# Shire of Halls Creek **ANNUAL REPORT**2019

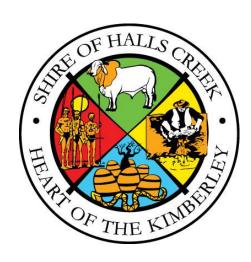


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### 1.0 SHIRE PRESIDENT'S MESSAGE



As President for the Shire of Halls Creek, I am proud to present the Shire of Halls Creek Annual report for 2018/19.

I would like to thank my fellow Councillors for their support and dedication to the Shire, during the year of review, there have been no changes to the make-up of the Council and this has been a steadying influence. I would further like to thank the Acting Chief Executive Officer (CEO), Mr Steven Deckert for his

assistance prior to the appointment of Mr Noel Mason as Chief Executive Officer, as well as Director Health & Regulatory Services Musa Mono for his interim leadership efforts prior to the appointment of the Acting CEO. Noel arrived in December 2018 following many years of experience in Local Government in WA.

The CCC events of 2017/18 resulted in a significant workload for the Shire Administration. From Steve Deckert's beginning and Noel's follow-up, the strengthening of governance and administrative practices has been a real focus. I am pleased to advise that all this additional work has generally been completed, with the remaining elements focussing on Integrated Planning processes (Strategic Community, Corporate Business, Long Term Financial and Workforce Plans) that the Shire must renew. The Integrated Planning work has commenced and should be finalised by February 2020. All Councillors, the Management team and staff have been united around ensuring this CCC and Dept Local Government work was completed at the same time as continuing our services to ratepayers and residents. Naturally, with new processes, comes significant training, development and learning and I commend the staff in this effort and thank the CEO for leading these changes.

From the difficulties of 2017/18, and a shift in the focus by the new CEO onto administrative improvements and changes to meet Dept Local Government requirements, meant that many of the listed Capital Projects from the 2018/19 budget were not commenced. Most had a reliance on grant funding and the Shire was not able to attract the grants required. Therefore, much of the capital expenditure planned was put on hold and saved into 2019/20 in Reserve funds. Financially, the Shire is well placed to act on these projects now, and with recent efforts of the staff, we are also having some limited success towards obtaining grants to compliment this work.

The CEO has clearly brought a shift in thinking into the organisation/community at both a Council and Administrative level. Our mantra is moving from waiting for assistance from others, to just getting on and doing what we can to the best of our ability and with the resources that we alone have and can muster. This has seen a greater focus on early results, therefore as a team we are achieving a lot more business, and bringing more energy to the social and community issues that may in the past have slowed us. This refocus has made the performance of the Shire noticeably different and commendably effective.

A lot more energy has been placed in communicating our plans and programs with the public; the Shire now has developed a Facebook and Instagram presence and advertises on multiple website platforms. Youth and Community Development work by Olabud Doogethu is bearing fruit, the Youth Engagement Night Officers (YENO) commenced in April with immediate success,

therefore law and order issues are in decline. The greater connection between youth and our programs has resulted in more School Holiday programs with greater turnouts, junior football and women's football all saw major growth which the Shire supported.

The change of Shire focus, to get a lot closer to our community, has resulted in possibly the most significant change in the year in review and ahead. The Council has now committed and demanded greater emphasis on creating and encouraging the development of local jobs. Our commitment to Traineeships (commencing April 2019) for each completing Year 12 student, will be a yearly commitment to provide access for youth, to jobs and experience. Without it, access to an adult job is even more limited. The Shire have followed this with more Youth and Community Development staff, (YENO and YEDO – Day Officers) and are looking toward a 2019/20 where even more local employment is achieved in Halls Creek and on communities.

In addition, the massive Duncan Gordon Rd and Tanami programs will allow the Shire to invest in roadworks as a service delivery strategy, a training crew and even more local long-term jobs with a longer-term view. This compliments our overall strategic focus, local economic development, local jobs and greater local workforce participation. These targets alone will guide our actions in the years ahead.

I thank Council and staff in advance for what I know will be a very busy period ahead.

Cr Malcolm Edwards Shire President

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#### 2.0 MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



My arrival in Halls Creek in December 2018 came after Steve Deckert's acting appointment for 9 months, (for which I thank him) and was a very important juncture in terms of the recovery the Shire was encountering. Work had just commenced on the extensive list of actions required by the CCC, following the Department Local Government and Communities Shire generated Regulation 17 Report following the CCC inquiry. Whilst a major body of work, it none the less provided a definitive guideline/list of what was required, and for

this I am grateful. Clear direction allowed immediate response, and I am pleased to say that staff have responded effectively and efficiently in completing the bulk of this work.

The negative fallout of a tumultuous year in 2017/18 was impactful on staff and my expectation that there would be a high percentage turnover of key personnel did occur. Whilst negative in the sense of losing senior, highly competent, long term employees; this was offset by the opportunity to bring in alternate skills and capacities. The Shire had been well served by key personnel, and I make special mention of Teresa Foster (Chief Financial Officer), Craig Walker (Works Supervisor) and Jake Hay (Youth and Olabud program) who all gave many years and high commitment to the community of Halls Creek. They have been thanked, but I would also like to record my appreciation for their efforts here.

I commend the past and present staff for their efforts, as I do of the staff that have joined the Shire since; Jodie Taylor as Senior Ranger, Des Darby Jnr, as Ranger, Shemikha Pearce as Communications and Administration Officer, Damien Burton as Works Supervisor, Jaymie Coleman as Operations Officer, and Kim Chua as Finance Manager.

In addition to qualified personnel appointment strategies and internal promotion, the Shire has also responded to law and order difficulties by engaging a team of local persons to work with youth overnight. The Youth and Community Development team under the guidance of Margaret Glass, expanded to accommodate 8-9 extra people overnight and the impact of their work on Halls Creek has been immeasurable. The YENO and YEDO staff, alongside the staff of the Halls Creek Police and Department of Communities, have made our community a much safer environment at night. They have engaged youth on less risky pathways to adulthood and provided a secure and troubled less main street. They have been well supported by community youth and service programs, including the Shire's free swimming pool entry, junior football and recreation and sporting programs and initiatives. There is a lot of work to go, but early results suggest that we are breaking new ground in the care of our youth – absolutely commendable to all concerned.

In addition to these staff changes, Council's April decision to commit funding to a long-term traineeship program signals a change in the way the Shire views it's future. Council's commitment is to provide up to 10 traineeships for youth completing year 12, to provide that bridge between school, work experience and obtaining employment. In 2018/19, the commencement year, the traineeships were opened up to youth and adult participants. Overall, 9 positions were filled, and provided training, work experience and exposure to people who have all progressed to other employment options. Having keen, committed young people

in the Shire workforce is challenging and rewarding. The Halls Creek community will benefit into the future from the capacities they now have.

The most significant and possibly the most surprising event for Halls Creek took place this year via the State Budget in May. At that time, the Treasurer announced funding for the upgrade of the Duncan Gordon Road to Ringer Soak (\$50m over 4 years) and a planned year 4 start of contributions to the seal on the Tanami Rd in 2023 (\$42m). This announcement prompted the Council to seriously consider our strategic role. Following research, decisions were taken to return to the operations of a Shire based road crew and the establishment and focus of energies into training and skilling community job seekers into civil roadworks. The long-term funding announcements, position the Shire to be directly involved in major roadwork for the next 7-10 years, so a focus on civil construction as a pre-requisite to mining operations should complement Shire strategic aims of more local employment and economic development.

As a result of the announcements, the end of 2018/19 focus shifted towards how to set up to take advantage of the unfolding circumstances, and this has been the primary activities of Council staff then and since. There are many pivotal decisions that are to be taken going forward, and the aim of advice to Council has been to plan, plan, plan. We are significantly progressed in the development of a Halls Creek Townsite Master Plan, which will bring together all the development and expansion ideas and options for the next 10-15 years. The Town Planning Scheme has been completed and land requirements and future proofing availability is a high priority. Strategic Community Plan, Corporate Business Plan, Workforce and Long-Term Financial Plans are in draft form awaiting outcomes of our Community Engagement, so the aim of staff is to plan, set and then unfold across many years the activities and programs that create the future.

None of the future ambitions will be possible without the continued connection to our community. The Shire aims to put community, as our partner and contributor to future objectives. We are establishing plans that include community driven contributions, where the Shire facilitates the community as the partner of our joint aims. Without this approach, achievements will be hollow and short lived. Shire employment and economic development strategies will be meaningless without high levels of community involvement and appropriate reward for our combined efforts.

This is the future the Shire seeks to unfold, and we thank you for your patience, as we too discover the difficulties of forging this direction.

**Noel Mason** 

**Chief Executive Officer** 

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#### 3. INTRODUCTION

#### 3.1 WHAT IS THE ANNUAL REPORT?

As required by the Local Government Act 1995 and associated regulations the Annual Report for 2016/17 provides an overview of the operations, activities and major projects undertaken by the Shire for that period, and includes major initiatives proposed to commence or continue in the next financial year. The performance of the Council is assessed against the vision, Mission, Strategic Goals, Outcomes and Strategies as set out in the Shire of Halls Creek Strategic Community Plan, and Corporate Business Plan. These plans provide strategic focus for elected members and the organisation and they affirm our commitments to the community.

#### 3.2 Vision

#### **Our Vision**

The Shire of Halls Creek town and remote communities are economically diverse, caring, and proactive with a strong sense of responsibility and pride.

#### 3.3 Our Values

Values of the organisation and the community are demonstrated through the way employees behave, interact and think. Defining values and clearly articulating what these values look and feel like is very important and are the building blocks to ensuring a consistent customer and staff experience is delivered at all times. Values and the behaviour they influence are also essential when creating a strong and well respected Corporate Brand both internally and externally.



Halls Creek Lookout

# **3.4 Community Aspirations and Values**

Aspiration or Value	Benefits	
Respect for, and engagement with the traditional owners of the land.	Ensuring pace and level of development impacting Indigenous communities is guided by the Traditional Owners.	
Social inclusiveness	Promotes a future for all residents, actively strengthens the social fabric of the community, values diversity and responds to special needs and disadvantage.	
Community involvement	Values the contributions of all groups and ages and generates opportunities for active participation by residents in planning and action.	
Positive Mindset	Fosters community attitudes that embrace change, proactive 'can do' behaviours, optimism, hopefulness and the belief in the community being architects and builders of their social and economic future.	
Respect for the Environment, Cultures and Sustainable Practices	Respects the natural environment, cultures, heritage and town character and commits to ensuring that the needs of the present are met without compromising the ability of future generations to meet their needs.	
Access and Equity	Provides all residents with adequate health, educational, learning, housing and recreational opportunities, facilities and programs.	
Mutual Responsibility and Respect	Encourages attitudes and behaviours that foster harmony, equity before the law, personal accountability and respect for the ideas, potential and contributions of all residents.	
Celebration	Encourages pride and times of celebration relating to the town's heritage, uniqueness, cultures and achievements.	
Collaboration, Partnership and Networking	Creating and strengthening stakeholder collaboration, coordination, networking and cross-promotion to ensure maximum positive outcomes for the residents of the town.	
Asset and Opportunity Focus	Focussing upon local assets, opportunities and creativity, and building upon and strengthening existing initiatives and groups.	
Commitment to Excellence in Performance and Customer Service	Ensuring strong dedication to quality experiences and outstanding customer service where everyone experiences respect, hospitality and friendliness.	

#### 4. About our Shire

Located in the Kimberley region, the Shire of Halls Creek is one of Australia's iconic outback regions with a unique cultural and heritage environment. Predominantly Aboriginal populations live in a number of remote communities around the district and the town site of Halls Creek.

The Shire of Halls Creek covers 142,908 square kilometres of the Kimberley is located approximately 2,850 kilometres to the North East of Perth and 362 kilometres south of Kununurra. The Northern Territory forms the Eastern boundary of the Shire with the Shire of Wyndham-East Kimberley to the North, the Shire of Derby West Kimberley to the West and the Shire East Pilbara to the South and West.

The remote communities of Balgo (Wirrimanu), Billiluna (Mindibungu), Mulan, Kundat Djaru (Ringer Soak), Warmun (Turkey Creek) and Yiyili are an integral part of the district with around 3,000 people residing outside of the Halls Creek town site. Throughout the Shire there are a number of smaller communities. The Region is connected by 391km of sealed roads and 1,449km of unsealed roads, which require extensive maintenance work due to seasonal flooding.

#### 4.1 Kimberley Aboriginal Language Groups

The following map illustrates the distribution of Aboriginal Language Groups in the Kimberley. Languages play an important role in supporting Aboriginals in connecting with their culture and country. They are also an important consideration for non-Indigenous people and organisations that engage or work with Aboriginal people in the Kimberley region.



#### 4.2 History

The land now known as Halls Creek has been occupied for thousands of years. The land is crossed by songlines and trading paths stretching from the coasts to the deserts, some passing near the modern town.

The story of that long occupation remains alive today and it is revealed in the culture of the Jaru, Kija, Kukatja, Walmajarri, Gooniyandi and other indigenous people who live in the Shire of Halls Creek.

That ancient world changed late in the 1800's with the arrival of Europeans, searching for minerals for wealth and land for cattle. On Christmas Day 1885 prospector Charlie Hall found a huge 28-ounce (nearly 1 kilogram) gold nugget at a site that would eventually be named after him.

News of the discovery drew more than 15,000 people to what is now Old Halls Creek to try their luck. It proved an inhospitable land for these people and the graves of some can be found in Old Town's small cemetery.

The gold rush lasted less than three months and Halls Creek became a trading centre for cattle stations, aboriginal communities and miners who stayed in the area. The post office with its telegraph line that terminated here, the police station, government office, racecourse and stores gave the town a purpose.

In 1918 the Australian Inland Mission built a hospital and the old town struggled on, short of inhabitants and water. In 1948 an airfield was built near the site of the present town and over the next decade the old town moved nearer to this new site. Except for the police station, which finally relocated in 1961, the old town was abandoned by 1954.

The new town of Halls Creek is one of the largest predominantly indigenous communities in Australia. It is a friendly, welcoming place and offers travelers an ideal stop on their journeys. The old town is worth a visit, nestled in spectacular country.

#### **Remote Aboriginal Communities**

Community	Population	Languages Spoken
Balgo Hills	460	Kukatja, Ngardi, Northern Territory languages
Billiluna	144	Kukatja, Eastern Walmajarri, Jaru, Ngardi
Mulan	194	Kukatja, Eastern Walmajarri, Jaru, Ngardi
Ringer Soak	160	Jaru, Kukatja, Ngardi, Northern Territory
		languages
Warmun	196	Gija
Yiyili		Goonyandi



Mulan community

#### 5.0 ABOUT OUR ORGANISATION

#### 5.1 Role of Local Government

The function of a local government organisation is to provide good governance for its community members, involving efficient and effective decision making, community participation, operational transparency and accountability.

All local governments in Western Australia are independent corporate bodies constituted under the Local Government Act 1995 (the Act). The Act requires each local government to meet the needs of current and future generations by integrating environmental protection, social advancement and economic prosperity.

#### **5.2 Shire Executive**

The role of the Chief Executive Officer is to advise the Council in relation to the functions of the local government; ensure advice and information is available for Council to make informed decisions; implement Council decisions; manage daily operations; liaise with the Shire President regarding performance and management of staff.

Mr Steven Deckert joined the Shire as Acting Chief Executive Officer on the 25 June 2018 for a 9 month term until the appointment of Mr Noel Mason as Chief Executive Officer in December 2018.

The Shire' Executive consisted of Directors Mr Lloyd Barton (Corporate Services), Mr Musa Mono (Health & Regulatory Services), Mr Phil Burgess (Infrastructure Assets), and Ms Margaret Glass (Youth & Community Development), and Chief Financial Officer Ms Teresa Foster (until March 2019).

#### **5.3 Our Elected Members**

The Council of the Shire of Halls Creek consists of seven (7) elected members. Council Ordinary Elections are held in October every second year, and Councillors are appointed for a four year term.

Following the Council Ordinary elections on the 19 October 2019, Cr Malcolm Edwards was returned to Council and Cr Trish McKay and Cr Darrylin Gordon were welcomed as our newest councillors. The election of the Shire President and Deputy Shire President was held on 24 October where Cr Malcolm Edwards was returned unopposed as Shire President and Cr Chris Loessl returned unopposed as Deputy Shire President.

The role of a Councillor is to represent the community, provide leadership and guidance, facilitate communication between community and Council, make decisions on matters before Council, determine Council policy, govern finances and provide forward planning and evaluation of progress.

The current Councillors are:

- 1. Cr Malcolm Edwards (President) Term 2023
- 2. Cr Chris Loessl (Deputy Prsident) Term 2021
- 3. Cr Virginia O'Neil Term 2021
- 4. Cr Bonnie Edwards Term 2021
- 5. Cr Rosemary Stretch Term 2021
- 6. Cr Trish McKay Term 2023
- 7. Cr Darrilyn Gordon Term 2023

#### **5.4 The Role of the President and Councillors**

Council is the governing body of the Local Government and is made up of seven Elected Members (also called Councillors). The role of Council is defined in the *Local Government Act* 1995 (the Act):

- To direct and control the local government's affairs; and
- To be responsible for the performance of the local government's functions

Each Elected Member is elected for a four year term, however Local government elections take place every second year on the third Saturday in October, with half the Council retiring at each election. Retiring Council members are eligible for re-election. After each election Elected Members select a President and Deputy President from amongst themselves.

Councillors play a very important policy-making role, requiring the identification of community needs, setting objectives to meet those needs, establishing priorities between competing demands and allocating resources. Elected Members do not have authority to act or make decisions as individuals; they are members of an elected body (Council) that makes decisions on behalf of the local government through a formal meeting process.

The Council undertakes a range of roles which are put into practice by the Shire officers. These roles inform how the Shire will activate the Strategic Community Plan through new projects and operational activities.

#### **5.5 Elected Member Conduct**

Section 5.121 of the Local Government Act 1995 requires a local government to maintain a register of complaints that result in an action under section 5.110(6) (b) or (c) of the Local Government Act 1995. In the 2018/19year there were no complaints lodged regarding elected members.

#### 5.6 Code of Conduct

Section 5.103 of the *Local Government Act 1995* provides that every local government is to prepare a code of conduct which is to be observed by members of the Council and Shire employees, and provides consistent guidelines for an acceptable standard of professional conduct. The code of conduct was revised and updated in October 2019 and can be found on the Shire of Halls Creek website <a href="https://www.hallscreek.wa.gov.au/documents/freedom-of-information">https://www.hallscreek.wa.gov.au/documents/freedom-of-information</a>



Shire of Halls Creek Main Office

#### **5.7 Shire of Halls Creek Elected Members**

Shire of Halls Creek Elected Members current as at 19 October 2019, (7) elected members.



**Shire President** 

**Cr Malcolm Edwards** Phone: 0488 306 911



Cr Virginia O'Neil Phone: 0467 766 146



**Cr Rosemary Stretch** 



**Cr Darrylin Gordon** Phone: 0472 662 512



**Deputy Shire President** 

**Cr Chris Loessl** Phone: 0417 187 636



**Cr Bonnie Edwards** Phone: 0488 225 636



Cr Trish McKay Phone: 0418 877 831



#### 5.8 Integrated Planning and Reporting Framework

Local Government in WA is continuously improving the way it undertakes strategic planning processes. In 2011 the Integrated Planning and Reporting Requirement was legislated. The Shire of Halls Creek is continuing to develop an Integrated Planning and Reporting Framework that will allow us to sustainably and strategically meet the needs of our community.

#### **5.8.1 Framework Aims**

Integrated planning and reporting gives local governments a framework for establishing local priorities and to link this information to operational functions. Three major parties are involved in the development of an integrated plan: the local government administration, the Council and the community. Each party has a unique role and responsibilities for effective and sustainable integrated planning and reporting, with the Local Government (Administration) Regulations 1996 requiring each local government to adopt a Strategic Community Plan and a Corporate Business Plan.

A successful integrated planning and reporting process will deliver the following outcomes:

- a Strategic Community Plan that clearly links the community's aspirations with the Council's vision and long term strategy
- a Corporate Business Plan that integrates resourcing plans and specific council plans with the Strategic Community Plan, and
- a clearly stated vision for the future viability of the local government area.

#### The Framework:

- recognises that planning for a local government is holistic in nature and driven by the community
- builds organisational and resource capability to meet community need
- optimises success by understanding the integration and interdependencies between the components, and
- emphasises performance monitoring so that local governments can adapt and respond to changes in community needs and the business environment.

#### **5.8.2** Key components of the framework



#### **5.8.3 Framework Timelines**

Strategic Community Plan	10 year horizon and informed by community consultation; (Level 1)	
Corporate Business Plan	4 year horizon; (Level 2)	
Annual Budget	1 year horizon; (Level3)	
Supporting strategies	Long Term Financial Plan, Asset Management Plan and Workforce Plan	

#### **5.8.4 Framework Roles and responsibilities**

The Integrated Planning and Reporting Framework helps ensure Council's decisions look to the long- term future and consider the community's aspirations to deliver the best results possible with the resources available.

Before the legislative requirements to have an Integrated Planning and Reporting Framework the community had limited voice once Councillors were elected. The Framework is designed to put the community at the table through the Strategic Community Plan with the Council and CEO and ensure that the needs and aspirations of the community identified through the Strategic Community Plan are always considered. The framework helps to hold both Council and the CEO to account for delivering on the goals of the Strategic Community Plan.

#### 5.8.5 Strategic Community Plan

The Strategic Community Plan is the long-term overarching document that sets out our community's vision and aspirations for the future. It also sets out the key strategies and actions required to achieve these aspirations. The Strategic Community Plan identifies how we will get from where we are now, to where we want to be.

Achieving the identified aspirations will rely on the collective commitment and combined actions of the Shire of Halls Creek, government agencies, Aboriginal Corporations, non-government agencies, residents, the business community and community groups.

The 'Halls Creek Community Strategy 2008-2018' was adopted by Council on 17 December 2008. The pathway taken in the development of this Plan for the Future was documented in the Shire's 2008-2009 Annual Report. The Shire of Halls Creek Strategic Community Plan (SCP) was revised and adopted on 24 April 2015.

The plan is currently under review and community consultation was undertaken in September 2019 with facilitation by Mr Peter Kenyon. It is expected that a new Strategic Community Plan will be ready for adoption by Council by early next year.

#### **5.8.6 Corporate Business Plan**

As part of this review the Shire will take the opportunity to update the Corporate Business Plan. The plan outlines how new projects and operational services outlined in the Strategic Community Plan will be delivered and their associated budget allocation. Again, this plan is currently under review and will be delivered along with the Community Strategic Plan early next year.

#### **5.8.7 Workforce Plan**

Workforce Planning is one of the four key components of the Integrated Planning and Reporting Framework. At the strategic level, the workforce plan takes into account the community aspirations, priorities and objectives identified in the Strategic Community Plan. The Strategic Community Plan sets out the longer term vision for the Shire and highlights workforce needs.

The Workforce Plan establishes the existing workforce resources and addresses the workforce strategies necessary to meet the future service needs of the local government outlined in the Strategic Community plan and to bridge any gaps in labour availability, human resource management, capacity and capability. The Shire of Halls Creek Workforce Plan was revised and adopted in August 2017, with a revised plan to be made available early next year.

#### 5.8.8 Asset Management Plans

In early 2017 Assetivity consultants were engaged to undertake a review of the Asset Management Plans (AMP). The review was intended to ensure compliance and to make the plans more relevant to the Shire and useful to those managers with responsibility for asset management planning. Following this review, a full suite of Asset Management plans were produced and adopted by Council at the August 2017 Ordinary Council meeting. These plans will also be revised along with the full suite of plans.

#### 5.8.9 Long Term Financial Plan

The Long Term Financial Plan will be updated and implemented in conjunction with the review of the Strategic Community Plan, Corporate Business Plan and other plans early next year.

#### **Regular Review**

The Integrated Planning and Reporting Framework require a part review of the Strategic Community Plan every two years and a full review of the Strategic Community Plan every four years.

#### **6.0 YEAR IN REVIEW**

This report summarises the Shire of Halls Creek progress during the 2018/19 financial year towards attaining the goals, strategies and outcomes from the Strategic Community Plan.

#### **6.1 Health & Regulatory Services**

#### **Aboriginal Environmental Health Program**

This was the third year of implementation of the Environmental Health Programs under the 4 year funding arrangement with the Department of Health. The following is noted under this program:

- There was an increase in terms of quantity and scope of health promotion programs in the communities.
- The Shire finally obtained approval to carryout minor plumbing repairs in rural remote Aboriginal housing. Trainee Ranger Desmond Darby underwent formal training in minor plumbing works and has now been provided with equipment and materials to carry out the work.

- All rural and remote Community Environmental Health Action Plans have been completed and are now being implemented. The plans are reviewed every year.
- The funding contract for Aboriginal Environmental Health expires at the end of June 2020. Work towards new contracts for the next 4-8 years has commenced.

#### **Health Advisory Committee**

The Health Advisory committee has been working on a petition with 35 signatures submitted to Council in June 2018. The Advisory Committee was advised that there will be 2 dialysis chairs for use by patients on home dialysis after the completion of the YY Clinic expansion. The Shire continues to liaise with the Department of Health regarding the establishment of a dialysis unit. The Health Committee will also be working on the establishment of a public health plan pursuant to the requirements of the Public Health Act 2016.

#### **Planning**

The Local Planning Scheme 2 was approved by Council in February 2019. It was then forwarded to the Department of Planning and the Western Australian Planning Commission for their approval and subsequent approval by the Minister.

#### Development approvals for the financial year 2018/19

•	4 School commercial satellites – Value	\$260,000.00
•	2 Grouped dwellings in Halls Creek Town – Value	\$780,000.00
•	Office complex – Halls Creek Town	\$100,000.00
•	2 sets of Business signs	\$40,650.00
•	Training centre at a mining site	\$500,000.00
•	Office radio and communications tower	\$30,000.00

#### **Building Control**

#### Application for building permits for the 2018/19 financial year

Building permits by the Department of Finance (Building Management and Works)

Replacement of a modular classroom \$159,479.00

#### **Building permits by the Shire of Halls Creek**

- Hotel units occupancy permit x 1
- Medical Centre occupancy permit for incomplete works x 1
- Public swimming pool occupancy permit x 1
- 1 Mine Training Centre Occupancy permit

•	Community Nature Stay – Staff accommodation and admin office	\$183,545.81
•	Community Nature Stay – Rood over Donga	\$60,306.40
•	Optus small cell – mobile black spot rollout	\$75,000.00
•	Office Complex – Halls Creek Town Site	\$100,000.00
•	Business Staff transportable dwellings	\$75,000.00
•	Business raised platform and platform lift	\$64,000.00
•	4 Catholic Schools satellite installations	\$260,000.00
•	9 Demolition permits for derelict housing	\$207.900.00

#### **6.2 Corporate Services**

#### **Improvement in Information Technology**

A new cloud based information technology system has been successfully implemented to minimise the risk associated with storage of electronic information, improve the reliability of IT services and to provide a better experience for users. Internet services are now received over a 100 Mbps fibre connection which will allow the Shire to access modern up to date software applications.

#### **Shire Face Book Page**

A Shire Face Book page was launched in December 2018 to improve communication to and from the community. The page has been well received with 462 followers and 446 likes at the time of writing. The Shire will continue to use social media, its website and more traditional forms of media such as notice boards and print media to keep in touch with the community.

#### Water Attraction - Halls Creek Aquatic and Recreation Centre

Procurement of a suitable water attraction to compliment the pools at the Aquatic and Recreation Centre has not been successful. The market has indicated that the approximate \$300,000 funding was insufficient to build an engaging water feature. The Shire has under taken further research and applied to Lotteries West for additional funding to build a splash park incorporating shading. If approved this project will be pursued in 2019/20 financial year.

#### **Emergency Management**

The Shire continued to oversee the planning of Emergency Management through the Local Emergency Management Committee. Four meetings where held through-out the year with two exercises being conducted to test the emergency management arrangements and to maintain organisational competency. The Shire also assisted the bush fire volunteer services through the administration of a Bush Fire Liaison Group.

#### **Records Management and the State Records Act 2000**

The Shire of Halls Creek maintains a Recordkeeping Plan approved by the State Records Commission in 2014, as required under the State Records Act. It is also a requirement of the Commission that the Shire includes information about the Shire's records management in its Annual Report.

A review of the Recordkeeping Plan was completed and submitted to the State Records Office in March 2019 along with a risk management plan. The review was approved by State Records in August 2019. The review sets out various improvements to be made to the management of the Shire's record, with the actions and to be implemented and reported back to State Records by April 2020. This will ensure best practice is followed in managing the Shire's records.

#### **Procurement training**

The need to ensure all relevant staff are au fait with procurement policies and best practice was recently highlighted by an Auditor General's Office following an audit other Shires. Training was scheduled and took place in August 2019 being conducted by a WALGA procurement specialist.

#### **6.3 Assets and Infrastructure**

The Shire of Halls Creek has completed a Strategic Road Plan for the Shire's Roading Network and provides the proposed funding sources and road works plan over the next 5 years for the Network. Road Works Programme for the 2018/2019 period saw work completed on various parts of the following Roads.

#### **Tanami Road**

The Tanami Road which is one the most important roads in the Shire Roading Network has a continual programme of improvements, maintenance and upgrades/capital work. The Tanami Road not only provides a direct link with the Northern Territory but also service the three Remote Communities of Balgo, Mulan and Billiluna. The 2018/2019 works programme was funded through the Shire of Halls Creek, Remote Access Roads and the Road Project Grant funding.

The main works the Tanami Road for 2018/2019 were to improve formation and gravel, reform, shape & sheet, improve off road drainage, repair damaged flood ways. The Carranya Road is a popular tourist route as an access road into the Wolfe Creek Crater. During the dry season, this road is estimated to experience approx. 20 – 50 vehicles per day. The main works the Carranya Road for 2018/2019 were to improve formation and gravel, reform, shape & sheet, improve off road drainage, repair damaged flood ways. This was funded by the Shire of Halls Creek and Road Project Grant funding.

#### **Lake Gregory Road**

Lake Gregory Road is approximately 42km in length that link Balgo to Mulan. It is the only public access road into the Mulan community and therefore is a vital link for the local residents and businesses. The main works the Lake Gregory Road for 2018/2019 were to improve formation and gravel. This was funded by the Shire of Halls Creek and Remote Access Road funding.

The Balgo Mission Road is approximately 36km in length. This is a critical link for the Balgo and Mulan communities as it is the only public access route to these locations. It is believed that this road experiences approx. 10 - 30 vehicles per day. The main works for the Balgo Road for 2018/2019 were to improve formation and gravel. This was funded by the Shire of Halls Creek and Remote Access Road funding.

#### The Shire of Halls Creek Airport - upgrades

Drainage has been an ongoing issue during the wet and the drains were re-enforced and corrected to efficiently take storm water away. This will not only allow for excess water to be directed to the correct place, but save on maintenance.

The automated emergency access gate was installed, mainly for use by the ambulances and emergency services to meet the RFDS and other requirements.

#### **Oval - Automatic Retic**

The automated irrigation of the oval irrigation system has been partially installed and working to a higher standard. This project is ongoing as we develop the irrigation and get ready for the proposed Greywater Scheme being planned currently by Water Corporation.

#### **Oval Lighting**

The Oval lighting was placed in a maintenance mode as the Shire of Halls Creek actively investigates and researches the funding of a new lighting system. This was achieved to a high standard with almost all lighting refurbished or replaced. Ongoing work will continue on the project.

#### **6.4 Olabud Doogethu**

#### **Olabud Doogethu Project**

The Olabud Doogethu [OD] Project (English translation of Kriol – "everyone together") can be described more accurately as a long term "process" rather than a "project". The initial consultative process provided a legitimate and culturally strong pathway for interested, caring, engaged Indigenous Elders, representatives and all community members from each remote community in the Shire of Halls Creek to gather together, yarn and decide upon priorities for change and action for their community.

This project is the result of 18 months of community co-design with 11 Aboriginal communities within the Shire of Halls Creek, in WA's East Kimberley region. It uses the models of Justice Reinvestment, Collective Impact, and Asset Based Community Development to deliver a comprehensive plan for change. Olabud Doogethu place based community driven and culturally secure solution to reduce Aboriginal incarceration, and promote better social and economic outcomes for the people of Halls Creek.

#### **Intensive Case Managements**

Olabud Doogethu [OD] Intensive Case Management [ICM] is under the umbrella of the Shire of Halls Creek and hosts a unique service for 'youth at risk' who have been referred to this program from supporting agencies such as the Western Australian Police Force, the Department of Corrections and the Department of Child Protection and Family Support. Youth are engaged in the program through a series of pro-social activities aimed at redirecting adverse behaviours and providing young people with an alternative to negative personal environments. Services deliver brokerage and case management and include assessment, referral, care planning and casework to address the income, health, mental health, social support, housing, justice, education, employment and training needs of engaged young clients.

#### **Youth Engagement Night Officers**

The Shire of Halls Creek, through the Olabud Doogethu Project, has employed a team of Youth Engagement Night Officers to provide monitoring and safety for Halls Creek youth and community members during the late evening and early morning hours. The team is sourced from respected members of the local community. The team works during the hours of 9pm-4am nightly and patrols the main business district of Halls Creek, engaging youth who may be on the streets during these hours.

#### **Parent Support Officers**

Parent Support staff work in collaboration with the night team to identify those individuals whose night presence and anti-social street behaviour fall into a critical category. Each Day Officer works intensely with two clients and their families. This means 12 hours per client, per

week. These Officers employ mentorship and intervention techniques with the client, whilst providing families with strategies and support in curbing the anti-social behaviours of the young person.

#### **Family Justice Panel Coordinators**

Family Justice Panel Coordinator to design, develop and implement community-led solutions to traditional youth justice issues. This Coordinator works directly with the young offender, and a panel comprised of both community members and family. The panel works towards establishing a set of restorative outcomes that are directly proportionate to the offence committed.

#### **Remote Youth Engagement Workers**

The Olabud Doogethu Project employs a team of six Youth Engagement Officers in the remote communities of Mulan, Ringer Soak and Billiluna. This team is comprised of local Indigenous staff with knowledge of their community. The role of the Youth Engagement Worker is to provide recreational leisure activities to the youth demographic within their specific community.

#### **Learning on Country Coordinator**

The Shire of Halls Creek's OD project is directly responding to the need for cultural based learning in Halls Creek and its satellite remote communities through the employment of a team of place-based Learning on Country Coordinators (LoC) in Mulan, Billiluna and Yardgee.

#### Free entry into Halls Creek Aquatic Centre

Recognising these significant health benefits, the Shire of Halls Creek encourage use of the municipal pool by offering free entry to the Aquatic and Recreation Centre across all hours of operation for all members of the public. This opportunity was created by a shift to solar electricity at the Aquatic Centre. Multiple research studies have substantiated a link between municipal swimming pool use and positive health benefits in remote Indigenous communities including health and wellbeing benefits such as skin, eye and ear health (reduction of infections), pro-social community activity, opportunity for safe and supervised exercise, access to stimulating activities to reduce boredom.

#### **Junior Football Program**

The Shire of Halls Creek, with assistance from the West Australian Football Commission, have partnered with the two Halls Creek based football clubs, the Yardgee Dockers and the Halls Creek Hawks, to provide a junior football initiative to Halls Creek youth under the age of 15. Both clubs held junior football training on Monday and Wednesday during the season - with games being played Saturday morning before the East Kimberley Football League fixtures.

#### **Co-Funding Youth Hub**

Wunan, the Shire of Halls Creek and the Olabud Doogethu Project have entered a Memorandum of Understanding [MOU] to ensure an ongoing commitment to youth recreation in Halls Creek through the continued service provision of a youth Centre facility. The Youth Hub is operated by Wunan, the Youth Hub operates from the Halls Creek Aquatic and Recreation Centre, 3 - 4 sessions per week from 3pm to 9pm.

#### **6.5 Economic Development**

#### **Traineeships**

The Shire of Halls Creek (SoHC) Community Strategic Plan and Workforce Plan have for many years identified local employment as one of the highest priorities for the Shire to achieve. The difficulty lies in transitioning school leavers with the skills, qualifications and work experience that will allow them to qualify for Shire jobs on merit when the jobs become available.

This traineeship programs aims improve the probability of work placement locally with the Shire. The Shire cannot afford expanding staff numbers, but a completed 12-month traineeship greatly improves the chances of local persons when employment becomes available either at the Shire or with other employers in the region.

The SoHC promise guaranteeing young adults finishing Year 12, a 12-month traineeship, is a way of cementing action that will deliver a completely different focus. Traineeships for individuals are targeted towards the interest of each person, which greatly improves their employment possibilities later. The Shire goal becomes specific, it can be measured, applied immediately and is eminently achievable.

This 'Local Employment Plan' has an array of benefits for the wider SoHC community. It makes a firm and long-term commitment to focus on local employment and delivers adequate trainee numbers for employment and education service providers to concentrate their resources. The trainees get work experience, induction into a small medium sized organisation; they develop their skills, knowledge and capabilities via training and provide a valuable contribution to the Shire's workforce.

The traineeship option provides a clear message to students and their families that an education has a purpose, and that jobs can be attainable and the jump from school to the workforce locally is possible. Traineeships also provide a foundation which requires stakeholders to work together to ensure the young adults finish school in the best possible position to start a traineeship or work, and that clarifies their roles. A year-long traineeship improves dramatically chances of future employment and provides real life work experience to start a career.

#### **Duncan and Tanami Road Funding**

After many years of lobbying and developing business cases for the upgrading of the Tanami Road and Duncan Road the Shire has been rewarded with a double win late in the 2018-2019 financial year. In April the Federal Government announced \$75 million to be spent on the Alice Springs to Halls Creek Corridor and in the WA State Budget that was released in May the government announced \$51 million towards the Duncan and Ringer Soak Roads and \$42.7 million to upgrade the Tanami Road. These upgrades are planned to start in the 2019-2020 financial year initially on the Duncan and Ringer Soak Roads. There are many busy and exciting years ahead for the Shire as well as great opportunities for local people and businesses to get involved and benefit from this massive infrastructure spend.

#### Halls Creek Outdoor Art & Culture Project

The 2018-2019 financial year saw the great collaborative work between Yarliyil Art Centre and the Shire of Halls Creek continue with the ongoing 'Halls Creek Outdoor Art and Culture Project'. This year's new art installations included:

- 2 new bonnets on the cage at Halls Creek Travel and Tourism
- 6 new bonnets around the entrance to the football oval
- A new bonnet at the entrance to the Aquatic Centre
- A new bonnet at the Halls Creek Rubbish Tip
- 6 new artworks and plaques on Yarliyil Art Centre fence as part of the outdoor museum

Late in the 2018-2019 financial year the Shire of Halls Creek was successful in the receipt of a Regional Economic Development Grant application that will be completed during the 2019-2020 financial year. This will be a great addition to the now well established 'Halls Creek Outdoor Art and Culture Project' with 10 new artworks at Old Halls Creek, 15 new bonnets on the football oval fence, a new mural/sign for the front of the Aquatic Centre and another 20 murals/reproductions around Halls Creek.

#### **Tidy Town Award**

Congratulations to Halls Creek for winning the General Appearance State Award in the Tidy Towns Sustainable Communities Awards 2018.

This award recognises the consistently great work that the Shire of Halls Creek Town Crew does throughout the town plus the pride and respect the local community show for their lovely little central Kimberley town.

The award also recognises the collaborative work done between the Shire of Halls Creek, Yarliyil Art Centre and various community groups with the ongoing 'Halls Creek Outdoor Art and Culture Project'. As stated by the Tidy Towns Judges "This ongoing art project showcases sustainable practise at its best, by using recycled bins and bonnets and engaging local artists to instil community pride and ownership. The artworks have potential to change the visual townscape and surrounds, provide tourist information to visitor spots and to change people's perceptions of Halls Creek. As reported a trickle effect is taking place with other communities commissioning artists to create painted car bonnets for their communities."

Cr Edwards said "It is wonderful to see Halls Creek win the State Tidy Town Award. This award is recognition of the fantastic ongoing hard work of the Shire Town Crew. The award is also a fitting reward for the collaborative work between Yarliyil Art Centre and the Shire with the Halls Creek Outdoor Art and Culture Project".

#### STATUTORY REPORTS

#### 7.0 Plan for the Future

Section 5.53(e) of the Local Government Act 1995 prescribes that a Local Government in its Annual Report is to contain an overview of the plan for the future of the district made in accordance with section 5.56; including major initiatives that are proposed to commence or continue in the next financial year.

#### 7.1 Planned initiatives and projects

The Shire of Halls Creek has a number of Capital projects and initiatives planned for the coming year, these initiatives have been adopted in the budget for 2019/20.

Priority Projects	Funded	Benefits to the community
LAW, ORDER AND PUBLIC		
SAFETY		7
Dog Pound	Reserve	Improved community facility
Multi-Purpose Fire Trailer	Reserve	Improved Firefighting capability at the tip
COMMUNITY AMENITIES		
Pet Cemetery	Reserve	Service to community for pet burials
Pegs	Reserve	Improved order and cemetery layout
Memorial Hall	Reserve	Additional burial option for community
GIS	Reserve	Improved planning capability
RECREATION & CULTURE		
Civic Hall Power Board	Council Funded	Upgrade to facility
Hydro Slide	Partially Funded	Increase attendance at the pool and the number of children bathing in chlorinated water leading improved community health.
TRANSPORT		
Tanami Road	Part Funded	Improved access and safer roads
Gordon Downs Road	Part Funded	
Duncan Road	Part Funded	
Footpaths	Council Funded	Improved community access
Signs for Depot	Part Funded	Improved Road safety through signage
AIRPORT		
Airport Upgrades		Improved drainage and emergency services access
PLANT PURCHASES		
Vehicle purchases (2	Plant Reserve	Continual vehicle upgrade programme
Rangers)		to replace aging vehicles in the fleet.
Vehicle purchases (Enviro		This will also reduce servicing,
Health)		maintenance and fuel consumption,
Vehicle Purchases x 2		thus saving the Shire in operating
(Olabud)		costs.
Vehicle Purchases x 2		
(Admin)		
Road Sweeper		Plant upgrade for Clean and tidy
Tractor		community
Rubbish Truck		

Loader Bucket Heavy Road Plant		Road upgrade and construction Improved local employment
OTHER PROPERTY AND SERVICES		
Staff Housing Safes, Furniture, Fittings, water treatment	Reserve	Increase Shire Asset security Improved Shire Assets
High pressure water gurnie Administration	Council Funded	Cleaner facilities
Civic Building – Storage	Reserve	
Training Room Computer Switches	Council Funded	Improved access to training and use of facility space
Shire Office Photocopier	Council Funded	Improve reliability of equipment and reduce operating costs.

#### Capex 2019/20 Notes

Photocopiers - \$25,000 has been set aside for the purchase of new printers to replace its existing ones which are unreliable and are expensive to maintain due to their age.

Computer Switches \$25,000 this is to replace IT switches and uninterrupted Power Supply which have either failed or nearing the end of their useable life. This improves reliability and performance of the network.

Vehicles x 2 Rangers - \$164,000 to replace the two ranger vehicles including fit out with cages and equipment storage. Existing vehicles are old and expensive to maintain.

Vehicle x 2 Olabud Doogethu -\$110,000 replacement vehicles for existing ones which are old expensive to maintain and lack modern safety features.

2 x Works Contractor Vehicles (funded from heavy road plant total of 5.5 Mill) - \$126,000 new vehicles to service Duncan & Gordon Downs Road and Tanami Road projects.

#### 7.2 Freedom of Information Statement

The Western Australian *Freedom of Information Act 1992* (the FOI Act) gives you the right to apply for access to documents held by State Public Sector agencies which includes: Government Departments; Local Authorities; Statutory Authorities and Ministers.

Agencies are required to assist the public obtain access to documents at the lowest reasonable cost, and to ensure that personal information held is accurate, complete, up to date and not misleading. Your right to apply is not affected by any reasons you have for wishing to obtain access, or the agency's belief as to what your reasons are for applying.

#### **Information Statement**

The Information Statement published by the Shire of Halls Creek in accordance with the requirements of the Freedom of Information Act 1992. It is a requirement that the Shire prepare and publish an annual Information Statement outlining the means to access information, the types of information held by the Shire and if that information:

- Is Open Access information that is readily available? If it is, the statement will advise where and how you can source the information;
- Can be disclosed to you through 'informal release'. For example, where no third party personal information is involved; or

 Requires a 'formal access application'. For Example, when consultation with a third party is required.

The Information Statement includes information regarding the Shire's mission, structure, decision making functions and legislation administered, as well as documents held by the Shire and outlines the procedure for Freedom of Information (FOI) applications.

How to make a Freedom of Information Application to the Shire of Halls Creek:

- Apply in writing to the Chief Executive Officer, who acts as the FOI Coordinator.
- The FOI Coordinator will assist you if necessary. No special forms are required a letter will do.
- Identify or describe the documents concerned, or if you apply for amendment of
  personal information about yourself you must provide details to show how or why the
  agency's records are inaccurate, incomplete, out of date or misleading. If you ask for
  'everything' on a particular subject, the Shire may help you narrow the scope of your
  application to ensure that the work involved is reasonable.
- Provide an address in Australia where notices can be sent. If possible, include your telephone number/fax number/email address as this will help Shire staff to contact you if necessary, to assist in your application being dealt with efficiently.
- Pay an application fee of \$30 if the documents contain non-personal information. No fee is payable for access to personal information about yourself.

#### 7.3 Costs

No fees or charges apply for information relating to personal information or the amendment of personal information. All other applications are subject to the prescribed application fee.

 A prescribed fee of \$30 will be applicable upon submission of the application in order for the Information Coordinator to begin the document assessment process. The identified documents will then be reviewed to determine if any exemptions apply. The response to the original application must be provided to the applicant in the shortest possible time (or within 45 days) at the lowest reasonable cost.

#### **Schedule of Fees**

No Fee
\$30.00
\$30.00
\$30.00
\$30.00
\$0.20
\$30.00
Actual Cost
Actual Cost

An estimate of charges will be provided if the cost is expected to exceed \$25.00. For financially disadvantaged applicants of those issued with prescribed pensioner concession cards, (apart from the application fee) the charge payable is reduced by 50%.

#### **Deposits**

- An advance deposit may be required in respect of the estimate charges of 25%
- Further advance deposit may be required to meet the charges for dealing with the application of 75%

#### 7.4 Reviews

If you disagree with a decision made on your FOI application, you can ask for that decision to be reviewed by someone else in the Shire. You must apply within 30 days of receiving the notice of decision from the Shire.

Within 15 days the Shire will advise you in writing of the outcome of the review, as well as your right to lodge a complaint with the Information Commissioner for an external review of the Shire's decision.

After internal review, if you still disagree with the Shire's decision, you can lodge a complaint with the Information Commissioner. If you make a complaint to the Information Commissioner, the complaint must:

- Be in writing and include your address.
- Give particulars of the decision to be reviewed including details of the part, or parts, of the decision you want the Commissioner to review.

Include a copy of the notice of decision sent to you by the Shire - this is the written notice of decision provided to you following the Shire's internal review.

#### 7.5 Summary of FOI Requests received in the Year Ended 30 June 2019

For the year ended 30 June 2019, the Shire of Halls Creek had (1) one FOI application which was responded to and information required within the required time.

Date: 10 April 2019

Name: MinterEllison

Address: Level 4 Allendale Square

77 George Street Perth WA 6770

Request: Planning approvals for the following properties:

- Lot 70 on DP 221149 being the whole of the land in Certificate of Title Volume LR3010 Folio 687.
- Lot 72 on DP 238034 being the whole of the land in Certificate of Title Volume LR3010 Folio 707.
- Lot 73 on DP 238034 being the whole of the land in Certificate of Title Volume LR3010 Folio 712.
- Lot 500 on DP 65856 being the whole of the land in Certificate of Title Volume LR3024 Folio 572.
- Lot 1523 on DP 66811 being the whole of the land in Certificate of Title Volume LR3024 Folio 573.

 Lot 127 on DP 40336 being the whole of the land in Certificate of Title Volume LR3136 Folio 30.

#### 7.6 Register of Complaints

The Local Government Act 1995 s5.121 requires the complaints officer of the Local Government to maintain a register of complaints which records all complaints that result in action under the Local Government Act s5.121 (6)(b) or (c).

The register of complaints is to include, for each recorded complaint:

- Name of Council Member
- About whom the complaint is made;
- Name of the person who makes the complaint;
- A description of the minor breach that the Standards Panel finds has occurred; and
- Details of the action taken under LGA s5.110 (6)(b) or (c).

In the financial year ending 30 June 2019 no complaints were entered into the Register of Complaints under Section 5.121 of the Local Government Act 1995.

#### 7.7 Annual Salaries

It is a requirement of the Local Government Act 1995, and related Administration Regulations, that the number of employees entitled to an annual salary of \$100,000 or more per annum, are disclosed in the Annual Report in bands of \$10,000. This information is set out below.

Salary Range \$	2017/18	2018/19
100,000 - 110,000	1	2
110,000 - 120,000	3	1
120,000 - 130,000	0	2
130,000 - 140,000	3	2
190,000 - 200,000	0	1
230,000 - 240,000	1	0
250,000 - 260,000	0	0

#### 7.8 Staff Summary

	2018/19
Number of Full Time Staff	
(employed)	39
Total Number of Staff	74
% Male	65%
% Female	35%
% Indigenous Staff	48.6%

#### 7.9 National Competition Policy

The National Competition Policy is a set of competition enhancing principles agreed to by the State and Federal Governments in 1995.

The intention of the policy is to promote competition for the benefit of businesses, consumers and the economy by eliminating any advantage received by government as a result of public sector ownership. The result should be a more 'level playing field' between the public and private sectors.

All governments with business activities that generate in excess of \$200,000 per annum of user-pays income must assess these activities and, if necessary, introduce measures to eliminate any net advantages that may have arisen because of the public ownership of the activities.

During 2018-2019 financial year, the Shire of Halls Creek did not have any significant business activities that met this criterion, and is not required to complete this assessment. The Shire is committed to ensuring full compliance with the principles of the National Competition Policy, and therefore monitors its business activities accordingly.

#### 7.10 Review of Local Laws

The Local Government Act 1995 requires that the Local Laws be reviewed every 8 years. All the Shire local laws, except the health local law, have been reviewed in the past 3 years. These include the Cemeteries Local Law 2015, the Dogs Local Law 2015 and the Public Places and Local Government Property Local Law 2017. The Shire also gazetted two new local laws, these being the Standing Orders Local Law 2015 and the Fencing Local Law 2017. The review of the Health Local Law is awaiting the 5th Stage of implementation for the New Public Health Act 2016. Shire local laws can be accessed at the Shire of Halls Creek website.

Local Law Reviewed	Action (unchanged, re- pealed or amended)
<b>Cemeteries Local Law 2015</b>	Unchanged
Dogs Local Law 2015	Unchanged
Standing Orders Local Law 2015	Unchanged
Local Government Act Local Law 2002	Repealed
Local Government Property Local Law 2017	Unchanged
Fencing Local Law 2017	Unchanged
Health Local Law 2002	Unchanged and due for review

#### 7.11 Disability Services Act

It is a requirement of the WA Disability Services Act that all local government authorities develop and implement a Disability Access and Inclusion Plan (DAIP) that outlines the ways in which the authority will ensure that people with disabilities have equal access to its facilities and services.

The Shire adopted its first Disability Service Plan (DSP) in December 1995 to address the barriers within the community for people with disabilities and to address its statutory requirements under the WA Disability Services Act (1993).

An updated DAIP was developed in 2004 following consultation with the community. In 2008, the Shire undertook to review its DAIP, consult with stakeholders and draft a new Disability Access and Inclusion Plan to guide further improvements to access and inclusion and meet the requirements of the amended WA Disability Services Act.

The Shire contracted an independent disability consultancy firm, E-QUAL, to review existing documentation, conduct the consultation and draft a DAIP for the Shire. The Disability Access and Inclusion Draft Plan received input from individuals and groups in the community.

As required by the WA Disability Services Act, the Shire is required to review the progress of the DAIP, to compare proposed outcomes to achievements. A review was completed and submitted to the Disability Services Commission before being endorsed by Council at the Ordinary Council Meeting in February 2018.

The following 7 are outcomes are the focus of the SoHC Disability Access and Inclusion Plan.

**Outcome 1:** 'People with disability have the same opportunities as other people to access the services of, and any events organised by, a public authority.'

**Outcome 2:** 'People with disability have the same opportunities as other people to access the buildings and other facilities of a public authority'.

**Outcome 3:** 'People with disability receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it'.

**Outcome 4**: 'People with disability receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority'.

**Outcome 5:** 'People with disability have the same opportunities as other people to make complaints to a public authority'.

**Outcome 6:** 'People with disability have the same opportunities as other people to participate in any public consultation by a public authority'.

**Outcome 7:** 'People with disability have the same opportunities as other people to obtain and maintain employment with a public authority'.

#### **Outcomes Completed**

Disability Access and Inclusion initiatives planned and undertaken during 2018/19 linked to Outcomes:

Outcome Area	No. of Initiatives	Initiatives Progresses
General Services and events	6	2
Building and facilities	5	3
Information and Communication	6	5
Level and quality of service	3	2
Complaints	4	1
Consultation	3	1
Employment	4	1

#### 7.12 Council Meetings Held

In 2018/19, Council held 11 Ordinary Council meetings, 2 Special Council Meeting, 1 General Electors meeting and 1 Audit Committee meeting.

Elected member	Ordinary Council Meeting (11)	Special Council Meeting (3)	General Electors Meeting (1)	Audit Committee (1)
Cr Edwards (President)	11	2	1	1
Cr Loessl (Deputy)	10	2	1	1
Cr Bedford	9	1	1	*NA
Cr B. Edwards	10	2	1	*NA
Cr O'Neil	11	1	1	1
Cr Perkins	9	1	1	1
Cr Stretch	10	0	1	*NA

<sup>\*</sup>NA - Councillor not a representative of Committee.

#### 7.13 Council Committees

Other than the Audit Committee which has been delegated by the Council to meet annually with the Shire of Halls Creek's Auditors, all remaining Committees have no standing delegations and decision-making authority. Their meetings are therefore closed to the public, with decision being made by the Council.

#### 7.14 Records Management and the State Records Act 2000

The Shire of Halls Creek maintains a Recordkeeping Plan approved by the State Records Commission in 2014, as required under the State Records Act. It is also a requirement of the Commission that the Shire includes information about the Shire's records management in its Annual Report.

A review of the Recordkeeping Plan was completed and submitted to the State Records Office in March 2019 along with a risk management plan. The review was approved by State Records in August 2019. The review sets out various improvements to be made to the management of the Shire's record, with the actions and to be implemented and reported back to State Records by April 2020. This will ensure best practice is followed in managing the Shire's records.

# 8. Audited Annual Financial Report

The following pages constitute the Shire of Halls Creek Financial Reporting for the year ending 30 June 2019. The Audited Annual Financial report is provided as (Appendix 1) to this report.

# **APPENDIX 1**

#### SHIRE OF HALLS CREEK

#### **FINANCIAL REPORT**

#### FOR THE YEAR ENDED 30TH JUNE 2019

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#### **COMMUNITY VISION**

The Vision for the Shire of Halls Creek is that the town and remote communities are economically diverse, caring and proactive with a strong sense of responsibility and pride.

Principal place of business: 7 Thomas Street Halls Creek WA 6770

# SHIRE OF HALLS CREEK FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2019

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

#### STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the	5774	day of	DECEMBER	2019
			NoelMho	
			Noel Mason Chief Executive Office	r

# SHIRE OF HALLS CREEK STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE FOR THE YEAR ENDED 30TH JUNE 2019

		2019	2019	2018
	NOTE	Actual	Budget	Actual
		\$	\$	\$
Revenue				
Rates	23(a)	2,515,642	2,360,237	2,288,935
Operating grants, subsidies and contributions	2(a)	8,732,764	5,762,705	8,509,147
Fees and charges	2(a)	1,567,753	1,435,948	1,521,591
Service charges	23(b)	4,160	3,950	4,077
Interest earnings	2(a)	258,563	147,500	181,263
Other revenue	2(a)	208,772	86,404	203,693
		13,287,654	9,796,744	12,708,706
Formula				
Expenses Employee costs		(4,271,552)	(4,593,862)	(4,205,152)
Materials and contracts		(4,860,111)	(5,494,451)	(5,876,424)
Utility charges		(554,271)	(531,335)	(523,234)
Depreciation on non-current assets	11(c)	(5,001,553)	(3,929,100)	(6,278,697)
Interest expenses	2(b)	(65,078)	(61,853)	(73,885)
Insurance expenses	_(~)	(339,257)	(349,022)	(325,747)
Other expenditure		(448,447)	(664,353)	(422,949)
		(15,540,269)	(15,623,976)	(17,706,088)
		(2,252,615)	(5,827,232)	(4,997,382)
Non-operating grants, subsidies and contributions	2(a)	1,386,491	1,967,912	2,492,066
Profit on asset disposals	11(a)	0	14,700	40,082
(Loss) on asset disposals	11(a)	0	(7,302)	(14,862)
(Loss) on assets expensed	9, 10	(111,821)	0	0
		1,274,670	1,975,310	2,517,286
Net result for the period		(977,945)	(3,851,922)	(2,480,096)
Other comprehensive income				
Other comprehensive income				
Items that will not be reclassified subsequently to prof	it or loss			
Changes in asset revaluation surplus	12	246,586	0	16,442,177
Total other comprehensive income for the period		246,586	0	16,442,177
Total comprehensive income for the period		(731,359)	(3,851,922)	13,962,081
. Star comprehensive modific for the period		(101,000)	(0,001,022)	. 3,302,001

# SHIRE OF HALLS CREEK STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM FOR THE YEAR ENDED 30TH JUNE 2019

		2019	2019	2018
	NOTE	Actual	Budget	Actual
		\$	\$	\$
Revenue	2(a)			
General purpose funding	` '	7,097,993	4,509,817	6,659,595
Law, order, public safety		5,243	11,000	7,226
Health		286,696	287,969	305,503
Education and welfare		1,396,344	984,069	1,122,336
Housing		197,633	190,713	186,357
Community amenities		602,230	462,000	502,548
Recreation and culture		244,264	179,365	197,766
Transport		2,024,893	2,041,007	2,431,019
Economic services		992,560	786,800	805,553
Other property and services		439,798	344,004	490,803
		13,287,654	9,796,744	12,708,706
	- 4 >			
Expenses	2(b)	4		
Governance		(740,399)	(711,861)	(637,906)
General purpose funding		(350,455)	(337,403)	(244,890)
Law, order, public safety		(515,464)	(398,145)	(387,584)
Health		(514,771)	(543,912)	(555,683)
Education and welfare		(1,087,555)	(1,086,875)	(1,160,871)
Housing		(145,430)	(129,187)	(9,121)
Community amenities		(1,140,333)	(1,276,817)	(1,055,491)
Recreation and culture		(1,921,118)	(2,053,561)	(1,847,554)
Transport		(6,527,277)	(5,914,765)	(9,160,252)
Economic services		(1,722,005)	(1,742,630)	(1,829,809)
Other property and services		(810,384)	(1,366,967)	(743,042)
		(15,475,191)	(15,562,123)	(17,632,203)
Finance Costs	2(b)			
Housing	` ,	(65,078)	(61,853)	(73,885)
-		(65,078)	(61,853)	(73,885)
		(2,252,615)	(5,827,232)	(4,997,382)
Non-operating grants, subsidies and				
contributions	2(a)	1,386,491	1,967,912	2,492,066
Profit on disposal of assets	11(a)	0	14,700	40,082
(Loss) on disposal of assets	11(a)	0	(7,302)	(14,862)
(Loss) on assets expensed	9,10	(111,821)	0	0
		1,274,670	1,975,310	2,517,286
Net result for the period		(977,945)	(3,851,922)	(2,480,096)
Other comprehensive income				
Items that will not be reclassified subsequently to profit or lo	oss			
Changes in asset revaluation surplus	12	246,586	0	16,442,177
Total other comprehensive income for the period		246,586	0	16,442,177
Total comprehensive income for the period		(731,359)	(3,851,922)	13,962,081

	NOTE	2019	2018
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	6,310,714	8,657,533
Trade receivables	5	587,161	942,257
Other financial assets at amortised cost	8	5,000,000	0
Inventories	6	88,419	132,074
Other current assets	7	67,559	8,230
TOTAL CURRENT ASSETS		12,053,853	9,740,094
NON-CURRENT ASSETS			
Trade receivables	5	11,168	9,970
Property, plant and equipment	9	33,433,634	34,347,664
Infrastructure	10	86,575,704	88,249,185
TOTAL NON-CURRENT ASSETS		120,020,506	122,606,819
TOTAL ASSETS		132,074,359	132,346,913
CURRENT LIABILITIES			
Trade and other payables	13	1,278,437	581,425
Borrowings	14	107,719	78,252
Employee related provisions	15	469,246	627,909
TOTAL CURRENT LIABILITIES		1,855,402	1,287,586
NON-CURRENT LIABILITIES			
Borrowings	14	805,131	912,851
Employee related provisions	15	118,495	119,786
TOTAL NON-CURRENT LIABILITIES		923,626	1,032,637
TOTAL LIABILITIES		2,779,028	2,320,223
NET ASSETS		129,295,331	130,026,690
EQUITY			
Retained surplus		27,605,418	31,473,000
Reserves - cash backed	4	8,432,264	5,542,627
Revaluation surplus	12	93,257,649	93,011,063
TOTAL EQUITY	12	129,295,331	130,026,690
TO THE ENOTE I		120,200,001	100,020,030

		RETAINED	RESERVES CASH	REVALUATION	TOTAL
	NOTE	SURPLUS	BACKED	SURPLUS	<b>EQUITY</b>
		\$	\$	\$	\$
Balance as at 1 July 2017		35,062,378	4,433,345	76,568,886	116,064,609
Comprehensive income  Net result for the period		(2,480,096)	0	0	(2,480,096)
Other comprehensive income	12	0	0	16,442,177	16,442,177
Total comprehensive income	_	(2,480,096)	0	16,442,177	13,962,081
Transfers from/(to) reserves		(1,109,282)	1,109,282	0	0
Balance as at 30 June 2018	_	31,473,000	5,542,627	93,011,063	130,026,690
Comprehensive income  Net result for the period		(977,945)	0	0	(977,945)
Other comprehensive income	12	0	0	246,586	246,586
Total comprehensive income	_	(977,945)	0	246,586	(731,359)
Transfers from/(to) reserves		(2,889,637)	2,889,637	0	0
Balance as at 30 June 2019	_	27,605,418	8,432,264	93,257,649	129,295,331

		2019	2019	2018
	NOTE	Actual	Budget	Actual
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		*	•	•
Receipts				
Rates		2,407,630	2,560,237	2,217,485
Operating grants, subsidies and contributions		9,103,026	6,262,705	8,141,485
Fees and charges		1,567,753	1,435,948	1,521,591
Service charges		4,160	3,950	4,077
Interest received		258,563	147,500	181,263
Goods and services tax received		260,617	0	173,940
Other revenue		208,772	86,404	203,693
Cities revenue		13,810,521	10,496,744	12,443,534
Payments		-,,-	-,,	, -,
Employee costs		(4,478,111)	(4,443,862)	(4,285,020)
Materials and contracts		(4,119,113)	(5,344,451)	(5,529,373)
Utility charges		(554,271)	(5,344,431)	(523,234)
Interest expenses		(78,133)	(61,853)	(79,937)
·		(339,257)	,	,
Insurance paid		` '	(349,022)	(325,747)
Goods and services tax paid		(168,969)	(664,353)	(231,375)
Other expenditure		(448,447)	(44.004.070)	(422,949)
Not each provided by (your in)		(10,186,301)	(11,394,876)	(11,397,635)
Net cash provided by (used in)	16	2 624 220	(909 133)	1 045 000
operating activities	16	3,624,220	(898,132)	1,045,899
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of				
property, plant & equipment	9 (a)	(131,175)	(445,500)	(620,621)
Payments for construction of infrastructure	10 (a)	(2,148,102)	(3,004,016)	(2,469,663)
Net proceeds from financial assets at amortised cost	8	(5,000,000)	0	0
Non-operating grants,		( , , ,		
subsidies and contributions	2 (a)	1,386,491	1,967,912	2,492,066
Proceeds from sale of property, plant & equipment	11	0	65,400	225,255
Net cash provided by (used in)			22,122	
investment activities		(5,892,786)	(1,416,204)	(372,963)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	14 (b)	(78,253)	(78,252)	(53,426)
Not each manifold by (wood In)				
Net cash provided by (used In)		(70.050)	(70 0E0\	(F2 420)
financing activities		(78,253)	(78,252)	(53,426)
Net increase (decrease) in cash held		(2,346,819)	(2,392,588)	619,510
Cash at beginning of year		8,657,533	8,507,519	8,038,023
Cash and cash equivalents		.,,,,,,,,,	-,,	-,,
at the end of the year	16	6,310,714	6,114,931	8,657,533
	. 5	0,010,111	5,,001	3,007,000

		2019	2019	2018
	NOTE	Actual	Budget	Actual
		\$	\$	\$
OPERATING ACTIVITIES	24 (1)	0.040.040	0.045.000	0.050.004
Net current assets at start of financial year - surplus/(deficit)	24 (b)	3,616,042	3,915,086	3,958,084
		3,616,042	3,915,086	3,958,084
Bevenue from energting activities (evaluating rates)				
Revenue from operating activities (excluding rates)  General purpose funding		A 500 051	2 140 590	4 264 025
Law, order, public safety		4,582,351 5,243	2,149,580 11,000	4,364,935 7,226
Health		286,696	287,969	305,503
Education and welfare		1,396,344	984,069	1,122,336
Housing		197,633	190,713	186,357
Community amenities		602,230	462,000	502,548
Recreation and culture		244,264	179,365	197,766
Transport		2,024,893	2,041,007	2,431,019
Economic services		992,560	786,800	805,553
Other property and services		439,798	358,705	530,885
Carlot property and convicce		10,772,012	7,451,208	10,454,128
Expenditure from operating activities		. 0,,0	.,,	10, 10 1, 120
Governance		(740,399)	(711,861)	(637,906)
General purpose funding		(350,455)	(337,403)	(244,890)
Law, order, public safety		(515,464)	(398,145)	(387,584)
Health		(522,971)	(543,912)	(555,683)
Education and welfare		(1,087,555)	(1,086,875)	(1,160,871)
Housing		(220,508)	(191,040)	(83,006)
Community amenities		(1,172,156)	(1,276,817)	(1,055,491)
Recreation and culture		(1,958,039)	(2,053,561)	(1,847,554)
Transport		(6,527,277)	(5,914,765)	(9,160,252)
Economic services		(1,723,105)	(1,742,630)	(1,829,809)
Other property and services		(834,161)	(1,374,268)	(757,904)
		(15,652,090)	(15,631,277)	(17,720,950)
Non-cash amounts excluded from operating activities	24(a)	4,952,222	3,921,702	6,165,791
Amount attributable to operating activities		3,688,186	(343,281)	2,857,053
INVESTING ACTIVITIES	<b>.</b> ( )			
Non-operating grants, subsidies and contributions	2 (a)	1,386,491	1,967,912	2,492,066
Proceeds from disposal of assets	11(a)	0	65,400	225,255
Purchase of property, plant and equipment	9(a)	(131,175)	(445,500)	(620,621)
Purchase and construction of infrastructure	10 (a)	(2,148,102)	(3,004,016)	(2,469,663)
Amount attributable to investing activities		(892,786)	(1,416,204)	(372,963)
FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(78,253)	(78,252)	(53,426)
Transfers to reserves (restricted assets)	4	(2,899,637)	(757,000)	(1,139,542)
Transfers from reserves (restricted assets)	4	10,000	234,500	30,260
Amount attributable to financing activities		(2,967,890)	(600,752)	(1,162,708)
Surplus/(deficit) before imposition of general rates		(172,490)	(2,360,237)	1,321,382
Total amount raised from general rates	23	2,515,642	2,360,237	2,294,660
Surplus/(deficit) after imposition of general rates	24(b)	2,343,152	0	3,616,042

#### 1. BASIS OF PREPARATION

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

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

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

#### CRITICAL ACCOUNTING ESTIMATES

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

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

#### THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

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

#### 2. REVENUE AND EXPENSES

#### (a) Revenue

#### **Grant Revenue**

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

·	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
General purpose funding	4,262,841	1,951,475	4,147,411
Health	254,019	256,669	248,253
Education and welfare	1,389,583	984,069	1,118,713
Recreation and culture	51,320	46,618	54,713
Transport	1,991,010	2,012,874	2,338,388
Economic services	533,111	289,000	337,562
Other property and services	250,880	222,000	264,107
	8,732,764	5,762,705	8,509,147
Non-operating grants, subsidies and contributions			
Law, order, public safety	0	0	122,125
Education and welfare	0	5,000	0
Community amenities	0	0	124,816
Recreation and culture	0	325,500	246,543
Transport	1,386,491	1,637,412	1,998,582
	1,386,491	1,967,912	2,492,066
Total grants, subsidies and contributions	10,119,255	7,730,617	11,001,213

#### SIGNIFICANT ACCOUNTING POLICIES

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

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

**Grants, donations and other contributions (Continued)** a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 22. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

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

	2019	2019	2018	
(a) Revenue (Continued)	Actual	Budget	Actual	
	\$	\$	\$	
Significant revenue				
2018 Flood Relief reimbursement from WANDRRA	0	0	2,231,712	
Other revenue				
Reimbursements and recoveries	143,986	86,404	148,719	
Other	64,786	0	54,974	
	208,772	86,404	203,693	
Fees and Charges				
General purpose funding	2,896	24,000	13,798	
Law, order, public safety	4,913	10,700	6,026	
Health	32,677	31,300	57,251	
Education and welfare	73	0	0	
Housing	197,633	190,713	186,358	
Community amenities	594,731	462,000	502,548	
Recreation and culture	132,140	128,797	138,977	
Transport	33,883	28,133	92,630	
Economic services	432,786	487,300	453,006	
Other property and services	136,021	73,005	70,997	
	1,567,753	1,435,948	1,521,591	
There were no changes during the year to the amount of the fees or charges detailed in the original budget.				
Interest earnings				
Reserve accounts interest	136,106	85,000	92,139	
Rates instalment and penalty interest (refer Note 23(c))	75,341	42,000	60,897	
Other interest earnings	47,116	20,500	28,227	
	258,563	147,500	181,263	

#### SIGNIFICANT ACCOUNTING POLICIES

#### Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

#### Interest earnings (Continued)

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2019

### 2. REVENUE AND EXPENSES (Continued)

#### (b) Expenses

#### Significant expense

2018 Expenditure for flood damage subsequently reimbursed by WANDRRA

#### **Auditors remuneration**

- Audit of the Annual Financial Report
- Other services

#### **Interest expenses (finance costs)**

Borrowings (refer Note 14(b))

2019	2019	2018
Actual	Budget	Actual
\$	\$	\$
		0.000.077
0	0	2,602,377
45 500	05.000	00.007
45,500	25,000	23,207
0	15,000	14,597
45,500	40,000	37,804
65,078	61,853	73,885
65,078	61,853	73,885

3. CASH AND CASH EQUIVALENTS	NOTE	2019	2018
_		\$	\$
Cash at bank and on hand		4,810,714	4,857,533
Term deposits		1,500,000	3,800,000
		6,310,714	8,657,533
Financial assets at amortised cost - term deposits	8 (a)	5,000,000	0
'	( )	11,310,714	8,657,533
Comprises:			, ,
- Unrestricted cash and cash equivalents		2,033,487	2,993,625
- Restricted cash and cash equivalents		9,277,227	5,663,908
·		11,310,714	8,657,533
The following restrictions have been imposed by			, ,
regulations or other externally imposed requirements:			
Reserve accounts			
Leave Reserve	4	729,344	667,368
Computer Reserve	4	240,626	136,097
Office Redevelopment Reserve	4	909,521	795,251
Refuse Site Reserve	4	62,097	40,741
Airport Works	4	494,249	485,536
Plant Replacement	4	3,249,011	2,273,354
Staff Housing	4	854,285	515,043
Re-broadcasting	4	64,774	63,632
Aquatic	4	547,528	365,369
Energy Developments	4	101,940	90,319
Yarliyil Surplus	4	101,889	109,917
Mosquito Chemicals Reserve	4	2,000	0
Town Planning Development Reserve	4	1,075,000	0
		8,432,264	5,542,627
Other restricted cash and cash equivalents			
Unspent grants/contributions	22	518,655	121,281
Bonds and Deposits Held	26.	326,308	0
Total restricted cash and cash equivalents		9,277,227	5,663,908

#### SIGNIFICANT ACCOUNTING POLICIES

#### Cash and cash equivalents

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

#### Cash and cash equivalents (Continued)

and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

		2019	2019	2019	2019	2019	2019	2019	2019	2018	2018	2018	2018
		Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Actual
		Opening	Transfer	Transfer	Closing	Opening	Transfer	Transfer	Closing	Opening	Transfer	Transfer	Closing
4. RE	SERVES - CASH BACKED	Balance	to	(from)	Balance	Balance	to	(from)	Balance	Balance	to	(from)	Balance
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a)	Leave Reserve	667,368	61,976	0	729,344	667,368	10,235	0	677,603	556,988	110,380	0	667,368
(b)	Computer Reserve	136,097	104,529	0	240,626	136,098	102,087	0	238,185	15,804	120,293	0	136,097
(c)	Office Redevelopment Reserve	795,251	114,270	0	909,521	795,251	12,196	0	807,447	731,617	63,634	0	795,251
(d)	Refuse Site Reserve	40,741	21,356	0	62,097	40,741	20,625	0	61,366	20,360	20,381	0	40,741
(e)	Airport Works	485,536	8,713	0	494,249	485,536	7,446	0	492,982	476,653	8,883	0	485,536
(f)	Plant Replacement	2,273,354	975,657	0	3,249,011	2,273,355	434,863	(194,500)	2,513,718	1,636,018	637,336	0	2,273,354
(g)	Staff Housing	515,043	339,242	0	854,285	515,043	7,899	0	522,942	427,084	87,959	0	515,043
(h)	Re-broadcasting	63,632	1,142	0	64,774	63,632	976	0	64,608	62,089	1,543	0	63,632
(i)	Aquatic	365,369	182,159	0	547,528	365,369	155,603	0	520,972	280,148	85,221	0	365,369
(j)	Energy Developments	90,319	11,621	0	101,940	90,319	1,385	(40,000)	51,704	88,666	1,653	0	90,319
(k)	Yarliyil Surplus	109,917	1,972	(10,000)	101,889	109,916	1,686	0	111,602	137,918	2,259	(30,260)	109,917
(I)	Mosquito Chemicals Reserve	0	2,000	0	2,000	0	2,000	0	2,000	0	0	0	0
(m)	Town Planning Development Reserve	0	1,075,000	0	1,075,000	0	0	0	0	0	0	0	0
		5,542,627	2,899,637	(10,000)	8,432,264	5,542,628	757,000	(234,500)	6,065,128	4,433,345	1,139,542	(30,260)	5,542,627

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

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

	Name of Reserve	Anticipated date of use	Purpose of the reserve
(a)	Leave Reserve	Ongoing	To be used to fund long service leave and/or other significant payments that may be required upon termination of an employee.
(b)	Computer Reserve	Ongoing	To be used to fund the upgrade and/or replacement of the Shire's electronic and network operating system or any of the administrative or financial management computer operating programs.
(c)	Office Redevelopment Reserve	Ongoing	To be used for the extension/major re-development of the Administration office building and associated buildings.
(d)	Refuse Site Reserve	Ongoing	Funds to be set aside for the rehabilitation of the refuse site upon closure.
(e)	Airport Works	Ongoing	To be used to fund major operational or major capital works required at the Shire of Halls Creek Airport.
(f)	Plant Replacement	Ongoing	To be used for the purchase or major capital upgrade of plant items.
(g)	Staff Housing	Ongoing	To be used to fund the construction, renovation, development or purchase of residential housing and land utilised by the Shire of Halls Creek for the provision of staff housing.
(h)	Re-broadcasting	Ongoing	To be used to fund the upgrade, purchase or replacement of re-broadcasting equipment, for both television & radio, as per the Shire's re-broadcasting commitments.
(i)	Aquatic	Ongoing	To be used to fund any major repairs, upgrade, replacement or capital requirements for the Shire of Halls Creek Aquatic and Recreation Centre.
(j)	Energy Developments	Ongoing	To distribute monies to members or organisations in the Shire of Halls Creek (other than the Shire itself) to be used solely for not-for-profit projects or activates that benefit the community and in accordance with MOU between Shire of Halls Creek and EDL NGD (WA) PTY LTD.
(k)	Yarliyil Surplus	Ongoing	To be used for Yarilyil expenditure requirements.
(I)	Mosquito Chemicals Reserve	Ongoing	To build up adequate funds to take over funding for the control of mosquito borne diseases & nuisance from the Dept. of Health, in the near future. It is a preventive activity which aim to prevent mosquito populations and mosquito borne diseases being 'greater than normal'.
(m)	Town Planning Development Reserve	Ongoing	To conserve and enhance features of cultural, historical, environment and appropriate land use development and improve services and facilities for

(m) Town Planning Development Reserve

Ongoing

the community.

#### 5. TRADE RECEIVABLES

#### **Current**

Rates receivable
Sundry receivables
GST receivable
Allowance for impairment of receivables

#### Non-current

Pensioner's rates and ESL deferred

2019	2018
\$	\$
607,099	500,285
238,016	498,761
30,701	122,349
(288,655)	(179,138)
587,161	942,257
11,168	9,970
11,168	9,970

#### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other receivables

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

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

#### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 25.

### Previous accounting policy: Impairment of trade receivables

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

#### Classification and subsequent measurement

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

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

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

#### 6. INVENTORIES

#### Current

Stock on hand

The following movements in inventories occurred during the year:

#### **Carrying amount at 1 July**

Additions to inventory

Expensed

**Carrying amount at 30 June** 

2019	2018
\$	\$
88,419	132,074
88,419	132,074
132,074	223,892
164,619	209,745
(208,274)	(301,563)
88,419	132,074

#### SIGNIFICANT ACCOUNTING POLICIES

#### General

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

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

#### 7. OTHER ASSETS

#### Other current assets

Prepayments
Accrued Revenue

2019	2018
\$	\$
13,923	0
53,636	8,230
67,559	8,230

#### SIGNIFICANT ACCOUNTING POLICIES

#### Other current assets

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

8. OTHER FINANCIAL ASSETS	NOTE	2019	2018
		\$	\$
(a) Current assets			
Other financial assets at amortised cost		5,000,000	0
		5,000,000	0
Other financial assets at amortised cost			
- Financial assets at amortised cost - term deposits	3	5,000,000	0
		5,000,000	0

#### SIGNIFICANT ACCOUNTING POLICIES

#### Other financial assets at amortised cost

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

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

#### Impairment and risk

Information regarding impairment and exposure to risk can be found at

#### 9. PROPERTY, PLANT AND EQUIPMENT

#### (a) Movements in Carrying Amounts

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

	Land - freehold land	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	WIP	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	5,110,000	5,110,000	9,408,000	18,380,050	27,788,050	32,898,050	101,655	2,077,429	0	35,077,134
Additions	0	0	0	78,305	78,305	78,305	122,125	94,518	325,673	620,621
(Disposals)	0	0	0	0	0	0	0	(200,035)	0	(200,035)
Depreciation (expense)	0	0	(235,199)	(627,232)	(862,431)	(862,431)	(38,730)	(369,583)	0	(1,270,744)
Transfers	0	0	0	19,963	19,963	19,963	100,725	0	0	120,688
Carrying amount at 30 June 2018	5,110,000	5,110,000	9,172,801	17,851,086	27,023,887	32,133,887	285,775	1,602,329	325,673	34,347,664
Comprises: Gross carrying amount at 30 June 2018 Accumulated depreciation at 30 June 2018 Carrying amount at 30 June 2018	5,110,000 0 5,110,000	5,110,000 0 5,110,000	9,408,000 (235,199) 9,172,801	18,478,318 (627,232) 17,851,086	27,886,318 (862,431) 27,023,887	32,996,318 (862,431) 32,133,887	363,234 (77,459) 285,775	2,280,442 (678,113) 1,602,329	325,673 0 325,673	35,965,667 (1,618,003) 34,347,664
Additions	0	0	0	90,000	90,000	90,000	0	33,500	7,675	131,175
(Loss) on assets expensed (1)	0	0	0	(23,137)	(23,137)	(23,137)	(12,703)	(19,331)	(1,983)	(57,154)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	1,770	244,816	0	246,586
Depreciation (expense)	0	0	(235,199)	(632,974)	(868,173)	(868,173)	(70,950)	(295,514)	0	(1,234,637)
Carrying amount at 30 June 2019 Comprises:	5,110,000	5,110,000	8,937,602	17,284,975	26,222,577	31,332,577	203,892	1,565,800	331,365	33,433,634
Gross carrying amount at 30 June 2019	5,110,000	5,110,000	9,408,000	18,531,668	27,939,668	33,049,668	232,592	1,578,500	331,365	35,192,125
Accumulated depreciation at 30 June 2019	0	0	(470,398)	(1,246,693)	(1,717,091)	(1,717,091)	(28,700)	(12,700)	0	(1,758,491)
Carrying amount at 30 June 2019	5,110,000	5,110,000	8,937,602	17,284,975	26,222,577	31,332,577	203,892	1,565,800	331,365	33,433,634

<sup>(1)</sup> In accordance with Regulation 17A(5) of the Local Government (Financial Management) Regulations 1996, assets with a fair value below \$5,000 at the date of acquisition are to be excluded from the Shire's asset register effective from 1 July 2018. Assets acquired prior to this date with a fair value below \$5,000 at the date of acquisition have been expensed.

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#### 9. PROPERTY, PLANT AND EQUIPMENT (Continued)

#### (b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2 & 3	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2017	Price per hectare with reference to current zonings of land. Market values were used unless there were some restrictions or other factors associated with the land.
Buildings - non-specialised	2	Market approach using recent observable market data for similar assets	Independent registered valuer	June 2017	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2017	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2019	Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment	2 & 3	<ul><li>2 - Market approach using recent observable market data for similar assets 3 - Cost approach using depreciated replacement cost</li></ul>	Independent registered valuer	June 2019	Purchase costs and current condition (Level 2), residual values and remaining useful assessments (Level 3) inputs

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

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

# SHIRE OF HALLS CREEK NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2019

#### 10. INFRASTRUCTURE

#### (a) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Other	WIP	Total Infrastructure
	\$	\$	\$	\$
Balance at 1 July 2017	70,748,915	3,594,088	122,983	74,465,986
Additions	2,255,978	172,000	41,685	2,469,663
Revaluation increments / (decrements) transferred to revaluation surplus	14,166,204	2,275,973	0	16,442,177
Depreciation (expense)	(4,669,992)	(337,961)	0	(5,007,953)
Transfers	0	0	(120,688)	(120,688)
Carrying amount at 30 June 2018	82,501,105	5,704,100	43,980	88,249,185
Comprises:				
Gross carrying amount at 30 June 2018	82,501,105	5,704,100	43,980	88,249,185
Accumulated depreciation at 30 June 2018	0	0	0	0
Carrying amount at 30 June 2018	82,501,105	5,704,100	43,980	88,249,185
Additions	2,027,237	107,949	12,916	2,148,102
(Loss) on assets expensed (1)	0	(54,097)	(570)	(54,667)
Depreciation (expense)	(3,299,380)	(467,536)	0	(3,766,916)
Transfers	0	41,138	(41,138)	0
Carrying amount at 30 June 2019	81,228,962	5,331,554	15,188	86,575,704
Comprises:				
Gross carrying amount at 30 June 2019	84,528,342	5,784,087	15,188	90,327,617
Accumulated depreciation at 30 June 2019	(3,299,380)	(452,533)	0	(3,751,913)
Carrying amount at 30 June 2019	81,228,962	5,331,554	15,188	86,575,704

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.

(1) In accordance with Regulation 17A(5) of the Local Government (Financial Management) Regulations 1996, assets with a fair value below \$5,000 at the date of acquisition are to be excluded from the Shire's asset register effective from 1 July 2018. Assets acquired prior to this date with a fair value below \$5,000 at the date of acquisition have been expensed.

# SHIRE OF HALLS CREEK NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2019

#### 10. INFRASTRUCTURE (Continued)

#### (b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2018	Construction and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Other	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2018	Construction and current condition (Level 2), residual values and remanning 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.

#### 11 PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

#### SIGNIFICANT ACCOUNTING POLICIES

#### **Fixed assets**

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

### Initial recognition and measurement between mandatory revaluation dates

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

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

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

#### Revaluation

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

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

### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY Land under control

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

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

#### Land under roads

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

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

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

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

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

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

#### (a) Disposals of Assets

2019 2019 Actual Actual 2019 2019 **Net Book** Sale **Actual** Actual Value Proceeds Profit Loss 0 0

2019	2019			2018	2018		
Budget	Budget	2019	2019	Actual	Actual	2018	2018
<b>Net Book</b>	Sale	Budget	Budget	<b>Net Book</b>	Sale	Actual	Actual
Value	<b>Proceeds</b>	Profit	Loss	Value	Proceeds	Profit	Loss
\$	\$	\$	\$	\$	\$	\$	\$
58,002	65,400	14,700	(7,302)	200,035	225,255	0	25,220
58,002	65,400	14.700	(7.302)	200.035	225,255	0	25,220

Plant and equipment

#### (b) Fully Depreciated Assets in Use

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

Furniture and equipment Plant and equipment Infrastructure - Other

2019	2018
\$	\$
28,700	24,700
12,700	1,800
33,800	19,667
75,200	46,167

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

(c) Depreciation	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Buildings - non-specialised	235,199	319,294	235,199
Buildings - specialised	632,974	619,806	627,232
Furniture and equipment	70,950	30,000	38,730
Plant and equipment	295,514	250,000	369,583
Infrastructure - Roads	3,299,380	2,500,000	4,669,992
Infrastructure - Other	467,536	210,000	337,961
	5,001,553	3,929,100	6,278,697

#### SIGNIFICANT ACCOUNTING POLICIES

#### **Depreciation**

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

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

#### Depreciation rates

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

Asset Class	Useful life
Buildings	8 to 50 years
Furniture and Equipment	4 to 12 years
Plant and Equipment	2 to 16 years
Subgrade	not depreciated
Basecourse Unsealed	10 years
Basecourse Sealed	40 years
Reseal	15 years
Asphalt	25 years
Sand Seal	5 years
Culverts	80 years
Stock Grids	80 years
Footpaths Concrete	40 years
Footpaths Slabs	30 years
Footpaths Gravel	10 years
Floodways Unsealed	10 years
Floodways Sealed	30 years
Floodways Concrete	80 years

#### **Depreciation (Continued)**

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

- (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.

Following on from the revaluation of roads as at 30 June 2018, management has amended their estimate of depreciation charge by excluding depreciation on materials re-used in the construction of roads.

This has resulted in a lower depreciation charge for the year ended 30 June 2019.

# SHIRE OF HALLS CREEK NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2019

#### 12. REVALUATION SURPLUS

Revaluation Surplus - Land and Buildings Revaluation surplus - Furniture and equipment Revaluation surplus - Plant and equipment Revaluation surplus - Infrastructure - Roads Revaluation surplus - Infrastructure - Other

2019	2019	Total	2019	2018	2018	Total	2018
Opening	Revaluation	Movement on	Closing	Opening	Revaluation	Movement on	Closing
Balance	Increment	Revaluation	Balance	Balance	Increment	Revaluation	Balance
\$	\$	\$	\$	\$	\$	\$	\$
8,755,135	0	0	8,755,135	8,755,135	0	0	8,755,135
19,625	1,770	1,770	21,395	19,625	0	0	19,625
621,404	244,816	244,816	866,220	621,404	0	0	621,404
79,271,111	0	0	79,271,111	65,104,907	14,166,204	14,166,204	79,271,111
4,343,788	0	0	4,343,788	2,067,815	2,275,973	2,275,973	4,343,788
93,011,063	246,586	246,586	93,257,649	76,568,886	16,442,177	16,442,177	93,011,063

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

#### 13. TRADE AND OTHER PAYABLES

#### Current

Sundry creditors
Rates paid in advance
Accrued salaries and wages
ATO liabilities
Accrued Interest on Long Term Borrowings
Accrued Expenses
Bonds and deposits held (refer Note 25)

CICNIFICANT	ACCOUNTING	DOLICIES

#### 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

2019	2018
\$	\$
455,519	303,614
8,806	21,861
148,253	114,236
0	74,462
30,305	32,983
309,246	34,269
326,308	0
1,278,437	581,425

#### 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.

Bonds and deposits held at balance date previously recorded as trust monies are recognised as a current liability.

# SHIRE OF HALLS CREEK NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2019

#### 14. INFORMATION ON BORROWINGS

(a) Borrowings	2019	2018
	\$	\$
Current	107,719	78,252
Non-current	805,131	912,851
	912,850	991,103

#### (b) Repayments - Borrowings

					30 June 2019	30 June 2019	30 June 2019		30 June 2019	30 June 2019	30 June 2019		30 June 2018	30 June 2018	30 June 2018
				Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Actual
	Loan		Interest	Principal	Principal	Interest	Principal	Principal	Principal	Interest	Principal	Principal	Principal	Interest	Principal
	Number	Institution	Rate	1 July 2018	repayments	repayments	outstanding	1 July 2018	repayments	repayments	outstanding	1 July 2017	repayments	repayments	outstanding
Particulars				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Housing															
Loan 23 Triplex	23	Treasury Corporation	3.29%	275,687	35,141	17,426	240,546	275,688	35,141	16,416	240,547	308,593	32,906	20,680	275,687
Loan 25 Housing Units	25	Treasury Corporation	3.325%	715,416	43,112	47,652	672,304	715,415	43,111	45,437	672,304	735,936	20,520	53,205	715,416
				991,103	78,253	65,078	912,850	991,103	78,252	61,853	912,851	1,044,529	53,426	73,885	991,103

All loan repayments were financed by general purpose revenue.

#### 14. INFORMATION ON BORROWINGS (Continued)

	2019	2018
(c) Undrawn Borrowing Facilities	\$	\$
Credit Standby Arrangements		
Bank overdraft limit	1,000,000	1,000,000
Bank overdraft at balance date	0	0
Credit card limit	200,000	200,000
Credit card balance at balance date	0	0
Total amount of credit unused	1,200,000	1,200,000
Loan facilities		
Loan facilities - current	107,719	78,252
Loan facilities - non-current	805,131	912,851
Total facilities in use at balance date	912,850	991,103
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.

#### 15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2018			
Current provisions	505,059	122,850	627,909
Non-current provisions	0	119,786	119,786
	505,059	242,636	747,695
Additional provision	130,680	38,929	169,609
Amounts used	(291,013)	(38,550)	(329,563)
Balance at 30 June 2019	344,726	243,015	587,741
Comprises			
Current	344,726	124,520	469,246
Non-current Non-current	0	118,495	118,495
	344,726	243,015	587,741

#### Amounts are expected to be settled on the following basis:

Less than 12 months from reporting date More than 12 months from reporting date Expected reimbursements from other WA local governments

2019	2018
\$	\$
493,880	652,512
118,495	119,786
(24,634)	(24,603)
587,741	747,695

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

#### SIGNIFICANT ACCOUNTING POLICIES

#### **Employee benefits**

#### Short-term employee benefits

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

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

#### Other long-term employee benefits

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

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

#### Other long-term employee benefits (Continued)

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

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

#### **Provisions**

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

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

#### 16. NOTES TO THE STATEMENT OF CASH FLOWS

#### **Reconciliation of Cash**

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

	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Cash and cash equivalents	6,310,714	6,114,932	8,657,533
Reconciliation of Net Cash Provided By			
Operating Activities to Net Result			
Net result	(977,945)	(3,851,922)	(2,480,096)
Non-cash flows in Net result:			
Depreciation	5,001,553	3,929,100	6,278,697
(Profit)/loss on sale of asset	0	(7,398)	(25,220)
Loss on assets expensed	111,821	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	353,898	700,000	(265,172)
(Increase)/decrease in other assets	(59,329)	0	0
(Increase)/decrease in inventories	43,655	50,000	91,818
Increase/(decrease) in payables	697,012	100,000	15,654
Increase/(decrease) in provisions	(159,954)	150,000	(77,716)
Grants contributions for			
the development of assets	(1,386,491)	(1,967,912)	(2,492,066)
Net cash from operating activities	3,624,220	(898,132)	1,045,899

#### 17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
General purpose funding	487,096	394,527
Law, order, public safety	210,645	395,934
Health	7,700	17,989
Education and welfare	131,000	127,862
Housing	11,347,378	11,596,856
Community amenities	1,295,482	1,451,984
Recreation and culture	13,255,979	13,773,063
Transport	87,067,062	88,568,450
Economic services	4,738,667	3,924,452
Other property and services	3,194,523	3,321,334
Unallocated	10,338,827	8,774,462
	132,074,359	132,346,913

#### 18. CONTINGENT LIABILITIES

In February 2019 a tree branch fell and injured a resident. This incident may result in a public liability claim against the Shire, for which an estimate of the amount cannot currently be made.

#### **Contaminated Sites**

Under the Contaminated Sites Act 2003, the Shire is required to report known and suspected contaminated sites to the Department of Water and Environment Regulation (DWER). In accordance with the Act, DWER classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated-remediation required or possibly contaminated- investigation required, the Shire may have a liability in respect of investigation or remediation expenses.

During the year, the Shire reported no contaminated sites to DWER.

#### 19. CAPITAL COMMITMENTS

	2019	2018
(a) Capital Expenditure Commitments	\$	\$
Contracted for: - Capital expenditure projects	1,812,000	2,581,384
	1,812,000	2,581,384
Payable:		
- not later than one year	1,812,000	2,581,374

The capital expenditure is for Road Construction projects.

#### 20. RELATED PARTY TRANSACTIONS

#### **Elected Members Remuneration**

	2019	2019	2018
The following fees, expenses and allowances were	Actual	Budget	Actual
paid to council members and/or the President.	\$	\$	\$
Meeting Fees	66,046	63,246	61,431
Mayor/President's allowance	9,435	9,035	8,992
deputy Mayor/Presidents allowance	2,359	2,259	2,247
Travelling expenses	1,021	357	337
Telecommunication allowance	22,944	24,460	22,392
	101,805	99,357	95,399

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

	2019	2018
The total of remuneration paid to KMP of the	Actual	Actual
Shire during the year are as follows:	\$	<b>*</b>
Short-term employee benefits	318,887	363,055
Post-employment benefits	31,684	26,097
Other long-term benefits	48,400	5,302
Termination benefits	48,787	0
	447,758	394,454

#### Short-term employee benefits

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

#### Post-employment benefits

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

#### Other long-term benefits

These amounts represent long service benefits accruing during the year.

#### Termination benefits

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

#### 20. RELATED PARTY TRANSACTIONS (Continued)

#### **Transactions with related parties**

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

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

The following transactions occurred with related parties:

2019	2018			
Actual	Actual			
\$	\$			
85,197	72,733			

Purchase of goods and services

#### **Related Parties**

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

#### i. Key management personnel

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

#### ii. Other Related Parties

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

#### iii. Entities subject to significant influence by the Shire

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

#### 21. MAJOR LAND TRANSACTIONS

The Shire was not involved in any major land transactions for the year ended 30 June 2019.

#### 22. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	1/07/17	2017/18					
	Ψ	\$	2017/18 \$	30/06/18 \$	2018/19 \$	2018/19 \$	30/06/19 \$
Law, order, public safety		Ψ	Ψ	Ψ	Ψ	Ψ	Ψ
WA Police - CCTV Grant	0	122,125	(122,125)	0	0	0	0
Health	U	122,120	(122,123)	O	O	O	O
Dept Health -AEHO Contribution	242,669	244,683	(487,352)	0	0	0	0
Dept Health - Equipment Purchases	0	1,250	(1,250)	0	0	0	0
Dept Health - Training Program	56,400	0	(1,230)	56,400	0	0	56,400
Dept Health -Mosquito Chemicals	0,400	2,320	(2,320)	00,400	2,000	O	2,000
Keep Aust Beautiful Litter Grant	2,369	2,320	(2,369)	0	2,000	0	2,000
Education and welfare	2,303	0	(2,309)	O	O	O	0
DCS - Youth Program	0	129,457	(129,457)	0	0	0	0
DCP - Youth Diversion Program	0	144,077	(144,077)	0	0	0	0
DPMC -Youth Diversion Program	0	825,000	(825,000)	0	1,237,500	(825,000)	412,500
Mental Health Comm-Suicide Prevention	20,000	023,000	(20,000)	0	1,237,300	(823,000)	412,300
EKJP Host Agreement Funding	20,000	20,179	(5,044)	15,135	0	0	15,135
Community amenities	U	20,179	(5,044)	13,133	U	U	15,135
KDC Infrastructure Upgrades	0	124,816	(124,816)	0	0	0	0
Recreation and culture	U	124,010	(124,610)	U	U	U	U
Dept Sports & Rec Grant - Sport 4 All KidSport	6,500	0	0	6,500	0	0	6,500
KDC - Solar Power	116,000	116,000	(193,689)	38,311	0	(38,311)	0,500
KDC - Basketball Resurfacing	200,000	0 110,000	(61,398)	138,602	0	(138,602)	0
KDC- Facilities Upgrade	200,000	0	(01,590)	0	26,120	(130,002)	26,120
Dept of P M & C - Sola Lighting	800	0	(800)	0	20,120	0	20,120
Dept of Inf - Sola Power	0	130,000	(130,000)	0	0	0	0
Transport	U	130,000	(130,000)	O	O	O	O
MRWA - Direct Grant	0	103,122	(103,122)	0	0	0	0
Remote Access FAG - Remote Access Roads	0	234,000	(234,000)	0	340,000	(340,000)	0
Main Roads WA - Remote Access Roads	0	115,143	(115,143)	0	101,333	(101,333)	0
Main Roads WA - Remote Access Roads  Main Roads WA - Blackspot	(133,667)	129,265	(129,265)	(133,667)	133,667	(101,333)	0
Main Roads WA - Regional Road Group	0	588,809	(588,809)	(100,001)	600,753	(600,753)	0
Roads to Recovery - General	0	431,365	(431,365)	0	0	0	0
Roads to Recovery - Special Access	0	500,000	(500,000)	0	348,675	(348,675)	0
Economic services		200,000	(000,000)	· ·	0.0,0.0	(0.0,0.0)	· ·
Dept of Ag - Grant Duncan Rd Upgrade	30,000	60,000	(90,000)	0	0	0	0
Other property and services	,	,	(,,				
Road Safety Commission Grant	15,334	0	(15,334)	0	0	0	0
OFTA - Yarliyil Arts Centre Operations	0	110,000	(110,000)	0	0	0	0
OFTA - Yarliyil National Jobs Program	0	70,000	(70,000)	0	0	0	0
EKJP Host Agreement Funding	0	51,997	(51,997)	0	0	0	0
Total	556,405	4,253,608	(4,688,732)	121,281	2,790,048	(2,392,674)	518,655

<sup>(1) -</sup> Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

<sup>(2) -</sup> 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.

<sup>(3) -</sup> Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

# SHIRE OF HALLS CREEK NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2019

# 23. RATING INFORMATION

## (a) Rates

a) Nates			2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2018/19	2017/18
		Number	Actual	Actual	Actual	Actual	Actual	Budget	Budget	Actual
RATE TYPE	Rate in	of	Rateable	Rate	Interim	Back	Total	Rate	Total	Total
Differential general rate / general rate	\$	Properties	Value	Revenue	Rates	Rates	Revenue	Revenue	Revenue	Revenue
			\$	\$	\$	\$	\$	\$	\$	\$
Gross rental valuations										
GRV - Town	8.255	339	12,774,690	1,054,551	3,219	1,833	1,059,603	1,054,551	1,054,551	1,018,111
GRV - Town vacant	13.921	2	40,090	5,581	0	0	5,581	5,581	5,581	11,528
Unimproved valuations										
UV - Rural/Pastoral	4.652	27	7,956,420	370,133	0	0	370,133	370,133	370,133	367,208
UV - Mining	38.196	32	1,610,232	615,044	112,295	4,003	731,342	615,044	615,044	601,969
UV - Prospecting/exploration	22.903	101	1,207,890	276,643	0	0	276,643	242,588	242,588	216,094
Sub-Total		501	23,589,322	2,321,952	115,514	5,836	2,443,302	2,287,897	2,287,897	2,214,910
	Minimum									
Minimum payment	\$									
Gross rental valuations										
GRV - Town	806	4	14,733	3,224	0	0	3,224	3,224	3,224	3,360
GRV - Town vacant	1,612	8	21,430	12,896	0	0	12,896	12,896	12,896	23,700
Unimproved valuations										
UV - Rural/Pastoral	806	20	61,600	16,120	0	0	16,120	16,120	16,120	15,010
UV - Mining	806	6	5,984	4,836	0	0	4,836	4,836	4,836	4,740
UV - Prospecting/exploration	551	64	89,606	35,264	0	0	35,264	35,264	35,264	32,940
Sub-Total		102	193,353	72,340	0	0	72,340	72,340	72,340	79,750
		603	23,782,675	2,394,292	115,514	5,836	2,515,642	2,360,237	2,360,237	2,294,660
Total amount raised from general rate							2,515,642	- · · · · · -	2,360,237	2,294,660
Movement in excess rates							0		0	(5,725)
Totals						Ī	2,515,642	_	2,360,237	2,288,935

#### 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.

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# SHIRE OF HALLS CREEK NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2019

# 23. RATING INFORMATION (Continued)

# (b) Service Charges

			2018/19	2018/19	2018/19			2018/19	2018/19	2018/19	
		2018/19	Actual	Actual	Actual			Budget	Budget	Budget	2017/18
	Amount	Actual	Charges	Charges	Reserve	2018/	19	Charges	Charges	Reserve	Total
	of	Revenue	Applied	Set Aside	Applied to	Budg	jet	<b>Applied</b>	Set Aside	Applied to	Actual
Service Charges	Charge	Raised	to Costs	to Reserve	Costs	Rever	iue	to Costs	to Reserve	Costs	Revenue
	\$	\$	\$	\$	\$	\$		\$	\$	\$	\$
Television & Rebroadcasting Services	10	4,160	5,156	0	0		3,950	4,985		0 1,035	4,077
		4,160	5,156	0	0		3,950	4,985		0 1,035	4,077

Nature of the Service Charge	Objects of the Charge	Reasons for the Charge	Area/Properties Charge Imposed
Television & Rebroadcasting Services	To maintain the provision of television rebroadcasting services	The proceeds of the service charge are applied in full to offset the cost of callout to the facility	Owners and occupiers within the designated area surrounding the location of the broadcasting area.

# 23. RATING INFORMATION (Continued)

# (c) Interest Charges & Instalments

	Date	Instalment Plan	Instalment Plan	Unpaid Rates Interest
<b>Instalment Options</b>	Due	<b>Admin Charge</b>	Interest Rate	Rate
		\$	%	%
Option One				
Single full payment	05 Sep 2018	0	0.00%	11.00%
Option Two				
1st instalment	05 Sep 2018	0	0.00%	11.00%
2nd instalment	05 Nov 2018	20	5.50%	11.00%
3rd instalment	13 Feb 2019	20	5.50%	11.00%
4th instalment	19 Apr 2019	20	5.50%	11.00%
		2019	2019	2018
		Actual	Budget	Actual
		\$	\$	\$
Interest on unpaid rates		69,644	35,000	53,160
Interest on instalment plan		5,697	7,000	7,737
Charges on instalment plan		2,280	3,000	3,000
		77,621	45,000	63,897

# 24. RATE SETTING STATEMENT INFORMATION

			2018/19	
		2018/19	Budget	2018/19
		(30 June 2019	(30 June 2019	(1 July 2018
		Carried	Carried	Brought
	Note	Forward)	Forward)	Forward)
		\$	\$	\$
(a) Non-cash amounts excluded from operating activities			Ť	•
The following non-cash revenue or expenditure has been excluded				
from amounts attributable to operating activities within the Rate Setting				
Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	11(a)	0	(14,700)	(40,082)
Movement in pensioner deferred rates (non-current)		(1,198)	0	(9,970)
Movement in employee benefit provisions (non-current)		(159,954)	0	(77,716)
Add: Loss on disposal of assets	11(a)	0	7,302	14,862
Add Loss on assets expensed	9, 10	111,821	0	0
Add: Depreciation on assets	11(c)	5,001,553	3,929,100	6,278,697
Non cash amounts excluded from operating activities		4,952,222	3,921,702	6,165,791
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded				
from the net current assets used in the Rate Setting Statement				
in accordance with Financial Management Regulation 32 to				
agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets	_	,	,	<i>(</i> ,
Less: Reserves - restricted cash	3	(8,432,264)	(6,065,128)	(5,542,627)
Add: Borrowings	14(a)	107,719	83,552	78,252
Add: Employee Provisions		469,246	779,332	627,909
Total adjustments to net current assets		(7,855,299)	(5,202,244)	(4,836,466)
Net current assets used in the Rate Setting Statement				
Total current assets		12,053,853	6,566,187	9,740,094
Less: Total current liabilities		(1,855,402)	(1,363,943)	(1,287,586)
Less: Total adjustments to net current assets		(7,855,299)	(5,202,244)	(4,836,466)
Net current assets used in the Rate Setting Statement		2,343,152	0	3,616,042

# 25. FINANCIAL RISK MANAGEMENT

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

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

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

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

#### (a) Interest rate risk

#### Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents Financial assets at amortised	2.25%	6,310,714	1,500,000	4,367,598	443,116
cost - term deposits	2.80%	5,000,000	5,000,000	0	0
2018	2 900/	0 657 522	6 500 000	2.457.522	0
Cash and cash equivalents	2.80%	8,657,533	6,500,000	2,157,533	0

# Sensitivity

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

2019
2018

Impact of a 1% movement in interest rates on profit and loss and equity\*

\$ 63,107 86,575

# \* Holding all other variables constant

# **Borrowings**

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 14(b).

# 25. FINANCIAL RISK MANAGEMENT (Continued)

#### (b) Credit risk

#### Trade Receivables

The Shire's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date thru incentives. Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment. The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The Shire applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms. The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable, excluding mining tenement, as penalty interest applies to unpaid rates & properties associated with unpaid rates may be disposed of to recover unpaid rates.

trade receivables due to the difference in payment terms and security for rates receivable.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2019		•			
Rates receivable					
Expected credit loss	0.00%	22.49%	42.05%	42.51%	
Gross carrying amount	156,604	94,085	140,517	227,061	618,267
Loss allowance	0	21,162	59,090	96,529	176,781
01 July 2018					
Rates receivable					
Expected credit loss	2.9%	15.4%	60.3%	42.0%	
Gross carrying amount	202,346	112,419	57,596	137,894	510,255
Loss allowance	5,786	17,359	34,718	57,864	115,727

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Expected credit loss	3.38%	0.00%	0.00%	74.3%	
Gross carrying amount	73,943	16,861	0	147,212	238,016
Loss allowance	2,500	0	0	109,374	111,874
01 July 2018					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	20%	
Gross carrying amount	90,486	35,264	48,210	324,801	498,761
Loss allowance	0	0	0	63,411	63,411

# 25. FINANCIAL RISK MANAGEMENT (Continued)

# (c) Liquidity risk

# **Payables and borrowings**

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

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

<u>2019</u>	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
Payables	1,278,437	0	0	1,278,437	1,278,437
Borrowings	187,720	687,782	359,924	1,235,426	912,850
	1,466,157	687,782	359,924	2,513,863	2,191,287
2018					
Payables	581,425	0	0	581,425	581,425
Borrowings	142,692	616,142	619,273	1,378,107	991,103
	724,117	616,142	619,273	1,959,532	1,572,528

# **26. TRUST FUNDS**

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows. In previous years, bonds and deposits were held as trust monies. They are now included in the Restricted Cash at Note 3 and as a current liability at Note 13.

		Restricted		Reclassify to	
		Cash	Restricted	Restricted	
	1 July 2018	Received	Cash Paid	Cash	30 June 2019
	\$	\$	\$		\$
Staff Housing Bonds	2,707	8,467	(8,244)	0	2,930
Facility Bond Hire	10,055	18,280	(12,180)	0	16,155
BCITF	31,293	13,497	(17,739)	0	27,051
Unclaimed Monies	38,984	0	0	(38,984)	0
Little Athletics	2,166	0	0	(2,166)	0
History Project	5,499	0	(5,499)	0	0
Tourism Operators	100,775	282,486	(311,200)	(12,684)	59,377
Library Memberships	4,260	0	(90)	(4,170)	0
DPI Vehicle Licencing	7,260	267,877	(266,341)	0	8,796
Telecentre Income	49,602	0	0	(49,602)	0
COAG & Other Govt Funds	174,369	0	0	(174,369)	0
Yarliyil Art Gallery	4,070	196,915	(200,985)	0	0
Refuse Kerb Deposits	2,500	1,000	(1,000)	0	2,500
General Donations	206	0	(206)	0	0
Retention Funds	43,533	0	0	(43,533)	0
Election Nominations	800	0	0	(800)	0
	478,079	788,522	(823,484)	(326,308)	116,809

# 27. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No events have occurred subsequent to balance date that would impact the 30 June financials.

#### 28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

#### **AASB 9 Financial instruments**

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

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139. Differences arising from adoption have been recognised directly in accumulated surplus/(deficit).

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

	Adjustments	01 July 2018
Assets		\$
Trade receivables	(a),(b)	0
Total Assets		0
Total adjustments to Retained Surplus Accumulated surplus/(deficit)	(a), (b)	0 0

The nature of these adjustments are described below:

# (a) Classification and measurement

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

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

# 28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

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

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.
- The Shire did not designate any financial assets as at fair value through profit and loss.

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

		AASB 9 category amortised	Fair value through	Fair value through
	AASB 139 value	cost	OCI	P/L
AASB 139 category Loans and receivables	\$	\$	\$	\$
Trade receivables	942,257	942,257	(	0

# (b) Impairment

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

#### 29. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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

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

#### (a) Revenue from Contracts with Customers

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

	Note	AASB 118 carrying amount 30 June 2019	Reclassification	AASB 15 carrying amount 01 July 2019
	Hote	\$	\$	\$
Contract liabilities - current				
Unspent grants, contributions and reimbursements		0	518,655	518,655
Adjustment to retained surplus from adoption of AASB 15	29(d)		(518.655)	

#### (b) Leases

The Shire adopted AASB 16 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. In applying the AASB 16 under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the Shire will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019.

As at 30 June 2019, the Shire does not have any operating leases and therefore the impact of this standard will be nil.

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

#### (c) Income For Not-For-Profit Entities

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

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes will occur to the following financial statement line items by application of AASB 1058 as compared to AASB 1004 Contributions before the change:

	AASB 1004		<b>AASB 1058</b>
	carrying amount		carrying amount
Note	30 June 2019	Reclassification	01 July 2019
	\$	\$	\$
	1,278,437	0	1,278,437

Prepaid rates are, until the taxable event for the rates has occurred, refundable at the request of the ratepayer. Therefore the rates received in advance give rise to a financial liability that is within the scope of AASB 9. On 1 July 2019 the prepaid rates will be recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurs the financial liability will be extinguished and the Shire will recognise income for the prepaid rates that have not been refunded.

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

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

#### (d) Impact of changes to Retained Surplus

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

	Note	Adjustments	2019
			\$
Retained surplus - 30 June 2019			27,605,418
Adjustment to retained surplus from adoption of AASB 15	29(a)	(518,655)	
Adjustment to retained surplus from adoption of AASB 16	29(b)	0	
Adjustment to retained surplus from adoption of AASB 1058	29(c)	0	(518,655)
Retained surplus - 01 July 2019	_		27,086,763

# NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2019

#### 30. OTHER SIGNIFICANT ACCOUNTING POLICIES

#### a) Goods and services tax (GST)

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

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

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

#### b) Current and non-current classification

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

#### c) Rounding off figures

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

#### d) Comparative figures

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

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

#### e) Budget comparative figures

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

#### f) Superannuation

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

#### g) Fair value of assets and liabilities

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

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

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

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

#### h) Fair value hierarchy

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

#### Level 1

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

#### Level 2

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

#### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

#### Valuation techniques

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

#### Market approach

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

#### Income approach

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

#### Cost approach

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

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

#### i) Impairment of assets

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

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

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

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

#### 31. ACTIVITIES/PROGRAMS

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

# PROGRAM NAME AND OBJECTIVES GOVERNANCE

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

#### **GENERAL PURPOSE FUNDING**

To provide adequate funding for the Shire's operation by maximising income from Rates, general purpose government grants, interest and other sources of revenue.

# LAW, ORDER, PUBLIC SAFETY

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

#### HEALTH

To provide an operational framework for good community health.

#### **ACTIVITIES**

Administration and operation of facilities and services to members of Council; Other costs relating to tasks of assisting elected members and ratepayers on matters which do not concern specific services.

Raising of rates, collection of debts, general purpose funding and other funding activities.

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

Aboriginal Environmental Health Program - This scheme is part funded by the Health Department of WA, with the main aim being to ensure the delivery of environmental health services to Aboriginal communities, addressing specific needs and requirements of such communities.

**Health Admin & Inspection** - Expenditure related to the general administration and delivery of environmental services such as food inspections, issuing of licences such as stall-holder and hawker licences, and the general administration role as required by the Shire in accordance with the Health Act.

**Pest Control and Analytical** - Allocation to enable the Environmental Health Officer to undertake food sampling and other testing with relevant testing authorities in Perth. Allocation also for actions required for mosquito control.

#### **EDUCATION AND WELFARE**

The Shire of Halls Creek Olabud Doogethu service is a collaborative partnership with the Department of Prime Minister and Cabinet that focuses on ensuring Indigenous Australians grow up and live their lives in a safe home and community, Department of Corrective Services and the Department of Child Protection and Family Support.

Focuses on "breaking the cycle" for at-risk Aboriginal young people - ensuring they have a safe environment in which to make positive life choices.

#### **HOUSING**

Provision of adequate housing for Shire staff.

Maintenance and operations of staff housing, capital repairs and maintenance, as well as new construction.

#### **COMMUNITY AMENITIES**

Provide services required by the community.

Refuse collection services and refuse site maintenance, administration of the Shire's

Town Planning function, maintenance and management of the Shire's Cemetery, public conveniences and certain community development projects.

#### **RECREATION AND CULTURE**

To establish and manage efficiently infrastructure and resources which will help the social development and well being of the community.

Maintenance and operation of Civic Halls, Sports Courts, Oval, Aquatic & Recreation Centre, Library, Rebroadcasting services and the culture background of Halls Creek such as the Trackers

#### **TRANSPORT**

To provide safe, effective transport services to the community.

Construction and maintenance of streets, roads, bridges, cleaning and lighting of streets and the operation of the airport.

# ECONOMIC SERVICES

To help promote the Shire and improve its economic well being.

Travel & Tourism & Area Promotion, Building Control, Post Office services and Economic Development.

## 31. ACTIVITIES/PROGRAMS (Continued)

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

# PROGRAM NAME AND OBJECTIVES GOVERNANCE OTHER PROPERTY AND SERVICES

#### **ACTIVITIES**

**Public Works Overheads** - All costs associated with the employment of Works staff are this sub-program and are then re-allocated to the relevant programme during the course of the through overheads recovery.

Plant Operation Costs - All costs associated with the operation of Council's plant fleet are

**Plant Operation Costs -** All costs associated with the operation of Council's plant fleet are assigned to this sub program, and throughout the year are reallocated to relevant work jobs on which the plant worked, to obtain accurate costs of that job. items of plant which determine actual costs. Costs include fuels, oils, repairs and depreciation.

**Salaries & Wages -** This sub Programme identifies the total salaries and wages costs expected for the year and these are also reallocated throughout all sub Programmes during the financial year to reflect true costs.

**Integrated Planning** - The framework ensures all of the Shire's strategic planning polices are aligned and conform with the requirements of the Local Government Act. The five strategies, which form the framework must be regularly reviewed and the outcomes monitored annually.

Misc./Unclassified - This sub programme records both income and expense for goods/services that cannot be allocated to a particular job or program.

Administration - All costs associated with the Shire's Administration, including staff, are assigned to this program. They are then re-allocated to the relevant programs to represent the administrative cost of that program/sub program.

. FINANCIAL RATIOS		2019	2018	2017	
	Note	Actual	Actual	Actual	
Current ratio		2.62	6.18	5.18	
		0.69	0.10	0.92	
Asset consumption ratio	1	0.69 N/A	1.04	1.09	
Asset renewal funding ratio	1	0.43	0.40	0.69	
Asset sustainability ratio					
Debt service cover ratio		18.85	10.84	31.86	
Operating surplus ratio		(0.53)	(1.19)	(0.34)	
Own source revenue coverage ratio		0.29	0.24	0.29	
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				
<b>3</b>	NPV of required capital expenditure over 10 years				
Asset sustainability ratio	capital renewal and replacement expenditure				
•	depreciation				
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 expense				

Note 1 The Shire's Long Term Financial Plan and Asset Management Plan does not have the required information and as a result this ratio could not be calculated.



Our Ref: 8314

Office of the Auditor General Serving the Public Interest

Mr Malcolm Edwards President Shire of Halls Creek PO Box 21 HALLS CREEK WA 6770 7th Floor, Albert Facev House 469 Wellington Street, Perth

> Mail to: Perth BC PO Box 8489 PERTH WA 6849

Tel: (08) 6557 7500 Fax: (08) 6557 7600 Email: info@audit.wa.gov.au

Dear President

#### ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

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

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

## **Management Control Issues**

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

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

An audit is not designed to identify all internal control deficiencies that may require management attention. The matters being reported are limited to those deficiencies that have been identified during the audit that are of sufficient importance to warrant being reported. It is possible that other irregularities and deficiencies may have occurred and not been identified as a result of our audit.

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

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

Feel free to contact me on 6557 7714 if you would like to discuss these matters further.

Yours faithfully

NAYNA RANIGA

DIRECTOR FINANCIAL AUDIT

December 2019

Attach





Mr Noel Mason Chief Executive Officer Shire of Halls Creek PO Box 21 HALLS CREEK WA 6770 7th Floor, Albert Facey House 469 Wellington Street, Perth

> Mail to: Perth BC PO Box 8489 PERTH WA 6849

Tel: (08) 6557 7500 Fax: (08) 6557 7600 Email: info@audit.wa.gov.au

Dear Mr Mason

# ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

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Yours faithfully

NAYNA RANIGA DIRECTOR FINANCIAL AUDIT

December 2019

Attach



#### INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Halls Creek

# Report on the Audit of the Financial Report

#### **Opinion**

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

In my opinion the annual financial report of the Shire of Halls Creek:

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

# Basis for Opinion

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

## Emphasis of Matter - Basis of Accounting

I draw attention to Note 1 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's annual financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996, 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 an annual financial report that is free from material
misstatement, whether due to fraud or error.

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

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

# Auditor's Responsibility for the Audit of the Financial Report

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

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 annual 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 annual 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 annual financial report, including the disclosures, and whether the annual 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 matters indicate significant adverse trends in the financial position of the Shire:
  - a. The Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the past three years.
  - b. The Asset Sustainability Ratio has been below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the past three years.
  - C. The Own Source Revenue Coverage Ratio has been below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the past three years.

The financial ratios are reported in Note 32 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. During our sample testing of payments made throughout the year, we noted that expenditure was not supported by an authorised purchase order. This practice increases the risk of unauthorised purchases occurring.
  - b. The Shire has not reported the Asset Renewal Funding Ratio as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996 as information on planned capital renewals and required capital expenditure over a 10 year period was not available.
- (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 included in the annual financial report was supported by verifiable information and reasonable assumptions.

#### Other Matter

The annual financial report of the Shire for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2017 and 2018 in Note 32 of the audited annual financial report were included in the supplementary information and/or audited annual 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 Halls Creek for the year ended 30 June 2019 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.

DON CUNNINGHAME

ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT Delegate of the Auditor General for Western Australia Perth, Western Australia

December 2019