0	0	<b>0</b>	20,000	(5,826)	<b>14,174</b>
Dept of Sport & Rec Kidsport	Recreation	31,355	20,000	(51,355)	<b>0</b>	0	0	<b>0</b>
RDA	Recreation	138,000	0	(138,000)	<b>0</b>	0	0	<b>0</b>



# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

### 2. REVENUE AND EXPENSES (Continued)

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

Grant/Contribution	Function/ Activity	Opening Balance <sup>(1)</sup> 1/07/14 \$	Received <sup>(2)</sup> 2014/15 \$	Expended <sup>(3)</sup> 2014/15 \$	Closing Balance <sup>(1)</sup> 30/06/15 \$	Received <sup>(2)</sup> 2015/16 \$	Expended <sup>(3)</sup> 2015/16 \$	Closing Balance 30/06/16 \$
Supertown - Waterfront	Recreation	6,260,536	0	(6,260,536)	0	0	0	0
CLGF	Recreation	0	937,727	(96,197)	841,530	0	(288,772)	552,758
Twilight Beach Restoration	Recreation	0	16,380	(14,611)	1,769	0	(1,769)	0
Castletown Beach Restoration	Recreation	0	34,279	(9,956)	24,323	3,809	(28,132)	0
Lotterywest - Skate Park	Recreation	0	0	0	0	38,982	(38,982)	0
BHP - Bushfire Donation Scaddan Community	Recreation	0	0	0	0	250,000	0	250,000
Roadwise	Transport	0	1,776	(1,350)	426	7,909	(6,881)	1,454
Tourism WA - Skate Park	Transport	0	0	0	0	200,000	0	200,000
Roads to Recovery	Transport	0	0	0	0	223,973	0	223,973
Wild Dog Control	Economic	44,324	168,500	(189,071)	23,753	212,865	(168,035)	68,583
Supertown - Growth Plan	Economic	59,173	0	(26,178)	32,995	0	(6,001)	26,994
Supertown - Economic Development	Economic	160,567	7,382	(11,848)	156,101	0	(25,784)	130,317
<b>Total</b>		<b>7,161,244</b>	<b>3,731,583</b>	<b>(9,134,543)</b>	<b>1,758,284</b>	<b>1,996,999</b>	<b>(1,799,688)</b>	<b>1,955,595</b>

#### Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

	Note	2016 \$	2015 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		4,679,314	2,486,937
Restricted		25,503,617	24,319,659
		<u>30,182,931</u>	<u>26,806,596</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Land Purchase & Development Reserve	11	553,099	334,557
Eastern Suburbs Water Pipeline Reserve	11	175,645	172,051
Jetty Reserve	11	1,906,567	1,832,878
Aerodrome Reserve	11	4,771,054	3,881,473
Off Street Parking Reserve	11	490,886	475,554
Sanitation (Rubbish Removal) Services Reserve	11	4,241,718	2,856,290
HACC Asset Replacement Reserve	11	666,327	571,360
Esperance Home Care Fundraising Reserve	11	56,934	3,695
Unspent Grants & Contributions Reserve	11	1,955,595	4,280,205
Plant Replacement Reserve	11	953,878	786,159
Employee Entitlements - Long Service Leave Reserve	11	864,879	837,866
Building Maintenance Reserve	11	4,968,206	5,282,385
Governance & Workers Compensation Reserve	11	459,365	445,018
IT System & Process Development Reserve	11	299,974	290,605
Esperance Home Care Annual Leave Reserve	11	162,342	170,845
Esperance Home Care Long Service Leave Reserve	11	216,036	190,588
Priority Projects Reserve	11	2,761,112	1,908,130
		<u>25,503,617</u>	<u>24,319,659</u>
<b>4. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Rates outstanding		524,128	558,668
Sundry debtors		1,057,673	1,000,635
GST receivable		218,103	110,161
Loans receivable - clubs/institutions		106,282	100,454
Interest Receivable		78,681	153,965
		<u>1,984,867</u>	<u>1,923,883</u>
<b>Non-current</b>			
Rates outstanding - pensioners		119,369	109,626
Loans receivable - clubs/institutions		776,572	882,853
		<u>895,941</u>	<u>992,479</u>
<b>5. INVENTORIES</b>			
<b>Current</b>			
Fuel and materials		58,136	44,050
Land held for resale - cost			
Cost of acquisition		176,057	430,279
Roadmaking Materials		81,756	150,414
Goods held for resale		73,599	72,873
		<u>389,548</u>	<u>697,616</u>
<b>Non-current</b>			
Land held for resale - cost			
Shark Lake Industrial Park		2,383,737	2,383,737
Flinders Estate		3,640,080	3,728,339
		<u>6,023,817</u>	<u>6,112,076</u>



# Shire of Esperance Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

	2016 \$	2015 \$
<b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
Land - freehold at:		
- Independent valuation 2014 - level 2	24,617,000	24,617,000
- Additions after valuation - cost	(126,511)	8,503
	<u>24,490,489</u>	<u>24,625,503</u>
Land - vested in and under the control of Council at:		
- Independent valuation 2014 - level 3	3,100,000	3,100,000
	<u>3,100,000</u>	<u>3,100,000</u>
	<u>27,590,489</u>	<u>27,725,503</u>
Buildings at:		
- Independent valuation 2014 - level 3	7,287,800	7,287,800
- Independent valuation 2014 - level 3	39,319,656	39,319,656
- Additions after valuation - cost	7,570,472	1,086,954
Less: accumulated depreciation	(3,617,095)	(1,827,396)
	<u>50,560,833</u>	<u>45,867,014</u>
	<u>50,560,833</u>	<u>45,867,014</u>
Total land and buildings	<u>78,151,322</u>	<u>73,592,517</u>
Furniture and equipment at:		
- Independent valuation 2013 - level 3	0	199,800
- Independent valuation 2016 - level 3	362,501	0
- Additions after valuation - cost	0	106,770
Less accumulated depreciation	0	(75,765)
	<u>362,501</u>	<u>230,805</u>
Plant and equipment at:		
- Independent valuation 2013 - level 3	0	3,146,500
- Independent valuation 2016 - level 3	4,436,234	0
- Additions after valuation - cost	0	2,964,397
Less accumulated depreciation	0	(823,779)
	<u>4,436,234</u>	<u>5,287,118</u>
Minor Plant & Equipment at:		
- Independent valuation 2013 - level 2	0	218,000
Less accumulated amortisation	0	(215,500)
	<u>0</u>	<u>2,500</u>
Motor Vehicles - Non Specialised at:		
- Independent valuation 2013 - level 2	0	1,380,500
- Independent valuation 2016 - level 2	1,640,998	0
- Additions after valuation - cost	0	478,939
Less accumulated depreciation	0	(387,304)
	<u>1,640,998</u>	<u>1,472,135</u>

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

	2016 \$	2015 \$
Motor Vehicles - Specialised at:		
- Independent valuation 2013 - level 3	0	1,308,900
- Independent valuation 2016 - level 3	757,101	0
- Additions after valuation - cost	0	21,225
Less accumulated depreciation	0	(233,632)
	<u>757,101</u>	<u>1,096,493</u>
Road Making Plant - Major at:		
- Independent valuation 2013 - level 2	0	5,583,800
- Independent valuation 2016 - level 2	5,883,399	0
- Additions after valuation - cost	0	1,615,682
Less accumulated depreciation	0	(1,261,058)
	<u>5,883,399</u>	<u>5,938,424</u>
Road Making Plant - Minor at:		
- Independent valuation 2013 - level 3	0	567,000
- Independent valuation 2016 - level 3	180,402	0
- Additions after valuation - cost	0	19,431
Less accumulated depreciation	0	(164,656)
	<u>180,402</u>	<u>421,775</u>
	<u><u>91,411,957</u></u>	<u><u>88,041,767</u></u>

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



# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

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

#### (b) Movements in Carrying Amounts

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

	Balance at the Beginning of the Year \$	Additions \$	(Disposals) \$	Revaluation Increments/ (Decrements) Transferred to Revaluation \$	Revaluation (Losses)/ Reversals Through to Profit or Loss \$	Impairment (Losses)/ Reversals \$	Depreciation (Expense) \$	Transfers \$	Carrying Amount at the End of Year \$
Land - freehold	24,625,503	44,986	(180,000)	0	0	0	0	0	24,490,489
Land - vested in and under the control of Council	3,100,000	0	0	0	0	0	0	0	3,100,000
<b>Total land</b>	<b>27,725,503</b>	<b>44,986</b>	<b>(180,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27,590,489</b>
Buildings	45,867,014	6,689,629	(153,181)	0	0	0	(1,842,629)	0	50,560,833
<b>Total buildings</b>	<b>45,867,014</b>	<b>6,689,629</b>	<b>(153,181)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,842,629)</b>	<b>0</b>	<b>50,560,833</b>
<b>Total land and buildings</b>	<b>73,592,517</b>	<b>6,734,615</b>	<b>(333,181)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,842,629)</b>	<b>0</b>	<b>78,151,322</b>
Furniture and equipment	230,805	55,056	0	116,337	0	0	(39,697)	0	362,501
Plant and equipment	5,287,118	845,598	(26,506)	(1,217,497)	0	0	(452,479)	0	4,436,234
Minor Plant & Equipment	2,500	0	(2,500)	0	0	0	0	0	0
Motor Vehicles - Non Specialised	1,472,135	392,463	(141,145)	203,214	0	0	(285,669)	0	1,640,998
Motor Vehicles - Specialised	1,096,493	0	0	(219,789)	0	0	(119,603)	0	757,101
Road Making Plant - Major	5,938,424	1,532,974	(551,075)	(134,661)	(169,089)	0	(733,174)	0	5,883,399
Road Making Plant - Minor	421,775	0	(81,689)	(87,975)	0	0	(71,709)	0	180,402
<b>Total property, plant and equipment</b>	<b>88,041,767</b>	<b>9,560,706</b>	<b>(1,136,096)</b>	<b>(1,340,371)</b>	<b>(169,089)</b>	<b>0</b>	<b>(3,544,960)</b>	<b>0</b>	<b>91,411,957</b>

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

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

#### (c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of valuation	Date of last Valuation	Inputs used
<b>Land and buildings</b>					
Land - freehold	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent Valuation	June 2014	Price per hectare / market borrowing rate
Land - vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent Valuation	June 2014	Improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
Buildings	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent Valuation	June 2014	Improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
<b>Furniture and equipment</b>	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2016	Construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
<b>Plant and equipment</b>	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2016	Purchase costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
<b>Minor Plant &amp; Equipment</b>	2	Market approach using recent observable market data for similar properties	Independent Valuation	June 2016	Price per item

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

**(c) Fair Value Measurements (Continued)**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of valuation</b>	<b>Date of last Valuation</b>	<b>Inputs used</b>
<b>Motor Vehicles - Non Specialised</b>	2	Market approach using recent observable market data for similar properties	Independent Valuation	June 2016	Price per item
<b>Motor Vehicles - Specialised</b>	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2016	Purchase cost and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs
<b>Road Making Plant - Major</b>	2	Market approach using recent observable market data for similar properties	Independent Valuation	June 2016	Price per item
<b>Road Making Plant - Minor</b>	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2016	Purchase cost and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs

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

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



# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

	2016 \$	2015 \$
<b>7 (a). INFRASTRUCTURE</b>		
Roads		
- Management valuation 2015 - level 3	296,405,722	296,405,722
- Additions after valuation - cost	8,816,102	0
Less accumulated depreciation	(8,838,250)	0
	<u>296,383,574</u>	<u>296,405,722</u>
Footpaths		
- Management valuation 2015 - level 3	9,092,452	9,092,452
- Additions after valuation - cost	257,816	0
Less accumulated depreciation	(435,880)	0
	<u>8,914,388</u>	<u>9,092,452</u>
Drainage		
- Management valuation 2015 - level 3	16,933,967	16,933,967
- Additions after valuation - cost	626,182	0
Less accumulated depreciation	(178,160)	0
	<u>17,381,989</u>	<u>16,933,967</u>
Parks and Ovals		
- Management valuation 2015 - level 3	7,495,027	7,495,027
- Additions after valuation - cost	322,069	0
Less accumulated depreciation	(837,944)	0
	<u>6,979,152</u>	<u>7,495,027</u>
Other Infrastructure		
- Management valuation 2015 - level 3	17,187,055	17,187,055
- Additions after valuation - cost	430,169	0
Less accumulated depreciation	(590,835)	0
	<u>17,026,389</u>	<u>17,187,055</u>
Culverts & Pipes		
- Management valuation 2015 - level 3	7,025,191	7,025,191
Less accumulated depreciation	(96,966)	0
	<u>6,928,225</u>	<u>7,025,191</u>
Esperance Airport		
- Management valuation 2015 - level 3	3,955,801	3,955,801
Less accumulated depreciation	(181,459)	0
	<u>3,774,342</u>	<u>3,955,801</u>
	<u>357,388,059</u>	<u>358,095,215</u>

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

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

Notes to and forming part of the Financial Report

### 7. INFRASTRUCTURE (Continued)

#### (b) Movements in Carrying Amounts

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

	Balance as at the Beginning of the Year	Additions	(Disposals)	Revaluation Increments/ (Decrements) Transferred to Revaluation	Revaluation (Loss)/ Reversal Transferred to Profit or Loss	Impairment (Losses)/ Reversals	Depreciation (Expense)	Transfers	Carrying Amount at the End of the Year
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Roads	296,405,722	8,816,102	0	0	0	0	(8,838,250)	0	296,383,574
Footpaths	9,092,452	257,816	0	0	0	0	(435,880)	0	8,914,388
Drainage	16,933,967	626,182	0	0	0	0	(178,160)	0	17,381,989
Parks and Ovals	7,495,027	322,069	0	0	0	0	(837,944)	0	6,979,152
Other Infrastructure	17,187,055	430,169	0	0	0	0	(590,835)	0	17,026,389
Culverts & Pipes	7,025,191	0	0	0	0	0	(96,966)	0	6,928,225
Esperance Airport	3,955,801	0	0	0	0	0	(181,459)	0	3,774,342
<b>Total infrastructure</b>	<b>358,095,215</b>	<b>10,452,338</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(11,159,494)</b>	<b>0</b>	<b>357,388,059</b>

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

### 7. INFRASTRUCTURE (Continued)

#### (c) Fair Value Measurements

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

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

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



# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

	2016 \$	2015 \$
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	1,890,812	1,227,352
Accrued interest on debentures	10,183	11,381
Accrued salaries and wages	64,487	503,144
	<u>1,965,482</u>	<u>1,741,877</u>

### 9. LONG-TERM BORROWINGS

#### Current

Secured by floating charge  
Debentures

	496,369	1,154,151
	<u>496,369</u>	<u>1,154,151</u>

#### Non-current

Secured by floating charge  
Debentures

	1,902,976	1,880,803
	<u>1,902,976</u>	<u>1,880,803</u>

Additional detail on borrowings is provided in Note 21.

### 10. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
<b>Opening balance at 1 July 2015</b>			
Current provisions	1,120,291	934,806	2,055,097
Non-current provisions	<u>0</u>	<u>241,477</u>	<u>241,477</u>
	1,120,291	1,176,283	2,296,574
Additional provision	810,635	147,691	958,326
Amounts used	<u>(821,405)</u>	<u>(93,248)</u>	<u>(914,653)</u>
<b>Balance at 30 June 2016</b>	<u>1,109,521</u>	<u>1,230,726</u>	<u>2,340,247</u>
<b>Comprises</b>			
Current	1,109,521	951,575	2,061,096
Non-current	<u>0</u>	<u>279,151</u>	<u>279,151</u>
	<u>1,109,521</u>	<u>1,230,726</u>	<u>2,340,247</u>

	2016 \$	2015 \$
<b>Provision for Waste Facility Rehabilitation</b>		
Current Provisions	3,026,202	0
Non-current provisions	<u>4,534,785</u>	<u>0</u>
	<u>7,560,987</u>	<u>0</u>

**11. RESERVES - CASH BACKED**

	Actual 2016 Opening \$	Actual 2016 Transfer to \$	Actual 2016 Transfer \$	Actual 2016 Closing \$	Budget 2016 Opening \$	Budget 2016 Transfer to \$	Budget 2016 Transfer \$	Budget 2016 Closing \$	Actual 2015 Opening \$	Actual 2015 Transfer to \$	Actual 2015 Transfer \$	Actual 2015 Closing \$
Land Purchase & Development Reserve	334,557	263,528	(44,986)	553,099	334,557	127,072	(119,000)	342,629	997,128	23,582	(686,153)	334,557
Council Buildings Construction Reserve	0	0	0	0	0	0	0	0	333,635	9,252	(342,887)	0
Eastern Suburbs Water Pipeline Reserve	172,051	5,547	(1,953)	175,645	172,051	3,445	(9,050)	166,446	152,728	25,473	(6,150)	172,051
Jetty Reserve	1,832,878	130,085	(56,396)	1,906,567	1,832,878	110,204	(26,882)	1,916,200	871,898	960,980	0	1,832,878
Aerodrome Reserve	3,881,473	974,404	(84,823)	4,771,054	3,881,473	1,097,031	(75,000)	4,903,504	2,861,211	1,102,512	(82,250)	3,881,473
Salmon Gums Quarry Reserve	0	0	0	0	0	0	0	0	9,976	277	(10,253)	0
Off Street Parking Reserve	475,554	15,332	0	490,886	475,554	6,953	0	482,507	140,069	335,485	0	475,554
Sanitation (Rubbish Removal) Services Reserve	2,856,290	1,493,108	(107,680)	4,241,718	2,856,290	1,794,892	(3,412,722)	1,238,460	2,256,814	1,183,032	(583,556)	2,856,290
HACC Asset Replacement Reserve	571,360	165,898	(70,931)	666,327	571,360	11,222	(156,000)	426,582	516,656	75,939	(21,235)	571,360
Esperance Home Care Fundraising Reserve	3,695	53,239	0	56,934	3,695	7,024	0	10,719	51,756	1,435	(49,496)	3,695
Gravel Resources Compensation Reserve	0	0	0	0	0	0	0	0	53,932	1,496	(55,428)	0
Southern Suburbs Water Supply Reserve	0	0	0	0	0	0	0	0	27,721	769	(28,490)	0
Cemetery Reserve	0	0	0	0	0	0	0	0	40,401	4,220	(44,621)	0
Unspent Grants & Contributions Reserve	4,280,205	1,955,595	(4,280,205)	1,955,595	4,280,205	0	(4,280,205)	0	7,161,244	4,280,205	(7,161,244)	4,280,205
Historical Village Reserve	0	0	0	0	0	0	0	0	2,009	56	(2,065)	0
Plant Replacement Reserve	786,159	270,625	(102,906)	953,878	786,159	10,642	(105,000)	691,801	599,532	186,627	0	786,159
Employee Entitlements - Long Service Leave Reserve	837,866	27,013	0	864,879	837,866	18,985	0	856,851	815,257	22,609	0	837,866
History Book Reserve	0	0	0	0	0	0	0	0	18,638	535	(19,173)	0
Tanker Jetty Donations Reserve	0	0	0	0	0	0	0	0	44,520	1,235	(45,755)	0
Library Reserve	0	0	0	0	0	0	0	0	46,573	12,916	(59,489)	0
Drainage Reserve	0	0	0	0	0	0	0	0	240,888	6,681	(247,569)	0
Building Maintenance Reserve	5,282,385	426,357	(740,536)	4,968,206	5,282,385	432,503	(2,271,680)	3,443,208	4,587,727	782,999	(88,341)	5,282,385
Community Bus Maintenance & Replacement Reserve	0	0	0	0	0	0	0	0	93,815	7,085	(100,900)	0
Governance & Workers Compensation Reserve	445,018	14,347	0	459,365	445,018	7,688	0	452,706	330,120	114,898	0	445,018
Shark Lake Industrial Park - Environmental Monitoring and Landscape/Drainage Maintenance Reserve	0	0	0	0	0	0	0	0	86,389	10,977	(97,366)	0
Staff Retention & Attraction Reserve	0	0	0	0	0	0	0	0	4,749	132	(4,881)	0
IT System & Process Development Reserve	290,605	9,369	0	299,974	290,606	6,279	0	296,885	317,945	8,817	(36,157)	290,605
Esperance Home Care Annual Leave Reserve	170,845	5,508	(14,011)	162,342	170,845	4,927	0	175,772	146,804	24,041	0	170,845
Esperance Home Care Long Service Leave Reserve	190,588	25,448	0	216,036	190,587	4,615	0	195,202	198,173	5,497	(13,082)	190,588
Priority Projects Reserve	1,908,130	892,524	(39,542)	2,761,112	1,908,130	195,269	(437,332)	1,666,067	636,391	1,530,654	(258,915)	1,908,130
	<u>24,319,659</u>	<u>6,727,927</u>	<u>(5,543,969)</u>	<u>25,503,617</u>	<u>24,319,659</u>	<u>3,838,751</u>	<u>(10,892,871)</u>	<u>17,265,539</u>	<u>23,644,699</u>	<u>10,720,416</u>	<u>(10,045,456)</u>	<u>24,319,659</u>

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

## 11. RESERVES - CASH BACKED

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

Name of Reseve	Purpose of the reserve
Land Purchase & Development Reserve	Established to fund land improvements and sub-division development.
Council Buildings Construction Reserve	Established to provide a fund for the construction of new community facilities and upgrading of existing Council owned buildings.
Eastern Suburbs Water Pipeline Reserve	Established to provide funds to recycle waste water to recreation grounds. Funded by the proceeds from the sale of water to users.
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.
Off Street Parking Reserve	Established to provide funds for the future development of central business car parking in order to make provisions for future business expansion of the CBD. Funded by General Purpose Income and contributions.
Sanitation (Rubbish Removal) Services Reserve	Established to fund the purchase of major sanitation equipment and for the future development of waste disposal facilities. Funded from the annual surplus derived from property rubbish disposal collection fees after expenses.
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.
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 from the sale of water to users.
Cemetery Reserve	Established to fund maintenance at the Shire of Esperance Cemetery.
Unspent Grants & Contributions Reserve	Created for the purpose of containing funds that are derived from unspent or prepaid grants and contribution from external parties.
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 possible eliminate any need to rely upon loan finance or unreasonable rate increases to finance the acquisition of major plant items. Funding is from the General Purpose Income. Amounts allocated will be re-assessed annually in response to revisions of the five year plant replacement program and the associated forward cost estimates.
Employee Entitlements - Long Service Leave Reserve	The purpose of this Reserve is to fund a portion of future commitments for employee entitlements incurred as a result of employing staff and workers in relation to Long Service Leave. Home Care Long Service Leave Reserve specific to Esperance Home Care staff.
History Book Reserve	Established to accumulate the proceeds from the sale of the Shire of Esperance history book. The accumulated funds are intended to offset future printing costs that related to the reproduction 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 legal costs.
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.



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

**Name of Reserve**

Governance & Workers Compensation Reserve

Shark Lake Industrial Park - Environment Monitoring and  
Landscape/Drainage Maintenance Reserve

Staff Retention & Attraction Reserve

IT System & Process Development Reserve

Esperance Home Care Annual Leave Reserve

Esperance Home Care Long Service Leave Reserve

Priority Projects Reserve

**Purpose of the 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.

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

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

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.

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

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

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

**12. REVALUATION SURPLUS**

	2016 Opening Balance \$	2016 Revaluation Increment \$	2016 Revaluation Decrement \$	2016 Total Movement on Revaluation \$	2016 Closing Balance \$	2015 Opening Balance \$	2015 Revaluation Increment \$	2015 Revaluation Decrement \$	2015 Total Movement on Revaluation \$	2015 Closing Balance \$
Land and buildings	35,571,561	0	0	0	35,571,561	35,571,561	0	0	0	35,571,561
Furniture and equipment	0	116,337	0	116,337	116,337	0	0	0	0	0
Plant and equipment	1,936,608	0	(1,217,497)	(1,217,497)	719,111	1,936,608	0	0	0	1,936,608
Motor Vehicles - Non Specialised	513,089	203,214	0	203,214	716,303	513,089	0	0	0	513,089
Motor Vehicles - Specialised	0	0	(219,791)	(219,791)	(219,791)	0	0	0	0	0
Road Making Plant - Major	222,634	0	(222,634)	(222,634)	0	222,634	0	0	0	222,634
Roads	104,116,833	0	0	0	104,116,833	0	104,116,833	0	104,116,833	104,116,833
Footpaths	2,697,514	0	0	0	2,697,514	0	2,697,514	0	2,697,514	2,697,514
Drainage	12,255,405	0	0	0	12,255,405	0	12,255,405	0	12,255,405	12,255,405
Parks and Ovals	573,439	0	0	0	573,439	0	573,439	0	573,439	573,439
Other Infrastructure	395,415	0	0	0	395,415	0	395,415	0	395,415	395,415
Culverts & Pipes	6,808,639	0	0	0	6,808,639	0	6,808,639	0	6,808,639	6,808,639
	165,091,137	319,551	(1,659,922)	(1,340,371)	163,750,766	38,243,892	126,847,245	0	126,847,245	165,091,137

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

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

### 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:

	2016 \$	2016 Budget \$	2015 \$
Cash and cash equivalents	<u>30,182,931</u>	<u>17,365,537</u>	<u>26,806,596</u>

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

Net result	1,435,190	(3,212,396)	12,232,366
Non-cash flows in Net result:			
Depreciation	14,704,454	12,808,160	9,780,017
(Profit)/Loss on sale of asset	(28,309)	(377,339)	(227,356)
Fair value adjustments to fixed assets at fair value through profit or loss	169,089	0	81,371
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(64,899)	6,202	239,458
(Increase)/Decrease in inventories	53,846	(32,664)	81,359
Increase/(Decrease) in payables	223,605	(577,069)	805,552
Increase/(Decrease) in provisions	43,673	403,426	202,655
Grants contributions for the development of assets	<u>(113,201)</u>	<u>(6,109,696)</u>	<u>(4,976,555)</u>
Net cash from operating activities	<u>16,423,448</u>	<u>2,908,624</u>	<u>18,218,867</u>

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

	2016 \$	2015 \$
Bank overdraft limit	0	200,000
Bank overdraft at balance date	0	0
Credit card limit	80,000	80,000
Credit card balance at balance date	<u>(563)</u>	<u>(1,928)</u>
<b>Total amount of credit unused</b>	<u>79,437</u>	<u>278,072</u>

#### Loan facilities

Loan facilities - current	496,369	1,154,151
Loan facilities - non-current	<u>1,902,976</u>	<u>1,880,803</u>
<b>Total facilities in use at balance date</b>	<u>2,399,345</u>	<u>3,034,954</u>

<b>Unused loan facilities at balance date</b>	<u>5,981,458</u>	<u>5,484,638</u>
-----------------------------------------------	------------------	------------------

### 14. CONTINGENT LIABILITIES

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

	2016 \$	2015 \$
<b>15. CAPITAL AND LEASING COMMITMENTS</b>		
<b>(a) Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	10,572	7,611
- later than one year but not later than five years	3,292	17,455
- later than five years	0	0
	<u>13,864</u>	<u>25,066</u>

**(b) Capital Expenditure Commitments**

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

**16. JOINT VENTURE ARRANGEMENTS**

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

	2016 \$	2015 \$
<b>Non-current assets</b>		
Land and buildings	68,000	68,000
Less: accumulated depreciation	(6,875)	(5,175)
	<u>61,125</u>	<u>62,825</u>

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

	2016 \$	2015 \$
Governance	28,748,673	29,170,644
General purpose funding	642,326	3,184,397
Law, order, public safety	5,776,891	6,761,399
Health	11,900	25,733
Education and welfare	5,705,110	5,684,056
Community amenities	9,384,825	8,331,969
Recreation and culture	62,073,818	52,996,031
Transport	352,023,480	351,094,055
Economic services	1,119,186	1,079,523
Other property and services	8,198,043	7,921,767
Unallocated	14,592,868	16,420,058
	<u>488,277,120</u>	<u>482,669,632</u>



	2016	2015	2014
<b>18. FINANCIAL RATIOS</b>			
Current ratio	1.89	1.24	1.65
Asset sustainability ratio	0.80	0.90	1.48
Debt service cover ratio	12.95	15.65	3.12
Operating surplus ratio	(0.16)	0.25	0.03
Own source revenue coverage ratio	0.59	0.83	0.78

The above ratios are calculated as follows:

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

**Notes:**

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 63 of this document.

Two of the 2016 and 2015 ratios disclosed above are distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$2,521,921.

The early payment was considered to be "one-off" and if recognised in the year to which the allocation related the calculations in the 2016 and 2015 columns above would be as follows:

	2016	2015
Debt service cover ratio	16.13	13.43
Operating surplus ratio	(0.07)	0.17

One of the Ratios for 2016 disclosed above is distorted by a provision for the waste facility included in the financial statements. Total expenses has increased by \$7,560,987.

If the provision was not included in the financial statements the ratio would be as follows:

	2016
Own Source Revenue Ratio	0.69

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

### 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:

	1 July 2015 \$	Amounts Received \$	Amounts Paid (\$)	30 June 2016 \$
Town Planning Development Bonds	89,407	1,484	(10,830)	80,061
Staff Housing Bonds	14,133	3,496	(6,534)	11,095
Development Subdivision Bonds	2,227	39	0	2,266
Engineering Subdivision Bonds	87,915	1,422	(30,800)	58,537
Contributions to Public Open Space	183,967	3,177	0	187,144
Esperance Fire Appeal Donations	0	78,144	(58,144)	20,000
Caravan Park Lease Bond	53,519	924	0	54,443
Commercial Building Bonds	1,453	0	0	1,453
Recreation Grounds Bonds	0	600	0	600
Home Care Bus Bonds	1,800	0	(200)	1,600
Other General Bonds	2,624	1,451	(300)	3,775
Kerb Deposit/Builders Reinstatements	21,800	0	(500)	21,300
BCITF Levy	0	2,575	0	2,575
BRB Levy	0	63	0	63
General Deposits	0	153,028	0	153,028
EVC - Bookeasy	0	12,994	0	12,994
	<u>458,845</u>			<u>610,934</u>

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

### 20. DISPOSALS OF ASSETS - 2015/16 FINANCIAL YEAR

The following assets were disposed of during the year.

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
<b>Land Held for Resale</b>								
<b>Other property and services</b>								
Flinders Subdivision	262,016	527,650	265,634	0	355,000	685,000	330,000	0
Shark Lake Industrial Park	80,464	121,530	41,066	0	80,464	120,000	39,536	0
<b>Plant and Equipment</b>								
<b>Law, order, public safety</b>								
Isuzu Tip Truck	0	11,480	11,480	0	0	0	0	0
Gibson Bushfire Truck	26,302	15,000	0	(11,302)	0	0	0	0
Isuzu Fire Truck	204	0	0	(204)	0	0	0	0
<b>Education and welfare</b>								
Kia Carnival	6,947	10,000	3,053	0	7,500	12,000	4,500	0
Toyota Hilux	858	7,273	6,415	0	2,000	10,000	8,000	0
Mitsubishi Bus	0	0	0	0	19,852	25,000	5,148	0
Iveco Van	0	0	0	0	5,000	20,000	15,000	0
Holden Wagon	0	0	0	0	2,333	3,000	667	0
Hyundai I30 Sedan	0	0	0	0	6,500	8,000	1,500	0
Esperance Playgroup Centre	88,833	0	0	(88,833)	0	0	0	0
<b>Community amenities</b>								
Diahsu Delta Tipper	0	8,770	8,770	0	0	2,000	2,000	0
<b>Recreation and culture</b>								
Scaddan Community Hall	64,348	0	0	(64,348)	0	0	0	0
Sale of Hockey Place	0	0	0	0	100,000	100,000	0	0
<b>Transport</b>								
Nissan Navara	9,925	10,227	302	0	10,209	11,139	930	0
Semi Tipper Trailer	0	21,700	21,700	0	0	15,225	15,225	0
Caterpillar Motor Grader	124,944	127,770	2,826	0	138,214	130,000	0	(8,214)
Holden Colorado	17,168	14,773	0	(2,395)	19,929	16,000	0	(3,929)
Toyota Hiace Mini Bus	28,967	14,545	0	(14,422)	29,563	28,000	0	(1,563)
Mitsubishi Tip Truck	127,787	89,600	0	(38,187)	89,600	89,600	0	0
Mitsubishi Tip Truck	127,732	89,600	0	(38,132)	89,600	89,600	0	0
Holden Colorado	18,664	16,364	0	(2,300)	15,750	16,000	250	0
Skid Mounted Generator	2,500	759	0	(1,741)	0	0	0	0
Isuzu Tip Truck	44,722	35,100	0	(9,622)	48,125	46,360	0	(1,765)
Mitsubishi Tip Truck	36,466	35,100	0	(1,366)	40,833	46,360	5,527	0
Gianni Ferrari Mower	18,164	13,600	0	(4,564)	20,000	7,613	0	(12,387)
Nissan Prime Mover	89,426	87,333	0	(2,093)	93,000	67,969	0	(25,031)
Caterpillar Loader	63,525	60,000	0	(3,525)	75,000	91,350	16,350	0
Low Loader	0	0	0	0	21,218	21,218	0	0
<b>Other property and services</b>								
Toyota Hilux	19,206	20,000	794	0	25,714	20,000	0	(5,714)
Toyota Hilux	24,083	21,818	0	(2,265)	19,834	16,000	0	(3,834)
Holden Colorado	15,326	15,682	356	0	17,357	12,500	0	(4,857)
Lot 340 Adelaide Close	180,000	131,212	0	(48,788)	0	0	0	0
	<b>1,478,577</b>	<b>1,506,886</b>	<b>362,396</b>	<b>(334,087)</b>	<b>1,332,595</b>	<b>1,709,934</b>	<b>444,633</b>	<b>(67,294)</b>



# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

### 21. INFORMATION ON BORROWINGS

#### (a) Repayments - Debentures

Particulars	Principal 1 July 2015 \$	New Loans \$	Principal Repayments		Principal 30 June 2016		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Other property and services</b>								
Loan 288 - Flinders	1,015,361	19,614	516,434	685,000	518,541	1,209,362	25,329	15,000
Loan 296 - SLIP	1,036,284	0	38,335	38,335	997,949	997,949	53,222	46,412
	<u>2,051,645</u>	<u>19,614</u>	<u>554,769</u>	<u>723,335</u>	<u>1,516,490</u>	<u>2,207,311</u>	<u>78,551</u>	<u>61,412</u>
<b>Self Supporting Loans</b>								
<b>Recreation and culture</b>								
*Loan 261 - Pink Lake Country Club	143,686	0	15,978	15,978	127,708	127,708	9,737	9,024
*Loan 285 - Esp Speedway	6,197	0	3,001	3,001	3,196	3,196	315	347
*Loan 286 - Esp Bowling Club	67,698	0	32,765	32,765	34,933	34,934	4,392	3,882
*Loan 287A - Esp Seafarers Centre	11,500	0	2,916	2,916	8,584	8,583	423	377
*Loan 291 - Recherche Aged Welfare	304,619	0	11,958	11,958	292,661	292,660	21,071	19,092
*Loan 292 - Esp Squash Club	37,381	0	5,912	5,912	31,469	31,469	2,358	2,129
*Loan 294 - Scaddan Country Club	30,460	0	14,995	14,995	15,465	15,465	693	953
*Loan 295 - Esp Yacht Club	381,767	0	12,929	12,929	368,838	368,838	21,247	18,967
	<u>983,308</u>	<u>0</u>	<u>100,454</u>	<u>100,454</u>	<u>882,854</u>	<u>882,853</u>	<u>60,236</u>	<u>54,771</u>
	<u>3,034,953</u>	<u>19,614</u>	<u>655,223</u>	<u>823,789</u>	<u>2,399,344</u>	<u>3,090,165</u>	<u>138,787</u>	<u>116,183</u>

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

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

### 21. INFORMATION ON BORROWINGS (Continued)

#### (b) New Debentures - 2015/16

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate	Amount Used		Balance
	Actual	Budget				\$	%	Actual	Budget	Unspent
	\$	\$						\$	\$	\$
Loan 288 Flinders				Short Term Lending Facility	Revolving					
	19,614	879,000	WATC			144	2.18%	19,614	879,000	0
	<u>19,614</u>	<u>879,000</u>				<u>144</u>		<u>19,614</u>	<u>879,000</u>	<u>0</u>

#### (c) Unspent Debentures

Council has a \$6.5 million Short Term Loan Facility with Western Australia Treasury Corporation (WATC). At the 30th June 2016 this facility was drawn to \$518,542 leaving an available balance of \$5,981,458.

#### (d) Overdraft

Council does not have an overdraft facility.

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

### 22. RATING INFORMATION - 2015/16 FINANCIAL YEAR

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>Gross rental value valuations</b>											
GRV - Residential	0.08520	3,744	62,174,488	5,297,265	54,628	15,924	5,367,817	5,220,255	30,000	0	5,250,255
GRV - Commercial	0.08860	399	24,314,748	2,154,287	(42,658)	3,428	2,115,057	2,151,345	0	0	2,151,345
GRV - Vacant	0.08520	133	2,580,300	219,842	(3,045)	1,487	218,284	234,616	0	0	234,616
GRV - Lesser Service	0.08520	2	18,300	1,559	0	0	1,559	1,559	0	0	1,559
<b>Unimproved value valuations</b>											
UV - Rural	0.00869	1,113	899,574,000	7,817,297	(22,758)	1,631	7,796,170	7,334,847	0	0	7,334,847
UV - Mining	0.08200	62	2,347,353	192,483	(21,918)	(2,720)	167,845	193,690	0	0	193,690
UV - Commercial/Industrial	0.00869	1	150,000	1,304	0	0	1,304	1,304	0	0	1,304
<b>Sub-Total</b>		5,454	991,159,189	15,684,037	(35,751)	19,750	15,668,036	15,137,616	30,000	0	15,167,616
<b>Minimum payment</b>	<b>Minimum \$</b>										
<b>Gross rental value valuations</b>											
GRV - Residential	986	1,254	11,881,659	1,236,444	(172)	(8,092)	1,228,180	1,237,430	0	0	1,237,430
GRV - Commercial	986	59	385,124	58,174	(245)	0	57,929	58,174	0	0	58,174
GRV - Vacant	986	642	3,433,961	633,012	(15,905)	7,898	625,005	630,054	0	0	630,054
GRV - Lesser Service	493	51	9,539	25,143	0	0	25,143	26,129	0	0	26,129
<b>Unimproved value valuations</b>											
UV - Rural	986	76	4,468,300	75,861	0	0	75,861	92,684	0	0	92,684
UV - Mining	493	28	48,995	13,804	(727)	(877)	12,200	13,311	0	0	13,311
UV - Commercial/Industrial	986	2	78,100	1,972	0	0	1,972	1,972	0	0	1,972
UV - Lesser Service	493	1	8,700	493	0	0	493	493	0	0	493
<b>Sub-Total</b>		2,113	20,314,378	2,044,903	(17,049)	(1,071)	2,026,783	2,060,247	0	0	2,060,247
<b>Total amount raised from general rate</b>		<b>7,567</b>	<b>1,011,473,567</b>	<b>17,728,940</b>	<b>(52,800)</b>	<b>18,679</b>	<b>17,694,819</b>	<b>17,197,863</b>	<b>30,000</b>	<b>0</b>	<b>17,227,863</b>
Ex-gratia rates							17,694,819				17,227,863
Prepaid rates							219,693				219,703
<b>Totals</b>							98,479				0
							<u>18,012,991</u>				<u>17,447,566</u>



# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

### 23. NET CURRENT ASSETS

Composition of net current assets

	2016 (30 June 2016 Carried Forward) \$	2016 (1 July 2015 Brought Forward) \$	2015 (30 June 2015 Carried Forward) \$
<b>Surplus/(Deficit) 1 July 15 brought forward</b>	<b>3,858,730</b>	<b>1,886,379</b>	<b>1,886,379</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	4,679,314	2,486,937	2,486,937
Restricted	25,503,617	24,319,659	24,319,659
Receivables			
Rates outstanding	524,128	558,668	558,668
Sundry debtors	1,057,673	1,000,635	1,000,635
GST receivable	218,103	110,161	110,161
Loans receivable - clubs/institutions	106,282	100,454	100,454
Interest Receivable	78,681	153,965	153,965
Inventories			
Fuel and materials	58,136	44,050	44,050
Land held for resale - cost			
Cost of acquisition	176,057	430,279	430,279
Roadmaking Materials	81,756	150,414	150,414
Goods held for resale	73,599	72,873	72,873
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(1,890,812)	(1,227,352)	(1,227,352)
Accrued interest on debentures	(10,183)	(11,381)	(11,381)
Accrued salaries and wages	(64,487)	(503,144)	(503,144)
Current portion of long term borrowings			
Secured by floating charge	(496,369)	(1,154,151)	(1,154,151)
Provisions			
Provision for annual leave	(1,109,521)	(1,120,291)	(1,120,291)
Provision for long service leave	(951,575)	(934,806)	(934,806)
Provision for Waste Facility Rehabilitation	(3,026,202)	0	0
<b>Unadjusted net current assets</b>	<b>25,008,197</b>	<b>24,476,970</b>	<b>24,476,970</b>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(25,503,617)	(24,319,659)	(24,319,659)
Less: Land held for resale - cost			
Cost of acquisition	(176,057)	(430,279)	(430,279)
Less: Loans receivable - clubs/institutions	(106,282)	(100,454)	(100,454)
Add: Secured by floating charge	496,369	1,154,151	1,154,151
Cashback Employee Provisions	1,113,918	1,105,650	1,105,650
Cashback Waste Facility Rehabilitation	3,026,202	0	0
<b>Adjusted net current assets - surplus/(deficit)</b>	<b>3,858,730</b>	<b>1,886,379</b>	<b>1,886,379</b>

### Difference

There was no difference between the surplus/(deficit) 1 July 2015 brought forward position used in the 2016 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2015 audited financial report.

*For the year ended 30th June 2016*

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The Shire did not impose any Specified Area Rates.

### SERVICE CHARGES - 2015/16 FINANCIAL YEAR

The Shire did not impose any service charges.

### DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2015/16 FINANCIAL YEAR

## Rates Discounts

The shire did not provide any rate discounts.

### Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount % or \$	Actual \$	Budget \$
General Debtors	Write-off	N/A	1,175	10,000
Rate Assessments	Write-off	N/A	4,345	2,000
			<u>5,520</u>	<u>12,000</u>

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Rates	Museum Park commercial leases		Tenancy lease negotiation.
Rubbish Collection Services	Holder of current valid pensioner concession card	25% reduction off normal fee	
Bay of Isles Leisure Centre	Holder of current valid student cards, health care cards and pensioner card.	Various concessions on facilities	To make the Bay of Isles Leisure Centre financially accessible to everyone in the community.

## 27. INTEREST CHARGES AND INSTALMENTS - 2015/16 FINANCIAL YEAR

	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Instalment Options</b>				
<b>Option One</b>				
Single full payment	07-Oct-15	0	0.00%	11.00%
<b>Option Two</b>				
First Instalment	07-Oct-15	0	5.50%	5.50%
Second Instalment	09-Dec-15			
Third Instalment	10-Feb-16			
Fourth Instalment	13-Apr-16			
			<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on unpaid rates			82,244	70,000
Interest on instalment plan			93,328	85,000
Charges on instalment plan			0	0
			<u>175,572</u>	<u>155,000</u>

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

	2016	2015
	\$	\$
<b>28. FEES &amp; CHARGES</b>		
Governance	10,647	9,450
General purpose funding	0	210
Law, order, public safety	82,328	73,996
Health	55,447	54,673
Education and welfare	414,714	338,214
Community amenities	4,485,834	4,172,967
Recreation and culture	1,232,215	1,205,124
Transport	1,979,074	2,317,831
Economic services	437,681	509,698
Other property and services	190,324	1,159,878
	<u>8,888,264</u>	<u>9,842,041</u>

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

### 29. GRANT REVENUE

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

	2016	2015
	\$	\$
<b>By Nature or Type:</b>		
<b>Operating grants, subsidies and contributions</b>		
Governance	211,370	320,682
General purpose funding	2,367,374	7,389,116
Law, order, public safety	1,537,941	2,040,951
Health	0	83
Education and welfare	2,512,925	2,341,598
Community amenities	751,863	687,205
Recreation and culture	7,512,886	496,154
Transport	127,463	105,153
Economic services	208,481	163,093
Other property and services	401,675	337,650
	<u>15,631,978</u>	<u>13,881,685</u>
<b>Non-operating grants, subsidies and contributions</b>		
Law, order, public safety	0	8,616
Education and welfare	135,704	0
Recreation and culture	253,955	1,530,560
Transport	5,604,542	3,437,379
	<u>5,994,201</u>	<u>4,976,555</u>
	<u>21,626,179</u>	<u>18,858,240</u>

### 30. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

208	214
-----	-----

### 31. ELECTED MEMBERS REMUNERATION

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

	2016	2016 Budget	2015
	\$	\$	\$
Meeting Fees	165,978	166,000	166,000
President's allowance	34,313	34,500	34,500
Deputy President's allowance	8,625	8,625	8,625
Travelling expenses	12,802	12,000	9,119
Telecommunications allowance	18,000	18,000	18,000
	<u>239,718</u>	<u>239,125</u>	<u>236,244</u>



# Shire of Esperance Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

### 32. MAJOR LAND TRANSACTIONS

#### Flinders Residential Subdivision

##### (a) Details

The Council owns, freehold, East Location 18, Lot 3 which is bounded by Ormonde Street and Goldfields Road Esperance. During 2003/2004 the Council created 33 blocks from part of Lot 3. These blocks were sold at auction and the profit transferred into a Cash Reserve established for Land Development. The Council developed a further 90 lots as Stage 2 during 2009/10. 61 lots have been sold with the remainder to be progressively sold subject to market demand. The Council has developed a Business Plan in relation to this development a copy of which is available on request from the Council Administration Office.

(b) Current year transactions	2016 \$	2016 Budget \$	2015 \$
<b>Operating income</b>			
- Profit on sale	265,634	330,000	338,823
- Reserve Transfer In	0	0	5,970
<b>Operating expenditure</b>			
- Advertising & Promotions	(1,046)	(15,000)	(4,012)
- Sundry Supplies & Expenses	(3,787)	0	(6,444)
- Professional Services	0	0	(5,970)
- Interest	(25,329)	(15,000)	(38,244)
	<u>235,472</u>	<u>300,000</u>	<u>290,123</u>
<b>Capital income</b>			
- Sale proceeds	527,650	685,000	688,639
- Reserve Transfer	0	879,000	166,046
<b>Capital expenditure</b>			
- Development of land	0	(864,000)	0
- Loan Repayments	(516,434)	(685,000)	(815,758)
	<u>11,216</u>	<u>15,000</u>	<u>38,927</u>
	<u>246,688</u>	<u>315,000</u>	<u>329,050</u>

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

The only liability in relation to this land transaction as at 30 June 2016 is Loan 288 (see note 21(a)).

##### (c) Expected Future Cash Flows

	2017 \$	2018 \$	2019 \$	2020 \$	Total \$
<b>Cash outflows</b>					
- Development costs	(860,000)	(2,188,388)	0	0	(3,048,388)
- Printing, Stationery & Marketing	(2,500)	(4,000)	(4,000)	(4,000)	(14,500)
- Loan repayments	(365,000)	(1,410,000)	(1,302,750)	0	(3,077,750)
	<u>(1,227,500)</u>	<u>(3,602,388)</u>	<u>(1,306,750)</u>	<u>(4,000)</u>	<u>(6,140,638)</u>
<b>Cash inflows</b>					
- Loan proceeds	860,000	2,188,388	0	0	3,048,388
- Sale proceeds	350,000	162,000	2,160,000	2,160,000	4,832,000
	<u>1,210,000</u>	<u>2,350,388</u>	<u>2,160,000</u>	<u>2,160,000</u>	<u>7,880,388</u>
<b>Net cash flows</b>	<u>(17,500)</u>	<u>(1,252,000)</u>	<u>853,250</u>	<u>2,156,000</u>	<u>1,739,750</u>

The net cash flows of the entire land transaction is expected to result in an inflow/profit of \$1,739,750.

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

### 32. MAJOR LAND TRANSACTIONS

#### Shark Lake Industrial Park

##### (a) Details

During the 2010/11 financial year the Council continued to undertake a major land transaction as defined under the Local Government Act 1995. With the Superlot Stage of the Shark Lake Industrial Park subdivision complete, Council has further subdivided the acquired superlot into approximately 28 general industrial lots of varying sizes. Stage 1 consisting of 28 has been completely developed at a total capital cost of \$1,037,953 excluding the costs associated with acquiring the superlot. Stage 1 lots were auctioned in May 2010 with no sales resulting. 1 sale occurred during 2015/2016. All stage 1 lots remain listed for sale with local real estate agents with Council taking a longer term view with this strategic industrial development site. The remaining lots are currently leased for grazing resulting in weed and fire control of land.

	2016	2016	2015
(b) Current year transactions	Budget	Budget	
	\$	\$	\$
<b>Operating income</b>			
- Profit on sale	41,066	39,536	0
- Rent	2,769	2,500	2,909
- Rate Income	10,000	10,000	10,000
<b>Operating expenditure</b>			
- Advertising & Promotions	(74)	(5,649)	(1,328)
- Sundry Supplies & Expenses	(4,024)	(7,136)	(6,319)
- Maintenance	(3,000)	(12,000)	0
- Interest	(53,221)	(46,412)	(48,725)
	<u>(6,484)</u>	<u>(19,161)</u>	<u>(43,463)</u>
<b>Capital income</b>			
- Sale proceeds	121,530	120,000	0
<b>Capital expenditure</b>			
- Loan Repayments	(38,335)	(38,335)	(36,659)
- Development costs	0	0	0
	<u>83,195</u>	<u>81,665</u>	<u>(36,659)</u>
	<u>76,711</u>	<u>62,504</u>	<u>(80,122)</u>

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

The only liability in relation to this land transaction as at 30 June 2016 is Loan 296 (see note 21(a)).

##### (c) Expected Future Cash Flows

	2017	2018	2019	2020	Total
	\$	\$	\$	\$	\$
<b>Cash outflows</b>					
- Interest Expense	(44,659)	(42,827)	(40,911)	(38,904)	(167,301)
- Loan repayments	(40,087)	(41,920)	(43,836)	(45,840)	(171,683)
	<u>(84,746)</u>	<u>(84,747)</u>	<u>(84,747)</u>	<u>(84,744)</u>	<u>(338,984)</u>
<b>Cash inflows</b>					
- Loan proceeds	0	0	0	0	0
- Sale proceeds	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net cash flows</b>	<u>(84,746)</u>	<u>(84,747)</u>	<u>(84,747)</u>	<u>(84,744)</u>	<u>(338,984)</u>

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

### 33. 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.

	2016 \$	2016 Budget \$	2015 \$
<b>(a) Operating Statement</b>			
<b>Operating income</b>			
- Landing Fees	1,049,470	940,000	1,037,247
- Commissions	55,891	60,000	50,157
- Property Rental	21,645	33,500	33,408
- Reimbursements	11,593	15,000	19,365
- Sundry Income	859	1,500	1,925
- Security Screening Charges	610,714	940,000	933,695
- Profit on Sale of Assets	0	0	0
<b>Operating expenditure</b>			
- Employee Expenses	(241,085)	(288,187)	(340,608)
- Insurance	(14,267)	(15,125)	(15,125)
- Building Expenses	(142,742)	(103,112)	(74,783)
- Grounds & Strip Maintenance	(70,430)	(35,250)	(31,584)
- Security Screening	(405,581)	(492,000)	(556,634)
- Other Sundry Expenses	(26,801)	(40,640)	(33,901)
- Administration Overheads	(42,805)	(43,783)	(35,303)
- Depreciation	(382,570)	(385,736)	(385,742)
- Loss on asset Disposal	0	0	0
	<u>423,891</u>	<u>586,167</u>	<u>602,117</u>
<b>Capital income</b>			
- Reserve Transfer	(9,823)	0	7,250
- Proceeds from Sale of Assets	0	0	0
<b>Capital expenditure</b>			
- Infrastructure	0	0	0
- Airport Equipment Purchase	9,823	0	(7,250)
- Airport Vehicle	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Net Result</b>	<u>423,891</u>	<u>586,167</u>	<u>602,117</u>



### 34. FINANCIAL RISK MANAGEMENT

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

The Shire does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

*The Shire held the following financial instruments at balance date:*

	Carrying Value		Fair Value	
	2016	2015	2016	2015
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	30,182,931	26,806,596	30,182,931	26,806,596
Receivables	2,880,808	2,916,362	2,880,808	2,916,362
	<u>33,063,739</u>	<u>29,722,958</u>	<u>33,063,739</u>	<u>29,722,958</u>
<b>Financial liabilities</b>				
Payables	1,965,482	1,741,877	1,965,482	1,741,877
Borrowings	2,399,345	3,034,954	2,004,158	3,468,634
	<u>4,364,827</u>	<u>4,776,831</u>	<u>3,969,640</u>	<u>5,210,511</u>

Fair value is determined as follows:

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

### **34. FINANCIAL RISK MANAGEMENT (Continued)**

#### **(a) Cash and Cash Equivalents**

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

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

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

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

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	301,829	268,066
- Statement of Comprehensive Income	301,829	268,066

**Notes:**

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

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

**(b) Receivables**

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

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

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

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

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

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

	<b>2016</b>	<b>2015</b>
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	84%	97.33%
- Overdue	16%	2.67%



# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

### 34. FINANCIAL RISK MANAGEMENT (Continued)

#### (c) Payables

##### Borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<b><u>2016</u></b>					
Payables	1,965,482	0	0	1,965,482	1,965,482
Borrowings	604,987	878,458	1,737,296	3,220,741	2,399,345
	<u>2,570,469</u>	<u>878,458</u>	<u>1,737,296</u>	<u>5,186,223</u>	<u>4,364,827</u>
<b><u>2015</u></b>					
Payables	1,741,877	0	0	1,741,877	1,741,877
Borrowings	941,454	1,494,077	1,900,679	4,336,210	3,034,954
	<u>2,683,331</u>	<u>1,494,077</u>	<u>1,900,679</u>	<u>6,078,087</u>	<u>4,776,831</u>

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2016

## Notes to and forming part of the Financial Report

### 34. FINANCIAL RISK MANAGEMENT (Continued)

#### (c) Payables

##### Borrowings (Continued)

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<b>Year ended 30 June 2016</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	(53,592)	(518,542)	(8,583)	0	(31,470)	(1,787,154)	(2,399,341)	4.46%
Weighted average Effective interest rate	5.53%	2.18%	3.62%	0.00%	6.05%	5.07%		
<b>Year ended 30 June 2015</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	(1,015,362)	(104,357)	0	(11,499)	(37,381)	(1,866,355)	(3,034,954)	4.17%
Weighted average Effective interest rate	2.30%	5.51%	0.00%	3.62%	6.05%	5.08%		

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

### Report on the Financial Report

We have audited the accompanying financial report of Shire of Esperance, which comprises the statement of financial position as at 30 June 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by chief executive officer.

### Council's Responsibility for the Financial Report

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

### Auditor's 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. Those Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 which 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 the Council, as well as evaluating the overall presentation of the financial report.

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

### Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

### Auditor's Opinion

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

- a) giving a true and fair view of the Shire's financial position as at 30 June 2016 and of its performance for the year ended on that date; and



- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

### **Emphasis of Matter**

Without modifying our opinion, we draw attention to page 63 of the financial report "Financial Ratios", which describes certain ratio information relating to the financial report. Management's calculation of the asset consumption ratio and asset renewal funding ratio does not form part of the audited financial report. As a result, we do not express an opinion on management's calculation of these ratios.

### **Other Matters**

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

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

- a) Apart from the operating surplus ratio that does not meet the minimum benchmark, there are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) All information and explanations required were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA

Director

Perth

Date: 31 October 2016

### RATIO INFORMATION

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

	2016	2015	2014
Asset consumption ratio	0.95	0.65	0.63
Asset renewal funding ratio	1.037	0.94	0.73

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

For further details on the 2015-16 Annual Report please contact Executive Services

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Version 1 - 2016  
Document Number - D16/27713