

ANNUAL REPORT

2017-2018

SHIRE OF **DUNDAS**

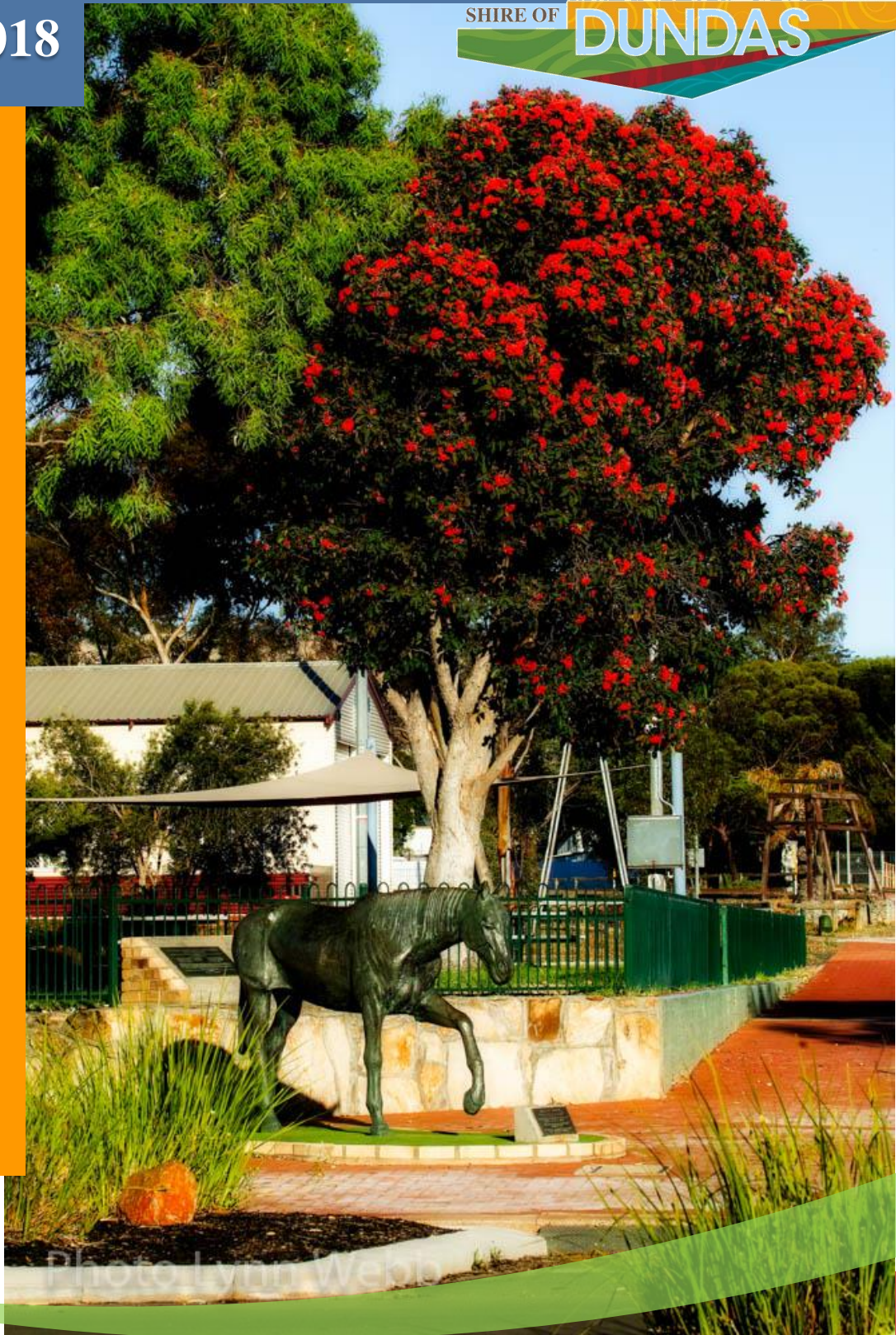


Photo: Lynn Webb

Artists Valma Schultz & Norseman District High School Students



*The Shire of Dundas recognises the
Ngadju and Mirning People as traditional custodians, and
acknowledges their Elders past, present and emerging.*

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We value our lifestyle. The bush, the peace, our health, our safety and where we live.

We expect quality services. Improved streetscapes, good footpaths, quality health services, housing and strong educational facilities.

We envision sustainability. We strive to be financially, socially and environmentally sustainable.

Our mission is:

“That as Community we work collectively within an ethical framework to enhance our Community and its social fabric by way of consultation, lobbying and promotion.”



President's Report

On behalf of the Councillors of the Shire of Dundas, I present the 2017-18 Annual Report.

Following Local Government elections in October 2017, we welcomed three new Councillors onto Council and I was both privileged and very proud to have been appointed Shire President. Having welcomed our three new Councillors, necessarily meant we farewelled three former Councillors, including both the President (Jacquie Best) and Deputy President (Lynn Webb). I would like to take this opportunity to express our thanks, on behalf of the community, to all three retired Councillors for their excellent efforts in their service to our community and wish them well in their 'life after Council' pursuits.

The Financial Report and Auditor's Report presented as part of this Annual Report again highlights the standards and efficiency of our Shire staff. We appreciate their efforts in maintaining high standards in their work and legislative compliance.

During the year we welcomed to the Shire staff, our new Manager of Works and Engineering, Peter Crawford, who brings a wealth of experience to the role.

At the end of the year, our CEO, Doug Stead, departed our Shire to retirement.

We extend our thanks and appreciation for the hard work of our Shire staff in fighting several fires over the bush fire season, including giving up their Christmas Day in their efforts to contain the fires.

Our Norseman airstrip upgrade, to an all-weather facility, was well and truly on the way to completion at the end of the year. Again, our Shire staff put in a great effort to assist in pushing this project towards completion.

Our Woodlands Cultural, Community and Visitor Centre project is progressing well with the appointment of Cartman Designs as our architectural consultants and Glen Flood Group Consulting as project management consultants for the project. The project will go out to tender towards the end of 2018 and should be completed in the second half of 2019.

“We look forward with great optimism to the coming year and all that it will bring in the way of project completion and the promotion of our Shire as a great place to live!”

A tender was awarded for the replacement of the Eucla Hall, the former building having unfortunately burned to the ground in February 2017. The completion of this project is scheduled for late 2018/early 2019. The cost of this project is largely covered by insurance.

The upgrade of the Eucla airstrip has made some progress with testing of the ground and identifying sources of rock/gravel and water. Funding opportunities are being actively explored.

Other projects and initiatives completed through the year were the upgrade to Mark's Park, a review and update of the Shire's Disability Access and Inclusion Plan (DAIP), repeal of several outdated local laws and the adoption of new Standing Orders to replace the previous, gazetted in 1997.

Councillors have attended various training courses over the year, including Serving on Council, Meeting Procedures and Debating, Understanding Financial Reports and Professionally Speaking in their effort to gain valuable skills, to better understand legislative requirements and provide the best governance for our Shire. I am currently enrolled in the Diploma of Local Government.

Our Shire continues to have a regional voice through our participation in the Goldfields Voluntary Regional Organisation of Councils (GVROC). Along with nine other regional councils we combine to advocate on projects and issues relevant to our region as well as providing support for individual Shire projects that may lead to mutual benefit opportunities to the region as a whole.

This reporting year has certainly thrown up some significant challenges along the way, but Council members have developed an excellent working relationship and with assistance from our Shire staff we have met the challenges, sourced solutions and made progress in all our endeavours. We look forward with great optimism to the coming year and all that it will bring in the way of project completion and the promotion of our Shire as a great place to live!

Cr Laurene Bonza

Shire President

Elected Members

PRESIDENT

CR LAURENE BONZA

NORSEMAN, WA 6443

RETIRING: 2019



DEPUTY PRESIDENT

CR RASA PATUPIS

EUCLA, WA 6443

RETIRING: 2019



CR PATRICK HOGAN

NORSEMAN, WA 6443

RETIRING: 2021



CR BARRY BAYLEY

NORSEMAN, WA 6443

RETIRING: 2021



CR SHARON WARNER

NORSEMAN, WA 6443

RETIRING: 2021



CR VERONICA WYATT

NORSEMAN, WA 6443

RETIRING: 2019



Organisational Structure





CEO Report

Peter Fitchat

It is with pleasure that I report on the 2017/2018 financial year to the Council and the residents of the Shire of Dundas.

The Financial Report and the supporting Auditors Report included in this Annual Report highlights that the management of the Shire's administration and finances has once again been of a very high standard and in accordance with the variety of legislative requirements.

The year proved to be one that presented management with a variety of challenges which shire staff addressed with great professionalism.

This year we farewelled Doug Stead who has retired to Busselton. Peter Crawford has joined us as Manager of Works and Engineering and has settled down into this role in no time.

Councillors are elected for terms of four years. Elections are held every two years for half of the council. Three new Councillors were elected to the Council during the year and Cr Laurene Bonza was appointed as the Shire President.

During the year thirteen bushfire incidents were reported within the Shire of Dundas challenging availability of resources and the commitment of the Shire staff well beyond its limits. The Shire staff, volunteers and the Department of Fire and Emergency Services worked meticulously around the clock for many weeks, to avoid any impact on human lives, properties and animals, controlling these fires. We salute our fire fighters who gave up their personal time, including Christmas day, to fight ongoing fires.

The major project of the year was the upgrade of Norseman Airstrip as an all-weather airstrip with a total project cost of \$4.35 million. Being at the end of the Nullarbor and with the volume of traffic from the Eyre Highway and Esperance Coolgardie Highway, it is critical to have permanent and safe RFDS access. Changing weather patterns has disrupted aircraft operations in the past. The upgraded all-weather airstrip will raise the level of emergency response and medical evacuation that is required and will provide a very efficient gateway for all industries within the Shire of Dundas. The efforts of the Shire's own staff in making this project viable need to be commended.

“This project (Woodlands Cultural, Community and Visitor Centre project) is crucial for the Norseman town centre to be a vibrant and welcoming community and business hub.”

The next major project for the Shire, the Woodlands Cultural, Community and Visitor Centre project was kick started during the year with an estimated total project cost of \$2.5 million. Local architects Cartman Designs has been appointed as architectural consultants and GFG Consulting as project management consultants for the project. This project is crucial for the Norseman town centre to be a vibrant and welcoming community and a thriving business hub.

The Shire has long recognised the importance of the Eucla Airstrip in relation to emergency response and was pleased to begin the process assessing upgrade requirements completing a feasibility study of the airstrip in 2018. This project is due to commence in 2018 /19 subject to availability of funds.

Ensuring that the Shire continues to be a place of inclusion, popular Marks Park received an upgrade of \$119,716 which included disability access paths, new play equipment and landscaping. Encouraging more families, tourists and community events to make use of the facilities.

During the year, a tender was finalised for a new purpose-built centre to replace the community hall at Eucla, which burnt to the ground. Construction work of the new centre is scheduled for completion in 2018/19.

The Norseman Visitor Centre continues to receive good reports from tourists and visitors to our area and the Shire is proud to continue to support the economic benefits of tourism with the annual grant of \$60,000 to the local Visitors Centre. We recognise the good work of the VC Committee and the Manager Evelyn Reid and her small team of dedicated volunteers.

The Shire updated its Disability Access and Inclusion Plan (DAIP) to provide an effective framework for meeting the needs of many people in the community. This not only includes people with disability but also families with young children and prams, seniors and people from culturally and linguistically diverse backgrounds.

The Shire reviewed its' Local Laws and developed an action plan to repeal and amend Local Laws that no longer represent specific needs of the community. Accordingly, four local laws were repealed during the year and Standing Orders Local Law 2018 was adopted in place of the Shire of Dundas Local Law No. 1, gazetted in 1997.

Shire management continues to watch our finances closely as our rate base continues to be eroded by the reduction in property values in our region. These valuations are appraised by the Valuer General and are key to our rate income. Shire management took a very conservative view on unpaid rates at the year end and saw fit to increase our provision for doubtful debts to a level of some \$398,000.

The Shire acknowledges the capital grant incomes received from Lottery West (Marks Park upgrades), Roads to Recovery and the Regional Roads Group (for keeping our town and country roads safe), federal funding from the Department of Infrastructure and Regional Development (part funding for the upgrade of the Norseman Airstrip project), state funding from the Department of Transport (part funding for the upgrade of the Norseman Airstrip project) the State funding from Department of Primary Industries and Regional Development (Woodlands Cultural, Community and Visitor Centre project) which enabled the maintenance of existing, and the creation of new infrastructure assets.

We are equally indebted to the Department of Communities Child Protection and Family Support, Department of Fire and Emergency Services and Department of Local Government Sport and Cultural Industries for various operating grants that help keep our level of service to our community at a high level.

Peter Fitchat

Chief Executive Officer

Shire of Dundas

Heart of the Great Western Woodlands

The Shire of Dundas proudly sits as the Heart of the Great Western Woodlands the largest area of Mediterranean climate woodlands on earth.

Covering 92,725km² in the South East of WA the Shire of Dundas is rich ancient land, with the first nations peoples of the Ngadju and Mirning both recognising areas of country across the Shire.

The Ngadju are active in the management of conservation and protection of Ngadju Country with strong programs such as Ngadju Rangers contributing to the care of Country and culture.



The south east boundary of Dundas is bordered by the sapphire coastline of the Southern Ocean. The vast sweeping plains of the Nullarbor head through to South Australia with the town of Eucla welcoming and farewelling travellers to and from the Shire and Western Australia.

Neighbouring Shires are Esperance to the south, Coolgardie to the north and heading west along Hyden Norseman road

10 sits the Shire of Kondinin.

Community



Residents of the Shire of Dundas call Dundas their home, a place where they live raising families, working, or enjoying retirement, a place to be protected and a place to invest in.

The Strategic Community Plan (SCP) recognises the vital importance of quality of life and lived experience and through its service departments of Community Development, Works and Projects strives to address the key themes from the SCP.

A Healthy Community

A Community with adequate health services accessible to all residents;

A Physically Active and Socially Connected Community

A socially connected Community participating in a range of activities that will enhance the social fabric within the Shire of Dundas;

Community Engagement

A Community where everyone from the youth to the aged are engaged in constructive activities that encourage social and Community development;

Economic Development

A Shire continually involved with the development and maintenance of working relationships with mining companies (industry), local business ventures, retail and tourism to develop business opportunities within the Shire;

Population and Future Growth

Encourage people to stay in the Shire and build a stable population with the possibility of future growth to maintain a viable functioning Community;

Educational opportunities

A Shire with access to highly developed educational courses, facilities and career selection for future candidates; and

Infrastructure improvement

A Shire with a high level of Community infrastructure with improvements to aged accommodation, footpaths, street lighting, streetscape and the airport.

The Ngadju Ranger Program continues to go from strength to strength



with Ngadju Conservation Aboriginal Corporation stepping out from the valued support of Gondwana Link, the Pew Charitable Trusts and the Rangelands NRM, to now becoming a funded entity in their own right. Receiving almost \$700,000 through the Commonwealth's Indigenous Advancement Strategy, the Ngadju Rangers continue to focus on developing the skills and capacity of the Ranger group, through community partnerships, research and training.

Early 2018 also saw the Rangers purchase their own building, moving out from the leased site at the local school and into a new Ngadju Ranger Centre. This exciting opportunity sees the Rangers continue on their journey of self-determination and self-sustaining. Their strong ethos of caring for Country and providing employment and training opportunity for Ngadju in the community, is recognised and valued by the Shire of Dundas.



Senior residents enrich our community

by participating in a variety of Shire supported activities such as Stay on Your Feet, Norseman Craft Ladies, local and regional excursions, Ladies Swim Club, Coolgardie Christmas Luncheon and the Shire of Dundas Seniors Christmas Dinner.

Courses and workshops are also held for minimal or no cost at the Norseman Community Resource Centre with programs that have outcomes on connecting community, developing skills and capacity, promoting and enhancing seniors' health and wellbeing.

Seniors are a wonderful resource in our Community. They contribute their knowledge, skills, time and passion enriching the places we call home.



Children and Young people in communities signal vitality and growth, their voices hopes and dreams are strong consideration when planning for the future of our towns.

Youth Services are an integral part of the Shire's strategy to supporting families and young people, partially supported through State Government funding from the Department of Child Protection and Family Services.

Youth Services play a significant role in the ability for the youth of Norseman to participate in seasonal sports, supporting community sporting events and proving a safe "drop in" space for the young people of Norseman. Traditionally catering for the ages 12 through to 18 Council recognised a gap in activities provided for children 5-11 and have adjusted the program to address this age group also.

The past year continues to see community partnerships grow and recognises the contributions of the following local and regional organisations in supporting the young people of Dundas:

- Department of Communities
- Norseman District High School
- Norseman Community Resource Centre
- Norseman Dance Group
- Ngadju Rangers
- Kambalda Sea Eagles Swim Club
- Kambalda Football Club
- Norseman Commerce Group
- Norseman Ladies Craft Group
- Norseman Men's Shed
- Norseman DHS P&C
- Ngadju Memorial Garden Project
- BOICO
- Ngadju Native Title Corporation



Norseman Community Resource Centre

The Norseman Community Resource Centre (CRC) survived a turbulent year with the announcement of reduced funding from State Government and cuts to the services it provides. A reversal of that decision later in the



year saw relief across the CRC network. In spite of the uncertainty the Norseman CRC remained a valuable and active resource in the community traditionally funded by Royalties for Regions.

The centre provides a range of services such as photocopying, printing, computers, and secretarial services as well as being an agent for Medicare, Westnet, Centrelink and the Australian Tax Office.

Situated on the main business street of town the CRC continues to grow the services it provides, initiating collaborative partnerships to ensure the needs of the community it serves are being met.

Popular is the Saturday morning KIDZ KLUB program which offers a variety of activities for children aged 6-12 years. The CRC works closely with the Shire and other services to provide a variety of community events including business seminars, health campaigns, Food Sense Workshops, senior's computer courses, children's activities and community arts performances.

Volunteers, Supporting the People Who Support



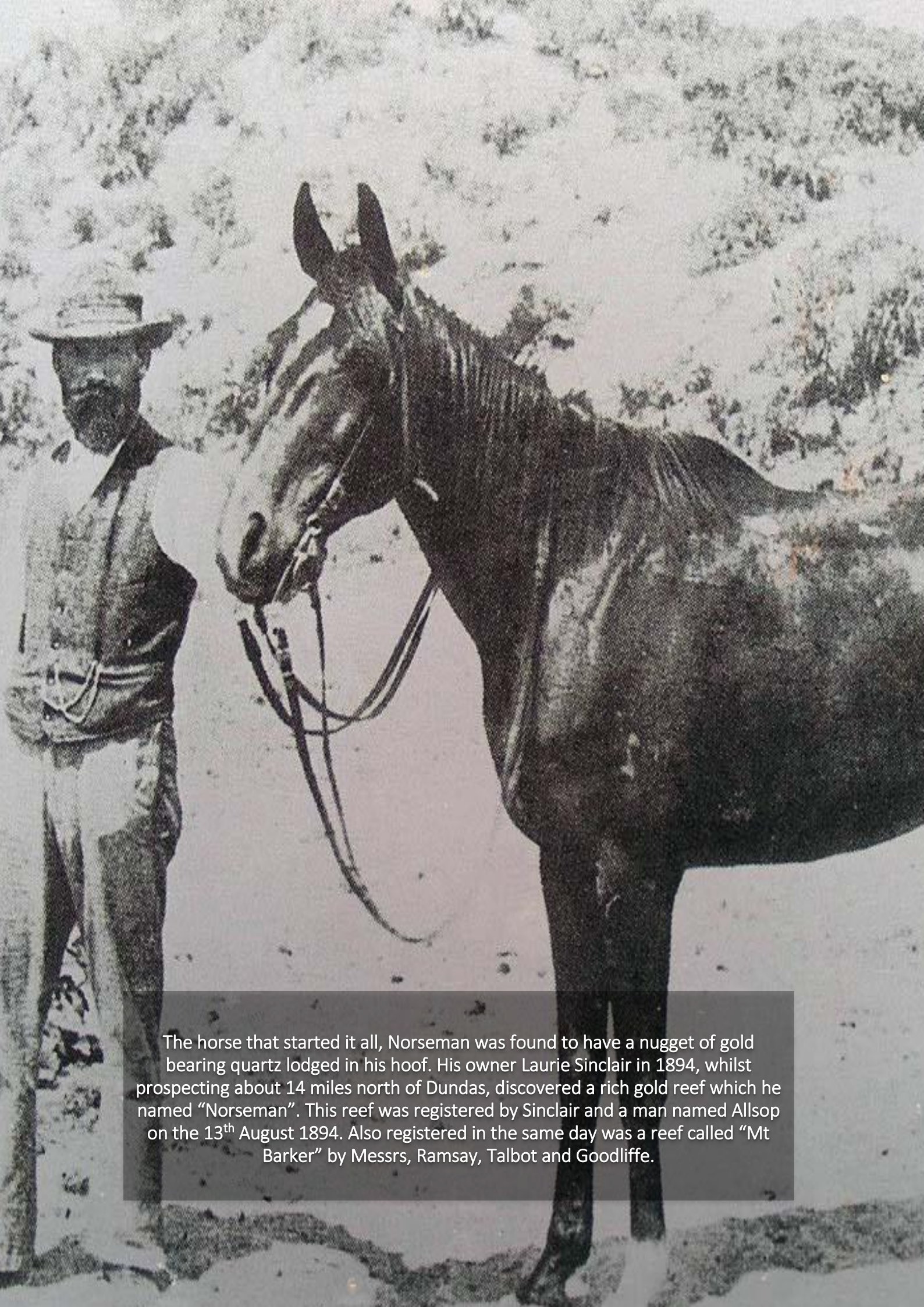
The Shire of Dundas received a Gold Award at the 2017 Volunteer Employer Recognition Awards (VERA) for its continued support of Shire employees who volunteer and the organisations they volunteer for.

Nominated by the Norseman VFRS Captain Veronica Wyatt, the Shire stood out amongst ninety one businesses and organisations recognised for supporting volunteers to meet the requirements of their roles.

Emergency Services Minister Francis Logan congratulated the award recipients. "There are more than 27,000 emergency services volunteers across the State and many of them couldn't volunteer without the support of their employers.



Image: Olenna Connell, Woodlands Wilderness Yoga Retreat



The horse that started it all, Norseman was found to have a nugget of gold bearing quartz lodged in his hoof. His owner Laurie Sinclair in 1894, whilst prospecting about 14 miles north of Dundas, discovered a rich gold reef which he named "Norseman". This reef was registered by Sinclair and a man named Allsop on the 13th August 1894. Also registered in the same day was a reef called "Mt Barker" by Messrs, Ramsay, Talbot and Goodliffe.

Dundas and Norseman have an adventurous exploration and mining heritage beginning in the 1840's with the exploration of the South Coast by Edward John Eyre, the naming of the Dundas Hills in 1848 by JS Roe, and the crossing in 1871 of John Forrest from Western Australia into South Australia, which between 1871 and 1880, produced the establishment of sheep stations at Mundrabilla, Fraser Range and Balladonia.

Between 1876 and 1878 the construction of the Overland Telegraph Line (coastal), from Albany to Adelaide took place, and after its completion the Southern Area was linked with the rest of Australia.

In 1890 Mr Moir of Fanny's Creek found traces of alluvial gold whilst searching for new pastures in the Dundas Hills area; however, no further exploration took place until Moir returned in 1892, with a prospecting team. Unfortunately, no gold was found.

During its first few years Norseman struggled to establish itself due to Dundas being the major township in the area, however the richer fields of Norseman gradually outgrew the latter, and in 1895 was declared a town and in 1896 a Municipality.

The Municipality became the Norseman Roads Board in 1918, the Dundas Road Board in 1929 and the Shire of Dundas in 1961.

During this time, other prospectors had begun to explore the area and in 1892 Messrs, Mawson and Kirkpatrick discovered gold in the southern end of the Field and named it the "May Bell". Following this Messrs, Bromley, Mawson and Desjarlis, found a rich outcrop of ore, and named it "Great Dundas". In August 1893 the "Dundas Field" was finally proclaimed, and the town site of Dundas was established, with the discovery of another two rich outcrops, which were registered under the one name of "Scotia".

General Report

The Shire of Dundas continues to develop its ability to comply with new legislation and requirements from all sectors of government departments and agencies.

During the year the Shire reviewed its existing policies and procedures and introduced new policies and procedures to ensure the robustness of the policies and procedures in place in relation to the Shire's operations.

Professional development of staff and Councillors continues to be an important investment which is budgeted for annually. This is a continuous requirement with training expenses totalling \$24,921. Newly elected members of the Council attended a series of training and development workshops during the year to help them in better servicing the community they represent.

The Corporate Business Plan, Long Term Financial Plan, Workforce Plan and Asset Management Plan were all updated in line with the Strategic Community Plan. These plans are of paramount important for the Shire to plan sustainably for the future and to equip the organisation to respond to short, medium and long-term Community requirements.

The Shire reviewed its Local Laws and developed an action plan to repeal and amend Local laws that no longer represent specific needs of its community. Accordingly, four local laws were repealed during the year and Standing Orders Local Law 2018 was adopted in place of the Shire of Dundas Local Law No. 1, gazetted in 1997.

The Shire continues to invest in record keeping procedures to ensure compliance and accountability.

The Shire achieved 99% compliance in its 2017 Compliance Audit Return (CAR), an improvement on the 2016 CAR with 93%.

Governance

Law, Order and Public Safety

Bushfires

During the year thirteen bushfire incidents were reported within the Shire of Dundas challenging availability of resources and the commitment of the Shire staff well beyond its limits. The Shire staff, volunteers and the Department of Fire and Emergency Services worked meticulously around the clock for many weeks, to avoid any impact on human lives, properties and animals, controlling these fires.

The Shire invested in installing additional CCTV cameras within the main town centre as an effective preventive measure of crime and anti-social behaviour.

The Shire continues to hold Local Emergency Management Committee meetings, working towards building strong partnerships and effective use of local and regional resources for emergency events.

With the closure of Norseman's State Emergency Service (SES) unit, DFES has taken several steps to enhance the town's emergency response system. The VFRS crew based at Norseman has been trained to deal with road crash rescues. Agreements with mining companies WestGold at Higginsville to the north and Independence Group on the Fraser Ranges to the east have been reached to have their emergency response crew's assistance in road crashes and other emergencies.

Ngadju Conservation Ranger program has also been active in training their rangers in fire management and have in recent years offered volunteer support and assistance.



Animal Control

With an additional part-time ranger in the team, the Shire was able to increase street presence, and provides quick response to call outs both in the township of Norseman and along the Eyre and Esperance-Coolgardie Highways. Rangers deal with a variety of animal control issues ranging from lost pets, stray animals, dog attacks and wildlife that has been injured on the roads. The Shire became a member of the RSPCA with membership offering community engagement sessions for residents on responsible pet ownership. The total cost of providing an animal control service for the Shire of Dundas for 2017-2018 is \$45,369.

Health

Health Inspection and Administration

Regular health inspections are undertaken in Norseman and along the Eyre Highway to Eucla ensuring the health standards are maintained in all relevant food preparation premises.

Community Health Centre and Dental Surgery

The Shire continues to maintain the Community Health Centre and Dental Surgery building in Prinsep Street. With the loss of the full time Community Health Nurse and Aboriginal Health Worker, the Norseman community is now serviced by visiting Community Health nurses from Esperance. Visits are on an at-needs basis and operate from the Community Health Building and the local school.

Whilst the Shire does not have a permanent dentist, residents were fortunate enough to have a visiting dentist from Kalgoorlie-Boulder. Children enrolled in school are also serviced through the Dental Health Services Schools Dental Service via a mobile clinic that visits the local school once or twice a year.



Yoga instructor Olenna in one of her weekly classes.

Norseman Squad of the Kambalda Sea Eagles



Resident Doctor

The Shire of Dundas continues to work on maintaining health services to community by providing assistance to the doctor. To retain and attract quality medical providers the Shire constructed a new residential dwelling for the doctor during the previous financial year. The new doctors residence also has on site a self-contained flat to house visiting specialists, medical practicum students and locums. The Shire spends in average \$50,000 each year to provide various benefits to the resident doctor.

Community Amenities

Household Refuse-Litter

Council carries out the rubbish removal service with its own day-labour workforce operating a single operator side-loading compaction unit.

Rubbish tip maintenance and litter control are also undertaken by Council employees. Shire staff at the refuse site continue to bale cardboard for recycling however the costs are significant compared to the value of the recycled product. The Shire Works Department continues to investigate solutions for managing recyclable waste.

A survey has been undertaken to expand the rubbish tip during the next financial year.

Cemetery

The Norseman Cemetery is located at the end on Denison Drive in a peaceful bush setting. During the year a survey was carried out to explore the possibilities of expanding the cemetery in the future.

Housing

Aged Care

The Shire manages four self-contained units for the aged, three of them were occupied during the year. A low rental cost is paid by the tenants however the rents charged do not reflect the true cost of providing the accommodation units.

Staff/Other

Renewal and maintenance programs continue to be carried out on an annual basis, as per strategies with the Strategic Community Plan and Corporate Business Plan. These programs ensure that housing is well maintained and of a good standard. Shire housing provides benefits in attracting senior staff to the Shire as well as costs benefits when using contractors for extended projects.

Education and Welfare

Council recognises the importance of quality well-resourced public education in remote communities and looks for opportunity to support the school community with innovative projects and partnerships.

The Shire of Dundas is serviced by one mainstream public school, Norseman District High School and School of the Air for primary school students living in the more remote areas of the Shire, in particular, families along the Eyre Highway.

Norseman District High School caters for students from Kindergarten through to Year 12, with senior students accessing some of their curriculum studies through Schools of Isolated and Distance Education whilst at school.

During 2017-2018 the Shire and Norseman District High School have strengthened their community partnership working together on a variety of initiatives:




Norseman DHS student Molly Clark participating in the WALGA road safety campaign Blessing of the Roads.

- Memorial Welcome Garden
- NAIDOC Week
- ANZAC School Service 2018
- ANZAC Day Dawn Service and Diggers Breakfast
- NAIDOC Week
- Athletics and Swim Carnivals
- Bus Transportation
- School Grounds maintenance support
- School Ball
- Remembrance Day
- Ngadju Welcome Garden
- Dundas Images Photographic Competition
- Biggest Morning Tea
- Disability Access & Inclusion Plan Consultation
- Aqua Fun Day
- Country Week
- Back to Norseman Week
- School Incursions

Recreation and Culture

Community Spaces



Community require identified places of gathering. Accessible and inclusive spaces where people come together in times of celebration and in times of need.

These *coming together* moments connect us to each other, strengthen our bonds and build resilience across our community.

Public Halls

Council provides three main public halls within the Shire. These halls are the Norseman Town Hall, Dodd House and the Eucla Community Hall.

The Town Hall and Dodd House provide a functional space for a diversity of community needs and activities. During 2017-2018 these important resources have seen a variety of activities - the annual School Ball, Stay on Your Feet weekly classes, Dance Class, Ngadju Native Title Aboriginal Corporation meetings, hair dressing services, community gatherings, Norseman Pensioners Mornings, community Art Classes, Youth Programs, Seniors Christmas Dinner, community consultation and the hire of the venues for private functions.

The loss of the Eucla Community Hall from fire in the early part of 2017 created a significant gap in the facilities for residents living in the town of Eucla and along the Eyre highway. The new Community Hall has been designed from input from the local community and will be in place by late November/early December 2018.

Swimming Pool

The Norseman Swimming Pool is popular with residents and visitors in the summer months. Operated by a qualified Swimming Pool Manager the pool provides a sanctuary from the summer heat.

Although a substantial cost to ratepayers, Council recognises the valued community resource the pool is. A variety of groups use the pool including Senior Ladies Exercise Group, Norseman chapter of the Kambalda Sea Eagles, Norseman District High School and the Kalgoorlie Triathlon Club who run an annual event for local and regional athletes.

Library

Situated in the Shire Administration building the Norseman Library is a well-used community amenity with members enjoying a range of services and resources. The Library offers a choice of fiction and nonfiction, large print and audio books. With no video store in the town the DVD section of the Library is quite popular, as is the children's corner.

The Better Beginnings Storytime program also runs out of the Library, being established in early 2017. The program offers families of young children a weekly hour of stories, sing-a-longs, craft and morning tea.

Better Beginnings Craft Time



Community Arts

The importance of arts and culture as part of peoples lived experience is evident in communities that thrive.

Council recognises the cultural and community health benefits of public and community creative expression and supports the development of the arts.

Community engage with a variety of creative activities that are Shire supported:

Norseman Ladies Wednesday Craft Group

Norseman CRC Kidz Klub

Norseman Men's Shed

Dundas Images Photographic Competition

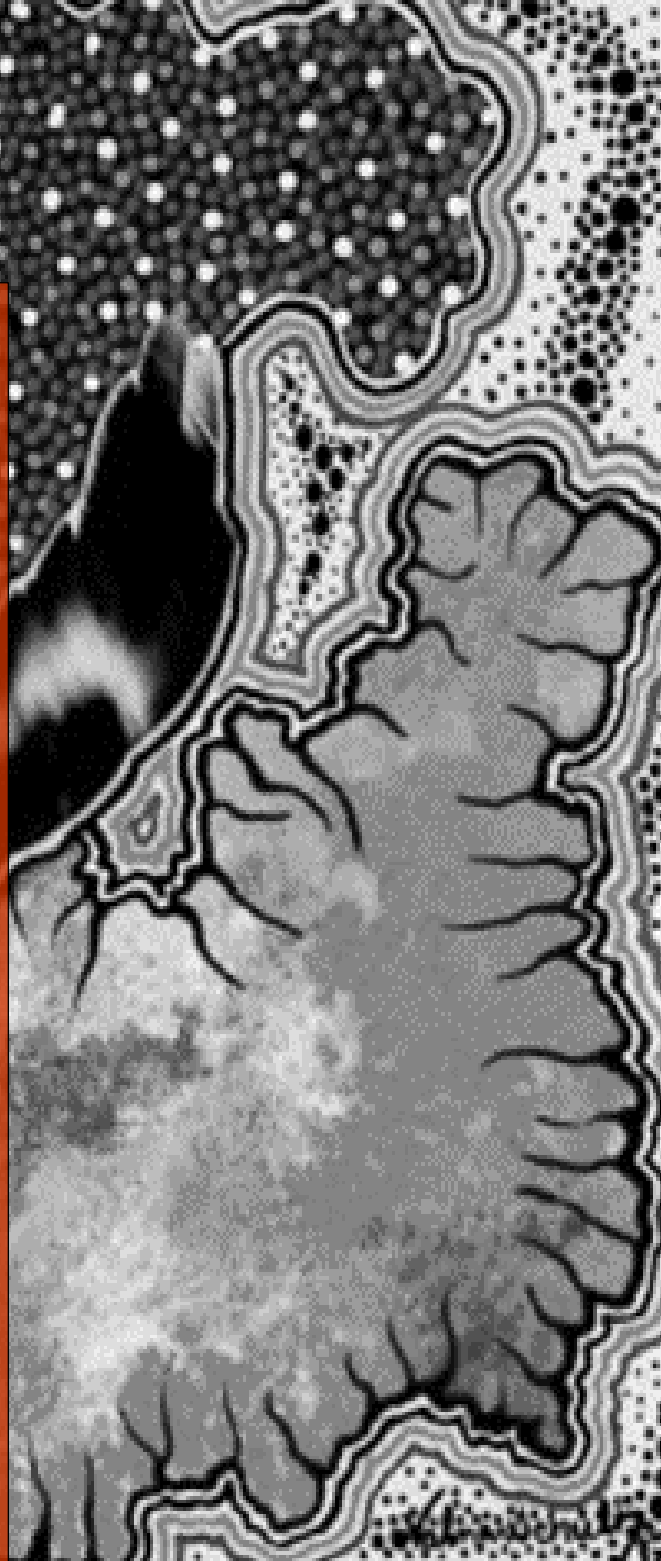
Norseman Arts: Inspire Share Exhibit

Iragul Community Arts Banner Project

Norseman Gardening Group

Youth Services

The increased desire for people to connect through creative experiences has highlighted the need for a dedicated community arts space. The new Woodlands Cultural, Community and Visitors Centre will provide such as space which will be well utilised by the community in the form of workshops, cultural sharing, student engagement and youth activities, artists in residence and a local exhibition space.



Artwork: Collaboration between Valma Schultz & Lynn Webb

Parks, Ovals and Community Sporting Facilities

Council maintains a combination of facilities including parks and gardens, a grassed oval, community sports centre, tennis and basketball courts, squash courts and a number of small parks. Shire staff work hard on presenting and maintaining these facilities and amenities in a good condition and providing community-based activities that encourage place activation.

Both Phoenix and Marks Park are popular stopping points for visitors travelling through the area. Marks Park is well shaded and offers a variety of play equipment suitable for all ages. Proudly standing at the corner entry of the park is a statue of Norseman, the miner's horse whose encounter with a nugget of gold bearing quartz started the mining boom in Norseman. In 2017/18 a suite of upgrades for Marks Park including new concrete walkways, new play equipment and landscaping was completed with funding support from Lotterywest.

Phoenix Park is also a shady retreat from the heat of the day with a mining heritage theme. A meandering brook runs through the park adding to the pleasant atmosphere that invites people to stop and enjoy for a while.

Community Event: Music in Marks Park



Norseman and Eucla All-Weather Airstrips

Norseman sits at the western end of the Eyre Highway, a significant National highway which by having the Nullarbor, one of Australia's iconic road trips, as part of the journey, sees a significant amount of tourist traffic and truck haulage along its route. The very thing that makes the Nullarbor **that** road trip everyone must do - its remoteness, the long stretches of road into the horizon, wildlife of camels, kangaroos and wedge-tail eagles - also raises the level of emergency response and medical evacuation that is required.

Council recognised the need to service not only its community, but also the ever-increasing visitor traffic coming across the Nullarbor. It was decided that the Norseman and Eucla airstrips in their current state were not capable of handling emergency assistance on a 24/7 basis and therefore an upgrade to the facility was essential if that objective was to be achieved.

The Norseman airstrip was upgraded as an all-weather airstrip with a total project cost of \$4.35 million. The project was supported with federal and state grants of \$3.7 million. The Shire's contribution towards this project was \$0.65 million. Most of the project work was undertaken by the Shire staff to manage the overall cost of the project within the budget.

During the year, the Shire completed a feasibility study of upgrading the Eucla airstrip. This project is due to commence in 2018 /19 subject to availability of funds.

Footpaths and Footbridges

The Shire has identified footpaths within the Norseman town site needing improvement. A footpath upgrade programme has been developed and included in the long-term financial plan of the Shire. Footpath upgrade work due for 2017/18 has been rescheduled to subsequent years due to challenges in allocating resources, owing to the Shire's involvement in the airport upgrade project. The Shire has invested \$41,571 during the year to upgrade some footbridges within the townsite. These investments enhance the pedestrian safety and ensure ease of visitor navigation. Footpath and pedestrian bridges/walkways upgrades are allocated in the annual budget.

Roads

The Shire's major road projects are funded from Financial Assistance Grant, Roads to Recovery Grant, Blackspot Funding and Regional Road Group allocations. During the year, the Shire has not been able to allocate resources to any major road projects, owing to the Shire's involvement in the airport upgrade project.

Street Lights

The Shire spent \$39,428 in 2017/18 to provide street lighting. The cost of providing street lighting has reduced compared to the previous year due to energy efficient lighting installed across the streets of Norseman.

Economic Services

Tourism Creating Visitor Experience

The Norseman Visitor Centre is situated on Robert Street sitting alongside the swimming pool and Welcome Park. It is staffed by a paid manager and volunteers and the manager's in-depth knowledge of local and regional history is an asset to the promotion of historical mining attractions.

The Shire continues to maintain tourist trails and camping spots. Council will continue to monitor the benefits and costs to the community of this service.

Popular with travellers is the free 24hour stopping area for self-contained vehicles.

Woodlands Cultural, Community & Visitor Centre

2017 saw the final round of funding commitments to the new Woodlands Cultural, Community and Visitor Centre (Woodlands Centre) confirmed. With just under \$2.5 million dedicated funds to the project broken down as State Government funding through the GEDC \$1.6 million, Federal Government funding through the Building Better Regions Fund \$450,000 and Lotterywest \$430,000, Council appointed local architects Cartman Designs for full concept designs.

The project continued to progress with Council running the tender process to appoint project management, awarding GFG Consulting the tender. The appointment of GFG Consulting, working with Council, community stakeholders and Cartman Designs, has seen final drawings completed and approved by Council with the Building and Construction Tender due to be advertised towards the end of November.

The Woodlands Centre will sit as an important element of the Shire of Dundas economic and social development plans, aiming to be a celebration of cultural, mining and environmental heritage. Unlike many other interpretive centres which have traditionally been about tourist attraction, the Woodlands Centre welcomes both community and visitors to engage with the information and knowledge contained within its walls and then further invites people to explore the rich local experiences outside its walls.

Located as part of the Central Precinct one of the deliverables of the Woodlands Centre is to draw more custom into the Norseman Town Centre. The aim of identifying a Central Precinct is to allow the Shire to focus the first round of enhancements and new developments within this zone, to build a density of experience, and to prevent possible attractions becoming somewhat stranded or lost out in fringe areas where visitors may have to drive or take an unwanted longer walk to view them. Doing so also signals to the local business community that Council considers it vital that the Town Centre be a vibrant and welcoming community and business hub.

Town Planning

A project was initiated during the year to review and update the Shire of Dundas Local Planning Scheme No.2 to ensure that the Shire's town planning scheme meets the present-day expectation of the community and applicable regulatory requirements.

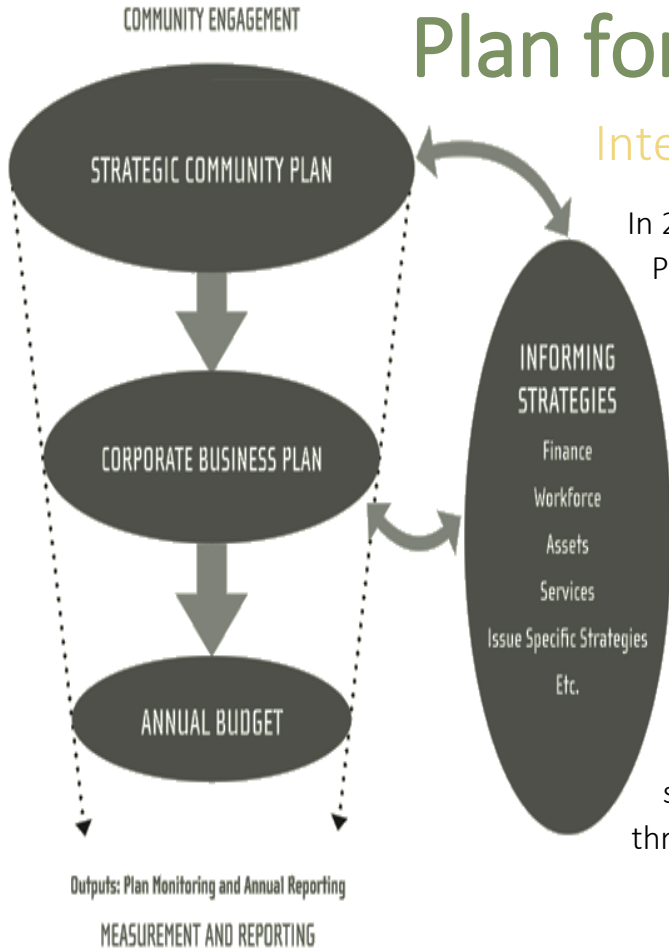
Governance
&



Compliance

Plan for the Future

Integrated Planning



In 2017, the Shire updated the Community Strategic Plan in line with the Integrated Strategic Planning Framework with significant Community input. Following on from the Strategic Community Plan the Corporate Business Plan has been updated as well as a Workforce Plan, Long Term Financial Plan and Asset Management Plan.

All of these plans have been updated as part of the integrated planning framework to meet the aspirations and needs identified by the Community. These aspirations have been grouped into three key themes, each with supporting goals and measures of success. The three themes are:



A vibrant, active and healthy socially connected Community

A strong, healthy, educated and well-connected Community that is actively engaged and involved.



A thriving local economy and economic base.

A strong and diversified economy with a number of commercial businesses and industries providing new and varied employment opportunities for all age groups.



Natural and built environment.

A protected and enhanced environment that is aesthetically pleasing and benefits to the Community for generations to come.

Code of Conduct

Councillors, Committee and Working Group Members and Employees

Section 5.103 of the Local Government Act 1995 requires every Local Government to prepare and adopt a Code of Conduct (the Code) to be observed by all Council members, committee members and employees.

The Code provides Council Members, Committee and Working Group Members and Employees with consistent guidelines for an acceptable standard of professional conduct. The Code addresses in a concise manner the broader issue of ethical responsibility and encourages greater transparency and accountability.

Record Keeping Plan

The State Records Act requires that a government organisation include in its annual report comment on the following:

1. Whether the efficiency and effectiveness of the organisations record keeping systems has been evaluated or alternatively when such an evaluation is proposed;
2. The nature and extent of record keeping training program conducted;
3. Whether the efficiency and effectiveness of the record keeping training program has been reviewed or alternatively how this is planned to be done; and
4. Assurance that the organisations induction program addresses employee roles and responsibilities in regard to their compliance with the organisations record keeping plan.

The following comments are made in relation to the above.

- An office integration system, in Synergy Central Records, is used to make the record registering process more user-friendly, effective and efficient.
- All staff have been advising about the need for a competent record keeping system.
- Ongoing training has been provided to appropriate staff who manage the records keeping system.

FOI – Information Statement

Part 5 of the *Freedom of Information Act 1992* requires each agency to prepare and publish an information statement within 12 months after the commencement of the Act, and to update the statement at intervals of not more than 12 months (ss.96 and 97 of the FOI Act).

The FOI Information Statement is available at the Shire Office located at 88-92 Prinsep Street Norseman WA 6443 and on the Shire's official website. For 2017/18 reporting year, zero FOI applications were received by the Shire.

National Competition Policy

In relation to the Clause 7 statement in the application of the above to Local Government, all governments have been divided into Category 1 or Category 2 Councils.

The Shire of Dundas is Category 2 and thus is not required to report in detail on competitive neutrality or structural reform of public monopolies (principles CN10 and SR4 in Clause 7). However, a report is required for legislation review under the principle LR8.

Competition Neutrality

The objective of competitive neutrality is the elimination of resource allocation distortions arising out of Local Government ownership of significant business activities. The Shire of Dundas has assessed its operations and considers that it does not have a business activity that would be classed as significant under the current guidelines. Also, the Shire of Dundas does not operate a business enterprise that has been classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or Public Financial Enterprise.



Image: Lynn Webb. John at work in Norseman Men's Shed

Equal Opportunity

The Shire of Dundas is an Equal Employment Opportunity employer and enjoys a good working relationship with all staff and employees. The Shire has adopted an Equal Employment Opportunity policy to ensure that it meets the legislative requirements.

Disability Access and Inclusion Plan

The Disability Services Act 1993 requires all local government agencies to develop a Disability Access and Inclusion Plan (DAIP). It is reported that the Shire of Dundas Disability Access and Inclusion Plan 2018-2022 has been reviewed by Council and submitted to the Department.

In the development of the new DAIP, community consultation was essential to ensure people living and working in the Shire of Dundas had opportunity to give feedback on the full range of services the Council provides to the community.

The Shire reviews its processes and facilities to improve access for people with disability as part of an ongoing works and community development programme.

Disability access upgrades to Marks Park were completed. Ramp access was also installed at the old Norseman Scout Hall to accommodate the Senior Ladies Craft Group. Larger projects such as the new Woodlands Cultural, Community and Visitor Centre and the new Eucla Community Hall will meet mandated access requirements and enhance the capacity for people with varying ability requirements to utilize the spaces.



Employees

Payment to Employees

In accordance with Local Government (Administration) Regulation 1996 19B, set out in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$ 100,000 or more.

Salary Band	2017/18	2016/17	2015/16	2014/15	2013/14
\$100,000 to \$110,00	1	1	1		
\$110,000 to \$120,00	1	1	1	1	1
\$140,000 to \$150,00			1		
\$150,000 to \$160,00					
\$160,000 to \$170,00	1	1			1
\$170,000 to \$180,00				1	

Number of Employees

	2017/18	2016/17	2015/16	2014/15	2013/14
No. of full-time equivalent employees as at end of year	26	27	27	27	26

Financial Review 2017-2018

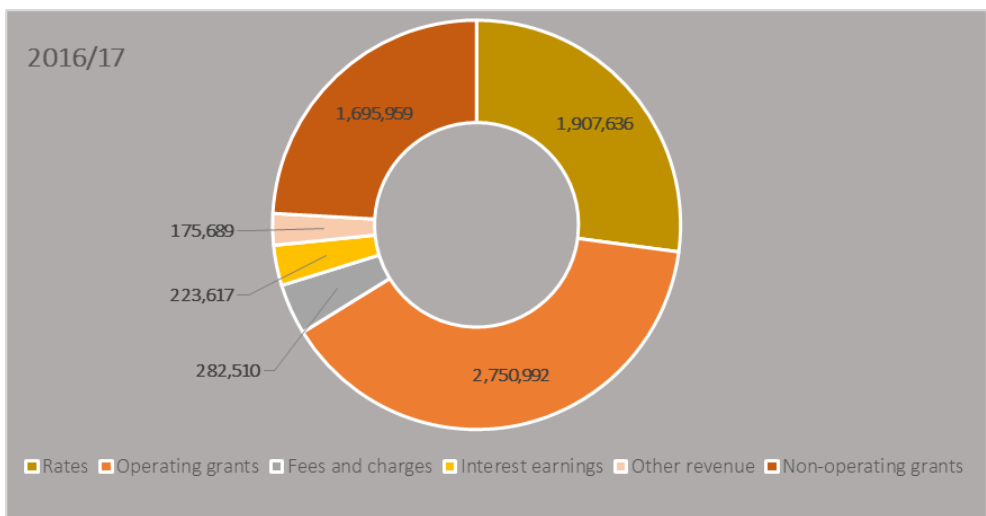
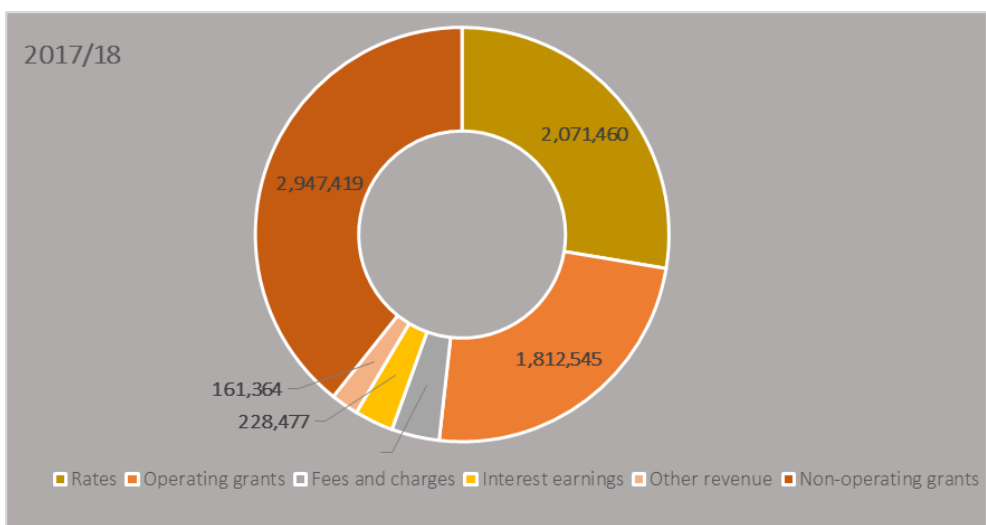
The Shire has generated a surplus of \$1,229,109 for the year ended 30 June 2018. The surplus for the year is overstated by the receipt of a part of the allocation of the 2018-19 financial assistance grant amounting to \$767,839 in advance. If recognised in the year to which the allocation related, the surplus for the year would have been \$461,270.

REVENUE INCLUDING NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

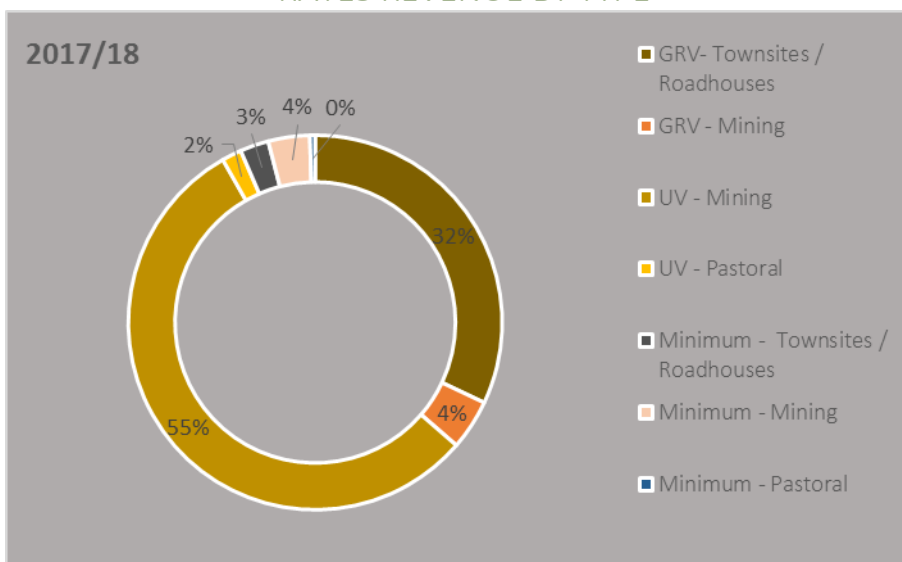
The revenue of the council is derived from rates, fees and charges and grants. Council received operating and capital grants of \$4,759,964 (2016/17, \$4,446,951) during the year to support service provisions and various projects. Revenue from the rates for the year was \$2,071,460 which is a 9% increase over the previous year.

SOURCES OF THE REVENUE INCLUDING NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS;

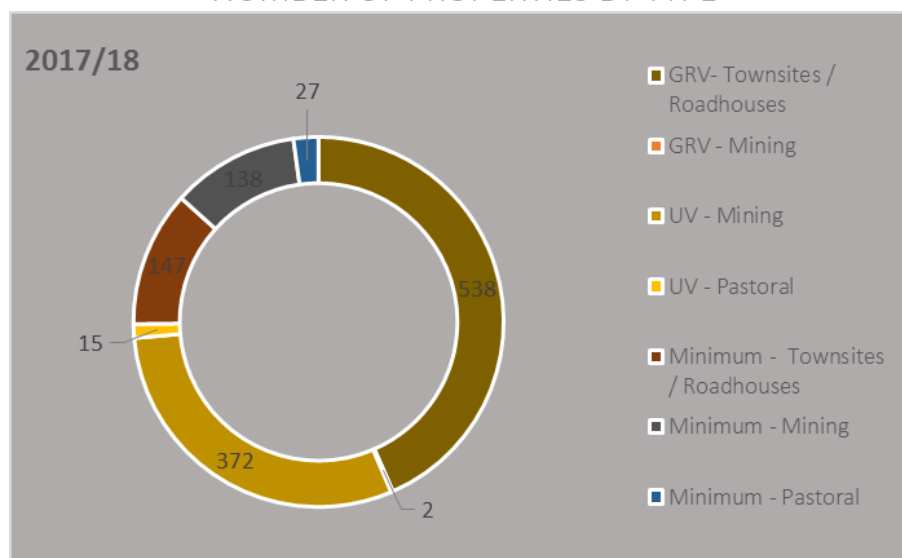
(In \$)



RATES REVENUE BY TYPE



NUMBER OF PROPERTIES BY TYPE



RATES REVENUE

The purpose of the levying of rates is to meet Shires budget requirements in each financial year in order to deliver services and community infrastructure. Property valuations provided by the Valuer General are used as the basis for the calculation of rates each year. Section 6.33 of the Local Government Act 1995 provides the ability to differentially rate properties based on zoning and/or land use as determined by the Shire of Dundas.

The application of differential rating maintains the status quo in terms of equity in the rating of properties across the Shire, enabling the Council to provide facilities, infrastructure and services to the entire community and visitors.

Approximately 40% of the total rates revenue of the Shire is levied on one mining company.

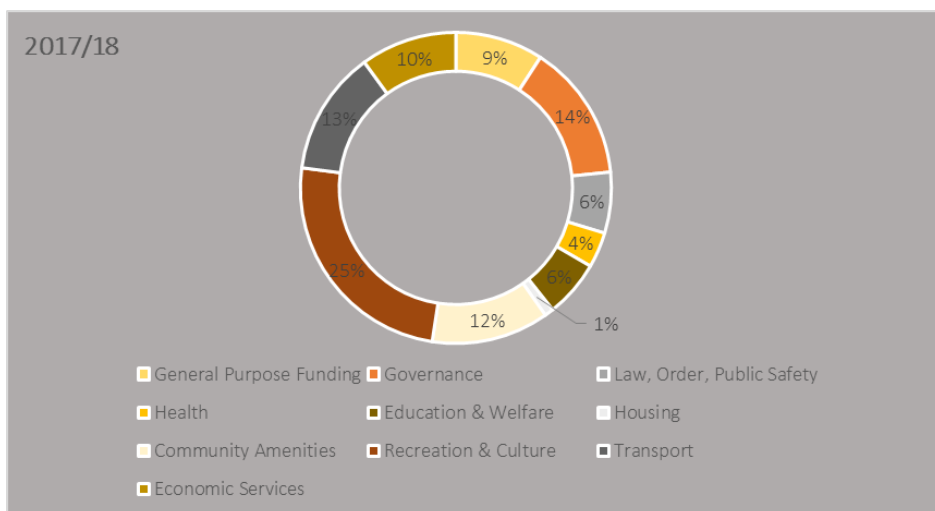
OPERATING EXPENDITURE BY PROGRAMME (EXCLUDING DEPRECIATION)

EXPENDITURE

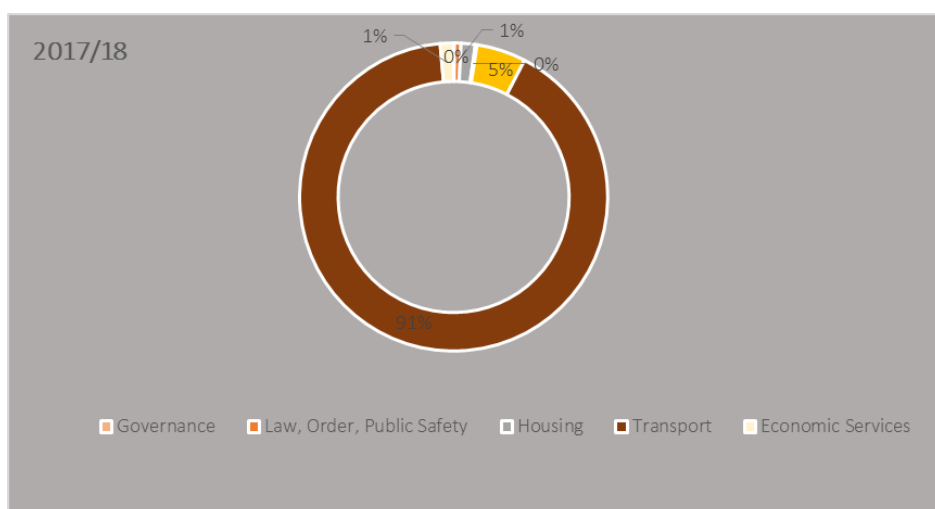
During the year, Shire has incurred operating expenditure of \$3,332,692 excluding depreciation and finance cost to provide various services to the community. Operating expenditure has reported a decrease of 9% compared to the previous year mainly because of the decrease in staff, material and supplies cost.

Depreciation expenses for the year have increased to \$2,338,578 from \$2,059,206 mainly due to additional depreciation on revalued land and building assets.

In 2017/18, the Shire spent \$421,973 to acquire and upgrade property, plant and equipment and \$3,808,099 to construct, upgrade and renew infrastructure assets. A bulk of infrastructure cost can be attributed to the Norseman airport upgrade project.



CAPITAL EXPENDITURE BY PROGRAMME



OUTSTANDING RATES AND CHARGES

Outstanding rates as at 30th June 2018 is \$837,432 which indicates a zero growth over last financial year.

A provision for doubtful debt of \$398,000 has been allowed, an increase of \$25,344 as at the end of the last financial year. This provision is for the possible future write-off of rates outstanding where property owners cannot be traced.

FINANCIAL RATIOS

Financial ratios play an important part in providing a snapshot view of the Shire's financial performance. However, it should be noted that the ratios are calculated as at the last day of the financial year and may not reflect the situation that prevailed throughout the financial year. Some of the ratios may have also been distorted due to one-off / specific transactions which took place during that financial year.

Ratio	Standard	2017/18	2016/17	2015/16
Current Ratio	≥ 1.00	3.16	4.15	2.41
Asset Consumption Ratio	≥ 0.50	0.73	0.80	0.81
Own Source Revenue Coverage Ratio	≥ 0.40	0.49	0.52	0.51
Operating Surplus Ratio	≥ 0.01	(0.40)	0.01	(0.60)
Debt Service Cover Ratio	≥ 2.00	21.71	72.96	N/A
Asset Sustainability Ratio	≥ 0.90	0.35	0.65	1.72
Asset Renewal Ratio	≥ 0.75	0.64	0.78	0.96

Ratios disclosed above have been distorted by the early receipt of Financial Assistance Grant. If recognised in the year to which the allocation related, the ratios would have been as follows.

Ratio	Standard	2017/18	2016/17	2015/16
Current ratio	≥ 1.00	3.18	2.39	4.60
Operating surplus ratio	≥ 0.01	(0.40)	(0.25)	(0.32)
Debt service cover ratio	≥ 2.00	21.88	45.85	N/A
Achieved				
Not Achieved				

Current Ratio

A measure of the ability of a local government to meet its short-term financial obligations with funds it can access quickly (also known as 'liquidity').

The Shire has reported a healthy current ratio for 2017/18.

Asset Consumption Ratio

A measure of the condition of a local government's physical assets, by comparing their age with their replacement cost. The ratio highlights the aged condition of a local government's stock of physical assets.

This ratio is moderately distorted as a result of increase in depreciation expenses due to revaluation of infrastructure assets.

Own Source Revenue Coverage Ratio

A measure of a local government's ability to cover its operating costs through revenue it generates itself.

Operating Surplus Ratio

A measure of a local government's ability to cover its operational costs and have money left for capital projects and other purposes. This is measured as:

$$\text{Operating surplus ratio} = \frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$$

Annual average operating revenue of the Shire is \$4.5 million. Including average depreciation expenses of \$2.4 million on non-current assets, total operating expenses averaged \$5.5 million a year. Under these circumstances, it is very unlikely that the Shire will ever be able to achieve an operating surplus, thus operating surplus ratio benchmark.

Accounting guidelines indicate that a sustained period of deficits will erode the local government's ability to maintain both its operational service level and asset base. This worsening situation is mainly due to increasing depreciation due to asset revaluations. To some degree, this ratio does not accurately represent the Shire's scenario, whereby a significant proportion of infrastructure renewal (expensed via depreciation) is met by capital grant income.

However, the Shire needs to closely monitor the trend of operating surplus ratio and take every possible effort to achieve operating cost savings. Considering the significance of the new capital projects the Shire has undertaken in the recent past, a healthy operating surplus is a paramount importance for future financial sustainability of the Shire.

Excluding the impact of early receipt of Financial Assistance Grant and other one-off revenue items (e.g. accounting profit on Eucla community hall fire damage)

Ratio	Standard	2017/18	2016/17	2015/16
Operating surplus ratio	≥ 0.01	(0.40)	(0.38)	(0.32)

Debt Service Cover Ratio

A measure of a local government's ability to repay its debt based on how much cash it can access compared to the total of its debt obligations.

Asset Sustainability Ratio

This is an indicator of the extent to which assets managed by a local government are being replaced as they reach the end of their useful lives. This is measured as:

$$\text{Asset sustainability ratio} = \frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expenses}}$$

To some degree, this ratio also does not accurately represent the Shire's scenario. Increase in depreciation expenses associated with asset revaluations does not necessarily reflect exact capital asset renewal requirements of the Shire. Further, in the recent past very high proportion of capital expenditure was associated with new or upgrade projects (Norseman airport upgrade, parks upgrade etc.). Road capital renewal projects have been rescheduled to future years due to the Shire's involvement with the airport upgrade project.

The downward trend in the ratio amidst significant new capital projects raises the level of uncertainty about the Shire's ability to meet capital renewal requirements in medium to long term. However, average asset sustainability ratio for the last three years is 0.91.

Ratio	Standard	2017/18	2016/17	2015/16
Asset Sustainability Ratio	≥ 0.90	0.35	0.65	1.72

Asset management plan of the Shire will be further rationalised to achieve a better level of confidence.

Asset Renewal Ratio

A measure of a local government's ability to fund asset renewal and replacements in the future. The Shire review its assets renewal requirements every year and prioritise the renewal spending based on the availability of resources.

SHIRE OF DUNDAS
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

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COMMUNITY VISION

"We envision sustainability. We strive to be financially, socially and environmentally sustainable".

Principal place of business:
Shire of Dundas
88-92 Prinsep Street
Norseman WA 6443

**SHIRE OF DUNDAS
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire being the annual financial report and supporting notes and other information for the financial year ended 30th June 2018 are in my opinion properly drawn up to present fairly the financial position of the Shire at 30th June 2018 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the *Local Government Act 1995* and the regulations under that Act.

Signed as authorisation of issue on the

15

day of

October

2018



Peter Fitchat
Chief Executive Officer

STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Rates	23(a)	2,071,460	2,000,000	1,907,636
Operating grants, subsidies and contributions	2(a)	1,812,545	1,029,776	2,750,992
Fees and charges	2(a)	279,641	232,540	282,510
Interest earnings	2(a)	228,477	182,000	223,617
Other revenue	2(a)	161,364	153,985	175,689
		4,553,486	3,598,301	5,340,444
Expenses				
Employee costs		(1,878,026)	(1,887,106)	(1,926,986)
Materials and contracts		(908,142)	(1,082,159)	(975,349)
Utility charges		(217,855)	(203,382)	(186,161)
Depreciation on non-current assets	8(b)	(2,338,578)	(2,092,190)	(2,059,206)
Interest expenses	2(b)	(12,654)	(17,300)	(6,775)
Insurance expenses		(148,505)	(158,321)	(158,897)
Other expenditure		(180,164)	(274,898)	(397,391)
		(5,683,925)	(5,715,356)	(5,710,765)
		(1,130,439)	(2,117,055)	(370,321)
Non-operating grants, subsidies and contributions	2(a)	2,947,419	2,933,983	1,695,959
Profit on asset disposals	8(a)	25,762	25,063	398,756
(Loss) on asset disposals	8(a)	(347)	(932)	0
Net result		1,842,395	841,059	1,724,394
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	9	(13,988,910)	0	(741,603)
Total other comprehensive income		(13,988,910)	0	(741,603)
Total comprehensive income		(12,146,515)	841,059	982,791

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

**STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
Revenue	2(a)			
Governance		64,088	41,500	57,101
General purpose funding		3,390,814	2,754,118	3,853,440
Law, order, public safety		109,044	19,500	96,727
Health		3,765	4,500	4,709
Education and welfare		82,160	85,000	86,212
Housing		18,603	17,740	19,983
Community amenities		173,890	159,000	193,494
Recreation and culture		42,409	120,150	116,448
Transport		428,576	214,933	667,468
Economic services		178,259	150,985	157,408
Other property and services		61,880	30,875	87,454
		4,553,486	3,598,301	5,340,444
Expenses	2(b)			
Governance		(624,078)	(647,223)	(679,806)
General purpose funding		(315,506)	(374,556)	(554,771)
Law, order, public safety		(234,351)	(138,292)	(180,734)
Health		(164,693)	(148,585)	(137,237)
Education and welfare		(218,659)	(233,470)	(207,141)
Housing		(86,296)	(85,419)	(75,846)
Community amenities		(486,005)	(588,170)	(495,916)
Recreation and culture		(1,178,447)	(1,193,101)	(1,039,841)
Transport		(1,822,656)	(1,903,615)	(1,831,650)
Economic services		(374,052)	(380,218)	(336,786)
Other property and services		(166,531)	(5,408)	(164,262)
		(5,671,271)	(5,698,057)	(5,703,990)
Finance Costs	2(b)			
Health		(12,654)	(17,300)	(6,775)
		(12,654)	(17,300)	(6,775)
		(1,130,439)	(2,117,056)	(370,321)
Non-operating grants, subsidies and contributions	2(a)	2,947,419	2,933,983	1,695,959
Profit on disposal of assets	8(a)	25,762	25,063	398,756
(Loss) on disposal of assets	8(a)	(347)	(932)	0
		2,972,834	2,958,114	2,094,715
Net result		1,842,395	841,059	1,724,394
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	9	(13,988,910)	0	(741,603)
Total other comprehensive income		(13,988,910)	0	(741,603)
Total comprehensive income		(12,146,515)	841,059	982,791

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018**

	NOTE	2018	2017
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	7,659,412	7,574,962
Trade and other receivables	5	617,812	548,828
TOTAL CURRENT ASSETS		8,277,224	8,123,790
NON-CURRENT ASSETS			
Other receivables	5	47,861	34,127
Property, plant and equipment	6	12,641,445	13,085,608
Infrastructure	7	53,258,963	64,925,886
TOTAL NON-CURRENT ASSETS		65,948,269	78,045,621
TOTAL ASSETS		74,225,493	86,169,411
CURRENT LIABILITIES			
Trade and other payables	10	653,855	377,378
Current portion of long term borrowings	12(a)	45,983	44,762
Provisions	13	365,782	368,152
TOTAL CURRENT LIABILITIES		1,065,620	790,292
NON-CURRENT LIABILITIES			
Long term borrowings	12(a)	387,321	433,305
Provisions	13	18,849	45,596
TOTAL NON-CURRENT LIABILITIES		406,170	478,901
TOTAL LIABILITIES		1,471,790	1,269,193
NET ASSETS		72,753,703	84,900,218
EQUITY			
Retained surplus		31,068,378	28,970,867
Reserves - cash backed	4	6,028,479	6,283,595
Revaluation surplus	9	35,656,846	49,645,756
TOTAL EQUITY		72,753,703	84,900,218

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2018**

		RESERVES			
	NOTE	RETAINED SURPLUS	CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2016		27,424,798	6,105,270	50,387,359	83,917,427
Comprehensive income					
Net result		1,724,394	0	0	1,724,394
Changes on revaluation of assets	9	0	0	(741,603)	(741,603)
Total comprehensive income		1,724,394	0	(741,603)	982,791
Transfers from/(to) reserves		(178,325)	178,325	0	0
Balance as at 30 June 2017		28,970,867	6,283,595	49,645,756	84,900,218
Comprehensive income					
Net result		1,842,395	0	0	1,842,395
Changes on revaluation of assets	9	0	0	(13,988,910)	(13,988,910)
Total comprehensive income		1,842,395	0	(13,988,910)	(12,146,515)
Transfers from/(to) reserves		255,116	(255,116)	0	0
Balance as at 30 June 2018		31,068,378	6,028,479	35,656,846	72,753,703

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,054,218	2,325,000	1,571,649
Operating grants, subsidies and contributions		1,761,612	1,029,776	2,987,456
Fees and charges		293,203	232,540	310,760
Interest earnings		228,477	182,000	223,617
Goods and services tax		475,754	0	327,189
Other revenue		177,500	153,985	193,258
		4,990,764	3,923,301	5,613,928
Payments				
Employee costs		(1,896,854)	(1,887,106)	(1,956,008)
Materials and contracts		(734,053)	(1,221,985)	(896,861)
Utility charges		(239,642)	(203,382)	(204,777)
Interest expenses		(12,654)	(17,300)	(6,775)
Insurance expenses		(163,356)	(158,321)	(174,787)
Goods and services tax		(254,337)	0	(85,789)
Other expenditure		(198,180)	(274,898)	(437,130)
		(3,499,075)	(3,762,992)	(3,762,126)
Net cash provided by (used in) operating activities	14	1,491,689	160,309	1,851,802
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(464,170)	(1,931,000)	(1,351,407)
Payments for construction of infrastructure		(4,097,582)	(3,838,673)	(2,249,865)
Non-operating grants, subsidies and contributions		3,156,281	2,933,983	1,718,159
Proceeds from sale of fixed assets		42,995	40,000	609,027
Net cash provided by (used in) investment activities		(1,362,476)	(2,795,690)	(1,274,086)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings		(44,763)	(44,762)	(21,933)
Proceeds from new long term borrowings		0	0	500,000
Net cash provided by (used in) financing activities		(44,763)	(44,762)	478,067
Net increase (decrease) in cash held		84,450	(2,680,143)	1,055,783
Cash at beginning of year		7,574,962	7,574,961	6,519,179
Cash and cash equivalents at the end of the year	14	7,659,412	4,894,818	7,574,962

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

**RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)				
		1,094,663	1,094,665	227,925
		1,094,663	1,094,665	227,925
Revenue from operating activities (excluding rates)				
Governance		64,088	41,500	445,371
General purpose funding		1,320,273	754,118	1,957,343
Law, order, public safety		109,044	19,500	96,727
Health		3,765	4,500	4,709
Education and welfare		82,160	85,000	86,212
Housing		18,603	17,740	19,983
Community amenities		173,890	159,000	193,494
Recreation and culture		42,409	120,150	116,448
Transport		454,322	239,996	677,954
Economic services		178,259	150,985	157,408
Other property and services		61,880	30,875	87,454
		2,508,693	1,623,364	3,843,103
Expenditure from operating activities				
Governance		(624,078)	(647,223)	(679,806)
General purpose funding		(315,506)	(374,556)	(554,770)
Law, order, public safety		(234,351)	(138,292)	(180,734)
Health		(177,347)	(165,885)	(144,012)
Education and welfare		(218,659)	(233,470)	(207,141)
Housing		(86,296)	(85,419)	(75,846)
Community amenities		(486,005)	(588,170)	(495,916)
Recreation and culture		(1,178,447)	(1,193,101)	(1,039,841)
Transport		(1,822,987)	(1,904,547)	(1,831,650)
Economic services		(374,052)	(380,218)	(336,786)
Other property and services		(166,531)	(5,408)	(164,262)
		(5,684,259)	(5,716,289)	(5,710,764)
Operating activities excluded				
(Profit) on disposal of assets	8(a)	(25,762)	(25,063)	(398,756)
Loss on disposal of assets	8(a)	347	932	0
Loss on revaluation of fixed assets	7(b)	0	0	0
(Reversal) of prior year loss on revaluation of fixed assets		0	0	0
Movement in deferred pensioner rates (non-current)		(13,734)	0	0
Movement in employee benefit provisions (non-current)		(26,747)	0	9,268
Depreciation and amortisation on assets	8(b)	2,338,578	2,092,190	2,059,206
Amount attributable to operating activities		191,780	(930,201)	29,982
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		2,947,419	2,933,983	1,695,959
Proceeds from disposal of assets	8(a)	39,086	40,000	601,709
Purchase of property, plant and equipment	6(b)	(421,973)	(1,930,964)	(1,231,469)
Purchase and construction of infrastructure	7(b)	(3,808,099)	(3,838,707)	(2,197,357)
Amount attributable to investing activities		(1,243,567)	(2,795,688)	(1,131,158)
FINANCING ACTIVITIES				
Repayment of long term borrowings	12(a)	(44,763)	(44,762)	(21,933)
Proceeds from new long term borrowings	12(b)	0	0	500,000
Transfers to reserves (restricted assets)	4	(1,345,937)	(371,716)	(691,308)
Transfers from reserves (restricted assets)	4	1,601,053	2,142,367	512,983
Amount attributable to financing activities		210,353	1,725,889	299,742
Surplus(deficiency) before general rates		(841,434)	(2,000,000)	(801,434)
Total amount raised from general rates	23	2,070,541	2,000,000	1,896,097
Net current assets at June 30 c/fwd - surplus/(deficit)	24	1,229,108	(0)	1,094,663

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

1. BASIS OF PREPARATION

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

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

CRITICAL ACCOUNTING ESTIMATES

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

CRITICAL ACCOUNTING ESTIMATES (Continued)

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 26 to these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

2. REVENUE AND EXPENSES

(a) Revenue

Other revenue

Reimbursements and recoveries
Other

Fees and Charges

Governance
General purpose funding
Law, order, public safety
Health
Housing
Community amenities
Recreation and culture
Transport
Economic services
Other property and services

	2018 Actual	2017 Actual
	\$	\$
	161,364	172,593
	0	3,096
	161,364	175,689
	13,781	16,041
	4,323	4,018
	3,329	3,887
	3,765	4,709
	18,603	19,983
	169,395	191,215
	6,320	10,408
	0	237
	50,385	24,418
	9,739	7,594
	279,641	282,510

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

Grant Revenue

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

Operating grants, subsidies and contributions

Governance
General purpose funding
Law, order, public safety
Health
Education and welfare
Community amenities
Recreation and culture
Transport
Economic services
Other property and services

Non-operating grants, subsidies and contributions

Law, order, public safety
Recreation and culture
Transport
Economic services

Total grants, subsidies and contributions

	2018	2017
	\$	\$
	15,362	330
	1,086,553	1,715,473
	105,715	92,440
	0	86,212
	82,160	
	4,495	2,280
	36,088	106,040
	428,576	666,903
	1,455	1,455
	52,140	79,860
	1,812,545	2,750,992
	0	92,000
	98,000	130,000
	1,649,419	1,473,959
	1,200,000	0
	2,947,419	1,695,959
	4,759,964	4,446,951

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Grants, Donations and Other Contributions

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 22.

Grants, Donations and Other Contributions (Continued)

That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations.

Interest earnings

- Loans receivable - clubs/institutions
 - Reserve funds
 - Other funds
- Other interest revenue (refer note 23(e))

2018 Actual	2018 Budget	2017 Actual
\$	\$	\$
145,938	125,000	162,782
3,965	4,000	3,521
78,574	53,000	57,314
<u>228,477</u>	<u>182,000</u>	<u>223,617</u>

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other Services

2018	2017
\$	\$
21,200	16,768
0	10,774
<u>21,200</u>	<u>27,542</u>
12,654	6,775
<u>12,654</u>	<u>6,775</u>
28,238	22,294
<u>28,238</u>	<u>22,294</u>

Interest expenses (finance costs)

Long term borrowings (refer Note 12(a))

Rental charges

- Operating leases

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

3. CASH AND CASH EQUIVALENTS

	NOTE	2018	2017
		\$	\$
Unrestricted		1,630,933	1,291,367
Restricted		6,028,479	6,283,595
		7,659,412	7,574,962
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave reserve	4	354,693	346,656
Plant reserve	4	775,710	758,133
Aerodrome reserve	4	142,247	139,024
IT reserve	4	93,351	91,236
Unspent grant reserve	22 / 4	1,200,166	1,568,297
Transport reserve	4	1,743,591	1,704,083
Land development reserve	4	1,718,721	1,676,166
		6,028,479	6,283,595

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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk

Cash and cash equivalents (Continued)

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

4. RESERVES - CASH BACKED

	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Transfer (from)	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Transfer (from)	2017 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave reserve	346,656	8,037	0	354,693	346,656	6,911	0	353,567	337,524	9,132	0	346,656
Plant reserve	758,133	17,577	0	775,710	758,133	15,113	0	773,246	738,162	19,971	0	758,133
Aerodrome reserve	139,024	3,223	0	142,247	139,024	2,771	0	141,795	135,362	3,662	0	139,024
IT reserve	91,236	2,115	0	93,351	91,236	1,819	0	93,054	88,833	2,403	0	91,236
Unspent grant reserve	1,568,297	1,232,922	(1,601,053)	1,200,166	1,568,297	37,396	(1,492,367)	113,326	1,826,514	49,416	(307,633)	1,568,297
Transport reserve	1,704,083	39,508	0	1,743,591	1,704,082	33,971	(125,000)	1,613,053	1,659,194	44,889	0	1,704,083
Land development reserve	1,676,166	42,555	0	1,718,721	1,676,166	273,735	(525,000)	1,424,901	1,319,681	561,835	(205,350)	1,676,166
	6,283,595	1,345,937	(1,601,053)	6,028,479	6,283,594	371,716	(2,142,367)	4,512,943	6,105,270	691,308	(512,983)	6,283,595

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
Leave reserve	Not planned	- to be used to fund annual and long service leave requirements.
Plant reserve	Not planned	- to be used for the purchase of major plant.
Aerodrome reserve	Not planned	- to be used for the maintenance of the airstrip at Norseman.
IT reserve	Not planned	- to be used to purchase and replace computer equipment.
Unspent grant reserve	End of 2019/20	- to be used for completion of projects.
Transport reserve	Not planned	- to be used for the construction, maintenance and reseal of the Shire's transport network.
Land development reserve	\$ 542k: end of 2018/19	- to be used for the building, construction and maintenance of the Shire's land and buildings.

5. TRADE AND OTHER RECEIVABLES

Current

Rates outstanding
Sundry debtors
GST receivable
Less: provision for doubtful debts

Non-current

Rates outstanding - pensioners

	2018	2017
	\$	\$
Rates outstanding	837,432	833,924
Sundry debtors	174,666	86,521
GST receivable	3,714	1,039
Less: provision for doubtful debts	(398,000)	(372,656)
	<u>617,812</u>	<u>548,828</u>
Rates outstanding - pensioners	47,861	34,127
	<u>47,861</u>	<u>34,127</u>

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

Rates outstanding

Includes:

Past due and not impaired
Impaired

Sundry debtors

Includes:

Not past due and not impaired
Past due and not impaired

Past due and not impaired	439,432	461,268
Impaired	398,000	372,656
Not past due and not impaired	174,016	85,471
Past due and not impaired	650	1,050

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.

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

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

Classification and subsequent measurement

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

6 (a). PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	\$	\$
Land and buildings		
Land - freehold land at:		
- Independent valuation 2017 - level 2	512,000	512,000
	<u>512,000</u>	<u>512,000</u>
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 3	35,000	35,000
	<u>35,000</u>	<u>35,000</u>
Total land	<u>547,000</u>	<u>547,000</u>
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	1,335,000	1,335,000
- Addition after valuation - cost	63,029	0
Less: accumulated depreciation	(57,049)	0
	<u>1,340,980</u>	<u>1,335,000</u>
Buildings - specialised at:		
- Independent valuation 2017 - level 3	8,845,780	8,845,780
- Addition after valuation - cost	122,299	0
Less: accumulated depreciation	(374,997)	0
	<u>8,593,082</u>	<u>8,845,780</u>
Total buildings	<u>9,934,062</u>	<u>10,180,780</u>
Total land and buildings	<u>10,481,062</u>	<u>10,727,780</u>
Furniture and equipment at:		
- Management valuation 2016 - level 3	170,089	170,089
- Addition after valuation - cost	25,578	21,958
Less: accumulated depreciation	(84,362)	(39,646)
	<u>111,305</u>	<u>152,401</u>
Plant and equipment at:		
- Management valuation 2016 - level 3	2,346,064	2,346,064
- Addition after valuation - cost	343,256	127,069
Less: accumulated depreciation	(716,292)	(347,981)
	<u>1,973,028</u>	<u>2,125,152</u>
Property, plant and equipment - GVROC joint venture at:		
- Management valuation 2016 - level 3	84,500	84,500
Less: accumulated depreciation	(8,450)	(4,225)
	<u>76,050</u>	<u>80,275</u>
Total property, plant and equipment	<u>12,641,445</u>	<u>13,085,608</u>

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Property, plant and equipment - GVROC joint venture	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	453,000	450,000	903,000	1,315,000	8,608,047	9,923,047	10,826,047	170,089	2,346,064	84,500	13,426,700
Additions	0	0	0	796,191	232,707	1,028,897	1,028,897	21,958	180,614	0	1,231,469
Disposals	0	0	0	0	(150,976)	(150,976)	(150,976)	0	(51,977)	0	(202,952)
Revaluation increments / (decrements) transferred to revaluation surplus	59,000	(415,000)	(356,000)	(749,670)	364,067	(385,603)	(741,603)	0	0	0	(741,603)
Depreciation expense	0	0	0	(26,520)	(208,065)	(234,585)	(234,585)	(39,646)	(349,550)	(4,225)	(628,006)
Carrying amount at 30 June 2017	512,000	35,000	547,000	1,335,000	8,845,780	10,180,780	10,727,780	152,401	2,125,152	80,275	13,085,608
Additions	0	0	0	63,029	122,299	185,328	185,328	3,620	233,026	0	421,973
Disposals	0	0	0	0	0	0	0	0	(13,672)	0	(13,672)
Depreciation expense	0	0	0	(57,049)	(374,997)	(432,046)	(432,046)	(44,716)	(371,478)	(4,225)	(852,465)
Carrying amount at 30 June 2018	512,000	35,000	547,000	1,340,980	8,593,082	9,934,062	10,481,062	111,305	1,973,028	76,050	12,641,445

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	Level 2	Market approach - Independent valuation	Sales comparison	June 2017	Market value of similar properties
Land - vested in and under the control of Council	Level 3	Cost approach - Independent valuation	Replacement cost	June 2017	Income Capitalisation Approach
Buildings - non-specialised	Level 2	Market approach - Independent valuation	Sales comparison	June 2017	Market value of similar properties
Buildings - specialised	Level 3	Cost approach - Independent valuation	Replacement cost	June 2017	Gross current replacement cost (GCRC), estimated economic working life (EOWL), estimated remaining life years (ERLY),
Furniture and equipment	Level 3	Cost approach - Management valuation	Replacement cost	July 2016	Current replacement cost ,estimated economic working life , estimated remaining life years
Plant and equipment	Level 3	Cost approach - Management valuation	Replacement cost	July 2016	Current replacement cost ,estimated economic working life , estimated remaining life years
Property, plant and equipment - GVROC joint venture	Level 3	Cost approach - Management valuation	Replacement cost	July 2016	Current replacement cost ,estimated economic working life , estimated remaining life years

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 30TH JUNE 2018**

7 (a). INFRASTRUCTURE

	2018	2017
	\$	\$
Infrastructure - roads		
- Independent valuation 2018 - level 3	40,758,280	68,343,261
- Additions after valuation - cost	0	2,532,695
Less: accumulated depreciation	0	(12,836,637)
	<u>40,758,280</u>	<u>58,039,319</u>
Infrastructure - footpaths		
- Independent valuation 2018 - level 3	1,966,567	3,349,225
- Additions after valuation - cost	0	143,840
Less: accumulated depreciation	0	(1,396,638)
	<u>1,966,567</u>	<u>2,096,427</u>
Infrastructure - drainage		
- Independent valuation 2018 - level 3	654,701	3,158,544
Less: accumulated depreciation	0	(1,598,986)
	<u>654,701</u>	<u>1,559,558</u>
Infrastructure - parks and ovals		
- Independent valuation 2018 - level 3	1,245,535	2,021,000
- Additions after valuation - cost	0	82,548
Less: accumulated depreciation	0	(1,097,162)
	<u>1,245,535</u>	<u>1,006,386</u>
Infrastructure - airport		
- Independent valuation 2018 - level 3	4,943,200	1,349,000
- Additions after valuation - cost	0	1,153,447
Less: accumulated depreciation	0	(1,096,259)
	<u>4,943,200</u>	<u>1,406,188</u>
Infrastructure - other		
- Independent valuation 2018 - level 3	3,690,680	1,433,000
- Additions after valuation - cost	0	288,306
Less: accumulated depreciation	0	(903,298)
	<u>3,690,680</u>	<u>818,008</u>
Total infrastructure	<u>53,258,963</u>	<u>64,925,886</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

7. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - drainage	Infrastructure - parks and ovals	Infrastructure - airport	Infrastructure - other	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	57,970,703	2,183,753	1,796,354	996,869	391,084	820,969	64,159,732
Additions	985,471	0	0	82,548	1,071,348	57,988	2,197,355
Depreciation Expense	(916,855)	(87,326)	(236,796)	(73,031)	(56,244)	(60,949)	(1,431,201)
Carrying amount at 30 June 2017	58,039,319	2,096,427	1,559,558	1,006,386	1,406,188	818,008	64,925,886
Additions	329,682	98,071	0	119,716	3,161,122	99,507	3,808,099
Revaluation increments / (decrements) transferred to revaluation surplus	(16,647,523)	(140,604)	(668,061)	197,432	433,819	2,836,027	(13,988,910)
Depreciation Expense	(963,197)	(87,328)	(236,796)	(78,000)	(57,930)	(62,863)	(1,486,112)
Carrying amount at 30 June 2018	40,758,280	1,966,567	654,701	1,245,535	4,943,200	3,690,680	53,258,963

7. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last	Inputs Used
Infrastructure - roads	Level 3	Cost approach	Depreciated replacement cost	June 2018	Standard replacement cost (SRC), total useful lives (TUL), residual value (RV), remaining useful lives (RUL), expected condition and Actual condition
Infrastructure - footpaths	Level 3	Cost approach	Depreciated replacement cost	June 2018	Standard replacement cost (SRC), total useful lives (TUL), residual value (RV), remaining useful lives (RUL), expected condition and Actual condition
Infrastructure - drainage	Level 3	Cost approach	Depreciated replacement cost	June 2018	Gross current replacement cost (GCRC), estimated economic working life (EEWL), estimated remaining life years (ERLY), residual value (RV)
Infrastructure - parks and ovals	Level 3	Cost approach	Depreciated replacement cost	June 2018	Gross current replacement cost (GCRC), estimated economic working life (EEWL), estimated remaining life years (ERLY), residual value (RV)
Infrastructure - airport	Level 3	Cost approach	Depreciated replacement cost	June 2018	Gross current replacement cost (GCRC), estimated economic working life (EEWL), estimated remaining life years (ERLY), residual value (RV)
Infrastructure - other	Level 3	Cost approach	Depreciated replacement cost	June 2018	Gross current replacement cost (GCRC), estimated economic working life (EEWL), estimated remaining life years (ERLY), residual value (RV)

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.

8. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

Land under control

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

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

Land under roads

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

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

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

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

8. FIXED ASSETS (Continued)

(a) Disposals of Assets

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Plant and Equipment								
Transport								
Amman Multi Tyred Roller	4,751	28,000	23,249	0	4,937	30,000	25,063	0
Kubota Excavator	0	0	0	0	10,932	10,000		(932)
Mitsubishi Rubbish Truck	0	455	455	0	0	0	0	0
Kubota Trailer	0	205	205	0	0	0	0	0
600l Slip On Fire Unit & Trailer	730	745	16	0	0	0	0	0
Hunter 650cc Dune Buggy (Black) and Custom Trailer	2,440	4,272	1,832	0	0	0	0	0
Hunter 650cc Dune Buggy (Orange) and Custom Trailer	4,267	4,273	6	0	0	0	0	0
Kubota Mower Unleaded with Grass Catcher	1,483	1,136	0	(347)	0	0	0	0
	13,671	39,086	25,762	(347)	15,869	40,000	25,063	(932)

(b) Depreciation

	2018	2017
	\$	\$
Buildings - non-specialised	57,048	26,520
Buildings - specialised	374,997	208,065
Furniture and equipment	44,716	39,646
Plant and equipment	371,478	349,550
Property, plant and equipment - GVROC joint venture	4,225	4,225
Infrastructure - roads	963,197	916,855
Infrastructure - footpaths	87,328	87,326
Infrastructure - drainage	236,796	236,796
Infrastructure - parks and ovals	78,000	73,031
Infrastructure - airport	57,930	56,244
Infrastructure - other	62,863	60,949
	2,338,578	2,059,206

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

8. FIXED ASSETS (Continued)

(b) Depreciation (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

Depreciation rates

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

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	4 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	60 to 80 years
seal	
- bituminous seals	15 to 20 years
- asphalt surfaces	20 years

Depreciation (Continued)

Gravel roads	
formation	not depreciated
pavement	60 to 80 years
gravel sheet	5 - 15 years
Formed roads	
formation	not depreciated
pavement	60 to 80 years
Footpaths - slab	80 years
Sewerage piping	12 to 15 years
Airport infrastructure	10 to 80 years
Water supply piping & drainage systems	60 to 80 years
Other infrastructure	10 - 50 years

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

An asset's carrying amount is written down immediately to its 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.

9. REVALUATION SURPLUS

	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	2018 Total Movement on Revaluation	2018 Closing Balance	2017 Opening Balance	2017 Revaluation Increment	2017 Revaluation (Decrement)	2017 Total Movement on Revaluation	2017 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	4,343,767	0	0	0	4,343,767	5,085,370	0	(741,603)	(741,603)	4,343,767
Revaluation surplus - Furniture and equipment	41,774	0	0	0	41,774	41,774	0	0	0	41,774
Revaluation surplus - Plant and equipment	81,645	0	0	0	81,645	81,645	0	0	0	81,645
Revaluation surplus -Property, plant and equipment - GVR ¹	16,575	0	0	0	16,575	16,575	0	0	0	16,575
Revaluation surplus - Infrastructure - roads	41,151,755	0	(16,647,524)	(16,647,524)	24,504,231	41,151,755	0	0	0	41,151,755
Revaluation surplus - Infrastructure - footpaths	2,123,643	0	(99,033)	(99,033)	2,024,609	2,123,643	0	0	0	2,123,643
Revaluation surplus - Infrastructure - drainage	1,380,390	0	(668,062)	(668,062)	712,328	1,380,390	0	0	0	1,380,390
Revaluation surplus - Infrastructure - parks and ovals	103,683	197,433	0	197,433	301,116	103,683	0	0	0	103,683
Revaluation surplus - Infrastructure - airport	141,733	433,820	0	433,820	575,553	141,733	0	0	0	141,733
Revaluation surplus - Infrastructure - other	260,793	2,794,456	0	2,794,456	3,055,249	260,793	0	0	0	260,793
	49,645,756	3,425,709	(17,414,619)	(13,988,910)	35,656,847	50,387,360	0	(741,603)	(741,603)	49,645,756

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

10. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Accrued salaries and wages	
Other payables	
Accrued expenses	

2018	2017
\$	\$
642,141	237,552
10,290	0
1,424	0
0	139,826
653,855	377,378

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.

11. SHORT-TERM BORROWINGS

The following restrictions have been imposed by regulations or other externally imposed requirements:

Unspent Grants

2018	2017
\$	\$
1,200,166	1,568,297
1,200,166	1,568,297

12. INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

Health - Doctor's House Loan

Principal - 1 July 2017	
Add : new loans	
Less: principal repayments	
Principal - 30 June 2018 2017	

2018 Actual	2018 Budget
\$	\$
478,067	478,067
0	0
(44,763)	(44,763)
433,304	433,304
12,654	17,300

All loan repayments were financed by general purpose revenue.

Borrowings

Current	
Non-current	

2018	2017
\$	\$
45,983	44,762
387,321	433,305
433,304	478,067

Credit Standby Arrangements

Credit card limit	
Less: credit card balance as at 30th June	
Total amount of credit unused	

2018	2017
\$	\$
10,000	10,000
(6,616)	(476)
3,384	9,524

(b) New Borrowings - 2017/18

The Shire has not obtained new borrowings during 2017/18 financial year.

(c) Unspent Borrowings

The Shire did not have any unspent debentures as at 30 June 2018.

(d) Undrawn Borrowing Facilities / Credit Standby Arrangements

The Shire does not have an overdraft facility in place.

12. INFORMATION ON BORROWINGS (Continued)

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

Financial liabilities (Continued)

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.

13. PROVISIONS

Opening balance at 1 July 2017

Current provisions
Non-current provisions

Additional provision
Amounts used

Balance at 30 June 2018

Comprises

Current
Non-current

Provision for Annual Leave	Provision for Long Service Leave	Total
\$	\$	\$
226,824	141,328	368,152
0	45,596	45,596
226,824	186,924	413,748
(22,724)	(29,267)	(51,991)
0	22,874	22,874
204,100	180,531	384,631
204,100	161,682	365,782
	18,849	18,849
204,100	180,531	384,631

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

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate

Other long-term employee benefits (Continued)

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

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

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 30TH JUNE 2018**

14. 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:

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Cash and cash equivalents	7,659,412	4,894,818	7,574,962
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	1,842,395	841,059	1,724,394
Non-cash flows in Net result:			
Depreciation	2,338,578	2,092,190	2,059,206
(Profit) / loss on sale of asset	(25,414)	(24,131)	(398,756)
Changes in assets and liabilities:			
(Increase) / decrease in receivables	(82,718)	325,000	(111,013)
Increase / (decrease) in payables	395,385	(139,826)	166,212
Increase / (decrease) in provisions	(29,117)	0	107,718
Grants contributions for the development of assets	(2,947,419)	(2,933,983)	(1,695,959)
Net cash from operating activities	1,491,690	160,309	1,851,802

15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Unallocated	74,225,493	86,169,411
	74,225,493	86,169,411

16. CONTINGENT LIABILITIES

There were no contingent liabilities against the Shire as at 30th June 2018.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

17. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

0 2,300,000

Payable:

- not later than one year

0 2,300,000

Tender for the construction of the Woodlands Cultural, Visitor and Community Precinct may finalise in March / April 2019.

(b) Operating Lease Commitments

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

Payable:

- not later than one year

34,200 34,200

- later than one year but not later than five years

31,450 65,650

- later than five years

0 0

65,650 99,850

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

Leases (Continued)

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

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

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

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

18. JOINT VENTURE ARRANGEMENTS

The Shire together with the Shire's of Esperance, Coolgardie, Laverton, Leonora, Menzies, Ngaanyatjarraku, Ravensthorpe, Wiluna and the City of Kalgoorlie have a joint venture arrangement with regard to the provision of a regional record service. The assets included in the joint venture recorded at councils one-tenth share are as follows .

	2018	2017
	\$	\$
Non-current assets		
Land and buildings	69,416	69,416
Less: accumulated depreciation	(5,776)	(2,305)
	<u>63,640</u>	<u>67,111</u>
Plant and equipment	7,940	7,940
Less: accumulated depreciation	(1,321)	(924)
	<u>6,619</u>	<u>7,016</u>
Furniture and equipment	4,047	4,047
Less: accumulated depreciation	(715)	(513)
	<u>3,332</u>	<u>3,534</u>
Light vehicles	3,097	3,097
Less: accumulated depreciation	(638)	(483)
	<u>2,459</u>	<u>2,614</u>

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

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

Separate joint venture entities providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Interests in joint arrangements (Continued)

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

19. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Meeting Fees	21,199	15,000	13,150
Mayor / President's allowance	12,000	12,000	12,000
Deputy Mayor / President's allowance	3,000	3,000	3,000
Travelling expenses	6,610	10,000	4,170
	42,809	40,000	32,320

Key Management Personnel (KMP) Compensation Disclosure

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

	2018	2017
	\$	\$
Short-term employee benefits	311,014	288,641
Post-employment benefits	48,441	45,824
Other long-term benefits	5,911	8,419
	365,366	342,884

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Transactions with related parties

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

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

The following transactions occurred with related parties:

	2018	2017
	\$	\$
Sale of goods and services	2,727	6,545
Purchase of goods and services	5,481	41,884
Amounts payable to related parties:		
Trade and other payables	160	1,540

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.

iii. Joint venture entities accounted for under the proportionate consolidation method

The Shire has a one-tenth interest in a joint venture arrangement with regard to the provision of a regional record service. The interest in the joint venture entity is accounted for in these financial statements using the proportionate consolidation method of accounting. For details of interests held in joint venture entities, refer to Note 18.

20. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2017/2018 financial year.

21. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2017/2018 financial year.

22. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/16	Received (2) 2016/17	Expended (3) 2016/17	Closing Balance ⁽¹⁾ 30/06/17	Received (2) 2017/18	Expended (3) 2017/18	Closing Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
General purpose funding							
CLGF (12/13) - Various	26,514	0	0	26,514	0	(26,348)	166
Transport							
Department of Infrastructure and Regional Development – RAAP	450,000	650,000	(700,584)	399,416	530,000	(929,416)	0
Department of Primary Industries and Regional Development – Royalties for Region	1,450,000	0	(307,633)	1,142,367	0	(1,142,367)	0
Department of Transport – RADS	0	0	0	0	496,512	(496,512)	0
Economic services							
Department of Primary Industries and Regional Development – Royalties for Region	0	0	0	0	1,200,000	0	1,200,000
Total	1,926,514	650,000	(1,008,217)	1,568,297	2,226,512	(2,594,643)	1,200,166

Notes:

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

23. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Value	Rate Revenue	Interim Rates	Back Rates	Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue
	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$
Differential general rate / general rate											
Gross rental valuations											
GRV Townsite / Roadhouses	0.1586	538	4,183,452	663,596	(41)	(124)	663,431	663,140	0	0	663,140
GRV - Mining	0.2350	2	383,000	89,992	0	0	89,992	89,992	0	0	89,992
Unimproved valuations											
UV - Mining	0.1496	372	7,664,729	1,146,567	0	0	1,146,567	1,105,456	0	0	1,105,456
UV - Pastoral	0.0500	15	708,393	35,420	0	0	35,420	35,420	0	0	35,420
Sub-Total		927	12,939,574	1,935,575	(41)	(124)	1,935,410	1,894,008	0	0	1,894,008
Minimum payment											
Gross rental valuations											
GRV Townsite / Roadhouses	349	147	65,709	51,303	0	0	51,303	50,605	0	0	50,605
GRV - Mining	349	0	0	0	0	0	0	0	0	0	0
Unimproved valuations											
UV - Mining	349	84	96,445	29,316	29,123	262	58,701	37,692	0	0	37,692
UV - Pastoral	349	27	27,843	9,423	0	0	9,423	1,745	0	0	1,745
UV - Mining - Prospecting	290	54	58,217	15,660	1,257	(1,212)	15,704	15,950	0	0	15,950
Sub-Total		312	248,214	105,702	30,380	(950)	135,131	105,992	0	0	105,992
		1,239	13,187,788	2,041,277	30,339	(1,074)	2,070,541	2,000,000	0	0	2,000,000
Total amount raised from general rate							2,070,541				2,000,000
Movement in Excess Rates							919				
Totals							2,071,460				2,000,000

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

23. RATING INFORMATION (Continued)

(b) Specified Area Rate

No specified area rates were imposed by the Shire during the year 2017/2018.

(c) Service Charges

No service charges were imposed by the Shire during the year 2017/2018.

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

The Shire has not granted any discount, incentive or concession on rates during the year 2017/2018.

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	28-Aug-17	0	0.0%	7.5%
Option Two				
First instalment	28-Aug-17	0	0.0%	7.5%
Second instalment	3-Nov-17	10	5.5%	7.5%
Option Three				
First instalment	28-Aug-17	0	0.0%	7.5%
Second instalment	3-Nov-17	10	5.5%	7.5%
Third instalment	19-Jan-18	10	5.5%	7.5%
Fourth instalment	6-Apr-18	10	5.5%	7.5%

	2018	2018 Budget
	\$	\$
Interest on unpaid rates	74,994	50,000
Interest on instalment plan	3,580	3,000
Charges on instalment plan	3,090	2,000
	81,664	55,000

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

24. NET CURRENT ASSETS

Composition of net current assets

	2018 (30 June 2018 Carried Forward)	2018 (1 July 2017 Brought Forward)	2017 (30 June 2017 Carried Forward)
	\$	\$	\$
Surplus/(Deficit) 1 July 17 brought forward	1,229,108	1,094,663	1,094,663
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	1,630,933	1,291,367	1,291,367
Restricted	6,028,479	6,283,595	6,283,595
Receivables			
Rates outstanding	837,432	833,924	833,924
Sundry debtors	174,666	86,521	86,521
GST receivable	3,714	1,039	1,039
Less: provision for doubtful debts	(398,000)	(372,656)	(372,656)
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(642,141)	(237,552)	(237,552)
Accrued salaries and wages	(10,290)	0	0
Other payables	(1,424)	0	0
Accrued expenses	0	(139,826)	(139,826)
Current portion of long term borrowings	(45,983)	(44,762)	(44,762)
Provisions			
Provision for annual leave	(204,100)	(226,824)	(226,824)
Provision for long service leave	(161,682)	(141,328)	(141,328)
Unadjusted net current assets	7,211,604	7,333,496	7,333,496
Adjustments			
Less: Reserves - restricted cash	(6,028,479)	(6,283,595)	(6,283,595)
Add: Current portion of long term borrowings	45,983	44,762	44,762
Adjusted net current assets - surplus/(deficit)	1,229,108	1,094,663	1,094,663

Difference

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.

25. FINANCIAL RISK MANAGEMENT

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

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

Financial risk management is carried out by the finance area under policies approved by the Council.

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	7,659,412	7,574,962	7,659,412	7,574,962
Receivables	661,959	581,916	661,959	581,916
	8,321,371	8,156,878	8,321,371	8,156,878
Financial liabilities				
Payables	653,855	377,378	653,855	377,378
Borrowings	433,304	478,067	431,492	473,707
	1,087,159	855,445	1,085,347	851,085

Fair value is determined as follows:

Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

25. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

The Shire's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. Council has an Investment Policy and the Policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments or their issuers or factors affecting similar instruments traded in a market.

Cash is subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by Local Government (Financial Management) Regulation 19C.

	2018	2017
Impact of a 1% ⁽¹⁾ movement in interest rates on cash	\$	\$
- Equity	76,594	75,750
- Statement of Comprehensive Income	76,594	75,750

Notes:

⁽¹⁾ Sensitivity percentages based on management's expectation of future possible interest rate movements.

25. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

The Shire's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The Shire makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Shire's credit risk at balance date was:

	2018	2017
	%	%
Percentage of rates and annual charges		
- Current	0%	0%
- Overdue	100%	100%
Percentage of other receivables		
- Current	99.5%	99.0%
- Overdue	0.5%	1.0%

25. FINANCIAL RISK MANAGEMENT (Continued)

(c) 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.

The contractual undiscounted cash flows of the Shire's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2018					
Payables	653,855	0	0	653,855	653,855
Borrowings	45,983	196,826	190,494	433,304	433,304
	<u>699,838</u>	<u>196,826</u>	<u>190,494</u>	<u>1,087,159</u>	<u>1,087,159</u>
2017					
Payables	377,378			377,378	377,378
Borrowings	44,762	191,599	241,706	478,067	478,067
	<u>422,140</u>	<u>191,599</u>	<u>241,706</u>	<u>855,445</u>	<u>855,445</u>

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by repayment period, of the financial instruments exposed to interest rate risk:

Year ended 30 June 2018	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
Borrowings								
Fixed rate								
Long term borrowings	45,983	47,238	48,527	49,851	51,211	190,493	433,304	2.73%
Weighted average Effective interest rate	2.71%	2.71%	2.71%	2.71%	2.71%	2.71%		
Year ended 30 June 2017								
Borrowings								
Fixed rate								
Long term borrowings	44,762	45,983	47,238	48,527	49,851	241,705	478,067	2.73%
Weighted average Effective interest rate	2.71%	2.71%	2.71%	2.71%	2.71%	2.71%		

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

26. TRUST FUNDS

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

Trust Types	1 July 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
Community Resource Centre	121,719	172,731	(200,773)	93,677
Builders Registration	(62)	582	(572)	(52)
Chamber of Commerce	2,650	0	(2,650)	0
Demolition Deposits	1,000	0	(500)	500
Excess (Overpaid) Rates	2,893	720	(1,681)	1,932
Gym Key Deposits	3,600	2,600	(2,000)	4,200
Tennis Key Deposit	600	300	(300)	600
Building Construction Industry Training Fund (BCITF)	3,010	533	(2,994)	549
Library	483	0	0	483
Community Garden	2,539	0	0	2,539
Ngadju Womens Caring Programme	0	25,000	(1,384)	23,616
Licensing (Transport)	40,037	11,303	0	51,340
Nomination Deposits	0	560	(560)	0
Bank Interest	283	10	0	293
	<u>178,752</u>			<u>179,677</u>

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

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

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

	Title	Issued / Compiled	Applicable (1)	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2018	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend on the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.
(iii)	AASB 16 Leases	February 2016	1 January 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.
	Notes: (1) Applicable to reporting periods commencing on or after the given date.			
(iv)	AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are: - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.
	Notes: (1) Applicable to reporting periods commencing on or after the given date.			

Adoption of New and Revised Accounting Standards

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

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

(i)	AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	1 January 2017
(ii)	AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities	1 January 2017

28. 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

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

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 statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

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. enforced) 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 an asset at its current service capacity.

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

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 such as roads, drains, public buildings and the like, no annual assessment 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.

29. ACTIVITIES/PROGRAMS

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

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of Council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.
GENERAL PURPOSE FUNDING	To collect revenue to allow for the provision of services.	Rates, general purpose funding and interest revenue.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH	To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
EDUCATION AND WELFARE	To provide services to disadvantaged persons, the elderly, children and youth.	Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home and community care programs and youth services.
HOUSING	To provide and maintain elderly resident housing.	Provision and maintenance of elderly residents housing.
COMMUNITY AMENITIES	To provide services required by the community.	Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.
RECREATION AND CULTURE	To establish and effectively manage infrastructure and resource which will help the social well being of the community.	Maintenance of public halls, civic centre, aquatic centre, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.
TRANSPORT	To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
ECONOMIC SERVICES	To help promote the shire and its economic wellbeing.	Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.
OTHER PROPERTY AND SERVICES	To monitor and control council's overheads operating accounts.	Private work private works operation, plant repairs and operation costs and engineering operating costs.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

30. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	3.16	4.15	2.41
Asset sustainability ratio	0.35	0.74	1.72
Debt service cover ratio	21.70	72.96	N/A
Operating surplus ratio	(0.40)	0.01	(0.60)
Own source revenue coverage ratio	0.49	0.52	0.51

The above ratios are calculated as follows:

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

Notes:

Information relating to the asset consumption ratio and the asset renewal funding ratio can be found at Supplementary Ratio Information on Page 45 of this document.

Three of the ratios disclosed above were distorted by the early receipt of Financial Assistance Grants.

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	767,839	778,075	0
Amount of Financial Assistance Grant received in prior year relating to current year.	778,075	0	778,392

If the events detailed above did not occur, the impacted ratios in the 2018, 2017 and 2016 columns above would be as follows:

	2018	2017	2016
Current ratio	3.18	2.39	4.60
Debt service cover ratio	21.88	45.85	N/A
Operating surplus ratio	(0.40)	(0.25)	(0.32)
Own source revenue coverage ratio	0.49	0.52	0.51

31. SUPPLEMENTARY RATIO INFORMATION

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

	2018	2017	2016
Asset consumption ratio	0.73	0.80	0.81
Asset renewal funding ratio	0.64	0.78	0.96

The above ratios are calculated as follows:

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

**INDEPENDENT AUDIT REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

INDEPENDENT AUDIT REPORT



**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE SHIRE OF DUNDAS**

Report on the Financial Report

Opinion

We have audited the financial report of the Shire of Dundas, which comprises the statement of financial position as at 30 June 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Chief Executive Officer.

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

- a) giving a true and fair view of the Shire's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards (including Australia Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

Basis for Opinion

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

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

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

Other Information

Management is responsible for the other information. The other information comprises the information in the Shire's annual report for the year ended 30 June 2018 but does not include the financial report and the auditor's report thereon.

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**INDEPENDENT AUDIT REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

INDEPENDENT AUDIT REPORT (Continued)

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

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

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

Council's Responsibility for the Financial Report

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

**INDEPENDENT AUDIT REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

INDEPENDENT AUDIT REPORT (Continued)

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

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

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

Emphasis of Matter

Without modifying our opinion, we draw attention to page 44 of the financial report "Supplementary Ratio Information", which describes certain ratio information relating to the financial report. Management's calculation of these ratios includes assumptions about future capital expenditure and hence falls outside our audit scope. We do not therefore express an opinion on these ratios.

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

Reporting on Other Legal and Regulatory Requirements

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

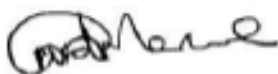
In accordance with the Local Government (audit) Regulations 1996, we also report that:

INDEPENDENT AUDIT REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

INDEPENDENT AUDIT REPORT (Continued)

- a) Apart from the operating surplus ratio and asset sustainability ratio that do not meet the minimum benchmark, there are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) The Shire substantially complied with Part 6 of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).
- c) All information and explanations required were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE
Director

Perth
Date: 15 October 2018