



ANNUAL REPORT 2019-20





WHAT IS THE ANNUAL REPORT?

Shire of 
Broome
people • place • prosperity

SHIRE OF BROOME

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As required by the Local Government Act 1995 and associated regulations the Annual Report for 2019/20 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 2019-2029 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 holders of the lands and waters in and around Rubibi (the town of Broome) together with all native title holders 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.



OUR VALUES

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 2019/20



\$34.3M

VALUE OF DEVELOPMENT APPLICATIONS



\$41.9M

VALUE OF APPROVED BUILDING APPLICATIONS



124

NUMBER OF BUILDING APPLICATIONS



102

DEVELOPMENT APPLICATIONS



50,153

LIBRARY LOANS



57,950

BRAC POOL ENTRIES



12,560

TONNES OF MATERIAL RECYCLED



3,237sqm

NEW FOOTPATHS



\$10,599

KIDSPORT



52

BROOME CIVIC CENTRE EVENTS



39

NEW AUSTRALIAN CITIZENS



3000ppl

CHINATOWN CHRISTMAS TRAILS



4

SURF RESCUES AT CABLE BEACH



\$789,823

COMMUNITY & ECONOMIC DEVELOPMENT GRANTS



CAPITAL WORKS PROGRAM

2019/20: \$24.3M

2018/19: \$24.5M

2017/18: \$8.2M

2016/17: \$10.6M

2015/16: \$9.1M

2014/15: \$6.9M

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PRESIDENT'S REPORT



HAROLD TRACEY
SHIRE PRESIDENT

WELCOME TO THE 2019/20 ANNUAL REPORT, AT THE CONCLUSION OF A YEAR THAT HAS ENCOMPASSED SOME REAL HIGHS AND COLLECTIVE LOWS.

The second half of the financial year has been dominated by COVID-19 and associated restrictions, meaning as a local government the Shire of Broome has had to make difficult decisions and redefine our role in the community.

The Shire Council and I are fully aware of just how difficult times have been for residents, ratepayers and our hardworking local businesses – and we have reacted quickly and decisively as a result.

In my opinion, the best thing the Shire of Broome has undertaken in the last 12 months has been the adoption of our COVID-19 Community Support Package. This Council measure includes 16 initiatives, either financial or social, to help our community get back on its feet again.

The Shire, as part of the Kimberley Regional Group, advocated for State Government resources in our region as COVID-19 reached Australia and I'm proud that we've played a role in keeping the Broome community safe. As Western Australia started to get the virus under control, the Shire's thoughts turned to the recovery of our local economy.

The creation of the 3-Year Broome COVID-19 Recovery Plan, adopted in partnership with leading local stakeholders, details shovel-ready projects that need Government investment to become a reality. The Shire has been lobbying at both State and Federal level to get financial buy-in for these projects, with some successes already recorded.

From a positive perspective, Broome's continued evolution and progression into a regional city has continued over the last 12 months. Chinatown has been rejuvenated by Stage One of the Revitalisation Project, with the feedback received from residents, visitors and businesses overwhelmingly positive.

This time next year I look forward to detailing how Stage Two works have refreshed the remaining areas of our town centre.

Town Beach is another major success, with one of Broome's most historic and culturally rich areas transformed into a precinct we all can be proud of. It has been wonderful to see our community come together at Town Beach for major events such as our Australia Day celebrations, Shinju Festival and Night Markets.

The Shire has enhanced its relationship with the State Government over the last 12 months and this collaboration has been key to investment and improved infrastructure in Broome.

Everything the Shire does is dictated by feedback from the community and it is driven by our core values. The process to review our Strategic Community Plan, the overarching visionary document detailing the direction and priorities of the Shire, has started this year.

This plan is reviewed and updated every four years after extensive consultation with the community. It has been refreshing to get residents involved in this consultation process and to hear your thoughts on our town – we have thoroughly listened to your feedback ahead of the new plan's compilation. Despite all the positive things happening around Broome, we are not resting on our laurels and there are more great things on the horizon.

The Shire has made significant progress in transformative projects such as the Broome Boating Facility, the Cable Beach Foreshore Redevelopment and the Regional Resource Recovery Park. I hope to be able to include more positive updates about these great projects when writing this address in 2021. With a united Council and a dedicated core of Shire staff, we are working tirelessly for the benefit of our ratepayers and community.

This Annual Report will provide more details of this year's achievements and the work undertaken by the Shire – thank you for your interest.

CEO'S REPORT



SAM MASTROLEMBO
CHIEF EXECUTIVE OFFICER

DESPITE THE TRIALS AND TRAVAILS PLACED UPON BROOME DUE TO COVID-19, IT IS WITH GREAT PRIDE THAT I LOOK BACK OVER THE LAST YEAR - WE HAVE PROGRESSED AS A TOWN AND COME TOGETHER AS A COMMUNITY.

COVID-19 has provided an added challenge to how the Shire of Broome has operated, with budgets tightened and priorities shifted. I'm proud of how the Shire reacted to the threat of the virus, with our swift response keeping employees, contractors and the wider community safe. Regardless of COVID-19, there has been plenty of achievements to celebrate over the last 12 months.

Along with the major continued developments at key precincts such as Town Beach and Chinatown, work undertaken by the Shire has helped make Broome a more rewarding place to live and exciting place to visit. The Shire has invested further in upgrading our facilities, with work on the undercover courts at BRAC and the youth bike park progressing.

It is clear our community has embraced our commitment to upgrading facilities, as our Club Development Survey Report showed female participation in sport has doubled over the last two years. Our commitment to local content and providing opportunities for Broome businesses has resulted in the rollout of the VendorPanel procurement system.

This has made it easier for local contractors to compete for local government work and ensures Broome's businesses are kept up to date with the latest tenders. As part of our COVID-19 Community Support Package, the Shire embarked on a Buy Local campaign - it was great to see everyone rally around our retailers and support them through tough times.

The Shire has also supported our sports groups and not-for-profit organisations in 2019-20, with more than \$50,000 in grants awarded to fitting recipients, who will use the money for the betterment of Broome. The adoption of a new online payment system in March has made it easier for residents to engage with us.

I am pleased to report that our community has embraced this technology, which has streamlined processes and provided added functionality after the roll-out of our new and improved website.

We have committed to plenty of infrastructure projects, with our road upgrades across Broome perhaps not as exciting, but no less important. The Broome Cemetery has also seen major work undertaken to make it more accessible and aesthetic, with further upgrades planned for 2020-21.

The Shire has a strong focus on the future and playing a major role in our prosperity, sustainability and success. Everything we do is driven by engagement with the community and in an effort to improve our town based on your feedback.

The review of our Strategic Community Plan will dictate where our energies will be applied in upcoming years, while the review of our Planning Scheme will provide a further blueprint for our town.

The Shire Council has endorsed a sensible and considered Budget for 2020-21, which will allow us to progress with exciting projects and thrive through effective financial management.

While not the core business of a local government, the Shire is also advocating and playing a sizeable role in ensuring public safety, campaigning for alcohol-management measures, calling for youth crisis accommodation and having conversations in the juvenile justice space.

I hope this Annual Report portrays the sheer amount of hard work our Council and Shire staff have exerted over the last 12 months, in an incessant attempt to serve the Broome community's interests.

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 ODD YEAR.

ELECTION OCTOBER 2019

An ordinary election was held on Saturday 19 October 2019.

BROOME WARD

1954 votes were cast in the Broome Ward with a record 15 candidates nominating for the four available four-year terms and one two-year term created by the resignation of Cr Catherine Marriott. This represented a participation rate of 27.3% which was up 2.8% on the 2017 election.

Cr Bruce Rudeforth and Cr Chris Mitchell were re-elected for four-year terms.

The Shire welcomed back Cr Nik Wevers who previously served on Council from 1999 – 2009 for a four-year term. Cr Fiona West and Cr Peter Taylor were elected as Councillors for the first time, to fill the remaining four-year and two-year term respectively. The Shire would like to acknowledge and thank out going Councillors Mala Fairborn, Warren Fryer and Catherine Marriott for their service to the Shire of Broome during their terms.

DAMPIER WARD

Cr Elsta Foy was re-elected unopposed in the Dampier Ward for a four-year term.



CR HAROLD TRACEY
SHIRE PRESIDENT
BROOME WARD
TERM: 2021



CR FIONA WEST
BROOME WARD
TERM: 2023



CR BRUCE RUDEFORTH
BROOME WARD
TERM: 2023



CR PHILIP MATSUMOTO
DAMPIER WARD
TERM: 2021



CR NIK WEVERS
BROOME WARD
TERM: 2023



CR DESIREE MALE
DEPUTY SHIRE PRESIDENT
BROOME WARD
TERM: 2021



CR PETER TAYLOR
BROOME WARD
TERM: 2021



CR CHRIS MITCHELL
BROOME WARD
TERM: 2023



CR ELSTA FOY
DAMPIER WARD
TERM: 2023

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	3	1	14
Cr Desiree Male (Deputy Shire President)	11	5	1	17
Cr Mala Fairborn (ceased Oct 2019)	2/4	N/A	N/A	2
Cr Elsta Foy	8	2	-	10
Cr Catherine Marriott (ceased Oct 2019)	3/4	N/A	N/A	3
Cr Philip Matsumoto	9	3	1	13
Cr Chris Mitchell	11	5	1	17
Cr Bruce Rudeforth	11	3	1	15
Cr Peter Taylor (elected Oct 2019)	5	2	1	8
Cr Fiona West (elected Oct 2019)	6	4	1	11
Cr Nik Wevers (elected Oct 2019)	7	5	1	13



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.

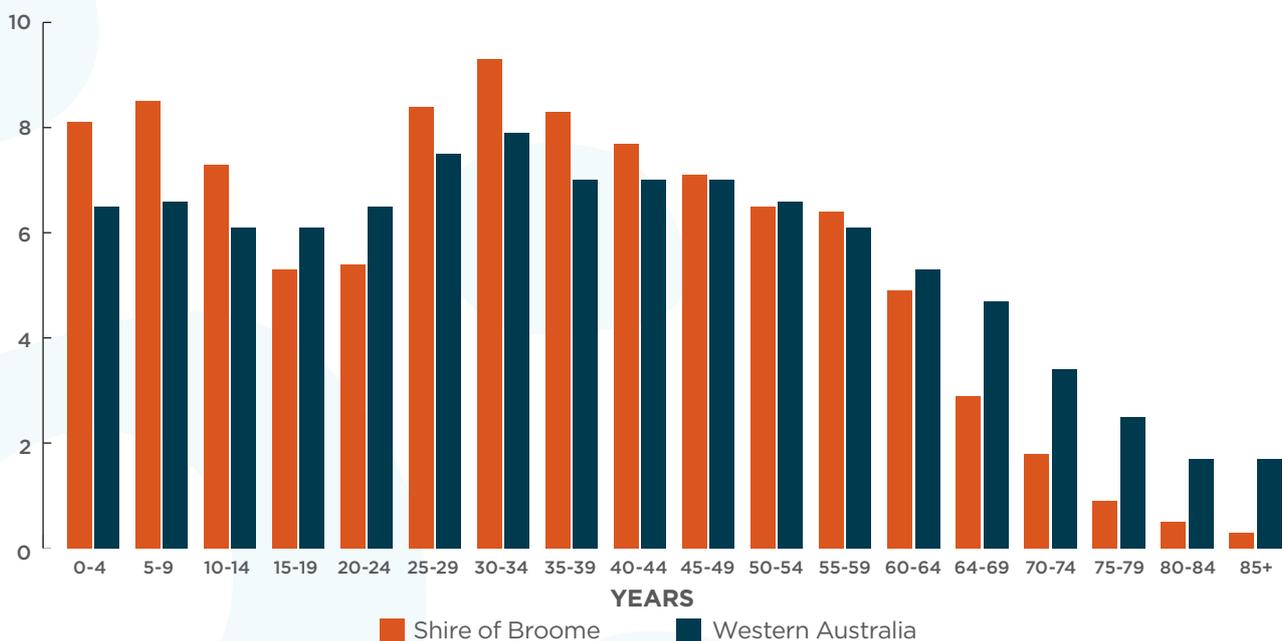
In recent years Broome has experienced substantial growth in the tourism sector, with the world famous Cable Beach being one of the many attractions. Fishing, agriculture, aquaculture, pastoral and off-shore exploration industries are also prominent in the Shire.

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



NATHAN CAIN
Director Development and Community

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





2019/20 YEAR IN REVIEW

THIS REPORT SUMMARISES THE SHIRE OF BROOME'S PROGRESS DURING THE 2019/20 FINANCIAL YEAR TOWARD ATTAINING THE GOALS, OUTCOMES AND STRATEGIES SET OUT IN THE SHIRE'S STRATEGIC COMMUNITY PLAN 2018-2028.

TOWN BEACH FORESHORE REDEVELOPMENT



THE REJUVENATION OF THE TOWN BEACH PRECINCT HAS COME TO FRUITION IN 2019-20, WITH THE \$24 MILLION PROJECT OVERHAULING ONE OF BROOME'S MOST-ICONIC LOCATIONS.

An area rich in culture and heritage, Town Beach was previously under-utilised but has now maximised the stunning views over Roebuck Bay.

After Stage One of the project was completed in the previous financial year, there was a focus from the Shire to have the area ready and workable for Australia Day in 2020. This deadline was met, with the Broome community coming together to enjoy the national celebration.

Considerable works completed at Town Beach in 2019-20 included the completion of the green space, construction of a groyne out into Roebuck Bay, the extension of the Town Beach Water Park and completion of the new playground.

After the success of Australia Day and despite restrictions around COVID-19, the Staircase to the Moon markets at Town Beach continue to draw out big crowds and help local small businesses. The funding of the State Government and Lotterywest has been essential.



**THE FUNDING OF THE
STATE GOVERNMENT AND
LOTTERYWEST HAS BEEN
ESSENTIAL**





BROOME BOATING FACILITY

THE PROVISION OF NEW BOATING FACILITIES HAS BEEN A PRIORITY FOR THE BROOME COMMUNITY FOR MANY YEARS AND LONG BEEN CONSIDERED ESSENTIAL TO ADDRESS CRITICAL SAFETY AND ACCESS ISSUES.

The Shire of Broome, in partnership with the Department of Transport, progressed plans for the Broome Boating Facility in 2019-20.

The concept design includes the development of a new facility at Entrance Point that includes four ramp lanes and two floating jetties.

A public survey was undertaken in March and April 2020, with 1221 respondents providing their feedback on the project - 74 per cent indicated their support.

The original concept design was altered to take on board the community's feedback, with the latest design ensuring dinosaur trackways are not impacted by the facility and important rock formations are avoided.

Extensive consultation has also been undertaken with Broome's traditional owners, Nyamba Buru Yawuru, the Dinosaur Coast Management Group and other relevant stakeholders.

MAJOR BENEFITS

- The development of a boating facility at Entrance Point.
- The inclusion of four ramp lanes and two floating jetties.
- Sheltering arms adjacent to the ramp and a detached offshore breakwater to screen larger waves.
- A boat ramp toe at approximately +0.5m chart datum which will provide close to all tide access for small draft vessels.
- No dredging is required as part of the construction works.
- 160 trailer parking bays provided onsite, meeting the Australian Standard for a regional launching facility.



THE SHIRE OF BROOME, IN PARTNERSHIP WITH THE DEPARTMENT OF TRANSPORT, PROGRESSED PLANS FOR THE BROOME BOATING FACILITY IN 2019-20.

KEY THEMES

EXISTING ASSETS

- Cultural significance
- Existing vegetation
- Rock formations
- Dinosaur tracks
- Existing memorial plaques

SUPPLY OF AMENITIES

- Shelter & seating
- Toilets/public amenities
- Waste management
- Opportunity for kiosk
- Space for pop-up food options
- Fishing/viewing platforms
- Fish cleaning

INTERPRETIVE OPPORTUNITIES

- How can the cultural heritage significance and values, the Dinosaur Coast and the unique environment be reflected through interpretive elements?

ACCESS TO THE BEACH

- Beach & rock fishing
- Dog walking
- Swimming
- Incorporating universal access
- Possible vehicle access

ENVIRONMENTAL PROCESSES

- Tidal movements
- Marine impact
- Coastal processes, waves, currents and sand movement
- Seasonal cyclones

DESIGN & FUNCTION

- Vehicle & pedestrian circulation
- Parking
- Improved boat launching & retrieval
- Safety and access



INDICATIVE SKETCH SECTION



OUR PEOPLE

ENVIRONMENTAL HEALTH

THE ROLE OF THE SHIRE OF BROOME ENVIRONMENTAL HEALTH OFFICERS IS TO MANAGE AND PROVIDE EDUCATION ON PUBLIC ENVIRONMENTAL HEALTH RISKS IN AREAS SUCH AS FOOD SAFETY, PUBLIC BUILDINGS, LODGING HOUSES, CARAVAN PARKS, AQUATIC FACILITIES, DRINKING WATER, WATER REUSE, SKIN PENETRATION, PROPERTY CONDITIONS AND MOSQUITO CONTROL.

They also respond to a wide range of community complaints such as substandard properties, hoarding, odour, dust, asbestos, mould, noise, pest and unauthorised discharges. In addition, they manage trading, outdoor dining, market and busking licences as well as liquor licences and public events.

In 2019 - 2020, the Environmental Health Team undertook 145 routine business inspections and responded to 1,235 customer complaints, queries and applications.

For more information on the Shire's health services visit:
<https://www.broome.wa.gov.au/Community/Public-Health-and-Safety>.

BROOME CIVIC CENTRE

THE BROOME CIVIC CENTRE IS BROOME'S PREMIER EVENT VENUE.

The Department of Local Government, Sport And Cultural Industries', Raise The Roof funding contributed to bringing many wonderful performances to the Civic Centre stage. Highlights for 2019-20 included The Kimberley Fine Art Exhibition, Isaiah Firebrace, The Irresistible, Erth's Dinosaur Zoo and Matt Hale Comedy Hypnotist.

The venue has been hired for a diverse range of events demonstrating its versatility including award nights, galas, memorials, conferences, dance concerts, workshops, expos, church services just to mention a few. The Civic Centre is always proud to host annual community events such as, the Broome Sports Awards, The White Ribbon Gala, Shinju Matsuri Art awards, NAIDOC Ball, Yoh Fest, Mardi Gras Cabaret, and Broome Senior High School's Seniors Ball and Graduation Ceremony.

We've enhanced patrons' event experience by providing food trucks and bar preshow in the Pigram Garden. The Shire has also implemented a brand-new ticketing system that allows easier online access to performances to complement door sales. COVID-19 measures meant that we needed to temporarily close the Broome Civic Centre doors to the public, however many shows were able to be rescheduled for 2020-21 and 2021-22.



SPORT AND RECREATION

In a year that saw the last few months disrupted through COVID-19, sport in Broome still continued to grow and thrive.

The Shire of Broome continued to invest in sport and recreation infrastructure, and in partnership with the State Government and resident sporting clubs, delivered key projects including adjustable glass backboards and large fans in the indoor stadium, cold water drink fountains, tennis court fencing renewal and installation of permanent soccer goals.

The final and largest project was the construction of the Broome Recreation and Aquatic Centre Outdoor Courts, which will provide a high-quality facility for the court sports of Broome and surrounds once completed - the project was made possible through the contribution of the State Government.



57,950

^ +13%

BRAC POOL ENTRIES
(casual, swim lessons, aqua)



45,751

^ +21%

CASUAL POOL ENTRIES



6,529

GROUP FITNESS



5,670

v -18% (COVID)

SWIM LESSONS ATTENDED



1,958

^ +16%

BOOKINGS FOR SQUASH COURTS



1,630

v -18% (COVID)

BASKETBALL SHOOT AROUNDS



286

v -45% (COVID)

PARTICIPANTS IN SOCIAL BADMINTON



686

v -13%

SCHOOL HOLIDAY PROGRAM PARTICIPANTS



303

v -45% (COVID)

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



\$10,599

KIDSPORTS FUNDING
102 RECIPIENTS

^ +123%

COMMUNITY SATISFACTION SURVEY

JUNE 2020



THE SHIRE COMMISSIONED A MARKYT® COMMUNITY SCORECARD TO:

- Support a review of the Shires current Strategic Community Plan (SCP)
- Assess performance against objectives and key performance indicators (KPIs) in the SCP
- Determine community priorities; and
- To benchmark performance against other local governments.

1,046 responses were received, with overall improvement in the level of community satisfaction in the majority of areas since the survey was last completed in 2015.

The community clearly identified that safety remains the number one community priority followed by safe boat launching facilities, economic development in the post COVID-19 environment and the need to continue to focus on youth services.

The following table displays the comparative results from the 2015 survey. The next Community Survey will be held in 2022 and biannually thereafter.

CRITERIA	2015	2020	LG AVE
OVERALL PERFORMANCE	INDEX SCORE		
Shire of Broome as a place to live	63	72	75
Shire of Broome as a place to visit	63	75	66
Shire of Broome as the organisation that governs the local area	45	54	56
Value for money from Council rates	32	35	44
LEADERSHIP	INDEX SCORE		
Council's leadership within the community	NA	52	50
Advocacy and lobbying on behalf of the community to influence decisions, support local causes, etc	NA	50	50
How the Shire embraces change, innovation and new technology	NA	52	52
The Shire has developed and communicated a clear vision for the area	24	36	34
How the community is consulted about local issues	41	44	47
The Shire has a good understanding of community needs	NA	30	34
The Shire listens to and respects residents' views	NA	24	32
How the community is informed about what's happening in the local area	44	52	54
The Shire clearly explains reasons for decisions and how residents' views have been taken into account	NA	26	27
Customer service	50	58	62



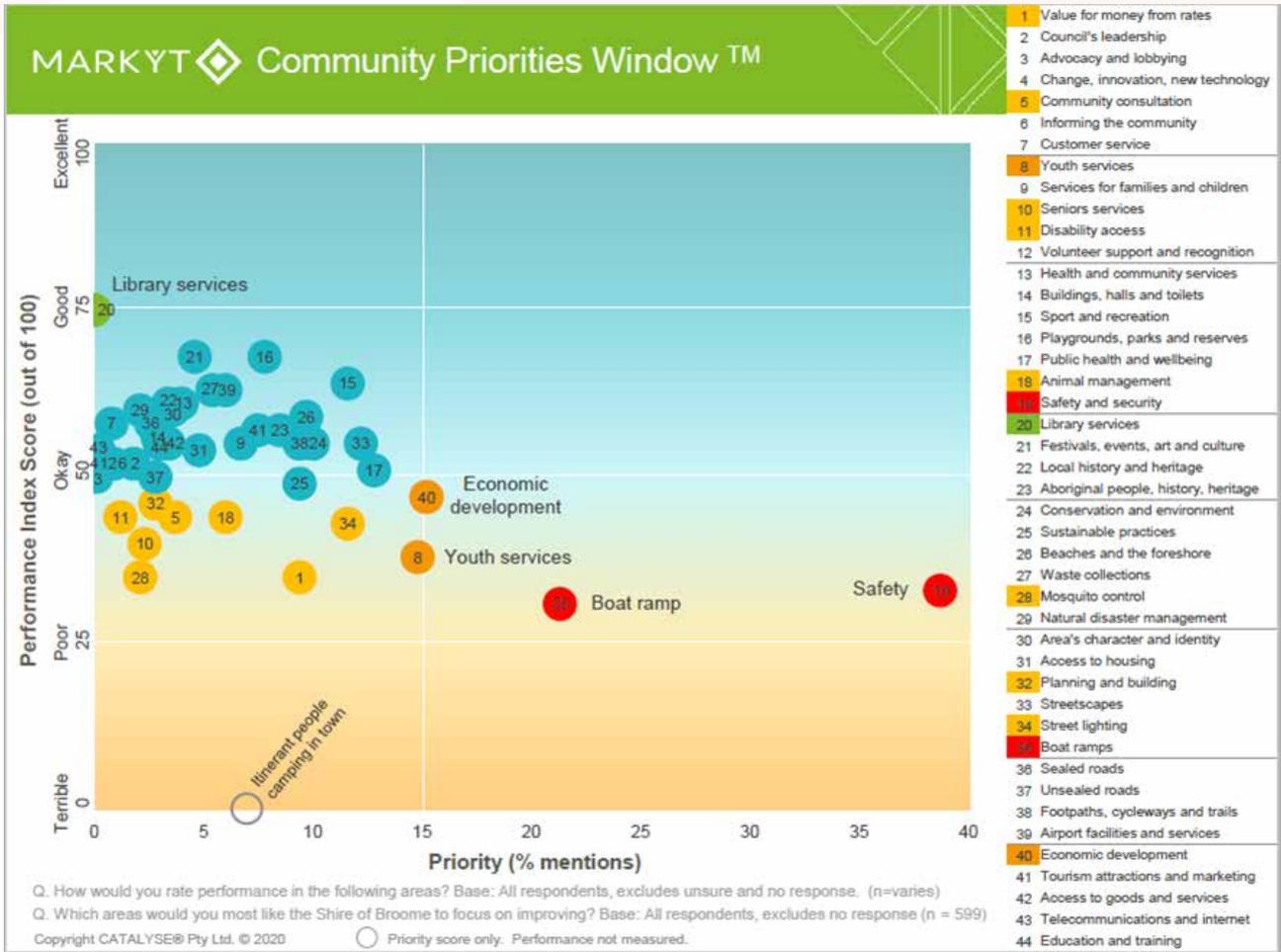
CRITERIA	2015	2020	LG AVE
COMMUNITY DEVELOPMENT	INDEX SCORE		
I feel like I belong in my local community	NA	60	59
Services and facilities for young people (15-24 years)	41	38	49
Services and facilities for families and children	46	55	58
Services and care available for seniors	44	40	55
Access to services and facilities for people with a disability	45	44	51
Volunteer support and recognition	NA	52	64
COMMUNITY SERVICES	INDEX SCORE		
Access to health and community services	NA	61	56
Community buildings, halls and toilets	NA	56	60
Sport and recreation facilities	NA	64	67
Playgrounds, parks and reserves	58	68	68
Public health and wellbeing programs and education	NA	51	51
Animal management (dogs and cats)	NA	44	57
Safety and security	35	33	55
I feel safe in the Shire of Broome	NA	30	69
ART AND CULTURE	INDEX SCORE		
Library and information services	69	75	72
Festivals, events, art and culture activities	57	68	64
How local history and heritage is preserved and promoted	53	61	59
How local Aboriginal people, history and heritage are recognised and respected	NA	57	55
NATURAL ENVIRONMENT	INDEX SCORE		
Conservation and environmental management	50	55	58
Efforts to promote and adopt sustainable practices	NA	49	53
Management of beaches and the foreshore	NA	59	63
Waste collection services	75	63	67
Mosquito control	NA	35	37
Natural disaster management (education, prevention and relief for cyclones, fires, flooding etc)	NA	60	57



COMMUNITY SATISFACTION SURVEY

JUNE 2020

BUILT ENVIRONMENT	INDEX SCORE		
The area's character and identity	NA	60	58
Access to housing that meets your needs	50	54	57
Planning and building approvals	41	46	46
Streetscapes	NA	55	53
Lighting of streets and public places	NA	43	55
Boat ramps	NA	31	57
MOVING AROUND	INDEX SCORE		
Maintenance of sealed roads	50	58	49
Maintenance of unsealed roads	46	50	44
Footpaths, cycleways and trails	47	55	53
Airport facilities and services	NA	63	56
ECONOMIC DEVELOPMENT	INDEX SCORE		
Economic development (efforts to attract investors, attract and retain businesses, grow tourism and create job opportunities)	38	47	43
Tourism attractions and marketing	52	57	47
Access to goods and services	NA	55	48
Access to telecommunications and internet services	NA	54	52
Access to education, training and personal development opportunities	NA	55	50



OUR PEOPLE

RANGERS

The Shire of Broome Ranger team focuses on community safety by encouraging and ensuring compliance with relevant state and local laws and providing support for the Emergency Services team. Rangers monitor community compliance in a range of areas and investigate complaints. They take an education first approach where appropriate and follow up with regulatory actions as required which can include administrative controls, penalties and prosecution.

In 2019 - 2020, Rangers issued 474 notices in the following areas, which included infringements and warnings:

Miscellaneous - 30 (Camping), 21 (Litter), 3 (south of rocks parking)

Bushfire - 0

Dog - 222

Off-road - 0

Parking - 198

Additionally, the Rangers team responds to a large volume of customer service requests, regarding but not limited to uncontrolled dogs, straying stock, abandoned vehicles, closing beaches following crocodile sightings, fire management compliance inspections, fire permit breaches, parking obstructions, illegal camping and littering.

In 2019 - 2020 Rangers responded to 2405 customer service requests.

CABLE BEACH LIFEGUARD SERVICE

The Shire continued to contract Surf Life Saving WA's lifeguards at Cable Beach in 2019-20, however this service commenced later than usual in 2020.

Due to COVID-19 related travel restrictions, the need for the lifeguard service, which usually begins in April, was pushed back to start in July 2020.

The Shire of Broome is committed to public safety and providing experts on our popular public beaches plays a role in this strategy.

CITIZENSHIP



2

AUSTRALIAN CITIZENSHIP CEREMONIES



39

NEW AUSTRALIAN CITIZENS



19

COUNTRIES OF ORIGIN



An aerial photograph of a beach. The water is a vibrant turquoise color, meeting the sandy shore with white foam. Several large pieces of weathered, reddish-brown driftwood are scattered along the beach. A dark teal circular graphic is overlaid on the right side of the image.

**OUR
PLACE**



CABLE BEACH DEVELOPMENT STRATEGY

A BUSINESS CASE FOR THE CABLE BEACH FORESHORE REDEVELOPMENT PROJECT WAS COMPLETED AND HAS NOW BEEN DISTRIBUTED TO KEY FUNDING PARTNERS.

The Business Case was developed in consideration of the Cable Beach Foreshore Development Plan (2016) and Cable Beach Masterplan (2017). Technical investigations regarding Coastal Engineering, environmental and cultural heritage were completed in 2018/19, which confirmed no fatal flaws with the project.

The Business Case outlines this project will support tourism, improve connectivity and accessibility, activate the foreshore, support the expansion and redevelopment of the wider Cable Beach precinct and improve environmental sustainability.

The project presents an opportunity to expand Broome's peak season by stimulating commercial and tourism activation and transitioning one of our high-quality natural assets into a global drawcard. This \$36.5 million, shovel-ready infrastructure project will unlock over \$10 million in private sector investment and support hundreds of jobs during and post construction.

ROEBUCK BAY CARAVAN PARK REDEVELOPMENT

With the \$24 million overhaul of the Town Beach area, the Shire of Broome focused its gaze on the adjoining Roebuck Bay Caravan Park in 2019-20 as an associated potential project.

A Business Case was prepared, which was displayed for public comment and a tender process started to attract private investment at the site.

The Shire of Broome has the ambition of attracting an appropriate proponent to sign a long-term lease at the site, with the proviso of investing in the caravan park's refurbishment and improvement.

SHIRE ROAD ASSET RENEWALS

The Shire of Broome has delivered and commenced a number of road infrastructure projects during the year. This includes the commencement of the McDaniel Road upgrade, the installation of a new roundabout at the corners of Herbert and Saville Streets, and the annual reseal program. A number of State and Federally funded blackspot initiatives have also been delivered at the BRAC pedestrian crossing and Gus Winkel and Old Broome Road intersection.

INFRASTRUCTURE



DRAINAGE
OPEN DRAIN/SWALE
37.07km

PIPE DRAINAGE
16.87km

CULVERTS
5.20km



FOOTPATH
TOTAL LENGTH
114.8km

NEW CONCRETE
FOOTPATH INSTALLED
3,237m²



ROADS
TOTAL
570.7km

SEALED
286.2km

UNSEALED
284.5km

ASPHALT OVERLAY
FOR 2019/2020
3,374m²

BITUMEN RESEAL
FOR 2019/2020
14,095m²



PUBLIC OPEN SPACE
GRASSED AREAS
^ 6,813m² Town Beach
311,969.1m²

GARDEN BEDS
98,715m²

SPRINKLERS
3,405

RETIC LATERAL LINES
44.8km

RETIC MAIN LINES
13.33m²

WATER TANKS
24

DRINK FOUNTAINS
^ 21 Town Beach / Chinatown
45

RUBBISH BINS
^ 38 Town Beach / Chinatown
226



LIGHTING
TOTAL
558

SPORTS LIGHTING
(HAYNES, MALE, BRAC)
231

PUBLIC OPEN SPACE
TOTAL
^ 40 Town Beach
108

SOLAR
^ 17
44

CAR PARK
101

STREET LIGHTS
(SHIRE MAINTAINED)
^ 56 Town Beach / Chinatown
118



NATURAL ENVIRONMENT

BROOME TOWNSITE SHORELINE MONITORING

The Shire in the 2019-20 financial year was successful in securing Coastal Adaptation Protection Grants to continue with the Shoreline Monitoring of the Broome Townsite.

The Shire worked with Yawuru to undertake Unmanned Aerial Vehicle (UAV) surveys of the coast and complete beach transects. Photo monitoring of coastal locations was also performed.

The Shoreline Monitoring report has been finalised and a further grant application has been made for the Coastal Adaptation Protection Grants to continue on with the Shoreline Monitoring in the 20/21 financial year period.

TOWN BEACH GEOTECHNICAL INVESTIGATION AND COASTAL ADAPTATION OPTIONS ASSESSMENT

Town Beach is a significant location for Broome locals and for visitors to the town, playing an important role in recreation, culture and heritage.

The coastal risks affecting the Town Beach Foreshore were identified through a Coastal Hazard Risk Management Adaptation Planning (CHRMAP) process, which was formally adopted by the Council in 2017. The Shire was successful in securing Coastal Adaption Protection Grant to deliver this body of work.

The Shire engaged coastal consultants to perform the body of work which included detailed geotechnical investigations of the coastline to identify the extent and nature of underlying rock visible at the shoreline, and the capacity to either provide natural coastal protection to the assets located on adjacent lands, or suitable foundations for coastal protection or beach access structures. The geotechnical studies then informed an options

assessment for coastal protection. The Study has recommended that an 'accommodation' option is implemented. This Study was noted at the Council Meeting on the 25 June 2020.

BUILT ENVIRONMENT

AMENDMENTS TO LPS6

In the last financial year, the Shire has considered the following scheme amendments:

- **Amendment No 9** – removal of restrictive use and rezoning of Lots on the corner of Walcott and Saville Street. This amendment proposed to amend the zoning of three vacant lots on Walcott Street from Residential R20 to Mixed Use and also proposed to remove the restrictive use that exists over the vacant portions of the Oaks site on Saville Street. This scheme amendment was approved by the Minister and was gazetted on the 1 October 2019.
- **Amendment No 10** – Rezoning of Lots 3 Hopton Street and Lots 4 and 5 Robinson Street. This amendment proposed to rezone the lots from Residential R10 to Mixed Use, consistent with the Shire's Local Planning Strategy and Old Broome Development Strategy. The amendment was advertised for public comment and was adopted by Council. The amendment was approved by the Minister and was gazetted on the 27 March 2020.
- **Amendment No 11** – an application to amend LPS6 to rezone portion of Lot 297 Broome-Cape Leveque Road to create a 'Special Use' zone to enable the development of a new airport on the Dampier Peninsula. The Scheme Amendment was not deemed consistent with the Shire's Local Planning Strategy and several State informing strategies and therefore Council at the May 2020 Council Meeting resolved not to proceed to advertise the amendment.

REVIEW OF LOCAL PLANNING SCHEME NO 6 AND THE LOCAL PLANNING STRATEGY

The Shire of Broome Local Planning Strategy was adopted in August 2014 and Local Planning Scheme No 6 (LPS6) was gazetted on the 30 January 2015. The Planning and Development (Local Planning Schemes) Regulations 2015 (the Regulations) requires local governments to carry out a review of their local planning schemes within six months of the five-year anniversary of the date the scheme was approved. The review of LPS6 is therefore due 30 July 2020.

Council at the February 2020 Council Meeting adopted the Report of Review and recommended to the WAPC that;

- (a) The Shire of Broome Local Planning Strategy should be reviewed informed by a comprehensive consultation process; and
- (b) The Shire of Broome Local Planning Scheme No 6 requires review, a new Local Planning Scheme No 7 should be prepared and Local Planning Scheme No 6 be repealed upon gazettal of the new local planning scheme.

The WAPC notified the Shire in April 2020 that it agrees with the recommendations of the report. Planning Consultants have been engaged to commence the review process and also to undertake the initial community engagement. Council at the Ordinary Meeting on the 25 June 2020, adopted the Community Engagement Plan to guide the community engagement that would occur as part of the review process.

BROOME VOLUNTEER BUSHFIRE BRIGADE HEADQUARTERS

The Broome Volunteer Bushfire Brigade headquarters was a project managed by the Shire of Broome, on behalf of DFES.

The new building on Wattle Drive comprises an office operational training area and a five-bay shed for the accommodation of DFES appliance fleet. The \$1.426 million construction was completed within budget during the 2019-2020 financial year. The project was funded through an ESL capital grant and Shire of Broome contribution.

DEVELOPMENT DETERMINATIONS

Planning Services assessed and determined a total of **102** planning assessments, which consisted of:

- 91 x Development Applications;
- 3 x Public Works referrals;
- 3 x Section 40 Liquor Applications;
- 5 x Subdivision/Amalgamation Applications;
- 1 x Built Strata

The total value of Development Applications approved this financial year amounts to **\$34,312,432** which is a 12% increase in comparison to the previous financial year. The average processing days for planning approvals was 29 days.



OUR PROSPERITY

COVID-19 RESPONSE

The unforeseen nature of the COVID-19 pandemic and associated travel restrictions, both into and around the Kimberley region, had a devastating impact on Broome's local economy.

The Shire was acutely aware of the financial burden placed on residents and businesses, with decisions of Council able to help our community.

In April 2020 the Shire announced the COVID-19 Community Support Package - a program of 16 initiatives, either social or financial, to benefit the Broome community.

This included freezing of rates, rent relief for businesses, a community funding initiative and a Buy Local campaign.

With major infrastructure projects the potential key to stimulating the Broome economy, the Shire rolled out the 3-Year Broome COVID-19 Recovery Plan in June 2020.

Compiled in collaboration with other West Kimberley stakeholders, the Plan was devised to offset the financial impact of COVID-19 and associated travel restrictions.

Made up of a host of shovel-ready projects, the Plan is an indicator that Broome is open for business - but needs Government investment to reach its financial potential.

BUILDING SERVICES

There has been an increase of 124 building applications approved in 2019/20 compared to the previous year. The total value of building works approved this financial year is \$41,886,387, which is more than double the value of the building works from the previous financial year which was \$17,098,987.

BUILDING PERMITS ISSUED	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Single Dwellings	113	91	78	23	31	20	14
Group Dwellings	2	0	0	0	0	0	1
Additions	21	24	14	13	16	3	80
Outbuildings	94	99	126	93	74	72	99
Commercial	29	17	24	19	17	26	24
Industrial	8	2	3	0	2	1	1
Pools	90	86	89	73	48	32	57
Tourist	3	0	1	0	1	0	1
Fences	43	49	25	32	33	31	20
Public Nature	4	5	4	2	3	2	11
Demolition	7	16	5	5	6	6	9
TOTAL	417	389	369	265	231	193	317
TOTAL VALUE	\$62.3M	\$59.7M	\$60.5M	\$25.1M	\$28.3M	\$17.1M	\$41.9M

KIMBERLEY REGIONAL ZONE

The Shire of Broome continued its role as Secretariat for the Kimberley Regional Collaborative Group and Kimberley Zone of WALGA. Key achievements and initiatives include promotion of regional liquor restrictions and a Takeaway Alcohol Management System, waste solutions and services and a collaborative lobbying effort in response to COVID-19.

PARTNERSHIPS

The Shire of Broome has applied to be a part of the West Australian Public Sector Commission's Aboriginal Traineeship Program commencing in February 2020, supporting placement of three potential trainee positions. In addition to this, the Shire currently hosts two trainees through Nirrumbuk Aboriginal Corporation, to provide Aboriginal school leavers work experience.

In addition to this we have recently published the 2020-2024 Strategic Workforce Plan, which sets out key actions over the next four years to support this CBP Objective.

OUR PROSPERITY

2020-2024 STRATEGIC WORKFORCE PLAN

<p>1.2 Recruit locally where possible, whilst applying appropriate merit-based protocols</p>	<ul style="list-style-type: none"> • Continue to prefer a local candidate where considered at least equally capable to do the job as any non-local candidate • Consider ways to keep growing the pool of potential local candidates through scholarships, traineeships and work experience or similar
<p>1.3 Introduce pre work-aged people to local government work and career opportunities</p>	<ul style="list-style-type: none"> • Establish relationships with schools and youth programs to develop relationships with future employees • Provide work experience and employment opportunities specifically for young people in line with the Shire's Youth Framework
<p>1.4 Recruit to better match diversity of community: Aboriginal and Torres Strait Islander; Culturally and Linguistically Diverse (CaLD), people with disability; women (particularly at senior levels)</p>	<ul style="list-style-type: none"> • Set progressive workforce diversity targets • Consider one or more reserved positions or genuine occupational qualifications under the Equal Opportunity Act
<p>1.5 Develop succession planning</p>	<ul style="list-style-type: none"> • Identify positions for succession planning and develop plans to develop staff into appointable candidates, being cognisant of workforce diversity targets

BROOME GROWTH PLAN

The Broome Growth Plan presents a vision for the economic and social development of Broome as a regional centre. It identifies the scale and importance of the key challenges and opportunities that a future Broome will face and outlines a way of 'doing business' that not only enables investment and growth but does so in a way which is reflective of and celebrates all that makes Broome special: its heritage, its environment and its people.

Broome Growth Plan

A blueprint for our town's economic future developed in partnership with Yawuru, DevelopmentWA and the Kimberley Development Commission

BUCKLEY RD LANDFILL SITE

The Buckley's Road Landfill Closure Management Plan has been developed to maximise the remaining life of the Broome Waste Management Facility. Residents are encouraged to take advantage of the recycling opportunities at the site to assist in prolonging the life of this location which is estimated at 5-7 years. The Shire is investigating the viability of two possible locations for a new Regional Resource Recovery Park.

REGIONAL RESOURCE RECOVERY PARK AND TRANSFER STATION

Shire of Broome engaged a Waste Management Consultant in September 2019 to develop a Masterplan for the Regional Resource Recovery Park (RRRP) and explore the viability of several sites within the Shire of Broome by undertaking a range of environmental and financial investigations. A Masterplan has been completed in June 2020 with a Masterplan Report due in July 2020. Site investigations are currently underway including flora and fauna surveys. Water monitoring and financial assessments are to take place over the coming months.

YAWURU PARK COUNCIL

The Shire is a member of the Yawuru Park Council (YPC) along with the Yawuru Prescribed Body Corporate (Yawuru) and the Department of Biodiversity, Conservation and Attractions (DBCA). In 2019/20 the YPC Working Group has worked on the management plan for the Guniyan Binba (Intertidal Zone) Conservation Park as well as prioritising management strategies for the Minyirr Buru and Birrgaun Management Plans.

The Guniyan Binba draft Management Plan was endorsed by the Yawuru PBC March 2020, endorsed by Council on 30 April and endorsed by the YPC on 20 May 2020, pending final approval DBCA Corporate Executive.



WASTE AND RECYCLING

RECYCLING



1,578

TONNES OF
STEEL



4,629

TONNES OF
CONCRETE



4,150

TONNES OF GREENWASTE
AND TIMBER



372

TONNES OF
GLASS



58

TONNES OF MIXED
RECYCLABLES
LIKE PLASTIC AND
CARDBOARD



40

TONNES OF
TYRES



24

TONNES OF
E-WASTE



19

TONNES OF
BATTERIES

KERBSIDE RECYCLING COLLECTION



1,690

TONNES



148,402

COLLECTIONS

TOTAL RECYCLING



12,560

TONNES

LANDFILL

KERBSIDE WASTE COLLECTION



5,217

TONNES



313,706

COLLECTIONS

TOTAL LANDFILL



24,375

TONNES

OUR ORGANISATION

FINANCE

- \$44K of rates penalty interest not levied in the last quarter following the decision to waive penalty interest
- The rates freeze in 20-21. Using 2% CPI for the 12 months ending March 2020 that would have been used as a comparison rate, this is equivalent to \$465K of rate yield.
- \$45K of Community Sponsorship Grants had been re-purposed as COVID-19 Support grants and paid out by 30 June
- \$210K of reduced rent to assist commercial tenants
- \$645K reduction in trading income, grants and other operating income due to closure of facilities and restrictions
- \$975K of cost-cutting measures done across the organisation to safeguard against COVID-19 budget implications
- \$1.2M of rates outstanding after the final instalment due date remained outstanding. Typically, these debts would be pursued for debt recovery, but with Council's decision to pause rates recovery, this is \$1.2M of cash that was left with the households to spend during the peak of the pandemic.

KEY ACHIEVEMENTS

- Financial oversight and preparation of end-of life acquittal of Chinatown Revitalisation Stage 1 project with a total project cost of \$15M.
- Financial oversight and budgetary control of Chinatown Revitalisation Stage 2 project with a total project cost of \$15.7M
- Contributed to the negotiation of for the proposed RRRP, particularly in the determination of the consideration amounting to \$3.7M that had been placed in escrow.
- Assisted in the determination of the remaining amount for novation from the \$5.1M BBRF grant for the Broome Golf Club redevelopment
- Assessment of self-supporting loan application of the Broome Surf Club redevelopment amounting to \$300K
- Timely audit completion of the 2018-19 Annual Financial Report
- Timely adoption of the 2020-21 Annual Budget with main focus on COVID-19 assistance and recovery



OUR ORGANISATION



COMPLIANCE

REGISTER OF COMPLAINTS

During the period 1 July 2019 to 30 June 2020 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 9 Freedom of Information requests in 2019-2020.

The Shire has reviewed its Information Statement document as required under the Act. For further information on the Freedom of Information process, visit <https://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 August 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, and can be found on the Shire Website - <https://www.broome.wa.gov.au/Council/Publications-and-Reports/Strategic-and-Corporate-Reports>

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 is currently reviewing its Risk Management Policy and Risk Management Framework. A new Cloud Based risk management system was approved for purchase during the year which will reduce the reliance on spreadsheets and provide greater visibility of risks and controls throughout the Shire. This will be implemented during 2020/21 and will allow a greater focus to be placed on control assurance. During the year a comprehensive Insurance Risk Profiling project was completed by Local Government Insurance Service (LGIS). This identified some immediate improvement opportunities and a framework which will be used for ongoing improvement.

DISABILITY ACCESS AND INCLUSION PLAN (DAIP)

The Disability Services Act 1993 requires all local governments and selected State Government agencies to develop a Disability Access and Inclusion Plan (DAIP).

The Shire's current DAIP extends to the end of 2023 and was endorsed by the Department of Communities - Disability in 2018.

The Shire's DAIP is reviewed annually by Shire officers and a progress report is provided to the Disability Services Commission.

The Annual DAIP report was submitted in July 2020 and outlined a number of initiatives which demonstrate that the Shire is meeting its obligations in implementing the plan.

The initiatives delivered in 2019/20 have enhanced access and inclusion in the community and include:

- Purchase of a Scanning Reader Pen that converts printed text into speech, to be available for visitors of the Shire Library

- Installing an all-access refrigerated drink foundation at the BRAC, providing accessibility to wheel chair patrons
- Delivery of an International Day of People with Disability event, in partnership with local service provider Far North Community Services
- Upgrades to Chinatown including an access ramp installed in Shekki Lane to allow for unassisted access to the shops along the laneway
- Upgrades to Solway Park including access ramps and paths, and an accessible picnic table
- Upgrades to the Shire of Broome website which include enabled translation services, and a revised section on Disability Access and inclusion
- Continued participation in the Companion Card program at the BRAC and Broome Civic Centre, with free entry for carers

INFORMATION TECHNOLOGY

ICT STRATEGIC PLAN

Free public Wi-Fi was installed during the year within the Chinatown precinct to complement the recent infrastructure upgrades and to support the activation of this iconic Broome area.

The Shire's CCTV network continues to expand with additional cameras installed 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. WA Police have access to the CCTV network and utilise it extensively in their operations.

The Shire's website was modernised to a responsive web experience including greater use of dynamic online forms and the roll out of additional online services and payment options. This will continue to be a focus area as the Shire looks to leverage further efficiency gains from the website platform.

OUR ORGANISATION

EMPLOYEE REMUNERATION

Salary Range \$	2019/20
100,000 - 109,999	16
110,000 - 119,999	5
120,000 - 129,999	7
130,000 - 139,999	3
140,000 - 149,999	2
150,000 - 159,999	0
160,000 - 169,999	1
170,000 - 179,999	0
180,000 - 189,999	1
190,000 - 199,999	1
260,000 - 269,000	1
GRAND TOTAL	37

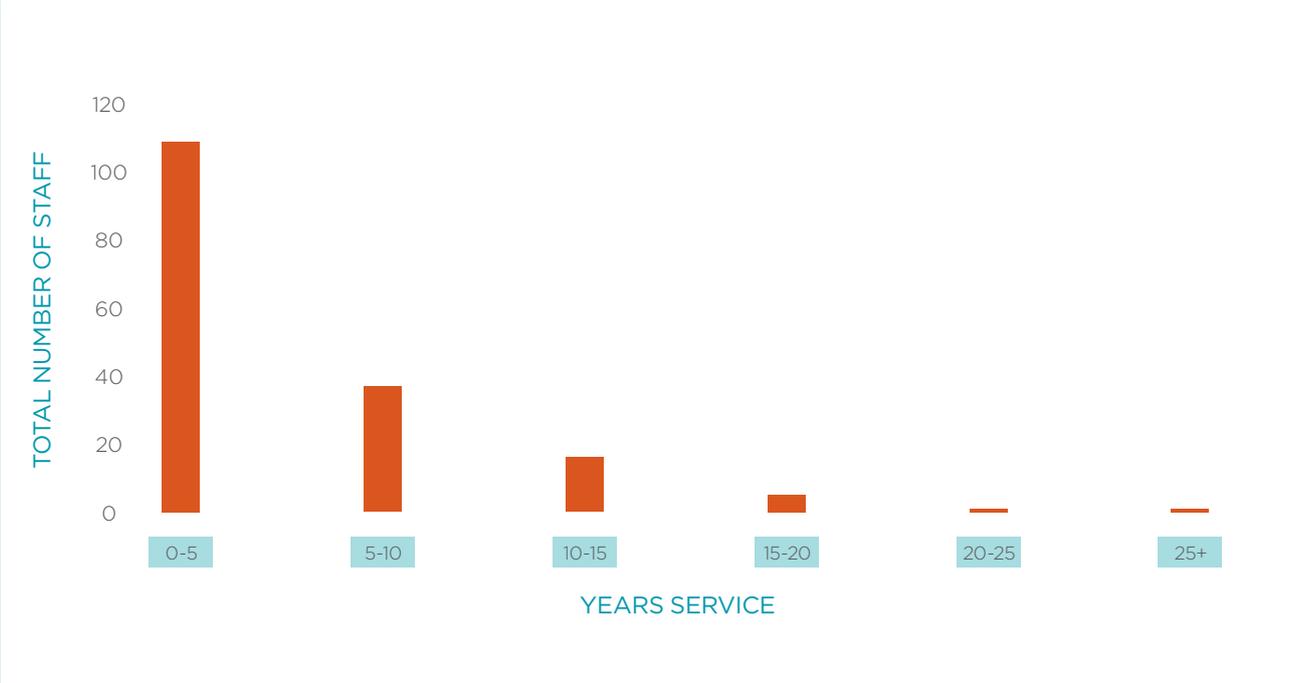
In accordance with the Local Government (Administration) Regulations 19B, the Shire of Broome is required to disclose in bands of \$10,000 the number of employees entitled to an annual salary package of \$100,000 or more.

EMPLOYEES

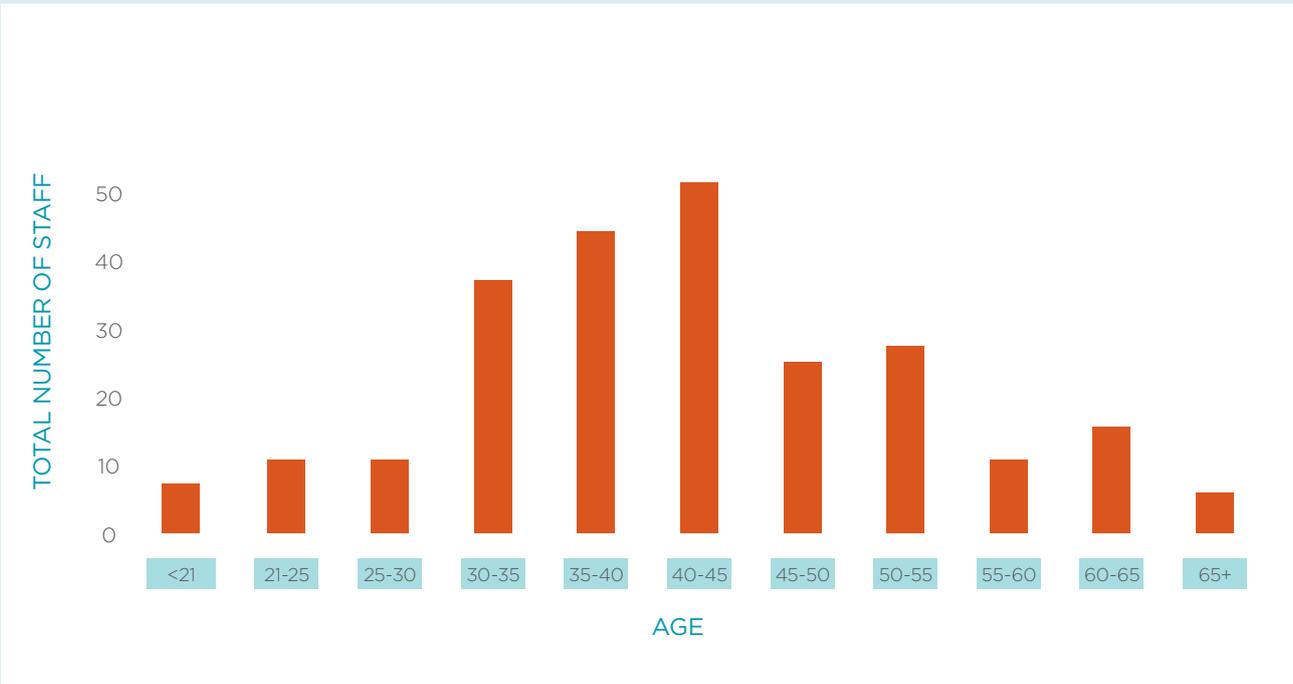
Gender	Casual	Full time	Part Time	Grand Total
Female	25	42	14	81
Male	9	87	2	98
TOTAL	34	129	16	179

Directorate	Casual	Full time	Part Time	Grand Total
CEO	-	6	1	7
Community & Development	32	25	10	67
Corporate	2	20	7	29
Infrastructure	2	72	2	76
TOTAL	36	123	20	179

YEARS OF SERVICE



EMPLOYEE AGE





The image shows an outdoor seating area under a modern wooden slat roof. In the foreground, a man in a blue shirt sits on an orange chair, looking towards a parking lot. A wooden bench with a plaque is in front of him. The parking lot contains several vehicles, including a white SUV and a white pickup truck. In the background, there are trees and a building with a red sign. The sky is clear and blue.

2019/20 FINANCIAL STATEMENTS

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STATEMENT BY THE CHIEF EXECUTIVE OFFICER

**SHIRE OF BROOME
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2020**

*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 2020 is based on proper accounts and records to present fairly the financial position of the SHIRE OF BROOME at 30 June 2020 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 25th day of NOVEMBER 2020



Chief Executive Officer

Sam Mastrolemba

Name of Chief Executive Officer

STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	23(a)	23,107,761	22,798,521	22,392,626
Operating grants, subsidies and contributions	2(a)	7,223,668	2,781,046	3,978,224
Fees and charges	2(a)	9,014,173	10,896,001	9,908,218
Interest earnings	2(a)	642,679	1,444,644	1,476,449
Other revenue	2(a)	849,676	1,098,490	1,621,900
		40,837,957	39,018,702	39,377,417
Expenses				
Employee costs		(15,652,244)	(16,746,319)	(14,832,097)
Materials and contracts		(7,900,947)	(11,309,836)	(13,223,815)
Utility charges		(1,980,087)	(1,946,680)	(1,882,925)
Depreciation on non-current assets	11(c)	(11,145,143)	(11,355,912)	(10,021,199)
Interest expenses	2(b)	(96,816)	(147,631)	(92,802)
Insurance expenses		(671,595)	(650,324)	(657,408)
Other expenditure		(1,699,729)	(3,015,397)	(2,613,860)
		(39,146,561)	(45,172,099)	(43,324,106)
		1,691,396	(6,153,397)	(3,946,689)
Non-operating grants, subsidies and contributions	2(a)	8,778,233	16,990,887	12,577,669
Profit on asset disposals	11(a)	38,051	74,132	7,273
(Loss) on asset disposals	11(a)	(112,475)	(189,301)	(21,881)
		8,703,809	16,875,718	12,563,061
Net result for the period		10,395,205	10,722,321	8,616,372
Total comprehensive income for the period		10,395,205	10,722,321	8,616,372

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

STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Governance		254,038	375,532	614,432
General purpose funding		25,796,689	24,228,489	24,703,828
Law, order, public safety		80,136	182,885	128,540
Health		160,019	187,168	197,486
Education and welfare		1,739	17,000	24,000
Housing		663,287	751,345	716,548
Community amenities		5,575,647	7,130,455	6,421,517
Recreation and culture		1,232,216	1,530,124	1,340,966
Transport		4,242,253	1,237,310	1,682,022
Economic services		779,025	1,163,579	1,033,114
Other property and services		2,052,908	2,214,815	2,514,964
		40,837,957	39,018,702	39,377,417
Expenses				
Governance		(2,214,058)	(2,956,639)	(2,481,720)
General purpose funding		(236,552)	(289,764)	(404,056)
Law, order, public safety		(1,122,478)	(1,375,023)	(1,049,151)
Health		(695,647)	(684,329)	(745,364)
Education and welfare		(367,293)	(505,242)	(587,946)
Housing		(731,915)	(862,650)	(860,897)
Community amenities		(8,234,489)	(9,750,148)	(8,162,850)
Recreation and culture		(11,450,126)	(13,525,969)	(11,413,945)
Transport		(9,983,007)	(9,373,317)	(12,345,614)
Economic services		(2,390,628)	(2,413,522)	(2,856,083)
Other property and services		(1,623,552)	(3,287,865)	(2,323,678)
		(39,049,745)	(45,024,468)	(43,231,304)
Finance Costs				
Recreation and culture		(65,508)	(98,824)	(91,836)
Economic services		(31,308)	(48,807)	(966)
		(96,816)	(147,631)	(92,802)
		1,691,396	(6,153,397)	(3,946,689)
Non-operating grants, subsidies and contributions	2(a)	8,778,233	16,990,887	12,577,669
Profit on disposal of assets	11(a)	38,051	74,132	7,273
(Loss) on disposal of assets	11(a)	(112,475)	(189,301)	(21,881)
		8,703,809	16,875,718	12,563,061
Net result for the period		10,395,205	10,722,321	8,616,372
Total comprehensive income for the period		10,395,205	10,722,321	8,616,372

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

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	3	43,577,663	42,169,411
Trade receivables	5	6,155,732	2,807,518
Inventories	6	44,406	49,463
Other current assets	7	104,803	350,640
TOTAL CURRENT ASSETS		49,882,604	45,377,032
NON-CURRENT ASSETS			
Trade receivables	5	37,536	32,159
Other financial assets at amortised cost	8	89,026	87,586
Property, plant and equipment	9	73,033,075	87,045,403
Infrastructure	10	310,126,038	294,728,403
TOTAL NON-CURRENT ASSETS		383,285,675	381,893,551
TOTAL ASSETS		433,168,279	427,270,583
CURRENT LIABILITIES			
Trade and other payables	13	6,343,271	7,495,460
Contract & Capital Grant Liabilities	14	9,875,827	0
Borrowings	15(b)	854,092	739,456
Employee related provisions	16	2,379,880	1,955,626
TOTAL CURRENT LIABILITIES		19,453,070	10,190,542
NON-CURRENT LIABILITIES			
Borrowings	15(b)	3,255,864	2,659,956
Employee related provisions	16	280,545	475,965
Other provisions	17	4,802,000	0
TOTAL NON-CURRENT LIABILITIES		8,338,409	3,135,921
TOTAL LIABILITIES		27,791,479	13,326,463
NET ASSETS		405,376,800	413,944,120
EQUITY			
Retained surplus		138,434,050	127,524,101
Reserves - cash backed	4	31,872,959	35,273,696
Revaluation surplus	12	235,069,791	251,146,323
TOTAL EQUITY		405,376,800	413,944,120

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 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
Initial application of AASB 15/1058	(2,885,993)	0	0	(2,885,993)
Impact of amendment to FMR	0	0	(16,076,532)	(16,076,532)
Restated balance at 1 July 2019	124,638,108	35,273,696	235,069,791	394,981,595
Comprehensive income				
Net result for the period	10,395,205	0	0	10,395,205
Total comprehensive income	10,395,205	0	0	10,395,205
Transfers from/(to) reserves	3,400,737	(3,400,737)	0	0
Balance as at 30 June 2020	138,434,050	31,872,959	235,069,791	405,376,800

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		22,997,951	22,798,521	22,284,359
Operating grants, subsidies and contributions		603,644	2,781,046	2,299,955
Fees and charges		9,014,173	10,896,001	9,908,218
Interest received		642,679	1,444,644	1,476,449
Goods and services tax received		490,250	0	1,269,719
Other revenue		849,676	1,098,490	1,534,314
		34,598,373	39,018,702	38,773,014
Payments				
Employee costs		(15,184,518)	(16,746,319)	(15,068,488)
Materials and contracts		(9,094,583)	(11,309,836)	(6,685,019)
Utility charges		(1,980,087)	(1,946,680)	(1,882,925)
Interest expenses		(43,367)	(147,631)	(31,301)
Insurance paid		(671,595)	(650,324)	(657,408)
Goods and services tax paid		0	0	(3,943,577)
Other expenditure		(1,701,170)	(3,015,397)	(2,613,860)
		(28,675,320)	(33,816,187)	(30,882,578)
Net cash provided by (used in) operating activities	18	5,923,054	5,202,515	7,890,436
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(6,398,738)	(7,570,122)	(2,199,719)
Payments for construction of infrastructure		(17,971,831)	(25,120,496)	(22,385,310)
Non-operating grants, subsidies and contributions		18,654,060	16,990,887	12,577,669
Proceeds from sale of property, plant & equipment		491,163	585,000	72,814
Net cash provided by (used in) investment activities		(5,225,346)	(15,114,731)	(11,934,546)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings		(739,456)	(675,348)	(619,826)
Advances to community groups		0	(1,250,000)	0
Proceeds from new borrowings		1,450,000	3,250,000	1,700,000
Net cash provided by (used in) financing activities		710,544	1,324,652	1,080,174
Net increase (decrease) in cash held		1,408,252	(8,587,564)	(2,963,936)
Cash at beginning of year		42,169,411	38,609,225	45,133,347
Cash and cash equivalents at the end of the year	18	43,577,663	30,021,661	42,169,411

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

RATE SETTING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	24 (b)	2,144,226	4,006,759	4,346,500
		2,144,226	4,006,759	4,346,500
Revenue from operating activities (excluding rates)				
Governance		254,038	375,532	614,432
General purpose funding		2,688,928	1,429,968	2,311,202
Law, order, public safety		80,136	182,885	128,540
Health		160,019	187,168	197,486
Education and welfare		1,739	17,000	24,000
Housing		663,287	751,345	716,548
Community amenities		5,579,168	7,137,797	6,421,517
Recreation and culture		1,232,734	1,530,124	1,340,966
Transport		4,242,253	1,237,310	1,682,022
Economic services		779,025	1,163,579	1,033,114
Other property and services		2,086,920	2,281,605	2,522,237
		17,768,247	16,294,313	16,992,064
Expenditure from operating activities				
Governance		(2,227,148)	(2,970,884)	(2,481,720)
General purpose funding		(236,552)	(289,764)	(404,056)
Law, order, public safety		(1,122,478)	(1,375,023)	(1,055,516)
Health		(695,647)	(684,329)	(745,364)
Education and welfare		(367,293)	(505,242)	(587,946)
Housing		(731,915)	(862,650)	(860,897)
Community amenities		(8,236,485)	(9,762,121)	(8,173,819)
Recreation and culture		(11,515,634)	(13,632,793)	(11,505,781)
Transport		(9,983,007)	(9,373,317)	(12,345,614)
Economic services		(2,421,936)	(2,462,329)	(2,857,049)
Other property and services		(1,720,941)	(3,442,948)	(2,328,225)
		(39,259,036)	(45,361,400)	(43,345,987)
Non-cash amounts excluded from operating activities	24(a)	11,417,085	11,471,081	9,840,185
Amount attributable to operating activities		(7,929,477)	(13,589,247)	(12,167,237)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		8,778,233	16,990,887	12,577,669
Proceeds from disposal of assets	11(a)	491,163	585,000	72,814
Purchase of property, plant and equipment	9.(a)	(6,398,738)	(7,570,122)	(2,199,719)
Purchase and construction of infrastructure	10(a)	(17,971,831)	(25,120,496)	(22,385,310)
Amount attributable to investing activities		(15,101,173)	(15,114,731)	(11,934,546)
FINANCING ACTIVITIES				
Advances to community groups	15(b)	0	(1,250,000)	0
Repayment of borrowings	15(b)	(739,456)	(675,348)	(619,826)
Proceeds from borrowings	15(c)	1,450,000	3,250,000	1,700,000
Transfers to reserves (restricted assets)	4	(4,294,607)	(2,210,246)	(7,113,415)
Transfers from reserves (restricted assets)	4	7,695,344	6,791,051	9,886,625
Amount attributable to financing activities		4,111,281	5,905,457	3,853,384
Surplus/(deficit) before imposition of general rates		(18,919,369)	(22,798,521)	(20,248,399)
Total amount raised from general rates	23	23,107,761	22,798,521	22,392,626
Surplus/(deficit) after imposition of general rates	24(b)	4,188,392	0	2,144,226

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 2020

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* (FMR) take precedence over Australian Accounting Standards. Prior to 1 July 2019, Regulation (Reg) 16 arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. 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 pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Shire of Broome. This was not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

From 1 July 2019, the Shire of Broome has applied AASB 16 *Leases* which requires leases to be included by lessees in the balance sheet. Also, the FM regs have been amended to specify that vested land is a right of use (ROU) asset to be measured at cost.

The Shire has accounted for the removal of the vested land values associated with Broome Golf Club and Broome Turf Club by removing the land value and associated revaluation as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition. Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow statements, 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 affect the application of policies and reported amounts of assets, 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 perform 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 26 to these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

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:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions			
Governance	202,684	318,880	231,880
General purpose funding	2,316,198	955,818	1,903,512
Health	5,589	0	0
Education and welfare	1,739	17,000	24,000
Community amenities	36,045	38,000	66,671
Recreation and culture	320,759	178,557	112,540
Transport	4,198,274	1,117,052	1,512,818
Economic services	3,615	130,739	50,000
Other property and services	138,765	25,000	76,803
	7,223,668	2,781,046	3,978,224
Non-operating grants, subsidies and contributions			
Law, order, public safety	1,276,580	1,200,000	0
Community amenities	66,461	158,922	200,000
Recreation and culture	4,995,100	13,472,924	5,229,229
Transport	2,229,897	2,159,041	2,937,562
Economic services	210,195	0	4,118,408
Other property and services	0	0	92,470
	8,778,233	16,990,887	12,577,669
Total grants, subsidies and contributions	16,001,901	19,771,933	16,555,893

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.

Grants, donations and other contributions (Continued)

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, amounts are disclosed in Note 14.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Other revenue			
Reimbursements and recoveries	722,972	1,082,490	1,604,115
Other	126,704	16,000	17,785
	849,676	1,098,490	1,621,900
Fees and Charges			
General purpose funding	93,765	97,650	91,370
Law, order, public safety	66,332	130,765	77,234
Health	154,430	187,168	194,460
Housing	660,493	749,995	716,549
Community amenities	5,261,487	6,618,583	5,825,122
Recreation and culture	851,641	1,216,370	1,115,994
Transport	4,769	15,000	3,564
Economic services	738,780	899,256	910,772
Other property and services	1,182,477	981,214	973,153
	9,014,173	10,896,001	9,908,218
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
Interest earnings			
Loans receivable - clubs/institutions	0	22,646	0
Reserve accounts interest	281,433	779,435	951,628
Rates instalment and penalty interest (refer Note 23(c))	259,375	300,000	315,438
Other interest earnings	101,871	342,563	209,383
	642,679	1,444,644	1,476,449

2. REVENUE AND EXPENSES (Continued)

(b) Expenses	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Auditors remuneration			
- Audit of the Annual Financial Report	52,925	110,500	59,000
- Other services	12,679	15,000	3,700
	65,604	125,500	62,700
Interest expenses (finance costs)			
Borrowings (refer Note 15(b))	96,816	147,631	92,802
	96,816	147,631	92,802

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

3. CASH AND CASH EQUIVALENTS

	NOTE	2020 \$	2019 \$
Cash at bank and on hand		43,577,663	42,169,411
		43,577,663	42,169,411
Comprises:			
- Unrestricted cash and cash equivalents		3,552,800	6,135,600
- Restricted cash and cash equivalents		40,024,863	36,033,811
		43,577,663	42,169,411
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Reserves cash backed - Leave Reserve	4	1,076,266	1,051,077
Reserves cash backed - Restricted Cash	4	0	712,180
Reserves cash backed - Community Sponsorship	4	97,271	61,744
Reserves cash backed - EDL Sponsorship	4	134,882	145,189
Reserves cash backed - Road Reserve	4	1,824,122	2,061,646
Reserves cash backed - Public Art Reserve	4	6,182	167,572
Reserves cash backed - Carpark Reserve	4	295,639	533,886
Reserves cash backed - Footpath Reserve	4	2,349,298	2,179,884
Reserves cash backed - BRAC (Leisure Centre) Re:	4	58,224	98,488
Reserves cash backed - Public Open Space	4	1,976,821	3,385,685
Reserves cash backed - Drainage reserve	4	1,235,496	1,693,987
Reserves cash backed - Plant	4	1,886,301	2,026,247
Reserves cash backed - Buildings	4	2,361,421	2,647,090
Reserves cash backed - Refuse Site Reserve	4	3,253,067	3,259,029
Reserves cash backed - Regional Resource Recove	4	14,121,030	14,243,536
Reserves cash backed - IT & Equipment	4	710,263	518,997
Reserves cash backed - Kimberley Zone	4	486,676	487,459
		31,872,959	35,273,696
Other restricted cash and cash equivalents			
Bonds and deposits held	13	617,884	760,115
Contract & Grant Liabilities	14	7,534,020	0
Total restricted cash and cash equivalents		40,024,863	36,033,811

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 2020

4. RESERVES - CASH BACKED

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
(a) Reserves cash backed - Leave Reserve	1,051,077	25,189	0	1,076,266	1,600,292	38,700	0	1,638,992	1,592,185	47,197	(588,305)	1,051,077
(b) Reserves cash backed - Restricted Cash	712,180	0	(712,180)	0	696,892	0	(28,991)	667,901	5,045,886	0	(4,333,706)	712,180
(c) Reserves cash backed - Community Sponsorship	61,744	159,259	(123,733)	97,271	60,393	1,459	0	61,852	84,449	2,503	(25,208)	61,744
(d) Reserves cash backed - EDL Sponsorship	145,189	136,076	(146,382)	134,882	103,457	1,348	(104,805)	0	182,371	5,406	(42,588)	145,189
(e) Reserves cash backed - Road Reserve	2,061,646	602,787	(840,311)	1,824,122	2,064,943	614,330	(94,920)	2,584,353	2,764,619	1,132,385	(1,835,358)	2,061,646
(f) Reserves cash backed - Public Art Reserve	167,572	1,377	(162,768)	6,181	166,534	216	(162,768)	3,982	162,748	4,824	0	167,572
(g) Reserves cash backed - Carpark Reserve	533,886	28,753	(267,000)	295,639	264,002	36,967	(267,000)	33,969	485,000	48,796	0	533,886
(h) Reserves cash backed - Footpath Reserve	2,179,884	584,866	(415,453)	2,349,298	2,142,033	114,235	(529,414)	1,726,854	2,338,141	334,701	(492,958)	2,179,884
(i) Reserves cash backed - BRAC (Leisure Centre) Reser	98,488	810	(41,074)	58,224	98,136	2,323	(88,834)	11,625	54,376	44,112	0	98,488
(j) Reserves cash backed - Public Open Space	3,385,685	1,497,993	(2,906,857)	1,976,821	3,071,273	551,367	(3,074,755)	547,885	2,300,553	1,353,132	(268,000)	3,385,685
(k) Reserves cash backed - Drainage reserve	1,693,987	13,743	(472,232)	1,235,497	1,310,990	39,152	(885,135)	465,007	1,839,818	78,489	(224,320)	1,693,987
(l) Reserves cash backed - Plant	2,026,247	103,054	(243,000)	1,886,301	2,011,508	47,176	(243,000)	1,815,684	1,559,839	466,408	0	2,026,247
(m) Reserves cash backed - Buildings	2,647,090	499,277	(784,946)	2,361,421	2,509,443	341,004	(714,000)	2,136,447	3,451,746	570,687	(1,375,343)	2,647,090
(n) Reserves cash backed - Refuse Site Reserve	3,259,029	297,548	(303,510)	3,253,067	2,789,925	56,069	(369,476)	2,476,518	3,377,489	242,108	(360,568)	3,259,029
(o) Reserves cash backed - Regional Resource Recovery	14,243,536	152,608	(275,114)	14,121,030	14,040,536	346,466	(154,573)	14,232,429	12,190,279	2,200,413	(147,156)	14,243,536
(p) Reserves cash backed - IT & Equipment	518,997	191,266	0	710,263	515,082	11,589	0	526,671	432,472	86,525	0	518,997
(q) Reserves cash backed - Kimberley Zone	487,459	0	(783)	486,676	332,061	7,845	(73,380)	266,526	184,845	495,729	(193,115)	487,459
	35,273,696	4,294,607	(7,695,344)	31,872,959	33,777,300	2,210,246	(6,791,051)	29,196,495	38,046,906	7,113,415	(9,886,625)	35,273,696

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 streets and roads.
(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 carparks. Typically funds are from "Cash In Lieu" payments from developers.
(h) Reserves cash backed - Footpath Reserve	Ongoing	To be used for renewal, upgrade or new footpaths. Typically, funds are from contributions made by developers.
(i) Reserves cash backed - BRAC (Leisure Centre) Reserve	Ongoing	To be used for the construction of recreation infrastructure and facilities.
(j) Reserves cash backed - Public Open Space	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.
(k) 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.
(l) Reserves cash backed - Plant	Ongoing	To be used for the renewal, upgrade or purchase of new mobile plant and engineering equipment.
(m) Reserves cash backed - Buildings	Ongoing	To be used for renewal, upgrade, replacement or new building construction and associated infrastructure.
(n) Reserves cash backed - Refuse Site Reserve	Ongoing	To be used for the current and future costs of maintaining and closing the refuse site in accordance with operational needs and environmental guidelines.
(o) Reserves cash backed - Regional Resource Recovery Park Reserve	Ongoing	To hold funds set aside annually and any year end operational profit generated from refuse site business unit to fund: 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 2020

5. TRADE RECEIVABLES

Current

Rates receivable	
Sundry receivables	
GST receivable	
Accrued Revenue	
Allowance for impairment - rates	
Allowance for impairment - sundry debtors	

Non-current

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

	2020	2019
	\$	\$
	1,021,510	917,077
	4,939,275	883,293
	0	490,250
	497,485	735,618
	(167,704)	(135,992)
	(134,834)	(82,728)
	<u>6,155,732</u>	<u>2,807,518</u>
	37,536	32,159
	<u>37,536</u>	<u>32,159</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 25.

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 2020

6. INVENTORIES

Current

Fuel and materials
BRAC Stock

	2020	2019
	\$	\$
	41,188	42,118
	3,218	7,345
	44,406	49,463
	49,463	34,015
	(5,057)	15,448
	44,406	49,463

The following movements in inventories occurred during the year:

Carrying amount at 1 July

Additions/Issuance to inventory

Carrying amount at 30 June

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.

7. OTHER ASSETS AS HELD FOR SALE

Other current assets

Bonds and deposits held by others
Prepayments

	2020	2019
	\$	\$
	9,055	47,159
	95,748	303,481
	104,803	350,640

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 2020

8. OTHER FINANCIAL ASSETS

(a) Current assets

(b) 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

	2020	2019
	\$	\$
	89,026	87,586
	89,026	87,586
	89,026	87,586
	89,026	87,586

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.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 25.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

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 - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non-specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Work in Progress - Buildings	Right of Use Asset	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	3,020,192	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	0	1,033,256	1,033,256	1,033,256	347,111	272,434	546,918	0	2,199,719
(Disposals)	0	0	0	0	0	0	0	(87,422)	0	0	(87,422)
Depreciation (expense)	0	0	0	(1,757,755)	(1,757,755)	(1,757,755)	(309,224)	(1,508,899)	0	0	(3,575,878)
Transfers	0	0	0	180,946	180,946	180,946	0	0	(180,946)	0	0
Carrying amount at 30 June 2019	3,020,192	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	3,020,192	16,076,532	19,096,724	61,682,062	61,682,062	80,778,786	1,720,417	11,646,148	546,918	0	94,692,269
Accumulated depreciation at 30 June 2019	0	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	3,020,192	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
Additions	0	0	0	952,913	952,913	952,913	658,240	1,887,800	2,899,785	0	6,398,738
(Disposals)	0	0	0	0	0	0	0	(565,587)	0	0	(565,587)
Depreciation (expense)	0	0	0	(1,795,338)	(1,795,338)	(1,795,338)	(393,159)	(1,580,450)	0	0	(3,768,947)
Transfers	0	0	0	546,918	546,918	546,918	0	0	(546,918)	0	0
Impact of amendment to FMR	0	(16,076,532)	(16,076,532)	0	0	(16,076,532)	0	0	0	0	(16,076,532)
Carrying amount at 30 June 2020	3,020,192	0	3,020,192	57,895,697	57,895,697	60,915,889	1,519,135	7,698,266	2,899,785	0	73,033,075
Comprises:											
Gross carrying amount at 30 June 2020	3,020,192	0	3,020,192	63,181,893	63,181,893	66,202,085	2,378,657	12,748,720	2,899,785	0	84,229,247
Accumulated depreciation at 30 June 2020	0	0	0	(5,286,196)	(5,286,196)	(5,286,196)	(859,522)	(5,050,454)	0	0	(11,196,172)
Carrying amount at 30 June 2020	3,020,192	0	3,020,192	57,895,697	57,895,697	60,915,889	1,519,135	7,698,266	2,899,785	0	73,033,075

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

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 & 3	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2017	Sales comparisons (level 2 and 3 inputs)
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2017	Sales comparisons per lettable area (level 2 input) depreciated replacement cost per unit area and estimated useful life (Level 3 inputs)
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2017	Depreciated replacement cost per unit area and 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 2020

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, Carparks & Bridges	Drainage	Recreation Areas	Infrastructure Others	Works in Progress Roads, Footpaths and Bridges Infrastructure	Works in Progress - Drainage	Works in Progress - Other Infrastructure	Works in Progress - Recreation Areas	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	190,624,517	36,821,259	32,495,503	10,572,094	4,646,895	1,984,984	425,666	1,147,528	69,968	278,788,414
Additions	12,395,300	2,315,740	49,862	416,932	993,829	375,257	64,986	5,060,488	712,916	22,385,310
Depreciation (expense)	(3,416,467)	(860,969)	(683,552)	(1,110,556)	(373,777)	0	0	0	0	(6,445,321)
Transfers	1,984,983	0	425,666	0	1,147,528	(1,984,983)	(425,666)	(1,147,528)	0	0
Carrying amount at 30 June 2019	201,588,333	38,276,030	32,287,479	9,878,470	6,414,475	375,258	64,986	5,060,488	782,884	294,728,403
Comprises:										
Gross carrying amount at 30 June 2019	251,415,605	39,136,999	32,971,031	10,989,026	6,788,252	375,258	64,986	5,060,488	782,884	347,584,529
Accumulated depreciation at 30 June 2019	(49,827,272)	(860,969)	(683,552)	(1,110,556)	(373,777)	0	0	0	0	(52,856,126)
Carrying amount at 30 June 2019	201,588,333	38,276,030	32,287,479	9,878,470	6,414,475	375,258	64,986	5,060,488	782,884	294,728,403
Additions	1,413,351	674,685	736,909	969,086	4,559,545	2,904,842	47,863	660,522	6,005,028	17,971,831
Recognition of asset rehabilitation	0	0	0	0	4,802,000	0	0	0	0	4,802,000
Depreciation (expense)	(4,081,162)	(919,824)	(697,607)	(1,173,293)	(504,310)	0	0	0	0	(7,376,196)
Transfers	296,701	78,557	64,986	782,884	5,060,488	(375,258)	(64,986)	(5,060,488)	(782,884)	0
Carrying amount at 30 June 2020	199,217,223	38,109,448	32,391,767	10,457,147	20,332,198	2,904,842	47,863	660,522	6,005,028	310,126,038
Comprises:										
Gross carrying amount at 30 June 2020	253,125,657	39,890,241	33,772,926	12,740,996	21,210,285	2,904,842	47,863	660,522	6,005,028	370,358,360
Accumulated depreciation at 30 June 2020	(53,908,434)	(1,780,793)	(1,381,159)	(2,283,849)	(878,087)	0	0	0	0	(60,232,322)
Carrying amount at 30 June 2020	199,217,223	38,109,448	32,391,767	10,457,147	20,332,198	2,904,842	47,863	660,522	6,005,028	310,126,038

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

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	Independent registered valuer	June-2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Footpaths, Carparks & Bridges	3	Cost approach using depreciated replacement cost	Independent registered valuer	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	Independent registered valuer	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	Independent registered valuer	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	Independent registered valuer	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 2020

10. 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 value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently reported 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 Lands and Buildings, Investment Property, Infrastructure are determined at least every 5 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)* Plant and equipment and right of use assets are reported at cost.

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.

Land under control and land under roads

In Western Australia, all Land under roads is Crown Land and the responsibility for managing which is vested in the local government. In addition to Land under roads, there are various Crown land which are not owned by the Shire but which is under its control or management. Land under roads and vested Crown land under the control or management the Shire are deemed to be concessionary leases and within the scope of AASB 16.

Effective 1 January 2019, the AASB issued AASB 2018-8 *Amendments to Australian Accounting Standards Right-of-Use Assets of Not-for-Profit Entities* providing a temporary option for not-for-profit (NFP) entities to measure a class or classes of right-of-use (ROU) assets arising from the application of the new leases standard, AASB 16 Leases, to 'peppercorn' or concessionary leases at:

Land under control and land under roads (Continued)

- Fair value in accordance with AASB 13 Fair Value Measurement; or
- Cost in accordance with AASB 16, which would incorporate the measurement of the lease liability.

The *Local Government (Financial Management) Regulations 1996* amended in November 2020, prescribed concessionary leases to be reported at cost. Consequently, the Shire reported Land under roads and Crown land under the control or management at 30 June 2020 at cost of \$nil.

Initial recognition

Right-of-use assets are measured at cost including the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs, including dismantling and removing the underlying asset

This includes all leased assets, other than investment property ROU assets, which are measured in accordance with AASB 140 'Investment Property'. The Shire has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

Subsequent Measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If the ownership of the leased asset transfers to the Shire at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified.

The following amounts relating to leases have been recognised in the statement of comprehensive income:

	2020	2019
	\$	\$
Depreciation expense of right-of-use assets	-	-
Lease interest expense	-	-
Expense variable lease payment not included in	-	-
Short term leases	460,385	616,633
Low-value lease	-	-
Total amount recognised in the statement of comprehensive income	460,385	616,633

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

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

(a) Disposals of Assets

	2020				2020				2019			
	Actual Net Book Value	Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	Budget Net Book Value	Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Plant and equipment	\$ 565,587	\$ 491,163	\$ 38,051	\$ (112,475)	\$ 700,169	\$ 585,000	\$ 74,132	\$ (189,301)	\$ 87,422	\$ 72,814	\$ 7,273	\$ (21,881)
	565,587	491,163	38,051	(112,475)	700,169	585,000	74,132	(189,301)	87,422	72,814	7,273	(21,881)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and Equipment				
Other property and services				
Utility Crew Cab 4WD Isuzu D-M	19,202	20,064	861	0
Isuzu NPR 300 Light Truck 2WD	42,620	25,455	0	(17,165)
Mini Excavator 1-2 Tonnes Bobc	8,000	11,000	3,000	0
Isuzu MUX LSU Silver (DCS)	31,580	28,336	0	(3,244)
Hyundai i30 Active CRDi 5D	9,375	7,364	0	(2,011)
John Deere Mower	8,000	13,800	5,800	0
Wheel Loader Komatsu	73,496	71,500	0	(1,996)
Scrubber Nilfisk (CA531) - BRA	0	518	518	0
Truck 2WD Dual Cab	34,960	25,455	0	(9,506)
Hino 300 series 717 Single Cab	40,001	23,636	0	(16,365)
Howard Stealth S2 Dual winged	5,000	5,000	0	0
Skidsteer Loader CCF class 800	32,806	22,000	0	(10,806)
Volvo Wheel Loader L60F	51,558	75,000	23,442	0
Toyota Prado T/D 5 Door WGN A/	47,335	34,245	0	(13,090)
Grader Komatsu	138,292	100,000	0	(38,292)
Turfoutler Ryan JR 18"	0	909	909	0
ISUZU MUX 4x4 SUV	23,360	26,882	3,522	0
	565,587	491,163	38,051	(112,475)
	565,587	491,163	38,051	(112,475)

(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.

	2020	2019
Plant and equipment	\$ 154,699	\$ 129,720
	154,699	129,720

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

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

(c) Depreciation	2020	2020	2019
	Actual	Budget	Actual
	\$	\$	\$
Buildings - non-specialised	1,795,338	118,033	1,757,755
Furniture and equipment	393,159	54,637	309,224
Plant and equipment	1,580,450	6,296,173	1,508,899
Roads	4,081,162	4,682,096	3,416,467
Footpaths, Carparks & Bridges	919,824	0	860,969
Drainage	697,607	0	683,552
Recreation Areas	1,173,293	60,635	1,110,556
Infrastructure Others	504,310	144,338	373,777
	11,145,143	11,355,912	10,021,199

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The depreciable amount of all fixed assets including buildings 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 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

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

	Estimated Useful Life	Annual Dep'n Rate
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, jetties and long-life coastal infrastructure	80 years	1.25%
Drainage facilities	60 years	1.67%
Footpaths, Dual Use Paths	50 years	2.00%
Other Recreation Infrastructure	33 Years	3.03%
Other Infrastructure	33 Years	3.03%

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 2020

12. REVALUATION SURPLUS

	2020 Opening Balance	2020 Closing Balance	2019 Opening Balance	2019 Closing Balance
	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	34,853,440	18,776,908	34,853,440	34,853,440
Revaluation surplus - Furniture and equipment	201,314	201,314	201,314	201,314
Revaluation surplus - Roads	148,062,212	148,062,212	148,062,212	148,062,212
Revaluation surplus - Footpaths, Carparks & Bridges	30,512,688	30,512,688	30,512,688	30,512,688
Revaluation surplus - Drainage	27,400,598	27,400,598	27,400,598	27,400,598
Revaluation surplus - Recreation Areas	8,014,788	8,014,788	8,014,788	8,014,788
Revaluation surplus - Infrastructure Others	2,101,283	2,101,283	2,101,283	2,101,283
	251,146,323	235,069,791	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 2020

13. TRADE AND OTHER PAYABLES

Current

	2020	2019
	\$	\$
Sundry creditors	4,444,302	5,101,744
Rates paid in advance	360,703	307,254
Accrued salaries and wages	460,849	473,218
ATO liabilities	251,261	0
Bonds and customer deposits and prepayments	617,884	760,115
Accrued and other liabilities	208,272	853,129
	<u>6,343,271</u>	<u>7,495,460</u>

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

Trade and other payables (Continued)

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.

14. CONTRACT & CAPITAL GRANT LIABILITIES

	2020	2019
	\$	\$
Contract Liability	386,266	0
Capital Grant Liability	7,147,754	0
Developer Contributions	2,341,807	0
	<u>9,875,827</u>	<u>0</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

15. INFORMATION ON BORROWINGS

(a) Borrowings

	2020	2019
	\$	\$
Current	854,092	739,456
Non-current	3,255,864	2,659,956
	4,109,956	3,399,412

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020					30 June 2019									
				Actual Principal 1 July 2019	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2019	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2019	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
Recreation and culture				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
BRAC Stage 2B (Car Park & Oval Cox)	191	WATC		0	0	0	0	0	0	0	0	60,765	0	60,765	2,905	0		
Civic Centre Redevelopment	193	WATC	3.9500%	1,463,196	0	468,783	52,175	994,413	1,463,196	0	468,784	53,540	994,412	1,913,996	0	450,800	71,832	1,463,196
BRAC Pavilion	194	WATC	5.3600%	236,216	0	114,699	12,309	121,517	236,216	0	114,699	12,308	121,517	344,477	0	108,261	17,099	236,216
Town Beach Redevelopment	195	WATC	3.6165%	0	1,450,000		1,025	1,450,000	0	2,000,000	0	9,700	2,000,000	0	0	0	0	0
Economic services																		
Chinatown Revitalisation Project	196	WATC	1.8900%	1,700,000		155,974	31,308	1,544,026	1,700,000		91,865	48,807	1,608,135	0	1,700,000	0	966	1,700,000
				3,399,412	1,450,000	739,456	96,816	4,109,956	3,399,412	2,000,000	675,348	124,985	4,724,064	2,319,238	1,700,000	619,826	92,802	3,399,412
Self Supporting Loans																		
Recreation and culture																		
Broome Golf Club				0	0	0	0	0	0	1,250,000	0	22,646	1,250,000	0	0	0	0	0
				0	0	0	0	0	0	1,250,000	0	22,646	1,250,000	0	0	0	0	0
				3,399,412	1,450,000	739,456	96,816	4,109,956	3,399,412	3,250,000	675,348	147,631	5,974,064	2,319,238	1,700,000	619,826	92,802	3,399,412

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 2020

15. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2019/20

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges \$	Actual Balance Unspent \$
					2020 Actual \$	2020 Budget \$	2020 Actual \$	2020 Budget \$		
					Town Beach Redevelopment	WATC	Semi-annual	15		
Broome Golf Club	WATC	Semi-annual	15	TBD	0	1,250,000	0	1,250,000	0	0
					1,450,000	3,250,000	1,450,000	3,250,000	0	0

(d) Undrawn Borrowing Facilities

	2020 \$	2019 \$
Loan facilities		
Loan facilities - current	854,092	739,456
Loan facilities - non-current	3,255,864	2,659,956
Total facilities in use at balance date	4,109,956	3,399,412

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 25.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

16. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2019			
Current provisions	945,264	1,010,362	1,955,626
Non-current provisions	0	475,965	475,965
	945,264	1,486,327	2,431,591
Additional provision	550,824	(321,990)	228,834
Balance at 30 June 2020	1,496,088	1,164,337	2,660,425
Comprises			
Current	1,496,088	883,792	2,379,880
Non-current	0	280,545	280,545
	1,496,088	1,164,337	2,660,425
	2020	2019	
	\$	\$	
Less than 12 months after the reporting date	1,927,703	1,380,514	
More than 12 months from reporting date	732,722	1,051,077	
	2,660,425	2,431,591	

The timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timing is 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 2020

17. OTHER PROVISIONS

	2020	2019
	\$	\$
Non-current		
Restoration provision	4,802,000	0
Total non-current	4,802,000	0

SIGNIFICANT ACCOUNTING POLICIES

Restoration provision

Shire of Broome recognised the future remediation liability for the waste management facility in the statement of financial position as it is probable that an outflow of obligation is certain and the amount at which the settlement will take place can be measured reliably. The liability is reported at the present value of the future net cash outflows that are expected to

Restoration provision (Continued)

be required to settle the liability in the normal course of business as per AASB 137. The restoration obligation has been estimated by an independent industry professional and the present value of the future restoration costs is to be reviewed annually and any changes in the estimate are to be reflected in the restoration provision at each reporting date.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

18. 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:

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	43,577,663	30,021,661	42,169,411
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	10,395,205	10,722,321	8,616,372
Non-cash flows in Net result:			
Depreciation	11,145,143	11,355,912	10,021,199
(Profit)/loss on sale of asset	74,424	115,169	14,608
(Increase)/decrease in Units in LG Housing Trust	(1,441)	0	(87,586)
(Increase)/decrease in receivables	(3,353,591)	0	(516,817)
(Increase)/decrease in other assets	245,837	0	(201,355)
(Increase)/decrease in inventories	5,057	0	(15,448)
Increase/(decrease) in payables	(1,152,189)	(513,746)	2,888,750
Increase/(decrease) in provisions	228,834		(251,618)
Increase/(decrease) in Contract Assets	0	0	0
Increase/(decrease) in Contract & Grant Liabilities	9,875,827	0	0
Grants contributions for the development of assets	(18,654,060)	(16,990,887)	(12,577,669)
Change in accounting policies transferred to retained surplus	(2,885,993)	513,746	0
Net cash from operating activities	5,923,054	5,202,515	7,890,436

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	486,676	632,650
General purpose funding	13,963,205	9,046,506
Law, order, public safety	6,804,811	484,314
Health	58,472	9,747
Education and welfare	2,285,110	0
Housing	3,594,369	3,665,222
Community amenities	38,686,192	55,759,713
Recreation and culture	42,867,936	48,028,679
Transport	282,793,345	249,561,564
Economic services	3,205,152	6,684,086
Other property and services	38,423,011	39,788,362
Unallocated	0	13,609,740
	433,168,279	427,270,583

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

20. CONTINGENT LIABILITIES

The Shire of Broome has no contingent liabilities at 30 June 2020.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

21. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

- not later than one year

	2020	2019
	\$	\$
	5,407,392	87,432
	30,640	332,641
	5,438,032	420,073
	5,438,032	420,073

(b) Operating Lease Commitments

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

Payable:

- not later than one year

	2020	2019
	\$	\$
	503,322	384,181
	503,322	384,181

SIGNIFICANT ACCOUNTING POLICIES

Leases

Under AASB 16, there is no distinction between operating and finance leases. Instead, practically all leases are accounted for using a single on-balance sheet model similar to finance leases pursuant to AASB 117. At the inception date of a lease, a liability is recognised representing an obligation to make future lease payments (i.e. the lease liability) and an asset is recognised representing the right to use the underlying asset for the lease term (i.e. right-of-use (ROU) asset). Interest expense on the lease liability and depreciation expense on the ROU asset is recognised in the statement of profit or loss. The lease expense recognition pattern is generally accelerated as compared to the pattern under previous accounting standards. AASB 16 includes two recognition in the statement of

Leases (Continued)

profit or loss. The lease expense recognition pattern is generally accelerated as compared to the pattern under previous accounting standards. AASB 16 includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). Operating leases include the short-term leases for staff accommodation. Lease liabilities are remeasured upon the occurrence of certain events (e.g., a change in the lease, term a change in future lease payments resulting from a change in an index or rate used to determine those payments). The amount of the re-measurement of the the lease liability is generally recognised as an adjustment to the ROU asset.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

22. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting Fees	156,726	158,389	156,817
President's allowance	47,515	47,515	47,045
Deputy President's allowance	11,879	11,879	11,761
Travelling expenses	38,153	53,450	46,407
Telecommunications allowance	31,367	31,500	30,625
Other	701	0	0
	<u>286,342</u>	<u>302,733</u>	<u>292,655</u>

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	893,624	727,400
Post-employment benefits	78,026	67,291
Other long-term benefits	81,748	73,785
Termination benefits	38,246	13,189
	<u>1,091,644</u>	<u>881,665</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 and annual leave 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 2020

22. 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.

	2020 Actual	2019 Actual
The following transactions occurred with related parties:	\$	\$
Sale of goods and services	298,461	151,889
Purchase of goods and services	2,605,290	321,803

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 2020

23. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2019/20 Actual Rateable Value \$	2019/20 Actual Rate Revenue \$	2019/20 Actual Interim Rates \$	2019/20 Actual Back Rates \$	2019/20 Actual Total Revenue \$	2019/20 Budget Rate Revenue \$	2019/20 Budget Total Revenue \$	2018/19 Actual Total Revenue \$
Differential general rate / general rate										
Gross rental valuations										
GRV - RESIDENTIAL	10.8224	4,876	115,308,256	12,479,122	58,006	18,614	12,555,742	12,479,121	12,479,121	12,251,373
GRV - RESIDENTIAL - VACANT	19.8104	181	2,945,650	583,545	5,730	(4,695)	584,581	583,545	583,545	381,407
GRV - COMMERCIAL	11.2119	540	52,644,669	5,902,468	269,302	(36,269)	6,135,500	5,902,468	5,902,468	5,966,212
GRV - TOURISM	14.6665	454	17,437,556	2,557,479	29,601	0	2,587,080	2,557,479	2,557,479	2,563,461
GRV - EXEMPT			4,593,883	0	0	0	0	0	0	0
Unimproved valuations										
UV - COMMERCIAL RURAL	3.1875	21	6,643,773	211,770	(159)	(77)	211,534	211,770	211,770	208,129
UV - MINING	11.7729	33	1,060,743	124,880	10,225	(402)	134,703	124,880	124,880	130,873
UV - RURAL	0.7623	53	17,486,000	133,296	5,961	0	139,257	133,296	133,296	116,929
Sub-Total		6,158	218,120,530	21,992,560	378,665	(22,829)	22,348,396	21,992,559	21,992,559	21,618,384
Minimum payment										
Gross rental valuations										
GRV - RESIDENTIAL	1,220	67	648,834	81,740	0	0	81,740	81,740	81,740	92,720
GRV - RESIDENTIAL - VACANT	1,220	202	910,232	246,440	0	0	246,440	246,440	246,440	223,260
GRV - COMMERCIAL	1,220	33	179,590	40,260	0	0	40,260	40,260	40,260	29,280
GRV - TOURISM	1,220	372	1,599,000	453,840	0	0	453,840	453,840	453,840	505,080
Unimproved valuations										
UV - COMMERCIAL RURAL	1,220	2	13,300	2,440	0	0	2,440	2,440	2,440	2,440
UV - MINING	500	31	48,652	15,500	0	0	15,500	15,500	15,500	14,500
UV - RURAL	1,220	4	191,300	4,880	0	0	4,880	4,880	4,880	4,880
Sub-Total		711	3,590,908	845,100	0	0	845,100	845,100	845,100	872,160
		6,869	221,711,438	22,837,660	378,665	(22,829)	23,193,496	22,837,659	22,837,659	22,490,544
Discounts/concessions (refer Note 23(b))							(85,735)		(39,138)	(97,918)
Total amount raised from general rate							23,107,761	22,798,521	22,798,521	22,392,626

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period.

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Shire recognises revenue for the prepaid rates that have not been refunded.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

23. 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

Concession is Granted	Type	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$
General Rates	Charitable concession	50%		(4,408)	(4,408)	(4,602)
General Rates	Charitable concession	90%		(38,016)	(10,232)	(17,947)
General Rates	Charitable concession	37%		(8,576)	(8,576)	(11,626)
General Rates	Charitable concession	50%		(1,578)	(1,578)	(1,384)
General Rates	Charitable concession	50%		(5,002)	(5,002)	(3,369)
General Rates	Charitable concession	50%		(1,140)	(1,140)	(1,103)
General Rates	Charitable concession	50%		(1,252)	(1,252)	(1,239)
General Rates	Charitable concession	50%		(1,154)	(1,154)	(1,103)
General Rates	Charitable concession	50%		(1,097)	(1,097)	(1,000)
General Rates	Charitable concession	50%		(1,097)	(1,097)	(1,000)
General Rates	Charitable concession	50%		(1,308)	(1,308)	(1,278)
General Rates	Charitable concession	50%		(1,140)	(1,140)	(1,103)
General Rates	Charitable concession	50%		(1,154)	(1,154)	(1,103)
General Rates	Charitable concession	100%		(6,571)	0	0
General Rates	Charitable concession	100%		(12,243)	0	0
General Rates	UV-GRV Phase in			0	0	(36,043)
General Rates	Exempted	100%		0	0	(8,546)
General Rates	Exempted	100%		0	0	(5,472)
				(85,735)	(39,138)	(97,918)

Rate or Fee and Charge to which the Waiver or Concession is Granted

Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects and Reasons for the Waiver or Concession
General Rates	Varying concessions to a charitable organisation (90%, 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 36 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.
General Rates	100% concession to Kimberley Ports Authority	Land is used exclusively for a charitable purpose
General Rates	100% concession for current year and past year to Rubibi Aboriginal Land, Heritage & Development co Pty Ltd	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 2020

23. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option one				
Single full payment	22 Aug 2019	0.00	0.00%	11.00%
Option two				
First instalment	22 Aug 2019	10.00	0.00%	0.00%
Second instalment	09 Jan 2020	10.00	5.50%	11.00%
Option three				
First instalment	22 Aug 2019	10.00	0.00%	0.00%
Second instalment	24 Oct 2019	10.00	5.50%	11.00%
Third instalment	09 Jan 2020	10.00	5.50%	11.00%
Fouth instalment	12 Mar 2020	10.00	5.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	117,871	160,000	183,904
Interest on instalment plan	141,504	140,000	131,534
Charges on instalment plan	59,750	61,500	58,540
Payment arrangement fee	34,015	36,150	32,830
	353,140	397,650	406,808

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

24. RATE SETTING STATEMENT INFORMATION

Note	2019/20 (30 June 2020 Carried Forward) \$	2019/20 Budget (30 June 2020 Carried Forward) \$	2019/20 (1 July 2019 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)	(38,051)	(74,132)	(7,273)
Less: Non-cash grants and contributions for assets		(488,063)		
Less: Movement in liabilities associated with restricted cash		463,565	0	(100,209)
Less: Fair value adjustments to financial assets at at fair value through profit or loss		(1,441)	0	(87,586)
Movement in pensioner deferred rates (non-current)		(5,377)	0	(14,729)
Movement in employee benefit provisions		228,834	0	6,902
Add: Loss on disposal of assets	11(a)	112,475	189,301	21,881
Add: Depreciation on assets	11(c)	11,145,143	11,355,912	10,021,199
Non cash amounts excluded from operating activities		11,417,085	11,471,081	9,840,185
(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				
Less: Restricted cash	3	(40,024,863)	(29,196,495)	(35,273,696)
Less: Bonds and deposits held by others		(9,055)	(48,978)	(100,209)
Add: Borrowings	15(a)	854,092	675,348	739,456
Add: Liability associated with restricted cash - leave liability		2,379,880	1,641,164	1,592,185
Add: Liability associated with restricted cash - bonds and deposits		617,884	0	0
Add: Liability associated with restricted cash - Contract & Grant Liabilities		9,875,827	2,428,524	0
Add: Liability not expected to be paid within 12 months		65,093	0	0
Total adjustments to net current assets		(26,241,142)	(24,500,437)	(33,042,264)
Net current assets used in the Rate Setting Statement				
Total current assets		49,882,604	34,425,163	45,377,032
Less: Total current liabilities		(19,453,070)	(9,924,726)	(10,190,542)
Less: Total adjustments to net current assets		(26,241,142)	(24,500,437)	(33,042,264)
Net current assets used in the Rate Setting Statement		4,188,392	0	2,144,226

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

25. 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	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. 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
	%	\$	\$	\$	\$
2020					
Cash and cash equivalents	1.50%	43,577,663	0	43,577,663	0
2019					
Cash and cash equivalents	2.39%	42,169,411	0	42,169,411	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.

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	435,777	421,694

* 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 15(b).

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

25. 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 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 2020 and 30 June 2019 was determined as follows for rates receivable. No expected credit loss was forecasted for rates receivable as penalty interest applies to unpaid rates and properties associated with rates may be 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	Specific provision	Total
30 June 2020						
Rates receivable						
Expected credit loss	2.00%	5.00%	8.00%	10.00%		
Gross carrying amount	1,810	688,282	103,982	84,300	0	878,373
Loss allowance	36	34,414	8,319	8,430	116,505	167,704
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	0	917,077
Loss allowance	8,722	10,471	11,131	13,242	92,426	135,992

The loss allowance as at 30 June 2019 and 1 June 2019 (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	Specific provision	Total
30 June 2020						
Sundry Receivables						
Expected credit loss	2.00%	5.00%	10.00%	15.00%		
Gross carrying amount	4,867,675	96,166	24,282	69,981	0	5,058,104
Loss allowance	97,354	4,808	2,428	10,497	19,747	134,834
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	0	883,293
Loss allowance	10,761	10,428	2,178	10,946	48,415	82,728

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

25. 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 15(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
	\$	\$	\$	\$	\$
<u>2020</u>					
Payables	6,343,271	0	0	6,343,271	6,343,271
Borrowings	945,498	1,708,467	1,841,960	4,495,925	4,109,956
	7,288,769	1,708,467	1,841,960	10,839,196	10,453,227
<u>2019</u>					
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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

26. TRUST FUNDS

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 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
Other General Purpose Deposits	0	15,162	(15,162)	0
Town Planning Related Bond Deposits	102,437	0	0	102,437
Cash In Lieu Of Public Open Space	100,209	0	0	100,209
BRB Levy	14,836	62,867	(72,762)	4,941
Unclaimed Monies	2,160	200	0	2,360
Chinatown Revitalisation DRD Grant	805,721	808	(806,529)	0
	1,025,363	79,037	(894,453)	209,947

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

27. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

Under the Infrastructure Contribution Agreement between the Western Australian Land Authority and the the Shire of Broome dated 8 December 2015, the Western Australian Land Authority agreed to undertake and complete the construction of the Broome Motocross Complex Stage 1 Relocation project as a contribution to the Shire of Broome.

On 24 September 2020, before the approval of the annual financial report, the construction of the Broome Motocross Complex was completed at a total cost of \$2,322,544 comprised as follows:

	<u>\$</u>
Building improvements	1,928,761
Roadworks	178,663
Fencing	27,364
Earthworks	187,756
	<u>2,322,544</u>

On the same date, full control and responsibility of the facility were transferred to the Shire of Broome.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

This note explains 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.

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Shire of Broome adopted AASB 15 on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire of Broome has adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019.

In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	AASB 118 carrying amount 30 June 19	Reclassification	AASB 15 carrying amount 01 July 19
	\$	\$	\$
Contract and grants liabilities - current			
Contract Liability	0	300,447	300,447
Contract liabilities non-current			
Adjustment to retained surplus from adoption of AASB 15	0	300,447	300,447

INCOME FOR NOT-FOR-PROFIT ENTITIES

The Shire of Broome has adopted AASB 1058 from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire of Broome has adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods 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 changes occurred on the following financial statement line items by application of AASB as compared to AASB 1004 Contributions before the change:

	AASB 1004 carrying amount 30 June 19	Reclassification	AASB 1058 carrying amount 01 July 19
	\$	\$	\$
Capital Grant Liability	0	0	0
Developer Contributions	0	2,585,547	2,585,547
Adjustment to retained surplus from adoption of AASB 1058	0	2,585,547	2,585,547

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The net impact on the Shire of Broome of the revenue standard changes as at 1 July 2019 is as follows:

	2019
	\$
Retained surplus - 30/06/2019	127,524,101
Adjustment to retained surplus from adoption of AASB 15	300,447
Adjustment to retained surplus from adoption of AASB 1058	2,585,547
Retained surplus - 01/07/2019	124,638,108

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

RIGHT-OF-USE ASSETS UNDER CONCESSIONARY LEASES

Prior to 1 July 2019, FMR 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 the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Following the amendments to the FMR, vested crown land and other land which is not owned by the local government, but which is under its control or management (including Land under roads), is a concessionary lease right of use (ROU) asset to be recognised at cost (\$nil). Consequently, Regulation 16 has been removed as it is redundant.

The impact on the Shire of Broome of the changes as at 30 June 2020 is as follows:

	Carrying amount 2019	Reclassification	Carrying amount 2020
	\$	\$	\$
Broome Golf Club	8,264,330	0	0
Broome Turf Club	7,812,202	0	0
Revaluation surplus - Land - freehold land	34,853,440	(16,076,532)	18,776,908
	50,929,972	(16,076,532)	18,776,908

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

29. 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 1059 *Service Concession Arrangements*, amendments to the definition of material in both AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Service Concession Arrangements :Grantors

The Shire will adopt the AASB 1059 service concession arrangements on 1 July 2020 which will result in changes in accounting policies. The new standard will cause a fundamental change in accounting practice as grantors (Shire) move from a 'risks and rewards' approach to a 'control approach'. This change will improve the comparability of grantor financial reporting and make the economic impact of concession arrangements more transparent to taxpayers and other parties. However, Shire has been investigating and there has been no material impact recognised yet.

(b) Amendments to AASB 101 and AASB 108 8 Definition of Material (AASB 2018-7)

These amendments are intended to make the definition of material in AASB 101 and has been replaced with following; *Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.*

Comparing to the previous definition the threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in AASB 108 has been replaced by a reference to the definition of material in AASB 101 and specific impacts have not been identified yet.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

30. 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 2020

31. 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. Activities relate to the tasks of assisting elected members and ratepayers on matters that 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 other related activities.
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 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 plan, maintenance of cemeteries, storm water drainage maintenance, sanitation 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, 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 other related infrastructure.
ECONOMIC SERVICES To help promote the Council's economic well being.	The regulation and provision of tourism facilities, area promotion and other related activities.
OTHER PROPERTY AND SERVICES To monitor and control Council's overheads operating accounts.	Private works and provision of unclassified civic building facilities. General support for Council's operations, allocated to other functions. Engineering and gardens management, allocated to construction and maintenance jobs. Other related activities, allocated to construction and maintenance.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

32. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	1.16	1.12	1.64
Asset consumption ratio	0.84	0.86	0.88
Asset renewal funding ratio	0.96	1.05	1.37
Asset sustainability ratio	0.62	1.50	0.22
Debt service cover ratio	15.38	8.63	11.86
Operating surplus ratio	0.05	(0.11)	(0.13)
Own source revenue coverage ratio	0.85	0.82	0.80

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 2020



Our Ref: 8250

Mr Sam Mastrolembo
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 Mastrolembo

AUDIT OF SHIRE OF BROOME'S 2019-20 ANNUAL FINANCIAL REPORT COMPLETED

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.

Management Control Issues

While the result of the audit was generally satisfactory, I would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the audit. These matters have been discussed with management and their comments have been included in the attachment.

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. The matters being reported are limited to those deficiencies that have been identified during the audit that are of sufficient importance to warrant being reported. It is possible that other 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
26 November 2020

Attach

INDEPENDENT AUDIT REPORT

FOR THE YEAR ENDED 30 JUNE 2020



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 2020, 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 2020 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 annual 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 annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

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 the annual financial report that is free from material misstatement, whether due to fraud or error. In preparing the annual 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.

INDEPENDENT AUDIT REPORT

FOR THE YEAR ENDED 30 JUNE 2020

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 annual 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 annual financial report.

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

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

- (i) All required information and explanations were obtained by me.
- (ii) All audit procedures were satisfactorily completed.
- (iii) 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 ratios for 2018 in Note 32 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2018. The auditor expressed an unmodified opinion on the annual financial report for that year.

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 2020 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 annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual 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 annual financial report to confirm the information contained in this website version of the annual financial report.



VINCE TURCO
ACTING ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
26 November 2020

INDEPENDENT AUDIT REPORT

FOR THE YEAR ENDED 30 JUNE 2020



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 2020, 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 2020 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 annual 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 annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act. In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

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 the annual financial report that is free from material misstatement, whether due to fraud or error. In preparing the annual 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.



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**