



Shire of
Broome
people • place • prosperity

ANNUAL REPORT 2018-19





WHAT IS THE ANNUAL REPORT?



SHIRE OF BROOME
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As required by the Local Government Act 1995 and associated regulations the Annual Report for 2018/19 provides an overview of the operations, activities and major projects undertaken by the Shire for that period, and includes major initiatives proposed to commence or to continue in the next financial year.

The performance of the Council is assessed against the Vision, Mission, Strategic Goals, Outcomes and Strategies as set out in the Shire of Broome Strategic Community Plan 2018-2028 and the Actions contained in the Corporate Business Plan 2018-2022.

These plans provide strategic focus for elected members and the organisation and affirms our commitments to the community.



ACKNOWLEDGEMENT OF COUNTRY

WIRRIYA NGANGARAN LIYAN NYAMBA BURU YAWURU

WE HOPE YOU ARE FEELING GOOD IN OUR YAWURU COUNTRY

The Shire of Broome acknowledges the Yawuru people as the native title owners of the lands and waters in and around Rubibi (the town of Broome) together with all native title owners throughout the Shire.

We pay respect to the Elders, past, present and emerging, of the Yawuru people and extend that respect to all Aboriginal Australians living within the Shire of Broome.



OUR VISION & MISSION

OUR VISION

A thriving and friendly community that recognises our history and embraces cultural diversity and economic opportunity, while nurturing our unique natural and built environment.

OUR MISSION

To deliver affordable and quality Local Government services.

Photo: Cable Beach sunset



OUR VALUES

VALUES OF THE ORGANISATION ARE DEMONSTRATED THROUGH THE WAY EMPLOYEES BEHAVE, INTERACT AND THINK. DEFINING VALUES AND CLEARLY ARTICULATING WHAT THESE VALUES LOOK AND FEEL LIKE IS VERY IMPORTANT AND ARE THE BUILDING BLOCKS TO ENSURING A CONSISTENT CUSTOMER AND STAFF EXPERIENCE IS DELIVERED AT ALL TIMES. VALUES AND THE BEHAVIOUR THEY INFLUENCE ARE ALSO ESSENTIAL WHEN CREATING A STRONG AND WELL RESPECTED CORPORATE BRAND BOTH INTERNALLY AND EXTERNALLY.

COMMUNICATION

Actively consult, engage and communicate with, and on behalf of the community.

INTEGRITY

Be honest, equitable and ethical in all our dealings.

RESPECT

Recognise and respect the individual and unique requirements of all people, cultures and groups.

INNOVATION

Drive change through leadership and energy.

TRANSPARENCY

Be open and accountable in all our activities.

COURTESY

Provide courteous service and helpful solutions.

STATISTICS SNAPSHOT 2018/19



\$32,194,659

VALUE OF DEVELOPMENT
APPLICATIONS



\$17,098,987

VALUE OF APPROVED
BUILDING APPLICATIONS



69,055

VISITORS TO BROOME
PUBLIC LIBRARY



51,271

BRAC POOL
ENTRIES



11,770

TONNES OF MATERIAL
RECYCLED



6,506sqm

NEW FOOTPATHS



\$4,740

FOR JUNIOR SPORT THROUGH
KIDSPORT FUNDING



3,250

BROOME CIVIC CENTRE
AUDIENCE ATTENDEES



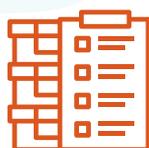
73

DEVELOPMENT
APPLICATIONS



36

NEW AUSTRALIAN
CITIZENS



14

NEW MUNICIPAL
INVENTORY LISTINGS



13

SURF RESCUES AT
CABLE BEACH

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PRESIDENT'S REPORT



HAROLD TRACEY
SHIRE PRESIDENT

WELCOME TO THE 2018/19 ANNUAL REPORT AT THE CONCLUSION OF A YEAR OF UNPRECEDENTED INVESTMENT IN THE FUTURE OF THE SHIRE OF BROOME. OUR VISION AS A COUNCIL IS FOR BROOME TO BE “A THRIVING AND FRIENDLY COMMUNITY THAT RECOGNISES OUR HISTORY AND EMBRACES CULTURAL DIVERSITY AND ECONOMIC OPPORTUNITY, WHILST NURTURING OUR NATURAL AND BUILT ENVIRONMENT”.

To this end we've invested millions of dollars - along with much blood, sweat and tears - into underpinning the prosperity and sustainability of our community through an ambitious program of construction and community development.

In the past 12 months we've seen the Chinatown Revitalisation Project come to completion and along the way inject more than \$14 million into our town. This investment has allowed us to rejuvenate our town centre to be a more inviting and friendly streetscape that attracts more visitors and enhances their experience to the benefit of our local economy. We've created new attractions, expanded the town centre, provided grants to private enterprise, and investigated iconic long-term projects such as a Kimberley Centre for Culture, Art and Story. Preserving and amplifying our history and culture was a key focus and has been achieved through a swathe of public art and historical projects. At the conclusion of this we thank our project partners, the Broome community and particularly the traders and property owners of Chinatown for their collaboration and support.

Town Beach is a significant location for Broome people, with an important role in recreation, culture and heritage. Work here is now well underway to build on all of the precinct's existing strengths with a range of sub-projects to enhance the experience for our community and visitors. A new rock seawall has addressed the environmental and safety threat posed by the eroding cliffs, along with new terraces and a coastal footpath. Work is now underway on transforming the area into parkland and playgrounds that will be an exciting focal point for our community well into the future.

Planning for a new Broome Boating Facility is also progressing at a preferred location between the Broome Port and Entrance Point, with heritage surveys, engineering designs and concepts, and environmental studies all underway. Council is acutely aware of the importance of this project to our community, and while progress has been painstaking, we are committed to making safer recreational boating facilities a reality in Broome.

Underpinning all of this development is the new Broome Growth Plan that forms a blueprint for our town's economic future. This has been finalised and launched after several years of exhaustive research and consultation, and will now be implemented by a new peak economic development body.

All of these key projects have been funded in partnership with the State Government as the Shire continues to be diligent in decreasing the financial burden on our community by seeking funding through grants and other external sources. Council has also stood by its commitment to minimising increases in Shire Rates and for the coming year has achieved a balanced budget with a rise of 1.75 per cent - the equal-smallest increase in more than a decade.

Please take the time to read this Annual Report as it presents in greater detail all of these achievements and more. I would like to thank the Broome community for its cooperation and support during 2018/19, and look forward to leading our community into the coming year alongside a committed and talented Council and Shire of Broome staff.

CEO'S REPORT



SAM MASTROLEMBO
CHIEF EXECUTIVE OFFICER

IT'S WITH GREAT PRIDE THAT I REPORT ON THE PAST YEAR AS THE SHIRE OF BROOME HAS TAKEN SIGNIFICANT STRIDES IN MAKING OUR TOWN MORE LIVEABLE FOR OUR RESIDENTS AND MORE ATTRACTIVE FOR OUR VISITORS.

In 2018/19 we have celebrated the completion of a major construction project in the Chinatown Revitalisation Project and the commencement of the Town Beach Project that between them have injected many millions of dollars into our economy and are creating new assets to underpin our future. We also continue to make progress on a new Regional Resource Recovery Park and Broome Boating Facility.

However, at the same time as advancing these large-scale projects, we continue to focus on looking after the needs of our community and its wellbeing.

The Shire of Broome has adopted a new Sport and Recreation Plan that will guide the development of our facilities for the next 10 years. The plan was finalised after extensive consultation with the many sporting groups in our community and their feedback was vital to establishing priorities. Planning for the exciting new BRAC1 Youth Bike Precinct has also progressed to the point where construction will get underway early in 2019/20 for completion by the end of the year.

The Shire's Municipal Inventory and Heritage List has undergone a review that resulted in five new additions to the Heritage List to afford them greater protections, including our remarkable dinosaur footprint trackways, the Common Gate and the Lurujarri Heritage Trail, along with 14 new additions to the Municipal Inventory and the updating of details for four listings.

Among other new initiatives in 2018/19 was the introduction of a series of Community Picnics that brought together residents in their local neighbourhoods as a way of creating connections and ownership, and promoting community safety.

We launched the inaugural Chinatown Discovery Festival on the back of the Chinatown Revitalisation Project and following its success it is envisaged it will become an annual event celebrating the history and culture of our unique town centre and kickstarting the tourist season each year.

Our community facilities at the Broome Recreation and Aquatic Centre, Broome Public Library and the Broome Civic Centre also continue to provide a wide range of high-quality events, services and programs that resonate with our community.

In 2018/19 the Shire of Broome continued to enjoy a high profile and welcomed guests including His Excellency General the Honourable Sir Peter Cosgrove AK MC (Retd), Governor-General of the Commonwealth of Australia, and Her Excellency Lady Cosgrove; Republic of Singapore High Commissioner, His Excellency Kwok Fook Seng; Consul-General of Japan in Perth, Toro Suzuki; Australia Day 2019 Ambassador, Dr Robert Isaacs AM OAM PhD; and a delegation from our Japanese Sister City of Taiji including six exchange students, and accompanied by representatives of the Consulate of Japan in Perth.

All of these achievements and more are the result of a great deal of hard work and dedication from Councillors, staff and the community. I thank them all for their considerable efforts, and look forward to what we can achieve together in 2019/20.

ABOUT COUNCIL

THE COUNCIL OF THE SHIRE OF BROOME CONSISTS OF NINE ELECTED MEMBERS. COUNCILLORS ARE ELECTED FOR A FOUR-YEAR TERM, WITH HALF OF THEIR TERMS EXPIRING EVERY TWO YEARS. LOCAL GOVERNMENT ELECTIONS ARE CURRENTLY HELD ON THE THIRD SATURDAY IN OCTOBER EVERY TWO YEARS; THE NEXT ORDINARY ELECTION BEING 19 OCTOBER 2019.



**CR HAROLD
TRACEY**
SHIRE PRESIDENT
BROOME WARD
TERM: 2021



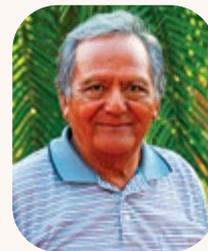
**CR MALA
FAIRBORN**
BROOME WARD
TERM: 2019



**CR CATHERINE
MARRIOTT**
BROOME WARD
TERM: 2021



**CR BRUCE
RUDEFORTH**
BROOME WARD
TERM: 2019



**CR PHILIP
MATSUMOTO**
DAMPIER WARD
TERM: 2021



CR DESIREE MALE
DEPUTY SHIRE
PRESIDENT
BROOME WARD
TERM: 2021



CR WARREN FRYER
BROOME WARD
RESIGNED 2019



**CR CHRIS
MITCHELL**
BROOME WARD
TERM: 2019



CR ELSTA FOY
DAMPIER WARD
TERM: 2019

COUNCILLOR MEETING ATTENDANCE

Council is the decision-making body of the Shire and usually meets on the last Thursday of every month, at 5pm.

The number of Council meetings held during the year ended 30 June 2019 and the numbers of those meetings attended by each Elected Member is as follows:

COUNCILLOR	ORDINARY COUNCIL (11)	SPECIAL COUNCIL (5)	ELECTORS' MEETING (1)	TOTAL (17)
Cr Harold Tracey (Shire President)	10	4	1	15
Cr Desiree Male (Deputy Shire President)	7	5	-	12
Cr Mala Fairborn	8	3	-	11
Cr Warren Fryer <i>*Resigned March 2019</i>	5	1	1	7
Cr Catherine Marriott	8	4	1	13
Cr Chris Mitchell	10	4	1	15
Cr Bruce Rudeforth Jnr	9	5	1	15
Cr Philip Matsumoto	8	4	1	13
Cr Elsta Foy	3	1	-	4



Photo: Broome Youth Advisory Council workshop the Town Beach Project

ABOUT BROOME

ORIGINALLY FOUNDED AS A PEARLING PORT OVER A HUNDRED YEARS AGO, BROOME NOW BOASTS A MULTICULTURAL POPULATION WITH KOEPANGER, MALAY, CHINESE, JAPANESE, EUROPEAN AND ABORIGINAL CULTURES ALL BLENDED TO CREATE A CAPTIVATINGLY FRIENDLY AND FLAMBOYANT PERSONALITY THAT IS THE HEART AND SOUL OF BROOME.

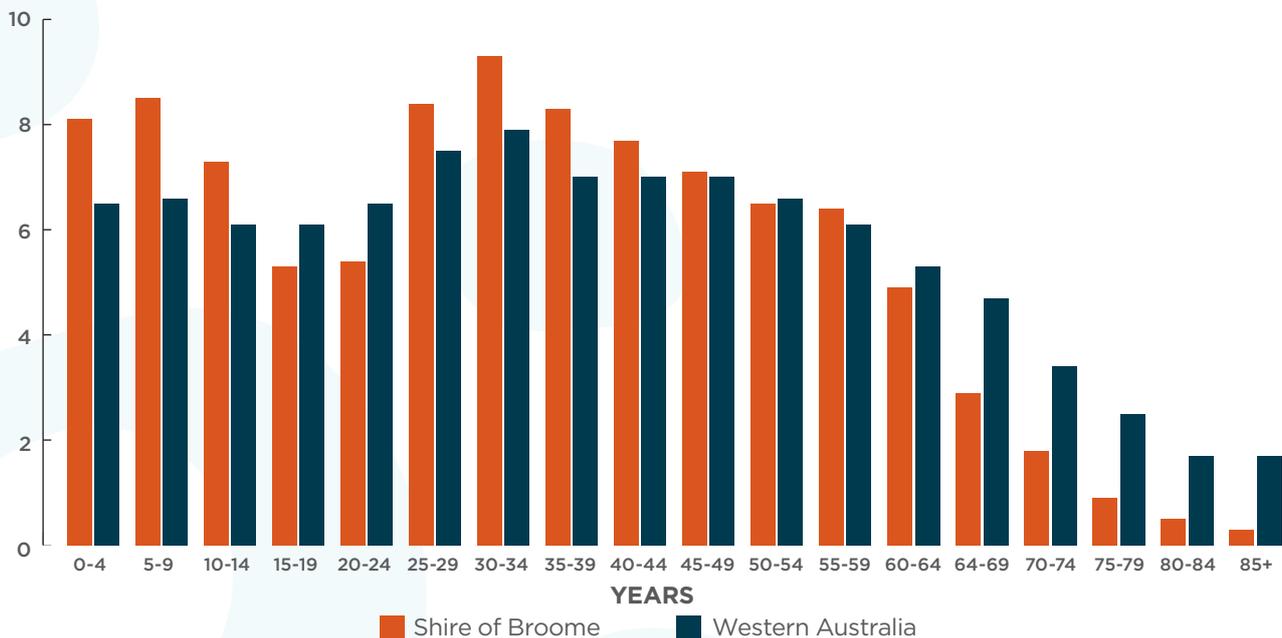
In recent years Broome has experienced substantial growth in the tourism sector, with the world famous Cable Beach being one of the many attractions. Fishing, agriculture, aquaculture, pastoral and off-shore exploration industries are also prominent in the Shire.

The Shire of Broome is located within the Kimberley region - an area that covers 423,517km² in the northern most part of Western Australia. There are some 226 Indigenous communities plus many outstations throughout the Kimberley along with pastoral properties and cattle stations.

There are 34 Indigenous languages spoken in the region with approximately 41.6% of the Kimberley population identifying themselves as Indigenous at the 2016 census (29.1% within the Shire of Broome).

With a population of approximately 16,200, the age demographic of the resident population illustrates the Shire of Broome has a high proportion of young families with more than 50% of the population being under 35 years of age and more than 80% being under 55 years of age.

% POPULATION BY AGE



ABOUT SHIRE OF BROOME

EXECUTIVE



SAM MASTROLEMBO
Chief Executive Officer

- Elected Member Support
- People and Culture
- Media and Promotions
- Special Projects
- Occupational Health and Safety



JAMES WATT
Director Corporate Services

- Administration
- Governance
- Finance
- Information Technology
- Information Management
- Customer Service
- Rates
- Integrated Strategic Planning



ANDREW GRAFFEN
Director Infrastructure

- Shire Facilities
- Engineering and Civil Operations
- Landscape and Open Space
- Asset Management
- Waste Services
- Works Administration



ANDRE STUYT
Director Development and Community

- Town Planning, Building and Environmental Health
- Community and Economic Development
- Rangers and Emergency Services





2018/19 YEAR IN REVIEW

THIS REPORT SUMMARISES THE SHIRE OF BROOME'S PROGRESS DURING THE 2018/19 FINANCIAL YEAR TOWARD ATTAINING THE GOALS, OUTCOMES AND STRATEGIES SET OUT IN THE SHIRE'S STRATEGIC COMMUNITY PLAN 2018-2028.

Photo: Christmas Trails in Chinatown

CHINATOWN REVITALISATION PROJECT STAGE ONE



CHINATOWN HAS BEEN THE CULTURAL AND COMMERCIAL HEART AND SOUL OF BROOME SINCE THE EARLIEST DAYS OF THE PEARLING INDUSTRY IN THE 1880S AND TODAY HAS DEVELOPED INTO AN ICONIC TOURISM DESTINATION.

The Chinatown Revitalisation Project was borne out of a desire to bring to life our community's aspirations to preserve the town's history, celebrate its culture and reinvigorate its economic development.

The Chinatown Revitalisation Project was delivered in partnership by the WA Government and the Shire of Broome in a unique place-based approach to urban renewal and an example of a local community working with government to identify needs and contribute towards its long-term success. A Financial Assistance Agreement between the WA Department of Primary Industries and Regional Development and the Shire of Broome provided for an investment of \$10.26 million to deliver the key projects. The Shire of Broome, Tourism WA and Landcorp allocated a further \$3.55 million, \$700,000 and \$435,000 for a total project spend of \$14.94 million.



The centrepiece of the Revitalisation completed in 2018/19 was a major upgrade of the streetscape in Carnarvon Street and Dampier Terrace to create an environment that welcomes visitors and brings life to the streets, with broadened walkways and decreased roads, more shade and seating, events infrastructure, enhanced street lighting, vibrant and cooling landscaping, and a suite of public art and historical information to bring Chinatown's colourful history to life. The Shire of Broome entered into a contract with Downer EDI Works to deliver this sub-project, with just over 70 per cent of work carried out by local contractors.

Construction of the Roebuck Bay Lookout has created a new attraction providing elevated views over the bay following the connection of Dampier Terrace and Frederick Street the previous year, with work undertaken by Broome contractor Roadline Civil Contractors. The project also included the installation of lighting, two significant Indigenous public art pieces and landscaping undertaken by the Shire as an in-kind contribution.

The Revitalisation also encompassed additional sub-projects including feasibility studies into long-term projects such as an iconic Kimberley Centre for Culture, Art and Story, grant funding to encourage and stimulate private investment, and a comprehensive program of activation initiatives to encourage.

ALL OF THIS WILL SERVE TO ATTRACT MORE PEOPLE TO BROOME'S TOWN CENTRE, MAKE THEM STAY LONGER AND PROVIDE THEM WITH A MUCH RICHER EXPERIENCE. THE BENEFITS OF THIS WILL THEN FLOW TO LOCAL RETAILERS, RESTAURANTS, BARS AND CAFES, AND IN TURN THE WIDER BROOME ECONOMY.





TOWN BEACH PROJECT

TOWN BEACH IS A SIGNIFICANT LOCATION FOR BROOME PEOPLE AND VISITORS TO THE TOWN, WITH AN IMPORTANT ROLE IN RECREATION, CULTURE AND HERITAGE THAT INCLUDES THE STAIRCASE TO THE MOON, A CHILDREN'S WATER PARK AND PLAYGROUND, NIGHT MARKETS, INDIGENOUS CULTURE, PIONEER CEMETERY, OLD JETTY SITE, CATALINA FLYING BOAT WRECKS AND THE BROOME HISTORICAL SOCIETY MUSEUM.

The Town Beach Project is building on these existing strengths with a range of sub-projects to enhance the experience for our community and our visitors. Additionally, the Town Beach Project addresses the significant environmental and safety threats posed by the eroding pindan cliffs.

- ### MAJOR BENEFITS
- Building on the recreational, cultural and historical values of the area;
 - Enhancing the appeal of the precinct for the community and tourists;
 - Addressing threats posed by pindan cliff erosion;
 - Boosting the local economy during construction;
 - Ongoing economic development opportunities for nearby businesses, market stallholders and more.



The sub-projects in the Town Beach Project are drawn from the Old Broome Development Strategy, adopted by Council in 2014 after extensive consultation with the community and key stakeholders including Kimberley Ports, Yawuru Traditional Owners, the Broome Historical Society and Water Corporation.

In 2018/19 significant work has been undertaken including completion of the rock sea wall, grassed terraces, coastal footpath, internal road, and car and boat trailer parking, with work carried out by Broome firm Roadline Civil Contractors. Construction of new green space has started with completion scheduled for December 2019,

including a nature playground, youth precinct including half basketball court and scooter track, new markets space and a heritage precinct.

Stage One of the Town Beach Project has been made possible through funding from the WA Government (\$5.1 million) and Lotterywest (\$2.8 million). Additionally, the Shire has secured further funding from Lotterywest (\$1.7 million) to undertake Stage Two green space work (Lions Pioneer Park, Pioneer Cemetery and grassed area in front of café), shade structures for the jetty, public art and historical information.

OUR PEOPLE

REMOTE COMMUNITIES

The Shire has continued to proactively engage with the State Government's Regional Reform Unit which is overseeing the Municipal Services Upgrade Program in 10 remote Aboriginal communities across the Kimberley and Pilbara. Ardyaloon, Beagle Bay, Bidyadanga, Djarindjin and Lombadina are included from the Shire of Broome. To date audits of municipal services and land contamination have occurred across all 10 communities. Asbestos contamination remediation work is due to occur in the 2019 dry season, with about 1200m³ identified across the five communities in the Shire of Broome. A water service audit has also been undertaken in four of the 10 communities, including Bidyadanga, with a funding agreement executed for upgrades to water and wastewater infrastructure.

COMMUNICATION

EMERGENT TECHNOLOGY

To improve online interaction with the community, ratepayers and businesses, the Shire of Broome has continued the migration to a new web content management system. The project will take several years as manual and paper processes are converted to the online platform. Additionally, the Shire has continued its migration to cloud services, with investment in cloud-based infrastructure in place of on-site systems to better meet the needs of ratepayers and customers. The Shire also continues to develop its unified communications capabilities to reduce customer wait times and improve efficiency.

BROOME CIVIC CENTRE

The Broome Civic Centre is the Shire's premier performing arts and events facility and the Shire of Broome delivered more than 16 shows and events in 2018/19 for 3250 audience members. Development of audiences was supported by a Lotterywest Audience Engagement Grant which allowed a diverse range of events to occur at the venue, from a world-renowned concert pianist all the way through to Australian comedy stand-up legends.

Additionally the venue was utilised by non-profit organisations, private events, community organisations and commercial entities with highlights including end of year school concerts, balls, galas, seminars and weddings.

Key infrastructure was improved through the year to improve audience, patron and hirer enjoyment and usability. Dry bars, cocktail seating, music and lighting effects now activate the Pigram Garden Theatre before and after programmed shows, while a pole and draping system now allows for great adaptability of all the Broome Civic Centre spaces.



Photo: Shinju Matsuri Art Awards at Broome Civic Centre

SPORT AND RECREATION

The Shire of Broome Sport and Recreation Plan was adopted by Council in February 2019. It was developed following extensive consultation with sporting clubs and sets out the sport and recreation infrastructure priorities for the Shire for the next 10 years.

Shire sports facilities hosted regional sporting events and competitions throughout the year across most sports. Officers have sought opportunities for high level competition to come to Broome in the coming years and have provided

local events such as the BRAC 2 Beach Fun Run, Beach to Bay Virtual Swim and Dash & Splash duathlons for locals and visitors to participate in and remain active.

BRAC 1 YOUTH BIKE PRECINCT

The design for the mountain bike pump track component of the BRAC 1 Youth Bike Precinct was completed and released for tender, with construction anticipated to be completed by the end of 2019.



51,271

BRAC POOL ENTRIES
(casual, swim lessons, aqua)



37,673

CASUAL POOL ENTRIES



6,543

GROUP FITNESS



7,055

SWIM LESSONS ATTENDED



1,687

BOOKINGS FOR SQUASH COURTS



1,630

BASKETBALL SHOOT AROUNDS



520

PARTICIPANTS IN SOCIAL BADMINTON



792

SCHOOL HOLIDAY PROGRAM PARTICIPANTS



546

PARTICIPANTS IN BRAC EVENTS (Dash and Splash, BRAC 2 Beach, Beach 2 Bay)



13

RESCUES AT CABLE BEACH



20

BEACH CLOSURES FOR SHARKS, CROCS, JELLYFISH, FOG AND ROUGH CONDITIONS



172

MINOR FIRST AID AT CABLE BEACH



1

MAJOR FIRST AID AT CABLE BEACH



355

PREVENTATIVE ACTIONS (advising swimmers, surfers beach goers)



\$4,740

DISTRIBUTED TO JUNIOR SPORTING CLUBS THROUGH KIDSPORT FUNDING

OUR PEOPLE

HEALTHY AND SAFE ENVIRONMENT

POLICIES AND LOCAL PLANNING POLICIES

Local Planning Policies perform an important role in guiding development within the Shire of Broome. In 2018/19 the Shire finalised the preparation and adoption of a Local Planning Policy on Coastal Planning. The policy provides guidance on development controls for land subject to coastal inundation and coastal erosion. The Shire of Broome was also recognised for work undertaken in planning for coastal impacts at the 2019 National Australian Coastal Awards where the Shire was awarded the category of 'Planning and Management'.

CABLE BEACH LIFEGUARD SERVICE

The Shire continued to contract Surf Life Saving WA for lifeguard services at Cable Beach. Lifeguards maintained supervision for the dry season in the area fronting the Broome Surf Life Saving Club.

CITIZENSHIP



3

AUSTRALIAN CITIZENSHIP CEREMONIES



36

NEW AUSTRALIAN CITIZENS



18

COUNTRIES OF ORIGIN



Photo: Surf Life Saving WA lifeguards on Cable Beach

OUR PLACE

Photo: Craig Hamaguchi escorts Consul-General of Japan in Perth, Mr Toru Suzuki, at Broome's Japanese Cemetery

CIVIC EVENTS

The Shire of Broome hosted a range of Civic Events to welcome distinguished guests and to commemorate occasions of significance including:

- His Excellency General the Honourable Sir Peter Cosgrove AK MC (Retd), Governor-General of the Commonwealth of Australia, and Her Excellency Lady Cosgrove.
- Republic of Singapore High Commissioner, His Excellency Kwok Fook Seng.
- Consul-General of Japan in Perth, Mr Toro Suzuki.
- Departure of St Mary's College Principal, Michael Pepper.
- Australia Day 2019 Ambassador, Dr Robert Isaacs AM OAM PhD, and Community Citizen of the Year Awards presented to Michael Haji-Ali, Jazmin Shipway-Carr and Cable Beach Football Club.
- Japanese Sister City delegation, including six exchange students, and accompanied by representatives of the Consulate of Japan in Perth.

CHINATOWN
DISCOVERY FESTIVAL 2019



60+

ACTIVATION EVENTS AS PART OF THE CHINATOWN DISCOVERY FESTIVAL

\$600k

DISTRIBUTED IN COMMUNITY AND ECONOMIC DEVELOPMENT GRANTS



14,000

VIEWS OF THE STREETERS JETTY SAND SCULPTURE



11

PICNICS TO BUILD A SAFER COMMUNITY



8

INDIGENOUS PERFORMERS AS PART OF THE 2019 RECONCILIATION FESTIVAL



800+

THINGS INSTALLED AS PART OF THE RECONCILIATION COMMUNITY ART PROJECT



14

PROGRAMMED SHOWS AT THE BROOME CIVIC CENTRE



69,055

VISITORS TO THE BROOME LIBRARY



10,471

PRINTING, SCANNING AND PHOTOCOPY ENQUIRIES AT THE BROOME LIBRARY



213

EVENT APPROVALS

OUR PLACE

CABLE BEACH DEVELOPMENT STRATEGY

The business case established to test the viability of the Cable Beach Development Strategy Master Plan, including outlining the economic and social benefits to the Broome community, is underway to be completed by the end of 2019. Consultants were engaged by the Shire of Broome and the Department of Planning Lands and Heritage in 2018/19 to undertake coastal engineering, geotechnical, environmental and cultural heritage studies. The findings from these reports identified no fatal flaws and therefore the business case can progress.



Photo: Roebuck Bay Lookout

BROOME YOUTH WEEK COLOUR RUN



500

YOUNG PEOPLE



30

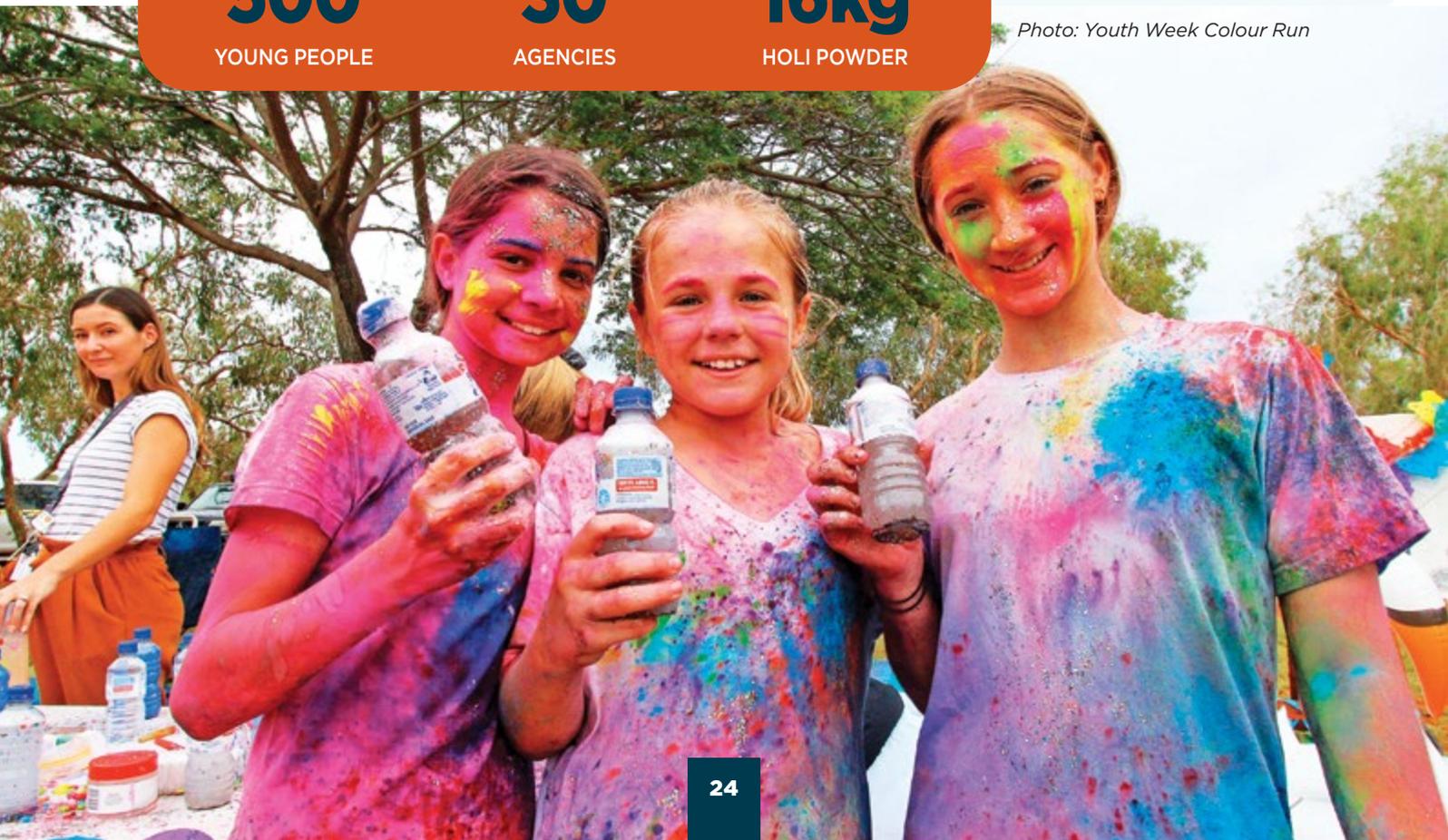
AGENCIES



16kg

HOLI POWDER

Photo: Youth Week Colour Run



INFRASTRUCTURE



DRAINAGE
OPEN DRAIN/SWALE

36.9km

PIPE DRAINAGE

16.8km



FOOTPATH
TOTAL LENGTH

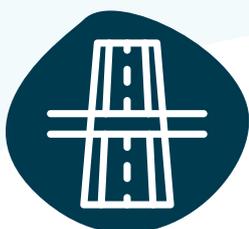
113.2km

CONCRETE FOOTPATH
RENEWED

1,720m²

NEW CONCRETE
FOOTPATH INSTALLED

6,506m²



ROADS
TOTAL

570.7km

SEALED

286.2km

UNSEALED

284.5km

ASPHALT OVERLAY
FOR 2018/2019

11,568m²

BITUMEN RESEAL
FOR 2018/2019

36,210m²



PUBLIC OPEN SPACE
GRASSED AREAS

305,156.1m²

GARDEN BEDS

94,966m²

SPRINKLERS

3,200

RETIC LATERAL LINES

43km

RETIC MAIN LINES

12.6km

WATER TANKS

24

DRINK FOUNTAINS

24

RUBBISH BINS

188



LIGHTING
TOTAL

464

SPORTS LIGHTING
(HAYNES, MALE, BRAC)

231

CAR PARK

105

PUBLIC OPEN SPACE
TOTAL SOLAR

66

27

STREET LIGHTS

62



Photo: Hamersley St - Napier Tce intersection upgrade

NATURAL ENVIRONMENT

COASTAL PARK GOVERNANCE

The Shire of Broome is a member of the Yawuru Park Council (YPC) along with the Yawuru Prescribed Body Corporate and the Department of Biodiversity, Conservation and Attractions (DBCA). In 2018/19 the YPC Working Group has developed management plans for the In-Town Conservation Estate and Intertidal Zone.

The Minyirr Buru (In-Town) Management Plan has been finalised, printed and was launched on 4 October 2018.

The Gunyian Buru (Intertidal Zone) Plan closed for public consultation on 28 June 2019 with 13 submissions received with 81 separate comments. The final plan will be prepared on the basis of submissions received and is due for completion in 2019/20.

The Yawuru Conservation Estate Recreation Master Plan is currently subject to annual review.

BROOME TOWNSITE SHORELINE MONITORING

The Shire secured grant funding through the Coastal Adaptation Protection Grants and teamed with Nyamba Buru Yawuru to undertake shoreline monitoring of the coastline. This partnership has enabled the Shire to build on the knowledge and experience of the Yawuru Country Managers, learning about the six seasons of Yawuru and how these seasons are defined by wind changes, tidal movements, storm activity and other factors that ultimately impact coastal erosion processes. This project has also enabled Yawuru Rangers to undertake Unmanned Aerial Vehicle surveys of the coast and complete beach transects. The results of the surveys were verified by an independent surveyor. 3D modelling of the coast will enable Shire officers to understand seasonal beach movements as well as longer term trends in coastal processes. It will enable the Shire and other coastal managers to understand the rate of erosion of pindan cliffs, which would inform upgrade and relation of key coastal infrastructure.

BUILT ENVIRONMENT

MUNICIPAL INVENTORY AND HERITAGE LIST

The Shire's Municipal Inventory and Heritage List were reviewed. The review kicked off with the adoption of a community engagement plan and initiation of the first round of public consultation where the public could nominate new places or request amendments to existing place listings. The Shire then sought advice from a heritage consultant on the proposed nominations and modifications. At the conclusion of the review of the modifications, a second round of public consultation was undertaken where the Shire received 64 submissions. The updated Municipal Inventory and Heritage List was adopted at the June 2019 Council meeting and resulted in the following modifications:

- 14 new places in the Municipal Inventory;
- Updated details for four existing place listings;
- Amendments to the executive summary to update the actions undertaken as part of this review; and
- Administrative adjustments to reflect updated terminology in planning documents (change reference to "Town Planning Scheme" to "the Local Planning Scheme").

STATE REFORMS

In 2018/19 a number of reforms/amendments were foreshadowed and comments have been provided by the Shire. These include the following:

- **Planning reform green paper** - The Minister for Planning commissioned an independent review of the planning system to identify ways to make it more efficient, open and understandable. The Shire prepared a submission which was adopted at the Ordinary Meeting of Council in July 2018;
- **Aboriginal Heritage Act 1972 Review** - Phase two consultations commenced in March 2019 and stakeholder workshops were held in Broome on 3 April 2019 and 14 May 2019 which Shire officers attended. The Shire prepared a submission on phase 2 of the consultation which was endorsed at the Ordinary Meeting of Council in May 2019;
- **Inquiry into Short Stay Accommodation** - The Economics and Industry Standing Committee called for submissions to an inquiry into short-stay accommodation in WA. Council endorsed a submission on the Inquiry at the Ordinary Meeting of Council in December 2018.

DEVELOPMENT DETERMINATIONS

Planning Services assessed and determined the following:

- 73 x Development Applications;
- 3 x Public Works referrals;
- 8 x Section 40 Liquor Applications;
- 4 x Subdivision/Amalgamation Applications;
- 6 x Outdoor Dining Permits.

The total value of Development Applications approved this financial year amounts to \$32,194,659. This is an increase of \$14 million or 43 per cent from the previous financial year. The average processing days for planning approvals was 23.4 days.



Photo: Hunter St upgrade

OUR PROSPERITY



Photo: Catalinas boat ramp improvements

FACILITIES

BROOME SAFE BOATING FACILITY

Work has continued to deliver a business case for a safe boat launching facility. In February 2019 following fatal flaws being found at Reddell Beach site, a decision was made by the Broome Boat Harbour Advisory Group to prefer a site south-east of Entrance Point, where co-location with the Kimberley Marine Support Base would be possible. Road access for the community facilities in the Entrance Point precinct have been the focus of the Broome Boating Facility Technical Working Group, comprised of partner agencies and consultant engineers.

Guided by the Broome Boat Harbour Advisory Group's decision for early engagement, desktop and site heritage surveys were undertaken by a consultant archaeologist with Yawuru Heritage Advisory Group members in March 2019. A Heritage Survey Report delivered in early June 2019 found that not enough was known about the projects across the Entrance Point precinct and the Heritage Advisory Group was unable to provide formal clearance for the Broome Boating Facility until further engagement took place. Broader community engagement on the concept design of the Broome Boating Facility, including further engagement with the Yawuru Heritage Advisory Group, is due to take place from September to December 2019.

BUILDING SERVICES

BUILDING APPROVALS

There has been a reduction of 38 building applications approved in 2018/19 compared to the previous year. The total value of building works approved this financial year is \$17,098,987.

BUILDING PERMITS ISSUED	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Single Dwellings	240	113	91	78	23	31	20
Group Dwellings	17	2	0	0	0	0	0
Additions	17	21	24	14	13	16	3
Outbuildings	72	94	99	126	93	74	72
Commercial	29	29	17	24	19	17	26
Industrial	4	8	2	3	0	2	1
Pools	84	90	86	89	73	48	32
Tourist	3	3	0	1	0	1	0
Fences	63	43	49	25	32	33	31
Public Nature	9	4	5	4	2	3	2
Demolition	17	7	16	5	5	6	6
TOTAL	562	417	389	369	265	231	193

KIMBERLEY REGION

The WALGA Kimberley Zone and Kimberley Regional Collaborative Group met eight times in 2018/19 in Perth, Kununurra, Darwin, Derby and twice in Broome, and via video conference. A delegation also visited Canberra in February 2019 to lobby for key Kimberley projects and particularly the upgrade of the Tanami Road in the Shire of Halls Creek. Other key initiatives and issues included reducing alcohol-related harm and improving waste management practices across the Kimberley.

PARTNERSHIPS

The Shire of Broome has partnered with Nirrumbuk on a number of initiatives to change the way the Shire delivers services. The Shire has recently begun a traineeship program with two Aboriginal school leavers to make participants work-ready and give real-life work experience. The Shire has also integrated two work-for-the-dole participants into the workforce who are partnering with work teams in the Parks and Gardens Department.

BROOME GROWTH PLAN

The Broome Growth Plan has been finalised and endorsed by the WA Minister for Regional Development. The Broome Future Alliance has been tasked with implementing the plan and the Shire has allocated funds toward providing executive services to the group.

Broome Growth Plan

LAUNCH OF THE BROOME GROWTH PLAN

A BLUEPRINT FOR OUR TOWN'S ECONOMIC FUTURE DEVELOPED IN PARTNERSHIP WITH YAWURU, LANDCORP AND THE KIMBERLEY DEVELOPMENT COMMISSION

WASTE AND RECYCLING

RECYCLING



1,275

TONNES OF
STEEL



4,843

TONNES OF
CONCRETE



3,959

TONNES OF GREENWASTE
AND TIMBER



420

TONNES OF
GLASS



180

TONNES OF MIXED
RECYCLABLES
LIKE PLASTIC AND
CARDBOARD



11

TONNES OF
TYRES



20

TONNES OF
E-WASTE



15

TONNES OF
BATTERIES

KERBSIDE RECYCLING COLLECTION



1,056

TONNES



133,890

COLLECTIONS

TOTAL RECYCLING



11,770

TONNES

LANDFILL

KERBSIDE WASTE COLLECTION



5,900

TONNES



310,208

COLLECTIONS

TOTAL LANDFILL



20,000

TONNES

OUR ORGANISATION

FINANCE

OPERATIONS

Improvements to processing of invoices including moving to electronic invoice processing from December 2018 has reduced the average number of Days Payable Outstanding from 44 days in 2017/18 to 38 days in 2018/19. Further process improvements are being made across the finance and payroll areas.

The Shire of Broome was represented in the *Local Government Act 1995 and Local Government (Financial Management) Regulations 1996* review in May 2019. The Shire of Broome submission proved consistent with other local governments and echoed by various finance professional organisations servicing the local government sector.

RATES

Annual rates for 6851 properties were issued on time resulting in timely collection of the Shire's most significant revenue source, with \$17.6 million (78.5 per cent) of the \$22.4 million rates collected by the month of first instalment due date at the end of August 2018.

The GRV Vacant rating category introduced in 2018/19 resulted in a fairer and more equitable rate categorisation of properties where the predominant use is non-use regardless of whether zoned residential, commercial or tourism.

Photo: Broome Growth Plan launch



OUR ORGANISATION



Photo: Recycling in Broome

INFORMATION TECHNOLOGY

ICT STRATEGIC PLAN

Planned upgrades to the Shire audio visual (AV) systems have been carried out, including refreshing AV systems in Council Chambers by updating speakers and displays, and introducing a hearing assistance system to improve access and inclusion at Council meetings. Other activities completed as part of the ICT Strategic Plan included replacing the Shire's public and staff Wi-Fi system and developing the Unified Communications System to improve efficiency and customer satisfaction.

The number of CCTV cameras in the Broome town site was increased to support community safety and protect the community and their assets. Cameras were added in recognised crime hotspots and have successfully reduced antisocial behaviour and crime in those areas.

COMPLIANCE

REGISTER OF COMPLAINTS

During the period 1 July 2018 to 30 June 2019 no breach or complaint was registered under Part 5, Division 9 of the *Local Government Act 1995*.

FREEDOM OF INFORMATION

The Shire of Broome is subject to the provisions of the *Freedom of Information (FOI) Act 1992*.

The Shire processed 6 Freedom of Information requests in 2018-2019.

The Shire has reviewed its Information Statement document as required under the Act. For further information on the Freedom of Information process, visit <http://www.broome.wa.gov.au/About-Council/Governance/Freedom-of-Information>

STATE RECORDS ACT 2000

The Shire's Recordkeeping plan 2014 was approved by the State Records Commission (SRC) in March 2014. An updated Recordkeeping Plan was lodged with the SRC in March 2019. This plan details the goals and strategies for recordkeeping within the Shire of Broome and demonstrates the Shire's commitment to accurate and compliant recordkeeping practices in accordance with the *State Records Act 2000*. The SRC has

acknowledged receipt of the Shire of Broome's updated plan, advising that the Plan will be lodged for approval with the SRC in August 2019.

RISK MANAGEMENT

RISK MANAGEMENT STRATEGY AND PROCEDURES

The Shire has developed Risk Management Strategies and Procedures to align with best practice, Australian standards AS/NZS ISO 31000:2018, and provide clear definitions of risk assessment criteria, measures of likelihood, risk acceptance criteria and control ratings. The Shire's risk management practices are intended to formally assess and document the commitment and objectives regarding managing uncertainty that may impact the Shire's strategies, goals or objectives as outlined in the Strategic Community Plan and Corporate Business Plan of Council.

The Shire manages Risk Management through the Risk Management Technical Advisory Group which reports to Council bi-annually. Achievements in 2018/19 include adopting an updated Purchasing Policy; implementing process mapping software; developing processes and procedure across the organisation; an internal staff survey and reviewing the Shire's Communication Strategy.

EMPLOYEE REMUNERATION

Salary Range \$	2018/2019
100,000 - 109,999	18
110,000 - 119,999	11
120,000 - 129,999	4
130,000 - 139,999	
140,000 - 149,999	2
150,000 - 159,999	1
160,000 - 269,999	1
GRAND TOTAL	37

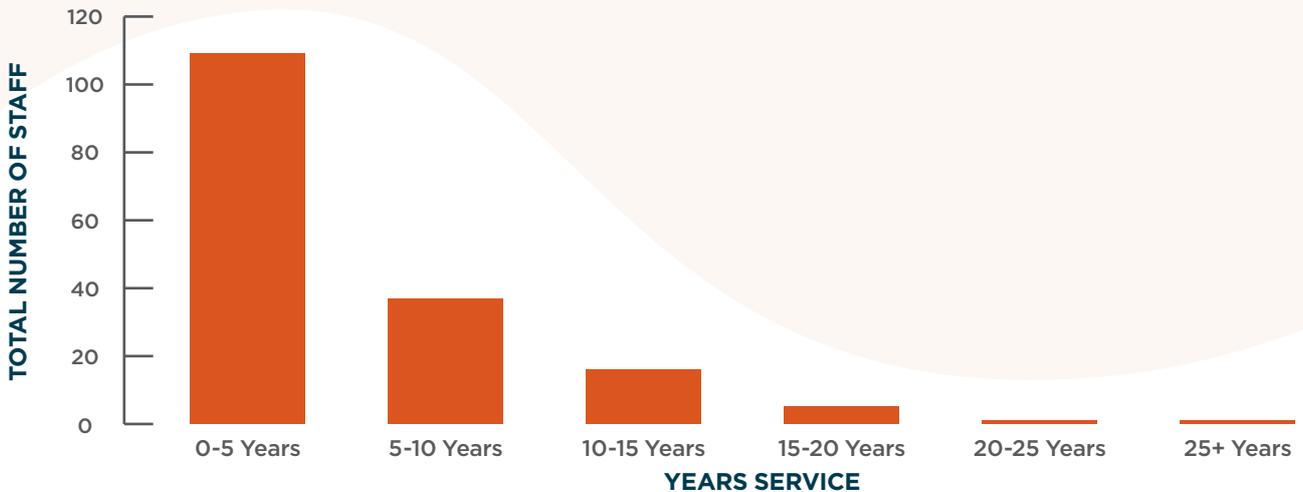
In accordance with the Local Government (Administration) Regulations 19B, the Shire of Broome is required to disclose in bands of \$10,000 the number of employees entitled to an annual salary package of \$100,000 or more.

EMPLOYEES

Gender	Casual	Full time	Part Time	Grand Total
Female	22	40	10	72
Male	10	85	2	97
TOTAL	32	125	12	169

Directorate	Casual	Full time	Part Time	Grand Total
CEO	-	6	1	7
Community & Development	27	34	8	69
Corporate	2	22	2	26
Infrastructure	3	63	1	67
TOTAL	32	125	12	169

YEARS OF SERVICE



EMPLOYEE AGE

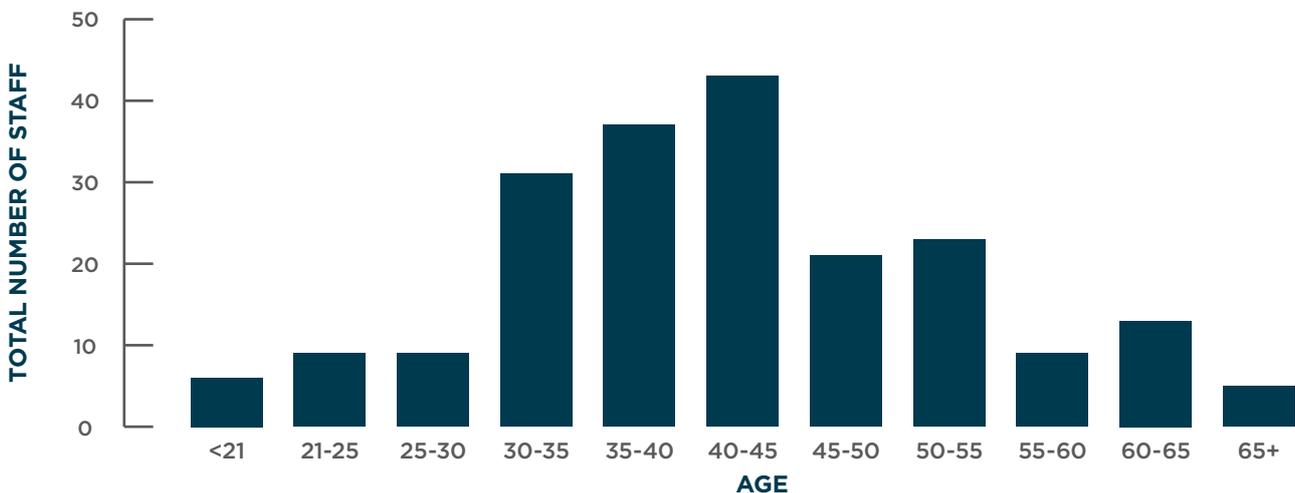




Photo: Chinatown Revitalisation Project



2018/19
FINANCIAL
STATEMENTS

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STATEMENT BY THE CHIEF EXECUTIVE OFFICER

SHIRE OF BROOME
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Broome for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Broome at 30 June 2019 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 6th day of October 2019

S. Mastrolombu

Chief Executive Officer

SAM MASTROLOMBU

Name of Chief Executive Officer



STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE

FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	22(a)	22,392,626	22,376,649	21,931,509
Operating grants, subsidies and contributions	2(a)	3,978,224	6,365,944	3,884,342
Fees and charges	2(a)	9,908,218	11,092,800	10,743,949
Interest earnings	2(a)	1,476,449	1,121,872	1,304,843
Other revenue	2(a)	1,621,900	1,259,156	988,593
		<u>39,377,417</u>	<u>42,216,421</u>	<u>38,853,236</u>
Expenses				
Employee costs		(14,832,097)	(16,731,079)	(15,637,962)
Materials and contracts		(13,223,815)	(13,132,829)	(9,300,554)
Utility charges		(1,882,925)	(2,002,962)	(1,844,152)
Depreciation on non-current assets	11(c)	(10,021,199)	(9,667,682)	(12,933,560)
Interest expenses	2(b)	(92,802)	(92,755)	(118,981)
Insurance expenses		(657,408)	(657,174)	(630,726)
Other expenditure		(2,613,860)	(3,144,792)	(2,700,647)
		<u>(43,324,106)</u>	<u>(45,429,273)</u>	<u>(43,166,582)</u>
		<u>(3,946,689)</u>	<u>(3,212,852)</u>	<u>(4,313,346)</u>
Non-operating grants, subsidies and contributions	2(a)	12,577,669	13,782,824	7,023,995
Profit on asset disposals	11(a)	7,273	1,170	12,860
(Loss) on asset disposals	11(a)	(21,881)	(80,223)	(309,999)
		<u>12,563,061</u>	<u>13,703,771</u>	<u>6,726,856</u>
Net result for the period		<u>8,616,372</u>	<u>10,490,919</u>	<u>2,413,510</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	(20,829,964)
Total other comprehensive income for the period		<u>0</u>	<u>0</u>	<u>(20,829,964)</u>
Total comprehensive income for the period		<u>8,616,372</u>	<u>10,490,919</u>	<u>(18,416,454)</u>

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



STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM

FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
	2(a)			
Governance		614,432	399,596	22,907
General purpose funding		24,703,828	23,715,361	24,218,955
Law, order, public safety		128,540	138,743	186,974
Health		197,486	189,761	208,293
Education and welfare		24,000	90,000	15,000
Housing		716,548	622,164	585,062
Community amenities		6,421,517	7,597,727	7,164,053
Recreation and culture		1,340,966	1,473,656	1,644,971
Transport		1,682,022	2,641,520	1,448,213
Economic services		1,033,114	3,103,330	1,082,586
Other property and services		2,514,964	2,244,563	2,276,222
		<u>39,377,417</u>	<u>42,216,421</u>	<u>38,853,236</u>
Expenses				
	2(b)			
Governance		(2,481,720)	(2,707,164)	(2,002,679)
General purpose funding		(404,056)	(446,696)	(307,300)
Law, order, public safety		(1,049,151)	(1,015,237)	(1,401,211)
Health		(745,364)	(788,573)	(742,073)
Education and welfare		(587,946)	(737,232)	(580,039)
Housing		(860,897)	(751,394)	(742,808)
Community amenities		(8,162,850)	(9,257,846)	(8,483,658)
Recreation and culture		(11,413,945)	(12,232,552)	(10,565,703)
Transport		(12,345,614)	(10,851,832)	(12,759,452)
Economic services		(2,856,083)	(4,264,199)	(3,054,017)
Other property and services		(2,323,678)	(2,283,793)	(2,408,661)
		<u>(43,231,304)</u>	<u>(45,336,518)</u>	<u>(43,047,601)</u>
Finance Costs				
	2(b)			
Recreation and culture		(91,836)	(92,755)	(118,981)
Economic services		(966)	0	0
		<u>(92,802)</u>	<u>(92,755)</u>	<u>(118,981)</u>
		<u>(3,946,689)</u>	<u>(3,212,852)</u>	<u>(4,313,346)</u>
Non-operating grants, subsidies and contributions	2(a)	12,577,669	13,782,824	7,023,995
Profit on disposal of assets	11(a)	7,273	1,170	12,860
(Loss) on disposal of assets	11(a)	(21,881)	(80,223)	(309,999)
		<u>12,563,061</u>	<u>13,703,771</u>	<u>6,726,856</u>
Net result for the period		<u>8,616,372</u>	<u>10,490,919</u>	<u>2,413,510</u>
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	(20,829,964)
Total other comprehensive income for the period		<u>0</u>	<u>0</u>	<u>(20,829,964)</u>
Total comprehensive income for the period		<u>8,616,372</u>	<u>10,490,919</u>	<u>(18,416,454)</u>

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



STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	3	42,169,411	45,133,347
Trade receivables	5	2,807,518	2,305,430
Inventories	6	49,463	34,015
Other assets	7	350,640	149,285
TOTAL CURRENT ASSETS		45,377,032	47,622,077
NON-CURRENT ASSETS			
Trade receivables	5	32,159	17,430
Other financial assets	8	87,586	0
Property, plant and equipment	9	87,045,403	88,508,984
Infrastructure	10	294,728,403	278,788,414
TOTAL NON-CURRENT ASSETS		381,893,551	367,314,828
TOTAL ASSETS		427,270,583	414,936,905
CURRENT LIABILITIES			
Trade and other payables	13	7,495,460	4,606,710
Borrowings	14(a)	739,456	619,827
Employee related provisions	15	1,955,626	2,214,146
TOTAL CURRENT LIABILITIES		10,190,542	7,440,683
NON-CURRENT LIABILITIES			
Borrowings	14(a)	2,659,956	1,699,411
Employee related provisions	15	475,965	469,063
TOTAL NON-CURRENT LIABILITIES		3,135,921	2,168,474
TOTAL LIABILITIES		13,326,463	9,609,157
NET ASSETS		413,944,120	405,327,748
EQUITY			
Retained surplus		127,524,101	116,134,519
Reserves - cash backed	4	35,273,696	38,046,906
Revaluation surplus	12	251,146,323	251,146,323
TOTAL EQUITY		413,944,120	405,327,748

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



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2017		120,385,478	31,382,437	271,976,287	423,744,202
Comprehensive income					
Net result for the period		2,413,510	0	0	2,413,510
Other comprehensive income	12	0	0	(20,829,964)	(20,829,964)
Total comprehensive income		2,413,510	0	(20,829,964)	(18,416,454)
Transfers from/(to) reserves		(6,664,469)	6,664,469	0	0
Balance as at 30 June 2018		116,134,519	38,046,906	251,146,323	405,327,748
Comprehensive income					
Net result for the period		8,616,372	0	0	8,616,372
Total comprehensive income		8,616,372	0	0	8,616,372
Transfers from/(to) reserves		2,773,210	(2,773,210)	0	0
Balance as at 30 June 2019		127,524,101	35,273,696	251,146,323	413,944,120

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		22,284,359	22,360,273	22,141,540
Operating grants, subsidies and contributions		2,299,955	6,345,984	2,872,489
Fees and charges		9,908,218	11,092,800	10,871,793
Interest received		1,476,449	1,121,872	1,304,843
Goods and services tax received		1,269,719	0	2,991,537
Other revenue		1,534,314	1,259,156	1,047,668
		<u>38,773,014</u>	<u>42,180,085</u>	<u>41,229,870</u>
Payments				
Employee costs		(15,068,488)	(16,678,338)	(15,424,327)
Materials and contracts		(6,685,019)	(13,417,528)	(8,523,582)
Utility charges		(1,882,925)	(2,002,962)	(1,769,449)
Interest expenses		(31,301)	(92,755)	(119,839)
Insurance paid		(657,408)	(657,174)	(630,726)
Goods and services tax paid		(3,943,577)	0	(3,098,829)
Other expenditure		(2,613,860)	(3,144,792)	(2,700,647)
		<u>(30,882,578)</u>	<u>(35,993,549)</u>	<u>(32,267,399)</u>
Net cash provided by (used in) operating activities	16	<u>7,890,436</u>	<u>6,186,536</u>	<u>8,962,471</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(2,199,719)	(4,265,801)	(3,178,496)
Payments for construction of infrastructure		(22,385,310)	(23,669,561)	(5,067,817)
Non-operating grants, subsidies and contributions		12,577,669	13,782,824	7,023,995
Proceeds from sale of property, plant & equipment		72,814	238,000	379,552
Net cash provided by (used in) investment activities		<u>(11,934,546)</u>	<u>(13,914,538)</u>	<u>(842,766)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings		(619,826)	(619,827)	(592,742)
Proceeds from new borrowings		1,700,000	1,700,000	0
Net cash provided by (used in) financing activities		<u>1,080,174</u>	<u>1,080,173</u>	<u>(592,742)</u>
Net increase (decrease) in cash held		<u>(2,963,936)</u>	<u>(6,647,829)</u>	<u>7,526,963</u>
Cash at beginning of year		45,133,347	39,593,284	37,606,384
Cash and cash equivalents at the end of the year	16	<u><u>42,169,411</u></u>	<u><u>32,945,455</u></u>	<u><u>45,133,347</u></u>

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

RATE SETTING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	23 (b)	4,346,500	3,763,179	3,606,464
		4,346,500	3,763,179	3,606,464
Revenue from operating activities (excluding rates)				
Governance		614,432	399,596	22,907
General purpose funding		2,311,202	1,338,712	2,287,446
Law, order, public safety		128,540	138,743	186,974
Health		197,486	189,761	208,293
Education and welfare		24,000	90,000	19,770
Housing		716,548	622,164	585,062
Community amenities		6,421,517	7,598,727	7,164,053
Recreation and culture		1,340,966	1,473,656	1,644,971
Transport		1,682,022	2,641,520	1,448,213
Economic services		1,033,114	3,103,330	1,082,865
Other property and services		2,522,237	2,244,733	2,284,033
		16,992,064	19,840,942	16,934,587
Expenditure from operating activities				
Governance		(2,481,720)	(2,707,164)	(2,005,502)
General purpose funding		(404,056)	(446,696)	(307,300)
Law, order, public safety		(1,055,516)	(1,022,337)	(1,410,163)
Health		(745,364)	(788,573)	(745,194)
Education and welfare		(587,946)	(737,232)	(580,039)
Housing		(860,897)	(751,394)	(742,808)
Community amenities		(8,173,819)	(9,276,019)	(8,483,658)
Recreation and culture		(11,505,781)	(12,329,557)	(10,684,684)
Transport		(12,345,614)	(10,851,832)	(12,759,452)
Economic services		(2,857,049)	(4,264,199)	(3,054,017)
Other property and services		(2,328,225)	(2,334,493)	(2,703,764)
		(43,345,987)	(45,509,496)	(43,476,581)
Non-cash amounts excluded from operating activities	23(a)	9,840,185	9,746,735	13,450,498
Amount attributable to operating activities		(12,167,238)	(12,158,640)	(9,485,032)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		12,577,669	13,782,824	7,023,995
Proceeds from disposal of assets	11(a)	72,814	238,000	379,552
Purchase of property, plant and equipment	9(a)	(2,199,719)	(4,265,801)	(3,178,496)
Purchase and construction of infrastructure	10(a)	(22,385,310)	(23,669,561)	(5,067,817)
Amount attributable to investing activities		(11,934,546)	(13,914,538)	(842,766)
FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(619,826)	(619,827)	(592,742)
Proceeds from borrowings	14(c)	1,700,000	1,700,000	0
Transfers to reserves (restricted assets)	4	(7,113,415)	(4,289,032)	(8,974,332)
Transfers from reserves (restricted assets)	4	9,886,625	6,905,388	2,309,863
Amount attributable to financing activities		3,853,384	3,696,529	(7,257,211)
Surplus/(deficit) before imposition of general rates		(20,248,400)	(22,376,649)	(17,585,009)
Total amount raised from general rates	22	22,392,626	22,376,649	21,931,509
Surplus/(deficit) after imposition of general rates	23(b)	2,144,226	0	4,346,500

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads paragraph 15* and *AASB 116 Property, Plant and Equipment paragraph 7*.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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 25 to these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	231,880	340,000	8,186
General purpose funding	1,903,512	900,904	1,837,256
Health	0	2,000	2,198
Education and welfare	24,000	90,000	15,000
Community amenities	66,671	10,000	5,000
Recreation and culture	112,540	213,530	372,598
Transport	1,512,818	2,501,380	1,287,446
Economic services	50,000	2,221,360	167,356
Other property and services	76,803	86,770	189,302
	3,978,224	6,365,944	3,884,342
Non-operating grants, subsidies and contributions			
Law, order, public safety	0	1,200,000	0
Community amenities	200,000	0	255,000
Recreation and culture	5,229,229	8,084,638	194,933
Transport	2,937,562	1,868,192	1,498,892
Economic services	4,118,408	2,629,994	4,950,000
Other property and services	92,470	0	125,170
	12,577,669	13,782,824	7,023,995
Total grants, subsidies and contributions	16,555,893	20,148,768	10,908,337

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

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

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

Grants, donations and other contributions (Continued)

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Other revenue			
Reimbursements and recoveries	1,604,115	1,238,656	940,674
Other	17,785	20,500	47,919
	<u>1,621,900</u>	<u>1,259,156</u>	<u>988,593</u>
Fees and Charges			
General purpose funding	91,370	0	72,683
Law, order, public safety	77,234	80,500	159,633
Health	194,460	102,948	203,114
Education and welfare	0	187,761	0
Housing	716,548	620,814	582,673
Community amenities	5,825,122	7,180,095	6,715,597
Recreation and culture	1,115,995	1,159,666	1,168,998
Transport	3,564	25,000	25,603
Economic services	910,772	745,886	769,708
Other property and services	973,153	990,130	1,045,940
	<u>9,908,218</u>	<u>11,092,800</u>	<u>10,743,949</u>
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
Interest earnings			
Reserve accounts interest	951,628	685,860	783,428
Rates instalment and penalty interest (refer Note 22(c))	315,438	280,000	283,215
Other interest earnings	209,383	156,012	238,200
	<u>1,476,449</u>	<u>1,121,872</u>	<u>1,304,843</u>
(b) Expenses			
Auditors remuneration			
- Audit of the Annual Financial Report	59,000	30,000	28,102
- Other services	3,700	21,500	5,769
	<u>62,700</u>	<u>51,500</u>	<u>33,871</u>
Interest expenses (finance costs)			
Borrowings (refer Note 14(b))	92,802	92,755	118,981
	<u>92,802</u>	<u>92,755</u>	<u>118,981</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		42,169,411	45,133,347
		<u>42,169,411</u>	<u>45,133,347</u>
Comprises:			
- Unrestricted cash and cash equivalents		6,135,600	7,086,441
- Restricted cash and cash equivalents		36,033,811	38,046,906
		<u>42,169,411</u>	<u>45,133,347</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Reserves cash backed - Leave Reserve	4	1,051,077	1,592,185
Reserves cash backed - Restricted Cash	4	712,179	5,045,885
Reserves cash backed - Community Sponsorship	4	61,744	84,449
Reserves cash backed - EDL Sponsorship	4	145,188	182,370
Reserves cash backed - Road Reserve	4	2,061,646	2,764,619
Reserves cash backed - Public Art Reserve	4	167,571	162,747
Reserves cash backed - Carpark Reserve	4	533,886	485,090
Reserves cash backed - Footpath Reserve	4	2,179,884	2,338,141
Reserves cash backed - BRAC (Leisure Centre) Reserve	4	98,488	54,376
Reserves cash backed - Public Open Space	4	3,385,685	2,300,553
Reserves cash backed - Drainage reserve	4	1,693,989	1,839,820
Reserves cash backed - Plant	4	2,026,247	1,559,839
Reserves cash backed - Buildings	4	2,647,091	3,451,747
Reserves cash backed - Refuse Site Reserve	4	3,259,028	3,377,488
Reserves cash backed - Regional Resource Recovery Park Reserve	4	14,243,536	12,190,279
Reserves cash backed - IT & Equipment	4	518,998	432,473
Reserves cash backed - Kimberley Zone	4	487,459	184,845
		<u>35,273,696</u>	<u>38,046,906</u>
Other restricted cash and cash equivalents			
Bonds and deposits held	25	760,115	0
Total restricted cash and cash equivalents		<u>36,033,811</u>	<u>38,046,906</u>

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash

Cash and cash equivalents (Continued)

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

4. RESERVES - CASH BACKED

	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Closing Balance	2019 Budget Opening Balance	2019 Budget Transfer (from)	2019 Budget Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance
(a) Reserves cash backed - Leave Reserve	1,592,185	47,197	1,639,382	1,268,976	33,108	1,302,084	1,392,788	387,781	(188,384)	1,592,185
(b) Reserves cash backed - Restricted Cash	5,045,885	0	5,045,885	4,827,288	72,878	4,900,166	2,033,574	3,583,445	(571,135)	5,045,885
(c) Reserves cash backed - Community Sponsorship	84,448	2,503	86,951	63,286	1,162	64,438	61,986	22,463	0	84,448
(d) Reserves cash backed - EDL Sponsorship	182,370	5,405	187,775	214,761	2,064	216,825	210,359	5,615	(33,605)	182,370
(e) Reserves cash backed - Road Reserve	2,764,619	1,132,385	3,897,004	2,278,110	331,319	2,609,429	2,466,645	347,974	(90,000)	2,764,619
(f) Reserves cash backed - Public Art Reserve	162,747	4,824	167,571	160,817	3,818	164,635	158,515	4,231	0	162,747
(g) Reserves cash backed - Carpark Reserve	485,090	48,796	533,886	485,278	45,912	531,190	472,478	12,612	0	485,090
(h) Reserves cash backed - Footpath Reserve	2,338,141	334,701	2,672,842	2,106,857	307,988	2,414,845	2,124,387	388,308	(174,554)	2,338,141
(i) Reserves cash backed - BRAC (Leisure Centre) Reserve	54,376	44,112	98,488	53,053	1,260	54,323	52,982	1,414	0	54,376
(j) Reserves cash backed - Drainage Reserve	2,300,553	1,953,132	4,253,685	1,893,328	108,753	1,992,079	1,484,517	816,038	0	2,300,553
(k) Reserves cash backed - Drainage Reserve	1,839,820	78,468	1,918,288	1,774,203	61,307	1,835,510	1,536,941	336,547	(35,665)	1,839,820
(l) Reserves cash backed - Plant	1,559,839	466,408	2,026,247	1,485,533	384,500	1,850,133	1,445,003	118,787	(3,850)	1,559,839
(m) Reserves cash backed - Buildings	3,451,747	570,687	4,022,434	2,028,247	2,028,247	4,056,494	4,225,523	178,443	(952,218)	3,451,747
(n) Reserves cash backed - Refuse Site Reserve	3,377,488	242,100	3,619,588	4,432,648	58,688	4,491,336	3,551,099	84,288	(247,870)	3,377,488
(o) Reserves cash backed - Regional Resource Recovery Park Reserve	12,190,279	2,200,413	14,390,692	9,487,710	2,561,263	11,608,993	9,537,910	2,804,850	(52,481)	12,190,279
(p) Reserves cash backed - IT & Equipment	432,473	86,526	519,000	432,610	54,609	487,219	365,711	66,762	0	432,473
(q) Reserves cash backed - Kimberley Zone	164,845	465,729	630,574	184,739	19,860	204,619	180,039	4,008	0	164,845
	38,045,905	7,113,415	45,159,320	33,115,914	4,289,032	37,404,946	31,382,437	8,974,332	(2,309,863)	38,045,905

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.

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Reserves cash backed - Leave Reserve	Ongoing	To be used to fund annual and long service leave requirements.
(b) Reserves cash backed - Restricted Cash	Ongoing	To be used for unspent grant, contribution and loan funds.
(c) Reserves cash backed - Community Sponsorship	Ongoing	To hold funds remaining as at 30 June after allocation of both Annual and Ad-hoc sponsorships and external donations to be spent on both annual and ad-hoc sponsorships in accordance with the Community Sponsorship Program Policy.
(d) Reserves cash backed - EDL Sponsorship	Ongoing	To hold funds to be spent on community projects as approved by Energy Development Limited.
(e) Reserves cash backed - Road Reserve	Ongoing	To be used for renewal, upgrade or new carparks. Typically funds are from "Cash in Lieu" payments from developers.
(f) Reserves cash backed - Public Art Reserve	Ongoing	To hold funds set aside annually to fund future public art projects and initiatives within the Shire.
(g) Reserves cash backed - Carpark Reserve	Ongoing	To be used for renewal, upgrade or new footpaths. Typically, funds are from contributions made by developers.
(h) Reserves cash backed - Footpath Reserve	Ongoing	To be used for the construction of recreation infrastructure and facilities.
(i) Reserves cash backed - BRAC (Leisure Centre) Reserve	Ongoing	To be used for renewal, upgrade, replacement or new public open space facilities and garden areas associated with buildings and other freely accessible public recreational facilities. Any contributions from developers are held in Trust.
(j) Reserves cash backed - Drainage Reserve	Ongoing	To be used for the renewal, upgrade or construction of drainage services. Typically funds are from contributions made by developers.
(k) Reserves cash backed - Plant	Ongoing	To be used for the renewal, upgrade or purchase of new mobile plant and engineering equipment.
(l) Reserves cash backed - Buildings	Ongoing	To be used for renewal, upgrade, replacement or new building construction and associated infrastructure.
(m) Reserves cash backed - Refuse Site Reserve	Ongoing	To hold funds set aside annually and any year end operational profit generated from refuse site business unit to fund:
(n) Reserves cash backed - Regional Resource Recovery Park Reserve	Ongoing	i) The future construction of a new facility;
		ii) the future subsequent and ongoing costs of maintaining the site in accordance with operational requirements and environmental guidelines; or
		iii) the costs of future rehabilitation of the site
(p) Reserves cash backed - IT & Equipment	Ongoing	To be used for renewal, upgrade or new office equipment, IT hardware and software.
(q) Reserves cash backed - Kimberley Zone	Ongoing	To hold funds set aside annually to fund future projects and initiatives for the Kimberley Zone of WALGA and/or Regional Collaborative Groups.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

5. TRADE RECEIVABLES

Current

Rates receivable	
Sundry receivables	
GST receivable	
Other current receivables	
Allowance for impairment - rates	
Allowance for impairment - sundry debtors	

Non-current

Pensioner's rates and ESL deferred	
------------------------------------	--

	2019	2018
	\$	\$
	917,077	794,223
	883,293	903,729
	490,250	292,871
	735,618	445,231
	(135,992)	(106,676)
	(82,728)	(23,948)
	<u>2,807,518</u>	<u>2,305,430</u>
	32,159	17,430
	<u>32,159</u>	<u>17,430</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 24.

Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

Classification and subsequent measurement

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.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

6. INVENTORIES

	2019	2018
	\$	\$
Current		
Fuel and materials	42,118	28,554
BRAC Stock	7,345	5,461
	<hr/> 49,463	<hr/> 34,015

The following movements in inventories occurred during the year:

Carrying amount at 1 July	34,015	36,645
Inventories expensed during the year	0	(2,630)
Additions to inventory	15,448	0
Carrying amount at 30 June	<hr/> 49,463	<hr/> 34,015

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

7. OTHER ASSETS

Other current assets

Bonds and deposits held by others

Prepayments

2019	2018
\$	\$
47,159	48,978
303,481	100,307
<u>350,640</u>	<u>149,285</u>

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

8. OTHER FINANCIAL ASSETS

Non-current assets

Other financial assets

Financial assets at fair value through profit and loss

- Unlisted equity investments

Financial assets at fair value through profit and loss - LG Housing Trust

	2019	2018
	\$	\$
	87,586	0
	87,586	0
	87,586	0
	87,586	0

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

The Shire classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit and loss

The Shire classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Shire has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 24.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Previous accounting policy: available for sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as 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.

Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 26 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - vested in and under the control of Council	Land - freehold land	Total land and specialised buildings	Buildings - non- specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Work in Progress - Buildings	Work in Progress - Furniture & Equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	16,076,532	18,076,532	19,096,724	58,693,769	78,450,301	792,760	9,804,778	192,224	125,170	89,365,233
Additions	0	340,192	772,358	772,358	1,112,550	455,376	1,457,281	153,309	0	3,178,496
(Disposals)	0	0	0	0	0	0	(513,838)	(162,853)	0	(676,691)
Depreciation (expense)	0	0	(1,733,104)	(1,733,104)	(1,733,104)	(157,139)	(1,467,811)	0	0	(3,358,054)
Transfers	0	0	1,734	1,734	1,734	125,170	0	(1,734)	(125,170)	0
Carrying amount at 30 June 2018	16,076,532	19,096,724	58,734,757	58,734,757	77,831,481	1,216,167	9,280,390	180,946	0	88,508,984
Comprises:										
Gross carrying amount at 30 June 2018	16,076,532	19,096,724	60,467,861	60,467,861	79,564,585	1,373,306	11,533,464	180,946	0	92,652,301
Accumulated depreciation at 30 June 2018	0	0	(1,733,104)	(1,733,104)	(1,733,104)	(157,139)	(2,253,074)	0	0	(4,143,317)
Carrying amount at 30 June 2018	16,076,532	19,096,724	58,734,757	58,734,757	77,831,481	1,216,167	9,280,390	180,946	0	88,508,984
Additions	0	0	1,033,256	1,033,256	347,111	272,434	546,918	0	0	2,199,719
(Disposals)	0	0	0	0	0	0	(87,422)	0	0	(87,422)
Depreciation (expense)	0	0	(1,757,765)	(1,757,765)	(309,224)	(1,508,899)	0	0	0	(3,575,878)
Transfers	0	0	180,946	180,946	180,946	0	(180,946)	0	0	0
Carrying amount at 30 June 2019	16,076,532	19,096,724	58,191,204	58,191,204	77,287,928	1,254,054	7,956,503	546,918	0	87,045,403
Comprises:										
Gross carrying amount at 30 June 2019	16,076,532	19,096,724	61,682,062	61,682,062	80,778,786	1,720,417	11,846,148	546,918	0	94,692,269
Accumulated depreciation at 30 June 2019	0	0	(3,490,858)	(3,490,858)	(3,490,858)	(466,363)	(3,689,645)	0	0	(7,646,866)
Carrying amount at 30 June 2019	16,076,532	19,096,724	58,191,204	58,191,204	77,287,928	1,254,054	7,956,503	546,918	0	87,045,403

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2017	Sales comparisons (level 2 inputs)
Land - vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement cost	Management valuation	June 2017	At cost
Buildings - non-specialised	3	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2017	Sales comparisons per lettable area (level 2 inputs), depreciated replacement cost per unit area and estimated useful life (Level 3 inputs)
Furniture and equipment	3	Market approach using recent observable market data for similar assets	Management valuation	June 2017	Market price per item, adjusted for condition and comparability
Plant and equipment	3	Market Approach using recent observable market data for similar assets	Management valuation	June 2016	Current replacement cost (market price per item) and condition assessment (level 2 inputs), residual values & estimated useful life (Level 3 inputs)

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

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Roads		Footpaths, Carpias & Bridges		Drainage		Recreation Areas		Infrastructure Others		Works in Progress - Roads, Footpaths and Bridges Infrastructure		Works in Progress - Other Infrastructure		Works in Progress - Recreation Areas		Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Balance at 1 July 2017	227,642,202	29,298,022	40,263,265	2,595,054	3,023,999	930,021	0	962,604	0	0	0	0	0	0	0	0	304,126,067
Additions	1,536,163	274,523	22,235	161,512	212,650	1,839,238	425,666	423,642	66,968	0	0	0	0	0	0	0	5,087,817
Revaluation increments / (decrements) transferred to revaluation surplus	(32,251,034)	8,261,254	(8,686,899)	6,014,768	1,831,837	0	0	0	0	0	0	0	0	0	0	0	(20,829,964)
Depreciation (expense)	(8,569,709)	(1,012,540)	(1,123,195)	(169,260)	(660,609)	0	0	0	0	0	0	0	0	0	0	0	(8,575,506)
Transfers	684,875	0	0	0	259,018	(884,875)	0	(259,018)	0	0	0	0	0	0	0	0	0
Carrying amount at 30 June 2018	190,624,517	36,821,259	32,465,503	10,372,094	4,646,895	1,694,884	425,666	1,147,528	66,968	0	0	0	0	0	0	0	278,788,414
Comprises:																	
Gross carrying amount at 30 June 2018	237,035,322	36,821,259	32,465,503	10,372,094	4,646,895	1,694,884	425,666	1,147,528	66,968	0	0	0	0	0	0	0	325,199,219
Accumulated depreciation at 30 June 2018	(46,410,805)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(46,410,805)
Carrying amount at 30 June 2018	190,624,517	36,821,259	32,465,503	10,372,094	4,646,895	1,694,884	425,666	1,147,528	66,968	0	0	0	0	0	0	0	278,788,414
Additions	12,395,300	2,315,740	46,982	416,932	963,829	375,257	64,968	5,000,488	712,916	0	0	0	0	0	0	0	22,385,310
Depreciation (expense)	(3,416,467)	(660,669)	(683,552)	(1,110,556)	(373,777)	0	0	0	0	0	0	0	0	0	0	0	(6,445,321)
Transfers	1,964,963	0	425,666	0	1,147,528	(1,964,963)	(425,666)	(1,147,528)	0	0	0	0	0	0	0	0	0
Carrying amount at 30 June 2019	261,368,333	38,276,030	32,287,479	9,876,470	5,414,475	375,258	64,968	5,060,488	782,884	0	0	0	0	0	0	0	294,728,403
Comprises:																	
Gross carrying amount at 30 June 2019	251,415,605	38,136,569	32,971,031	10,988,026	6,788,252	375,258	64,968	5,060,488	782,884	0	0	0	0	0	0	0	347,584,529
Accumulated depreciation at 30 June 2019	(40,827,272)	(660,669)	(683,552)	(1,110,556)	(373,777)	0	0	0	0	0	0	0	0	0	0	0	(62,856,126)
Carrying amount at 30 June 2019	261,368,333	38,276,030	32,287,479	9,876,470	6,414,475	375,258	64,968	5,060,488	782,884	0	0	0	0	0	0	0	294,728,403

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Footpaths, Carpark's & Bridges	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Drainage	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Recreation Areas	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure Others	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

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

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

Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control

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

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

Land under roads

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

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2019		2019		2019		2019		2019		2018		2018		
	Actual	Actual	Budget	Budget	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
Plant and equipment	\$ 87,422	\$ 72,814	\$ 7,273	\$ (21,861)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (147,146)	
Work in Progress - Buildings	0	0	0	0	0	0	0	0	0	0	0	0	0	(162,853)	
	87,422	72,814	7,273	(21,861)	0	0	0	0	0	0	0	0	0	(309,999)	
					317,063	238,000	1,170	(80,223)	513,838	379,552	12,860	162,853	676,691	379,552	12,860
					Net Book Value	Net Book Value	Budget Loss	Budget Loss	Actual Value	Actual Value	Actual Profit	Actual Value	Actual Value	Actual Profit	Actual Loss

The following assets were disposed of during the year.

	2019		2019	
	Actual	Actual	Actual	Actual
Plant and Equipment	16,873	15,455	0	(1,418)
Community amenities	10,000	465	0	(9,505)
P17113 Utility Crew Cab Tray Top 4WD Isuzu D-Max SX man (Waste Coordinator)				
P13008 Fire Engine Walter Mark IV BM7767				
Other property and services	5,000	12,273	7,273	0
P16913 Mini Wheel Loader Toro Wheelmaster 320D (P&G)	17,342	14,090	0	(3,252)
P14713 Utility 4WD Crew Cab Tray Isuzu D-Max SX Auto	13,183	6,618	0	(6,565)
P11412 Isuzu D-Max SX 4x4 Standard Cab Steel tray Top - Stores 1DWL185	13,791	12,683	0	(1,108)
P1713 Isuzu D-Max SX Ute Crew Cab 4WD	11,233	11,000	0	(233)
P17214 Toro Groundmaster Front Deck Ride on Mower	87,422	72,814	7,273	(21,861)

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the Shire which are currently in use yet fully depreciated are shown below.

	2019	2018
Plant and equipment	\$ 129,720	\$ 129,720
	129,720	129,720

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(c) Depreciation	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Buildings - non-specialised	1,757,755	1,733,108	1,733,104
Furniture and equipment	309,224	157,140	157,139
Plant and equipment	1,508,899	1,441,134	1,467,811
Roads	3,416,467	4,211,131	6,589,709
Footpaths, Carparks & Bridges	860,969	0	1,012,540
Drainage	683,552	682,590	1,123,188
Recreation Areas	1,110,556	1,114,556	169,260
Infrastructure Others	373,777	328,023	680,809
	10,021,199	9,667,682	12,933,560

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land and vested 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.

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.

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Depreciation rates	Estimated Useful Life	Annual Dep'n Rate
Major depreciation periods used for each class of depreciable asset are:		
Vehicles (High Use 1 year replacement program)	4 years	25.00%
Ride on Mowers	5 years	20.00%
Cars & Light Vehicles (2 to 3 replacement program)	6.67 years	15.00%
Trucks Small 2-5 tonne	6.67 years	15.00%
Trucks Medium 6-12 tonne	8 years	12.50%
Trucks Heavy >12 tonne & Medium Plant	10 years	10.00%
Plant Heavy, Graders, Scrapers, Dozers, etc	12 years	8.33%
Plant Portable (regular use)	5 years	20.00%
Plant Other (low use and/or long life)	16 years	6.25%
Computer Equipment (hardware/software)	4 years	25.00%
Furniture & Equipment	10 years	10.00%
Building Plant & Air Conditioning	15 years	6.67%
Buildings	40 years	2.50%
Buildings - Long Life Structures Infrastructure Fixed:	50 years	2.00%
Formation & Earthworks (roads, reserves, landfill)	100 years	1.00%
Pavement (roads, car parks, reserves, landfill)	40 years	2.50%
Seals Asphalt	25 Years	4.00%
Seals Bitumen	15 Years	6.67%
Road Plant & Bus Shelters	20 years	5.00%
Bridges	80 years	1.25%
Drainage facilities	60 years	1.67%
Footpaths, Dual Use Paths	50 years	2.00%

Depreciation (Continued)

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:

- The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

12. REVALUATION SURPLUS

	2019		2018		2018		2018		2018	
	Opening Balance	Closing Balance	Opening Balance	Revaluation Increment	Revaluation (Decrement)	Revaluation Movement on	Total Revaluation	Closing Balance	Revaluation	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	34,853,440	34,853,440	34,853,440	0	0	0	0	34,853,440	0	34,853,440
Revaluation surplus - Furniture and equipment	201,314	201,314	201,314	0	0	0	0	201,314	0	201,314
Revaluation surplus - Roads	148,062,212	148,062,212	180,313,246	0	(32,251,034)	(32,251,034)	(32,251,034)	148,062,212		148,062,212
Revaluation surplus - Footpaths, Carparks & Bridges	30,512,688	30,512,688	22,251,434	8,261,254	0	8,261,254	8,261,254	30,512,688		30,512,688
Revaluation surplus - Drainage	27,400,598	27,400,598	34,087,407	0	(6,686,809)	(6,686,809)	(6,686,809)	27,400,598		27,400,598
Revaluation surplus - Recreation Areas	8,014,788	8,014,788	0	8,014,788	0	8,014,788	8,014,788	8,014,788		8,014,788
Revaluation surplus - Infrastructure Others	2,101,283	2,101,283	269,446	1,831,837	0	1,831,837	1,831,837	2,101,283		2,101,283
	251,146,323	251,146,323	271,976,287	18,107,879	(38,937,843)	(20,829,964)	(20,829,964)	251,146,323		251,146,323

Movements on revaluation of property, plant and equipment (including infrastructure) 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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Rates paid in advance
Accrued salaries and wages
ATO liabilities
Bonds and customer deposits
Accrued and other liabilities

2019	2018
\$	\$
5,101,744	2,705,671
307,254	245,753
473,218	444,752
0	13,239
760,115	159,401
853,129	1,037,894
7,495,460	4,606,710

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

14. INFORMATION ON BORROWINGS

	2019	2018
(a) Borrowings	\$	\$
Current	739,455	619,827
Non-current	2,659,956	1,879,411
	<u>3,399,412</u>	<u>2,319,238</u>

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2019		30 June 2018		30 June 2019		30 June 2019		30 June 2019		30 June 2019		30 June 2019		30 June 2018		30 June 2018	
				Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	1 July 2019	1 July 2018	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	1 July 2019	1 July 2018	Actual New Loans	Actual Principal repayments
Recreation and culture																					
BRAC Stage 2B (Car Park & Oval) Ct	191	WATC	6.41%	0	60,765	2,905	0	60,765	0	60,765	0	60,765	0	117,814	57,049	6,022	60,765	0	60,765	0	60,765
Civic Centre Redevelopment	193	WATC	3.95%	0	450,800	71,832	1,463,196	1,463,194	0	450,801	0	450,801	0	2,347,504	433,508	89,300	1,513,996	0	1,513,996	0	1,513,996
BRAC Pavilion	194	WATC	5.89%	0	106,261	17,999	238,216	106,261	0	106,261	0	106,261	0	448,662	102,185	24,059	344,477	0	344,477	0	344,477
Economic services																					
Chiswick Revitalisation Project	196	WATC	1.89%	0	1,700,000	666	1,700,000	1,632,220	0	1,700,000	0	1,700,000	0	2,911,980	592,762	118,981	2,319,238	0	2,319,238	0	2,319,238

All other loan repayments were financed by general purpose revenue.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

14. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2018/19

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2019 Actual	2019 Budget	2019 Actual	2019 Budget		
Chinatown Revitalisation Project	WATC	Fixed-Term	10	1.89%	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000	\$ 966	\$ 0
					1,700,000	1,700,000	1,700,000	1,700,000	966	0

	2019	2018
(d) Undrawn Borrowing Facilities	\$	\$
Credit Standby Arrangements		
Bank overdraft limit	700,000	700,000
Bank overdraft at balance date	0	0
Credit card limit	25,000	25,000
Credit card balance at balance date	(6,856)	0
Total amount of credit unused	716,142	725,000
Loan facilities		
Loan facilities - current	739,456	619,827
Loan facilities - non-current	2,659,956	1,699,411
Total facilities in use at balance date	3,399,412	2,319,238

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are recognised at fair value when the Shire becomes a party to the contractual provisions to the instrument.

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 24.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions	Provision for	Provision for	Total
	Annual Leave	Long Service Leave	
	\$	\$	\$
Opening balance at 1 July 2018			
Current provisions	1,355,813	858,333	2,214,146
Non-current provisions	0	469,063	469,063
	1,355,813	1,327,396	2,683,209
Additional provision	0	158,931	158,931
Amounts used	(410,549)	0	(410,549)
Balance at 30 June 2019	945,264	1,486,327	2,431,591
Comprises			
Current	945,264	1,010,362	1,955,626
Non-current	0	475,965	475,965
	945,264	1,486,327	2,431,591
Amounts are expected to be settled on the following basis:	2019	2018	
	\$	\$	
Less than 12 months after the reporting date	1,380,514	1,091,024	
More than 12 months from reporting date	1,051,077	1,592,185	
	2,431,591	2,683,209	

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

The Shire's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

16. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	42,169,411	32,945,455	45,133,347
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	8,616,372	10,490,919	2,413,510
Non-cash flows in Net result:			
Depreciation	10,021,199	9,667,682	12,933,560
(Profit)/loss on sale of asset	14,608	79,053	297,139
Recognition of units in LG Housing Trust	(87,586)	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(516,817)	(36,336)	(712,146)
(Increase)/decrease in other assets	(201,355)	0	(10,049)
(Increase)/decrease in inventories	(15,448)	0	2,630
Increase/(decrease) in payables	2,888,750	(265,066)	852,648
Increase/(decrease) in provisions	(251,618)	33,108	209,174
Grants contributions for the development of assets	(12,577,669)	(13,782,824)	(7,023,995)
Net cash from operating activities	7,890,436	6,186,536	8,962,471

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	632,650	367,216
General purpose funding	9,046,506	12,837,305
Law, order, public safety	484,314	536,302
Health	9,747	10,966
Housing	3,665,222	3,687,477
Community amenities	55,759,713	53,302,616
Recreation and culture	48,028,679	43,652,690
Transport	249,561,564	237,068,421
Economic services	6,684,086	7,294,156
Other property and services	39,788,362	38,284,610
Unallocated	13,609,740	17,895,146
	<u>427,270,583</u>	<u>414,936,905</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

18. CONTINGENT LIABILITIES

The Shire is currently negotiating with Downer EDI Works (Downer) in relation to a number of variations for the Chinatown Revitalisation Project amounting to \$322,000. The Shire offered a full and final settlement of \$8,090,000, whereas Downer are willing to accept \$8,422,000.

Subsequent to 30 June 2019 but before the issue of this financial report, the negotiation remained on-going and the outcome of the matter cannot be estimated reliably. Additional expenses are estimated to be \$300,000 to \$400,000 if the matter is escalated to arbitration.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

19. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

	2019	2018
	\$	\$
	87,432	2,017,266
	332,641	0
	<u>420,073</u>	<u>2,017,266</u>

Payable:

- not later than one year

	420,073	2,017,266
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(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year

	2019	2018
	\$	\$
	384,181	298,261
	<u>384,181</u>	<u>298,261</u>

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

Leases (Continued)

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

20. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting Fees	156,817	161,130	161,455
President's allowance	47,045	47,045	47,045
Deputy President's allowance	11,761	11,761	11,761
Travelling expenses	46,407	53,450	49,210
Telecommunications allowance	30,625	31,500	31,500
	<u>292,655</u>	<u>304,886</u>	<u>300,971</u>

Key Management Personnel (KMP) Compensation Disclosure

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	790,300	744,067
Post-employment benefits	80,181	94,851
Other long-term benefits	11,184	9,900
	<u>881,665</u>	<u>848,818</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

20. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

No outstanding balances or provisions for doubtful debts or guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:	2019	2018
	Actual	Actual
	\$	\$
Sale of goods and services	151,889	285,708
Purchase of goods and services	321,803	80,696

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. Other Related Parties

The associate person of KMP was employed by the Shire under normal employment terms and conditions.

iii. 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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

21. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received	Expended	Closing	Received	Expended	Closing
	Balance (1)	(2)	(3)	Balance (1)	(2)	(3)	Balance
	1/07/17	2017/18	2017/18	30/06/18	2018/19	2018/19	30/06/19
	\$	\$	\$	\$	\$	\$	\$
Governance							
Don't Zoom in Broome Project Grant	2,096	0	0	2,096	0	0	2,096
EDL sponsorship and spent	210,361	5,615	(33,605)	182,371	5,406	(42,589)	145,188
DLGC National Youth Week Grant	247	0	0	247	0	0	247
Midnight Basketball Contributions	0	6,546	0	6,546	0	(6,546)	0
Law, order, public safety							
FESA State Emergency Service & Volunteer Bush Fire Brigade Operational and Grant funding	17,093	0	0	17,093	0	0	17,093
Health							
Clean Up Aboriginal Communities Operational Grant	16,136	0	0	16,136	0	0	16,136
Department of Health - FIMMWA Mosquito Control Advisory Committee Funding for Mosquito control	6,974	0	(4,390)	2,584	0	(2,584)	0
Education and welfare							
Office of Crime Prevention Grant - Community Safety & Crime Prevention Plan & LGA Partnership Fund - Initiative Lighting Up Anne St Precinct	3,832	0	0	3,832	0	0	3,832
Department of Attorney-General - Hypemright Grant	2,500	0	0	2,500	0	0	2,500
Care of Families & Children Grants - Broome Iteranis Strategy	9,507	0	0	9,507	0	0	9,507
Community amenities							
OTCAM Donation for Broome Cemetery Committee from Mollie Bean	150	0	0	150	0	0	150
Rangelands NRM Water Quality Monitoring Program - Protection of Environment	1,091	0	0	1,091	0	0	1,091
Landcorp Development Contributions Plan and Scheme Amendment	62,376	0	0	62,376	0	0	62,376
Regional Venue Programming & Business Development (Raise the Roof) Grant	0	160,000	0	160,000	0	(89,871)	70,129
Loan 193 Civic Centre redevelopment, Fredrick St Truck Drainage & BRAC upgrade	0	0	0	0	35,275	0	35,275
Recreation and culture							
Parks and Ovals Grants - Lions Club BBQ grant.	330	0	0	330	0	0	330
State Library of WA - Library Grant	4,555	7,000	(7,674)	3,881	0	(3,881)	0
Swimming Areas & Beaches - Entrance Point Jetty Planning Grant RBFS	38,300	0	0	38,300	0	0	38,300
Grant from Sport 4 All - Kidsport Grant	9,818	0	0	9,818	0	0	9,818
Landcorp Development Contribution BRAC aquatic upgrade	131,744	0	0	131,744	0	0	131,744
Transport							
Road Maintenance - Office Native Title Morell Park maintenance	229,330	0	(2,674)	226,656	0	(6,209)	220,447
Roads to Recovery Unspent Grant re Clementson St Upgrade Infra Stage 3	14,104	0	0	14,104	0	0	14,104
Roads to Recovery Unspent Grant re Unallocated	23,101	0	0	23,101	0	0	23,101
MRD Grant Remote Access Road Grant - (Broome - Cape Leveque Road)	1,006	0	0	1,006	0	0	1,006
Street Lighting Const Grant Undergnd Power C/Town Upgrade	48	0	0	48	0	0	48
WALGA Grant Road Safety Activities	1,200	0	0	1,200	0	0	1,200
Black Spot Federal - Hamersley Napier	405,738	0	(405,738)	0	0	0	0
Crab Creek Road - Water Corporation contribution	129,897	0	(129,897)	0	0	0	0
Indigenous Access Roads Program Cape Leveque	0	235,667	(132,343)	103,324	0	(103,324)	0
Roads to Recovery - Hunter Street Stage 2	0	32,129	0	32,129	0	(32,129)	0
Economic services							
Tourism Grants - Visitors Center & Railway Line Project	50,000	0	0	50,000	0	0	50,000
Chinatown Revitalisation - Royalties for Regions	658,898	4,750,000	(1,814,010)	3,594,888	0	(3,594,888)	0
Chinatown Revitalisation - Tourism WA	133,000	267,000	0	400,000	0	(400,000)	0
Tourism WA - Black Waste Dump Point	23,880	0	(23,880)	0	0	0	0
Landcorp - Broome Growth Plan Partnership	0	100,356	(13,950)	86,406	0	(86,406)	0
Other property and services							
Rio Tinto Contribution Apprentice Incubation Programme	21,350	44,527	(24,228)	41,649	0	(40,000)	1,649
Total	2,208,662	5,608,840	(2,592,389)	5,225,113	40,681	(4,408,427)	857,367
				2019	2018		
Portion of unexpended grants/contributions held in Reserve Funds - Restricted Cash				712,179	5,042,743		
Portion of unexpended grants/contributions held in Reserve Funds - EDL Sponsorship				145,188	182,370		
				<u>857,367</u>	<u>5,225,113</u>		

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

22. RATING INFORMATION

(a) Rates

RATE TYPE	Differential general rate / general rate	2018/19		2018/19		2018/19		2018/19		2018/19		2017/18	
		Rate In \$	Number of Properties	Actual Value \$	Actual Rate \$	Actual Revenue \$	Interim Rates \$	Actual Total Revenue \$	Budget Rate \$	Budget Interim Rate \$	Budget Total Revenue \$	Actual Revenue \$	Actual Total Revenue \$
Gross rental valuations													
GRV - RESIDENTIAL	9.9283	4,849	123,703,016	12,228,847	22,526	12,251,373	50,000	12,234,305	50,000	12,284,305	11,970,979	11,970,979	
GRV - RESIDENTIAL - VACANT	16.0727	138	3,965,250	394,239	(12,832)	381,407	0	374,857	0	374,857	377,214	377,214	
GRV - COMMERCIAL	10.9568	579	52,078,568	5,945,303	20,909	5,966,212	0	5,917,153	0	5,917,153	5,794,809	5,794,809	
GRV - TOURISM	15.2390	425	16,350,480	2,588,152	(4,691)	2,563,461	0	2,548,542	0	2,548,542	2,483,399	2,483,399	
GRV - EXEMPT			0	0	0	0	0	0	0	0	(1,009)	(1,009)	
Unimproved valuations													
UV - COMMERCIAL RURAL	3.1327	21	6,643,773	206,129	0	208,129	0	208,128	0	208,128	204,489	204,489	
UV - MINING	12.5464	37	1,068,487	88,876	41,997	130,873	0	86,575	0	86,575	89,801	89,801	
UV - RURAL	0.6687	53	17,486,000	116,929	0	116,929	0	116,927	0	116,927	113,523	113,523	
Sub-Total		6,102	221,295,574	21,550,475	67,909	21,618,384	50,000	21,486,487	50,000	21,536,487	21,033,205	21,033,205	
Minimum payment													
Gross rental valuations													
GRV - RESIDENTIAL	1,220	74	808,692	92,720	0	92,720	0	90,280	0	90,280	111,020	111,020	
GRV - RESIDENTIAL - VACANT	1,220	198	1,341,340	223,260	0	223,260	0	241,560	0	241,560	236,680	236,680	
GRV - COMMERCIAL	1,220	25	1,497,102	29,280	0	29,280	0	30,500	0	30,500	31,720	31,720	
GRV - TOURISM	1,220	413	1,459,640	505,090	0	505,090	0	503,860	0	503,860	503,860	503,860	
Unimproved valuations													
UV - COMMERCIAL RURAL	1,220	2	13,300	2,440	0	2,440	0	2,440	0	2,440	2,440	2,440	
UV - MINING	500	29	40,908	14,500	0	14,500	0	14,500	0	14,500	15,000	15,000	
UV - RURAL	1,220	4	191,300	4,880	0	4,880	0	4,880	0	4,880	4,880	4,880	
Sub-Total		745	5,352,282	872,160	0	872,160	0	886,020	0	886,020	905,600	905,600	
Discounts/concessions (refer Note 22(b))													
		6,847	228,647,856	22,422,635	67,909	22,490,544	50,000	22,374,507	50,000	22,424,507	21,938,805	21,938,805	
Total amount raised from general rate						(97,918)				(47,856)	(7,296)	(7,296)	
Totals						22,392,626		22,376,649		22,376,649	21,931,509	21,931,509	

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

22. RATING INFORMATION (Continued)

(b) Discounts, Incentives, Concessions, & Write-offs

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2019 Actual \$	2019 Budget \$	2018 Actual \$	Reasons for the Waiver or Concession
General Rates	Concession	8.585%		0	0	(976)	
General Rates	Concession	7.935%		0	0	(5,336)	
General Rates	Concession	7.815%		0	0	(982)	
General Rates	Charitable concession	90.00%		(17,947)	(17,947)	0	
General Rates	Charitable concession	50.00%		(3,369)	(3,369)	0	
General Rates	Charitable concession	37.00%		(11,626)	(11,626)	0	
General Rates	Charitable concession	50.00%		(4,602)	(4,603)	0	
General Rates	Charitable concession	50.00%		(1,394)	(1,394)	0	
General Rates	Charitable concession	50.00%		(1,103)	(1,103)	0	
General Rates	Charitable concession	50.00%		(1,239)	(1,239)	0	
General Rates	Charitable concession	50.00%		(1,103)	(1,103)	0	
General Rates	Charitable concession	50.00%		(1,000)	(1,000)	0	
General Rates	Charitable concession	50.00%		(1,000)	(1,000)	0	
General Rates	Charitable concession	50.00%		(1,278)	(1,278)	0	
General Rates	Charitable concession	50.00%		(1,103)	(1,103)	0	
General Rates	Charitable concession	50.00%		(1,103)	(1,103)	0	
General Rates	UV-GRV Phase in Concession		(36,043)	(36,043)	0	0	
General Rates	Concession	100.00%		(8,546)	0	0	
General Rates	Concession	100.00%		(5,472)	0	0	
				(97,918)	(47,858)	(7,296)	
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
General Rates	Varying concessions to a charitable organisation (80%, 50%, 50%, 37%)						Concession offered because of the nature of the undertaking of the organisation providing social housing and affordable housing.
General Rates	Phasing in of impact of change in valuation from UV to GRV						To reduce the financial impact of change in methodology of valuation from UV to GRV.
General Rates	100% exemption to housing properties owned by University of WA to accommodate students undertaking placement in Broome						100% exemption in accordance with section 6.26(2)(j) of the Local Government Act 1995 and section 38 of the University of Western Australia Act 1911
General Rates	100% concession to property owned by a church with attached mailboxes.						Concession offered because of the nature of the undertaking of the organisation providing benefit to wider community.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

22. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan	Instalment Plan	Unpaid Rates
		Admin Charge	Interest Rate	Interest Rate
		\$	%	%
Single full payment	23 Aug 2018	0.00	0.00%	11.00%
First instalment	23 Aug 2018	7.00	5.50%	11.00%
Second instalment	10 Jan 2019	7.00	5.50%	11.00%
First instalment	23 Aug 2018	7.00	5.50%	11.00%
Second instalment	25 Oct 2018	7.00	5.50%	11.00%
Third instalment	10 Jan 2019	7.00	5.50%	11.00%
Fouth instalment	14 Mar 2019	7.00	5.50%	11.00%

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Interest on unpaid rates	183,904	150,000	150,320
Interest on instalment plan	131,534	130,000	132,895
Charges on instalment plan	58,540	42,000	40,978
Payment arrangement fee	32,830	38,500	7,505
	406,808	360,500	331,698

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

23. RATE SETTING STATEMENT INFORMATION

Note	2018/19	2018/19	2018/19	
	(30 June 2019 Carried Forward)	Budget (30 June 2019 Carried Forward)	(1 July 2018 Brought Forward)	
	\$	\$	\$	
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	11(a)	(7,273)	(1,170)	(12,860)
Less: Movement in liabilities associated with restricted cash		(100,209)	0	0
Less: Non-cash gain on recognition of financial assets at fair value through profit or loss		(87,586)	0	0
Movement in pensioner deferred rates (non-current)		(14,729)	0	(369)
Movement in employee benefit provisions (non-current)		6,902	0	220,168
Add: Loss on disposal of assets	11(a)	21,881	80,223	309,999
Add: Depreciation on assets	11(c)	10,021,199	9,667,682	12,933,560
Non cash amounts excluded from operating activities		9,840,185	9,746,735	13,450,498
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets as per balance sheet				
Less: Reserves - restricted cash	3	(35,273,696)	(30,499,558)	(38,046,906)
Less: Bonds and deposits held by others		(100,209)	0	0
Add: Borrowings	14(a)	739,456	835,202	619,827
Add: Liability not expected to be paid within 12 months		1,592,185	1,392,788	1,592,185
Total adjustments to net current assets as per balance sheet		(33,042,264)	(28,271,568)	(35,834,894)
Net current assets used in the Rate Setting Statement				
Total current assets		45,377,032	34,450,667	47,622,077
Less: Total current liabilities		(10,190,542)	(6,179,099)	(7,440,683)
Less: Total adjustments to net current assets		(33,042,264)	(28,271,568)	(35,834,894)
Net current assets used in the Rate Setting Statement		2,144,226	0	4,346,500

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

24. FINANCIAL RISK MANAGEMENT

This note explains the Shire's exposure to financial risks and how these risks could affect the Shire's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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 CEO under policies approved by the Council. The CEO through Management identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to minimal.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Shire to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents and term deposits held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents	2.39%	42,169,411	0	42,169,411	0
2018					
Cash and cash equivalents	2.23%	45,133,347	0	45,133,347	0

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	421,694	451,333

* Holding all other variables constant

Borrowings

Borrowings are 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 Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 14(b).

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

24. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade Receivables

The Shire's major receivables comprise rates annual charges and user fees and charges. 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 applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. Expected credit loss was forecasted on 30 June 2019 to the extent of unpaid rates where the associated properties cannot be readily disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2019					
Rates receivable					
Expected credit loss	2.00%	5.00%	8.00%	10.00%	
Gross carrying amount	436,104	209,417	139,138	132,418	917,077
Loss allowance	8,722	10,471	11,131	105,668	135,992
01 July 2018					
Rates receivable					
Expected credit loss	2.00%	5.00%	8.00%	10.00%	
Gross carrying amount	313,250	209,417	139,138	132,418	794,223
Loss allowance	6,265	10,471	11,131	78,809	106,676

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Expected credit loss	2.00%	5.00%	8.00%	10.00%	
Gross carrying amount	538,045	208,559	27,227	109,462	883,293
Loss allowance	10,761	10,428	2,178	59,361	82,728
01 July 2018					
Sundry Receivables					
Expected credit loss	2.00%	5.00%	8.00%	15.00%	
Gross carrying amount	604,763	205,207	19,725	74,034	903,729
Loss allowance	1,005	10,260	1,578	11,105	23,948

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

24. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 14(d).

The contractual undiscounted cash flows of the Shire's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2019					
Payables	7,495,460	0	0	7,495,460	7,495,460
Borrowings	836,251	1,920,356	936,850	3,693,457	3,399,412
	8,331,711	1,920,356	936,850	11,188,917	10,894,872
2018					
Payables	4,606,710	0	0	4,606,710	4,606,710
Borrowings	712,581	1,819,755	0	2,532,336	2,319,238
	5,319,291	1,819,755	0	7,139,046	6,925,948

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

25. TRUST FUNDS

In previous years, bonds and deposits were held as trust monies. They are now included in Restricted Cash at Note 3 and shown as a current liability at Note 13.

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2018	Amounts Received	Amounts Paid	Reclassification to Restricted Cash	30 June 2019
	\$	\$	\$	\$	\$
Footpath Damage Deposits	32,276	108	0	(32,384)	0
Library Transient Borrower Deposits	69	0	0	(69)	0
Civic Centre Takings	3,654	26,356	(6,598)	(19,977)	3,435
Other General Purpose Deposits	8,493	127	0	(8,620)	0
BCITF Collection & Refund Deposits	819	3,703	(4,518)	(4)	0
Town Planning Related Bond Deposits	106,207	354	(4,124)	0	102,437
Cemetery Plot Reservation Deposits	35,794	4,153	0	(39,947)	0
Recreation Facility use Bond Deposits	49,295	77,895	(84,173)	(43,017)	0
Road & Footpath Facilities Bond Deposits	506,946	1,691	0	(508,637)	0
Capital Works Bond Deposits	3,060	10	0	(3,070)	0
Cash In Lieu Of Public Open Space	99,876	333	0	0	100,209
Bank Guarantee Deposits Received	46,431	100	0	(46,531)	0
BRB Levy	1,688	36,008	(12,586)	(10,274)	14,836
Unclaimed Monies	19,583	68	(17,491)	0	2,160
Contract Bonds & Retentions	0	55	(55)	0	0
Staff Rental Bonds	47,094	21,520	(23,892)	(44,532)	190
Key Deposits	2,545	508	0	(3,053)	0
Chinatown Revitalisation DRD Grant	4,017,955	32,766	(3,245,000)	0	805,721
	4,981,785	205,755	(3,398,437)	(760,115)	1,028,988

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

26. INITIAL APPLICATION OF AUSTRALIAN 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 associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies. However, there were no adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

The effect of adopting AASB 9 as at 1 July 2018 was, as follows:

	<u>Adjustments</u>	<u>01 July 2018</u>
		\$
Assets		
Trade receivables	(a),(b)	<u>0</u>
Total Assets		<u>0</u>
Total adjustments on Equity		
Accumulated surplus/(deficit)	(a),(b)	<u>0</u>
		<u>0</u>

The nature of these adjustments are described below:

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

26. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:

- Trade receivables classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.

- The Shire did not designate any financial assets at fair value through profit and loss.

In summary, upon the adoption of AASB 9, the Shire had the following required (or elected) reclassifications as at 1 July 2018:

AASB 139 category	AASB 139 value	AASB 9 category amortised cost	Fair value through OCI	Fair value through P/L
	\$	\$	\$	\$
Loans and receivables				
Trade receivables	1,567,328	1,567,328	0	0
	1,567,328	1,567,328	0	0

(b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L.

Set out below is the reconciliation of the ending impairment allowances in accordance with AASB 139 to the opening loss allowances determined, in accordance with AASB 9:

	Impairment under AASB 139 as at 30 June 2018	Remeasurement	ECL under AASB 9 as at 01 July 2018
	\$	\$	\$
Loans and receivables under AASB 139 / Financial assets at amortised cost under AASB 9	130,624	0	130,624
	130,624	0	130,624

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

27. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

The Shire will adopt AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments are expected to be made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	AASB 118 carrying amount		AASB 15 carrying amount
Note	30 June 2019	Reclassification	01 July 2019
	\$	\$	\$
Contract liabilities - current			
Unspent grants, contributions and reimbursements	0	857,367	857,367
Developer contributions	0	1,232,907	1,232,907
Contract liabilities non-current			
Developer contributions	0	325,635	325,635
Cash in lieu of parking	0	218,755	218,755
Adjustment to retained surplus from adoption of AASB 15	27(d)	0	(2,634,664)

(b) Leases

The Shire adopted AASB 16 prospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases prospectively, with any cumulative effect of initially applying AASB 16 recognised on 1 July 2019. In applying the AASB 16 under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the Shire will not recognise a right-of-use asset in relation to leases previously classified as operating leases under AASB 117 as all leases have a term of less than 12 months. Therefore the net impact on retained earnings on 1 July 2019 will be \$nil.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as 'operating leases' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

27. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (Continued)

(c) Income For Not-For-Profit Entities

The Shire will adopt AASB 1058 *Income for Not-for-Profit Entities* (issued December 2016) on 1 July 2019 which will not result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire will not adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 no change will occur to the following financial statement line items by application of AASB 1058 as compared to AASB 1004 Contributions before the change:

Note	AASB 1004 carrying amount		AASB 1058 carrying amount	
	30 June 2019	Reclassification	01 July 2019	
	\$	\$	\$	
Trade and other payables	7,495,460	0	7,495,460	

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. In accordance with the Shire's current accounting policies, prepaid rates have been recognised as a liability as at 30 June 2019. Therefore, the initial application of AASB 1058 Income for Not-for-Profit Entities on 1 July 2019 will not have an impact on the recognition and classification of prepaid rates.

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

Volunteer Services in relation to Volunteer Fire Services will not be recognised in revenue and expenditure as the fair value of the services can't be reliably estimated.

(d) Impact of changes to Retained Surplus

The impact on the Shire of the changes as at 1 July 2019 is as follows:

	Note	Adjustments	2019
			\$
Retained surplus - 30 June 2019			127,524,101
Adjustment to retained surplus from adoption of AASB 15	27(a)	(2,634,664)	
Adjustment to retained surplus from adoption of AASB 16	27(b)	0	
Adjustment to retained surplus from adoption of AASB 1058	27(c)	0	(2,634,664)
Retained surplus - 01 July 2019			124,889,437

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

28. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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 or non-current based on the Shire's intentions to release for sale.

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the ends of the reporting period.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

29. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES

ACTIVITIES

GOVERNANCE

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

Administration and operation of facilities and services to members of council; other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

To collect revenue to allow provision of services.

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

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

Supervision of various by-laws, fire prevention, emergency services and animal control.

HEALTH

To provide an operational framework for environmental and community health.

Food quality, eating house inspection, pest control and child health clinics.

EDUCATION AND WELFARE

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

Facilities for senior citizens aged care, infant, day care centres, pre-school; assistance to play group and other community services and development activities.

HOUSING

To provide and maintain staff housing.

Provision of staff housing.

COMMUNITY AMENITIES

To provide services required by the community.

Rubbish collection services, tip operation, administration of the town planning scheme, maintenance of cemeteries, storm water drainage maintenance, sanitation maintenance and environmental protection.

RECREATION AND CULTURE

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

Operation/maintenance of halls, Broome Recreation and Aquatic Centre (BRAC), various parks and reserves, beaches, library, museum and other cultural activities.

TRANSPORT

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

Construction and maintenance of streets, roads, bridges, footpaths and street lighting.

ECONOMIC SERVICES

To help promote the Council's economic well being.

The regulation and provision of tourism facilities, area promotion and building control.

OTHER PROPERTY AND SERVICES

To monitor and control Council's overheads operating accounts.

Private works and provision of unclassified civic building facilities. General Administration support for Council's operations, allocated to other functions. Engineering, works and parks and gardens management, allocated to construction and maintenance jobs. Plant and depot operation and maintenance, allocated to construction and maintenance jobs.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019

30. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	1.12	1.64	1.61
Asset consumption ratio	0.86	0.88	0.71
Asset renewal funding ratio	1.05	1.37	1.17
Asset sustainability ratio	1.50	0.22	0.66
Debt service cover ratio	8.63	11.86	8.50
Operating surplus ratio	(0.11)	(0.13)	(0.12)
Own source revenue coverage ratio	0.82	0.81	0.78

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

TRANSMITTAL LETTER TO CEO

FOR THE YEAR ENDED 30 JUNE 2019



Our Ref: 8250

Mr Sam Mastrolembro
Chief Executive Officer
Shire of Broome
PO Box 44
BROOME WA 6725



7th Floor, Albert Facey House
469 Wellington Street, Perth

Mail to: Perth BC
PO Box 8489
PERTH WA 6849

Tel: (08) 6557 7500
Fax: (08) 6557 7600

Email: info@audit.wa.gov.au

Dear Mr Mastrolembro

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

The Office has completed the audit of the annual financial report for your Shire. In accordance with section 7.12AD (2) of the *Local Government Act 1995*, we enclose the Auditor General's auditor's report, together with the audited annual financial report.

We have also forwarded the reports to the President and the Minister for Local Government, as required by the Act. You are required to publish the annual report, including the auditor's report and the audited financial report, on your Shire's official website within 14 days after the annual report has been accepted by your Council.

The result of the audit was satisfactory. Please note that the purpose of our audit was to express an opinion on the financial report. The audit included consideration of internal control relevant to the preparation of the financial report in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

An audit is not designed to identify all internal control deficiencies that may require management attention. It is possible that irregularities and deficiencies may have occurred and not been identified as a result of our audit.

This letter has been provided for the purposes of the Shire and the Minister for Local Government and may not be suitable for other purposes.

I would like to take this opportunity to thank you, the management and the staff of the Shire for their cooperation with the audit team during our audit.

Feel free to contact me on 6557 7525 if you would like to discuss these matters further.

Yours faithfully

KELLIE TONICH
SENIOR DIRECTOR
FINANCIAL AUDIT
9 October 2019

Attach

INDEPENDENT AUDIT REPORT

FOR THE YEAR ENDED 30 JUNE 2019



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Broome

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Broome which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Broome:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDIT REPORT

FOR THE YEAR ENDED 30 JUNE 2019

In preparing the financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Shire.

The Council is responsible for overseeing the Shire's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the 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 my 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 CEO.
- Conclude on the appropriateness of the CEO'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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- 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.

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

INDEPENDENT AUDIT REPORT

FOR THE YEAR ENDED 30 JUNE 2019

Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In my opinion, the following material matter indicate significant adverse trends in the financial position of the Shire:
 - a. The Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries standard for the past 3 years.
The financial ratios are reported in note 30 of the financial report.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial report of the Shire for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that financial report. The financial ratios for 2017 and 2018 in Note 30 of the audited financial report were included in the supplementary information and/or audited financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Broome for the year ended 30 June 2019 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



PATRICK ARULSINGHAM
ACTING ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
9 October 2019





FEEDBACK

If you have a comment or questions about the Annual Report here's how to contact us

Web: www.broome.wa.gov.au

Email: shire@broome.wa.gov.au

Telephone: **08 9191 3456**