

# Annual Report 2018/2019



shire of Ashburton  
reef to range



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# Shire President's Report

We have achieved a number of positive outcomes this year as well as continued to work diligently towards securing new developments.

Seeing Paraburdoo's new Sports, Fitness and Community Complex completed was a highlight as Council have been committed to this new facility for a number of years and its accomplishment is testament to the unwavering support of our Elected Members.

The Department of Local Government announced the most recent outcomes of their Financial Health Indicator, which sees the Shire of Ashburton having achieved a positive scorecard which is well above the average. The Financial Health Indicator is, in essence, a scorecard of budget management rather than a scale of wealth.

These latest performance indicators give the Shire a score of 89/100 for the last financial year, an improvement from the previous score of 67/100. This achievement reflects the dedicated focus by Council and Shire Staff on developing an improved budgetary framework and reinforces our commitment to effective financial planning, particularly within an increasingly tight fiscal environment.

During the year Council welcomed the funding announcement by the Federal Government which included a commitment to sealing the Tom Price Karratha Road. Sealing this road will remove barriers that currently hinder the expansion of our economic and tourism sectors, and will provide a boost to business within the region.

The Shire, with the support of Council, also continued to progress the planning and community consultation associated with the development of a Class IV Waste site, 40km from Onslow.

I am pleased to advise that in February 2019, the Environment Protection Authority (EPA) gave the 'green light' to the project when it resolved not to assess development of a Class IV Waste site under Part IV of the Environmental Protection Act 1986. The EPA considered that the likely environmental effects of the proposal are not so significant as to warrant formal assessment.

Council were also pleased to progress the development of a new Childcare Centre in Tom Price through the design concept stages, allowing us to then proceed with securing the required funding. With existing financial commitments from Rio Tinto and the Shire we will now seek additional financial support from the State and Federal Government, enabling us to then move towards construction.

Due to the Landgate re-valuations this year and the removal of rate concessions for Onslow residents,

## Major Projects 2018/2019

for some of the property owners the result has been a significant increase in rates payable – in some cases by thousands of dollars. On behalf of concerned residents the Shire sought clarification from Landgate as to the anomaly, as well as held a community consultation forum. In an effort to support ratepayers, Council endorsed a concession that provided financial relief to many of our residents, in a way that was fair and equitable across our towns.

As an indication of the influence of the Shire, in late November the CEO and I sat down with a number of Federal Ministers in Canberra, as well as members of the Opposition, to advocate support for the Tom Price Childcare Centre and Beadon Bay Marina development, both of which we have submitted for consideration in the Building Better Regions Fund. Although we were subsequently unsuccessful with the Fund application, we will continue to lobby government to financially support projects that deliver long term economic benefit to our local communities.

Councillor Linton Rumble was honoured this year at the Local

Government Convention having served 20 years as an Elected Member for Paraburdoo Ward. Congratulations Cr Rumble and thank you for your commitment to both Council and the community.

This year also saw Cr Glen Dellar resign as a Councillor for the Ashburton Ward due to business commitments. We welcomed Cr Rory de Pledge for Ashburton Ward following an Extraordinary Election. I would like to thank Glen Dellar for his efforts during his time on Council and wish him well in the future.

It has been another busy year and I would like to acknowledge the commitment and hard work by both Councillors and our fantastic Staff. It has been my privilege to lead the Council as Shire President and I look forward to another positive year ahead.



**Cr Kerry White**  
Shire President

Completion of  
Sports, Fitness and  
Community Complex  
in Paraburdoo

Pilbara Regional  
Waste Facility

Road construction  
and maintenance

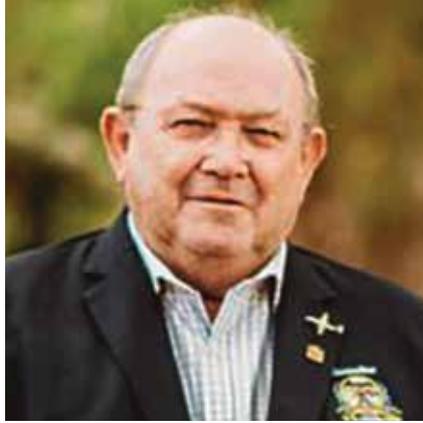


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# Our Councillors



**CR KERRY WHITE**  
Shire President Onslow Ward



**CR LINTON RUMBLE**  
Deputy Shire President Paraburdoo Ward



**CR RORY DE PLEDGE**  
Ashburton Ward



**CR MELANIE GALLANAGH**  
Pannawonica Ward



**CR DOUGHLAS (IVAN) DIAS**  
Paraburdoo Ward



**CR LORRAINE THOMAS**  
Tableland Ward



**CR DOUG DIVER**  
Tom Price Ward



**CR PETER FOSTER**  
Tom Price Ward



**CR MATTHEW LYNCH**  
Tom Price Ward



# CEO's Report

This year saw the completion of construction of the new Sports, Fitness and Community Complex in Paraborndoo, a project that has been in development for a number of years. The new facility greatly improves the social, sporting and lifestyle opportunities for residents and we look forward to celebrating its ongoing functionality within the community.

With a renewed focus on the development of a strong and diverse local economic and tourism sector, the Shire has spent considerable time consulting with business owners, tour operators and commerce associations in order to develop our new Economic and Tourism Development Strategy.

The Strategy seeks to create a more vibrant and diverse future for the Shire's economy, and that of its towns, and insulate it from future movements in the resource sector.

Developed to align with the Council's Living Life- Strategic Community Plan 2017-2027, the Strategy is a five year plan that will focus on promoting the Shire, encouraging infrastructure development and investment and supporting business development.

During the course of the year the draft Shire of Ashburton Local Planning Strategy was also developed, which provides the Shire's land use and development vision for the next 10 – 15 years. The strategy considers future growth potential, particularly within the Onslow, Tom Price and Paraborndoo townsites, and how this growth is most effectively managed. The draft Local Planning Strategy was presented to the community in each town, inviting feedback from residents and stakeholders. It is envisaged the strategy will be finalised and adopted later in 2019.

To improve our level of customer service, particularly after business hours, we implemented an after-hours call centre to ensure all urgent matters could be dealt with promptly. In the case of an urgent matter, staff respond immediately and, in all other cases, the query is actioned as soon as possible within the next business day. This is in addition to our existing online See it Report it (Customer Action Request) form which can be lodged via the website. The after-hours service has delivered positive outcomes to our residents with issues dealt with more swiftly and to a higher standard.

The Shire commenced a 12 month project to repair roads damaged by storm activity that has occurred in the last two years. The program of repairs has been funded by the Federal Government under the WA Natural Disaster Relief and Recovery Arrangements, with the project valued at \$21m and affecting 24 roads and over 1,000km.

This year we have also prepared a 15 year Renewal Program for Urban and Rural roads which will become the framework for effectively managing the Shire's network of local roads to ensure their viability of being safe and sustainable into the foreseeable future. A conditions rating assessment has been completed and will establish the order and priority in which road repair and maintenance is conducted.

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## It has been another busy year at the Shire of Ashburton as we have achieved a number of significant milestones and continued to focus on delivering our set goals.

Throughout the year we have continued to liaise closely with the State Government to find an effective solution to removing the impost of Wittenoom claims on the Shire and commitment of the State Government to facilitate the closure of Wittenoom through the Wittenoom Closure Bill 2019. In addition, the Shire was able to seek State support for maintenance on the Roebourne-Wittenoom Road which, due to the presence of asbestos in areas along the road, has significant financial and safety impacts for the Shire. Council remains hopeful that Main Roads WA will take ownership of this road, and with State and Federal funding, will enable the road to be managed in accordance to the Asbestos Management requirements.

Our Elected Members and staff continue to remain committed towards delivering the best possible outcomes for all of our residents and community members, and I would like to take this opportunity to thank them for their efforts.



**Rob Paul**  
Chief Executive Officer

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# Executive Team



## Rob Paull

### Office of CEO

- Council Service
- Human Resources
- Workplace Health and Safety
- Media and Communications
- Economic Development
- Tourism
- Integrated Planning Framework
- Governance & Procurement

## Brian Cameron

### Planning & Building Services

- Contract Management
- Town Planning & Building
- Facility Maintenance
- Project Management
- GIS
- Environmental Health
- Ranger Services
- Emergency Services
- Traders Permits (food)
- Land Development
- Commercial Leases
- Pools, Halls and Facilities
- Staff Housing

## Sarah Johnston

### Community Services

- Project Initiation and Coordination
- Relationship Management
- Community Engagement
- Club Development
- Community Events and Activities
- Sport and Recreation
- Social Planning
- Disability Access and Inclusion

## Ian Hamilton

### Infrastructure Services

- Airport
- Asset Management
- Engineering
- Fleet
- Parks, Gardens and Infrastructure
- Private Works
- Roads
- Waste Management
- Depots
- Camps

## John Bingham

### Corporate Services

- Financial Services and Reporting
- Budget Preparation, Dissemination and Training
- Administration
- IT, GIS and Knowledge Management
- Financial
- Grants
- Visitor Centre

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# Strategic Community Plan



Following extensive community consultation in 2016, a Strategic Community Plan was developed and published in 2017. The Shire of Ashburton 10 Year Strategic Community Plan provides focus, direction and represents the hopes and aspirations of the Shire.

The Shire of Ashburton conducted a minor desk top review of the existing Strategic Community Plan in early 2019. This minor review focused on resetting the Corporate Business Plan along with the integration of other informing strategies.

The new plan 'Living Life' 2019 Desktop Review was adopted at the Ordinary Meeting of Council held 18 June 2019.

## **Our Vision**

We will embrace our unique Pilbara environment and lifestyle through the development of vibrant, connected and active communities that have access to quality services, exceptional amenities and economic vitality.

## **Our Values**

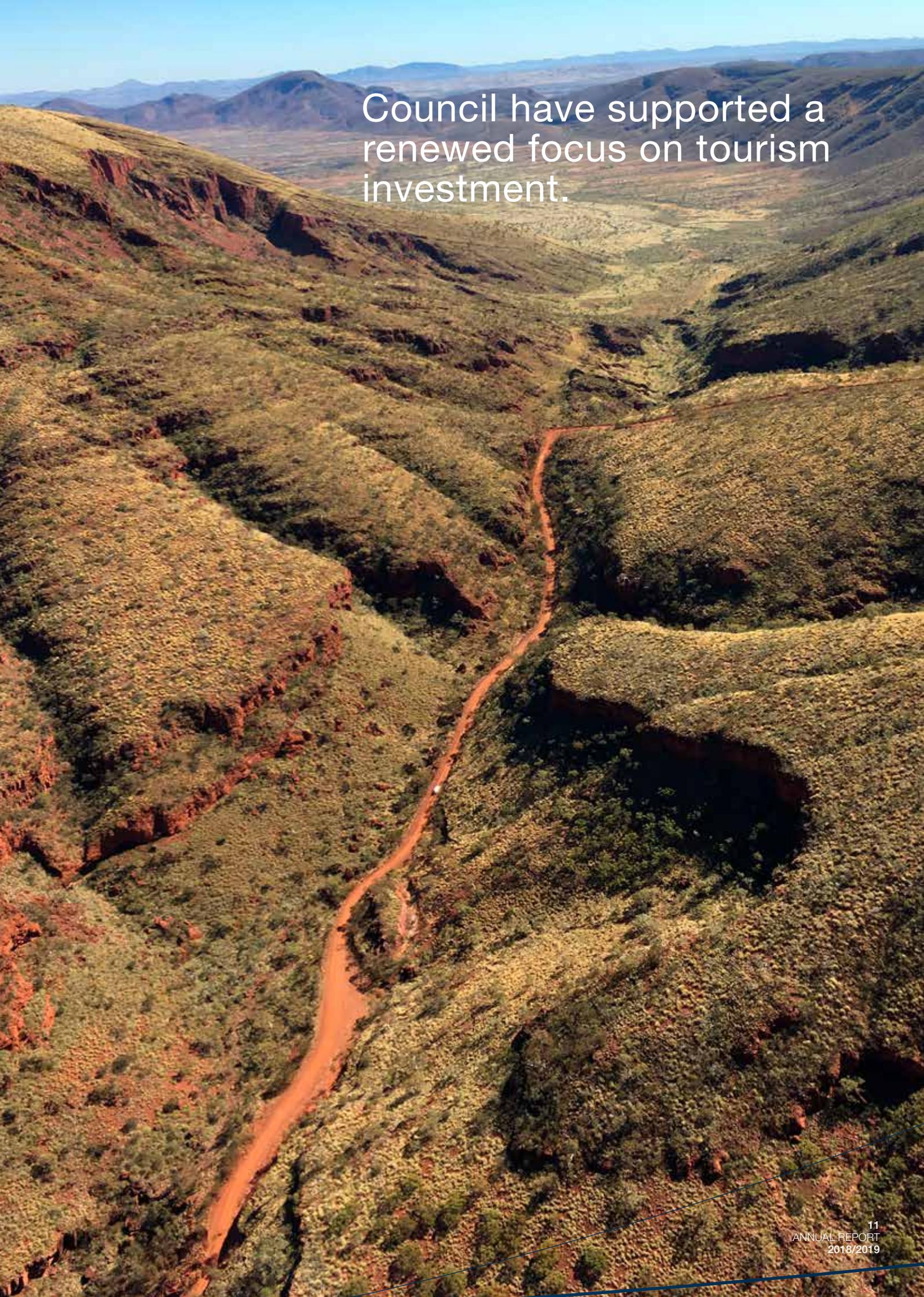
- Respect
- Openness
- Teamwork
- Leadership
- Excellence
- Health & Wellbeing

## **Future Focus**

The Shire of Ashburton is committed to achieve its vision and will do this by courageously imagining the future, and partnering with the government, industry and the community to build strong communities and robust economies where we live life to the fullest.

The following goals form part of the strategic direction to deliver the Shire's vision.

1. Vibrant and Active Communities
2. Economic Prosperity
3. Unique Heritage and Environment
4. Quality Services and Infrastructure
5. Inspiring Governance



Council have supported a renewed focus on tourism investment.

The Shire remains focused on creating sustainable and engaged local communities.



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# Corporate Business Plan

Achieving the community's vision and the Shire's strategic objectives requires the development of actions to address each strategy contained within the Strategic Community Plan. Careful operational planning and prioritisation is required to achieve the objectives and desired outcomes due to the limited resources available.

This planning process is formalised by the development of our Corporate Business Plan.

The Corporate Business Plan converts the Strategic Community Plan into action through the adoption of an Annual Budget.

In accordance with statutory requirements, the Corporate Business Plan was reviewed and updated at the 18 June 2019 Ordinary Meeting of Council to assess the progress of projects and realign the Plan's actions and priorities based on current information and available funding.

The tables below details the actions under each of the five key strategic goals that were progressed in the 2018/19 financial year.

## Key projects in the 2018/19 year included in this update are:

1.3.1.3 Develop Child Care Facilities in Tom Price

1.3.1.4 Construction of the Paraburdoo CHUB

3.2.3.2 Development of Pilbara Regional Waste Management Facility

4.1.2.2 Plan and develop Onslow Marina

4.2.1.3 Road Infrastructure upgrades and renewals

4.2.5.2 Development of Emergency Services Precinct in Tom Price.

# GOAL 1

## VIBRANT AND ACTIVE COMMUNITIES

### Objective 1.1: Connected, caring and engaged communities

Outcome: People feel connected and actively involved in the community

STRATEGY	ACTIONS	PROJECTS
1.1.1 Encourage and provide a range of opportunities to community members and stakeholders to inform and participate in decision making.	1.1.1.1 Develop communication and engagement strategy.	Strategy underway and being developed in line with our ADM08 Community Engagement Policy.
	1.1.1.2 Engage community and stakeholders in accordance with Communication and Engagement Strategy.	Community Survey planned for late 2019.
1.1.2 Establish a strategic approach to community development planning that focuses on building social capital, developing community capability and addresses social isolation and dislocation all residents across the Shire.	1.1.2.1 Undertake strategic planning to ensure integration of informing plans for adequate resourcing and service delivery.	The Shire adopted the latest iteration of its Corporate Business Plan (CBP 2019 – 2023) at the June 2019 Ordinary Meeting of Council.  The Shire's current Integrated Planning Framework comprises of up to date strategic documents, including the CBP and Strategic Community Plan (SCP) to assist service delivery requirements.  Our Strategic Community Plan outlines our Vision and Strategic Directions.
1.1.3 Continue to develop programs that welcome and induct new residents and transient workers into their host communities; Engage and celebrate local culture, both Indigenous and non-Indigenous.	1.1.3.1 Continue to develop programs welcoming new residents and transient workers into the community.	Community Showcase/Welcome Events held in October 2018 and in 2019.
	1.1.3.2 Engage and celebrate local culture, both Indigenous and non-Indigenous.	Naidoc Week activities held in July/ August 2018.

# GOAL 1

## VIBRANT AND ACTIVE COMMUNITIES

### Objective 1.2: Sustainable Services, Clubs, Associations and Facilities

**Outcome: High levels of community involvement in supporting clubs and organisations to be successful and sustainable, while optimising community facility use**

STRATEGY	ACTIONS	PROJECTS		
1.2.1	Develop and implement a cohesive, whole Shire strategy to encourage and support club and community group development through a focus on increased volunteerism and capacity building that utilises the skills and experience of residents and visitors.	1.2.1.1	Develop and implement a cohesive strategy to encourage and support club and community group development.	Strategy developed for Tom Price, Paraburdoo and Pannawonica through RTIO Partnership. Regional Club Development meeting hosted by Shire in November – discussed collaborative approach across the region.
1.2.2	Review existing club and community organisations' governance and operating processes to identify possible synergies, collaborations or alternative models that can increase community involvement, reduce workloads and increase sustainability.	1.2.2.1	As per action 1.2.1.1	As above action.
1.2.3	Collaborate with industry to encourage FIFO participation in their host communities through a concerted campaign to increase engagement in community activities; leisure and recreation pursuits.	1.2.3.1	Collaborate with partners, key stakeholders and other organisations where appropriate.	Collaboration with Sodexo and Rio Tinto for events to incorporate FIFO inclusion. All event flyers shared with lifestyle coordinator at Sodexo to increase promotion within the camp FIFO community.
1.2.4	Prepare plans, programs and schedules that provide cost effective access and optimisation of existing community facilities – and provide new or upgraded facilities to accommodate future needs.	1.2.4.1	Seek to deliver community facility services and outcomes within resource capacity.	Multiple facilities throughout the shire available for service including hire, holding of events and sporting activities. Including: Clem Thompson Memorial Oval and Pavilion, Tom Price Community Centre, RM Hall, MPC in Onslow, Paraburdoo Ashburton Hall, Paraburdoo Lessor Hall, ovals and public open space around the towns.
		1.2.4.2	Provide community facilities as per asset management planning.	Paraburdoo Community Hub (CHUB) completed March 2019. Tom Price and Paraburdoo Sports courts upgrades completed in July 2018.

# GOAL 1

## VIBRANT AND ACTIVE COMMUNITIES

### Objective 1.3: Quality education, healthcare, childcare, aged care and youth services

Outcome: A cohesive approach to service development, delivery and access to quality education, healthcare, childcare, aged care and youth services and facilities

STRATEGY	ACTIONS	PROJECTS
1.3.1 Play a leadership role in advocating to, and engaging with, relevant government and private sector stakeholders to foster a whole of Shire approach to the provision of quality education, training, healthcare, childcare, aged care, youth services and facility provision.	1.3.1.1 Continue to advocate on behalf of the community.	In collaboration with the Shire President, the Chief Executive Officer (CEO) and Directors advocate directly with corporate partners, Federal and State Governments to promote improved service delivery across the Shire.
	1.3.1.2 Provision of aged care services and housing.	Planned for 19/20 financial year.
	1.3.1.3 Develop child care facilities in Tom Price.	Architectural Design of the Tom Price Child Care Centre was completed in 2018/19 year. Further consultation on location planned for 2019/20 financial year.
	1.3.1.4 Construction of the Paraburdoo CHUB.	RFT 17.17 Construction of the Paraburdoo Community Hub (CHUB) commenced October 2017, and was completed March 2019.
1.3.2 Ensure the needs of changing communities are understood, planned and budgeted for and contributed to by government, industry and the private sector.	1.3.2.1 As per action 1.1.2.1	The Shire's current Integrated Planning and Reporting Framework comprises of up to date Strategic documents to assist service delivery requirements.

# GOAL 1

## VIBRANT AND ACTIVE COMMUNITIES

### Objective 1.4: A rich cultural life

Outcome: High levels of community appreciation for, and involvement in Arts and Cultural activities

STRATEGY		ACTIONS		PROJECTS
1.4.1	Encourage and support community involvement with and appreciation of, arts and culture.	1.4.1.1	Encourage and support community involvement with and appreciation of, arts and culture.	In collaboration with the Shire President, the CEO and Directors advocate directly with corporate partners, Federal and State Governments to promote support community involvement with and appreciation of, arts and culture.
1.4.2	Develop and deliver a whole of Shire Cultural Plan that includes 'place management' approaches.	1.4.2.1	Develop and deliver a whole of Shire Cultural Plan.	Cultural Plan to be developed.
1.4.3	Continue to work collaboratively with the community to deliver town events.	1.4.3.1	Continue to work collaboratively with the community to deliver town events.	Multiple events held throughout the 2018/19 year including School Holiday activities, Anzac Day, Australia Day, NAIDOC, Onslow Gala Ball, Community Showcase's, and Passion in the Pilbara. Club development officers working with community groups and Not For Profit's to lead out on additional events.
1.4.4	Increase opportunities for children, youth and Indigenous residents to be part of the wider community.	1.4.4.1	As per Action 1.4.2.1	Economic & Tourism Strategy finalised and set for adoption at August 2019 Ordinary Council Meeting.
1.4.5	Continue to foster industry and government social investments and participation in community arts and cultural initiatives.	1.4.5.1	As per Action 1.4.2.1	The Shire partnered with the Karijini Experience being a sponsor for the 2019 Event. The Shire and Water Corporation have partnered to bring a mural artist to paint the Onslow Water Tanks in the 2019/20 financial year.

# GOAL 2

## ECONOMIC PROSPERITY

### Objective 2.1: Strong local economies

Outcome: A diverse and strong economy

STRATEGY		ACTIONS		PROJECTS
2.1.1	Develop local capability and capacity to understand and adapt to economic trends and better meet needs of local businesses.	2.1.1.1	As per action 2.2.2.1	As part of our Economic & Tourism Development Strategy, we are working with Pilbara Inland Chamber of Commerce and Industry (PICCI) and Onslow Chamber of Commerce (OCCI).
2.1.2	Develop policies and programs to support existing businesses and encourage business attraction to meet the changing needs of local and regional areas.	2.1.2.1	As per action 2.2.2.1	A high priority in our draft Economic & Tourism Development Strategy. The Shire has supported industry development workshops. Regular meetings were held with businesses throughout the financial year to ascertain the needs of the area.
2.1.3	Proactively engage with government and industry to support business development and community enterprise and to plan for present and future training and employment needs.	2.1.3.1	As per action 2.2.2.1	The Shire continued to support and promote organisations to deliver workshops for business development as well as raise issues with other government bodies.
2.1.4	Facilitate timely release of land to support the local economy.	2.1.4.1	Facilitate timely release of land to support the local economy.	Continue to liaise with corporate partners, Federal and State governments to identify and promote land release where available.

### Objective 2.2: Enduring partnerships with industry and government

Outcome: Industry and government actively engaging with local communities and economies

STRATEGY		ACTIONS		PROJECTS
2.2.1	Partner with industry and government to target their investment in stimulating more diversified business and economic development to benefit communities and the local economy.	2.2.1.1	Advocate for more diversified business and economic development in accordance with Economic Development Strategy.	The Shire is now a member of both OCCI and PICCI, as well as the Pilbara Tourism Association (PTA) and working together on delivering business opportunities for industry.
2.2.2	Develop a Shire Economic Development Strategy that includes engagement with industry and government to support local economic development initiatives.	2.2.2.1	Develop and implement Shire Economic Development Strategy.	Economic & Tourism Strategy finalised and set for adoption at August 2019 Council Meeting.

# GOAL 2

## ECONOMIC PROSPERITY

### Objective 2.3: Well-managed tourism

Outcome: Sustainable tourism activity benefiting local economies and the Shire as a whole

STRATEGY		ACTIONS		PROJECTS
2.3.1	Work with the tourism industry, key stakeholders and agencies to collaboratively develop a regional Tourism Strategy that promotes the unique Pilbara offering of distinctive landscapes, seascapes and communities.	2.3.1.1	Develop Tourism Strategy.	Economic & Tourism Strategy finalised and set for adoption at August 2019 Council Meeting.
2.3.2	Continue to plan for, invest in, and advocate for the development of key tourist infrastructure including increased accommodation options; tourism attractions and signage.	2.3.2.1	Continue to plan for, invest in, and advocate for the development of key tourist infrastructure in accordance with Tourism Strategy.	Economic & Tourism Strategy finalised and set for adoption at August 2019 Council Meeting.
2.3.3	Explore Aboriginal tourism opportunities.	2.3.3.1	Encourage Aboriginal tourism opportunities in accordance with Tourism Strategy.	Economic & Tourism Strategy finalised and set for adoption at August 2019 Council Meeting.
2.3.4	Plan for improved tourism accommodation, camping grounds and associated facilities.	2.3.4.1	Plan for improved tourism accommodation, camping grounds and associated facilities in accordance with Tourism Strategy.	Tom Price Visitor Information Bay upgrades planned for 2019/20 financial year.
2.3.5	Engage with industry to manage the interface with tourism to optimise opportunities and minimise competing interests.	2.3.5.1	As per action 1.1.1.1	The Tom Price Visitors Centre (TPVC) is gradually implementing the TPVC Strategic Plan.

The Shire's  
Environmental  
Health team work  
to implement a  
range of mosquito  
control strategies.



# GOAL 3

## UNIQUE HERITAGE AND ENVIRONMENT

### Objective 3.1: Flourishing natural environments

Outcome: The integrity of the Shire's natural environments are maintained

STRATEGY		ACTIONS		PROJECTS
3.1.1	Partner with government agencies, industry, traditional owners, non-government organisations, local governments, research institutions, pastoralists and the community to better manage natural assets and deliver improved conservation outcomes that reflect the region's high biodiversity and landscape values.	3.1.1.1	Advocate for the protection of natural assets and sustainable use of resources and utilities.	Whole of Shire ongoing advocacy.
3.1.2	Improve recreational access to natural environments with a focus on signage, access and safety.	3.1.2.1	Improve recreational access to natural environments with a focus on signage, access and safety.	Signage upgrades competed throughout the Shire focusing on Fire Danger and access.

### Objective 3.2: Leading regional sustainability

Outcome: The Shire of Ashburton supports and implements best practice sustainability practices

STRATEGY		ACTIONS		PROJECTS
3.2.1	Promote and encourage protection of natural assets and sustainable use of resources and utilities.	3.2.1.1	As per Action 3.1.1.1	Whole of Shire ongoing advocacy.
3.2.2	Collaborate with State Government and Rio Tinto (the providers of water resources in the Shire) to promote water-wise practices across the Shire.	3.2.2.1	Collaborate with stakeholders to promote water-wise practices across the Shire.	We continue to encourage providers of water within the Shire to promote water-wise practices.
3.2.3	Encourage and implement improved waste minimisation practices, including proactive approaches to recycling and reuse.	3.2.3.1	Encourage and implement improved waste minimisation practices.	Shire continuing plans to establish a waste strategy which will address recycling and waste minimisation in all towns.
		3.2.3.2	Development of Pilbara Regional Waste Management Facility.	Consultancy conducted throughout 2018/19. Tenders for works progressing into the 2019/20 financial year for development and construction.

# GOAL 3

## UNIQUE HERITAGE AND ENVIRONMENT

### Objective 3.3: Celebration of history and heritage

Outcome: The Aboriginal and European history and heritage of the Shire is celebrated and valued

STRATEGY	ACTIONS	PROJECTS
3.3.1 Develop strategies to recognise and celebrate the Aboriginal and Non-Aboriginal history and heritage of the Shire, including providing cultural awareness training opportunities.	3.3.1.1 Recognise and celebrate the Shire's Aboriginal and Non-Aboriginal history and heritage.	Continue to support NAIDOC week and other celebrations of aboriginal history and culture. Reconciliation Action Committee planned for 2019/20.
	3.3.1.2 Support and encourage cultural awareness opportunities.	Continue to support NAIDOC week and other celebrations of aboriginal history and culture. Reconciliation Action Committee planned for 2019/20.

# GOAL 4

## QUALITY SERVICES AND INFRASTRUCTURE

### Objective 4.1: Quality public infrastructure

Outcome: Adequate, accessible and sustainable public infrastructure

STRATEGY	ACTIONS	PROJECTS		
4.1.1	Advocate to, and partner with, government to facilitate the development of the Tom Price – Karratha Road to link Tom Price and Paraburdoo to the Pilbara Cities.	4.1.1.1 Advocate to, and partner with stakeholders to facilitate the development of the Tom Price – Karratha Road to link Tom Price and Paraburdoo to the Pilbara Cities.	Shire continues to advocate for the facilitation of the development of the Tom Price – Karratha Road.	
4.1.2	Provide and maintain affordable infrastructure that serves the current and future needs of the community, environment, industry and business.	4.1.2.1	Provide and maintain infrastructure in accordance with asset management plans.	Over \$300,000 spent on drainage upgrades throughout the Shire in the 2018/19 year.
		4.1.2.2	Plan and develop Onslow Marina.	Building Better Regions application has been lodged for a comprehensive marina development along with acceptance of the Department of Transport that the Shire would have care and control of the site - Planned for 21/22.
4.1.3	Actively engage with State Government, Aboriginal Corporations and communities to support strategies to effectively manage the planned transition of municipal services in Aboriginal communities (upon the completion of the Aboriginal Communities Review by the WA State Government).	4.1.3.1	Advocate for the provision of appropriate services to all of the community.	In collaboration with the President, the CEO and Directors to advocate for support strategies to effectively manage the planned transition of municipal services in Aboriginal communities.
4.1.4	Actively advocate for the effective supply of utilities and services that meet commercial, industrial and retail needs.	4.1.4.1	As per Action 4.1.2.1	Continue to advocate for supply of utilities and services that meet commercial, industrial and retail needs.

# GOAL 4

## QUALITY SERVICES AND INFRASTRUCTURE

### Objective 4.2: Accessible and safe towns

Outcome: Transportation into and throughout towns are improved

STRATEGY	ACTIONS	PROJECTS
4.2.1 Advocate to, and partner with, key government and industry to develop an air strip at Tom Price and improve public transport and roads between the Shire's towns.	4.2.1.1 Advocate and partner with key stakeholders to develop an air strip at Tom Price.	Shire continuing to advocate to relevant stakeholders.
	4.2.1.2 Advocate to improve public transport and roads between the Shire's towns.	In collaboration with the Shire President, the CEO and Directors continued to advocate for improved public transport and roads between the Shire's towns.
	4.2.1.3 Maintain and improve road infrastructure in accordance with asset management plans.	Over \$5,000,000 spent on road renewal and upgrades throughout the Shire; Over \$9,000,000 spent on restoring roads due to natural disaster.
	4.2.1.4 Maintain and improve air transport infrastructure in accordance with asset management plans.	Onslow Airport Hangar completed in October 2017 along with other minor improvements.
4.2.2 Continue to improve and maintain condition of footpaths, cycleway, kerbs and signage to provide enhanced amenities and connections with towns.	4.2.2.1 Maintain and improve footpaths, cycleway, kerbs and signage in line with asset management planning.	Footpath and kerb maintenance and renewals conducted throughout the 2018/19 financial year.
4.2.3 Maintain and improved existing public lighting and increase coverage of lighting where appropriate.	4.2.3.1 Advocate for improved public lighting where appropriate.	Onslow Street lighting project. Multiple lighting upgrades completed.
4.2.4 Shire to continue to work with police, stakeholders and the community to promote positive crime prevention and safety initiatives.	4.2.4.1 Continue to work with police, stakeholders and the community to promote positive crime prevention and safety initiatives.	Councillors and the CEO continued to advocate for positive crime prevention and safety initiatives.
4.2.5 Effectively communicate and manage natural hazards, risks and other community emergencies through the development of an emergency management strategy that includes educating stakeholders and community on how to prevent and address emergencies.	4.2.5.1 Continue to effectively communicate emergency management plans and educate stakeholders and community on how to prevent and address emergencies.	In collaboration with Local Emergency Management Committees, Shire staff and Department of Fire and Emergency Services (DFES) to improve and implement emergency management strategies that includes educating stakeholders and community. New Local Law proposed for 2019/20 year.
	4.2.5.2 Development of Emergency Services Precinct in Tom Price.	Conditional subdivision approval obtained, however progressing into the 2019/20 financial year.
	4.2.5.3 Develop RFDS Airstrip infrastructure.	Shire resolution to advocate only .

# GOAL 4

## QUALITY SERVICES AND INFRASTRUCTURE

### Objective 4.3: Well-planned towns

#### Outcome: Distinctive and well-functioning towns

STRATEGY	ACTIONS	PROJECTS		
4.3.1	Continue to monitor industry and economic trends and ensure town planning schemes respond appropriately to future housing, accommodation and commercial needs.	4.3.1.1	Continue to monitor industry and economic trends and ensure town planning schemes respond appropriately to future housing, accommodation and commercial needs.	Draft Local Planning Strategy completed addressing and incorporating industry and economic trends, planned for completion early 2020.
4.3.2	Ensure any new buildings and developments are sensitive to an integrate appropriately with the natural and built environments.	4.3.2.1	Continue to ensure any new buildings and developments are sensitive to, and integrate appropriately with the natural and built environments.	The Shire have progressed the Onslow Coastal Process Study to address this action. Due for completion late 2019.
4.3.3	Incorporate social planning and ecological sustainable development principles in planning strategies and policies.	4.3.3.1	Consider social planning and ecological sustainable development principles in planning strategies and policies.	All Local Planning Policies are currently under review in line with Coastal study and new Local Planning Strategy.
4.3.4	Continue to provide and maintain a range of public open spaces with high quality amenities.	4.3.4.1	Continue to provide and maintain a range of public open spaces in accordance with asset management plans.	Multiple public spaces and recreational facility upgrades completed throughout the financial year including: Paraburdoo Oval Change room Upgrade, Upgrades to Paraburdoo Cricket Training Area, Shade Sails for Onslow Spray Park, Shade Sails in Paraburdoo.

# GOAL 5

## INSPIRING GOVERNANCE

### Objective 5.1: Effective Planning for the Future

**Outcome: Ensure that Shire resources are optimally applied to achieving community outcomes, whilst maintaining financial sustainability**

STRATEGY	ACTIONS	PROJECTS
5.1.1 Ensure the Strategic Community Plan and Corporate Business Plan are used effectively to guide all planning and decision making in the delivery of quality services and facilities.	5.1.1.1 As per Action 1.1.2.1	Strategic Community Plan and Corporate Business Plans considered and used to drive the final adopted annual budget.
	5.1.1.2 Review, update and implement asset management plans.	Asset management planning is under review with our new Asset Management Strategy proposed for early 2020 year.
5.1.2 Regular communication and engagement with stakeholders and community to generate a sound understanding, support and buy-in to the Shire's plans and strategies.	5.1.2.1 As per Action 1.1.1.1	Survey as planned for late 2019 seeking community feedback and views. Data to be included as part of budgetary processes for 20/21.
5.1.3 Monitor trends, anticipate needs and capitalise on opportunities to build strong communities.	5.1.3.1 As per Action 1.2.4.1	As part of the ongoing review of our Strategic documentation, Community feedback is sought via different mediums. This data is used to guide the Shire to monitor trends and anticipate the needs of its community.
5.1.4 Develop a Reconciliation Action Plan and seek greater Aboriginal engagement and representation in decision making.	5.1.4.1 Develop a Reconciliation Action Plan and seek greater Aboriginal engagement and representation in decision making.	The Shire is establishing a direct liaison with Council to commit to a timeline to commence a Reconciliation Action Plan with greater Aboriginal engagement. Reconciliation Action Committee proposed for 2019/20.
5.1.5 Regular monitor, review and revise the Strategic Community Plan (SCP) and develop a four year Corporate Business Plan (CBP) that reflects the evolving community needs and aspirations.	5.1.5.1 As per Action 1.1.2.1	SCP desktop review conducted June 2019 OMC. CBP updated in line with SCP and adopted June 2019 Ordinary Council Meeting.

# GOAL 5

## INSPIRING GOVERNANCE

### Objective 5.2: Community ownership

Outcome: An engaged and well-informed constituency

STRATEGY		ACTIONS		PROJECTS
5.2.1	Ensure equitable and broad representation on committees and in community engagement activities to ensure there is well informed decision making.	5.2.1.1	As per Action 1.1.1.1	Community Engagement Strategy to be developed in line with ADM08 Community Engagement Policy.
5.2.2	Ensure broad participation and diverse representation in research, planning and decision making.	5.2.2.1	As per Action 1.1.1.1	Community Engagement Strategy to be developed in line with ADM08 Community Engagement Policy, along with engagement projects planned for 2019/20 year.
5.2.3	Develop a communications and engagement strategy that ensures the provision of quality information on Shire activities and uses modern methods to foster high levels of community awareness and involvement.	5.2.3.1	As per Action 1.1.1.1	Community Engagement Strategy to be developed in line with ADM08 Community Engagement Policy, along with engagement projects planned for 2019.
5.2.4	Be a strong voice and advocate for the local community in regional, state and federal settings.	5.2.4.1	As per Action 1.3.1.1	In collaboration with the Shire President, the CEO and Directors, continue to advocate directly with Federal and State governments on local community in regional, state and federal settings.

# GOAL 5

## INSPIRING GOVERNANCE

### Objective 5.3: Council leadership

Outcome: Council effectively governing the Shire, demonstrating effective governance and town leadership

STRATEGY	ACTIONS	PROJECTS
5.3.1 Support and strengthen the effectiveness of Councillors, and educate the community on their roles, responsibilities and achievements.	5.3.1.1 As per Action 1.3.1.1	Elected Members attended training through WALGA to support and strengthen their effectiveness. Proposed compulsory training planned for 2020.
	5.3.1.2 Support and strengthen the effectiveness of Councillors.	The CEO and Directors continue to keep Elected Members informed to strengthen the effectiveness of Council.
	5.3.1.2 Seek to educate the community on the roles, responsibilities and achievements of Council.	We continue to provide information to local government candidates on the roles and responsibilities of Council We continued to promote Council achievements through Shire publications and website/social media.
	5.3.1.3 Continue to provide quality regulatory services.	We continue to provide and improve Shire regulatory services and establish service standards.
5.3.2 Improve civic engagement and leadership to increase the involvement of under-represented groups including youth, the Aboriginal community and seniors.	5.3.2.1 As per Action 1.1.1.1	Youth Strategy to be developed in line with ADM08 Community Engagement Policy.

# GOAL 5

## INSPIRING GOVERNANCE

### Objective 5.4: Exemplary team and work environment

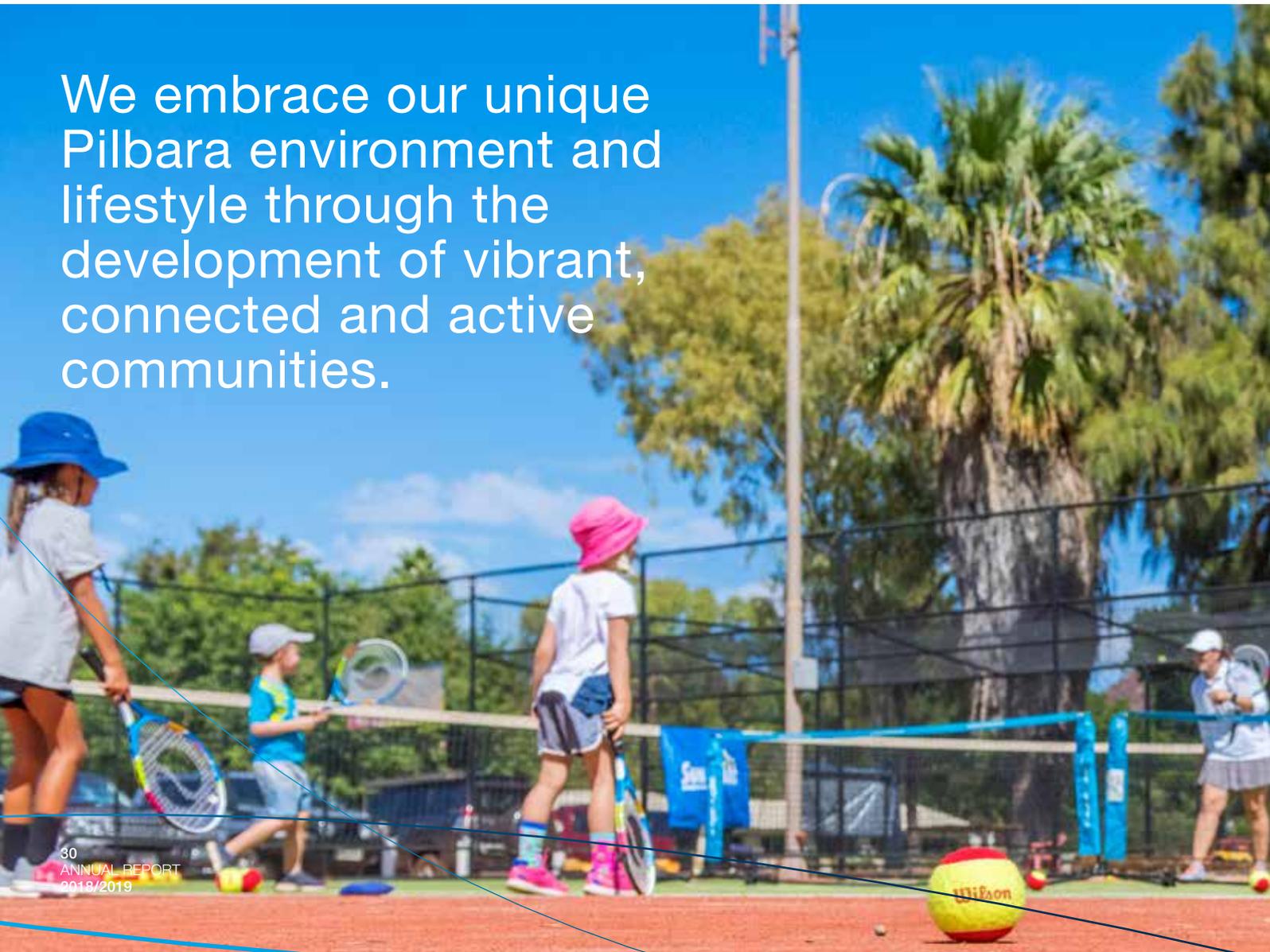
**Outcome: Highly-functioning Shire team that effectively manages the Shire's resources to build strong communities**

STRATEGY	ACTIONS	PROJECTS
5.4.1 Develop an inspired and engaged workforce through the provision of a targeted workforce development plan that includes strategies to attract and retain skilled and capable staff.	5.4.1.1 Undertake staff engagement survey to identify strategies to attract and retain staff.	Staff survey conducted in late 2018. Results were rolled out to all staff in March 2019. Perception Survey updated and action items were rolled out Shire wide June 2019.
	5.4.1.2 Review and maintain Workforce Plan and associated plans.	Consultant engaged in May 2019 conducting a review and development of a 5 year Workforce Plan for the Shire, first draft being presented in July 2019.  The workforce plan remains in draft form and requires further assessment of the Shire's Organisational Structure and Housing Strategy prior to being finalised and published.
	5.4.1.3 Implement strategies with Workforce Plan.	Implementation strategies as an outcome of the Workforce Plan review.
5.4.2 Promote an innovative and engaging corporate culture underpinned by the organisation's vision and mission.	5.4.2.1 Promote an innovative and engaging corporate culture underpinned by the organisation's vision.	The CEO and Directors to continue to liaise with staff and lead by example in the role of the Shire and the need to provide outstanding customer service.

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# Highlights and Achievements

We embrace our unique Pilbara environment and lifestyle through the development of vibrant, connected and active communities.





We will embrace our unique Pilbara environment and lifestyle through the development of vibrant, connected and active communities that have access to quality services, exceptional amenities and economic vitality.

### **Community Celebrations**

Thanks to our partnerships with Rio Tinto and the Chevron-operated Wheatstone Project we implemented a full calendar of community events, workshops and local showcases. These events give residents the chance to learn more about their community, make new friends and find ways to be involved.

Supporting local sporting clubs and recreational groups, running school holiday programs, hosting music and arts events and providing opportunities for the community to come together, are all ways in which we make our towns a great place to live.





PARABURDO SPORTS, FITNESS AND COMMUNITY COMPLEX

The new Complex has been a much welcomed addition to the town of Paraburdo.



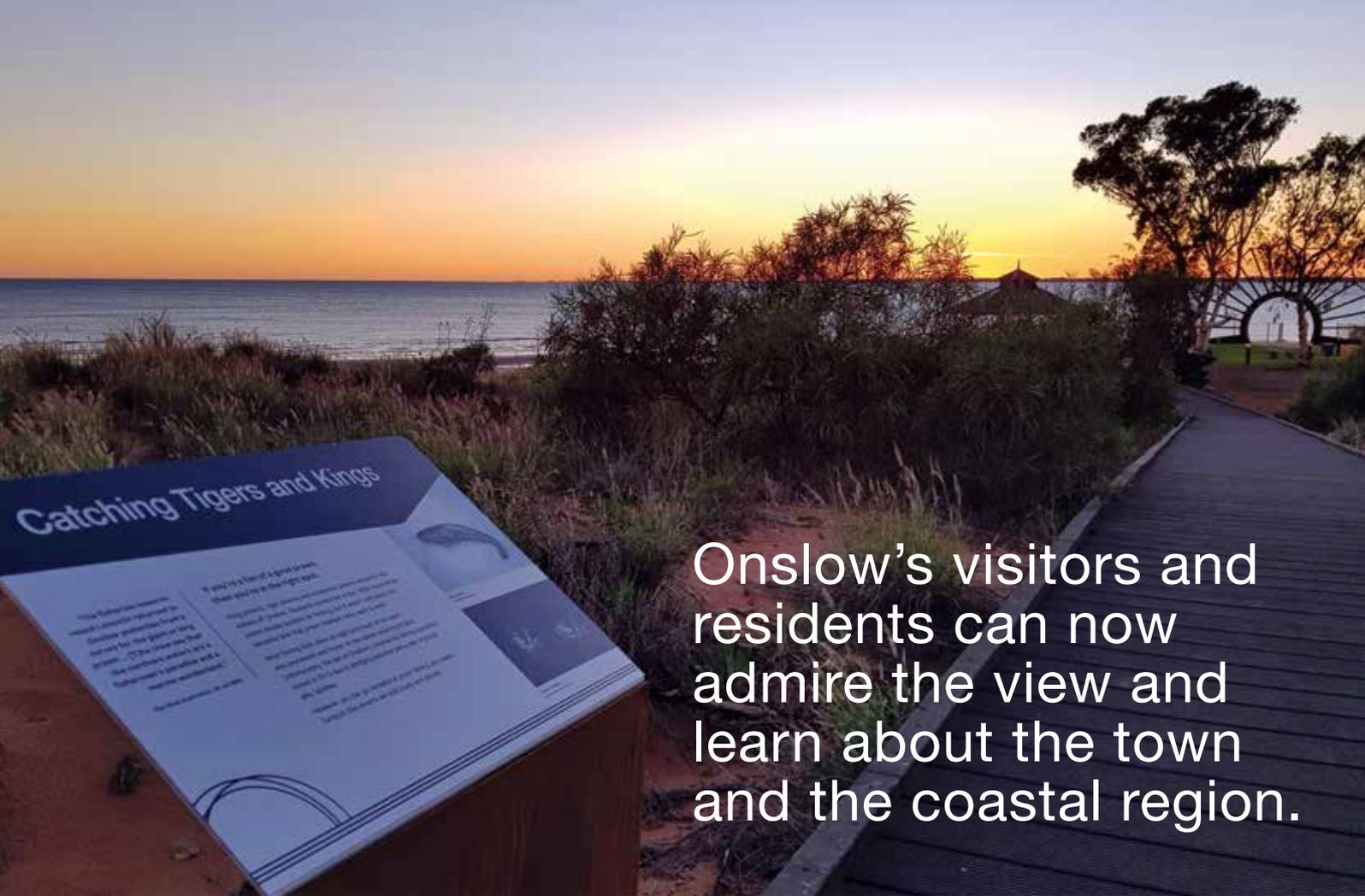
HON MICK MURRAY MLA, OPENS NEW COMPLEX

**Sports, Fitness and Community Complex**

The Shire of Ashburton, in partnership with Rio Tinto and the State Government's Royalties for Regions program, administered through the Pilbara Development Commission, were proud to officially open the new Paraburdo Sports, Fitness and Community Complex on Friday 21 June.

Celebrating with local stakeholders, the Hon Mick Murray MLA, formally opened the new facility, which has been a much welcomed addition to the town.

Designed to meet the growing needs of Paraburdo, the complex aims to enrich the sporting, recreational and social endeavours of all residents and now provides a range of modern and dynamic venues for clubs and groups to utilise.



Onslow's visitors and residents can now admire the view and learn about the town and the coastal region.

THE IAN BLAIR MEMORIAL BOARDWALK

### Karijini Experience

The Shire of Ashburton was proud to once again be Platinum Sponsor of this year's Karijini Experience, an iconic and unique event that showcases Karijini and the surrounding Pilbara region to a local, national and international audience.



### Tales of history

Onslow's rich history came alive with a series of interpretive signs which were installed along the Ian Blair Memorial Boardwalk. Visitors and residents who enjoy the leisurely walk along the boardwalk, from the Anzac Memorial through to Sunset Beach, can now stop at various points to admire the view and learn more about the town and the coastal region.

Thanks to the Chevron-operated Wheatstone Project, JTSI and Pilbara Development Commission whose funding support made this project possible.



### Showcasing Ashburton

Tourism experiences and towns within the Shire were featured on the popular TV series Destination WA during their last on-air season.

A total of 16 stories from our Shire were showcased, from Reef to Range, incorporating local towns, local tourism operators and holiday experiences.

We wish to thank the tourism operators, Rio Tinto, Chevron and Australia's North West, who assisted in shining the spotlight on our fascinating region.

A total of 16 stories from our Shire were showcased on the popular TV series, *Destination WA*.





### Disc Golf a hit

Tom Price and Paraburdoo became home to two new disc golf courses, making the Shire of Ashburton the first remote Australian mining town to embrace this sport.

This form of golf involves throwing a disc at a target, following similar rules as traditional golf, with courses consisting of nine holes which are 50m-100m long. Players use three different types of discs – drivers, mid-range and putters, with different discs for all types of weather conditions.

Disc Golf has been a popular addition to Tom Price and Paraburdoo as it suits all ages and abilities and promotes families and groups to participate together.



LOCALS EMBRACING DISC GOLF, A FIRST FOR AUSTRALIAN REMOTE MINING TOWNS



# Statutory Reports

## 1. FREEDOM OF INFORMATION

In accordance with Section 96 and 97 of the Freedom of Information Act 1992, the Shire is required to publish an Information Statement which details the process of applying for information under the act as well as information that the Shire provides outside the Act. This FOI Statement was reviewed in September 2016 and is published on the Shire's website.

During 2018/2019, three FOI applications were received by the Shire.

## 2. RECORD KEEPING PLAN AND SYSTEMS

The Shire submitted their amended Record Keeping Plan to the State Records Commission in November 2015. This amended plan includes all the current record keeping responsibilities that the Shire complies with.

The Shire's Records Department continues to administer a thorough approach to its record keeping compliance.

A mandatory Record Keeping Induction is included within the Shire's Induction process followed by internal Record Keeping Training within the first week of employment. Internal training and upgrades are administered Shire wide when new information or processes are introduced. Refresher courses are held each year on the employee's anniversary date.

Records staff undertake formal training by external training providers and all staff have

access to online Records Training. The Shire has contracted the use of offsite storage facilities ensuring long term preservation of their Government Records.

## 3. STRATEGIC PLANNING

The Local Government (Administration) Regulations 1996 was amended in 2011 to require each local government to adopt an Integrated Strategic Plan.

In line with new legislation, our plan includes:

- The Strategic Community Plan; and
- A Corporate Business Plan

These plans are supported by:

- Asset Management Plan;
- Long Term Financial Plan; and
- Workforce Plan

### Progress Update

The Shire of Ashburton conducted a full review of the existing Strategic Community Plan in late 2016. This involved community consultation along with the integration of the above informing strategies.

The Strategic Community Plan 'Living Life' 2017 – 2027 underwent a further desktop review in 2019 and the updated version was adopted at the Ordinary Meeting of Council held 18 June 2019 and is available on our website.

## 4. ANNUAL SALARIES

The Local Government Act 1995 requires Council to provide the number of employees who are entitled to an annual salary of \$100,000 or more and to break those employees into salary bands of \$10,000.

For the period under review, the Shire had 43 employees whose salary exceeded \$100,000.

Of these employees;

18 employees had a salary of between \$100,000 and \$110,000

8 employees had a salary of between \$110,000 and \$120,000

6 employees had a salary of between \$120,000 and \$130,000

5 employee had a salary of between \$130,000 and \$140,000

1 employee had a salary of between \$140,000 and \$150,000

1 employee had a salary of between \$170,000 and \$180,000

3 employees had a salary of between \$180,000 and \$200,000

1 employee had a salary of between \$260,000 and \$270,00

## 5. DISABILITY ACCESS AND INCLUSION PLAN

The Disability Services Act 1993 was amended in December 2004, creating a requirement for public authorities to develop and implement Disability Access and Inclusion Plans (DAIP's).

The Disability Services Commission accepted the Shire's new DAIP (2018-2022) on 10 January 2018.

Council is required to report on the seven outcomes relating to DAIP's annually. The Shire of Ashburton is committed to achieving the following outcomes.

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

- Ensure that the Shire's policies and procedures relating to access and inclusion reflect current legislative requirements
- Support and/or develop services to meet the needs of people with disability, their families and carers
- Ensure that as far as possible and practicable, all events have access and provision for people with disability.

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

- Redevelopment and new building works to comply with minimum access standards as required by Australian Standards on Access and Mobility
- Ensure adequate car parking for people with disability in all Shire car parks
- Access to Swimming Pools
- Ensure that parks and playgrounds are accessible.

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

- Ensure the Shire website meets best practice standards for people with disability
- Continue to provide accessible books and resources through the Shire Libraries
- Consider the needs of people with disability when producing advertising material for events and activities
- Ensure information on Council and Shire services, facilities and customer feedback is available in appropriate formats.

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

- Ensure staff are aware of disability and access issues, and are trained to respond appropriately when dealing with people with disability.

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

- Ensure people with disability are provided an opportunity to comment on facilities, services and events
- Encourage feedback on disability and access.

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

- Ensure consultation is conducted in venues that are accessible for people with disability
- Ensure consultation is advertised in a way that is relevant for people with disability, including by invitation for processes such as reviewing the DAIP, and by utilising exiting disability services
- Ensure public meetings are advertised appropriately.

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

- Review employment practices annually to ensure recruitment process and practices meet requirements
- Ensure position advertisements are inclusive for people with disability
- Collect and collate statistics on how many people with disability are employed by the Shire
- Workplaces will be accessible and safe for existing and new staff
- Make contact with a Disability Employment Service.

## 6. NATIONAL COMPETITION POLICY

In respect to Council's responsibility in relation to the National Competition Policy, the Shire reports as follows:

- The Shire of Ashburton has assessed its operations and considers that it has no business activity that would be classed as significant under the current guidelines. Also, the Shire of Ashburton does not operate a business enterprise that has been classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or Public Financial Enterprise.
- The Shire of Ashburton is not classified as a natural monopoly, nor does it conduct any business activities that could be classified as public monopolies. Therefore, the principle of structural monopolies does not apply to the Shire of Ashburton.

A further requirement of the National Competition Policy is that all Council Local Laws are reviewed every 8 years to determine whether they are in conflict with competitive neutrality and comply with the Local Government Act 1995.

A full review of all the Shire of Ashburton Local Laws took place during 2012/13.

All Local Laws for the Shire of Ashburton were reviewed, approved by Council and gazetted during 2014/15. The next full review will be in 2022/2023.

## 7. REGISTER OF COMPLAINTS

No complaints were received by the Shire during the reporting period.



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# Financials

**SHIRE OF ASHBURTON**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

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**COMMUNITY VISION**

We will embrace our unique Pilbara environment and lifestyle through the development of vibrant, connected and active communities that have access to quality services, exceptional amenities and economic vitality.

Principal place of business:  
Lot 246 Poinciana Street  
Tom Price WA 6751

SHIRE OF ASHBURTON  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2019

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 20th day of December 2019

  
\_\_\_\_\_  
Chief Executive Officer

Mr Steve Deckert  
\_\_\_\_\_  
Name of Acting Chief Executive Officer



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

NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$	
<b>Revenue</b>				
Rates	24(a)	32,374,843	35,300,878	33,401,118
Operating grants, subsidies and contributions	2(a)	8,467,984	3,278,255	7,592,795
Fees and charges	2(a)	7,366,563	8,169,043	12,031,013
Service charges	24(b)	173,268	176,765	212,716
Interest earnings	2(a)	1,534,904	1,199,149	1,251,796
Other revenue	2(a)	579,037	619,381	1,448,745
		50,496,599	48,743,471	55,938,183
<b>Expenses</b>				
Employee costs		(16,603,201)	(18,990,205)	(17,109,093)
Materials and contracts		(20,116,767)	(15,204,053)	(14,280,602)
Utility charges		(1,192,230)	(1,508,895)	(1,414,481)
Depreciation on non-current assets	9(b)	(11,903,173)	(15,273,032)	(14,158,449)
Interest expenses	2(b)	(200,648)	(175,666)	(234,749)
Insurance expenses		(1,151,290)	(1,251,787)	(1,331,286)
Other expenditure		(711,049)	(759,434)	(279,445)
		(51,878,358)	(53,163,072)	(48,808,105)
		(1,381,759)	(4,419,601)	7,130,078
Non-operating grants, subsidies and contributions	2(a)	11,166,128	42,344,561	6,127,586
Profit on asset disposals	9(a)	35,262	2,007,725	1,214
(Loss) on asset disposals	9(a)	(372,104)	(62,197)	(86,394)
(Loss) on revaluation of Infrastructure - Parks & Recreation	8(a)	0	0	(2,784,437)
(Loss) on revaluation of Infrastructure - Towns	8(a)	0	0	(991,872)
Reversal of prior year loss on revaluation of Infrastructure - Airports	8(a)	0	0	101,376
		10,829,286	44,290,089	2,367,473
<b>Net result for the period</b>		9,447,527	39,870,488	9,497,551
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	10	628,865	0	(128,153,890)
<b>Total other comprehensive income for the period</b>		628,865	0	(128,153,890)
<b>Total comprehensive income for the period</b>		10,076,392	39,870,488	(118,656,339)

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



SHIRE OF ASHBURTON  
STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Revenue</b>				
Governance		170,384	610,458	2,077,986
General purpose funding		37,408,763	38,256,135	38,752,096
Law, order, public safety		123,468	118,014	131,909
Health		235,507	213,996	207,746
Education and welfare		54,218	44,820	238,006
Housing		432,324	360,310	350,602
Community amenities		2,142,423	3,563,432	3,418,122
Recreation and culture		4,664,914	866,582	1,284,031
Transport		3,668,580	3,039,091	7,676,246
Economic services		1,433,978	1,440,973	1,556,633
Other property and services		162,040	229,660	244,806
		<u>50,496,599</u>	<u>48,743,471</u>	<u>55,938,183</u>
<b>Expenses</b>				
Governance		(6,993,977)	(7,724,255)	(6,907,031)
General purpose funding		(12,287)	(198,586)	(149,225)
Law, order, public safety		(1,047,311)	(1,069,101)	(863,134)
Health		(661,520)	(608,361)	(620,211)
Education and welfare		(282,934)	(339,347)	(457,442)
Housing		(1,191,756)	(2,305,333)	(960,704)
Community amenities		(6,714,854)	(7,967,015)	(7,319,186)
Recreation and culture		(9,167,531)	(11,466,404)	(9,827,149)
Transport		(20,953,723)	(15,575,987)	(14,280,286)
Economic services		(2,385,382)	(2,831,127)	(4,613,453)
Other property and services		(2,266,435)	(2,901,890)	(2,575,535)
		<u>(51,677,710)</u>	<u>(52,987,406)</u>	<u>(48,573,356)</u>
<b>Finance Costs</b>				
Governance		(28,702)	(23,808)	(27,202)
Housing		(74,191)	(68,846)	(99,367)
Community amenities		(83,222)	(69,759)	(91,070)
Recreation and culture		(3,114)	(2,983)	(5,813)
Transport		(11,419)	(10,270)	(11,297)
	2(b)	<u>(200,648)</u>	<u>(175,666)</u>	<u>(234,749)</u>
		<u>(1,381,759)</u>	<u>(4,419,601)</u>	<u>7,130,078</u>
Non-operating grants, subsidies and contributions	2(a)	11,166,128	42,344,561	6,127,586
Profit on disposal of assets	9(a)	35,262	2,007,725	1,214
(Loss) on disposal of assets	9(a)	(372,104)	(62,197)	(86,394)
(Loss) on revaluation of Infrastructure - Parks & Recreation	8(a)	0	0	(2,784,437)
(Loss) on revaluation of Infrastructure - Towns	8(a)	0	0	(991,872)
Reversal of prior year loss on revaluation of Infrastructure - Airports	8(a)	0	0	101,376
		<u>10,829,286</u>	<u>44,290,089</u>	<u>2,367,473</u>
<b>Net result for the period</b>		<u>9,447,527</u>	<u>39,870,488</u>	<u>9,497,551</u>
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	10	628,865	0	(128,153,890)
<b>Total other comprehensive income for the period</b>		<u>628,865</u>	<u>0</u>	<u>(128,153,890)</u>
<b>Total comprehensive income for the period</b>		<u>10,076,392</u>	<u>39,870,488</u>	<u>(118,656,339)</u>

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



SHIRE OF ASHBURTON  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2019

	NOTE	2019 \$	2018 Restated* \$	1 July 2017 Restated * \$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	3	60,252,679	50,920,344	44,428,941
Trade receivables	5	4,782,390	4,485,772	7,051,798
Inventories	6	702,729	694,973	682,772
<b>TOTAL CURRENT ASSETS</b>		<b>65,737,798</b>	<b>56,101,089</b>	<b>52,163,511</b>
<b>NON-CURRENT ASSETS</b>				
Inventories	6	400,892	486,028	486,028
Property, plant and equipment	7	113,550,978	104,640,159	98,443,172
Infrastructure	8	406,571,728	409,668,111	535,519,054
<b>TOTAL NON-CURRENT ASSETS</b>		<b>520,523,598</b>	<b>514,794,298</b>	<b>634,448,254</b>
<b>TOTAL ASSETS</b>		<b>586,261,396</b>	<b>570,895,387</b>	<b>686,611,765</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	11	8,583,757	2,621,483	3,871,021
Borrowings	12(a)	766,294	752,680	719,190
Employee related provisions	13	1,536,357	1,428,251	1,348,326
<b>TOTAL CURRENT LIABILITIES</b>		<b>10,886,408</b>	<b>4,802,414</b>	<b>5,938,537</b>
<b>NON-CURRENT LIABILITIES</b>				
Borrowings	12(a)	3,047,102	3,813,398	4,566,078
Employee related provisions	13	336,761	364,843	304,179
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,383,863</b>	<b>4,178,241</b>	<b>4,870,257</b>
<b>TOTAL LIABILITIES</b>		<b>14,270,271</b>	<b>8,980,655</b>	<b>10,808,794</b>
<b>NET ASSETS</b>		<b>571,991,125</b>	<b>561,914,732</b>	<b>675,802,971</b>
<b>EQUITY</b>				
Retained surplus		221,718,386	219,287,942	215,419,958
Reserves - cash backed	4	48,394,463	41,377,381	35,747,812
Revaluation surplus	10	301,878,276	301,249,410	424,635,201
<b>TOTAL EQUITY</b>		<b>571,991,125</b>	<b>561,914,733</b>	<b>675,802,971</b>

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



**SHIRE OF ASHBURTON  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2019**

	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
NOTE	\$	\$	\$	\$
<b>Balance as at 1 July 2017</b>	215,419,960	35,747,812	429,403,300	680,571,072
Comprehensive income				
Net result for the period	9,497,551	0	0	9,497,551
Other comprehensive income	0	0	(128,153,890)	(128,153,890)
Total comprehensive income	9,497,551	0	(128,153,890)	(118,656,339)
Transfers from/(to) reserves	(5,629,569)	5,629,569	0	0
<b>Balance as at 30 June 2018</b>	219,287,942	41,377,381	301,249,410	561,914,733
Comprehensive income				
Net result for the period	9,447,527	0	0	9,447,527
Other comprehensive income	0	0	628,865	628,865
Total comprehensive income	9,447,527	0	628,865	10,076,392
Transfers from/(to) reserves	(7,017,082)	7,017,082	0	0
<b>Balance as at 30 June 2019</b>	221,718,386	48,394,463	301,878,276	571,991,125

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

SHIRE OF ASHBURTON  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2019

NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates	35,117,466	35,004,262	33,984,237	
Operating grants, subsidies and contributions	11,031,561	3,233,255	9,864,184	
Fees and charges	7,366,563	8,169,043	12,031,013	
Service charges	173,268	176,765	212,716	
Interest received	1,534,904	1,199,149	1,251,796	
Goods and services tax received	4,540,623	2,446,928	3,291,906	
Other revenue	579,037	619,381	1,448,745	
	60,343,422	50,848,783	62,084,597	
<b>Payments</b>				
Employee costs	(16,351,355)	(18,990,205)	(17,016,344)	
Materials and contracts	(19,997,654)	(14,650,115)	(15,362,787)	
Utility charges	(1,192,230)	(1,508,895)	(1,414,481)	
Interest expenses	(180,282)	(175,666)	(238,616)	
Insurance paid	(1,151,290)	(1,251,787)	(1,331,286)	
Goods and services tax paid	(4,542,925)	(1,355,312)	(3,694,442)	
Other expenditure	(711,049)	(759,434)	(279,445)	
	(44,126,785)	(38,691,414)	(39,337,401)	
<b>Net cash provided by (used in) operating activities</b>	14	16,216,637	12,157,369	22,747,196
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	7(a)	(11,635,267)	(22,382,173)	(5,990,990)
Payments for construction of infrastructure	8(a)	(6,146,840)	(47,906,720)	(16,116,911)
Payments for investment property		0	0	(13,793)
Non-operating grants, subsidies and contributions	2(a)	11,166,128	42,344,561	6,127,586
Proceeds from sale of property, plant & equipment	9(a)	356,520	2,370,455	457,505
<b>Net cash provided by (used in) investment activities</b>		(6,259,459)	(25,573,877)	(15,536,603)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	12(b)	(752,680)	(752,680)	(719,190)
Proceeds from new borrowings		0	2,100,000	0
<b>Net cash provided by (used in) financing activities</b>		(752,680)	1,347,320	(719,190)
<b>Net increase (decrease) in cash held</b>		9,204,498	(12,069,188)	6,491,403
Cash at beginning of year	3	50,920,344	50,985,287	44,428,941
Transfer from Trust		127,837	0	0
<b>Cash and cash equivalents at the end of the year</b>	14	60,252,679	38,916,099	50,920,344

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

SHIRE OF ASHBURTON  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	25 (b)	12,102,225	10,709,456	12,544,678
		12,102,225	10,709,456	12,544,678
<b>Revenue from operating activities (excluding rates)</b>				
Governance		170,384	610,458	2,077,986
General purpose funding		5,043,806	2,955,257	4,709,432
Law, order, public safety		123,468	118,014	131,909
Health		235,507	213,996	207,746
Education and welfare		54,218	44,820	238,006
Housing		432,324	360,310	350,602
Community amenities		2,142,423	3,563,432	3,418,122
Recreation and culture		4,664,914	866,582	1,284,031
Transport		3,703,842	3,046,816	7,677,460
Economic services		1,433,978	3,440,973	1,556,633
Other property and services		162,040	229,660	244,806
		18,166,904	15,450,318	21,896,733
<b>Expenditure from operating activities</b>				
Governance		(7,022,679)	(7,748,063)	(6,934,233)
General purpose funding		(12,287)	(198,586)	(149,225)
Law, order, public safety		(1,047,311)	(1,069,101)	(863,134)
Health		(661,520)	(608,361)	(620,211)
Education and welfare		(282,934)	(339,347)	(457,442)
Housing		(1,265,947)	(2,374,179)	(1,060,071)
Community amenities		(6,798,076)	(8,036,774)	(7,410,256)
Recreation and culture		(9,516,333)	(11,469,387)	(9,832,962)
Transport		(20,991,558)	(15,648,454)	(14,377,977)
Economic services		(2,385,382)	(2,831,127)	(4,613,453)
Other property and services		(2,266,435)	(2,901,890)	(6,250,468)
		(52,250,462)	(53,225,269)	(52,569,432)
Non-cash amounts excluded from operating activities	25(a)	12,405,176	13,327,504	18,072,944
<b>Amount attributable to operating activities</b>		(9,576,157)	(13,737,991)	(55,077)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	11,166,128	42,344,561	6,127,586
Proceeds from disposal of assets	9(a)	356,520	2,370,455	457,505
Purchase of property, plant and equipment	7(a)	(11,635,267)	(22,382,173)	(5,990,990)
Purchase and construction of infrastructure	8(a)	(6,146,840)	(47,906,720)	(16,116,911)
<b>Amount attributable to investing activities</b>		(6,259,459)	(25,573,877)	(15,536,603)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	12(b)	(752,680)	(752,680)	(719,190)
Proceeds from borrowings	12(c)	0	2,100,000	0
Transfers to reserves (restricted assets)	4	(22,079,469)	(11,317,300)	(20,785,469)
Transfers from reserves (restricted assets)	4	15,062,387	15,480,970	15,155,900
<b>Amount attributable to financing activities</b>		(7,769,762)	5,510,990	(6,348,759)
		(23,605,378)	(33,800,878)	(21,940,439)
<b>Surplus/(deficit) before imposition of general rates</b>		(23,605,378)	(33,800,878)	(21,940,439)
<b>Total amount raised from general rates</b>	24(a)	32,364,957	35,300,878	34,042,664
<b>Surplus/(deficit) after imposition of general rates</b>	25(b)	8,759,579	1,500,000	12,102,225

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

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

**1. BASIS OF PREPARATION**

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

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

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

**CRITICAL ACCOUNTING ESTIMATES**

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

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

**THE LOCAL GOVERNMENT REPORTING ENTITY**

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 27 to these financial statements.

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

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Operating grants, subsidies and contributions</b>			
Governance	12,726	513,103	1,135,522
General purpose funding	3,490,264	1,700,706	4,063,243
Law, order, public safety	62,424	51,930	71,292
Health	147,693	142,142	140,850
Education and welfare	0	0	193,044
Housing	3,508	0	11,608
Community amenities	239,200	290,000	819,001
Recreation and culture	4,211,519	343,923	860,131
Transport	272,102	162,791	165,782
Economic services	18,517	39,409	83,122
Other property and services	10,031	34,251	29,200
	8,467,984	3,278,255	7,592,795
<b>Non-operating grants, subsidies and contributions</b>			
Education and welfare	0	3,000,000	0
Community amenities	0	10,914,201	110,000
Recreation and culture	0	5,014,938	1,632,630
Transport	11,166,128	23,362,761	3,676,126
Economic services	0	52,661	708,830
	11,166,128	42,344,561	6,127,586
<b>Total grants, subsidies and contributions</b>	<b>19,634,112</b>	<b>45,622,816</b>	<b>13,720,381</b>

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

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

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

Grants, donations and other contributions (Continued)  
 a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 23. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019 Actual \$	2019 Budget \$	2018 Actual \$
<b>Significant revenue</b>			
Reimbursement for flood damage (WANDRRA)	9,003,669	0	1,484,627
<b>Other revenue</b>			
Reimbursements and recoveries	300,938	183,105	293,875
Other	278,099	436,276	1,154,870
	579,037	619,381	1,448,745
<b>Fees and Charges</b>			
Governance	5,882	6,801	6,996
General purpose funding	12,082	13,027	11,519
Law, order, public safety	59,918	66,082	60,611
Health	87,814	71,854	66,896
Education and welfare	52,312	43,320	42,263
Housing	259,731	338,210	259,221
Community amenities	1,903,854	3,223,432	2,595,704
Recreation and culture	434,514	445,448	345,001
Transport	3,381,281	2,876,800	7,487,558
Economic services	1,169,175	1,073,359	1,154,972
Other property and services	0	10,710	272
	7,386,563	8,169,043	12,031,013
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
<b>Interest earnings</b>			
Reserve accounts interest	986,141	827,758	789,670
Rates instalment and penalty interest (refer Note 24(d))	119,855	109,140	88,537
Other interest earnings	428,908	262,251	373,589
	1,534,904	1,199,149	1,251,796

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

**Significant expense**

Expenditure on Flood Damage re-instatement

**Auditors remuneration**

- Audit of the Annual Financial Report

- Other services

**Interest expenses (finance costs)**

Long term borrowings (refer Note 12(b))

**Rental charges**

- Operating leases (refer Note 17(b))

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Expenditure on Flood Damage re-instatement	10,786,371	0	1,903,283
<b>Auditors remuneration</b>			
- Audit of the Annual Financial Report	33,503	79,070	36,080
- Other services	0	0	4,458
	<u>33,503</u>	<u>79,070</u>	<u>40,538</u>
<b>Interest expenses (finance costs)</b>			
Long term borrowings (refer Note 12(b))	200,648	175,666	234,749
	<u>200,648</u>	<u>175,666</u>	<u>234,749</u>
<b>Rental charges</b>			
- Operating leases (refer Note 17(b))	67,024	0	67,708
	<u>67,024</u>	<u>0</u>	<u>67,708</u>

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

**3. CASH AND CASH EQUIVALENTS**

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		11,858,216	9,542,963
Restricted Cash - Reserves		48,394,463	41,377,381
		<u>60,252,679</u>	<u>50,920,344</u>
<b>Comprises:</b>			
- Unrestricted cash and cash equivalents		11,730,379	9,542,962
- Restricted cash and cash equivalents		48,522,300	41,377,382
		<u>60,252,679</u>	<u>50,920,344</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
<b>Reserve accounts</b>			
Employee Benefits Reserve	4	1,087,432	574,373
Financial Risk Reserve	4	7,913,309	6,500,000
Future Projects Reserve	4	2,726,543	1,664,756
Housing Reserve	4	1,406,105	1,263,232
Infrastructure Reserve	4	3,439,382	2,349,930
Joint Venture Housing Reserve	4	101,693	100,000
Onslow Aerodrome Reserve	4	14,636,335	13,282,756
Onslow Community Infrastructure Reserve	4	194,584	189,548
Plant Replacement Reserve	4	488,698	423,180
Property Development Reserve	4	2,671,312	2,601,064
RTIO Partnership Reserve	4	3,798,260	5,852,632
Tom Price Administration Building Reserve	4	6,016,929	1,000,000
Unspent Grants and Contribution Reserve	4	896,952	4,575,910
Waste Services Reserve	4	3,016,929	1,000,000
		<u>48,394,463</u>	<u>41,377,381</u>
<b>Other restricted cash and cash equivalents</b>			
Deposits and Bonds (reclassified from Trust)	27	127,837	0
<b>Total restricted cash and cash equivalents</b>		<u>48,522,300</u>	<u>41,377,382</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk

Cash and cash equivalents (Continued)  
of changes in value. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

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

**4. RESERVES - CASH BACKED**

	2019		2019		2019		2019		2019		2018		2018	
	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Actual Transfer to	Actual Transfer (from)	Actual Closing Balance		
(a) Employee Benefits Reserve	\$ 574,373	\$ 513,059	\$ 0	\$ 1,087,432	\$ 573,554	\$ 11,866	\$ 0	\$ 585,420	\$ 330,265	\$ 244,108	\$ 0	\$ 574,373		
(b) Financial Risk Reserve	6,500,000	6,110,038	(4,696,729)	7,913,309	6,500,000	6,053,177	0	12,553,177	0	6,775,000	(275,000)	6,500,000		
(c) Future Projects Reserve	1,664,756	1,061,788	0	2,726,544	1,656,342	34,266	(1,028,723)	661,885	3,390,968	46,572	(1,772,784)	1,664,756		
(d) Housing Reserve	1,263,232	1,030,372	(887,500)	1,406,104	1,260,972	28,087	(887,500)	399,559	910,789	352,443	0	1,263,232		
(e) Infrastructure Reserve	2,349,930	1,089,453	0	3,439,383	2,337,495	323,627	(1,781,421)	879,701	5,010,870	68,819	(2,729,759)	2,349,930		
(f) Joint Venture Housing Reserve	100,000	1,692	0	101,692	100,000	102,069	0	202,069	0	100,000	0	100,000		
(g) Onslow Aerodrome Reserve	13,282,756	3,377,164	(2,023,564)	14,636,356	13,251,706	434,149	(2,989,406)	10,696,449	12,513,148	4,081,279	(3,311,671)	13,282,756		
(h) Onslow Community Infrastructure Reserve	189,548	5,036	0	194,584	189,084	3,912	0	192,996	186,980	2,568	0	189,548		
(i) Plant Replacement Reserve	423,180	569,313	(503,795)	488,698	423,115	8,753	(407,500)	24,368	28,345	1,392,266	(995,431)	423,180		
(j) Property Development Reserve	2,601,064	70,248	0	2,671,312	2,594,495	963,605	(175,000)	3,383,100	2,647,269	36,358	(82,563)	2,601,064		
(k) RTIO Partnership Reserve	5,852,632	713,692	(2,786,064)	3,796,260	5,927,011	228,011	(3,483,085)	2,669,937	4,995,395	2,591,529	(1,734,283)	5,852,632		
(l) Tom Price Administration Building Reserve	1,000,000	5,016,928	0	6,016,928	1,000,000	3,020,688	0	4,020,688	0	1,000,000	0	1,000,000		
(m) Unspent Grants and Contribution Reserve	4,575,910	503,757	(4,182,715)	896,952	4,273,194	86,403	(4,208,336)	153,261	5,735,792	3,094,527	(4,254,409)	4,575,910		
(n) Waste Services Reserve	1,000,000	2,016,929	0	3,016,929	1,000,000	20,688	(520,000)	500,688	0	1,000,000	0	1,000,000		
	41,377,381	22,079,469	(15,082,387)	48,394,463	41,086,988	11,317,300	(15,480,971)	36,923,298	35,747,812	20,785,469	(15,155,800)	41,377,381		

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Employee Benefits Reserve	Ongoing	- To contribute towards funding the Council's liability for payments of employee benefits owing to staff and taken either as leave or paid upon termination of their employment.
(b) Financial Risk Reserve	Ongoing	- To provide funds to mitigate against Financial Risks including legal cases with penalties awarded against the Shire, SAT rulings upholding valuation objections on high value properties likely to cause significantly large refunds and other unknown events potentially resulting in financial loss to the Shire.
(c) Future Projects Reserve	Ongoing	- To provide funds for Future Capital Projects determined in the Long Term Financial Plan.
(d) Housing Reserve	Ongoing	- To provide funds to assist the Council to maintain and improve Council housing stock in accordance with the Housing Asset Management Plan.
(e) Infrastructure Reserve	Ongoing	- To provide funds for provision and maintenance of new and existing infrastructure assets (including Buildings) throughout the Shire.
(f) Joint Venture Housing Reserve	Ongoing	- To provide funds for repairs and maintenance in compliance with Joint Venture Housing Agreements.
(g) Onslow Aerodrome Reserve	Ongoing	- To provide funds for operational surpluses and deficits as well as the upgrading and modifications to the Onslow Aerodrome.
(h) Onslow Community Infrastructure Reserve	Ongoing	- To provide funds for the development of community facilities in Onslow.
(i) Plant Replacement Reserve	Ongoing	- To provide an optimum level of cash reserves for funding the Council heavy machinery replacement program on a five year rolling basis.
(j) Property Development Reserve	Ongoing	- To provide funds to assist the Council in purchasing, developing and selling property to stimulate economic development.
(k) RTIO Partnership Reserve	Ongoing	- For the purpose of funding the projects and programs associated with partnership agreements between the Shire of Ashburton and Rio Tinto.
(l) Tom Price Administration Building Reserve	Ongoing	- To provide funds for a replacement Tom Price Administration Building.
(m) Unspent Grants and Contribution Reserve	Ongoing	- To preserve unspent Grant and ongoing Capital works Funds.
(n) Waste Services Reserve	Ongoing	- To provide funds for the upgrading and modifications to Waste Facilities within the Shire.

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

**5. TRADE RECEIVABLES**

**Current**

Rates receivable	
Sundry receivables	
GST receivable	
Accrued Income	
Provision for Doubtful Debts	

	2019	2018
	\$	\$
	3,187,603	329,710
	1,192,938	2,219,859
	290,784	288,482
	509,793	1,851,181
	(396,726)	(203,460)
	<u>4,782,390</u>	<u>4,485,772</u>

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

**Rates Outstanding**

**Includes:**

- Current	2,695,505	329,710
- 1 to 3 years	256,839	0
- 3+ years	235,259	0

**Sundry Debtors**

**Includes:**

- up to one month	757,841	1,410,215
- 1 - 3 months	108,336	201,596
- 3 months to 1 year	322,495	600,110
- 1 - 5 years	4,266	7,938

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other receivables**

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

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

**Impairment and risk exposure**

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 26.

**Previous accounting policy: Impairment of trade receivables**

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

**Classification and subsequent measurement**

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

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

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

**SHIRE OF ASHBURTON**  
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**6. INVENTORIES**

	2019	2018
	\$	\$
<b>Current</b>		
Fuel and Materials	33,487	36,165
Tourist Bureau Stock	102,999	98,222
Land held for resale - cost		
- Development costs	566,243	560,586
	<u>702,729</u>	<u>694,973</u>
<b>Non-current</b>		
Land held for resale - cost		
- Cost of acquisition	400,892	423,859
- Development costs	0	62,169
	<u>400,892</u>	<u>486,028</u>
The following movements in inventories occurred during the year:		
<b>Carrying amount at 1 July</b>	1,181,001	1,168,800
Net movement in inventory	(77,380)	12,201
<b>Carrying amount at 30 June</b>	<u>1,103,621</u>	<u>1,181,001</u>

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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

**SHIRE OF ASHBURTON  
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**7. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in Carrying Amounts**

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Work in Progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2017</b>	16,537,000	760,000	17,297,000	13,828,000	57,522,764	71,350,764	88,647,764	979,266	7,941,256	874,866	98,443,172
Additions	0	0	0	1,257,853	1,077,684	2,335,537	2,335,537	128,540	492,153	3,034,760	5,990,990
(Disposals)	0	0	0	0	0	0	0	0	(542,685)	0	(542,685)
Depreciation (expense)	0	0	0	(313,129)	(1,216,339)	(1,529,468)	(1,529,468)	(306,417)	(910,956)	0	(2,746,841)
Transfers	0	0	0	0	0	0	0	108,758	433,927	2,952,838	3,495,523
<b>Carrying amount at 30 June 2018</b>	16,537,000	760,000	17,297,000	14,772,724	57,384,109	72,156,833	89,453,833	910,147	7,413,695	6,862,484	104,640,159
<b>Comprises:</b>											
Gross carrying amount at 30 June 2018	16,537,000	760,000	17,297,000	15,085,853	58,600,448	73,686,301	90,983,301	1,216,564	9,240,941	6,862,484	108,303,290
Accumulated depreciation at 30 June 2018	0	0	0	(313,129)	(1,216,339)	(1,529,468)	(1,529,468)	(306,417)	(1,827,246)	0	(3,663,131)
<b>Carrying amount at 30 June 2018</b>	16,537,000	760,000	17,297,000	14,772,724	57,384,109	72,156,833	89,453,833	910,147	7,413,695	6,862,484	104,640,159
Additions	105,000	0	105,000	821,004	8,622,716	9,443,720	9,548,720	75,337	1,718,934	292,276	11,635,267
(Disposals)	0	0	0	0	(214,259)	(214,259)	(214,259)	0	(347,674)	0	(561,933)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	235,135	393,730	0	628,865
Depreciation (expense)	0	0	0	(211,341)	(1,424,426)	(1,635,767)	(1,635,767)	(230,640)	(1,182,814)	0	(3,049,221)
Transfers	140,000	0	140,000	(140,000)	7,028,396	6,888,396	7,028,396	0	91,929	(6,862,484)	257,841
<b>Carrying amount at 30 June 2019</b>	16,782,000	760,000	17,542,000	15,242,387	71,396,536	86,638,923	104,180,923	989,979	8,087,800	292,276	113,550,978
<b>Comprises:</b>											
Gross carrying amount at 30 June 2019	16,782,000	760,000	17,542,000	15,766,857	74,022,316	89,789,173	107,331,173	1,084,074	8,087,800	292,276	116,795,323
Accumulated depreciation at 30 June 2019	0	0	0	(524,470)	(2,625,780)	(3,150,250)	(3,150,250)	(94,095)	0	0	(3,244,345)
<b>Carrying amount at 30 June 2019</b>	16,782,000	760,000	17,542,000	15,242,387	71,396,536	86,638,923	104,180,923	989,979	8,087,800	292,276	113,550,978

SHIRE OF ASHBURTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar properties.	Independent registered valuers	June 2017	Price per hectare.
Land - vested in and under the control of Council	3	Cost approach using depreciated replacement cost.	Independent registered valuers	June 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties.	Independent registered valuers	June 2017	Price per square metre.
Buildings - specialised	3	Cost approach using depreciation replacement cost.	Independent registered valuers	June 2017	Construction costs and current condition (Level 2), residual value and remaining useful life assessments (Level 3) inputs.
<b>Furniture and equipment</b>					
- Management valuation 2019	2	Market approach using recent observable market data for similar items.	Management valuation	June 2019	Price per item.
- Management valuation 2019	3	Cost approach using depreciated replacement cost.	Management valuation	June 2019	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Plant and equipment</b>					
- Management valuation 2019	2	Market approach using recent observable market data for similar items.	Management valuation	June 2019	Price per item.
- Management valuation 2019	3	Cost approach using depreciated replacement cost.	Management valuation	June 2019	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.

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

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

**SHIRE OF ASHBURTON**  
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**8. INFRASTRUCTURE**

(a) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Airports	Infrastructure - Bridges	Infrastructure - Parks & Recreation	Infrastructure - Towns	Infrastructure - Waste	Work in Progress	Total Infrastructure
Balance at 1 July 2017 (Restated)	\$ 415,632,258	\$ 7,962,390	\$ 20,576,370	\$ 52,310,257	\$ 523,936	\$ 25,750,842	\$ 6,087,022	\$ 4,247,956	\$ 2,428,024	\$ 535,519,055
Additions	4,109,217	86,354	1,985,828	3,325,284	0	1,219,897	3,905,881	1,574,470	0	16,116,911
Revaluation increments / (decrements) transferred to revaluation surplus (Restated)	(132,647,349)	(14,431)	9,121,590	(510,295)	995,863	(331,875)	0	616	0	(123,305,791)
Revaluation (loss) / reversals transferred to profit or loss	(8,340,791)	0	0	0	0	(2,784,437)	(591,872)	101,376	0	(9,674,933)
Depreciation (expense)	(3,357,588)	(165,466)	(266,796)	(918,893)	(10,984)	(1,390,752)	(153,588)	(164,238)	0	(11,411,608)
Transfers		211,722	20,104	(1,434,653)	0	(239,043)	(3,094,562)	(722,109)	5,120,506	(3,495,523)
Carrying amount at 30 June 2018 (Restated)	275,395,747	8,060,569	31,349,186	52,771,580	1,508,815	22,224,632	5,752,881	5,038,071	7,546,630	409,668,111
Comprises:										
Gross carrying amount at 30 June 2018 (Restated)	331,649,249	10,279,657	50,863,618	57,438,484	2,627,874	28,897,481	6,996,395	6,071,731	7,546,630	502,373,117
Accumulated depreciation at 30 June 2018	(58,253,502)	(2,199,088)	(19,514,430)	(4,666,904)	(1,119,059)	(6,672,849)	(1,245,514)	(1,033,660)	0	(92,705,006)
Carrying amount at 30 June 2018 (Restated)	275,395,747	8,060,569	31,349,186	52,771,580	1,508,815	22,224,632	5,752,881	5,038,071	7,546,630	409,668,111
Additions	3,302,745	0	61,465	50,839	0	695,299	305,664	0	1,729,828	6,146,940
(Disposals)	0	0	0	0	0	(131,429)	0	0	0	(131,429)
Revaluation (loss) / reversals transferred to profit or loss	0	0	0	0	0	0	0	0	0	0
Depreciation (expense)	(5,925,178)	(181,878)	(560,646)	(924,830)	(32,848)	(929,182)	(225,642)	(173,748)	0	(8,853,952)
Transfers	2,739,478	86,355	53,270	1,610,123	0	718,902	504,833	0	(5,870,803)	(257,841)
Carrying amount at 30 June 2019	275,512,792	7,965,046	30,903,275	53,507,712	1,475,967	22,678,222	6,338,736	4,864,323	3,305,656	406,571,728
Comprises:										
Gross carrying amount at 30 June 2019	337,691,472	10,366,011	50,976,351	56,099,446	2,627,874	30,117,275	7,809,892	6,071,732	3,305,656	508,067,709
Accumulated depreciation at 30 June 2019	(62,178,680)	(2,380,965)	(20,073,075)	(5,591,734)	(1,151,907)	(7,439,054)	(1,471,157)	(1,207,409)	0	(101,495,982)
Carrying amount at 30 June 2019	275,512,792	7,985,045	30,903,276	53,507,712	1,475,967	22,678,221	6,338,735	4,864,323	3,305,656	406,571,728

Note:- Infrastructure Roads balance as at 01.07.2017 has been reduced by \$11,185,425 as a prior period adjustment. Please see Note 31.

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8. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost.	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost.	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Drainage	3	Cost approach using depreciated replacement cost.	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Airports	3	Cost approach using depreciated replacement cost.	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Bridges	3	Cost approach using depreciated replacement cost.	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Parks & Recreation	3	Cost approach using depreciated replacement cost.	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Towns	3	Cost approach using depreciated replacement cost.	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - Waste	3	Cost approach using depreciated replacement cost.	Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.

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

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

SHIRE OF ASHBURTON  
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8. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

**SIGNIFICANT ACCOUNTING POLICIES**

**Fixed assets**

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

**Initial recognition and measurement between mandatory revaluation dates**

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

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

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

**Revaluation**

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

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

**AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY**

**Land under control**

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

Upon initial recognition, these assets were recorded at cost in accordance with AASB 118. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

**Land under roads**

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

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

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

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

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

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9. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2019		2019		2019		2019		2019		2018		2018	
	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss		
Buildings - specialised	\$ 214,259	\$ 0	\$ 0	\$ (214,259)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Plant and equipment	347,674	356,520	35,262	(26,416)	424,927	370,455	7,725	(62,197)	542,695	457,505	1,214	(86,304)	0	0
Land Held for Resale	0	0	0	0	0	2,000,000	2,000,000	0	0	0	0	0	0	0
Infrastructure - Parks & Recreation	131,429	0	0	(131,429)	0	0	0	0	0	0	0	0	0	0
	693,362	356,520	35,262	(372,104)	424,927	2,370,455	2,007,725	(62,197)	542,695	457,505	1,214	(86,304)	0	0

The following assets were disposed of during the year.

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
<b>Plant and Equipment</b>				
Governance	\$ 345,688	\$ 0	\$ 0	\$ (345,688)
Assets disposed of producing a loss	181,416	155,000	0	(26,416)
Transport	166,258	201,520	35,262	0
Assets disposed of producing a loss	693,362	356,520	35,262	(372,104)

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**9. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)**

**(b) Depreciation**

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Buildings - non-specialised	211,341	173,795	313,129
Buildings - specialised	1,424,426	1,171,369	1,216,339
Furniture and equipment	230,640	238,199	306,417
Plant and equipment	1,182,814	1,692,062	910,956
Infrastructure - Roads	5,925,178	8,641,179	8,340,791
Infrastructure - Footpaths	181,878	167,233	165,466
Infrastructure - Drainage	560,646	273,719	266,796
Infrastructure - Airports	924,830	935,931	918,993
Infrastructure - Bridges	32,648	11,384	10,984
Infrastructure - Parks & Recreation	629,182	1,648,047	1,390,752
Infrastructure - Towns	225,642	149,985	153,588
Infrastructure - Waste	173,748	170,129	164,236
	11,903,173	15,273,032	14,158,449

**SIGNIFICANT ACCOUNTING POLICIES**

**Depreciation**

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

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

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

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

**Depreciation rates**

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

Asset Class	Useful life	Depreciation
Buildings	15 to 100 years	1.00-8.67%
Furniture and Equipment	4 to 10 years	10.00-25.00%
Computer Equipment	3 years	33.33%
Office Equipment	5 years	20.00%
Plant and Equipment	3 to 15 years	6.67-33.33%
Motor Vehicles	3 to 5 years	20.00-33.00%
Infrastructure Other	10 to 100 years	1.00-10.00%
Water Supply Piping & Drainage Systems	100 years	1.00%
Sewerage Piping	100 years	1.00%
Footpaths	35 to 50 years	2.00-2.85%
Sealed Roads and Streets Formation	not depreciated	
Formed roads (unsealed) Construction Base	80 years	1.25%
Gravel Roads Construction/Road Base	80 years	1.25%
Gravel Sheet	12 years	8.33%

**Depreciation (Continued)**

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

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

(b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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10. REVALUATION SURPLUS

	2019		2019		2019		2018		2018		2018	
	Opening Balance	Revaluation Increment	Revaluation Movement on	Total Revaluation	Closing Balance	Opening Balance (Restated)	Revaluation Increment (Restated)	Revaluation (Decrement) (Restated)	Total Revaluation Movement on (Restated)	Closing Balance (Restated)	Opening Balance (Restated)	Revaluation Increment (Restated)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land and Buildings	35,620,458	0	0	0	35,620,458	35,620,458	0	0	0	0	35,620,458	0
Furniture and equipment	377,415	235,135	235,135	235,135	612,550	377,415	0	0	0	0	377,415	0
Plant and equipment	434,114	393,730	393,730	393,730	827,844	434,114	0	0	0	0	434,114	0
Infrastructure - Roads	237,379,251	0	0	0	237,379,251	370,026,600	0	(132,647,349)	(132,647,349)	237,379,251	0	0
Infrastructure - Footpaths	4,562,593	0	0	0	4,562,593	4,577,024	0	(14,431)	(14,431)	4,562,593	0	0
Infrastructure - Drainage	18,554,990	0	0	0	18,554,990	9,433,310	9,121,680	0	9,121,680	18,554,990	0	0
Infrastructure - Airports	3,316,303	0	0	0	3,316,303	3,826,588	0	(510,285)	(510,285)	3,316,303	0	0
Infrastructure - Bridges	1,003,671	0	0	0	1,003,671	7,807	995,863	0	995,863	1,003,671	0	0
Infrastructure - Parks & Recreation	0	0	0	0	0	331,875	0	(331,875)	(331,875)	0	0	0
Infrastructure - Waste	616	0	0	0	616	0	616	0	616	616	0	0
	301,249,411	628,865	628,865	628,865	301,878,276	424,635,201	10,118,159	(133,503,950)	(123,385,791)	301,249,411	616	616

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.

Note:- Infrastructure Roads balance as at 01.07.2017 has been reduced by \$11,185,425 as a prior period adjustment. Please see Note 31

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

11. TRADE AND OTHER PAYABLES

	2019 \$	2018 \$
<b>Current</b>		
Sundry creditors	1,659,979	868,938
Rates owing or paid in advance	5,626,172	25,656
Accrued salaries and wages	288,447	208,754
ATO liabilities	92,129	0
Accrued Expenses	768,827	1,518,135
Accrued interest	20,366	0
Deposits and Bonds	127,837	0
	<b>8,583,757</b>	<b>2,621,483</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect

**Trade and other payables (Continued)**

of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

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

**12. INFORMATION ON BORROWINGS**

	2019	2018
(a) Borrowings	\$	\$
Current	766,294	752,680
Non-current	3,047,103	3,813,397
	3,813,397	4,566,078

**(b) Repayments - Borrowings**

Particulars	Loan Number	Institution	Interest Rate	30 June 2018		30 June 2019		30 June 2018		30 June 2019		30 June 2018		30 June 2019		30 June 2018		30 June 2019		
				Actual Principal	Interest	Actual Principal	Interest	Budget Principal	Budget Interest	Actual Principal	Interest	Budget Principal	Budget Interest	Actual Principal	Interest	Budget Principal	Budget Interest	Actual Principal	Interest	Budget Principal
Governance	124	WATC	3.31%	720,613	3,311	41,734	28,016	887,879	0	41,734	23,608	687,879	770,000	40,387	27,202	728,613	0	41,734	23,608	687,879
Onslow Administration Building	117	WATC	5.45%	359,850	20,370	64,314	52,218	295,542	0	64,314	18,748	295,541	420,744	60,888	23,612	359,850	0	64,314	18,748	295,541
Housing	121	WATC	5.97%	909,491	52,218	285,515	80,843	623,976	0	285,515	80,088	623,976	1,178,694	259,303	75,755	909,491	0	285,515	80,088	623,976
New Staff Housing	122	WATC	3.08%	2,340,444	80,843	304,495	15,123	2,035,950	0	304,495	89,755	2,035,959	2,635,764	295,319	91,070	2,340,445	0	304,495	89,755	2,035,959
Community amenities	116	WATC	5.82%	61,155	3,078	40,163	3,078	20,972	0	40,163	2,883	20,973	99,658	37,943	5,813	61,155	0	40,163	2,883	20,973
Onslow Transfer Station	119	WATC	6.36%	165,518	15,123	16,449	15,123	149,069	0	16,449	10,270	149,069	180,868	15,440	11,287	165,518	0	16,449	10,270	149,069
Recreation and culture				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Community Rec. Centre				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transport				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Onslow Aerodrome Upgrade				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Economic services				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan 123 Onslow Underground Power				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan 125 CHUB Pasburton				4,566,078	200,648	752,680	200,648	3,813,398	0	752,680	175,666	5,913,397	5,265,268	719,150	234,749	4,566,078	0	752,680	175,666	5,913,397
				4,566,078	200,648	752,680	200,648	3,813,398	0	752,680	175,666	5,913,397	5,265,268	719,150	234,749	4,566,078	0	752,680	175,666	5,913,397

All loan repayments were financed by general purpose revenue.

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

**12. INFORMATION ON BORROWINGS (Continued)**

**(c) New Borrowings - 2018/19**

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2019 Actual \$	2019 Budget \$	2019 Actual \$	2019 Budget \$		
Loan 123 Onslow Underground Power	WATC	Debtenture	3	3.25%	0	1,000,000	0	0	0	0
Loan 125 CHUB Paraburdoo	WATC	Debtenture	15	3.25%	0	1,100,000	0	0	0	0
					0	2,100,000	0	0	0	0

The Shire had no unspent borrowing funds as at 30th June 2019 nor is it expected to have unspent borrowing funds.

**(d) Undrawn Borrowing Facilities**

	2019 \$	2018 \$
<b>Credit Standby Arrangements</b>		
Credit card limit	64,000	64,000
Credit card balance at balance date	(19,106)	(28,161)
<b>Total amount of credit unused</b>	<b>44,894</b>	<b>35,839</b>
<b>Loan facilities</b>		
Loan facilities - current	766,294	752,680
Loan facilities - non-current	3,047,104	3,813,398
<b>Total facilities in use at balance date</b>	<b>3,813,398</b>	<b>4,566,078</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Borrowing costs**

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

**Risk**

Information regarding exposure to risk can be found at Note 26.

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

**13. EMPLOYEE RELATED PROVISIONS**

**Employee Related Provisions**

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
<b>Opening balance at 1 July 2018</b>			
Current provisions	860,893	567,358	1,428,251
Non-current provisions	0	364,843	364,843
	860,893	932,201	1,793,094
<b>Additional provision</b>			
Amounts used	87,384	0	87,384
	0	(7,360)	(7,360)
<b>Balance at 30 June 2019</b>	948,277	924,841	1,873,118
<b>Comprises</b>			
Current	948,277	588,080	1,536,357
Non-current	0	336,761	336,761
	948,277	924,841	1,873,118
	<b>2019</b>	<b>2018</b>	
	\$	\$	
<b>Amounts are expected to be settled on the following basis:</b>	1,873,118	1,793,094	
More than 12 months from reporting date	1,873,118	1,793,094	

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

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

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

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

**Provisions**

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

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

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

##### Reconciliation of Cash

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

		2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
Cash and cash equivalents		60,252,679	38,916,099	50,920,344
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>				
Net result		9,447,527	39,870,488	9,497,551
Non-cash flows in Net result:				
Depreciation	9(b)	11,903,173	15,273,032	14,158,449
(Profit)/loss on sale of asset	9(a)	336,842	(1,945,528)	85,180
Loss on revaluation of fixed assets		0	0	3,776,309
Reversal of loss on revaluation of fixed assets		0	0	(101,376)
Changes in assets and liabilities:				
(Increase)/decrease in receivables	5	(296,618)	(296,616)	2,566,026
(Increase)/decrease in inventories	6	77,380	0	1,592
Increase/(decrease) in payables*	11	5,834,437	1,600,554	(1,249,538)
Increase/(decrease) in provisions	13	80,024	0	140,589
Grants contributions for the development of assets	2(a)	(11,166,128)	(42,344,561)	(6,127,586)
Net cash from operating activities		16,216,637	12,157,369	22,747,196

**15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	2019	2018
	\$	\$
Governance	16,348,366	15,206,736
General purpose funding	5,508,858	6,829,710
Law, order, public safety	831,142	190,720
Education and welfare	4,222,200	4,382,061
Housing	27,549,273	26,438,409
Community amenities	13,402,597	7,471,810
Recreation and culture	59,688,692	56,000,326
Transport	404,606,211	407,019,682
Economic services	15,169,357	9,465,926
Other property and services	9,053,393	3,647,680
Unallocated	29,881,308	34,242,326
	<u>586,261,397</u>	<u>570,895,386</u>

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

**16. CONTINGENT LIABILITIES**

**Wittenoom Asbestos**

Wittenoom asbestos claims are being made against a number of defendants including the Shire by former residents and visitors to Wittenoom for potential damages incurred as a result of suffering from asbestos related diseases.

The present outlook for the Shire in relation to Wittenoom litigation is being carefully monitored by the Council and the Executive on a monthly basis. The amount of potential claims and the Shire's potential contribution to the settlement of these has remained relatively steady over the current period.

Total future potential claims in respect of Wittenoom are not reliably quantifiable; however, the changing nature of damages claims and their defence means that individual cases could potentially place the Shire at a greater financial risk.

The Shire has a commitment from the State Government that it will support a financial contribution if the Wittenoom impost becomes too onerous for the Shire. All cases to date have been settled out of court with a number of parties contributing to the settlement process. Out of court settlements result in no judgement being reached by the court.

The amount of on-going claims and the manner in which they were concluded have not been disclosed as this may prejudice the Shire's position in an individual case.

In the event that a number of cases brought against the Shire and additional defendants are ruled in favour of the plaintiff, the financial impact on the Shire may result in significant losses being incurred which in turn may convert to higher rating levels, or a reduction in services provided to ratepayers.

**Pilbara Regional Waste Management Facility Objection**

Since 2005 the Shire has been progressing the establishment of a new landfill site. Coinciding with Chevron's Wheatstone development, the project advanced to a regional facility to provide both domestic and industrial waste services. Since 2012 the Shire has been planning and developing the Pilbara Regional Waste Management Facility around Onslow and the broader area.

North Rossa Pty Ltd proposes to establish a sand mining operation within the mining tenement application area to supply various sand products to local and international construction industries. The proposed mining tenement application area (sand quarry) is located on an exploration tenement, approximately 31.7km South, South East of Onslow and encroaches on the ridge of the proposed Waste Facility site.

On 19 January 2019 the Shire lodged an objection in the Wardens Court to the North Rossa application for the mining lease over the site of the facility. Further to this the Shire sought a mediated process to resolve the matter and to assess whether there is scope to allow some level of sand extraction. Whilst this was undertaken the Shire lodged the necessary documentation with the Department of Water, Environment and Regulation (DWER) for Works Approval and as a result the matter was returned to the Wardens Court as DWER advised they could not distance their approval process from the mediation.

It is noted the Appeal related to the mining lease application over the site of the Waste Facility is likely to lead to unforeseen legal costs.

**Rehabilitation of Landfill Sites**

The Shire of Ashburton has in compliance with the *Contaminated Sites Act 2003 s11* listed sites to be possible sources of contamination:

Paraburdoo Waste Disposal Site  
Tom Price Waste Disposal Site  
Onslow Waste Refuse Site  
Onslow Waste Transfer Station

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk and agree with the DWER the need and criteria for remediation, the Shire is unable to accurately quantify its clean-up liabilities for potentially contaminated sites. The Shire is continuing to monitor the sites and will progressively undertake site investigations and remediation on a risk based approach. The approach is consistent with the DWER guidelines.

**17. CAPITAL AND LEASING COMMITMENTS**

**(a) Capital Expenditure Commitments**

Contracted for:

	2019	2018
	\$	\$
Provision for Business Software	40,397	0
Passion of the Pilbara 2019 event	300,000	0
Storm Water Network Cleaning	266,000	0
Onslow Class IV Landfill Project - early Works	1,343,354	0
Design and Construction of Onslow Depot	378,831	0
Tom Price Sports Courts upgrade	0	88,275
Doug Talbot Park barbecue	0	13,247
Onslow Sports Club redevelopment	0	10,992
Onslow Playground construction	0	330,000
Paraburdoo CHUB construction	0	7,204,860
Paraburdoo CHUB consulting fees	0	125,095
	2,328,582	7,772,469

Payable:

- not later than one year	2,328,582	7,772,469
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**(b) Operating Lease Commitments**

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

Payable:

	2019	2018
	\$	\$
- not later than one year	29,716	30,684
- later than one year but not later than five years	37,308	37,024
	67,024	67,708

**SIGNIFICANT ACCOUNTING POLICIES**

**Leases**

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

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

**Leases (Continued)**

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

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

**SHIRE OF ASHBURTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

**18. RELATED PARTY TRANSACTIONS**

**Elected Members Remuneration**

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

	<b>2019</b>	<b>2019</b>	<b>2018</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Meeting Fees	212,091	223,530	260,703
Presidents Allowance	62,727	65,253	62,727
Deputy Presidents Allowance	15,682	16,314	15,682
Travelling expenses	67,446	86,904	87,101
Telecommunications	4,440	4,786	4,349
	<u>362,386</u>	<u>396,787</u>	<u>430,562</u>

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

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

	<b>2019</b>	<b>2018</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	1,017,846	1,263,815
Post-employment benefits	142,504	104,865
Other long-term benefits	38,294	25,188
Termination benefits	300,212	221,115
	<u>1,498,856</u>	<u>1,614,983</u>

*Short-term employee benefits*

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

*Post-employment benefits*

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

*Other long-term benefits*

These amounts represent long service benefits accruing during the year.

*Termination benefits*

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

**SHIRE OF ASHBURTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

**18. RELATED PARTY TRANSACTIONS (Continued)**

**Transactions with related parties**

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

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

The following transactions occurred with related parties:	2019 Actual \$	2018 Actual \$
Purchase of goods and services	69,283	77,347
<b>Amounts outstanding from related parties:</b>		
Trade and other receivables	1,081	0
<b>Amounts payable to related parties:</b>		
Trade and other payables	7,281	0

**Related Parties**

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

*i. Key management personnel*

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

*ii. Other Related Parties*

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

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

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

## 19. JOINT ARRANGEMENTS

### Share of joint operations

Communities Housing (Homeswest):

#### Purpose:

The Shire of Ashburton in conjunction with Homeswest is providing rental accommodation for senior citizens who are eligible by virtue of their low personal income and their compliance with eligibility criteria adopted by Homeswest from time to time to rent public housing from Homeswest.

#### Address

46 Second Avenue, Onslow, Pilbara 6710 - Carinya Units 1-5

#### Number and Type of dwellings: 5

Freehold

Certificate of Title Volume 3042 Folio 6

Drawing No. 190235

#### Legal Agreements:

Joint Venture Agreement dated 2nd August 1994 for fifty years from that date with an extension to be given upon request in writing for such further period of years as the Shire shall specify but not exceeding fifty years.

#### Equity:

Department of Housing capital contribution

Shire of Ashburton capital contribution

Department of Housing percentage interest 79.18%

Shire of Ashburton percentage interest 20.82%

<u>Total</u>
\$
481,945
126,754

#### Non-current assets

Land and buildings

Less: accumulated depreciation

<u>2019</u>	<u>2018</u>
\$	\$
207,933	207,933
(40,391)	(9,095)
<u>167,542</u>	<u>198,838</u>

## SIGNIFICANT ACCOUNTING POLICIES

### Interests in joint arrangements

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

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

### Interests in joint arrangements (Continued)

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

## 20. INVESTMENT IN ASSOCIATES

There were no investments in associates during the 2018/19 financial year.

### SIGNIFICANT ACCOUNTING POLICIES

#### Investment in associates

An associate is an entity over which the Shire has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Shire's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Investment in associates (Continued)

Profits and losses resulting from transactions between the Shire and the associate are eliminated to the extent of the Shire's interest in the associate. When the Shire's share of losses in an associate equals or exceeds its interest in the associate, the Shire discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Shire will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

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

**21. MAJOR LAND TRANSACTIONS**

The Shire did not participate in any major land transactions during the 2018/19 financial year.

**22. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

The Shire's objective is to maintain a safe landing airstrip and functional airport amenities conducive to the promotion of the district as a tourist and business destination.

Ongoing costs are met by landing fees charged. Annual surpluses as determined by Council, are transferred to a cash reserve to finance future upgrades and modifications to the facility.

(a) Operating Statement	2019		
	2019 \$	Budget \$	2018 \$
<b>Operating Income</b>			
Landing Fees	582,347	397,600	868,684
Grant and Contribution Income	0	0	24,650
Passenger Tax	1,786,320	5,214,240	5,035,418
Parking Income	3,508	0	28,486
Property Rental	108,084	100,646	151,148
Reimbursement	0	0	16,704
Security Screening Charges	894,736	1,375,980	1,393,845
Sundry Income	15,643	22,100	9,661
	<u>3,390,638</u>	<u>7,110,566</u>	<u>7,528,596</u>
<b>Operating Expenditure</b>			
Employee Expenses	(363,666)	(431,415)	(469,673)
Operational Expenses	(1,284,627)	(1,476,097)	(1,398,607)
Grounds & Strip Maintenance	(169,715)	(192,096)	(170,540)
Marketing	(890)	(2,000)	(1,894)
Other Sundry Expenses	(11,419)	(11,268)	(12,511)
Administration Expenses	(118,141)	(17,198)	(66,966)
Administration Overheads	(146,680)	(173,649)	(147,827)
Depreciation	(933,380)	(1,485,108)	(925,088)
	<u>(3,028,518)</u>	<u>(3,788,831)</u>	<u>(3,193,106)</u>
<b>Operating Result</b>	<u>362,120</u>	<u>3,321,735</u>	<u>4,335,490</u>
<b>(b) Non-Operating Income &amp; Expenditure</b>			
<b>Capital Revenue</b>			
Transfer From Cash Reserve	2,023,584	4,849,201	3,311,671
<b>Capital Expenditure</b>			
Transfer to Cash Reserve	(3,322,803)	(3,321,735)	(3,909,424)
Infrastructure	(78,849)	(3,236,714)	(1,755,168)
Buildings	(1,250)	(1,586,385)	(1,570,095)
Airport Equipment Purchase	0	(10,000)	(6,818)
Financing Expenses	0	(16,102)	(15,450)
	<u>(3,402,902)</u>	<u>(8,170,936)</u>	<u>(7,256,955)</u>
<b>Total Net Trading Undertaking</b>	<u>(1,017,198)</u>	<u>0</u>	<u>390,206</u>

**SHIRE OF ASHBURTON  
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**23. CONDITIONS OVER GRANTS/CONTRIBUTIONS**

Grant/Contribution	Opening Balance 1/07/17	Received 2017/18	Expended 2017/18	Closing Balance 30/06/18	Received 2018/19	Expended 2018/19	Closing Balance 30/06/19
	\$	\$	\$	\$	\$	\$	\$
<b>Government</b>							
Pilbara Iron - Partnership Agreement (Management)	1,155,026	1,105,904	(436,340)	1,827,600	59,874	(175,197)	1,708,107
Chevron - Oxyfin Orslow Project	27,865	0	(27,865)	0	0	0	0
<b>Law, order, public safety</b>							
Department of Health - CLAG	0	21,917	(14,659)	6,949	0	(6,948)	0
Department of Health - Grants for Aboriginal Environmental Health	43,796	130,430	(174,235)	0	131,513	(131,513)	0
<b>Education and welfare</b>							
Chevron - Kids Kitchen Garden - Old Agreement	20,456	0	0	20,456	0	0	20,456
Chevron - Working Together Orslow 17/18-19 Agreement - OCCC Inclusive	0	400,001	(227,916)	172,085	0	(104,211)	67,874
Chevron - Working Together Orslow 18/19-20 Agreement	0	0	0	0	200,000	(43,678)	156,322
Dept. of Child Protection - Grant Income	67,257	97,045	(129,366)	34,916	0	0	34,916
<b>Community amenities</b>							
Chevron - Orslow Goods Shed Museum	4,191	0	(4,191)	0	0	0	0
Dept. of Transport - Coastal Infrastructure Beach Creek Compost Facility	12,153	0	(12,153)	0	0	0	0
<b>Recreation and culture</b>							
BHP - State Park	0	35,000	(26,764)	5,236	0	(5,236)	0
Department of Sports and Recreation - Active Ashburton Program	773	0	(773)	0	0	0	0
Department of Sports and Recreation - Advanced Governance Training	2,500	0	(2,500)	0	0	0	0
Department of Sports and Recreation - KidsSport	22,208	0	(190)	22,048	0	(22,048)	0
Department of State Development - Orslow Skate Park	24,364	0	(24,364)	0	0	0	0
Department of Local Government and Communities - Youth Engagement Strategy	2,354	0	(2,354)	0	0	0	0
Department of Regional Development and Lands - Paraburadoo CHUB	5,064,608	55,931	(2,200,000)	2,920,609	23,132	(2,800,660)	142,581
Pension of the Pilbara - BHP and Chevron	200,074	21,500	(221,574)	0	140,000	0	140,000
Pilbara Development Commission - Orslow Ian Blair Boardwalk	0	465,955	(465,955)	0	0	0	0
Department of JTSI and Chevron - Old Orslow Conservation Project	0	100,000	0	100,000	275,000	(91,407)	283,593
Country WA WA	0	0	0	0	4,807	(4,038)	769
Pilbara Iron - Partnership Agreement (Community Development and Support)	951,091	817,890	(303,432)	1,465,555	47,853	(236,278)	1,277,150
Pilbara Iron - Partnership Agreement (Community Events and Festivals)	49,718	828,771	(236,946)	441,544	14,417	(234,686)	221,275
Rio Tinto - Paraburadoo CHUB	2,835,541	38,958	(757,585)	2,117,903	3,059,154	(5,078,878)	108,111
Rio Tinto - Paraburadoo CHUB (Operational Funding Support)	0	0	0	0	600,000	(16,364)	483,636
<b>Transport</b>							
Department of Infrastructure - RTR Funding	544,895	1,318,491	(621,356)	1,242,001	0	(1,242,001)	0
MRWA - Black Spot Funding	1,584	0	(1,584)	0	0	0	0
Pilbara Development Commission - Road Signage / SAMS Messaging system	50,000	20	(48,445)	1,581	0	(1,581)	0
<b>Economic services</b>							
Water Corp - Paint Works for Orslow Water Tank	0	45,455	0	45,455	0	0	45,455
Department of JTSI and Chevron - Orslow Town Various Projects	0	50,000	(45,364)	4,636	0	0	4,636
<b>Total</b>	<b>11,054,455</b>	<b>5,332,790</b>	<b>(5,988,692)</b>	<b>10,428,543</b>	<b>4,465,551</b>	<b>(10,196,982)</b>	<b>4,695,272</b>

Notes:  
 (1) - Contributions recognised as revenue in a previous reporting period which were not recognised as the value of the previous reporting period.  
 (2) - Non-grant-like income which were recognised as revenue during the reporting period but which had not yet been recognised in the financial statements for the period.  
 (3) - Grant-like income which had been recognised as revenue in a previous reporting period but which were not recognised in the current reporting period as the amount recognised in the current reporting period was not sufficient to cover the amount recognised in the current reporting period.

	2019	2018
	\$	\$
<b>RTIO Partnership Reserve (Note 3)</b>	3,795,260	5,852,852
<b>Unspent Grants and Contributions Reserve (Note 3)</b>	896,952	4,575,910
<b>Total Rio Tinto &amp; Unspent Grant Reserves</b>	<b>4,695,272</b>	<b>10,428,842</b>

SHIRE OF ASHBURTON  
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24. RATING INFORMATION

(a) Rates

RATE TYPE	Number of Properties	2018/19		2018/19		2018/19		2018/19		2017/18	
		Rate in \$	Actual Rateable Value	Actual Rate Revenue	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Total Revenue	Actual Total Revenue		
Differential general rate											
<b>Gross rental valuations</b>											
Residential / Community	2,439	0.100357	44,228,356	4,438,626	204	0	0	4,438,830	4,438,626	4,396,422	
Commercial / Industrial / Tourism	124	0.054633	15,862,420	1,025,237	0	(274,630)	0	750,607	1,029,656	831,514	
<b>Unimproved valuations</b>											
Mining / Industrial	560	0.369571	76,891,946	28,417,033	80,933	(2,383,769)	0	26,114,197	28,634,838	28,049,741	
Pastoral	34	0.050976	6,608,804	402,978	0	0	0	402,978	402,978	397,546	
Tourism	4	0.165704	345,000	57,168	0	0	0	57,168	57,168	56,044	
<b>Sub-Total</b>	<b>3,161</b>		<b>143,936,526</b>	<b>34,341,042</b>	<b>81,137</b>	<b>(2,658,399)</b>	<b>0</b>	<b>31,763,780</b>	<b>34,563,268</b>	<b>33,731,267</b>	
<b>Minimum payment</b>											
<b>Gross rental valuations</b>											
Residential / Community (General)	158	920	971,380	145,360	0	0	0	145,360	145,360	83,000	
Residential / Community (Lesser)	17	690	18,455	11,730	0	0	0	11,730	13,800	12,450	
Commercial / Industrial / Tourism	64	1,150	386,215	73,600	0	0	0	73,600	75,900	49,800	
<b>Unimproved valuations</b>											
Mining / Industrial	431	1,150	430,965	495,650	0	0	0	495,650	494,500	432,638	
Pastoral	7	1,150	61,343	8,050	0	0	0	8,050	8,050	7,262	
Tourism	0	1,150	0	0	0	0	0	0	0	0	
<b>Sub-Total</b>	<b>677</b>		<b>1,858,358</b>	<b>734,390</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>734,390</b>	<b>737,610</b>	<b>585,150</b>	
<b>Discounts/concessions (refer Note 24(c))</b>	<b>3,838</b>		<b>145,804,884</b>	<b>35,075,432</b>	<b>81,137</b>	<b>(2,658,399)</b>	<b>0</b>	<b>32,498,170</b>	<b>35,300,876</b>	<b>34,316,417</b>	
<b>Total amount raised from general rate</b>								<b>(133,213)</b>	<b>0</b>	<b>(273,753)</b>	
<b>Ex-gratia rates</b>								<b>32,364,967</b>	<b>35,300,876</b>	<b>34,042,664</b>	
<b>Rates Written Off</b>								<b>10,350</b>	<b>0</b>	<b>9,225</b>	
<b>Totals</b>								<b>(464)</b>	<b>0</b>	<b>(650,771)</b>	
								<b>32,374,843</b>	<b>35,300,876</b>	<b>33,401,118</b>	

**SIGNIFICANT ACCOUNTING POLICIES**

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

**SHIRE OF ASHBURTON  
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FOR THE YEAR ENDED 30TH JUNE 2019**

**24. RATING INFORMATION (Continued)**

The Shire did not raise specified area rates for the year ended 30th June 2019.

**(b) Service Charges**

Service Charges	Amount of Charge	2018/19 Actual		2018/19 Actual		2018/19 Actual		2018/19 Budget		2018/19 Budget		2017/18 Total	
		Revenue Raised	Charges Applied	Charges Set Aside	Reserve Applied to Costs	Revenue	Charges Applied	Charges Set Aside	Reserve Applied to Costs	Revenue	Charges Applied	Reserve Applied to Costs	Actual Revenue
Residential - Full Overhead	\$ 525.41	45,446	45,446	0	0	54,387	68,066	0	0	0	0	64,678	
Residential - Consumer Mains Underground	302.11	8,009	8,009	0	0	7,590	9,499	0	0	0	0	9,182	
Residential - Transformer / Vacant Connection	210.16	1,901	1,901	0	0	2,997	3,751	0	0	0	0	3,626	
Residential - Base Rate	105.08	2,295	2,295	0	0	20,992	26,271	0	0	0	0	25,393	
Commercial Mixed Use - Full Overhead	1,576.24	11,132	11,132	0	0	0	0	0	0	0	0	0	
Commercial Mixed Use - Consumer Mains Underground	1,352.94	7,262	7,262	0	0	12,717	15,915	0	0	0	0	15,383	
Commercial Mixed Use - Transformer Vacant	1,260.94	1,536	1,536	0	0	5,457	6,830	0	0	0	0	6,602	
Commercial Mixed Use - Base Rate	210.16	0	0	0	0	0	0	0	0	0	0	0	
Industrial - Full Overhead	2,929.12	66,881	66,881	0	0	0	0	0	0	0	0	0	
Industrial - Consumer Mains Underground	2,797.82	10,823	10,823	0	0	0	0	0	0	0	0	0	
Industrial - Transformer / Vacant Connection	2,705.82	10,455	10,455	0	0	0	0	0	0	0	0	0	
Industrial - Base Rate	2,600.79	7,526	7,526	0	0	72,625	90,890	0	0	0	0	87,852	
		173,268	173,268	0	0	176,765	221,222	0	0	0	0	212,716	

**Nature of the Service Charge**      **Objects of the Charge**      **Reasons for the Charge**      **Area/Properties Charge Imposed**

The Shire of Ashburton introduced a service charge for the 2018/19 financial year in relation to the Pilbara Underground Power Project.

The Project is for the town of Onslow to dramatically reduce the likelihood of power outages to essential services immediately following adverse weather events. The project is a partnership between the State Government's Royalties for Regions initiative and Local Government. Due to the support of the Royalties for Regions program the project only requires a local 25% contribution to the overall cost of the project. Landowners contribution will be 10% or approximately \$1,000,000. This is funded by a low interest loan budgeted for in the 2019/20 financial year. Landowners will then pay their portion over four years via this service charge.

The funding model for landowners has been developed based on the type of existing connection to it. A property with full overhead power including the connection to the meter box will be charged slightly more than a property that already has underground power from the street to the house.

There is no intention to set aside funds to a Reserve account as the full amount will be applied in the 2019/20 financial year. Should the service charge funds not be applied in the 2019/20 financial year unspent amounts will be set aside in a Reserve account specifically for the purpose.

The service charge will be levied in addition to the annual rates charges and an instalment option will apply as per rates instalment dates.

**SHIRE OF ASHBURTON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**24. RATING INFORMATION (Continued)**

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

Rates Discounts		2019		2018	
Rate or Fee	Discount	Actual	Budget	Actual	
Discount Granted	%	\$	\$	\$	\$
GRV Residential / Community	30.00%	133,213	0	273,753	
		133,213	0	273,753	

Circumstances in which Discount is Granted

If all three criteria are met, a concession of 30% be granted upon application to the following property holders:

1. Properties located in the town-site boundaries of Onslow, Paraburdoe and Tom Price in the 'GRV Residential Community' rating category; and
2. Property holders with ownership of no more than two residential community properties; and
3. For property holders, should the concession be granted, to have rates payable not less than the General Minimum for GRV Residential / Community.

SHIRE OF ASHBURTON  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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24. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan	Instalment Plan	Unpaid Rates
		Admin Charge	Interest Rate	Interest Rate
		\$	%	%
<b>Option One</b>				
Single Full Payment	12 Sep 2018	0	0.00%	11.00%
<b>Option Two</b>				
First Instalment	12 Sep 2018	0	0.00%	11.00%
Second Instalment	12 Nov 2018	14.50	5.50%	11.00%
<b>Option Three</b>				
First Instalment	12 Sep 2018	0	0.00%	11.00%
Second Instalment	12 Nov 2018	14.50	5.50%	11.00%
Third Instalment	18 Jan 2019	14.50	5.50%	11.00%
Fourth Instalment	22 Mar 2019	14.50	5.50%	11.00%
		<b>2019</b>	<b>2019</b>	<b>2018</b>
		<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
		\$	\$	\$
Interest on unpaid rates		94,824	81,600	67,219
Interest on instalment plan		14,495	27,540	14,666
Charges on instalment plan		9,033	10,200	9,443
Interest on ESL		2,657	0	1,707
Interest on Sundry Debtors		7,879	0	4,945
		<b>128,888</b>	<b>119,340</b>	<b>97,980</b>

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

25. RATE SETTING STATEMENT INFORMATION

Note	2018/19 (30 June 2019 Carried Forward) \$	2018/19 Budget (30 June 2019 Carried Forward) \$	2018/19 (1 July 2018 Brought Forward) \$	
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	9(a)	(35,262)	(2,007,725)	(1,214)
Less: Reversal of prior year loss on revaluation of fixed assets		0	0	(101,376)
Movement in inventory (non-current)		85,136	0	0
Movement in employee benefit provisions (non-current)		(28,082)	0	60,664
Other movements		(19,730)	0	93,718
Reclassification of Deposits and Bonds		127,837		
Add: Loss on disposal of assets	9(a)	372,104	62,197	86,394
Add: Loss on revaluation of fixed assets	8(a)	0	0	3,776,309
Add: Depreciation on assets	9(b)	11,903,173	15,273,032	14,158,449
<b>Non cash amounts excluded from operating activities</b>		<b>12,405,176</b>	<b>13,327,504</b>	<b>18,072,944</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
Less: Reserves - restricted cash	3	(48,394,463)	(36,923,298)	(41,377,381)
Add: Borrowings	12(a)	766,294	752,680	752,680
Add: Current Employee Benefits Provision		1,536,358	0	1,428,251
<b>Total adjustments to net current assets</b>		<b>(46,091,811)</b>	<b>(36,170,618)</b>	<b>(39,196,450)</b>
<b>Net current assets used in the Rate Setting Statement</b>				
Total current assets		65,737,798	42,403,212	56,101,089
Less: Total current liabilities		(10,886,408)	(4,732,593)	(4,802,414)
Less: Total adjustments to net current assets		(46,091,811)	(36,170,618)	(39,196,450)
<b>Net current assets used in the Rate Setting Statement</b>		<b>8,759,579</b>	<b>1,500,000</b>	<b>12,102,225</b>

**SHIRE OF ASHBURTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

**26. FINANCIAL RISK MANAGEMENT**

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

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

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

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

**(a) Interest rate risk**

**Cash and cash equivalents**

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

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

	<b>Weighted Average Interest Rate</b>	<b>Carrying Amounts</b>	<b>Fixed Interest Rate</b>	<b>Variable Interest Rate</b>	<b>Non Interest Bearing</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2019</b>					
Cash and cash equivalents	2.84%	60,252,679	0	57,917,757	2,334,922
<b>2018</b>					
Cash and cash equivalents	2.46%	50,920,344	17,218,974	33,693,605	7,765

**Sensitivity**

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

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% movement in interest rates on profit and loss and equity*	602,527	509,203

\* Holding all other variables constant

**Borrowings**

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 12(b).

**SHIRE OF ASHBURTON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 2019**

**26. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit risk**

**Trade Receivables**

The Shire's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies.

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2019</b>					
Rates receivable					
Expected credit loss	4.84%	4.84%	4.84%	4.84%	2.50%
Gross carrying amount	2,828,934	154,201	142,730	61,739	3,187,603
Loss allowance	136,920	7,463	6,908	2,988	154,279
<b>01 July 2018</b>					
Rates receivable					
Expected credit loss	6.01%	6.00%	0.00%	6.00%	6.00%
Gross carrying amount	5,195	251,162	0	73,354	329,710
Loss allowance	312	15,070	0	4,401	19,783

After considering the expected credit losses as per AASB 9 and disclosing this consideration above, the Shire has elected to recognise a higher provision of \$368,905 (disclosed in Note 5), based on known expected write-off of a specific rates debt subject to completion of sale of property for non payment of rates.

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2019</b>					
Sundry Receivables					
Expected credit loss	2.50%	2.50%	2.50%	2.50%	2.50%
Gross carrying amount	593,418	259,136	77,268	263,116	1,192,938
Loss allowance	14,835	6,478	1,932	6,578	29,823
<b>01 July 2018</b>					
Sundry Receivables					
Expected credit loss	2.80%	2.80%	0.00%	2.80%	2.80%
Gross carrying amount	1,410,215	201,596	0	608,048	2,219,859
Loss allowance	39,486	5,645	0	17,025	62,156

**26. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Liquidity risk**

**Payables and borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 12(d).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2019</b>					
Payables	8,583,757	0	0	8,583,757	8,583,757
Borrowings	906,828	2,917,946	485,513	4,310,287	3,813,398
	<u>9,490,585</u>	<u>2,917,946</u>	<u>485,513</u>	<u>12,894,044</u>	<u>12,397,155</u>
<b>2018</b>					
Payables	2,621,483	0	0	2,621,483	2,621,483
Borrowings	928,342	2,891,762	1,418,521	5,238,625	4,566,078
	<u>3,549,825</u>	<u>2,891,762</u>	<u>1,418,521</u>	<u>7,860,108</u>	<u>7,187,561</u>

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

**27. TRUST FUNDS**

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2018	Amounts Received	Amounts Paid	Reclassified *	30 June 2019
	\$	\$	\$		\$
Public Open Space	236,655	0	0		236,655
Cleaning and Key Deposits	22,139	42,135	(29,875)	(34,399)	0
Other Trust Monies	25,858	35,251	(39,501)	(21,608)	0
Bonds & Guarantees	64,147	5,826	(47,139)	(22,834)	0
Nomination Deposit	320	0	0	(320)	0
Unclaimed Monies	8,085	93	0	(8,178)	0
BCITF Levy	1,409	80,685	(79,346)	(2,748)	0
BRB Levy	2,205	7,774	0	(9,979)	0
Consignment Stock	1,258	28,450	(26,316)	(3,392)	0
Tour Sales	24,654	188,314	(168,589)	(24,379)	0
	386,730	368,528	(390,766)	(127,837)	236,655

\* Reclassified to Deposit and Bonds (Note 11)

**28. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

The Shire did not have any events occurring after the end of the reporting period.

## 29. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

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

### AASB 9 Financial Instruments

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

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

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

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

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

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

### (b) Impairment

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

SHIRE OF ASHBURTON  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2019

**30. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS**

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

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

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

The Shire will adopt AASB 15 *Revenue from Contracts with Customers* (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. The shire is in the process of assessing the impact of this standard.

**(b) Leases**

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

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

On adoption of AASB 16, the Shire will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount but discounted using the lessee's incremental borrowing rate as on 1 July 2019.

On adoption of AASB 16 *Leases* (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*.

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.  
- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The shire is in the process of assessing the impact of this standard.

**30. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (Continued)**

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

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

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

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

The Shire is in the process of assessing the impact of the standard.

**SHIRE OF ASHBURTON**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2019**  
**31. CORRECTION OF ERROR**

Mt Brockman Road was initially included on the Shire's asset register following the revaluation of the Shire's infrastructure assets in 2015. The road was subsequently devalued in the Shire's 2018 revaluation.

Following enquiries from a third-party requesting to use the road, the Shire sought confirmation from Landgate on the status of the road. Landgate advised that the road was not gazetted to the Shire. Therefore, prior years have been restated to remove the asset and adjustments from the Shire's Non-Current Assets.

Statement of Financial Position (Extract)	2018	Increase/ (Decrease)	2018 (Restated)	2017	Increase/ (Decrease)	2017 (Restated)
	\$	\$	\$	\$	\$	\$
<b>NON-CURRENT ASSETS</b>						
Infrastructure	416,085,437	(6,417,326)	409,668,111	546,704,479	(11,185,425)	535,519,054
Total Non-Current Assets	521,211,624	(6,417,326)	514,794,298	645,633,679	(11,185,425)	634,448,254
<b>EQUITY</b>						
Revaluation Surplus	307,666,735	(6,417,326)	301,249,409	435,820,626	(11,185,425)	424,635,201
Total Equity	568,332,056	(6,417,326)	561,914,730	686,988,396	(11,185,425)	675,802,971

# SHIRE OF ASHBURTON

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30TH JUNE 2019

#### 31. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

##### c) Rounding off figures

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

##### d) Comparative figures

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

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

##### e) Budget comparative figures

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

##### f) Superannuation

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

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

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

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

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

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

##### h) Fair value hierarchy

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

###### Level 1

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

###### Level 2

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

###### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

##### Valuation techniques

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

##### Market approach

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

##### Income approach

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

##### Cost approach

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

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

##### i) Impairment of assets

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

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

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

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

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

**32. ACTIVITIES/PROGRAMS**

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

<b>PROGRAM NAME AND OBJECTIVES</b>	<b>ACTIVITIES</b>
<p><b>GOVERNANCE</b>            To provide a decision making process for the efficient allocation of resources.</p>	Administration and operation of facilities and services to members of Council. Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.
<p><b>GENERAL PURPOSE FUNDING</b>            To collect revenue to allow for the provision of services</p>	Rates, general purpose government grants and interest revenue.
<p><b>LAW, ORDER, PUBLIC SAFETY</b>            To provide services to help ensure a safer community.</p>	Supervision of various by-laws, fire prevention, emergency services and animal control.
<p><b>HEALTH</b>            To assess and manage risks to public health and create and maintain environments that promote good public health.</p>	Food safety, traders permits, septic approvals, analysis of drinking water, public pool safety, monitoring and control of mosquitoes, noise - dust or odour complaints, public building inspections, Environmental Health support to Aboriginal communities, provision of public information on issues such as asbestos, mosquitoes, food hygiene.
<p><b>EDUCATION AND WELFARE</b>            To meet the needs of the community in these areas.</p>	Maintenance of pre-school facilities & donations to schools. Assistance to welfare groups and Youth Services.
<p><b>HOUSING</b>            To manage housing.</p>	Maintenance of staff and rental housing.
<p><b>COMMUNITY AMENITIES</b>            To provide services required but the community.</p>	Rubbish collections, refuse site operations, litter control, administration of the town planning scheme, cemetery operations, public toilet facilities and protection of the environment.
<p><b>RECREATION AND CULTURE</b>            To establish and manage efficiently infrastructure and resources which help the social well being of the community.</p>	Maintenance of Halls, Swimming pools, sporting facilities, parks and associated facilities, provision of library services in Tom Price, Onslow, Pannawonica & Paraburdoo.
<p><b>TRANSPORT</b>            To provide effective and efficient transport services to the community.</p>	Construction and maintenance of streets, roads, bridges, footpaths; street lighting, traffic management and airport. Purchase and disposal of Council's Road Plant.
<p><b>ECONOMIC SERVICES</b>            To help promote the Shire and improve it's economic well-being.</p>	Building control, management of tourist bureau, tourism and area promotion and standpipes.
<p><b>OTHER PROPERTY AND SERVICES</b>            To provide support services for works and plant operations.</p>	Private works operations, plant repairs and operation costs, stock and materials, salaries and wages of Council employees.

**33. FINANCIAL RATIOS**

	2019 Actual	2018 Actual	2017 Actual
Current ratio	1.76	3.48	2.86
Asset consumption ratio	0.83	0.72	0.88
Asset renewal funding ratio	2.13	1.69	0.80
Asset sustainability ratio	0.61	0.43	0.73
Debt service cover ratio	10.89	18.62	14.80
Operating surplus ratio	(0.04)	0.07	(0.01)
Own source revenue coverage ratio	0.80	0.92	0.79

The above ratios are calculated as follows:

Current ratio	$\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset consumption ratio	$\frac{\text{depreciated replacement costs of depreciable assets}}{\text{current replacement cost of depreciable assets}}$
Asset renewal funding ratio	$\frac{\text{NPV of planned capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$
Asset sustainability ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation}}$
Debt service cover ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating surplus ratio	$\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$
Own source revenue coverage ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Ashburton

#### Report on the Audit of the Financial Report

##### **Opinion**

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

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

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

##### **Basis for Opinion**

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

##### **Emphasis of Matter – Basis of Accounting**

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the annual financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the annual financial report, including the disclosures, and whether the annual financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

## Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
  - a. The Asset Sustainability Ratio has been below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the past 3 years.
- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
  - a. Bank reconciliations for the municipal and trust account were not independently reviewed by management and Reserve accounts had not been reconciled since 30 June 2018.
  - b. Twenty-five percent of our sample of accounting journals were posted by one employee, without being reviewed by a senior staff member independent of preparation. Adequate supporting documentation was not always maintained to support journals. Accounting journals can represent significant adjustments to previously approved accounting transactions and should therefore be appropriately reviewed and approved.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

### Other Matter

The annual financial report of the Shire for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2017 and 2018 in Note 33 of the audited annual financial report were included in the supplementary information and/or audited annual financial report for those years.

### Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Ashburton for the year ended 30 June 2019 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



DON CUNNINGHAME  
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
20 December 2019

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**Shire of Ashburton**

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