

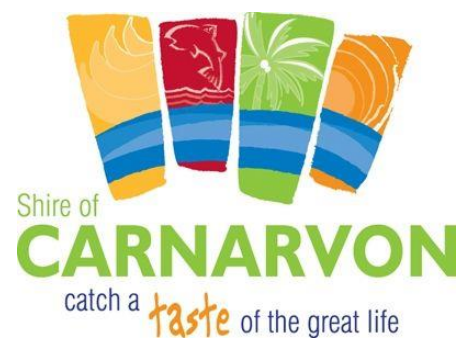


SHIRE OF CARNARVON ANNUAL REPORT 2017/2018

Shire of Carnarvon Annual Report 2018/2018

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Shire of Carnarvon Annual Report 2018/2018





Our Vision

The Shire of Carnarvon will remain a wonderful place of endless opportunity with a pristine environment, where the desert meets the sea.



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Message from the Shire President

Karl Brandenburg
Shire President



2017/18 was a year of challenges, and a time to work with the community to focus the talents and energy of all of us.

During this year we undertook the community engagement phase of the Shire's major strategic review. This was a structured process, enabling people of all ages and all walks of life to participate in setting the course of the Shire for the next 10 years. This process produced some fantastic information on what our community is thinking and what their aspirations are. This rich material has been the key driver for the plans that have since been developed.

While we have been focused on future planning the year has also been one of consolidation. Royalties for Regions projects were completed and as a result we have some excellent public art pieces in Robinson Street. These five pieces represent the people who have contributed to the life and commerce of Carnarvon over millennia, from the traditional owners, to the pastoralists, the horticulturalists, the whalers and fishers and of course the fascinating connection with the American space program.

We also progressed almost to completion the new facility at the Brown's Range tip site. This will enable us to pull more recyclable and reusable items and materials from the waste stream. Other things of note that were undertaken include:

- Major road resealing program of Carnarvon Streets
- On-going program of footpath repairs and maintenance
- Lighting repairs and improvements at premier oval
- Improved recycling of water enabling better maintenance of green areas.
- Upgrade works at the Coral Bay Airstrip
- Successful Australia Day event and support given to a range of other community-initiated events
- Very active program of exhibitions and events at the Library and art gallery
- On-going improvements at the Aquatic Centre
- Very successful Shire support and participation in NAIDOC week
- High quality services from our enthusiastic team at the Visitor Centre
- An amazing program of events and entertainment at our popular Civic Centre.

The list goes on. Please read this report for more detailed information about Shire activities.

I want to make particular mention of the Yacht Club and the massive contribution being made by a small number of people to get the Fascine open again. At the top of everyone's list during the community engagement was simply "please get the Fascine open again". While dredging did not commence until 6 August 2018 all of the necessary planning and preparation work was done during 2017/18. The pilot project was agreed with the Yacht Club that sees the Shire paying for fuel and operating costs while the Club is contributing voluntary labour. This is a fantastic self-help story and a real example of Carnarvon pioneering spirit.

I would like to thank my Councillors who have dedicated themselves to many hours of workshops and meetings through the strategic planning process and who work diligently for a bright future for Carnarvon.

I also thank the very dedicated team of Council staff who get on with the job of doing the often-mundane tasks of delivering the approximately 40 services the Shire provides to the community.

A handwritten signature in black ink, appearing to read 'Karl Brandenburg', with a stylized flourish at the end.

Karl Brandenburg
SHIRE PRESIDENT



Chief Executive Officer's Report

Executive

(Mark Dacombe, Acting Chief Executive Officer)



EXECUTIVE
SHIRE PRESIDENT & COUNCILLOR LIAISON
SPECIAL PROJECTS
ORGANISATIONAL DEVELOPMENT (HR)

I am pleased to present the annual report of the Chief Executive Officer for the 2017/18 financial year.

During the year we conducted the community engagement phase of the Shire's Major Strategic Review. This was an extensive exercise of talking to people right across the Shire about their views and vision for the Shire of Carnarvon. The most striking aspect of the engagement was the consistency of the views expressed.

The community was clear on the direction that they wished to follow and which is captured in their words – *'unity, humanity, nature'*. The emphasis of the community input was on leaders of the community working closely together and for the different cultures, especially Aboriginal and non-Aboriginal to work positively together and to have a focus on youth, families and economic well-being.

Although the Annual report is about looking back and accounting for delivery of programs and projects, in the case of 2017/18 it was a year when some very important building blocks were put in place to set the direction of the Shire for the next four to ten years.

By 30 June 2018 the work on the Strategic Community Plan and Corporate Business Plan was well advanced and these were subsequently adopted early in the new financial year. The Long Term Financial Plan, Asset Management Plan and Workforce Plan are currently being further developed and finalized.

This long-term planning is important to ensure that all of the Council's activities are aligned to achieving the long-term vision of the community while providing the necessary level of service for our community. This is always a challenge to fund the expectations of the community, the prudent stewardship of assets and the necessary services while all the time being mindful of the affordability of rates and other charges.

It is pleasing to see a clear audit report for 2017/18, and comments from the Shire's auditors that give confidence that the Shire's wider financial position is relatively strong. It also gives confidence that the Shire's strategies of addressing revenue levels and building up Shire Reserves are on the right track.

The Shire is served by a dedicated team of people who strive to give their best at all times and I record my thanks to them for their hard work and support during the time I was working with them. I also thank the Shire President and Councillors for their support and encouragement and for their courage in stepping out into some new territory.

Finally, I thank the many wonderful people in the Carnarvon community who have made my professional role such a pleasure to undertake.

I wish the Chief Executive Officer, Mr David Burton who takes over at the commencement of January 2019, all the best for an exciting and productive time over coming years.

A handwritten signature in black ink, reading "Mark Dacombe". The signature is written in a cursive, flowing style.

Mark Dacombe
ACTING CHIEF EXECUTIVE OFFICER



Shire Profile

The following information is general information about the Shire of Carnarvon. All specific enquiries should be directed to the shire office during normal business hours.

Climate

Carnarvon has an average temperature of 26 degrees and the average yearly rainfall is 229mm. We are almost 10 degrees cooler than Exmouth in the summer months and 10 degrees warmer than Perth in the winter months.

Statistics

Distance from Perth	902kms
Area (sq km)	53,000
Length of Sealed Roads	239.21km
Length of Unsealed Roads	1,287.15km
Population	5,528
Number of Electors	2,989
Number of Dwellings	3,693

Temperature

Mean Max Temp – 27.1°C (81°F)
 Mean Min Temp – 17.2°C (63°F)
 Annual Rainfall – 228.4mm (9 in)

Shire of Carnarvon Administration Centre

3 Francis Street
 CARNARVON WA 6701

Shire of Carnarvon Works Depot

Robinson Street
 CARNARVON WA 6701

Carnarvon Public Swimming Pool

Babbage Island Road
 CARNARVON WA 6701

Shire of Carnarvon Regional Library and Art Gallery

18 Egan Street
 CARNARVON WA 6701

Shire of Carnarvon Civic Center

Cnr Camel Lane/Robinson Street
 CARNARVON WA 6701

Shire of Carnarvon Visitors Centre

Cnr Camel Lane/Robinson Street
 CARNARVON WA 6701





Location

Carnarvon's unique location, makes it a tropical oasis situated approximately 902km north of Perth on the west coast. Carnarvon is commonly recognised for its banana plantations, tropical fruits, fine seafood and warm climate and situated in the heart of the Gascoyne Region on the doorstep of the Indian Ocean. It is the gateway to Australia's Ningaloo Coast, and very close proximity to the Ningaloo Reef and World Heritage areas. Equally, the vast Australian outback will beckon you and a visit to the majestic Kennedy Ranges is not to be missed. With an exceptional climate (average yearly temp of 26°C), and a vibrant and diverse community which offers exciting culinary delights, you need to come to Carnarvon and 'Catch a Taste of the Great Life'.

Carnarvon is located 902kms north of Perth, sitting approximately 4m above sea level and positioned right on the edge of WA's Coral Coast, in the centre of the Shark Bay and Ningaloo World Heritage areas. Carnarvon is the only town in Australia where the central desert reaches out to the sea. Carnarvon's population census is approximately 9,046 (2,145 rural and 6,901 urban). Carnarvon's tidal range is approximately 0.1m to +1.8m.

History

His Excellency, the Governor, Major General Sir Douglas Anthony Kendrew, K.C.M.G., C.B., C.B.E., D.S.O., united the municipalities of the Town of Carnarvon and the Shire of Gascoyne – Minilya to form the Shire of Carnarvon. The Order of Council was published in the Government Gazette on 12th February 1965 and effective on the 1st March 1965. At the time of amalgamation Mr C W Tuckey was the President with Mr G G Craig as Deputy President until the first elections of the Council on the 22nd May 1965.





Council

A total of 12 Council Meetings are held in any one year, with 10 Council meetings being held on the fourth Tuesday of each month in the Council Chambers in Carnarvon commencing at 8.30am. The other two meetings are convened on the fourth Tuesday at Bill's Tavern Function Room in Coral Bay at 10.30 am, usually being the months of May and October. All members of the public are welcome to attend.

All Council meetings include a provision for 'public question time' catered for at the beginning of the meeting.



Your Council Members 2017/2018



(Top – L-R – President Karl Brandenburg; Dep. President Cr Ed Garrett
Middle – L-R – Cr Eddie Smith; Cr Kane Simpson; Cr Luke Skender
Bottom – L-R – Cr Brett Smith; Cr Max March; Cr Julee Nelson

SUMMARY OF ELECTED MEMBER ATTENDANCES COUNCIL MEETINGS 1 JULY 2017 TO 30 JUNE 2018

MEMBER	MEETINGS HELD DURING OFFICE 2017/2018	ATTENDANCE		%
		ATTENDED	LOA	
BRANDENBURG, K COUNCILLOR – TOWN WARD	15	14	1	93
GARRETT, E COUNCILLOR – TOWN WARD	15	15	0	100
SMITH, E COUNCILLOR – TOWN WARD	15	15	0	100
SIMPSON, K COUNCILLOR – CORAL BAY WARD	12	12	0	100
SKENDER, L COUNCILLOR – PLANTATION WARD	15	11	0	73
SMITH, B COUNCILLOR – GASCOYNE/MINILYA WARD (RESIGNED 24 MAY 2018)	12	11	1	91
MARCH, M COUNCILLOR – TOWN WARD (RETIRED – 14 OCTOBER 2017)	3	3	0	100
NELSON, J COUNCILLOR – TOWN WARD (RESIGNED – 26 SEPTEMBER 2017)	2	1	0	50



Senior Staff

Council has one designated senior employee position in accordance with section 5.37 of the *Local Government Act 1995*. For the year ended 30 June 2018 this is the Acting Chief Executive Officer Mr Mark Dacombe.

The Shire of Carnarvon also employs approximately 90 full time equivalent (FTE) staff. These include an array of multi-skilled staff for road maintenance and construction, maintenance town parks and gardens, finance, governance, statutory planning, statutory health and building services, ranger services, waste management, asset management, community development and youth services, airport operations, tourism and entertainment, administration, maintenance and cleaning of public buildings.

Regulation 19B of the *Local Government (Administration) Regulations 1996* requires the annual report to contain the details of the number of employees of the local government entitled to an annual salary of \$100,000 or more in bands of \$10,000 for each such band over \$100,000.

Salary Range 2017/2018	Number
\$100,000 - \$109,999	0
\$110,000 - \$119,999	1
\$120,000 - \$129,999	2
\$130,000 - \$139,999	0
\$140,000 - \$149,999	0
\$150,000 - \$159,999	0
\$160,000 - \$169,999	0
\$170,000 - \$179,999	0
\$180,000 - \$189,999	0
\$190,000 - \$199,999	0
\$200,000 - \$209,999	1



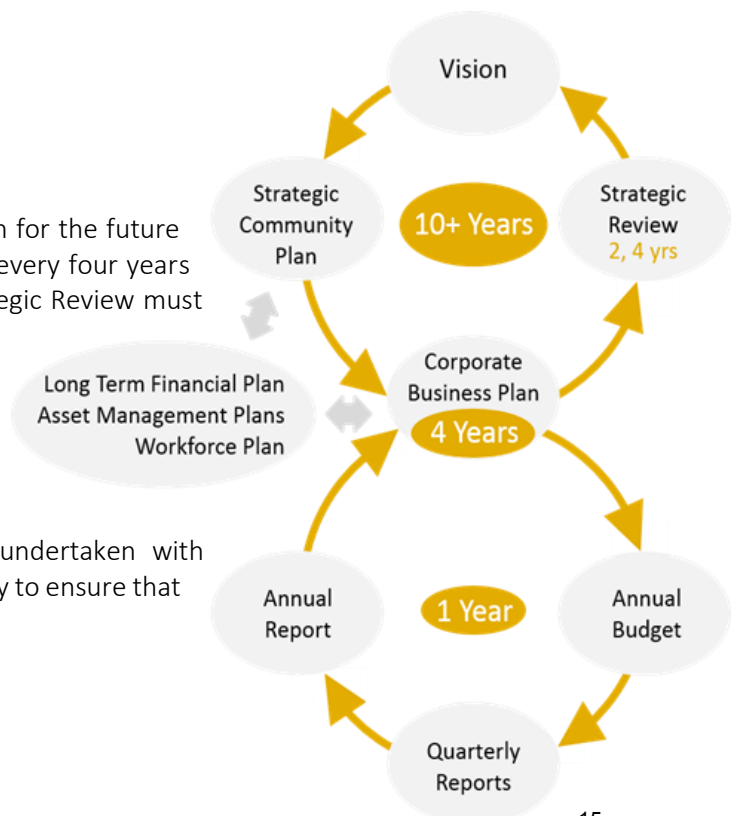
Integrated Planning Update

Strategic Community Plan 2018-2028

The Local Government Act 1995 requires the Council to plan for the future needs of the community. A full strategic review is required every four years and half-way through the four-year cycle a “desk-top” Strategic Review must be undertaken.

The diagram demonstrates the planning cycle and how the plans fit together.

During the 2017/18 year the full strategic review was undertaken with particular emphasis on the community engagement necessary to ensure that the planning reflects the aspirations of the community.



Early in the new financial year 2018/19 the following plans were completed:

- Strategic Community Plan – taking a high level strategic perspective to look out at least 10 years;
- Corporate Business Plan – fully costed, four-year work plan across the range of projects programs and services provided by the Shire

During the 2017/18 financial year the following plans will be further developed:

- Long Term Financial Plan – 10 year financial plan that demonstrates the financial sustainability of the Shire in delivering on the long-term goals of the community set out in the Strategic Community Plan;
- Asset Management Plan – a plan to ensure that the Shire’s assets are prudently managed for the present and future generations.



Our Service Activities

Corporate & Community Services

Deb Wilkes – (Acting Executive Manager
Corporate & Community Services)



FINANCE
CUSTOMER SERVICE
COMMUNITY
CLUB DEVELOPMENT
YOUTH
LIBRARY SERVICES
PROCUREMENT
RECORDS
AIRPORT REPORTING
TELECOMS (IT)

FINANCE

Please refer to Annual Financial Report.

COMMUNITY DEVELOPMENT

Throughout 2017-18 the community development team were very actively engaged in running Shire festivals and supporting community groups with their events and celebrations.

Many groups and organisations came together to put on a successful NAIDOC Week in July, while a popular decision saw the 2017 Christmas Street Party move back to main street. Around 600 people turned out for a night of entertainment, festivities and activities while the Christmas lights competition saw many homes and business getting into the Christmas spirit with creative lighting displays that delighted both neighbours, and those who drove around town to view them.

The new year saw a wonderful family friendly Australia Day with children's activities and a memorable firework display and then hundreds of people turned out for a moving ANZAC Dawn Service in April.

The Community Development Team also supported events such as the TropiCOOL Festival, the Gassy Dash, Carnarfin, Children's Week, Seniors Week, and a Pet Registration Day.

YOUTH SERVICES

After school drop-in programs at the Jim Richards Pavilion continued to be well patronised, while On Country Camps for boys and personal development camps for girls were programmed throughout the year. The On-Country Camps see groups of around 10 young men spend 5 – 7 nights living "on country" with exposure to traditional language and cultural activities.

The Shire of Carnarvon has also been working closely with Edmund Rice Education Australia Youth Plus over the last 18 months to establish a flexible learning centre associated with the Shire's Youth Outreach at Jim Richards Pavilion. It is hoped this will get the go-ahead for 2019, with a substantial upgrade of the Jim Richards facilities being undertaken in late 2018 to improve the facilities.

GOVERNANCE

The Governance Group has been focused on the completion of some major projects including the finalisation of the main street public sculptures and continuing the Waste & Recycling Project at Browns Range Landfill site. Numerous tenders and requests for quotation were undertaken and an internal review of the record keeping processes was undertaken with a decision made to implement "Keywords for Council"; a classification system used by many other local governments across the state.

INFORMATION TECHNOLOGY

The IT staff continued to improve and maintain the Shire's IT systems allowing the Shire to effectively carry out its duties to the community. IT continues to be a vital area for the Shire with expansions underway to the existing CCTV network as well as upgrades to internal equipment. The new Shire website and social media pages have also recently been launched.

LIBRARY/ART GALLERY

The Library has continued to offer an array of services focusing on our Community's needs. There was a major (IT) Library Management System upgrade when Carnarvon joined the Mid-West Libraries Consortium which allows library users easier access to shared resources and membership. This upgrade has also enhanced the capacity to deliver free e-Resources, including e-Books, e-Audiobooks, e-Magazines and e-movies. There was also continued growth in the variety of Library Programmes and Events, including the Monday Matinee Film Club for adults, and Minecraft and STEM Clubs for children.



Children's Book Week 2017 – Glenn B. Swift

It was also a milestone year for the Gallery with the highly anticipated adoption of the Policy and Procedures for Hire. The exhibition programme continued to deliver a variety of artwork, including two touring exhibitions through Art on the Move: 'Creations from the man cave' and 'HomeFRONT', as well as support for local artists through the popular 'Carnarvon Quilts and Ceramics' and 'Coming Together for NAIDOC' exhibitions.



Seniors' Visit to Carnarvon Quilts & Ceramics Exhibition June 2017

AIRPORT

The Shire successfully obtained a grant to undertake significant upgrade works at the Coral Bay airstrip. These works include the widening and regrading of the airstrip, creation of a small apron area, installation of solar lighting, provision of a toilet and shaded rest area and replacement of perimeter fencing. The works are expected to be finalised in early 2019. The Shire also welcomed REX as the new regulated passenger transport air service provider and was able negotiated an agreement for \$199 one-way community airfares for the general public.



Deborah Wilkes
**ACTING EXECUTIVE MANAGER,
CORPORATE & COMMUNITY SERVICES**





Our Service Activities

Development Services

Paul Lees (Executive Manager, Development Services)



PLANNING
BUILDING
ENVIRONMENTAL HEALTH
RANGERS
ECONOMIC DEVELOPMENT
VISITOR CENTRE
ENTERTAINMENT
EMERGENCY

BUILDING

The Shire's building services responsibilities are currently being provided through the contracted services of the City of Greater Geraldton (CGG). The receipt of permit applications and general building enquiries has continued to be provided through the Shire's Customer Service Centre. CGG's building surveyor visits the Shire on a regular basis for one on one discussions with builders/developers and to undertake site inspections.

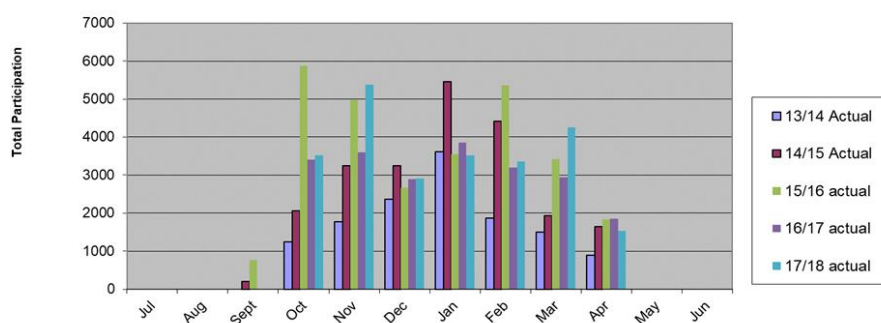
Building Services Activity 2017/2018

Activity	2014/2015	2015/2016	2016/2017	2017/2018
Permits Approved	163	309	148	96
Swimming Pool Fences Inspected/Compliant		81	17	-
Building Orders	-	-	1	-
Estimated Building Value	\$4,701,848	\$15,352,370	\$9,150,481	\$5,126,949

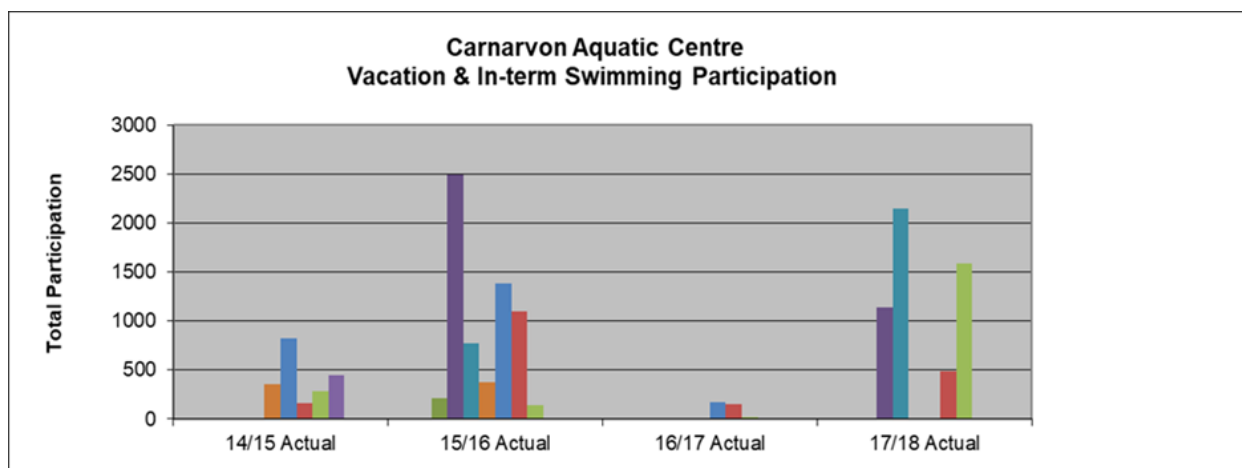
CARNARVON AQUATIC CENTRE

The table below provides a summary of pool attendance over the last four years:

Carnarvon Aquatic Centre Total Attendances



Financial Year	2014/15	2015/16	2016/17	2017/18
Total Attendances	22,177	28,448	21,747	24,460



The significant differences in attendance numbers may be contributed to limited Vacswim & Intern lessons taking place during the 2017/18 season.

- Aquatic Education: 4 weeks Vacswim Lessons & 10 weeks RLSS Endorsed Swim School Lessons (803 Participants)
- Carnivals: 2 Splash Carnivals, 4 Faction Carnivals, 1 Interschool Carnival
- CASC – Swim Club: 20 weeks Training, 8 Time Trial Nights, Club Championships
- Older Adult Programs: 37 Participants & 836 Attendances
- Birthday Party's: 46 over the season
- Other Regular User Groups: Clontarf Academy – Carnarvon Campus, Nagle College – Carnarvon Campus, Gascoyne Gymnastic Club, Carnarvon Community College.

The table below provides a summary of Vacation and In-Term Swimming attendance over the last four years:

Financial Year	2014/15	2015/16	2016/17	2017/18
Total Attendances	2057	6465	340	5366

Major Projects & Maintenance Works

The remainder of the concrete concourse was replaced in August and September 2017. A new automatic pool cleaner was purchased and installed in September 2017. The new Softfall ground cover was installed in the playground in December 2017.



CARNARVON CIVIC CENTRE

The Civic Centre enjoyed a very successful 2017/18 year with 4417 people visiting the centre to see either a live performance or enjoy a movie. Along with these events a total of 36 hires were delivered.

The Performing Arts programme 2017/2018 featured 14 productions, 2 Family, 7 Adult and 5 children's performances. This year also included a free NAIDOC Community Concert that showcased our local talent.

NAIDOC Community Concert



The Civic Centre received grant funding from the Department of Local Government Sport and Cultural Industries to produce a Music Festival and bring back Circus School for 2019/2020, and planning for these events have already begun.

The Civic Centre has developed strong relationships with local Traditional Yingarrda leaders Ms. Marion Crowe and Mr. Raymond Edney, delivering the warmest "Welcome to Country" to our visiting artists. Ms. Crowe is now a volunteer with the Centre and Mr. Edney has performed alongside performing artists at the centre.



*Back: Raymond Edney on stage with B2M
Front: Marion Crowe*



*Raymond Edney performing alongside
Dane Simpson – Aboriginal*

Upgrades to the Civic Centre in 2017/2018 include:

- Woolshed Toilets upgrade
- Storage Room built for Evacuation services
- Air-conditioning upgraded to Camel Lane Theatre

ECONOMIC AND TOURISM

During the 2017/18 financial year the Carnarvon Visitor Centre (CVC) undertook some major internal renovations as part of the Regional Visitor Centre Sustainability Grant Program. The program was over three years, funded through Royalties for Regions and supported by Tourism WA. The upgrades included free WiFi for Visitors, internal and external appearance and new point of sale equipment.



The Carnarvon Visitor Centre (CVC) has also continued to provide excellence in all areas of service, promotion and the facilitation of tourism to visitors to the Carnarvon region. The CVC served 49,613 visitors in the last financial year. This service is aimed to assist the local tourism industry and the CVC business by better enabling the promotion of the Carnarvon region.

Booking activity for this financial year was:

Region – 16/17 Financial Year	No. of Nights	Ave spent per night	No. of bookings
Coral Coast Region	1242	\$167.26	767 – Average consumer staying 1.62 nights
Region – 17/18 Financial Year	No. of Nights	Ave spend per night	No. of Bookings
Coral Coast Region	1770	\$202.81	1249 – Average consumer staying 1.42 nights

EMERGENCY SERVICES

The Shire's shared Community Emergency Services Manager (CESM) resigned in October 2017 and the Shire undertook a recruiting process in collaboration with the Shire of Upper Gascoyne, Shire of Shark Bay, and the Department of Fire and Emergency Services (DFES) to fill the position. Following the recruitment process, Mr Matthew Holland was appointed to the position and began work in April 2018.

Central to the CESM role is the provision of liaison services between the three (3) Gascoyne Shires, Hazard Management Authorities and other stakeholders; this has been achieved through various measures including the quarterly Local Emergency Management Committee (LEMC) meetings.

PREVENTION

In May 2018 the Shire assisted DFES to carry out the first of several bushfire mitigation burns on Crown land around the Carnarvon townsite. The Shire has begun work on planning future bushfire mitigation measures.

PREPAREDNESS

The Shire has finalised the draft Local Emergency Management Arrangements (LEMA) and Local Recovery Plan for Carnarvon.

In April 2018, Shire officers attended a workshop provided by DFES on undertaking a local level risk assessment, as part of the State Emergency Management Committee's State Risk Project. This project will allow the Shire to gather information on the level of risk presented by its five most significant hazards. This project is part of an enhanced focus by the Shire on raising the level of preparedness in the community for natural disasters.

To further assist in the Shire's fire preparedness, several Shire staff have been trained in 'Introduction to Firefighting' and 'Australasian Inter-Service Incident Management System' (AIIMS).

RESPONSE

The Shire is responsible for the response to all fire incidents outside of the Carnarvon townsite. To facilitate this, the Shire operates and supports the Gascoyne River Volunteer Bushfire Brigade.

The recently trained Shire officers provided valuable assistance to the Carnarvon Volunteer Fire and Rescue Service and Gascoyne River Bushfire Brigade in combatting the Camel Farm bushfire that occurred in late 2017.



The table below provides information on the number of incidents that the Shire and Gascoyne River Bushfire Brigade (Gascoyne River BFB) attended during 2017/18:

Unit	Primary Response	Support Roles
Gascoyne River BFB	1	38
Shire of Carnarvon	5	1
Total	6	39

RECOVERY

As part of the work undertaken in the development of the Shire's Recovery Plan, Shire officers hosted a workshop for agencies with recovery responsibility. It was attended by all the key recovery stakeholders in Carnarvon, and this group will continue to meet as a Recovery Committee; a subgroup of the LEMC.

ENVIRONMENTAL HEALTH

During 2017/18 year the Shire's Environmental Health Officers have undertaken a range of diverse duties, including the primarily regulatory roles relating to the protection of public health and wellbeing, and the protection of the environment.

They can be divided into various broad subject areas:

- Built environment
- Water and waste
- Food safety
- Infection control and infectious diseases, and
- Animals & pests (including mosquitoes).



In each of these roles, the Health Officers work include:

- Responding to internal and external enquiries and general correspondence, including the initial assessment of proposals and provision of technical and compliance advice;
- Assessment of development proposals relating to environmental health matters or regulatory areas;
- Assessment of applications under environmental health related legislation, often involving inspections;
- Investigation of complaints;
- Routine monitoring and inspections; and
- Liaising with other government agencies and community groups.

BUILT ENVIRONMENT

- 1) Public buildings
 - The Shire district has 62 known public buildings;
 - Five public building assessments, including calculation of maximum occupancy, were conducted.
- 2) Lodging houses
 - The Shire has approximately 23 accommodation facilities that are classed as 'lodging houses' under the *Health (Miscellaneous Provisions) Act 1911*, including eight (8) that are associated with a caravan park facility;
 - Carnarvon town has fourteen (14) lodging houses, and Coral Bay has four (4);
 - Twenty (20) lodging house registrations were renewed during the reporting period and one (1) lodging house was inspected.
- 3) Caravan parks & camping grounds
 - The Shire district has twenty (20) caravan park/camp ground facilities of which eleven (11) are caravan parks, one (1) is a camp ground (for groups only) and eight (8) are 'nature-based parks';
 - Carnarvon town has seven (7) caravan parks. Coral Bay has two (2) caravan parks and one (1) camp ground (for groups only). Remote areas include two (2) caravan parks (on the highway) and eight (8) nature-based parks;
- 4) Housing standards
 - Two (2) section 135 notices (Health Act 1911) were issued to cease habitation of buildings.
 - One (1) section 137 notice was issued to remove a building and has been complied with.
 - The Shire prosecuted one (1) person for three (3) offences for failing to comply with a section 137 notice to remove 3 buildings that were unfit for habitation.

Water and waste

5) On-site wastewater management

- The Shire is the regulatory authority for the on-site management of sewage and wastewater;
- Thirteen (13) applications to install on-site wastewater systems (e.g. septic systems) were received:
 - Nine (9) of these applications were approved by the Shire
 - Two (2) applications were approved by the Department of Health after having considered a report from the Shire;
- Two (2) requests for permission to modify existing systems (e.g. replace leach drains) were received.

6) Aquatic facilities

- While the Department of Health is the primary regulatory authority for the design and management of aquatic facilities, Shire EHOs are responsible for regular water testing and may also assess facilities against the Code of Practice relating to the operation and maintenance of the facility and may undertake enforcement action where required;
- There are fourteen (14) aquatic facilities in the Shire district, of which one is a Group 1 facility (Carnarvon Aquatic Centre) and the remainder are Group 3 facilities (e.g. swimming pools in caravan parks & motels);
- Monthly aquatic facility water testing/sampling was maintained for Carnarvon aquatic facilities for 8 months and additional testing was conducted for the Carnarvon Aquatic Facility.

7) Drinking water

- The Shire is the regulatory authority for non-Scheme drinking water supplies and Shire EHOs provide advice, professional assistance and direction for the management of such water supplies in consideration of the Australian Drinking Water Guidelines. EHOs liaise with the Department of Health in relation to any complaints received about Scheme drinking water supplies (Carnarvon and Coral Bay).

8) Recycled Effluent Scheme

- Shire EHOs provide professional advice and assistance to the Shire regarding the compliance and risk management of its Recycled Water Scheme for the irrigation of parks, ovals and other areas;
- EHOs provide advice in consideration of the national and State guidelines and the Carnarvon Recycled Water Scheme Approval issued by the Department of Health;
- During the year, the Water Corporation installed a brand new recycled water treatment system to enable full compliance with the Scheme approval conditions;
- There were two (2) recorded instances of the *E. Coli* levels of the treated effluent exceeding the maximum allowable 1000 cfu;
- In addition to the basic monthly chemical and microbial testing, during the year EHOs planned for more comprehensive chemical analysis to be performed on the recycled water 4 times per year to monitor the levels of nutrients, heavy metals and other parameters which indicate the overall quality of effluent.

9) Surface waters monitoring

- EHOs planned a more thorough surface waters monitoring program in consideration of the 'Australian Water Quality Guidelines'. Extensive quoting and planning resulted in a detailed budget plan for laboratory analysis of the fascine water 4 times per year and sediment analysis once per year.

10) Waste facilities

- Shire EHOs provide professional advice and assistance to the Shire regarding the compliance and environmental risk management of its waste facilities (Brown Range and Coral Bay), and they liaise with the Department of Water and Environment Regulation in regard to the licensing and compliance of the waste facilities;
- Water sampling and analysis were performed on water samples from the two monitoring bores at the Brown Range Waste Facility, as required annually under the Shire's licence for the waste facility;
- EHOs also assess proposals for bulk waste disposal at the tip, which includes checking that the contaminant levels of the proposed bulk waste are within the allowable levels for class 2 landfills and that the waste is generally in accordance with the licence conditions.

Food safety

11) Food businesses

- There are over 130 food businesses within the Shire district including primary producers and small ventures such as home-based manufacturing (not all these require registration);
- There are fifty-five (55) properly registered food businesses;
- Thirteen (13) new food business registration certificates were issued in the financial year;
- There were three (3) new food premises: 1 full commercial kitchen, 1 low-key food premises and 1 food trailer;
- There were five (5) new registrations for new businesses operating from existing premises;

- There were three (3) new registrations for existing businesses that were not previously registered;
- There were three (3) amendments to existing food business registrations;
- As part of a State-wide food sampling program, EHOs sampled eight (8) different gluten free food products from six (6) food businesses and had the food tested for gluten. No gluten was detected in any of the samples.

Infection control and infectious diseases

12) Skin penetration establishments

- Skin penetration establishments may consist of critical procedures (e.g. tattoo, body piercing) or semi-critical procedures (manicure, pedicure, waxing etc). These categories relate to the risk of blood-borne disease transmission;
- EHOs may inspect from time to time but primarily responds on a complaint basis. A basic register is maintained;
- The Shire's register indicates there are no tattooists in the district and there only three (3) body piercers (2 are ear lobe only). There are several beauty salons offering semi-critical and non-critical procedures.



13) Disease surveillance – Sentinel Chicken Bleeding

- Sentinel chicken bleeding continued with the assistance of the local Pathwest phlebotomist;
- This is a Department of Health organised State-wide program to monitor for the presence of the rarer far more serious mosquito-borne diseases and it links to a nationwide surveillance program;
- No diseases were detected in the Carnarvon flock.



14) Disease investigations

- EHO's are called upon by the Department of Health from time to time to assist with notifiable disease investigations with a view to reducing future transmission as well as the investigation of other clinical cases of environmental health significance;
- One case of elevated blood lead levels was investigated during the year and EHOs may have assisted in determining the source of the lead.

Animals and pests

15) Mosquito management

- 2014-15 was the year of the cyclone, large numbers of mosquitoes and a Ross River Fever outbreak;
- 2015-16 was the year of the mosquito project and aerial survey (by helicopter), finding large amounts of saltmarsh mosquito breeding (23 ha) in the One Tree Point area. It was recommended to continue aerial surveillance and trial an aerial treatment program;
- 2016-17 was the year of the trial aerial treatment program at the One Tree Point area. Aerial calibrations were performed on the hopper and 2 ha of breeding was found and treated on several occasions;
- 2017-18 was the second year of aerial treatments. The following is reported for 2017-18;
- Predicted and recorded tide heights were charted to plan for the aerial survey and potential treatment dates (highest daily tides);
- EHOs underwent 'ground crew' training by the helicopter company to enable them to provide the rigging required for the aerial hopper;
- 4 aerial surveys were conducted by helicopter (between March and June 2018);
- 2 aerial treatments were conducted (March and April 2018) of 2-2.5 ha each;
- Mosquito trapping has indicated low numbers of mosquitoes.



16) Other animals and pests of public health significance

- EHOs may respond to complaints, investigate infestations and provide advice for the management of other animals or pests of public health significance, such as pigeons, rodents, bed bugs, ticks, lice, fleas, mites, scabies and cockroaches;
- EHOs will refer to official guidelines such as the 'Arthropod Pests of Public Health Significance in Australia (2013)' and may obtain advice from Department of Health officials or experts in dealing with individual cases;
- EHOs may also assist the Shire in its duties relating to the management of declared pests under the *Biosecurity and Agriculture Management Act 2007*.

Other

17) Pesticides, chemicals and hazardous materials

- EHOs are authorised under the *Health (Pesticides) Regulations 2011*, that regulates the possession, sale, use and disposal of pesticides;
- EHOs may inspect and assess pest control technicians, horticulturalists and the public in relation to the possession, use and disposal of pesticides. This would generally occur on a complaint basis, but a program of inspections could also be planned;
- Pesticide use in the horticultural industry is also of relevance to the EHO's role under the *Food Act 2008*, because the fresh produce is subject to the Food Standards Code which specifies maximum residue limits for pesticides and other potential contaminants;
- EHOs may also respond to public health risks relating to chemicals and hazardous materials generally.

18) Environmental management

- EHOs may assist the Shire in its general responsibilities that relate to the environmental management of the district including the protection of native fauna and flora, the protection of water bodies, the management of rubbish and dumping and contaminated sites;
- Many of the EHOs' water and waste programs relate to environmental management.

PLANNING AND DEVELOPMENT

The Shire's planning services undertake a diverse range of statutory and strategic roles. Development Services has continued to improve on its processes, and engagement with the community and the State Government to ensure accountability and improved customer service.

The Shire's planning services is responsible for all strategic and statutory planning matters within the Shire of Carnarvon. Broadly this relates to any future projects within the Shire and ensuring compliance with all relevant State policies and the Shire of Carnarvon Local Planning Scheme's No. 10 and 11.

The preparation of Local Planning Scheme No. 13 continues to be undertaken with the document in the final stages of completion. The Shire facilitated two scheme amendments related to LPS No. 10 and LPS No. 11 which have been approved by the Minister. These amendments made changes to the documents to ensure each scheme was consistent with the provisions of the *Planning and Development (Local Planning Schemes) Regulations 2015*.

With the support of Council, planning services has seen the facilitation and approval of telecommunication towers within the McLeod and Minilya localities. Under the Federal Government's Mobile Black Spot Programme, Telstra is contracted to deploy and manage the rollout of part of the programme within the Shire. This initiative is to ensure the delivery of terrestrial mobile, voice and high-speed wireless data broadband which will improve mobile coverage in remote and regional communities across Australia.

This year the planning services department has initiated and continues to deal with a number of historic land and planning matters within the Shire. These matters are being progressed in coordination with the Department of Planning, Lands and Heritage.

Planning services continues to ensure all development within the Shire is compliant with the Local Planning Scheme and State regulations. With this continued effort and assistance from the community the planning department has seen an increase in community awareness for compliant development within the Shire.

The table below is a summary of the statutory planning matters undertaken by the Shire over the 2017/18 year-

Application Type	2015/16	2016/17	2017/18
Development Applications	75	53	37
Subdivision Referrals	4	2	1
Scheme Amendments	3	0	5



RANGERS

Ranger Services continued to have a busy year with a considerable amount of resources required to address matters relating to cats and dogs. The following is a summary of matters relating to cats and dogs:

- **97** cats and **136** dogs were impounded for the year;
- **5** cats and **78** dogs were returned to their owners after registration and microchipping;
- **32** cats and **51** dogs were re-homed through SAFE (Saving Animals from Euthanasia Inc.) or WISH Animal Rescue foundations to new owners;
- **60** cats and **7** dogs were required to be euthanized; it should be noted that a high percentage of the animals euthanized are feral, diseased or have injuries that prevent re-homing.



A handwritten signature in black ink, appearing to read 'Paul Lees'.

Paul Lees
EXECUTIVE MANAGER, DEVELOPMENT SERVICES



Our Service Activities

Infrastructure Services

Infrastructure Services

(David Nielsen – Executive Manager, Infrastructure Services)



WASTE
PARKS AND GARDENS
ROADS, STREETS, FOOTPATHS
CLEANING
ASSET MANAGEMENT
ASSET MAINTENANCE
BUILDING MAINTENANCE

Infrastructure Services has responsibility across core operational functional areas including roads, parks and gardens, waste management, building maintenance services and fleet operations. Efforts for the year targeted implementation of systems and works to deliver service delivery improvements.

FLEET MANAGEMENT

An IT maintenance program management tool was fully implemented for fleet management. This has delivered fewer breakdowns and improved fleet reliability. Implementation of this system across all operational areas is now underway.

BUILDING MAINTENANCE

Maintenance of Shire buildings has seen a back to basics approach adopted to undertake key maintenance activities as a priority before extensions or expansions are conducted. Painting and repairs were completed a several public toilets, repairs to the Civic Centre eaves were completed and the Woolshed toilets received a major refurbishment.

ROAD RESEALING PROGRAM

Major road work completed for the year included a significant road resealing program in the Carnarvon township. The township resealing program was possible through Federal Roads to Recovery funding and additional town resealing works are planned for both Carnarvon and Coral Bay in the 18/19 year.

Main Roads WA continued its support of key community infrastructure through various strategic Shire road improvement works. This work is jointly funded by the Shire and MRWA through the Gascoyne Regional Roads Group scheme. Work included resealing on the Blowholes and Carnarvon Mullewa Roads and continued development and improvement of the Quobba/Gnaraloo Road. A sealing plan for the Quobba/Gnaraloo Road is under consideration.



FOOTPATHS

Footpath repairs or replacements were completed at several locations in the Carnarvon township including Robinson Street, Cleaver Street, Mahoney Avenue, Whitlock Street, Van Dongen Park and Johnston Street.

SHIRE WORKS DEPOT

Development of the Robinson Street Works Depot included an online auction to dispose of surplus plant and equipment, fencing replacement, security lighting a new vehicle hoist and extensions to hardstand storage areas adjacent to the workshop. The mechanical workshop team are skilled and professional and their work servicing and maintaining the fleet contributes significantly to service delivery improvement.

PARKS AND GARDENS



Parks and gardens staff maintain key community park and garden facilities, sports grounds and verge areas. Investment from WaterCorp has seen upgrade and replacement of the recycled water treatment plant and pump station off Babbage Island Road in a coordinated wastewater treatment improvement program. This is a significant step forward to assist in maintenance of Carnarvon green areas. WaterCorp now take on all recycled water treatment with the Shire responsible for its pumping and distribution. Another stage of fencing work at the storage ponds was completed.

RECYCLED WATER

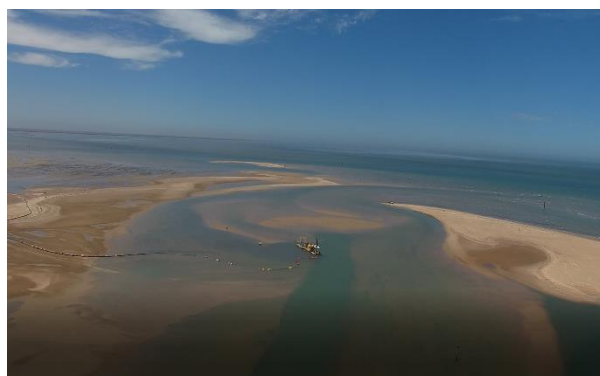
Design of a new recycled water mains pipeline was completed. A “shovel ready” project is now available to upgrade mains recycled water pipelines from the storage ponds to Brockman Park and Town Oval. The approach to a planned improvement of these recycled water assets is to ensure in the first instance that baseline infrastructure, such as the water treatment and pumping system, is operational and fit for purpose.

SPORTS OVALS

Lighting repairs and improvements were completed at Premier Oval, the soccer grounds and Town Oval. High quality vandal resistant low energy consumption fittings are used where possible to implement an asset management focus on fitness for long life purpose.

DREDGING

The Carnarvon Yacht Club purchased a dredge, the “Community Spirit.” A dredging trial of the Fascine was developed and commenced in a partnership arrangement between the Shire and the Yacht Club. The Club is to be congratulated on its perseverance and determination to reopen the Fascine and the community are to be congratulated on their continuing support for this challenging project through donations of time, money and services. Completion of the trial will demonstrate that a local solution to this ongoing problem is feasible and worthy of long term support.



WASTE MANAGEMENT

Improvement of the operation and management of the Browns Range Tipsite continued. Major site works for implementation of a recycling and reuse centre for waste was completed. This included connection of a water supply, construction of a “tip shop” shed a waste processing shed, purchase of a baling press machine, additional covered and waste storage areas and improved staff and site office facilities. A significant operational goal was achieved through the compaction and burial of a large quantity of bulky horticultural plastic waste. Scrap metal was removed from the site for a second year and a community education program on waste reuse and recycling opportunities is planned for the new year.

The Infrastructure Services team are a dedicated group of predominantly long-term residents. They take pride in their work, have a diverse range of skills, experience and knowledge and can be called upon to carry out difficult, hazardous or unpleasant tasks. On behalf of the team I would like to thank the community of Carnarvon for its continued support and assistance. Encouragement received by the team from the community is sincerely and warmly appreciated.



David Nielsen
EXECUTIVE MANAGER, INFRASTRUCTURE SERVICES

STATUTORY REPORTS





Disability Access & Inclusion Plan

The *Disability Services Act 1993 (amended 2004)* requires local governments to report on their Disability Access & Inclusion Plan (DAIP) achievements annually. The achievements for the year ended 30 June 2018 **are listed below and grouped into the outcome areas addressed in the Shire of Carnarvon Disability Access and Inclusion Plan 2016-2021.**

DAIP Outcome	Actions Taken
1. People with disability have the same opportunities as other people to access services and events.	<p>Ensured staff were aware of their disability access responsibilities.</p> <p>Ensured events and promotional material were accessible for people with disability.</p> <p>Shire visits conducted, accessible toilets provided, public events held in accessible spaces</p>
2. People with disability have the same opportunities as other people to access buildings and other facilities.	<p>Ensured construction and renovations complied with the relevant disability access standards.</p> <p>Provided accessible parking spaces.</p> <p>Upgraded main street has more disability parking bays than are legislatively required.</p> <p>Other actions (please describe):</p> <p>Companion Cards holders have free access to facilities when accompanying a person with disability</p>
3. People with disability receive information in a format that will enable them to access information as readily as other people are able to access it.	<p>Complied with the State Government Access Guidelines for Information, Services and Facilities to ensure information was delivered in an accessible format.</p> <p>Made information available in alternative formats upon request.</p> <p>Reviewed website to ensure it was accessible.</p> <p>Website provider ensures accessible content including font, speech over text etc</p>
4. People with disability receive the same level and quality of service from staff as other people receive.	<p>Improved staff awareness of disability issues.</p> <p>Ongoing informal training and information provided</p> <p>Provided training to customer service staff on how to support people with disability.</p> <p>Ongoing informal training and information provided</p> <p>Provided services on a flexible basis to meet the needs of people with disability.</p> <p>People able to contact the organisation through various means including telephone, in person, email, etc</p>
5. People with disability have the same opportunities as other people to make complaints.	<p>Accepted complaints in a variety of formats, such as by telephone, email, written or in person.</p> <p>Complaints accepted in any format. While people are encouraged to complete a complaint form this is not a requirement and complaints will be accepted over the phone, via email, in person, etc</p> <p>Resolved complaints in a timely and constructive manner.</p> <p>Customer Service Charter requires that complaints are acknowledged and responded to in a timely fashion</p> <p>Ensured that information on how to make a complaint was accessible for people with disability.</p> <p>Complaints accepted in any format</p>
6. People with disability have the same opportunities as other people to participate in any public consultation.	<p>Used accessible venues for public meetings.</p> <p>Consultation conducted for the Community Strategic Plan review was held in the local shopping centres and public venues which offered excellent disability access</p> <p>Ensured consultation materials were accessible for people with disability.</p> <p>Consultation conducted for the Community Strategic Plan review was held via a web-based survey, and also in small group and one-one-one verbal situations to capture views of those less literate or with sight disability</p>

7. People with disability have the same opportunities as other people to obtain and maintain employment with a public authority.	Provided job related information in alternative formats upon request.
	Held interviews in an accessible venue. Council Chambers on request – telephone interviews
	Made adjustments in the workplace to support employees with disability. Modified work schedule and tasks
	Other actions (please describe): Provided job fit medicals and counselling to staff member recently diagnosed with disability to ascertain appropriate work tasks and hours – which was then offered to the staff member – flexible work arrangements



Structure and Functions of Council Establishment

The Shire of Carnarvon is established under the *Local Government Act 1995* and has the responsibility for the administration of this legislation across the district. Other significant legislation which falls to the authority of Council to act upon, includes:

- ✓ *Building Act 2012*
- ✓ *Bush Fires Act 1954*
- ✓ *Caravan and Camping Grounds Act 1995*
- ✓ *Cemeteries Act 1986*
- ✓ *Dog Act 1976*
- ✓ *Cat Act 2011*
- ✓ *Environmental Protection Act 1995 (delegated responsibilities)*
- ✓ *Food Act 2008*
- ✓ *Freedom of Information Act 1992*
- ✓ *Health Act 1911*
- ✓ *Litter Act 1979*
- ✓ *Planning and Development Act 2005*

Council

The Governance level of the Shire comprises the elected Council. The Shire President has a range of statutory functions as the leader of the Council. The President chairs all Council meetings and is supported by a Deputy President. The Shire President together with seven other Councillors duly elected from, and by, the community. The Council as a whole:

- ✓ governs the Shire's affairs
- ✓ is responsible for the performance of the Shire's functions
- ✓ oversees the allocation of the Shire's finances and resources
- ✓ decides the Shire's policies

This includes:

- ✓ Applying good governance principles to Council decision-making
- ✓ guiding the Shire organisation through the development of a comprehensive range of policies
- ✓ determining type, range and scope of projects to be undertaken by the Shire
- ✓ Developing the Strategic Community Plan, Corporate Business Plan and Long Term Financial Plan along with a range of other plans to ensure a structured and carefully managed approach to the functions of the Council

In the making of these decisions, Ordinary Council Meetings are held on the fourth Tuesday of each month in the Council Chambers commencing at 8.30 am, other than the months of May and October each year where the Ordinary Council Meetings are conducted at Bill's Tavern Function Room in Coral Bay commencing at 10.30am.

Personal Involvement

Elected Members involvement often extends to representing Council on other regional or state bodies that includes:

- ✓ WALGA Gascoyne Country Zone (Regional)
- ✓ Gascoyne Regional Road Group
- ✓ Local Emergency Management Committee
- ✓ Gascoyne Joint Development Assessment Panel
- ✓ Aviation Community Consultation Group
- ✓ Carnarvon Land Conservation District Advisory Committee
- ✓ Gascoyne Development Commission Board
- ✓ Ningaloo World Heritage Committee

Standing Committees

At present the Council has four specific Standing Committees, listed below:

- ✓ Audit Committee
- ✓ Management Review Committee
- ✓ Awards Committee
- ✓ Community Growth Fund Committee

Occasional Committees and Working Parties

Council utilises Occasional Committees and Working Groups as a tool to address specific issues or guide projects as required.

Agendas

Meeting agendas, largely consisting officer reports and recommendations, are prepared for Council and Committee meetings. These agendas are distributed one week prior to the meeting date. Copies of the meeting agenda is also made available to the public prior to the meeting date in accordance with the *Local Government Act 1995* and can be obtained on Council's website at www.carnarvon.wa.gov.au

Delegated Authority

In accordance with provisions of the *Local Government Act 1995* the Council may delegate many powers to a Committee or the Chief Executive Officer (CEO) of the Local Government, with ability for the Committee or CEO to then further delegate the duty or responsibility to an officer of the organisation. For accountability, delegations are recorded in a register reviewed by Council annually and available for viewing by members of the public.



Services to the Community

Council provides an extensive variety of services for the community under a wide range of legislation. Services provided include:

- ✓ Airport
- ✓ services
- ✓ Youth services
- ✓ Aquatic Centre and water park
- ✓ Community events
- ✓ Club development
- ✓ Ranger services
- ✓ Bushfire control
- ✓ Emergency response and recovery coordination
- ✓ Entertainment (Live Shows and Movies)
- ✓ Tourist Information
- ✓ Building regulation
- ✓ Environmental Health services
- ✓ Library services
- ✓ Playground equipment
- ✓ Street sweeping
- ✓ Drainage infrastructure
- ✓ Public buildings for hire
- ✓ Street tree planting and maintenance
- ✓ Bush fire control
- ✓ Litter bins
- ✓ Roads, footpaths & kerbs
- ✓ Cemeteries
- ✓ Nature based camping areas
- ✓ Rubbish collection and landfill disposal
- ✓ Citizenship ceremonies
- ✓ Recreation grounds, parks and other reserves
- ✓ Land use planning and development controls
- ✓ Street lighting
- ✓ Public toilets
- ✓ Dog control



Freedom of Information Statement

This information statement is published in accordance with section 96 of the *Freedom of Information Act 1992*.

Access to Council Documents

The following documents are available for inspection at the Shire Administration Office, free of charge-

- ✓ Minutes and Agendas of Council and Committee meetings
- ✓ General Policy Manual
- ✓ Annual Budget
- ✓ Annual Report
- ✓ Annual Financial Statements
- ✓ Monthly Financial Statements
- ✓ Council Local Laws
- ✓ Town Planning Schemes and Local Planning Strategy
- ✓ Electoral Roll
- ✓ Financial Interest Register - Primary and Annual Returns and Declarations
- ✓ Tender Register
- ✓ Complaints Register
- ✓ Gifts Register



Requests for other information can be considered pursuant to the Freedom of Information Act, subject to formal application being lodged. This includes an application fee and search fee being lodged with a completed request form, unless the information is of a personal nature, or an exemption is granted under this legislation.

The table below illustrates all the FOI applications received by the Shire of Carnarvon in 2017/18:

Access Type	Personal	Non-Personal	Total
Access in full	0	0	0
Edited access	0	2	2
Access refused	0	0	0
No documents found	0	0	0
Withdrawn by applicant	0	0	0
Not finalised	0	0	0
Total	0	2	2

Most documents can also be accessed through the Shire of Carnarvon website at www.carnarvon.wa.gov.au . For further information you can also visit the Office of the Information Commissioner website at www.foi.wa.gov.au



Official Conduct Report

The *Local Government Act 1995* requires the Shire to report on the number of official conduct complaints recorded under section 5.121 during a financial year. The Shire of Carnarvon did not receive any complaints of this nature that resulted in action under section 5.110 (6)(b) or (c) during the 2017/18 financial year.



National Competition Policy Statement

The State Government has a Competition Principles Agreement in place, which is binding on local government.

This agreement requires the Shire of Carnarvon to carry out a number of procedures and include a report on the matter in Annual Report.

The three areas that affect Local Government are:

1. Competitive Neutrality - To remove benefits (and costs) which accrue to Government business as a result of their public ownership.

2. Structural Reform - Local government is required to reform the structure of publicly owned monopoly businesses where it is proposed to introduce competition.
3. Legislation Review - To review legislation that restricts competition.

The full requirements of the package are contained in a statement issued by the Department of Local Government and Communities.



Competitive Neutrality

There are ways in determining if there is a “significant business enterprise” undertaken by the Local Government, namely:

1. Is revenue received from external sources that exceeds \$200,000 per annum? (In determining this amount, Council has been advised to disregard grant income, internal charges, and statutory fees).
2. Would any benefits be realised from the implementation of competitive neutrality that exceeds costs?

From an examination of the revenue statement for the Shire of Carnarvon for the subject period there is no apparent activity that satisfies this first part of the test, and therefore the principles of competitive neutrality do not apply to any of Council activities during the 2017/18 financial year.



Structural Reform

In this area, the Council has no monopoly activities. What is basic to the function of restructuring public monopolies is the splitting or division of the regulatory role from the service provision role.

To address the question of monopoly, the following test has been applied to each activity:

1. *Definition*: In regards to this service, does the Council have “exclusive or near exclusive control of the market supply of this service?”
2. *Dual Function*: Does the Council have both a regulatory and supply function in this area of activity?
3. *Willing competitors*: If the Council tendered for the supply of this service in the open market, is it likely that there would be a supplier willing to perform this service?

The Council does not have a dual function role in any of the following services:

- ✓ Airport operations
- ✓ Swimming pool
- ✓ Parks and gardens
- ✓ Roads
- ✓ Recreation services
- ✓ Cemetery

When reviewed, these functions appear to have substance to the sole provider argument.

However, there are two areas that may be considered competitive, being:

- ✓ Waste collection
- ✓ Nature Based Camp Areas

Arguably, although the waste collection and nature based camping does have willing local competitors, it is considered Council does not present as anti-competitive and a disadvantage for the private sector, but rather complementary to the private sector to meet public demand.



State Records Act 2000

The *State Records Act, 2000* requires the keeping records by the Local Government records. Specifically, Section 19 requires Council to have a Recordkeeping Plan approved by the State Records Commission. The State Records Commission (SRC) requires records to be created, managed and maintained over time and disposed of in accordance with an approved plan by the SRC, known as a Recordkeeping Plan (RKP).

The purpose of the Shire's RKP is to set the minimum requirements for records to be created and kept.

The RKP provides an accurate reflection of the organisation's records, including information regarding the Shire's recordkeeping system(s), disposal arrangements, policies, practices and processes. The RKP also presents as the primary means of providing evidence for compliance matters.

In summary, the main objectives of the Shire of Carnarvon RKP is to ensure:

- ✓ Compliance with Section 19 of the *State Records Act 2000*, as mentioned;
- ✓ Recordkeeping within the Local Government in a compliant manner weighted against the State Records Commission Standards and Records Management Standard AS ISO 15489;
- ✓ Processes are established that ensures complete/accurate records of the Shire's business transactions and decisions;
- ✓ The retrieval for recorded information in a quick, accurate and cheap manner; and
- ✓ The Protection/preservation of the Local Government's records as required by legislation.

In accordance with Section 17 of the Records Act the Shire is required to comply with the contents of this Plan. This includes participation from:

- ✓ Employees;
- ✓ Contractors;
- ✓ Elected Members; and
- ✓ Organisations performing outsourced services on behalf of the Shire.



FINANCIAL REPORTS



SHIRE OF CARNARVON
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

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COMMUNITY VISION

Unity, Humanity, Nature

A connected community across leaders, cultures, and generations.
A future for every young person.
A job-rich economy, built on local strengths.
A still-natural environment, looked after and used.

Principal place of business:
3 Francis Street
Carnarvon WA 6701

**SHIRE OF CARNARVON
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 21st day of December 2018



Mark Dacombe
Acting Chief Executive Officer

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

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
Rates	22(a)	4,990,462	4,972,208	4,895,424
Operating grants, subsidies and contributions	2(a)	5,971,092	3,122,817	8,716,153
Fees and charges	2(a)	2,996,022	3,133,376	3,034,663
Interest earnings	2(a)	143,688	275,000	150,669
Other revenue	2(a)	210,280	158,560	364,210
		14,311,544	11,661,961	17,161,119
Expenses				
Employee costs		(6,937,231)	(7,235,130)	(6,641,068)
Materials and contracts		(4,514,195)	(6,678,091)	(4,595,016)
Utility charges		(760,278)	(810,694)	(764,664)
Depreciation on non-current assets	9(b)	(8,338,500)	(9,027,803)	(7,513,510)
Interest expenses	2(a)	(27,429)	(23,276)	(36,023)
Insurance expenses		(451,923)	(450,714)	(436,143)
Other expenditure		(537,620)	(434,899)	(306,694)
		(21,567,176)	(24,660,607)	(20,293,118)
		(7,255,632)	(12,998,646)	(3,131,999)
Non-operating grants, subsidies and contributions	2(a)	2,611,929	1,304,500	2,630,616
Profit on asset disposals	9(a)	20,982	0	0
(Loss) on asset disposals	9(a)	(52,697)	(15,925)	(12,063)
Net result		(4,675,418)	(11,710,071)	(513,445)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	(48,720,046)	0	3,072,767
Total other comprehensive income		(48,720,046)	0	3,072,767
Total comprehensive income		(53,395,464)	(11,710,071)	2,559,322

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

**STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
Revenue				
	2(a)			
Governance		43,891	42,100	57,114
General purpose funding		9,798,966	7,473,036	12,242,773
Law, order, public safety		192,089	185,844	201,313
Health		36,610	39,030	80,572
Education and welfare		430,062	321,039	601,557
Housing		12,477	6,760	8,293
Community amenities		1,884,914	1,969,000	1,900,491
Recreation and culture		370,169	222,200	230,985
Transport		996,689	889,909	1,004,449
Economic services		464,795	504,293	693,151
Other property and services		80,882	48,750	140,421
		14,311,544	11,701,961	17,161,119
Expenses				
	2(a)			
Governance		(1,306,043)	(1,295,301)	(1,161,571)
General purpose funding		(352,726)	(245,124)	(181,675)
Law, order, public safety		(938,651)	(992,256)	(911,902)
Health		(521,782)	(639,957)	(614,934)
Education and welfare		(1,135,103)	(1,249,899)	(1,256,345)
Housing		(109,550)	(110,160)	(117,527)
Community amenities		(2,104,456)	(2,534,241)	(2,089,892)
Recreation and culture		(4,865,749)	(5,679,529)	(4,589,810)
Transport		(8,857,185)	(10,471,443)	(7,887,117)
Economic services		(1,155,176)	(1,431,293)	(1,339,591)
Other property and services		(193,326)	(28,128)	(106,730)
		(21,539,747)	(24,677,331)	(20,257,094)
Finance Costs				
	2(a)			
Housing		(2,706)	(2,452)	(3,409)
Recreation and culture		(9,100)	(7,992)	(19,919)
Transport		(15,623)	(12,832)	(12,695)
		(27,429)	(23,276)	(36,023)
		(7,255,632)	(12,998,646)	(3,131,998)
Non-operating grants, subsidies and contributions	2(a)	2,611,929	1,304,500	2,630,616
Profit on disposal of assets	9(a)	20,982	0	0
(Loss) on disposal of assets	9(a)	(52,697)	(15,925)	(12,063)
		2,580,214	1,288,575	2,618,553
Net result		(4,675,418)	(11,710,071)	(513,445)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	(48,720,046)	0	3,072,767
Total other comprehensive income		(48,720,046)	0	3,072,767
Total comprehensive income		(53,395,464)	(11,710,071)	2,559,322

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2018**

	NOTE	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	3	8,200,962	9,195,737
Trade and other receivables	5	1,327,471	1,309,831
Inventories	6	52,785	51,121
TOTAL CURRENT ASSETS		9,581,218	10,556,689
NON-CURRENT ASSETS			
Other receivables	5	95,771	81,170
Property, plant and equipment	7	34,123,378	34,466,519
Infrastructure	8	320,419,137	372,087,261
TOTAL NON-CURRENT ASSETS		354,638,286	406,634,950
TOTAL ASSETS		364,219,504	417,191,639
CURRENT LIABILITIES			
Trade and other payables	11	1,425,201	917,155
Current portion of long term borrowings	12(a)	122,964	228,790
Provisions	13	622,175	507,104
TOTAL CURRENT LIABILITIES		2,170,340	1,653,049
NON-CURRENT LIABILITIES			
Long term borrowings	12(a)	372,018	494,981
Provisions	13	105,324	76,324
TOTAL NON-CURRENT LIABILITIES		477,342	571,305
TOTAL LIABILITIES		2,647,682	2,224,354
NET ASSETS		361,571,822	414,967,286
EQUITY			
Retained surplus		75,671,916	78,977,211
Reserves - cash backed	4	4,368,377	5,738,501
Revaluation surplus	10	281,531,529	330,251,574
TOTAL EQUITY		361,571,822	414,967,286

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

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

		RETAINED	RESERVES - CASH	REVALUATION	TOTAL
	NOTE	SURPLUS	BACKED	SURPLUS	EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2016		77,185,245	8,043,912	327,178,807	412,407,964
Comprehensive income					
Net result		(513,445)	0	0	(513,445)
Changes on revaluation of assets	10	0	0	3,072,767	3,072,767
Total comprehensive income		(513,445)	0	3,072,767	2,559,322
Transfers from/(to) reserves		2,305,411	(2,305,411)	0	0
Balance as at 30 June 2017		78,977,211	5,738,501	330,251,574	414,967,286
Comprehensive income					
Net result		(4,675,418)	0	0	(4,675,418)
Changes on revaluation of assets	10	0	0	(48,720,046)	(48,720,046)
Total comprehensive income		(4,675,418)	0	(48,720,046)	(53,395,464)
Transfers from/(to) reserves		1,370,124	(1,370,124)	0	0
Balance as at 30 June 2018		75,671,916	4,368,377	281,531,529	361,571,822

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2018

	NOTE	2018 Actual	2018 Budget	2017 Actual
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		4,793,004	4,972,208	4,703,809
Operating grants, subsidies and contributions		6,079,881	3,566,879	8,768,092
Fees and charges		2,996,022	3,133,376	3,034,663
Interest earnings		143,688	275,000	150,669
Goods and services tax		220,698	756,000	42,045
Other revenue		210,280	158,560	375,202
		14,443,573	12,862,023	17,074,480
Payments				
Employee costs		(6,769,582)	(7,235,130)	(6,659,571)
Materials and contracts		(4,029,155)	(5,973,389)	(4,903,149)
Utility charges		(760,278)	(810,694)	(764,664)
Interest expenses		(29,590)	(23,276)	(38,847)
Insurance expenses		(451,923)	(450,714)	(436,143)
Goods and services tax		(164,344)	(756,000)	(54,971)
Other expenditure		(537,620)	(434,899)	(306,694)
		(12,742,492)	(15,684,102)	(13,164,039)
Net cash provided by (used in)				
operating activities	14	1,701,081	(2,822,079)	3,910,441
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,064,266)	(2,007,728)	(976,706)
Payments for construction of infrastructure		(4,069,307)	(3,589,399)	(5,074,041)
Non-operating grants, subsidies and contributions		2,611,929	1,304,500	2,630,616
Proceeds from sale of fixed assets		54,578	50,500	13,147
Net cash provided by (used in)				
investment activities		(2,467,066)	(4,242,127)	(3,406,984)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long term borrowings		(228,789)	(228,783)	(376,019)
Proceeds from new long term borrowings		0	0	450,000
Net cash provided by (used in)				
financing activities		(228,789)	(228,783)	73,981
Net increase (decrease) in cash held		(994,774)	(7,292,989)	577,438
Cash at beginning of year		9,195,737	9,177,649	8,618,298
Cash and cash equivalents				
at the end of the year	14	8,200,962	1,884,660	9,195,737

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

**RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2018**

	NOTE	2018 Actual \$	2018 Budget \$	2017 Actual \$
OPERATING ACTIVITIES				
Net current assets at 1 July b/fwd - surplus/(deficit)		4,117,971	4,589,789	1,208,581
		4,117,971	4,589,789	1,208,581
Revenue from operating activities (excluding rates)				
Governance		43,891	42,100	57,114
General purpose funding		5,037,004	2,675,828	7,596,718
Law, order, public safety		192,089	185,844	201,313
Health		36,610	39,030	80,572
Education and welfare		430,062	321,039	601,557
Housing		12,477	6,760	8,293
Community amenities		1,884,914	1,969,000	1,900,491
Recreation and culture		390,619	222,200	230,985
Transport		997,221	889,909	1,004,449
Economic services		464,795	504,293	693,151
Other property and services		80,882	48,750	140,421
		9,570,564	6,904,753	12,515,064
Expenditure from operating activities				
Governance		(1,306,043)	(1,295,426)	(1,161,571)
General purpose funding		(352,726)	(205,124)	(181,675)
Law, order, public safety		(939,671)	(992,256)	(912,755)
Health		(521,782)	(639,957)	(614,934)
Education and welfare		(1,135,103)	(1,249,899)	(1,256,345)
Housing		(112,256)	(112,612)	(120,936)
Community amenities		(2,104,456)	(2,534,241)	(2,089,892)
Recreation and culture		(4,884,749)	(5,703,321)	(4,609,729)
Transport		(8,914,585)	(10,484,275)	(7,899,812)
Economic services		(1,155,176)	(1,431,293)	(1,339,591)
Other property and services		(193,326)	(28,128)	(117,940)
		(21,619,873)	(24,676,532)	(20,305,180)
Operating activities excluded				
(Profit) on disposal of assets	9(a)	(20,982)	0	0
Loss on disposal of assets	9(a)	52,697	15,925	12,063
Movement in deferred pensioner rates (non-current)		(14,601)	0	(17,121)
Movement in employee benefit provisions (non-current)		29,000	0	(44,348)
Movement in prepaid income (included in restricted cash)		0	0	(383,061)
Depreciation and amortisation on assets	9(b)	8,338,500	9,027,803	7,513,510
Amount attributable to operating activities		453,276	(4,138,262)	499,507
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		2,611,929	1,304,500	2,630,616
Proceeds from disposal of assets	9(a)	54,578	50,500	13,147
Purchase of property, plant and equipment	7(b)	(1,064,266)	(2,007,728)	(976,706)
Purchase and construction of infrastructure	8(b)	(4,069,307)	(3,589,399)	(5,074,041)
Amount attributable to investing activities		(2,467,066)	(4,242,127)	(3,406,984)
FINANCING ACTIVITIES				
Repayment of long term borrowings	12(a)	(228,789)	(228,783)	(376,019)
Proceeds from new long term borrowings	12(b)	0	0	450,000
Transfers to reserves (restricted assets)	4	(507,177)	(358,922)	(761,405)
Transfers from reserves (restricted assets)	4	1,877,301	4,210,886	3,066,816
Amount attributable to financing activities		1,141,335	3,623,181	2,379,392
Surplus(deficiency) before general rates		(872,455)	(4,757,208)	(528,085)
Total amount raised from general rates	22	4,761,962	4,757,208	4,646,056
Net current assets at June 30 c/fwd - surplus/(deficit)	23	3,889,507	0	4,117,971

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

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities and to the extent they are not in-consistent with the *Local Government Act 1995* and accompanying regulations.), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise.

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, race course or any other sporting or recreational facility of State or regional significance. Consequently some assets, including land under roads acquired on or after 1 July 2008 have not been recognised in this financial report. This is not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

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 25 to these financial statements.

2. REVENUE AND EXPENSES

(a) Revenue

	2018 Actual	2018 Budget	2017 Actual
	\$		\$
Other revenue			
Reimbursements and recoveries	210,280	0	364,210
	210,280	0	364,210
Fees and Charges			
Governance	4,669	5,100	4,829
General purpose funding	14,586	47,500	43,084
Law, order, public safety	22,972	27,070	24,609
Health	33,500	38,300	34,635
Education and welfare	546	2,000	1,175
Community amenities	1,656,192	1,674,000	1,658,505
Recreation and culture	176,566	199,700	148,799
Transport	676,224	692,500	675,515
Economic services	388,832	420,206	415,718
Other property and services	21,937	27,000	27,794
	2,996,022	3,133,376	3,034,663

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Grant Revenue

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

	2018 Actual	2018 Budget	2017 Actual
	\$		\$
Operating grants, subsidies and contributions			
Governance	3,390	0	0
General purpose funding	4,876,054	2,353,328	7,402,965
Law, order, public safety	163,933	156,774	137,554
Health	2,874	680	45,888
Education and welfare	426,551	317,039	591,225
Community amenities	0	80,000	0
Recreation and culture	185,927	19,000	48,008
Transport	303,777	187,409	298,406
Economic services	8,587	8,587	192,107
	5,971,092	3,122,817	8,716,153
Non-operating grants, subsidies and contributions			
Law, order, public safety	0	0	119,207
Education and welfare	0	60,000	0
Recreation and culture	93,184	332,000	428,000
Transport	2,518,745	912,500	2,083,409
	2,611,929	1,304,500	2,630,616
Total grants, subsidies and contributions	8,583,021	4,427,317	11,346,769

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 21.

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

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Interest earnings			
- Reserve funds	35,211	100,000	47,082
- Other funds	18,791	100,000	15,698
Other interest revenue (refer note 22(e))	89,686	75,000	87,889
	143,688	275,000	150,669

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

	2018	2017
	\$	\$
Auditors remuneration		
- Audit of the Annual Financial Report	20,372	16,233
- Assistance with Finalisation of the Annual Report	9,500	4,500
- Other Services	43,768	15,121
	<u>73,640</u>	<u>35,854</u>
 Interest expenses (finance costs)		
Long term borrowings (refer Note 12(a))	27,429	36,023
	<u>27,429</u>	<u>36,023</u>
 Rental charges		
- Operating leases (refer Note 17(b))	258,598	263,202
	<u>258,598</u>	<u>263,202</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

3. CASH AND CASH EQUIVALENTS

	NOTE	2018	2017
		\$	\$
Unrestricted		3,832,585	3,457,236
Restricted		4,368,377	5,738,501
		8,200,962	9,195,737

The following restrictions have been imposed by regulations or other externally imposed requirements:

Leave Reserve	4	140,228	128,601
Plant Reserve	4	134,657	134,267
Waste Disposal Reserve	4	78,246	187,749
Public Ablutions Reserve	4	1,767	1,762
Staff Housing Reserve	4	730,138	728,021
Civic Centre Reserve	4	62,043	116,090
IT Replacement Reserve	4	54,054	53,897
Airport Reserve	4	49,140	48,997
Coral Bay Tip Reserve	4	21,896	21,832
Surge/ Fascine Reserve	4	105,918	315,701
Town Planning Reserve	4	1,561	23,502
Fascine Dredging Reserve	4	125,755	125,390
Flood Mitigation Reserve	4	11,899	11,864
OTC / NASA Reserve	4	8,864	8,838
Blowholes Reserve	4	2,845	2,837
Land and Infrastructure Development Reserve	4	184,386	647,990
Asset Management Reserve	4	28,927	28,843
Emergency Response Reserve	4	152,322	102,003
Mosquito Management Reserve	4	1,377	1,255
Unspent Grants and Contributions Reserve	21	2,472,354	3,049,062
		4,368,377	5,738,501

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 and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

4. RESERVES - CASH BACKED

	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual	2018 Budget Opening Balance	2018 Budget Transfer to	2018 Budget Transfer (from)	2018 Budget Closing Balance	2017 Actual Opening Balance	2017 Actual Transfer to	2017 Actual Transfer (from)	2017 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Leave Reserve	128,601	23,991	(12,364)	140,228	128,557	1,355	0	129,912	127,945	656	0	128,601
Plant Reserve	134,267	390	0	134,657	134,221	1,415	0	135,636	133,582	685	0	134,267
Waste Disposal Reserve	187,749	497	(110,000)	78,246	187,684	1,978	(110,000)	79,662	186,791	958	0	187,749
Public Ablutions Reserve	1,762	5	0	1,767	1,761	18	0	1,779	1,753	9	0	1,762
Staff Housing Reserve	728,021	2,117	0	730,138	21,826	230	0	22,056	724,307	3,714	0	728,021
Civic Centre Reserve	116,090	313	(54,360)	62,043	727,775	7,670	0	735,445	303,596	1,421	(188,928)	116,089
IT Replacement Reserve	53,897	157	0	54,054	116,122	3,215	(86,073)	33,264	53,622	275	0	53,897
Airport Reserve	48,997	143	0	49,140	53,879	568	0	54,447	826,502	2,495	(780,000)	48,997
Coral Bay Tip Reserve	21,832	64	0	21,896	48,980	5,483	0	54,463	21,721	111	0	21,832
Surge/ Fascine Reserve	315,701	105,217	(315,000)	105,918	315,476	104,472	(315,000)	104,948	7,441	308,260	0	315,701
Town Planning Reserve	23,502	59	(22,000)	1,561	11,861	125	0	11,986	23,382	120	0	23,502
Fascine Dredging Reserve	125,390	365	0	125,755	23,494	248	(22,000)	1,742	124,750	640	0	125,390
Flood Mitigation Reserve	11,864	35	0	11,899	125,347	1,321	0	126,668	11,804	61	0	11,865
OTC / NASA Reserve	8,838	26	0	8,864	8,835	93	0	8,928	8,793	45	0	8,838
Blowholes Reserve	2,837	8	0	2,845	2,844	240	0	3,084	22,735	102	(20,000)	2,837
Unspent Grants and Contributions Reserve	3,049,062	217,172	(793,880)	2,472,354	3,048,118	67,220	(3,048,116)	67,222	4,639,633	387,318	(1,977,888)	3,049,063
Land and Infrastructure Development Reserve	647,990	106,093	(569,697)	184,386	647,809	112,274	(629,697)	130,386	744,246	3,744	(100,000)	647,990
Asset Management Reserve	28,843	84	0	28,927	28,833	304	0	29,137	28,696	147	0	28,843
Emergency Response Reserve	102,003	50,319	0	152,322	101,948	50,547	0	152,495	51,701	50,301	0	102,002
Mosquito Management Reserve	1,255	122	0	1,377	1,254	146	0	1,400	912	343	0	1,255
	5,738,501	507,177	(1,877,301)	4,368,377	5,736,624	358,922	(4,210,886)	1,884,660	8,043,912	761,405	(3,066,816)	5,738,501

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
Leave Reserve	Ongoing	To be used to fund annual and long service leave requirements.
Plant Reserve	Ongoing	To be used to implement the Shire's Plant Replacement Program.
Waste Disposal Reserve	Ongoing	To be used for maintenance or capital expenditure at Browns Range Refuse Site.
Public Ablutions Reserve	Ongoing	To be used to contribute to replacement of major upgrades on Shire of Carnarvon ablutions.
Staff Housing Reserve	Ongoing	To be used for major maintenance and capital purchases with respect to staff housing.
Civic Centre Reserve	Ongoing	To be used for major building and equipment upgrades to Carnarvon Civic Centre.
IT Replacement Reserve	Ongoing	To be used to fund the Shire of Carnarvon Information Technology Strategy.
Airport Reserve	Ongoing	To be used to contribute to capital costs in relation to the Carnarvon Airport.
Coral Bay Tip Reserve	Ongoing	To be used for maintenance and capital costs associated with Coral Bay Refuse Site.
Surge/ Fascine Reserve	Ongoing	To be used for capital upgrade costs associated with the Fascine Wall.
Town Planning Reserve	Ongoing	To be used to contribute to funding town planning scheme reviews, new scheme & relevant town planning purposes.
Fascine Dredging Reserve	Ongoing	To be used to contribute to funding the fascine dredging program.
Flood Mitigation Reserve	Ongoing	To be used to finance Council's obligations with respect to the Flood Mitigation Strategy.
OTC / NASA Reserve	Ongoing	To be used for the development & conservation of the OTC site.
Blowholes Reserve	Ongoing	To be used to assist with the removal of shack debris and post demolition rehabilitation of shack area.
Unspent Grants and Contributions Reserve	Ongoing	To be used to isolate grants and contributions for specific purposes to be spent at a later date or in subsequent years.
Land and Infrastructure Development Reserve	Ongoing	To be used for the purchase of land and development of infrastructure within the Shire of Carnarvon.
Asset Management Reserve	Ongoing	To be used for the replacement and improvement of specified assets within the Shire of Carnarvon in accordance with the Shire's Asset Management Plan.
Emergency Response Reserve	Ongoing	To be used in the preparation for and providing immediate assistance, relief and recovery to the community in response to an Emergency within the Shire of Carnarvon.
Mosquito Management Reserve	Ongoing	To be used for the purpose of delivering services to assist in mosquito management within the Shire of Carnarvon, which includes funding from the Department of Health.

5. TRADE AND OTHER RECEIVABLES

Current

	2018 \$	2017 \$
Rates outstanding	689,517	732,484
Sundry debtors	372,272	479,883
GST receivable	219,315	54,971
Provision for doubtful debts	(9,227)	(5,960)
ESL Receivable	53,544	46,403
Bond Staff Housing	2,050	2,050
	<u>1,327,471</u>	<u>1,309,831</u>

Non-current

Rates outstanding - pensioners	95,771	81,170
	<u>95,771</u>	<u>81,170</u>

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

Rates outstanding

Includes:

- 1 to 5 years	689,517	732,484
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Sundry debtors

Includes:

- up to one month	235,382	379,721
- 1 - 3 months	57,447	66,740
- 3 months to 1 year	68,524	25,186
- 1 - 5 years	10,919	8,236

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

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

Classification and subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

6. INVENTORIES

Current

	2018	2017
	\$	\$
Fuel and Materials	22,643	20,979
Civic Centre	4,176	4,176
Visitors Centre	25,966	25,966
	52,785	51,121

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

7 (a). PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	\$	\$
Land and buildings		
Land - freehold at:		
- Independent valuation 2017 - level 2	5,490,000	5,490,000
- Independent valuation 2017 - level 3	2,893,800	2,893,800
	8,383,800	8,383,800
Land - vested in and under the control of Council at:		
- Independent valuation 2017 - level 3	275,000	275,000
	275,000	275,000
Total land	8,658,800	8,658,800
Buildings - non-specialised at:		
- Independent valuation 2017 - level 2	1,935,000	1,935,000
- Independent valuation 2017 - level 3	12,695,756	12,695,756
- Additions after valuation - cost	839,426	0
Buildings - non-specialised - Less: accumulated depreciation	(607,592)	0
	14,862,590	14,630,756
Buildings - specialised at:		
- Independent valuation 2017 - level 3	8,949,458	8,949,458
- Additions after valuation - cost	26,825	0
Buildings - specialised - Less: accumulated depreciation	(359,731)	0
	8,616,552	8,949,458
Total buildings	23,479,142	23,580,214
Total land and buildings	32,137,942	32,239,014
Furniture and equipment at:		
- Independent valuation 2016 - level 3	280,900	280,900
- Management valuation 2016 - level 3	83,470	83,470
- Additions after valuation - cost	20,135	13,462
Furniture and equipment - Less: accumulated depreciation	(106,322)	(55,934)
	278,183	321,898
Plant and equipment at:		
- Independent valuation 2016 - level 2	1,969,700	1,969,700
- Management valuation 2016 - level 3	55,949	55,949
- Additions after valuation - cost	260,996	174,852
Plant and equipment - Less: accumulated depreciation	(579,392)	(294,894)
	1,707,253	1,905,607
Total property, plant and equipment	34,123,378	34,466,519

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Movements in Carrying Amounts

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

	Land - freehold	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	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	6,911,526	275,000	7,186,526	461,253	21,669,866	22,131,119	29,317,645	364,370	2,027,439	31,709,454
Additions	0	0	0	738,807	49,584	788,391	788,391	13,462	174,853	976,706
Revaluation increments/ (decrements) transferred to revaluation surplus	1,472,274	0	1,472,274	14,015,969	(12,415,476)	1,600,493	3,072,767	0	0	3,072,767
Depreciation (expense)	0	0	0	(585,273)	(354,516)	(939,789)	(939,789)	(55,934)	(296,685)	(1,292,408)
Carrying amount at 30 June 2017	8,383,800	275,000	8,658,800	14,630,756	8,949,458	23,580,214	32,239,014	321,898	1,905,607	34,466,519
Additions	0	0	0	839,426	26,825	866,251	866,251	6,673	191,343	1,064,266
(Disposals)	0	0	0	0	0	0	0	0	(105,200)	(105,200)
Depreciation (expense)	0	0	0	(607,592)	(359,731)	(967,323)	(967,323)	(50,388)	(284,497)	(1,302,207)
Carrying amount at 30 June 2018	8,383,800	275,000	8,658,800	14,862,590	8,616,552	23,479,142	32,137,942	278,183	1,707,253	34,123,378

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold	2 & 3	Market approach using recent observable or estimated market data for similar properties	Independent Valuers	June 2017	Price per hectare / market borrowing rate
Land - vested in and under the control of Council	3	Cost approach using depreciated replacement cost	Management Valuation	June 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Buildings - non-specialised	2 & 3	Market approach using recent observable or estimated market data for similar properties	Independent Valuers	June 2017	Price per square metre / market borrowing rate
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent Valuers	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment	3	Cost approach using depreciated replacement cost	Independent Valuers & Management Valuation	June 2016	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment	2 & 3	Market approach using recent observable market data for similar properties / cost approach using depreciated replacement cost	Independent Valuers & Management Valuation	June 2016	Market price per item / 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

8 (a). INFRASTRUCTURE

	2018	2017
	\$	\$
Infrastructure - Roads		
- Management valuation 2015 - level 3	315,173,553	315,173,553
- Management valuation 2018 - level 3	(86,096,899)	0
- Additions after valuation - cost	5,239,013	2,335,008
Infrastructure - Roads - Less: accumulated depreciation	0	(9,766,190)
	<u>234,315,667</u>	<u>307,742,371</u>
Infrastructure - Footpaths		
- Management valuation 2015 - level 3	2,091,449	2,091,449
- Management valuation 2018 - level 3	7,700,648	0
- Additions after valuation - cost	264,461	154,049
Infrastructure - Footpaths - Less: accumulated depreciation	0	(73,803)
	<u>10,056,558</u>	<u>2,171,695</u>
Infrastructure - Drainage		
- Management valuation 2015 - level 3	6,784,777	6,779,666
- Management valuation 2018 - level 3	16,401,810	0
- Additions after valuation - cost	23,600	5,111
Infrastructure - Drainage - Less: accumulated depreciation	0	(203,293)
	<u>23,210,187</u>	<u>6,581,484</u>
Infrastructure - Parks and ovals		
- Management valuation 2015 - level 3	14,661,054	14,661,054
- Independent valuation 2018 - level 3	(3,525,326)	0
- Additions after valuation - cost	2,637,989	2,393,651
Infrastructure - Parks and ovals - Less: accumulated depreciation	0	(619,598)
	<u>13,773,717</u>	<u>16,435,107</u>
Infrastructure - Other Infrastructure		
- Management valuation 2015 - level 3	10,656,269	10,542,000
- Independent valuation 2018 - level 3	(896,092)	0
- Additions after valuation - cost	786,953	114,269
Infrastructure - Other Infrastructure - Less: accumulated depreciation	0	(420,704)
	<u>10,547,130</u>	<u>10,235,565</u>
Infrastructure - Bridges		
- Management valuation 2015 - level 3	7,980,000	7,980,000
- Management valuation 2018 - level 3	(380,000)	0
- Additions after valuation - cost	0	0
Infrastructure - Bridges - Less: accumulated depreciation	0	(319,200)
	<u>7,600,000</u>	<u>7,660,800</u>
Infrastructure - Levee system		
- Management valuation 2015 - level 3	8,951,280	8,951,280
- Independent valuation 2018 - level 3	(581,280)	0
- Additions after valuation - cost	0	0
Infrastructure - Levee system - Less: accumulated depreciation	0	(89,506)
	<u>8,370,000</u>	<u>8,861,774</u>
Infrastructure - Airport		
- Management valuation 2015 - level 3	12,775,514	9,048,902
- Independent valuation 2018 - level 3	(685,314)	0
- Additions after valuation - cost	0	3,726,612
Infrastructure - Airport - Less: accumulated depreciation	0	(573,547)
	<u>12,090,200</u>	<u>12,201,967</u>
Infrastructure - Car Parks		
- Management valuation 2015 - level 3	231,035	231,036
- Independent valuation 2018 - level 3	224,643	0
- Additions after valuation - cost	0	0
Infrastructure - Car Parks - Less: accumulated depreciation	0	(34,538)
	<u>455,678</u>	<u>196,498</u>

8. INFRASTRUCTURE (Continued)

(b) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks and ovals	Infrastructure - Other Infrastructure	Infrastructure - Bridges	Infrastructure - Levee system	Infrastructure - Airport	Infrastructure - Car Parks	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2016	311,797,763	2,060,398	6,691,858	16,504,642	10,347,174	7,820,400	8,906,530	8,896,472	209,086	373,234,323
Additions	827,703	150,968	5,111	272,022	113,969	0	0	3,704,268	0	5,074,041
Depreciation (expense)	(4,883,095)	(39,671)	(115,485)	(341,557)	(225,577)	(159,600)	(44,756)	(398,773)	(12,588)	(6,221,102)
Carrying amount at 30 June 2017	307,742,371	2,171,695	6,581,484	16,435,107	10,235,566	7,660,800	8,861,774	12,201,967	196,498	372,087,261
Additions	2,904,005	110,412	23,600	244,337	786,953	0	0	0	0	4,069,307
Revaluation increments/ (decrements) transferred to revaluation surplus	(70,918,500)	7,960,294	16,692,979	(2,559,303)	(243,096)	87,655	(447,018)	435,176	271,768	(48,720,045)
Depreciation (expense)	(5,412,209)	(185,843)	(87,876)	(346,424)	(232,293)	(148,455)	(44,756)	(546,943)	(12,588)	(7,017,387)
Carrying amount at 30 June 2018	234,315,667	10,056,558	23,210,187	13,773,717	10,547,130	7,600,000	8,370,000	12,090,200	455,678	320,419,137

8. INFRASTRUCTURE (Continued)

(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	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 - Parks and ovals	3	Cost approach using depreciated replacement cost	Independent Valuers	June 2018	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Other Infrastructure	3	Cost approach using depreciated replacement cost	Independent Valuers	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 - Levee system	3	Cost approach using depreciated replacement cost	Independent Valuers	June 2018	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Airport	3	Cost approach using depreciated replacement cost	Independent Valuers	June 2018	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Car Parks	3	Cost approach using depreciated replacement cost	Independent Valuers	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 Special Dividend Announcement period in 2018, valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

9. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework.

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

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

Revaluation

The fair value of fixed assets is determined at least every three years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

Land under control

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

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

Land under roads

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

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

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

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

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

9. FIXED ASSETS (Continued)

(a) Disposals of Assets

The following assets were disposed of during the year.

	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$
Plant and Equipment								
Governance								
Sale of CEO Vehicle - PCAR21	0	0	0	0	36,125	36,000	0	(125)
Law, order, public safety								
Transfer of Emergency Medical Unit Trailer	1,020	0	0	(1,020)	0	0	0	0
Recreation and culture								
Trade in of Toro Mower GM360 - PMOW5	15,300	10,450	0	(4,850)	15,300	9,000	0	(6,300)
Trade in of Ferris IS2500 Mower - P318	12,750	7,700	0	(5,050)	15,000	5,500	0	(9,500)
Trade in of Toro 3100D Sidewinder - PMOW6	5,950	26,400	20,450	0	0	0	0	0
Transport								
Sale of Multi Tyred Roller - P265	8,701	450	0	(8,251)	0	0	0	0
Sale of Tandem Trailer - P168	870	361	0	(509)	0	0	0	0
Sale of Viking Spray Unit - P149	1,088	20	0	(1,067)	0	0	0	0
Sale of Hardie Boom Spray - P86	1,020	1,075	55	0	0	0	0	0
Sale of Iseki Mower - PMOW4	363	335	0	(28)	0	0	0	0
Sale of Isuzu Road Sweeper - PSW3	32,669	6,171	0	(26,498)	0	0	0	0
Sale of Caravan - P273	817	88	0	(729)	0	0	0	0
Sale of Compact Air Compressor - P95	680	108	0	(573)	0	0	0	0
Sale of Silvan Spreader - PSP1	3,960	89	0	(3,871)	0	0	0	0
Sale of Coromal Caravan - P283	817	564	0	(253)	0	0	0	0
Sale of Sign Trailer - P28	290	767	477	0	0	0	0	0
	86,294	54,578	20,982	(52,697)	66,425	50,500	0	(15,925)

(b) Depreciation

	2018	2017
	\$	\$
Buildings - non-specialised	607,592	585,273
Buildings - specialised	359,731	354,516
Furniture and equipment	50,388	55,934
Plant and equipment	303,403	296,685
Infrastructure - Roads	5,412,209	4,883,095
Infrastructure - Footpaths	185,843	39,671
Infrastructure - Drainage	87,876	115,485
Infrastructure - Parks and ovals	346,424	341,557
Infrastructure - Other Infrastructure	232,293	225,577
Infrastructure - Bridges	148,455	159,600
Infrastructure - Levee system	44,756	44,756
Infrastructure - Airport	546,943	398,773
Infrastructure - Car Parks	12,588	12,588
	8,338,500	7,513,510

9. FIXED ASSETS (Continued)

(b) Depreciation (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

Depreciation rates

Major depreciation periods used for each class of depreciable asset are:

Buildings	10 to 100 years
Furniture and Equipment	3 to 10 years
Plant and Equipment	5 to 20 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
gravel sheet	12 years
Formed roads	
clearing and earthworks	not depreciated
construction/roadbase	50 years
Footpaths - slab	50 years
Bridges	50 years
Levee System	50 years
Tools	5 years
Water supply piping & drainage systems	75 years
Other Infrastructure	Various

Depreciation (Continued)

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

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

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

10. REVALUATION SURPLUS

	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	2018 Total Movement on Revaluation	2018 Closing Balance	2017 Opening Balance	2017 Revaluation Increment	2017 Revaluation (Decrement)	2017 Total Movement on Revaluation	2017 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation Surplus - Land and buildings	16,973,508	0	0	0	16,973,508	13,900,741	3,072,767	0	3,072,767	16,973,508
Revaluation surplus - Furniture and equipment	148,721	0	0	0	148,721	148,721	0	0	0	148,721
Revaluation surplus - Plant and equipment	1,083,182	0	0	0	1,083,182	1,083,182	0	0	0	1,083,182
Revaluation surplus - Infrastructure - Roads	291,125,862	0	(70,918,500)	(70,918,500)	220,207,362	291,125,862	0	0	0	291,125,862
Revaluation surplus - Infrastructure - Footpaths	639,000	7,960,294	0	7,960,294	8,599,294	639,000	0	0	0	639,000
Revaluation surplus - Infrastructure - Drainage	5,454,698	16,692,979	0	16,692,979	22,147,677	5,454,698	0	0	0	5,454,698
Revaluation surplus - Infrastructure - Parks and ovals	0	0	(2,559,303)	(2,559,303)	(2,559,303)	0	0	0	0	0
Revaluation surplus - Infrastructure - Other Infrastructure	2,467,186	0	(243,096)	(243,096)	2,224,090	2,467,186	0	0	0	2,467,186
Revaluation surplus - Infrastructure - Bridges	1,887,825	87,655	0	87,655	1,975,480	1,887,825	0	0	0	1,887,825
Revaluation surplus - Infrastructure - Levee system	3,563,644	0	(447,018)	(447,018)	3,116,626	3,563,644	0	0	0	3,563,644
Revaluation surplus - Infrastructure - Airport	6,907,948	435,176	0	435,176	7,343,124	6,907,948	0	0	0	6,907,948
Revaluation surplus - Infrastructure - Car Parks	0	271,768	0	271,768	271,768	0	0	0	0	0
	330,251,574	25,447,872	(74,167,917)	(48,720,045)	281,531,529	327,178,807	3,072,767	0	3,072,767	330,251,574

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

11. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Accrued interest on debentures
Accrued salaries and wages
Accrued Expenditure
Prepaid income

	2018	2017
	\$	\$
	1,333,844	648,034
	0	2,161
	73,600	50,022
	17,757	0
	0	216,938
	1,425,201	917,155

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Trade and other payables (Continued)

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

12. INFORMATION ON BORROWINGS

(a) Repayments - Borrowings

Particulars	Borrowing Institution	Interest Rate	Principal 1 July 2017	New Loans	Principal Repayments		Principal 30 June 2018		Interest Repayments	
					Actual	Budget	Actual	Budget	Actual	Budget
		%	\$	\$	\$	\$	\$	\$	\$	\$
Housing										
Loan 213 Staff Housing	WATC	6.04	44,650	0	10,943	10,943	33,707	33,707	2,706	2,452
Recreation and culture										
Loan 211 Library	WATC	6.96	40,822	0	40,822	40,823	0	(1)	1,071	1,069
Loan 215 Infrastructure Development	WATC	3.77	207,712	0	137,306	137,299	70,406	70,413	8,029	6,923
Transport										
Loan 216 Airport Corrective Works	WATC	3.05	430,587	0	39,718	39,718	390,869	390,869	15,623	12,832
			723,771	0	228,789	228,783	494,982	494,988	27,429	23,276

All other loan repayments were financed by general purpose revenue.

Borrowings

	2018	2017
	\$	\$
Current	122,964	228,790
Non-current	372,018	494,981
	494,982	723,771

(b) Undrawn Borrowing Facilities

Credit Standby Arrangements

	2018	2017
	\$	\$
Bank overdraft limit	200,000	200,000
Credit card limit	40,000	40,000
Credit card balance at balance date	(2,625)	(4,015)
Total amount of credit unused	237,375	235,985

Loan facilities

	2018	2017
	\$	\$
Loan facilities - current	122,964	228,790
Loan facilities - non-current	372,018	494,981
Total facilities in use at balance date	494,982	723,771

Unused loan facilities at balance date

NIL NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

13. PROVISIONS

Opening balance at 1 July 2017

Current provisions
Non-current provisions

Additional provision
Amounts used

Balance at 30 June 2018

Comprises

Current
Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2017			
Current provisions	289,534	217,570	507,104
Non-current provisions	0	76,324	76,324
	289,534	293,894	583,428
Additional provision	(289,534)	(188,570)	(478,104)
Amounts used	403,734	218,441	622,175
Balance at 30 June 2018	403,734	323,765	727,499
Comprises			
Current	403,734	218,441	622,175
Non-current	0	105,324	105,324
	403,734	323,765	727,499

Annual Leave and current long service leave liabilities have been classed as current as there are no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities are expected to occur as detailed below.

Current Provisions

Within 12 months of the end of the reporting period
After 12 months of the end of the reporting period

	Annual Leave	Long Service Leave	Total
	\$	\$	\$
Within 12 months of the end of the reporting period	114,199	871	115,070
After 12 months of the end of the reporting period	289,535	217,570	507,105
	403,734	218,441	622,175

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:

	2018 Actual	2018 Budget	2017 Actual
	\$	\$	\$
Cash and cash equivalents	8,200,962	1,884,660	9,195,737

Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	(4,675,418)	(11,710,071)	(513,445)
Non-cash flows in Net result:			
Depreciation	8,338,500	9,027,803	7,513,510
(Profit)/loss on sale of asset	31,715	15,925	12,063
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(32,241)	444,062	(141,610)
(Increase)/decrease in inventories	(1,664)	0	(10,065)
Increase/(decrease) in payables	508,046	704,702	(275,048)
Increase/(decrease) in provisions	144,071	0	(44,347)
Grants contributions for the development of assets	(2,611,929)	(1,304,500)	(2,630,616)
Net cash from operating activities	1,701,081	(2,822,079)	3,910,441

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

15. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2018	2017
	\$	\$
Governance	3,831,049	3,937,092
Law, order, public safety	539,360	580,544
Health	129,914	137,432
Education and welfare	1,707,300	1,765,950
Housing	829,500	860,000
Community amenities	11,480,706	11,406,647
Recreation and culture	39,996,595	40,970,651
Transport	288,843,578	337,988,346
Economic services	68,006	75,473
Other property and services	2,059,670	2,215,278
Unallocated	14,733,826	17,254,224
	364,219,504	417,191,639

16. CONTINGENT LIABILITIES

In compliance with the *Contaminated Sites Act 2003 Section 11*, the Shire has listed sites to be possible sources of contamination.

Details of those sites are:

- Shire of Carnarvon Airport
- Shire of Carnarvon Brown's Range Landfill Site
- Shire of Carnarvon Coral Bay Landfill Site

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk, and agree with the Department of Environment Regulation on the need and criteria for remediation of a risk based approach, the Shire is unable to estimate the potential costs associated with remediation of these sites. This approach is consistent with the Department of Environment Regulation Guidelines.

17. LEASING COMMITMENTS

(a) Capital Expenditure Commitments

The Shire did not have any future capital expenditure commitments at the reporting date.

(b) Operating Lease Commitments

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

Payable:

- not later than one year
- later than one year but not later than five years

2018	2017
\$	\$
157,567	228,238
141,893	299,460
299,460	527,698

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.

18. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	2018 Actual	2018 Budget	2017 Actual
The following fees, expenses and allowances were paid to council members and/or the President.	\$	\$	\$
Meeting Fees	136,426	150,872	116,000
President's allowance	45,594	48,400	34,400
Deputy President's allowance	11,464	12,000	8,600
Travelling expenses	7,942	22,500	9,932
Telecommunications allowance	4,295	4,500	4,888
	205,720	238,272	173,820

Key Management Personnel (KMP) Compensation Disclosure

	2018	2017
The total of remuneration paid to KMP of the Shire during the year are as follows:	\$	\$
Short-term employee benefits	1,523,379	1,506,953
Post-employment benefits	126,879	142,049
Other long-term benefits	27,989	30,682
	1,678,247	1,679,684

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

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.

	2018	2017
The following transactions occurred with related parties:	\$	\$
Sale of goods and services (KMP)	12,060	229,645
Purchase of goods and services (KMP)	170,326	50,020

Amounts outstanding from related parties:

Trade and other receivables (KMP)	1,073	0
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Amounts payable to related parties:

Trade and other payables (KMP)	5,879	0
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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. 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. MAJOR LAND TRANSACTIONS

The Shire did not participate in any major land transactions during the 2017/18 financial year.

20. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2017/18 financial year.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018

21. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/16	Received ⁽²⁾ 2016/17	Expended ⁽³⁾ 2016/17	Closing Balance ⁽¹⁾ 30/06/17	Received ⁽²⁾ 2017/18	Expended ⁽³⁾ 2017/18	Closing Balance 30/06/18
	\$	\$	\$	\$	\$	\$	\$
Governance							
CLGF Photovoltaic System (solar panels) (4)	0	188,594	0	188,594	13,257	(22,600)	179,251
Health							
CLAG/FIMMWA (mosquitoes)	2,369	26,111	(2,379)	26,101	130	0	26,231
Education and welfare							
Youth DCP & DCS	95,762	207,395	(95,762)	207,395	1,036	(91,657)	116,774
Kidsport	5,950	10,261	(11,927)	4,284	0	(4,284)	0
Ageing in Place - GDC RFR	250,088	1,212	(248,756)	2,544	0	(2,544)	0
Club Development Officer (DSR)	14,349	18,535	(32,881)	3	0	(3)	0
Indigenous Advancement Strategy (DP&C)	25,945	14,893	(5,967)	34,871	10,276	(8,176)	36,971
Housing							
CLGF Executive housing	358,603	56,565	(360,188)	54,980	279	(55,259)	0
Community amenities							
Waste services	62,892	305	(37,382)	25,815	1,574	(9,160)	18,229
Local planning strategy	5,777	28	(5,777)	28	0	(28)	0
CLGF Waste Facility Improvements	858,689	4,161	(60,113)	802,737	84,616	(473,970)	413,383
CLGF Coral Bay Transfer Station	79,817	387	0	80,204	(80,204)	0	0
Town Planning Scheme Grant (DoP)	120,000	581	(30,716)	89,865	449	(687)	89,627
Recreation and culture							
Blowholes (balance of \$1,800,000)	993,176	4,812	0	997,988	14,481	(424)	1,012,045
DRD Fascine "Final" Stage	692,108	12,049	(395,205)	308,952	4,030	(2,300)	310,682
CLGF Civic Centre Refurbishment	387,685	0	(387,685)	0	0	0	0
CLGF Aquatic Centre Refurbishment	0	219,882	(113,013)	106,869	534	(95,234)	12,169
WACA Grant - Cricket Pitch Installation	0	0	0	0	8,910	0	8,910
Civic Centre Grant - Raise the Roof	0	0	0	0	156,662	0	156,662
Transport							
Robinson Street	13,411	1,467	(795)	14,083	650	(105)	14,628
Regional Aviation Access Program	494,352	1,255	(495,607)	0	0	0	0
Economic services							
VC Sustainability Grant (Tourism WA)	8,660	40	(8,699)	1	0	(1)	0
Water Management Strategy Plan (DoP)	70,000	339	(24,300)	46,039	230	(12,300)	33,969
Public Open Space Strategy Project (DoP)	80,000	388	(46,786)	33,602	167	(9,500)	24,269
Civic Precinct Development Plan (DoP)	20,000	97	(1,637)	18,460	93	0	18,553
Heritage Trail (GDC)	0	46,507	(40,860)	5,647	0	(5,647)	0
Total	4,639,633	815,864	(2,406,435)	3,049,062	217,171	(793,879)	2,472,354

Notes:

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

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

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

22. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	2018 Total Rate Revenue \$	2017 Total Rate Revenue	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	2018 Budget Total Rate Revenue \$
Differential general rate / general rate												
Gross rental valuations												
GRV Valued Properties	0.084539	1,888	46,077,587	3,894,933	(16,596)	3,051	3,881,388	3,686,362	3,889,726	(20,000)	5,000	3,874,726
Unimproved valuations												
UV Mining	0.121293	21	503,185	61,033			61,033	56,381	61,033	0	0	61,033
UV Pastoral	0.066160	33	2,733,810	180,869			180,869	178,063	180,869	0	0	180,869
UV Intensive Horticulture	0.008244	167	52,170,000	430,089			430,089	525,830	430,089	0	0	430,089
Sub-Total		2,109	101,484,582	4,566,924	(16,596)	3,051	4,553,379	4,446,636	4,561,717	(20,000)	5,000	4,546,717
Minimum												
Minimum payment	\$											
Gross rental valuations												
GRV Valued Properties	954	209	1,596,746	199,386			199,386	191,588	201,294	0	0	201,294
Unimproved valuations												
UV Mining	200	24	17,509	4,800			4,800	4,800	4,800	0	0	4,800
UV Pastoral	403	7	11,900	2,821			2,821	1,532	2,821	0	0	2,821
UV Intensive Horticulture	788	2	60,000	1,576			1,576	1,500	1,576	0	0	1,576
Sub-Total		242	1,686,155	208,583	0	0	208,583	199,420	210,491	0	0	210,491
		2,351	103,170,737	4,775,507	(16,596)	3,051	4,761,962	4,646,056	4,772,208	(20,000)	5,000	4,757,208
Total amount raised from general rate							4,761,962	4,646,056				4,757,208
Specified Area Rate (refer note 22(b))							225,824	249,368				215,000
Ex-gratia rates							2,676	0				0
Totals							4,990,462	4,895,424				4,972,208

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.

22. RATING INFORMATION (Continued)

(b) Specified Area Rate

	Basis of Valuation	Rate in \$	Rateable Value	Rate Revenue	Interim Rate Revenue	Back Rate Revenue	2018 Total Rate Revenue	2017 Total Rate Revenue	Budget Rate Revenue	Budget Back Rate Revenue	Budget Interim Rate Revenue	2018 Total Budget Rate Revenue
Specified Area Rate			\$	\$	\$	\$	\$		\$	\$	\$	\$
GRV Coral Bay Refuse Site	GRV	0.06305	3,710,040	217,255	0	8,569	225,824	249,368	215,000	0	0	215,000
				217,255	0	8,569	225,824	249,368	215,000	0	0	215,000

(c) Service Charges

No service charges were imposed by the Shire during the year ended 2018.

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

No discounts on rates is available and no waivers or concessions were given during the year ended 2018.

22. RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	16-Oct-17	0	5.50%	11.00%
Option Two				
First instalment	16-Oct-17	0	5.50%	11.00%
Second instalment	19-Feb-18	4	5.50%	11.00%
Option Three				
First instalment	16-Oct-17	0	5.50%	11.00%
Second instalment	18-Dec-17	4	5.50%	11.00%
Third instalment	19-Feb-18	4	5.50%	11.00%
Fourth instalment	23-Apr-18	4	5.50%	11.00%
		2018	2018	2017
		Actual	Budget	Actual
		\$	\$	
Interest on unpaid rates		71,083	55,000	67,477
Interest on instalment plan		18,603	20,000	20,412
Charges on instalment plan		4,756	4,000	5,196
		<u>94,442</u>	<u>79,000</u>	<u>93,085</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

23. NET CURRENT ASSETS

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

	2018 (30 June 2018 Carried Forward) \$	2018 (1 July 2017 Brought Forward) \$	2017 (30 June 2017 Carried Forward) \$
Surplus/(Deficit)	3,889,507	4,117,971	4,117,971
CURRENT ASSETS			
Cash and cash equivalents			
Unrestricted	3,832,585	3,457,236	3,457,236
Restricted	4,368,377	5,738,501	5,738,501
Receivables			
Rates outstanding	689,517	732,484	732,484
Sundry debtors	374,322	479,844	479,844
GST receivable	219,315	54,971	54,971
Provision for doubtful debts	(9,227)	(5,960)	(5,960)
ESL Receivable	53,544	46,403	46,403
Bond Staff Housing	0	2,089	2,089
Inventories			
Fuel and Materials	22,643	20,979	20,979
Civic Centre	4,176	4,176	4,176
Visitors Centre	25,966	25,966	25,966
LESS: CURRENT LIABILITIES			
Trade and other payables			
Sundry creditors	(1,333,844)	(648,034)	(648,034)
Accrued interest on debentures	0	(2,161)	(2,161)
Accrued salaries and wages	(73,600)	(50,022)	(50,022)
Accrued Expenditure	(17,757)	0	0
Prepaid income	0	(216,938)	(216,938)
Current portion of long term borrowings	(122,964)	(228,790)	(228,790)
Provisions			
Provision for annual leave	(403,734)	(289,534)	(289,534)
Provision for long service leave	(218,441)	(217,570)	(217,570)
Unadjusted net current assets	7,410,878	8,903,640	8,903,640
Adjustments			
Less: Reserves - restricted cash	(4,368,377)	(5,738,501)	(5,738,501)
Add: Current portion of long term borrowings	122,964	228,790	228,790
Add: Provision for annual leave	403,734	289,534	289,534
Add: Provision for long service leave	218,441	217,570	217,570
Add: Prepaid income	101,867	216,938	216,938
Adjusted net current assets - surplus/(deficit)	3,889,507	4,117,971	4,117,971

Difference

There was no difference between the surplus/(deficit) 1 July 2017 brought forward position used in the 2018 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2017 audited financial report.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

24. FINANCIAL RISK MANAGEMENT

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

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

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

The Shire held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	8,200,962	9,195,737	8,200,962	9,195,737
Receivables	1,423,242	1,391,001	1,423,242	1,391,001
	9,624,204	10,586,738	9,624,204	10,586,738
Financial liabilities				
Payables	1,425,201	917,155	1,425,201	917,155
Borrowings	494,982	723,771	502,004	736,967
	1,920,183	1,640,926	1,927,205	1,654,122

Fair value is determined as follows:

Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value.

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

24. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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

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

Cash is subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to the Shire.

The Shire manages these risks by diversifying its portfolio and only investing in investments authorised by Local Government (Financial Management) Regulation 19C.

	2018	2017
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash		
- Equity	82,010	91,957
- Statement of Comprehensive Income	82,010	91,957

Notes:

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

24. FINANCIAL RISK MANAGEMENT (Continued)

(b) Receivables

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

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

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

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

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

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

	2018	2017
	%	%
Percentage of rates and annual charges		
- Current	0.00%	0.00%
- Overdue	100.00%	100.00%
Percentage of other receivables		
- Current	74.05%	89.00%
- Overdue	25.95%	11.00%

24. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2018					
Payables	1,425,201	0	0	1,425,201	1,425,201
Borrowings	137,863	233,643	183,927	555,433	494,982
	1,563,064	233,643	183,927	1,980,634	1,920,183
2017					
Payables	917,155	0	0	917,155	917,155
Borrowings	252,060	319,150	236,475	807,685	723,771
	1,169,215	319,150	236,475	1,724,840	1,640,926

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

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

Year ended 30 June 2018	<1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate
	\$	\$	\$	\$	\$	\$	\$	%
Borrowings								
Fixed rate								
Long term borrowings	70,406	0	33,707	0	0	390,869	494,982	3.36%
Weighted average Effective interest rate	3.77%		6.04%			3.05%		
Year ended 30 June 2017								
Borrowings								
Fixed rate								
Long term borrowings	40,822	207,712	0	44,650	0	430,587	723,771	3.66%
Weighted average Effective interest rate	6.96%	3.77%	0.00%	6.04%	0.00%	3.05%		

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

25. TRUST FUNDS

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

	1 July 2017	Amounts Received	Amounts Paid	30 June 2018
	\$	\$	\$	\$
Civic Centre Hire	4,909	2,440	(5,570)	1,779
Footpath Deposits	20,099	0	0	20,099
Private Works Deposits	2,000	550,000	0	552,000
Shire Facility Deposits	6,752	2,480	(3,712)	5,520
Public Open Space	110,374	0	0	110,374
Other Sundry Trust	8,110	33,076	(4,206)	36,980
Suspense	44,071	13,783	(41,942)	15,912
Unclaimed Monies	4,142	0	0	4,142
Civic Centre Airconditioning	51	0	0	51
Perth Glory	12,500	0	0	12,500
Footpath Cash in Lieu	7,200	0	0	7,200
Building in Training Fund	0	16,460	(15,539)	921
Unspent DRD Grant Funds	420,344	0	(420,344)	0
Visitors Centre Booking Sales	0	76,949	(49,515)	27,435
	640,552			794,913

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

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

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

	Title	Issued / Compiled	Applicable (1)	Impact
(i)	AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8)	December 2014	1 January 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Shire, it is not anticipated the Standard will have any material effect.
(ii)	AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2019	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend on the nature of future transactions the Shire has with those third parties it has dealings with. It may or may not be significant.</p>
(iii)	AASB 16 Leases	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability into the statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position when AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Shire, the impact is not expected to be significant.</p>

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	Title	Issued / Compiled	Applicable (1)	Impact
(iv)	AASB 1058 Income of Not-for-Profit Entities	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Shire's operations.</p>

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

Adoption of New and Revised Accounting Standards

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

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

(i)	AASB 2016-4 Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	1 January 2017
(ii)	AASB 2016-7 Amendments to Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities	1 January 2017

27. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

28. ACTIVITIES/PROGRAMS

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

PROGRAM NAME	OBJECTIVE	ACTIVITIES
GOVERNANCE	To provide a decision making process for the efficient allocation of resources.	Administration and operations of facilities and services to members of Council. Other costs which relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services.
GENERAL PURPOSE FUNDING	To collect general revenue to allow for the provision of services.	Rates activity, general purpose grants, banking costs and interest revenue.
LAW, ORDER, PUBLIC SAFETY	To provide services to help ensure a safer community.	Supervision of various local laws, fire prevention, emergency services, CBD security, administration of the Crime Prevention Plan.
EDUCATION AND WELFARE	To meet the needs of the community in these areas.	Support pre-school facilities and assistance of seniors and retirement villages. This function also provides for Youth Strategy and the accounting of the Carnarvon Youth Co-Ordinating Networks
HOUSING	To meet the needs of the Shire of Carnarvon Staff.	finance as part of the agreement. Staff Housing.
COMMUNITY AMENITIES	To provide sanitary and essential services required by the community. To provide land development strategies and to process land development activities. Environmental sustainability.	Refuse collection service, operation of refuse site, administration of town planning scheme, cemetery service and maintenance, environmental protection services and land development services.
RECREATION AND CULTURE	To establish and manage efficiently infrastructure and resources which will help the social well being of the community.	Operations of the Civic Centre (Camel Lane), aquatic centre and beach areas, regional library service, cultural and heritage services and facilities, reserves, parks and gardens.
TRANSPORT	To provide effective and efficient transport services to the community.	Maintenance of streets, roads, footpaths, street lighting, airport. Agency for Department of Planning and Infrastructure's on line vehicle licensing service.
ECONOMIC SERVICES	To help promote and market the Shire of Carnarvon to the world and improve the economic well being. To ensure building development regulations are adhered to.	Noxious weed control, tourism and area promotion, building control and services.
OTHER PROPERTY AND SERVICES	To ensure works programs are operating efficiently.	Private works operations, public works operations and plant operations.

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2018**

29. FINANCIAL RATIOS

	2018	2017	2016
Current ratio	2.57	3.16	0.92
Asset consumption ratio	1.00	0.97	0.98
Asset renewal funding ratio	1.04	1.00	0.62
Asset sustainability ratio	0.48	0.71	0.58
Debt service cover ratio	4.21	10.69	(3.51)
Operating surplus ratio	(0.87)	(0.37)	(0.97)
Own source revenue coverage ratio	0.39	0.42	0.41

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	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expenses}}$
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	$\frac{\text{own source operating revenue}}{\text{operating expenses}}$

Notes:

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

	2017/18	2016/17	2015/16
	\$	\$	\$
Amount of Financial Assistance Grant received during the year relating to the subsequent year.	690,961	629,514	0
Amount of Financial Assistance Grant received in prior year relating to current year.	629,514	0	605,420
Amount of significant expenditure relating to flood mitigation work of which the corresponding revenue was recognised in 2012.	0	0	2,451,238

If the events detailed above did not occur, the impacted ratios in the 2018, 2017 and 2016 columns above would be as follows:

	2018	2017	2016
Current ratio	2.23	1.48	0.92
Debt service cover ratio	3.97	4.48	5.88
Operating surplus ratio	(0.90)	(0.68)	(0.44)

**INDEPENDENT AUDITOR'S REPORT
TO THE COUNCILLORS OF THE SHIRE OF CARNARVON
(CONTINUED)**

REPORT ON THE AUDIT OF THE FINANCIAL REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our 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, misrepresentation, 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We 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 we identify during our audit

**INDEPENDENT AUDITOR'S REPORT
TO THE COUNCILLORS OF THE SHIRE OF CARNARVON
(CONTINUED)**

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- a) All required information and explanations were obtained by us.
- b) All audit procedures were satisfactorily completed in conducting our audit.
- c) In my opinion, the asset consumption ratio and the asset renewal ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

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

MOORE STEPHENS
CHARTERED ACCOUNTANTS



WEN-SHIEN CHAI
PARTNER

Signed at Perth this 21st day of December 2018.