



Supplementary Item

13 November 2019

ALL INFORMATION AVAILABLE IN VARIOUS FORMATS ON REQUEST

city@busselton.wa.gov.au




CITY OF BUSSELTON

SUPPLEMENTARY ITEM FOR THE COUNCIL MEETING TO BE HELD ON 13 NOVEMBER 2019

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16. FINANCE AND CORPORATE SERVICES REPORT**16.1 ANNUAL REPORT 2018-2019**

STRATEGIC GOAL	6. LEADERSHIP Visionary, collaborative, accountable
STRATEGIC OBJECTIVE	6.1 Governance systems, process and practices are responsible, ethical and transparent.
SUBJECT INDEX	Annual Report
BUSINESS UNIT	Corporate Services
REPORTING OFFICER	Corporate Planning Officer - Cathy Burton
AUTHORISING OFFICER	Director Finance and Corporate Services - Tony Nottle
NATURE OF DECISION	Executive: substantial direction setting, including adopting strategies, plans and policies (excluding local planning policies), tenders, setting and amending budgets, funding, donations and sponsorships, reviewing committee recommendations
VOTING REQUIREMENT	Absolute Majority
ATTACHMENTS	Attachment A Annual Report 2018-2019   Attachment B Financial Report  

OFFICER RECOMMENDATION

That the Council:

- 1. Accepts the 2018-2019 Annual Report as per Attachment A and Attachment B.**
- 2. Determines that the annual general electors' meeting is to be held at 2 Southern Drive Busselton on 2 December 2019.**

EXECUTIVE SUMMARY

This report presents the City of Busselton 2018-2019 Annual Report (Annual Report) for Council acceptance in accordance with the *Local Government Act 1995* (the Act) and seeks endorsement of a date for the holding of the annual general electors' meeting.

BACKGROUND

The City produces an annual report of activities at the conclusion of each financial year, in accordance with the requirements of the Act, as outlined in the Statutory Environment section of this report. The City's Annual Report provides information about the City's progress over the financial year in respect of its priorities, as outlined in the Corporate Business Plan; which contribute to achievement of the goals and aspirations contained in the Strategic Community Plan 2017 (Review 2019).

A draft Annual Report 2018-2019 (exclusive of financials) was provided to Council members at a briefing session on 9 October 2019 for feedback. Councillor feedback has been incorporated into the final production of the report.

OFFICER COMMENT

The Annual Report 2018-2019 documents the City's priority activities over the course of the 2018-2019 financial year. The report also records the other required statutory information, including a letter from an independent auditor in relation to the auditor's examination of the City's financial statements. Unlike previous years, a summary statement of the City's financial position is not provided by the Auditors and so does not form part of the printed content of the Annual Report. The full suite of the City's financial statements will be included however in the form of an inserted booklet / supplementary attachment.

The Audit Committee discussed the need for the inclusion of specific wording to address the Current Ratio trend for the City of Busselton. In response an additional footnote has been placed in the Annual Report to be published online. This includes the following wording:

“As a result of a Council decision (C1303/074), the City transfers any surplus at the end of the financial year into its reserves. As a result this has an impact on the Current Ratio reported. It is noted however, that Council’s cash backed reserves are significant, therefore rendering the current ratio to be not an accurate depiction of the City’s liquidity.”

50 full colour copies of the Report will be printed. The Annual Report along with the Financial Report will be posted to the City’s website together to form a complete year-end report. Availability of the Report will also be promoted on the City’s Your Say Busselton website and Twitter, Facebook and Instagram accounts.

The Annual Report has been prepared such that the annual general electors’ meeting can be held before the end of the 2019 calendar year with the date of Monday 2 December 2019 proposed; to be held in the Undalup Room.

Statutory Environment

Sections 5.53, 5.54, 5.55, and 5.55A of the *Local Government Act 1995* describe the required content of a local government’s annual report and how to prepare, accept, give notice of and publish the report.

In accordance with Section 5.53 the annual report is to contain:

- a report from the mayor or president; and
- a report from the CEO; and
- an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year; and
- the financial report for the financial year; and
- such information as may be prescribed in relation to the payments made to employees; and
- the auditor’s report prepared under section 7.9(1) or 7.12AD(1) for the financial year; and
- a matter on which a report must be made under section 29(2) of the *Disability Services Act 1993*; and
- details of entries made under section 5.121 during the financial year in the register of complaints, including:
 - the number of complaints recorded in the register of complaints; and
 - how the recorded complaints were dealt with; and
 - any other details that the regulations may require; and
 - such other information as may be prescribed.

Under Section 5.54, it is a statutory requirement that the Annual Report is accepted by an absolute majority of Council before 31 December each year. The report must be published on the City’s website within 14 days of acceptance.

Section 5.29 of the Act requires that the annual general electors’ meeting be held within 56 days of acceptance of the Annual Report, upon the provision of 14 days’ notice.

Relevant Plans and Policies

There are no relevant plans or policies to consider in relation to this matter.

Financial Implications

There are no financial implications associated with the officer recommendation, with the cost of producing the Annual Report factored into the City's 2019-2020 annual budget.

Stakeholder Consultation

No external stakeholder consultation was required or undertaken in relation to this matter.

Risk Assessment

An assessment of the potential implications of implementing the officer recommendation has been undertaken using the City's risk management framework, with risks assessed taking into account any controls already in place. No risks of a medium or greater level have been identified.

Options

Council may choose:

1. Not to accept the Annual Report or to request changes to be made to the Annual Report, noting that Council are required to accept an Annual Report no later than 31 December and to hold an electors' meeting no later than 56 days after this acceptance.
2. To select an alternative preferred date for the annual general electors' meeting, within the 56 day window.

CONCLUSION

The City of Busselton Annual Report 2018-2019 requires acceptance by an absolute majority of Council before being publicly released. Council is also requested to endorse the proposed date for the annual general electors' meeting.


TIMELINE FOR IMPLEMENTATION OF OFFICER RECOMMENDATION

A two week statutory advertising period of the annual general electors' meeting is required and will take place from Friday 15 November to Friday 29 November. The annual general electors' meeting will be held on Monday 2 December 2019.

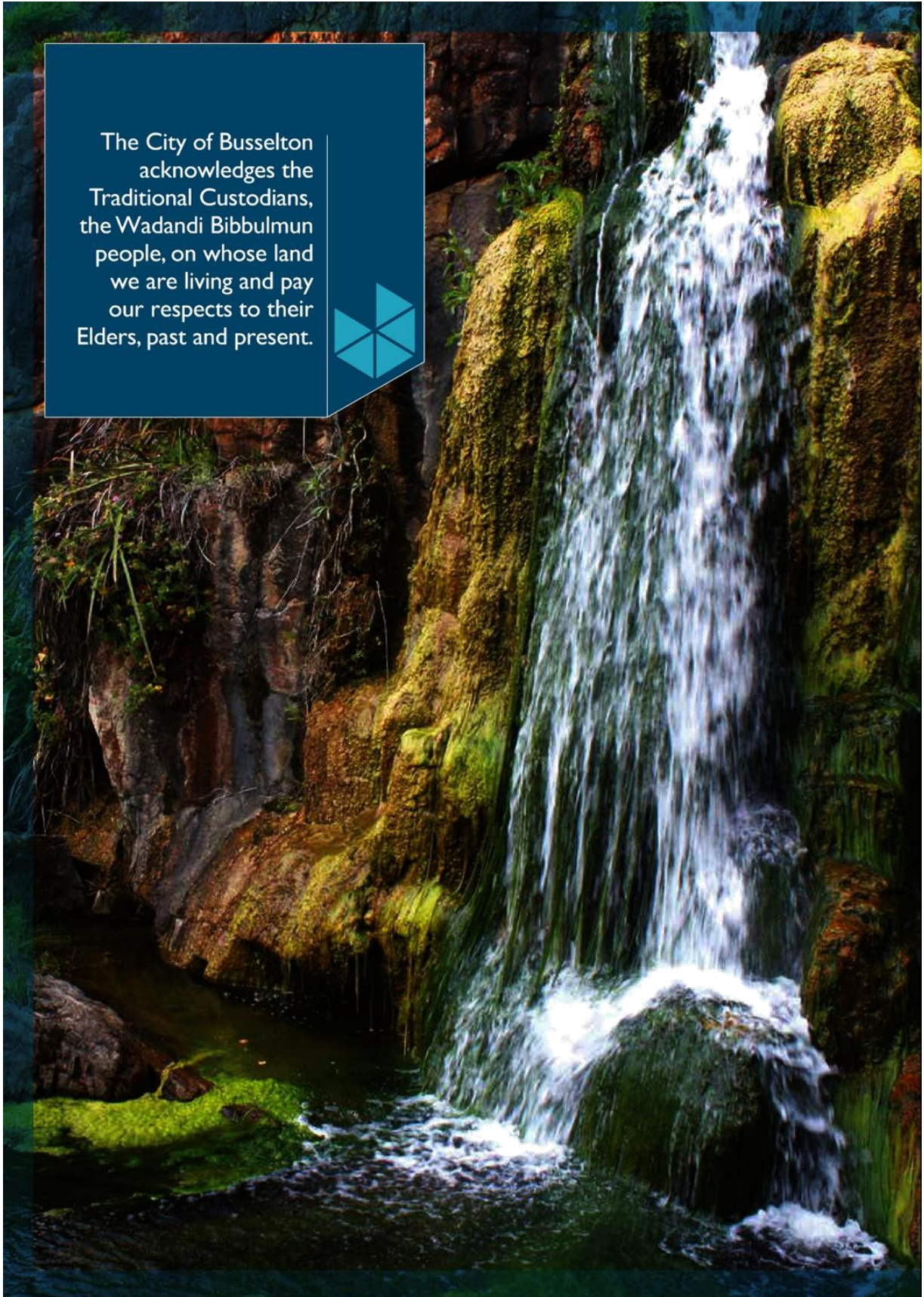
Annual Report *2018-2019*

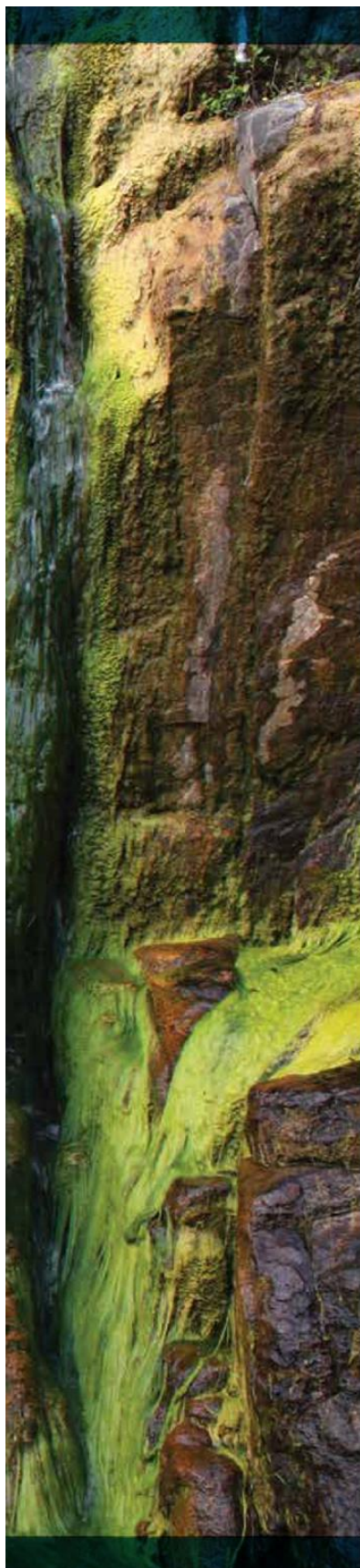


*Where
environment
lifestyle and
opportunity
meet!*


City of Busselton
Geographic Bay

The City of Busselton
acknowledges the
Traditional Custodians,
the Wadandi Bibbulmun
people, on whose land
we are living and pay
our respects to their
Elders, past and present.





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FROM THE *Mayor & Chief Executive Officer*



MAYOR
Grant Henley



CHIEF EXECUTIVE OFFICER
Mike Archer

This year we have seen the fruition of many significant projects which have long been in the planning.

These include the signing of a Memorandum of Understanding to facilitate the development of a luxury hotel complex on the Busseton Foreshore and the commencement of a new tennis centre east of Barnard Park.

Completion of a lease agreement also gave the go ahead for construction of a new brewery and family style restaurant on the Busseton Foreshore.

Another important milestone was the formal opening of Sea Play on the Bay: a nautical-themed adventure playground which has proved immensely popular with locals and tourists and received three Institute of Public Works Engineering Australia awards at the 2019 ceremony. Other features of this great new community hub include a covered amphitheatre and a purpose-built toddler's playground.

In Dunsborough the City remained focused on progressing town centre renewal works with \$1.3million invested in landscaping upgrades and

improvements to pedestrian and vehicle accessibility. Footpath upgrades along Dunn Bay Road were completed along with extensive re-greening and car parking improvements. We also continued to plan for the long term future of Dunsborough by progressing investigations regarding the availability of a non-potable water supply to support the development of future sporting ovals at Dunsborough Lakes.

The City again prioritised rural road works across the District, actively seeking and being granted accelerated receipt of \$3.7million of Roads to Recovery funding and enabling future rural road upgrades to be fast tracked. The Busseton Traffic Project was advanced with significant community consultation undertaken over several months. State and Federal approval was sought to commence works on a new link road from Causeway Road to Peel Terrace (including a new bridge over the Vasse River) with work set to commence in the near future.

We also stepped up our engagement efforts with our community. Very successful engagement initiatives were undertaken including consultation on a future Sport and Recreational Facilities Strategy, a series of community place-making workshops to generate ideas on how we can activate our town centres, and pop-up sessions in Dunsborough to receive community input on future town planning. Consultation with local Aboriginal people has been instrumental in the development of a Draft Reconciliation Action Plan.

It's been a productive year and we acknowledge the efforts of Elected Members and City Officers. We also extend our appreciation to Councillor Rob Bennett who resigned from Council due to ill health. Rob made an excellent contribution during his time in office and we wish him well.



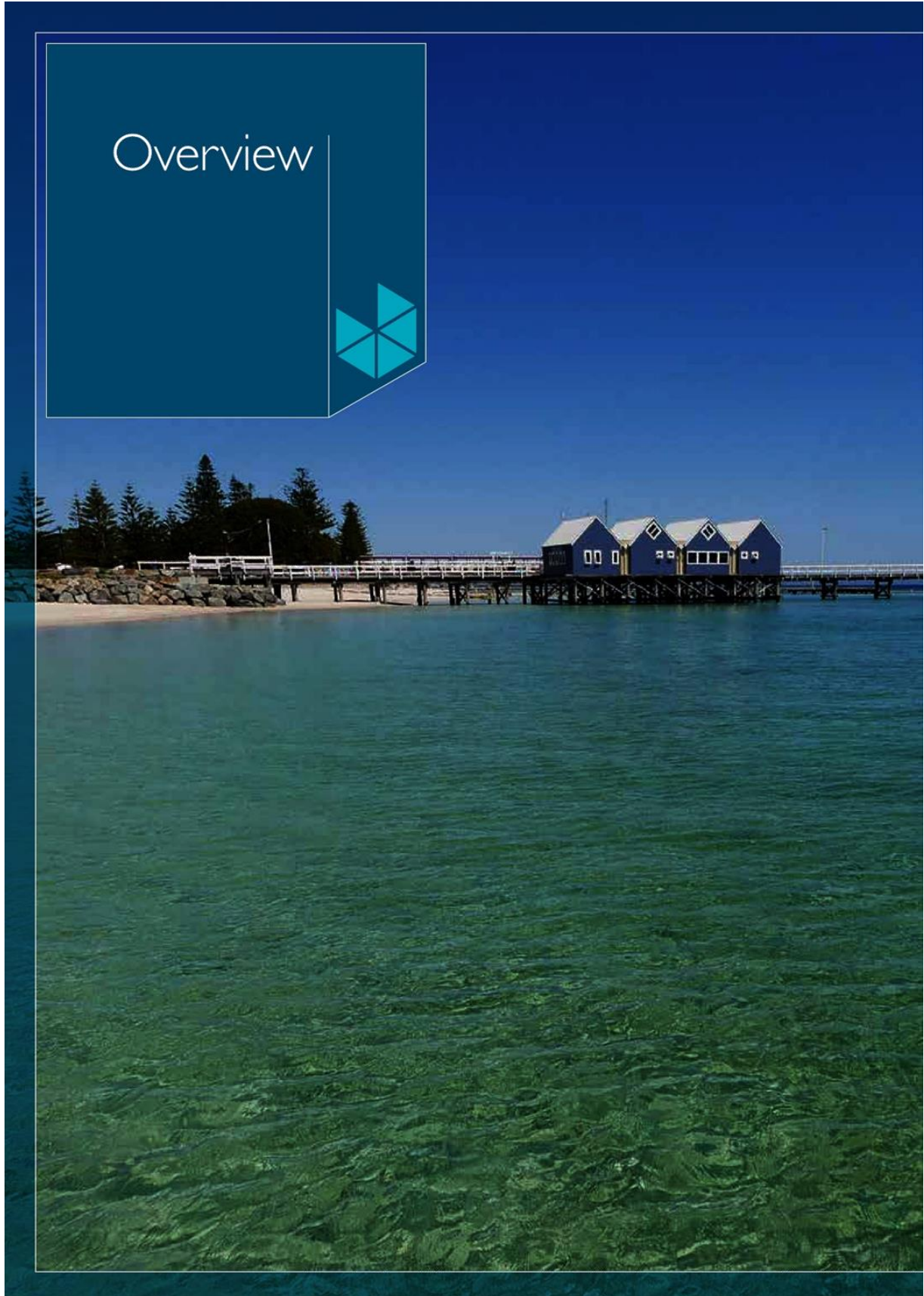
Mayor Grant Henley



Chief Executive Officer
Mike Archer



Overview



OUR *City*



* Source: Australian Bureau of Statistics Busselton (LGA) (51260) ABS Regional data 29 May 2018

2018 - 2019 *Highlights*



Busselton Foreshore Jetty Precinct receives Park of the Year Award.



Plans unveiled for new hotel development on the Busselton Foreshore.

YouthCARE and the City celebrate their 10 year partnership supporting chaplaincy programs at local schools.



Place Project kicks off to share ideas for livelier town centres.



Management plans completed for Toby Inlet and the Lower Vasse River.



Revitalising Geographe Waterways Project receives \$1.6M from State Government.



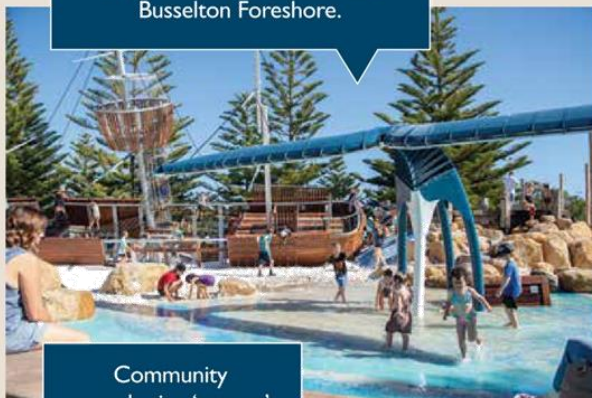
\$400k State Government grant for Lou Weston courts and pavilion upgrades.



Airfreight hub officially opened.



Toddler Playground and 'Sea Play on the Bay' opens on the Busselton Foreshore.



Draft REFLECT Reconciliation Action Plan circulated.

Community consultation 'pop up' office in Dunsborough to discuss future town centre plans.



New Technogym installed at the Geographe Leisure Centre.



ELECTED *Members*



From left: Cr Rob Bennett, Cr Robert Reekie, Cr Corlaie Tarbotton, Cr Ross Paine, Mayor Grant Henley, Cr Kelly Hick, Cr John McCallum, Cr Paul Carter, Cr Lyndon Miles,

Council meetings

Council meetings are held on the second and fourth Wednesday of every month, unless Council is in recess. On the first and third Wednesday of the month, the community has an opportunity to address elected members during a Community Access session about any item on their mind.

Council Agenda items are published in the City Connect section of the local newspaper and on the City's website at <https://www.busselton.wa.gov.au/Council> a week before each meeting.

Meeting Type	Number	Purpose
Ordinary	21	Normal business
Special	1	25 July 2018 Annual budget consideration
	1	3 December 2018 2017 - 2018 Annual Report Endorsement



Council Committees

	Airport Advisory Committee	Audit Committee	Bush Fires Advisory Committee	Busseton Settlement Art Committee	CapeROC	Finance Committee	Local Emergency Management Committee	Meelup Regional Park Management Committee	Policy and Legislation Committee
Cr Grant Henley	N/A	2	1		3	8	4		9
Cr Coralie Tarbotton	2	N/A	N/A		N/A	7	N/A		3 D
Cr John McCallum	2	N/A	N/A		2	9	N/A		2 D
Cr Kelly Hick	2	2	N/A		2	1 D	N/A		10
Cr Lindon Miles	N/A	N/A	N/A		1 D	2 D	N/A		8
Cr Paul Carter	2	2	N/A		N/A	7	N/A		N/A
Cr Rob Bennett	N/A	N/A	N/A		1	3 D	4		5
Cr Robert Reekie	N/A	N/A	4		N/A	10	N/A		7 D
Cr Ross Paine	N/A	N/A	N/A		N/A	5 D	N/A		10

D = Deputy

Airport Advisory Committee

The committee provides an ongoing forum for liaison, cooperation and discussion of all issues related to the Busseton Margaret River Airport (BMRA) and makes recommendations to Council on matters associated with the development of the BMRA.

Audit Committee

Section 7.12(A)(2) of the *Local Government Act 1995*, requires this committee to assist Council to fulfil its corporate governance, stewardship, leadership and control responsibilities regarding financial reporting, internal audit and risk management.

Bush Fires Advisory Committee

The Bush Fires Advisory Committee provides advice to Council on matters relating to bush fire control, prevention and management.

Busseton Settlement Art Project Steering Committee

This committee raises funds and oversees the commissioning of sculptures for the Busseton Settlement Art Project.

CapeROC

CapeROC is a voluntary and cooperative joint initiative between the City of Busseton and the Shire of Augusta Margaret River.

CapeROC seeks to enhance the capacity of both local governments to deliver social, economic and environmental benefit to their communities and the region.

Finance Committee

The Finance Committee is established for the purpose of assisting the Council with its role under Section 27(2)(a) of the *Local Government Act 1995*, to oversee the allocation of the local government's finances and resources.

Local Emergency Management Committee

Pursuant to Section 39 of the *Emergency Management Act 2005* the Committee provides skills, knowledge and advice to assist the City of Busseton in ensuring that local emergency management arrangements are established for the district.

Meelup Regional Park Management Committee

This committee reviews the five year plan of capital, operating expenditure and income for Council endorsement and cares for, controls and manages all areas of Meelup Regional Park, except any areas specifically excluded by Council.

Policy and Legislation Committee

The Policy and Legislation Committee assists the Council to determine its policies and to carry out its legislative function by reviewing the City's delegations and policies, Local Laws and other delegated legislation, and to consider and advise Council on significant policy or legislative implications or matters.

Councillors also represent the City in a large number of informal working groups and external groups that are not captured here.

Executive TEAM



Office of the Chief
Executive Officer
CHIEF EXECUTIVE OFFICER
Mike Archer



Community and
Commercial Services
DIRECTOR
Naomi Searle



Engineering and
Works Services
DIRECTOR
Oliver Darby



Finance and
Corporate Services
DIRECTOR
Tony Nottle



Planning and
Development Services
DIRECTOR
Paul Needham

Service Delivery STRUCTURE

	Business Unit	Activity Unit			
Office of the Chief Executive Officer	Executive Services				
Community and Commercial Services	Community Development	Cultural Services	Library Services	Recreation Services	Community Development
	Commercial Services	Airport Operations	Economic and Business Development	Events	Tourism Services
	Airport Development Project				
Engineering and Works Services	Engineering and Technical Services	Asset Management	Design and Survey	Development Control	Landscape Architecture
	Major Projects and Facility Services	Facility Services	Major Projects		
	Operations Services	Maintenance and Construction	Parks and Gardens		
	Waste and Fleet Services	Fleet Management	Waste Services		
Finance and Corporate Services	Financial Services	Finance	Rates		
	Governance and Corporate Services	Human Resources and Risk	Governance	Public Relations	
	Information Services	Customer Services	Information and Communication Technology	Records	
	Legal and Property Services	Legal Services	Land and Property Leasing		
Planning and Development Services	Development Services	Building Services	Statutory Planning	Compliance Services	
	Environmental Services	Environmental Health	Environmental Management	Ranger and Emergency Services	
	Strategic Planning	Strategic Planning			



STRATEGIC COMMUNITY PLAN *Minor Review*

Early in 2019 the City conducted a minor review of the Strategic Community Plan (SCP) 2017.

The review included a survey which was open for community input between 30 January and 25 February.

The results

The minor review confirmed that the direction of the SCP 2017 continues to align with community goals and objectives. Some minor amendments were made however to refine the emphasis of two SCP objectives and 13 SCP strategies. The amendments are reflected in the current SCP 2017 (Review 2019) document and subsequently responded to in various plans adopted by the City.

Review report

- A report detailing the outcomes of the consultation and subsequent amendments was approved by Council on 10 April 2019 (C1904/070) and is available on the City's website at:
<https://www.busselton.wa.gov.au/Council/Meetings>
- A summary of the Strategic Community Plan 2017 (Review 2019) is available on the City's website at:
<https://www.busselton.wa.gov.au/Council/Corporate-Documents>
- A hard copy of the summary document is available at the City's libraries. The summary can also be requested at the City's customer service desk and by telephoning 9781 0444 or emailing city@busselton.wa.gov.au.



Key Goal Area **1**
Community
*Welcoming, Friendly
and Healthy*



Key Goal Area **2**
Places and Spaces
*Vibrant, Attractive
and Affordable*



Key Goal Area **3**
Environment
*Valued, Conserved
and Enjoyed*



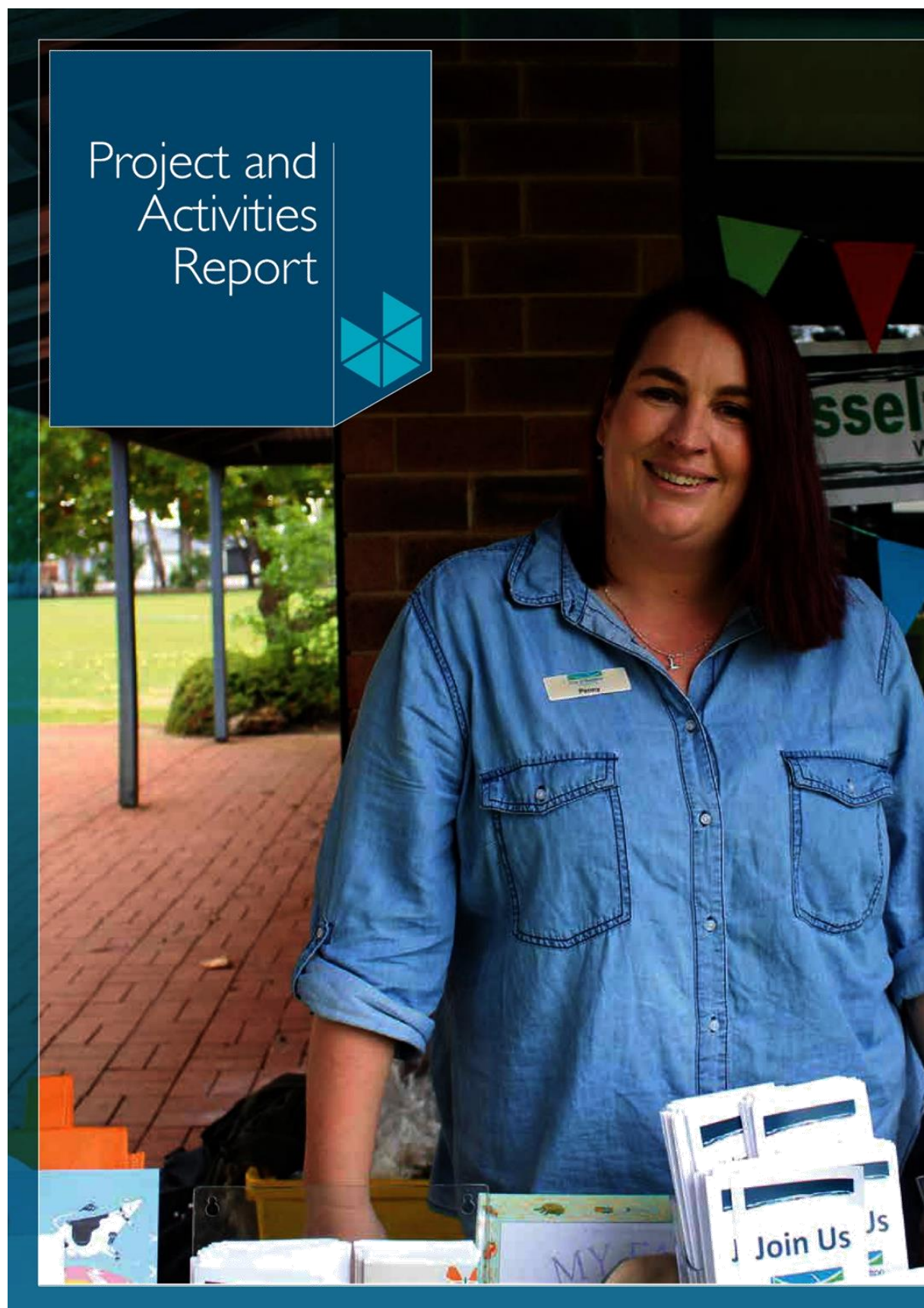
Key Goal Area **4**
Economy
*Diverse, Resilient
and Prosperous*



Key Goal Area **5**
Transport
*Smart, Connective
and Accessible*



Key Goal Area **6**
Leadership
*Visionary, Collaborative
and Accountable*



2018 - 2019 PROJECTS AND ACTIVITIES *Progress*

The City's Corporate Business Plan details the services delivered by the City and the key actions that have been prioritised over a four year period to deliver on the communities objectives.

Progress status
is illustrated as:



Completed



Proceeding to Schedule/Ongoing



Experiencing delays

Our achievements against the priorities outlined in the first year of the City's Corporate Business Plan 2018-2022 are categorised in the following pages according to the -

- Six Key Goal Areas of our Strategic Community Plan
- Community objectives of each Key Goal Area
- Service area leading the project
- Project description
- Project status
- Progress description



Key Goal Area 1

Community

*Welcoming, friendly
and healthy*



The City delivers a diverse range of community, cultural and recreational services and infrastructure to meet the changing needs of the community.

The City works in partnership with community groups and government agencies to ensure initiatives are developed and delivered to reflect and meet community needs and help to build an inclusive and capable community.

Volunteer Brigade
exercises

7

Volunteer Brigade
callouts

76

Food premises
assessments

373

YCAB
attendance

9,146

Teddy Bears Picnic
attendees

≈450

KEY GOAL AREA /

1.1 A friendly and safe community with a strong community spirit.

Primary Service Provider	Project / Action	Status	2018 - 2019 Achievements
Community Development	Disability Action and Inclusion Plan (DAIP) Complete the DAIP review and implement as a guide for ensuring City operations and services are inclusive of all members of the community.	✓	Two new members were appointed to the DAIP Reference Group in January. The City's new Disability Access and Inclusion Plan was approved by Council and published in February. The City also registered with the Free Interpreting service provided by the Department of Social Services.
	Support Community Initiatives and Facilities Promote and administer two rounds of community grants each financial year. Provide an annual information session prior to each community grants program.	▶	The 2018/2019 program awarded a total of 237,930 to 23 applicants. A workshop with prospective applicants to the 2019-2020 program held on 7 March resulted in 19 applications being received totaling \$253,845.
	Community Safety and Security Strategy (SSS) Implementation Implement the SSS for Busselton and Dunsborough town centres and surrounding districts.	▶	The Lock It or Lose It bike lock awareness program was launched in October. A Crime Prevention Pop Up in conjunction with WA Police and Burnings was held in February to promote anti-theft number plate screws. Meetings were also held with the WA Police Graffiti team to discuss current graffiti issues and anti-graffiti promotions.
	Enhance Cultural Awareness and Relationships with Aboriginal people In partnership with the District's local Aboriginal community develop and implement a Reconciliation Action Plan (RAP).	▶	The draft RAP was delivered to local Aboriginal service providers, organisations, schools, and Aboriginal community members for comment. Preparations began for the NAIDOC week ball scheduled in July.
Ranger and Emergency Services	Bushfire Risk Management Develop a Bushfire Risk Management Plan (BRMP).	▶	The draft BRMP was considered by the Department of Fire and Emergency Services and minor changes made. The BRMP now awaits endorsement by the Office of Bushfire Risk Management.

1.2 A community with access to life-long health and education opportunities.

Primary Service Provider	Project / Action	Status	2018 - 2019 Achievements
Community Development	Children and Family Services Support intervention programs promoting the importance and value of a child's early development.	▶	Paint the Cape REaD reading Mascot, Barney the Barn Owl, was officially launched in October. Other events include a Teddy Bears Picnic at the Busselton Foreshore, the national launch of the Paint the Town REaD Book Relay at Dunsborough's Cornerstone Primary School and the 4th Annual Play Day at the Vasse Primary School. The City and Youthcare celebrated 10 years of support for primary school children with the City continuing to help fund additional Chaplaincy hours at all public primary schools in the District.
Environmental Health	Public Health Plan Prepare a Public Health Plan that meets the requirement of the Public Health Act 2016 and guides the City's overall planning for public health delivery.	▶	A draft Health Status Report is in progress. The report is intended to inform the City's Public Health Plan and community priorities.
	Mosquito Monitoring, Control and Treatment Implement the Mosquito Control Strategy and conduct public education programs about the dangers of mosquitoes.	▶	The 2018-2019 mosquito management program was carried out between November and January in collaboration with the Shire of Capel. The program involved adult and larva monitoring and completed four aerial larvicide applications.

KEY GOAL AREA /

1.3 A community with access to a range of cultural and art, social and recreational facilities, and experiences.

Primary Service Provider	Project / Action	Status	2018 - 2019 Achievements
Community Development	Settlement Art Project Complete the Busselton Settlement Art Project.		The Aboriginal sculpture was completed and unveiled on 19 January. The Pioneer Woman sculpture was commissioned and the clay frame model completed.
	Performing Arts and Convention Centre Progress the business case for the design and development of a performing arts and convention space and continue to explore funding opportunities.		The City's application to the Federal Regional Growth Fund for \$10.35M to assist with the BEACH project was approved.
	Recreation Facilities Strategy Prepare a recreation facilities strategy to guide future development of Sir Stewart Bovell Park and other sporting venues.		The Strategy framework was completed in February. Extensive consultation with sporting clubs and associations and other stakeholders began in March. A community survey was completed and results are being assessed.
	Naturaliste Community Centre Upgrade the Naturaliste Community Centre according to the master plan.		Flora, fauna and aboriginal heritage studies were completed to inform future expansion of the facility. These upgrades will be informed by the Recreation Facilities Strategy.
	Geographe Leisure Centre (GLC) Complete planning for the upgrade of the GLC.		The Recreation Facilities Strategy will explore upgrade alternatives and priorities. Recommendations will be accommodated in a revised Asset Management Plan to further inform new priorities, maintenance and schedules ahead of any new development.
	Vasse Integrated Sporting Precinct Pavilion Continue planning for the development of hard courts and a future pavilion at the Vasse Integrated Sporting Precinct.		The proposed upgrade to the Vasse Newtown oval progressed in consultation with the Vasse Recreation Facilities Working Group. A contractor was engaged to prepare a draft concept plan and cost estimates. Discussions with the Vasse and Districts Community Centre regarding the transfer of water licence for the oval continued.
	Lou Weston Oval Upgrade the club facilities at Lou Weston Oval according to the approved detailed design.		\$400k was secured from the Community Sporting and Recreation Fund towards a \$1.7M project. The detailed design of the upgrade is scheduled to begin in 2019-2020 in consultation with user groups.
	Busselton Tennis Club Facilities Relocation Continue to work with the Busselton Tennis Club to progress the relocation of tennis facilities as part of the Busselton Foreshore Development.		The City received \$180k from Tennis Australia to assist with funding for this project of approx \$4M. The new clubrooms on the Busselton foreshore are scheduled to open in October 2019.
Facility Services	Churchill Park Upgrade the building and facilities at Churchill Park.		The Croquet Club's new clubroom was completed. The Bowling Club car park was bituminised enabling the new Brown Street entry and exit to service this area.
	Port Geographe Parking Facilities – Stage 1 Construct additional boat trailer and car parking at Lot 584 Port Geographe.		Works regarding the Port Geographe boat trailer parking layout (Stage 1) project began in early December and were completed in February.
	Port Geographe Floating Jetty Construct a floating jetty at Port Geographe.		A decision was made to construct three finger jetties. Works began in the second quarter of 2019. Completion is anticipated by September 2019.

KEY GOAL AREA /

1.4 Work with key partners to provide a range of community services and programs that support people of all ages and backgrounds.

Primary Service Provider	Project / Action	Status	2018 - 2019 Achievements
Community Development	Youth Initiatives Implementation Implement actions from the Youth Services section of the City's Social Plan.	▶	Networking and workshop programs continued with key youth organisations and networks, the CWA, Juvenile Justice Department, Mental Health and Drug Strategic planning forum, RYDE volunteers, Dunsborough Primary school students, SMYL, LAMP, Christian Surfers, WA police graffiti team and Rio Tinto. A number of the City's SHIFT Youth Crew also became founding members of the Local Drug Action Group.
	Youth and Community Activities Building (YCAB) Activation Provide weekly and school holiday activities at the YCAB.	▶	A total of 9,146 youth attended the YCAB with 3,233 attending during school holidays. Regular Cops vs Kids basketball games were held to help develop respectful relationships between youth and the local police. Skills courses included Responsible Service of Alcohol certificate training and self-esteem for young females.
	Seniors Initiatives Implementation Implement actions from the Senior Services section of the City's Social Plan.	▶	The City's libraries held a variety of workshops and seminars including journey with Dementia, My Health Record and Seniors Tech classes. The Tech Savvy Seniors program delivered training for Seniors at aged care accommodation and similar facilities for those unable to travel.
	Busselton Senior Citizens Centre Expansion Lead the project to expand the Busselton Senior Citizens Centre.	▶	The City secured additional funding to assist with the expansion project valued at \$1.2M. Expansion will achieve improvements to access, storage, customer experience and administration, future proofing the building for the long term. The detailed design phase has commenced.

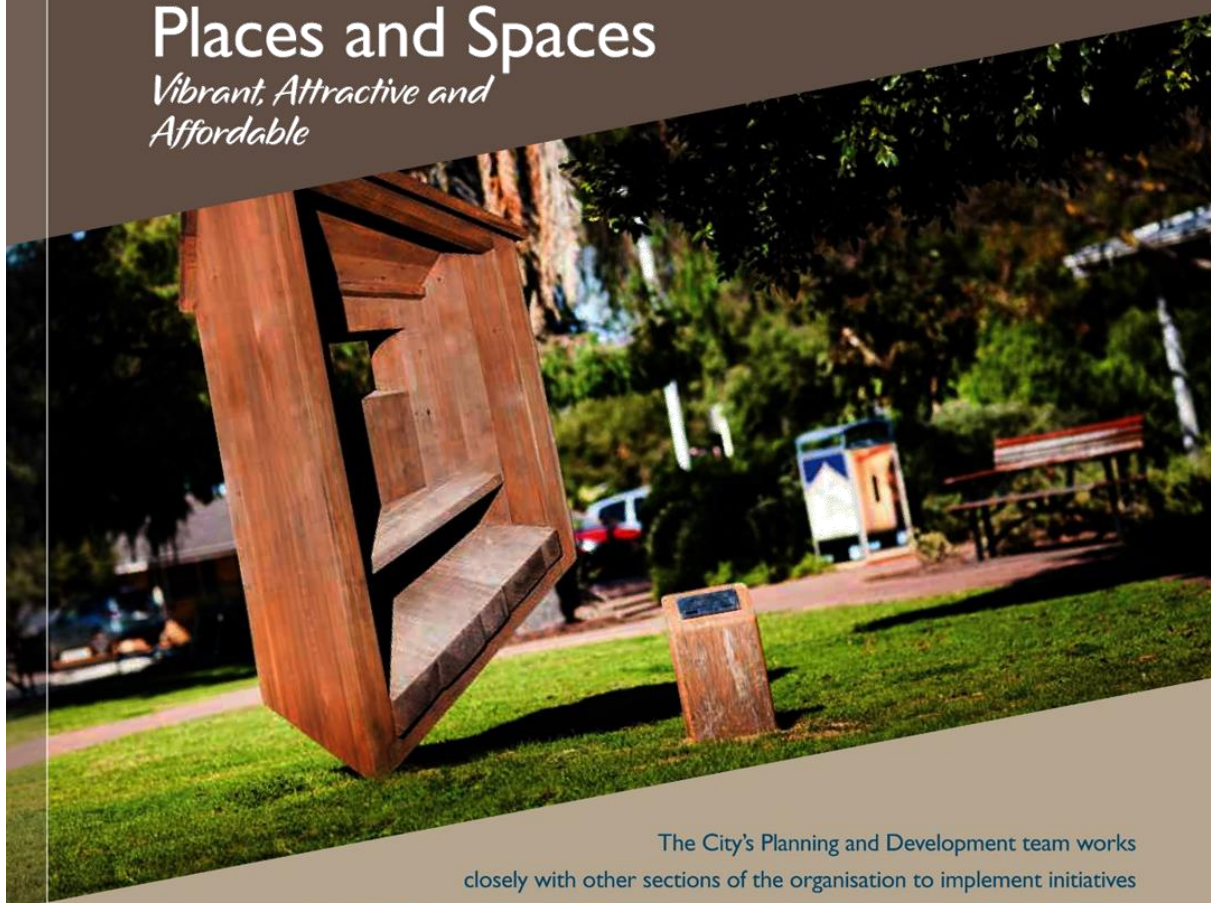
**Major Initiatives
2019 - 2020**

- Prepare, adopt and implement the City's Recreation Facilities Strategy to guide forward planning and delivery of sport and recreation facilities in the District.
- Prepare a Public Health Plan compliant with the Public Health Act 2016, that provides a strategy for the delivery of public health in the District.
- Progress planning for the design, development and operation of the BEACH.

Key Goal Area 2

Places and Spaces

*Vibrant, Attractive and
Affordable*



The City's Planning and Development team works closely with other sections of the organisation to implement initiatives which improve the amenities our community enjoys and the way our growth is managed. Guided by the Local Planning Strategy and the Local Planning Scheme, these two plans provide the framework for the development of the City in years to come.

Testimony to the quality of amenities provided by the City was the receipt of three awards relating to the Busselton Foreshore upgrade: 2019 Children's Environment and Health Local Government Policy Awards, Parks and Leisure Australia Regional Awards WA – 2019 Park of the Year and IPWEA Best Public Works Project Greater than \$5m Award (Regional).

During the year we introduced changes to our Planning service desk to improve customer experience and created a dedicated staff position to support the regulation of holiday homes.

Holiday Homes
determined

133

Registered
holiday homes

809

New dwelling
permits issued

454

Total building
permits issued

1,336

Total building
value

\$235M


KEY GOAL AREA 2

2.1 Planning strategies that foster the development of neighbourhoods that meet our needs as we grow.




Primary Service Provider	Project / Action	Status	2018 - 2019 Achievements
Customer Services	Busseton Cemetery Expansion Work to expand the Busseton Cemetery.	II	Work to finalise the Contract of Sale for the purchase of Lot 9009 Neville Hyder Drive continued. The complexity of working with several State government departments to obtain the land has protracted this process.
Strategic Planning	Developer Contributions Progress the review of the Developer Contributions Plan 2008.	▶	Internal discussions and preparations were undertaken to determine the best approach and definition/delineation of Developer Contribution Plan (DCP) areas ahead of the formal review of existing DCPs which is scheduled for late 2019.
	Non Potable Water Supply Dunsborough Secure a non-potable water supply to facilitate the development of sport ovals beyond stage 1 of the Dunsborough Lakes Sporting Facilities.	▶	Five potential bore sites east of the Dunsborough Fault have been identified. Meetings were held with the relevant landowners to advise of the City's intentions in respect to installing (initially) an 'investigation bore' at a selected site to determine the water quality, peak rate and sustainability etc. of ongoing supply.
	Local Planning Strategy Finalise the Local Planning Strategy following approval by the WA Planning Commission.	II	The WA Planning Commission (WAPC) advised of the amendments/modification required to the Draft Local Planning Strategy on the basis of findings and recommendations made in the Leeuwin Naturaliste Sub-Regional Strategy, published by the WAPC in May 2019.
	Local Planning Scheme Review Complete the Town Planning Scheme review.	▶	A 'Report of Review' was presented to Council in May recommending the Scheme be reviewed through strategic amendment(s). The minuted report has been forwarded to the WA Planning Commission (WAPC) outlining the City's recommended approach, which is estimated to take two to three years.
	Yalyalup Development Construct a sport and recreation oval in Yalyalup.	▶	The Structure Plan for the balance of the Provence Estate, of which the proposed oval forms a part, was endorsed by the City and is awaiting WAPC final determination.
	Strategic Land Review Implement the recommendations of the Strategic Land Review	II	Several items are awaiting further progress to be made by the Department of Planning, Lands and Heritage and the Department of Biodiversity, Conservation and Attractions, and resolution of the South West Native Title Settlement matter.



KEY GOAL AREA **2****2.2** *Attractive parks and open spaces that create opportunities for people to come together, socialise and enjoy a range of activities.*

Primary Service Provider	Project / Action	Status	2018 - 2019 Achievements
Major Projects	Busselton Foreshore Redevelopment Continue with the Busselton Foreshore redevelopment in accordance with the Master Plan.		Defects liability and maintenance consolidation periods for Stage 3 works are ongoing. Commercial developments including Microbrewery and Hotel Site 2 development approvals have been submitted. Seasonal stalls have been procured and fabrication is underway. The activation of Jetty Way and relocation of the Tennis Club is continuing.
Strategic Planning	Public Open Space (POS) Strategy Determine the priorities for public open space expenditure to guide future planning and decision making.		The origins of cash-in-lieu contributions for POS have been assessed and spending priorities determined based on the proximity to origin of development contribution, identified community need, legislative requirements and available allocation funding. Recreation assets have been identified for each relevant POS site using a 'reuse, renew or rebuild' approach.

2.3 *Creative urban design that produces vibrant, mixed use town centres and public spaces.*

Primary Service Provider	Project / Action	Status	2018 - 2019 Achievements
Engineering and Technical Services	Busselton War Memorial Relocation Relocate the Busselton War Memorial to Rotary Park.		A concept for relocating the war memorial has been prepared. Finalisation of the locations and design is subject to further consultation with the relevant parties.
Strategic Planning	Busselton Activity Centre Plan Commence and complete the preparation of an Activity Centre Plan for Busselton City Centre.		A project brief is being prepared for a retail/economic analysis of the townsites central business district, which is expected to be finalised by early September 2019.
	Dunsborough Activity Centre Plan Complete an Activity Centre Plan and Urban Design Local Planning Policy for Dunsborough Town Centre.		The 'Commercial Growth Analysis' study was completed. The draft final report of the Dunsborough Town Centre Parking Utilisation and Turnover Survey has been received. Future action will be determined based on these outputs.

**Major Initiatives 2019 - 2020**

- Complete the redevelopment of the Busselton Foreshore.
- Progress the redevelopment of Mitchell Park.
- Complete an Activity Centre Plan for the Dunsborough Town Centre.

Key Goal Area **3**

Environment

*Valued, Conserved
and Enjoyed*



With the challenges of population growth and changes to our climatic conditions, the protection and enhancement of our environment remained a key focus during the year with the content of our plans and strategies enriched through close consultation and networking with community groups, associations and government agencies.

We are proud that this year the City became a member of the State Government's Western Ringtail Possum Recovery Team and our efforts to better protect the City's critically endangered Western Ringtail Possum population made important progress, with Council adopting recommendations for the future protection and habitat enhancement of the Western Ringtail Possum.

Planning also began for a project to test the viability of introducing a Food Organics-Garden Organics (FOGO) bin trial to divert the amount of organic waste sent to landfill.

Native shrubs
planted
23,600

Native tube stock
seedlings planted
55,000

Tonnes of kerbside
waste recycled
4,576.13

Tonnes of scrap
metal recycled
1,517.53

Tonnes e-waste
recycled
58.9

KEY GOAL AREA **3****3.1** Development is managed sustainably and our environment valued.

Primary Service Provider	Project / Action	Status	2018 - 2019 Achievements
Environmental Management	Reserve Management Plans Continue to implement and review management plans for City reserves.	▶	The review of the Meelup Regional Park Management Plan is almost complete. Interpretive and reserve name signage has been installed at Blyth, East Busselton and Broadwater reserves. A range of revegetation, feral animal control, weed control and access trail works continued.
Property Management	Port Geographe Waterways Work with the State Government and key partners to fulfil the City's role in the ongoing management of Port Geographe waterways.	▶	Work with the Department of Transport (DoT) continued in relation to the dynamics of seagrass and sand accumulations as well as monitoring the outcomes of trials to date. Proposals from the developers and the potential impact on canal water quality are also the subject of ongoing consultation and information sharing with the DoT.
Strategic Planning	Municipal Heritage Inventory Review Finalise the Municipal Heritage Inventory and Heritage List to facilitate the implementation of incentives for heritage conservation.	⏸	This action was deferred and will now commence with the five yearly Heritage List/Municipal Heritage Inventory review, expected in 2020/2021.
Waste Management	Future Regional Waste Facility In conjunction with the Bunbury Wellington Group of Councils, continue to investigate the viability of implementing a regional waste to energy facility.	▶	A dedicated Officer was appointed in March to undertake a market-sounding exercise to determine the viability of establishing alternative waste treatment technology in the region.
	Rehabilitate the Busselton Waste Facility Continue the program to complete the rehabilitation of former landfill sites at Busselton Waste Facility.	▶	Lot 27 has been prepared for a prospective solar farm project. Minor fill works are ongoing as are contaminated site investigations. Tenders have been released seeking parties to advise on practicable remediation options, management measures and strategy pertaining to the beneficial use of groundwater on potentially impacted sites.
	Rehabilitate the Dunsborough Waste Facility Implement the rehabilitation plan for the Dunsborough Waste Facility.	▶	Transition to the new cell commenced in early December 2018. A topographical contour survey has been undertaken, with an update to the Rehabilitation plan and design based on the survey results to be commissioned. Work to reduce windblown litter within the Old Cell area is underway.

KEY GOAL AREA 3

3.2 Natural areas and habitats are cared for and enhanced for the enjoyment of current and future generations.

Primary Service Provider	Project / Action	Status	2018 - 2019 Achievements
Environmental Management	Contaminated Sites Continue to work with Department of Water and Environmental Regulation (DWER) and key stakeholders to appropriately manage and where possible, remediate contaminated sites.	▶	Contaminated soils from the southern face of the former pistol club in Queen Elizabeth Avenue (firing range) have been isolated and stockpiled. A revised Site Remediation Plan was forwarded to DWER for consideration, together with a request for the contaminated soil stockpile to remain onsite as part of the 'cap and contain' site remediation approach.
	Corella Management Implement the regional strategy for the management and control of Little Corella (<i>Cacatua sanguinea gymnopsis</i>) and the eastern Long Billed Corella (<i>Cacatua tenuirostris</i>).	▶	Corella scaring at the Busselton beachfront continued during the year. The regional Corella management Memorandum of Understanding endorsed by the Shires of Harvey, Dardanup and Capel and the Cities of Busselton and Bunbury has expired and is being revised.
	Meelup Regional Park Trails Progressively establish and maintain a network of quality walk and bike trails, signage and support facilities within the Park.	✓	The Brown Street trail network mountain bike trail facility within zone 6 of the Park was completed. Connecting trails were also constructed to link the network with the mountain bike trails located on Dunsborough District Country Club managed land.
	Meelup Regional Park Coastal Nodes Progressively implement the Meelup Regional Park Coastal Nodes Plan to ensure visitor safety and prevent adverse impact on Park values.	▶	Carparks at Gannet Rock and Point Picquet West were completed. Concept design and construction planning began for the Ngari and Wannang carpark upgrades near Eagle Bay.
	Meelup Waste Site Remediation Complete the remediation of the contaminated site in the Meelup Regional Park.	▶	A remediation consolidation report was prepared for submission to the Department of Water and Environmental Regulation (DWER) to support reclassification of the former waste disposal landfill area and enable its use for mountain bike trails.
	Street and Park Tree Planting Program Implement the street and park tree planting program for street and park enhancement and habitat improvement.	▶	A total of 1,228 trees were planted within street verges and parklands during the 2018 winter planting season.
	Western Ringtail Possum Working Group (WRPWG) Through the formation of this group and working with key stakeholders, research and make recommendations as to the approach and actions the City should take in relation to preserving the Western Ringtail Possum (WRP).	▶	The WRPWG findings and recommendations for the future protection and habitat enhancement of WRP together with proposed Amendment 42 to Local Planning Scheme 21 (Western Ringtail Possum Habitat Protection Special Control Area) were endorsed by Council in April. Approval of the Amendment by the Environmental Protection Authority and the Western Australian Planning Commission is pending.



KEY GOAL AREA **3****3.3** *The health and attractiveness of our waterways and wetlands is improved to enhance community amenity.*

Primary Service Provider	Project / Action	Status	2018 - 2019 Achievements
Design and Survey	Vasse River Beautification Enhance existing native vegetation and improve the visual amenity of the Lower Vasse River foreshore reserve between Peel Terrace and Streily Street.		Consultation continued with representatives of the Aboriginal community to discuss their vision for protecting and enhancing the area, which is within a registered heritage site abutting the Vasse River. These discussions helped to develop a vision for a first draft plan.
Environmental Management	Revitalising Geographe Waterways (RGW) Actively work with key stakeholders including the State Government and community representatives to progress long term water quality improvement.		The City continues to play a pro-active role on the Vasse Ministerial Taskforce, which provides overall coordination of the RGW programme. The four year RGW1 programme was completed at the end of the 18/19 year, and funding for a further one year RGW2 programme also secured. Over the RGW1 period, the Geographe Waterways were the only major inland waterways in WA to see an improvement in water quality. Key challenges going forward relate to identifying sustainable long-term governance and funding arrangements.
	Geographe Waterways Management Plans Complete management plans for both the Lower Vasse River and Toby Inlet.		Water Management Plans for the Lower Vasse River and Toby Inlet were adopted by Council on 22 May and are available on the City's website.

3.4 *Climate change risks and impacts are understood, acknowledged and responded to through appropriate planning and community education.*

Primary Service Provider	Project / Action	Status	2018 - 2019 Achievements
Engineering and Technical Services	Coastal Protection Progressively implement the Coastal Protection Management Program.		A total of \$281k was secured through the Coastal Adaptation Grants Scheme for beach monitoring and sand nourishment, the maintenance of the Craig Street groyne and seawall and coastal adaptation works at Broadwater Beach. Work on all these projects progressed during the year.
Environmental Management	Energy Action Plan Complete the development of an energy action plan identifying actions for energy reduction and re-use.		Drafting of the Energy Master Plan continued during the year, based on existing information from a consultancy report, an analysis of data from the City's energy and fuel consumption records and a range of other planning reviews, policies and waste to energy opportunities.
Strategic Planning	Coastal Adaptation Strategy Complete the preparation of the City of Busseton Coastal Adaptation Strategy.		The progress of this project has been delayed due to considerable required reworking of the draft 'Adaptation Options and Pathways' component. Completion of the Strategy is now anticipated toward the end of the 2019 calendar year.

Major Initiatives 2019 - 2020

- Complete the preparation of the City's Coastal Adaptation Strategy.
- Adopt an Energy Master Plan and implement energy generation and efficiency initiatives to improve the City's energy savings and reduce greenhouse gas emissions.
- Undertake a Food Organics Garden Organics (FOGO) trial



Key Goal Area 4

Economy

Diverse, resilient and prosperous



Working in partnership with key stakeholders, including the local Chambers of Commerce and Government agencies, the City continues to implement strategies contained within the City's Economic Development Strategy.

Aimed at facilitating a productive and innovative economy, initiatives, such as the expansion of the uniformed trading hours across the district, are designed to position the City as an attractive place to invest and conduct business.

Source: Australian Bureau of Statistics 2016 Census of Population and Housing, Place of Work, Employment Data. Data is City of Newcastle Economic Performance Indicators (2019) Appendix A August 2019 RGA Scorecard.

Employment
growth 2016-2018¹
20.37%

Average growth of
trading businesses²
2.36%

Events
held
144

Gross Regional
Product
\$2.45m

KEY GOAL AREA **4****4.1** *An innovative and diversified economy that provides a variety of business and employment opportunities as well as consumer choice.*

Primary Service Provider	Project / Action	Status	2018 - 2019 Achievements
Airport Services	Busselton Margaret River Airport General Aviation Precinct Progress the Expression of Interest (Eoi) process for allocating hangar leases in the new general aviation (GA) precinct.		17 Eois for hangar leases were received however no lease arrangements were entered into. A proposal for a developer to lease GA precinct lots from the City and build a number of hangars for sublease to the GA community is being considered.
	Busselton-Margaret River Airport Light Industrial and Commercial Areas Plan and develop airport light industrial and commercial areas to include freight logistics and other enterprise opportunities.		Practical completion of the first phase of the freight hub development was completed and officially opened in March. The City continues to liaise with State Government agencies to investigate air freight opportunities from the airport.
Economic and Business Development	Dunsborough Foreshore Café Facilitate commercial investment in a café and kiosk at the Dunsborough foreshore.		Council endorsed the draft revised café concept designs and agreed to enter into a Head of Agreement with the proponent. Discussions were subsequently held with the Department of Planning, Lands and Heritage to negotiate the land excision process. Ministerial approval to advertise the proposal and submit to Parliament for comment is pending.
	Busselton Foreshore Commercial Opportunities Facilitate commercial investment at the Busselton foreshore, including two hotel sites, restaurant / microbrewery, and a tourist oriented retail site.		Family restaurant/microbrewery: On 31 May the agreement to sublease the microbrewery site was executed between the developers and the City. Construction is expected to commence by September 2019. Hotel Site 2: The project is in the final concept design stage for the development of a Hilton Hotel complex. A rental valuation has been provided and a final lot survey is underway. A business plan will be prepared and advertised as required by section 3.59 of the Local Government Act 1995.
	Digital / Smart City Plan Develop a Digital / Smart City plan for the District.		The initial draft Smart City Strategy was completed in January. Further refinement of the draft Strategy is progressing.
	Economic Development Strategy Facilitate the implementation of the Economic Development (ED) Strategy.		Three workshops were held to identify potential "Place Making" implementation projects. Business and stakeholder consultation is scheduled for September 2019 for the Mitchell Park Redevelopment project which has been identified as having potential to become the City's 'heart'.
	Regional Development Subject to funding and in partnership with the Department of Regional Development and the South West Development Commission, prepare a plan to support economic growth in the District.		Following the WA Government's review of Royalties for Regions funding, the City was advised it will receive \$4.5m in 2019-2020 which is to be shared with other SW local governments for economic development projects.

KEY GOAL AREA 4

4.2 A community where local business is supported and in turn drives our economy.

Primary Service Provider	Project / Action	Status	2018 - 2019 Achievements
Economic and Business Development	Business Support Continue to work with individual businesses, Chamber of Commerce groups, progress associations and government agencies to identify opportunities for programs that support local and small businesses.	▶	Collaboration with the Chambers of Commerce continued throughout the year on key priorities for small business to help activate town centres. Priorities included the facilitation of the banner art competition, school holiday busking competitions, a buy local campaign and the placement of heritage themed window skins on large vacant shop frontages.
Legal Services	VendorPanel Marketplace Promote and continue to embed the use of VendorPanel Marketplace as the City's online procurement tool to promote increased opportunity for local business.	▶	The number of suppliers registered with the VendorPanel platform continued to increase during the year.

4.3 Events and unique tourism experiences that aid in attracting visitors and investment.

Primary Service Provider	Project / Action	Status	2018 - 2019 Achievements
Information Technology	Online Event Application Facility Progress the development of an online event application platform to streamline the processing of event applications.	⏸	An investigation of the feasibility of upgrading all of the City's websites commenced, resulting in the project being placed on hold until an overarching IT plan is completed.
Economic and Business Development	Cruise Ship Industry Development Continue to work with the cruise ship industry to expand cruise ship tourism and support land based cruise ship operations.	▶	Of the 13 cruise ships expected, 11 visited the region with bad weather preventing two visits. The 11 ships brought 9,680 visitors to the District compared to 6,816 in the previous year. A survey of visitors suggested over 97% would return to the region.
Events Services	Event Development Complete the review of the Events Strategy.	▶	Work progressed on the Events Strategy review with outcomes scheduled to be presented to the Marketing and Events Reference Group in August 2019.
	Marketing and Events Reference Group (MERG) Continue to ensure the economic benefit of events funding is maximised through the effective operation of this group.	▶	The MERG sponsored 48 events. Total sponsorship expenditure was \$677,682.
	Events Prospectus Prepare an events / film industry prospectus to actively target and attract new high profile events and film makers to the City.	▶	The first draft of the Events Prospectus is complete. The City also commissioned a short 'Busselton Film Friendly' production to be screened during CinefestOZ.
Tourism Services	Busselton Jetty Tourist Park Complete a master plan for the Busselton Jetty Tourist Park for the continual upgrade of the Park.	▶	Development of the Master Plan for asset renewal and capital works is complete. Implementation and project planning will begin with respect to the recommended asset renewal and capital works (over the next five to seven years).

Major Initiatives 2019 - 2020

- Progress the development of Site 2 at the Busselton Foreshore.
- Continue to support and facilitate the economic potential of the expanded Busselton Margaret River Airport.
- Advance Place Making implementation projects.



Key Goal Area **5**
Transport
*Smart, Connective
and Accessible*



In accordance with the Busselton Margaret River Airport Master Plan, the City continued to deliver infrastructure to enable the commencement of regular passenger transport services, continued charter services, and future freight service.

The City's ongoing work to plan and provide the community with safe transport systems was rewarded with funding received to assist with the development of transport infrastructure, most notably for the City's Eastern Link project which will develop a new two lane road and bridge over the Vasse River and alleviate congestion on the main access route to the Busselton town site. The City also successfully delivered the fourth and fifth stage of the Dunsborough town site upgrade and continued its rural road upgrade.

With an eye to the future, the City was pleased to host the RAC's Intellibus trial and give the community the opportunity to learn about and experience driverless technology.

Total sealed roads	Total unsealed roads	Dual Use Paths	RACTelebus passengers
938kms	354kms	39kms	1,595

KEY GOAL AREA 5

5.1 Public transport services that meet the needs of the community.

Primary Service Provider	Project / Action	Status	2018 - 2019 Achievements
Airport Services	Busselton Margaret River Airport Expansion Progress with the expansion of the airport to provide for interstate flight, aviation enterprise opportunities including freight services, and the capacity for international services.		Landside Package 1: Civil services and landscaping are complete.
			Package 2: Construction of the terminal building. The terminal design is complete however, construction is on hold pending direction from the Minister for Regional Development who requires the City to confirm a contract with an airline for the commencement of services.
			Airline Engagement Virgin Australia signalled an intent to explore two services a week to either Melbourne or Sydney. However VA advised that the airline is currently unable to commit to services. In July Jetstar tabled an offer based on three services a week. Discussions with this airline continue. The City's submission to host a Qantas Group Pilot Training Academy was unsuccessful.
Design and Survey	Public Transport Continue to work with key stakeholders towards improving public transport services in the District, providing connections across the District.		Work continued with the Public Transport Authority to determine how public bus service requirements for the Yalyalup and Vasse town sites can be assessed. Discussions were also held with a representative group of community members of non-driving age to determine services that could more specifically address their needs.

5.2 Road networks that provide for a growing population and the safe movement of all users through the District.

Primary Service Provider	Project / Action	Status	2018 - 2019 Achievements
Executive Services	Links to Regional Centres Continue to advocate for improved airport and road infrastructure links to regional centres, including a four lane dual carriageway between Busselton and Capel, the Bunbury outer ring road, and the Vasse-Dunsborough Link.		Opportunities to improve regional air transport links via FIFO and RPT services with Albany, Kalgoorlie, Karratha, Port Hedland and Newman continue to be explored through discussions with the Department of Minerals and Energy and the Executive of RioTinto. Two key plans for the future, the Busselton Outer Bypass and Vasse Dunsborough Link, are being reviewed by Main Roads WA. Main Roads WA is also planning for the duplication of 17km of Bussell Highway between Capel and Busselton.
Design and Survey	Busselton Traffic Improvements Subject to consultation outcomes and approvals from relevant government agencies, implement prioritised traffic improvements to improve the flow of traffic in and around Busselton City Centre.		Expressions of Interest for undertaking the Eastern Link project were advertised in December. No tenders were awarded due to all tenders exceeding the available budget. Federal approvals for the Eastern Link and Causeway Road have been received and new tenders Stage 1, 2 and 3 have been called for.
Operations Services	Roads Maintenance and Upgrades Implement the roads maintenance program with a focus on narrow country road upgrades.		Reading Street reconstruction and William Drive asphalt overlay were partially completed. All other road construction projects within the 2018-2019 Capital budget were completed, with the exception of the Strelley Street / Barlee Street roundabout, and asphalt overlays at Jones Way and Vasse Yallingup Siding Road intersection.

KEY GOAL AREA 5

5.3 Cycleways that connect our communities and provide alternative transport choices.

Primary Service Provider	Project / Action	Status	2018 - 2019 Achievements
Design and Survey	Cycleway and Share Path Network Improvements Finalise the review of the Bike Plan and upon adoption, implement within funding provisions.	▶	A review of the Bike Plan was completed and a new strategy for the City's cycling and shared path network (2019-2023) adopted with a priority listing and high level costing of pathways developed. Funding has been received to assist with construction of a shared path adjacent to College Avenue/Vasse Diversion Drain.
	Promoting Safe Cycling Continue to educate the community about safe cycling and the adoption of cycling as an alternative transport option.	▶	Discussions began with the Department of Transport (DoT) to investigate whether installing illuminated cyclist warning signage for Vasse Yallingup Siding Road is feasible. A DoT grant has been secured to fund a study to assist with determining if Harris Road (Busselton) could be part of the DoT 'safe active street' program, a program designed to make cycling safer and easier.

Major Initiatives 2019 - 2020

- Continue to advance initiatives to address traffic flow issues in and around the Busselton City Centre.
- Maintain engagement with Airlines for the commencement of interstate passenger flights.
- Continue to progress the City's rural roads renewal program.



Key Goal Area 6

Leadership

*Visionary, collaborative
and accountable*



The City continued to exhibit and deliver responsible and visionary leadership, meeting all statutory requirements and representing the interests of our community through the creation of regional partnerships and advocacy for key District and local matters.

In May the City, as part of the Regional Capitals Alliance WA, joined with other WA regional cities to improve regional cooperation and our capacity to advocate for regional funding. The City also became an active partner in the South West Peer Support Program, a cooperative group of the 12 south west local governments aiming to improve our planning processes.

The City has stepped up its engagement with the community, with the outcomes of Council meetings now broadcast regularly via various social media platforms and successful engagement events providing important opportunities to connect with ratepayers and residents. Internally the City implemented initiatives aimed at building an even higher performing and engaged TeamCOB.

Number of Council
Committees

8

State awards
for excellence

3

State government
funding

\$2.87M

Federal government
funding

\$5.24M

KEY GOAL AREA **6****6.1 Governance systems, processes and practices are responsible, ethical and transparent.**

Primary Service Provider	Project / Action	Status	2018 - 2019 Achievements
Finance Services	Financial Audit Conduct an annual audit to ensure financial compliance with legislative requirements.	▶	Official sign off of the Financial Audit for 2017-2018 occurred in October. The preparation of financial statements and audit documents progressed in readiness for 2018/2019 financial audit.
	Fair Value Assess the worth of all asset classes every three years.	▶	The Fair Value of infrastructure assets was completed in July.
Governance Services	Governance Systems Review Implement agreed recommendations of the Governance Systems Review.	▶	56% of the 66 recommendations have been actioned, with a number of other recommendations pending subject to progress of the Local Government Amendment Bill 2019.
	Integrated Planning and Reporting (IPR) Develop improved processes and systems in relation to integrated planning, budgeting and reporting.	▶	A high level IPR calendar for the period 1 January 2019 to 30 June 2019 was completed in December to assist with establishing the sequence of IPR activities across the organisation. The City is actively involved with other South West local governments in a project that aims to improve the quality of integrated planning inputs, measures and practice.
	Statutory Compliance Audit Conduct an annual audit to ensure statutory compliance with legislative requirements.	✓	The Statutory Compliance Audit was completed and submitted to the Department of Local Government, Sport and Cultural Industries as required.

6.2 Council engagement broadly and proactively with the community.

Primary Service Provider	Project / Action	Status	2018 - 2019 Achievements
Public Relations	Busselton Traffic Improvements Survey Conduct a survey to assess the level of community support for various medium term traffic initiatives to improve traffic flow in the vicinity of Busselton.	✓	The survey was completed in September. Two community forums were also held. The results of the consultations were reported to Council in November.

**Major Initiatives 2019 - 2020**

- Complete the implementation of agreed recommendations of the Governance Systems Review.
- Continue to develop a capable, engaged and healthy workforce through positive staff engagement.
- Scope and develop a new chart of accounts structure.

KEY GOAL AREA 6

6.3 Accountable leadership that is supported by a skilled and professional workforce.

Primary Service Provider	Project / Action	Status	2018 - 2019 Achievements
Information Technology	Financial Reporting System Enhancements Design and implement improved financial reporting capabilities within existing business systems.		An initial review of the City's use of the TechnologyOne Financials system to determine recommendations regarding business process improvement and configuration enhancements was completed. Change requirements will be applied in 2019-2020.
	Integrate Asset Data into Core Business Systems Finalise the implementation of asset register data within existing business systems.		Work continued on developing road asset attributes and reports to present asset information in a simpler format.
Finance Services	Annual Budget Prepare an annual budget in alignment with the City's Corporate Business Plan and Strategic Community Plan objectives.		The Annual Budget for 2018-2019 was considered and approved by Council at its meeting of 25 July 2018.
	Long Term Financial Plan Maintain a rolling ten year financial plan to assist and guide the City in strategic financial decision making processes.		Significant work was undertaken to review and understand various long term funding scenarios. A new draft LTFP has been developed which will be further workshopped with Council in the 2020 calendar year.
Human Resources	Workforce Planning Implement strategies and actions contained in the Workforce Plan.		The City continued to implement strategies (within resourcing capacity) contained within the City's current workforce plan, including staff engagement initiatives. The plan is currently under review.
Governance Services	Strategic Community Plan Reviews Review the Strategic Community Plan to ensure it maintains relevance with the community's visions, aspirations and objectives.		The 2019 (minor) review of the Strategic Community Plan 2017 was completed and published in April. The review was open to public comment between 30 January and 24 February 2019.

6.4 Assets are well maintained and responsibly managed.

Primary Service Provider	Project / Action	Status	2018 - 2019 Achievements
Asset Management	Overall Asset Management Plan Review and update the overall Asset Management Plan.		The review of the Overall Asset Management Plan progressed with buildings funding methodology and modelling prepared to determine the parameters for allocating building renewal funding into reserves.
Information Technology	Business Systems Review Commence a review of the City's core business systems software to ensure it continues to be most advantageous to the City.		Continuous improvement activities are in place to review the use of core systems to address the City's specific needs to inform the 2019-2020 ICT and Business Systems delivery program.
Community Development	Art Collection Management Prepare a policy and procedures document for the management of the City of Busselton art collection.		Preparation of the policy and procedures document was rescheduled to the 2019-2020 financial year. Valuation of the City's art collection was completed in November. Comprising 102 items, the collection was valued at \$307,910.



STATUTORY *Reports***Record Keeping Plan**

The City is committed to the management of records in accordance with legislative requirements and best practice and does so in accordance with the State Records Commissions SRC *Standard 2: Recordkeeping Plans*.

During 2018-2019 the City captured 133,675 records in the recordkeeping system. Back scanning projects for Legal Agreements and Swimming Pool applications were also completed to improve access to information and preserve the source records.

A major upgrade of the City's recordkeeping system (TechnologyOne ECM) was effected with training on the upgraded system delivered to 164 employees, 31 of whom were new employees and trained within the first month of their appointment. New employees were informed of their recordkeeping responsibilities as part of the City's online induction program, and completed a short assessment at the completion of the module.

Continuous support for employees on the use of the City's recordkeeping system is provided by internal guides, newsletters and emails, all accessible via the City's intranet. Employee feedback assists with assessing the effectiveness of the training program.

**Disability Access and Inclusion Plan (DAIP) 2018-2022**

In accordance with the statutory requirements of the Western Australian *Disability Services Act 1993* the City of Busselton continued to focus on its goal of providing a friendly, safe and inclusive community with a strong community spirit.

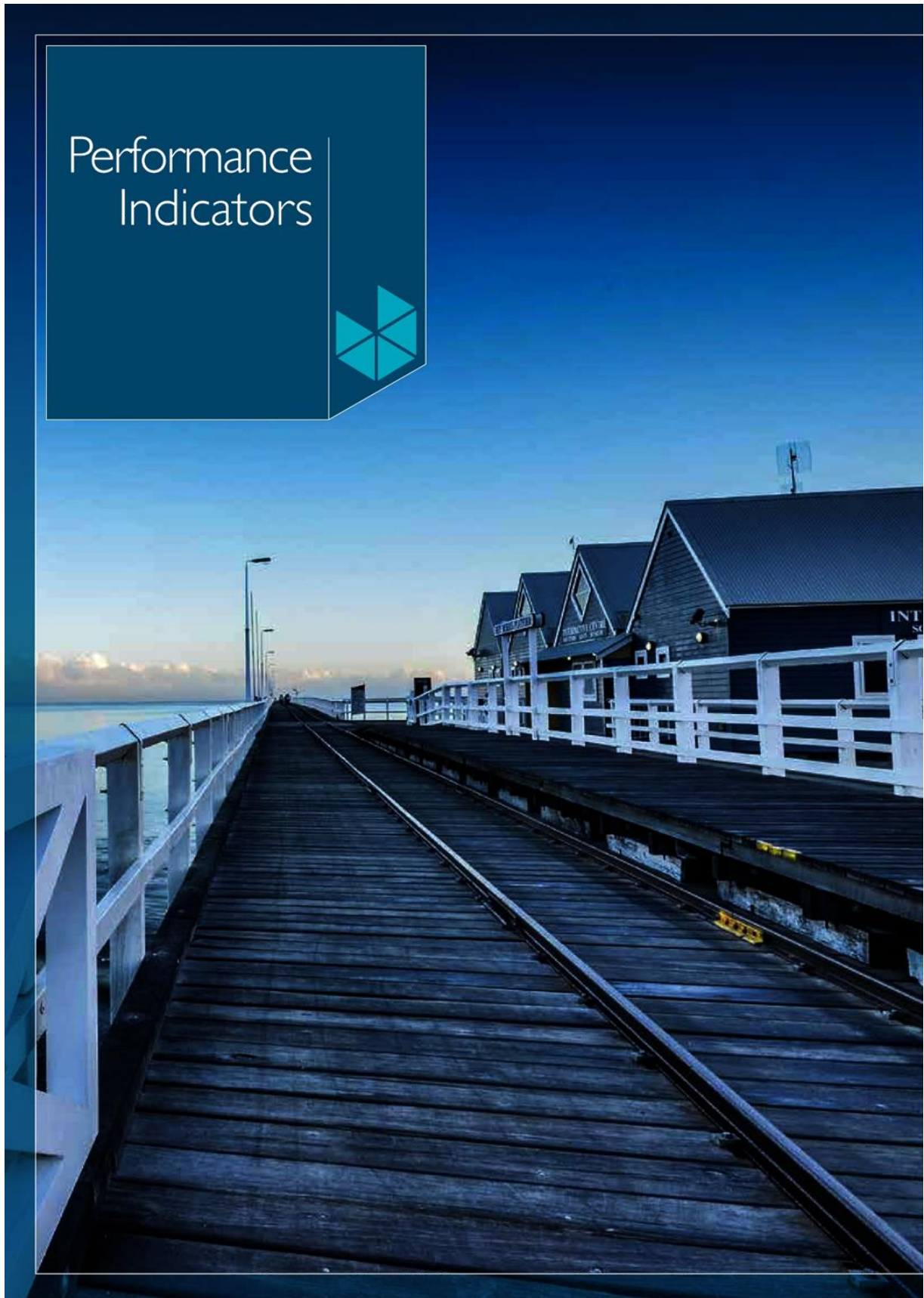
Key Disability Access and Inclusion Plan achievements for 2018-2019 include:

- Construction of the beach access ramp at Old Dunsborough Beach enclosure
- Adoption of City of Busselton DAIP 2018-2022
- Official opening of Sea Play by the Bay
- GLC and NCC participation in the 'Opening Mainstream Doors' program
- Digital access workshop for local organisations
- Funding of 'Cycling without Age' project
- ACROD bay updates
- Registration with the Free Interpreting Service provided by the Department of Social Services.

Employee Remuneration

100,000 - 109,999	4 employees	150,000 - 159,999	0 employees
110,000 - 119,999	8 employees	160,000 - 169,999	0 employees
120,000 - 129,999	6 employees	170,000 - 179,999	1 employee
130,000 - 139,999	2 employees	180,000 - 189,999	3 employees
140,000 - 149,999	0 employees	290,000 and above	1 employee

Performance Indicators

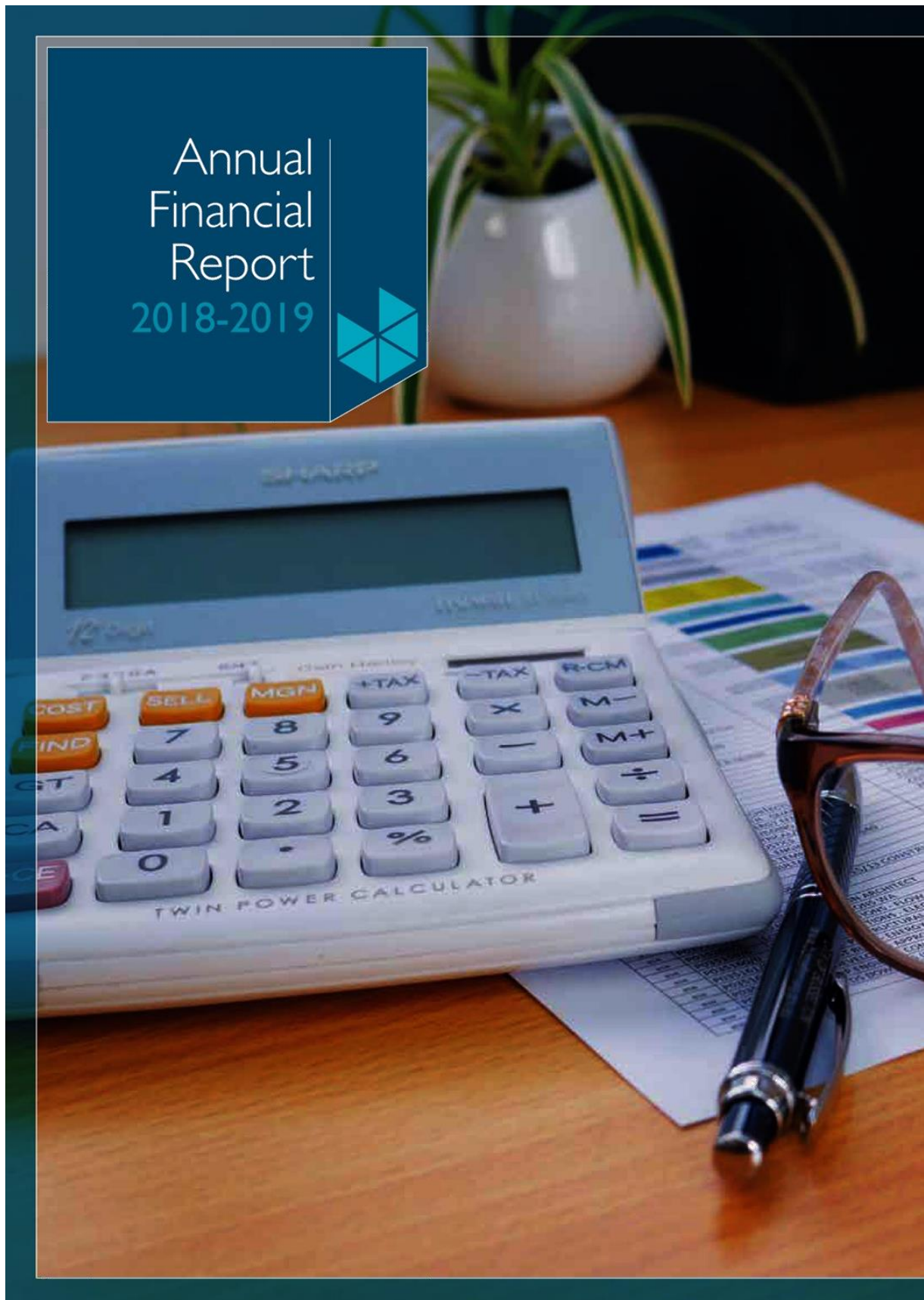


MEASURING OUR *Performance*

The overall performance of the City's functions and services help us to determine our success in achieving organisational efficiency and effectiveness. A snapshot of our performance during 2018-2019 is provided below. While not all targets were achieved, a number were impacted by depreciation due to capital investment. The organisation continues to focus on improving its service delivery.

Corporate Performance Indicator	Measure	Target/Trend	2018 - 2019 Result
1 Corporate Business Plan progress	Percent of actions achieving milestones or targets.	> 90%	85.7% on target 14.3% of actions require monitoring No actions considered off-track
2 Financial Ratios	"Standard" benchmark achieved as required by the Integrated Planning and Reporting Advisory Standard.	100%	Debt Service Coverage Ratio - target achieved Own Source Revenue Coverage Ratio - target achieved Operating Surplus Ratio - impacted by depreciation (non cash) expenses Current Ratio* - impacted by the non-inclusion of reserve funds in calculation
3 Asset Ratios	"Standard" benchmark achieved as required by the Integrated Planning and Reporting Advisory Standard.	100%	Target not achieved due to depreciation
4 Airport Services	(a) Net position compared to budget.	Budget Achieved	Surplus: \$604,809 excluding depreciation
	(b) Charter and Regular Passenger Transport (RPT) numbers.	Increasing	Charter numbers increased from 25,095 to 26,496
5 Geopraphe Leisure Centre	(a) Net cost compared to budget.	Budget Achieved	Net cost less than budget by \$76,694
	(b) Member numbers	Stable	Member numbers: 2,030
	(c) Member retention – average number of members renewing membership within 12 months of expiry date.	55%	Retention increased from 56% to 68%
6 Busselton Jetty Tourist Park	Net cost compared to budget.	Budget Achieved	Net operating position was \$92,355 less than budget due to lower than expected occupancy rates
7 Complaints	(a) Number of complaints received per head of population.	Decreasing	Ratio decreased from 1:1,320 (29 complaints 17-18) to 1:1,769 (21 complaints 18-19)
	(b) Number of complaints responded to.	100%	100% complaints were responded to
8 Waste	Percent of solid waste diverted from landfill (recycled/reused).	25%	25.5%
9 Development assessment	(a) 21 calendar days to complete simple development applications.	100% Achieved	34.4% target under revision
	(b) 42 calendar days to complete standard development applications.	100% Achieved	54.9% target under revision
	(c) 70 calendar days to complete complex development applications.	100% Achieved	45.0% target under revision
10 Energy Use	Energy plan targets achieved.	Targets set by 2018-2019	Rolled over to 19-20 although potential targets were identified
11 Safety	Lost time injury frequency (LTI) rate.	< 15	LTI frequency rate: 17.70

* As a result of a Council decision (C1303/074), the City transfers any surplus at the end of the financial year into its reserves. As a result this has an impact on the Current Ratio reported. It is noted however, that Council's cash backed reserves are significant, therefore rendering the Current Ratio to be not an accurate depiction of the City's liquidity.



INDEPENDENT AUDITOR'S *Report*



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the City of Busselton

Report on the Audit of the Financial Report

Opinion

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

In my opinion the annual financial report of the City of Busselton:

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

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

I draw attention to Notes 1 and 9 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the City's annual financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996, does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

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

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

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

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

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500 FAX: 08 6557 7600

INDEPENDENT AUDITOR'S *Report*

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the City:
 - a. The Current Ratio as reported in Note 28 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries (DLGSCI)'s standard of 1.0 for the last three financial years; and
 - b. The Operating Surplus Ratio as reported in Note 28 of the annual financial report is below the DLGSCI's basic standard of 0.01 for the current financial year and the prior financial year.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

INDEPENDENT AUDITOR'S *Report*

Other Matter

The annual financial report of the City for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2017 and 2018 in Note 28 of the audited annual financial report were included in the supplementary information and/or audited annual financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

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

DON CUNNINGHAME
ACTING DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
29 October 2019

Statement BY CHIEF EXECUTIVE OFFICER

City of Busselton

Financial Report

For the Year Ended 30th June 2019

LOCAL GOVERNMENT ACT 1995

LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 25th day of October 2019



Mike Archer
Chief Executive Officer



The complete financial report is provided as an insert found at the inside back cover of this Annual Report 2018 - 2019





2 Southern Drive, Busselton
Locked Bag 1, Busselton WA 6280
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city@busselton.wa.gov.au

Join our community:   

www.busselton.wa.gov.au



City of Busselton

Geographie Bay

Financial Report

For the year ended

30 June 2019

City of Busselton

Financial Report

For the Year Ended 30th June 2019

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Community Vision
Where environment, lifestyle and opportunity meet.

Principal place of business:
2 Southern Drive
Busselton WA 6280

City of Busselton

Financial Report

For the Year Ended 30th June 2019

LOCAL GOVERNMENT ACT 1995

LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

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

Signed on the 25th day of October 2019



Mike Archer
Chief Executive Officer



City of Busselton

Financial Report

For the Year Ended 30th June 2019

Statement of Comprehensive Income by Nature or Type

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	21	48,723,934	48,575,646	45,094,369
Operating Grants, Subsidies and Contributions	2(a)	6,079,293	3,747,650	4,736,243
Fees and Charges	2(a)	15,793,598	15,828,160	15,517,916
Interest Earnings	2(a)	2,336,296	2,283,760	2,453,556
Other Revenue		1,127,337	337,740	519,958
		<u>74,060,458</u>	<u>70,772,956</u>	<u>68,322,042</u>
Expenses				
Employee Costs		(30,339,391)	(31,215,454)	(28,746,867)
Materials and Contracts		(17,584,838)	(18,621,467)	(15,686,046)
Utility Charges		(2,607,810)	(2,569,240)	(2,478,776)
Depreciation on Non-Current Assets	9(b)	(22,051,156)	(19,070,922)	(18,581,517)
Interest Expenses	2(b)	(1,333,095)	(1,374,387)	(1,250,420)
Insurance Expenses		(713,980)	(698,808)	(651,943)
Other Expenditure		(998,204)	(3,046,879)	(2,812,207)
		<u>(75,628,474)</u>	<u>(76,597,157)</u>	<u>(70,207,776)</u>
		(1,568,016)	(5,824,201)	(1,885,734)
Non-Operating Grants, Subsidies and Contributions	2(a)	14,465,113	30,347,185	24,793,990
Profit on Asset Disposals	9(a)	118,089	82,137	55,551
Loss on Asset Disposals	9(a)	(54,624)	(34,577)	(681,441)
		<u>14,528,578</u>	<u>30,394,745</u>	<u>24,168,100</u>
Write Off of Assets Under \$5,000	7(b)	(1,185,285)	0	0
		<u>(1,185,285)</u>	<u>0</u>	<u>0</u>
NET RESULT		11,775,277	24,570,544	22,282,366
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	1,055,204	0	31,925,811
Total Other Comprehensive Income		<u>1,055,204</u>	<u>0</u>	<u>31,925,811</u>
TOTAL COMPREHENSIVE INCOME		<u>12,830,481</u>	<u>24,570,544</u>	<u>54,208,177</u>



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

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Statement of Comprehensive Income by Program

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
General Purpose Funding		53,475,303	52,031,810	49,873,924
Governance		871,681	275,000	218,957
Law, Order & Public Safety		870,264	749,777	775,115
Health		642,383	587,300	720,928
Education and Welfare		8,614	6,300	4,940
Housing		477,766	475,400	473,969
Community Amenities		8,775,902	8,697,362	8,830,636
Recreation and Culture		4,521,332	3,882,968	3,672,339
Transport		1,954,684	1,430,330	1,389,329
Economic Services		1,891,350	2,071,539	1,925,645
Other Property and Services		571,180	565,170	436,260
		<u>74,060,459</u>	<u>70,772,956</u>	<u>68,322,042</u>
Expenses Excluding Finance Costs				
General Purpose Funding		(1,004,147)	(1,118,745)	(1,309,152)
Governance		(6,899,000)	(6,719,836)	(5,572,139)
Law, Order & Public Safety		(3,179,072)	(3,168,368)	(2,919,132)
Health		(1,447,639)	(1,493,536)	(1,450,108)
Education and Welfare		(166,793)	(151,790)	(161,830)
Housing		(1,221,031)	(1,314,324)	(1,259,456)
Community Amenities		(12,927,230)	(13,088,564)	(12,134,184)
Recreation and Culture		(22,403,790)	(22,258,207)	(19,631,596)
Transport		(21,882,407)	(21,148,516)	(20,043,293)
Economic Services		(3,338,446)	(3,547,687)	(3,249,317)
Other Property and Services		(1,011,109)	(1,213,197)	(1,227,149)
		<u>(75,480,664)</u>	<u>(75,222,770)</u>	<u>(68,957,356)</u>
Finance Costs	2(b)			
Governance		(687,461)	(687,544)	(717,170)
Recreation and Culture		(584,066)	(600,018)	(441,480)
Transport		(29,290)	(54,545)	(58,985)
Economic Services		(1,594)	(1,595)	(2,100)
Other Property and Services		(30,685)	(30,685)	(30,685)
		<u>(1,333,096)</u>	<u>(1,374,387)</u>	<u>(1,250,420)</u>
Non-Operating Grants, Subsidies & Contributions	2(a)	14,465,113	30,347,185	24,793,990
Profit on Disposal of Assets	9(a)	118,089	82,137	55,551
Loss on Disposal of Assets	9(a)	(54,624)	(34,577)	(681,441)
		<u>14,528,578</u>	<u>30,394,745</u>	<u>24,168,100</u>
NET RESULT		11,775,277	24,570,544	22,282,366
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes on revaluation of non-current assets	10	1,055,204	0	31,925,811
Total Other Comprehensive Income		1,055,204	0	31,925,811
TOTAL COMPREHENSIVE INCOME		12,830,481	24,570,544	54,208,177



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

City of Busselton			
Financial Report			
For the Year Ended 30 th June 2019			
Statement of Financial Position			
	Note	2019 Actual \$	2018 Actual \$
Current Assets			
Cash and Cash Equivalents	3	70,272,318	72,413,338
Trade and Other Receivables	5	4,252,880	4,976,201
Inventories	6	24,981	23,672
Total Current Assets		74,550,179	77,413,211
Non-current Assets			
Other Receivables	5	680,533	633,389
Property, Plant and Equipment	7	144,333,683	142,307,532
Infrastructure	8	564,715,992	553,230,968
Total Non-current Assets		709,730,208	696,171,889
Total Assets		784,280,387	773,585,100
Current Liabilities			
Trade and Other Payables	11	8,136,038	9,942,313
Current Portion of Long Term Borrowings	12	3,291,161	3,055,609
Provisions	13	4,614,181	4,492,008
Total Current Liabilities		16,041,380	17,489,930
Non-current Liabilities			
Long Term Borrowings	12	31,111,143	31,672,304
Provisions	13	627,843	753,327
Total Non-current Liabilities		31,738,986	32,425,631
Total Liabilities		47,780,366	49,915,561
Net Assets		736,500,021	723,669,539
Equity			
Retained Surplus		444,713,504	440,549,926
Reserves – Cash Backed	4	55,590,217	47,978,517
Revaluation Surplus	10	236,196,300	235,141,096
Total Equity		736,500,021	723,669,539



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

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Statement of Changes in Equity

	Note	Retained Surplus \$	Reserves Cash Backed \$	Revaluation Surplus \$	Total Equity \$
Balance as at 1 July 2017		422,707,022	43,539,055	203,215,285	669,461,362
Changes in Accounting Policy		0	0	0	0
Correction of Errors		0	0	0	0
Restated Balance		422,707,022	43,539,055	203,215,285	669,461,362
<u>Comprehensive Income</u>					
Net Result		22,282,366	0	0	22,282,366
Other Comprehensive Income	10	0	0	31,925,811	31,925,811
Total Comprehensive Income		22,282,366	0	31,925,811	54,208,177
Transfer from / (to) Reserves		(4,439,462)	4,439,462	0	0
Balance as at 30 June 2018		440,549,926	47,978,517	235,141,096	723,669,539
<u>Comprehensive Income</u>					
Net Result		11,775,277	0	0	11,775,277
Other Comprehensive Income	10	0	0	1,055,204	1,055,204
Total Comprehensive Income		11,775,277	0	1,055,204	12,830,481
Transfer from / (to) Reserves		(7,611,700)	7,611,700	0	0
Balance as at 30 June 2019		444,713,504	55,590,217	236,196,300	736,500,021

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

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Statement of Cash Flows

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
Cash Flows from Operating Activities				
Receipts				
Rates		48,748,066	48,626,293	44,652,865
Operating Grants, Subsidies and Contributions		5,818,152	3,749,620	5,064,099
Fees & Charges		15,592,811	15,259,370	15,631,005
Interest Earnings		2,336,296	2,283,760	2,453,556
Goods and Services Tax		6,399,565	4,767,576	8,718,038
Other Revenue		3,243,563	338,845	2,024,835
		82,138,453	75,025,464	78,544,398
Payments				
Employee Costs		(30,267,355)	(31,224,986)	(28,358,888)
Materials and Contracts		(17,167,310)	(18,638,303)	(15,737,513)
Utility Charges		(2,607,810)	(2,569,240)	(2,478,776)
Insurance Expenses		(713,980)	(698,808)	(651,943)
Interest Expenses		(1,329,678)	(1,374,387)	(1,195,451)
Goods and Services Tax		(6,146,871)	(4,000,000)	(8,396,273)
Other Expenditure		(4,697,492)	(3,069,394)	(4,650,634)
		(62,930,496)	(61,575,118)	(61,469,478)
Net Cash Provided by (used in) Operating Activities	14	19,207,957	13,450,346	17,074,920
Cash Flows from Investing Activities				
Payment for Purchase of Property, Plant & Equipment		(5,545,263)	(23,879,994)	(9,944,612)
Payment for Construction of Infrastructure		(23,006,581)	(36,804,070)	(42,255,717)
Non-Operating Grants, Subsidies and Contributions		6,529,299	21,995,799	15,969,176
Proceeds from Sale of Assets		926,173	1,045,950	424,075
Net Cash Provided by (used in) Investing Activities		(21,096,372)	(37,642,315)	(35,807,078)
Cash Flows from Financing Activities				
Repayment of Debentures		(3,055,609)	(3,155,395)	(2,359,142)
Proceeds from Self Supporting Loans		73,003	79,252	65,163
Advances to Community Groups		0	(150,000)	(110,000)
Proceeds from New Debentures		2,730,000	3,150,000	6,960,000
Net Cash Provided By (used in) Financing Activities		(252,606)	(76,143)	4,556,021
Net Increase (Decrease) in Cash Held		(2,141,021)	(24,268,112)	(14,176,137)
Cash at Beginning of Year		72,413,339	72,413,339	86,589,475
Cash and Cash Equivalents at the End of the Year	14	70,272,318	48,145,227	72,413,338

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

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Rate Setting Statement

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
Net current assets at start of financial year – surplus / (deficit)		3,511,291	3,511,291	1,839,640
		3,511,291	3,511,291	1,839,640
<u>Revenue from operating activities (excluding rates)</u>				
General Purpose Funding		5,286,500	3,980,904	5,295,742
Governance		884,888	275,600	220,184
Law, Order & Public Safety		875,722	749,777	787,726
Health		644,208	587,700	721,791
Education and Welfare		8,614	6,300	4,940
Housing		477,766	475,400	473,969
Community Amenities		8,788,148	8,702,462	8,834,948
Recreation and Culture		4,526,851	3,923,984	3,673,904
Transport		2,020,285	1,463,491	1,420,970
Economic Services		1,891,956	2,072,639	1,925,645
Other Property and Services		584,806	565,930	439,592
		25,989,744	22,804,187	23,799,411
<u>Expenditure from operating activities</u>				
General Purpose Funding		(1,004,147)	(1,118,745)	(1,309,152)
Governance		(7,598,777)	(7,407,380)	(6,293,694)
Law, Order & Public Safety		(3,181,299)	(3,169,530)	(2,919,632)
Health		(1,447,639)	(1,493,536)	(1,450,483)
Education and Welfare		(166,793)	(151,790)	(161,830)
Housing		(1,221,087)	(1,314,324)	(1,259,628)
Community Amenities		(12,932,117)	(13,092,564)	(12,137,697)
Recreation and Culture		(23,007,862)	(22,867,447)	(20,158,847)
Transport		(21,915,987)	(21,217,354)	(20,688,838)
Economic Services		(3,340,040)	(3,549,282)	(3,251,478)
Other Property and Services		(1,052,636)	(1,249,782)	(1,257,938)
		(76,868,384)	(76,631,734)	(70,889,217)
<u>Operating activities excluded</u>				
(Profit) on disposal of assets	9(a)	(118,089)	(82,137)	(55,551)
Loss on disposal of assets	9(a)	54,624	34,577	681,441
Movement in deferred pensioner rates		(41,946)	0	(19,965)
Movement in employee benefit provisions		(3,311)	0	398,311
Depreciation and amortisation on assets	9(b)	22,051,156	19,070,922	18,581,517
Asset Adjustments as per Changes to Regulations		1,185,285	0	0
Movement in non-cash contributions		(7,957,839)	(8,365,000)	(8,935,865)
Movement Deposits and Bonds/ Other		(1,216,969)	0	1,604,382
		13,952,911	10,658,362	12,254,270
Amount Attributable to Operating Activities		(33,414,438)	(39,657,894)	(32,995,896)
<u>Investing Activities</u>				
Non-operating grants, subsidies and contributions	2(a)	14,465,113	30,347,185	24,793,990
Proceeds from disposal of assets	9(a)	926,173	1,045,950	424,075
Purchase of property, plant and equipment	7(b)	(8,307,090)	(23,865,760)	(10,733,956)
Purchase and construction of infrastructure	8(b)	(20,290,190)	(36,804,070)	(41,460,704)
Amount attributable to investing activities		(13,205,994)	(29,276,695)	(26,976,595)

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

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Rate Setting Statement (Continued)

	Note	2019 Actual \$	2019 Budget \$	2018 Actual \$
Financing Activities				
Advances to community groups	12(a)	0	(150,000)	(110,000)
Repayment of advances to community groups	12(a)	73,003	79,253	65,163
Repayment of debentures	12(a)	(3,055,609)	(3,155,395)	(2,359,142)
Proceeds from new debentures	12(a)	2,730,000	3,000,000	6,850,000
Proceeds from self-supporting loans	12(a)	0	150,000	110,000
Transfers to reserves (restricted assets)		(22,472,836)	(19,820,123)	(20,908,023)
Transfers from reserves (restricted assets)		22,908,147	40,779,948	35,257,602
Amount attributable to financing activities		182,705	20,883,683	18,905,600
Surplus(deficiency) before general rates				
		(46,437,727)	(48,050,906)	(41,066,891)
Total amount raised from general rates				
	21(a)	48,188,803	48,050,906	44,578,182
Net current assets at 30 June c/fwd. – surplus / (deficit)				
	22	1,751,076	0	3,511,291

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

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

1. BASIS OF PREPARATION

THE LOCAL GOVERNMENT REPORTING ENTITY

The financial report comprises of 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 inconsistent 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.

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 (Continued)

CRITICAL ACCOUNTING ESTIMATES (Continued)

All funds through which the City 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 24 to these financial statements.

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

	2019 Actual \$	2018 Actual \$
2. Revenue and Expenses		
(a) Revenue		
Significant Revenue		
Reimbursements and Recoveries	2,067,628	1,038,730
	<u>2,067,628</u>	<u>1,038,730</u>
Reimbursements and Recoveries form part of Operating Grants, subsidies and Contributions.		
Fees & Charges		
General Purpose Funding	80,088	86,114
Governance	43,208	35,135
Law, Order & Public Safety	171,419	175,969
Health	538,978	538,610
Education and Welfare	161	159
Housing	473,742	470,205
Community Amenities	8,330,002	8,445,631
Recreation and Culture	2,873,539	2,567,867
Transport	1,218,997	1,148,716
Economic Services	1,821,603	1,877,143
Other Property and Services	241,861	172,367
	<u>15,793,598</u>	<u>15,517,916</u>
There were no changes during the year to the amount of the fees or charges detailed in the original budget.		
Grant Revenue		
Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income		
	2019 Actual \$	2018 Actual \$
Operating Grants, Subsidies and Contributions		
General Purpose Funding	2,328,138	2,232,364
Governance	227,906	145,015
Law, Order & Public Safety	645,887	527,153
Health	118,646	132,937
Education and Welfare	8,453	4,781
Housing	4,024	3,764
Community Amenities	110,762	186,209
Recreation and Culture	1,636,151	1,088,464
Transport	644,667	151,635
Economic Services	25,629	5,817
Other Property and Services	329,030	258,104
	<u>6,079,293</u>	<u>4,736,243</u>

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

	2019 Actual \$	2018 Actual \$
2. Revenue and Expenses (Continued)		
(a) Revenue (Continued)		
Non- operating Grants, Subsidies and Contributions		
Governance	140,044	0
Law, Order & Public Safety	814,215	580,964
Health	8,487	8,397
Community Amenities	273,000	1,863
Recreation and Culture	3,417,379	5,305,642
Transport	9,811,988	18,897,124
	14,465,113	24,793,990

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 a particular period, and those conditions were

Grants, Donations and Other Contributions (Continued)

undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 20.

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.

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Interest Earnings			
- Reserve Funds	1,413,167	900,000	1,130,739
- Restricted Funds	101,722	650,000	651,630
- Other Funds	311,247	283,760	213,287
- Other Interest Revenue (refer note 21(e))	510,160	450,000	457,900
	2,336,296	2,283,760	2,453,556
Operating Grants			
Financial Assistance Grants - Untied	839,925	364,790	378,410
Financial Assistance Grants - Roads	1,477,283	670,544	791,516
	2,317,208	1,035,334	1,169,926

Note: The above Operating Grants (in excess of budget) were paid as an advance payment on income that normally would have been received in the 2019/20 financial year.

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

	2019 Actual \$	2018 Actual \$
2. Revenue and Expenses (Continued)		
(b) Expenses		
Significant Expenses		
Repayment of Royalties for Regions Project Grant relating to the Busselton-Margaret River Airport Development.	0	1,400,000
	<u>0</u>	<u>1,400,000</u>
Auditors Remuneration		
- Audit of Financial Report	18,900	23,300
- Other Services	1,460	5,183
	<u>20,360</u>	<u>28,483</u>
Interest Expenses (Finance Costs)		
Overdraft Interest	0	0
Long Term Borrowings (refer Note 12(a))	1,333,095	1,250,420
	<u>1,333,095</u>	<u>1,250,420</u>

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

	Note	2019 Actual \$	2018 Actual \$
3. Cash and Cash Equivalents			
Unrestricted		3,204,485	4,885,287
Restricted		67,067,833	67,528,051
		<u>70,272,318</u>	<u>72,413,338</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:			
100 Airport Infrastructure Renewal Reserve		1,821,554	1,325,502
136 Airport Marketing and Incentive Reserve		3,396,151	1,583,014
143 Airport Noise Mitigation Reserve		890,710	0
148 Airport Existing Terminal Building Reserve		39,882	0
106 Building Asset Renewal Reserve		1,725,056	1,193,934
404 Barnard Park Sports Pavilion Building Reserve		10,666	0
405 Railway House Building Reserve		16,761	0
406 Youth and Community Activities Building Reserve		45,712	0
407 Busselton Library Building Reserve		85,071	0
131 Busselton Community Resource Centre Reserve		190,876	156,654
408 Busselton Jetty Tourist Park Reserve		159,726	0
409 Geographe Leisure Centre Building Reserve		381,186	0
331 Joint Venture Aged Housing Reserve		1,085,871	997,855
403 Windlerup Aged Housing Resident Funded		212,501	186,718
410 Naturaliste Community Centre Building Reserve		63,746	0
411 Civic and Administration Building Reserve		187,928	0
412 Vasse Sports Pavilion Building Reserve		0	0
110 Jetty Maintenance Reserve		4,806,278	4,193,450
150 Jetty Self Insurance Reserve		365,698	0
222 Asset Depreciation Reserve		0	563,412
223 Road Assets Renewal Reserve		1,119,116	1,299,765
224 Footpath/ Cycle Ways Reserve		3,671	0
115 Plant Replacement Reserve		1,205,527	2,185,396
137 Major Traffic Improvements Reserve		1,495,578	432,138
132 CBD Enhancement Reserve		171,317	122,491
127 New Infrastructure Development Reserve		1,803,172	1,834,715
141 Commonage Precinct Infrastructure Road Reserve		231,224	225,575
114 City Car Parking and Access Reserve		1,281,337	875,926
107 Corporate IT Systems Reserve		80,398	78,624
133 Election, Valuation and Other Corporate Expenses Reserve		499,906	149,558
111 Legal Expenses Reserves		577,256	557,904
135 Performing Arts and Convention Centre Reserve		0	0
202 Long Service Leave Reserve		3,096,583	3,111,698
203 Professional Development Reserve		122,772	113,025
204 Sick Pay Incentive Reserve		150,403	175,936
124 Workers Compensation and Extended Sick Leave Contingency Reserve		305,100	356,227

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

3. Cash and Cash Equivalents (Continued)	Note	2019 Actual \$	2018 Actual \$
302 Community Facilities - City District		2,552,707	2,303,096
304 Community Facilities - Broadwater		158,524	138,049
303 Community Facilities - Busselton		44,012	34,547
305 Community Facilities - Dunsborough		188,063	166,327
311 Community Facilities - Dunsborough Lakes Estate		922,773	525,106
306 Community Facilities - Geographe		99,176	95,061
310 Community Facilities - Port Geographe		343,510	335,117
309 Community Facilities - Vasse		615,586	589,761
308 Community Facilities - Airport North		2,970,179	2,826,296
130 Locke Estate Reserve		1,013	0
122 Port Geographe Development Reserve		682,471	1,455,441
123 Port Geographe Waterways Management Reserve		3,349,717	3,387,485
126 Provenge Landscape Maintenance Reserve		1,194,759	1,101,707
128 Vasse Newtown Landscape Maintenance Reserve		575,151	535,722
138 Commonage Precinct Bushfire Facilities Reserve		57,261	55,862
139 Commonage Community Facilities Dunsborough Lakes South Reserve		72,622	70,848
140 Commonage Community Facilities South Biddle Precinct Reserve		886,172	1,030,368
321 Busselton Area Drainage and Waterways Improvement Reserve		546,471	548,821
102 Coastal and Climate Adaptation Reserve		2,845,579	2,472,425
144 Emergency Disaster Recovery Reserve		72,782	50,000
145 Energy Sustainability Reserve		181,853	100,000
146 Cemetery Reserve		157,626	100,000
341 Public Art Reserve		86,198	229,685
121 Waste Management Facility and Plant Reserve		7,867,207	7,881,065
120 Strategic Projects Reserve		257,163	226,213
129 Untied Grants Reserve		1,232,906	0
134 Civic and Administration Centre Construction Reserve		0	0
ACI Accrued Interest (Reserves and Restricted)		(202,018)	(177,117)
RA Cash set aside in Lieu of Parking		275,602	275,602
RA Cash set aside for Roadwork within specific areas, being funds given as a condition of subdivision/development		1,526,962	2,034,699
RA Cash set aside, being unspent specific purpose Government Grants		5,699,606	10,518,573
RA Cash set aside, being Unspent Loan Funds		792,612	2,686,903
RA Cash set aside for Sundry Restricted		441,345	392,310
RA Cash set aside for Deposits & Bonds		2,943,510	3,818,562
		<u>67,067,833</u>	<u>67,528,051</u>

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with maturities of up to 12 months that are readily convertible to known amounts of cash and which are subject to an

Cash and cash equivalents (Continued)

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

City of Busselton
Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

4. Reserves – Cash Backed

	2018/19 Actual				2018/19 Budget				2017/18 Actual			
	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$
Airport Infrastructure Renewal Reserve	1,325,502	577,682	(81,630)	1,821,554	1,325,502	561,314	(231,630)	1,655,186	1,428,768	489,364	(592,630)	1,325,502
Airport Marketing and Incentive Reserve	1,583,014	1,813,137	0	3,396,151	1,583,014	1,737,945	(1,590,287)	1,730,672	912,986	670,028	0	1,583,014
Airport Noise Mitigation Reserve	0	890,710	0	890,710	0	869,550	(869,550)	0	0	0	0	0
Airport Existing Terminal Building Reserve	0	39,882	0	39,882	0	39,000	0	39,000	0	0	0	0
Building Asset Renewal Reserve	1,193,934	923,435	(392,313)	1,725,056	1,193,934	890,864	(661,918)	1,422,880	1,159,784	56,825	(22,675)	1,193,934
Barnard Park Sports Pavilion Building Reserve	0	10,666	0	10,666	0	10,500	0	10,500	0	0	0	0
Railway House Building Reserve	0	16,761	0	16,761	0	16,500	0	16,500	0	0	0	0
Youth and Community Activities Building Reserve	0	45,712	0	45,712	0	45,000	0	45,000	0	0	0	0
Busselton Library Building Reserve	0	85,071	0	85,071	0	83,580	(11,000)	72,580	0	0	0	0
Busselton Community Resource Centre Reserve	156,654	34,222	0	190,876	156,654	32,373	0	189,027	123,722	32,932	0	156,654
Busselton Jetty Tourist Park Reserve	0	221,727	(62,001)	159,726	0	218,272	(214,400)	3,872	0	0	0	0
Geopraphe Leisure Centre Building Reserve	0	484,644	(103,458)	381,186	0	476,640	(290,000)	186,640	0	0	0	0
Joint Venture Aged Housing Reserve	997,855	210,702	(122,686)	1,085,871	997,855	195,520	(121,500)	1,071,875	874,987	147,868	(25,000)	997,855

City of Busselton
Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

4. Reserves – Cash Backed (Continued)

	2018/19 Actual			2018/19 Budget			2017/18 Actual		
	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	
Winderup Aged Housing Resident Funded	186,718	67,806	(42,023)	212,501	186,718	3,504	(66,200)	124,022	
Naturaliste Community Centre Building Reserve	0	161,226	(97,480)	63,746	0	159,078	(100,000)	59,078	
Civic and Administration Building Reserve	0	187,928	0	187,928	0	185,000	0	185,000	
Vasse Sports Pavilion Building Reserve	0	0	0	0	0	0	0	0	
Jetty Maintenance Reserve	4,193,450	1,357,284	(744,456)	4,806,278	4,193,450	1,327,704	(1,552,610)	3,968,544	
Jetty Self Insurance Reserve	0	365,698	0	365,698	0	360,000	0	360,000	
Asset Depreciation Reserve	563,412	14,030	(577,442)	0	563,412	10,572	(573,984)	0	
Road Assets Renewal Reserve	1,299,765	2,600,211	(2,780,860)	1,119,116	1,299,765	2,575,340	(3,875,096)	9	
Footpath/ Cycle Ways Reserve	0	235,577	(231,906)	3,671	0	231,906	(231,906)	0	
Plant Replacement Reserve	2,185,396	1,177,175	(2,157,044)	1,205,527	2,185,396	886,580	(2,179,650)	892,326	
Major Traffic Improvements Reserve	432,138	1,241,862	(178,422)	1,495,578	432,138	1,219,222	(1,650,000)	1,360	
CBD Enhancement Reserve	122,491	48,826	0	171,317	122,491	47,292	(120,000)	49,783	
New Infrastructure Development Reserve	1,834,715	462,042	(493,585)	1,803,172	1,834,715	445,357	(1,470,740)	809,332	

City of Busselton
Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

4. Reserves – Cash Backed (Continued)

	2018/19 Actual				2018/19 Budget				2017/18 Actual			
	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$
Commonage Precinct Infrastructure Road Reserve	225,575	5,649	0	231,224	225,575	4,236	0	229,811	0	225,575	0	225,575
City Car Parking and Access Reserve	875,926	568,274	(162,863)	1,281,337	875,926	554,452	(1,312,249)	118,129	623,502	459,270	(206,846)	875,926
Corporate IT Systems Reserve	78,624	1,774	0	80,398	78,624	1,476	0	80,100	125,981	2,966	(50,323)	78,624
Election, Valuation and Other	149,558	359,348	(9,000)	499,906	149,558	353,757	(10,300)	493,015	331,553	187,425	(369,420)	149,558
Corporate Expenses Reserve	557,904	76,399	(57,047)	577,256	557,904	10,464	(30,000)	538,368	544,832	13,072	0	557,904
Performing Arts and Convention Centre Reserve	0	0	0	0	0	0	0	0	0	0	0	0
Long Service Leave Reserve	3,111,698	478,139	(493,254)	3,096,583	3,111,698	308,368	(606,308)	2,813,758	2,763,368	732,876	(384,546)	3,111,698
Professional Development Reserve	113,025	73,777	(64,030)	122,772	113,025	72,124	(70,000)	115,149	95,329	78,024	(60,328)	113,025
Sick Pay Incentive Reserve	175,935	5,088	(30,620)	150,403	175,935	3,300	(70,000)	109,235	146,380	83,491	(53,935)	175,936
Workers Compensation & Extended Sick Leave Contingency Reserve	356,227	8,873	(60,000)	305,100	356,227	6,684	(60,000)	302,911	322,008	59,219	(25,000)	356,227
Community Facilities - City District	2,303,096	366,946	(117,335)	2,552,707	2,303,096	637,080	(643,415)	2,296,761	2,103,563	430,904	(231,371)	2,303,096
Community Facilities - Broadwater	138,049	20,475	0	158,524	138,049	31,612	0	169,661	108,040	30,009	0	138,049
Community Facilities - Busselton	34,547	9,465	0	44,012	34,547	51,208	(20,000)	65,755	93,423	22,194	(81,070)	34,547

City of Busselton
Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

4. Reserves – Cash Backed (Continued)

	2018/19 Actual				2018/19 Budget				2017/18 Actual			
	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$
Community Facilities – Dunsborough	166,327	21,736	0	188,063	166,327	81,720	0	248,047	147,095	19,232	0	166,327
Community Facilities - Dunsborough Lakes Estate	525,106	397,667	0	922,773	525,106	497,632	0	1,022,738	153,793	371,313	0	525,106
Community Facilities - Geographe	95,061	4,115	0	99,176	95,061	7,958	0	103,019	55,970	39,091	0	95,061
Community Facilities - Port Geographe	335,117	8,393	0	343,510	335,117	6,288	0	341,405	327,265	7,852	0	335,117
Community Facilities - Vasse	589,761	25,825	0	615,586	589,761	466,524	0	1,056,285	901,072	24,209	(335,520)	589,761
Community Facilities - Airport North	2,826,296	143,883	0	2,970,179	2,826,296	265,096	0	3,091,392	2,760,074	66,222	0	2,826,296
Locke Estate Reserve	0	65,013	(64,000)	1,013	0	64,000	(64,000)	0	129,971	66,963	(196,934)	0
Port Geographe Development Reserve	1,455,441	80,841	(853,811)	682,471	1,455,441	77,300	(999,781)	532,960	1,534,671	35,864	(115,094)	1,455,441
Port Geographe Waterways Management Reserve	3,387,485	281,357	(319,125)	3,349,717	3,387,485	251,113	(337,800)	3,300,798	3,422,821	264,664	(300,000)	3,387,485
Providence Landscape Maintenance Reserve	1,101,707	198,524	(105,472)	1,194,759	1,101,707	187,442	(162,645)	1,126,504	1,001,808	190,128	(90,229)	1,101,707
Vasse Newtown Landscape Maintenance Reserve	535,722	188,692	(149,263)	575,151	535,722	180,434	(174,860)	541,296	485,466	182,106	(131,850)	535,722
Commonage Precinct Bushfire Facilities Reserve	55,862	1,399	0	57,261	55,862	1,044	0	56,906	0	55,862	0	55,862
Commonage Community Facilities Dunsborough Lakes South Reserve	70,848	1,774	0	72,622	70,848	1,332	0	72,180	0	70,848	0	70,848

City of Busselton
Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

4. Reserves – Cash Backed (Continued)

	2018/19 Actual				2018/19 Budget				2017/18 Actual			
	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$	Opening Balance \$	Transfers To \$	Transfers From \$	Closing Balance \$
Commonage Community Facilities	1,030,368	25,804	(170,000)	886,172	1,030,368	19,332	(200,000)	849,700	0	1,030,368	0	1,030,368
South Biddle Precinct Reserve	548,821	13,451	(15,801)	546,471	548,821	10,296	(169,317)	389,800	609,789	14,631	(75,599)	548,821
Busselton Area Drainage and Waterways Improvement Reserve	2,472,424	597,693	(224,538)	2,845,579	2,472,424	574,112	(1,091,290)	1,955,246	1,900,993	700,756	(129,324)	2,472,425
Coastal and Climate Adaptation Reserve	50,000	22,782	0	72,782	50,000	20,936	0	70,936	0	50,000	0	50,000
Emergency Disaster Recovery Reserve	100,000	104,475	(22,622)	181,853	100,000	101,872	(120,000)	81,872	0	100,000	0	100,000
Energy Sustainability Reserve	100,000	81,420	(23,794)	157,626	100,000	78,072	(120,000)	58,072	0	100,000	0	100,000
Cemetery Reserve	229,685	5,698	(149,185)	86,198	229,685	104,308	(143,000)	190,993	94,836	148,849	(14,000)	229,685
Public Art Reserve	7,881,065	1,513,471	(1,527,326)	7,867,210	7,881,065	1,579,702	(4,140,590)	5,320,177	7,578,592	2,208,862	(1,906,389)	7,881,065
Waste Management Facility and Plant Reserve	226,213	30,950	0	257,163	226,213	29,236	0	255,449	230,337	30,792	(34,916)	226,213
Strategic Projects Reserve	0	1,232,906	0	1,232,906	0	0	0	0	1,146,659	0	(1,146,659)	0
Untied Grants Reserve	0	0	0	0	0	0	0	0	444,863	0	(444,863)	0
Civic and Administration Centre Construction Reserve	47,978,517	20,296,092	(12,684,392)	55,590,217	47,978,517	19,269,123	(26,356,026)	40,891,614	43,539,056	15,102,674	(10,663,213)	47,978,517

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

4. Reserves – Cash Backed (continued)

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 report.

In accordance with council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

Airport Infrastructure Renewal Reserve

To provide funding for the major maintenance, renewal, replacement, upgrading and installation of Airport Infrastructure, Plant, Furniture and Equipment.

Airport Marketing and Incentive Reserve

The purpose of promoting and providing incentives for the Busselton Margaret River Airport.

Airport Noise Mitigation Reserve

To be utilised for the purpose of noise mitigation related activities surrounding the Airport precinct.

Airport Existing Terminal Building Reserve

To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Building Asset Renewal Reserve

To provide funding for the major maintenance, renewal, replacement, upgrading and future building requirements for SLH2 to SLH6 assets that do not have their own reserve account and for other major building assets where insufficient funds are held for those assets.

Barnard Park Sports Pavilion Building Reserve

To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Railway House Building Reserve

To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Youth and Community Activities Building Reserve

To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Busselton Library Building Reserve

To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Busselton Community Resource Centre Reserve

To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Busselton Jetty Tourist Park Reserve

To provide funding for capital, maintenance and promotional/ marketing requirements.

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

4. Reserves – Cash Backed (Continued)

Geographe Leisure Centre Building Reserve

To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Joint Venture Aged Housing Reserve

To hold funds to meet future expenses, including capital, maintenance, operational and administrative costs associated with the provision of community aged housing at Winderlup Villas and Harris Road pursuant to the relevant joint venture agreements with the Department of Housing.

Winderlup Aged Housing Resident Funded

To hold funds to meet future expenses, including capital, maintenance, operational and administrative costs associated with the provision of council owned community aged housing.

Naturaliste Community Centre Building Reserve

To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Civic and Administration Building Reserve

To provide funding for the major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Vasse Sports Pavilion Building Reserve

To provide funding for the construction, major maintenance, renewal, replacement, upgrading and future building and fit out requirements for the asset.

Jetty Maintenance Reserve

To provide funding for the maintenance, renewal, replacement, upgrading and future Capital works requirements for the asset.

Jetty Self Insurance Reserve

As a contingency fund to rectify damage caused by the demise of the Busselton jetty or part of the jetty or for large unbudgeted extraordinary jetty repairs.

Asset Depreciation Reserve

To assist the City in funding capital expenditure on renewal, replacement and improvements of infrastructure assets as determined by Council, and as specifically identified in relevant Asset Management Plans.

(Note: This Reserve is being redistributed to the Building Reserves and therefore will be closed as per 2018/19 budget.)

Road Asset Renewal Reserve

To provide funding for the major maintenance, renewal, replacement, upgrading and future requirements with respect to Road Infrastructure assets within the District.

Footpath/ Cycle Ways Reserve

To provide funding for the major maintenance, renewal, replacement, upgrading and future requirements with respect to Footpath and Cycleway assets within the District.

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

4. Reserves – Cash Backed (Continued)

Plant Replacement Reserve

To provide funding for the major maintenance, renewal, replacement, upgrading and future requirements with respect to Plant and Equipment assets excluding those in independent commercial operations.

Major Traffic Improvements Reserve

To be utilised for the provision of enabling major capital works programs to be funded for the upgrade of the local road network to reduce congestion, increase traffic flow and ease of access within the District.

CBD Enhancement Reserve

To provide funds for Capital and maintenance works and improvements within the Busselton and Dunsborough Central Business Districts.

New Infrastructure Development Reserve

For the purpose of setting aside funds to facilitate the identification, design and development/construction of new infrastructure and other capital projects as identified in the City's LTFP.

Commonage Precinct Infrastructure Road Reserve

To be utilised for the purpose of road infrastructure and road safety upgrades within the Commonage Contribution Area in accordance with the Commonage Contributions Area policy provisions.

City Car Parking and Access Reserve

To provide funding for development of public car parking, the development of infrastructure to provide for the management of public car parking and improving public transport to and within the City or for end of trip facilities. To provide funding for the purchase of land identified as of strategic importance for future parking requirements.

Corporate IT Systems Reserve

To provide funding in relation to the ongoing development, enhancement and/ or replacement of the City's corporate systems. To be utilised for the renewal and replacement or introduction of new IT platforms/ hardware for the City.

Election, Valuation and Other Corporate Expenses Reserve

To provide funding for Council elections, rating valuations, fair value valuations and other legislative and corporate governance requirements.

Legal Expenses Reserve

Funding for any legal expenses or contingency involving the City of Busselton.

Performing Arts and Convention Centre Reserve

To provide funds for the planning and construction, and holding of grants or other funds for a future Performing Arts and Convention Centre for the District.

Long Service Leave Reserve

To provide funding to meet the City's future long service leave obligations of employees.

Professional Development Reserve

To provide funding to meet the City's ongoing contractual professional development obligations of employees.

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

4. Reserves – Cash Backed (Continued)

Sick Pay Incentive Reserve

To provide funding to meet the City's obligations under a former sick leave incentive scheme pertaining to staff employed pre 2003.

Workers Compensation and Extended Sick Leave Contingency

A contingency fund to assist the City in meeting its Workers Compensation Contribution obligations when claim costs exceed the "Deposit" amount allocated to claims, to fund any shortfall with respect to insurance premiums in any one year, negotiated settlements of outstanding claims, and to enable periods of extended Sick Leave to be funded with a replacement officer.

Community Facilities - City District

To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the District.

Community Facilities – Broadwater

To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

Community Facilities – Busselton

To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

Community Facilities – Dunsborough

To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

Community Facilities - Dunsborough Lakes Estate

To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

Community Facilities – Geographe

To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

Community Facilities - Port Geographe

To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

Community Facilities – Vasse

To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

Community Facilities - Airport North

To hold development contributions received by the City for the provision of new or upgraded community infrastructure within the Precinct as per the adopted contributions plan.

Locke Estate Reserve

To provide funding for the protection of the Locke Estate (Reserve 22674) coastline.

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

4. Reserves – Cash Backed (Continued)

Port Geographe Development Reserve

To provide funds for capital and maintenance costs for development works associated within the Port Geographe contribution area.

Port Geographe Waterways Management Reserve

To provide funds for the City to fulfil its obligations under a Waterways Management Deed with the State Government for the future maintenance of waterways and associated facilities within the Port Geographe contributions area.

Provence Landscape Maintenance Reserve

For the purpose of holding funds for the maintenance of the approved higher standard of landscaping with the contributions area including future Capital replacement of landscaping structures as may be required.

Vasse Newtown Landscape Maintenance Reserve

For the purpose of holding funds for the maintenance of the approved higher standard of landscaping with the contributions area including future Capital replacement of landscaping structures as may be required.

Commonage Precinct Bushfire Facilities Reserve

For the purpose of the provision of fire protection facilities in accordance with the Commonage Contributions Area policy provisions.

Commonage Community Facilities Dunsborough Lakes South Reserve

For the purpose of the provision of future recreational facilities at Dunsborough Lakes South in accordance with the Dunsborough Lakes Developer Contributions Plan.

Commonage Community Facilities South Biddle Precinct Reserve

To be utilised for the provision of community facilities within the South Biddle Precinct in accordance with the Commonage Area Implementation Policy provisions.

Busselton Area Drainage and Waterways Improvement Reserve

To hold development contributions for the provision of drainage works and the management and improvement of waterways and adjacent reserves within Busselton including the lower Vasse River.

Coastal and Climate Adaptation Reserve

The purpose of the reserve is to provide funds for coastal protection of assets and to fund initiatives to address the impacts of climate change including water supply sustainability and improvements/ upgrades of infrastructure susceptible to climate change.

Emergency Disaster Recovery Reserve

To provide funding for Disaster Recovery activities including natural and man-made events.

Energy Sustainability Reserve

To provide funding for the investigation, implementation and optimisation of Energy Sustainability initiatives within the District.

Cemetery Reserve

To provide funding for the renewal, expansion and establishment of Cemeteries within the district

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

4. Reserves – Cash Backed (Continued)

Public Art Reserve

To hold development contributions received by the City for the commissioning, purchase and enhancement of public art works within the District.

Waste Management Facility and Plant Reserve

To provide funding for development and rehabilitation of waste disposal sites both within the district and regionally. Acquisition of waste plant and equipment and any other waste management activities that may include contaminated sites within the District.

Strategic Projects Reserve

To provide funds for projects which may create a future revenue stream for the City and reduce reliance on rate revenue.

Untied Grants Reserve

To hold untied Government and third party grants monies received in advance.

Civic and Administration Centre Construction Reserve

To provide funding for the construction and fit-out of a Civic and Administration Centre, plus associated costs.

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

	2019 Actual \$	2018 Actual \$
5. Trade and Other Receivables		
Current		
Rates Outstanding	1,902,973	1,709,394
Rates Outstanding – Pensioners	1,619	112,940
Sundry Debtors	1,763,604	2,313,289
GST Receivable	514,881	767,576
Loans – Clubs / Institutions	69,803	73,002
	<u>4,252,880</u>	<u>4,976,201</u>
Non-Current		
Rates Outstanding – Pensioners	317,461	275,514
Sundry Debtors	80,000	5,000
Loans – Clubs / Institutions	283,072	352,875
	<u>680,533</u>	<u>633,389</u>

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.

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

	2019 Actual \$	2018 Actual \$
6. Inventories		
Current		
Materials	24,981	23,672
	<u>24,981</u>	<u>23,672</u>

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

	2019 Actual \$	2018 Actual \$
7 (a). Property, Plant and Equipment		
<u>Land & Buildings</u>		
Freehold Land – Fair Value	52,992,291	52,772,291
	<hr/> 52,992,291	<hr/> 52,772,291
Buildings – Fair Value	79,026,755	75,220,950
Less Accumulated Depreciation	(6,195,130)	(3,039,620)
	<hr/> 72,831,625	<hr/> 72,181,330
Total Land and Buildings	<hr/> 125,823,916	<hr/> 124,953,621
Furniture and Fittings – Fair Value	3,084,411	4,588,187
Less Accumulated Depreciation	0	(1,258,524)
	<hr/> 3,084,411	<hr/> 3,329,663
Plant and Equipment – Fair Value	15,425,356	17,948,506
Less Accumulated Depreciation	0	(3,924,258)
	<hr/> 15,425,356	<hr/> 14,024,248
Total Property, Plant and Equipment	<hr/> 144,333,683	<hr/> 142,307,532

City of Busselton
Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

7. Property, Plant and Equipment (Continued)
(b) Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land (Level 2)	Buildings Non- Specialised (Level 2)	Buildings Specialised (Level 3)	Furniture and Fittings (Level 3)	Plant and Equipment (Level 3)	Total
Balance as at 1 July 2018	52,772,291	46,814,835	25,366,495	3,329,663	14,024,248	142,307,532
Additions	220,000	484,283	3,336,522	507,106	3,759,179	8,307,090
(Disposals)	0	0	(12,295)	(8,994)	(841,420)	(862,709)
Revaluation - Increments - (Decrements)	0	0	0	351,368	703,836	1,055,204
Impairment - (Losses) - Reversals	0	0	0	0	0	0
Depreciation - (Expense)	0	(1,954,815)	(1,203,400)	(664,349)	(1,984,037)	(5,806,601)
Donated Assets	0	0	0	42,000	476,452	518,452
Asset Accounting Change - Regulations	0	0	0	(472,383)	(712,902)	(1,185,285)
Other Movements	0	0	0	0	0	0
Balance as at 30 June 2019	52,992,291	45,344,303	27,487,322	3,084,411	15,425,356	144,333,683

**City of Busselton
Financial Report**

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

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
<u>Land & Buildings</u> Freehold land	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuer.	June 2017	Price per hectare / market borrowing rate.
Non-Specialised Buildings	3	Cost approach using depreciated replacement cost.	Independent Registered Valuer.	June 2017	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessment's (level 3) inputs.
Specialised Buildings	2	Market approach using recent observable market data for similar properties.	Independent Registered Valuer.	June 2017	Price per square meter / market borrowing rate
<u>Furniture & Equipment</u> Furniture & Equipment	3	Cost approach using depreciated replacement cost.	Management valuation.	June 2019	Construction cost (level 2) and current condition (level 3), residual values and remaining useful life assessment (level 3) inputs.
<u>Plant & Equipment</u> Plant & Equipment	3	Cost approach using depreciated replacement cost.	Management valuation.	June 2019	Purchased cost (level 2) and current condition (level 3), 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.

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

	2019 Actual \$	2018 Actual \$
8 (a). Infrastructure		
Roads – Fair Value	299,491,560	290,497,518
Less Accumulated Depreciation	(5,798,888)	0
	<u>293,692,672</u>	<u>290,497,518</u>
 Bridges – Fair Value	 37,824,541	 37,824,541
Less Accumulated Depreciation	(733,154)	0
	<u>37,091,387</u>	<u>37,824,541</u>
 Car Parks – Fair Value	 9,304,650	 8,588,584
Less Accumulated Depreciation	(318,660)	0
	<u>8,985,990</u>	<u>8,588,584</u>
 Stormwater Drainage – Fair Value	 58,067,718	 55,513,855
Less Accumulated Depreciation	(792,844)	0
	<u>57,274,874</u>	<u>55,513,855</u>
 Other Infrastructure – Fair Value	 176,272,067	 160,806,470
Less Accumulated Depreciation	(8,600,998)	0
	<u>167,671,069</u>	<u>160,806,470</u>
	<u>564,715,992</u>	<u>553,230,968</u>

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

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

	Roads \$	Bridges \$	Car Parks \$	Drainage \$	Other \$	Total \$
Balance as at 1 July 2018	290,497,518	37,824,541	8,588,584	55,513,855	160,806,470	553,230,968
Additions	5,629,217	0	716,066	596,963	13,347,945	20,290,191
(Disposals)	0	0	0	0	0	0
Revaluation – Increments/ Decrements (transferred to Revaluations)	0	0	0	0	0	0
Revaluation – Increments/ Decrements (transferred to Profit or Loss)	0	0	0	0	0	0
Impairment - (Losses) - Reversals	0	0	0	0	0	0
Depreciation - (Expense)	(5,798,888)	(733,154)	(318,660)	(792,844)	(8,601,009)	(16,244,555)
Donated Assets	3,364,825	0	0	1,956,900	2,117,663	7,439,388
Other Movements	0	0	0	0	0	0
Balance as at 30 June 2019	293,692,672	37,091,387	8,985,990	57,274,874	167,671,069	564,715,992

City of Busselton
Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

8. Infrastructure (Continued)
(c) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of last Valuation	Inputs Used
Roads	3	Cost approach using depreciated replacement cost.	Management valuation.	June 2018	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs.
Bridges	3	Cost approach using depreciated replacement cost.	Management valuation.	June 2018	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs.
Car Parks	3	Cost approach using depreciated replacement cost.	Management valuation.	June 2018	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs.
Drainage	3	Cost approach using depreciated replacement cost.	Management valuation.	June 2018	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs.
Other Infrastructure	3	Cost approach using depreciated replacement cost.	Management valuation.	June 2018	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs.

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

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

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

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 City 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 (but not more than 5 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.

Revaluation (Continued)

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 City 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 City.

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

9. Fixed Assets (Continued)

(a) Disposals of Assets – 2018/19 Financial Year

The following assets were disposed of during the year:

By Function/Activity:-

	Net Book Value		Sale Price		Profit / (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
General Purpose Funding	0	0	0	0	0	0
Governance	64,638	55,700	65,530	56,300	892	600
Law, Order, Public Safety	61,200	63,762	64,431	62,600	3,231	(1,162)
Health	18,800	18,800	20,625	19,200	1,825	400
Education and Welfare	0	0	0	0	0	0
Housing	56	0	0	0	(56)	0
Community Amenities	139,500	156,500	146,859	157,100	7,359	600
Recreation and Culture	104,452	209,256	89,965	241,050	(14,487)	31,794
Transport	385,172	354,332	446,484	372,400	61,312	18,068
Economic Services	15,700	34,400	16,306	36,000	606	1,600
Other Property & Services	73,191	105,640	75,975	101,300	2,784	(4,340)
	862,709	998,390	926,175	1,045,950	63,466	47,560

By Asset Class:-

	Net Book Value		Sale Price		Profit / (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Land and Buildings	12,295	0	0	0	(12,295)	0
Plant and Equipment	841,420	998,390	919,777	1,045,950	78,357	47,560
Furniture and Fittings	8,994	0	6,398	0	(2,596)	0
Infrastructure	0	0	0	0	0	0
	862,709	998,390	926,175	1,045,950	63,466	47,560

2019	2018
Actual	Actual
\$	\$

(b) Depreciation

Buildings	3,158,215	3,040,186
Furniture and Fittings	664,349	730,640
Plant and Equipment	1,984,037	2,082,745
Infrastructure - Roads	5,798,888	5,013,460
Infrastructure - Bridges	733,154	602,398
Infrastructure - Car Parks	318,660	308,939
Infrastructure - Stormwater Drainage	792,844	703,907
Infrastructure - Other Infrastructure	8,601,009	6,099,242
	22,051,156	18,581,517

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

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 (Continued)

Depreciation rates

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

Buildings - General	40	Years
Buildings - Geographe Leisure Centre	10 - 20	Years
Furniture and Fittings - Basic Items	10	Years
Furniture and Fittings - EDP Network	3	Years
Heavy Plant and Equipment	3 - 10	Years
Light to Medium Vehicles	3 - 5	Years
Light Mobile Plant	2	Years
Tools	10	Years

Infrastructure:

Roads	15 - 60	Years
Bridges	40 - 60	Years
Car Parks	20 - 40	Years
Footpaths & Cycle ways	20 - 40	Years
Parks, Gardens & Reserves & Community Facilities	5 - 50	Years
Storm water Drainage	25 - 90	Years
Regional Airport & Industrial Park	12 - 40	Years

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.

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

10. Revaluation Surplus

Revaluations surpluses have arisen on revaluation of the following class of non-current assets:

	2019 Actual \$	2018 Actual \$
Land and Buildings		
Opening Balance	56,801,847	56,801,847
Revaluation Increment	0	0
Revaluation Decrement	0	0
	<u>56,801,847</u>	<u>56,801,847</u>
Furniture & Fittings		
Opening Balance	445,965	445,965
Revaluation Increment	351,368	0
Revaluation Decrement	0	0
	<u>797,333</u>	<u>445,965</u>
Plant and Equipment		
Opening Balance	136,902	136,902
Revaluation Increment	703,836	0
Revaluation Decrement	0	0
	<u>840,738</u>	<u>136,902</u>
Roads		
Opening Balance	122,047,036	102,035,756
Revaluation Increment	0	20,011,280
Revaluation Decrement	0	0
	<u>122,047,036</u>	<u>122,047,036</u>
Bridges		
Opening Balance	24,939,518	19,677,168
Revaluation Increment	0	5,262,350
Revaluation Decrement	0	0
	<u>24,939,518</u>	<u>24,939,518</u>
Car Parks		
Opening Balance	5,314,676	5,863,855
Revaluation Increment	0	0
Revaluation Decrement	0	(549,179)
	<u>5,314,676</u>	<u>5,314,676</u>
Drainage		
Opening Balance	14,102,455	9,978,811
Revaluation Increment	0	4,123,644
Revaluation Decrement	0	0
	<u>14,102,455</u>	<u>14,102,455</u>
Other Infrastructure		
Opening Balance	11,352,697	8,274,981
Revaluation Increment	0	3,077,716
Revaluation Decrement	0	0
	<u>11,352,697</u>	<u>11,352,697</u>
All Asset Classes		
Opening Balance	235,141,096	203,215,285
Revaluation Increment	1,055,204	32,474,990
Revaluation Decrement	0	(549,179)
Total Assets Revaluation Surplus	<u>236,196,300</u>	<u>235,141,096</u>

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

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

	2019 Actual \$	2018 Actual \$
11. Trade and Other Payables		
Current		
Sundry Creditors	4,306,953	3,619,586
Deposits and Bonds	2,943,510	3,818,562
Accrued Expenses	885,575	2,504,165
	<u>8,136,038</u>	<u>9,942,313</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

Trade and other payables (Continued)

payments in respect 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.

City of Busseton
Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

12. Information on Borrowings
(a) Debenture Repayments

Particulars	Borrowing Institution	Int. %	Maturity Date	Principal		New Loans		Principal Repayment		Principal		Interest Repayment	
				1 July 2018	2018/19 Budget	2018/19 Actual	2018/19 Budget	2018/19 Budget	2018/19 Actual	2018/19 Budget	2018/19 Actual	2018/19 Budget	2018/19 Actual
Administration													
Loan #207 Civic and Administration Centre	WATC	4.51	06/34	15,496,496	0	0	677,320	677,320	7,044	14,819,176	14,819,175	687,544	687,461
Loan #192 Busseton Tennis Club	WATC	5.74	12/19	10,719	0	0	7,044	7,044	3,136	3,675	3,675	465	464
Loan #196 Dunsborough Bay Yacht Club	WATC	6.16	12/19	4,777	0	0	3,136	3,136	1,642	1,641	1,642	222	222
Loan #197 Dunsborough Oval	WATC	6.05	03/20	349,039	0	0	195,453	195,453	154,487	154,487	154,487	16,792	16,780
Loan #198 Jetty Construction	WATC	6.05	03/20	439,236	0	0	236,552	236,552	202,764	202,764	202,765	22,040	21,998
Loan #199 Busseton Bowling Club	WATC	5.98	12/20	47,671	0	0	18,224	18,224	29,447	29,447	29,447	2,447	2,444
Loan #200 Dunsborough Bay Yacht Club	WATC	6.00	12/19	3,069	0	0	2,016	2,016	1,053	1,053	1,054	139	139
Loan #202 Geothermal Heating GLC	WATC	3.98	06/23	293,414	0	0	54,129	54,129	239,286	239,286	239,286	10,877	10,871
Loan #204 Busseton Foreshore	WATC	4.36	06/29	876,164	0	0	63,526	63,526	812,639	812,639	812,639	37,172	37,164
Loan #205 GLC Extensions	WATC	3.92	06/24	778,087	0	0	117,371	117,371	660,716	660,716	660,716	28,790	28,777
Loan #208 Busseton Football & Sportsman's Club	WATC	3.56	06/27	5,148,146	0	0	2,795	2,795	494,335	4,653,810	4,653,810	176,723	176,675
Loan #209 Busseton Foreshore	WATC	2.55	10/24	2,482,962	0	0	355,808	355,808	2,127,154	2,127,154	2,127,153	59,931	58,403
Loan #211 Dunsborough and Districts Country	WATC	3.04	05/27	104,085	0	0	10,219	10,219	93,865	93,865	93,865	3,087	3,036
Loan #212 Dunsborough and Districts Country	WATC	3.04	05/27	91,302	0	0	8,964	8,964	82,338	82,338	82,338	2,708	2,664
Loan #214 Dunsborough & Districts Country Club	WATC	3.19	09/27	105,287	0	0	9,652	9,652	95,635	95,635	95,635	3,282	3,203
Loan #215 Busseton Foreshore Jetty Precinct	WATC	3.25	04/28	2,500,000	0	0	215,315	215,315	2,284,685	2,284,685	2,284,685	79,515	78,272
Loan #216 Tennis Club Facilities	WATC	3.25	04/28	2,750,000	0	0	236,847	236,847	2,513,153	2,513,153	2,513,153	87,466	86,099
Loan #217 Lot 10 Commonage Road	WATC	3.25	04/28	1,600,000	0	0	137,802	137,802	1,462,198	1,462,198	1,462,198	50,889	50,094
Loan #218 Busseton Tennis Club	WATC	2.21	06/29	0	1,500,000	1,250,000	31,081	31,081	1,468,919	1,250,000	1,250,000	14,063	4,022
Loan #new Community Groups	Unknown	n/a	n/a	0	150,000	0	6,251	6,251	0	143,749	0	2,813	0
Transport													
Loan #203 Land Acquisition for Parking	WATC	4.19	09/21	490,589	0	0	143,936	143,936	346,652	346,652	346,653	18,314	18,297
Loan #206 Airport Jet A1 Installation	WATC	3.92	06/24	226,943	0	0	34,233	34,233	192,709	192,709	192,709	8,397	8,393
Loan #219 Air Freight Hub Stage 1	WATC	2.21	06/29	0	1,500,000	1,480,000	62,453	62,453	0	1,437,547	1,480,000	27,834	4,761
Economic Services													
Loan #201 Geographie Bay Tourism Association	WATC	4.76	09/21	37,575	0	0	10,953	10,953	26,623	26,623	26,623	1,595	1,595
Other Property and Services													
Loan #210 Lot 40 Vasse Highway	WATC	3.61	12/25	850,000	0	0	0	0	850,000	850,000	850,000	30,685	30,685
Total - Council and Self-supporting Loans				34,727,913	3,150,000	2,730,000	3,155,395	3,055,609	34,722,518	34,402,304	34,402,304	1,374,387	1,333,095

C Council Loans are financed by general purpose revenue.
S Self-Supporting Loans are financed by payments from third parties.

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

12. Information on Borrowings (continued)

(b) New Borrowings – 2018/19

Particulars / Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used		Balance Unspent
	Actual \$	Budget \$						Actual \$	Budget \$	
Loan #218 Busselton Tennis Club	1,250,000	1,500,000	WATC	Debenture	10	1,401,030	2.21%	1,250,000	1,500,000	0
Loan #219 Air Freight Hub Stage 1	1,480,000	1,500,000	WATC	Debenture	10	1,658,819	2.21%	1,480,000	1,500,000	0
	2,730,000	3,000,000				3,059,849		2,730,000	3,000,000	0

(c) Unspent Borrowings

Particulars / Purpose	Date Borrowed	Balance		Borrowed During Year	Expended During Year	Balance 30-June-19
		01-July-18	\$			
Loan #206 Airport Jet A1 Installation	27 th May 2014	4,013	\$	0	5	4,008
Loan #215 Busselton Foreshore Jetty Precinct	27 th April 2018	499,996	\$	0	499,996	0
Loan #216 Tennis Club Facilities	27 th April 2018	2,182,894	\$	0	1,394,290	788,604
		2,686,903	\$	0	1,894,291	792,612

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

	2019 Actual \$	2018 Actual \$
12. Information on Borrowings (continued)		
(d) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Electronic Payaway Facility	650,000	650,000
Electronic Payaway Facility at Balance Date	0	0
Credit card limit	50,000	50,000
Credit card balance at balance date	0	0
Total amount of credit unused	700,000	700,000
Loan facilities		
Loan facilities - current	3,291,161	3,055,609
Loan facilities - non-current	31,111,143	31,672,304
Total facilities in use at balance date	34,402,304	34,727,913

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are recognised at fair value when the City 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 (Continued)

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

Borrowing costs

Borrowing costs are recognised as an expense when incurred.

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

13. Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Provision for Sick Leave	Total
	\$	\$	\$	\$
Opening balance at 1 July 2018				
Current	1,957,702	2,358,371	175,935	4,492,008
Non-Current	0	753,327	0	753,327
	1,957,702	3,111,698	175,935	5,245,335
Additional Provisions	1,885,750	506,131	1,414	2,393,295
Amounts Used	(1,848,415)	(521,246)	(26,945)	(2,396,606)
Balance 30 June 2019	1,995,037	3,096,583	150,404	5,242,024
Comprises				
Current Provisions	1,995,037	2,468,740	150,404	4,614,181
Non-current Provisions	0	627,843	0	627,843
	1,995,037	3,096,583	150,404	5,242,024

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

Provision is made for the City'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 City'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 City'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 rates determined by reference

Other long-term employee benefits (Continued)

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 re-measurements 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 City's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the City 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 City 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.

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

14. Notes to the Statement of Cash Flows

Reconciliation of Cash

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

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Cash and Cash Equivalents	70,272,318	48,145,227	72,413,338

Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net Result	11,775,277	24,570,544	22,282,366
Non-cash flows in Net result:			
Depreciation	22,051,156	19,070,922	18,581,517
(Profit) / Loss on Sale of Asset	(63,465)	(47,560)	625,890
Non-Cash Contributions	(7,957,839)	(8,365,000)	(8,935,865)
Changes in assets and Liabilities:			
(Increase) / Decrease in Receivables	(323,387)	266,122	633,524
(Increase) / Decrease in Inventories	(1,310)	671	786
Increase / (Decrease) in Payables	260,135	(49,554)	(542,432)
Increase / (Decrease) in Employee Provisions	(3,311)	0	398,310
Non-operating Grants and Contributions for the Development of Assets	(6,529,299)	(21,995,799)	(15,969,176)
Net Cash from Operating Activities	19,207,957	13,450,346	17,074,920

15. Total Assets Classified by Function and Activity

	2019 Actual \$	2018 Actual \$
General Purpose Funding	3,191,853	4,928,708
Governance	24,132,437	21,923,044
Law, Order & Public Safety	4,631,076	4,086,602
Health	127,113	128,295
Education and Welfare	600,992	634,904
Housing	16,677,900	17,388,693
Community Amenities	38,041,354	35,521,324
Recreation and Culture	133,903,902	133,394,242
Transport	508,125,504	504,000,047
Economic Services	2,856,771	2,815,829
Other Property and Services	7,377,583	5,494,461
Unallocated	44,613,902	43,268,951
	784,280,387	773,585,100

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

16. Contingent Liabilities

16.1 Resident funded aged persons homes

When the resident funded aged person's unit at the Winderup Court becomes vacant, then Council has a contractual obligation to reimburse the occupant the contribution made at the outset (less annual depreciation and deductible expenses) and discretion to increase the amount based on market value of the capital cost for the unit involved.

16.2 Buy Back Conditions contained in City Lease Agreements

On the 14 June 1999 the City entered into a lease agreement with the St John Ambulance Association of WA and this lease agreement expires on 30 June 2020. If a new lease is not entered into the City could be liable for the purchase of the building and improvements at market value (Clause 7).

16.3 Busselton Waste Transfer Station Contamination Investigation

The City of Busselton operates the Rendezvous Road Waste Transfer Station from lots 500 and 27 Rendezvous Road, Busselton (Busselton Tip Site). During 2007 the Contaminated Sites Branch of the Department of Environment Regulation (DER) notified the City that Lot 500 had been entered on the Contaminated Sites Register and classified as "Possibly Contaminated-Investigation required" mainly because of the historical activities carried out on the Busselton Tip Site. Both these sites have since been reclassified by the (now) Department of Water and Environment Regulation (DWER) as "Contaminated – Remediation Required".

The Busselton Tip Site had been reported by residents who had advised that they abstracted the groundwater for drinking purposes who indicated that chloride and ammonia, above Australian Drinking Water Standards, had been detected in the groundwater in the vicinity of the Busselton Tip Site.

Potential contamination of groundwater in the vicinity of the Busselton Tip Site has since been investigated and subsequent test results indicated chemical concentrations above health and aesthetic screening criteria on certain properties in this area. In accordance with DWER requirements and directives further investigations into the source, nature and extent of the contamination is ongoing. Depending on the outcome of the investigation the City may incur a certain level of liability in respect of remedial action and/or claims for compensation. Due to complex scientific, operational and legal issues impacting on this matter, it is not reasonably possible to determine Council's potential liability (if any) at this stage.

16.4 Aluminium Composite Panels

The Department of Mines, Industry Regulation and Safety (DMIRS) have been auditing public sector and local government agencies with buildings vested in their control regarding the risk associated with potentially combustible aluminium composite panels. As part of this investigation, the Department has identified buildings that require remediation to remove the hazard. Work is being undertaken to assess remediation costs, however the cost is not able to be reliably estimated at this point in time.

City of Busselton

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For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

17. Capital and Leasing Commitments

	2019 Actual \$	2018 Actual \$
(a) Capital Expenditure Commitments		
Contracted for:		
<u>Capital projects</u>		
- Busselton Margaret River Regional Airport Airside Infrastructure	0	885,156
- Busselton Margaret River Regional Airport Landside Infrastructure	13,485,000	13,023,079
<u>Payable:</u>		
- not later than one year	13,485,000	13,908,235
- later than one year but not later than five years	0	0

The capital expenditure projects outstanding at the end of the current reporting period represent construction work associated with the development of the Busselton Margaret River Regional Airport

(b) Operating Lease Commitments

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

Payable:

- not later than one year	671,636	637,750
- later than one year but not later than five years	1,793,881	1,305,370
- later than five years	0	0
	<u>2,465,517</u>	<u>1,943,120</u>

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 City, 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.

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

18. Related Party Transactions

	2019 Actual \$	2019 Budget \$	2018 Actual \$
Councillors Remuneration			
The following fees, expenses and allowances were paid to council members and / or the mayor.			
Mayor & Deputy Allowance	99,169	99,169	79,964
Councillors Sitting Fees	278,279	278,273	240,344
Travelling Allowance - Councillors Meetings	9,676	18,500	14,001
Communication Allowance	31,500	36,100	31,481
Other Allowances	1,483	7,700	3,761
	<u>420,107</u>	<u>439,742</u>	<u>369,551</u>

Key Management Personnel (KMP) Compensation Disclosure

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

	2019 Actual \$	2018 Actual \$
Short-term employee benefits	1,042,569	1,021,992
Post-employment benefits	122,808	121,684
Other long-term benefits	31,018	44,050
	<u>1,196,395</u>	<u>1,187,726</u>

Short-term employee benefits

These amounts include all salary, paid annual 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 City's superannuation contributions made during the year.

Other long-term benefits

These amounts represent annual and long service benefits accruing during the year.

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

18. Related Party Transactions (Continued)

Related Parties

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 City

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

iii Joint venture entities accounted for under the equity method

The interest in the joint venture entity (if any) is accounted for in these financial statements using the equity method of accounting. For details of interests held in joint venture entities.

Council has assessed the materiality of disclosure of transactions with related parties on the following criteria;

- 1) The potential effect of the relationship on the financial statements;
- 2) Whether the transaction occurred as:
 - a. Part of a public service provider relationship with a taxpayer on terms no different to that of a transaction with the general public; or
 - b. Part of an ordinary operational transaction within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that are reasonable to expect the council would have adopted with the party at arm's length in the same circumstances.

Council has determined that no material transactions with related parties have occurred during the financial year ended 30 June 2019.

19. Major Land Transactions

Council did not participate in any major land transactions during the 2018/19 financial year pursuant to S3.59 of the Local Government Act and Part 3 of the Local Government Functions and General Regulations.

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For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

20. Conditions Over Grants / Contributions

Grant / Contribution	Function / Activity	Opening Balance (1) 1-Jul-17 \$	Received (2) 2017/18 \$	Expended (3) 2017/18 \$	Closing Balance (1) 30-Jun-18 \$	Received (2) 2018/19 \$	Expended (3) 2018/19 \$	Closing Balance 30-Jun-19 \$
Cash in Lieu of Parking	Transport	273,102	2,500	0	275,602	0	0	275,602
Contribution to Works	Classified by activity	1,960,140	149,528	(74,969)	2,034,699	52,469	(560,206)	1,526,962
Government Grants	Classified by activity	31,080,208	755,810	(21,317,445)	10,518,573	569,756	(5,388,723)	5,699,606
Busselton Area Drainage	Community amenities	609,789	14,631	(75,599)	548,821	13,451	(15,801)	546,471
C.P.A. Infrastructure	Transport	220,771	0	(220,771)	0	0	0	0
C.P.A. Community Facilities	Classified by activity	1,075,613	0	(1,075,613)	0	0	0	0
C.P.A. Bushfire Facilities	Law, order and public safety	54,672	0	(54,672)	0	0	0	0
Cash in Lieu – Public Art	Classified by activity	94,836	148,848	(14,000)	229,684	5,698	(149,185)	86,197
Community Recreation Facilities	Classified by activity	6,650,295	1,011,025	(647,962)	7,013,358	998,505	(117,335)	7,894,528
TOTAL		42,019,426	2,082,342	(23,481,031)	20,620,737	1,639,879	(6,231,250)	16,029,366

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.

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For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

21. Rating Information – 2018/19 Financial Year
(a) Rates

Rate Type	Rate in \$	Number of Properties #	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Total Revenue \$
Differential General Rate									
GRV-Residential	9.4747	13,737	253,896,092	24,055,825	339,121	24,394,946	24,055,825	0	24,055,825
GRV-Residential Holiday Homes	9.6682	550	10,794,940	1,043,674	0	1,043,674	1,043,674	0	1,043,674
GRV-Industrial	10.9410	420	19,605,514	2,145,037	63,166	2,208,203	2,145,037	0	2,145,037
GRV-Commercial	10.9410	1,320	63,255,466	6,920,775	383,726	7,304,501	6,920,775	0	6,920,775
GRV-Residential Vacant Land	9.4747	292	7,815,150	740,461	(2,907)	737,554	740,461	0	740,461
GRV-Industrial Vacant Land	10.9410	66	1,485,300	162,506	(11,856)	150,650	162,506	0	162,506
GRV-Commercial Vacant Land	10.9410	58	3,030,600	331,578	(60,624)	270,954	331,578	0	331,578
UV-Primary Production	0.4237	822	627,107,000	2,657,049	(24,667)	2,632,382	2,657,049	0	2,657,049
UV-Rural	0.4090	1,459	717,766,000	2,935,663	22,444	2,958,107	2,935,663	0	2,935,663
UV-Commercial	0.7732	149	89,701,000	693,567	(27,614)	665,953	693,567	0	693,567
Interim Rates		0	0	0		0	0	543,711	543,711
Sub-Totals		18,873	1,794,457,062	41,686,135	680,789	42,366,924	41,686,135	543,711	42,229,846
Minimum Differential General Rate									
GRV-Residential	1.300	1,132	14,116,938	1,471,600	0	1,471,600	1,471,600	0	1,471,600
GRV-Residential Holiday Homes	1.300	30	352,200	39,000	0	39,000	39,000	0	39,000
GRV-Industrial	1.300	22	219,844	28,600	0	28,600	28,600	0	28,600
GRV-Commercial	1.300	605	4,400,364	786,500	0	786,500	786,500	0	786,500
GRV-Residential Vacant Land	1.300	1,031	7,249,010	1,340,300	0	1,340,300	1,340,300	0	1,340,300
GRV-Industrial Vacant Land	1.300	1	8,750	1,300	0	1,300	1,300	0	1,300
GRV-Commercial Vacant Land	1.300	57	368,900	74,100	0	74,100	74,100	0	74,100
UV-Primary Production	1.300	231	52,603,500	300,300	0	300,300	300,300	0	300,300
UV-Rural	1.400	1,111	261,250,500	1,555,400	0	1,555,400	1,555,400	0	1,555,400
UV-Commercial	1.300	78	3,004,127	101,400	0	101,400	101,400	0	101,400
Sub-Totals		4,298	343,574,133	5,698,500	0	5,698,500	5,698,500	0	5,698,500
Back Rates / Prior Period Adj. (refer note 21(d))						123,379			122,560
Total Amount Raised from General Rates						48,188,803			48,050,906
Specified Area Rate (refer note 21(b))						535,131			524,740
Totals						48,723,934			48,575,646

SIGNIFICANT ACCOUNTING POLICIES

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

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Notes to and Forming Part of the Financial Report

21(b) Specified Area Rate - 2018/19 Financial Year

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Port Geographe							
• Rate	1.5122	GRV	12,404,172	187,572	187,572	187,572	187,572
• Interim Rate				6,175	0	6,175	0
• Back Rate				0	0	0	0
				193,747	187,572	193,747	187,572

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Providence							
• Rate	1.3912	GRV	11,935,530	166,047	166,047	166,047	166,047
• Rate	0.0138	UV	5,300,000	731	731	731	731
• Interim Rate				1,684	0	1,684	0
• Back Rate				0	0	0	0
				168,462	166,778	168,462	166,778

	Rate in \$	Basis of Rate	Rateable Value \$	Rate Revenue \$	Budget Rate Revenue \$	Applied to Costs \$	Budget Applied to Costs \$
Vasse							
• Rate	1.7686	GRV	9,634,080	170,390	170,390	170,390	170,390
• Interim Rate				2,532	0	2,532	0
• Back Rate				0	0	0	0
				172,922	170,390	172,922	170,390

The purpose of the Specified Area Rates is disclosed in note 4 "Purpose of Reserves".

21(c) Service Charges – 2018/19 Financial Year

	Amount of Charge \$	Revenue Raised \$	Budget Revenue \$	Applied to Service Costs \$	Budget Applied to Costs \$
Nil	0	0	0	0	0
		0	0	0	0

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Notes to and Forming Part of the Financial Report

21(d) Discounts, Incentives, Concessions & Write-offs – 2018/19 Financial Year

	Type	Discount %	Total Cost / Value \$	Budget Cost / Value \$
Back Rates Levied / Prior Period Adjustments	Adjustment	0	123,379	122,560
Write-offs	Write-off	0	0	0
		0	123,379	122,560

21(e). Interest Charges and Instalments – 2018/19 Financial Year

Instalment Options	Due Date	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
Option 1				
Single Full Payment	7 September 2018	0	0.00%	11.00%
Option 2				
First Instalment	7 September 2018	0	0.00%	11.00%
Second Instalment	7 November 2018	4.50	5.50%	11.00%
Third Instalment	7 January 2019	4.50	5.50%	11.00%
Fourth Instalment	7 March 2019	4.50	5.50%	11.00%

	Actual Revenue 2019 \$	Budgeted Revenue 2019 \$
Interest on Unpaid Rates	260,987	212,000
Interest on Instalments Plan	249,173	238,000
Charges on Instalment Plan	116,347	116,760
	626,507	566,760

Two separate payment option plans will be made available to all ratepayers for the payment of their rates.

Option 1 (Full Payment)

Full amount of rates and charges including arrears to be paid on or before 7th September 2018 or 35 days after the date of service appearing on the rate notice whichever is the later.

Option 2 (4 Instalments)

First instalment to be received on or before 7th September 2018 or 35 days after the date of service appearing on the rate notice whichever is the later and including all arrears and service charges and one quarter of the current rates. The second, third and fourth instalments of the current rates are to be made on or before dates shown below:

- 1st Instalment 7th September 2018
- 2nd Instalment 7th November 2018
- 3rd Instalment 7th January 2019
- 4th Instalment 7th March 2019

City of Busselton

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Notes to and Forming Part of the Financial Report

22. Net Current Assets

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

	<u>2019</u> 30 June 2019 C/FWD \$	<u>2019</u> 1 July 2018 B/FWD \$	<u>2018</u> 30 June 2018 C/FWD \$
Surplus / (Deficit)	<u>1,751,076</u>	<u>3,511,291</u>	<u>3,511,291</u>
<u>Comprises:</u>			
Cash - Unrestricted	3,204,485	4,885,287	4,885,287
Cash - Restricted	67,067,833	67,528,052	67,528,052
Sundry Debtors	1,809,546	2,903,750	2,903,750
Rates Debtors	1,904,592	1,822,334	1,822,334
Inventories	24,981	23,671	23,671
	<u>74,011,437</u>	<u>77,163,094</u>	<u>77,163,094</u>
<u>Less:</u>			
Sundry Creditors	(4,306,952)	(3,619,586)	(3,619,586)
Sundry Creditors – Deposits and Bonds	(2,943,510)	(3,818,562)	(3,818,562)
Accrued Expenses	(885,576)	(2,504,165)	(2,504,165)
	<u>(8,136,038)</u>	<u>(9,942,313)</u>	<u>(9,942,313)</u>
	65,875,399	67,220,781	67,220,781
Add Current Liabilities Cash Backed	2,943,510	3,818,562	3,818,562
Less Restricted Cash	(67,067,833)	(67,528,052)	(67,528,052)
Surplus / (Deficit)	<u>1,751,076</u>	<u>3,511,291</u>	<u>3,511,291</u>

Difference:

There was no difference between the surplus 1 July 2018 brought forward position used in the 2019 audited financial report and the surplus carried forward position as disclosed in the 2018 audited financial report.

City of Busselton

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For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

23. Financial Risk Management

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

The City 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 City held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2019	2018	2019	2018
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	70,272,318	72,413,338	70,272,318	72,413,338
Receivables	4,933,413	5,609,590	4,933,413	5,609,590
Financial assets at fair value through profit or loss	0	0	0	0
	<u>75,205,731</u>	<u>78,022,928</u>	<u>75,205,731</u>	<u>78,022,928</u>
Financial Liabilities				
Payables	5,192,528	6,123,751	5,192,528	6,123,751
Borrowings	34,402,304	34,727,913	41,856,011	42,025,196
	<u>39,594,832</u>	<u>40,851,664</u>	<u>47,048,539</u>	<u>48,148,947</u>

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables – estimated to the carrying value which approximates net market value.
- Borrowings, held-to-maturity investments – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

City of Busselton

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Notes to and Forming Part of the Financial Report

23. Financial Risk Management (Continued)

(a) Cash and cash equivalents

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

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

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

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

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

	30 June 2019	30 June 2018
	\$	\$
Impact of a 1% ⁽¹⁾ movement in interest rates on cash and investments at balance date:		
• Equity	702,723	724,133
• Statement of Comprehensive Income	702,723	724,133

Notes:

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

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

23. Financial Risk Management (Continued)

(b) Receivables

The City'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 City manages this risk by monitoring outstanding debt and employing debt recovery policies.

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

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

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

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

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

	30 June 2019	30 June 2018
	\$	\$
Percentage of Rates and Annual Charges		
• Current	4.45%	10.00%
• Overdue	95.55%	90.00%
Percentage of Other Receivables		
• Current	99.69%	98.98%
• Overdue	0.31%	1.02%

City of Busselton

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Notes to and Forming Part of the Financial Report

23. Financial Risk Management (Continued)

(c) Payables and Borrowings

(i) Payables

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 City 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 City's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying Values \$
<u>2019</u>					
Payables	5,192,528	0	0	5,192,528	5,192,528
Borrowings	4,562,035	16,131,682	22,154,057	42,847,774	37,457,912
	<u>9,754,563</u>	<u>16,131,682</u>	<u>22,154,057</u>	<u>48,040,302</u>	<u>42,650,440</u>
<u>2018</u>					
Payables	6,123,751	0	0	6,123,751	6,123,751
Borrowings	4,385,287	15,542,819	24,172,084	44,100,190	34,727,913
	<u>10,509,038</u>	<u>15,542,819</u>	<u>24,172,084</u>	<u>50,223,941</u>	<u>40,851,664</u>

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

23. Financial Risk Management (Continued)

(c) Payables and Borrowings (Continued)

(ii) Borrowings

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. The City 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:

	< 1 year	>1<2 years	>2<3 years	>3<4 years	>4<5 years	>5 years	Total	Weighted Average Effective Interest Rate %
Year Ended 30 June 2019								
Borrowings								
Fixed Rate								
Debentures	363,622	29,447	373,275	0	1,092,711	32,543,249	34,402,304	3.81%
Weighted Average Effective Interest Rate	6.05%	5.98%	4.23%	0.00%	3.93%	3.77%		
Year Ended 30 June 2018								
Borrowings								
Fixed Rate								
Debentures	0	817,082	58,390	528,163	0	33,324,278	34,727,913	3.95%
Weighted Average Effective Interest Rate	0.00%	6.05%	5.94%	4.23%	0.00%	3.90%		

City of Busselton

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For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

24. Trust Funds

	Balance 01-July-18 \$	Amounts Received \$	Amounts Paid \$	Balance 30-June-19 \$
Builders Registration Board Levies	14,601	342,617	(325,934)	31,284
Building Training Levy	6,975	85,986	(71,979)	20,982
Community Appeals	1,000	0	(1,000)	0
Nomination Deposits	0	0	0	0
Cash in Lieu of P.O.S.	1,961,069	83,655	(101,801)	1,942,923
Sundry Other Trusts	24,240	0	(24,240)	0
CLAG Funding	80,832	120,852	(115,062)	86,622
	2,088,717	633,110	(640,016)	2,081,811

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

25. 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 City.

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

	Title	Issued/ Compiled	Applicable ⁽¹⁾	Impact
(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 upon the nature of future transactions the City 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 onto their 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 once 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 City, the impact may or may not be significant.</p>
(iii)	AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	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 City's operations.</p>

Notes:

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

City of Busselton

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Notes to and Forming Part of the Financial Report

25. New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Adoption of New and Revised Accounting Standards

During the current year, the City 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

INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

During the current year, the City adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations. Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 Financial Instruments.

AASB 9 Financial instruments

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

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

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

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

City of Busselton

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Notes to and Forming Part of the Financial Report

25. New Accounting Standards and Interpretations for Application in Future Periods (Continued)

INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (continued)

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

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

Impairment

The adoption of AASB 9 has fundamentally changed the City's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the City to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, the City did not recognise an additional impairment on the City's Trade receivables which resulted in no change to the City's accumulated surplus/ (deficit) as at 1 July 2018.

City of Busselton

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For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

26. 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 City's operational cycle. In the case of liabilities where the City 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 City'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 to changes in presentation for the current financial year.

When the City 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) 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 City 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 City 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.

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

**26. OTHER SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

g) Superannuation

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

h) Fair value of assets and liabilities

Fair value is the price that the City 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.

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 City 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.

**26. OTHER SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

i) Impairment of assets

In accordance with Australian Accounting Standards the City'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.

Deposits and Bonds

Deposits and bonds received by the City of Busselton, and duly refunded where appropriate are processed via the Municipal fund.

The City's audit committee has considered the requirements of the Accounting Standards and has determined that the concept of control has been met. Council Resolution C1004/115 states that the City continues the accounting treatment for deposits and bonds as part of the Municipal fund. Additionally, the deposits and bonds shall be brought to account as part of the restricted cash in the Municipal fund.

City of Busselton

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For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

27 Activities/ Programs

City operations as disclosed in these financial statements encompass the following service orientated activities/ Programs

General Purpose Funding

Objective: To collect revenue to allow for the provision of services.

Activities: Rates, interest revenue and other general purpose Government grants together with any expenses incurred in realising these incomes.

Governance

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

Activities: Includes the activities of members of Council and the administrative support available to the Council for the provision of governance to the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific Council services.

Law, Order and Public Safety

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

Activities: Supervision and enforcement of various by-laws, fire prevention, animal control and emergency services. Council also provides assistance to surf lifesaving efforts.

Health

Objective: To provide an operational framework for environmental and community health.

Activities: Inspections of food outlets and their control, noise control, waste disposal compliance, mosquitoes and stingers control.

Education and Welfare

Objective: To provide services for the elderly, children and youth.

Activities: Annual donation relative to the operation of a Senior Citizen's Centre.

Housing

Objective: To provide and maintain elderly residents housing.

Activities: The operation of three sets of aged persons homes.

Community Amenities

Objective: To provide services required by the community

Activities: Includes rubbish collection and disposal services, recycling initiatives, septic tank inspection services, urban stormwater drainage networks, environmental protection initiatives, operation of three cemeteries, town scaping facilities, as well as the administration of Council's Town Planning Scheme and associated policies and obligations.

Recreation and Culture

Objective: To establish and effectively manage infrastructure and resources which will help the social well being of the community.

Activities: Maintenance of halls, swimming areas and beaches, various reserves, recreation programs, the Busselton Jetty, the operation of the two Libraries, the maintenance and operation of the two Leisure Centres, and the employment of a Cultural Development Officer.

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

27 Activities/ Programs (Continued)

Transport

Objective: To provide safe, effective and efficient transport services to the community.

Activities: Construction and maintenance of roads, bridges, drainage, footpaths, cycle ways, parking facilities, traffic signs and depot. Also includes cleaning of streets, maintenance of street trees, street lighting etc. Control and maintenance of a regional airport.

Economic Services

Objective: To help promote the City and its economic wellbeing.

Activities: The regulation and provision of tourism initiatives, the maintenance and operation of a Caravan park and the implementation of building controls. Provision of rural services including weed control, vermin control and standpipes.

Other Property and Services

Objective: To monitor and control Council's overheads operating accounts.

Activities: Private works operation, plant repair and operation costs and engineering operation costs.

City of Busselton

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For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

28. Financial Ratios

	2019 Actual	2018 Actual	2017 Actual
Current Ratio	0.714	0.882	0.810
Asset Sustainability Ratio	0.801	2.046	1.858
Debt Service Coverage Ratio	4.715	4.798	6.385
Operating Surplus Ratio	(0.039)	(0.039)	0.058
Own Source Revenue Coverage Ratio	0.898	0.905	0.967
Asset Consumption Ratio	0.693	0.731	0.723
Asset Renewal Funding Ratio	0.520	0.896	1.000

The above ratios are calculated as follows:

Current Ratio
(ratio required to meet standard > or = to 1)

$$\frac{\text{Current assets minus restricted assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$$

Asset Sustainability Ratio
(ratio required to achieve basic standard > 0.9)

$$\frac{\text{Capital renewal and replacement expenditure}}{\text{Depreciation expense}}$$

Debt Service Coverage Ratio
(ratio required to achieve basic standard > or = to 2, and advanced standard > or = to 5)

$$\frac{\text{Annual operating surplus before interest and depreciation}}{\text{Principal and interest}}$$

Operating Surplus Ratio
(ratio required to achieve basic standard is between 0.01 & 0.15, advanced standard > 0.15)

$$\frac{\text{Operating revenue minus operating expense}}{\text{Own source operating revenue}}$$

Own Source Revenue Coverage Ratio
(ratio required to achieve basic standard is between 0.4 & 0.6, Intermediate standard between 0.6 & 0.9, and advanced standard > 0.9)

$$\frac{\text{Own source operating revenue}}{\text{Operating expense}}$$

Asset Consumption Ratio
(ratio required to meet basic standard > 0.5)

$$\frac{\text{Depreciated replacement cost of depreciable assets}}{\text{Current replacement cost of depreciable assets}}$$

Asset Renewal Funding Ratio
(ratio required to achieve basic standard > 0.75)

$$\frac{\text{NPV of planned capital renewals over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$$

City of Busselton

Financial Report

For the Year Ended 30th June 2019

Notes to and Forming Part of the Financial Report

29. Trading Undertakings and Major Trading Undertakings

Council did not participate in any trading undertakings or major trading undertakings during the 2018/19 financial year.

30. Joint Ventures

The City of Busselton has not been involved in any joint venture arrangements during the reporting period.

31. Post Balance Date Events

There were no events subsequent to the reporting date that materially impact on this financial report.

32. Employee Numbers

The number of full-time equivalent employees at balance date

2019	2018
312.16	310.2