



Shire of Halls Creek

Annual Report

For Year Ended 30 June 2011

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1.0 PRESIDENTS REPORT

The 2010-2011 financial year has been characterised by steady progress towards some of Council's strategic objectives, including:

- Upgrading the Tanami Road
- Building more staff housing
- Continuing to develop the Visitors Centre, and (through a process of extensive consultation) the development of a Tourism Plan
- Continuing to develop the Halls Creek Airport
- Sealing of town streets

Since the report from Cummings Economics *Upgrading the Tanami Road – Economic Impact Study* came to hand in the previous financial year, we have been continuing to build a “network of support” for the proposed upgrade among politicians and stakeholders.

We have been meeting with a range of stakeholders throughout the Kimberley region and the Northern Territory, including Chambers of Commerce, the Broome Port Authority, local government organisations such as the Kimberley Country Zone and the Kimberley Regional Roads Group, tourism organisations, regional development organisations such as Regional Development Australia and the Kimberley Development Commission, the communities along the Tanami Road, and Main Roads WA. It is widely accepted that upgrading this important interstate route would bring significant benefits across the whole Kimberley region.

Most of the stakeholders have given wholehearted support for the proposed Tanami Road upgrade; Main Roads WA and the Northern Territory Department of Infrastructure, Planning and Transport have expressed “in principle” support, subject to the project's cost estimates being increased to reflect similar costs to those incurred by those two departments. As I write, Cummings Economics is updating *Upgrading the Tanami Road – Economic Impact Study* to reflect higher costs and also additional benefits that have come to light since the original report was written some 2 years ago. Even at a cost of \$350,000 per kilometre, we anticipate that the project will still achieve robust benefit-cost ratios.

These types of investment are not achieved quickly or easily, and it will take a tenacious effort over a period of years to achieve the outcome that we need.

Water supply is still a significant constraint on the development of Halls Creek, despite water consumers achieving for the second consecutive year a 10% reduction in water consumption compared to the previous year. Nevertheless, some water allocations have been made and Landcorp has commenced construction of a new residential subdivision on former airport land adjoining Bridge Street and Roberta Avenue.

Due to delays in releasing *Royalties for Regions* funding in 2010-2011, the Shire was unable to proceed with a second staff townhouse project as had been planned for its property in Quilty Street. Nevertheless, in accordance with the Shire's policy of constructing at least one staff dwelling per year, we built one further staff dwelling at

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the rear of Lot 122 Roberta Avenue. The two dwellings located on that lot have been strata-titled. The Quilty Street staff housing project has been rescheduled to proceed in the 2011-2012 financial year (now that *Royalties for Regions* funding has started to flow again).

While this will be a great benefit in recruitment and retention of some additional staff, a deficit in staff housing remains. Consequently, we have acquired a further residential property suitable for redevelopment in the future.

New Halls Creek Local Emergency Arrangements were drafted during the period, and were endorsed by the Council and by the District Emergency Management Committee as the legislation requires.

During March 2011, the Kimberley region experienced the most severe floods ever recorded and a state of emergency was declared.

Worst affected was the community of Warmun that was practically destroyed, and the residents were evacuated to Kununurra until the community could be rebuilt. Our neighbouring local government, the Shire of Wyndham-East Kimberley stepped in to assist and we are grateful to them for all their assistance in the matter, as well as to the other agencies – Fire and Emergency Services Authority, Department of Child Protection, WA Police and Department of Housing to name a few.

The State Cabinet appointed Mr Jeff Gooding of Kimberley Development Commission to establish a Task Force to oversee the care and re-establishment of the Warmun Community. This was outside the established legislative framework for disaster recovery as well as outside our Local Recovery Plan – we should be grateful for the establishment and resourcing of the Warmun Re-establishment Task Force because, quite frankly, the size of the task would have been beyond the Shire's resources and capacity.

Our Chief Executive Officer has been part of the Task Force and we are all grateful to the various agencies for the collegial way in which they have worked together to get the job done. Although there is still remedial work to be carried out and some of the community are housed in a temporary camp, the Warmun Community returned to its place around the end of June, and celebrated with a special "Welcome back to Warmun" Day held on 12th July.

Warmun was not the only community affected by the flooding emergency. Halls Creek was cut off by flooding just east of Fitzroy Crossing and by damage to bridges between Halls Creek and Kununurra, which caused the Great Northern Highway to be closed in both directions. This led to supply problems of various types, but mostly fuel supply problems that threatened disruption to electricity supply. In the event, the Halls Creek community was able to reduce electricity demand to conserve sufficient fuel to last until the roads reopened.

Ringer Soak also had its share of supply problems, which were exacerbated by the road linking the community to its airstrip being impassable for much of the time.

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All communities throughout the region also lost telecommunications when Telstra's fibre-optic link was damaged, which added to the complexities of managing the situation.

Throughout the emergency, our Local Emergency Management Committee met in "Incident Support Group" mode on a daily basis. Although the emergency was being managed at a district level, the Incident Support Group played a vital role; it was also a very salutary learning experience for everyone involved.

The flooding throughout the Kimberley region has kept many roads (and access to regional tourist attractions) closed for an extended period, and has caused millions of dollars' worth of damage to Shire roads. Consequently:

- Considerable time and resources have been diverted into preparing funding applications under the West Australian Natural Disaster Relief and Recovery Arrangements (WANDRRA) for the money that will be required to repair our roads.
- There has been a downturn in tourism across the Kimberley region this year, compared to previous years.

Despite the downturn in tourism this season, the Halls Creek Visitors Centre has continued to develop its business. We believe that its success is largely due to the relationships that have been formed with our arts centres and other local suppliers, and our preference for stocking local products rather than cheap trinkets of a generic nature. Although sales of tours have been adversely affected by comparatively low numbers of tourists in the most recent season, sales of merchandise have held up very well, and further suppliers of all categories have agreed to have their products sold through the Visitors Centre.

During the period when Halls Creek was cut-off from road transport, the Visitors Centre performed a useful service in arranging shared-cost air charters for people who needed to get in and out of Halls Creek.

The Shire also budgeted in the 2010-11 financial year to fund a Tourism Plan for the district. The task was awarded to Peter Kenyon who, with David Wilson, travelled extensively throughout the Shire and the region to gather people's views. Due to unforeseen circumstances, the draft Tourism Plan was received later than expected – a "consultation draft" is currently subject to further public comments and submissions prior to a final draft being submitted to the Council for adoption.

Aerodrome Management Services (AMS) continued to manage and operate the Halls Creek Airport, the 2010-2011 financial year being the first full financial year of the airport operating under that management contract. That outsourced management arrangement has been working very well – the level of regulatory compliance has improved from abysmal (prior to the engagement of Aerodrome Management Services) to a very high standard. Aerodrome Management Services has also become the supplier of Jet-A1 aviation fuel following the withdrawal of the previous supplier, Air BP. Having a supply of Jet-A1 is critical to the future viability of the airport, and was also one of the main challenges during the March flooding emergency as Jet-A1 was an essential element in the operation of emergency resupply aircraft. AMS played an important role throughout the emergency. We are pleased to be advised by

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AMS that it is increasing its Jet-A1 storage from 11,000 litres to 53,000 litres, and has arranged for more frequent deliveries of AvGas.

We have also renewed several expired hangar leases and are negotiating other leases with operators in relation to the Halls Creek Airport.

The major projects carried out by the Technical Services Department during the period achieved two milestones in the Council's objective of sealing all town streets. After obtaining dedication of a road reserve for the purpose, a properly constructed and sealed "Lundja Community Road" was completed. Beckett Street and Cox Place were also reconstructed and sealed. Both of these jobs had been some years in the planning, but the final outcome has been two well-designed and well-constructed streets that should last for some years before requiring major repairs.

The only community in Halls Creek now lacking a sealed road is Nicholson Camp. Following consultation with that community, the Council has recently requested the Minister for Lands to dedicate a road reserve, "Yumali Road", so that a sealed road can be constructed to that community also.



Cr Peter Tierney
Shire President

2.0 CHIEF EXECUTIVE OFFICERS REPORT

The 2010-11 financial year has been a time of staff changes, with many officers who were recruited in 2007-08 leaving for various reasons and being replaced with new personnel. Most areas of the organisation experienced understaffing at some stage during the year, and some of the vacancies continue to this time because of difficulties in recruiting staff of an appropriate calibre to fill the vacancies.

This problem is not unique to the Shire of Halls Creek; a recent study undertaken by Cardno (WA) Pty Ltd¹ has reported that all four Kimberley local governments have a similar staff turnover rate of approximately 30%. Nor are moderately high staff turnover rates confined to the local government sector; most government agencies also seem to have quite a rapid succession of staff in their Kimberley offices (although these are not reflected in any official public service turnover rates, because state employees who remain in the public service albeit in different roles and/or locations are not counted as “turnover”).

Although we have been relatively successful in recruiting to many types of professional and management vacancies over the past 3 years by “meeting the market” in terms of remuneration packages, it is apparent that the current mining boom has continued to put upward pressure on pay rates throughout the economy to the extent that local governments with limited financial capacity are struggling to remain competitive in the labour market.

We are able to cope with a moderately high staff turnover rate; this has largely been the situation in most outback local governments for many decades. We need to recognise that this is our operating environment, and mitigate the risks by:

- Implementing good, well-documented systems that prevail even in the face of staff changes; and
- Recognising that some functions will not be sustainable to carry out “in-house” and need to be out-sourced to be sustainable.

Of course, we should also want to reduce the staff turnover rate from its historically high levels. Our preferred way of doing this is to employ local people wherever possible. By and large, local people’s lives are more engaged here in the district and they are therefore not so subject to the call of lives and families elsewhere that contributes to the high turnover among staff recruited from outside the district.

Looking around the various organisations in Halls Creek, there are many examples of local people who have built successful careers; generally speaking, they are loyal and long-serving employees who, in addition to their other contributions to their organisations and the local economy, provide stability.

The Shire has endeavoured to create employment opportunities for local people throughout various sections of the organisation; not just outdoor labouring type jobs but predominantly in customer service and administrative positions with career prospects within the organisation. Our ultimate aspiration should be to develop local

¹ Cardno (WA) Pty Ltd, 2011, Regional Business Plan prepared for Kimberley Regional Collaborative Group.

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staff within the organisation at all levels so that the vast majority of positions (including management positions) can be filled by local recruits.

Unfortunately, our efforts to employ local people have so far met with only very limited success. Once again, the Shire of Halls Creek is not unique in this; most employers in Halls Creek are struggling to fill vacancies from local recruits. It is not a simple matter to overcome low levels of economic participation, which is one of the main constraints to growth in the local economy.

In spite of this (and also because of it) we must keep trying to employ more local people (within our capacity to do so successfully); we must also be flexible enough to try new things. If we keep trying, and are willing to try new approaches to learn what works better, then we should become better at local recruitment and more successful at it.

During the 2010-11 financial year, the following recruits have strengthened our team:

- Mr Musa Mono filled the vacancy in the position of Senior Environmental Health Officer left by the resignation of Andrew Casey.
- Mr Phil Denniston filled the vacancy in the position of Manager Health and Regulatory Services left by the resignation of Edmore Masaka.
- Mr Kim Edmeades filled the vacancy in the position of Manager Technical Services left by the resignation of Andrew Vonarx.
- Mr Chris Telenta filled the vacancy in the position of Visitors Centre Manager left by the departure of Mark Nicholas. Frances Edmeades joined the Visitors Centre team, and Sander Tuijelaars also joined the Visitors Centre for a seasonal term.
- Ms Jeanette Swan took up the position of Arts Development Officer (for Yarliyi Arts).
- Ms Michelle Martin took up the newly-created position of Community Engagement Officer.
- Mr Max Nathan took up the newly-created position of Pool Supervisor.
- Ms Sameya Woodhouse rejoined the Town Crew, and subsequently transferred to the position of Aboriginal Environmental Health Worker.
- Shortly after the end of the reporting period, Mr Craig Dempsey also commenced as a second Aboriginal Environmental Health Worker.
- Mr Craig Walker filled the vacancy in the position of Ranger left by the departure of Mark Rea.
- Ms Jessica Streatfield commenced in the position of Administration Trainee.
- Shortly after the end of the reporting period, Ms Angela Hoy filled the vacancy in the position of Property Management Officer left by the departure of Warren Barker.
- Mr David Povey filled the vacancy in the position of Records Manager left by the resignation of Steve Munyard.
- Mr Richard Whacker filled the vacancy in the position of Youth Services Team Leader created by the promotion of Alba Brockie to the newly-funded position of Youth Services Coordinator.

I should also acknowledge the contribution of various other members of staff not listed above; Recreation and Aquatics Centre Manager Peter Tonkin (who resigned to

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take up another job) and his whole team, our Senior Ranger Kyle Cameron, the various staff who worked for Youth Services through parts of the year, the various people who worked in the works section through the whole year or parts thereof, and those long-serving staff who bring stability to our administration.

I wish to particularly acknowledge Ms Andrea Nunan, our second-longest serving employee, who I was pleased to promote during the year to the position of Deputy Chief Executive Officer. Andrea has done an excellent job throughout her employment with the Shire of Halls Creek of ensuring that our financial accounting is well-managed and 100% compliant. This Annual Report is largely her work, and it is largely due to her competence and her diligence that we have an excellent report from the Auditor.

Unfortunately Andrea is currently carrying a very substantial work burden due to the departure of various staff from the Accounts Section, including Accounting Services Manager Hitesh Hans, who we have not yet been able to replace.

In addition to the contributions of various staff, I should also mention some of the contractors to whom we have regularly outsourced work:

- Our consulting engineer Michael Keane and the Greenfield Technical Services team, who do our engineering design and costing work. They made a substantial contribution to various projects including design of the Lundja Community Road and reconstruction of Beckett Street and Cox Place.
- Contract Works Superintendent Clive Lovell, whose conscientiousness has once again resulted in the high quality results achieved in the construction of Lundja Community Road, Beckett Street and Cox Place. Clive was also involved in much of the data collection in respect road damage caused by the March floods.
- Consultant Architectural Draughtsperson Peter Teakle for his work on design briefs for various building projects including the new staff dwelling at the rear of Lot 122 Roberta Avenue, which was completed during the year.
- Consultant Town Planner Keith Williams for providing advice and reports on development applications, scheme amendments and a variety of other planning matters. Not only has Keith's work been of a consistently high quality, but his services have cost only a small fraction of the cost of employing a planning officer on staff.
- The Building Services team from the Shire of Derby-West Kimberley who assess our building applications on our behalf, and who usually achieve very reasonable turn-around times.

Last but not least, I should like to acknowledge the work and the support of the Shire President and Councillors throughout the year and, in fact, the whole term of the Council. There have been many new faces at the Council table during this term, and it has been a significant learning process for us all. We are now approaching the next local government election, and the "new" councillors are about to become the "old" more experienced Councillors.

We are now working through a period of considerable change and reform both within the Kimberley region and within the local government sector. In September 2010 the local governments of the Kimberley region signed an agreement with the Minister for

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Local Government to form a “Regional Collaborative Group” (RCG) to explore the possibilities for shared service arrangements and for collaborative projects. Regrettably, only very slow progress was made in respect of any of these issues during 2010; I welcome the recent appointment of Ms Margaret Grunsell as the new Executive Officer of the group, and look forward to working in a collegial way with our colleagues across the region to the mutual benefit of our communities.

The Minister has announced a new “Integrated Planning and Reporting Structure”, and new regulations were gazetted late in August. These requirements will be phased in over the next two years and represent a considerable amount of additional work for the Shire. Some funding assistance may be available, but the usual pattern is that it is unlikely to cover the full cost.

Cost-shifting from federal and state governments to local governments seems to be accelerating. “Cost-shifting” is the name given to the phenomenon of other spheres of government requiring local governments to do more things, without giving local government the necessary resources to do the new things expected of us. This usually happens in 4 main ways:

- Other spheres of government legislate to give local government more responsibilities (but with no further revenue opportunities).
- Other spheres of government pay local governments to provide services and/or facilities, but the payment is inadequate to cover the costs of provision. In other words, local governments end up subsidising federal or state functions.
- Other spheres of government pay local governments to provide a new service for a period of (say) 2 or 3 years. Then after the community has come to rely on the service, no further funding is provided. This leaves the local government in the position of having to cease the service in spite of ongoing community demand, or otherwise picking up the ongoing costs of providing the service without any further funding.
- Other spheres of government impose increasing compliance requirements on local governments, which all add to our costs without providing any funding and without any outcomes that provide benefits to the community.

On top of cost-shifting, we receive continuous demands and/or requests from the community to do this or to support that. And they are all good things to do, which nobody could argue against. But the reality is that we are not sufficiently resourced to meet everybody’s expectations.

The local government election is almost upon us; I look forward to working with the new Council through what will almost certainly prove to be “interesting times”.

A handwritten signature in blue ink, appearing to read 'W. Olsen', with a long horizontal flourish extending to the right.

Warren Olsen
Chief Executive Officer

3.0 STATUTORY REPORTS

3.1 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 2010-2011, 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.

3.2 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 DSP was developed in 2004 following consultation with the community. In 2008, the Shire undertook to review its DSP, 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.

At its Ordinary Meeting of Council, held 16 September 2008, Council formally endorsed the DAIP. A copy of this plan can be viewed on the Shire’s website www.hallscreek.wa.gov.au, or by following the link:

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<http://avrelay.hcshire.wa.gov.au/InfoRouter/docs/Public/Disability%20Access%20and%20Inclusion%20Plan/ADOPTED%20Disability%20Access%20and%20Inclusion%20Plan%202008.pdf>

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. As at 30 June 2011 this review had not been finalised

3.3 Records Management and the State Records Act 2000

The Shire of Halls Creek has a Record Keeping Plan approved by the State Records Commission, as per requirements of 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 each year.

The State Records Commission approved the Shire's new Record Keeping Plan on 22 December 2008, following a complete re-work on the original 2004 Plan.

State Records Commission Standard 2 (Recordkeeping) Plans), Principle 6 (Compliance), states that *'Government Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities under their Recordkeeping Plan'*. The Shire has ensured that its new RKP includes the necessary strategies to ensure full and meaningful compliance with this particular standard.

A review of the current RKP must be submitted to the State Records Commission in December 2013.

3.4 Plan for the Future

Section 5.56 of the Local Government Act 1995 requires the Shire of Halls Creek to make a plan for the future of its district for at least the next two financial years. This plan must outline the broad objectives for the Shire for the given period, and it is a requirement of the Act that the community at large is consulted.

It is also a requirement of the Act, that the Annual Report must include an overview of the Plan for the Future.

The "Halls Creek Community Strategy 2008-2018" was adopted by Council on 17 December. The pathway taken in the development of this Plan for the Future was documented in the Shire's 2008-2009 Annual Report.

The review of this report, due in 2010, had not been completed as at 30 June 2011.

In December 2010, the Council adopted the "Shire of Halls Creek Forward Capital Works Plan 2010-2015". This plan detailed the proposed capital works to be carried out by the Shire for the years 2010-2015. This plan is linked back to certain key strategy areas of the "Halls Creek Community Strategy 2008-2018".

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Both the Community Strategy Plan and Forward Capital Works Plan are required to be reviewed, and will be amended as required based on the outcomes of reviews undertaken.

3.5 Employee Remuneration Information

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. The required information is included in Note 27 of the Annual Financial Statements in this report.

3.6 Freedom of Information Statement

In accordance with Section 96 of the Freedom of Information Act 1992 (FOI Act), local governments are required to publish an annual Freedom of Information Statement.

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. Otherwise the Shire may refuse to deal with your application.
- Give 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 A\$30 if the documents contain non-personal information. No fee is payable for access to personal information about yourself.

Costs

No fees or charges apply for personal information or amendment of personal information about yourself (e.g. your medical records; details of employment etc). Applications for other documents (i.e. which are non-personal in nature) require a \$30 application fee to be paid when the application is lodged, and there may be other charges imposed by the agency as follows:

- \$30 per hour of staff time or pro rata for part of an hour for dealing with an application.

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- \$30 per hour (or pro rata for part of an hour) for supervision by staff when access is given to view documents; or the time taken by staff to prepare a transcript from a tape or make photocopies.
- 20 cents per photocopy.
- Actual cost incurred by the agency for preparing a copy of a tape, film or computerised information, or arranging delivery, packaging and postage of documents.
- There are no application fees or charges for internal or external reviews.

You can ask the Shire for an estimate of charges when lodging an application. If the charges are likely to exceed \$25 the agency must give you an estimate of charges and ask whether you want to proceed with the application. You must notify the Shire (within 30 days) of your intention to proceed. In some instances the Shire may request an advance deposit. If you are financially disadvantaged advise the Shire as a 25% reduction of charges may apply.

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.

Summary of FOI Requests received in the Year Ended 30 June 2011

No FOI applications were received in the 2010-2011 reporting year.

3.7 Register of Complaints

Section 5.121 requires that a register of all complaints, made in relation to conduct of elected members, be disclosed in the Annual Report.

For the year ended 30 June 2011, the Shire of Halls Creek had no complaints of this nature to disclose.

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**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 being the annual financial report, supporting notes and other information for the financial year ended 30th June 2011 are in my opinion properly drawn up to present fairly the financial position of the Shire of Halls Creek as at 30 June 2011 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 09th day of September 2011

A handwritten signature in blue ink, appearing to read 'WK Olsen', followed by a long horizontal line extending to the right.

WK (Warren) Olsen
CHIEF EXECUTIVE OFFICER

*The Shire of Halls Creek
Thomas Street
Halls Creek WA 6770*

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STATEMENT OF COMPREHENSIVE INCOME BY PROGRAMME				
	NOTE	2010/2011 Actual \$	2010/2011 Budget \$	2009/2010 Actual \$
REVENUES FROM ORDINARY ACTIVITIES				
Governance		0	0	27
General Purpose Funding		6,663,214	5,264,034	6,140,946
Law, Order, Public Safety		3,434	11,700	5,204
Health		477,759	310,800	176,884
Education and Welfare		667,477	224,154	1,032,348
Housing		85,783	67,600	62,873
Community Amenities		205,482	224,100	206,402
Recreation and Culture		311,944	264,818	659,659
Transport		1,555,302	1,681,125	3,869,303
Economic Services		230,463	285,396	337,325
Other Property and Services		628,282	271,390	5,180,720
		10,829,140	8,605,117	17,671,691
EXPENSES FROM ORDINARY ACTIVITIES (Excluding Finance Costs)				
Governance		(612,729)	(673,229)	(472,939)
General Purpose Funding		(269,747)	(290,655)	(101,870)
Law, Order, Public Safety		(270,053)	(406,441)	(244,013)
Health		(438,817)	(593,035)	(280,897)
Education and Welfare		(1,357,448)	(1,627,521)	(692,154)
Housing		6,760	30,654	29,140
Community Amenities		(820,397)	(1,060,728)	(876,400)
Recreation & Culture		(1,984,458)	(2,185,138)	(1,889,172)
Transport		(3,332,691)	(3,674,770)	(3,685,017)
Economic Services		(690,647)	(810,992)	(586,785)
Other Property and Services		(1,199,001)	(5,951,558)	(599,565)
		(10,969,228)	(17,243,413)	(9,399,672)
EXPENSE FINANCE COST				
Governance		(5,248)	(5,248)	(6,068)
Housing		(98,254)	(98,254)	(92,013)
	3	(103,502)	(103,502)	(98,081)
Net Result		(243,590)	(8,741,798)	8,173,938
Other Comprehensive Income		0	0	0
Total Comprehensive Income		(243,590)	(8,741,798)	8,173,938
This statement is to be read in conjunction with the accompanying notes.				

Shire of Halls Creek Annual Report for Year Ended 30 June 2011

STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE				
	NOTE	2010/2011 Actual \$	2010/2011 Budget \$	2009/2010 Actual \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	20	1,542,635	1,524,712	1,457,978
Grants, Subsidies, Contributions - Operating	13	6,508,203	4,433,918	11,071,173
Service Charges	22	16,189	14,900	14,900
Fees and Charges	25	800,753	800,292	830,938
Interest Earnings	3	489,480	268,500	369,728
Other Revenue		3,265	0	696
		<u>9,360,525</u>	<u>7,042,322</u>	<u>13,745,413</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(3,032,385)	(4,279,416)	(2,877,530)
Materials and Contracts		(3,924,295)	(8,816,936)	(2,530,504)
Utilities (gas, electricity, water, etc)		(319,636)	(305,660)	(315,797)
Depreciation on Non-current Assets	3	(3,043,817)	(3,227,021)	(3,107,945)
Insurance		(376,689)	(416,632)	(202,873)
Interest on Debentures	3	(103,502)	(103,502)	(98,081)
Other Expenses		(271,055)	(120,817)	(345,681)
		<u>(11,071,379)</u>	<u>(17,269,984)</u>	<u>(9,478,411)</u>
		(1,710,854)	(10,227,662)	4,267,002
Grants, Subsidies, Contributions - Non Operating	13	1,433,435	1,554,795	3,906,316
Profit on Asset Disposals	31 (b)	35,180	8,000	19,962
Loss on Asset Disposals	31 (b)	(1,351)	(76,931)	(19,342)
Net Result		(243,590)	(8,741,798)	8,173,938
Other Comprehensive Income		0	0	0
Total Comprehensive Income		(243,590)	(8,741,798)	8,173,938
This statement is to be read in conjunction with the accompanying notes.				

Shire of Halls Creek Annual Report for Year Ended 30 June 2011

STATEMENT OF FINANCIAL POSITION				
AS AT 30 JUNE 2011				
	NOTE		2010/2011	2009/2010
			Actual	Actual
			\$	\$
CURRENT ASSETS				
Cash and Cash Equivalents	4		14,542,157	14,877,373
Trade and Other Receivables	5		445,362	400,029
Inventories	6		66,169	49,000
TOTAL CURRENT ASSETS			15,053,688	15,326,402
NON-CURRENT ASSETS				
Work In Progress	7		150,053	150,790
Property, Plant and Equipment	8(a)		20,574,258	20,694,175
Infrastructure	8(c)		8,388,396	8,684,257
TOTAL NON-CURRENT ASSETS			29,112,707	29,529,222
TOTAL ASSETS	17		44,166,395	44,855,624
CURRENT LIABILITIES				
Trade and Other Payables	9		453,799	833,376
Provisions	10		284,239	276,036
Long Term Borrowings	11		65,470	82,283
TOTAL CURRENT LIABILITIES			803,508	1,191,695
NON-CURRENT LIABILITIES				
Provisions	10		30,694	22,676
Long Term Borrowings	11		1,448,408	1,513,878
TOTAL NON-CURRENT LIABILITIES			1,479,102	1,536,554
TOTAL LIABILITIES			2,282,610	2,728,249
NET ASSETS			41,883,785	42,127,375
EQUITY				
Retained Surplus			37,337,842	38,000,546
Reserves - Cash Backed	12		2,881,456	2,462,342
Reserves - Asset Revaluation	12		1,664,487	1,664,487
TOTAL EQUITY			41,883,785	42,127,375
This statement is to be read in conjunction with the accompanying notes.				

Shire of Halls Creek Annual Report for Year Ended 30 June 2011

STATEMENT OF CHANGES IN EQUITY				
	NOTE		2010/2011	2009/2010
			Actual	Actual
			\$	\$
RETAINED SURPLUS				
Balance as at 1 July 2010			38,000,546	30,801,785
Net Result			(243,590)	8,173,938
Transfer from/(to) Reserves			(419,114)	(975,177)
Balance as at 30 June 2011			37,337,842	38,000,546
RESERVES - CASH BACKED				
Balance as at 1 July 2010			2,462,342	1,487,165
Amount Transferred (to)/from Retained Surplus			419,114	975,177
Balance as at 30 June 2011	12		2,881,456	2,462,342
RESERVES - ASSET REVALUATION				
Balance as at 1 July 2010			1,664,487	1,664,487
Total Other Comprehensive Income			0	0
Balance as at 30 June 2011	12		1,664,487	1,664,487
TOTAL EQUITY			41,883,785	42,127,375
This statement is to be read in conjunction with the accompanying notes.				

Shire of Halls Creek Annual Report for Year Ended 30 June 2011

STATEMENT OF CASH FLOWS				
	NOTE	2010/2011 Actual \$	2010/2011 Budget \$	2009/2010 Actual \$
Cash Flows From				
Operating Activities				
Receipts				
Rates		1,530,231	1,674,482	1,471,341
Grants, Subsidies, Contributions		6,533,503	4,459,218	11,984,189
Service Charges		16,189	14,900	14,900
Fees and Charges		833,740	800,690	820,346
Interest Earnings		455,935	273,061	307,167
Goods and Services Tax		7,146	800,000	994,544
Other		3,265	0	4,095
		<u>9,380,009</u>	<u>8,022,351</u>	<u>15,596,582</u>
Payments				
Employee Costs		(3,034,681)	(4,208,551)	(2,821,544)
Materials and Contracts		(3,797,184)	(8,585,115)	(3,206,221)
Utilities (gas, electricity, water, etc)		(316,971)	(305,290)	(311,840)
Insurance		(376,689)	(416,632)	(202,873)
Interest		(104,874)	(104,558)	(100,033)
Goods and Services Tax		(563,067)	(948,250)	(584,430)
Other		(279,438)	(120,817)	(334,011)
		<u>(8,472,904)</u>	<u>(14,689,213)</u>	<u>(7,560,952)</u>
Net Cash Provided By (Used In)				
Operating Activities	14(b)	<u>907,105</u>	<u>(6,666,862)</u>	<u>8,035,630</u>
Cash Flows from Investing Activities				
Payments for Purchase of				
Property, Plant & Equipment		(914,592)	(2,524,399)	(3,209,656)
Payments for Construction of				
Infrastructure		(1,597,809)	(3,903,942)	(3,415,006)
Payments for Construction of				
Work in Progress		(136,832)	0	(143,179)
Grants and Contributions for				
the Development of Assets		1,433,435	1,554,795	4,223,751
Proceeds from Sale of				
Plant & Equipment		55,760	138,000	95,557
Net Cash Used in Investing Activities		<u>(1,160,038)</u>	<u>(4,735,546)</u>	<u>(2,448,532)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(82,283)	(82,283)	(109,869)
Proceeds from new Debentures				1,000,000
Net Cash Provided By (Used In)				
Financing Activities		<u>(82,283)</u>	<u>(82,283)</u>	<u>890,131</u>
Net Increase (Decrease) in Cash Held		<u>(335,216)</u>	<u>(11,484,691)</u>	<u>6,477,229</u>
Cash at Beginning of year		14,877,373	14,877,373	8,400,144
Cash at End of Year	14(a)	<u>14,542,157</u>	<u>3,392,682</u>	<u>14,877,373</u>
This statement is to be read in conjunction with the accompanying notes.				

Shire of Halls Creek Annual Report for Year Ended 30 June 2011

RATE SETTING STATEMENT			
	NOTE	2010/2011	2010/2011
		Actual	Budget
		\$	\$
OPERATING REVENUES			
Governance		0	0
General Purpose Funding		5,120,579	3,739,322
Law, Order, Public Safety		3,434	11,700
Health		477,759	310,800
Education and Welfare		667,477	224,154
Housing		85,783	67,600
Community Amenities		205,482	224,100
Recreation and Culture		311,944	264,818
Transport		1,555,302	1,681,125
Economic Services		230,463	285,396
Other Property and Services		628,282	271,390
		9,286,505	7,080,405
OPERATING EXPENSES			
Governance		(617,977)	(673,229)
General Purpose Funding		(269,747)	(290,655)
Law, Order, Public Safety		(270,053)	(406,441)
Health		(438,817)	(593,035)
Education and Welfare		(1,357,448)	(1,627,521)
Housing		(91,494)	(67,600)
Community Amenities		(820,397)	(1,060,728)
Recreation & Culture		(1,984,458)	(2,185,138)
Transport		(3,332,691)	(3,674,770)
Economic Services		(690,647)	(810,992)
Other Property and Services		(1,199,001)	(5,956,806)
		(11,072,730)	(17,346,915)
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Income			
(Profit)/Loss on Asset Disposals		(33,829)	68,931
Depreciation on Assets		3,043,817	3,227,021
Movement in Employee Benefits		16,221	76,364
Capital Expenditure and Revenue			
Works in Progress		(136,832)	0
Purchase Land and Buildings		(659,671)	(2,255,459)
Purchase Infrastructure Assets - Roads		(843,376)	(3,430,942)
Purchase Plant and Equipment		(165,093)	(175,000)
Purchase Furniture and Equipment		(89,828)	(93,940)
Purchase Infrastructure - Other		(754,435)	(473,000)
Proceeds from Disposal of Assets		55,760	138,000
Repayment of Debentures		(82,283)	(82,283)
Proceeds from Debentures			
Transfers to Reserves (Restricted Assets)		(419,114)	(288,578)
Transfers from Reserves (Restricted Assets)		0	0
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		12,030,686	12,030,684
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		11,718,433	0
Amount Req'd to be Raised from Rates	20	(1,542,635)	(1,524,712)
This statement is to be read in conjunction with the accompanying notes.			

1. STATEMENT OF OBJECTIVES

The Shire of Halls Creek is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

PRINCIPAL PLACE OF BUSINESS

The Principal place of Business of the Local Government is:

The Shire of Halls Creek
Thomas Street, Halls Creek, WA 6770

GOVERNANCE

Income and expenditure relating to Council's governance role, as well as the general Administrations costs which cannot be directly allocated to jobs. Costs are later allocated out to jobs/programmes using the "ABC" administration allocation method

GENERAL PURPOSE FUNDING

Rates, general purpose government grants, interest revenue costs associated with raising of rates, collection of debts and other funding activities within this programme.

LAW, ORDER, PUBLIC SAFETY

Supervision of various by-laws, fire prevention, emergency services and animal control. Includes operation of the Shire's Ranger services.

HEALTH

Provision of an operational framework for good community health, including food quality and pest control, general health administration and the special Aboriginal environmental health programme including the trachoma prevention.

EDUCATION AND WELFARE

To provide for funds for the operation of a Youth Centre/Drop-in-Centre within Halls Creek, and to support and encourage associated programmes for the benefit of Halls Creek Youth.

HOUSING

Maintenance and operations of staff housing as well as required capital expenditure

COMMUNITY AMENITIES

Provide services required by the community including refuse/rubbish collection, tip/refuse site maintenance, administration of the Shire's Town Planning Scheme, management and maintenance of cemeteries and specific community development programmes

RECREATION AND CULTURE

Efficient management of infrastructure and resources which will help the social development and well-being of the community, including: Civic Halls, Sports courts, Oval, Aquatic & Recreation Centre, Library, Rural Transaction Centre and TV rebroadcasting service

TRANSPORT

Construction and maintenance of roads, town streets and footpaths, street cleaning, street lighting, and the operation of the airports

ECONOMIC SERVICES

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

Activities: The regulation and provision of tourism, area promotion and building control

OTHER PROPERTY & SERVICES

Private works are undertaken on a small and large scale and through the year it cannot be forecasted as to the amount of works that will be undertaken.

Public Works Overheads

All costs associated with the employment of Council's Technical Services section are assigned to this sub-programme, and then throughout the course of the year the costs are reallocated to the relevant programmes.

Plant Operation Costs

All costs associated with the operation of Council's plant fleet are assigned to this sub programme, and throughout the year are reallocated to relevant work jobs on which the plant worked, to obtain accurate costs of that job. 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.

Miscellaneous/Unclassified

This sub programme records both income and expense for goods/services that cannot be allocated to a particular job or programme. It includes expenses incurred by the Shire that are later recouped from third parties, such as the COAG trial and MUNS project as part of special auspice funding.

Other Community Project

This sub Programme identifies both income and expenditure of other community projects undertaken by Shire like Art Centre & Aboriginal Housing Project.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local government and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations.

The report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement of 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(b) The Local Government Reporting Entity

All funds through which the Council 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, but a separate statement of those monies appears in the notes to this financial report.

(c) Goods and Services Tax

In accordance with recommended practices, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Balance Sheet are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short-term borrowings in current liabilities on the statement of financial position.

(e) Trade and Other receivables

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

(f) Inventories

General

Inventories are valued at the lower end of the costs and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land Held for resale

Land purchased for development and/or resale is valued at the lower end of cost and net realisable value. Cost includes the cost of acquisition, development and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Revenue arising from the sale of property is recognised in the Statement of Comprehensive Income as at the time of signing a binding contract of sale.

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

(g) Fixed Assets

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

Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no costs or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of the variation and fixed overhead.

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits of the asset.

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases in the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at revalue amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

Land Under Roads

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

Effective 01 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with treatment available in Australian Accounting Standard AASB1051 – Land Under Roads and the fact that Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising land under roads.

In respect of land under roads acquired on or after 01 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 AASB1051 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 01 July 2008 is not included as an asset of the Council.

Depreciation of Non-Current Assets

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated from the date of acquisition, or in respect of internally constructed assets, from the time the asset is completed and ready for use.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

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Buildings	25-40 years
Office Furniture and equipment	3-10 years
Plant and Equipment	5-10 years
Roads formed	Not depreciated
Roads unformed	Not depreciated
Roads Gravel	15 years
Roads Sealed	50 years
Kerbing and footpaths	20 years
Other Infrastructure	20 years
Drains and sewers	40 years
Grids	20 years
Airfields and runways	20 years

These assets residuals 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 of the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Capitalisation threshold

Expenditure of items of equipment under \$5,000 is not capitalised.

(h) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or the sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measure

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or at cost.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- a) The amount in which the financial asset or liability is measured at initial recognition;
- b) Less principal repayments;
- c) Plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and
- d) Less any reduction for impairment

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period (classified as non-current assets).

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are included in non-current assets, except for those that are expected to mature within 12 months after the end of the reporting period (classified as current assets). If the Council were to sell other than an insignificant amount of held-to-maturity assets, the whole category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Shire of Halls Creek Annual Report for Year Ended 30 June 2011

Available for sale assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period (classified as current assets).

(v) *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Council assesses where there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

(i) *Estimation of Fair Value*

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(j) *Impairment*

In accordance with Australian Accounting Standards the Council's 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 estimate of the recoverable amount of the asset is made in accordance with AASB 136 *'Impairment of Assets'* and appropriate adjustments made.

Shire of Halls Creek Annual Report for Year Ended 30 June 2011

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(k) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council becomes obliged to make future payments in respect of these goods and services. These amounts are unsecured and are usually paid within 30 days of recognition.

(l) Employee Benefits

The provisions for employee benefits relate to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

Wages, Salaries, Annual Leave and Long Service Leave (short-term benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the Council has a present obligation to pay resulting from employees' services provided to reporting date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(Long Service Leave (Long-term benefits))

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(m) 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 a particular asset.

(n) Provisions

Provisions are recognised when:

- (a) The Council has a present legal or constructive obligation as a result of past events;
- (b) For which it is probable that an outflow of economic benefits will result to settle the obligation; and
- (c) That outflow can be reliably measured

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Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period. Provisions are not recognised for future operating losses.

(o) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

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

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

(p) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed at Note 2(c). 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 operation for the current reporting period.

(q) Superannuation

The Council contributes to a number of Superannuation Funds on behalf of employees.

(r) Current and Non-Current Classification

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

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for land held for resale where it is held as non-current based on the Council's intention for release for sale.

(s) Rounding Off Figures

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

(t) Comparative Figures

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

When the Council applies an accounting policy retrospectively, makes a retrospective statement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

(u) Budget Comparative Figures

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

(v) New Accounting Standards and Interpretations for Application of Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2011

Council's assessment of these new standards and interpretations is set out below:

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		Title and Topic	Issued	Applicable (*)	Impact
	(i)	AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
	(ii)	AASB 124 – Related Party Disclosures	December 2009	01 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
	(iii)	AASB 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
	(iv)	AASB 2009 -12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (i.e. AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.
	(v)	AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
		[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)			
	(vi)	AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
	(vii)	AASB 2010 - 4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134, and Interpretation 13]	June 2010	01 January 2011	Nil - The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.
	(viii)	AASB 2010 - 5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	October 2010	01 January 2011	Nil - The revisions embodied in this standard are largely editorial in nature or relate to standards not applicable to the Council and will have minimal effect (if any) on the accounting practices of the Council.

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	(ix)	AASB 2010 - 6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7]	November 2010	01 July 2011	Nil - The revisions embodied in this standard amend disclosures required on transfers of financial assets. The Council is not expected to have any qualifying transfers.
	(x)	AASB 2010 - 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	December 2010	01 January 2013	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
		[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)			
	(xi)	AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 1 & 7]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	(xii)	AASB 2010 - 9 Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1]	December 2010	01 July 2011	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	(xiii)	AASB 2009- 14 Amendments to Australian Interpretations - Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	
	(xiv)	AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	
		Notes:			
	(*) Applicable to reporting periods commencing on or after the given date.				

(w) Adoption of New and Revised Accounting Standards

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

The new and revised standards were:

AASB 2009-8
AASB 2009-10
AASB 2009-13
AASB 2010-1
AASB 2010-3

Interpretation 19

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The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

3. REVENUES AND EXPENSES	NOTE		2010/2011	2009/2010
			Actual	Actual
			\$	\$
Net Result from Ordinary Activities				
includes:				
(i) Charging as Expenses:				
Auditors Remuneration				
- Audit			25,487	26,498
- Other Services			0	0
Doubtful Debts				
- Rate Debtors			18,184	3,897
- Sundry Debtors			5,727	4,438
Depreciation				
- Buildings			588,021	487,843
- Furniture and Equipment			96,908	69,609
- Plant			419,060	387,166
- Infrastructure - Roads			1,636,879	1,876,800
- Infrastructure - Other			302,949	286,527
	8		<u>3,043,817</u>	<u>3,107,945</u>
Interest Expenses				
- Debentures	19		<u>103,502</u>	<u>98,081</u>
(ii) Crediting as Revenues:		2010/2011	2010/2011	2009/2010
		Actual	Budget	Actual
Interest Earnings		\$	\$	\$
- Investments				
- Reserve Funds		151,617	100,000	92,811
- Municipal Funds		317,685	150,000	237,792
- Other Interest Earnings	24	20,178	18,500	39,125
		<u>489,480</u>	<u>268,500</u>	<u>369,728</u>

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	NOTE		2010/2011	2009/2010
			Actual	Actual
4. CASH AND CASH EQUIVALENTS			\$	\$
Cash on Hand			1,335	1,335
Cash at Bank			14,540,822	14,876,038
			<u>14,542,157</u>	<u>14,877,373</u>
Represented by:				
Unrestricted			4,243,938	4,422,860
Restricted			<u>10,298,219</u>	<u>10,454,513</u>
			<u>14,542,157</u>	<u>14,877,373</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:				
Employee Leave Reserve	12		258,643	226,720
Road Making Plant Reserve	12		869,466	762,150
Staff Housing Reserve	12		911,919	735,898
Swimming Pool Reserve	12		224,758	197,018
Airport Operating	12		343,444	301,054
Aboriginal EHO Vehicle	12		7,534	6,604
Office Redevelopment	12		231,023	202,508
Computer Upgrade	12		12,714	11,145
TV Rebroadcasting	12		21,955	19,245
<i>sub total</i>			<u>2,881,456</u>	<u>2,462,342</u>
Unspent Loans	19		0	258,956
Unspent Grants	13		<u>7,416,763</u>	<u>7,733,215</u>
			<u>10,298,219</u>	<u>10,454,513</u>
5. TRADE AND OTHER RECEIVABLES				
Current				
Rates & Services Outstanding			215,358	213,967
Sundry Debtors			98,177	131,836
GST Receivable			57,671	0
Other Tax Receivable			1,962	0
Accrued Interest			96,105	62,561
Less Provision for Doubtful Debts			<u>(23,911)</u>	<u>(8,335)</u>
			<u>445,362</u>	<u>400,029</u>
6. INVENTORIES				
Current				
Stores and Materials - at cost			<u>66,169</u>	<u>49,000</u>
			<u>66,169</u>	<u>49,000</u>
7. WORK IN PROGRESS				
Non Current				
Buildings			147,027	100,255
Infrastructure - Other			3,026	0
Infrastructure - Roads			0	50,535
Land			<u>0</u>	<u>0</u>
	15c		<u>150,053</u>	<u>150,790</u>

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		2010/2011	2009/2010	
		Actual	Actual	
		\$	\$	
8a. PROPERTY, PLANT AND EQUIPMENT				
Land - Cost		2,073,312	2,073,312	
Less Accumulated Depreciation		0	0	
		2,073,312	2,073,312	
Buildings - Cost		20,458,857	19,709,126	
Less Accumulated Depreciation		(4,098,986)	(3,510,965)	
		16,359,871	16,198,161	
Furniture and Equipment - Cost		416,511	766,122	
Less Accumulated Depreciation		(185,327)	(530,498)	
		231,184	235,624	
Plant & Equipment		4,495,806	5,302,534	
Less Accumulated Depreciation		(2,585,915)	(3,115,456)	
		1,909,891	2,187,078	
Total Property Plant & Equipment		20,574,258	20,694,175	
Movements in Carrying Amounts				
8b.	The following represents the 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 & Buildings \$	Furniture & Equipment \$	Mobile Plant/ Vehicles \$	Total \$
Balance as at 1 July 2010	18,271,473	235,624	2,187,078	20,694,175
Additions	749,731	89,828	165,095	1,004,654
Disposals	0	(439,439)	(971,822)	(1,411,261)
Revaluations - Increment	0	0	0	0
- (Decrement)	0	0	0	0
Impairment - (Losses)	0	0	0	0
- Reversals	0	0	0	0
Depreciation Operating Expense	(588,021)	(96,908)	(419,060)	(1,103,989)
Depn. Written Back (Disposals)	0	442,079	948,600	1,390,679
Balance as at 30 June 2011	18,433,183	231,184	1,909,891	20,574,258

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			2010/2011	2009/2010	
			Actual	Actual	
			\$	\$	
8c. INFRASTRUCTURE					
Infrastructure - Other			4,589,568	5,435,544	
Less Accumulated Depreciation			(2,397,734)	(3,693,845)	
			2,191,834	1,741,699	
Infrastructure - Roads			76,479,257	75,588,374	
Less Accumulated Depreciation			(70,282,695)	(68,645,816)	
			6,196,562	6,942,558	
Total Infrastructure			8,388,396	8,684,257	
8d. Movements in Carrying Amounts					
The following represents the movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.					
			Infrastructure	Infrastructure	Total
			Other	Roads	
			\$	\$	\$
Balance as at 1 July 2010			1,741,699	6,942,558	8,684,257
Additions			754,435	890,883	1,645,318
Disposals			(1,600,410)	0	(1,600,410)
Revaluations - Increment			0	0	0
- (Decrement)			0	0	0
Impairment - (Losses)			0	0	0
- Reversals			0	0	0
Depreciation Operating Expense			(302,949)	(1,636,879)	(1,939,828)
Depn Written Back (Disposals)			1,599,059	0	1,599,059
Balance as at 30 June 2011			2,191,834	6,196,562	8,388,396

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	NOTES	2010/2011 Actual \$	2009/2010 Actual \$
9. TRADE AND OTHER PAYABLES			
Current			
Creditors - Sundry		335,725	214,301
Excess Rates		28,808	11,670
GST Payable		0	498,250
Accrued Interest on Debentures		16,684	18,056
Accrued Salaries and Wages		0	0
PAYG & FBT Liability		72,582	91,099
		<u>453,799</u>	<u>833,376</u>
10. PROVISIONS			
Current			
Provision for Time in Lieu		64,499	25,398
Provision for Annual Leave & RDO's		198,700	230,626
Provision for Long Service Leave		21,040	20,012
		<u>284,239</u>	<u>276,036</u>
Non Current			
Provision for Long Service Leave		30,694	22,676
		<u>30,694</u>	<u>22,676</u>
11. LONG TERM BORROWINGS			
Current			
Debentures		65,470	82,283
		<u>65,470</u>	<u>82,283</u>
Non-Current			
Debentures		1,448,408	1,513,878
		<u>1,448,408</u>	<u>1,513,878</u>
	19	1,513,878	1,596,161

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		2010/11	2010/11	2009/2010
		Actual	Budget	Actual
12. RESERVES		\$	\$	\$
	RESERVES - CASH BACKED			
(a)	Employee Entitlement			
	Opening Balance	226,720	226,720	46,448
	Interest Earned	14,559	9,208	5,272
	Amount Set Aside / Transfer to Reserve	17,364	17,363	175,000
	Amount Used / Transfer from Reserve	0	0	0
		258,643	253,291	226,720
(b)	Computer Upgrade			
	Opening Balance	11,145	11,145	10,808
	Interest Earned	716	453	0
	Amount Set Aside / Transfer to Reserve	853	854	337
	Amount Used / Transfer from Reserve	0	0	0
		12,714	12,452	11,145
(c)	Office Redevelopment			
	Opening Balance	202,508	202,508	47,743
	Interest Earned	13,006	8,225	4,765
	Amount Set Aside / Transfer to Reserve	15,509	15,509	150,000
	Amount Used / Transfer from Reserve	0	0	0
		231,023	226,242	202,508
(d)	Aboriginal EHO Vehicle			
	Opening Balance	6,604	6,604	6,405
	Interest Earned	424	268	0
	Amount Set Aside / Transfer to Reserve	506	506	199
	Amount Used / Transfer from Reserve	0	0	0
		7,534	7,378	6,604
(e)	Airport Operating			
	Opening Balance	301,054	301,054	291,955
	Interest Earned	19,334	12,227	0
	Amount Set Aside / Transfer to Reserve	23,056	23,056	9,099
	Amount Used / Transfer from Reserve	0	0	0
		343,444	336,337	301,054
(f)	Plant Replacement			
	Opening Balance	762,150	762,151	446,047
	Interest Earned	48,946	30,955	16,103
	Amount Set Aside / Transfer to Reserve	58,370	58,369	300,000
	Amount Used / Transfer from Reserve	0	0	0
		869,466	851,475	762,150

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		2010/2011	2010/2011	2009/2010
		Actual	Budget	Actual
		\$	\$	\$
12. RESERVES (Continued)				
RESERVES - CASH BACKED (Continued)				
(g) Staff Housing				
Opening Balance		735,898	735,898	437,247
Interest Earned		47,252	29,880	13,651
Amount Set Aside / Transfer to Reserve		128,769	56,359	285,000
Amount Used / Transfer from Reserve		0	0	0
		911,919	822,137	735,898
(h) Aquatic Centre				
Opening Balance		197,018	197,018	191,062
Interest Earned		12,652	8,002	0
Amount Set Aside / Transfer to Reserve		15,088	15,088	5,956
Amount Used / Transfer from Reserve		0	0	0
		224,758	220,108	197,018
(i) TV Rebroadcasting				
Opening Balance		19,245	19,245	9,450
Interest Earned		1,236	782	295
Amount Set Aside / Transfer to Reserve		1,474	1,474	9,500
Amount Used / Transfer from Reserve		0	0	0
		21,955	21,501	19,245
Total Cash Backed Reserves		2,881,456	2,750,921	2,462,342

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12. RESERVES (Continued)			
All of the cash backed reserve accounts are supported by money held in financial institutions. These match the amount shown with restricted cash at note 4.			
In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:			
Employee Entitlements			
- to be used to fund long service leave and/or other significant payment that may be required upon termination of an employee.			
Computer Upgrade			
- to be used to fund the upgrade and/or replacement of the Shire's network operating computer system or any of the administrative or financial management computer operating programmes			
Office Redevelopment			
- to be used for the extension/major re-development of the Administration office building			
Aboriginal EHO Vehicle			
- to be used for the purchase of new AEHO vehicle, in conjunction with HDWA			
Airport Operating Works			
- to be used to fund major operational or major capital works required at the Shire of Halls Creek Airport			
Plant Replacement			
- To be used for the purchase or major capital upgrade of large plant items such as road construction plant requirements			
Staff Housing			
- to be used to fund the construction, development or purchase of residential housing or land to be utilise by the Shire of Halls Creek for the provision of staff housing			
Aquatic Centre			
- to used for the construction of and/or major upgrade or operating expenses for the Shire's Aquatic and Recreation Centre			
TV Rebroadcasting			
- to be used for the purchase of capital equipment/major works or significant operating expenses the TV rebroadcasting facilities.			
RESERVES - ASSET REVALUATION			
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		2010/2011	2009/2010
		Actual	Actual
		\$	\$
Buildings and Land			
Balance as at 1 July 2010		1,664,487	1,664,487
Revaluation Increment		0	0
Revaluation Decrement		0	0
Balance as at 30 June 2011		1,664,487	1,664,487
Total Asset Revaluation Reserve		1,664,487	1,664,487

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13. ECONOMIC DEPENDANCY AND GRANTS					
OPERATING GRANTS		2009/2010 AMOUNTS UNSPENT \$	2010/2011 REVENUE RECOGNISED	2010/2011 AMOUNTS UTILISED	2010/2011 AMOUNTS UNSPENT \$
Source of Grant	Purpose of Grant or Contribution				
GENERAL PURPOSE FUNDING					
FAGS	Grant-FAGS Untied WALGGC	0	3,941,754	3,941,754	0
FAGS	FAGS - Roads Formula	0	670,887	670,887	0
	<i>Sub total</i>	0	4,612,641	4,612,641	0
LAW, ORDER, & PUBLIC SAFETY					
Office Crime Prevention	Community Plan	3,600	0	0	3,600
Office Crime Prevention	Safety & Crime Prevention activities	11,200	0	0	11,200
	<i>Sub total</i>	14,800	0	0	14,800
HEALTH SERVICES					
Health Dept	AEHO contribution	0	156,757	156,757	0
Health Dept	Trachoma Program	0	298,576	96,256	202,320
	<i>Sub total</i>	0	455,333	253,013	202,320
WELFARE SERVICES					
DEEWR	Vacation Care Salaries	0	33,765	33,765	0
Corrective Services	Youth Co-Ordination	0	72,446	72,446	0
Corrective Services	Holiday Program	0	26,675	26,675	0
DCP	Young Peoples Services	0	59,906	59,906	0
DCP	HYPE contribution (Supplementary)	2,563	0	0	2,563
DCP	Indigenous Partnerships	19,860	0	3,930	15,930
Attorney Generals	Youth Services - Tjurabalan region	1,043,040	300,027	850,399	492,668
Attorney Generals	Youth Development Officer	19,288	0	19,288	0
FaCS	Youth Hub	89,857	171,713	172,717	88,853
	<i>Sub total</i>	1,174,608	664,532	1,239,126	600,014
RECREATION & CULTURE					
KDC	Civic precinct Scoping Study	8,299	0	8,299	0
RLCIP	Civic Hall Upgrade	0	30,000		30,000
EDWA	Pool Operating Costs	0	30,000	30,000	0
DLGRD	Pool Traineeships	20,146	0	0	20,146
DHAC	Pool Traineeships	34,611	17,080	43,342	8,349
DHAC	Swimming Pathways	20,000	0	20,000	0
	<i>Sub total</i>	83,056	77,080	101,641	58,495
TRANSPORT					
MRWA	Direct Grant	0	105,210	105,210	0
MRWA	Street Lighting	0	3,100	3,100	0
	<i>Sub total</i>	0	108,310	108,310	0
ECONOMIC SERVICES					
KDC	Capacity building - Visitors Centre	0	0	0	0
	<i>Sub total</i>	0	0	0	0
OTHER PROPERTY & SERVICES					
WA Govnt	MUNS Implementation	0	0	0	0
NT Government	Promotion of Tanami	15,000	0	0	15,000
Road Wise	Roadwise speed trailer	0	0	0	0
RDL		35,000	0	35,000	0
Kimberley Language RC	Yaryillil Art Centre Operations	0	42,090	23,607	18,483
Country Arts WA	Yaryillil Art Centre Operations	0	50,000	50,000	0
DEWHA	Yaryillil Art Centre Operations	0	49,000	49,000	0
DEWHA	Yaryillil Cultural Support Programme	0	15,000	2,624	12,376
LotteryWest	Art Centre Vehicle Grant	0	57,434	57,434	0
KDC	Community Housing Project	5,000,000	288,853	67,460	5,221,393
Miscellaneous	Contributions, Donations & Reimbursements	0	87,930	87,930	0
	<i>Sub total</i>	5,050,000	590,307	373,055	5,267,252
TOTAL OPERATING GRANTS		6,322,464	6,508,203	6,687,786	6,142,881

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13. ECONOMIC DEPENDANCY AND GRANTS (continued)					
NON OPERATING GRANTS					
Source of Grant	Purpose of Grant or Contribution	2009/2010 AMOUNTS UNSPENT \$	2010/2011 RECOGNISED \$	2010/2011 UTILISED \$	2010/2011 AMOUNTS UNSPENT \$
RECREATION					
DCD	Youth & Rec	8,940	0	0	8,940
FAHCSIA ROC	Upgrade Welman Road Park	200,000	0	140,557	59,443
DOTARS RLCIP	Upgrade Welman Road Park	30,000	0	30,000	0
	<i>Sub total</i>	238,940	0	170,557	68,383
TRANSPORT					
Remote Access FAGS	Remote Access Roads	35,496	282,000	0	317,496
Main Roads WA	Remote Access Roads	0	56,400	0	56,400
Main Roads WA	Special Funding	215,048	0	4,871	210,177
Main Roads WA	Tanami Rd - Flood Damage	0	0	0	0
Main Roads WA	Blackspot	19,040	0	8,833	10,207
Roads To Recovery	General	769,382	415,035	685,445	498,972
Roads To Recovery	Remote Access Roads	0	0	0	0
Roads To Recovery	Supplementary	0	0	0	0
Main Roads WA	Regional Road Group	69,050	180,000	136,803	112,247
Infrastructure	Regional Airports Funding Programme	0	0	0	0
RADS Transport	Sealing project Airport	0	0	0	0
RADS Transport	Relocation non-directional beacon	63,795	500,000	563,795	0
	<i>Sub total</i>	1,171,811	1,433,435	1,399,747	1,205,499
TOTAL NON OPERATING GRANTS		1,410,751	1,433,435	1,570,304	1,273,882
TOTAL UNSPENT GRANTS, SUBSIDIES & CONTRIBUTIONS		7,733,215	7,941,638	8,258,090	7,416,763
Amounts unspent are held as Restricted Funds					

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14. NOTES TO THE STATEMENT OF CASH FLOWS				
(a) Reconciliation of Cash				
For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the balance sheet as follows:				
		NOTI	2010/2011	2010/2011
			Actual	Budget
			\$	\$
				2009/2010
				Actual
				\$
Cash - Unrestricted	4		4,243,938	251,762
Cash - Restricted	4		10,298,219	3,140,920
			<u>14,542,157</u>	<u>3,392,682</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result				
Net Result			(243,590)	(8,741,798)
				8,173,938
Depreciation			3,043,817	3,227,021
(Profit)/Loss on Sale of Asset			(33,829)	68,931
(Increase)/Decrease in Receivables			(60,909)	172,364
Increase/(Decrease) in Doubtful Debts			15,576	7,665
(Increase)/Decrease in Inventories			(17,169)	(46,000)
Increase/(Decrease) in Payables			(379,577)	123,386
Increase/(Decrease) in Employee Provision			16,221	76,364
Grants/Contributions for the Development of Assets			(1,433,435)	(1,554,795)
Net Cash from Operating Activities			<u>907,105</u>	<u>(6,666,862)</u>
(c) Credit Standby Arrangements				
Bank Overdraft limit			1,000,000	0
Bank Overdraft at Balance Date			0	0
Credit Card Limit			75,000	75,000
Credit Card Balance at Balance Date			0	0
Total Amount of Credit Unused			<u>1,075,000</u>	<u>75,000</u>
(d) Loan Facilities				
Loan Facilities - Current			65,470	82,283
Loan Facilities - Non-Current			1,448,408	1,431,595
Total Facilities in Use at Balance Date			<u>1,513,878</u>	<u>1,513,878</u>
Unused Loan Facilities	19		0	0
				258,956

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15. CAPITAL AND LEASING COMMITMENTS				
(a) Finance Lease Commitments				
There are no finance lease commitments to report for the year ended 30 June 2011				
(b) Operating Lease Commitments				
There are no operating commitments to report for the year ended 30 June 2011				
(c) Capital Expenditure Commitments				
		2010/2011	2010/2011	
	Proposed Project	Total Works In Progress	New Works In Progress	
	Group Housing Construction	300,000	127,532	127,532
	Public Toilet	370,000	2,370	2,370
	Youth Services Centre	510,000	7,233	0
	Mardiwah Loop Footpath	200,000	3,026	0
	Construct Lot 237 Quilty ST	2,500,000	9,892	6,930
		<u>3,880,000</u>	<u>150,053</u>	<u>136,832</u>
As at 30 June 2011 there were no contractual obligations in place for the above projects.				
These projects are anticipated to be completed by 30 June 2012, and are as forecast in 2011/12 Budget				
16. TRUST FUNDS				
Funds held at balance date over which the Municipality has no control and which are not included in the financial statements are as follows:				
	Balance	Amounts	Amounts	Balance
	01-July-2010	Received	Paid	30-June-2011
	\$	\$	\$	\$
Staff Christmas Club	300	0	0	300
Staff Housing Bonds	293	7,112	5,180	2,225
Facility Bond Hire	4,900	3,200	3,000	5,100
BCITF	2,545	7,881	8,718	1,708
Unclaimed wages	25,671	342	0	26,013
Little Athletics	2,166	0	0	2,166
History Project	5,499	0	0	5,499
Election Nominations	0	240	240	0
Tourism Operators	16,700	597,473	551,082	63,091
Library Membership deposits	1,700	0	300	1,400
DPI Vehicle Licensing	13,880	308,194	310,239	11,835
Telecentre Income	20,705	29,337	205	49,837
COAG & Other Govnts Funds	176,557	4,894	4,594	176,857
	<u>270,916</u>	<u>958,673</u>	<u>883,558</u>	<u>346,031</u>

Shire of Halls Creek Annual Report for Year Ended 30 June 2011

			2010/2011	2009/2010
17. TOTAL ASSETS CLASSIFIED BY FUNCTION			Actual	Actual
			\$	\$
Governance			5,674	8,614
General Purpose Funding			268,796	210,070
Law, Order, Public Safety			28,157	18,590
Health			6,344	39,569
Education and Welfare			38,548	41,799
Housing			5,980,802	5,013,237
Community Amenities			179,443	181,654
Recreation and Culture			10,545,776	10,741,818
Transport			8,908,915	9,411,661
Economic Services			278,332	261,480
Other Property and Services			3,323,818	3,987,198
Unallocated (Cash)			14,601,790	14,939,934
			44,166,395	44,855,624
18. FINANCIAL RATIOS		2010/2011	2009/2010	2008/2009
Current Ratio		6.08	4.16	3.76
Untied Cash to Trade Creditors Ratio		12.64	20.64	3.87
Debt Ratio		0.05	0.06	0.06
Debt Service Ratio		0.02	0.02	0.01
Gross Debt to Revenue Ratio		0.36	0.18	0.08
Gross Debt to Economically Realisable Assets		0.05	0.05	0.02
Rate Coverage Ratio		0.14	0.12	0.11
Outstanding Rates Ratio		0.12	0.13	0.12
The above rates are calculated as follows:				
Current Ratio equals		Current assets minus restricted current assets		
		Current liabilities minus liabilities associated		
		with restricted assets		
Untied Cash to Trade Creditors Ratio		Untied cash		
		Unpaid trade creditors		
Debt Ratio equals		Total liabilities		
		Total assets		
Debt Service Ratio equals		Debt Service Cost (Principal & Interest)		
		Available operating revenue		
Gross Debt to Revenue Ratio		Gross debt		
		Total revenue		
Gross Debt to		Gross debt		
Economically Realisable Assets Ratio		Economically realisable assets		
Rate Coverage Ratio equals		Net rate revenue		
		Operating revenue		
Outstanding Rates Ratio equals		Rates outstanding		
		Rates collectable		

Shire of Halls Creek Annual Report for Year Ended 30 June 2011

19. LONG TERM BORROWINGS (Detail)										
(i) Debenture Repayments										
		Principal 1-Jul-10	New Loans	Principal Repayments		Principal 30-Jun-11		Interest Repayments		
Particulars				Actual	Budget	Actual	Budget	Rate	Actual	Budget
								%		
Loan 22 - CEO house		53,453		20,335	20,335	33,118	33,118	5.57	2,554	2,554
Loan 23 - Triplex		487,229		20,774	20,774	466,455	466,455	6.58	31,512	31,512
Loan 24 - Office Redevelopment		92,794		14,780	14,780	78,014	78,014	5.79	5,248	5,248
Loan 25 - Housing Units		962,685		26,394	26,394	936,291	936,291	6.65	64,188	64,188
		1,596,161		82,283	82,283	1,513,878	1,513,878		103,502	103,502
(ii) New Debentures - 2010/2011										
There were no new debentures or loans taken in financial year 2010/2011										
(iii) Overdraft										
Council has an operational overdraft of \$1 million on its Municipal Account, but has not utilised the facility this year.										

Shire of Halls Creek Annual Report for Year Ended 30 June 2011

20. RATING INFORMATION - 2010/2011 FINANCIAL YEAR											
		Rate in \$ <i>(cents)</i>	Number of Properties	Rateable Value	Rate Revenue	Interim & Back Rates	Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue
RATE TYPE											
General Rate											
GRV _ Town		11.3700	274	4,988,552	567,198	18,318	585,517	564,433			564,433
GRV Town Vacant		22.7400	1	16,432	3,737		3,737	3,737			3,737
UV _ Rural/Pastoral		2.0500	30	13,425,440	275,222	(26,090)	249,132	271,737			271,737
UV _ Mining		27.5500	36	1,273,867	350,950	26,507	377,457	582,391			582,391
UV Prospecting/Exploration		13.7700	117	1,658,292	228,347		228,347				0
Sub-Totals			458	21,362,583	1,425,454	18,735	1,444,190	1,422,298			1,422,298
		Minimum									
Minimum Rate		\$									
GRV _ Town		600	10	31,720	6,000		6,000	6,600			6,600
GRV Town Vacant		1123	15	29,800	16,845		16,845	20,214			20,214
UV _ Rural/Pastoral		560	4	2,500	2,240		2,240	2,240			2,240
UV _ Mining		560	6	5,309	3,360		3,360	73,360			73,360
UV Prospecting/Exploration		560	55	98,454	70,000		70,000				0
Sub-Totals			90	167,783	98,445		98,445	102,414			102,414
							1,542,635				1,524,712
Ex Gratia							0				0
Totals				21,530,366	1,523,899		1,542,635				1,524,712

Shire of Halls Creek Annual Report for Year Ended 30 June 2011

21. SPECIFIED AREA RATE - 2010/2011 FINANCIAL YEAR						Nil
22. SERVICE CHARGES - 2010/2011 FINANCIAL YEAR						
T V and Radio Rebroadcasting				2010/2011	2010/2011	2009/2010
This service charges is for the provision of				Actual	Budget	Actual
television re-broadcasting. It is applicable to all				\$	\$	\$
owners of properties within a designated area						
The proceeds are applied in full to the actual cost				16,189	15,000	14,900
to the Shire for the re-broadcasting service						
23. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS						
2010/2011 FINANCIAL YEAR						
			Type	Disc %	Total	Budget
					Cost/	Cost/
					Value	Value
Sundry Debtors			Write Off	NA	2,951	2,500
Rates Debtors			Write-Off	NA	4,751	2,500
Community Facility Hire Grants			Subsidy	NA	4,445	12,000
The Shire of Halls Creek does not grant a discount for the early payment of rates.						
appearing on the rate notice.						
The Council has agreed to waive, reduce or refund facility hire charges for approved						
applicants only.						
The final cost of fees forgone are shown above as "community facility hire grants"						
24. INTEREST CHARGES AND INSTALMENTS - 2010/2011 FINANCIAL YEAR						
			Interest	Admin.	Revenue	Budgeted
			Rate (%)	Charge		Revenue
				\$	\$	\$
Interest on Unpaid Rates			11	0	15,187	10,000
Interest on Instalment Plan			6	0	4,991	6,000
Interest on Sundry Debtors			11	0		2,500
<i>Total Interest</i>					20,178	18,500
Charges on Instalment Plan				9	3,984	4,500
<i>Total Charges</i>				9	3,984	4,500

Shire of Halls Creek Annual Report for Year Ended 30 June 2011

					2010/2011		2009/2010
					Actual		Actual
	25. FEES & CHARGES				\$		\$
	General Purpose Funding				18,458		27,387
	Governance				0		0
	Law, Order, Public Safety				2,743		4,435
	Health				5,841		3,084
	Education & Welfare				0		14,058
	Housing				81,686		60,095
	Community Amenities				201,226		206,230
	Recreation & Culture				192,096		130,180
	Transport				6,293		66,013
	Economic Services				229,881		291,325
	Other Property & Services				62,529		28,131
					800,753		830,938
	There were no changes during the year to the amount of the fees or charges detailed in the original budget.						
					2010/2011	2010/2011	2009/2010
					Actual	Budget	Actual
	26. COUNCILLORS' REMUNERATION				\$	\$	\$
	The following fees, expenses and allowances were paid to council members and/or the president.						
	Meeting Fees				20,076	27,000	21,691
	Travelling Expenses				4,619	5,000	3,329
	Telecommunications				5,694	8,000	8,332
	President's Allowance				6,289	6,000	6,084
	Deputy President's Allowance				1,212	1,000	865
					37,890	47,000	40,301

Shire of Halls Creek Annual Report for Year Ended 30 June 2011

27. EMPLOYEES' REMUNERATION					
Set out below, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$100,000 or more.					
		Salary Range		2010/2011	2009/2010
		\$			
		100,000 - 110,000		1	3
		120,000- 130,000		1	-
		190,000 - 200,000		1	1
28. EMPLOYEE NUMBERS				2010/2011	2009/2010
The number of full-time equivalent					
Employees at balance date				34	32
29. MAJOR LAND TRANSACTIONS					
No major land transactions were completed during the period					
30. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS					
No trading undertakings or major trading undertakings occurred during the period					

Shire of Halls Creek Annual Report for Year Ended 30 June 2011

31. DISPOSAL & REPLACEMENT OF ASSETS						
(a) The following assets were purchased during the year						
	Asset No	G/L Account	Work In Progress	New Purchase	Asset Value	Budget \$
Furniture and Fittings						
POOL CLEANER	4001	00966821	0	10,000	10,000	15,000
GYMNASIUM & RECREATION EQUIP		00115804	0	0	0	8,940
0910 NEW HALL FURNITURE		00114705	0	0	0	10,000
OFFICE COMPUTERS PRINTER SOFT		00450721	0	0	0	15,000
COMPUTER SYSTEM-ADMIN/FINANCE	4002	00450722	0	70,645	70,645	0
COUNCIL CHAMBERS RENOVATIONS		00410740	0	0	0	5,000
OFFICE EQUIPMENT - MAJOR ITEMS	4003	00450723	0	9,183	9,183	10,000
CAPITAL - TV REBROADCAST EQUIP		00119701	0	0	0	30,000
sub total			0	89,828	89,828	93,940
Buildings & Land						
STORMWATER DRAINAGE	68	00112802	49,107	0	49,107	30,000
SHADE STRUCTURES	68	00112803	8,294	0	8,294	30,621
CENTRE SECURITY SCREEN & GATES	3057	00112810	0	40,672	40,672	100,000
POOL CHEMICAL STORAGE		00112812	0	0	0	20,000
CENTRE SECURITY CARD SYSTEM	3057	00112814	0	44,209	44,209	80,000
DOG POUND UPGRADE	100	00543704	2,475	13,491	15,966	70,000
DEPOT-EXTENSIONS/IMPROVEMENTS		00148703	0	0	0	100,000
VISITOR CENTRE ALTERNES/EQUIP		00130801	0	0	0	48,000
STAND PIPE AND WATER TANK (DEPOT)		00148706	0	0	0	10,000
RELOCATION DROP IN CENTRE		00855756	0	0	0	510,000
CAPITAL-285 WELMAN RD	75	00941931	0	14,736	14,736	15,000
CAPITAL - 172 KINIVAN PMO		00941932	0	0	0	20,000
CAPITAL 175 BRIDGE	76	00951703	0	17,901	17,901	15,000
CAPITAL-KINIVAN ST UNITS		00951704	0	0	0	2,500
CAPITAL-123B ROBERTA	3006	00951706	0	25,289	25,289	70,000
CAPITAL-120 ROBERTA		00951707	0	0	0	10,000
CAPITAL-DEPOT RESIDENCE	67	00951708	0	13,798	13,798	3,000
CAPITAL-RACECOURSE HOUSE		00951709	0	0	0	2,500
CAPITAL-123A ROBERTA		00951711	0	0	0	18,000
186 JOHN FLYNN STREET	3123	00951712	0	24,140	24,140	8,000
CAPITAL-122 ROBERTA	3012	00951714	0	25,239	25,239	20,000
CAPTIAL - DARCY ST EMTS		00951717	0	0	0	5,000
CAPITAL - 114A BRIDGE STREET		00951718	0	0	0	3,000
CAPITAL - 114B BRIDGE STREET		00951719	0	0	0	3,000
CAPITAL - 114C BRIDGE STREET		00951720	0	0	0	3,000
CAPITAL - AIRPORT RESIDENCE	82	00951721	0	19,448	19,448	18,000
CAPITAL - 2/172 KINIVAN STREET		00951722	0	0	0	2,500
CAPITAL - NEW GROUP HOUSING		00951723	0	0	0	0
CONSTRUCTION 122 ROBERTA	4004	00951725	30,183	402,627	432,810	366,000
237 QUILTY ST CONSTRUCTION		00951726	0	0	0	5,000
SPQ DARCY STREET-CAPITAL	80	00951733	0	18,121	18,121	40,000
BUILDING PURCHASE 10/11		00951734	0	0	0	300,000
PUBLIC TOILETS/DUMP POINT		00108702	0	0	0	200,000
OVAl CHANGE ROOM		00114706	0	0	0	35,000
CIVIC HALL - EXTERNAL PAINT		00114704	0	0	0	45,000
sub total			90,059	659,671	749,730	2,208,121

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31 (a) DISPOSAL & REPLACEMENT OF ASSETS (continued)							
		Asset No	G/L Account	Work In Progress	New Purchase	Asset Value	Budget \$
	Plant and Equipment						
	4X4 CEO VEHICLE	3093	00451751	0	53,589	53,589	55,000
	VEHICLE - ABORIGINAL HEALTH	3094	00722701	0	54,070	54,070	60,000
	CAR PURCHASE-ART CENTRE	4000	00149770	0	57,434	57,434	0
	NEW VEHICLE		00107700	0	0	0	60,000
	<i>sub total</i>			0	165,093	165,093	175,000
	Infrastructure - Roads						
	TANAMI ROAD - Rrg - Various Silks	5103	120006	0	38,362	38,362	527,050
	TANAMI ROAD	5103	120010	0	4,872	4,872	66,092
	TANAMI ROAD SLK - 132-156		120018	0	0	0	183,681
	BALGO ROAD		120208	0	0	0	93,000
	SEAL-BECKETT ST	5103	120217	25176	475,852	501,028	974,824
	MULAN RD		120209	0	0	0	117,000
	RED HILL RD	5103	120606	22333	217,016	239,349	437,667
	DUNCAN RD, Sil 3.4-6.4Mk		120021	0	98,441	98,441	675,000
	PALMS SPRINGS-Blackspot		120022	0	0	0	244,000
	DUNCAN ROAD SIGNS-Blackspot	5103	120023	0	1,409	1,409	35,466
	TANAMI ROAD SIGNS-Blackspot	5103	120024	0	7,424	7,424	35,466
	GORDON DOWNS		120304	0	0	0	41,696
	<i>sub total</i>			47,509	843,376	890,885	3,430,942
	Infrastructure - Other						
	CEMETERY IMPROVEMENTS	7060	00108701	0	18,740	0	70,000
	REFUSE SITE - IMPROVEMENTS		00101701	0	0	0	30,000
	WELMAN ROAD CHILDRENS PARK	4005	00115736	0	170,558	170,558	230,000
	PLAYGROUND EQUIPMENT		00112813	0	0	0	20,000
	RACE/RODEO GROUND IMPROVEMENTS		00115701	0	0	0	27,338
	RELOCATION NON-DIRECTIONAL BEACON	4006	00128718	0	565,137	565,137	143,000
	<i>sub total</i>			0	754,435	754,435	450,338
	Total Assets			137,568	2,512,403	2,649,971	6,358,341

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31. DISPOSAL & REPLACEMENT OF ASSETS (Continued)									
(b) The following assets were disposed of during the year.									
	Asset No	Historical Cost	Accumulated Depreciation	Net Book Value		Sale Price		Profit (Loss)	
		\$	\$	Actual	Budget	Actual	Budget	Actual	Budget
				\$	\$	\$	\$	\$	\$
Infrastructure-Others									
2003/04 Art Purchase	3031	1,351	0	1,351	0	0	0	(1,351)	0
<i>sub total</i>		1,351	0	1,351	0	0	0	(1,351)	0
Furniture & Equipment									
SBS Broadcasting Equipme	559	17,020	19,660	(2,640)	0	0	0	2,640	0
<i>sub total</i>		17,020	19,660	(2,640)	0	0	0	2,640	0
Plant and Equipment									
Toyota Utility Vehicle	3041	32,756	23,878	8,878	0	25,454	0	16,576	0
Toyota Troop Carrier	3044	53,066	37,575	15,491	27,418	30,306	20,000	14,815	(7,418)
Wheel Balancer	308	3,513	4,533	(1,020)	0	0	0	1,020	0
Transportable Toilets	543	18,707	18,835	(128)	0	0	0	128	0
<i>sub total</i>		108,042	84,821	23,221	27,418	55,760	20,000	32,539	(7,418)
		126,413	104,481	21,932	27,418	55,760	20,000	33,828	(7,418)

32. FINANCIAL RISK MANAGEMENT

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

Council does not engage in transactions express 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.

	Carrying Value		Fair Value	
	2011	2010	2011	2010
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	14,542,157	14,877,373	14,542,157	14,877,373
Receivables	445,362	400,029	445,362	400,029
	<u>14,987,519</u>	<u>15,277,402</u>	<u>14,987,519</u>	<u>15,277,402</u>
Financial Liabilities				
Payables	453,799	833,376	453,799	833,376
Borrowings	1,513,878	1,596,161	1,498,739	1,596,161
	<u>1,967,677</u>	<u>2,429,537</u>	<u>1,952,538</u>	<u>2,429,537</u>

Fair value is determined as follows:

- Cash and Cash equivalents, Receivables and Payables – estimated to the carrying value which approximates net market value

Shire of Halls Creek Annual Report for Year Ended 30 June 2011

- Borrowings – estimated future cash flow discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles

(a) Cash and Cash Equivalents

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

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

Cash and investments are also subject to interest rate risk – the risk that movements in interest rates could affect returns.

Another risk associated with cash and investments is credit risk – the risk that a contracting entity with not complete its obligations under a financial instrument resulting in a financial loss to Council. Council manages these risks by diversifying its portfolio and only purchasing investments with high credit.

				30-Jun-11	30-Jun-10	
				\$	\$	
	Impact of a 1% (*) movement in interest rates on cash					
	and investments:					
	- Equity			145,422	148,774	
	- Statement of Comprehensive Income			145,422	148,774	
	Notes:					
	(*) Sensitivity percentages based on management's expectation of future possible market movements.					

(b) Receivables

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

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council 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.

Shire of Halls Creek Annual Report for Year Ended 30 June 2011

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

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

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

	30-Jun-11	30-Jun-10
Percentage of Rates and Annual Charges		
- Current	46.22%	45.09%
- Overdue	53.78%	54.91%
Percentage of Other Receivables		
- Current	71.97%	67.44%
- Overdue	28.03%	32.56%

(c) Payables and Borrowings

Payables and borrowings are both subject to liquidity risk - that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms be extended and overdraft facilities drawn upon if required.

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2011</u>					
Payables	453,799			453,799	453,799
Borrowings	131,851	711,430	1,627,892	2,471,173	1,513,878
	<u>585,650</u>	<u>711,430</u>	<u>1,627,892</u>	<u>2,924,972</u>	<u>1,967,677</u>
<u>2010</u>					
Payables	833,376			833,376	833,376
Borrowings	187,156	689,705	1,781,468	2,658,329	1,596,161
	<u>1,020,532</u>	<u>689,705</u>	<u>1,781,468</u>	<u>3,491,705</u>	<u>2,429,537</u>

Shire of Halls Creek Annual Report for Year Ended 30 June 2011

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

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:								Weighted
								Average
								Effective
	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
Year Ended 30 June 2011								
Borrowings								
Fixed Rate								
Debentures	0	33,117		0	78,015	1,402,746	1,513,878	6.63%
Weighted Average								
Effective Interest Rate	0%	6.67%	0%	0%	5.79%	6.63%		
Year Ended 30 June 2010								
Borrowings								
Fixed Rate								
Debentures	0	0	53,453	0	0	1,542,708	1,596,161	6.63%
Weighted Average								
Effective Interest Rate	0%	0.00%	6.67%	0%	0.00%	6.63%		



**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF HALLS CREEK**

Report on the Financial Report

We have audited the accompanying financial report of the Shire of Halls Creek, which comprises the statement of financial position as at 30 June 2011, statement of comprehensive income by nature or type, statement of comprehensive income by program, statement of changes in equity, statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by Chief Executive Officer.

Management's Responsibility for the Financial Report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council, as well as evaluating the overall presentation of the financial report.

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

Auditor's Opinion

In our opinion, the financial report of the Shire of Halls Creek is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a giving a true and fair view of the Shire's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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**INDEPENDENT AUDITOR'S REPORT
TO THE ELECTORS OF THE SHIRE OF HALLS CREEK (Continued)**

Other Matters

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS

A blue ink signature of David Tomasi, written in a cursive style.

DAVID TOMASI
PARTNER

Date: 13 September 2011
Perth, WA