



# Annual Report

2016  
2017



# Contents

Shire President's Report.....	4
Chief Executive Officer's Report.....	5
Esperance in Numbers.....	6
Corporate Mission.....	7
Community Vision.....	7
About this Report.....	9
2016.....	10
2017.....	11
Strategic Community Plan.....	12
Social.....	13
Environment.....	23
Economy.....	29
Civic Leadership.....	35
Statutory Requirements.....	41

# Shire President's Report

It is with great pleasure that I present the Shire of Esperance Annual Report for 2016/2017.

We have had another big year of 'making it happen'. From building new infrastructure, running community events, reviewing the Long Term Financial Plan, and seeking community consultation for our Strategic Community Plan. These documents help guide Council and staff to deliver on our community's aspirations for the future of our town and district in an affordable and sustainable manner.

In August the much loved Tanker Jetty had a Conservation Order placed on it by the Minister for Heritage, and we commenced down the tricky path of working with the Heritage Council to provide our community with a recreational fishing jetty that delivers the best heritage outcome and the best service to our community. To expedite this the Esperance Tanker Jetty Replacement Working Group was formed. The jetty has understandably been a highly contentious issue, and Council knows that whatever the outcome, there will be both delighted and disappointed members of our community.

The town erupted with pomp and ceremony in November when the Shire of Esperance granted Freedom of Entry to the HMAS Farncomb and her company. The Collins class submarine, commissioned in 1998 arrived to its affiliated home town for the historic event. From the spectacular welcome to country smoking ceremony from our Nyungar people, to the marching parade through the streets and the formal delivery of the scroll to Commander Ian Bray, the community came together to celebrate the historical and cultural relationships of our town. With



the need to wear 'regalia', and owning none of my own, it seemed an appropriate opportunity to mark this occasion by gifting our community a Presidential gold chain and custom pendant. This chain and pendant holds the names of all past Presidents of the Shire of Esperance, with the inscription 'Committed to Community'.

In December the town lit up with our long awaited new Christmas lights. They were specifically designed for us in blue and silver to echo the sand and the sea, and included a beautiful 'hero piece' Christmas tree designed for Esperance. The illumination of the new lights took place on

the weekend of the inaugural Edge of the Bay event. This spectacularly celebrated the opening of the new Skate Park on the foreshore, and brought many visitors and skate board competitors to town to show off their skills and enthuse our youth to get out and enjoy the new facility. It has been, and continues to be, a raging success.

February unfortunately brought disastrous weather and flooding that tragically resulted in two fatalities and a lot of destruction of infrastructure in our region. Once again our Emergency Services personnel and volunteers rallied in the face of adversity, showing what an amazing community we live in. We were devastated again at Easter when a young life was lost at Kelps Beds in a fatal shark attack, the community have taken the grieving family into their hearts and we continue to hold them there.

When I first came onto Council in 2011 the Works Depot offices were in a dreadful state with rat traps inside the offices to catch the vermin that were trying to inhabit it! Council and staff have worked together and are proud to have delivered a new Works Depot building this year. Our town and rural road crews, parks and gardens staff, rangers and administration staff are all enjoying the much needed new facility. Also, after over twenty years of planning, we finally received the State funding we required for the Indoor Sports Stadium, as well as funding for the Eastern Suburbs Water Scheme and grants to enhance our beaches and coastal infrastructure.



Tourism is on the up, and we were thrilled to win a spot on the new Australian Monopoly board, as well as Lucky Bay being voted in the top ten most Instagrammable places. The image of the kangaroo on the beach in Esperance is all over the world.

Finally, thank you to all Shire Councillors and Shire staff for their efforts in delivering for our community this year. We have achieved a huge amount and look forward to tackling the challenges and celebrating the milestones ahead of us.

*Victoria Brown*

Cr Victoria Brown  
Shire President

# Chief Executive Officer's Report

The Shire of Esperance Annual Report for 2016/17 provides an excellent overview of our progress over the past 12 months. This year has proven to be a busy, challenging and rewarding time, demonstrating the capability of the Shire and our community in moving forward, despite the terrible events of the previous year.

To say the Shire has been busy would be an understatement. During the year we were able to finalise our recovery efforts from the November 15 fires, while also working on other major projects, such as a review of the Community Strategic Plan, introducing a new Local Planning Scheme 24, working on achieving a resolution for the Tanker Jetty and implementing our largest road program on record. Any one of these single projects would overwhelm most local governments.

The Annual Financial Statements for 2016/17 provide a clean bill of health for the Shire's financial position. An unqualified audit report means independent auditors have found the financial report represents a true and fair view of the Shire's financial affairs, with the end result producing a MyCouncil Financial Health Indicator which would be the envy of many other Local Governments.

The major challenges for the year have undoubtedly been the Esperance Tanker Jetty and the search for a new waste facility site. The issuing of the conservation order on the Jetty has created significant hurdles in our endeavours to achieve community access to a recreational jetty. With varying opinions on how to resolve the situation, the Shire is committed to proactively working with the community, state agencies and funding bodies.

The search for a new waste facility continues, despite finding fatal flaws in several prospective sites. The initial results and due diligence findings for our now preferred site in Merivale are proving positive. Additional physical testing is underway to prepare for the various EPA and DWER approval processes we now need to undertake. We are committed to developing a waste facility that will have a nil environmental impact on neighbouring properties. Work is also underway to reduce the amount of waste to landfill we produce, via the Shire's waste revolution project and search for alternative waste solutions. Reducing waste is a community project as we make small changes individually which collectively has a big impact.

There has been some fantastic success stories this year. In December we saw the opening of the new Skate Park, which has since become a much loved and well utilised community asset. Likewise the community saw the new Christmas lights, built and designed for Esperance, making the town centre take on a magical festive feel. The Shire hosted a delegation from the Chinese Consulate, looking for investment opportunities within our district which may benefit our local economy. The Community Grants Program has supported a number of community groups in the district with some \$200k allocated this year, many of which provide vital services to our community on a voluntary basis.

In conclusion I would like to thank my dedicated staff, who have continued to provide professional and committed services to our community. Likewise I would like to extend my appreciation of the productive working relationship with the Shire Council, especially Shire President Victoria Brown and her Deputy Cr Natalie Bowman for their ongoing support. 2017/18 is likely to be busier than 2016/17, however the Shire will continue to work in partnership with the community to make it happen in Esperance.



Mr W Matthew Scott  
Chief Executive Officer



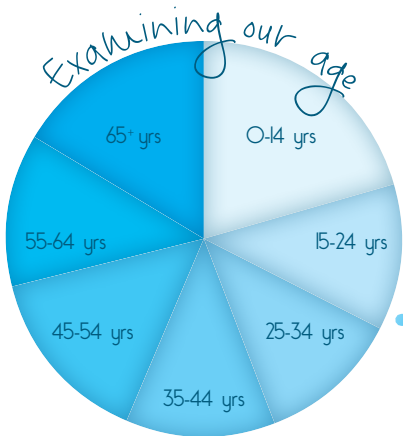
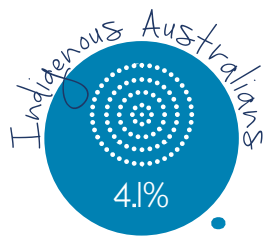
# Esperance in Numbers

**44,798km<sup>2</sup>**

4.853km of Roads

5.900km<sup>2</sup> of National Parks & Reserves

12.950km<sup>2</sup> of Agricultural Land



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

# Corporate Mission

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

- Corporate Business Plan 2016/17 - 2019/20

# 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 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

- Strategic Community Plan 2012 - 2022





# About this Report

Welcome to the Shire of Esperance's 2016-17 Annual Report. Every year the Shire provides vital community services and the Annual Report is where we can highlight the achievements and the progress made towards reaching the strategic goals identified in the 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.

The annual report is one of our key reporting devices, providing information to the community on the work completed in the past financial year. The Annual Report identifies Council priorities and major projects being undertaken or planned and includes community indicators based on the goals and strategies outlined in the Strategic Community Plan.

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

A priority for this financial year was to continue to make improvements in communication and engagement on topics Council are being asked to make decisions on. This year workshops were held to develop the new Thoroughfares Local Law, explore how we can all help in Esperance's Waste Revolution, understand Signage requirements and gather input for the Strategic Community Plan. Two new reference groups were established to assist in ensuring community involvement and input for the new Landfill facility and replacement Jetty design. The opening of the skate park was a fantastic opportunity for Council to engage with younger members in our community and the Edge of the Bay event was a huge success.

Council also focused on economic development in the region and met with delegates from China and representatives from several mining companies.

Meeting groups in these types of forums allows us to advocate for Esperance to potential investors and highlight Esperance as a destination of choice, not just to live or visit but to invest and build new business/industry opportunities.



Council were involved in several 'Council Corner' opportunities at the local community markets and other community events to have one on one informal conversations. Being accessible is vital for elected representatives in making sure they can accurately represent the community they live in.



During the consultation process for the Strategic Community Plan Council and Shire staff made sure as many community groups as possible were given an opportunity to attend a workshop and provide feedback. This included travelling out Cascade, Grass Patch and Condingup.

## 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

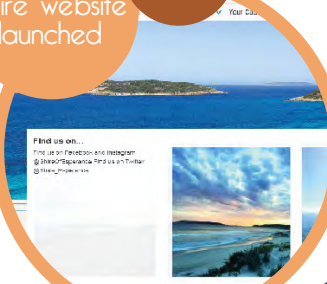
Council and Shire officers are keen for any feedback you may have on the Annual Report. This can be in writing and dropped off at any shire building or emailed to the shire at: [shire@esperance.wa.gov.au](mailto:shire@esperance.wa.gov.au)



# 2016

New Shire website launched

July



Esperance Banner Highly Commended at Local Government Week

August



October

Agricultural Show display



September

Shire hosted Business After hours



Bushfire Memorial

November



November

HMAS Farncomb perform a Freedom of Entry



December

New Shire Depot open



December

Christmas Pageant



Official opening of the new Skatepark and lighting of the Christmas lights at Edge of the Bay

December



# 2017



January

Australia Day Celebrations



February

Floods impacted the district



March

Festival of the Wind



April

Blessing of the Roads



April

The One and All School Holiday Programs were back again!



May

Banners in the Terrace Design Selected



June

Esperance is on the Board



June

French Exchange students depart



June

Skate Clinics are a huge success

# 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.

## Social

### Our community, neighbourhoods, recreation and culture

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

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

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

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

## Environment

### Our environment, resource management and services

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

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

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

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

## Economic

### Our economy, infrastructure, systems and services

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

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

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

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

## Civic Leadership

### Our Council, services, policies and engagement

A leading Council that is supported by an excellent organisation

Governance structures that ensure accountable, transparent and ethical decision making

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

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



# Social

Our community,  
neighbourhoods, recreation  
and culture

# Social

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

### Edge of the Bay

The Shire of Esperance held the inaugural Edge of the Bay event in December. This fantastic event included several different elements, from the official opening of the skate park with competitions and workshops; to the lighting of the most spectacular decorations the town has seen. There were markets held over the whole weekend, live music and special guests making the weekend a huge success. The Edge of the Bay will form part of an annual calendar of events provided to the community encouraging participation and developing activities that bring people together.

### Youth

Council has been working on strategies to encourage and receive more input from the younger members of our community. This year saw the completion of the Communities for Youth project (Stage 2). This project clearly identified our Esperance youth are keen to be more involved in decision making on youth based events and facilities. This has seen the formation of a Youth Advisory Council, a new Council Committee with representatives aged between 12-25. This group of energetic and focused young leaders will be asked to review information and provide input during 2017-2018.

A public forum was held locally gathering a range of community organisations together to discuss the outcomes of the Resiliency Australia survey results. Helen Devenish was the forum organiser and is a fantastic advocate for Esperance. The Forum focused on building community connectedness and working on positive local youth programs.

### Seniors

The 2016 Seniors Dinner was a huge success with our over 60's having a great time. The Digger Dames entertained the diners with their swinging tunes, while Esperance Primary School sang our favourite Australian Christmas songs. Tim Currie, Christaine Smith, Alyce Butcher, Breeanna Pearman, Keely Parnell and Irene Melbourne all sung beautifully during the evening. The Seniors Dinner is an opportunity for Councillors and Shire staff to thank and socialise with our senior community members.



## 1.2 Create a vibrant, modern and safe built environment that is accessible and inclusive and reflects the community's identity

### Town Centre Revitalisation

The Esperance Town Centre Parking, Traffic & Pedestrian Strategy was adopted by Council at the April Ordinary Council Meeting. This was one of the first projects to be implemented from the Town Centre Revitalisation Strategy. The purpose of the Strategy is to determine ideas to improve parking and pedestrian access through the town while minimising impact on traffic movement. The Strategy has identified options that will be implemented during the next 12 months, including pedestrian crossings and reduced car parking signage. Information to develop the Strategy came from community consultation and traffic movement studies in the area.

Town Planning Scheme 24 has been adopted and supports the notions raised during the Town Centre Revitalisation consultation. This has been further supported through the updated Activities in Thoroughfares and Public Places and Trading Local Law. These changes promote flexibility for business and land owners within the town centre and support creative ideas on enhancing the space they work or live in. All changes were guided by local businesses, community members and representative bodies to make sure they were reflective of our community's needs now and into the future.

### Public Open Space

Three major playground upgrades occurred this year at Beaumont, Condingup and the Greater Sports Ground. The new playgrounds were installed after community input was received into the preferred designs at each of the locations. Additional work completed on playgrounds around the shire has been undertaken as per the Playground and Public Open Space Strategic Plan. This Plan ensures all public open space is maximised for inclusive, high quality play for the community and they are maintained to a high standard.



The Esperance Skate Park has become an extremely valued community asset in its first year, with all ages and abilities sharing the space and enjoying the outdoors. Three Skate workshops were held by Tail Tap Skate Clinics at the Skate Park. The clinics were free to all participants and provided some fantastic skills for our budding new and experienced skaters and we now have some awesome local skate coaches trained up. All clinics were booked out with the June clinic booking out within hours of registrations opening. These clinics went ahead due to the support of Horizon Power, Southern Ports Authority and the Shire.



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

### Esperance Home Care

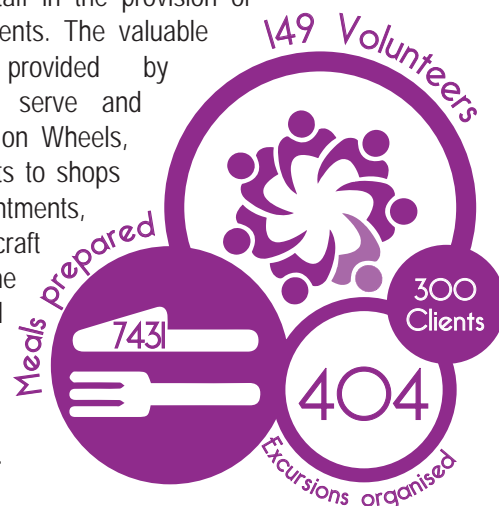
Esperance Home Care continues to provide the daily services required to help older people and people with a disability live independently in their own home. Home Care provides care to over 300 Home and Community Care clients including domestic assistance, personal care, gardening, meals on wheels and centre activities.

In February major reforms implemented by State Government to home care packages came into effect. As a result Esperance Home Care no longer has a set number of packages that can be offered to the people of Esperance. Now, if an elderly person is assessed and requires a package they are placed on a national wait list and are offered one when they reach the top of the queue. This has resulted in a big increase in packages being serviced by Esperance Home Care, with staff meeting the challenge to providing efficient service to all clients.

This year, eight staff members in the Day Centre underwent training in the Dementia specific Spark of Life program. This program focusses on colour, movement and client participation for dementia clients and has been very

well received by all involved. A WA Health Service Grant assisted in the funding of the program and, with an existing staff member being a program facilitator, the ongoing development of staff and the program within the Centre will continue into the future.

Volunteers continue to support the hard working Esperance Home Care staff in the provision of services to clients. The valuable contribution provided by volunteers to serve and deliver Meals on Wheels, transport clients to shops and appointments, assist with craft projects in the Day Centre and more is truly appreciated by clients and staff combined.



### Education

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

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

Shire Health officers promoted the Fight the Bite program extensively, encouraging everyone to be aware and how to reduce the risk of mosquito bites and potential infections. Health officers have attended events and set up information stands to help educate on the precautions that can reduce your personal risk and the simple steps you can do around the home to remove or modify breeding sites.





## 1.4 Encourage and support volunteers and community groups

### Community Grants Program

The Community Grants Program is the Shire's principal community investment program which has been running for 16 years. Through this program Council contributes to community well-being by supporting and stimulating diverse and dynamic projects, programs and activities.

A total of 25 applications, requesting \$179,564.46, was received under the annual grant categories of the Community Grants Program. Council approved the funds to be distributed in accordance with the criteria and guidelines.

An example of some of the fantastic projects that were supported this year include - Esperance Care Services ReJener8 Program; Esperance Brass Band operational costs; Cannery Arts Centre Activities and maintenance project; equipment for the Twilight Aerials Gymnastics Club; Esperance Volleyball Association Inc for the Alcohol Think Again Beach Volleyball Tour; Esperance Cycling Club Tour D'Esperance.

### Volunteer Resource Centre

The Esperance Volunteer Resource Centre has had a busy year providing volunteering information and support to the Esperance community. Both Federal and State funding arrangements have been extended this year ensuring the service will continue for the next three years.

The Esperance Volunteer Resource Centre assisted 142 people into volunteering roles with 45 community groups over the course of the year. The Centre continues to source and provide world class training opportunities for our volunteers and volunteer managers including local and international speakers and volunteering experts providing their guidance and experience. This year topics covered event management and leadership, attracting and maintaining volunteers, community building, communication techniques and Emotional Resilience & Suicide Prevention.



Each year, the Centre celebrates volunteers



and their value to the community through National Volunteer week in May and Thank a Volunteer Day in December. A cinema event in December saw 132 volunteers, representing 38 local volunteer groups, enjoy a movie, morning or afternoon tea and a big thank you.

### Library Volunteers

The volunteer team at the library remains strong and enthused with 26 volunteers assisting staff in a variety of tasks. In addition, a number of school students undertook work experience during the school terms to learn how the library functions. Having the support of volunteers allows a higher level of service to be provided and keeps the library looking great.

The annual Esperance Library Friends (ELF) Book Sale in January 2017 raised just over \$6,000 for new library resources. During the 12 month period another \$2,000 was raised through quarterly discard sales both at the library and online. Purchases of new DVDs, jigsaws and fiction resources were achieved as a result, improving the choices available to those who use the library service.

## 1.5 Develop and maintain a safe environment for the community

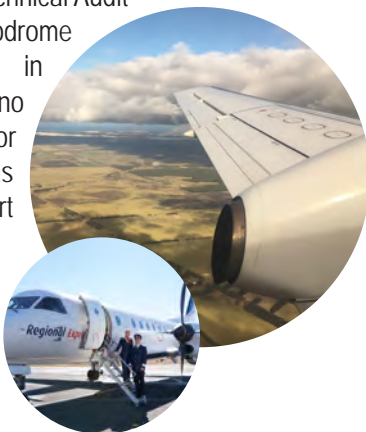
### Roadwise Committee

The RoadWise Committee launched the “Slow Down and Enjoy the Ride” campaign prior to harvest in a bid to reduce the incidence of speeding and risky road user behaviour on local roads over the harvest season. The locally produced video was released, along with an ‘Enjoy the Ride’ bush poem. The campaign was extremely popular and it highlighted how important this message is. The RoadWise Committee also ran a Blow Zero campaign in collaboration with Esperance Police and Esperance Toyota, an Easter campaign reminding people to drive safely over the break, initiated with a Blessing of the Roads event. RoadWise continue to work in the community encouraging safe road usage and driver behaviour.



### Airport

A practical Emergency Exercise was held at the airport on Saturday 8 October 2016. There was a good representation from the Emergency Services, unfortunately the Airline Staff were unable to attend however were involved in assisting during a real emergency situation. The Emergency Plan was tested and proved adequate, it was then re-adopted with minor changes by the Local Emergency Management Committee. The Annual Technical Audit was conducted by Aerodrome Management Services in October. There were no non-compliances or major observations and it was reported that the airport presented extremely well.



**49,656**  
Passengers  
serviced

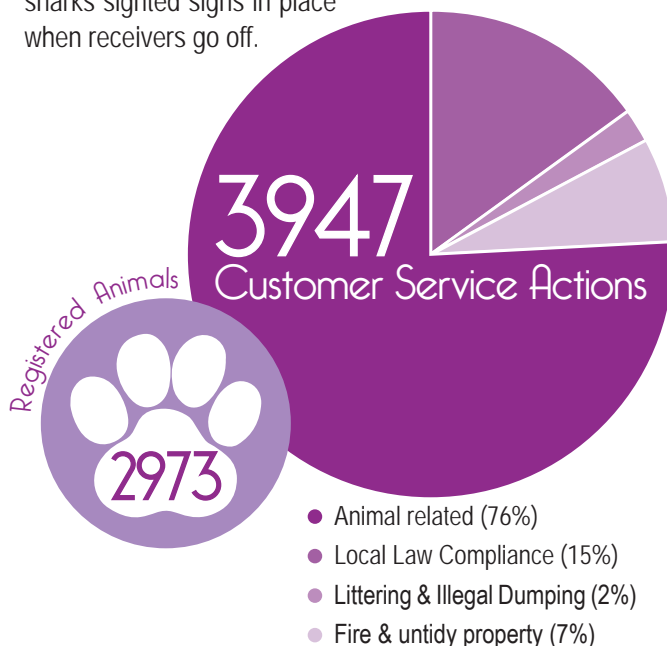
### Rangers

Ranger services have been busy working on providing educational programs, animal services, monitoring coastal infrastructure and enforcing compliance issues.

Rangers introduced the Storm Dog Initiative, where complaint animals that have been impounded as a result of a storm (or fireworks) are returned to the owner without impound fees.

Rangers provide a 24 hour service through the use of a call centre. During the year Call Insight received a total of 842 calls requesting assistance from Ranger services. Under a new triage system Rangers only respond to dog attacks, livestock roaming, shark notifications and dead animals on a verge. All other calls are wait listed until business hours commence on the new week. This ensures a level of service that meets the needs of the community.

The State Government announced the Shire of Esperance was going to receive two Shark Receivers and asked the community for the preferred locations. The two satellite linked VR4 receivers pick up the presence of tagged sharks and simultaneously transmit an automatic text message to beach responders and the information is posted on the Sharksmart website. These will be deployed in the two locations being West Beach and Kelp Beds at Wylie Bay. Rangers will put shark sighted signs in place when receivers go off.



## Community Emergency Services

With the community still recovering from the devastating fires of November 2015 and January 2016, a much quieter fire season was a welcome relief. Some lessons learned and identified improvements from the previous fire season are still being assessed and implemented, however some great initiatives have already been introduced.

During the harvest season, water bombing aircraft were forward based at Esperance to address any concerns arising from the harvest period. The planes were utilised on three occasions and information provided to DFES with a request for this support to be ongoing for future seasons.

Several of our Brigades have been providing an annual information session to seasonal farm workers around the initial response to a bush fire. This year the program has been further developed and delivered in a more formal session across the Shire. Over 300 seasonal workers attended the training, learned valuable information about fire behaviour, what to do in the first stages of a fire starting and how to ensure they make good decisions and keep themselves safe. The overwhelming interest and success of this initiative will see this course become an annual feature on the bush fire training calendar.



Fire truck retrofit upgrades have commenced through our fire fighting fleet. This next round of work sees local trucks being sent to Perth to be fit with deluge systems and in cab air. This equipment will help to provide fire fighter safety in the



- Fire related incident
- Powerline damage
- False Alarm
- Shark Incident
- Flooding Incident
- Miscellaneous

event of a burnover, meaning that if a crew find themselves in the path of the a fire, the truck will provide a safe haven with the deluge system spraying water over the vehicle and the in cab air providing fresh, breathable air inside the cab until the fire passes. Previous retrofit programs have provided trucks with fire blankets and drop down curtains to further assist with fire fighter safety on the fire ground.

Trucks have also been fitted with an Automatic Vehicle Locator(AVL) device. The AVL provides information back to the Command Centre during a fire providing a location of the appliance on the fire ground. While further increasing fire fighter safety these devices, will also assist the Command Centre to use trucks more effectively and provide important information during an incident.

February is historically a busy time for fire fighters, this year much of the State experienced a massive rain event resulting in extensive flooding. Esperance received over 200ml of rain in a 48 hour period resulting in major road flooding and subsequent damage. Major damage cut Esperance off to the west, with traffic and access to Esperance being only available from the north for nearly two weeks. Tragically two Esperance lives were lost during this flood event.

# Social



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

### Bay of Isles Leisure Centre

Memberships at the Bay of Isles Leisure Centre (BOILC) steadily increased during the year which allowed the introduction of new classes that accommodate a variety of fitness levels and interests. There were targeted promotional campaigns and new classes being offered to keep members and potential members coming back every week. New classes are developed and current trends explored to invigorate new and existing members to attend the classes and see the value of a becoming a member.

Classes have been well attended, on average 8 people attend each class. The Crèche continues to operate complimentary to the centre, providing an opportunity for parents to exercise while their children are being cared for.

The BOILC is the only venue in town that can offer water based classes, swimming lessons in a heated pool and recovery options in the Hydrotherapy pool. The number of children enrolled in swimming lessons throughout the year totalled 1169, very similar to previous years. It is great to see the value our community places on making sure our kids are taught to swim.

The BOILC received an award 'Facility of the Year' from Leisure Industry of WA for its Watch Around Water program. As part of the award the centre received a new pool inflatable called George, this will be an added attraction for the younger users of the facility.



### Club Land

The kidsport program continues to be a very popular funding program in our community. This funding allows youth to participate in local sporting activities and events they may not have been able to without financial assistance.



The Esperance One & All Community Program is organised for one week of each school holidays and is offered to community members of all ages and abilities to attend for free. Over 1200 people participated in 2016/17 with activities including: Brick Club, Parkour, Wheelchair \* Sports, Gymnastics, Squash, Badminton, Cricket, Little Athletics, Jungle Konga Fitness, Ultimate Frisbee, Chess, Sand Castles, Beach investigation, Puppets, Football, soccer, Yoga and Golf. The Club Development Officer represents the Shire of Esperance on the Esperance District Recreation Association (EDRA), Sports Star of the Year, the Department of Local Government, Sport & Cultural Industries, Regional Athlete Support Program (RASP) and offers support to Club Land throughout the year. The Club Development Officer engages with state sporting associations encouraging them to visit the Esperance sporting community and local schools to coach, train and advise in their respective sports.

## 1.7 Facilitate and promote arts, heritage and culture activities for all ages and abilities

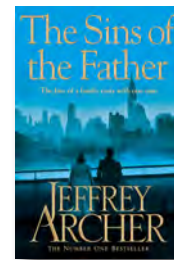
### Esperance Public Library

The Esperance Public Library continues to look at ways to provide the community with traditional library products and services while also adopting a more modern technological approach to service delivery. The library's digital literacy Tech Help sessions, aimed at seniors struggling with modern technology and anyone wanting to use the library e-resources, remain popular and take-up of e-resources by customers is steadily increasing. This is a valuable resource, as potential changes to the funding of state inter-library loan services in the future will require customers to more fully embrace the use of e-resources. The library also commenced steps for the attainment of E-Smart status.

Ten Esperance Primary Schools registered for the State Library's Better Beginnings pre-school Early Literacy packs. Over 400 packs were delivered to the schools with all in-town primary schools receiving visits from library staff to deliver the packs and participate in a short story time and activity session. Feedback from teachers, parents and children were numerous and positive. Library staff are working in key areas focussing on early literacy and children's services.

Esperance Library participated for the third 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. The completed sketchbooks from all around the state are 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 2018. Sketching Workshops were held at the library to encourage and enthuse youth to create sketchbooks and 14 sketchbooks were sent for inclusion in the travelling exhibition.

25



Most borrowed book

### Esperance Civic Centre

The Civic Centre continues to be a focal point for the community, with a broad and diverse range of uses. In addition to meetings, functions and workshops, there was a total of 55 performances (a mixture of both local and professional touring shows) held at the centre in the last financial year attracting just under 10,000 attendees.



Hosting a variety of shows is vital in providing opportunities that are not easily available when living in a regional town. Cirque Africa was a spectacular show and very well attended with 430 patrons of all ages. The Melbourne International Comedy Festival is always well attended, however the Kasey Chambers concert was the most well successful event this year with 462 people attending.



The Esperance Senior High School Ball is always a great night, with large crowds out the front watching our elegantly dressed youth alight from cars and head towards the entrance. Other wonderful local events included the annual Music Festival, the Esperance Anglican Community School Ball, Horizon Powers Sports Star of the Year, Seniors Christmas Dinner and the amazing Dance concerts. This is a just a small example of the different uses of the Civic Centre.

## 1.8 Manage environmental health risks in the community

### Environmental Health

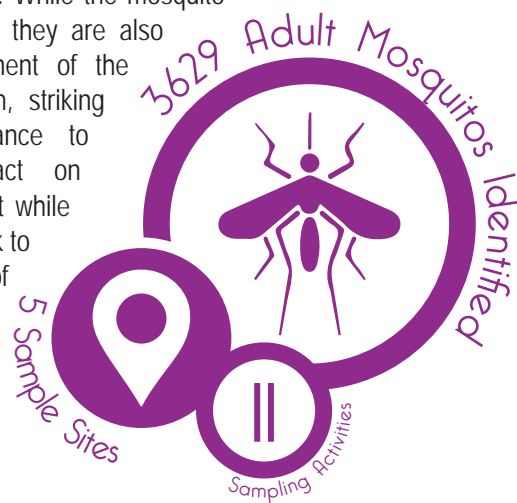
Environmental Health Services implement and maintain public, environmental health and environmental related services, programs and projects in accordance with community expectations and statutory requirements. The four key priorities this year were:

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



### Mosquito Monitoring

Environmental Health Services set mosquito traps and conducted larvae samples to collect baseline data on mosquito numbers and the species that have the potential to carry viruses. While the mosquito may be a pest they are also a vital component of the local ecosystem, striking the right balance to minimise impact on the environment while reducing the risk to the community of mosquito-borne disease.





# Environment

Our environment, resource  
management and services

# Environment

## 2.1 Protect, restore and enhance our natural assets

### Coastal Reserves

Upgrades to the Quagi Beach campground were completed, with support from State Natural Resource Management (NRM) funding and included the rehabilitation of fragile dunes, realignment of key beach access points, control of invasive weeds and 500m of post and rail fence installed around the camp bays. Munglingup and Quagi Beach both received toilet block and litter collection point upgrades, these are essential in helping people look after the fantastic natural assets we are blessed with.

Community Tree Planting days and Rehabilitation projects have been thoroughly supported by the Esperance Community this year. More than 80 people pulled on gloves and planted 2400 native seedlings in the sand dunes near the Skate Park. Local schools have been fantastic with students coming out to various projects along our coast, making sure we continue to protect our valuable natural landscape and reduce erosion.



We were successful in receiving funding for all four applications submitted to the 2016-2017 State NRM

Program Community Action Grants. With a total of \$136,500 in funding received, the projects included restoration of eco-education facilities and reserve infrastructure at Lake Monjingup; Site planning at nine western beaches including signage, weed management and dune rehabilitation; dune erosion protection at Twilight Beach and improving access, facilities and signage at Quagi Beach.

The Esperance Weeds Action Group and Esperance Tjaltjraak Native Title Aboriginal Corporation were also successful in receiving funding for their separate community projects. A fantastic outcome for the local community with so much support in assisting our natural environment.

The Castletown Quays restoration project, supported by Coastwest funding included rehabilitation of fragile dunes, realignment of key beach access points, control of invasive weeds and fencing to protect areas at risk. This was another

community project that saw students from Castletown Primary School assist in planting native seedlings in the sand dunes along the Quays.





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

### Garage Sale Trail

The Shire of Esperance joined the national Garage Sale Trail program this year which runs every October and has over 150 supporting Councils. In our inaugural year we had over 30 sales registered and Esperance was awarded with an Outstanding Contribution Award, recognising our innovative approach to promoting the event locally. We held a colouring in competition, sponsored prizes, ran a competition at the Esperance Show, held stalls at the markets and conducted a Business After Hours presentation to encourage local businesses to be involved. A clear message of reuse and repurpose was developed through the simple concept of buying and selling at a garage sale. Esperance's participation in the Trail was a great success with all participants happy with the outcomes, experiencing strong sales and buyers finding some great treasures.

### Community Tree Planning

Community Tree Planting days are a great way to educate both young and old on how important it is to rehabilitate damaged areas in our environment, whether it is through erosion, over use or natural events. Knowing the value and necessity of this work creates a broader understanding throughout our community on how to use our environment responsibly.

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

### Lake Monjingup

Since the 2015 bushfire, the Monjingup Reserve has been closed allowing it to regrow and recover. The Lake Monjingup Reserve Bushfire recovery works were aided thanks to extra grant funding received through State NRM. The funding enabled new interpretive signage to be placed on walk trails within the reserve and some of the trails have been upgraded to improve erosion control. The high quality signs provide up to date information about the Lake Monjingup plants and animals and are a great way to educate people using the area. This area has been ear marked as the selected National Tree Day location in July 2017, this will be a huge boost to the recovery works nearing completion on site. The working partnership between South Coast NRM and Shire Officers is a positive one that provides huge benefits to our natural assets.

### Dempster Head Management

A temporary halt to some activities at Dempster Head was put in place immediately following the degradation of flora in the reserve. Council requested signage be installed advising that Mountain Bike and Motor Bike access be prohibited until further notice. User groups were also contacted regarding the restrictions being put in place and signage was posted in the area. This was due to several reports being made of a significant increase in activity on the reserve that involved the unauthorised removal of native vegetation and addition of new infrastructure and tracks that have caused damage to the area. The Dempster Head Management Plan will be reviewed and updated with public consultation and input from all user groups sought to ensure the continued management of the area is both socially and environmentally responsible.

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

### Sustainable Planning

The Coastal Management Plan was developed to manage and protect coastal reserves managed by the Shire in a sustainable manner so they can continue to be enjoyed by future generations. The Plan was collated to be environmentally responsible and to incorporate equitable, safe and sustainable access for recreational users.

Local Planning Scheme 24 and associated strategies have incorporated policies that ensure the impact of any new developments on our natural environment is kept to a minimum. State legislation is complementary as all levels of government work together to maintain a healthy environment.

### New Landfill Site Selection

A new landfill site is required and during the course of the year significant work has been carried out to find a suitable site that will meet the needs of both the community and the environment. Due diligence investigations saw a preliminary site rejected due to unfavourable results. A site has now been purchased on Kirwan Road after passing all initial tests, further intensive environmental tests are currently being undertaken. Council have committed to requesting the highest level of assessment from the Environmental Protection Authority, making sure the community are satisfied that all effort is being made to build a best practice waste facility for Esperance.

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

### Resource Consumption

The Eastern Suburbs Water Supply Scheme pump station was upgraded this year. This project involved the upgrade of essential infrastructure including storage tanks, delivery pumps, a filtration system and associated pipe works. This will improve our water consumption on all the open spaces that use this pump station. Future stages will see replacements in the mainline, ensuring we use water in the most efficient way possible.

Upgrades have been undertaken at the BOILC to further reduce our carbon footprint. New condensing boilers were installed in July last year and we have reduced our gas consumption by an average of 40% per month; water consumption has been reduced by an average of approximately 152,313 litres per month in the last four years.

A 1°C reduction to pool water temperatures was trialled at the BOILC in the Lap, Lagoon and Spa pools. This trial monitored the impact on gas consumption and potential energy and subsequent cost savings for the facility. User comfort and feedback was also recorded during the trial. The results were positive and the temperatures now remain at this level. Additionally automatic doors were installed to the pool area to retain warmth in the pool area and reduce condensation damage throughout the dry area of the facility.

The change rooms in the dry area at the BOILC were renovated with energy and water saving appliances fitted. All upgrades or maintenance work undertaken at any Shire facility will now have fittings installed that reduces our consumption of non renewable resources.

## Landfill Due Diligence

Council purchased a lot on Kirwan Road which has been deemed a suitable location for a new waste facility. After significant scientific data was collected from the site it was recommended to proceed with the proposal. The Shire can now commence the design phase and will be working closely with the New Landfill Community Reference Group. There is now a lengthy approvals process that must be completed prior to construction, this includes a comprehensive design process and site works.

## Waste Reduction

A glass crusher was purchased allowing the Wylie Bay Waste Facility to process this material and utilise the crushed glass within roadworks as a road base.

This has saved the Shire over \$40,000 this financial year in freight costs and has produced a usable product for local use. The crushed product is completely safe and takes on the texture and appearance of sand.



Mattresses are now processed and portions returned for recycling on site. These were previously sent to Perth for recycling, this was a very expensive freight operation. They are now reduced to the steel springs, baled and returned to Perth for recycling, reducing our costs significantly.

Steel prices dropped during this financial year therefore the material has been stockpiled for processing later when the price goes back up. While room is available storage will continue, ensuring we are obtaining the best value for the product.

The E-Waste program continues to be offered in Esperance with over 25 tonnes of E-Waste sent to Perth for processing. This is another way we can work with our community reducing the amount of waste that goes to landfill and potentially finding avenues for reuse when the product is taken to processors in Perth.

Two Shire facilities are now offering recycling for Nespresso coffee pods. The Administration building and BOILC both have recycling boxes set up for anyone to deposit used aluminium coffee pods. This has been taken up extensively by staff and community members with over 4 boxes returned during the second quarter of 2017.



# Environment

## 2.1 Plan for and adapt to changes in our climate

### Coastal Network

Shire officers attended a coastal forum in Albany and were able to discuss similar challenges and ideas with respect to coastal management. All coastal development is now subject to the state's coastal hazard risk management and adoption planning guidelines. These guidelines assist in the future decision making requirements of Local Government and take into account coastal hazards and climate change.

### Esperance Coastal Hazard Adaptation Strategy

The Esperance Coastal Hazard Adaptation Strategy prepared by BMT JFA Consultants on behalf of the Shire was adopted. This report presents the Shire of Esperance Coastal Hazard Adaptation Strategy (CHAS) for Esperance Bay, the 10.5km strength of coast comprising the Town Centre & Foreshore, Castletown, Flinders, Bandy Creek & Surrounds and Wylie Head. The CHAS aims at reducing 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 risk.



# Economy

Our economy, infrastructure,  
systems and services



## 3.1 Ensure services and infrastructure are aligned to community needs now and in the future

### Airport

The Esperance Airport continues to run successfully with another audit showcasing strong operational management with compliance requirements. Almost 50,000 passengers were transported between Esperance and Perth, this represents a steady number of travellers from previous years. A minor upgrade of airside perimeter fencing was undertaken to improve security on site and reduce the likelihood of trespassing

We were successful at securing funding for a new water bomber facility that will be built at the Airport in the 2017/18 financial year. This infrastructure will ensure we can fully support Water Bombers when being utilised during any future fires. The Department of Parks and Wildlife and Water Bombing pilots were involved in a consultative process to with regard to the final design of the facility.

### Esperance Tanker Jetty

The ongoing deterioration of the Esperance Tanker Jetty continues to concern the Shire and Community. The Jetty has been part of the Esperance Land and marine scape since 1935, and many locals and visitors alike have enjoyed catching herring or an evening stroll over the years. Sadly the Jetty is now beyond economic repair and decisions now need to be made for its replacement. Last financial year (15/16), the Shire Council made the unenviable decision to call for tenders for its demolition. As a result of local concern in August this year the tenders were put on hold so a community group could seek an engineering solution to retain the current structure. Unfortunately, the proposal was not considered feasible and prudent by Council at a Special Council Meeting of Council in November, and the demolition tender was awarded to a local contractor.

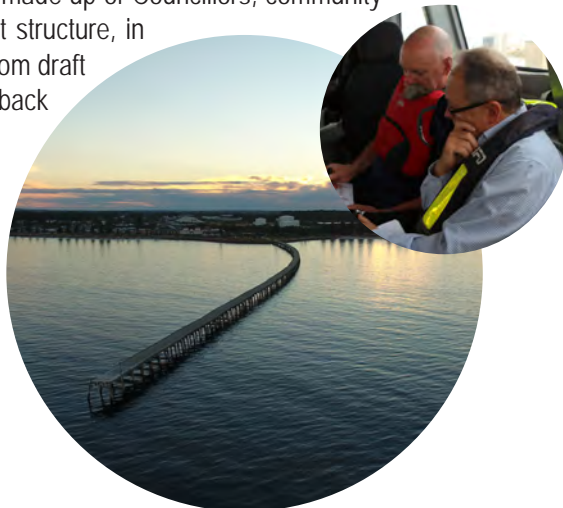
After making this decision, the then Minister for Heritage issued a stop work order on the Heritage listed structure, which later became a Conservation Order, preventing the Shire from demolishing the jetty without the Minister's consent. Since the issuing of the conservation order, the Shire has created a working group, made up of Councillors, community members and several local agencies, to develop plans for a replacement structure, in consultation with the Heritage Council. These designs have progressed from draft concept designs to a detail concept design, which is now awaiting feedback from the Heritage Council.

There are many diverse views regarding the jetty which is creating some division with the Esperance Community. Council remains committed in providing the Community with a replacement, which meets community needs and is financially sustainable. This is complex problem, and with the combined help of the Esperance Community, and viable solution will occur.

### Indoor Sports Stadium

An alternative concept for the Indoor Sports Stadium was developed with consultation from user groups after a structural report identified the current stadium would not be able take any additional load. The new stand alone facility will be adjacent to the existing Indoor Sports Stadium with a covered walkway connecting the two.

The new Stadium will house three multi purpose courts, meeting rooms, kitchen and kiosk facilities, change rooms and storage space for each user group. Funding approval to commence the project was received from the Department of Regional Development through the Goldfields Esperance Revitalisation Fund and the Department of Sport and Recreation through the Community Sporting and Recreation Facilities Fund.



### 3.2 Ensure a diverse, efficient and safe transport system

#### Road Maintenance

The Shire has a significant road maintenance program every year and this year was no different. With the implementation of the annual road maintenance programs over the past several financial years, there has been an increase in the standard of road delivered across the Shire.

The February floods caused a significant amount of damage to our roads and culverts, partially west of Esperance. Repair works were undertaken immediately with priority given to main access roads and single access roads. Impact on road users was kept to a minimum with emergency works being completed quickly. The Esperance community were fantastic during this time with local farmers providing information on damage and sending through photos, this allowed Shire Officers to determine a maintenance schedule with a large amount of information and provide updates through the Shire Facebook page.



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

#### Government Partnerships

Working with State Government is a priority for Council and Shire officers with linkages in projects based on social and economic well-being. Local government supports state government and industry initiatives regionally to ensure the best possible outcomes for our community. This includes meeting regularly with representatives from Goldfields Economic Development Commission, Southern Ports, Horizon Power, Local Police, Goldfields Voluntary Regional Organisation of Councils and State Government Departments, working collaboratively on projects for our community.

Councillors and the CEO from the Shire of Jeramungup headed to Esperance to discuss local government and non local government issues affecting both Shires and to share ideas on asset management and long term strategic planning. The group opted to come to Esperance for their study tour and prioritised looking at Shire of Esperance processes, which have been highly recommended under the Better Practice Program run by the Department of Local Government and Communities.

An agreement reached with the Shire of Ravensthorpe this year sees our planning staff complete the statutory and strategic planning needs on behalf of the ratepayers of Ravensthorpe. This derives an income of approximately \$60,000 for the Shire of Esperance, assists the Shire of Ravensthorpe through the provision of qualified staff to complete the duties required and improves our relationship with our neighbouring local government body. We are continuing to look at opportunities on how we can collaborate with other bodies to reduce expenses and/or potentially identify additional income sources.

#### Regional Express

Regional Express (Rex) and the Shire of Esperance entered into a milestone three year partnership agreement that will see the continuation of the Rex community fare through until 30 June 2020. The \$129.00 community fare is available between Esperance and Perth for advanced bookings of at least 60 days prior to departure subject to booking class availability, in addition to all available seats within 24 hours prior to departure. This is a positive partnership that provides a benefit to the community and certainty to the supplier.

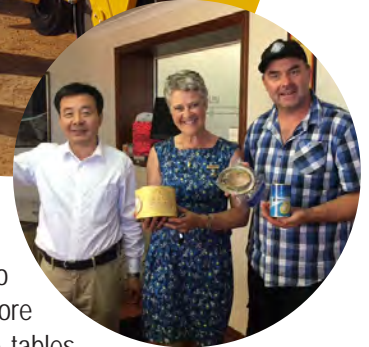
## 3.4 Maintain the Shire's robust asset management practices and maintenance programs

### Asset Management

Robust asset management is essential when dealing with our large asset portfolio, ranging from roads, to public buildings, waste management infrastructure to parks and playgrounds. Balancing finite resources and community needs is vital in ensuring we continue to have access to high quality services and facilities.

The Shire purchased four new Multi-Wheel/Smooth Drum Combination Rollers to assist on our rural roads. This huge piece of machinery is towed behind a grader while performing grading work on gravel roads. It compacts freshly graded gravel roads which assists in ensuring smoothness and durability. The new rollers replaced 60 year old rollers and will see efficiencies in the rural road maintenance program.

Four new pig trailers were also purchased to assist with our rural road construction program. The trailers will be towed behind the Shire's four 8 wheel tip trucks and means each truck can carry more gravel per trip between the gravel pit and worksite, improving efficiencies. These four pig trailers are new additions to the Shire fleet, and this configuration of truck and trailer has not been used in the rural construction program previously.



Two Esperance Foreshore Toilet Blocks, glass panels at the Brazier Street BBQ area and another four public toilet facilities were all maliciously damaged one night in April. There was also damage to private vehicles, residences and local businesses. More than eighteen pictorial glass panels were shattered, three tables

damaged and public toilets rendered unusable. This needless destruction of property is disappointing to see and during the Easter school holidays meant tourists were impacted by the damage through the closure of public ablutions and less visual amenity along the foreshore.

Vandalism is an issue for public toilet blocks in town throughout the year, they are a soft target and can be easily damaged while the perpetrator is out of sight. The damage is generally of a minor nature and is fixed on the same day as a report is made.



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

#### Economic Development

The Shire hosted a visit from the Chinese Consulate, advocating a potential for tourism and a primary industry relationship with China. Building Esperance as a destination of choice to live, work, invest and visit is a vital role of Council in supporting future economic investment.

A small project to be implemented as part of the Regional Economic Development Strategy is to undertake a trial in the Town Centre with a free Wi-Fi node. The trial is to determine whether free Wi-Fi would attract more people to the Town Centre and lengthen their stay. This will be implemented during the next financial year.

#### Local Law Renewal

The Shire of Esperance Activities in Thoroughfares and Public Places and Trading Local Law 2016 was developed and adopted. This updated Local Law is to regulate and manage activities in thoroughfares and public places for the benefit of the Esperance community. This promotes consistency and flexibility, giving business and land owners a greater amount of room to be creative and inspire a more activated town centre. Consultation with local business and addressing their needs ensures a Local Law that supports and reflects our community.



## 3.6 Build skills, capacity and partnerships to work towards a self sustaining community

### Industry Engagement

The Esperance Chamber of Commerce & Industry holds monthly Business After Hours events which are regularly attended by Council and Shire staff. These are networking events that allow all attendees to hear the plans and aspirations of people within the business community and the challenges that are currently being faced. It provides an opportunity to ask questions or discuss current issues that may benefit from having a broad audience. This year the Shire hosted one in the Council Chambers, creating the opportunity to share the direction the Strategic Community Plan was taking.

During the consultation phase for the Strategic Community Plan we held targeted workshop with representatives who are in a position to both identify the challenges currently being faced and assist in developing and implementing solutions. This workshop included outlining potential collaboration opportunities that would see a greater outcome for the community. A key focus is the planning of future training and conferences that will build skills and support our local businesses.



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

### Local Planning Scheme 24

Local Planning Scheme (LPS) 24 was initiated and approved during the year. The Scheme was prepared internally, has been passed by the Western Australian Planning Commission and was developed with considerable cost savings in preference to using external consultants. The biggest changes from LPS 23 are increased zoning in the Town Centre, an increase in height restrictions in specified areas, increased residential density and overall focus on making the document locally relevant. A review of the Local Planning Strategy was also carried out in-house. Similar local governments have used consultants which has resulted in strategies and Schemes with far less local content and at a large cost. The review has also been progressed far quicker by preparing the document in-house. Building these planning documents with Shire staff provides plans that recognise the needs and expectations of the Esperance community and are far more reflective of local social and economic processes.

### Energy Efficiency

All building applications must comply with energy efficiency requirements that ensure future development is sustainable and high quality.

### Building Services

The number of housing applications approved during 2016/17 was up from the previous year with 63 permits issued valued at \$16,899,013 in comparison to 56 permits valued at \$19,829,412 in 2015/16. This indicates a steady building market and highlights smaller more economical homes are being built in today's market.





# Civic Leadership

Our Council, services,  
policies and engagement

# Civic Leadership

## 4.1 Assist Councillors to provide strong and visionary leadership

### Council

Difficult decisions are often those that receive the most public scrutiny, primarily those decisions that have varied and strong opinions. This year has been particularly challenging with divided opinions over the Jetty, concern over the proposed new waste facility locations, potential loss of funding for the Indoor Sports Stadium, the adoption of a new Local Planning Scheme and the February floods. Every month Council meet and are required to make decisions on a diverse range of issues. Information needs to be sourced, researched and verified ensuring Council have accurate and relevant information to make informed decisions.

### Rates

Council endorsed a rate increase of 4.5% for town properties and 2.5% for commercial properties, rather than the original forecast increase of 6.5% in the Long Term Financial Plan. This rate increase will allow the Shire to continue to reduce the identified asset management gap while ensuring funding is made available for major projects such as rural road re-sheeting. Strategic planning for the future benefit of the Esperance Community involves looking ahead and ensuring services, assets and facilities are sustainable and meet community expectations.

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

### Council Meetings

Council maintained a regular meeting schedule during the year with the agenda and minutes for all meetings available on the Shire website. In addition Council have 14 Council Committees of which four of these were initiated during this year. Council Committees include representatives from Council, representative organisations and community members. Council Committees are set up to provide a broader base of knowledge and assist Council on a specific project or issue.



The four new committees this year include the Replacement Jetty Working Group and New Landfill Community Group which will assist on these two major projects. The Youth Advisory Council and Visitors Centre Management Committee will gather information from a broader group of people involved in these areas.

### Strategic Community Plan 2017-2027

A full review of the Strategic Community Plan was undertaken and included over three months of consultation. Workshops, surveys, Council Corners and commentary were actively sought from all areas of the community to review and update the Plan. The full review highlighted some changes in broad community thoughts with a shift towards Council being more involved in tourism and economic development. The updated Plan captures community sentiment and accurately reflects our community's current goals and aspirations.



### Local Law Review

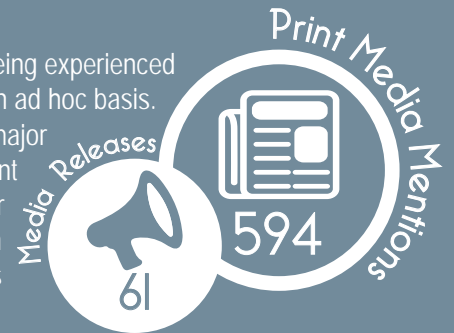
The Shire of Esperance Standing Orders Local Law was passed by the Joint Standing Committee in September 2016. This was the final step in the process to implement the new Local Law that recognises the need for our elected members to have clear direction when making decisions. Additionally community members are able to easily track the processes being followed through the agenda and minutes process. All meetings are open to the public and there are two opportunities for questions. The new Standing Orders Local Law supports a clear, transparent and ethical decision making process.

### 4.3 Ensure open and consistent communication between the Shire and the community

#### Media & Communications

The Shire actively utilises a diverse array of communication tools to inform the community and encourage engagement. This ranges from the weekly Shire Flyer that is available in both printed form and through an e-newsletter; Facebook is utilised to forward short concise messages that may then direct readers to further information if available. Instagram and Twitter are also used to cast a broader net amongst different social media user groups. Instagram is a new platform taken up this financial year and is rapidly growing.

The Shire President submits a weekly column to the Kalgoorlie Miner on topical issues being experienced in the community and columns go in the Esperance Express by different councillors on an ad hoc basis. Council Connections is included once a month in the Esperance Express outlining the major decisions and projects Council has been involved in for the previous month. Radio and print interviews and responses are also provided when requested and information for stories or when a message needs to get out is passed directly on to media. Sound communication principles includes making sure our agendas and minutes for monthly council meetings are easily accessible on the Shire webpage.



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

#### Community Engagement

This year a full review of the Strategic Community Plan was undertaken, this involved a three month consultation process that included surveys, workshops and interactive stalls. Promotion of the review through all media channels and communication tools was completed. Local media assisted by publishing articles and discussing the importance of being involved.

Workshops were held with the Business Community to review the Activities in Thoroughfares and Public Places and Trading Local Law. Information was gathered to ensure the Local Law was reflective of current community needs and higher legislation. A draft was completed and sent out to all those who contributed, making sure the final version would be fully supported by all those involved. This Local Law now gives more flexibility to businesses ranging from Al Fresco dining opportunities, signage and ways to use our thoroughfares more creatively.

The Visitor Centre Management Committee was set up during the year to ensure industry and community input and oversight into the Visitor Centre. Visitation to the centre continues to be strong, however we are looking into ways to offer an improved service to tourists and stakeholders.



# Civic Leadership



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

### Cemetery

The Esperance Cemetery had 42 burials this year and new procedures have been introduced to ensure the continuation of a reliable and efficient service. A new electronic system for the management of information relating to the cemetery has been implemented and historical data has been entered into the system. This will improve our ability to search for families and plots and will ensure a far more robust system with respect to the maintenance of historical data.

### Seafront Caravan Park

Following the expiry of the lease with a private entity, Council took responsibility for the Esperance Seafront Caravan Park back in-house. The first twelve months have been challenging with the majority of infrastructure at or close to the end of its life, however the park continues to be an important tourism asset in the community. Significant maintenance works have been undertaken and a Redevelopment Plan is due to commence shortly to bring the park up to a more contemporary standard.

### Land Development

Council reiterated its preparedness to purchase lots from Development Area 3 from private land owners who were looking to extinguish their ownership of these lots. We also offered to begin discussions around the options for progressing with developing the area for those that were interested in contributing towards the costs of development to try and break the deadlock currently surrounding this area. A number of blocks have since been purchased by the Shire, with several owners indicating an interest in participating in a development process. Until all remaining owners select to be involved in this process the area is likely to remain as it is in the short term.

Flinders continues to achieve sales, albeit slowly in the current market. Stage 3 of Flinders was granted sub-division approval a couple of years ago, however while the market is quite weak no decision around proceeding with construction of this stage has been made. Work is currently proceeding towards approval of Stage 4, which is a small lot development. Due to a number of enquiries around the availability of small lots this is seen as a market that is currently not being provided for in Esperance.

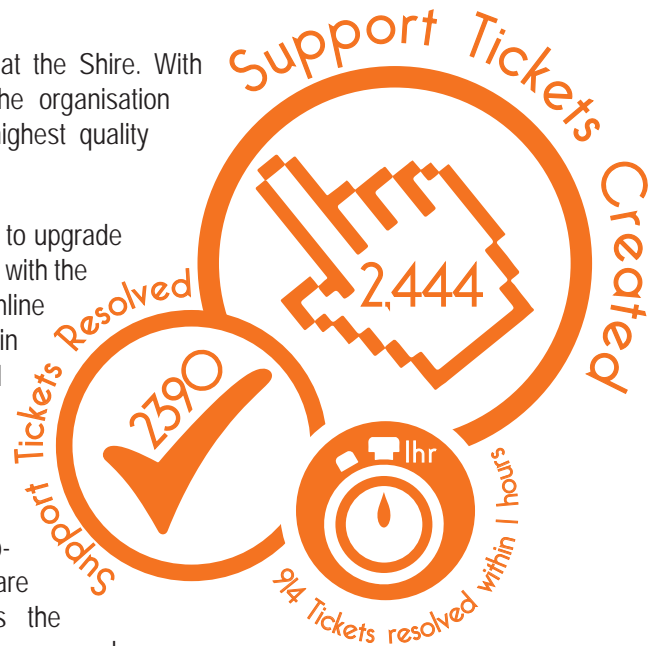
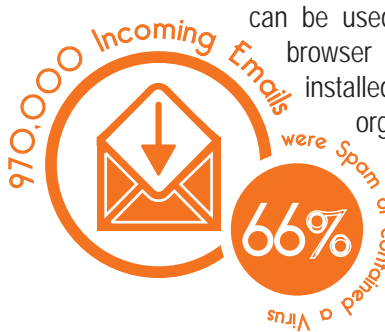
## Information Technology

2016/17 was the year of renewal for information technology at the Shire. With changing and improving technologies we need to ensure the organisation continually maintains an optimal network that provides the highest quality services to our community.

The Information Technology and Records team worked together to upgrade the Shire's Records Management Software to ensure compliance with the State Records Act, make retrieval of records easier, and to streamline the capture of new records. A reliable records system is essential in ensuring strong records management and a one stop shop for all needed documentation.

The IT Team worked closely with the Asset Management team for the rollout of new GIS software. Being web-based, it can be used on any device with a web-browser without needing any software installed. It is being used across the organisation with great success and

allows staff to have access to quality visual data on the ground. Future expansions are planned which will see an abridged version available on the Shire website.



## Information Management

The Shire maintains an Electronic Records Management System (ERMS) and associated set of processes and procedures to ensure the capture and control of corporate records in compliance with the State Records Act 2000. Corporate records are captured and maintained by the Shire of Esperance utilising HP Content Manager 9.1. This software enables the Shire to capture, manage, protect and dispose of corporate records, including emails, in accordance with state recordkeeping requirements.

The *Shire of Esperance Record Keeping Plan* and supporting policies and procedures were updated and submitted to the State Records Office of Western Australia in November 2016. At its meeting in March 2017 the State Records Commission (the Commission) approved the amended Recordkeeping Plan for the Shire of Esperance (KP 20160460). The Shire of Esperance Records Disaster Recovery Plan has been implemented and identifies the records considered vital to the ongoing operations of the organisation and all hardcopy vital records are stored in a 24hour fireproof safe room. This is an essential element in the risk management process when ensuring the organisation can continue to operate business as usual after a disaster.



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

### Better Practice Review

The Shire volunteered to be reviewed under the Better Practice Review Program being run by the Department of Local Government and Communities. The review was very positive with several areas of better practice identified, including Community engagement, Long Term Financial Plan, Financial management, Rates & Charges, Business Ethics Statement and Operational Risk Management. This is fantastic acknowledgement of the Shire staff. There were some areas for improvement identified with many of these already completed or underway. These included creating a legislative compliance calendar, placement of the Local Emergency Management Authority (LEMA) information onto the Shire website, create a disposal of assets register and clearly outlining involvement and expectations of the Shire in tourism.

### Bay of Isles Leisure Centre

A challenge faced in the Bay of Isles Leisure Centre (BOILC) is the training and retention of qualified operators. The BOILC has introduced a Pool Operations Trainee position which will assist the centre in developing staff with much needed qualifications. The program is proving to be successful, with our current trainee proving to be an asset to the centre and gaining recognition in their studies.



### Twelve Week Challenge

In early 2017 Shire staff were provided the opportunity to participate in a 12 week healthy workplace challenge funded through LGIS, the Shire's insurer. Over 100 staff participated in the program with staff being provided an opportunity to have their health (including weight) and fitness levels monitored. Absolute Balance, the program facilitators, tested staff at the commencement of the 12 weeks, at the half way mark and at the conclusion of the program. Additionally, Absolute Balance ran 'Lunch & Learn' workshops as well as after hours fitness classes. Participating staff were provided with free vouchers to attend classes at the Leisure Centre, one per week for the duration of the program. The program has been hailed a success with many staff achieving greater fitness levels during this period. Overall staff increased their level of functional fitness, as well as improved blood pressure readings and decreased their weight by an average of 5kg.

### Employee Turnover

The turnover rate for permanent employees of the Shire for 2016 has been calculated at 10%. As can be seen in the table below, this is the lowest turnover rate for some time and a positive sign for the organisation.

Year	Turnover Rate
2016	10%
2015	17%
2014	18%

There is increased pressure to retain good employees as there are high costs associated with employee turnover. Turnover costs are comprised of both direct and indirect costs. High retention rates help create a positive work environment and strengthen an employee's commitment to the organisation, while boosting skills and experience.





# Statutory Requirements

# Statutory Requirements

## Employee Remuneration

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

Table 1: Employee Remuneration

	2013 2014	2014 2015	2015 2016	2016 2017
\$100,000 - \$109,999		2	5	5
\$110,000 - \$119,999		1		4
\$120,000 - \$129,999	2		1	
\$130,000 - \$139,999	1	2	1	
\$140,000 - \$149,999	1	2		1
\$150,000 - \$159,999		1	2	1
\$160,000 - \$169,999				1
\$170,000 - \$179,999				
\$180,000 - \$189,999				
\$190,000 - \$199,999				
\$200,000 - \$209,999				
\$210,000 - \$219,999	1			
\$220,000 - \$229,999		1		
\$230,000 - \$239,000			1	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 2016/17 year saw Nil (0) entries made in this regard.

## Freedom of Information Requests

There were a total of seven (7) Freedom of Information applications processed by the Shire of Esperance in 2016/2017. Of these:

- 0 were for personal information
- 7 were for non-personal information
- 6 were granted edited access to records released
- 0 were denied access
- 1 was subsequently provided full access to public documents



## Summary of Financial Performance

Financial Ratios	Bench Mark	Actual 2016/17	Actual 2015/16	Actual 2014/15	Actual 2013/14
Current Ratio	100%	184%	189%	124%	165%
Asset Sustainability Ratio	90%	87%	80%	90%	148%
Debt Service Cover Ratio	2%	37.78%	12.95%	15.65%	3.12%
<b>Operating Surplus Ratio</b>	1%	3%	(16)%	25%	3%
Own Source Revenue Coverage Ratio	40%	70%	59%	83%	78%
<b>Asset Consumption Ratio</b>	50%	77%	95%	65%	63%
Asset Renewal Funding Ratio	75%	105%	104%	94%	73%

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

### Current Ratio (Working Capital)

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

### Asset Sustainability Ratio

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

### Debt Service Cover Ratio

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

### Operating Surplus Ratio

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

### Own Source Surplus Ratio

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

### Asset Consumption Ratio

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

### Asset Renewal Funding Ratio

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

### Notes:

Information relating to the asset consumption ratio and the asset renewal funding ratio can be found at Supplementary Ratio Information on Page 67 of this document.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$2,602,008.

Three of the 2016 and 2015 ratios disclosed above were 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.

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

	2017	2016	2015
Current ratio	1.27	2.12	0.63
Debt service cover ratio	31.61	16.13	13.35
Operating surplus ratio	(0.05)	(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



# 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 2016-17.

## Competitive Neutrality

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

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

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

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

During the reporting period the Shire of Esperance did not become aware of any allegations of non-compliance with the competitive neutrality principles 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 2016/2017 financial year there were two changes to the Shire's Local Laws. The Shire of Esperance Standing Orders Local Law 2015 and the Shire of Esperance Activities in Thoroughfares and Public Places and Trading Local Law 2016. Both local laws have been gazetted and passed by the Joint Standing Committee on Delegated Authority. These local laws replaced existing local laws that required updating to be more consistent with higher legislation and current community needs and planning schemes. 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 Two (2); 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).



*Annual Financial  
Report*

# Shire of Esperance

## Annual Financial Report

*For the year ended 30th June 2017*

### TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Notes to and Forming Part of the Financial Report	9
Independent Audit Report	63
Supplementary Ratio Information	67

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

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2017

---

Local Government Act 1995  
Local Government (Financial Management) Regulations 1996

## STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2017 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 30 day of OCTOBER 2017



Matthew Scott  
Chief Executive Officer

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2017

## Statement of Comprehensive Income by Nature and Type

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>				
Rates	23	18,950,818	18,700,102	18,012,991
Operating grants, subsidies and contributions	30	14,791,637	9,875,735	9,750,978
Fees and charges	29	9,305,256	9,301,734	8,888,264
Interest earnings	2(a)	967,640	927,030	1,017,813
		<u>44,015,350</u>	<u>38,804,601</u>	<u>37,670,046</u>
<b>Expenses</b>				
Employee costs		(14,677,708)	(14,832,982)	(14,166,342)
Materials and contracts		(10,856,325)	(14,258,148)	(11,069,938)
Utility charges		(1,116,167)	(1,185,017)	(929,222)
Depreciation on non-current assets	2(a)	(14,785,990)	(14,784,392)	(14,704,454)
Interest expenses	2(a)	(119,137)	(120,014)	(138,787)
Insurance expenses		(676,196)	(718,902)	(462,633)
Other expenditure		(512,259)	(1,285,756)	(616,901)
		<u>(42,743,783)</u>	<u>(47,185,211)</u>	<u>(42,088,277)</u>
		1,271,568	(8,380,610)	(4,418,231)
Non-operating grants, subsidies and contributions	30	5,998,676	5,979,757	5,994,201
Profit on asset disposals	21	118,425	396,609	362,396
(Loss) on asset disposals	21	(369,805)	(158,459)	(334,087)
Fair value adjustments to financial assets at fair value through profit or loss	4	<u>0</u>	<u>0</u>	<u>(169,089)</u>
<b>Net result</b>		<b>7,018,862</b>	<b>(2,162,703)</b>	<b>1,435,190</b>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	3,138,646	0	(1,340,372)
Waste Facility Rehabilitation		0	0	(7,560,987)
Recognition of Relinquished Assets		0	0	5,881,000
<b>Total other comprehensive income</b>		<b>3,138,646</b>	<b>0</b>	<b>(3,020,359)</b>
<b>Total comprehensive income</b>		<b>10,157,508</b>	<b>(2,162,703)</b>	<b>(1,585,169)</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 2017

**Statement of Comprehensive  
Income by Program**

	NOTE	2017 \$	2017 Budget \$	2016 \$
<b>Revenue</b>	2(a)			
Governance		282,769	195,941	222,018
General purpose funding		27,365,727	24,474,371	21,393,476
Law, order, public safety		1,635,526	1,000,356	1,620,269
Health		66,533	56,750	55,447
Education and welfare		3,241,556	3,229,104	2,927,639
Community amenities		4,529,064	4,454,938	5,242,398
Recreation and culture		1,802,278	1,827,024	2,864,100
Transport		2,682,677	1,370,957	2,106,538
Economic services		1,554,785	1,756,710	646,162
Other property and services		854,436	438,450	591,999
		<u>44,015,351</u>	<u>38,804,601</u>	<u>37,670,046</u>
<b>Expenses</b>	2(a)			
Governance		(2,166,396)	(2,220,793)	(2,124,216)
General purpose funding		(497,171)	(562,168)	(555,312)
Law, order, public safety		(1,567,338)	(1,741,421)	(2,604,763)
Health		(373,817)	(380,181)	(327,881)
Education and welfare		(3,623,996)	(4,060,405)	(3,321,786)
Community amenities		(4,828,104)	(7,717,848)	(5,998,237)
Recreation and culture		(9,347,789)	(11,556,854)	(9,156,405)
Transport		(16,726,710)	(15,340,482)	(15,545,240)
Economic services		(2,352,007)	(2,674,868)	(1,463,960)
Other property and services		(1,141,318)	(810,177)	(851,690)
		<u>(42,624,646)</u>	<u>(47,065,197)</u>	<u>(41,949,490)</u>
<b>Finance costs</b>	2(a)			
Recreation and culture		(54,914)	(53,780)	(60,237)
Other property and services		(64,223)	(66,234)	(78,550)
		<u>(119,137)</u>	<u>(120,014)</u>	<u>(138,787)</u>
		1,271,568	(8,380,610)	(4,418,231)
Non-operating grants, subsidies and contributions	30	5,998,676	5,979,757	5,994,201
Profit on disposal of assets	21	118,425	396,609	362,396
(Loss) on disposal of assets	21	(369,805)	(158,459)	(334,087)
Fair value adjustments to financial assets at fair value through profit or loss	4	0	0	(169,089)
<b>Net result</b>		<u>7,018,862</u>	<u>(2,162,703)</u>	<u>1,435,190</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	13	3,138,646	0	(1,340,372)
Waste Facility Rehabilitation		0	0	(7,560,987)
Recognition of Relinquished Assets		0	0	5,881,000
<b>Total other comprehensive income</b>		<u>3,138,646</u>	<u>0</u>	<u>(3,020,359)</u>
<b>Total comprehensive income</b>		<u>10,157,508</u>	<u>(2,162,703)</u>	<u>(1,585,169)</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 2017

## Statement of Financial Position

	NOTE	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	32,254,642	30,182,931
Trade and other receivables	5	3,042,890	1,984,869
Inventories	6	398,886	389,548
<b>TOTAL CURRENT ASSETS</b>		<b>35,696,418</b>	<b>32,557,348</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	5	885,021	895,941
Inventories	6	5,935,559	6,023,817
Property, plant and equipment	7	97,453,116	91,411,957
Infrastructure	8	359,496,649	357,388,059
<b>TOTAL NON-CURRENT ASSETS</b>		<b>463,770,345</b>	<b>455,719,774</b>
<b>TOTAL ASSETS</b>		<b>499,466,763</b>	<b>488,277,122</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	3,228,297	1,965,482
Current portion of long term borrowings	10	461,305	496,369
Provisions	11	5,039,734	5,087,299
<b>TOTAL CURRENT LIABILITIES</b>		<b>8,729,336</b>	<b>7,549,151</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowings	10	1,715,337	1,902,976
Provisions	11	4,853,522	4,813,936
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>6,568,859</b>	<b>6,716,912</b>
<b>TOTAL LIABILITIES</b>		<b>15,298,195</b>	<b>14,266,063</b>
<b>NET ASSETS</b>		<b>484,168,568</b>	<b>474,011,059</b>
<b>EQUITY</b>			
Retained surplus		289,909,404	284,756,675
Reserves - cash backed	12	27,369,750	25,503,616
Revaluation surplus	13	166,889,414	163,750,768
<b>TOTAL EQUITY</b>		<b>484,168,568</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 2017

## Statement of Changes in Equity

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2015</b>		<b>286,185,430</b>	<b>24,319,658</b>	<b>165,091,140</b>	<b>475,596,228</b>
Comprehensive income					
Net result		(244,797)	0	0	(244,797)
Changes on revaluation of assets	13	0	0	(1,340,372)	(1,340,372)
Total comprehensive income		(244,797)	0	(1,340,372)	(1,585,169)
Transfers from/(to) reserves		(1,183,958)	1,183,958	0	0
<b>Balance as at 30 June 2016</b>		<b>284,756,675</b>	<b>25,503,616</b>	<b>163,750,768</b>	<b>474,011,059</b>
Comprehensive income					
Net result		7,018,862	0	0	7,018,862
Changes on revaluation of assets	13	0	0	3,138,646	3,138,646
Total comprehensive income		7,018,862	0	3,138,646	10,157,508
Transfers from/(to) reserves		(1,866,133)	1,866,133	0	0
<b>Balance as at 30 June 2017</b>		<b>289,909,404</b>	<b>27,369,750</b>	<b>166,889,414</b>	<b>484,168,568</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 2017

## Statement of Cash Flows

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		19,263,275	18,700,102	18,033,290
Operating grants, subsidies and contributions		12,450,236	9,875,735	15,301,223
Fees and charges		9,305,256	9,276,259	9,166,479
Interest earnings		967,640	927,030	1,093,097
Goods and services tax		938,919	3,400,000	2,134,970
		<u>42,925,326</u>	<u>42,179,126</u>	<u>45,729,059</u>
<b>Payments</b>				
Employee costs		(14,632,663)	(14,773,230)	(14,400,506)
Materials and contracts		(6,991,056)	(14,878,910)	(10,580,017)
Utility charges		(1,116,167)	(1,185,017)	(858,176)
Interest expenses		(112,322)	(120,014)	(139,985)
Insurance expenses		(676,196)	(718,902)	(467,114)
Goods and services tax		(2,671,633)	(3,400,000)	(2,242,912)
Other expenditure		(512,259)	(1,285,756)	(616,901)
		<u>(26,712,296)</u>	<u>(36,361,829)</u>	<u>(29,305,611)</u>
<b>Net cash provided by (used in) operating activities</b>	14(b)	<u>16,213,030</u>	<u>5,817,297</u>	<u>16,423,448</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for development of Land held for resale		0	(860,000)	0
Payments for purchase of property, plant & equipment		(7,642,559)	(9,093,382)	(9,560,706)
Payments for construction of infrastructure		(13,187,628)	(16,688,264)	(10,452,338)
Advances to community groups		(70,000)	(110,000)	0
Non-operating grants, subsidies and contributions		5,998,675	5,979,757	5,994,201
Proceeds from sale of fixed assets		869,973	1,348,594	1,506,886
<b>Net cash provided by (used in) investment activities</b>		<u>(14,031,539)</u>	<u>(19,423,295)</u>	<u>(12,511,957)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of debentures		(302,371)	(496,369)	(655,223)
Proceeds from self supporting loans		112,924	106,282	100,453
Proceeds from new debentures		79,669	970,000	19,614
<b>Net cash provided by (used in) financing activities</b>		<u>(109,778)</u>	<u>579,913</u>	<u>(535,156)</u>
<b>Net increase (decrease) in cash held</b>		2,071,711	(13,026,085)	3,376,335
Cash at beginning of year		30,182,931	30,182,931	26,806,596
<b>Cash and cash equivalents at the end of the year</b>	14(a)	<u>32,254,642</u>	<u>17,156,846</u>	<u>30,182,931</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 2017

## Rate Setting Statement

	NOTE	2017 Actual \$	2017 Budget \$	2016 Actual \$
<b>Net current assets at start of financial year - surplus/(deficit)</b>		3,858,730	3,858,730	1,886,379
		<u>3,858,730</u>	<u>3,858,730</u>	<u>1,886,379</u>
<b>Revenue from operating activities (excluding rates)</b>				
Governance		282,769	195,941	222,018
General purpose funding		8,414,909	5,774,269	3,698,657
Law, order, public safety		1,642,061	1,001,836	1,631,749
Health		66,533	56,750	55,447
Education and welfare		3,251,805	3,263,709	2,937,107
Community amenities		4,529,064	4,454,938	5,251,168
Recreation and culture		1,802,278	1,827,024	8,745,100
Transport		2,718,319	1,539,831	2,131,366
Economic services		1,554,785	1,763,607	646,162
Other property and services		920,435	623,203	899,849
		<u>25,182,958</u>	<u>20,501,108</u>	<u>26,218,623</u>
<b>Expenditure from operating activities</b>				
Governance		(2,171,128)	(2,225,020)	(2,124,216)
General purpose funding		(497,171)	(562,168)	(724,401)
Law, order, public safety		(1,573,118)	(1,741,421)	(2,616,269)
Health		(373,817)	(380,181)	(327,881)
Education and welfare		(3,629,999)	(4,071,305)	(3,410,619)
Community amenities		(4,857,465)	(7,717,848)	(13,559,224)
Recreation and culture		(9,434,144)	(11,610,634)	(9,280,990)
Transport		(16,902,510)	(15,473,595)	(15,663,587)
Economic services		(2,363,322)	(2,676,598)	(1,463,960)
Other property and services		(1,310,914)	(884,900)	(981,293)
		<u>(43,113,588)</u>	<u>(47,343,670)</u>	<u>(50,152,440)</u>
<b>Operating activities excluded from budget</b>				
(Profit) on disposal of assets	21	(118,425)	(396,609)	(362,396)
Loss on disposal of assets	21	369,805	158,459	334,087
Loss on Revaluation of Fixed Assets		0	0	169,089
Movement in deferred pensioner rates (non-current)		4,892	0	(9,743)
Movement in provisions		18,585	244,100	4,580,727
Depreciation and amortisation on assets	2(a)	14,785,990	14,784,392	14,704,454
<b>Amount attributable to operating activities</b>		<u>988,948</u>	<u>(8,193,490)</u>	<u>(2,631,220)</u>
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions		5,998,676	5,979,757	5,994,201
Proceeds from disposal of assets	21	869,973	1,348,594	1,506,886
Purchase of land held for resale		0	(860,000)	0
Purchase of property, plant and equipment	7(b)	(7,642,559)	(9,093,382)	(9,560,706)
Purchase and construction of infrastructure	8(b)	(13,187,628)	(16,688,264)	(10,452,338)
<b>Amount attributable to investing activities</b>		<u>(13,961,538)</u>	<u>(19,313,295)</u>	<u>(12,511,957)</u>
<b>FINANCING ACTIVITIES</b>				
Advances to community groups		(70,000)	(110,000)	0
Repayment of debentures	22(a)	(302,371)	(496,369)	(655,223)
Proceeds from new debentures	22(a)	79,669	970,000	19,614
Proceeds from self supporting loans		112,924	106,282	100,453
Transfers to reserves (restricted assets)	12	(7,451,206)	(1,813,070)	(6,727,927)
Transfers from reserves (restricted assets)	12	5,585,073	10,149,840	5,543,969
<b>Amount attributable to financing activities</b>		<u>(2,045,911)</u>	<u>8,806,683</u>	<u>(1,719,114)</u>
<b>Surplus(deficiency) before general rates</b>		<u>(15,018,501)</u>	<u>(18,700,102)</u>	<u>(16,862,291)</u>
<b>Total amount raised from general rates</b>	23	<u>18,950,818</u>	<u>18,700,102</u>	<u>17,694,819</u>
Add: Cashback Waste Facility Rehabilitation		0	0	3,026,202
<b>Net current assets at June 30 c/fwd - surplus/(deficit)</b>	24	<u><u>3,932,316</u></u>	<u><u>0</u></u>	<u><u>3,858,730</u></u>

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

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

### **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 figures presented in the financial report are in Australian dollars which is the Shire's functional currency.

### **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 20 to these financial statements.

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

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

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

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

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

#### **(b) 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)**

**(c) 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.

**(d) 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.

**(e) 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)**

**(e) Fixed Assets (Continued)**

***Land under control***

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

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

***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)**

**(e) 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.

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

**(f) 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)**

**(f) 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.

**(g) 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)**

**(g) 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)**

**(g) 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.

**(h) 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.

**(i) 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)**

**(j) 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 personal 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.

**(k) 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.

**(l) 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.

**(m) 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)**

**(n) 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.

**(o) 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(n) 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 17.

**(p) 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.

**(q) 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)**

**(r) 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.

**(s) Rounding Off Figures**

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

**(t) 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.

**(u) 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)**

**(v) 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	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(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.  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.

Notes:

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

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2017

## Notes to and forming part of the Financial Report

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Notes:

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

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

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

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

(i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities	<p>The objective of this Standard was to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard has had a significant disclosure impact on the financial report of the Shire as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.</p>
[AASB 10, 124 & 1049]	

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2017

## Notes to and forming part of the Financial Report

### 2. REVENUE AND EXPENSES

	2017	2016
	\$	\$
<b>(a) Net Result</b>		
The Net result includes:		
(i) Charging as an expense:		
<b>Significant expense and revenue</b>		
Wylie Bay Waste Facility Rehabilitation	0	(7,560,987)
Recognition of Building Asset Relinquished	<u>0</u>	<u>5,881,000</u>
<b>Auditors remuneration</b>		
- Audit of the Annual Financial Report	14,180	25,384
- Audit of Acquittals	8,905	9,040
<b>Depreciation</b>		
Buildings - specialised	1,936,591	1,842,629
Furniture and equipment	108,238	39,697
Plant and equipment	410,719	452,479
Motor Vehicles - Non Specialised	372,241	285,669
Motor Vehicles - Specialised	108,013	119,603
Road Making Plant - Major	738,717	733,174
Road Making Plant - Minor	32,431	71,709
Infrastructure - Roads	8,745,418	8,838,250
Infrastructure - Footpaths	427,344	435,880
Infrastructure - Drainage	183,816	178,160
Infrastructure - Parks and Ovals	846,671	837,944
Infrastructure - Other Infrastructure	597,365	590,835
Infrastructure - Culverts and Pipes	96,966	96,966
Infrastructure - Esperance Airport	<u>181,459</u>	<u>181,459</u>
	<u>14,785,990</u>	<u>14,704,454</u>
<b>Interest expenses (finance costs)</b>		
Debentures (refer Note 22 (a))	<u>119,137</u>	<u>138,787</u>
	<u>119,137</u>	<u>138,787</u>
<b>Rental charges</b>		
- Operating leases	<u>7,900</u>	<u>7,900</u>
	<u>7,900</u>	<u>7,900</u>
(ii) Crediting as revenue:		
<b>Other revenue</b>		
Reimbursements and recoveries	979,292	1,141,124
Significant revenue (refer above)	0	8,609,854
Other	<u>0</u>	<u>0</u>
	<u>979,292</u>	<u>9,750,978</u>

	2017	2017	2016
	Actual	Budget	Actual
	\$	\$	\$
<b>Interest earnings</b>			
- Reserve funds	596,454	529,830	569,077
- Other funds	218,516	220,000	273,164
Other interest revenue (refer note 28)	<u>152,670</u>	<u>177,200</u>	<u>175,572</u>
	<u>967,640</u>	<u>927,030</u>	<u>1,017,813</u>

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

**(b) Statement of Objective**

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

**COMMUNITY VISION**

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

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

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

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

**GOVERNANCE**

**Objective:**

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

**Activities:**

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

**GENERAL PURPOSE FUNDING**

**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 and protection of the environment and other aspects of public safety including beaches and emergency services.

**HEALTH**

**Objective:**

To provide and operational framework for good community health.

**Activities:**

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

**EDUCATION AND WELFARE**

**Objective:**

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

**Activities:**

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

---

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

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

**COMMUNITY AMENITIES**

**Objective:**

To provide services required by the community.

**Activities:**

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

**RECREATION AND CULTURE**

**Objective:**

To establish and effectively manage infrastructure and 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. Operations of library, museum and other cultural facilities.

**TRANSPORT**

**Objective:**

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

**Activities:**

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

**ECONOMIC SERVICES**

**Objective:**

To help promote the Shire and its economic well being.

**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. Building control.

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control Councils overheads operating accounts.

**Activities:**

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

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2017

## Notes to and forming part of the Financial Report

### 2. REVENUE AND EXPENSES (Continued)

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

Grant/Contribution	Opening Balance <sup>(1)</sup>	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing Balance <sup>(1)</sup>	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing Balance
	1/07/15	2015/16	2015/16	30/06/16	2016/17	2016/17	30/06/17
	\$	\$	\$	\$	\$	\$	\$
<b>Law, order, public safety</b>							
DFES - Fire Prevention	55,439	49,940	(52,489)	<b>52,890</b>	50,545	(73,115)	<b>30,320</b>
DFES - SES	9,735	4,163	(9,735)	<b>4,163</b>	5,522	(8,060)	<b>1,625</b>
Cat Sterilization Program	5,346	0	(5,346)	<b>0</b>	0	0	<b>0</b>
GEDC - Gibson Fire Shed	0	0	0	<b>0</b>	39,950	(11,237)	<b>28,713</b>
<b>Education and welfare</b>							
Carers WA	1,260	340	0	<b>1,600</b>	0	(1,600)	<b>0</b>
HACC- Other Programs (Minor)	5,707	6,663	(3,351)	<b>9,019</b>	0	(334)	<b>8,685</b>
HACC Operating	69,715	52,419	(63,052)	<b>59,082</b>	0	(45,842)	<b>13,240</b>
HACC Capital	64,912	135,706	(21,751)	<b>178,867</b>	0	(104,378)	<b>74,489</b>
HACC - NRCP	4,975	0	(4,975)	<b>0</b>	0	0	<b>0</b>
VMP CPO	32,390	118,190	(120,100)	<b>30,480</b>	119,002	(120,653)	<b>28,829</b>
HACC- CHSP	0	0	0	<b>0</b>	31,187	0	<b>31,187</b>
Homecare Contracts	0	0	0	<b>0</b>	954	0	<b>954</b>
Homecare 4	0	0	0	<b>0</b>	29,375	0	<b>29,375</b>
DLGC Youth Friendly Community	10,000	0	(10,000)	<b>0</b>	0	0	<b>0</b>
DLGC Aged Friendly Community	10,000	0	(10,000)	<b>0</b>	0	0	<b>0</b>
Homecare 2	0	24,506	0	<b>24,506</b>	12,844	0	<b>37,350</b>
Homecare 3	0	12,748	0	<b>12,748</b>	39,455	0	<b>52,203</b>
<b>Community amenities</b>							
Coastal Adaptation Strategy	2,677	5,000	(7,677)	<b>0</b>	0	0	<b>0</b>
Coastscapes Biodiversity Fund	3,162	20,218	(9,187)	<b>14,193</b>	0	(10,481)	<b>3,712</b>
Southcoast NRM	2,304	1,000	(3,304)	<b>0</b>	0	0	<b>0</b>
Community Energy Efficiency Program	378,000	442,244	(820,244)	<b>0</b>	0	0	<b>0</b>
Supertowns- Town Centre Revitalisation	21,765		(21,765)	<b>0</b>	0	0	<b>0</b>
City of Kalgoorlie Boulder	0	166,324	(66,530)	<b>99,794</b>	0	(99,794)	<b>0</b>
State NRM- Lake Monji Action Group	0	20,000	(5,826)	<b>14,174</b>	0	(14,174)	<b>0</b>

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2017

## Notes to and forming part of the Financial Report

### 2. REVENUE AND EXPENSES (Continued)

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

Grant/Contribution	Opening Balance <sup>(1)</sup>	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing Balance <sup>(1)</sup>	Received <sup>(2)</sup>	Expended <sup>(3)</sup>	Closing Balance
	1/07/15	2015/16	2015/16	30/06/16	2016/17	2016/17	30/06/17
	\$	\$	\$	\$	\$	\$	\$
<b>Recreation and culture</b>							
CLGF	841,530	0	(288,772)	<b>552,758</b>	0	(552,758)	<b>0</b>
Twilight Beach Restoration	1,769	0	(1,769)	<b>0</b>	24,000	(8,057)	<b>15,943</b>
Castletown Beach Restoration	24,323	3,809	(28,132)	<b>0</b>	0	0	<b>0</b>
Lotterywest Skate Park	0	38,982	(38,982)	<b>0</b>	0	0	<b>0</b>
BHP- Bushfire Donation Scaddan	0	250,000	0	<b>250,000</b>	0	0	<b>250,000</b>
Curtin Uni Seagrass Study	0	0	0	<b>0</b>	10,200	0	<b>10,200</b>
State NRM- Lake Monji Restoration	0	0	0	<b>0</b>	26,400	(10,286)	<b>16,114</b>
South Coast NRM - Quagi Beach	0	0	0	<b>0</b>	21,000	(10,513)	<b>10,487</b>
Beach Access Site Planning	0	0	0	<b>0</b>	15,500	0	<b>15,500</b>
Sport & Rec- Kidsport	0	0	0	<b>0</b>	79,221	(45,343)	<b>33,878</b>
<b>Transport</b>							
Tourism WA Skate Park	0	200,000	0	<b>200,000</b>	0	(200,000)	<b>0</b>
Roads to Recovery	0	223,973	0	<b>223,973</b>	0	(223,973)	<b>0</b>
Roadwise	426	7,909	(6,881)	<b>1,454</b>	20,930	(21,303)	<b>1,081</b>
<b>Economic services</b>							
Wild Dog Control	23,753	212,865	(168,035)	<b>68,583</b>	217,500	(165,758)	<b>120,325</b>
Supertowns- Growth Plan	32,995	0	(6,001)	<b>26,994</b>	0	(26,194)	<b>800</b>
Supertowns- Economic Development	156,101	0	(25,784)	<b>130,317</b>	3,283	0	<b>133,600</b>
<b>Total</b>	<b><u>1,758,284</u></b>	<b><u>1,996,999</u></b>	<b><u>(1,799,688)</u></b>	<b><u>1,955,595</u></b>	<b><u>746,868</u></b>	<b><u>(1,753,853)</u></b>	<b><u>948,610</u></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 2017

## Notes to and forming part of the Financial Report

	Note	2017 \$	2016 \$
<b>3. CASH AND CASH EQUIVALENTS</b>			
Unrestricted		4,884,892	4,679,315
Restricted		<u>27,369,750</u>	<u>25,503,616</u>
		<u>32,254,642</u>	<u>30,182,931</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Land Purchase & Development Reserve	12	519,179	553,099
Eastern Suburbs Water Pipeline Reserve	12	180,492	175,645
Jetty Reserve	12	1,874,765	1,906,566
Aerodrome Reserve	12	5,431,055	4,771,054
Off Street Parking Reserve	12	504,432	490,886
Sanitation (Rubbish Removal) Services Reserve	12	4,418,144	4,241,718
HACC Asset Replacement Reserve	12	608,004	666,327
Esperance Homecare Fundraising Reserve	12	89,185	56,935
Plant Replacement Reserve	12	942,350	953,878
Employee Entitlements - Long Service Leave Reserve	12	834,942	864,879
Building Maintenance Reserve	12	4,486,759	4,968,206
Governance and Workers Compensation Reserve	12	322,516	459,365
IT System & Process Development Reserve	12	288,791	299,974
Esperance Homecare Annual Leave Reserve	12	149,881	162,342
Esperance Homecare Long Service Leave Reserve	12	191,244	216,036
Priority Projects Reserve	12	2,977,393	2,761,112
Unspent Grants Reserve	2(c)	<u>3,550,618</u>	<u>1,955,595</u>
		<u>27,369,750</u>	<u>25,503,616</u>

#### 4. REVALUATION TO INCOME STATEMENT

##### Financial assets at fair value through profit and loss

Revaluation to income statement

Transport	<u>0</u>	<u>(169,089)</u>
-----------	----------	------------------

At the end of the year

	<u>0</u>	<u>(169,089)</u>
--	----------	------------------



# Shire of Esperance Annual Financial Report

For the year ended 30th June 2017

## Notes to and forming part of the Financial Report

	2017 \$	2016 \$
<b>5. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates outstanding	216,563	524,128
Sundry debtors	2,306,764	1,057,675
GST receivable	395,298	218,103
Loans receivable - clubs/institutions	69,386	106,282
Interest Receivable	54,879	78,681
	<u>3,042,890</u>	<u>1,984,869</u>
<b>Non-current</b>		
Rates outstanding - pensioners	114,477	119,369
Loans receivable - clubs/institutions	770,544	776,572
	<u>885,021</u>	<u>895,941</u>

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

<b>Rates outstanding</b>	<u>216,563</u>	<u>524,128</u>
Includes:		
Past due and not impaired	216,563	524,128
Impaired		
	<u>                    </u>	<u>                    </u>
<b>Sundry debtors</b>	<u>2,306,764</u>	<u>1,057,675</u>
Includes:		
Past due and not impaired	390,702	27,249
Impaired		
	<u>                    </u>	<u>                    </u>

### 6. INVENTORIES

<b>Current</b>		
Fuel and Materials	36,862	58,136
Roadmaking Materials	111,362	81,756
Various Goods Held for Resale	74,605	73,599
Land Held for Resale- Flinders Estate	176,057	176,057
	<u>398,886</u>	<u>389,548</u>
<b>Non-current</b>		
Land Held for Resale- Flinders Estate	3,551,822	3,640,080
Shark Lake Industrial Park	2,383,737	2,383,737
	<u>5,935,559</u>	<u>6,023,817</u>

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2017

## Notes to and forming part of the Financial Report

	2017 \$	2016 \$
<b>7 (a). PROPERTY, PLANT AND EQUIPMENT</b>		
Land and buildings		
- Independent valuation 2014 - level 2	0	24,617,001
- Independent valuation 2017 - level 2	25,227,500	0
- Additions after valuation - cost	0	(126,511)
	<u>25,227,500</u>	<u>24,490,490</u>
Land - vested in and under the control of Council at:		
- Independent valuation 2014 - level 3	0	3,100,000
- Independent valuation 2017 - level 3	142,000	0
	<u>142,000</u>	<u>3,100,000</u>
	<u>25,369,500</u>	<u>27,590,490</u>
Buildings - specialised at:		
- Independent valuation 2014 - level 3	0	46,607,456
- Independent valuation 2017 - level 3	114,773,854	0
- Additions after valuation - cost	0	7,570,472
Less: accumulated depreciation	(57,949,159)	(3,617,095)
	<u>56,824,695</u>	<u>50,560,833</u>
	<u>56,824,695</u>	<u>50,560,833</u>
Total land and buildings	<u>82,194,195</u>	<u>78,151,323</u>
Furniture and equipment at:		
- Management valuation 2016 - level 3	362,500	362,500
- Additions after valuation - cost	311,707	0
- Disposals after valuation - cost	(155,200)	0
Less: accumulated depreciation	(92,444)	0
	<u>426,563</u>	<u>362,500</u>
Plant and equipment at:		
- Management valuation 2016 - level 3	4,436,233	4,436,233
- Additions after valuation - cost	1,196,004	0
- Disposals after valuation - cost	(83,971)	0
Less: accumulated depreciation	(400,524)	0
	<u>5,147,742</u>	<u>4,436,233</u>

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2017

## Notes to and forming part of the Financial Report

	2017 \$	2016 \$
<b>7 (a). PROPERTY, PLANT AND EQUIPMENT (Continued)</b>		
Motor Vehicles - Non Specialised at:		
- Management valuation 2016 - level 2	1,641,000	1,641,000
- Additions after valuation - cost	954,512	0
- Disposals after valuation - cost	(341,300)	0
Less: accumulated depreciation	<u>(298,793)</u>	<u>0</u>
	1,955,419	1,641,000
 Motor Vehicles - Specialised at:		
- Management valuation 2016 - level 3	757,100	757,100
Less: accumulated depreciation	<u>(108,013)</u>	<u>0</u>
	649,087	757,100
 Road Making Plant - Major at:		
- Management valuation 2016 - level 2	5,883,399	5,883,399
- Additions after valuation - cost	2,208,220	0
- Disposals after valuation - cost	(489,022)	0
Less: accumulated depreciation	<u>(656,458)</u>	<u>0</u>
	6,946,139	5,883,399
 Road Making Plant - Minor at:		
- Management valuation 2016 - level 3	180,402	180,402
Less: accumulated depreciation	<u>(46,431)</u>	<u>0</u>
	133,971	180,402
	<u>97,453,116</u>	<u>91,411,957</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.

**7. 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 land	24,490,490	1,502,907	0	(765,897)	0	0	0	0	25,227,500
Land - vested in and under the control of Council	3,100,000	0	0	(2,958,000)	0	0	0	0	142,000
<b>Total land</b>	<b>27,590,490</b>	<b>1,502,907</b>	<b>0</b>	<b>(3,723,897)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25,369,500</b>
Buildings - specialised	50,560,833	1,469,208	(131,296)	6,862,543			(1,936,591)		56,824,695
<b>Total buildings</b>	<b>50,560,833</b>	<b>1,469,208</b>	<b>(131,296)</b>	<b>6,862,543</b>	<b>0</b>	<b>0</b>	<b>(1,936,591)</b>	<b>0</b>	<b>56,824,695</b>
<b>Total land and buildings</b>	<b>78,151,323</b>	<b>2,972,115</b>	<b>(131,296)</b>	<b>3,138,646</b>	<b>0</b>	<b>0</b>	<b>(1,936,591)</b>	<b>0</b>	<b>82,194,195</b>
Furniture and equipment	362,500	311,707	(139,406)	0	0	0	(108,238)	0	426,563
Plant and equipment	4,436,233	1,196,004	(73,776)	0	0	0	(410,719)	0	5,147,742
Motor Vehicles - Non Specialised	1,641,000	954,512	(267,852)	0	0	0	(372,241)	0	1,955,419
Motor Vehicles - Specialised	757,100	0	0	0	0	0	(108,013)	0	649,087
Road Making Plant - Major	5,883,399	2,208,220	(406,764)	0	0	0	(738,717)	0	6,946,139
Road Making Plant - Minor	180,402	0	(14,000)	0	0	0	(32,431)	0	133,971
<b>Total property, plant and equipment</b>	<b>91,411,957</b>	<b>7,642,559</b>	<b>(1,033,095)</b>	<b>3,138,646</b>	<b>0</b>	<b>0</b>	<b>(3,706,951)</b>	<b>0</b>	<b>97,453,116</b>

**7. 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 land	2	Market approach using recent observable market data for similar properties/income approach using discounted cashflow methodology	Independent Valuation	June 2017	Price per hectare / market borrowing rate
Land - vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent Valuation	June 2017	Improvements to land using construction costs and current condition (level 2) , residual values and remaining useful life assessments (level 3) inputs
Buildings - non-specialised	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2017	Construction costs and current condition (level 2) , residual values and remaining useful life assessments (level 3) inputs
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2017	Construction costs and current condition (level 2) , residual values and remaining useful life assessments (level 3) inputs
<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	Purchased costs and current condition (level 2) , residual values and remaining useful life assessments (level 3) inputs

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

**(c) Fair Value Measurements**

<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 vehicles	Independent Valuation	June 2016	Market price per item
<b>Motor Vehicles - Specialised</b>	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2016	Purchased costs and current condition (level 2) , residual values and remaining useful life assessments (level 3) inputs
<b>Road Making Plant - Major</b>	2	Market approach using recent observable market data for similar vehicles	Independent Valuation	June 2016	Market price per item
<b>Road Making Plant - Minor</b>	3	Cost approach using depreciated replacement cost	Independent Valuation	June 2016	Purchased costs and current condition (level 2) , residual values and remaining useful life assessments (level 3) inputs

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

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

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2017

## Notes to and forming part of the Financial Report

	2017 \$	2016 \$
<b>8 (a). INFRASTRUCTURE</b>		
Infrastructure - Roads		
- Management valuation 2015 - level 3	305,221,824	296,405,722
- Additions after valuation - cost	9,874,614	8,816,102
Less: accumulated depreciation	<u>(17,583,668)</u>	<u>(8,838,250)</u>
	297,512,770	296,383,574
Infrastructure - Footpaths		
- Management valuation 2015 - level 3	9,350,268	9,092,452
- Additions after valuation - cost	363,623	257,816
Less: accumulated depreciation	<u>(863,223)</u>	<u>(435,880)</u>
	8,850,668	8,914,388
Infrastructure - Drainage		
- Management valuation 2015 - level 3	17,560,149	16,933,967
- Additions after valuation - cost	605,358	626,182
Less: accumulated depreciation	<u>(361,976)</u>	<u>(178,160)</u>
	17,803,531	17,381,989
Infrastructure - Parks and Ovals		
- Management valuation 2015 - level 3	7,817,096	7,495,027
- Additions after valuation - cost	1,387,209	322,069
Less: accumulated depreciation	<u>(1,684,616)</u>	<u>(837,944)</u>
	7,519,689	6,979,152
Infrastructure - Other Infrastructure		
- Management valuation 2015 - level 3	17,617,224	17,187,055
- Additions after valuation - cost	956,824	430,169
Less: accumulated depreciation	<u>(1,188,200)</u>	<u>(590,835)</u>
	17,385,848	17,026,389
Infrastructure - Culverts and Pipes		
- Management valuation 2015 - level 3	7,025,191	7,025,191
Less: accumulated depreciation	<u>(193,932)</u>	<u>(96,966)</u>
	6,831,259	6,928,225
Infrastructure - Esperance Airport		
- Management valuation 2015 - level 3	3,955,801	3,955,801
Less: accumulated depreciation	<u>(362,917)</u>	<u>(181,459)</u>
	3,592,884	3,774,342
	<u>359,496,649</u>	<u>357,388,059</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 2017

## Notes to and forming part of the Financial Report

### 8. 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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure - Roads	296,383,574	9,874,614	0	0	0	0	(8,745,418)	0	297,512,770
Infrastructure - Footpaths	8,914,388	363,623	0	0	0	0	(427,344)	0	8,850,668
Infrastructure - Drainage	17,381,989	605,358	0	0	0	0	(183,816)	0	17,803,531
Infrastructure - Parks and Ovals	6,979,152	1,387,209	0	0	0	0	(846,671)	0	7,519,689
Infrastructure - Other Infrastructure	17,026,389	956,824	0	0	0	0	(597,365)	0	17,385,848
Infrastructure - Culverts and Pipes	6,928,225	0	0	0	0	0	(96,966)	0	6,831,259
Infrastructure - Esperance Airport	3,774,342	0	0	0	0	0	(181,459)	0	3,592,884
<b>Total infrastructure</b>	<b><u>357,388,059</u></b>	<b><u>13,187,628</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>(11,079,039)</u></b>	<b><u>0</u></b>	<b><u>359,496,649</u></b>



**8. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

<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>Infrastructure - Roads</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (level 2) , residual values and remaining useful life assessments (level 3) inputs
<b>Infrastructure - Footpaths</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (level 2) , residual values and remaining useful life assessments (level 3) inputs
<b>Infrastructure - Drainage</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (level 2) , residual values and remaining useful life assessments (level 3) inputs
<b>Infrastructure - Parks and Ovals</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (level 2) , residual values and remaining useful life assessments (level 3) inputs
<b>Infrastructure - Other Infrastructure</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (level 2) , residual values and remaining useful life assessments (level 3) inputs
<b>Infrastructure - Culverts and Pipes</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (level 2) , residual values and remaining useful life assessments (level 3) inputs
<b>Infrastructure - Esperance Airport</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2015	Construction costs and current condition (level 2) , residual values and remaining useful life assessments (level 3) inputs

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

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

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2017

## Notes to and forming part of the Financial Report

	2017 \$	2016 \$
<b>9. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry creditors	3,093,788	1,890,812
Accrued interest on debentures	16,998	10,183
Accrued salaries and wages	117,511	64,487
	<u>3,228,297</u>	<u>1,965,482</u>

### 10. LONG-TERM BORROWINGS

<b>Current</b>		
Secured by floating charge		
Debentures	<u>461,305</u>	<u>496,369</u>
	<u>461,305</u>	<u>496,369</u>
<b>Non-current</b>		
Secured by floating charge		
Debentures	<u>1,715,337</u>	<u>1,902,976</u>
	<u>1,715,337</u>	<u>1,902,976</u>

Additional detail on borrowings is provided in Note 22.

### 11. PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
<b>Opening balance at 1 July 2016</b>			
Current provisions	1,109,522	951,575	2,061,097
Non-current provisions	0	279,151	279,151
	<u>1,109,522</u>	<u>1,230,726</u>	<u>2,340,248</u>
Additional provision	(1)	31,051	31,050
Amounts used	(39,029)	0	(39,029)
<b>Balance at 30 June 2017</b>	<u>1,070,492</u>	<u>1,261,777</u>	<u>2,332,269</u>
<b>Comprises</b>			
Current	1,070,492	943,040	2,013,532
Non-current	0	318,737	318,737
	<u>1,070,492</u>	<u>1,261,777</u>	<u>2,332,269</u>
	<b>2017</b>	<b>2016</b>	
	<b>\$</b>	<b>\$</b>	
<b>Provision for Waste Facility Rehabilitation</b>			
Current Provisions		3,026,202	3,026,202
Non- Current Provisions		4,534,785	4,534,785
		<u>7,560,987</u>	<u>7,560,987</u>

**12. RESERVES - CASH BACKED**

	Actual 2017 Opening Balance \$	Actual 2017 Transfer to \$	Actual 2017 Transfer (from) \$	Actual 2017 Closing Balance \$	Budget 2017 Opening Balance \$	Budget 2017 Transfer to \$	Budget 2017 Transfer (from) \$	Budget 2017 Closing Balance \$	Actual 2016 Opening Balance \$	Actual 2016 Transfer to \$	Actual 2016 Transfer (from) \$	Actual 2016 Closing Balance \$
Land Purchase & Development Reserve	553,099	15,263	(49,183)	519,179	553,099	12,445	(74,014)	491,530	334,557	263,528	(44,986)	553,099
Eastern Suburbs Water Pipeline Reserve	175,645	4,847	0	180,492	175,645	6,829	(7,097)	175,377	172,051	5,547	(1,953)	175,645
Jetty Reserve	1,906,567	194,331	(226,132)	1,874,765	1,906,566	183,897	(898,874)	1,191,589	1,832,878	130,085	(56,396)	1,906,567
Aerodrome Reserve	4,771,054	735,001	(75,000)	5,431,055	4,771,054	875,155	(110,000)	5,536,209	3,881,473	974,404	(84,823)	4,771,054
Off Street Parking Reserve	490,886	13,546	0	504,432	490,886	11,045	0	501,931	475,554	15,332	0	490,886
Sanitation (Rubbish Removal) Services Reserve	4,241,718	1,724,121	(1,547,695)	4,418,144	4,241,718	95,439	(4,012,214)	324,943	2,856,290	1,493,108	(107,680)	4,241,718
HACC Asset Replacement Reserve	666,327	62,245	(120,568)	608,004	666,327	14,992	(333,010)	348,309	571,360	165,898	(70,931)	666,327
Esperance Homecare Fundraising Reserve	56,934	32,250	0	89,184	56,935	1,281	0	58,216	3,695	53,239	0	56,934
Unspent Grants and Contributions Reserve	1,955,595	3,550,618	(1,955,595)	3,550,618	1,955,595	0	(1,955,595)	0	4,280,205	1,955,595	(4,280,205)	1,955,595
Plant Replacement Reserve	953,878	26,006	(37,533)	942,350	953,878	21,462	(40,000)	935,340	786,159	270,625	(102,906)	953,878
Employee Entitlements - Long Service Leave Res	864,879	16,086	(46,023)	834,942	864,879	19,460	0	884,339	837,866	27,013	0	864,879
Building Maintenance Reserve	4,968,206	774,307	(1,255,754)	4,486,759	4,968,206	483,341	(1,556,346)	3,895,201	5,282,385	426,357	(740,536)	4,968,206
Governance and Workers Compensation Reserve	459,365	28,252	(165,101)	322,516	459,365	10,336	(207,872)	261,829	445,018	14,347	0	459,365
IT System & Process Development Reserve	299,974	8,199	(19,382)	288,791	299,974	6,749	(20,000)	286,723	290,605	9,369	0	299,974
Esperance Homecare Annual Leave Reserve	162,342	9,500	(21,961)	149,881	162,342	3,653	0	165,995	170,845	5,508	(14,011)	162,342
Esperance Homecare Long Service Leave Reserv	216,036	13,354	(38,145)	191,244	216,036	4,861	0	220,897	190,588	25,448	0	216,036
Priority Projects Reserve	2,761,112	243,281	(27,000)	2,977,393	2,761,112	62,125	(934,818)	1,888,419	1,908,130	892,524	(39,542)	2,761,112
	<u>25,503,616</u>	<u>7,451,206</u>	<u>(5,585,073)</u>	<u>27,369,750</u>	<u>25,503,616</u>	<u>1,813,070</u>	<u>(10,149,840)</u>	<u>17,166,847</u>	<u>24,319,659</u>	<u>6,727,927</u>	<u>(5,543,969)</u>	<u>25,503,616</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.

**12. 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:

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
Land Purchase & Development Reserve	Ongoing	Established to fund land improvements and sub-division development.
Eastern Suburbs Water Pipeline Reserve	Ongoing	Established to provide funds to recycle waste water to recreation grounds. Funded by the proceeds from the sale of water to users.
Jetty Reserve	Ongoing	Established to provide funds for future maintenance and repair of the main jetty opposite Gladstone Street. Funded from General Purpose Income.
Aerodrome Reserve	Ongoing	Established to provide funds for future maintenance and repair of the main jetty opposite Gladstone Street. Funded from General Purpose Income.
Off Street Parking Reserve	Ongoing	Established to provide funds for the future development of central business car parking in order to make provisions for future business expansion of the CBD. Funded by General Purpose Income and contributions.
Sanitation (Rubbish Removal) Services Reserve	Ongoing	Established to fund the purchase of major sanitation equipment and for the future development of waste disposal facilities. Funded from the annual surplus derived from property rubbish disposal collection fees after expenses.
HACC Asset Replacement Reserve	Ongoing	Established for the purpose of holding surplus cash from the operation of HACC activities by Esperance Home Care in accordance with HACC guidelines.
Esperance Homecare Fundraising Reserve	Ongoing	Established for the purpose of holding the net proceeds of volunteer fundraising activities relating to the operation of Esperance Home Care.
Unspent Grants and Contributions Reserve	Ongoing	Created for the purpose of containing funds that are derived from unspent or prepaid grants and contribution from external parties.
Plant Replacement Reserve	Ongoing	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	Ongoing	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.
Building Maintenance Reserve	Ongoing	Established to hold unexpended funds from the Building Maintenance Program for the use of building maintenance and refurbishment of Council buildings.
Governance and Workers Compensation Reserve	Ongoing	Established for the purpose of future workers compensation insurance costs under the performance based contribution scheme; or cyclical gross rental valuation cost for rating purposes or unforeseen legal costs.
IT System & Process Development Reserve	Ongoing	Established to finance the acquisition and enhancement of information technology across the Shire. Ongoing appropriations from the Municipal Fund are provided as and when needed.
Esperance Homecare Annual Leave Reserve	Ongoing	Established to fund future commitments for annual leave entitlements as a result of employing staff. Funded from external grant funding.
Esperance Homecare Long Service Leave Reserve	Ongoing	Established to fund future commitments for long service leave entitlements as a result of employing staff. Funded from external grant funding.
Priority Projects Reserve	Ongoing	Established to fund sufficient capacity to assist with the design, construction and operation of priority projects as determined by Council.

**13. REVALUATION SURPLUS**

	2017	2017	2017	2017	2017	2016	2016	2016	2016	2016
	Opening	Revaluation	Revaluation	Total	Closing	Opening	Revaluation	Revaluation	Total	Closing
	Balance	Increment	(Decrement)	Movement on	Balance	Balance	Increment	(Decrement)	Movement on	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land and buildings	35,571,560	3,138,646	0	3,138,646	38,710,206	35,571,560	0	0	0	35,571,560
Furniture and equipment	116,336	0	0	0	116,336	0	116,336	0	116,336	116,336
Plant and equipment	719,111	0	0	0	719,111	1,936,608	0	(1,217,497)	(1,217,497)	719,111
Motor Vehicles - Non Specialised	716,303	0	0	0	716,303	513,089	203,214	0	203,214	716,303
Motor Vehicles - Specialised	(219,791)	0	0	0	(219,791)	0	0	(219,791)	(219,791)	(219,791)
Road Making Plant - Major	0	0	0	0	0	222,634	0	(222,634)	(222,634)	0
Roads	104,116,834	0	0	0	104,116,834	104,116,834	0	0	0	104,116,834
Footpaths	2,697,514	0	0	0	2,697,514	2,697,514	0	0	0	2,697,514
Drainage	12,255,406	0	0	0	12,255,406	12,255,406	0	0	0	12,255,406
Parks and Ovals	573,439	0	0	0	573,439	573,439	0	0	0	573,439
Other Infrastructure	395,415	0	0	0	395,415	395,415	0	0	0	395,415
Culverts and Pipes	6,808,639	0	0	0	6,808,639	6,808,639	0	0	0	6,808,639
	<u>163,750,767</u>	<u>3,138,646</u>	<u>0</u>	<u>3,138,646</u>	<u>166,889,414</u>	<u>165,091,138</u>	<u>319,550</u>	<u>(1,659,922)</u>	<u>(1,340,372)</u>	<u>163,750,766</u>

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.

**14. 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:

	2017 \$	2017 Budget \$	2016 \$
Cash and cash equivalents	<u>32,254,642</u>	<u>17,156,846</u>	<u>30,182,931</u>

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

Net result	7,018,862	(2,162,703)	1,435,190
Non-cash flows in Net result:			
Depreciation	14,785,990	14,784,392	14,704,454
(Profit)/Loss on sale of asset	251,380	(238,150)	(28,309)
Fair value adjustments to fixed assets at fair value through profit or loss	0	0	169,089
Changes in assets and liabilities:			
(Increase)/Decrease in receivables	(1,090,025)	(25,475)	(64,899)
(Increase)/Decrease in inventories	(9,338)	(36,510)	53,846
Increase/(Decrease) in payables	1,262,815	(584,252)	223,605
Increase/(Decrease) in provisions	(7,979)	59,752	43,673
Grants contributions for the development of assets	<u>(5,998,675)</u>	<u>(5,979,757)</u>	<u>(113,201)</u>
Net cash from operating activities	<u>16,213,030</u>	<u>5,817,297</u>	<u>16,423,448</u>

	2017 \$	2016 \$
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	80,000	80,000
Credit card balance at balance date	<u>(24,232)</u>	<u>(563)</u>
<b>Total amount of credit unused</b>	<u>55,768</u>	<u>79,437</u>
<b>Loan facilities</b>		
Loan facilities - current	461,305	496,369
Loan facilities - non-current	<u>1,715,337</u>	<u>1,902,976</u>
<b>Total facilities in use at balance date</b>	<u>2,176,642</u>	<u>2,399,345</u>
<b>Unused loan facilities at balance date</b>	<u>6,121,150</u>	<u>5,981,458</u>

**15. CONTINGENT LIABILITIES**

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

<b>16. CAPITAL AND LEASING COMMITMENTS</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</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	3,293	10,572
- later than one year but not later than five years	0	3,292
- later than five years	0	0
	<u>3,293</u>	<u>13,864</u>

**(b) Capital Expenditure Commitments**

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

**17. JOINT VENTURE ARRANGEMENTS**

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Non-current assets</b>		
Land and buildings	68,000	68,000
Less: accumulated depreciation	<u>(8,575)</u>	<u>(6,875)</u>
	<u>59,425</u>	<u>61,125</u>

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

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Governance	30,298,452	28,748,673
General purpose funding	2,931,023	642,326
Law, order, public safety	6,376,853	5,776,891
Health	9,620	11,900
Education and welfare	6,339,161	5,705,110
Community amenities	9,507,270	9,384,825
Recreation and culture	62,907,819	62,073,818
Transport	356,143,900	352,023,482
Economic services	1,422,805	1,119,186
Other property and services	9,215,383	8,198,043
Unallocated	14,314,477	14,592,868
	<u>499,466,763</u>	<u>488,277,122</u>



	2017	2016	2015
<b>19. FINANCIAL RATIOS</b>			
Current ratio	1.84	1.89	1.24
Asset sustainability ratio	0.87	0.80	0.90
Debt service cover ratio	37.78	12.95	15.65
Operating surplus ratio	0.03	(0.16)	0.25
Own source revenue coverage ratio	0.70	0.59	0.83

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 67 of this document.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$2,602,008.

Three of the 2016 and 2015 ratios disclosed above were 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.

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

	2017	2016	2015
Current ratio	1.27	2.12	0.63
Debt service cover ratio	31.61	16.13	13.35
Operating surplus ratio	(0.05)	(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:

	<b>2016</b>
Own Source Revenue Ratio	0.69

**20. TRUST FUNDS**

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

	<b>1 July 2016</b>	<b>Amounts Received</b>	<b>Amounts Paid</b>	<b>30 June 2017</b>
	\$	\$	(\$)	\$
Town Planning Development Bonds	80,061	1,083	(4,154)	76,990
Staff Housing bonds	11,095	4,837	(3,434)	12,498
Development Subdivision Bonds	2,266	31	0	2,297
Engineering Subdivision Bonds	58,537	786	(2,975)	56,347
Contribution to Public Open Space	187,144	2,558	0	189,702
Esperance Fire Appeal Donations	20,000	0	(20,000)	0
Caravan Park Lease Bond	54,443	712	(55,155)	0
Commercial Building Bonds	1,453	0	0	1,453
Recreation Grounds Bonds	600	0	(100)	500
Home Care Bus Bonds	1,600	0	0	1,600
Other General Bonds	3,775	117,007	(47,518)	73,264
Kerb Deposit/Builders Reinstatments	21,300	0	0	21,300
BCITF Levy	2,575	1,725	(2,575)	1,725
BRB Levy	63	0	(63)	0
General Deposits	153,028	125,133	(147,055)	131,106
EVC - Bookeasy	12,994	0	(12,994)	0
	<u>610,934</u>			<u>568,782</u>

**21. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR**

The following assets were disposed of during the year.

	<b>Actual Net Book Value \$</b>	<b>Actual Sale Proceeds \$</b>	<b>Actual Profit \$</b>	<b>Actual Loss \$</b>	<b>Budget Net Book Value \$</b>	<b>Budget Sale Proceeds \$</b>	<b>Budget Profit \$</b>	<b>Budget Loss \$</b>
<b>Land Held for Resale</b>								
<b>Other Property and Services</b>								
Flinders Subdivision	88,258	149,361	61,103	0	175,000	350,000	175,000	0
<b>Plant and Equipment</b>								
<b>Governance</b>								
Holden 2WD Station Wagon	10,913	6,818	0	(4,095)	10,417	6,190	0	(4,227)
Canon 6055 Photocopier	637	0	0	(637)	0	0	0	0
<b>Law, order, public safety</b>								
Isuzu Dmax 4WD Dual Cab	18,507	12,727	0	(5,780)	15,000	16,480	1,480	0
Bushfire Truck 2.4	10,000	14,545	4,545	0	0	0	0	0
Custom Rubbish Trailer	105	2,095	1,990	0	0	0	0	0
<b>Education and welfare</b>								
HACC Bus 18 Seater	18,304	22,727	4,423	0	20,685	25,000	4,315	0
HACC Bus 12 Seater	8,159	13,985	5,826	0	0	20,000	20,000	0
Holden Commodore Exec W:	2,840	2,727	0	(113)	0	3,000	3,000	0
Hyundai i30 Sedan	7,643	6,818	0	(825)	3,900	5,000	1,100	0
Holden Station Wagon	9,611	4,546	0	(5,065)	0	6,190	6,190	0
Toyota Hiace Commuter Bus	0	0	0	0	31,500	20,600	0	(10,900)
<b>Community amenities</b>								
Shower Block- Mungi Beach	11,200	0	0	(11,200)	0	0	0	0
Toilet Block- Mungi Beach	18,161	0	0	(18,161)	0	0	0	0
<b>Recreation and culture</b>								
Toilet Block Lake Monji	11,275	0	0	(11,275)	0	0	0	0
Shelter Lake Monji	19,643	0	0	(19,643)	0	0	0	0
Deep Fryer BOILC	405	9	0	(396)	0	0	0	0
Cannon IR25351 Copier	127	0	0	(127)	0	0	0	0

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2017

## Notes to and forming part of the Financial Report

### 21. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR (Continued)

	Actual Net Book Value \$	Actual Sale Proceeds \$	Actual Profit \$	Actual Loss \$	Budget Net Book Value \$	Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$
<b>Transport</b>								
Isuzu Dmax 4WD Dual Cab	16,279	13,637	0	(2,642)	10,834	16,480	5,646	0
Toyota Hilux 4WD Dual Cab	18,183	18,182	0	(1)	18,571	16,480	0	(2,091)
Holden 4WD Dual Cab	23,992	11,818	0	(12,174)	23,103	20,600	0	(2,503)
Mitsubishi Triton 4WD Dual C	19,300	10,455	0	(8,845)	19,753	20,600	847	0
Caterpillar 12M Grader	135,511	109,091	0	(26,420)	115,000	156,852	41,852	0
Cat 924H Front End Loader	93,752	70,000	0	(23,752)	92,500	63,682	0	(28,818)
Mitsubishi FM65 Tip Truck	0	0	0	0	50,722	47,056	0	(3,666)
Hino 8 Wheel Tip Truck	125,264	90,909	0	(34,355)	136,364	87,562	0	(48,802)
Isuzu 155 Medium Tip Truck	0	0	0	0	47,045	20,914	0	(26,131)
Cewell B200 Road Broom	0	0	0	0	0	2,000	2,000	0
Sewell Road Broom	6,079	3,571	0	(2,508)	0	2,000	2,000	0
New Holland 4WD Tractor	24,255	22,823	0	(1,432)	0	20,000	20,000	0
John Deere 72" Verge Mowe	15,079	6,915	0	(8,164)	15,000	7,727	0	(7,273)
3200L Custom Fuel Tanker	0	0	0	0	625	1,000	375	0
7 Tonne Plant Trailer	0	0	0	0	875	2,000	1,125	0
Traffice Management Lights	3,350	834	0	(2,516)	15,889	2,060	0	(13,829)
Traffice Management Lights	3,522	834	0	(2,688)	0	2,060	2,060	0
Lombardi Water Tanker	0	0	0	0	0	500	500	0
Collins 8T M/W Roller	0	0	0	0	0	500	500	0
Collins 8T M/W Roller	0	0	0	0	0	500	500	0
Custom M/W Roller	0	0	0	0	0	500	500	0
Low Loader	11,608	21,850	10,242	0	0	23,000	23,000	0
2010 Nissan Prime Mover	0	0	0	0	0	67,969	67,969	0
Sundry Equipment	0	0	0	0	12,500	12,500	0	0
Security Screening Equipmer	138,237	163,636	25,399	0	200,000	200,000	0	0
Airport Security Equipment	63,671	0	0	(63,671)	0	0	0	0
Tandem Axle Trailer	2,345	7,241	4,896	0	0	0	0	0
<b>Economic services</b>								
Subaru Wagon 4WD SUV	13,360	7,273	0	(6,087)	9,583	16,480	6,897	0
Toyota Camry 4 Cyl Sedan	12,500	7,273	0	(5,227)	11,000	9,270	0	(1,730)
<b>Other property and services</b>								
Nissan Navara 4WD Single C	14,278	10,909	0	(3,369)	8,333	12,875	4,542	0
Nissan Pathfinder 4WD SUV	21,201	18,182	0	(3,019)	24,969	16,480	0	(8,489)
Pajero 4WD SUV	29,689	20,000	0	(9,689)	22,029	25,887	3,858	0
Isuzu Dmax 4WD Dual Cab	23,093	18,182	0	(4,911)	19,247	20,600	1,353	0
Machinery Shed- Depot	6,432	0	0	(6,432)	0	0	0	0
Vehicle Shed- Depot	64,585	0	0	(64,585)	0	0	0	0
	<u>1,121,353</u>	<u>869,973</u>	<u>118,425</u>	<u>(369,805)</u>	<u>1,110,444</u>	<u>1,348,594</u>	<u>396,609</u>	<u>(158,459)</u>

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2017

## Notes to and forming part of the Financial Report

### 22. INFORMATION ON BORROWINGS

(a) Repayments - Debentures

Particulars	Principal	New Loans	Principal Repayments		Principal 30 June 2017		Interest Repayments	
	1 July 2016 \$		Actual	Budget	Actual	Budget	Actual	Budget
<b>Other property and services</b>								
Loan 288- Flinders	518,541	9,669	149,361	350,000	378,850	168,541	13,004	15,000
Loan 296- SLIP	997,949	0	40,087	40,087	957,862	957,862	51,220	51,234
	<u>1,516,490</u>	<u>9,669</u>	<u>189,448</u>	<u>390,087</u>	<u>1,336,712</u>	<u>1,126,404</u>	<u>64,223</u>	<u>66,234</u>
<b><u>Self Supporting Loans</u></b>								
<b>Recreation and culture</b>								
Loan 261- Pink Lake Country Club	127,708	0	17,067	17,067	110,641	110,641	8,529	8,590
Loan 285- Esp Speedway	3,196	0	3,195	3,195	0	1	92	109
Loan 286- Esp Bowling Club	34,933	0	34,933	34,933	0	0	2,023	2,132
Loan 287A- Esp Seafarers Centre	8,584	0	3,023	3,023	5,561	5,561	298	298
Loan 291- Recherche Aged Welfare	292,661	0	12,736	12,736	279,925	279,925	20,211	20,212
Loan 292-Esp Squash Club	31,469	0	6,278	6,278	25,191	25,191	1,954	1,955
Loan 294- Scaddan Country Club	15,465	0	15,465	15,465	0	0	93	89
Loan 295- Esp Yacht Club	368,838	0	13,585	13,585	355,253	355,253	20,462	20,395
Loan 298- Cascade Town Rec	0	70,000	6,641	0	63,359	0	1,252	0
	<u>882,854</u>	<u>70,000</u>	<u>112,923</u>	<u>106,282</u>	<u>839,930</u>	<u>776,572</u>	<u>54,914</u>	<u>53,780</u>
	<u>2,399,344</u>	<u>79,669</u>	<u>302,371</u>	<u>496,369</u>	<u>2,176,642</u>	<u>1,902,976</u>	<u>119,137</u>	<u>120,014</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 2017

## Notes to and forming part of the Financial Report

### 22. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2016/17

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total	Interest	Amount Used		Balance
	Actual	Budget				Interest & Charges	Rate	Actual	Budget	Unspent
	\$	\$				\$	%	\$	\$	\$
Loan 288- Flinders	9,669	860,000	WATC	Short Term		97	2.01%	9,669	860,000	0
Loan 298- Cascade Town Rec	70,000	70,000	WATC	Debenture	20	1,252	2.33%	70,000	70,000	0
	<u>79,669</u>	<u>930,000</u>				<u>1,349</u>		<u>79,669</u>	<u>930,000</u>	<u>0</u>

(c) Unspent Debentures

The Shire has a \$6.5 million Short Term Loan Facility with Western Australia Treasury Corporation (WATC). At the 30th June 2017 this facility was drawn to \$378,850 leaving an available balance of \$6,121,150.

(d) Overdraft

The Shire does not have an overdraft facility.

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2017

## Notes to and forming part of the Financial Report

### 23. RATING INFORMATION - 2016/17 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>Differential general rate / general rate</b>											
<b>Gross rental value valuations</b>											
GRV - Residential	0.089034	3,786	63,054,236	5,613,971	90,929	6,513	5,711,413	5,612,235	30,000	0	5,642,235
GRV - Commercial	0.092595	397	23,723,888	2,196,713	29,839	7,188	2,233,740	2,196,713	0	0	2,196,713
GRV - Vacant	0.089034	127	2,485,740	221,315	(12,115)	(967)	208,234	223,052	0	0	223,052
GRV- Lesser Service	0.089034	2	18,300	1,629	0	(493)	1,136	1,629	0	0	1,629
<b>Unimproved value valuations</b>											
UV - Rural	0.008944	1,116	910,264,000	8,141,401	(7,102)	(3,738)	8,130,561	8,141,401	0	0	8,141,401
UV - Mining	0.085690	50	2,126,652	182,233	(16,902)	(13,901)	151,430	179,700	(25,000)	0	154,700
UV - Commercial/ Industrial	0.008944	1	150,000	1,342	0	0	1,342	1,342	0	0	1,342
<b>Sub-Total</b>		5,479	1,001,822,816	16,358,605	84,649	(5,398)	16,437,856	16,356,072	5,000	0	16,361,072
<b>Minimum payment</b>	<b>Minimum</b>										
	<b>\$</b>										
<b>Gross rental value valuations</b>											
GRV - Residential	1,030	1,263	11,944,827	1,300,890	10,063	5,154	1,316,107	1,298,830	0	0	1,298,830
GRV - Commercial	1,030	58	384,624	59,740	0	245	59,985	59,740	0	0	59,740
GRV - Vacant	1,030	613	3,279,720	631,390	(38,375)	(4,160)	588,855	633,450	0	0	633,450
GRV- Lesser Service	515	49	9,228	25,235	0	(493)	24,742	25,750	0	0	25,750
<b>Unimproved value valuations</b>											
UV - Rural	1,030	73	4,400,900	75,190	0	0	75,190	75,190	0	0	75,190
UV - Mining	515	26	53,782	13,390	(917)	739	13,212	12,875	0	0	12,875
UV - Commercial/ Industrial	1,030	2	78,100	2,060	0	0	2,060	2,060	0	0	2,060
UV- Lesser Service	515	3	29,000	1,545	0	0	1,545	1,545	0	0	1,545
<b>Sub-Total</b>		2,087	20,180,181	2,109,440	(29,229)	1,485	2,081,696	2,109,440	0	0	2,109,440
<b>Total amount raised from general rate</b>		<b>7,566</b>	<b>1,022,002,997</b>	<b>18,468,045</b>	<b>55,420</b>	<b>(3,913)</b>	<b>18,519,551</b>	<b>18,465,512</b>	<b>5,000</b>	<b>0</b>	<b>18,470,512</b>
Prepaid Rates							188,398				0
Ex-gratia rates							242,869				229,590
<b>Totals</b>							<b>18,950,818</b>				<b>18,700,102</b>

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2017

## Notes to and forming part of the Financial Report

### 24. NET CURRENT ASSETS

Composition of net current assets

	2017	2017	2016
	(30 June 2017	(1 July 2016	(30 June 2016
	Carried	Brought	Carried
	Forward)	Forward)	Forward)
	\$	\$	\$
<b>Surplus/(Deficit) 1 July 16 brought forward</b>	<u>3,932,316</u>	<u>3,858,730</u>	<u>3,858,730</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents			
Unrestricted	4,884,892	4,679,315	4,679,315
Restricted	27,369,750	25,503,616	25,503,616
Receivables			
Rates outstanding	216,563	524,128	524,128
Sundry debtors	2,306,764	1,057,673	1,057,673
GST receivable	395,298	218,103	218,103
Loans receivable - clubs/institutions	69,386	106,282	106,282
Interest Receivable	54,879	78,681	78,681
Inventories			
Fuel and Materials	36,862	58,136	58,136
Roadmaking Materials	111,362	81,756	81,756
Various Goods Held for Resale	74,605	73,599	73,599
Land Held for Resale- Flinders Estate	176,057	176,057	176,057
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables			
Sundry creditors	(3,093,788)	(1,890,812)	(1,890,812)
Accrued interest on debentures	(16,998)	(10,183)	(10,183)
Accrued salaries and wages	(117,511)	(64,487)	(64,487)
Current portion of long term borrowings			
Secured by floating charge	(461,305)	(496,369)	(496,369)
Provisions			
Provision for annual leave	(1,070,492)	(1,109,522)	(1,109,522)
Provision for long service leave	(943,040)	(951,575)	(951,575)
<b>Unadjusted net current assets</b>	<u><b>29,993,284</b></u>	<u><b>28,034,398</b></u>	<u><b>28,034,398</b></u>
<b>Adjustments</b>			
Less: Reserves - restricted cash	(27,369,750)	(25,503,616)	(25,503,616)
Less: Goods Held for Resale			
Land Held for Resale- Flinders Estate	(176,057)	(176,057)	(176,057)
Less: Loans receivable - clubs/institutions	(69,386)	(106,282)	(106,282)
Add: Secured by floating charge	461,305	496,369	496,369
Cashback Employee Provision	1,092,920	1,113,918	1,113,918
<b>Adjusted net current assets - surplus/(deficit)</b>	<u><b>3,932,316</b></u>	<u><b>3,858,730</b></u>	<u><b>3,858,730</b></u>

#### Difference

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.



# Shire of Esperance Annual Financial Report

For the year ended 30th June 2017

## Notes to and forming part of the Financial Report

### 25. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR

No specified area rates were imposed by the Shire during the year ended 2017.

### 26. SERVICE CHARGES - 2016/17 FINANCIAL YEAR

No service charges were imposed by the Shire during the year ended 2017.

### 27. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2016/17 FINANCIAL YEAR

#### Rates Discounts

The Shire did not provide any rate discounts.

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Rubbish Collection Services	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 BOILC financially accessible to everyone in the community.

### 28. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	28-Sep-16		0.00%	11.00%
<b>Option Two</b>				
First Instalment	28-Sep-16		5.50%	5.50%
Second Instalment	30-Nov-16			
Third Instalment	1-Feb-17			
Fourth Instalment	5-Apr-17			
			<b>Revenue \$</b>	<b>Budgeted Revenue \$</b>
Interest on unpaid rates			57,435	82,200
Interest on instalment plan			95,234	95,000
			<u>152,670</u>	<u>177,200</u>

<b>29. FEES &amp; CHARGES</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Governance	8,121	10,647
Law, order, public safety	73,478	82,328
Health	63,434	55,447
Education and welfare	478,861	414,714
Community amenities	4,446,217	4,485,834
Recreation and culture	1,307,730	1,232,215
Transport	1,327,287	1,979,074
Economic services	1,268,192	437,681
Other property and services	331,936	190,324
	<u>9,305,256</u>	<u>8,888,264</u>

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

**30. GRANT REVENUE**

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

<b>By Nature or Type:</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Operating grants, subsidies and contributions</b>		
Governance	274,648	211,370
General purpose funding	7,452,202	2,367,374
Law, order, public safety	1,562,048	1,537,941
Health	3,099	0
Education and welfare	2,762,695	2,512,925
Community amenities	77,914	751,863
Recreation and culture	494,548	1,631,886
Transport	1,355,389	127,463
Economic services	286,593	208,481
Other property and services	522,500	401,675
	<u>14,791,637</u>	<u>9,750,978</u>
<b>Non-operating grants, subsidies and contributions</b>		
Law, order, public safety	81,059	135,704
Community amenities	15,710	0
Recreation and culture	773,450	253,955
Transport	5,107,525	5,604,542
Economic services	17,727	0
Other property and services	3,205	0
	<u>5,998,676</u>	<u>5,994,201</u>
	<u>20,790,313</u>	<u>15,745,179</u>

**31. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at balance date

<u>214</u>	<u>208</u>
------------	------------

**32. ELECTED MEMBERS REMUNERATION**

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

	<b>2017</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
Meeting Fees	166,000	166,000	165,978
President's allowance	34,500	34,500	34,313
Deputy President's allowance	8,625	8,625	8,625
Travelling expenses	11,317	12,500	12,802
Telecommunications allowance	18,000	18,000	18,000
	<u>238,442</u>	<u>239,625</u>	<u>239,718</u>

**33. RELATED PARTY TRANSACTIONS**

**Key Management Personnel (KMP) Compensation Disclosure**

	<b>2017</b>
	<b>\$</b>
The total of remuneration paid to KMP of the Shire during the year are as follows:	
Short-term employee benefits	726,380
Post-employment benefits	81,769
Other long-term benefits	18,487
	<u>826,636</u>

**Short-term employee benefits**

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 32.

**Post-employment benefits**

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

**Other long-term benefits**

These amounts represent long service benefits accruing during the year.

**Related Parties**

**The Shire's main related parties are as follows:**

*i. Key management personnel*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

*ii. Entities subject to significant influence by the Shire*

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

*iii. Joint venture entities accounted for under the equity method*

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

**33. RELATED PARTY TRANSACTIONS (Continued)**

**Transactions with related parties**

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

The following transactions occurred with related parties:

	<b>2017</b>
	<b>\$</b>
<b>Associated companies/individuals:</b>	
Purchase of goods and services	233,115
<b>Joint venture entities:</b>	0
<b>Amounts outstanding from related parties:</b>	0
<b>Amounts payable to related parties:</b>	0

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

**34. 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. 62 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	2017	2017	2016
	\$	Budget	\$
<b>Operating income</b>			
- Profit on sale	61,103	175,000	265,634
<b>Operating expenditure</b>			
- Advertising and Promotion	(3,352)	(2,500)	(1,046)
- Interest Expense	(13,004)	(15,000)	(25,329)
- Sundry Supplies and Expenses	0	0	(3,787)
	<u>44,747</u>	<u>157,500</u>	<u>235,472</u>
<b>Capital income</b>			
- Sale proceeds	149,361	350,000	527,650
- Borrowings	9,669	860,000	0
<b>Capital expenditure</b>			
- Development (Stage 3)	0	(860,000)	0
- Loan Repayments	(149,361)	(350,000)	(516,434)
	<u>9,669</u>	<u>0</u>	<u>11,216</u>
	<u><b>54,416</b></u>	<u><b>157,500</b></u>	<u><b>246,688</b></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 2017 is loan 288 (see note 22 (a)).

(c) Expected Future Cash Flows

	2018	2019	2020	2021	Total
	\$	\$	\$	\$	\$
<b>Cash outflows</b>					
- Development costs	(860,000)	(2,188,388)	0	0	<b>(3,048,388)</b>
- Printing & Marketing	(4,000)	(4,000)	(4,000)	(4,000)	<b>(16,000)</b>
- Loan repayments	(350,000)	(500,000)	(500,000)	(500,000)	<b>(1,850,000)</b>
	<u><b>(1,214,000)</b></u>	<u><b>(2,692,388)</b></u>	<u><b>(504,000)</b></u>	<u><b>(504,000)</b></u>	<u><b>(4,914,388)</b></u>
<b>Cash inflows</b>					
- Loan proceeds	860,000	2,188,388	0	0	<b>3,048,388</b>
- Sale proceeds	350,000	500,000	500,000	500,000	<b>1,850,000</b>
	<u><b>1,210,000</b></u>	<u><b>2,688,388</b></u>	<u><b>500,000</b></u>	<u><b>500,000</b></u>	<u><b>4,898,388</b></u>
<b>Net cash flows</b>	<u><b>(4,000)</b></u>	<u><b>(4,000)</b></u>	<u><b>(4,000)</b></u>	<u><b>(4,000)</b></u>	<u><b>(16,000)</b></u>

**34. MAJOR LAND TRANSACTIONS (Continued)**

**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 remaining stage 1 lots remain listed for sale with local real estate agents with Council taking a longer term view with this strategic industrial development site. The remaining lots are currently leased for grazing resulting in weed and fire control of land.

(b) Current year transactions	2017	2017	2016
	\$	Budget	\$
<b>Operating income</b>			
- Profit on sale	0	0	41,066
- Lease	2,630	2,750	2,769
- Rental Income	10,000	10,000	10,000
<b>Operating expenditure</b>			
- Advertising and Promotion	0	(1,000)	(74)
- Interest Expense	(51,220)	(51,234)	(53,221)
- Maintenance	0	(1,000)	(3,000)
- Sundry Supplies and Expenses	(5,371)	(5,522)	(4,024)
	<u>(43,961)</u>	<u>(46,006)</u>	<u>(6,484)</u>
<b>Capital income</b>			
- Sale proceeds	0	0	121,530
<b>Capital expenditure</b>			
- Loan Repayments	(40,087)	(40,087)	(38,335)
	<u>(40,087)</u>	<u>(40,087)</u>	<u>83,195</u>
	<u><b>(84,048)</b></u>	<u><b>(86,093)</b></u>	<u><b>76,711</b></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 2017 is loan 296 (see note 22 (a)).

(c) Expected Future Cash Flows

	2018	2019	2020	2021	Total
	\$	\$	\$	\$	\$
<b>Cash outflows</b>					
- Interest Expense	(49,402)	(47,116)	(44,852)	(42,500)	(183,870)
- Loan repayments	(41,919)	(43,836)	(45,840)	(47,935)	(179,530)
	<u>(91,321)</u>	<u>(90,952)</u>	<u>(90,692)</u>	<u>(90,435)</u>	<u>(363,400)</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><b>(91,321)</b></u>	<u><b>(90,952)</b></u>	<u><b>(90,692)</b></u>	<u><b>(90,435)</b></u>	<u><b>(363,400)</b></u>

**35. 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.

	2017	2017	2016
	\$	Budget	\$
		\$	
<b>(a) Operating Statement</b>			
<b>Operating income</b>			
- Landing Fees	1,073,588	1,045,000	1,049,470
- Commissions	0	0	55,891
- Property Rental	22,426	15,000	21,645
- Reimbursements	3,301	15,000	11,593
- Sundry Income	405	500	859
- Security Screening Charges	0	0	610,714
- Grants and Subsidies	12,065	11,527	0
- Profit on Sale of Assets	25,400	0	0
<b>Operating expenditure</b>			
- Employee Expenses	(260,652)	(273,284)	(241,085)
- Insurance	(14,774)	(14,766)	(14,267)
- Building Expenses	(159,036)	(161,550)	(142,742)
- Grounds & Strip Maintenance	(170,162)	(28,500)	(70,430)
- Security Screening	(47,485)	0	(405,581)
- Other Sundry Expenses	(19,336)	(41,120)	(26,801)
- Administration Overheads	(36,321)	(40,710)	(42,805)
- Depreciation	(379,330)	(382,935)	(382,570)
- Loss on asset Disposal	0	0	0
	<u>50,089</u>	<u>144,162</u>	<u>423,891</u>
<b>Capital income</b>			
- Reserve Transfer	0	35,000	(9,823)
- Proceeds from Sale of Assets	163,636	200,000	0
<b>Capital expenditure</b>			
- Infrastructure	0	(35,000)	0
- Airport Equipment Purchase	0	0	9,823
	<u>163,636</u>	<u>200,000</u>	<u>0</u>
<b>Total Net Result</b>	<b><u>213,725</u></b>	<b><u>344,162</u></b>	<b><u>423,891</u></b>

**36. 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	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	32,254,642	30,182,931	32,254,642	30,182,931
Receivables	<u>3,927,911</u>	<u>2,880,810</u>	<u>3,927,911</u>	<u>2,880,810</u>
	<u><u>36,182,553</u></u>	<u><u>33,063,741</u></u>	<u><u>36,182,553</u></u>	<u><u>33,063,741</u></u>
<b>Financial liabilities</b>				
Payables	3,228,297	1,965,482	3,228,297	1,965,482
Borrowings	<u>2,176,642</u>	<u>2,399,345</u>	<u>2,176,642</u>	<u>2,399,345</u>
	<u><u>5,404,939</u></u>	<u><u>4,364,827</u></u>	<u><u>5,404,939</u></u>	<u><u>4,364,827</u></u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

**36. 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>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% <sup>(1)</sup> movement in interest rates on cash		
- Equity	322,546	301,829
- Statement of Comprehensive Income	322,546	301,829

**Notes:**

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



**36. 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>2017</b>	<b>2016</b>
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	90%	84%
- Overdue	10%	16%

# Shire of Esperance Annual Financial Report

For the year ended 30th June 2017

## Notes to and forming part of the Financial Report

### 36. 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>2017</u></b>					
Payables	3,228,297	0	0	3,228,297	3,228,297
Borrowings	<u>483,492</u>	<u>944,491</u>	<u>755,889</u>	<u>2,183,872</u>	<u>2,176,642</u>
	<u>3,711,789</u>	<u>944,491</u>	<u>755,889</u>	<u>5,412,169</u>	<u>5,404,939</u>
<b><u>2016</u></b>					
Payables	1,965,482	0	0	1,965,482	1,965,482
Borrowings	<u>604,987</u>	<u>878,458</u>	<u>1,737,296</u>	<u>3,220,741</u>	<u>2,399,345</u>
	<u>2,570,469</u>	<u>878,458</u>	<u>1,737,296</u>	<u>5,186,223</u>	<u>4,364,827</u>

# Shire of Esperance

## Annual Financial Report

For the year ended 30th June 2017

## Notes to and forming part of the Financial Report

### 36. 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 2017</b>								
<b>Borrowings</b>								
<b>Fixed rate</b>								
Debentures	0	(384,411)	(63,359)	0	(25,191)	(1,703,682)	(2,176,642)	4.52%
Weighted average Effective interest rate	0.00%	2.20%	3.62%	0.00%	6.05%	5.06%		
<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%		

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

### Report on the Financial Report

#### Opinion

We have audited the financial report of the Shire of Esperance, which comprises the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Chief Executive Officer.

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

- a) giving a true and fair view of the Shire's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

#### Basis for Opinion

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

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

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

#### Other Information

The Councillors are responsible for the other information. The other information comprises the information in the Shire's annual report for the year ended 30 June 2017 but does not include the financial report and the auditor's report thereon.

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

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

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

### **Council's Responsibility for the Financial Report**

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

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

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

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

- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Councillors.
- Conclude on the appropriateness of Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Shire to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

### **Emphasis of Matter**

Without modifying our opinion, we draw attention to page 67 of the financial report "Supplementary Ratio Information", which describes certain ratio information relating to the financial report. Management's calculation of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on these ratios.

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


### **Reporting on Other Legal and Regulatory Requirements**

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

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

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

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE  
Director

Perth  
Date: 30 October 2017

For the year ended 30th June 2017

**RATIO INFORMATION**

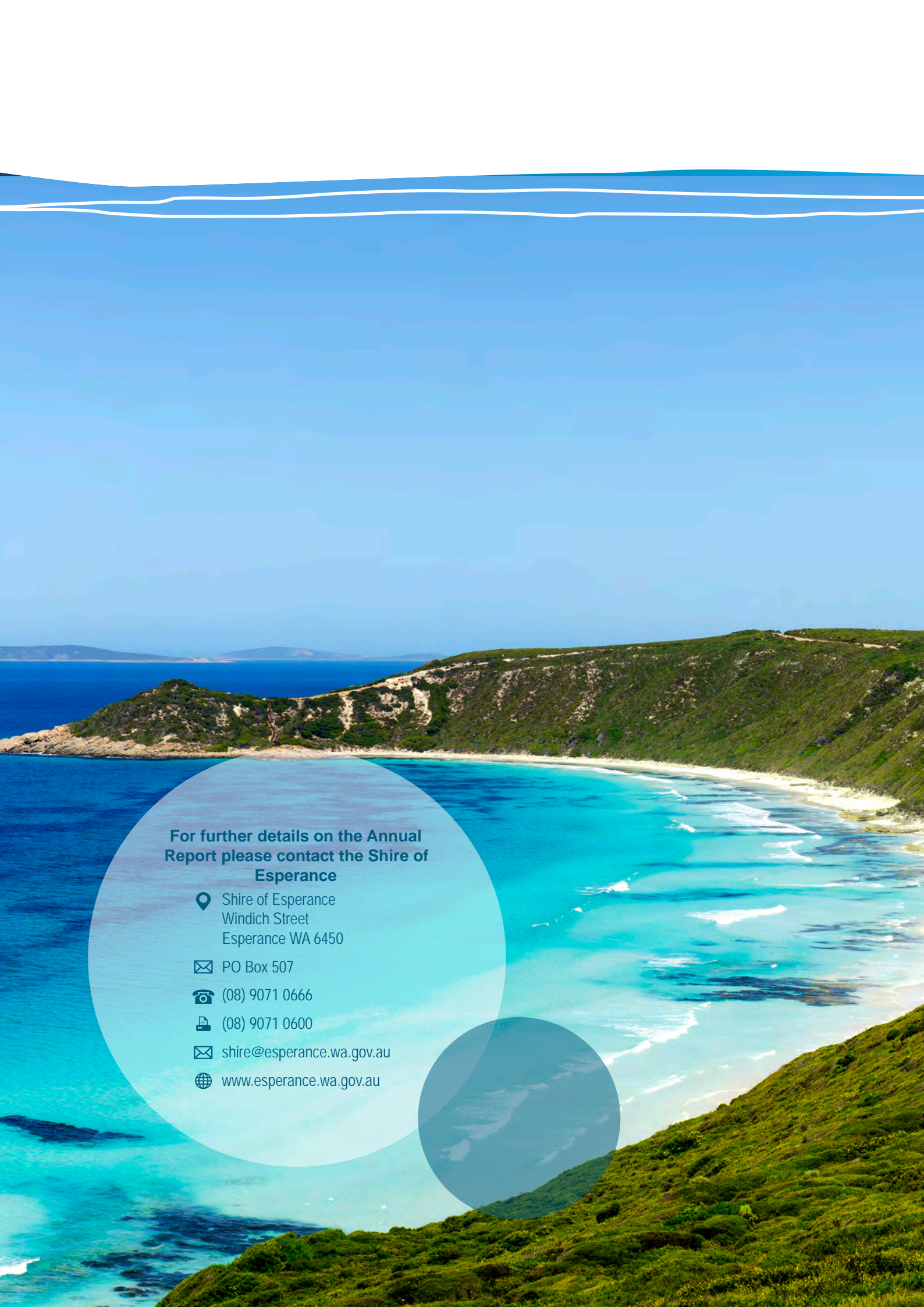
The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

	2017	2016	2015
Asset consumption ratio	0.77	0.95	0.65
Asset renewal funding ratio	1.05	1.04	0.94

The above ratios are calculated as follows:

Asset consumption ratio	$\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$





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

📍 Shire of Esperance  
Windich Street  
Esperance WA 6450

✉️ PO Box 507

☎️ (08) 9071 0666

📠 (08) 9071 0600

✉️ [shire@esperance.wa.gov.au](mailto:shire@esperance.wa.gov.au)

🌐 [www.esperance.wa.gov.au](http://www.esperance.wa.gov.au)