Shire of Northampton

Simply Remarkable

2017/2018 ANNUAL REPORT

Northampton Kalbarri Horrocks
Port Gregory Isseka Binnu Ajana

COUNCILLORS

Cr Craig SIMKIN
Shire President, Northampton Ward
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Elected 2011 Retires 2021

Cr Shane KRAKOUER
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Elected 2015 Retires 2019

Cr Sandra STOCK-STANDEN
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Elected 2004 Retires 2021

Cr Terry CARSON
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Elected 2009 Retires 2019

Cr Roslyn SUCKLING
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Elected 2015 Retires 2019

Cr Tim HAY
Northampton Ward
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Elected 2017 Retires 2021

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Elected: 2013 Retires: 2019

Cr Stewart Smith
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Elected 2017 Retires: 2021

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Elected: 2017 Retires: 2021

COUNCIL & COMMITTEE MEETINGS

COUNCIL MEETINGS

Council Meetings are held on the third Friday of each month. All Council meetings are held in the Northampton Council Chambers except for the February, June and October meetings which are held in the Allen Centre, Kalbarri.

The Council and Committee meetings are open to the public and there is public question time at the beginning of both Council and Committee meetings at which time the general public may ask questions on any Local Government matter.

Meeting dates and times are subject to change and if this does occur, notice of such changes are advertised as per the requirements of the Local Government Act 1995.

COMMITTEE MEETINGS

Council has no operational standing committees however the following standing committees have been retained and meet on an as needs basis. The members listed are those as at 30 June 2017.

None of the following committees have delegated power which requires all committee recommendations having to be put before full Council for final determination.

Audit Committee

Cr's Simkin, Krakouer, Suckling, Carson & Smith

Disability Services Committee

Cr's Stewart, Suckling, Stock-Standen and Building Surveyor/Environmental Health Officer

Staff Occupational, Health & Safety Committee

Cr's Carson, Stock-Standen & Krakouer

Senior Staff Employment Performance Review Committee

Cr's Simkin, Krakouer, Carson, Stewart, Smith & CEO

PRESIDENTS REPORT – CR CRAIG SIMKIN

It is with great pleasure that as President of the Northampton Shire Council that I present my 2017/18 Annual Report.

First up I would like to make mention of Council elections that were held in October 2017 where we had two Councillors standing down, being Malcolm Scott for the Kalbarri Ward and Des Stanich for the Northampton Ward. For the Kalbarri Ward two new members were elected unopposed being Cr Peter Stewart and Cr Stewart Smith. Both myself and Cr Stock-Standen were re-elected for the Northampton Ward.

Unfortunately, not enough nominations were received for the Northampton Ward which resulted in an extraordinary election with Cr Tim Hay from Port Gregory being elected.

I was re-elected to the position of President with Cr Shane Krakouer elected as the Deputy President.

I thank the new members in coming forward to fill these positions.

During the year there have been some major announcements being the Microgrid development for Kalbarri, which going forward will be a great benefit to the town. Also, the mobile phone tower in the Kalbarri National Park at the loop which will help the communications for emergency situations. It was pleasing to have this tower named the Mac Holt tower after a former Councillor who did a lot of work to get it there. Congratulations Mac.

Throughout the year we have been able to support the following sporting scholarships which have taken young people in their chosen sports to all parts of Australia and the world.

- Luke Dooley -World Canoeing Marathon Championships in South Africa.
- Rory Beaumont -2018 Australian Junior Sedan Speedway Championships in Darwin.
- Amy Gould -2018 Albury Junior Polocrosse Classic. She was awarded best player for her grade and also chosen to attend Australian nationals in this field.
- Samantha Freeman 25th Prime Gymnastics International Invitation in Singapore.

In the non-sporting arena, the Council also provided an education university scholarship to Anna Henville to help her attend the Geraldton University Centre.

These are great results from members of our community and I am sure along with fellow Councillors the scholarship is a small token that helps these people go a long way. We need to support these events, especially the University scholarship as it keeps the people in the region instead of moving to other areas .

There have been many projects that have been in our corporate business plan that have come to fruition throughout the year and some of these are:

- Kalbarri tennis, netball, basketball and practice cricket wickets
- The Kalbarri Nature Playground which was opened on the 2nd September
- Kalbarri Bowling Club synthetic green completed and opened
- Pioneer Lodge additional units completed and opened
- Completion of the Lions Park project refurbishment after the park was ruined by the fire of April 2015.

It is pleasing to have these attributes in our shire and believe these are a great asset and will be well and truly utilised.

Also, during the year, the St Mary's school celebrated their 150th Anniversary which saw many past and present scholars and students from far and wide. A great turnout.

Another success story is the letting out of the ewes in and around our town centre, especially the mobs that have been watched over by the beady eyed dogs. What a great concept and am sure that this will draw many visitors to our region. Personally, I would like to congratulate the Ewe Turn committee on what they have achieved.

An update on projects that are still ongoing . The Northampton bypass is still on hold at present and cannot see much momentum going forward so this also puts the Northampton to Dongara transport link on hold as well. The Skywalk in the Kalbarri National Park is still a project in slow motion and cannot give a date for completion unfortunately.

We have been endeavoring to secure funding to install viewing platforms and parking at the Pink Lake but as we know our state Government is in budget repair so seems that tourism funding is off the radar for our area.

As a Council it is pleasing to be able to set our rates at 3% as per the adopted Corporate Business Plan and I believe that a lot has been achieved even though we have had a fair reduction in and less opportunities to receive grant funding in the past year .

To my fellow Councillors, senior management and administrative and works staff , I take this opportunity to commend you on the support that you have given throughout the year and believe that once again we have achieved a great deal.

To everybody in our Shire, thank you for your support as we progress into another year

Northampton Lions Park

CHIEF EXECUTIVE OFFICERS REPORT

It is with pleasure to present my annual report on the 2017/2018 year of operations of the Shire of Northampton.

MANAGEMENT STAFF

The Chief Executive Officer is responsible for the overall management of the Shire and I am pleased to report that the following Management Staff are a blend of dedicated and professional staff which has resulted in benefits for the Shire.

Chief Executive Officer	Garry Keeffe
Deputy Chief Executive Officer	Grant Middleton
Environmental Health Officer & Building Surveyor	Glenn Bangay
Principal Planner	Hayley Williams
Manager of Works and Technical Services	Neil Broadhurst

At the end of 2017/2018 our Principal Planner Hayley Williams resigned and relocated with her family to Perth. Mrs Williams had been with the Council for in excess of 12 years.

With the Planning sector experiencing a low operational needs, Council resolved not to replace Mrs Williams but to engage her on as needs contract basis which is of great benefit to the Council and community due to her knowledge in planning and of our local needs. The day to day planning requirements are now managed by the Planning Officer Debbie Carson.

All staff members are there to serve you and should you have a query on any issue please do not hesitate to contact them or myself.

In accordance with provisions of *Regulation 19B* of the *Local Government (Administration Regulations) Act 1995,* it is reported that the one staff members annual salary is within the band $150,000 to $170,000 and two staff members annual salaries are within the band $100,000 to $130,000.

BUDGETING

The Shires budgeting process commences in February/March of each year with the preparation of a draft budget based on previously adopted works and capital expenditure programs and issues identified to elected members and staff by residents of the Shire.

Residents are encouraged to provide budgetary requests either to their elected members or to the management staff. The draft budget is presented at a special meeting of Council, normally held within the last two weeks of July of each year, where it is refined until a suitable balance between required works and an acceptable rate level is achieved.

Finance

The Shire had a surplus cash position at 30 June 2018 of $2,202,070. This surplus cash position includes restricted cash of $1,828,278 associated with the following:

Prepaid Financial Assistance Grant	$809,229
Grant for Kalbarri Town Talk Building	$ 33,400
White Cliffs unspent road grant for 2018/19 works	$526,705
White Cliffs Road Grant received in advance	$285,655
Roads to Recovery Grant unspent – Chilimony Road	$134,283
Kalbarri Roadwise Grant unexpended	$ 12,101
Road Reserve Funds unexpended – Binnu West Road Corner	$ 9,090
ESL for BFS & SES received in advance	$ 17,815

Council was able to continue to supply new infrastructure and services, undertake other road projects that were a priority of Council, and continue to provide existing services at an acceptable level.

Although the growth of our various communities has slowed as compared to previous years the demand on services by residents and visitors continues to grow and the task to provide the communities with existing and new facilities and infrastructure is an ongoing challenge for the Council.

General Purpose Grant

Whilst the demand for works and services throughout the Shire is increasing the levels of Government funding, particularly the General Purpose Grant and Roadworks funds has been static in recent years which places extra pressure on Council with costs increasing.

2008/2009	$1,052,350	2009/2010	$1,072,083
2010/2011	$1,148,048	2011/2012	$1,238,720
2012/2013	$1,287,165	2013/2014	$1,440,321
2014/2015	$1,487,705	2015/2016	$1,485,645
2016/2017	$1,485,000	2017/2018	$1,499,146

The indicative grant for 2018/19 is $1,570,213, an increase of $71,067

Major Sources of Income

Apart from the General Purpose Grant the other major sources of income required to match the expenditure of Council are:

Rates	$4,374,389
Road Grants	$3,243,905
Refuse Charges	$ 804,036
Other Government Grants	$1,328,471
Grants – non government	$ 44,989
Fees/Charges, reimbursements	$ 929,822
Interest on Investments	$ 79,034
Reserve Funds utilised	$ 66,512
Asset Sales	$ 42,089

Major/Capital Expenditure

Some major projects and purchases made during the 2017/2018 year that have not been reported in other sectors of the Annual Report include:

- Completion and opening of the Kalbarri Nature Playground.
- Completion of the Northampton Lions Park following the fire of the local business in April 2015.
- Completion and official opening of the Kalbarri tennis, netball, basketball courts and new cricket practice wickets.
- A $20,000 grant allocated to the Northampton Pistol Club to assist with re-roofing their premises.
- Completion of the replacement of the Northampton oval boundary fence.
- Assisted the Binnu Tennis Club with the resurfacing of their tennis courts.
- Undertook wall stabilisation works to the historic jail at the Lynton Convict Hiring station site.

COMMUNITY STRATEGIC PLAN & CORPORATE BUSINESS PLAN

Community Strategic Plan

Council undertook a review of the strategic plan within 2017/18. Community input was requested through letter drop advice inviting residents to submit requests/ideas. General advertising of the review was also undertaken. The plan is for a ten year period and is to be reviewed strategically every two years with a full community consultation review every four years.

Corporate Business Plan

The Corporate Business Plan is made up of a number of informing strategies for a four year period with Asset Management Plans for a period of ten years and is the basis of formulating future budgets.

- The plan identifies and prioritises the principal strategies and activities Council will undertake in response to the aspirations and objectives stated in the Strategic Community Plan.
- The plan states the services, operations and projects that a local government will deliver over the period of the plan, method for delivering these and the associated cost.
- The plan references resourcing considerations such as asset management plans, finances and workforce plans.
- The plan is to be reviewed annually.

The Corporate Business Plan also has the following supporting documents:

Long Term Financial Plan (LTFP) – This plan is made up of a written section and supporting documents outlining the long term direction of the Council.

Asset Management Plans (AMP) – AMP's have been developed for buildings, recreation infrastructure, transportation infrastructure and plant /equipment.

Workforce Plan (WFP) – This plan has been developed and there are no foreseeable major changes to staffing levels.

The Corporate Business Plan will link all of the informing strategies relating to the next 4 years and provide detail on how Council will deliver and resource the projects set out.

Reporting Requirements

The operations of the Strategic Community Plan and Corporate Business Plan are to be reported on. Reporting required is to include an overview, what major initiatives are to continue into the next financial year, any modifications made to the Strategic Community Plan and any significant modifications made to the Corporate Business Plan.

The following changes were made to the respective asset management plans:

Buildings Capital Upgrade – New Works

- Restoration works to the Alma Hall at a value of $37,500 be listed for 2018/19.
- Redevelopment works to the Kalbarri Town Talk building to allow for co-location of after school child care at a value of $55,400 be listed for 2018/19.
- Construction of an ablution at the Blue Holes, cost be amended to $105,000 and to be undertaken in 2018/19.
- Construction costs for the Pink Lake viewing platform be amended to $123,000 and to be undertaken in 2018/19 and 2019/20.

Buildings Capital Upgrade – Renewal

- Floor coverings replacement for the Northampton office be amended to $18,000 and for the Allen Centre to $13,000 with both replacements to occur in 2018/19
- $35,000 for recladding of the Kalbarri Camp and Community Hall be listed for consideration in 2019/20.

Recreation Capital Renewal

- $33,000 for Council's contribution for playing lights for the Kalbarri Bowing Club be listed in 2018/19.
- $25,000 for the replacement of the Port Gregory playground be listed in 2018/19 and is subject to the Port Gregory Progress Association submitting a grant application for the playground of $12,500.
- The provision for a shelter over the Horrocks Playground be deferred to 2019/20.
- $36,000 for the replacement of the roof section over the Northampton Squash courts be listed for 2018/19.
- $25,000 for the bitumen sealing of the car park on the Kalbarri foreshore located south of the IGA car park to occur in 2018/19 to compliment the new dual use pathway.
- The provision of $9,700 for foreshore vegetation control be removed from the plan as is an operating expense not a capital expense.
- $25,000 for the installation of a rock embankment wall on the Kalbarri river foreshore from the VMR north for the control of erosion be undertaken in 2018/19.

- $30,000 for the resealing of the Northampton Community Centre access road and car parks be undertaken in 2018/19.

Road Projects & Car Parks

- The bitumen sealing of the balance of Gwalla Street, Northampton at an estimated cost of $127,300 be listed for consideration in 2021/22.

- The bitumen sealing of the balance of Fifth Avenue, Northampton at an estimated cost of $54,615 be listed for consideration in 2019/20.

- For the Port Gregory Road works for shoulder reconditioning and sealing, a submission be lodged for Regional Road Group Funding for 2019/20 at an estimated cost of $176,800.

- Works for the bitumen sealing of the balance of Harvey Road and a portion of Horry Road at an estimated cost of $551,000 be listed for consideration in 2022/23 with a second bitumen seal at an estimated cost of $115,500 to be listed in 2023/24.

- Re-sheeting and road improvements for Von Bibra Road at an estimated cost of $25,000 be listed for 2018/19.

- Upgrade works to Rob Road to allow for RAV3 truck combination use be deferred for future consideration and not be included within the Corporate Business Plan at this stage and that a provision of $5,000 be included within the 2018/19 Budget for additional survey works to determine if the road can be diverted around the hills to allow the RAV3 use.

- The provision of $121,000 for the re-sealing of George Grey Drive, Kalbarri be deferred until 2019/20.

- The works proposed for Hatch Road be amended to replace the main culvert on the road at an estimated cost of $92,000 to be funded by the Roads to Recovery Programme for 2018/19.

- A provision of $54,000 be listed in 2018/19 to undertake a survey for the creation of a road reserve for a road to Little Bay, Horrocks.

- The re-sealing and installation of kerb for Karina Mews, Kalbarri at an estimated cost of $40,000 be listed for 2018/19.

- That the following proposed road works be deferred from 2018/19 to 2020/21

    - Fifth Avenue, Northampton - reseal $14,000
    - Forrest Street, Northampton - reseal $35,000
    - Glance Street, Horrocks - $22,000

- The re-sealing works for Fourth Avenue, Northampton estimated at $6,000 scheduled for 2018/19 be deleted as these works have been undertaken.

- The cost to re-seal Stephen Street, Northampton be amended to $71,700 as reseal is to be an aggregate seal and not an asphalt seal as originally proposed, and these works to be listed in 2020/21.

- The estimated cost for works on Gantheume Cres, Kalbarri reseal be amended to $28,500 as reseal is to be an aggregate seal and not an asphalt seal as originally proposed.

- Binnu East road re-seal works listed in 2021/22 and 2022/23 be deleted as they are already within the asset management plan.

- The re-seal works for the Balla Whellarra Road at an estimated cost of $455,000 be brought forward to 2022/23 and Roads to Recovery funds be used for these works.

- Works scheduled for Smith Street, Kalbarri in 2020/21 be amended to kerb renewal and reseal in sections 0.00 to 0.40 SLK and 0.66 to 0.77 SLK.

Footpaths

- List for consideration in 2018/19 Option 1 for Nanda Drive, Kalbarri with pathway to be on the north side of Nanda Drive at an estimated cost of $12,550.

- Footpath for Essex Street, Northampton at an estimate cost of $42,000 which was to occur in 2017/18 now be deferred until 2019/20.

- List for consideration in 2019/20 a footpath on Grey Street from Red Bluff Road, Kalbarri through to Rushton Street with pathway to be on the south side of Grey street at an estimated cost of $135,000.

- List for consideration in 2019/20 a footpath on Glass Street from Tiki Cove, Kalbarri at an estimated cost of $35,400.

- List for consideration a footpath to access Chinaman's Beach ablutions, Kalbarri at an estimated cost of $11,000 be listed for 2018/19.

Plant Purchases

- A new water tank for replacement of existing water tank used for road works at a cost of $26,000 be listed for consideration on 2018/19.

- The replacement of the Town Planner vehicle be deleted from the asset plan as this vehicle is now no longer required.

STATE RECORDS ACT 2000 – STANDARD 2/PRINCIPAL 6

In accordance with the requirements of Standard 2, Principal 6 of the State Records Act, I hereby report on how the Shire of Northampton employees are complying with the Shire's Records Keeping Plan:

Item 6.1 - Staff Training, Information Sessions, Publications.

Activities to ensure staff awareness and compliance are under process of being implemented in accordance with Council's endorsed Record Keeping Plan and will be an ongoing requirement of the organisation.

In addition training has been undertaken and continues to be reviewed to ensure Council's electronic filing system and hard copy system is utilised fully and correctly. The electronic system and hard copy filing system work in conjunction with each other ensuring correct record keeping procedures.

Item 6.2 – Performance Indicators in place

The following performance indicators have been developed to measure the efficiency and effectiveness of the Shire of Northampton's record keeping system:-

A register is to be maintained by the Administration staff responsible for filing all records of:-

- Records that cannot be located
- Files that are missing and unable to be located

With the administration centre being relatively small the issue of missing files has not been encountered with the exception of files that were archived some years prior and these too have been very minimal.

Item 6.3 – Agency Evaluation

The Shire of Northampton's record keeping system undertook a full review in 2017/2018 and will be continually reviewed and improved where possible in order to pursue best practice for the organisation. The current record keeping systems are assessed as being efficient and effective for the requirements of the organisation.

CONCLUSION

In conclusion my special thanks go to the staff and Councillors for their assistance, guidance and co-operation during the period of this report.

I also take this opportunity to thank the many residents who have assisted Council in some form in achieving its goals and objectives throughout 2017/2018.

GARRY L KEEFFE
CHIEF EXECUTIVE OFFICER

WORKS & TECHNICAL SERVICES

NEIL BROADHURST
MANAGER FOR WORKS & TECHNICAL SERVICES

Major projects undertaken have been the continuation of Councils program to upgrade the four main townsites and rural road network.

Regional Road Group Projects

Consisted of the continuation of Shoulder Reconditioning works on Kalbarri Road between 23.00 and 33.00 SLK. Competitive tendering allowed for some additional works to be undertaken within the same scope and location of original works. The other works were a continuation of Shoulder Reconditioning works on Horrocks Road from 13.50 to 16.75 SLK. The Horrocks Road works completed the third stage in Councils works to upgrade identified substandard gravel shoulders along this road.

Roads to Recovery

Funding for the year resulted in continuing improvement works associated with sections of Chilimony Road. Stage 2 works being completed within the 2016/2017 financial year were resealed and stage 3 works to shoulder recondition only a section of road north of North Road were commenced.

Works at Horrocks to Mitchell Street north of Glance street, to widen the sealed surface plus the addition of concrete kerbing to the west side plus asphalt infill between kerb and concrete dual use pathway plus asphalting of the new road width has enhanced the appearance and drainage within the area. Rural areas saw gravel sheeting undertaken on Wundi Road that saw a combination of Council and local farmers plant being used under contract arrangements to undertake approximately 5 kilometres of gravel sheeting and drainage improvements.

Royalties for Regions

The White Cliffs Road construction works commenced being the total construction to a bitumen seal for the full 13.0 kilometres in length over a 2 stage, 2-year program. In 2017/2018 approximately 7.3kms was completed to a primer seal finish leaving 5.7 kilometres for 2018/2019 that shall include a full length reseal.

Black Spot funding

Council was able to secure Black Spot Funding for the intersection/corner of Grey Street and Red Bluff Road, Kalbarri. Works consisted of an improved alignment, the addition of a right turn lane into Back Beach Road, road widening to the south of the corner, installation of new guard railing, a new and improved parking arrangement/layout plus the connection of the Melaleuca dual use pathway to the Kalbarri foreshore pathway system.

The works have improved the overall visual entry into this area of Kalbarri with plenty of positive interest and comments from locals and tourists over the construction period.

Council Own Resources Works

The following projects were undertaken throughout 2017/18:

- West Street between Stephen Street and Bateman Street being drainage improvements via the installation of an upgraded stormwater system plus new concrete kerbing installed, the road surface was surface corrected and then resealed.

- Kitson Way in the Northampton Light Industrial Area resealed.

- Kalbarri - entire Sally's tree car park area resealed with new line marking reinstated.

- Hackney Street and Gallant Close received sections of aggregate resealing.

Municipal funding was utilised on rural roads following an increase in 'Restricted Access Vehicle' requirements/request for increased and future harvest requirements. Sandy Gully and Swamps Road saw road upgrades undertaken as a result of this as well as survey reviews undertaken for Rob Road and Ogilvie West Road to aid with future road upgrade planning.

Gravel sheeting/patching and associated works undertaken on various rural roads

Dual Use Pathway works continued with the construction of the Grey Street/Red Bluff Road works connection of the Melaleuca and Kalbarri foreshore Dual Use Pathway systems that has received both positive feedback and overall improved the safety of pedestrian traffic in the area in question.

Other Works

Various other improvements and specific maintenance works to the town sites of Northampton, Kalbarri, Port Gregory and Horrocks were undertaken to enable continual enhancements to these areas to be ongoing.

The entry and car park area at the Kalbarri Sports and Recreation area was bitumen sealed and kerb. These works compliment the previous year's multi use courts installation works, this facility is now an attractive and well used addition to the Kalbarri community and townsite.

The entire supply pipeline from the Wheal of May bore fields to the townsite boundary and replacement of the aged concrete tanks at the Wannerenooka water storage site with 3 larger steel tanks, plus, new security fencing occurred to secure our parks and gardens water supply.

Plant Fleet

Further upgrades occurred with the delivery of a new truck pig trailer and trade of an existing trailer as part of a truck fleet upgrade. Two utilities were replaced, and Kalbarri saw a new large mower replace the existing foreshore and oval mower with the existing rotated through to Northampton as part of the normal mower rotation.

The 2017/2018 construction program saw an increase in the use of contractor resources mainly in shoulder reconditioning works on the Kalbarri Road and full-service bitumen reseal works throughout the Shire. It is anticipated this use of contractors shall continue in works areas that are set in the amount of works required of a routine and known environment.

From a management perspective it is believed the Construction and Maintenance arm, and the Parks and Gardens section of the Council have had a very successful year as per the 2017/2018 financial year program. All major works have been completed in a timely manner and within reasonable budget expectations.

Sealing of White Cliffs Road

Councillors on first sealed section of White Cliffs Road

ENVIRONMENTAL HEALTH & BUILDING SERVICES

GLENN BANGAY
ENVIRONMENTAL HEALTH OFFICER/BUILDING SURVEYOR
ENVIRONMENTAL HEALTH OFFICER – WENDY DALLYWATER

Areas of responsibility include:

ENVIRONMENTAL HEALTH (Shire of Northampton, Shire of Chapman Valley & Shire of Shark Bay)

- Inspection of Food Premises, including stall holders and mobile food vendors;
- Surveillance of Food Standards;
- Ensuring currency of Legislation;
- Attendance as required on recall of food product;
- Hairdressing establishments, including body piercing (ears nose, etc.);
- Chiropractic and physiotherapy establishments;
- Inspection and surveillance of seven refuse sites and transfer stations, processing and submitting annual reports to Department of Regulation and Environment, and enforcing any and all restrictions adhered to those refuse sites;
- Waste Management – recycling, refuse and rubbish;
- Monitoring Council's refuse contractor's performance and billing process;
- Caravan Parks and Camping Grounds;
- Other public and private accommodation;
- Public buildings;
- Public swimming pools (e.g. at motels, resorts);
- Approval and inspection of effluent disposal systems;
- Follow-up of Notifiable Disease Notifications;
- Sampling of potable water supplies, public swimming pools, reuse treated sewage (golf course) and ground water at the Kalbarri Refuse Site, Port Gregory and other significant ground water sites;
- Noise, dust and other health related complaints;
- Monitor and review Asbestos Register of Council owned buildings and infrastructure;
- General advice to the public on matters relating to environmental health; and
- Any other relevant health matter required to be attended to by Council staff.

BUILDING (Shire of Northampton and Shire of Shark Bay)

- Assessment of Building Applications for compliance with the National Construction Code of Australia and relevant Australian Standards;
- Issue of Certificate of Design Compliance for Class 1 & 10 buildings;
- Process and issue of Building Permits;
- Process and issue of Demolition Permits;

- Monitoring the handling and disposal of any Asbestos Containing Materials and the compliance with the ACM Handling and Disposal Code;
- Inspection of building works during the course of construction and on completion, including site-works, concrete footings and slabs, timber floor, wall and roof framing, masonry work, anchorage and tie down details, practical completion; as and when required by the NCC;
- Initial and periodic compliance inspections of private swimming pools barrier fencing, gates and access points;
- Disability Access and Inclusion Issues including annual reporting;
- Inspection and maintenance of Council controlled and owned buildings including preparing and overseeing Council building maintenance budget;
- Maintain close liaison with builders, architects/draftsmen and owner builders to ensure a satisfactory standard of building construction and compliance with the Building Code of Australia, is maintained; and
- Any other relevant building matter required to be attended to by Council staff.

A positive achievement for Councils' Building Services has been the ability to maintain an efficient turnaround time in receiving and processing building permit applications once they have received R Code or Local Town Planning Scheme compliance certification, generally between two to ten working days.

RESOURCE SHARING

The Shire of Northampton continues to provide Environmental Health Services to the Shire of Chapman Valley and Environmental Health and Building Services to the Shire of Shark Bay.

The following activities are covered by the Shire of Northampton Health and Building Department, in the three Local Authorities, are but not limited to:

- Water sampling and inspection of Public Swimming Pools (Monthly in season) 29
- Water sampling of potable water in premises with own water supply, including roadhouses and caravan parks (Quarterly) 11
- Private swimming pool inspections (Minimum every four years) 150+
- Food premises inspections (Annually or more regularly as required) 91
- B & B, hostels, short term accommodation (Annually) 21
- Public buildings (Annually) 33
- Effluent sampling (Kalbarri Golf Course) (Bi-annually) 6
- Landfill water sampling (Kalbarri Refuse Site) (Bi-annually) 2
- Caravan Parks, nature based parks, station/farm stays, roadside rest areas with ablution facilities (Every six months or more regularly as required) 34
- Roadhouses on the North West Highway 3
- Building permit applications and processing including implementing the new Building Act and Regulations and all the subsequent changes and revisions
- Building inspections.
- Building queries that are attended to and answered for two Local Authorities, both in person and over the telephone
- Handling general day to day complaints from noise and dust to any other issues that the public want the Local Authority to deal with
- Disability awareness programs and implementation
- Council building asset maintenance and management, including building maintenance and health department budget management for two Local Authorities
- Management and review of Local Authority Waste Management programs, landfill sites, including dealing with all the requirements of DER annual licencing, reporting and requirements, inspections

- Management of two waste water disposal sites (Northampton and Denham) Note! The Northampton site is currently not being used until upgrade works have been completed
- Advise on, and dealing with dangerous materials issues, including asbestos containing products, paints, various chemicals, sharps and lead (lead tailings)

DISABLED ACCESS

The Shire has a responsibility under the State Disability Services Act to continuously hold under review the provision of suitable access to its services and buildings for people with disabilities.

In line with this requirement under the Shire of Northampton Disability Access and Inclusion Plan, Council's EHO/Building Surveyor will undertake a complete review of disability services within the Shire of Northampton and make recommendations as to future works and projects to enhance disability access to all areas. Note! All new buildings are compliant with disability access, fixtures and services.

WASTE MANAGEMENT

During the year the Council has sought to continue improvement in its waste management practices and an improved level of compliance with Department of Regulation requirements.

The Northampton refuse site/transfer station was been downgraded from a putrescible site to inert and green waste site. The Hazardous Waste Area that was developed under licence approval from DWER is being maintained as per approval conditions, this site was developed to receive the chemical contaminated soil from the Woodcock Hardware fire.

The Kalbarri refuse site/transfer station is no longer used as a putrescible site but still maintains the licence as a putrescible site. This provides the Shire with the potential to reopen this site as a putrescible refuse site if required in the future. ACM is still received at this site and disposed of in compliance with DER guidelines.

Following the purchase of additional land adjoining the Binnu Refuse Site, Council is in the process of developing the additional land and the current Binnu Refuse Site to extend the life and availability of an efficient and cost affective local refuse disposal area.

PUBLIC SWIMMING POOLS

Inspections and water sampling of Public Swimming Pools is conducted on a monthly basis, as per the requirements of the new regulations.

RECYCLED WASTE WATER SAMPLING

Reticulated waste water sampling will be continued on a regular basis from the Kalbarri Golf Club ponds, all samples taken complied with the water quality parameters as required by the Department of Health licence conditions, over the last year.

DRINKING WATER SAMPLING

Sampling is carried out on all food premises, caravan parks or townsites that are supplied with non-scheme water i.e. bore, rainwater or other source of water supply (Roadhouses, station/farm stays, caravan parks, nature based camping areas and some residential areas).

KALBARRI REFUSE SITE MONITORING BORE

As per the conditions of the licence issued by the Department of Environment and Conservation, bi-annual water samples are taken from the ground water monitoring bore at the Kalbarri Refuse Site to ensure that there is no ground water contamination from the old putrescible waste

dumping site. These results are monitored by Councils Environmental Health Officers and the Department of Environment and Conservation.

FOOD PREMISES

All the Food Premises were inspected throughout the year at regular intervals on a risk assessment basis and, where required, work requests were issued for premises to be brought into compliance with the new Food Standards Code. All food premises are now registered under the new Food Act.

A noticeable improvement in the overall standard of the premises, food handling, storage and preparation of food in the food premises has been observed and pressure will continue to keep the standard improving.

The new Minimum Requirements for Temporary Food Stall requirements have been implemented and have been accepted very well and the most recent temporary food stalls complied with the requirements

Follow up inspections will be carried out with a more regular program to ensure premises continue with the required works and maintain a high standard of cleanliness, hygiene and work practices.

BUILDING CONTROL

89 Building Licences including 12 demolition licences were issued during the year 1/7/17 to 30/6/18 at a total value of $7,273,159.00.

General Statistics, for the 2017/2018 financial year and of previous years are provided in the tables at the end of this report.

COUNCIL'S BUILDING ASSETS

Regular inspections of all Council's building assets are undertaken, and maintenance undertaken where required and or necessary, subject to budget parameters and financial allocations. The general standard of Councils' building assets has improved due to regular maintenance and this work will be continued to further enhance the value and integrity of the assets.

CARAVAN PARKS AND CAMPING GROUNDS.

Inspections of these facilities are undertaken at regular intervals. Notices with regard to the upgrading of facilities and caravans according to the requirements of the Caravan and Camping Grounds Act and Regulations were issued where required and follow up inspections have been carried out to ensure continued compliance with the relevant legislation.

KALBARRI	2012/2013		2013/2014		2014/2015		2015/2016	
	No	Value	No	Value	No	Value	No	Value
Houses	8	$2,665,384	10	$2,674,399	5	$1,362,340	9	$2,436,342
Additions/Alterations	13	$376,174	21	$244,482	15	$427,596	13	$228,748
Outbuildings	19	$312,038	17	$271,440	4	$62,649	10	$105,960
Comm./Ind./Public	1	$1,347,896	2	$205,290	1	$105,000	6	$778,574
Demolitions	3	$22,000	14		10		10	$37,510
TOTALS	44	$4,723,492	64	$3,395,611	35	$1,957,585	48	$3,587,134

KALBARRI	2016/2017		2017/2018					
	No	Value	No	Value	No	Value	No	Value
Houses	12	$3,489,941	8	$2,005,898				
Additions/Alterations	13	$193,054	10	$111,570				
Outbuildings	17	$570,680	16	$211,198				
Comm./Ind./Public	1	$150,000	1	$1,200,000				
Demolitions	5	$16,600	4	$20,870				
TOTALS	48	$4,420,275	39	$3,549,536				

NORTHAMPTON	2012/2013		2013/2014		2014/2015		2015/2016	
	No	Value	No	Value	No	Value	No	Value
Houses	2	$390,000	1	$50,000	4	$1,072,872	4	$1,028,315
Additions/Alterations	9	$178,668	9	$495,356	9	$147,037	9	$166927
Outbuildings	8	$254,829	7	$150,485	8	$155,013	10	207313
Comm/Ind/Public	1	$50,000			1	$510,000	1	$19,500
Demolitions			3		2		1	$23,100
TOTALS	20	$873,497	20	$695,841	24	$1,884,922	25	$1,445,155

NORTHAMPTON	2016/2017		2017/2018					
	No	Value	No	Value	No	Value	No	Value
Houses			2	$477,360				
Additions/Alterations	5	$81,079	8	$93,000				
Outbuildings	10	$242,308	4	$44,500				
Comm./Ind./Public	4	$1,581,610	1	$800,000				
Demolitions	1	$4,000	2	$8,800				
TOTALS	20	$1,908,997	17	$1,423,660				

HORROCKS	2012/2013		2013/2014		2014/2015		2015/2016	
	No	Value	No	Value	No	Value	No	Value
Houses	3	$913,000	1	$321,000	3	$928,946	4	$1,658,423
Additions/Alterations	3	$94,436	2	$36,000	4	$32,500	3	$29,500
Outbuildings	3	$39,500	5	$78,930	3	$84,000	2	$24,000
Comm./Ind./Public	1	$200,000					1	$787,276
Demolitions					2		1	$20,000
TOTALS	10	$1,246,936	8	$435,930	12	$1,045,446	10	$2,519,199

HORROCKS	2016/2017		2017/2018					
	No	Value	No	Value	No	Value	No	Value
Houses			2	$535,391				
Additions/Alterations	1	$10,000	7	$130570				
Outbuildings	1	$15,000	2	$23,000				
Comm./Ind./Public			2	$935,000				
Demolitions			5	$29,622				
TOTALS	2	$25,000	18	$1,653,583				

OTHER LOCALITIES	2012/2013		2013/2014		2014/2015		2015/2016	
	No	Value	No	Value	No	Value	No	Value
Houses	1	$160,000			1	$460,000	1	$260,000
Additions/Alterations	2	$32,000	7	$253,396	1	$19,750		
Outbuildings	4	$130,600	8	$187140	9	$135,959	8	$463,265
Comm./Ind./Public	6	$1,050,000					1	$66,121
Demolitions			2		3		2	$38,020
TOTALS	13	$1,372,600	17	$440,536	14	$615,709	12	$827,406

OTHER LOCALITIES	2016/2017		2017/2018					
	No	Value	No	Value	No	Value	No	Value
Houses	3	$620,685	3	$364,000				
Additions/Alterations	2	$13,000	3	$16,500				
Outbuildings	7	$416,635	8	$200,880				
Comm./Ind./Public	3	$310,500						
Demolitions			1	$65000				
TOTALS	15	$1,360,820	15	$646,380				

WHOLE OF SHIRE	2012/2013		2013/2014		2014/2015		2015/2016	
	No	Value	No	Value	No	Value	No	Value
TOTALS	87	$8,216,525	109	$4,967,918	85	$5,503,662	95	$8,370,894

WHOLE OF SHIRE	2016/2017		2017/2018					
	No	Value	No	Value	No	Value	No	Value
TOTALS	85	$7,715,092	85	$7,273,159				

PLANNING

HAYLEY WILLIAMS - PRINCIPAL PLANNER
DEBBIE CARSON – PLANNING OFFICER

The following summarises the major planning activities undertaken or initiated within the 2017/18 financial year.

LOCAL PLANNING STRATEGY REVIEW

Council was successful in obtaining funding to undertake a review of the *Shire of Northampton's Local Planning Strategy* in the 2016/17 financial year, and this review is still currently in progress.

The existing *Local Planning Strategy* was completed in 2008 and it was recommended for review, due to its contents being outdated and requiring adjustment. The *Local Planning Strategy* establishes the planning framework and strategic basis for future *Local Planning Schemes* and sets out the Shire's objectives for future land-use planning and development by addressing the social, environmental, resource management and economic factors that affect/are affected by land use and development.

Council's appointed consultant, Larry Smith Planning, has provided Shire staff with a draft copy of the revised *Local Planning Strategy*, which is currently under review by the Western Australian Planning Commission/Department of Planning, Lands and Heritage. It is anticipated that the draft document will be approved for advertising purposes in the near future, so as to seek public feedback and comment on the draft document.

HORROCKS DISTRICT WATER MANAGEMENT STRATEGY

Council was successful in obtaining funding to prepare a *District Water Management Strategy* for Horrocks in 2016/17. The purpose of the document is to guide the management of the district's water resources as well as the land use planning and development within Horrocks and its surrounds.

The document was prepared by RPS Australia, and was finalised on the 3rd April 2018.

NORTHAMPTON MAIN STREET URBAN DESIGN STUDY

In May 2015, the Northampton Revitalisation Plan was finalised, with the plan identifying that the development of a Main Street Urban Design Study was of a high priority to the community. The subsequent study was therefore commissioned by the

Shire of Northampton, with the study seeking to pursue a range of interim measures to improve the aesthetics and functionality of the town's main street. The Northampton Main Street Urban Design Study was finalised and adopted by Council on the 16th February 2018.

LOCAL PLANNING POLICIES REVIEW

Within the 2017/18 financial year a review of the Shire of Northampton's *Local Planning Policies* also commenced, in order to update the existing policies and address provisions and terminology within the newly adopted *Local Planning Scheme No. 11 - Kalbarri*, the *Planning and Development (Local Planning Schemes) Regulations* and to rectify other anomalies. The review will cover the Shire's 26 existing Local Planning Policies and is being undertaken by the Shire's Consultant Planner, Hayley Williams.

HERITAGE LIST AND MUNICIPAL HERITAGE INVENTORY REVIEW

A review of the *Shire of Northampton's Local Planning Scheme No 10*.'s Heritage List and the Shire's *Municipal Heritage Inventory* also commenced within the 2017/18 financial year. The proposed addition of significant heritage sites and structures into the Shire's Heritage List will give statutory force to the constraints on demolition and any significant alterations relating to listed places. The review of the Municipal Heritage Inventory aims to update and amend identified errors since the last review in 2015. These reviews are being undertaken by the Shire's Consultant Planner and Planning Officer.

SUBDIVISION APPLICATIONS AND SUBDIVISION CLEARANCES

Subdivision activity in the Shire has slightly increased in the 2017-18 financial year, with four subdivision referrals (two of these being Shire-instigated projects) and one clearance issued during the financial year.

Year	Subdivision Referrals	Clearances	Total
2017/18	4	1	5
2016/17	1	2	3
2015/16	1	1	2
2014/15	2	1	3
2013/14	6	3	9
2012/13	6	3	9
2011/12	8	1	9
2010/11	8	4	12
2009/10	11	9	19
2009/10	11	13	24
2007/08	12	12	24

APPLICATIONS FOR PLANNING APPROVAL

Applications for planning approval within the Shire have increased during the 2017/18 financial year, primarily because of the large number of approvals issued for the remediation of lead tailings. Applications have been generally smaller in nature and have included home occupation renewals, lead tailings remediation works,

single dwellings, construction of outbuildings and commercial recreation approvals, although the approvals have also included an intensive agriculture (piggery), and solar and wind farm.

Year	Council Items	Delegated Approvals	Total
2017/18	16 (18%)	75 (82%)	91
2016/17	17 (27%)	46 (73%)	63
2015/16	16 (20%)	66 (80%)	82
2014/15	10 (17%)	50 (83%)	60
2013/14	11 (17%)	57 (83%)	68
2012/13	21 (28%)	53 (72%)	74
2011/12	15 (25%)	46 (75%)	61
2010/11	17 (25%)	51 (75%)	68
2009/10	21 (14 %)	124 (86 %)	145
2009/10	28 (24 %)	89 (76%)	117
2007/08	39 (50%)	40 (50%)	79

SCHEME AMENDMENTS AND STRUCTURE PLANS

Scheme Amendment No. 4 of *Local Planning Scheme No. 10 - Northampton* was initiated by the Shire of Northampton for the purpose of reinstating controls for the development of transportable, prefabricated and relocated buildings into the *Shire of Northampton's Local Planning Scheme No. 10,* following the introduction of the *Planning and Development (Local Planning Schemes) Regulations 2015*. The amendment was granted final approval and gazetted on the 18th August 2017.

CONCLUSION

In summary, the above illustrates the steady statutory and strategic planning activities that have taken place within the Shire of Northampton during the 2017/18 financial year. The aforementioned projects illustrate the important role that the Local Authority is taking in terms of strategic planning and, whilst funding is available, it is an opportune time to undertake these strategic projects.

Grey Street Corner

NATIONAL COMPETITION POLICY - CLAUSE *7*

In accordance with the National Competition Policy - Clause 7 Statement the following relevant details are reported.

Principle CN.10

Details of the application and implementation of competitive neutrality principles to the activities and functions of the Shire of Northampton.

None of Council's business activities received in excess of $200,000 revenue per annum, therefore Council has not applied the competitive neutrality principle on National Competition Policy during the year under review.

Principle SR.4

The application and implementation of structural reform principles regarding Public Monopolies to the activities and principles of the Shire of Northampton.

Council does not consider any of its activities being monopolistic and will continually review all its activities and functions to ensure the following:

- Efficient and effective utilisation of Council's resources, (ie financial, human, plant and equipment, etc) to the benefits of its electors.

- Ensure that the social ramification or alteration to any specific activity or function, are clearly identified.

Council does outsource some of its activities and has adopted the concept of resource sharing.

Principle LR.8

The application and implementation of a legislative review of its Local Laws.

A comprehensive review was undertaken in 2016/17 with many obsolete local laws repealed and additional and revised local laws adopted.

SHIRE INFORMATION

Contact Details

Northampton Administration Centre
Phone: (08) 99341202
Fax: (08) 99341072
Address: PO Box 61
Northampton 6535
Email council@northampton.wa.gov.au
Web – www.northampton.wa.gov.au

Kalbarri Administration Centre
Phone: (08) 99371097
Fax: (08) 99371466

All initial enquiries are to be directed to the relevant officer at the Northampton Office.

Council Statistics

Distance from Perth	475km
Area	12,499 sqkm
Length of Sealed Roads	358 km
Length of Unsealed Roads	948 km
Population (permanent) (2016 Census)	3,319
Number of Employees	40 (FTE)

Suburbs & Localities

Northampton, Kalbarri, Horrocks Beach, Port Gregory, Binnu, Ajana, Isseka.

Boundaries

Shires of Chapman Valley, Shark Bay, City of Greater Geraldton and Murchison.

Significant Local Events

Northampton Agricultural Show and Kalbarri Canoe & Cray Festival.

History

Recorded history of this area dates back to 1629 with the wrecked Dutch ship Batavia and two men being marooned at the mouth of the Murchison River.

Copper was first discovered in WA at Wannernooka in 1842, with lead then being discovered in 1848.

A convict hiring station was established at Port Gregory from 1853-1856. The first railway commenced in 1874 and was completed in 1879 running from Geraldton to Northampton, later being extended to Ajana in 1913.

With the railway came the expansion of the district's mining and agriculture, more lead and copper mines were opened up, cereal crops (mainly wheat) were increasing and sheep numbers also increased.

Local Government commenced in 1871, the district then named "Mines Road District". Its boundaries being described from the north by running a line running eastward from the mouth of the Murchison River, west by the Indian Ocean, south by a line running eastward from the mouth of the Buller River, with no eastern boundary.

The first local government administration centre/office was built in 1898 in Northampton, new offices were built in 1957 and were extensively extended and modified in 1984. The Kalbarri administration centre, being the "Allen Centre", was opened in 1992.

Council Agenda

The agenda for an Ordinary Meeting of the Council is available for inspection by members of the public from the commencement of business on the day having been served on the Members, at the Northampton and Kalbarri offices of the Council. The agenda is usually available on the Monday prior to Council meetings.

Persons wishing for a matter to be considered by Council are required to have their request lodged to the relevant Senior Officer on the Tuesday the week before the Council meeting.

Fire Control

Don't forget all owners and occupiers need to install firebreaks on their properties before 1 October and maintain them up until the 15 February of each year.

Firebreaks in the townsites of Horrocks and Kalbarri must be to a width of at least 3 metres and lots are not to have bush pushed up then burnt at a later date. All material must be removed or slashed.

All remaining areas need to have firebreaks not less than 2 metres wide immediately inside all external boundaries of the property and also immediately surrounding all buildings on the property. Other requirements are stated on the Fire Break Notice which is issued with the rate assessments.

They can be installed by raking, scraping, ploughing, cultivating, scarifying, or chemical spraying. If any of these methods are impracticable please contact the Bush Fire Control Officer, Mr Robert McKenzie on (08) 99341202, your local Fire Control Officer or the Shire Office.

Burning permits are required for the period 1 September to 14 October and 2 March to 15 April of each year and burning is prohibited for the period 15 October to 1 March of each year, with the exception of small heaps of rubbish on the ground between 6pm and 11pm within a low, moderate or high fire weather warning.

All burning periods are reviewed annually and are subject to change.

Citizenship Ceremonies

The Shire of Northampton conducts Citizenship ceremonies to approved applicants when required and is normally held during an ordinary meeting of Council. Application forms for citizenship are available from Post Offices and the Ministry of Immigration and Multicultural Affairs.

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PART 2

AUDIT REPORT

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ANNUAL FINANCIAL STATEMENTS

Grant Middleton – Deputy CEO

SHIRE OF NORTHAMPTON

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2018

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COMMUNITY VISION

A proud and unique community recognising the past and creating the future.

Principal place of business:
199 Hampton Road
NORTHAMPTON WA 6535

SHIRE OF NORTHAMPTON
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 of Northampton for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the Shire of Northampton at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 28th day of November 2018

Chief Executive Officer
Garry L Keeffe

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

	NOTE	2018 Actual	2018 Budget	2017 Restated
		$	$	$
Revenue				
Rates	21(a)	4,332,891	4,335,996	4,208,328
Operating grants, subsidies and contributions	2(a)	2,722,325	1,199,004	2,970,763
Fees and charges	2(a)	1,360,902	1,191,265	1,217,444
Interest earnings	2(a)	130,373	113,100	109,808
		8,546,491	6,839,365	8,506,343
Expenses				
Employee costs		(2,977,132)	(2,855,051)	(2,776,928)
Materials and contracts		(2,616,783)	(2,230,052)	(3,394,613)
Utility charges		(407,390)	(354,175)	(390,369)
Depreciation on non-current assets	9(b)	(3,608,056)	(3,631,550)	(3,606,739)
Interest expenses	2(a)	(81,469)	(70,683)	(68,365)
Insurance expenses		(225,034)	(210,845)	(225,924)
Other expenditure		(496,676)	(393,366)	(216,180)
		(10,412,540)	(9,745,722)	(10,679,118)
		(1,866,049)	(2,906,357)	(2,172,775)
Non-operating grants, subsidies and contributions	2(a)	3,101,542	2,805,289	2,919,970
Profit on asset disposals	9(a)	6,317	6,500	7,332
(Loss) on asset disposals	9(a)	(173,949)	(10,000)	(26,319)
Net result		**1,067,861**	**(104,568)**	**728,208**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Changes on revaluation of non-current assets	10	(58,468,070)	0	(2,320,336)
Total other comprehensive income		**(58,468,070)**	**0**	**(2,320,336)**
Total comprehensive income		**(57,400,209)**	**(104,568)**	**(1,592,128)**

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 Restated
		$	$	$
Revenue				
Governance		91,970	40,370	45,301
General purpose funding		5,985,451	5,133,939	6,594,102
Law, order, public safety		461,859	86,513	104,059
Health		63,100	48,403	48,763
Education and welfare		222,820	204,322	220,861
Housing		44,033	39,936	38,869
Community amenities		877,158	837,697	872,561
Recreation and culture		121,052	32,087	76,004
Transport		170,680	88,210	172,554
Economic services		284,494	209,128	188,422
Other property and services		223,874	118,760	144,847
		8,546,491	6,839,365	8,506,343
Expenses				
Governance		(854,649)	(862,407)	(839,965)
General purpose funding		(263,316)	(237,955)	(114,385)
Law, order, public safety		(676,031)	(396,906)	(340,151)
Health		(202,128)	(211,173)	(208,345)
Education and welfare		(348,246)	(279,600)	(1,273,662)
Housing		(106,906)	(108,267)	(119,432)
Community amenities		(1,489,454)	(1,503,911)	(1,473,583)
Recreation and culture		(1,644,096)	(1,627,447)	(1,798,443)
Transport		(4,199,462)	(4,019,102)	(4,116,186)
Economic services		(486,104)	(417,270)	(363,938)
Other property and services		(60,679)	(11,001)	37,337
		(10,331,071)	(9,675,039)	(10,610,753)
Finance Costs	2(b)			
Education and welfare		(24,146)	(18,410)	(6,979)
Housing		(11,796)	(11,043)	(12,166)
Recreation and culture		(3,240)	(2,850)	(3,976)
Transport		(19,526)	(15,620)	(21,426)
Other property and services		(22,761)	(22,760)	(23,818)
		(81,469)	(70,683)	(68,365)
		(1,866,049)	(2,906,357)	(2,172,775)
Non-operating grants, subsidies and contributions	2(a)	3,101,542	2,805,289	2,919,970
Profit on disposal of assets	9(a)	6,317	6,500	7,332
(Loss) on disposal of assets	9(a)	(173,949)	(10,000)	(26,319)
		2,933,910	2,801,789	2,900,983
Net result		**1,067,861**	**(104,568)**	**728,208**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Changes on revaluation of non-current assets	10	(58,468,070)	0	(2,320,336)
Total other comprehensive income		**(58,468,070)**	**0**	**(2,320,336)**
Total comprehensive income		**(57,400,209)**	**(104,568)**	**(1,592,128)**

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

STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018

	NOTE	2018 Actual	2017 Restated
		$	$
CURRENT ASSETS			
Cash and cash equivalents	3	3,172,714	3,801,450
Trade and other receivables	5	484,520	628,993
Inventories	6	246,778	243,196
TOTAL CURRENT ASSETS		3,904,012	4,673,639
NON-CURRENT ASSETS			
Other receivables	5	784,862	808,975
Property, plant and equipment	7	30,179,770	30,730,446
Infrastructure	8	93,552,269	151,596,014
TOTAL NON-CURRENT ASSETS		124,516,901	183,135,435
TOTAL ASSETS		128,420,913	187,809,074
CURRENT LIABILITIES			
Trade and other payables	11	985,800	2,821,701
Current portion of long term borrowings	12(a)	134,246	197,136
Provisions	13	757,961	713,246
TOTAL CURRENT LIABILITIES		1,878,007	3,732,083
NON-CURRENT LIABILITIES			
Long term borrowings	12(a)	1,086,419	1,220,665
Provisions	13	51,251	50,880
TOTAL NON-CURRENT LIABILITIES		1,137,670	1,271,545
TOTAL LIABILITIES		3,015,677	5,003,628
NET ASSETS		125,405,236	182,805,446
EQUITY			
Retained surplus		81,998,078	80,844,269
Reserves - cash backed	4	937,841	1,023,790
Revaluation surplus	10	42,469,317	100,937,387
TOTAL EQUITY		125,405,236	182,805,446

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

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

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		$	$	$	$
Balance as at 1 July 2016		**79,855,820**	**1,284,031**	**103,257,723**	**184,397,574**
Comprehensive income					
Net result		728,208	0	0	728,208
Changes on revaluation of assets	10	0	0	(2,320,336)	(2,320,336)
Total comprehensive income		728,208	0	(2,320,336)	(1,592,128)
Transfers from/(to) reserves		260,241	(260,241)	0	0
Balance as at 30 June 2017		**80,844,269**	**1,023,790**	**100,937,387**	**182,805,446**
Comprehensive income					
Net result		1,067,861	0	0	1,067,861
Changes on revaluation of assets	10	0	0	(58,468,070)	(58,468,070)
Total comprehensive income		1,067,861	0	(58,468,070)	(57,400,209)
Transfers from/(to) reserves		85,949	(85,949)	0	0
Balance as at 30 June 2018		**81,998,078**	**937,841**	**42,469,317**	**125,405,237**

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		4,282,733	4,335,996	4,169,471
Operating grants, subsidies and contributions		2,906,455	1,211,381	2,834,094
Fees and charges		1,360,902	1,191,265	1,217,444
Interest earnings		130,373	113,100	109,808
Goods and services tax		(213)	0	0
		8,680,250	6,851,742	8,330,817
Payments				
Employee costs		(2,926,869)	(2,855,051)	(2,707,715)
Materials and contracts		(4,472,225)	(2,230,052)	(3,261,101)
Utility charges		(407,390)	(354,175)	(390,369)
Interest expenses		(70,687)	(70,683)	(63,961)
Insurance expenses		(225,034)	(210,845)	(225,924)
Other expenditure		(496,676)	(393,366)	(216,180)
		(8,598,881)	(6,114,172)	(6,865,250)
Net cash provided by (used in) operating activities	14	81,369	737,570	1,465,567
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for development of Aged Housing		0	0	(400,000)
Payments for development of Land held for resale		0	0	(1,818)
Payments for purchase of property, plant & equipment	7(b)	(297,879)	(517,015)	(923,991)
Payments for construction of infrastructure	8(b)	(3,407,547)	(3,822,989)	(3,922,574)
Non-operating grants, subsidies and contributions	2(a)	3,101,542	2,805,289	2,919,970
Proceeds from sale of fixed assets	9(a)	56,088	40,000	127,305
Net cash provided by (used in) investment activities		(547,796)	(1,494,715)	(2,201,108)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings	12(a)	(197,136)	(197,136)	(177,777)
Proceeds from self supporting loans		34,827	(33,188)	18,959
Self funding loan adjustment		0	0	0
Proceeds from new long term borrowings		0	0	400,000
Net cash provided by (used In) financing activities		(162,309)	(230,324)	241,182
Net increase (decrease) in cash held		(628,736)	(987,469)	(494,359)
Cash at beginning of year		3,801,450	3,734,994	4,295,809
Cash and cash equivalents at the end of the year	3	3,172,714	2,747,525	3,801,450

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)		593,148	649,494	809,879
		593,148	649,494	809,879
Revenue from operating activities (excluding rates)				
Governance		91,970	40,370	45,301
General purpose funding		1,691,563	837,424	2,428,895
Law, order, public safety		461,859	86,513	104,059
Health		63,100	52,403	48,763
Education and welfare		222,820	204,322	220,861
Housing		44,033	39,936	38,869
Community amenities		877,158	837,697	872,561
Recreation and culture		121,052	32,087	76,004
Transport		176,997	90,710	178,068
Economic services		284,494	209,128	188,422
Other property and services		223,874	118,760	146,665
		4,258,920	2,549,350	4,348,468
Expenditure from operating activities				
Governance		(854,649)	(862,407)	(840,896)
General purpose funding		(263,316)	(237,955)	(114,385)
Law, order, public safety		(676,031)	(396,906)	(340,151)
Health		(203,493)	(211,173)	(208,345)
Education and welfare		(372,392)	(298,010)	(1,280,641)
Housing		(118,702)	(119,310)	(131,598)
Community amenities		(1,489,663)	(1,503,911)	(1,478,583)
Recreation and culture		(1,647,336)	(1,630,297)	(1,802,419)
Transport		(4,224,124)	(4,044,722)	(4,158,000)
Economic services		(486,104)	(417,270)	(363,938)
Other property and services		(250,679)	(33,761)	13,519
		(10,586,489)	(9,755,722)	(10,705,437)
Operating activities excluded				
(Profit) on disposal of assets	9(a)	(6,317)	(6,500)	(7,332)
Loss on disposal of assets	9(a)	173,949	10,000	26,319
Movement in deferred pensioner rates (non-current)		(10,714)	0	(6,793)
Movement in employee benefit provisions (non-current/current)		45,086	0	55,783
Depreciation and amortisation on assets	9(b)	3,608,056	3,631,550	3,606,739
Amount attributable to operating activities		(1,924,361)	(2,921,828)	(1,872,374)
INVESTING ACTIVITIES				
Self funding loan adjustment		0	0	(400,000)
Non-operating grants, subsidies and contributions		3,101,542	2,805,289	2,919,970
Proceeds from disposal of assets	9(a)	56,088	40,000	127,305
Purchase of land held for resale		0	0	(1,818)
Purchase of property, plant and equipment	7(b)	(297,879)	(517,015)	(923,991)
Purchase and construction of infrastructure	8(b)	(3,407,547)	(3,822,989)	(3,922,574)
Amount attributable to investing activities		(547,796)	(1,494,715)	(2,201,108)
FINANCING ACTIVITIES				
Repayment of long term borrowings	12(a)	(197,136)	(197,136)	(177,777)
Proceeds from new long term borrowings	12(b)	0	0	400,000
Proceeds from self supporting loans		34,827	33,188	18,959
Transfers to reserves (restricted assets)	4	(285,495)	(67,467)	(187,271)
Transfers from reserves (restricted assets)	4	371,444	351,443	447,512
Amount attributable to financing activities		(76,360)	120,028	501,423
Surplus(deficiency) before general rates		(2,548,517)	(4,296,515)	(3,572,059)
Total amount raised from general rates	21	4,293,888	4,296,515	4,165,207
Net current assets at June 30 c/fwd - surplus/(deficit)	22	**1,745,371**	**0**	**593,148**

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 and to the extent they are not in-consistent with the *Local Government Act 1995* and accompanying regulations.), 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.

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

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

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

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 24 to these financial statements.

2. REVENUE AND EXPENSES

(a) Revenue

	2018 Actual	2018 Budget	2017 Actual
	$	$	$
Fees and Charges			
Governance	10,796	10,250	10,069
General purpose funding	0	2,500	0
Law, order, public safety	14,666	18,200	16,594
Health	11,243	11,403	11,140
Education and welfare	106,556	84,730	124,145
Housing	33,789	33,436	32,476
Community amenities	856,500	832,047	837,004
Recreation and culture	12,192	12,842	13,003
Transport	3,099	2,710	2,582
Economic services	206,141	154,147	139,822
Other property and services	105,920	29,000	30,609
	1,360,902	1,191,265	1,217,444

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Grant Revenue

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

	2018 Actual	2018 Budget	2017 Actual
	$	$	$
Operating grants, subsidies and contributions			
Governance	81,173	30,120	35,233
General purpose funding	1,561,189	721,824	2,319,087
Law, order, public safety	447,194	68,313	87,465
Health	51,857	37,000	37,623
Education and welfare	116,264	119,592	96,716
Housing	10,243	6,500	6,394
Community amenities	20,659	5,650	35,557
Recreation and culture	108,861	19,245	63,001
Transport	167,581	85,500	169,971
Economic services	39,350	5,500	5,478
Other property and services	117,954	99,760	114,238
	2,722,325	1,199,004	2,970,763
Non-operating grants, subsidies and contributions			
Education and welfare	3,769	0	871,111
Recreation and culture	291,677	177,979	611,430
Transport	2,608,211	2,473,830	1,222,637
Economic services	197,885	153,480	191,250
	3,101,542	2,805,289	2,919,970
Total grants, subsidies and contributions	5,823,867	4,004,293	5,890,733

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

Grants, Donations and Other Contributions (Continued)

	2018 Actual	2018 Budget	2017 Actual
	$	$	$
Interest earnings			
- Loans receivable - clubs/institutions	0	0	0
- Reserve funds	23,430	30,640	27,186
- Other funds	55,604	30,460	29,594
Other interest revenue (refer note 21(d))	51,339	52,000	53,028
	130,373	113,100	109,808

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

	2018	2017
	$	$
Auditors remuneration		
- Audit of the Annual Financial Report	11,409	18,230
	11,409	18,230
Interest expenses (finance costs)		
Long term borrowings (refer Note 12(a))	81,469	68,365
	81,469	68,365

3. CASH AND CASH EQUIVALENTS

	NOTE	2018	2017
		$	$
Unrestricted		1,690,209	783,615
Restricted		1,081,116	1,023,790
Restricted - OCDF		401,389	1,994,045
		3,172,714	3,801,450
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Leave Reserve	4	237,544	228,314
Roadworks Reserve	4	26,250	49,940
Kalbarri Airport Reserve	4	45,172	44,922
Computer & Office Reserve	4	31,905	30,725
Plant Reserve	4	0	7,319
House & Building Reserve	4	98,118	86,252
Kalbarri Aged Persons Accommodation Reserve	4	227,063	245,882
Northampton Aged Persons Reserve	4	0	5,024
Town Planning Scheme Reserve	4	0	3,596
Specfied Area Rate Reserve	4	0	5,039
Land Development Reserve	4	235,289	221,004
Kalbarri Tennis/Netball/Basketball Court Reserve	4	0	78
Port Gregory Water Supply Reserve	4	36,500	36,500
Kalbarri Parkland Re-development Reserve	4	0	59,195
Unspent grants	20	143,275	0
		1,081,116	1,023,790

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash 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	228,314	9,230	0	237,544	228,314	10,440	0	238,754	217,874	10,440	0	228,314
Roadworks Reserve	49,940	1,620	(25,310)	26,250	49,940	2,000	(25,310)	26,630	54,245	2,170	(6,475)	49,940
Kalbarri Airport Reserve	44,922	20,250	(20,000)	45,172	44,922	22,027	0	66,949	24,702	20,220	0	44,922
Computer & Office Reserve	30,725	1,180	0	31,905	30,725	1,500	0	32,225	32,087	1,638	(3,000)	30,725
Plant Reserve	7,319	0	(7,319)	0	7,319	0	(7,319)	0	6,979	340	0	7,319
House & Building Reserve	86,252	11,866	0	98,118	86,252	12,500	0	98,752	73,537	12,715	0	86,252
Kalbarri Aged Persons Accommodation Reserv	245,882	227,064	(245,883)	227,063	245,882	0	(245,882)	0	268,860	15,840	(38,817)	245,883
Northampton Aged Persons Reserve	5,024	0	(5,024)	0	5,024	0	(5,024)	0	164,044	5,980	(165,000)	5,024
Town Planning Scheme Reserve	3,596	0	(3,596)	0	3,596	0	(3,596)	0	13,096	0	(9,500)	3,596
Townscape Carpark Reserve	0	0	0	0	0	0	0	0	5,758	0	(5,758)	0
Specfied Area Rate Reserve	5,039	0	(5,039)	0	5,038	0	(5,038)	0	15,000	0	(9,962)	5,038
Land Development Reserve	221,004	14,285	0	235,289	221,004	19,000	0	240,004	202,271	18,733	0	221,004
Kalbarri Tennis/Netball/Basketball Court Reserv	78	0	(78)	0	78	0	(78)	0	169,078	0	(169,000)	78
Port Gregory Water Supply Reserve	36,500	0	0	36,500	36,500	0	0	36,500	36,500	0	0	36,500
Kalbarri Parkland Re-development Reserve	59,195	0	(59,195)	0	59,196	0	(59,196)	0	0	59,195	0	59,195
Public Amenities Reserve	0			0	0	0	0	0	0	40,000	(40,000)	0
	1,023,790	285,495	(371,444)	937,841	1,023,790	67,467	(351,443)	739,814	1,284,031	187,271	(447,512)	1,023,790

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	TBD	To be used to fund annual and long service leave requirements
Roadworks Reserve	TBD	To be used to fund major reseals of bitumen roads and other major road construction works including footpath construction
Kalbarri Airport Reserve	2019/2020	To be used for the maintenance and construction of the Kalbarri Airport
Computer & Office Reserve	TBD	To be used to for the purchase and upgrade of office equipment and computers
Plant Reserve	2017/2018	To be used for the purchase of major plant
House & Building Reserve	TBD	To be used for the construction of new housing and upgrades to buildings under Council control
Kalbarri Aged Persons Accommodation Reserve	2017/2018	To be used for the construction of live in aged care facilities in Kalbarri
Northampton Aged Persons Reserve	2016/2017	To be used for the construction of live in aged care facilities in Northampton
Town Planning Scheme Reserve	2018/2019	To be used for the review of Council's town planning schemes
Townscape Carpark Reserve	2016/2017	To be used for the construction of the carpark area in the CBD adjacent to Porter Street, this is a Kalbarri Townscape project
Sport & Recreation Reserve	2016/2017	To be used for the upgrade and capital works to sporting and recreation facilities within the district
Coastal Management Reserve	2015/2016	To be used for the construction of capital works along the foreshore management reserves within the district
Specfied Area Rate Reserve	2017/2018	To be used for unspent Specified Area Rate monies allocated and not expended during the financial year
Land Development Reserve	TBD	To be used for the development of Council land for sale on the open market.
Kalbarri Tennis/Netball/Basketball Court Reserve	2016/2017	To be used for the development of Tennis, Netball and Basketball facilities in Kalbarri.
Port Gregory Water Supply Reserve	TBD	To be used for the replacement of the Port Gregory pipeline.
Kalbarri Parkland Re-development Reserve	2017/2018	To be used for the development of parkland in Kalbarri
Public Amenities Reserve	2016/2017	To be used for the development of public amenities.

5. TRADE AND OTHER RECEIVABLES

	NOTE	2018	2017
		$	$
Current			
Rates outstanding		302,667	263,223
Sundry debtors		99,260	266,764
Other Debtors		45,247	45,034
Provision for doubtful debts		0	(6,529)
Emergency Services Levy		37,346	60,501
		484,520	628,993
Non-current			
Rates outstanding - pensioners		60,887	50,173
Loans receivable - clubs/institutions		8,489	13,540
Loans receivable - CEO Self Supporting	12(a)	328,934	345,262
Loans receivable - Pioneer Lodge	12(a)	386,552	400,000
		784,862	808,975
Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows:			
Rates outstanding			
Includes:			
- 0 to 1 years		144,127	187,028
- 1 to 5 years		140,669	62,072
- more than 5 years		17,871	14,123
Sundry debtors			
Includes:			
- up to one month		96,257	262,164
- 1 - 3 months		1,264	1,347
- 3 months to one year		440	3,253
- 1 to 5 years		1,299	0
Impaired		0	6,529

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.

6. INVENTORIES

	2018	2017
	$	$
Current		
Stock on hand	11,778	8,196
Land held for resale - cost		
Cost of acquisition	235,000	235,000
	246,778	243,196

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for resale

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Land held for resale (Continued)

Finance costs and holding charges incurred after development is completed are expensed.

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

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

7 (a). PROPERTY, PLANT AND EQUIPMENT

Land and buildings	2018	2017
	$	$
Land at:		
- Independent valuation 2017 - level 2	985,000	985,000
- Independent valuation 2017 - level 3	3,159,662	3,159,662
- - Additions after valuation - cost	29,414	0
	4,174,076	4,144,662
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 3	1,850,000	1,850,000
	1,850,000	1,850,000
Total land	6,024,076	5,994,662
Buildings - Specialised at:		
- Independent valuation 2017 - level 2	1,075,000	1,075,000
- Independent valuation 2017 - level 3	310,000	310,000
Buildings - Specialised - Less: accumulated depreciation	(22,830)	0
	1,362,170	1,385,000
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	280,000	280,000
- Independent valuation 2017 - level 3	20,046,070	20,046,070
Buildings - non-specialised - Less: accumulated depreciation	(375,860)	0
	19,950,210	20,326,070
Total buildings	21,312,380	21,711,070
Total land and buildings	27,336,456	27,705,732
Furniture and Equipment at:		
- Independent valuation 2016 - level 3	81,825	46,216
Furniture and Equipment - Less: accumulated depreciation	(29,386)	(7,113)
	52,439	39,103
Plant and Equipment at:		
- Independent valuation 2016 - level 2	1,879,300	1,879,300
- Independent valuation 2016 - level 3	711,670	711,670
	867,963	695,468
Plant and Equipment - Less: accumulated depreciation	(668,058)	(300,827)
	2,790,875	2,985,611
Total property, plant and equipment	30,179,770	30,730,446

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Land	Land - vested in and under the control of Council	Total land	Buildings - Specialised	Buildings - non-specialised	Total buildings	Total land and buildings	Furniture and Equipment	Plant and Equipment	Total property, plant and equipment
	$	$	$	$	$	$	$	$	$	$
Balance at 1 July 2016	6,358,727	2,396,250	8,754,977	1,884,711	20,050,305	21,935,016	30,689,993	46,216	2,737,262	33,473,471
Additions	4,662	0	4,662	0	223,861	223,861	228,523	0	695,468	923,991
(Disposals)	0	0	0	0	0	0	0	0	(146,292)	(146,292)
Revaluation increments/ (decrements) transferred to revaluation surplus	(2,238,727)	(408,925)	(2,647,652)	(165,583)	492,899	327,316	(2,320,336)	0	0	(2,320,336)
Depreciation (expense)	0	0	0	(106,039)	(510,180)	(616,219)	(616,219)	(7,113)	(300,827)	(924,159)
Transfers	20,000	(137,325)	(117,325)	(228,089)	69,185	(158,904)	(276,229)	0	0	(276,229)
Carrying amount at 30 June 2017	4,144,662	1,850,000	5,994,662	1,385,000	20,326,070	21,711,070	27,705,732	39,103	2,985,611	30,730,446
Additions	29,414		29,414	0	0	0	29,414	22,220	246,245	297,879
(Disposals)	0	0	0	0	0	0	0	0	(56,482)	(56,482)
Depreciation (expense)	0	0	0	(22,830)	(375,860)	(398,690)	(398,690)	(8,884)	(384,499)	(792,073)
Carrying amount at 30 June 2018	4,174,076	1,850,000	6,024,076	1,362,170	19,950,210	21,312,380	27,336,456	52,439	2,790,875	30,179,770

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land	2/3	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Price per hectare/ market borrowing rate
Land - vested in and under the control of Council	3	Improvements to land using cost approach using depreciated replacement cost	Management Valuation	June 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - Specialised	2/3	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Replacement cost, residual value, short life/long life split, pattern of consumption and consumption score.
Buildings - non-specialised	2/3	Market approach using recent observable market data for similar properties	Independent registered valuers	June 2017	Replacement cost, residual value, short life/long life split, pattern of consumption and consumption score.
Furniture and Equipment	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Residual values and remaining useful life
Plant and Equipment	2/3	Market approach using recent observable market data & cost approach using depreciated replacement cost	Management Valuation	June 2016	Price per item

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.

8 (a). INFRASTRUCTURE

	2018	2017
	$	$
Infrastructure - Roads		
- Management valuation 2018 - level 3	78,466,839	185,996,452
- Additions after valuation - cost	0	4,148,334
Infrastructure - Roads - Less: accumulated depreciation	0	(51,438,379)
	78,466,839	138,706,407
Infrastructure -Footpaths & Carparks		
- Management valuation 2018 - level 3	2,422,308	2,206,592
- Additions after valuation - cost	0	211,710
Infrastructure -Footpaths & Carparks - Less: accumulated depreciation	0	(865,881)
	2,422,308	1,552,421
Infrastructure - Drainage		
- Management valuation 2018 - level 3	5,706,258	5,430,409
- - Additions after valuation - cost	0	4,400
Infrastructure - Drainage - Less: accumulated depreciation	0	(1,910,907)
	5,706,258	3,523,902
Infrastructure - Parks & Ovals		
- Management valuation 2018 - level 3	5,026,049	3,711,439
- - Additions after valuation - cost	0	1,972,364
Infrastructure - Parks & Ovals - Less: accumulated depreciation	(1)	(696,967)
	5,026,048	4,986,836
Infrastructure - Airports		
- Management valuation 2018 - level 3	1,930,816	3,115,544
Infrastructure - Airports - Less: accumulated depreciation	0	(289,096)
	1,930,816	2,826,448
Total infrastructure	93,552,269	151,596,014

8. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Footpaths & Carparks	Infrastructure - Drainage	Infrastructure - Parks & Ovals	Infrastructure - Airports	Total Infrastructure
	$	$	$	$	$	$
Balance at 1 July 2016	138,922,756	1,151,740	3,580,045	3,554,119	2,871,131	150,079,791
Additions	2,261,717	143,234	0	1,517,623	0	3,922,574
Depreciation (expense)	(2,478,066)	(18,782)	(56,143)	(84,906)	(44,683)	(2,682,580)
Transfers	0	276,229	0	0	0	276,229
Carrying amount at 30 June 2017	138,706,407	1,552,421	3,523,902	4,986,836	2,826,448	151,596,014
Additions	2,633,340	116,865	0	657,342	0	3,407,547
(Disposals)	0	0	0	(167,239)	0	(167,239)
Revaluation increments/ (decrements) transferred to revaluation surplus	(60,327,309)	774,377	2,238,504	(302,693)	(850,949)	(58,468,070)
Depreciation (expense)	(2,545,599)	(21,355)	(56,148)	(148,198)	(44,683)	(2,815,983)
Carrying amount at 30 June 2018	78,466,839	2,422,308	5,706,258	5,026,048	1,930,816	93,552,269

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	All assets inspected with inventory and condition survey results applied to industry replacement costs unit rates.	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure -Footpaths & Carparks	3	All assets inspected with inventory and condition survey results applied to industry replacement costs unit rates.	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	3	All assets inspected with inventory and condition survey results applied to industry replacement costs unit rates.	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Parks & Ovals	3	Recurring and non-recurring fair value measurements based on physical inspection of assets capturing asset age, type and condition.	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Airports	3	Recurring and non-recurring fair value measurements based on physical inspection of assets capturing asset age, type and condition.	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

9. 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 class of 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.

9. FIXED ASSETS (Continued)

(a) Disposals of Assets

The following assets were disposed of during the year.

Plant and Equipment	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	$	$	$	$	$	$	$	$
Health								
P257 Toyota Aurion (Health)	10,456	9,091	0	(1,365)	11,000	15,000	4,000	0
Community amenities								
P256 Holden Captiva LTZ (Planner)	14,209	14,000	0	(209)	0	0	0	0
Transport								
P184 - Pig Trailer	10,900	15,000	4,100	0	11,000	10,000	0	(1,000)
P210 Kalbarri Mover	6,417	8,634	2,217	0	6,500	9,000	2,500	0
P211 Kalbarri Leading Hand Utility	5,878	3,454	0	(2,424)	6,000	2,000	0	(4,000)
P222 N'pton Leading Hand Utility	8,621	5,909	0	(2,712)	9,000	4,000	0	(5,000)
Other property and services								
A-80117 Old Kalbarri Bowling Green	167,239	0	0	(167,239)	0	0		
	223,720	56,088	6,317	(173,949)	43,500	40,000	6,500	(10,000)

(b) Depreciation

	2018	2017
	$	$
Buildings - Specialised	22,830	106,039
Buildings - non-specialised	375,860	510,180
Furniture and Equipment	8,884	7,113
Plant and Equipment	384,499	300,827
Infrastructure - Roads	2,545,599	2,478,066
Infrastructure -Footpaths & Carparks	21,355	18,782
Infrastructure - Drainage	56,148	56,143
Infrastructure - Parks & Ovals	148,198	84,906
Infrastructure - Airports	44,683	44,683
	3,608,056	3,606,739

9. FIXED ASSETS (Continued)

(b) Depreciation (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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 & Equipment	4 to 10 years
Plant & Equipment	5 to 15 years
Road Formation	Not Depreciated
Road Pavement	40 - 50 years
Bituminous Seal	20 -30 years
Asphalt Seal	20 - 30 Years
Gravel Road Formation	Not Depreciated
Gravel Road Pavement	40 - 50 Years
Gravel Sheet	10 - 20 Years
Formed Roads Pavement	40 - 50 Years
Footpaths	40 - 50 Years
Drainage	50 - 75 Years
Parks and Ovals	40 - 50 Years
Airport	40 - 50 Years
Water Supply Piping and Drainage	50 - 75 Years

Depreciation (Continued)

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

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

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

10. 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 -Buildings - Specialised	12,882,201	0	0	0	12,882,201	15,202,537	492,899	(2,813,235)	(2,320,336)	12,882,201
Revaluation surplus - Infrastructure - Roads	81,448,760	0	(60,327,309)	(60,327,309)	21,121,451	81,448,760	0	0	0	81,448,760
Revaluation surplus - Infrastructure -Footpaths & Carparks	0	774,377	0	774,377	774,377	0	0	0	0	0
Revaluation surplus - Infrastructure - Drainage	3,434,556	2,238,504	0	2,238,504	5,673,060	3,434,556	0	0	0	3,434,556
Revaluation surplus - Infrastructure - Parks & Ovals	1,114,882	0	(302,693)	(302,693)	812,189	1,114,882	0	0	0	1,114,882
Revaluation surplus - Infrastructure - Airports	2,056,988	0	(850,949)	(850,949)	1,206,039	2,056,988	0	0	0	2,056,988
	100,937,387	3,012,881	(61,480,951)	(58,468,070)	42,469,317	103,257,723	492,899	(2,813,235)	(2,320,336)	100,937,387

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.

11. TRADE AND OTHER PAYABLES

	2018	2017
	$	$
Current		
Sundry creditors	503,622	762,355
Accrued interest on long term borrowings	23,271	12,489
Accrued salaries and wages	19,314	14,137
Revenue Received in Advance	401,389	1,994,045
Accrued Expenditure	38,204	38,675
	985,800	2,821,701

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.

12. INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

Particulars	NOTE	Interest Rate	Borrowing Institution	Principal 1 July 2017	New Loans	Principal Repayments		Principal 30 June 2018		Interest Repayments	
						Actual	Budget	Actual	Budget	Actual	Budget
		%		$	$	$	$	$	$	$	$
Recreation and culture											
Loan 148A Kalbarri Library Ext'n		4.09%	WATC	52,405	0	25,672	25,672	26,733	26,733	2,534	2,180
Transport											
Loan 149 - Plant Purchases		7.26%	WATC	68,156	0	68,156	68,156	0	0	4,285	4,284
Loan 153 - Plant Purchases		4.02%	WATC	252,322	0	37,983	37,983	214,339	214,339	15,241	11,336
Other property and services											
Loan 154 - Staff Housing		3.27%	WATC	288,775	0	32,134	32,134	256,641	256,641	11,796	11,043
				661,658	0	163,945	163,945	497,713	497,713	33,856	28,843

Self Supporting Loans	NOTE	Interest Rate	Borrowing Institution	Principal 1 July 2017	New Loans	Principal Repayments		Principal 30 June 2018		Interest Repayments	
						Actual	Budget	Actual	Budget	Actual	Budget
				$	$	$	$	$	$	$	$
Education and welfare											
Loan 155 - Pioneer Lodge	5	3.95%	WATC	400,000	0	13,448	13,448	386,552	386,552	24,146	18,410
Housing											
Loan 152 - Staff Housing	5	5.24%	NAB	345,268	0	16,327	16,327	328,941	328,941	22,761	22,760
Recreation and culture											
Loan 151 - Kalbarri Bowling Club	5	5.92%	WATC	10,875	0	3,416	3,416	7,459	7,459	706	670
				756,143	0	33,191	33,191	722,952	722,952	47,613	41,840
				1,417,801	0	197,136	197,136	1,220,665	1,220,665	81,469	70,683

Self supporting loans are financed by payments from third parties.
All other loan repayments were financed by general purpose revenue.

Borrowings	2018	2017
	$	$
Current	134,246	197,136
Non-current	1,086,419	1,220,665
	1,220,665	1,417,801

12. INFORMATION ON BORROWINGS (Continued)

	2018	2017
(b) Undrawn Borrowing Facilities	$	$
Credit Standby Arrangements		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	10,000	10,000
Credit card balance at balance date	(2,896)	(2,271)
Total amount of credit unused	7,104	7,729
Loan facilities		
Loan facilities - current	134,246	197,136
Loan facilities - non-current	1,086,419	1,220,665
Total facilities in use at balance date	1,220,665	1,417,801
Unused loan facilities at balance date	NIL	NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

13. PROVISIONS

	Provision for Annual Leave	Provision for Long Service Leave	Total
	$	$	$
Opening balance at 1 July 2017			
Current provisions	304,783	408,463	713,246
Non-current provisions	0	50,880	50,880
	304,783	459,343	764,126
Additional provision	(2,687)	47,773	45,086
Balance at 30 June 2018	302,096	507,116	809,212
Comprises			
Current	302,096	455,865	757,961
Non-current	0	51,251	51,251
	302,096	507,116	809,212

Annual leave and current long service leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	Annual Leave	Long Service Leave	Total
	$	$	$
Current Provisions			
Within 12 months of the end of the reporting period	198,358	64,720	263,078
After 12 months of the end of the reporting period	103,738	391,145	494,883
	302,096	455,865	757,961

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of

Other long-term employee benefits (Continued)

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.

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	3,172,714	2,747,525	3,801,450
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	1,067,861	(104,568)	728,208
Non-cash flows in Net result:			
Depreciation	3,608,056	3,631,550	3,606,739
(Profit)/loss on sale of asset	167,632	3,500	18,987
Changes in assets and liabilities:			
(Increase)/decrease in receivables	133,759	12,377	(175,526)
(Increase)/decrease in inventories	(3,582)	0	2,359
Increase/(decrease) in payables	(1,835,901)	0	148,987
Increase/(decrease) in provisions	45,086	0	55,783
Grants and contributions for the development of assets	(3,101,542)	(2,805,289)	(2,919,970)
Net cash from operating activities	81,369	737,570	1,465,567

15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	$	$
Governance	813,991	823,828
General purpose funding	400,900	390,586
Law, order, public safety	656,541	695,232
Health	654,833	657,853
Education and welfare	720,237	740,070
Housing	1,927,370	1,957,000
Community amenities	2,586,983	1,217,566
Recreation and culture	20,102,728	20,347,458
Transport	91,897,174	149,644,347
Economic services	1,392,035	1,389,709
Other property and services	564,732	577,353
Unallocated	6,703,389	9,368,072
	128,420,913	187,809,074

16. CONTINGENT LIABILITIES

The Shire did not have any contingent liabilities at the reporting date.

17. CAPITAL COMMITMENTS

	2018	2017
	$	$
(a) Capital Expenditure Commitments		
Contracted for:		
- capital expenditure projects	0	76,000
- plant & equipment purchases	0	0
Payable:		
- not later than one year	0	76,000

There were no capital expenditure projects outstanding at the end of the current reporting period. The capital expenditure outstanding for 2017 was associated with the construction of the new Lucky Bay Camp Grounds.

18. JOINT ARRANGEMENTS

The Shire together with the Ministry of Housing have a joint venture arrangement with regard to the provision of aged care units in Kalbarri. The assets involved are currently:
- Four two bedroom units constructed in 1998,Council's equity in these units $40,000.
- Council contributed $50,000 in 2001/2002 towards the construction of a further four two bedroom units which have been constructed on the same site as the initial four units.
- Council in 2006/2007 contributed $54,545 towards the construction of an additional three two bedroom units bringing Council's inventory to eleven units of which Council has equity of 11.3%.
It is anticipated that this joint venture will cease during 2018/2019 whereby Council will be paid any remaining equity in the joint venture.

	2018	2017
	$	$
Non-current assets		
Land and buildings	157,070	195,460
Less: accumulated depreciation	(2,670)	(11,727)
	154,400	183,733

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 arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 26 for a description of the equity method of accounting.

Interests in joint arrangements (Continued)

Joint 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 President.	2018 Actual $	2018 Budget $	2017 Actual $
Meeting Fees	21,575	21,830	16,880
President'sallowance	12,000	12,000	10,500
Deputy President'sallowance	2,500	2,500	2,500
Travelling expenses	17,629	2,000	22,860
Telecommunications allowance	4,500	4,500	4,500
	58,204	42,830	57,240

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	690,788	637,207
Post-employment benefits	84,304	80,377
Other long-term benefits	13,927	51,389
Termination benefits	5,766	0
	794,785	768,973

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.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given 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 $
Purchase of goods and services from trading entities owned or operated by Councillors	92,133	52,452
Amounts outstanding from related parties:		
Loans to key management personnel	328,941	345,268

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-third interest in an environmental health and building 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. 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	Adjustment [4] 2017/2018	Received [2] 2017/18	Expended [3] 2017/18	Closing Balance 30/06/18
	$	$	$	$		$	$	$
Transport								
Roads to Recovery	63,584	552,115	(615,699)	0	(13,249)	659,034	(502,510)	143,275
Total	63,584	552,115	(615,699)	0	(13,249)	659,034	(502,510)	143,275

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.

(4) - Adjustment from 2016/2017 audited roads to Recovery Return

21. RATING INFORMATION

(a) Rates

RATE TYPE Differential general rate / general rate	Rate in $	Number of Properties	Rateable Value	Rate Revenue	Interim Rates	Back Rates	Total Revenue	2017 Actual	Budget Total Revenue
			$	$	$	$	$		$
Gross rental valuations									
Residential	0.0802	1,610	13,687,966	1,613,187	5,447	838	1,619,472	1,562,414	1,615,931
Unimproved valuations									
Rural	0.0127	450	177,399,858	2,284,350	0	0	2,284,350	2,222,969	2,284,349
Sub-Total		2,060	191,087,824	3,897,537	5,447	838	3,903,822	3,785,383	3,900,280
Minimum payment	**Minimum $**								
Gross rental valuations									
Residential	535	968	6,455,747	522,695	(639)	0	522,056	509,080	517,880
Unimproved valuations									
Rural	535	53	655,079	23,005	0		23,005	22,360	28,355
Sub-Total		1,021	7,110,826	545,700	(639)	0	545,061	531,440	546,235
		3,081	198,198,650	4,443,237	4,808	838	4,448,883	4,316,823	4,446,515
Discounts/concessions (refer note 21(c))							(154,995)	(151,616)	(150,000)
Total amount raised from general rate							4,293,888	4,165,207	4,296,515
Specified Area Rate (refer note 21(b))							39,003	43,121	39,481
Totals							4,332,891	4,208,328	4,335,996

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.

21. RATING INFORMATION (Continued)

(b) Specified Area Rate

Specified Area Rate	Basis of Valuation	Rate in $	Rateable Value	Revenue	Interim Rate Revenue	Back Rate Revenue	2018 Total Specified Area Rate Revenue	2017 Total Specified Area Rate Revenue	Budget Rate Revenue	Budget Back Rate Revenue	Budget Interim Rate Revenue	Total Budget Revenue
			$	$	$	$	$	$	$	$	$	$
Port Gregory Water Supply	GRV	0.0183	517,118	9,481	0	0	9,481	11,937	9,481	0	0	9,481
Kalbarri Tourism Rate	GRV	0.0018	17,020,208	29,522	0	0	29,522	31,184	30,000	0	0	30,000
				39,003	0	0	39,003	43,121	39,481	0	0	39,481

Specified Area Rate	Purpose of the rate	Area/properties Rate Imposed	Rate Applied to Costs	Rate Set Aside to Reserve	2018 Reserve Applied to Costs	2017 Reserve Applied to Costs	Budget Rate Applied to Costs	Budget Rate Set Aside to Reserve	Budget Reserve Applied to Costs
			$	$	$	$	$	$	$
Port Gregory Water Supply	Revenue to cover	Port Gregory Properties	9,481	0	0	0	9,481	0	0
Kalbarri Tourism Rate	advertising costs	Kalbarri Properties	30,000	0	0	0	30,000	0	0
			39,481	0	0	0	39,481	0	0

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

Rates Discounts

Rate or Fee Discount Granted	Discount	Discount	2018 Actual	2017 Actual	2018 Budget	Circumstances in which Discount is Granted
	%	$	$	$	$	
Rates Discount	5.00%	150,000	154,995	151,616	150,000	

21. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		$	%	%
Option One				
Single full payment	10-Feb-17	0	0.00%	
Option Two				
First instalment	10-Feb-17	5	0.00%	10.00%
Second instalment	12-Apr-17	5	5.00%	10.00%
Option Three				
First instalment	10-Feb-17	5	0.00%	10.00%
Second instalment	12-Apr-17	5	5.00%	10.00%
Third instalment	02-May-18	5	5.00%	10.00%
Fourth instalment	04-Mar-18	5	5.00%	

	2018 Actual	2017 Actual	2018 Budget
	$	$	$
Interest on unpaid rates	34,818	35,291	35,000
Interest on instalment plan	16,521	17,737	17,000
	51,339	53,028	52,000

22. NET CURRENT ASSETS

Composition of net current assets for the purposes of the Rate Setting Statement

	30 June 2018	30 June 2017
	$	$
CURRENT ASSETS		
Cash and cash equivalents		
Unrestricted	1,690,209	783,615
Restricted - Reserves	1,081,116	1,023,790
Restricted - OCDF	401,389	1,994,045
Receivables		
Rates outstanding	302,667	263,223
Sundry debtors	99,260	266,764
Other Debtors	45,247	45,034
Provision for doubtful debts	0	(6,529)
Emergency Services Levy	37,346	60,501
Inventories		
Stock on hand	11,778	8,196
Land held for resale - cost	235,000	235,000
LESS: CURRENT LIABILITIES		
Trade and other payables		
Sundry creditors	(503,622)	(762,355)
Accrued interest on long term borrowings	(23,271)	(12,489)
Accrued salaries and wages	(19,314)	(14,137)
Revenue Received in Advance	(401,389)	(1,994,045)
Accrued Expenditure	(38,204)	(38,675)
Current portion of long term borrowings	(134,246)	(197,136)
Provisions		
Provision for annual leave	(302,096)	(304,783)
Provision for long service leave	(455,865)	(408,463)
Unadjusted net current assets	2,026,005	941,556
Adjustments		
Less: Reserves - restricted cash	(937,841)	(1,023,790)
Less: Land held for resale - cost	(235,000)	(235,000)
Add: Current portion of long term borrowings	134,246	197,136
Add: Component of Leave Liability not expected to be settled in the next 12 months	757,961	713,246
	1,745,371	593,148

23. 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	3,172,714	3,801,450	3,172,714	3,801,450
Receivables	1,269,382	1,437,968	1,269,382	1,437,968
	4,442,096	5,239,418	4,442,096	5,239,418
Financial liabilities				
Payables	985,800	2,821,701	985,800	2,821,701
Borrowings	1,220,665	1,417,801	1,258,878	1,458,194
	2,206,465	4,239,502	2,244,678	4,279,895

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.

23. 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.

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.

Impact of a 1% [1] movement in interest rates on cash	$	$
- Equity	31,727	38,015
- Statement of Comprehensive Income	31,727	38,015

Notes:

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

23. 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	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables		
- Current	98.00%	96.00%
- Overdue	2.00%	4.00%

23. 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 Table below:

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
2018	$	$	$	$	$
Payables	985,800	0	0	985,800	985,800
Borrowings	27,672	250,902	1,377,816	1,656,390	1,220,665
	1,013,472	250,902	1,377,816	2,642,190	2,206,465
2017					
Payables	2,821,701	0	0	2,821,701	2,821,701
Borrowings	72,440	359,832	1,784,057	2,216,329	1,417,801
	2,894,141	359,832	1,784,057	5,038,030	4,239,502

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

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

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	26,733	7,460	0	0	214,339	972,134	1,220,666	4.18%
Weighted average Effective interest rate	4.09%	5.92%	0.00%	0.00%	4.02%	4.21%		
Year ended 30 June 2017								
Borrowings								
Fixed rate								
Long term borrowings	68,156	52,406	10,875	0	0	1,286,364	1,417,801	3.77%
Weighted average Effective interest rate	7.26%	4.09%	5.92%	0.00%	0.00%	4.16%		

24. TRUST FUNDS

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

	1 July 2017	Amounts Received	Amounts Paid	30 June 2018
	$	$	$	$
Transportable Housing bonds	16,275	0	(6,775)	9,500
Footpath Deposits	40,820	0	(15,000)	25,820
Retentions - Subdivisions	30,681	0	0	30,681
Building Levies (BCITF & BRB)	183	0	0	183
Community Bus Bond	6,400	1,200	(3,600)	4,000
Unclaimed Monies	4,340		(295)	4,045
Council Housing Bonds	520	1,000	(1,000)	520
RSL Hall Key Bond	870	230	(460)	640
Special Series Plates	1,210	1,860	(1,200)	1,870
Kidsport	2,937	2,500	(4,558)	879
NCCA	59,304	0	(11,821)	47,483
Horrocks Memorial Wall	766	500	(670)	596
One Life	3,513	0	(700)	2,813
Nomination Deposits	0	480	(480)	0
	167,819			129,030

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

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

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

	Title	Issued / Compiled	Applicable (1)	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	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.

25. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (Continued)

	Title	Issued / Compiled	Applicable (1)	Impact
(iv)	AASB 1058 Income of Not-for-Profit Entities	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 mandatory and which were applicable to its operations.

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

(i)	AASB 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

26. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

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

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

b) Current and non-current classification
The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Shire's operatiing cycle. In the case of liabilities where the Shire does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the Shire's intentions to release for sale.

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

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

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

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

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

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

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

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

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

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

Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3
Measurements based on unobservable inputs for the asset or liability.

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

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

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

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

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

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

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

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

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

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

27. 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.
GENERAL PURPOSE FUNDING	To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer and environmentally conscious community.	Supervision 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, administration of health local laws and maintenance
EDUCATION AND WELFARE	To provide services to disadvantaged persons, the elderly, children and youth.	Maintenance of child minding centre's, operational costs asscoiated with Northampton Child Care Association and Kalbarri Aged Care Housing maintenance.
HOUSING	To provide and maintain shire housing.	Provision and maintenance of shire 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 wellbeing of the community.	Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.
TRANSPORT	To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
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 Shire's overheads operating accounts.	Private works operation, plant repair and operation costs and engineering operation costs.

28. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	1.95	1.10	1.35
Asset consumption ratio	0.75	0.69	0.69
Asset renewal funding ratio	1.00	1.00	1.00
Asset sustainability ratio	1.01	1.12	1.06
Debt service cover ratio	5.94	6.03	2.92
Operating surplus ratio	(0.35)	(0.40)	(0.56)
Own source revenue coverage ratio	0.55	0.52	0.54

The above ratios are calculated as follows:

Current ratio = current assets minus restricted assets / current liabilities minus liabilities associated with restricted assets

Asset consumption ratio = depreciated replacement costs of depreciable assets / current replacement cost of depreciable assets

Asset renewal funding ratio = NPV of planned capital renewal over 10 years / NPV of required capital expenditure over 10 years

Asset sustainability ratio = capital renewal and replacement expenditure / depreciation expenses

Debt service cover ratio = annual operating surplus before interest and depreciation / principal and interest

Operating surplus ratio = operating revenue minus operating expenses / own source operating revenue

Own source revenue coverage ratio = own source operating revenue / operating expenses

Notes:
Three of the ratios disclosed above were distorted by the early receipt of Financial Assistance Grants. In addition, two of the ratios were impacted by revenue and expenses associated with flood damage re-instatement which is considered one-off in nature.

	2017/18	2016/17	2015/16
	$	$	$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	809,229	797,188	0
Amount of Financial Assistance Grant received in prior year relating to current year.	797,188	0	767,320

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	1.30	1.63	1.35
Debt service cover ratio	5.90	2.79	5.99
Operating surplus ratio	(0.35)	(0.54)	(0.42)

29. PRIOR PERIOD CORRECTIONS

Balances relating to the 2017 comparative year have been amended due to the correction of prior period balances. These amendments have been adjusted as shown below and, in accordance with the requirements of AASB101, a statement of financial position as at the beginning of the earliest comparative period has been included. (3rd column in the statement of financial position has not been included as the balances at 30 June 2016 remain unchanged).

Balances relating to the financial statement for 2016/2017 have been amended due to the correction of a loan liability associated with the Pioneer Lodge Self funding loan totalling $400,000. The amendments have been adjusted as shown below and, in accordance with the requirements of AASB101. The amendments have impacted on the 2016/2017 comparative figures and increased the net currents assets at June 30 c/fwd from $593,148 to $993,148. The information provided below shows the impact the adjustment has had on the respective note.

Effect of the above:	30 June 2017 Original Balance $	Amount of Adjustment $	30 June 2017 Adjusted Balance $
Changes to Financial Statements			
Statement of Comprehensive Income			
by Nature and Type			
Expenses			
Materials and contracts	(3,794,613)	400,000	(3,394,613)
by Program			
Expenses			
Education and welfare	(1,673,662)	400,000	(1,273,662)
Changes to Financial Statements			
Statement of Financial Position			
Non-Current Assets			
Other Receivables	408,975	400,000	808,975
Equity			
Retained Surplus	80,444,269	400,000	80,844,269
Statement of Changes in Equity			
Comprehensive income			
Net Result	328,208	400,000	728,208
Statement of Cash Flows			
Cash flows from Operating Activities			
Payments			
Materials and contracts	(3,661,101)	400,000	(3,261,101)
Cash flows from Investing Activities			
Payments for development of Aged housing	0	(400,000)	(400,000)

29. PRIOR PERIOD CORRECTIONS (Continued)

	30 June 2017 Original Balance $	Amount of Adjustment $	30 June 2017 Adjusted Balance $
Rate Setting Statement			
Expenditure from operating activities			
Education and welfare	(1,680,641)	400,000	(1,280,641)
Rate Setting Statement			
Investing Activities			
Self funding loan adjustment	0	(400,000)	(400,000)
Note 5 - Trade and Other recievables			
Non-current			
Loans receivable - Pioneer Lodge	0	400,000	400,000
Note 15 - Total Assets classified by Function and activity			
Education and Welfare	340,070	400,000	740,070
Note 22 - Financial Risk Management			
Financial Assets			
Receivables	1,037,968	400,000	1,437,968
Note 27 - financial Ratios			
Operating Surplus Ratio	(0.47)	0.08	(0.40)
Debt Service Ratio	4.40	1.63	6.03
Adjusted Ratios			
Current Ratio	0.57	1.06	1.63
Operating Surplus Ratio	(0.61)	0.07	(0.54)
Debt Service Ratio	1.16	1.63	2.79

Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Northampton

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Northampton which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

(i) is based on proper accounts and records; and

(ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

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Auditor's Responsibility for the Audit of the Financial Report
The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.

- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements
In accordance with the Local Government (Audit) Regulations 1996 I report that:

(i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
    a. The Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries standard for the past 3 years.
    The financial ratios are reported in Note 28 of the financial report.

(ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
    a. Accounting journal entries were posted by one employee, without being reviewed by a senior staff member independent of preparation. Accounting journals can represent significant adjustments to previously approved accounting transactions, and should therefore be appropriately reviewed and approved.

(iii) All required information and explanations were obtained by me.
(iv) All audit procedures were satisfactorily completed.
(v) In my opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial report fo the Shire for the year ended 30 June 2017 was audited by another auditor who expressed an unmodified opinion on that financial report. The financial ratios for 2017 and 2016 in Note 28 of the audited financial report were included in the supplementary information and/or audited financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Northampton for the year ended 30 June 2018 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
3 December 2018