



Shire of Halls Creek

Annual Report

For Year Ended 30 June 2012

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1.0 PRESIDENTS REPORT

The 2011-2012 financial year has seen increasing pressure on the Shire of Halls Creek (and on local governments generally) arising from the pressures of local government reform and also from the pressure to achieve more in the face of inadequate, insecure, and reducing financial resources.

The whole sector is required to implement, by 30 June 2013, a complex but integrated suite of plans referred to as the “Integrated Planning Framework”. We believe that this will ultimately be a good thing as it will bring to the sector a level of discipline and planning that has not always been apparent (and which the agencies of the State would probably benefit from, if they were subject to similar requirements). Unfortunately, the issue of standards and guidelines by the Department of Local Government fell behind schedule, which delayed the commencement of this work and has consequently compressed the time available to undertake this work.

The work associated with the Integrated Planning Framework is also additional to the usual local government activities, and has not been resourced with any substantial additional resources. As the staff are not in a position to undertake this additional work on top of their already substantial normal workloads, UHY Haines Norton has been engaged as lead consultant for the Integrated Planning Framework project. They will use subcontractors, as required, for different elements of the work.

The first step has been to review the Strategic Plan, and Placematch was engaged to undertake the required community consultation in association with the Shire’s Community Engagement Officer, Michelle Martin.

The other major opportunity for significant community input to the Shire is the proposal to establish (with funding assistance from the Regional Operations Centre) a Shire Aboriginal Advisory Committee with members nominated from throughout the Shire. This initiative will not only provide another avenue of input to Shire decision-making but will also provide members with a taste of local government and how it works. The Council elections in October 2011 were contested, which was a good thing, but there were no candidates from our remote communities and consequently the current Councillors are all townspeople. It is hoped that members of the Aboriginal Advisory Committee may include future Shire Councillors.

Nominations for the Aboriginal Advisory Committee have been slow in coming forward and the Committee had not been established by the end of the financial year. Nominations are still coming in and I anticipate that it will be established before the end of the 2012 calendar year.

The Department of Housing has provided funding to the Shire to employ an Economic Development Officer, whose principal duties are to support new and established businesses. It has taken a lot of time and effort to recruit an appointee of the appropriate calibre; toward the end of the reporting period we were delighted to appoint Lara Wilde to this position. Lara has since commenced in the position and has quickly begun making her mark in the business community.

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The Shire has made significant progress in terms of increasing its stock of staff housing. A further six dwellings were commissioned and, although they were not completed by the end of the financial year, they have since been completed and the Shire has taken possession of them and they are now mostly tenanted by members of staff. Staff housing is a significant expense, but it is also a critical factor in recruiting the staff that we require in order to adequately carry out our functions.

The Shire has also adopted a policy on Aboriginal employment, which is aimed at recruiting more local Aboriginal people into employment with the Shire. Some aspects of the policy have been implemented throughout the year, even before the policy was formally adopted by the Council. These included a local media campaign aimed at attracting more applications from local Aboriginal people for career positions with the Shire, as well as a willingness on the part of the Shire management to be flexible (where possible and appropriate) in respect of working hours in recognition that many local job applicants also have family obligations.

I am pleased to be able to report that these efforts have borne fruit in terms of a number of recently recruited local Aboriginal people who are now pursuing career opportunities with the Shire. Of course, they mainly enjoy the same benefits as other Shire employees, including access to the Shire's staff housing. We are still a little short of having sufficient housing to be able to house every Shire employee of the Shire, but we are getting close to that point and we have plans for further housing construction to work toward filling the remaining gap.

We have continued to lobby in support of the upgrading of the Tanami Road to highway standard, and have received good support from throughout the Kimberley Region as well as from the Northern Territory. Unfortunately we have not yet managed to get as much commitment from the State of WA as we would have liked, but it is important to keep up the effort until we achieve the outcome that we are aiming for. With the State election being scheduled for March 2013 (and a federal election also due to be held in 2013), it will be important over the next few weeks and months to make sure that the Tanami Road is on everyone's political agenda.

The Minister for Local Government's "reform agenda" has put quite a bit of pressure on both officers and Councillors throughout the period – not only in respect of the Integrated Planning Framework but especially in terms of the attempts of the "Kimberley Zone" of local governments to transition into the "Kimberley Regional Collaborative Group" and to meet all our obligations under the RCG Agreement while dealing with complex issues and significant differences in approach across the region. We have been supported in this by dedicated Shire officers as well as by a very proficient and dedicated Zone Executive Officer. Unfortunately it has been very hard work that has not yet resulted in outcomes commensurate with the time and effort that has gone into it.

We will soon be getting to the "pointy end" of this attempt at regional collaboration, when each Council will have to decide whether it wishes to sign up to continue with this drive (from the state) toward regional local government collaboration through legally binding agreements.

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During the period, the Council introduced standing orders and a number of other measures aimed at streamlining meetings and improving our decision-making processes. This has required considerable patience from both Councillors and staff as we have all had to come to terms with new ways of doing things. On balance, this has been a good thing and we now have much more efficient meetings than was the case in the past.

Councillors have had a number of professional development opportunities, and the Council as a whole has reaped the benefits. A number of those also involved senior officers, where appropriate, which adds not only to our skills but also to the teamwork.

I thank both the Councillors and the staff for their efforts for the Shire throughout the year.

A handwritten signature in black ink, appearing to read 'Sciona Browne', followed by a long horizontal flourish.

Cr Sciona Browne
Shire President

2.0 CHIEF EXECUTIVE OFFICERS REPORT

In my report last year I referred to the high staff turnover during the 2010-2011 period, and about our efforts to recruit more local Aboriginal people into the organization. I am pleased to report this year that the staffing in 2011-12 has been relatively stable, with the departures of Youth Services Coordinator Alba Brockie and of Manager Technical Services Kim Edmeades being the major changes during the review period. We also strengthened the remote Youth Services by the recruitment of Mr Nicholas Cleghorn to fill the Youth Development Officer at Ringer Soak and Ms Cobina Crawford to fill the Youth Development Officer at Mulan; and the Accounting Services section was strengthened by the recruitment of Mr Chris Rumble.

The vulnerability of the organization to changes in funding was demonstrated by the expiration of funding from FAHCSIA for the Youth Services Coordinator's position, and in a delay of 9 months in obtaining further funding. Consequently, the position remained unfilled for an extended period, putting at risk the delivery of Youth Services and ultimately resulting in the short-term closure of Youth Services within the Halls Creek townsite. I am grateful to Minister Macklin and FAHCSIA for new funding until 30 June 2013 that has allowed the position to be filled. But it does demonstrate how precarious our funding streams are, and the disruption to services that can quite quickly occur when critical positions go unfilled due to funding cuts.

We have also filled the position of Economic Development Officer, a position with initial funding from the Department of Housing. This position took some time to fill as we were determined to recruit an officer of an appropriate calibre; eventually we were successful in recruiting Lara Wilde, who commenced shortly after the end of the review period and is quickly making a success of the position.

We continue 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.

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

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. I am pleased to report that we have had some success in recent times in recruiting more local Aboriginal people by a campaign which has capitalised on the success of current Aboriginal employees by telling their stories in local media. I'm delighted to report that Aaron Bradshaw, Sandra Deegan and Theresa Polkinghorne have recently joined the team.

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The 2011-2012 financial year was particularly demanding for Councillors and staff; on top of the usual Shire business we have also had the burden of the local government reform agenda to contend with, without any substantial additional resources. This included our participation in the Kimberley Regional Collaborative Group, which has consumed a lot of time and effort, as well as the increasing demands that we receive from diverse state and federal agencies.

Toward the end of the reporting period, the local governments of the Kimberley region were shocked to be advised by the WA Local Government Grants Commission that we will be subject to substantial cuts in our Financial Assistance Grants (FAGs) commencing in the 2012-2013 financial year. In the case of the Shire of Halls Creek, the cut amounts to almost \$460,000 in 2012-2013. We do not know exactly how the cuts in 2013-2014 and subsequent years will be calculated, but the primary indication is that the cuts will total almost \$1M over 2 or 3 years (depending on how the WA Local Government Grants Commission decides to spread it).

FAG funding is critical to the financial viability of the majority of local governments in Australia, but especially to the remote local governments in the Kimberley region such as the Shire of Halls Creek.

Not only because it is our single largest source of revenue, but also because it is “untied” and therefore forms part of our “own-source revenue”. This is the “oil” that makes possible all the things for which specific funding is not provided, as well as the source of “matching” funding that is often required to access specific purpose funding, or make up the shortfalls in other funding.

I should like to acknowledge the support that I have received from the Council, and from the Shire staff. Generally speaking, the Shire staff are a very conscientious, hard-working and loyal team – an asset not only to the organization but also to the whole community.

I wish to particularly acknowledge Deputy CEO Andrea Nunan, our second-longest serving employee, who 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. It is with considerable regret that I have recently received her resignation. This will be a great loss to the Shire, but I wish her all the very best for her future.

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.
- Contract Works Superintendent Clive Lovell, whose conscientiousness has once again resulted in excellent outcomes in respect of our capital roads works project.
- Consultant Architectural Draughtsperson Peter Teakle for his work on design briefs for various building projects.

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- Consultant Town Planner Keith Williams for providing advice and reports on development applications, scheme amendments and a variety of other planning matters.
- The Building Services team from the Shire of Derby-West Kimberley who have been assessing building applications on our behalf.
- Consultant Keith Anderson for a range of financial management support relating to general accounting as well as assets and road grants

A handwritten signature in blue ink, appearing to read 'W. Olsen', followed by a long horizontal line 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 2011-2012 financial year, the Shire of Halls Creek did not have any significant business activities that met this criterion, and is not required to complete this assessment.

The Shire is committed to ensuring full compliance with the principles of the National Competition Policy, and therefore monitors its business activities accordingly.

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. This review has been completed and submitted to the Disability Services Commission in June 2012.

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 had not been completed as at 30 June 2012. This is due to the new legislative requirements in relation to the Integrated Planning Framework established by the Department of Local Government. As at 30 June 2012, the Council is in the process of considering a new community strategic plan following required consultation processes.

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In October 2011, 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 existing “Halls Creek Community Strategy 2008-2018”.

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 28 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 2012

No FOI applications were received in the 2011-2012 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 2012, the Shire of Halls Creek had no complaints of this nature to disclose.

4.0 Annual Financial Report

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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 2012 are in my opinion properly drawn up to present fairly the financial position of the Shire of Halls Creek as at 30 June 2012 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 10th day of September 2011

A handwritten signature in blue ink, appearing to read 'W. Olsen', with 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	2011/2012	2011/2012	2010/2011
		Actual	Budget	Actual
		\$	\$	\$
REVENUES				
Governance		0	0	0
General Purpose Funding		8,656,453	5,740,753	6,663,214
Law, Order, Public Safety		9,767	4,000	3,434
Health		368,573	160,175	477,759
Education and Welfare		705,571	471,104	667,477
Housing		198,553	98,000	85,783
Community Amenities		239,648	240,000	205,482
Recreation and Culture		207,459	270,229	0
Transport		492,467	584,565	0
Economic Services		571,165	483,596	230,463
Other Property and Services		687,966	484,931	594,454
		12,137,622	8,537,353	8,928,066
EXPENSES				
Ordinary Activities				
Governance		(388,917)	(643,174)	(612,729)
General Purpose Funding		(420,327)	(463,795)	(269,747)
Law, Order, Public Safety		(346,646)	(428,634)	(270,053)
Health		(509,490)	(596,232)	(438,817)
Education and Welfare		(991,586)	(1,417,800)	(1,357,448)
Housing		(16,065)	(4,414)	6,760
Community Amenities		(1,038,051)	(1,206,740)	(820,397)
Recreation & Culture		(1,833,029)	(2,086,951)	(1,984,458)
Transport		(3,554,438)	(3,945,864)	(3,332,691)
Economic Services		(767,364)	(1,008,653)	(690,647)
Other Property and Services		(1,206,385)	(6,403,080)	(1,199,001)
		(11,072,298)	(18,205,337)	(10,969,228)
Finance Costs				
Governance		(4,380)	(4,380)	(5,248)
Housing		(93,586)	(93,586)	(98,254)
	19	(97,966)	(97,966)	(103,502)
Non-Operating Grants, Subsidies and Contributions				
Housing		1,892,230	1,797,664	0
Transport		711,942	1,100,569	1,433,435
Other Property services		0	1,424,355	0
		2,604,172	4,322,588	1,433,435
Profit & Loss on Asset Disposals				
Other Property and Services	33(b)	109,677	(68,931)	33,828
Net Result		3,681,207	(5,512,293)	(677,401)
Other Comprehensive Income		0	0	0
Total Comprehensive Income		3,681,207	(5,512,293)	(677,401)
This statement is to be read in conjunction with the accompanying notes.				

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STATEMENT OF COMPREHENSIVE INCOME BY NATURE OR TYPE				
	NOTE	2011/2012	2011/2012	2010/2011
		Actual	Budget	Actual
		\$	\$	\$
REVENUES				
Rates	20	1,624,599	1,648,468	1,542,635
Grants, Subsidies, Contributions - Operating	25	8,785,091	5,403,725	6,508,203
Service Charges	22	17,550	16,190	16,189
Fees and Charges	26	954,773	901,613	800,753
Interest Earnings	3	648,858	347,002	489,480
Other Revenue		58,162	0	3,265
		12,089,033	8,316,998	9,360,525
EXPENSES				
Employee Costs		(2,851,821)	(4,012,232)	(3,032,385)
Materials and Contracts		(4,221,670)	(9,341,229)	(3,924,295)
Utilities (gas, electricity, water, etc)		(407,717)	(421,919)	(319,636)
Depreciation on Non-current Assets	3	(2,883,080)	(3,412,742)	(3,043,817)
Insurance		(393,212)	(370,622)	(376,689)
Interest on Debentures	19	(97,966)	(97,966)	(103,502)
Other Expenditure		(266,210)	(568,238)	(271,055)
		(11,121,676)	(18,224,948)	(11,071,379)
		967,357	(9,907,950)	(1,710,854)
Non Operating Grants, Subsidies, Contributions	25	2,604,172	4,464,588	1,433,435
Fair value adjustments to financial assets at fair value through profit or loss		0	0	0
Profit on Asset Disposals	33(b)	158,266	9,424	35,180
Loss on Asset Disposals	33(b)	(48,588)	(78,355)	(1,351)
Net Result		3,681,207	(5,512,293)	(243,590)
Other Comprehensive Income		0	0	0
Total Comprehensive Income		3,681,207	(5,512,293)	(243,590)
This statement is to be read in conjunction with the accompanying notes.				

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

STATEMENT OF FINANCIAL POSITION				
AS AT 30 JUNE 2011				
	NOTE		2011/2012	2010/2011
			Actual	Actual
			\$	\$
CURRENT ASSETS				
Cash and Cash Equivalents	4		16,976,837	14,542,157
Trade and Other Receivables	5		654,004	445,362
Inventories	6		102,250	66,169
TOTAL CURRENT ASSETS			17,733,091	15,053,688
NON-CURRENT ASSETS				
Inventories - Work In Progress	7		1,262,017	150,053
Property, Plant and Equipment	8a		19,842,365	20,574,258
Infrastructure	8c		9,151,561	8,388,396
TOTAL NON-CURRENT ASSETS			30,255,943	29,112,707
TOTAL ASSETS			47,989,034	44,166,395
CURRENT LIABILITIES				
Trade and Other Payables	9		487,242	453,799
Provisions	10		427,479	284,239
Long Term Borrowings	11		80,311	65,470
TOTAL CURRENT LIABILITIES			995,032	803,508
NON-CURRENT LIABILITIES				
Long Term Borrowings	11		1,368,098	1,448,408
Provisions	10		60,913	30,694
TOTAL NON-CURRENT LIABILITIES			1,429,010	1,479,102
TOTAL LIABILITIES			2,424,042	2,282,610
NET ASSETS			45,564,992	41,883,785
EQUITY				
Retained Surplus			39,536,632	37,337,842
Reserves - Cash Backed	12		4,363,873	2,881,456
Reserves - Asset Revaluation	12		1,664,487	1,664,487
TOTAL EQUITY			45,564,992	41,883,785
This statement is to be read in conjunction with the accompanying notes.				

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

STATEMENT OF CHANGES IN EQUITY					
			RESERVES		
			CASH/	ASSET	
		RETAINED	INVESTMENT	REVALUATION	TOTAL
	NOTE	SURPLUS	BACKED	RESERVE	EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2010		37,337,842	2,462,342	1,664,487	41,464,671
Net Result		419,114	0	0	419,114
Reserve Transfers		(419,114)	419,114	0	0
Balance as at 30 June 2011		37,337,842	2,881,456	1,664,487	41,883,785
Net Result		3,681,207	0	0	3,681,207
Reserve Transfers		(1,482,417)	1,482,417	0	0
Balance as at 30 June 2012		39,536,632	4,363,873	1,664,487	45,564,992
This statement is to be read in conjunction with the accompanying notes.					

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STATEMENT OF CASH FLOWS				
	NOTE	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
		\$	\$	\$
Cash Flows From Operating Activities				
Receipts				
Rates		1,528,178	1,660,642	1,530,231
Grants, Subsidies, Contributions		8,785,091	5,383,925	6,533,503
Service Charges		17,550	16,190	16,189
Fees and Charges		956,116	990,824	833,740
Interest Earnings		672,748	443,108	455,935
Goods and Services Tax		698,915	1,001,017	7,146
Other Revenue		58,162	0	3,265
		12,716,760	9,495,706	9,380,009
Payments				
Employee Costs		(2,751,816)	(4,072,774)	(3,034,681)
Materials and Contracts		(4,231,343)	(8,754,833)	(3,797,184)
Utilities (gas, electricity, water, etc.)		(389,689)	(415,582)	(316,971)
Insurance		(393,212)	(370,622)	(376,689)
Interest		(66,021)	(114,650)	(104,874)
Goods and Services Tax		(744,424)	(943,346)	(563,067)
Other Expenses		(235,694)	(629,409)	(279,438)
		(8,812,199)	(15,301,216)	(8,472,904)
Net Cash Provided By (Used In)				
Operating Activities	14(b)	3,904,561	(5,805,510)	907,105
Cash Flows from Investing Activities				
Payments for Purchase of				
Property, Plant & Equipment		(856,990)	(6,226,355)	(914,592)
Payments for Construction of				
Infrastructure		(2,632,853)	(4,417,813)	(1,597,809)
Payments for Construction of				
Work in Progress		(1,242,522)	0	(136,832)
Grants and Contributions for				
the Development of Assets		2,512,227	4,414,588	1,433,435
Proceeds from Sale of				
Plant & Equipment		815,726	37,500	55,760
Net Cash Used in Investing Activities		(1,404,412)	(6,192,080)	(1,160,038)
Cash Flows from Financing Activities				
Repayment of Debentures		(65,469)	(65,470)	(82,283)
Proceeds from new Debentures				
Net Cash Provided By (Used In)				
Financing Activities		(65,469)	(65,470)	(82,283)
Net Increase (Decrease) in Cash Held		2,434,680	(12,063,060)	(335,216)
Cash at Beginning of year		14,542,157	14,542,157	14,877,373
Cash and Cash Equivalents at End of Year	14(a)	16,976,837	2,479,097	14,542,157
This statement is to be read in conjunction with the accompanying notes.				

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RATE SETTING STATEMENT				
		2011/2012	2011/2012	2010/11
		Actual	Budget	Actual
		\$	\$	
OPERATING REVENUES	NOTE			
Governance		0	0	0
General Purpose Funding		7,031,854	4,092,285	5,120,579
Law, Order, Public Safety		9,767	4,000	3,434
Health		368,573	160,175	477,759
Education and Welfare		705,571	471,104	667,477
Housing		2,090,783	1,895,664	85,783
Community Amenities		239,648	240,000	205,482
Recreation and Culture		207,459	270,229	311,944
Transport		1,204,409	1,685,134	1,433,435
Economic Services		571,165	483,596	230,463
Other Property and Services		687,966	1,909,286	594,454
		<u>13,117,195</u>	<u>11,211,473</u>	<u>9,130,810</u>
OPERATING EXPENSES				
Governance		(393,297)	(647,554)	(617,977)
General Purpose Funding		(420,327)	(463,795)	(269,747)
Law, Order, Public Safety		(346,646)	(428,634)	(270,053)
Health		(509,490)	(596,232)	(438,817)
Education and Welfare		(991,586)	(1,417,800)	(1,357,448)
Housing		(109,651)	(98,000)	(91,494)
Community Amenities		(1,038,051)	(1,206,740)	(820,397)
Recreation & Culture		(1,833,029)	(2,086,951)	(1,984,458)
Transport		(3,554,438)	(3,945,864)	(3,332,691)
Economic Services		(767,364)	(1,008,653)	(690,647)
Other Property and Services		(1,096,708)	(6,472,011)	(1,199,001)
		<u>(11,060,587)</u>	<u>(18,372,234)</u>	<u>(11,072,730)</u>
Adjustments for Cash Budget Requirements:				
Non-Cash Expenditure and Income				
(Profit)/Loss on Asset Disposals		(109,678)	(4,627)	(33,829)
Depreciation on Assets		2,883,080	3,412,742	3,043,817
Movement in Employee Benefits		173,459	10,761	16,221
Capital Expenditure and Revenue				
Works in Progress		(1,242,522)	0	(136,832)
Purchase Land and Buildings		(559,916)	(5,702,355)	(659,671)
Purchase Infrastructure Assets - Roads		(2,349,077)	(3,613,809)	(843,376)
Purchase Plant and Equipment		(282,245)	(433,000)	(165,093)
Purchase Furniture and Equipment		(14,829)	(91,000)	(89,828)
Purchase Infrastructure - Other		(283,776)	(804,004)	(754,435)
Proceeds from Disposal of Assets		815,726	37,500	55,760
Repayment of Debentures		(65,469)	(65,470)	(82,283)
Proceeds from Debentures		0	0	
Transfers to Reserves (Restricted Assets)		(1,482,417)	(316,502)	(419,114)
Transfers from Reserves (Restricted Assets)		0	1,363,623	0
ADD Estimated Surplus/(Deficit) July 1 B/Fwd	32	11,718,433	11,718,434	12,030,686
LESS Estimated Surplus/(Deficit) June 30 C/Fwd	32	12,881,976	0	11,718,433
Amount Req'd to be Raised from Rates	20	<u>(1,624,599)</u>	<u>(1,648,468)</u>	<u>(1,698,330)</u>
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

Objective: Management of the Council's governance role

Activities: Governance, advocacy and policy development

GENERAL PURPOSE FUNDING

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

Activities: Raising of rates, collection of debts and general purpose funding; other funding activities

LAW, ORDER, PUBLIC SAFETY

Objective: To provide a safe environment and ensure compliance with Council by-laws

Activities: Supervision of various by-laws, fire prevention, emergency services and animal control; operation of the Shire's ranger services

HEALTH

Objective: To achieve optimal health outcomes for all residents of the Shire

Activities: Provision of an operational framework for good community health, including food quality and pest control, general health administration and special Aboriginal environmental health programmes

EDUCATION AND WELFARE

Objective: To provide support and activities for the benefit of the Halls Creek Youth

Activities: Operation of youth services within Halls Creek. Operation of remote youth development officers in communities. Employment of Youth Services Hub Co-Ordinator

HOUSING

Objective: To provide safe and comfortable housing for Shire employees and other users of Shire accommodation

Activities: Construction and maintenance of staff and rental housing

COMMUNITY AMENITIES

Objectives: Provide ancillary services required by the Community

Activities: 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

Objective: To Provide a range of cultural and recreational services

Activities: Operation and maintenance of civic halls, sports courts, aquatic and recreation centre, oval, library, rural transaction centre and rebroadcasting services

TRANSPORT

Objective: To provide safe and efficient transport infrastructure throughout the Shire

Activities: Construction and maintenance of roads, town streets and footpaths, street cleaning, street lighting, and the operation of the Shire's airport

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

Objective: To undertake such other activities as required by the Community

Activities: General Administration. These costs are allocated out to jobs and/or other programmes using the Activity Based Costing "ABC" administration allocation method. Various other activities are described under the following headings:

Private works

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

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

the plant worked, to obtain accurate costs of that job. Costs include fuels, oils, repairs and deprecation

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 Projects

This sub Programme identifies both income and expenditure of other community projects undertaken by Shire such as the 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 indicate less, where applicable, any accumulated depreciation of 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probably that the future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

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 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 as an asset.

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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:

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.

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.

Derecognition

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

(i) 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 impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the high of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

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Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a re-valued amount with accordance with another standard (eg AASB 116). Any impairment loss of re-valued asset is treated as a revaluation decrease in accordance with that other standard.

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.

(j) 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.

(k) Employee Benefits

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for the benefits. In determining the liability, consideration is given to the employee wage increase and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturing matching the expected timing of cash flows.

(l) Borrowing costs

Borrowing costs are recognised as an expenses 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.

(m) 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

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

(n) 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

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

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

(o) 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 within the notes to this report.

(p) Superannuation

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

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

(r) Rounding Off Figures

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

(s) Comparative Figures

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

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(t) Budget Comparative Figures

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

(u) 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 2012

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

	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 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.
(iii)	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]			
(iv)	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.
(v)	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, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]			
(vi)	AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]	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.

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	Title and Topic	Issued	Applicable (*)	Impact
(vii)	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	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.
	AASB 2011 - 2 Amendments to Australian Accounting Standards - Arising from the Trans-Tasman Consequence Project - Reduced Disclosure Requirements. [AASB 101 & 1054]	May 2011	01 July 2013	
	AASB 2011 - 3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049]	May 2011	01 July 2012	
	AASB 2011 - 6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127, 128 & 131]	July 2011	01 July 2013	
(viii)	AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.

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	Title and Topic	Issued	Applicable (*)	Impact
(ix)	AASB 13 - Fair Value Measurement, AASB 2011 - 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	September 2011	01 January 2013	AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 requires inputs to all fair value measurements to be categorised in accordance with fair value hierarchy. AASB 13 also requires enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value. AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards. The amendments to the legislation requires the phasing in of fair value in relation to fixed assets over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.
(x)	AASB 2011 - 9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(xi)	AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(xii)	AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	September 2011	01 July 2013	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.
	AASB 2011 – 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]	November 2011	01 January 2013	
	AASB 2011 – 13 Amendments to Australian Accounting Standards – Improvements to AASB 1049	December 2011	01 July 2012	
	Notes:			
	(*) Applicable to reporting periods commencing on or after the given date.			

(v) 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 124
AASB 1054
AASB 2009-12
AASB 2010-14
AASB 2010-4
AASB 2010-5
AASB 2010-6
AASB 2010-9
AASB 2011-1

The standards adopted had 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.

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

3. REVENUES AND EXPENSES	NOTE	2011/2012	2010/2011
		Actual	Actual
		\$	\$
Net Result from Ordinary Activities includes:			
(i) Charging as Expenses:			
Auditors Remuneration			
- Audit		37,799	25,487
- Other Services		34,238	0
Doubtful Debts			
- Rate Debtors		20,983	18,184
- Sundry Debtors		15,510	5,727
Depreciation			
- Buildings		606,762	588,021
- Furniture and Equipment		87,077	96,908
- Plant		316,527	419,060
- Infrastructure - Roads		1,691,416	1,636,879
- Infrastructure - Other		181,298	302,949
	8	<u>2,883,080</u>	<u>3,043,817</u>
Interest Expenses			
- Debentures	19	<u>97,966</u>	<u>103,502</u>
(ii) Crediting as Revenues:		2011/2012	2011/2012
		Actual	Budget
Interest Earnings		\$	\$
- Investments			
- Reserve Funds		182,091	116,502
- Municipal Funds		439,100	210,000
- Other Interest Earnings	24	<u>27,667</u>	<u>20,500</u>
		<u>648,858</u>	<u>347,002</u>
			<u>489,480</u>

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

	NOTE	2011/2012	2010/2011
		Actual	Actual
4. CASH AND CASH EQUIVALENTS		\$	\$
Cash on Hand		1,334	1,335
Cash at Bank		16,975,503	14,540,822
		<u>16,976,837</u>	<u>14,542,157</u>
Represented by:			
Unrestricted		5,585,584	4,243,938
Restricted		11,391,253	10,298,219
		<u>16,976,837</u>	<u>14,542,157</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Employee Leave Reserve	12	273,033	258,643
Computer Upgrade	12	13,421	12,714
Office Redevelopment	12	535,876	231,023
Aboriginal EHO Vehicle	12	7,953	7,534
Airport Operating	12	362,552	343,444
Road Making Plant Reserve	12	1,741,976	869,466
Staff Housing Reserve	12	962,657	911,919
Swimming Pool Reserve	12	237,263	224,758
TV Rebroadcasting	12	23,177	21,955
Edl Community	12	205,965	0
<i>sub total</i>		<u>4,363,873</u>	<u>2,881,456</u>
Unspent Grants	13	7,027,380	7,416,763
		<u>11,391,253</u>	<u>10,298,219</u>
5. TRADE AND OTHER RECEIVABLES			
Current			
Rates & Services Outstanding		314,578	215,358
Sundry Debtors		138,205	98,177
GST Receivable		141,948	57,671
Other Tax Receivable		23,550	1,962
Accrued Interest		72,216	96,105
Less Provision for Doubtful Debts		(36,493)	(23,911)
		<u>654,004</u>	<u>445,362</u>
6. INVENTORIES			
Current			
Stores and Materials - at cost		102,250	66,169
		<u>102,250</u>	<u>66,169</u>
7. WORK IN PROGRESS			
Non Current			
Buildings		1,262,017	147,027
Infrastructure -Other		0	3,026
	15c	<u>1,262,017</u>	<u>150,053</u>

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

			2011/2012	2010/2011	
			Actual	Actual	
			\$	\$	
8a. PROPERTY, PLANT AND EQUIPMENT					
Land - Cost			2,554,561	2,073,312	
Less Accumulated Depreciation			0	0	
			2,554,561	2,073,312	
Buildings - Cost			20,665,056	20,458,857	
Less Accumulated Depreciation			(4,705,748)	(4,098,986)	
			15,959,308	16,359,871	
Furniture and Equipment - Cost			417,042	416,511	
Less Accumulated Depreciation			(259,658)	(185,327)	
			157,384	231,184	
Plant & Equipment			2,423,261	4,495,806	
Less Accumulated Depreciation			(1,252,149)	(2,585,915)	
			1,171,112	1,909,891	
Total Property Plant & Equipment			<u>19,842,365</u>	<u>20,574,258</u>	
8b. 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.					
	Land & Buildings \$	Furniture & Equipment \$	Mobile Plant/ Vehicles \$	Total \$	
Balance as at 1 July 2011	18,433,183	231,184	1,909,891	20,574,258	
Additions	687,448	14,829	282,245	984,522	
Disposals	0	(14,299)	(2,345,789)	(2,360,088)	
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	(606,762)	(87,077)	(316,527)	(1,010,366)	
Depn. Written Back (Disposals)	0	12,747	1,641,292	1,654,039	
Balance as at 30 June 2012	<u>18,513,869</u>	<u>157,384</u>	<u>1,171,112</u>	<u>19,842,365</u>	

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

			2011/2012	2010/2011	
			Actual	Actual	
			\$	\$	
8c. INFRASTRUCTURE					
Infrastructure - Other			4,873,344	4,589,568	
Less Accumulated Depreciation			(2,579,032)	(2,397,734)	
			2,294,312	2,191,834	
Infrastructure - Roads			78,831,361	76,479,257	
Less Accumulated Depreciation			(71,974,112)	(70,282,695)	
			6,857,249	6,196,562	
Total Infrastructure			9,151,561	8,388,396	
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 2011			2,191,834	6,196,562	8,388,396
Additions			283,776	2,352,103	2,635,879
Disposals			0	0	0
Revaluations - Increment			0	0	0
- (Decrement)			0	0	0
Impairment - (Losses)			0	0	0
- Reversals			0	0	0
Depreciation Operating Expense			(181,298)	(1,691,416)	(1,872,714)
Depn Written Back (Disposals)			0	0	0
Balance as at 30 June 2012			2,294,312	6,857,249	9,151,561

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

[illegible]

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

		2011/12	2011/121	2010/2011
		Actual	Budget	Actual
12. RESERVES		\$	\$	\$
	RESERVES - CASH BACKED			
	(a) Employee Entitlement			
	Opening Balance	258,643	258,643	226,720
	Interest Earned	14,390	11,489	14,559
	Amount Set Aside / Transfer to Reserve	0	0	17,364
	Amount Used / Transfer from Reserve	0	0	0
		273,033	270,132	258,643
	(b) Computer Upgrade			
	Opening Balance	12,714	12,714	11,145
	Interest Earned	707	565	716
	Amount Set Aside / Transfer to Reserve		0	853
	Amount Used / Transfer from Reserve	0	0	0
		13,421	13,279	12,714
	(c) Office Redevelopment			
	Opening Balance	231,023	231,022	202,508
	Interest Earned	12,853	10,265	13,006
	Amount Set Aside / Transfer to Reserve	292,000		15,509
	Amount Used / Transfer from Reserve	0	(241,287)	0
		535,876	0	231,023
	(d) Aboriginal EHO Vehicle			
	Opening Balance	7,534	7,534	6,604
	Interest Earned	419	266	424
	Amount Set Aside / Transfer to Reserve	0	0	506
	Amount Used / Transfer from Reserve	0	0	0
		7,953	7,800	7,534
	(e) Airport Operating			
	Opening Balance	343,444	343,444	301,054
	Interest Earned	19,108	15,260	19,334
	Amount Set Aside / Transfer to Reserve	0	0	23,056
	Amount Used / Transfer from Reserve	0	(130,000)	0
		362,552	228,704	343,444
	(f) Plant Replacement			
	Opening Balance	869,466	869,466	762,150
	Interest Earned	48,783	38,625	48,946
	Amount Set Aside / Transfer to Reserve	823,727	0	58,370
	Amount Used / Transfer from Reserve	0	(300,000)	0
		1,741,976	608,091	869,466

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

		2011/12	2011/121	2010/2011
		Actual	Budget	Actual
		\$	\$	\$
12. RESERVES (Continued)				
RESERVES - CASH BACKED (Continued)				
(g) Staff Housing				
Opening Balance		911,919	911,919	735,898
Interest Earned		50,738	20,072	47,252
Amount Set Aside / Transfer to Reserve		0	0	128,769
Amount Used / Transfer from Reserve		0	(692,336)	0
		962,657	239,655	911,919
(h) Aquatic Centre				
Opening Balance		224,758	224,759	197,018
Interest Earned		12,505	9,985	12,652
Amount Set Aside / Transfer to Reserve		0	0	15,088
Amount Used / Transfer from Reserve		0	0	0
		237,263	234,744	224,758
(i) TV Rebroadcasting				
Opening Balance		21,955	21,955	19,245
Interest Earned		1,222	975	1,236
Amount Set Aside / Transfer to Reserve		0	0	1,474
Amount Used / Transfer from Reserve		0	0	0
		23,177	22,930	21,955
j) Energy Developments Community				
Opening Balance		0	0	0
Interest Earned		5,965	9,000	0
Amount Set Aside / Transfer to Reserve		200,000	200,000	0
Amount Used / Transfer from Reserve		0	0	0
		205,965	209,000	0
Total Cash Backed Reserves		4,363,873	1,834,335	2,881,456

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

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.			
Energy Developments Ltd West Kimberley Community Donation Account Reserve			
- To distribute monies to members or organisations in the Shire of Halls Creek (other than the Shire itself) to be used solely for not-for-profit projects or activities that benefit the Shire of Halls Creek's community and in accordance with the MOU between Shire of Halls Creek and EDL NGD (WA) Pty. Ltd.			
RESERVES - ASSET REVALUATION			
Asset revaluation reserves have arisen on revaluation of the following classes of assets:	2011/2012		2010/2011
	Actual		Actual
	\$		\$
Buildings and Land			
Balance as at 1 July 2011	1,664,487		1,664,487
Revaluation Increment	0		0
Revaluation Decrement	0		0
Balance as at 30 June 2012	1,664,487		1,664,487
Total Asset Revaluation Reserve	1,664,487		1,664,487

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

13. ECONOMIC DEPENDANCY AND GRANTS					
OPERATING GRANTS		2010/2011 AMOUNTS UNSPENT \$	2011/12 REVENUE RECOGNISED	2011/12 AMOUNTS UTILISED	2011/12 AMOUNTS UNSPENT \$
Source of Grant	Purpose of Grant or Contribution				
GENERAL PURPOSE FUNDING					
FAGS	Grant-FAGS Untied WALGGC	0	5,188,665	5,188,665	0
FAGS	FAGS - Roads Formula	0	877,270	877,270	0
RCG- SWEK	Regional Coll. Group - share from SWEK	0	70,454	17,457	52,997
	<i>Sub total</i>	0	6,136,389	6,083,392	52,997
LAW, ORDER, & PUBLIC SAFETY					
Office Crime Prevention	Community Plan	3,600	0	3,600	0
Office Crime Prevention	Safety & Crime Prevention activities	11,200	0	11,200	0
	<i>Sub total</i>	14,800	0	14,800	0
HEALTH SERVICES					
Health Dept	AEHO contribution	0	163,027	119,660	43,367
Health Dept	Trachoma Program	202,320	200,000	222,421	179,899
	<i>Sub total</i>	202,320	363,027	342,081	223,266
WELFARE SERVICES					
DEEWR	Vacation Care Salaries	0	34,271	34,271	0
Corrective Services	Youth Co-Ordination	0	78,018	78,018	0
DCP	Young Peoples Services	0	184,511	184,511	0
FAHCSIA	School Holiday Activities - Pyscus Circus	0	15,290	15,290	0
DCP	HYPE contribution (Supplementary)	2,563	0	2,563	0
DCP	Indigenous Partnerships	15,930	0	15,930	0
Attorney Generals	Youth Services - Tjurabalan region	492,668	300,003	524,662	268,009
FAHCSIA	Youth Leadership Activities	0	50,000	0	50,000
FAHCSIA	Youth Hub	88,853	0	88,853	0
	<i>Sub total</i>	600,014	662,093	944,098	318,009
RECREATION & CULTURE					
RLCIP	Civic Hall Upgrade	30,000	0	3,700	26,300
DLGRD	Pool Traineeships	20,146	0	20,146	0
DHAC	Pool Traineeships	8,349	3,394	11,743	0
DHAC	Swimming Pathways	0	22,000	22,000	0
	<i>Sub total</i>	58,495	25,394	57,589	26,300
TRANSPORT					
MRWA	Direct Grant	0	111,865	111,865	0
MRWA	Street Lighting	0	3,534	3,534	0
MRWA	Flood Damage claim	0	349,800	349,800	0
	<i>Sub total</i>	0	465,199	465,199	0
ECONOMIC SERVICES					
DOH	Economic Development Officer	0	200,000	17,428	182,572
	<i>Sub total</i>	0	200,000	17,428	182,572
OTHER PROPERTY & SERVICES					
NT Government	Promotion of Tanami	15,000	0	15,000	0
Kimberley Language RC	Yarliyl Art Centre Operations	18,483	0	18,483	0
Country Arts WA	Yarliyl Art Centre Operations	0	50,000	50,000	0
DEWHA	Yarliyl Art Centre Operations	0	110,000	110,000	0
DEWHA	Yarliyl Cultural Support Programme	12,376	20,000	32,376	0
KDC	Community Housing Project	5,221,393	217,133	89,972	5,348,554
Miscellaneous	Contributions, Donations & Reimbursements	0	535,856	535,856	0
	<i>Sub total</i>	5,267,252	932,989	851,687	5,348,554
TOTAL OPERATING GRANTS		6,142,881	8,785,091	8,776,274	6,151,698

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

13. ECONOMIC DEPENDANCY AND GRANTS (continued)					
NON OPERATING GRANTS		2010/11	2011/12	2011/12	2011/12
Source of Grant	Purpose of Grant or Contribution	AMOUNTS UNSPENT \$	RECOGNISED \$	UTILISED \$	AMOUNTS UNSPENT \$
STAFF HOUSING					
RDL	Royalties for Regions Staff Housing		1,892,230	1,230,264	661,966
	<i>Sub total</i>	0	1,892,230	1,230,264	661,966
RECREATION					
DCD	Youth & Rec	8,940	0	8,940	0
FAHCSIA ROC	Upgrade Welman Road Park	59,443	0	59,443	0
			0		0
	<i>Sub total</i>	68,383	0	68,383	0
TRANSPORT					
Remote Access FAGS	Remote Access Roads	317,496	211,500	327,680	201,316
Main Roads WA	Remote Access Roads	56,400	138,736	182,736	12,400
Main Roads WA	Special Funding	210,177	0	210,177	0
Main Roads WA	Blackspot	10,207	28,560	38,767	0
Roads To Recovery	General	498,972	0	498,972	0
Main Roads WA	Regional Road Group	112,247	270,000	382,247	0
RADS Transport	Sealing project Airport	0	63,146	63,146	0
	<i>Sub total</i>	1,205,499	711,942	1,703,725	213,716
TOTAL NON OPERATING GRANTS		1,273,882	2,604,172	3,002,372	875,682
TOTAL UNSPENT GRANTS, SUBSIDIES & CONTRIBUTIONS		7,416,763	11,389,263	11,778,646	7,027,380

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

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	2011/2012	2011/2012	2010/2011
		Actual	Budget	Actual
		\$	\$	\$
Cash - Unrestricted	4	5,585,584	644,762	4,243,938
Cash - Restricted	4	11,391,253	1,834,335	10,298,219
		<u>16,976,837</u>	<u>2,479,097</u>	<u>14,542,157</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result				
Net Result		3,681,207	(5,512,293)	(243,590)
Depreciation		2,883,080	3,412,742	3,043,817
(Profit)/Loss on Sale of Asset		(109,678)	(4,627)	(33,829)
(Increase)/Decrease in Receivables		(221,224)	252,619	(60,909)
Increase/(Decrease) in Doubtful Debts		12,582	(23,911)	15,576
(Increase)/Decrease in Inventories		(36,081)	14,169	(17,169)
Increase/(Decrease) in Payables		33,443	459,617	(379,577)
Increase/(Decrease) in Employee Provision		173,459	10,762	16,221
Grants/Contributions for the Development of Assets		(2,512,227)	(4,414,588)	(1,433,435)
Net Cash from Operating Activities		<u>3,904,561</u>	<u>(5,805,510)</u>	<u>907,105</u>
(c) Credit Standby Arrangements				
Bank Overdraft limit		1,000,000	1,000,000	1,000,000
Bank Overdraft at Balance Date		0	0	0
Credit Card Limit		200,000	150,000	75,000
Credit Card Balance at Balance Date		0	0	0
Total Amount of Credit Unused		<u>1,200,000</u>	<u>1,150,000</u>	<u>1,075,000</u>
(d) Loan Facilities				
Loan Facilities - Current		80,311	82,283	82,283
Loan Facilities - Non-Current		1,368,098	1,431,595	1,448,408
Total Facilities in Use at Balance Date		<u>1,448,409</u>	<u>1,513,878</u>	<u>1,530,691</u>

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

15. CAPITAL AND LEASING COMMITMENTS				
(a) Finance Lease Commitments				
There are no finance lease commitments to report for the year ended 30 June 2012				
(b) Operating Lease Commitments				
There are no operating commitments to report for the year ended 30 June 2012				
(c) Capital Expenditure Commitments				
		2011/2012	2011/2012	
	Proposed	Total Works In	New Works In	
	Project	Progress	Progress	
Public Toilet Dump Point	370,000	10,298	7,928	
Public Toilet	30,000	1,895	1,895	
Youth Services Centre	510,000	7,233	0	
Yarliyl Arts Centre	1,424,355	2,435	2,435	
Construct Lot 237 Quilty ST	2,500,000	1,240,156	1,230,264	
	<u>4,834,355</u>	<u>1,262,017</u>	<u>1,242,522</u>	
As at 30 June 2012 an unexpended contractual obligation of \$600,989 was in place for the construction at Lot 237 Quilty Street. These above projects, with exception of the Youth Services Centre, are anticipated to be completed by 30 June 2013 and are as forecast in the 2012/13 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-2011	Received	Paid	30-June-2012
	\$	\$	\$	\$
Staff Christmas Club	300	0	0	300
Staff Housing Bonds	2,225	4,100	4,845	1,480
Facility Bond Hire	5,100	3,600	2,800	5,900
BCITF	1,708	10,146	4,348	7,506
Unclaimed wages	26,013	5,007	268	30,752
Little Athletics	2,166	0	0	2,166
History Project	5,499	0	0	5,499
Election Nominations	0	480	480	0
Tourism Operators	63,091	571,054	558,729	75,416
Library Membership deposits	1,400	800	20	2,180
DPI Vehicle Licensing	11,835	277,920	279,552	10,203
Telecentre Income	49,837		39	49,798
Yarliyl Art Gallery	0	73,508	73,392	116
Refuse kerb Deposits	0	1,000	500	500
General Donation	0	235		235
COAG & Other Govnts Funds	176,857	5,116	5,116	176,857
	<u>346,031</u>	<u>952,966</u>	<u>930,089</u>	<u>368,908</u>

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

			2011/2012	2010/2011
17. TOTAL ASSETS CLASSIFIED BY FUNCTION			Actual	Actual
			\$	\$
Governance			2,852	5,674
General Purpose Funding			365,811	268,796
Law, Order, Public Safety			28,460	28,157
Health			3,240	6,344
Education and Welfare			22,510	38,548
Housing			6,568,499	5,980,802
Community Amenities			176,654	179,443
Recreation and Culture			10,307,129	10,545,776
Transport			9,602,469	8,908,915
Economic Services			394,117	278,332
Other Property and Services			3,437,276	3,323,818
Unallocated (Cash)			17,080,017	14,601,790
			<u>47,989,034</u>	<u>44,166,395</u>
18. FINANCIAL RATIOS		2011/2012	2010/2011	2009/2010
Current Ratio		8.78	8.73	5.05
Untied Cash to Trade Creditors Ratio		15.24	12.64	20.64
Debt Ratio		0.05	0.05	0.06
Debt Service Ratio		0.02	0.02	0.02
Gross Debt to Revenue Ratio		0.15	0.36	0.18
Gross Debt to Economically Realisable Assets		0.04	0.05	0.05
Rate Coverage Ratio		0.13	0.14	0.12
Outstanding Rates Ratio		0.17	0.12	0.13
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 2012

19. LONG TERM BORROWINGS (Detail)										
(i) Debenture Repayments										
		Principal		Principal		Principal		Interest Repayments		
		1-Jul-11	New	Repayments		30-Jun-12				
			Loans	Actual	Budget	Actual	Budget	Rate	Actual	Budget
Particulars										
Housing								%		
Loan 22 - CEO house		33,118	0	21,714	21,714	11,404	11,404	5.57	1,129	1,129
Loan 23 - Triplex		466,455	0	22,185	22,185	444,270	444,270	6.58	30,053	30,053
Loan 24 - Office Redevelopme		78,014	0	7,711	7,712	70,303	70,302	5.79	4,380	4,380
Loan 25 - Housing Units		936,291	0	13,859	13,859	922,432	922,432	6.65	62,404	62,404
		1,513,878	0	65,469	65,470	1,448,409	1,448,408		97,966	97,966
(ii) New Debentures - 2011/2012										
There were no new debentures or loans taken in financial year 2011/2012										
(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 2012

20. RATING INFORMATION - 2011/12 FINANCIAL YEAR											
RATE TYPE		Rate in \$ (cents)	Number of Properties	Rateable Value	Rate Revenue	Interim & Back Rates	Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue
General Rate											
GRV Town		6.0500	311	10,437,316	631,458	(10,099)	621,359	625,260	0	0	625,260
GRV Town Vacant		10.2000	15	105,685	5,599		5,599	5,599	0	0	5,599
UV Rural/Pastoral		2.1500	33	12,488,660	268,506	2,150	270,656	268,463	0	0	268,463
UV Mining		28.9200	40	1,257,219	362,020	(14,321)	347,699	373,091	0	0	373,091
UV Prospecting/Exploration		14.4500	251	1,936,374	279,806		279,806	277,755	0	0	277,755
Sub-Totals			650	26,225,254	1,547,389	(22,270)	1,525,119	1,550,168			1,550,168
		Minimum									
Minimum Rate		\$									
GRV Town		630	9	27,720	5,670	0	5,670	5,670	0	0	5,670
GRV Town Vacant		1180	13	50,795	15,340	0	15,340	15,340	0	0	15,340
UV Rural/Pastoral		590	4	2,500	2,360	0	2,360	2,360	0	0	2,360
UV Mining		590	6	5,421	3,540	0	3,540	3,540	0	0	3,540
UV Prospecting/Exploration		590	123	226,082	72,570	0	72,570	71,390	0	0	71,390
Sub-Totals			155	312,518	99,480		99,480	98,300			98,300
							1,624,599				1,648,468
Ex Gratia							0				0
Totals				26,537,772	1,646,869		1,624,599				1,648,468

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

21. SPECIFIED AREA RATE - 2011/2012 FINANCIAL YEAR							Nil
22. SERVICE CHARGES - 2010/2011 FINANCIAL YEAR							
T V and Radio Rebroadcasting				2011/2012	2011/2012	2010/2011	
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				17,550	16,190	16,189	
to the Shire for the re-broadcasting service							
23. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS							
2011/2012 FINANCIAL YEAR							
				Type	Disc %	Total	Budget
						Cost/	Cost/
						Value	Value
Sundry Debtors				Write Off	NA	8,056	500
Rates Debtors				Write-Off	NA	0	5,000
Community Facility Hire Grants				Subsidy	NA	1,573	10,000
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 - 2011/20112FINANCIAL YEAR							
				Interest	Admin.	Revenue	Budgeted
				Rate (%)	Charge		Revenue
					\$	\$	\$
Interest on Unpaid Rates				11	0	23,287	12,000
Interest on Instalment Plan				6	0	4,369	6,000
Interest on Sundry Debtors				11	0	11	2,500
Total Interest						27,667	20,500
Charges on Instalment Plan					9	3,600	4,500
Total Charges					9	3,600	4,500

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

25. GRANT REVENUE						
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:						
				2011/2012		2010/2011
				Actual		Actual
By Nature and Type:				\$		\$
Operating Grants, Subsidies and Contributions				8,785,091		6,508,203
Non-Operating Grants, Subsidies and Contributions				2,604,172		1,433,435
				<u>11,389,263</u>		<u>7,941,638</u>
By Program:						
Governance				0		0
General Purpose Funding				6,136,389		4,612,641
Law, Order, Public Safety				0		0
Health				363,027		455,333
Education and Welfare				662,093		664,532
Housing				1,892,230		
Community Amenities				0		0
Recreation and Culture				25,394		77,080
Transport				1,177,141		1,541,745
Economic Services				200,000		0
Other Property and Services				932,989		590,307
				<u>11,389,263</u>		<u>7,941,638</u>
				2011/2012		2010/2011
				Actual		Actual
26. FEES & CHARGES				\$		\$
General Purpose Funding				18,535		18,458
Governance				0		0
Law, Order, Public Safety				4,465		2,743
Health				5,546		5,841
Education & Welfare				1,546		0
Housing				101,956		81,686
Community Amenities				239,647		201,226
Recreation & Culture				111,075		192,096
Transport				27,268		6,293
Economic Services				368,138		229,881
Other Property & Services				76,597		62,529
				<u>954,773</u>		<u>800,753</u>
There were no changes during the year to the amount of the fees or charges detailed in the original budget.						

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

				200/2012	2010/2012	2010/2011
				Actual	Budget	Actual
27. COUNCILLORS' REMUNERATION				\$	\$	\$
The following fees, expenses and allowances were paid to council members and/or the president.						
Meeting Fees				18,826	27,000	20,076
Travelling Expenses				4,506	5,000	4,619
Telecommunications				5,427	8,000	5,694
President's Allowance				5,341	6,500	6,289
Deputy President's Allowance				1,222	1,200	1,212
				<u>35,322</u>	<u>47,700</u>	<u>37,890</u>
28. 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		2011/2012		2010/2011
		\$				
		100,000 - 110,000		1		1
		120,000 - 130,000		1		1
		190,000 - 200,000		0		1
		220,000 - 230,000		<u>1</u>		<u>1</u>
29. EMPLOYEE NUMBERS				2011/2012		2010/2011
The number of full-time equivalent Employees at balance date						
				<u>40</u>		<u>34</u>
30. MAJOR LAND TRANSACTIONS						
No major land transactions were completed during the period						
31. 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 2012

32. NET CURRENT ASSETS				
Composition of Net Current Asset Position				
Analysis of estimated and actual surplus/deficit.				
	Financial Year	2011/2012	2011/2012	2010/2011
	As At	30/06/2012	30/06/2012	1/07/2011
		Actual	Budget	Actual
		\$	\$	\$
CURRENT ASSETS				
Cash - Unrestricted		5,585,584	644,762	4,243,938
Cash - Restricted		11,391,253	1,834,335	10,298,219
Trade and other Receivables		654,004	260,000	445,362
Inventories		102,250	52,000	66,169
<i>Total Current Assets</i>		17,733,091	2,791,097	15,053,688
LESS: CURRENT LIABILITIES				
Trade and other Payables		(366,513)	(956,762)	(335,725)
Rates in Advance		(18,023)		(28,808)
Long Term Borrowings		(80,311)	(65,470)	(65,470)
Accrued Expenditure		(102,706)	-	(89,266)
Employee Provisions		(488,392)	(295,000)	(314,933)
<i>Total Current Liabilities</i>		(1,055,945)	(1,317,232)	(834,202)
NET CURRENT ASSET POSITION		16,677,146	1,473,865	14,219,486
Adjustments for:				
Items not included in calculation of Surplus/(Deficiency)				
Less: Reserve Accounts		(4,363,873)	(1,834,335)	(2,881,456)
Less: Self Supporting Loans		-		-
Add: Employee Provisions (Provided for within Budget)		488,392	295,000	314,933
Add: Long Term Borrowings (Provided for within Budget)		80,311	65,470	65,470
Surplus carried Forward		12,881,976	-	11,718,433
The surplus carried forward in the 2010/2011 Budget column represents the anticipated surplus used for opening funds in the 2011/2012 Budget.				
The surplus carried forward in the 2010/2011 Actual column represents the actual surplus as shown on the audited financial statements for 2010/2011.				
There was no significant variance in the surplus anticipated and the actual surplus used in the opening funds for the year under review.				
The surplus carried forward in the 2011/2012 Budget column represents the anticipated surplus as at 30 June 2012.				
The surplus carried forward in the 2011/2012 Actual column represents the actual surplus as at 30 June 2012.				

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

33. 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						
Council Chamber Renovations		410740		0	0	5,000
TV Rebroadcasting Equipment		119701		0	0	50,000
Gymnasium Equipment	142	115804		5,087	5,087	8,940
Computer Server	143	450722		7,850	7,850	0
Office Furniture	145	450702		1,892	1,892	30,000
<i>sub total</i>				14,829	14,829	93,940
Land						
Lot 190 Bridge St Land Purchase	4007	951742		91,205	91,205	0
Lot 134 Jingle St Land Purchase	4009	951734		123,256	123,256	150,000
Lot 141 Jingle St Land Purchase	4010	951734		139,256	139,256	150,000
Lot 100 Wilkinson St Land Purchase	1015	951734	127,532	0	127,532	0
<i>sub total</i>			127,532	353,717	481,249	300,000
Buildings						
175 Bridge St Improvements	76	951703		21,972	21,972	30,000
123 Roberta St Improvements	3006	951705		8,396	8,396	18,000
122a Roberta St Improvements	3012	951714		7,998	7,998	0
237 Quilty St - Construction		951726		0	0	2,500,000
Darcy St SPQ - Improvements	80	951731		25,694	25,694	15,000
1 186 John Flynn St Improvements	3123	951727		7,878	7,878	5,000
2 186 John Flynn St - Improvements	3123	951728		7,878	7,878	5,000
186 John Flynn St - General Improvements	3123	951730		9,277	9,277	20,000
122B Roberta St - Improvements	4004	951732		10,875	10,875	20,000
190 Bridge St - Improvements	4008	951736		2,329	2,329	30,000
Public Toilet Dump Point		108702		0	0	370,000
Public Toilets		108703		0	0	30,000
Oval Change Room	60	114706		15,755	15,755	35,000
Chemical Shed	3057	115802		3,539	3,539	20,000
Pool Tiling	3057	115806		3,222	3,222	25,000
Visitors Centre - Security Upgrade	53	115805		20,573	20,573	20,000
Visitor Centre - Improvements	3036	130801		31,024	31,024	45,000
Visitor Centre - Security Screens	3036	130802		14,000	14,000	50,000
Office Renovations	66	450740		8,444	8,444	500,000
122 Roberta St - Improvements	4004	951725		7,345	7,345	0
120 Roberta St - Improvements		951707		0	0	0
Dog Pound Upgrade		543704		0	0	30,000
172 Kinivan St - Improvements		941932		0	0	10,000
123B Roberta St - Improvements		951706		0	0	25,000
Civic Hall Shade Structures		114712		0	0	55,000
Playground Equipment		112813		0	0	20,000
Machinery Shed		128715		0	0	50,000
CrimSafe Security - Various Houses		951735		0	0	50,000
<i>sub total</i>				206,199	206,199	3,978,000

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

33 DISPOSAL & REPLACEMENT OF ASSETS (continued)							
(a) The following assets were purchased during the year (continued)							
	Asset No	G/L Account	Work In Progress	New Purchase	Asset Value	Budget	
			\$	\$	\$	\$	
Plant and Equipment							
Fogging Machine		747701		0	0	5,000	
Satellite Phones	3078	148704		8,265	8,265	6,000	
Utility		123722		0	0	30,000	
Road Sweeper	4011	123713		267,555	267,555	300,000	
Bitumen Equipment		123712		0	0	20,000	
4WD Utility		123739		0	0	70,000	
Skidsteer Auger	7040	123733		6,425	6,425	8,000	
<i>sub total</i>				282,245	282,245	439,000	
Infrastructure - Roads							
Tanami Road		Var		1,262,868	1,262,868	1,251,799	
Red Hill Rd	5098	120606		80,643	80,643	219,216	
Beckett St	5098	120217		385,151	385,151	498,972	
Duncan rd	5098	120021		107,274	107,274	576,559	
Duncan Rd Blackspot	5098	120023		36,403	36,403	34,291	
Tanami Rd Blackspot	5098	120024		30,844	30,844	28,276	
Gordon Downs		120304		0	0	134,696	
Lake Gregory		120209		0	0	293,000	
Balgo Rd	5098	120208		324,330	324,329	367,000	
Nicholson Block Seal		120015		0	0	10,000	
Mardiwah Loop	6002	120016	3,026	121,564	124,590	200,000	
<i>sub total</i>			3,026	2,349,077	2,352,103	3,613,809	
Infrastructure - Other							
Airport Sealing	7001	128716		126,992	126,992	260,000	
Cemetery Improvements	7060	108701		17,309	17,309	70,000	
Civic Hall Courts		114707		0	0	20,000	
Civic Hall Fencing		114702		0	0	100,000	
Civic Hall Lighting		114709		0	0	20,000	
Civic Hall Landscaping		114710		0	0	5,000	
Civic Hall Seating		114711		0	0	10,000	
Civic Hall Drinking Fountain	139	114708		3,700	3,700	10,000	
Garden Seats & Playground Equipment	140	115746		73,603	73,603	160,000	
Oval Reticulation	141	115747		2,662	2,662	30,000	
Wellman Park - Improvements	4005	115736		59,510	59,510	59,443	
Shade Structures Pool		112803		0	0	30,621	
Rodeo Ground Improvements		115701		0	0	20,000	
<i>sub total</i>				283,776	283,776	795,064	
Total Assets			130,558	3,489,843	3,620,401	9,219,813	

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33. 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
				\$	\$	\$	\$	\$	\$
Furniture & Equipment									
Disco Trailer	7002	14,299	12,747	1,552		1,818	0	266	
<i>sub total</i>		14,299	12,747	1,552		1,818	0	266	
Plant and Equipment					256,931		138,000		(68,931)
Caravan	1552	76,173	97,328	(21,155)		18,182		39,337	
Grader 12H	1571	260,100	213,881	46,219		81,818		35,599	
Mack Truck	1572	93,691	81,378	12,313		14,545		2,232	
International Truck	1574	155,149	139,216	15,933		38,636		22,703	
International Truck	1582	162,433	121,737	40,696		43,637		2,941	
D6R Dozer	1588	370,318	261,311	109,007		118,182		9,175	
Isuzu Truck	1590	59,653	59,653	0		15,454		15,454	
Grader 12H	1594	303,183	193,672	109,511		119,091		9,580	
Nissan Truck	1598	166,970	52,888	114,082		81,818		(32,264)	
Bobcat Trailer	1602	11,164	10,351	813		5,000		4,187	
Side Tipper Trailer	1605	140,594	82,564	58,030		36,364		(21,666)	
Side Tipper Trailer	1609	60,000	18,627	41,373		36,364		(5,009)	
Howard Porter Trailer	20	15,013	15,013	0		5,455		5,455	
Culvert Moulds	3035	43,456	40,295	3,161		9,545		6,384	
Road Sweeper	3050	5,925	2,632	3,293		0		(3,293)	
Landcruiser Ute	3053	40,613	32,582	8,031		22,727		14,696	
Bomag Road Roller	3077	2,118	530	1,588		11,363		9,775	
Box Trailer	31	1,066	1,066	0		273		273	
Crane Truck	4	59,170	59,170	0		10,454		10,454	
Caravan	51	66,556	66,556	0		9,091		9,091	
Ammann Roller	7031	167,580	58,676	108,904		63,636		(45,268)	
Tanker Trailer	7041	84,864	32,166	52,698		52,273		(425)	
Low loader	7063	0	0	0		20,000		20,000	
<i>sub total</i>		2,345,789	1,641,292	704,497	256,931	813,908	138,000	109,411	(68,931)
		2,360,088	1,654,039	706,049	256,931	815,726	138,000	109,677	(68,931)

34. 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 expressed in foreign currencies and is therefore not subject to foreign currency risk.

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2012	2011	2012	2011
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	16,976,837	14,542,157	16,976,837	14,542,157
Receivables	654,004	445,362	654,004	445,362
	<u>17,630,841</u>	<u>14,987,519</u>	<u>17,630,841</u>	<u>14,987,519</u>
Financial Liabilities				
Payables	487,242	453,799	487,242	453,799
Borrowings	1,448,409	1,513,878	1,433,925	1,498,739
	<u>1,935,651</u>	<u>1,967,677</u>	<u>1,921,167</u>	<u>1,952,538</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

Financial Assets at Fair Value through profit and loss, Available for Sale Financial Assets - based on quoted market prices at the reporting date or independent valuation

(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.

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

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 will 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 ratings or capital guarantees.

				30-Jun-12	30-Jun-11		
				\$	\$		
Impact of a 1% (*) movement in interest rates on cash							
and investments:							
- Equity				169,768	145,422		
- Statement of Comprehensive Income				169,768	145,422		

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.

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.

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

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

			30-Jun-12	30-Jun-11		
Percentage of Rates and Annual Charges						
- Current			44.57%	46.22%		
- Overdue			55.43%	53.78%		
Percentage of Other Receivables						
- Current			85.69%	71.97%		
- Overdue			14.31%	28.03%		

(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 can be extended and overdraft facilities drawn upon if required.

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2012</u>					
Payables	487,242			487,242	487,242
Borrowings	176,985	776,278	1,386,060	2,339,323	1,448,409
	<u>664,227</u>	<u>776,278</u>	<u>1,386,060</u>	<u>2,826,565</u>	<u>1,935,651</u>
<u>2011</u>					
Payables	453,799			833,376	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>3,304,549</u>	<u>1,967,677</u>

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.

Shire of Halls Creek Annual Report for Year Ended 30 June 2012

34. FINANCIAL MANAGEMENT (continued)

(c) Payables and Borrowings (continued)

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 Rat
	\$	\$	\$	\$	\$	\$	\$	%
Year Ended 30 June 2012								
Borrowings								
Fixed Rate								
Debentures	11,404	0	0	70,302	0	1,366,702	1,448,408	6.64%
Weighted Average								
Effective Interest Rate	7%	0.00%	0%	6%	0.00%	6.68%		
Year Ended 30 June 2011								
Borrowings								
Fixed Rate								
Debentures	0	33,117	0	0	78,015	1,402,746	1,513,878	6.63%
Weighted Average								
Effective Interest Rate	0%	6.67%	0.00%	0%	5.79%	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 2012, 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 Shire'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 Shire'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 2012 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 handwritten signature in blue ink, appearing to read 'David Tomasi', written over the printed name.

DAVID TOMASI
PARTNER

Date: 10 September 2012
Perth, WA