



SPECIAL COUNCIL MEETING

AGENDA

**NOTICE IS HEREBY GIVEN that a
Special Meeting of Council will be held
via Electronic means on
Monday, 30 March 2020 at 5 pm
to consider the following items:**

- **COVID-19 - Small Business: City Support Package**
- **COVID-19 - Community: City Support Package**
- **Annual Report 2018/19; and**
- **Call for Tenders - Bayly Avenue.**

**CHRIS ADAMS
CHIEF EXECUTIVE OFFICER**



No responsibility whatsoever is implied or accepted by the City of Karratha for any act, omission or statement or intimation occurring during Council or Committee Meetings. The City of Karratha disclaims any liability for any loss whatsoever and howsoever caused arising out of reliance by any person or legal entity on any such act, omission or statement or intimation occurring during Council or Committee Meetings.

Any person or legal entity who acts or fails to act in reliance upon any statement, act or omission made in a Council or Committee Meeting does so at that persons or legal entity's own risk.

In particular, and without derogating in any way from the broad disclaimer above, in any discussion regarding any planning application or application for a license, any statement or intimation of approval made by any member or Officer of the City of Karratha during the course of any meeting is not intended to be and is not taken as notice of approval from the City of Karratha.

The City of Karratha warns that anyone who has any application lodged with the City of Karratha must obtain and should only rely on

WRITTEN CONFIRMATION

of the outcome of the application, and any conditions attaching to the decision made by the City of Karratha in respect of the application.

Signed: 
Chris Adams - Chief Executive Officer

DECLARATION OF INTERESTS (NOTES FOR YOUR GUIDANCE) (updated 13 March 2000)

A member who has a **Financial Interest** in any matter to be discussed at a Council or Committee Meeting, which will be attended by the member, must disclose the nature of the interest:

- (a) In a written notice given to the Chief Executive Officer before the Meeting or;
- (b) At the Meeting, immediately before the matter is discussed.

A member, who makes a disclosure in respect to an interest, must not:

- (c) Preside at the part of the Meeting, relating to the matter or;
- (d) Participate in, or be present during any discussion or decision-making procedure relative to the matter, unless to the extent that the disclosing member is allowed to do so under Section 5.68 or Section 5.69 of the *Local Government Act 1995*.

NOTES ON FINANCIAL INTEREST (FOR YOUR GUIDANCE)

The following notes are a basic guide for Councillors when they are considering whether they have a **Financial Interest** in a matter. I intend to include these notes in each agenda for the time being so that Councillors may refresh their memory.

1. A Financial Interest requiring disclosure occurs when a Council decision might advantageously or detrimentally affect the Councillor or a person closely associated with the Councillor and is capable of being measure in money terms. There are exceptions in the *Local Government Act 1995* but they should not be relied on without advice, unless the situation is very clear.
2. If a Councillor is a member of an Association (which is a Body Corporate) with not less than 10 members i.e. sporting, social, religious etc), and the Councillor is not a holder of office of profit or a guarantor, and has not leased land to or from the club, i.e., if the Councillor is an ordinary member of the Association, the Councillor has a common and not a financial interest in any matter to that Association.
3. If an interest is shared in common with a significant number of electors or ratepayers, then the obligation to disclose that interest does not arise. Each case needs to be considered.
4. If in doubt declare.
5. As stated in (b) above, if written notice disclosing the interest has not been given to the Chief Executive Officer before the meeting, then it **MUST** be given when the matter arises in the Agenda, and immediately before the matter is discussed.
6. Ordinarily the disclosing Councillor must leave the meeting room before discussion commences. The **only** exceptions are:
 - 6.1 Where the Councillor discloses the **extent** of the interest, and Council carries a motion under s.5.68(1)(b)(ii) or the *Local Government Act*; or
 - 6.2 Where the Minister allows the Councillor to participate under s5.69 (3) of the *Local Government Act*, with or without conditions.

INTERESTS AFFECTING IMPARTIALITY

DEFINITION: *An interest that would give rise to a reasonable belief that the impartiality of the person having the interest would be adversely affected, but does not include an interest as referred to in Section 5.60 of the 'Act'.*

A member who has an **Interest Affecting Impartiality** in any matter to be discussed at a Council or Committee Meeting, which will be attended by the member, must disclose the nature of the interest;

- (a) in a written notice given to the Chief Executive Officer before the Meeting; or
- (b) at the Meeting, immediately before the matter is discussed.

IMPACT OF AN IMPARTIALITY CLOSURE

There are very different outcomes resulting from disclosing an interest affecting impartiality compared to that of a financial interest. With the declaration of a financial interest, an elected member leaves the room and does not vote.

With the declaration of this new type of interest, the elected member stays in the room, participates in the debate and votes. In effect then, following disclosure of an interest affecting impartiality, the member's involvement in the Meeting continues as if no interest existed.

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AGENDA

1 OFFICIAL OPENING

Cr Long acknowledges the traditions of the Ngarluma people, on whose land we are gathered here today.

2 PUBLIC QUESTION TIME

3 RECORD OF ATTENDANCE / APOLOGIES / LEAVE OF ABSENCE PREVIOUSLY APPROVED

Councillors:

- Cr Peter Long [Mayor]
- Cr Kelly Nunn [Deputy Mayor]
- Cr Garry Bailey
- Cr Margaret Bertling
- Cr Georgia Evans
- Cr Geoff Harris
- Cr Pablo Miller
- Cr Daniel Scott
- Cr Evette Smeathers
- Cr Joanne Waterstrom Muller

Staff:

Chris Adams	Chief Executive Officer
Phillip Trestrail	Director Corporate Services
Arron Minchin	Director Community Services
Ryan Hall	Director Development Services
Simon Kot	Director Strategic Projects & Infrastructure
Linda Phillips	Minute Secretary

Apologies:

Absent:

Leave of Absence:

Members of Public:

Members of Media:

4 DECLARATIONS OF INTEREST

5 EXECUTIVE SERVICES

5.1 BUSINESS SUPPORT INITIATIVES - COVID-19

File No:	PH.62
Responsible Executive Officer:	Chief Executive Officer
Reporting Author:	Director Development Services
Date of Report:	26 March 2020
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s)	Financial Hardship Policy – tracked changes

PURPOSE

For Council to consider implementing a range of business support initiatives that may assist local businesses in crisis due to the impact of the COVID-19 pandemic.

BACKGROUND

As well as posing significant health risks, COVID-19 has and will continue to have a major impact on businesses and the economy. The City of Karratha understands the deep concern businesses have regarding employee retention, revenue, health and safety matters as well as the ability to plan for further disruptions to trade.

There are extensive assistance packages being made available through State and Federal Governments, Financial Institutions, Business Support Agencies, Utility Providers and Industry. The assistance offerings are rapidly changing and a summary of what is available at the time of writing this report is provided as follows:

Federal Government of Australia

- Cash flow assistance for businesses provides \$25,000 back to small and medium-sized businesses, with a minimum payment of \$10,000 for eligible businesses. The payment will provide cash flow support to businesses with a turnover of less than \$50 million that employ staff. The payment will be tax free;
- Eligible small businesses that withhold income tax from employee salaries and wages and pay it to the Australian Taxation Office can receive a payment equal to 100 per cent of the amount withheld, up to a maximum payment of \$50,000, and can be applied for twice. A minimum payment of \$10,000 may be available to businesses that pay wages but are not required to pay tax;
- Businesses employing apprentices/trainees may be eligible for a wage subsidy of 50% of the wage paid from 1 January 2020 to 30 September 2020;
- The instant write-off threshold for assets has been increased from \$30,000 to \$150,000;
- A time-limited investment incentive to support business investment and economic growth in the short term by accelerating depreciation deductions;
- A wide range of support available through the Australian Taxation Office;
- Two \$750 payments to approximately 6.5 million social security, veteran and other income support recipients and concession card holders;
- Eligible sole traders will be granted access to the job seeker allowance which includes an additional supplement of \$550 per fortnight for the next six months;

- Sole traders are allowed to have early access to superannuation capped at \$10,000 this financial year, and further applied next financial year – tax free;
- Not-for-profits and small businesses with a turnover under \$50M will receive a tax-free cash payment of \$20,000 - \$100,000 to retain staff and continue to operate;
- Threshold at which a creditor can take action against a small business has been increased from \$2,000 to \$20,000 and the response rate has been increased from 21 days to 6 months; and
- Lending guarantees of to 50% for new unsecured loans to be used for working capital up to \$250,000 up to 3 years with the initial 6 month period deferred.

State Government of Western Australia

- Small business grants of \$17,500 with a payroll of \$1M- \$4M;
- The \$1M payroll tax threshold brought forward by six months to July 2020;
- Businesses can apply to defer payment of payroll tax until 21 July 2020; and
- Policies developed to prevent eviction of small businesses and ease pressure on commercial tenants.

Industry

- Woodside has committed \$3M Community Fund to support local organisations in Karratha;
- BHP has established a \$50M Vital Resources Fund to support regional communities; and
- Banks and Financial Institutions are promoting financial offerings in conjunction with the Federal Government's assistance package, including suspending interest repayments, access to additional credit and decrease on loan rates.

Utilities

- Increased data available through most telephone and internet providers;
- Most utility providers are not charging overdue fees and are not suspending services for bills that become overdue; and
- The Water Corporation has put a freeze on increases to household fees and charges.

There are a range of support services available to businesses including how to manage staff, marketing and mental health. The Australia Competition and Consumer Commission provides resources to combat scammers to support small businesses.

Local Government Involvement in Economic Stimulus

In addition to what is currently being made available by other levels of government, it has been suggested/recommended that a local government driven stimulus package that is more specifically tailored to the local business community may be appropriate. Councillors discussed this concept at an informal COVID-19 Briefing on 23 March 2020 and indicated that it was supportive of establishing initiatives that supported residents, ratepayers, community organisations and local businesses.

While there is a high level of support for the development of a local business stimulus package, there are some key issues that should be considered prior to initiating any package including:

- COVID-19 impact on City Revenues:
While the City is in a strong financial position, COVID-19 will have a significant impact on the City's short/medium term financial position. Revenues from many areas are projected to fall significantly including:
 - Airport revenues will fall very significantly;
 - Waste revenues will fall as industry activity declines;
 - Fee revenue from facilities has dropped and refunds are being provided;
 - Application fee revenue has dropped;

- Lease fee revenue will drop as some leases are linked to turnover and many lessees are seeking rent relief;
- Rate collection revenue is projected to be slower; and
- Timely of debtor payments is likely to be slower impacting on City cash flows.
- Timing of Support Package:
While it is universally acknowledged that Local Governments should and will provide support for local small businesses, there is considerable differences in the strategies that are being suggested/proposed by Local Governments. Based on feedback from WALGA, discussions with RCAWA members and discussions with other Local Government CEO's it seems that while there is significant interest in supporting local businesses, most WA Local governments are currently primarily focussed on supporting and managing their own operations. Some organisations are actively saving money (rather than spending more) with the expressed objectives of ensuring long term financial viability/stability and/or ensuring that there is ample funding available for substantial recovery related activities post-pandemic. Through discussions, it seems that City of Karratha Councillors are interested in providing both immediate and ongoing support, and are not supportive of a 'saving up' style strategy.
- Impact:
While any and all support will be appreciated, the City's resources are finite and are dwarfed by the resources that the State and Federal Government have to respond to this crisis. While the City can support local businesses, it is unrealistic to think that the City's resources/stimulus will have a significant impact on the overall operations of the local small business community.
- Fairness/Equity:
The COVID-19 crisis is still unfolding and the scale and magnitude of the local economic impact is still far from known. While there is an eagerness to help, the City needs to be fair and equitable in its approach and needs to ensure that it is not undertaking unnecessary 'knee-jerk' actions.

While there is debate around the timing, quantum and nature of local government small business support, City staff are of the view that an immediate stimulus package is warranted within the City of Karratha as:

- The City's vision is to be Australia's most liveable regional City. Small business development is critical to achieving this vision;
- Delaying expenditure potentially places an insurmountable pressure on some small businesses. While we cannot and will not 'save' all small businesses from the COVID-19 pandemic, City support may be the tipping point for the survival of some; and
- The City is in a financial position where it is able to provide some immediate and ongoing financial support; and
- The timeframe is uncertain and this could be an extended period that requires a range of initiatives.

City of Karratha – Small Business Stimulus Package

Assuming that Council supports the premise that an immediate small business stimulus package is warranted, Officers are suggesting that range of initiatives be implemented to support businesses in differing ways.

Prior to developing options for Council's consideration, Officers developed a list of objectives for what they believed were the key drivers behind small business stimulus initiatives. The suggested objectives are:

1. Support local businesses;
2. Support local people;
3. Fairness and equity;

4. Focussed on industries/sectors most in need;
5. Quick and easy to implement;
6. Impactful – make a difference to short term economic viability; and
7. Value for money/cost to Council.

These objectives were cross-referenced when Officers were considering which initiative/s for recommending to Council.

Officer's workshopped ideas internally, held discussions with key industry groups and discussed approaches being undertaken at other local governments with local government counterparts. Through these discussions a list of 14 options for potential support was developed. Each of these is briefly described in the table below. Officers suggest that it is likely that there will need to be a rollout of initiatives in several tranches over the coming months as the pandemic and its impact on the economy unfolds.

	Title	Description	Pros	Cons	Cost/Financial Impact on Council
1	Business Support Access role	Establish a network of Officers to provide 1:1 business support to access advice and information currently available.	Support is being offered by State & Federal Governments, can use existing staff, can occur immediately.	Nil	Nil. Can be met through existing operational budgets.
2	Financial Hardship Policy	Modify Council's existing Policy to provide increased access to financial relief (debt write-off) for businesses and individuals.	Provides tangible relief for those who can demonstrate that they are experiencing financial hardship.	Hardship Relief relates to pre-existing debts, not debts that have been incurred during COVID-19 crisis. Administratively cumbersome for individuals, businesses and City staff.	No material financial impact on Council. Current policy \$500 per individual, proposed to increase to \$1000 for individuals and businesses.
3	Rate/fee Freeze	No increases to Council rates or Council fees and charges in 2020/21.	Potential saving to a wide range of businesses and people.	Vast majority of ratepayers are not locally based. 15 largest ratepayers pay 50% of the rates and hence get greatest advantage (large corporates)	Rates and fees are normally indexed at CPI. Rate freeze would 'cost' the Council approximately \$800k on projected revenues and an additional \$800k for fees.
4	Rate Collection Deferral	Defer collection of 2020/21 rates. Payment currently due August by 3 months.	Provides all ratepayers some 'breathing space' to pay rate bills.	Reduced City cash-flows for first half of FY.	Loss of cash flow will impact on liquidity and interest returns to Council from funds at bank.

5	Rate Refund Proposal	Refund a proportion of payments made 2019/20.	Provide immediate additional 'cash' to ratepayers to spend on other bills.	Administratively extremely difficult and time consuming to achieve – we don't have ratepayers bank details. Majority of ratepayers are large corporates, government and/or not residents of the City.	A 10% refund to ratepayers would cost \$4M would provide the average 'Mum and Dad' ratepayer approx. \$200. Timing of payments would be slow due to very high admin related work load.
6	'Double Down' local Expenditure. (over-servicing)	Identify opportunities to rapidly increase spending on local suppliers and contractors – over and above what is scheduled.	Increase spend on local businesses.	Local government spend items may not be targeted to those most in need.	May not result in additional costs as work would occur earlier.
7	Social Media	Campaign to encourage spend on local businesses.	Increase spend on local businesses.	May be difficult with social distancing restrictions.	Can be met through operational budgets.
8	Try Local Cash	Distribute 'try local' cash to residents to spend on local businesses. Suggestion is to provide \$50 Try Local Voucher to all residential properties (Approx. 8,500 vouchers)	Would provide immediate increase direct spend on local businesses.	Complex to administer,	Suggestion is \$500K allocation with staff resourcing being provided from under-utilised City Staff.
9	Increased Business Support Grants or Loans	Establish a City provided business grant or business loan scheme to support business investment/continuity.	Support for businesses to adapt to change.	Complex to administer, needs to be setup.	Could be any amount, possibly up to \$500,000.
10	Employ additional staff	Undertake additional duties and hire casual staff out of work.	Supports individuals with continuity of income.	Limited to those who few are employed, needs to be meaningful and meet HR requirements. Already challenges being experienced in keeping City's 400+ staff gamefully employed	Largely dependent on quantum of additional employees

11	Lease fee relief - defer	Upon request, refer rent and lease payments on the 76 commercial leases that the City has with companies/agencies for 3 months. Potentially limit to only 'small businesses' who meet pre-defined criteria	Helps with cash flow.	Only benefits those with a lease contract to the City.	No immediate cost except it would defer receipt of lease payments.
12	Lease fee relief - waive	Upon request waive rent and lease payments on City owned commercially properties for 3 months. There are 76 commercial leases with a total annual rent of \$5,66M. 3months lease waiver would cost \$1.41M. Potentially limit to only 'small businesses' who meet pre-defined criteria	Reduces expenses on lease holders. Potential to show leadership in the community.	Only benefits those with a lease contract to the City, therefore potential seen as unfair/unequitable.	\$1.41M cost to City if provided to all lessees. Estimate that this number could be reduced by 50-75% if waiver provided to only 'small businesses' – depending on the definition.
13	Fee Waivers	Waiving of fees for planning, building, environmental health, etc.	Could incentivise economic activity.	Limited to those making applications or using city services.	Could be done on a case by case basis with limits, possibly \$200,000.
14	Release Bank Guarantees and Retention Payments	Council holds from contractors that is held to ensure any defects are rectified.	Could inject money back into the economy.	Risk that defects occur and the City has no security to have them rectified. Most companies that the City currently holds retention funds on are builders/contractors who remain busy and seem to be relatively unaffected by COVID-19 at this time	There is approximately \$350,000 held in retention payments across approx. 20 companies.

Based on an assessment of the 14 initiatives against the objectives listed earlier in this report Officers suggest that the eight (8) initiatives tabled below are supported immediately. Other initiatives may potentially be recommended/supported in future tranches of City support.

No	Initiative	Rationale
1	Business Support Access Role	Provides direct assistance to businesses most in need. No direct cost.
2	Financial Hardship (Rates Relief) Policy	Provides direct assistance to businesses and individuals most in need. Minimal direct cost
3	Freeze Rates and Fees and Charges in 2020/21	Provides some financial respite to ratepayers. City would forego revenue of approx. \$1.2M across rates and fees in 2020/21
4	Rate Collection Deferral	Defer the collection of 2020/21 rates until November 2020 (usually August). Cost to Council in interest earnings.
6	'Double Down' on Local Expenditure	City spend can potentially be support the ongoing operations of some suppliers/contractors. Will have impact on 2019/20 and 2020/21 budget but unlikely to be material in long term as works, services, goods likely to be required at some time.
7	Social Media	Campaign to promote/support local spend. No additional cost.
8	Try – Local Cash. \$50 voucher per household	Provide immediate financial support to local people and local businesses. Cost to City of approx. \$500k
11	Lease Fee Deferrals.	Upon request, defer lease fee payments by 3months for Small Businesses*

* For the purpose of this support, small business defined as a company who has an annual turnover < \$5M.

LEVEL OF SIGNIFICANCE

In accordance with Council Policy CG-8 Significant Decision Making Policy, this matter is considered to be of high significance in terms of economic issues.

COUNCILLOR/OFFICER CONSULTATION

Consultation regarding small business stimulus options has taken place with numerous individuals and organisations:

- City Officers
- Councillors
- RCAWA CEO's
- WALGA
- KDCCI
- PDC
- Key industry groups

COMMUNITY CONSULTATION

No broad scale community consultation has been undertaken on this matter. Given the urgency of this issue, it is recommended that actions be undertaken without detailed community engagement/consultation.

STATUTORY IMPLICATIONS

There are no statutory implications.

POLICY IMPLICATIONS

The City's Financial Hardship Policy needs to be revised to give effect to Business Initiative proposal No.2, and tracked changes are shown as attached to this report.

The key policy changes recommended are to:

- Extend the policy to open it up to businesses and well as individuals; and
- Double the maximum support available from \$500 to \$1000.

FINANCIAL IMPLICATIONS

If supported, the Nett cost to the City through the implementation of the eight (8) recommended Small Business support initiatives would be approximately **\$2.5M** in actual expenditure and foregone revenue.

It is furthermore recommended that the Try Local Cash Initiative - \$500k be funded through the City's Economic Development Reserve Fund (current balance \$1.31M).

STRATEGIC IMPLICATIONS

This item is relevant to the Council's approved Strategic Community Plan 2016-2026 and Corporate Business Plan 2016-2021. In particular, the Operational Plan 2019-2020 provided for this activity:

Programs/Services:	2.d.1.1	Economic Development		
Projects/Actions:	2.d.1.1.1	Implement	Economic	Development
		Strategy		

RISK MANAGEMENT CONSIDERATIONS

The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Health	N/A	Nil
Financial	Low	The business support initiatives proposed can be met through existing operational budgets.
Service Interruption	Low	The disruption caused by COVID-19 means adjustments to planned schedules of work are necessary.
Environment	N/A	Nil
Reputation	Low	Business support initiatives are likely to receive positive feedback if it is demonstrated to be fair, consistent and meaningful to local businesses.
Compliance	Low	The City's Financial Hardship Policy would need to be revised and the City is required to follow the <i>Local Government Act</i> , relevant regulations and policies.

IMPACT ON CAPACITY

The implementation of the proposed City small business support initiatives will create a significant amount of additional work for some areas of City operations. As several City facilities have been closed due to COVID-19, it is proposed to redeploy underutilised staff resources to these areas to assist in the implementation of the initiatives.

RELEVANT PRECEDENTS

There are no relevant precedents related to this matter.

VOTING REQUIREMENTS

Absolute Majority.

OPTIONS:Option 1

As per Officer's recommendation.

Option 2

That Council by SIMPLE Majority pursuant to Section 3.18 of the *Local Government Act 1995* RESOLVES to DEFER any Business Support Initiatives.

Option 3

That Council by SIMPLE Majority pursuant to Section 3.18 of the *Local Government Act 1995* RESOLVES to ADOPT the following any Business Support Initiatives:

1. _____
2. _____
3. _____

CONCLUSION

Like the rest of the world, small business within the City of Karratha is in crisis with the impact of the COVID-19 pandemic. The City clearly has a role to play in supporting ratepayers, community groups and local businesses through this difficult time.

A range of small business support initiatives are proposed to be implemented immediately to provide essential crisis support for businesses and individuals in need. If adopted, Officers will continue to monitor and report to Council on the status and effectiveness of any initiatives Council chooses to adopt and present adjustments and revisions as required.

OFFICER'S RECOMMENDATION

That Council by **ABSOLUTE** Majority pursuant to Section 3.18 of the *Local Government Act 1995* RESOLVES to:

1. **ADOPT** the following Business Support Initiatives:
 - a) **Business Support Access:** Establish a network of Officers to provide 1:1 business support to access advice and information on State, Federal and other support initiatives that are available;
 - b) **Financial Hardship (Rates Relief) Policy:** Modify the City's policy to provide increased access to financial relief (debt write-off) for businesses and individuals;
 - c) **Rate/Fee Freeze:** Commit to a 0% increases to Council rates and a 0% increase on existing City fees and charges in 2020/21;
 - d) **Deferral of Rates Collection:** Structure the 2020/21 City rates in a manner whereby rate collection from all ratepayers in not due until November 2020 (normally would be August 2020);

- e) **‘Double Down’ Strategy: Actively seek and implement opportunities to spend additional City resources on local suppliers and contractors over and above what is scheduled/currently budgeted;**
 - f) **Social Media Campaign: Enact a social media campaign that encourages, and supports spending on local businesses;**
 - g) **Try Local Cash: Establish a system whereby \$50 voucher ‘Try Local’ vouchers are distributed to residents to spend on local businesses;**
 - h) **Lease Fee Deferrals: Defer lease payments for small business tenants of the City’s properties for up to three (3) months.**
2. **NOTE that the implementation of the above listed initiatives is likely to cost the City approximately \$2.5M in actual costs and foregone revenue;**
 3. **ADOPT the modifications to the City’s Financial Hardship Policy as shown in the attachment to this report; and**
 4. **ALLOCATE \$500,000 from the Economic Development Reserve for the Try Local Cash Initiative.**

FINANCIAL HARDSHIP (RATE RELIEF) POLICY

Document Control Statement – This policy is maintained by Financial Services. Any printed copy may not be up to date and you are advised to check the electronic copy on the City website to ensure that you have the current version. Alternatively, you may contact Customer Service on (08) 9186 8555

1. OBJECTIVE

Council acknowledges that due to exceptional circumstances ratepayers may at times encounter difficulty in paying rates and service charges as they fall due.

It is not the intention of Council to cause hardship to any ratepayer through the Council's recovery procedures and consideration will be given to acceptable arrangements to clear any debt, where possible, prior to the end of the current financial year.

Council recognises there are cases of genuine extreme financial hardship where the interest on outstanding rates will cause the ratepayer further hardship. The guideline below outlines the scope and criteria for assessing applications of cases of extreme financial hardship and to write off interest of up to ~~\$500~~ 1,000 on outstanding rates and service charges.

2. GUIDELINES

Delegation 1.8 provides authority to the Chief Executive Offices under s6.12(c) of the *Local Government Act 1995* to write off monies owing in cases of hardship, which includes interest on outstanding rates and service charges.

The following conditions are all required to be met for a write off of interest on outstanding rates:

1. the ratepayer is experiencing extreme and genuine financial hardship;
2. the ratepayer had either no outstanding rates from a previous financial year or the ratepayer has an approved payment arrangement and continues to adhere to the terms of that agreement;
3. the ratepayer's circumstances are supported by an original hardship letter from a qualified financial body (e.g. a fully accredited member of Financial Counsellors Association of Western Australia, CPA/ICA Accounting firm or Bank);
4. where the ratepayer is ~~not~~ a corporation or trustee that:
 - the applicant is authorised to make the application; and
 - ~~4. the company or trustee is not insolvent or subject to administration~~
5. where the ratepayer is an individual that:
 - they are not bankrupt or subject to a bankruptcy petition; and
 - no revenue is being derived from the property the subject of the application.
 - ~~5. no revenue is being derived from the property the subject of the application.~~
6. the maximum interest amount to be written off is \$500 1,000;
7. write-offs are applicable to interest on the ratepayer's principal place of residence or business only;
8. the property is a residential property; AND
9. the applicant must be the owner and/or occupier of the property and liable for payment of rates and charges.

3. CONSEQUENCES

This policy represents the formal policy and expected standards of the Council. Appropriate approvals need to be obtained prior to any deviation from the policy. Elected Members and Employees are reminded of their obligations under the Council's Code of Conduct to give full effect to the lawful policies, decisions and practices of the Council.

4. ROLES AND RESPONSIBILITIES

Applications for Financial Hardship Assistance must be made on the Financial Hardship (Rate Relief) Application form which can be obtained from the [City website](#) or by contacting Customer Service on 08 9186 8555.

Applications including original copy of an extreme hardship letter from a financial body must be submitted to the Rates section.

Upon receipt, Council Officers will assess the application and the ratepayer will receive notification of the outcome of the application generally within ~~21~~14 days.

5. REFERENCES TO RELATED DOCUMENTS

- *Local Government Act 1995*
- City of Karratha Delegations Register

Policy Number:	CF-05
Previous Policy Number:	N/A
Resolution Numbers:	154179-Oct 2018
Last Review:	October 2018 March 2020
Next Review:	October 2020 March 2022 [Every 2 years]
Responsible Officer:	Manager Financial Services/CFO

This policy takes effect from the date of adoption by Council and shall remain valid until it is amended or deleted.

5.2 COMMUNITY ASSISTANCE FUND - COVID-19

File No:	PH.62
Responsible Executive Officer:	Chief Executive Officer
Reporting Author:	Director Community Services
Date of Report:	27 March 2020
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s)	Nil

PURPOSE

For Council to consider creating a Community Assistance Fund that can quickly respond to the needs of community groups within the City of Karratha during and in the recovery phase of the COVID-19 Pandemic.

BACKGROUND

The Federal Government has imposed severe community restrictions to help manage the COVID-19 pandemic. These restrictions are impacting the whole community, including our not for profit community groups. The majority of local sporting and service groups have been forced to postpone or cancel their respective activities. This has severely impacted on their ability to raise income to cover their ongoing costs and will place many of them in financial stress. Local Non-Government Groups (NGO's) are experiencing increased demand on their services to the more vulnerable sections of our community and are looking for support through this period.

Officers have begun to receive a range of requests for assistance and are continuing to uncover opportunities for Council to provide support. It is expected for these instances to increase in the immediate term and become more critical until such time as the community moves through this unprecedented situation. The type of assistance that Officers are currently being requested for includes:

- Fixed costs such as lease fees, utility expenses, insurance and maintenance costs for clubs and associations;
- Setup costs for groups to present information and services to their audience/stakeholders via online forums;
- Accessibility to food and other necessities for at risk youth, seniors and aboriginal groups; and
- Materials and supplies for women's shelters and day care centres.

In consideration of how support can be provided to the community the following key objectives have been identified:

1. Support the viability of community groups
2. Support the broader community who rely on these groups
3. Provide a fair and equitable process
4. Be responsive and flexible to the need
5. Deliver through existing budget

To achieve these objectives a number of options have been considered by Officers. They are:

Status Quo – deliver Community Grant Schemes as usual (Biannual and Quarterly rounds)	
<p>PROs</p> <ul style="list-style-type: none"> • Continuity of business. • Provides a tried and tested format for delivering funds to community groups. 	<p>CONs</p> <ul style="list-style-type: none"> • Limits access to funding to set time periods – not responsive to immediate need. • Lengthy application and assessment process. • May exclude some areas of need that do not comply with current grant guidelines.
Put on hold all Community Grant Schemes and wait for the State/Federal Government community stimulus packages	
<p>PROs</p> <ul style="list-style-type: none"> • Accesses State/Federal funds, freeing up Council funds for other areas of need 	<p>CONs</p> <ul style="list-style-type: none"> • State/Federal community stimulus packages are an unknown quantity and not confirmed. • Some community groups will become unviable in the short term if fixed costs are not covered. Their ability to recover will be severely impacted. • In the interim access for the community to these services will be reduced/disappear.
Establish a Community Assistance Fund of \$250k for a period of six months	
<p>PROs</p> <ul style="list-style-type: none"> • Ability to respond quickly to community needs and reduce the impact of this emergency event on community groups • Opportunity to partner with resource companies on projects • Broadens the ability of Council to assist community groups in this emergency situation • Maintains access to the service for the community. 	<p>CONs</p> <ul style="list-style-type: none"> • Outside of normal process • Diverts Biannual funding for six months
Work with resource partners/ Service Agencies to complement their community support expenditure	
<p>PROs</p> <ul style="list-style-type: none"> • Opportunity for expanded partnership with resource companies • Assists resource companies to direct their funds to the most needed areas • Cohesive/coordinated approach • Pooled resources <p>* <i>this option can be pursued within the framework of the proposed Community Assistance Fund and opportunities are already emerging including working with Woodside, Rio Tinto, Aboriginal Corporations and the Department of Communities.</i></p>	<p>CONs</p> <ul style="list-style-type: none"> • Double ups • Sets an expectation for ongoing support outside of normal Grant processes

Following this assessment Officers believe that the creation of a Community Assistance Fund provides the best option for Council to support community organisations and help minimise the negative impact and hardship on the local community.

Based on the level of requests received and current funding schemes that the Council operates it is suggested that an amount of \$250,000 is allocated to this fund for a period of six months. This amount is consistent with the allocation made to the Biannual Community Grants Scheme.

To support the administration of the fund the following process is recommended:

- Eligible groups for funding is as outlined in the current Community Grants and Contributions Scheme.
- On receiving a request for support from an eligible group the Community Engagement team will review and make a recommendation to the Chief Executive Officer.
- The Chief Executive Officer supports/doesn't support the recommendation.
- The Community Engagement team advises the group of the outcome of the request and arranges the payment if approved.
- A monthly information item is provided to Council providing a summary of the requests and what support was provided during the life of the fund.

LEVEL OF SIGNIFICANCE

In accordance with Council Policy CG-8 Significant Decision Making Policy, this matter is considered to be of high significance in terms of social and community wellbeing issues.

COUNCILLOR/OFFICER CONSULTATION

Consultation has occurred via the Executive Management Team and Community Service Officers.

COMMUNITY CONSULTATION

Officers are communicating with community groups on a daily basis to understand the needs of a whole range of community groups/services and individuals who provide important community services.

STATUTORY IMPLICATIONS

Section 6.8 of the *Local Government Act* 1995 – Expenditure from Municipal Fund applies to this recommendation.

POLICY IMPLICATIONS

There is an existing Community Grants and Contributions Scheme policy (CS06) for the City of Karratha. The eligibility of groups for the proposed fund is consistent with the current policy. Other aspects of the policy will be considered as part of the funding allocation.

FINANCIAL IMPLICATIONS

\$250,000 can be allocated from the current budget allocation for the Biannual Community Grant Scheme. The current Biannual Scheme is open and applications for the scheme can be considered as part of this fund or delayed to the next financial year.

STRATEGIC IMPLICATIONS

This item is relevant to the Council's approved Strategic Community Plan 2016-2026 and Corporate Business Plan 2016-2021. In particular, the Operational Plan 2019-2020 provided for this activity:

Programs/Services:	1.c.1.2	Community Engagement
Projects/Actions:	1.c.1.2.1	Provide Grant Funding Opportunities

RISK MANAGEMENT CONSIDERATIONS

The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Health	Moderate	Without support some NGO's in the health area may not be able to operate.
Financial	Low	Funds to be allocated from the Biannual Community Grant Scheme.
Service Interruption	Low	Officers are able to support this initiative.
Environment	N/A	Nil
Reputation	Moderate	This provides an opportunity for Council to demonstrate leadership and generosity in the face of significant community hardship.
Compliance	Low	Funds can be administered via the established grant payment process.

IMPACT ON CAPACITY

There is no impact on capacity or resourcing to carry out the Officer's recommendation.

RELEVANT PRECEDENTS

Council regularly provides financial assistance to community groups and associations via Biannual and Quarterly grant schemes designed to support and enhance the sustainability of these important community services.

VOTING REQUIREMENTS

Simple Majority.

OPTIONS:Option 1

As per Officer's recommendation.

Option 3

That Council by SIMPLE Majority pursuant to Section 3.18 of the *Local Government Act 1995* RESOLVES to MODIFY the Community Assistance Fund and provides the following:

1. _____
2. _____
3. _____

Option 2

That Council by SIMPLE Majority pursuant to Section 3.18 of the *Local Government Act 1995* RESOLVES to REJECT the Community Assistance Fund.

CONCLUSION

The City of Karratha is in crisis with the impact of the COVID-19 pandemic. This is having a significantly negative impact on community groups/NGO's and their ability to provide services to the community.

Council are asked to consider allocating \$250,000 from the Biannual Community Grant Scheme for the purpose of a COVID-19 Community Assistance Fund. This fund will assist community groups/NGO's to continue to operate during this time and will be open for a period of six months. Officers will continue to monitor and report to Council on the status and effectiveness of the fund and to present adjustments and revisions as required.

OFFICER'S RECOMMENDATION

That Council by SIMPLE Majority pursuant to Section 3.18 of the *Local Government Act 1995* RESOLVES to:

1. **ALLOCATE \$250,000 from the existing 2019/20 Biannual Community Grant Scheme as a COVID-19 Community Group Assistance Fund; and**
2. **PROVIDE grants of up to \$25,000 per community group/organisation via the COVID-19 Community Group Assistance Fund, with a list of approved grant recipients being provided to Council at the next available Council meeting; and**
3. **REQUEST that any community group/organisation request for over \$25,000 in COVID-19 related support from the City be presented to the Council for consideration.**

6 CORPORATE SERVICES

6.1 ANNUAL REPORT 2018/19

File No:	FM.1
Responsible Executive Officer:	Director Corporate Services
Reporting Author:	Manager Marketing & Communications
Date of Report:	26 March 2020
Applicant/Proponent:	Nil
Disclosure of Interest:	Nil
Attachment(s):	Annual Report 2018/19 including the Annual Financial Report for the Year Ended 30 June 2019

PURPOSE

For Council to receive the Annual Report for the financial year ended 30 June 2019.

BACKGROUND

The Annual Report 2018/19 details the activities and performance of the organisation over the past year supported by the Annual Financial Report and the Independent Auditor's Report. Reporting is provided against the City's Strategic Community Plan 2016-2026 and Corporate Business Plan 2016-2021.

Some highlights from the past year are outlined below:

- Completion and opening of \$16 million Wickham Community Hub;
- Provision of more than \$1 million in community and business grants;
- Delivery of the 26th annual Cossack Art Award;
- More than 640,000 visits across community facilities;
- Securing the WA Regional Tourism Conference and Developing Northern Australia conference;
- Redirecting more than 8,600 tonnes of waste from landfill;
- Launch of 'Karratha is Calling' place branding campaign;
- Commencement of the Dampier foreshore redevelopment;
- Negotiation of the Quarter Hotel development; and
- More than \$47 million of City expenditure paid to local suppliers.

LEVEL OF SIGNIFICANCE

In accordance with Council Policy CG-8 Significant Decision Making Policy, this matter is considered to be of moderate significance in terms of Council's ability to perform its role.

COUNCILLOR/OFFICER CONSULTATION

Each directorate has had the opportunity to provide input into and review the report. The Audit & Organisational Risk Committee was consulted about the Annual Financial Report and the Independent Auditor's Report.

COMMUNITY CONSULTATION

Section 5.27 of the *Local Government Act 1995* requires that a general electors' meeting be held within 56 days to discuss the contents of the City's Annual Report.

STATUTORY IMPLICATIONS

The City is required to prepare an annual report for each financial year in accordance with Part 5 Division 5 of the *Local Government Act 1995*. The report is to be accepted no later than 31 December or two months following receipt of the final audit opinion by an absolute majority in accordance with section 5.54 of the Act. The audit opinion was received from the Auditor General on 17 February 2020.

POLICY IMPLICATIONS

There are no policy implications.

FINANCIAL IMPLICATIONS

In summary, the Annual Financial Report indicated that the City had as at 30 June 2019:

	30 June 2019	30 June 2018	Inc /(Dec)
Net Result	\$21,863,421	\$8,879,998	\$12,983,423
Net Assets	\$758,662,061	\$736,641,103	\$22,020,958
- Total Assets	\$774,071,123	\$753,743,526	\$20,327,597
- Total Liabilities	\$15,409,062	\$17,102,423	-\$1,693,361
Loan Liability	\$346,453	\$427,861	-\$81,408
Cash Reserves	\$66,847,807	\$61,497,864	\$5,349,943
Property, Plant & Equipment	\$258,518,365	\$252,134,205	\$6,384,160
Investment Property	\$21,750,000	\$20,004,800	\$1,745,200
Infrastructure Assets	\$410,595,902	\$403,519,220	\$7,076,682
Final Surplus (Restricted)	\$656,270	\$831,611	-\$175,341
Final Surplus (Unrestricted)	\$3,941,964	\$2,564,089	\$1,377,875

STRATEGIC IMPLICATIONS

The Annual Report summarises achievements against the Council's approved Strategic Community Plan 2016-2026 and Corporate Business Plan 2016-2021.

RISK MANAGEMENT CONSIDERATIONS

There are no risk management considerations applicable.

IMPACT ON CAPACITY

There is no impact on capacity or resourcing to carry out the Officer's recommendation.

RELEVANT PRECEDENTS

The Annual Report, Annual Financial Report and Auditor's Report is considered by Council each year.

VOTING REQUIREMENTS

Absolute Majority.

OPTIONS:Option 1

As per Officer's recommendation.

Option 2

That Council by ABSOLUTE Majority pursuant to Section 5.54 of the *Local Government Act 1995* RESOLVES to ACCEPT the 2018/19 City of Karratha Annual Report with the following amendments:

1. _____
2. _____

CONCLUSION

The Annual Report provides an overview of the performance of the City in terms of statutory obligations, Community Plan outcomes and financial management for the past twelve month period. The Annual Financial Report has been prepared in accordance with the *Local Government Act 1995* and indicates the City's financial position as at 30 June 2019. The report will be presented to the community through the Annual Electors' Meeting.

OFFICER'S RECOMMENDATION

That Council by ABSOLUTE Majority pursuant to Section 5.27 and 5.54 of the *Local Government Act 1995* RESOLVES to:

1. ACCEPT the 2018/19 City of Karratha Annual Report; and
2. HOLD the Annual Electors' Meeting within 56 days (if possible) to discuss the content of the Annual Report.

City of Karratha Annual Report 2018/19



Acknowledgement of Country

Wayiba! Wanthiwa! Tharnardu!

This Acknowledgement of Country recognises the ancient and continuing connection of the Traditional Owners to the land we live and work on; and the cultural responsibilities that arise from this connection. For thousands of years, when Aboriginal and Torres Strait Islander people visited the country of others, there would be rituals of 'welcoming to country'. Today, these rituals have a national legacy in 'Welcome to Country' and 'Acknowledgment of Country'.

The City of Karratha acknowledges the Ngarluma people as the traditional custodians of this land (ngurra) and their deep historical and spiritual connection to country, waterways, rivers and seas within our region. The City of Karratha accepts Aboriginal people as the first inhabitants of Australia. They have lived on this land for many thousands of years and are recognised as one of the oldest living populations of the world, with unique languages and spiritual relationships. We pay respect to the Ngarluma people and their Elders; past, present and emerging.

The name 'Karratha' originates from the Aboriginal word meaning 'good country' or 'soft earth'.







Welcome to the 2018/19 City of Karratha Annual Report

Our Annual Report provides an overview of City of Karratha activities as we work to achieve our vision of becoming Australia's most liveable regional city.

Driven by four strategic pillars; Our Community; Our Economy; Our Natural and Built Environment; and Our Leadership, this report showcases our achievements alongside areas where there is still room to grow. This in-depth look at our work across the 2018/19 financial year not only includes the public-facing elements of the work Council does but also encompasses our financial performance and the governance and statutory regulations by which we operate.

Throughout the 2018/19 financial year, the City of Karratha has focused on building our local economy and supporting innovation, all while

continuing to provide the high level of services and amenities expected from a progressive local government. The City continues to evolve from an infrastructure delivery phase to one focused on the growth and diversification of our economy and community, cementing itself as a leader in local governance across the state.

The year ahead will see the City work hard to deliver quality outcomes for residents, from improved connectivity to diversification of the local economy, supporting local employment.

The year ahead will see the City work hard to deliver quality outcomes for residents, from improved connectivity to diversification of the local economy, supporting local employment.



Python Pool


Why we report

This document provides the reader with an overall assessment of the performance of the City of Karratha Council during the past financial year.

It summarises the work completed, elements underway and policies and protocols in place to ensure the best outcomes for the City of Karratha community.

While celebrating the major successes and continued growth of the City, this report also assesses areas for further development, allowing appropriate opportunity for reflection and review so that improvements can be made moving forward.

The City of Karratha Annual Report is a public document that provides the disclosure requirements outlined in the State Government of Western Australia Local Government Act 1995.

An electronic version of this report is available on the City of Karratha website: karratha.wa.gov.au 



Karratha City Centre



Wickham Community Hub

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Millstream 4WD



Cleaverville

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Mayor's Report

Welcome to our 2018/19 City of Karratha Annual Report, a detailed look at the activities and projects the City of Karratha has carried out under Council guidance over the last 12 months.



Once again we have been busy, ensuring everything we do is in the best interests of our community and helps to build our city into a place residents are proud to call their home.

We opened the Wickham Community Hub in May, a highly anticipated facility to service our eastern corridor towns. The facility provides a vibrant hub for the community featuring a new home for the library, a childcare centre, group fitness rooms, a purpose-built youth facility and skate park as well as not-for-profit office spaces. This facility was made possible through our longstanding Community Infrastructure and Services Partnership with Rio Tinto and support from Lotterywest.

The multi-million dollar redevelopment of the Dampier Foreshore and Hampton Oval is well on the way to completion, set to open in late 2019. This work will have a transformational effect on the foreshore landscape, expanding beach amenity and providing a revitalised, modern space for the community to enjoy.

Over the past year, Council have focused on building the profile of our City through our Karratha is Calling place branding campaign and our drive to bring state-wide, national and international conferences to the region. This has led to a successful bid to host the Developing Northern Australia Conference and WA Regional Tourism Conference. We have also secured the fourth annual International Organisation for Economic Co-operation and Development Meeting of Mining Regions and Cities, coming to our Red Earth Arts Precinct in 2020.

I am very proud of the work Council has been able to achieve over the past 12 months, improving the services and amenity for residents. Our ongoing work to diversify our local economy and investigate options

to reduce our reliance on residential rates continues to be a priority and we expect to see growth in this area with the construction of the Hilton Garden Inn Hotel to begin in 2019/20.

Our work to become Australia's most liveable regional city continues, reinforced by the growing number of responses in our Annual Community Survey that indicate residents have no intention to leave the City of Karratha. As we move into a new financial year, I'm excited to see our progress continue and look forward to another successful year of providing exceptional services and facilities to our community.

Peter Long
Mayor, City of Karratha

CEO's Report

The 2018/19 City of Karratha Annual Report provides detail on our operational performance over the past financial year. It highlights our achievements, addresses challenges and provides progress updates across each of our strategic objectives.



The City is nearing the end of a major capital works program that has lasted almost a decade and with this comes a clear shift in focus. We are fast becoming a local government concentrated on enhanced service delivery, ensuring the \$100million in recreational facilities we have provided the community over the past ten years are maintained and continue to meet community needs.

Our Annual Community Survey provides a clear indication of resident satisfaction, highlighting areas for improvement alongside those areas where our teams excel. These results inform project and service considerations as well as budget allocations not only for the financial year ahead but also at quarterly budget reviews. I am pleased to include in this report that the City continues to improve in the overall score afforded to it by residents – this year sitting at 75 out of 100, our highest result yet.

The City of Karratha's total operating revenue for the 2018/19 financial year was \$99,582,382 with a total operating expenditure budget of \$93,423,335. Once again, sound budgeting and sensible use of resources has been a high priority with the City maintaining a debt-free bottom line. Investigations into investment opportunities that decrease our reliance on rates continues to prove worthwhile.

Looking ahead, the City's main focus for 2019/20 is to build a strong local economy that withstands the peaks and troughs of mining and construction cycles. This relies on

the further development and diversification of our economy and will be achieved through the provision of continued support to those businesses looking at innovative land use such as the Pilbara Rock Oyster Development Project, EcoMag and the Sahara Forest Project.

Small business support is also crucial to the growth of the local economy and over the last financial year we have continued to provide funding and workshop opportunities to the small business community.

I hope you find this annual report to be a transparent insight into the day-to-day running of your local government. It is a reflection of our commitment to our residents and community.

The City of Karratha continues to be a progressive regional local government and one that we believe sits among the very best in Western Australia.

Chris Adams
CEO, City of Karratha



SECTION 1

OUR CITY

This section provides an overview of the people and the places that make up the City of Karratha



1.1 City Profile

The City of Karratha lies on the coast of the Pilbara region, 1535km north of Perth and surrounded by a 2.5 billion year old landscape. The City consists of five towns; Karratha, Dampier, Roebourne, Wickham and Point Samson and includes the historic village of Cossack.

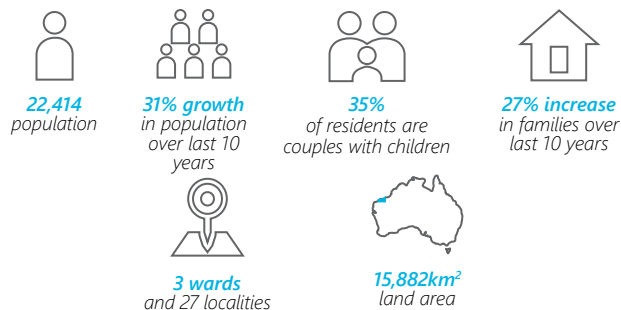


Bounded by the Shire of Ashburton to the south, the Town of Port Hedland to the east and the Indian Ocean to the north and west, the City of Karratha is home to four industrial ports and contributes approximately \$8.76 billion to the national economy each year. Characterised by the juxtaposition of this modern industry and an ancient natural landscape steeped in culture, the City of Karratha has national economic significance and the rich history of Australia's Ngarluma and Yindjibarndi people is of global heritage value.

Demographic

The City of Karratha is home to 22,414 residents, which represents an increase in population of 31 per cent over the last 10 years. Forecasted figures indicate continued growth and City infrastructure such as power, water and sewerage have all been upgraded in preparation for this anticipated expansion.

The three City electoral wards of Karratha, Dampier and Wickham/ Roebourne/Point Samson/Cossack/Pastoral cover 27 localities, together encompassing the City's 15,882km² land area.



Natural

The natural environment in the City of Karratha is characterised by the Dampier Archipelago and the Murujuga National Park (Burrup Peninsula), promoting a lifestyle of world-class fishing alongside rich and historic culture. The Dampier Archipelago comprises a chain of 42 islands, islets and rock formations lying within a 45km radius from the towns of Dampier and Point Samson. Many of the islands resemble the Burrup Peninsula with coastal cliffs, sand plains and pristine beaches ideal for fishing, swimming and snorkelling. The Burrup Peninsula is home to the world's highest concentration of rock art with more than one million rock art engravings depicting 50,000 years of human occupation.

The City of Karratha local government area is also surrounded by three national parks including Karijini, widely regarded as one of Australia's most spectacular natural assets.



History of the City of Karratha

The lands within City of Karratha boundaries have been occupied by ancestors of the Ngarluma, Yindjibarndi, Martuthunia and Yaburara peoples for more than 30,000 years.

1818
European discovery of the area

1860
Roebourne established as a township

1871
The District of Nickol Bay was gazetted and the first election was held

1887
The District of Nickol Bay was abolished and the Roebourne Roads Board District gazetted



Point Samson Tavern



Murujuga Rock Art with Ngurrangga Tours

Economic

The City's largest industry output comes from the mining industry which in 2018/19 was worth approximately \$5.8 billion. Unlike mining towns in the region, the City's economy is underpinned by exports and oil and gas processing operations. The city has four busy industrial ports and 231ha of industrial land with 507ha planned for future use. The mining industry is the largest employer, generating 4,299 local jobs.

The City of Karratha is well planned and positioned to manage, facilitate and support ongoing investment in capital and social infrastructure by government and private investors. Over the last five years, Council has been working hard to ensure there are appropriate services and amenity in place to comfortably cater for a population of 50,000 residents.



\$5.8 billion
Gross Regional Product (GRP)



13,572
Local jobs,
4,299 in mining
industry



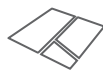
9,998
Employed residents



\$2,626
Median weekly income



954 local businesses
Registered with the city



231ha
Industrial land



4 industrial ports
Facilitating import
and export



17%
of all registered
businesses in the City
linked to construction



1 major retail centre
Karratha City

Top 5 spend categories in the City of Karratha:



**Grocery stores and
supermarkets**

\$147 million



**Dining and
entertainment**

\$145.7million



Transport

\$108.7million



**Specialised food
retailing**

\$79.6million
alcohol, bakeries, butchers, gourmet foods



**Specialised and
luxury goods**

\$48.8million
furniture, electronics, sporting goods

1961

The Roebourne Roads Board became the Shire of Roebourne

1968

Planning for the construction of Karratha began

1970

Wickham's first permanent buildings were constructed

1975

Karratha became the administrative centre for the Shire of Roebourne

2014

The Shire of Roebourne became the City of Karratha after reaching a population of 20,000

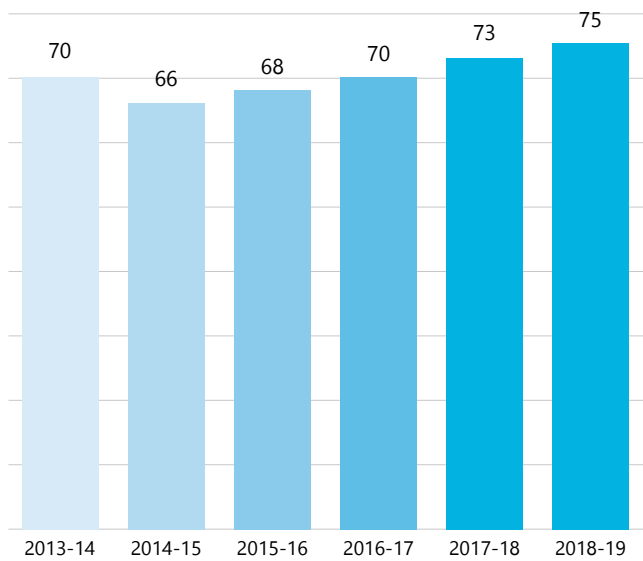


Hearson Cove

Community

The City of Karratha is home to a vibrant and diverse community that enjoys a level of amenity and service usually only seen in much larger metropolitan areas. Home to more than 205 registered community groups, sporting clubs, associations and cultural groups, the City embraces social events and experiences, providing more than 48 parks and open spaces, hosting 74 events and festivals each year and offering more than \$1 million in community funding grants annually.

Annual Community Survey score for City of Karratha (out of 100):



Growth in residents who have no intention of leaving:



- > 2010/2011: 14%
- > 2014/2015: 32%
- > 2015/2016: 37%
- > 2017/2018: 40.7%
- > 2018/2019: 41.9%



4 libraries



3 major recreational centres



48 parks and open spaces



7 community hubs and pavilions



155.6km total footpaths



658.3km total road



127 sports clubs and associations



11 primary and high schools



\$1 million community grants funding available

1.2 Highlights

We are committed to achieving the goals set out in our Strategic Community Plan 2016-2026. This document articulates our community vision for the City of Karratha as an attractive, vibrant and liveable regional city.

Our goals from the Strategic Community Plan are integrated into our Corporate Business Plan and yearly Operational Plan. Some of our key achievements from the past financial year are highlighted below:



More than 640,000 visits across community facilities



Launch of 'Karratha is Calling' place branding campaign



Delivery of the 26th annual Cossack Art Award



Execution of Quarter Hotel development deal



More than \$47 million paid to local suppliers



Redirecting more than 8600 tonnes of waste from landfill



Provision of more than \$1 million in community and business grants



Commencement of the Dampier foreshore redevelopment



Completion and opening of \$16 million Wickham Community Hub



Secured the WA Regional Tourism Conference and Developing Northern Australia conference



Millstream

2018/19 in Numbers

Facility activity and services statistics



Processed waste (tonnes)

55,822t Waste accepted to landfill	18,291t Liquid waste accepted
5480t Waste collected kerbside residentially	1355t Recycling collected kerbside residentially
\$93,630 Tip Shop income (including Airspace Dollar Value savings)	8657t Waste diverted from landfill



Environmental health inspections and registrations

216 Food premises	64 Public buildings
25 Public swimming pools	14 Hair and beauty premises
6 Caravan parks	39 Lodging houses
363 Health nuisances/complaints investigated	



Ranger Services inspections / audits

317 Abandoned vehicles	179 Off-road vehicles
97 Camping Inspections	757 Litter Inspections
1,500 Parking Inspections	258 Cyclone Inspections and Fire Permits
1,671 Animal (dog/cat trapping, sterilisation, rehoming, euthanising)	



513,017 visits to Karratha Leisureplex

27,523 visits to Group Fitness classes	113,809 visits to Aquatic Centre
67,983 visits to Gym Facilities	



40,064 visits to Wickham Recreation Precinct

4,260 Group Fitness participants	3,694 visits to Recreation/Play Programs
17,715 visits to Wickham Pool	14,395 visits to Gym Facilities



117,860 visits to the libraries

82,120 visits to Karratha	12,448 visits to Wickham
2,888 visits to Roebourne	20,404 visits to Dampier



Children and Youth

20,015 visits to The Youth Shed Indoor Play Centre	17,141 youth activity participants
---	---



Community Survey

1,429 Responses	75 Overall Score (Out of 100)
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Karratha Airport

492,372 Passengers	10,553 Passenger aircraft movements
---------------------------	--



Building Services

405 Building permits issued	12 Certificates (Approval/Demolition/Occupancy)
156 Applications for other councils	12 Private certificates



Red Earth Arts Precinct

32,915 movie attendees	11,898 performance attendees
6076 Conferencing and corporate events	



The Quarter

1.3 Financial Summary

The City of Karratha ends the 2018/19 financial year in a strong financial position, with no debt and \$66.8 million in reserves.

This is a result of sound financial planning throughout and continuing on from the construction boom that occurred in the region almost a decade ago.

Reserve funds are used to make up shortfalls in external funding for Council's major infrastructure projects such as the Red Earth Arts Precinct, Dampier and Wickham Community Hubs and the Dampier Foreshore and Hampton Oval Redevelopment. They also account for long-term resource planning, taking into consideration Council's waste facilities and services infrastructure, to ensure the City can provide upgrades to amenity without requiring large increases in rates.

The income statement (included on page 71) provides a summary of the City of Karratha's financial position for 2018/19. Including capital income, the 2018/19 operating result was a surplus of \$21,740,801.

This is an increase on the surplus of \$8,879,998 held in 2017/18.

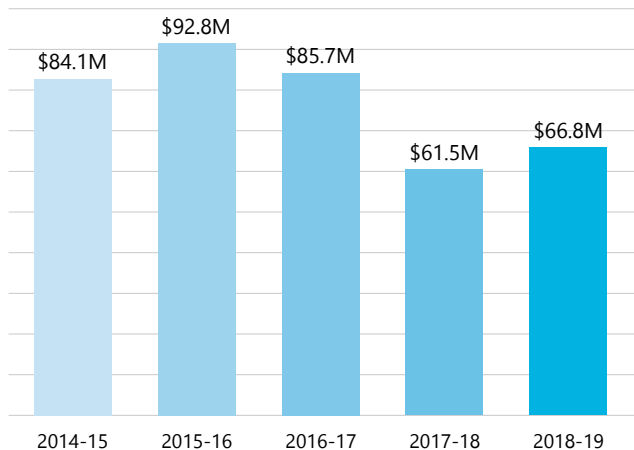
Some major projects completed in 2018/19 that were partly funded from reserves include:

- Class 3 Landfill cells (\$4.3million)
- Wickham Community Hub (\$7.3million)

The City of Karratha's total equity as at June 30, 2019: \$758,539,441.

With an operating budget of \$101,277,882 for 2019/20 we expect to draw on minimal reserve funds to cater to community needs.

Reserve figures over past five years



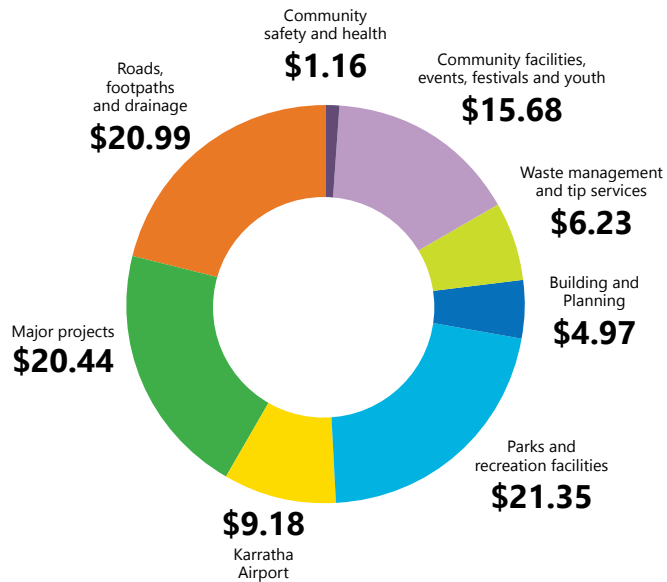
1.4 Your Rates at Work

The City of Karratha provides extensive services, amenity and facilities to residents each year and in addition to current provisions, is working on a number of developments that will enhance the entertainment options and liveability of our community.

Below is a summary of where the City of Karratha gets its revenue from and how it is spent to provide the best outcomes for residents.

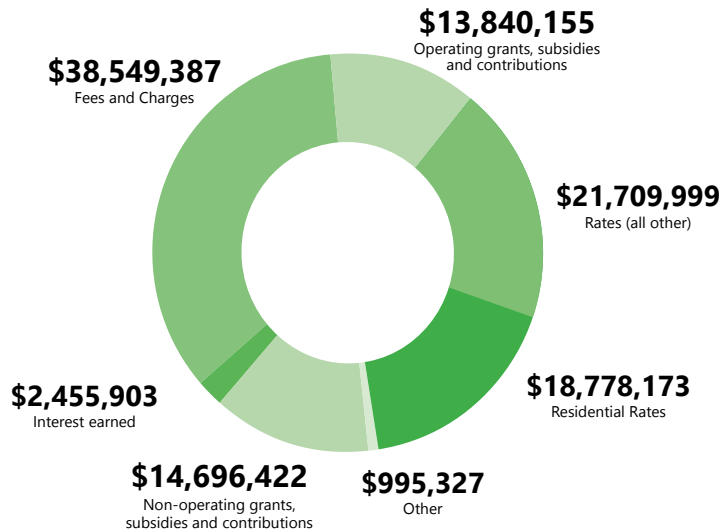
Where do your rates go?

For every \$100 in expenditure this is what the City of Karratha delivers:



Where does the City of Karratha get its money?

Our total revenue for 2018/19 was \$111,025,366 which came from the following sources:



1.5 Supporting our Stakeholders

We support residents, businesses and industry and work hard to maintain meaningful relationships with all of our stakeholders.





Murujuga National Park

1.6 Supporting our Volunteers

The City of Karratha strongly supports volunteering in our local community and has a number of volunteering policies in place to ensure residents and employees carrying out these activities have the support they need to be successful.

The City of Karratha volunteering policies provide employees the opportunity to:

- actively engage volunteer participation by residents;
- respect the rights and interests of volunteers and staff;
- complement the work of paid staff and services provided by Council;
- encourage and acknowledge the contribution of volunteers who provide services to the community; and
- ensure adequate orientation, support, training and supervision is provided for volunteers during their period of volunteering.

More information on these policies is available at karratha.wa.gov.au/policies

Karratha, Dampier, Wickham, Point Samson and Roebourne each have community associations run by local volunteers. These associations receive Council funding for the provision of events and initiatives that support their local communities.

The City of Karratha is home to more than 300 emergency service volunteers supporting the following services:

- Fire and rescue
- Bush Fire Brigades
- St John's Ambulance
- State Emergency Service
- Marine rescue

In recognition of this, Council holds two annual Emergency Services Volunteer Recognition Evenings that celebrate these volunteers and recognise terms of service.



5 community associations



2 volunteer emergency service volunteer recognition evenings



70 volunteers at first community clean-up day



40 volunteers at community planting days



Cossack Art Awards



NAIDOC Week Celebrations



Twilight Tunes



Christmas in the Pilbara

1.6 Major Events

2018

JULY	AUGUST	SEPTEMBER
<ul style="list-style-type: none"> Cossack Art Awards 	<ul style="list-style-type: none"> Cossack Art Awards 	<ul style="list-style-type: none"> Red Earth Arts Festival
<ul style="list-style-type: none"> Cossack Family Day 	<ul style="list-style-type: none"> Twilight Tunes 	<ul style="list-style-type: none"> Twilight Tunes
<ul style="list-style-type: none"> NAIDOC Week 	<ul style="list-style-type: none"> Sundowner Sessions 	<ul style="list-style-type: none"> Performing Arts Connections Australia's Conference and National Performing Arts Exchange
<ul style="list-style-type: none"> Sundowner Sessions 		<ul style="list-style-type: none"> Sundowner Sessions
OCTOBER	NOVEMBER	DECEMBER
<ul style="list-style-type: none"> Twilight Tunes 	<ul style="list-style-type: none"> Remembrance Day 	<ul style="list-style-type: none"> Christmas in the Pilbara calendar
<ul style="list-style-type: none"> FutureClubs Community Sports Awards 	<ul style="list-style-type: none"> Walkington Award 	



Australia Day



Wickham Community Hub Opening



ANZAC Day Commemorations



Billfish Shootout

2019

JANUARY

- Australia Day
- Citizenship Ceremony

MAY

- Wickham Community Hub Opening

APRIL

- ANZAC Day

JUNE

- Melbourne International Comedy Festival Roadshow
- Vybe Youth Festival

ADDITIONAL EVENTS IN THE CITY OF KARRATHA SUPPORTED BY COUNCIL:

- Billfish Shootout
- NorWest Jockey Club Roebourne Races
- Sprintcar Stampede
- FeNaCING Festival
- Mothers' Day Classic
- Brew and the Moo
- Guy Fawkes Night Fireworks
- Markets in Dampier, Wickham and Karratha
- KDCCI Business Excellence Awards
- City to Surf Fun Run



Photo credit: Patrick Tragardh

3rd Annual OECD Meeting of Mining Regions and Cities, Skellefteå, Sweden

1.5 Awards and Recognition

The 2018/19 financial year has seen City of Karratha representatives speak at both national and international conferences as well as continue the provision of a number of community and sporting awards that celebrate leadership and high performance.



Mayor Peter Long at 3rd Annual OECD Meeting of Mining Regions and Cities, Skellefteå, Sweden

September 2018

Performing Arts Connections Australia's Conference and National Performing Arts Exchange
Deputy Mayor, Grant Cucul

November 2018

2nd Annual OECD Meeting of Mining Regions and Cities, Darwin
Director Strategic Projects & Infrastructure, Simon Kot

May 2019

Endorsed as Waterwise Council

June 2019

3rd Annual OECD Meeting of Mining Regions and Cities, Skellefteå, Sweden
Mayor, Peter Long and Chief Executive Officer, Chris Adams



City of Karratha 2019 Citizen of the Year



2018 FutureClubs Community Sports Awards Winners

Australia Day Awards

Each year the City of Karratha joins with many other local governments across Australia to recognise those groups and individuals who have made an outstanding contribution to their community. Presenting six awards at a breakfast ceremony for nominees and dignitaries, the City of Karratha Australia Day Awards contribute to the strength of our local community.

The 2019 Australia Day Award winners were:

- Citizen of the Year – Sandra Spadanuda, Presented by Horizon Power
- Young Citizen of the Year – Pansy Derschow, Presented by Woodside
- Community Service – Karratha Volunteer Fire & Rescue Service, Presented by Rio Tinto
- Environmental Award – Rose Best, Presented by the Woodside-operated North West Shelf Project
- Community Spirit – Stephen Clarke, Presented by Rio Tinto
- Event/Activity of the Year – Dampier Billy Cart Derby, Presented by Rio Tinto

Walkington Award

The City of Karratha annual Walkington Award is a \$5000 prize awarded to a student considered to have achieved academic excellence over the previous 12 months while also demonstrating a strong commitment to local community. This award is open to Year 12 students studying a full ATAR program at a local City of Karratha high school and aims to encourage students to continue full or part time study at a recognised educational institute.

In 2018, St Luke's College student Richard Shaw received the Walkington Award.

City of Karratha FutureClubs Community Sports Awards

Presented by the City of Karratha, Rio Tinto and the Department of Local Government, Sport and Cultural Industries, these annual awards recognise volunteers, players, officials and coaches who have made a significant contribution to their code.

The 2018 FUTURECLUBS Community Sports Award recipients were:

- Novo Resources Junior Sportswoman of the Year – Sophie Taylor
- Rio Tinto Junior Sportsman of the Year – Max Grasso
- Rio Tinto Sportswoman of the Year – Cheyenne Wailu
- CITIC Pacific Mining Sportsman of the Year – Cody Scale
- Department of Local Government, Sport and Cultural Industries Coach of the Year – Gavin O'Brien
- Department of Local Government, Sport and Cultural Industries Official of the Year – Simi Cagilaba
- Red FM/Spirit Radio Volunteer of the Year – Lisa Moore
- City of Karratha Sporting Group of the Year – Karratha Junior Rugby League.

Employee Recognition Awards

Quarterly, the City of Karratha Executive Management Team consider nominations for employee recognition awards in the categories of excellence, teamwork, accountability/safety, continual improvement/initiative and community focus.

Employees who receive these awards throughout the year are then considered for annual employee recognition awards and the City of Karratha Employee of the Year.

In 2018, the City of Karratha Employee of the Year was awarded to Andrew Ramsay, Building Maintenance Supervisor.





SECTION 2

ACHIEVEMENTS

This section provides an in-depth look at the work the City completed across the 2018/19 financial year as we work to achieve our goal of becoming Australia's most liveable regional city.



Cossack Lookout, Russell Ord Photography

2.1 Our Vision for the City of Karratha

The City of Karratha provides more than 100 services and activities to the local community, from kerbside waste collection to town beautification, library and ranger services. These services all work to meet local community needs and support the priorities of the City of Karratha Strategic Community Plan.

Our vision:

To be Australia's most liveable regional city.

Our mission:

To provide community leadership and excellent local government services in an innovative and efficient manner to enhance our city's social, cultural, economic and environmental wellbeing.

Our values:





- *Leadership* – We will provide clear direction and inspire people to achieve their full potential.
- *Teamwork* – We will encourage cooperation and teamwork within and between our employees and our community stakeholders.

- *Integrity* – We will act in an honest, professional, accountable and transparent manner.
- *Innovation* – We will encourage creativity, innovation and initiative to achieve Council's vision.

We are committed to achieving the goals set out in our Strategic Community Plan 2016 – 2026 that articulate our community vision for the future of the City of Karratha.

Strategic themes

As part of the City of Karratha Strategic Community Plan 2016 – 2026, Council has four strategic themes that work together to provide cohesive and coherent goals and objectives that support our vision to become Australia's most liveable regional city.

 <p>Our Community Diverse and Balanced</p>	 <p>Our Economy Well Managed and Diverse</p>	 <p>Our Natural and Built Environment Thriving and Sustainable</p>	 <p>Our Leadership Responsive and Accountable</p>
<p><i>To create safe, healthy and livable communities</i></p>	<p><i>To attract diverse and sustainable business and employment opportunities</i></p>	<p><i>To protect our natural and built environment</i></p>	<p><i>To provide accessible, transparent and responsive leadership</i></p>
<p>OUR OUTCOMES <i>The end result we would like to achieve</i></p>	<p>OUR OUTCOMES <i>The end result we would like to achieve</i></p>	<p>OUR OUTCOMES <i>The end result we would like to achieve</i></p>	<p>OUR OUTCOMES <i>The end result we would like to achieve</i></p>
<p>1.a Quality Community Facilities</p>	<p>2.a Diverse Industry</p>	<p>3.a Appropriately managed natural assets</p>	<p>4.a Raised profile of the City</p>
<p>1.b Improved Community Safety</p>	<p>2.b Reduce business costs</p>	<p>3.b Greater energy efficiency</p>	<p>4.b Continuous improvement and innovation</p>
<p>1.c Accessible Services</p>	<p>2.c Good infrastructure to support business investment</p>	<p>3.c Improved recycling and waste management</p>	<p>4.c Financial Sustainability</p>
<p>1.d Healthy Residents</p>	<p>2.d Role clarity</p>	<p>3.d Sustainable use and management of resources</p>	<p>4.d Strong partnerships and indigenous relations</p>
<p>1.e Recognition of Diversity</p>		<p>3.e Attractive built environment</p>	<p>4.e Services that meet community needs</p>
<p>1.f Connected Communities</p>			



2.2 Our Community: Diverse and Balanced

Our goal is to create safe, healthy and liveable communities.

OUR OUTCOMES <i>The end result we would like to achieve</i>		OUR RESPONSE <i>What we can do to achieve the identified Outcomes</i>	
1.a	Quality Community Facilities	1.a.1	A full range of city-standard facilities and community infrastructure are provided
		1.a.2	Future facility needs are planned for and developed in line with industry best practice
		1.a.3	Collaborative long term relationships are in place to fund and operate facilities
1.b	Improved Community Safety	1.b.1	High quality environmental design is employed to prevent crime
		1.b.2	The community is educated and engaged in crime prevention and community safety
		1.b.3	Safe environments are established through effective programs and partnerships with enforcement agencies
1.c	Accessible Services	1.c.1	Best practice community engagement methods are employed to determine community needs
		1.c.2	Public services are accessible and affordable
		1.c.3	Partnerships are established with key stakeholders to deliver services
1.d	Healthy Residents	1.d.1	Residents are empowered to enhance their health and wellbeing
		1.d.2	Programs and services that improve community wellbeing are developed and promoted
1.e	Recognition of Diversity	1.e.1	Diversity in the region is highlighted and celebrated
		1.e.2	The City is recognised as a leader in engaging with and supporting culturally diverse groups
1.f	Connected Communities	1.f.1	Social interaction is fostered across the community
		1.f.2	New technologies are employed to connect communities



Hearson Cove

Key achievements

- › Completion and opening of the Wickham Community Hub
- › Introduction of 'Meet the Street' community safety initiative
- › Presentation of the 26th annual Cossack Art Awards
- › Provision of \$1,000,000 in community and local business grants
- › More than 640,000 visits across community facilities

- A focus on maintenance and improvement of existing Council facilities saw \$125,000 spent on turf renovations including verti-mowing and thatch works at Kevin Richards Memorial, Bulgarra, Karratha Leisureplex, Tambrey, Baynton West, Pegs Creek, Roebourne School and Wickham ovals.
- The Youth Shed and Indoor Play Centre celebrated its 7th birthday on Saturday 23 February with a program of fun and family friendly activities, including birthday cake. Free to attend, entertainment included a mural art project, basketball tournament, competitions, prizes and music.
- New synthetic turf was laid and marked at the Bulgarra Tennis Courts. This included 44 tonnes of sand to weigh the turf down and provide additional protection as well as improve traction, speed and efficiency of sports being played on the new surface.

1.a Quality community facilities

- The Wickham Community Hub was completed and opened to the community on Sunday 5 May, 2019 with a community open day that encouraged local residents to explore all areas of the new facility. The \$16million hub contains a purpose built youth space, a skate park, library, daycare centre, group fitness space and not-for-profit offices and has seen the number of young people attending youth programming through The Base double since opening. The Wickham Community Hub was funded through the City of Karratha, Rio Tinto and Lotterywest.
- The Red Earth Arts Precinct completed its first year of operation screening 187 movies, serving 17,160 boxes of popcorn and issuing 44,000 event tickets. The Red Earth Arts Precinct has also seen 85,000 visitors through the facility and 56,000 items borrowed from the Karratha Library.
- Construction of the Walgu Park project on the corner of Welcome Road and Sharpe Avenue began along with an adjacent long-vehicle parking area. The parking area provides convenient access to the CBD and shopping centre for self-contained visitors.
- We invested more than \$550,000 in the extension of our footpath network with these funds matched through Department of Transport grant schemes. These funds allowed for the installation of a 780m shared path along Millstream road including a 20m pedestrian bridge as well as a 1.3km section that connects Millstream with Maitland Road.



85,000 VISITORS

THE RED EARTH ARTS PRECINCT
HAS SEEN 85,000 VISITORS
THROUGH THE FACILITY IN ITS FIRST
YEAR OF OPERATION



Nickol West Park

1.b Improved community safety

- The Community Safety Team expanded to include an Active City Officer in November, 2018. This role is focused on building community connection by facilitating neighbourhood activities as well as assisting in the generation and implementation of creative programs to improve the vibrancy of the city and increase the perception of liveability.
- In March the City introduced a Home Security Subsidy to provide assistance to residents for the purchase and install of home security systems.
- An initiative focused on neighbourhood connections was launched in May, 2019. Meet the Street encourages residents to host street barbecues as a way to get to know their neighbours and build a sense of community in their residential areas. The initiative allows residents to claim back \$100 in expenses and provides giant lawn games, a party pack and invitations to make hosting as easy as possible.
- Throughout the 2018/19 financial year we installed more than 60 solar footpath lights throughout the City of Karratha as we continue addressing community safety and prevent anti-social behavior.
- 275 subsidised motorbike locks were sold through local businesses Karratha Motorcycles and Northwest Honda as part of our 'Lock it or lose it' community safety campaign. This campaign focuses on securing property and preventing motorbike theft.
- Following community feedback a local contractor has been engaged to remove offensive graffiti within 48 hours of it being reported to Council. This has been exceptionally well received in the community.
- Our Rangers, Technical and Communications teams assisted Karratha Senior High School with the development and enforcement of a new school drop off area utilising the Karratha Leisureplex carpark. The new layout allows for safer access to school buildings for both students and teachers during pick up and drop off periods.

1.c Accessible services

- Council provided support for the redevelopment of the Victoria Hotel, an iconic 152-year-old building in Roebourne's town centre, now known as the Ganalili Centre. This support forms an integral part of the Roebourne Structure Plan that focuses on celebrating culture, supporting the local community and building a diversified economic base that contributes to the Pilbara region. The Ganalili Centre will house an interactive cultural centre, visitor and information services and the Roebourne Library, offering extended hours and state-of-the-art technology as a cornerstone of user experience.
- City of Karratha officers facilitated the delivery of four grant writing workshops to assist local community organisations with applications for Council's community grants funding. This allowed a transparent application process with attendees encouraged to work on their current submissions over the workshop period.

1.d Healthy residents

- Our Environmental Health team were successful in a funding application through the WA Department of Health's Contiguous Local Authorities Group funding scheme for the promotion of the 'Fight the Bite' mosquito program and to treat known mosquito breeding spots throughout the city. This included treating standing water bodies and reminding residents, through social media, to routinely check properties for potential breeding sites.
- The FutureClubs Junior Sports Expo saw 79 participants, aged between 6 and 15 years try a wide variety of sports on offer in the City of Karratha in April. Sports groups that participated included Dampier Sharks Junior Football, North West Volleyball Association, Tequiras Netball Club, Karratha Basketball Association, Karratha Water Polo Association, Karratha Hockey Association and Nickol Junior Soccer Club.
- Our youth services programming continued with the inclusion of new Young Empowered Women workshops specifically for girls aged 11 to 18 years. Happening every Wednesday during school terms from 3pm to 6pm at The Base youth facility, these popular events focused on building confidence in the young women of Roebourne, Wickham and Point Samson.



Karratha Health Campus

1.e Recognition of diversity

- Our Karratha Leisureplex team worked alongside the WA Football Commission and Rio Tinto to present the Festival of Football in April 2019. This 10 day festival provided workshops, fixtures, accreditation courses and a West Coast Eagles community training clinic alongside the WA Country Football League Roadshow. Focusing on sport and its connection with mental health, the Festival of Football also provided mental health and wellbeing workshops for clubs and players.
- Almost \$90,000 in prizes were awarded at the 26th annual Cossack Art Awards in July, 2018 with some 300 art works adorning the walls of the Bond Store and Post & Telegraph Store in the historic town of Cossack. The Awards attracted 7000 visitors through the three-week exhibition and presented a program of 12 supporting workshops and events.
- An extensive program celebrated the 'Because of her, we can!' NAIDOC theme from July 8 – 15, 2018. The community calendar included the Roebourne Girls Academy NAIDOC Basketball Tournament, the annual Old People's Birthday and NAIDOC Service, the Karratha City NAIDOC Ball, Aboriginal Arts and Crafts at Wickham and Roebourne libraries, a screening of The Song Keepers Movie, Roebourne Community Health Open Day, NAIDOC Week Celebrations at Karratha City Shopping Centre and the NAIDOC Talent Show. NAIDOC Week celebrations culminated in a community concert featuring Apakattjah, StiffGins and local band Jokeria.
- The 2019 National Youth Week calendar of events celebrated the positive contributions of young people in Western Australia with a free festival program spanning two weeks. Covechella, held on the shores of Dampier was the main event featuring DJ Noiz, local youth acts, festival glitter, food stalls and henna tattoos. Free bus transport was arranged for select events to allow wider participation.
- Our weekly Rhyme Time and Story Time infant and toddler sessions run across the City of Karratha libraries saw 4,698 adults and children attend over the 2018/19 financial year.
- Two Seniors Christmas Party Luncheons were held for the elder members of our community, one at the Karratha Leisureplex and one at the 50c Hall in Roebourne. These parties brought the community together for a festive afternoon and included performances from a local primary school choir.
- Six Tech Savvy Seniors programs were held through the City of Karratha libraries in 2018/19. This program assists seniors with using computer and mobile devices covering safety online, emails and file attachments as well as general guidance on using a phone or tablet.



Yaburrara Trail



Karratha Senior High School

1.f Connected communities

- In August 2018 Karratha Library began offering free WiFi to visitors, joining the Karratha Leisureplex, Karratha Airport and Dampier Library in the provision of WiFi access to community members.
- Following internal feedback on website expectations an external auditing process began on the City of Karratha website. This audit focuses on site architecture, content provision and user experience and is expected to be complete in the 2019/20 financial year.
- A total of 44 festive events made up the Christmas in the Pilbara calendar in December with major attractions including the annual Christmas on the Green family night and volunteer fire service lolly runs. The program, coordinated by the City of Karratha with support from Rio Tinto, has become a firm community favourite helping to combat the isolation often felt in the North West region throughout the holiday season.
- Twenty-eight nominations were received across six award categories at the 2019 Australia Day Awards. The annual community celebration was hosted by the City of Karratha at the Karratha Leisureplex with support from Rio Tinto, Horizon Power, Woodside and the Woodside-operated North West Shelf Project. Award nominations were evaluated in a number of areas, including time contributed to volunteering, demonstrated commitment to the improvement of the City of Karratha and achieving good outcomes for the community. Further information on each category winner is available at karratha.wa.gov.au

Looking forward

- › Develop a Youth Strategy to support young people throughout our community
- › Prioritise the maintenance and improvement of existing community facilities
- › Continue the expansion of our network of footpaths and cycle ways
- › Begin design and feasibility work on the redevelopment of Andover Park in Roebourne



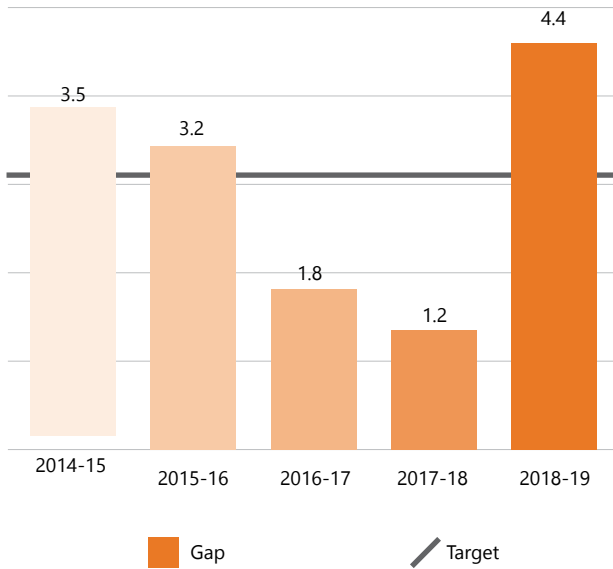
44 FESTIVE EVENTS

THE ANNUAL CHRISTMAS IN
THE PILBARA CALENDAR OF
EVENTS CONTINUED TO BE A FIRM
COMMUNITY FAVOURITE

Our weekly Rhyme Time and Story Time infant and toddler sessions run across the City of Karratha libraries saw 4,698 adults and children attend over the 2018/19 financial year.

Maintain a positive gap between performance and importance in Annual Community Survey for footpaths and cycleways

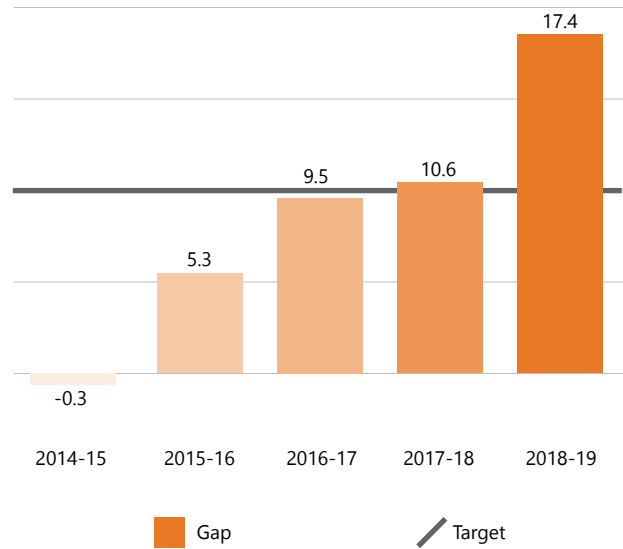
Please note the target is a positive gap of 3



Sweeping frequency has been improved through new contract.

Maintain or improve a positive gap between performance and importance in Annual Community Survey for Library Services

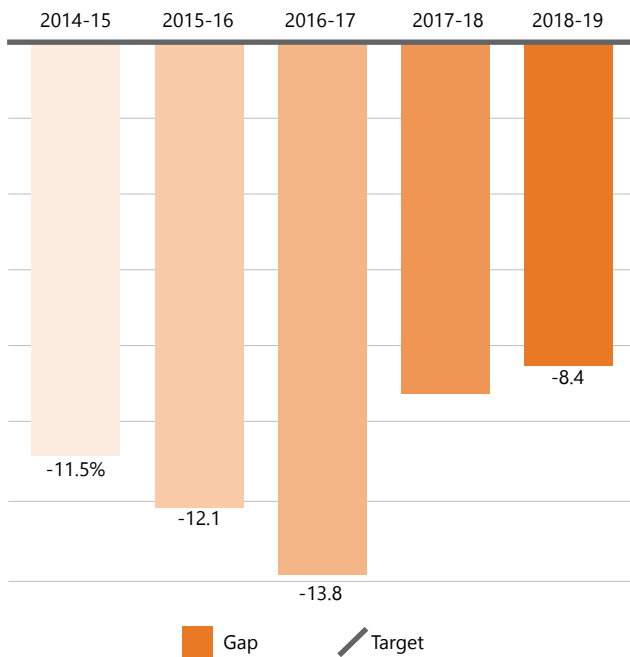
Please note the target is a positive gap of 10



Aligns with opening of the new Karratha Library in 2018 as well as new Wickham Library opening in May 2019.

Maintain or improve a positive gap between performance and importance in Annual Community Survey for Youth Services

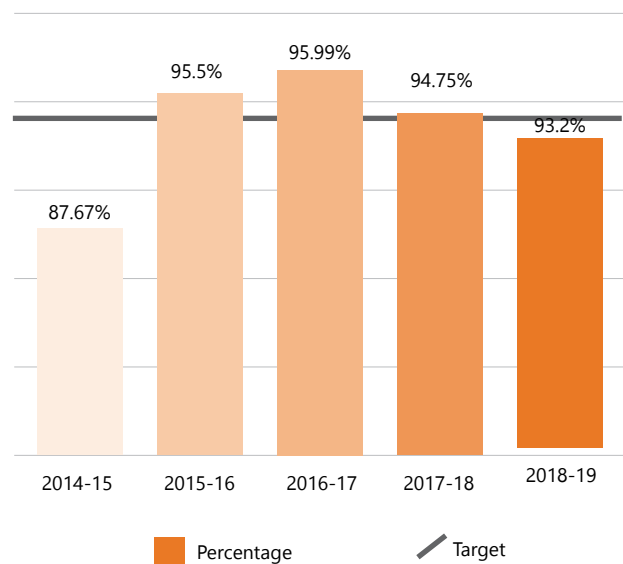
Please note the target is 0



This gap not only presents an opportunity for improvement but it also reaffirms community feeling that this area is extremely important and the desire for the provision of more activities and support for young people.

Ensure all contracted work is completed within agreed time frames in accordance with contract requirements

Please note the target is 94%



Performance improvements made against a back drop of increased volumes of work as a result of cyclone event.



2.3 Our Economy: Well Managed and Diverse

Our goal is to attract diverse and sustainable business and employment opportunities for our community.

OUR OUTCOMES <i>The end result we would like to achieve</i>		OUR RESPONSE <i>What we can do to achieve the identified Outcomes</i>	
2.a	Diverse Industry	2.a.1	Key industry and business groups are partners in advocacy
		2.a.2	Business opportunities are highlighted and promoted
		2.a.3	Local procurement is prioritised internally and promoted externally
2.b	Reduce business costs	2.b.1	Red tape is minimised in line with leading business-friendly local governments
2.c	Good infrastructure to support business investment	2.c.1	Serviced land is prepared and available for a variety of new enterprise purposes
		2.c.2	Public private partnerships are in place for the development of key infrastructure
2.d	Role clarity	2.d.1	Local business leadership is identified, supported and enhanced
		2.d.2	A strong reputation as a business destination is established



Karratha Health Campus

Key achievements

- › Development of Economic Development Strategy and supporting suite
- › Securing the WA Regional Tourism Conference for 2019 and OECD 4th annual Meeting of Mines and Mining of Mining Regions and Cities in 2020
- › Local procurement procedures continue effectiveness
- › More than \$47 million paid to local suppliers

2.a Diverse industry

- An application to secure the Western Australia Regional Tourism Conference at the Red Earth Arts Precinct in Karratha was successful, providing Council an opportunity in September of 2019 to showcase the region, tourism operators and wider development opportunities to some of the major players in the West Australian tourism industry.
- Council continues to investigate economic diversification projects lending support to two separate feasibility studies that have identified suitable sites for commercial-scale solar and wind energy farms and an intensive agriculture business.

2.b Reduce business costs

- Council allocated \$52,500 across 14 local businesses through the Take Your Business Online grant scheme. Recognising that building an online presence is vital for local business growth, Council offers annual grants up to \$5000 matched on a dollar-for-dollar basis to help local business improve their digital capacity and marketing.
- The City of Karratha's commitment to supporting small business has been recognised with Council deemed 'small business friendly' under the State Government's Small Business Development

Corporation initiative. The City of Karratha's Small Business Charter can be viewed at karratha.wa.gov.au/small-and-medium-business-support

- Council endorsed \$112,000 in Business Development Support grants in 2018/19 for initiatives offering support to businesses through the provision of training workshops, expos and conferences. Funding recipients included the Karratha Districts Chamber of Commerce and Industry, The Inspired Mark and Pilbara Aboriginal Corporations & Enterprises Inc.
- In addition to grant funding, the City of Karratha works closely with the Karratha Districts Chamber of Commerce and Industry to provide quarterly business breakfast briefings for the local business community. These briefings are free to attend and provide valuable industry and government updates to business owners as well as networking opportunities across multiple sectors.

2.c Good infrastructure to support business investment

- Learning from experiences in the construction boom in the early 2000's, Council has worked hard to ensure appropriate and serviced land is available for industrial development should the need arise. Currently there are 231HA of developed land in the City of Karratha with 507HA planned for future use. These planned areas include the Anketell, Maitland and Burrup Strategic Industrial Areas.
- The 250HA Maitland Strategic Industrial Area is strategically located to promote and facilitate the processing of WA's natural resources in the Pilbara region. Council is working with Development WA (formerly Landcorp) on developing this area to accommodate industries such as gas or petroleum processing, power production and other associated downstream processing such as urea, ammonia and ammonium nitrate.
- Major events positively impact local economies while providing wellbeing, lifestyle and cultural benefits to local residents and visitors. Through the Major Events Sponsorship and Attraction Program, the City of Karratha provided \$179,138 in financial support to attract events and activities to the region in 2018/19.



Industry on the Burrup Peninsula


2.d Role clarity

- Council is committed to exploring the limits of what a local government can achieve for its community and being of global economic significance, the City has strong ties with multinational corporations and resource industries. With these relationships set to continue well into the future, Council has developed an Economic Development Strategy that leverages the region's strong economic foundation to attract sustainable business and employment opportunities that diversify the local economy. The full City of Karratha Economic Development Strategy can be viewed at karratha.wa.gov.au/economic-development
- In support of the new Economic Development Strategy, the City of Karratha also created an Economic Development Bulletin to provide local businesses with snapshots into some of the projects Council is working on and provide insights into economic trends within the region.
- In 2018 the City of Karratha invested in the development of a Destination Management Plan (DMP) to identify opportunities and strategies for strengthening the local tourism industry and growing the visitor economy overall. The DMP provides a plan for the whole tourism industry, from solo operators right through to larger businesses, associations and all levels of government. Focus areas to achieve the plan's objectives include introducing a destination event program, encouraging investment in new tourism products and experiences, and raising awareness of Karratha as a vibrant tourism destination.

Looking forward

- › Continue implementation of Destination Management Plan
- › Expansion of support provided to local business through Business Climate Scorecard analysis

Visitor growth up **82 percent** from 2012

167,000  372,000

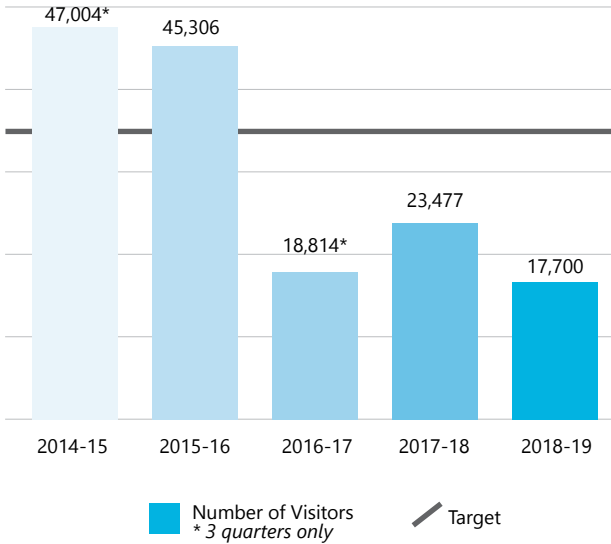
Visitors to Karratha in 2012

Visitors to Karratha in 2018

According to Tourism Research Australia (TRA) data.

Number of tourists visiting the Karratha Tourism and Visitor Centre

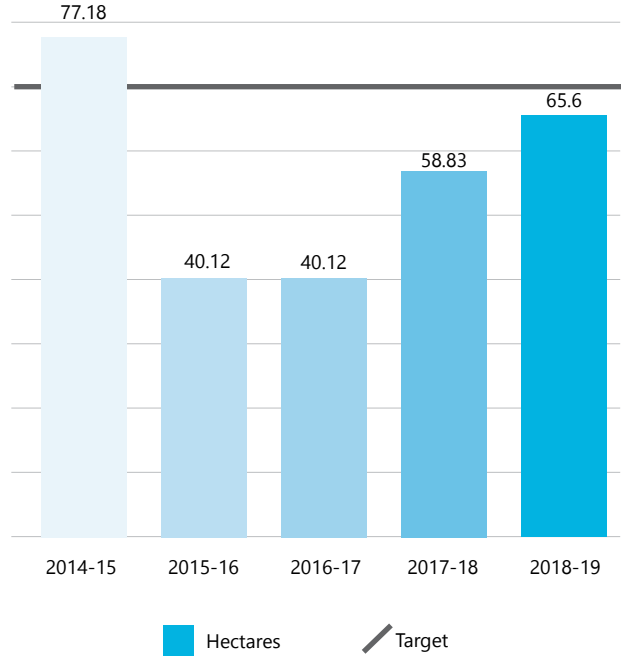
Please note the target is 35,000 tourists



During 2018/19 the Karratha Tourism and Visitor Centre was closed for a period of four months to undergo refurbishment and bring management of the facility in-house. It is expected that these numbers will increase to exceed target in 2019/20. In 2018/19 Council reduced the number of visitor information centres in the city from two (Roebourne and Karratha) to one (Karratha).

Area of undeveloped industrial lots available for sale

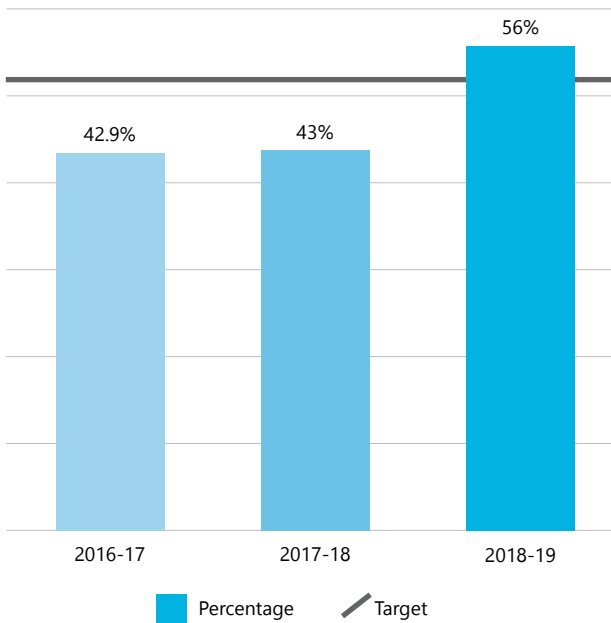
Please note the target is 70 hectares



Reports from local real estate agents is that demand for and take up of industrial land is strong.

Percentage of invoices paid to local suppliers

Please note the target is 50%



The City continues to focus on using local suppliers where possible within the capabilities of our purchasing policy.



\$47.3 MILLION TO LOCAL SUPPLIERS

THE VALUE OF INVOICES PAID TO LOCAL SUPPLIERS WAS \$47,296,260 REPRESENTING 61% OF EXPENDITURE FOR 2018/19



2.4 Our Natural and Built Environment: Thriving and Sustainable

Our goal is to protect our natural and built environment.

OUR OUTCOMES <i>The end result we would like to achieve</i>		OUR RESPONSE <i>What we can do to achieve the identified Outcomes</i>	
3.a	Appropriately managed natural assets	3.a.1	Biodiversity values are recognised and protected
		3.a.2	Natural assets are well-managed and promoted
		3.a.3	An inclusive approach to management of natural assets is employed, including with traditional owners
3.b	Greater energy efficiency	3.b.1	Energy efficiency of Council assets is continuously improving
		3.b.2	Sustainable energy sources and providers are actively sought and partnered
		3.b.3	The City is a leader in promoting energy efficiency to the community
3.c	Improved recycling and waste management	3.c.1	Investigate and implement new waste management technologies to improve resource recovery and recycling outcomes
		3.c.2	Enhance community use of waste and recycling facilities through promotional activities
3.d	Sustainable use and management of resources	3.d.1	Efficiency of electrical usage is continually improving
		3.d.2	Efficiency of water usage is continually improving
3.e	Attractive built environment	3.e.1	Good citizenship and pride in the City is fostered and encouraged
		3.e.2	Property owners are partners in creating an attractive built environment



Millstream Lily Ponds

Key achievements

- › Implementation of an Internal Strategy to Minimise the Use of Single Use Plastics
- › Introduction of recycling education campaigns in local schools
- › Commencement of Dampier foreshore and Hampton Harbour redevelopment
- › Seven Mile Waste Facility redirected more than 8600 tonnes of landfill

3.a Appropriately managed natural assets

- Council was allocated \$97,000 through the Department of Primary Industries and Regional Development's Community Stewardship Grants Program in January to improve campsites and rehabilitate vegetation and dunes at Gnoorea Point (40 Mile Beach) camping area. These works begin a three year schedule of improvements identified through the Gnoorea Foreshore Management Plan, beginning with the formalisation of camp sites taking place in 2018/19.
- In January, Council called for expressions of interest from the community to join the City of Karratha's Environmental and Sustainability Advisory Group. Established in 2016, this group provides advice to Council on the development of environmental conservation strategies and sustainability actions, and is currently reviewing the 2013 Environmental Strategy.

3.b Greater energy efficiency

- In March, 2019 a new officer role was created to develop sustainability initiatives across the organisation. The Sustainability Officer plays a key role in reviewing, revising and implementing the City's Environmental Sustainability Strategy, implementing and reporting on the City's Water and Energy Efficiency Action Plans and all other environment and sustainability matters as they arise.
- The City of Karratha has again been recognised by the Department of Water and Environmental Regulations as a Waterwise Council. Highlights of the City's Waterwise report include an 8.3 per cent increase in recycled water use and decrease of potable water by 14.5 per cent.
- The Airport Solar Farm concludes its third year of operations in 2018/19 exceeding target levels for the second year in a row. Use of solar power at the Airport has been steady, averaging on 40 per cent of total energy consumption with some seasonal variations.

3.c Improved recycling and waste management

- To combat high levels of contamination received in kerbside recycling collections the City has joined with local contractor Cleanaway to deliver ongoing education programs in local schools. This year programs were taken up by five local primary schools across Karratha and Wickham with students learning what items are appropriate for kerbside bins, the recycling process once material is collected and renewable resources. This year Council also contracted a local videographer to attend these sessions, capturing footage and interviews to be released on the City of Karratha Facebook page in early 2019/20.
- To encourage wider community education the City of Karratha provided reusable shopping bags to Cleanaway to give away as part of their stall presence at annual community fair, FeNaCING Festival. These bags also formed part of a quarterly community presence at the Karratha City shopping centre and were available for residents to take home for free. Fun slogans on these bags included 'Recycle like everyone is watching' and 'Yes! I remembered the bag!'



The Quarter

- In May 2019, Council adopted the Internal Strategy to Minimise the Use of Single Use Plastics with disposable plastic bags, cups, water bottles, straws and utensils to be phased out from City operations over the course of the next year. The strategy is the outcome of Council's Single Use Plastics Working Group formed in September 2018 to tackle issues around plastic waste.
- At the beginning of 2019, Council purchased a primary waste shredder to improve the efficiency of our Seven Mile Waste Facility by allowing us to reduce the particle size of waste streams and in turn the airspace present throughout landfill cells. From April until the end of June the shredder has processed 5,442 tonnes of compacted landfill waste, saving approximately 310 cubic metres of landfill airspace. This includes green waste collected after Cyclone Veronica, both extending the life of our landfill and seeing organic matter breakdown more quickly after being processed.
- Two new landfill cells were completed in September 2018 in preparation for the end of life of current sites. The new cells are Class 3 rated meaning they are a much higher quality in terms of their environmental performance than the existing Class 2 options. The new cells are fully lined and enable additional products to be deposited on site that were previously unable to be stored at the facility, creating additional income streams for Council.

3.d Sustainable use and management of resources

- Work to improve heavy vehicle safety and freight efficiency has seen the multi-million dollar upgrade of Mooligunn Road in the Karratha Light Industrial area. The improvements have included full road reconstruction, new asphalt, new and improved drainage, street lighting and road widening with works carried out by local contractor.
- In August 2018, the State Government and the Murujuga Aboriginal Corporation reached an historic agreement to seek World Heritage status for the Burrup Peninsula at Hearsons Cove. Council supports this nomination recognising the Burrup as an environmental, cultural and economic asset of global significance and the profile a World Heritage listing would bring in terms of nature-based and eco-cultural tourism opportunities.

3.e Attractive built environment

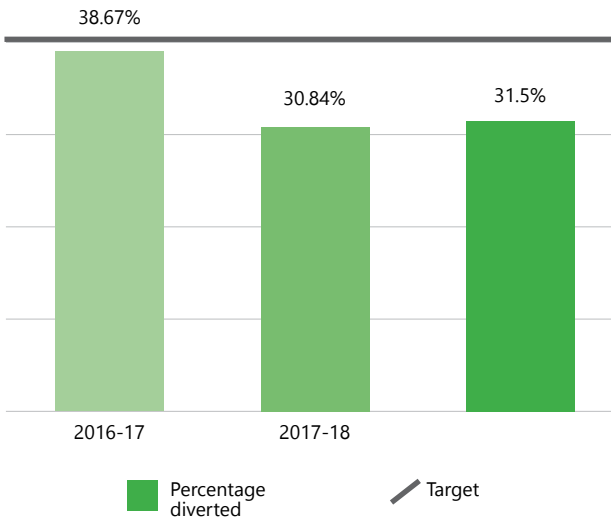
- Lotterywest has come onboard as the final contributing funding partner for the Dampier Palms and Hampton Oval redevelopment project. The \$13.6 million project, supported by the City of Karratha, Rio Tinto and Lotterywest began construction in May and will provide a revitalised foreshore area for the Dampier and Karratha communities including play spaces, beach access and a boardwalk while capitalising on Dampier's natural and unique scenery. The project is expected to be complete in November, 2019.
- Pilbara Motor Group have been confirmed as the anchor tenant for the development of the Karratha Homemaker Centre on Dampier Road and ground preparation works have recently begun for the Tambrey Shopping Centre in Karratha. Both of these projects have received continued support from Council with local residents eager to see more retail options both in the city and in the Tambrey neighbourhood area.

Looking forward

- › Focus on further development of waste services and how we can provide added benefit to the community in this space
- › Reduce pre-cyclone waste collection to include green waste only
- › Construction to commence on the Hilton Garden Inn Hotel
- › Assess replacement options for John's Creek boat ramp
- › Continue design work on the Point Samson Fishing Platform

Percentage of residential waste diverted from landfill

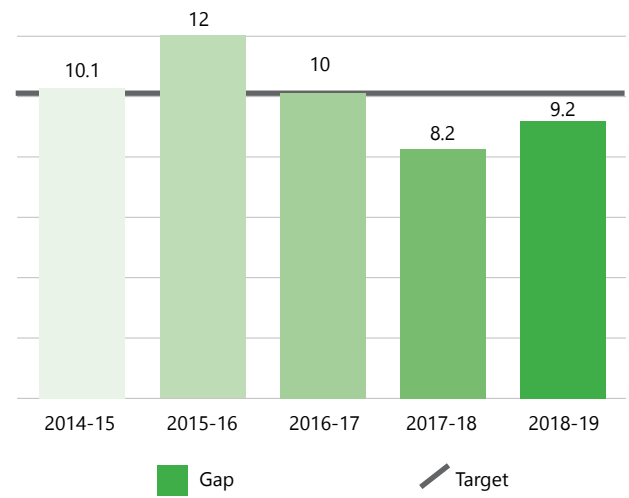
Please note the target is 40%



With 54% of residents participating in the kerbside recycling scheme, a high percentage of contaminated recycling continues to be returned to landfill. Contributing further to this, the material recycling facility in Perth has invested in updated optical sorting technology resulting in an increase in contamination rates being recorded.

Maintain or improve a positive gap between performance and importance in annual community survey for Tip Services

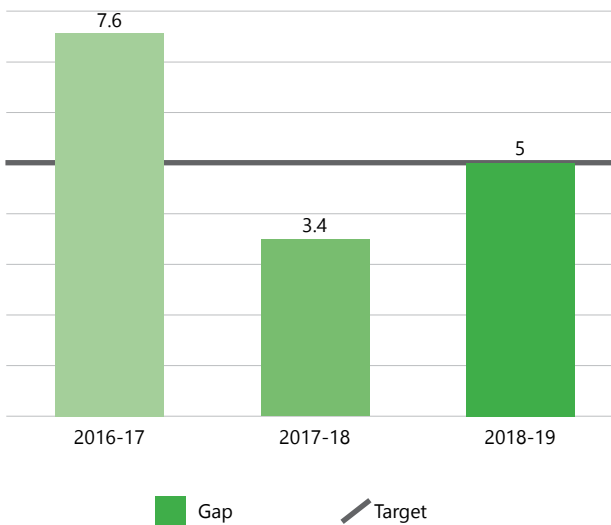
Please note the target is a positive gap of 10



Roebourne and Point Samson have indicated the City is underperforming in this space. Focus will be placed on Roebourne to improve services with community education programs to be implemented in Wickham and Point Samson.

Maintain or improve a positive gap between performance and importance in annual community survey for Kerbside Waste Collection Services

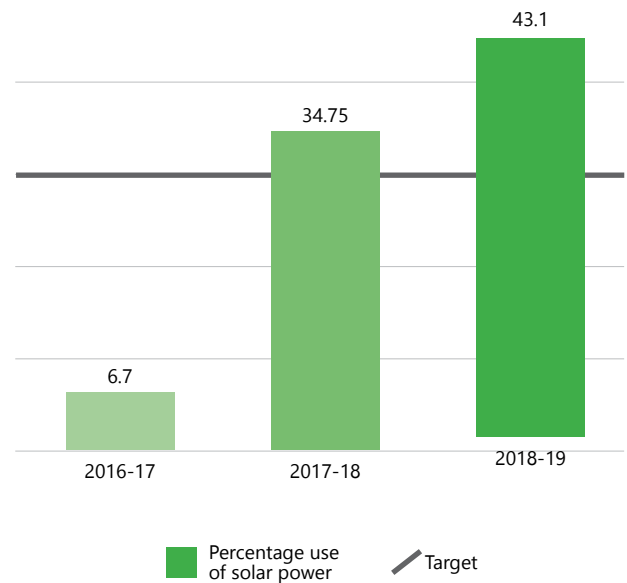
Please note the target is a positive gap of 5



Roebourne and Point Samson have indicated the City is underperforming in this space. Focus will be placed on Roebourne to improve services with community education programs to be implemented in Wickham and Point Samson.

Reduction in power use at the Karratha Airport as a result of introducing the Airport Solar Farm

Please note the target is 30%



Use of solar power has been steady around the 40% mark with some seasonal variations.



2.5 Our Leadership: Responsive and Accountable

Our goal is to provide accessible, transparent and responsive leadership.

OUR OUTCOMES <i>The end result we would like to achieve</i>		OUR RESPONSE <i>What we can do to achieve the identified Outcomes</i>	
4.a	Raised profile of the City	4.a.1	A strong position and identity in national and statewide media is achieved
		4.a.2	Established as the leading local government area in the region
4.b	Continuous improvement and innovation	4.b.1	An environment that supports continuous improvement and innovation is well established
		4.b.2	Technology is employed to enhance service delivery
		4.b.3	A highly qualified staff of leading local government practitioners is maintained
4.c	Financial Sustainability	4.c.1	Recognised as a leader in local government financial management
		4.c.2	Long term planning is employed to ensure financial sustainability
		4.c.3	A suite of sustainable revenue sources funding Council activities
4.d	Strong partnerships and indigenous relations	4.d.1	Robust partnerships are in place with key indigenous groups
		4.d.2	Industry and government are effectively engaged to collaborate on shared value projects
4.e	Services that meet community needs	4.e.1	Services to our community area are socially responsible and financially sustainable
		4.e.2	Service levels are determined by evidence based analysis of community needs
		4.e.3	Reviews of service levels and standards are regularly undertaken



Public art at the Red Earth Arts Precinct

Key achievements

- › Delivery of tourism services in house
- › Launch of national place branding campaign, Karratha is Calling

4.a Raised profile of the City of Karratha

- In December 2018, Council's place branding campaign, Karratha is Calling was launched with a cinematic video receiving more than 240,000 views on social media. This integrated, four-year campaign has been designed to showcase the many tourism, lifestyle and business opportunities available within the City of Karratha. Initially focusing on tourism, in the coming years the campaign will grow to include lifestyle and investment opportunities in the City as well as being a valuable tool to help local businesses attract and retain employees.
- The decision was made to bring the provision of tourism and visitor services in-house, ending the contract agreement previously in place. Throughout the transition (November, 2018 to February, 2019) visitor centres in Roebourne and Karratha were closed for redevelopment with Council administration providing a limited service where required. The new in-house service complements the Karratha is Calling campaign, providing a cohesive visitor experience online and in person.

4.b Continuous improvement and innovation

- Council remains committed to the expansion of passenger air services to and from Karratha Airport and has continued discussions with multiple parties throughout the 2018/19 financial year in a bid to establish international and regional flight routes. These discussions will continue in the 2019/20 financial year with significant progress expected to be announced.
- Council recognises the community is frustrated with the high cost of air travel on Virgin and Qantas flights between Karratha and Perth and continues to advocate for regulation in fare pricing across all industry sectors.
- The City of Karratha Building Services and Planning teams provide application processing services to the Shire of Ashburton, the Shire of Exmouth, the Shire of Wyndham-East Kimberley and the Town of Port Hedland.

4.c Financial sustainability

- Nearly \$1.5 million in savings identified in Council's November budget review were re-allocated to enhance liveability across the City of Karratha. Council's budget was reviewed in October with \$1.49 million available to be redirected to fund new projects and extend current programs and services. Council's budget is reviewed twice each year as part of its ongoing commitment to financial management.
- In September, Council agreed to purchase the land next to The Quarter HQ and enter into a lease agreement with Pacifica Developments to develop and operate a four-star Hilton Garden Inn hotel. As part of this development, the City will contribute up to \$10 million towards the fit out of the \$19.7 million development using funds from the City's Infrastructure Reserve. In return, the City will receive approximately \$16.5 million in rent and \$5.8 million in rates during the 20 year term lease. In addition to the direct financial benefits helping Council decrease reliance on residential rates, the hotel is expected to generate more than 50 jobs during construction and approximately 40-50 full time and part-time local jobs once completed.



Karratha Airport

4.d Strong partnerships and indigenous relations

- In June, the Department of Fire and Emergency Services and City Bushfire Brigades participated in a hazard reduction burn on the Burrup Peninsula to protect the National Park and nearby industry infrastructure. Murujuga Elders and Rangers were in attendance to assist with lighting certain areas and ensuring culturally significant sites were not affected
- Each year the environmental health staff from Mawarnkarra Health Service work with City of Karratha Rangers and Environmental Health Officers to conduct quarterly healthy dog days where dogs are sprayed for ticks. Mawarnkarra Health Service also fund an Indigenous dog sterilisation program that has a positive impact on the oversupply and overall health of the dog population.
- The Safer Communities Partnership actively works to create safe, healthy and liveable communities by bringing together local government, law enforcement and industry to create innovative initiatives and campaigns that help to improve community perception around crime and safety in the City of Karratha. The Safer Communities Partnership is made up of representatives from Council and operational City of Karratha Staff, WA Police, Rio Tinto and the Woodside-operated North West Shelf Project and met 10 times across the 2018/19 financial year.
- The City of Karratha and Rio Tinto Community Infrastructure and Services Partnership is a progressive social investment agreement that has significantly enhanced the liveability of all five towns within the City of Karratha. Established in 2012 and now in its seventh year of operation the partnership has had a clear focus on providing improvements to infrastructure, facilities and services at a grassroots level. Partnership contributions over the 2018/19 financial year include but are not limited to; the Cossack Art Awards, the Arts and Culture program, the Christmas in the Pilbara calendar, youth programming at The Base and the construction and opening of the Wickham Community Hub. The Community Infrastructure and Services Partnership was a finalist for the WA Department of Mines, Industry Regulation and Safety's 2019 Resources Sector Awards for Excellence.
- In early 2019, our three-year social investment agreement between the City of Karratha and Woodside-operated North West Shelf Project was extended for a further year. This agreement focuses on improved youth programming as well as the City of Karratha's Quarterly Grant Scheme, NAIDOC Week and Australia Day celebration.

4.e Services that meet community needs

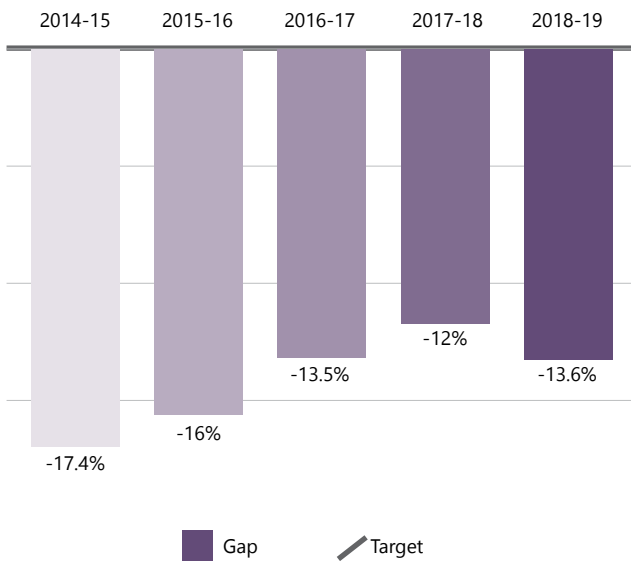
- A historic agreement with Rio Tinto was endorsed by Council in January in regard to the transfer of ownership of land, owned under freehold lease by the resource company, to the City of Karratha. This is a positive step in the process toward a formal transfer agreement, which remains subject to negotiations with the State Government. If completed, this agreement will allow Council to upgrade community facilities, activate public spaces and open the door for future development in Dampier.

Looking forward

- › Focus on improving connectivity to and from Karratha Airport
- › Continued advocacy for lower airfares for residents
- › Year two of Karratha is Calling campaign to include invest and live elements
- › Conduct internal service review process to ensure internal resources are managed appropriately

Maintain or improve a positive gap between performance and importance in Annual Community Survey for Financial Responsibility

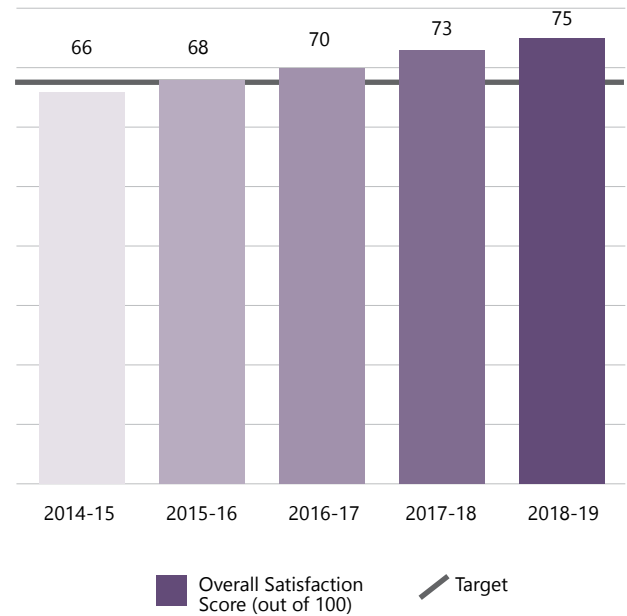
Please note the target is 0



Improved performance outweighed by a greater increase in importance..

Increase in overall community satisfaction score through the annual community survey

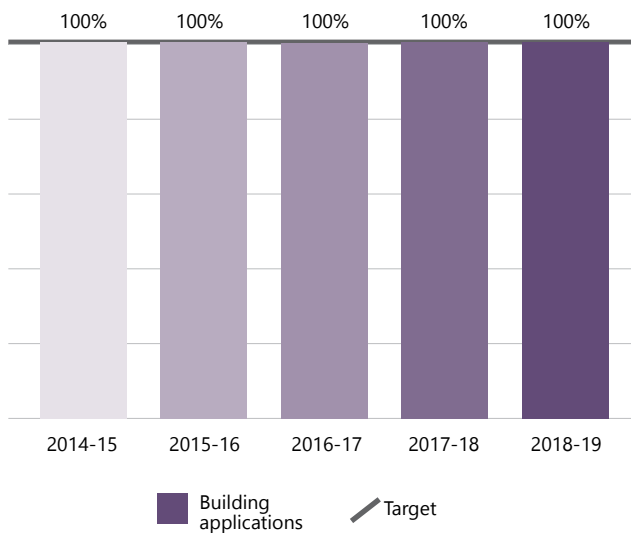
Please note the target is 68



Overall score increased by 2% from 2018 and is highest score received by the City.

Assess all building applications within the statutory timeframes

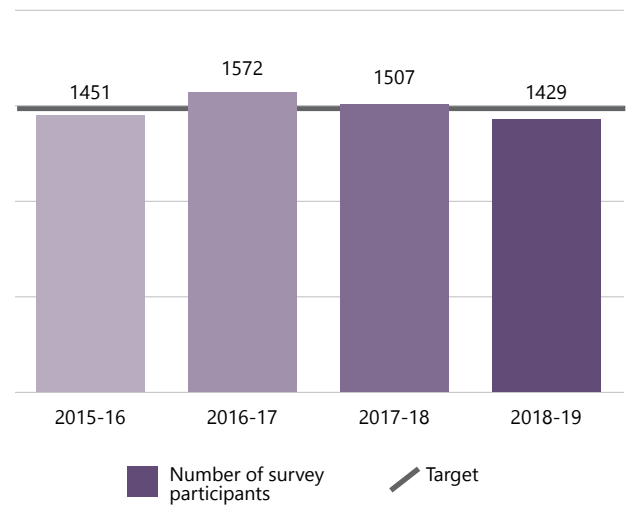
Please note the target is 100%



All building applications have been assessed within the statutory timeframes, no refunds of fees have been issued.

Statistically relevant number of participants in annual community survey

Please note the target is 1500



While the number of responses is a slight drop on 2017/18, the overall figure of 1429 still represents a statistically relevant number of responses.



Murujuga Deep Gorge

2.6 Into the Future

While not traditional responsibilities of local government, the City is taking action on global issues such as climate change and sustainability alongside more localised challenges such as insurance premiums and housing.



Climate change and sustainability

Council is aware that climate change and sustainability practices are becoming increasingly important to residents and while not a main function of the organisation, we are working to ensure that we operate in line with community expectations:

- Construction of higher grade, class three landfill cells at Seven Mile Waste Facility
- Installation of more than 300 solar footpath lights throughout residential areas with a further 101 to be installed in 2019/20
- Bushfire mitigation works in partnership with the Department of Fire and Emergency Services and Murujuga Aboriginal Corporation
- Development and implementation of an internal strategy to minimise the use of single use plastics within the City of Karratha organisation.
- Installation of solar panels at Karratha Airport and across residential housing
- Purchase of waste shredder to improve efficiency and life cycle of waste facilities
- Establishment of Environment and Sustainability working group
- Support for feasibility studies that explore renewable energy, aquaculture and agriculture projects

Insurances

In the last decade insurance costs for both residential property and businesses in the Pilbara have increased rapidly, mainly due to high claims relating to natural disasters, including cyclone damage, in North Queensland, the Northern Territory and Western Australia..

The City continues to advocate for initiatives that reduce the cost of living in our district, including insurance and is working with the Northern Territory and Queensland to bring down these prices and see a Northern Australia Infrastructure Fund set up to assist in this space.

Resources industry growth and housing

With large-scale resource growth on the horizon both the availability and the affordability of housing will become a critical issue in the City of Karratha. Council is working to be a part of the solution, looking into options that allow for the provision of affordable housing throughout our five towns.

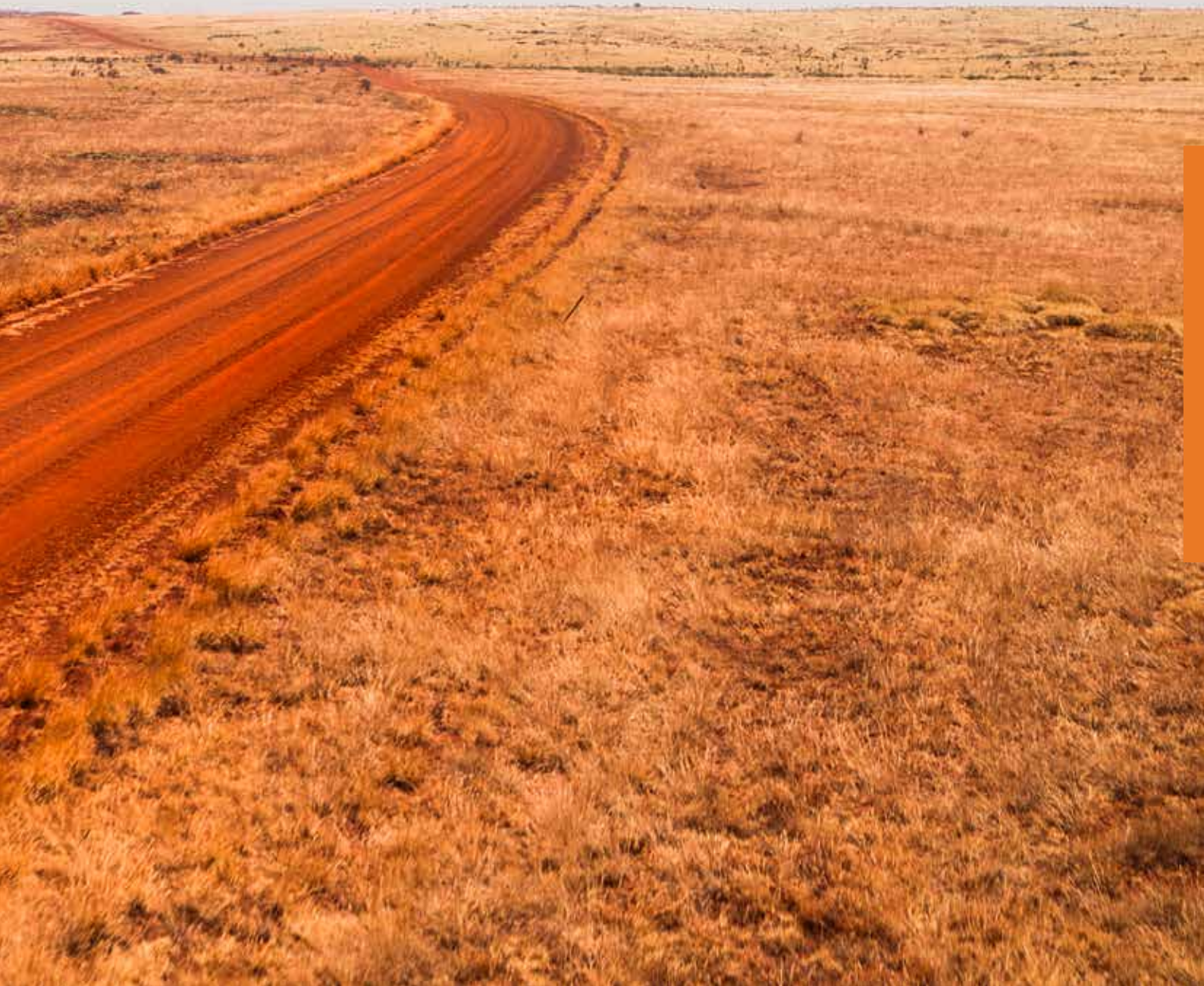
The City continues to advocate for initiatives that reduce the cost of living in our district, including insurance, and is working to bring down these prices.



SECTION 3

GOVERNANCE

This section details the corporate governance systems in place that ensure the City of Karratha operates transparently and in the best interests of our community.





Hearsen Cove



City of Karratha Administration Centre

3.1 Governance

The City of Karratha is one of 137 local governments in Western Australia and is led by a Council consisting of 11 elected members.

As the third tier of government in Australia (following federal and state) local government works most closely with residents and community members and has the most direct affect on the daily lives of those living in the area.

The City of Karratha operates in accordance with the Local Government Act 1995 which sets out a framework for operating transparently as a local government authority. Further information regarding the Local Government Act 1995 can be found at www.slp.wa.gov.au

Role of Council

City of Karratha Councillors are democratically elected by our community to represent the best interests of our residents and make transparent decisions around the priorities and future needs of our towns. Councillors have a responsibility to the entire community and must act in accordance with all local government legislation.

Election of Mayor and Councillors

The City of Karratha is required to conduct Councillor elections every second year on the third Saturday in October. The members of Council are elected for four year terms, with half of these terms concluding at each biennial election. The City has chosen to conduct its ordinary elections as postal elections by the Western Australian Electoral Commission. The Commission appoints a Returning Officer who oversees the elections which include taking candidate nominations and supervising the count on election night.

The next date for ordinary local government elections is Saturday 19 October, 2019

Our councillors

Karratha Ward



Cr Peter Long
Mayor

City of Karratha Councillor since: 2011
City of Karratha Mayor since: 2013
T 0409 822 847
E Mayor@karratha.wa.gov.au

Peter is the Mayor of the City of Karratha, a position he has held since 2013.

A professional engineer and environmental scientist, Cr Peter Long has worked extensively throughout the North West of WA and internationally as a design engineer and project manager in the mining, oil, gas and infrastructure industries. Through his own company he has provided designs, construction management, environmental surveys and project approvals on some of the nation's largest resource projects.

Building on his passion for the natural environment, Peter continues to focus on ensuring economic and environmental sustainability in the work he carries out today as Mayor of the City of Karratha.

Cr Long also has an enduring interest in the arts, which he sees as an essential component to any community and has been closely aligned with the cultural development of the City throughout his more than 30 years in the region. He was actively involved in the planning of the regions newest cultural facility, the Red Earth Arts Precinct and is now pursuing an art gallery and museum for our region.

Having served at the grass roots level of the City of Karratha community right through to his current role as Mayor, Cr Long is in-tune with residents, advocating for the projects and initiatives most important to the local community and its continued growth.



Cr Grant Cucel
Deputy Mayor

City of Karratha Councillor since: 2015
City of Karratha Deputy Mayor since: 2017
T 0438 418 009
E Cr.Cucel@karratha.wa.gov.au

Cr Cucel was born and spent his childhood in Port Hedland. After attending boarding school and University in Perth, he graduated with a Bachelor of Business with First Class Honours from Curtin University in 1997.

After working in the construction industry at BHP's Hot Briquetted Iron Project in Port Hedland and extended round the world travels, he relocated to Karratha in 2000. Grant's foray into the world of small business then began where he successfully built the recruitment business, Mangrove Personnel. From humble beginnings in a rented house, the business established itself as a significant player in the Pilbara region. In 2009 Grant finalised the sale of the business, which was employing 140 people, to the publicly listed, Chandler Macleod Group.

Cr Cucel spent 9 years as Chairman of the Small Business Centre West Pilbara and is now a board member of the Small Business Development Corporation, an independent statutory authority in Western Australia. He's a strong supporter of the small business sector, as well as a promoter of economic development and diversification.

Cr Cucel was the 2012 inductee into the Western Australian Regional Small Business Hall of Fame and was the 2013 Shire of Roebourne Citizen of the Year. He has been a City of Karratha Councillor since 2015 and currently holds the position of Deputy Mayor.

He's married with two children and since selling his business has spent more time as an active community member.



Cr Margaret Bertling

City of Karratha Councillor since: 2017
Previous term: 2011 - 2013
T 0409 115 027
E Cr.Bertling@karratha.wa.gov.au

Cr Bertling has been a resident of Karratha for more than 25 years and believes in a strong and connected community. Cr Bertling is committed to ensuring residents feel safe in their community and supports small business, sporting and community groups.



Cr George Levissianos

City of Karratha Councillor since: 2017
T 0418 957 255
E Cr.Levissianos@karratha.wa.gov.au

Cr Levissianos is a local businessman who has called Karratha home for more than 20 years. He believes the community needs to be safe and prosperous and our City supportive of small business, local stakeholders and promote local tourism operators. Cr Levissianos is focused on giving back to the community through his family business, Retravision.



Cr Daniel Scott

*City of Karratha Councillor since: 2015
T 0438 938 332
E Cr.Scott@karratha.wa.gov.au*

Cr Scott was born and raised in the Pilbara, spending his childhood in Dampier and the last 10 years in Karratha. As a business owner, Cr Scott understands the small business sector and is focused on driving the agendas that matter most to the community.



Cr Evette Smeathers

*City of Karratha Councillor since: 2009
T 0458 064 478
E Cr.Smeathers@karratha.wa.gov.au*

Cr Smeathers has served 10 years on Council and is focused on minimising FIFO workforces, supporting local business and tourism. Having seen Karratha transformed from a mining hub into a vibrant town Cr Smeathers would like to see more people calling Karratha home.

**Roebourne/Wickham/Cossack/
Point Samson Ward**



Cr Gary Bailey

*City of Karratha Councillor since: 2003
T 0429 429 664
E Cr.Bailey@karratha.wa.gov.au*

Cr Bailey has been a resident of Roebourne for more than 16 years and served on Council for ten. He believes local government should be accountable in the way it conducts business and is focused on advocating for Roebourne, Wickham and Point Samson and increasing recognition for these towns.

Dampier Ward



Cr Georgia Evans

*City of Karratha Councillor since: 2017
T 0457 795 226
E Cr.Evans@karratha.wa.gov.au*

Cr Evans provides a strong voice for Dampier residents with a focus on the completion of the Dampier Foreshore Redevelopment Project and building the Dampier Marina. Cr Evans stands for Council funding that empowers community associations to deliver community projects and builds participation in local clubs and groups.



Cr Pablo Miller

*City of Karratha Councillor since: 2017
T 0402 515 996
E Cr.Miller@karratha.wa.gov.au*

Cr Miller is a small business owner and works in local media of which both roles have seen him embrace the Pilbara community over past seven years. Cr Miller is particularly interested in expanding opportunities for young people and families, growing local cultural tourism, supporting locals business, prioritising local jobs, community engagement and better access to regional flights within WA.



Cr Joanne Waterstrom Muller

*City of Karratha Councillor since: 2017
T 0437 283 287
E Cr.Waterstrom-Muller@karratha.wa.gov.au*

Cr Waterstrom Muller is passionate about the City of Karratha and has been an active member of the Karratha SES for more than 25 years. In 2017, she was named the City of Karratha Citizen of the Year. Cr Waterstrom Muller is focused on pushing forward with new business and tourism opportunities that will make the City of Karratha a more exciting place to live, work and raise a family.



Cr Kelly Nunn

*City of Karratha Councillor since: 2017
T 0448 882 508
E Cr.Nunn@karratha.wa.gov.au*

Cr Nunn is an active community volunteer working with and representing a number of Wickham community groups including the Wickham Tidy Towns and Wickham Primary School P&C. In 2015 she was awarded Wickham Citizen of the Year. Cr Nunn is focused on seeking opportunities and solutions to issues that will make the region a better place for families to live.

3.2 Mayor and Councillor Meetings and attendance

Council is the decision-making body for the City and usually meets on the third Monday of every month, at 6.30pm. The Chief Executive Officer and Directors also attend this meeting with the Mayor as the presiding member. The Directors assist Councillors with any information further to the agenda that they may require to make well-informed decisions.

Members of the public are welcome to attend Council Meetings but must save any comment or question for Public Question Time, included on the agenda of every meeting. Members of the public are required to leave the meeting should confidential items need to be discussed.

The minutes of each Council Meeting are available to the public and are published to the City of Karratha website.

Elections: Nil

Resignations: Nil

Retirements: Nil

Councillors:

- Cr Bailey, Date: 17/10/2015
Term: 4 Years, Expires: 2019
- Cr Bertling, Date: 17/10/2015
Term: 4 Years, Expires: 2019
- Cr Cucel, Date: 17/10/2015
Term: 4 Years, Expires: 2019
- Cr Long, Date: 17/10/2015
Term: 4 Years, Expires: 2019
- Cr Scott, Date: 17/10/2015
Term: 4 Years, Expires: 2019
- Cr Evans, Date: 21/10/2017
Term: 4 Years, Expires: 2021
- Cr Levissianos, Date: 21/10/2017
Term: 4 Years, Expires: 2021
- Cr Miller, Date: 21/10/2017
Term: 4 Years, Expires: 2021
- Cr Nunn, Date: 21/10/2017
Term: 4 Years, Expires: 2021
- Cr Smeathers, Date: 21/10/2017
Term: 4 Years, Expires: 2021
- Cr Waterstrom Muller, Date 1/10/2017
Term: 4 Years, Expires: 2021

Council meeting attendance

MEETING TYPE	DATE	LOCATION	COUNCIL BRIEFING SESSION	NUMBER PUBLIC ATTENDANCE	
Ordinary Council Meeting	16/7/2018	Chambers	Yes	4	
Ordinary Council Meeting	20/8/2018	Wickham	Yes	2	
Ordinary Council Meeting	13/9/2018	Chambers	Yes	9	
Ordinary Council Meeting	15/10/2018	Chambers	Yes	5	
Ordinary Council Meeting	19/11/2018	Chambers	Yes	10	
Ordinary Council Meeting	10/12/2018	Chambers	Yes	5	
Electors' Meeting	10/12/2018	Chambers	N/A	0	
Ordinary Council Meeting	28/1/2019	Chambers	No	7	
Ordinary Council Meeting	18/2/2019	Chambers	Yes	1	
Ordinary Council Meeting	18/3/2019	Chambers	Yes	2	
Ordinary Council Meeting	15/4/2019	Roebourne	Yes	6	
Ordinary Council Meeting	20/5/2019	Chambers	Yes	7	
Ordinary Council Meeting	28/6/2019	Chambers	Yes	5	
Special Council Meeting	24/5/2019	Chambers	No	0	



Murujuga National Park



Cattrall Park



Dampier Foreshore

	CR BAILEY	CR BERTLING	CR CUCEL	CR EVANS	CR LEVIDDIANOS	CR LONG	CR MILLER	CR NUNN	CR SCOTT	CR SMEATHERS	CR WATERSTROM MULLER	TOTAL NUMBER OF COUNCILLORS IN ATTENDANCE
	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	10
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	10
	✗	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	9
	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	10
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	10
	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
	✗	✗	✓	✓	✓	✓	✓	✓	✓	✗	✓	8
	11	13	14	14	14	13	13	14	13	12	14	



Dampier Information Bay and Red Dog statue

Details of Council sub-committee and number of meeting days

Audit and Organisational Risk Committee for a two-year term

Cr Long, Cr Cucel, Cr Scott and Cr Smeathers
No. sitting days: 3

Internal advisory groups with councillor representation

Environment and Sustainability Advisory Group for a two-year term

Cr Long and Cr Cucel

Arts & Culture Advisory Group for a two year term

Cr Evans, Cr Smeathers and Cr Waterstrom Muller

Safer Communities Partnership for a two year term

Cr Long, Cr Cucel, Cr Bertling, Cr Nunn and Cr Waterstrom Muller

Tourism Advisory Group for a two year term

Cr Long, Cr Cucel, Cr Evans, Cr Miller, Cr Scott and Cr Waterstrom Muller

Airport Advisory Group for a two year term

Cr Long, Cr Cucel, Cr Levissianos, Cr Scott and Cr Smeathers

Waste Advisory Group for a two year term

Cr Long, Cr Evans and Cr Nunn

External bodies with councillor representation

Council representatives to the Pilbara Regional Council for a two-year term:

2 Councillors – Cr Long, Cr Levissianos; and
3 proxies – Cr Cucel, Cr Bertling and Cr Scott (if required);

Council representative to the Pilbara Regional Road Group for a two-year term

Cr Long

Council representative to the Welcome Community House Management Committee for a two-year term

Cr Evans

Kimberley/Pilbara/Gascoyne (Northern) Joint Development Assessment Panel

Cr Long and Cr Cucel as local government members; and
Cr Smeathers and Cr Bertling as alternate local government members

Councillor conduct

No complaints were received in 2018/19.



Karratha Leisureplex

Community Assistance

The aim of community grants and funding is to offer local not-for-profit community, sporting, cultural and service groups, associations and individuals financial assistance to foster high quality programs, community events, facilities and services that provide a benefit to the community.

Community grant schemes include:

GRANT SCHEME	NO. OF ALLOCATIONS	TOTAL AMOUNT ALLOCATED
Annual Community Grant Scheme	17	\$225,543 (ex gst)
Quarterly Grant Scheme supported by Woodside-operated North West Shelf Project	47	\$101,003 (ex gst)
Computers for Communities	4	N/A
Artwork for Communities	2	N/A
Major Event Sponsorship and Attraction Program	3	\$179,138 (ex gst)
Community Delivered Events:	4	\$154,443 (ex gst)
<ul style="list-style-type: none"> • FeNaCING • Roebourne Cup • Northwest Sprintcar Stampede • Nickol Bay Billfish Shootout 		
Annual Community Association Development Scheme	14	\$412,627 (ex gst)

3.3 Corporate Governance

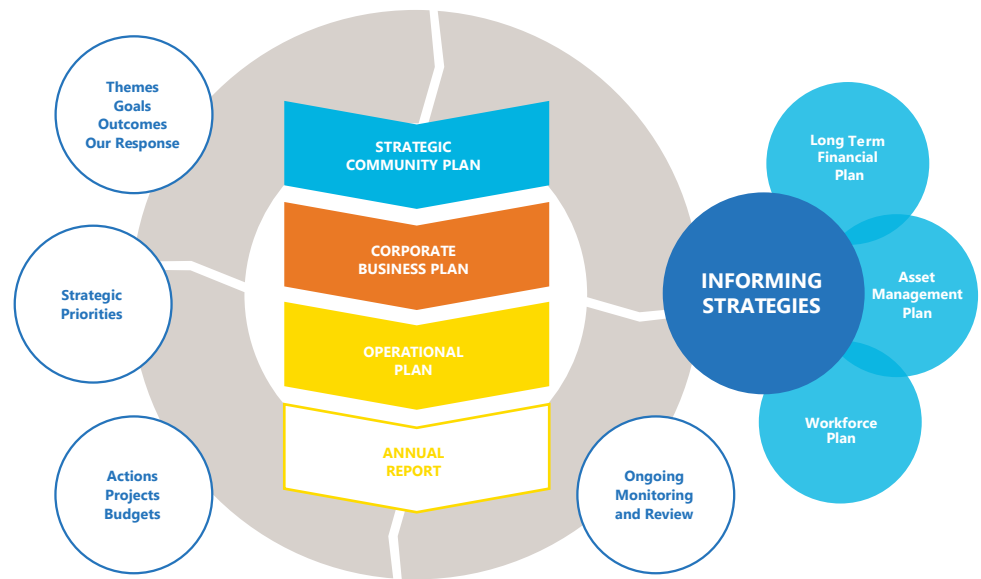
Corporate governance is the framework that serves as a control for the decision-making of local governments. This system ensures that the decisions made by Council are informed, transparent and balanced.

Integrated planning and reporting framework is provided to assist local governments in meeting its responsibilities. The Integrated Strategic Planning framework consists of the following plans for the City of Karratha:

1. Strategic Community Plan 2016-26
2. Corporate Business Plan 2016-21
3. Operational Plan 2018-19



To ensure best possible outcomes for our community at each stage of our journey to becoming Australia's most liveable regional city we have developed strategies for the long term, medium and short term futures. These plans are integrated, feeding into one another so that when we are working on short term projects we are also contributing to the long term strategies we have in place.



Our organisation

The City of Karratha's organisational structure supports Council in making expertly informed and transparent decisions on behalf of the community that provide value for money to ratepayers.

Organisational structure is the responsibility of the Chief Executive Officer and is endorsed by Council.

CEO			
DIRECTOR CORPORATE SERVICES	DIRECTOR STRATEGIC PROJECTS AND INFRASTRUCTURE SERVICES	DIRECTOR COMMUNITY SERVICES	DIRECTOR DEVELOPMENT SERVICES
Manager Financial Services Manager Governance and Organisational Strategy Manager Human Resources Manager Information Services Manager Marketing and Communications	Manager Airport Manager City Services Strategic Projects Manager Infrastructure Services	Manager Arts and Culture Manager Recreational Facilities and Youth Services Manager Partnerships and Engagement	Manager Regulatory Services Manager Planning Services Economic Development

Executive Management Team

The City of Karratha Executive Management Team is made up of directorate leaders, each experts in their field and strong industry leaders.



Chris Adams Bachelor of Arts, Chief Executive Officer, Appointed: September, 2012

Chris has a diverse background gained from a wide range of professional roles and tertiary studies including management and leadership training at both Stanford and Harvard Universities.

Chris has filled senior executive and CEO roles within Local Government in both Victoria and Western Australia. He returned

to the Pilbara in 2005 and has worked in CEO and General Manager positions for local and State Government since this time.

After a stint as the inaugural GM of the Pilbara Cities Project, Chris returned to Local Government in 2012 to take on the role of CEO at the City of Karratha. Chris remains involved in region-wide

development within the Pilbara.

Having been born and raised in the Pilbara, Chris is highly motivated to work in partnership with all stakeholders to ensure the City of Karratha grows, diversifies and benefits from the exponential resource and industrial growth currently taking place.



Arron Minchin

- Bachelor of Business
Director Community Services
Appointed: March, 2019

Arron has over 20 years of experience working in the regional environment across a range of different areas including State Government, private industry and local government. This has provided Arron with a strong insight into the issues and opportunities that exist in regional Western Australia. Arron's previous roles include being an Executive Director with the Department of Regional Development, Director with the Department of Sport and Recreation and Manager of Community with BHP Billiton Iron Ore. Arron grew up in Karratha where he attended Karratha Primary School and Karratha Senior High School.



Phillip Trestrail

- Master of Business Administration
- Bachelor of Laws
- Bachelor of Business
Director Corporate Services
Appointed: April, 2013

Phil has over 30 years experience working in management roles across local, state, and federal government agencies. Prior to joining the City he held senior executive roles in both Corporate and Community Services. Phil joined the City in 2012 as Manager Human Resources and has led the Corporate Services team since 2013 and has a clear focus on providing excellent support services to the wider organisation. Phil provides clear and conscientious leadership for the 'behind-the-scenes' functions of local government that ensure the organisation continues to run smoothly.



Ryan Hall

- Master of Business Administration
- Master of Urban and Regional Planning
- Bachelor of Social Science
Director Development Services
Appointed: February, 2017

Ryan has over 15 years of experience working in leadership roles in town planning, project management and strategy across a range of local and state governments. Ryan's previous roles include Manager Business Improvement at the City of Vincent where he also performed as the Director Community Services, a Manager with the Department of Planning, Coordinator for both City Growth and Planning Implementation at the City of Wanneroo and Senior Planner at the City of Gosnells.



Simon Kot

- Diploma in Project Management
- Diploma Management,
Public Sector Management
- Bachelor of Applied Science,
Leisure Science
Director Strategic Projects & Infrastructure
Appointed: February, 2013

Simon has over 15 years experience working in management and executive teams for local government with previous roles including Manager Community Services at the Shire of Katanning as well as Executive Manager Community Services at City of Karratha (then Shire of Roebourne). Simon became Director Strategic Projects & Infrastructure in 2013 and has overseen the development of \$300 million worth of City-led infrastructure projects including the Karratha Leisureplex, Karratha Airport Redevelopment and the Red Earth Arts Precinct.



Director Community Services
November 2016 - February 2019



Environmental Health water sampling

Our employees

City of Karratha employees are Council’s most valuable resource. They are the primary means by which our organisational goals and objectives are met and the City has made a commitment to manage, improve and develop staff resources efficiently and effectively.

Continuous development opportunities and coordinated procedures are in place that respect the worth of individuals, encourage the initiative of each employee, challenge individual capabilities and provide equal opportunity.

The City of Karratha employs 489 staff members, working across four directorates and based in 15 locations.



290.8 Full Time Equivalent



216 Full Time

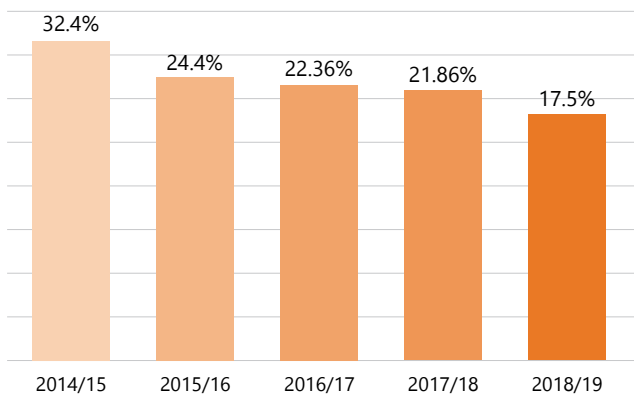


52 Part Time

Employee turnover rate

The employee turnover rate for the 2018/19 financial year has decreased by 4.36 per cent on last year and this continues the downward trend beginning in 2014/15.

Employee turnover



Workforce remuneration

Regulation 19B of the Local Government Regulations 1996 requires the reporting of the number of employees within the City of Karratha with an annual salary of \$100,000 or more and the number of those employees with an annual salary entitlement that falls within each of our salary bands.

Employee salary more than \$100,000:

BRACKETS	2018-19
\$100,000 - \$109,999	9
\$110,000 - \$119,999	3
\$120,000 - \$129,999	3
\$130,000 - \$139,999	3
\$140,000 - \$149,999	2
\$150,000 - \$159,999	4
\$160,000 - \$169,999	1
\$170,000 - \$179,999	0
\$180,000 - \$189,999	1
\$190,000 - \$199,999	1
\$200,000 - \$209,999	1
\$210,000 - \$219,999	0
\$220,000 - \$229,999	0
\$230,000 - \$239,999	0
\$240,000 - \$249,999	1
\$250,000 - \$259,999	1
\$380,000 - \$389,999	1



Dampier Palms

Employee diversity statistics



Female Workforce

72% indoor 41% outdoor



Mature Employees

37% indoor 77% outdoor



Aboriginal Australians

2% indoor 2.96% outdoor



Young People

20% indoor 3% outdoor

Development of employees

The City of Karratha encourages the professional development of employees providing optional training sessions for staff on topics ranging from cultural awareness to interpersonal communication, process mapping to records management.

The Annual Performance and Development Review gives employees the opportunity to discuss their achievements, challenges and the actions they need to take to continue improving. The Performance and Development Review allows for individual employee goals and work tasks to be aligned with the goals of the City. Together, employees and management staff rate performance and engage in two-way discussion about roles, tasks and achievements.

In addition, the City of Karratha offers a flagship training program each year to selected applicants that focuses on building their career within Council. This Emerging Leaders Program offers a 12 month professional development experience that focuses on increasing leadership skills within the organisation and has been designed to supplement any further training staff are undertaking that may be more role specific.

The objectives of the program are to:

- support and develop emerging leaders in the organisation;
- provide an opportunity to work on projects of organisational significance;
- provide an opportunity for participants to network with emerging leaders from different professions to build stronger links and an understanding between professions;
- provide training, professional development and coaching opportunities for emerging leaders that is not necessarily 'management' focused; and
- provide mentoring opportunities.

Equal Opportunity Employment in the Workplace

Council has an Equal Employment Opportunity policy in place to ensure that we provide a working environment that embodies our core value of respect and upholds State and Commonwealth laws concerning harassment and discrimination.

The City has an Aboriginal Employment Strategy, Disability Access and Inclusion Plan and Reconciliation Action Plan. In 2018/19 the City provided six traineeship and apprenticeship opportunities.

To ensure hiring processes are fair and objective all staff receive training around unconscious bias and a human resources representative is present at all employment interviews. In 2018/19, 18 per cent of employees identified as being from culturally and linguistically diverse backgrounds.

Our Recruitment Processes

The City has a Human Resources team that facilitates merit based selection processes to ensure that it remains an Equal Opportunity Employer. In 2018/19, the human resource team undertook 118 recruitment processes across all levels of the organisation, including one executive level role.

Workplace Occupational Safety and Health

The City of Karratha has made a commitment to provide employees a safe working environment.

Our key focus is on providing appropriate information, training and supervision to all employees and contractors, employing the kinds of people who hold the same values as Council; integrity, teamwork, innovation and leadership to ensure a coherent workforce that prioritises safety in the workplace.

A number of risk management strategies are in place organisation-wide which promote and continuously improve health and safety performance. Each of our 15 worksites has an Occupational Safety and Health representative who checks in with employees and inspects working areas regularly providing assistance where required. Any serious concerns are reported immediately to the City of Karratha Occupational Health and Safety Officer and actioned appropriately. The Occupational Health and Safety policy is reviewed annually.



Dampier Archipelago

2018-19 highlights:



179 work place inspections across City facilities in 2018/19



50 employees underwent health assessments



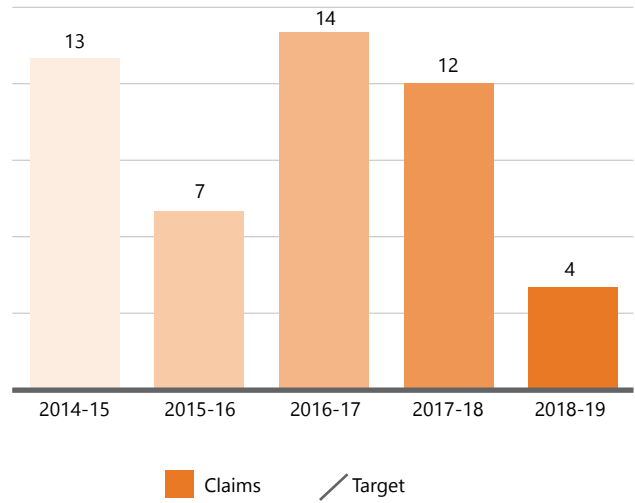
127 employees underwent skin screening with only 3% being referred to doctors



77 employees received the flu injection

Number of workers compensation claims per annum

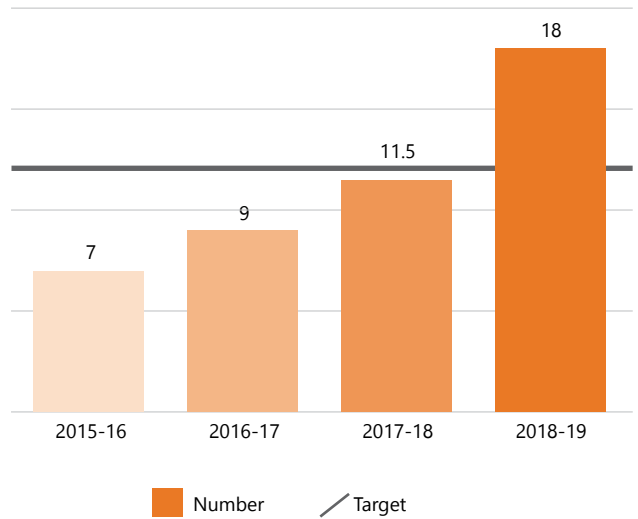
Please note the target is 0



Reduction in workers compensation claims due to close management of claims and improved communication between the City and insurer. These claims cover employees only.

Number of Indigenous staff employed

Please note the target is 12



The City's Aboriginal and Torres Strait Islander Engagement Strategy is helping the City to build a culturally diverse workplace.

Matters referred to Government Body

In Western Australia there are a number of bodies that monitor the behaviour of Council. They are the WA Ombudsman and Public Sector Commission.

During the 2018/19 financial year the City of Karratha was referred to the WA Ombudsman on two occasions. Both were in relation to rates and suitable outcomes were reached.

Records Management

The City of Karratha has a demonstrated commitment to State Records Act 2000 compliant record keeping practices.

The City has developed record policies, procedures and training to help ensure compliance, and accurate formally documented records.

Along with the State Records Office approved Recordkeeping Plan all new employees are required to undertake a compulsory records management induction and training.

These measures provide a reasonable introduction to the City's records system, and delivers staff a clear message regarding their obligations and accountability in relation to maintaining records in their role at the City.

Ongoing training, consultation and support is provided across the organisation quarterly to reinforce good records practices.

The City of Karratha is committed to continuous improvement and is currently implementing a digital records strategy to improve the management of electronic records, reduce generation of hardcopy records and reduce the physical records storage needs over time.

Freedom of Information

In accordance with Section 96 and 97 of the Freedom of Information Act 1992, the City is required to publish an Information Statement which details the process of applying for information under the Act, as well as information that the City provides outside of the Act. During the 2018/2019 year, six FOI applications were received with all six applications settled within the statutory 45-day period.

The following are some of the documents available for public inspection at the City of Karratha free of charge:

- Council agenda and minutes
- Annual budgets
- Annual financial statements
- Annual reports

Many of the above documents are also available for download on the City of Karratha website: karratha.wa.gov.au

National Competition policy

The Competition Principles Agreement (CPA) is a contractual agreement between the Federal Government and all State and Territory Governments. The CPA aims to ensure that all public enterprises operate in a transparent manner in the best interests of the public.

The City of Karratha continues to meet its obligations to the competition policy and monitors introduction of Council policies and local laws which may be subject to anticompetitive practices.

Strategic Asset Management

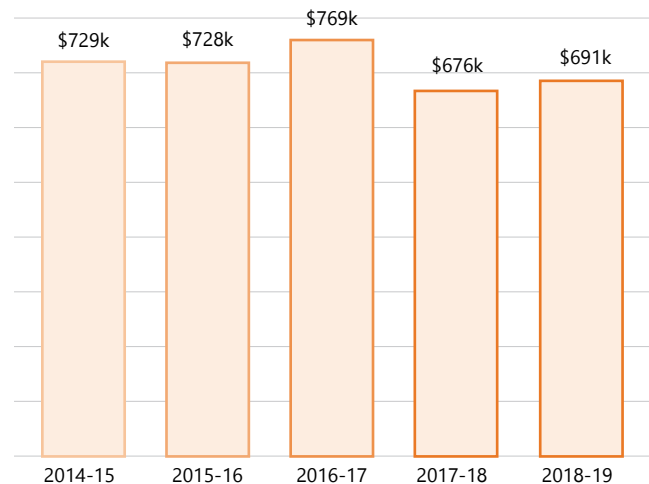
The City of Karratha manages an asset portfolio of more than \$690 million and has extensive management policies in place to ensure best results for the community.

Asset Management Policy and Planning

The Asset Management Plan outlines how the City will meet the service delivery needs of our communities into the future. The plan takes into account long-term demand, asset renewal and projected expenditure required to continue a high standard of operation. Each of the City of Karratha's asset management protocols are in line with state government's Integrated Planning and Reporting Framework.

The City of Karratha reviews its Asset Management Planning documents and Policy to ensure planning in place remains current and takes into account any new, replaced or improved assets as they stand. A major review of the Asset Management Plan was undertaken during 2019, with the updated plan scheduled to be adopted by Council before the end of the calendar financial year.

Trend data relating to value of assets City of Karratha has held over past five years



Enterprise Risk Management

Enterprise Risk Management (ERM) is a strategy employed by an organisation to consider all the different types of risks associated with each element of a business. This process is used to help guide decision-making and manage the potential impact of identified risks on the success of organisational goals.

The City of Karratha uses best practice ERM methodology to identify, prioritise and respond to issues that have the potential to prevent us from achieving Council objectives. Reviews of potential risks are undertaken at least twice per year and City of Karratha's risk register includes:

Strategic, Corporate and Operational Risks

Risks are reviewed at every level of Council from those that could affect a single project or service to those that could affect the entire organisation and community. These risks are divided into Strategic, Corporate and Operational risks. Strategic and Corporate risks are reviewed by the City of Karratha Executive Management Team on an annual basis and Operational risks are reviewed quarterly by each directorate.

Where appropriate, risks are reported to the Audit & Organisational Risk Committee.



Miaree Pool

Audit & Organisational Risk Committee

The City of Karratha Audit and Organisational Risk Committee liaises with internal and external auditors to ensure the appropriate performance and management of Council affairs. In addition to this, the committee provides advice on the management of risks and risk registers.

Audit & Organisational Risk Committee membership is comprised of the Mayor and three Councillors; during 2018/19 Councillor Evette Smeathers held the position of Chair. The terms of reference for the Audit & Organisational Risk Committee were received and adopted by the Council in March 2018.

The Audit and Organisational Risk Committee met three times over the last financial year:

- 14 August 2018
- 16 November 2018
- 15 March 2019

As part of our commitment to the local economy and value-for-money outcomes, the City has a number of processes in place to guide and facilitate procurement.

Internal Auditing

As a local government, the City of Karratha is responsible for reviewing and auditing the procedures and systems in place in regard to risk management, internal controls and legislative compliance. The City of Karratha has an internal audit function that provides internal reports to the Audit & Organisation Risk Committee.

Independent Auditing

The City engaged ES2 to review the City's IT security processes, technical security, external penetration testing and social engineering (phishing) controls. Sixty-eight recommendations were identified with only nine being of high priority, 30 medium priority and 29 of low priority. ES2 noted that items were being addressed immediately by the City when risks were being identified during the review.

The Office of Auditor General has commenced undertaking financial audits of local governments and this year began auditing the City's financial results. AMD Accountants has been subcontracted by the OAG to undertake these works. Two minor risks and three moderate risks were identified in the interim audit that have all since been addressed.



Mountainbiking in Karratha foothills

Contracts and Procurement

All procurement is carried out as required by the Local Government Act 1995, the Local Government (Functions and General) Regulations 1996 (as amended) and the City of Karratha's own purchasing policies. The City is continually reviewing the procurement framework and delivers training to employees around purchasing to ensure value for money is being delivered to ratepayers.

Public Tenders, Request for Quotations and Purchasing

The City issued 34 public tenders and 55 formal requests for quotation documents during 2018/19.

Significant contracts awarded included:

- Litter Collection and Sanitation Services (\$2.9m)
- Karratha Airport Security Screening and Front of House Services (\$10.4m)
- Inter-Regional Flights (\$1.6m)
- Dampier Palms Foreshore- Construction (\$11.7m)
- Welcome Park – Landscape Construction (\$1.7m)
- Mooligunn Road Reconstruction (\$4.6m)
- Tree Pruning (\$1.3m)

In 2018/19 the City issued 10,915 purchase orders with 61 per cent of all work allocated to local business, valued at \$47.3 million. As part of our commitment to the local economy and value-for-money outcomes, the City has a number of processes in place to guide and facilitate procurement. These processes provide support to City officers while ensuring transparency and statutory compliance in all aspects of purchasing procedures.

The City also uses online platforms like Tenderlink and Vendorpanel (eQuotes) to undertake procurement activities and to engage with suppliers. Currently there are 233 suppliers registered with the City's Tenderlink Portal for the purpose of tendering and 319 local suppliers registered as Marketplace suppliers in Vendorpanel for quoting.

Regional Price Preference Policy

The Council has a Regional Price Preference Policy in place to promote local business partnerships within the City of Karratha by giving preferential consideration to regional suppliers in the procurement of goods or services via tender or quotation. A preference is given to a regional respondent by assessing their quotation as if the price bids were reduced by up to 10 per cent which is the maximum allowed under the Local Government Act.

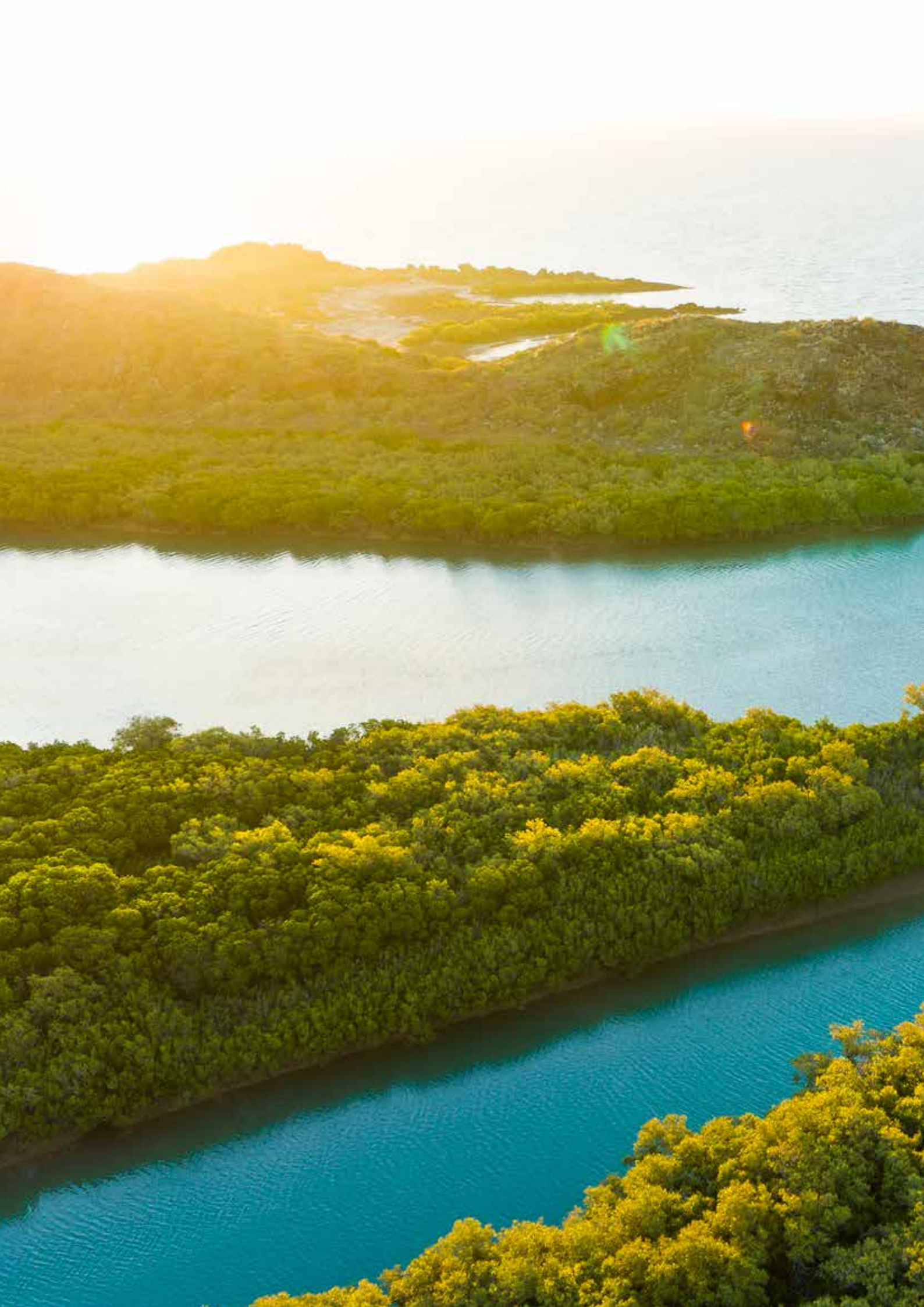
Social Responsibility

The City of Karratha is committed to working with organisations that implement a high level of corporate responsibility and businesses that operate in a sustainable manner. The City has policies in place that allow for direct contract arrangements with WALGA listed businesses, registered Aboriginal businesses and Australia Disability Enterprises.



\$47.3 MILLION

IN PURCHASE ORDERS
FOR WORK ALLOCATED
TO LOCAL BUSINESSES





SECTION 4

FINANCE

The final section of this report outlines the City of Karratha's finances for 2018/19 and the ways in which we work with our stakeholders. It provides insight into decision making and summarise the sound financial position of Council moving forward.



Murujuga

CITY OF KARRATHA
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

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Principal place of business:
Lot 1083 Welcome Road
Karratha, WA 6714

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

Signed on the 12th day of February 2020



Chris Adams
Chief Executive Officer

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

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	23(a)	40,488,172	41,399,792	40,443,321
Operating grants, subsidies and contributions	2(a)	13,840,155	12,246,995	9,022,035
Fees and charges	2(a)	38,548,526	42,894,865	36,931,614
Service charges	23(b)	861	0	(6,937)
Interest earnings	2(a)	2,455,903	2,126,232	3,161,870
Other revenue	2(a)	995,327	914,498	2,744,707
		96,328,944	99,582,382	92,296,610
Expenses				
Employee costs		(35,315,195)	(32,541,395)	(33,781,501)
Materials and contracts		(26,036,342)	(30,222,129)	(35,701,391)
Utility charges		(5,824,123)	(5,573,095)	(5,327,723)
Depreciation on non-current assets	10(b)	(17,692,578)	(20,831,619)	(20,623,163)
Interest expenses	2(b)	(9,919)	(10,106)	(9,703)
Insurance expenses		(1,573,650)	(1,454,133)	(1,610,103)
Other expenditure		(2,726,957)	(2,790,858)	(5,341,372)
		(89,178,764)	(93,423,335)	(102,394,956)
		7,150,180	6,159,047	(10,098,346)
Non-operating grants, subsidies and contributions	2(a)	14,696,422	8,411,700	19,539,454
Profit on asset disposals	10(a)	134,365	2,416	32,812
(Loss) on asset disposals	10(a)	(1,674,523)	(75,529)	(135,543)
Asset Accounting Change - Regulation 17A	8(a)	(290,670)	0	0
Fair value adjustments to financial assets at fair value through profit or loss	7	122,620	0	0
Fair value adjustments to investment property	12	1,745,200	0	0
(Loss) on revaluation of furniture and equipment	8(a)	(20,173)	0	0
(Loss) on revaluation of Artwork & sculptures	8(a)	0	0	(458,379)
		14,713,241	8,338,587	18,978,344
		21,863,421	14,497,634	8,879,998
Net result for the period				
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	157,537	0	(130,250,998)
		157,537	0	(130,250,998)
Total other comprehensive income for the period				
		22,020,958	14,497,634	(121,371,000)
Total comprehensive income for the period				

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

CITY OF KARRATHA
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
	2(a)			
Governance		562,981	43,480	1,957,981
General purpose funding		47,319,049	46,762,104	47,678,326
Law, order, public safety		1,183,740	566,021	316,215
Health		162,457	149,800	168,645
Education and welfare		58,900	58,608	58,900
Housing		693,891	592,840	552,750
Community amenities		10,617,201	13,305,650	10,717,545
Recreation and culture		12,246,895	15,388,049	9,983,013
Transport		21,904,357	22,037,586	19,769,007
Economic services		1,098,240	421,945	314,375
Other property and services		481,233	256,299	779,853
		96,328,944	99,582,382	92,296,610
Expenses				
	2(b)			
Governance		(2,913,346)	(2,866,749)	(3,508,120)
General purpose funding		(1,159,013)	(1,562,329)	(15,092,234)
Law, order, public safety		(1,543,003)	(1,439,700)	(1,539,300)
Health		(1,314,428)	(1,284,185)	(1,395,095)
Education and welfare		(177,629)	(197,120)	(204,257)
Housing		(731,936)	(387,960)	(886,745)
Community amenities		(14,504,500)	(16,663,444)	(13,224,072)
Recreation and culture		(37,435,458)	(36,866,400)	(32,777,898)
Transport		(27,035,426)	(29,871,839)	(29,347,595)
Economic services		(2,007,829)	(2,170,565)	(1,698,302)
Other property and services		(346,277)	(102,938)	(2,711,635)
		(89,168,845)	(93,413,229)	(102,385,253)
Finance Costs				
	2(b)			
Governance		0	0	(9,703)
General purpose funding		(9,919)	(10,106)	0
		(9,919)	(10,106)	(9,703)
		7,150,180	6,159,047	(10,098,346)
Non-operating grants, subsidies and contributions	2(a)	14,696,422	8,411,700	19,539,454
Profit on disposal of assets	10(a)	134,365	2,416	32,812
(Loss) on disposal of assets	10(a)	(1,674,523)	(75,529)	(135,543)
Asset Accounting Change - Regulation 17A	8(a)	(290,670)	0	0
Fair value adjustments to financial assets at fair value through profit or loss	7	122,620	0	0
Fair value adjustments to investment property	12	1,745,200	0	0
(Loss) on revaluation of furniture and equipment	8(a)	(20,173)	0	0
(Loss) on revaluation of Artwork & sculptures	8(a)	0	0	(458,379)
		14,713,241	8,338,587	18,978,344
Net result for the period		21,863,421	14,497,634	8,879,998
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	157,537	0	(130,250,998)
Total other comprehensive income for the period		157,537	0	(130,250,998)
Total comprehensive income for the period		22,020,958	14,497,634	(121,371,000)

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

CITY OF KARRATHA
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019

	NOTE	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	3	25,756,187	14,261,487
Trade and other receivables	5	13,218,161	13,008,996
Financial Assets - Term Deposits	7	42,291,566	48,705,863
Other financial assets at amortised cost	7	24,777	20,115
Inventories	6	411,358	401,778
TOTAL CURRENT ASSETS		81,702,049	76,398,239
NON-CURRENT ASSETS			
Trade and other receivables	5	656,270	831,611
Other financial assets at fair value through profit and loss	7(b)	122,620	0
Other financial assets at amortised cost	7	237,559	331,200
Inventories	6	488,358	524,251
Property, plant and equipment	8	258,518,365	252,134,205
Infrastructure	9	410,595,902	403,519,220
Investment property	12	21,750,000	20,004,800
TOTAL NON-CURRENT ASSETS		692,369,074	677,345,287
TOTAL ASSETS		774,071,123	753,743,526
CURRENT LIABILITIES			
Trade and other payables	13	10,361,336	11,824,063
Borrowings	14(a)	83,439	81,408
Employee related provisions	15	4,122,988	4,088,932
TOTAL CURRENT LIABILITIES		14,567,763	15,994,403
NON-CURRENT LIABILITIES			
Borrowings	14(a)	263,014	346,453
Employee related provisions	15	578,285	761,567
TOTAL NON-CURRENT LIABILITIES		841,299	1,108,020
TOTAL LIABILITIES		15,409,062	17,102,423
NET ASSETS		758,662,061	736,641,103
EQUITY			
Retained surplus		448,643,288	432,129,810
Reserves - cash backed	4	66,847,807	61,497,864
Revaluation surplus	11	243,170,966	243,013,429
TOTAL EQUITY		758,662,061	736,641,103

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

CITY OF KARRATHA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2017		399,026,989	85,720,687	373,264,427	858,012,103
Comprehensive income					
Net result for the period		8,879,998	0	0	8,879,998
Other comprehensive income	11	0	0	(130,250,998)	(130,250,998)
Total comprehensive income		8,879,998	0	(130,250,998)	(121,371,000)
Transfers from/(to) reserves		24,222,823	(24,222,823)	0	0
Balance as at 30 June 2018		432,129,810	61,497,864	243,013,429	736,641,103
Comprehensive income					
Net result for the period		21,863,421	0	0	21,863,421
Other comprehensive income	11	0	0	157,537	157,537
Total comprehensive income		21,863,421	0	157,537	22,020,958
Transfers from/(to) reserves		(5,349,943)	5,349,943	0	0
Balance as at 30 June 2019		448,643,288	66,847,807	243,170,966	758,662,061

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

CITY OF KARRATHA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019

NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	40,697,982	41,399,792	40,365,712
Operating grants, subsidies and contributions	12,020,549	12,927,400	13,918,392
Fees and charges	38,548,526	42,894,865	36,924,679
Service charges	861		0
Interest received	2,455,903	2,126,232	3,161,870
Goods and services tax received (net)	1,698,593	0	0
Other revenue	995,327	914,498	2,744,707
	96,417,741	100,262,787	97,115,360
Payments			
Employee costs	(35,411,111)	(32,541,395)	(33,190,663)
Materials and contracts	(27,526,250)	(29,604,147)	(34,892,516)
Utility charges	(5,824,123)	(5,573,095)	(5,327,723)
Interest expenses	(9,735)	(10,106)	(9,673)
Insurance paid	(1,573,650)	(1,454,133)	(1,610,103)
Goods and services tax paid (net)	0	0	(1,257,231)
Other expenditure	(2,726,957)	(2,790,858)	(5,341,372)
	(73,071,826)	(71,973,734)	(81,629,281)
Net cash provided by (used in) operating activities	16 23,345,915	28,289,053	15,486,079
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	(13,976,935)	(14,782,935)	(39,227,273)
Payments for construction of infrastructure	(19,515,800)	(24,335,934)	(19,268,599)
Payments for financial assets	(122,620)	0	0
Non-operating grants, subsidies and contributions	14,696,422	8,411,700	19,539,454
Proceeds from self supporting loans	88,979	84,032	27,572
Proceeds from sale of property, plant & equipment	645,851	499,550	511,254
Net Movement of term deposits classified as financial assets	6,414,297	0	(48,705,863)
Net cash provided by (used in) investment activities	(11,769,806)	(30,123,587)	(87,123,455)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	(81,409)	(81,408)	(64,652)
Proceeds from new borrowings	0	0	80,000
Net cash provided by (used in) financing activities	(81,409)	(81,408)	15,348
Net increase (decrease) in cash held	11,494,700	(1,915,942)	(71,622,028)
Cash at beginning of year	14,261,487	67,536,437	85,883,515
Cash and cash equivalents at the end of the year	16 25,756,187	65,620,495	14,261,487

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

CITY OF KARRATHA
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual	2019 Budget	2018 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Restricted surplus/(deficit) b/fwd - Pilbarra Underground Power		831,611	2,493,705	4,672,754
Unrestricted surplus/(deficit) b/fwd	24 (b)	2,564,089	1,019,841	2,364,705
Net current assets at start of financial year - surplus/(deficit)		3,395,700	3,513,546	7,037,459
Revenue from operating activities (excluding rates)				
Governance		685,601	43,480	1,980,285
General purpose funding		6,830,877	5,363,496	7,235,005
Law, order, public safety		1,183,740	566,021	319,013
Health		162,457	149,800	168,714
Education and welfare		58,900	58,608	58,900
Housing		826,592	592,840	552,750
Community amenities		10,617,481	13,305,650	10,717,606
Recreation and culture		12,247,335	15,388,049	9,984,127
Transport		21,905,301	22,038,818	19,775,424
Economic services		2,843,440	421,945	314,375
Other property and services		481,233	256,299	779,902
		57,842,957	58,185,006	51,886,101
Expenditure from operating activities				
Governance		(2,941,391)	(2,866,749)	(3,502,305)
General purpose funding		(1,172,857)	(1,573,030)	(15,101,937)
Law, order, public safety		(1,546,082)	(1,443,485)	(1,553,956)
Health		(1,316,019)	(1,284,185)	(1,395,095)
Education and welfare		(177,629)	(197,120)	(204,257)
Housing		(858,914)	(387,960)	(886,745)
Community amenities		(14,594,423)	(16,710,961)	(13,288,869)
Recreation and culture		(37,700,336)	(36,869,056)	(32,824,360)
Transport		(28,475,630)	(29,892,240)	(29,363,038)
Economic services		(2,012,006)	(2,170,565)	(1,698,302)
Other property and services		(368,843)	(103,513)	(3,170,014)
		(91,164,130)	(93,498,864)	(102,988,878)
Non-cash amounts excluded from operating activities	24(a)	17,528,370	20,904,732	21,197,118
Amount attributable to operating activities		(12,397,103)	(10,895,580)	(22,868,200)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		14,696,422	8,411,700	19,539,454
Proceeds from disposal of assets	10(a)	645,851	499,550	511,254
Proceeds from self supporting loans		88,979	84,032	27,572
Purchase of property, plant and equipment	8(a)	(13,976,935)	(14,782,935)	(39,227,273)
Purchase and construction of infrastructure	9(a)	(19,515,800)	(24,335,934)	(19,268,599)
Amount attributable to investing activities		(18,061,483)	(30,123,587)	(38,417,592)
FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(81,409)	(81,408)	(64,652)
Proceeds from borrowings	14(c)	0	0	80,000
Transfers to reserves (restricted assets)	4	(27,114,282)	(25,133,750)	(23,562,863)
Transfers from reserves (restricted assets)	4	21,764,339	24,907,415	47,785,686
Amount attributable to financing activities		(5,431,352)	(307,743)	24,238,171
Surplus/(deficit) before imposition of general rates		(35,889,938)	(41,326,910)	(37,047,621)
Total amount raised from general rates	23(a)	40,488,172	41,399,792	40,443,321
Restricted surplus/(deficit) June 30 c/fwd - Pilbara Underground Power		656,270	0	831,611
Surplus/(deficit) after imposition of general rates	24(b)	3,941,964	72,882	2,564,089

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

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

1. BASIS OF PREPARATION

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the 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 26 to these financial statements.

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

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	18,492	0	717,459
General purpose funding	2,721,573	1,460,248	2,481,678
Law, order, public safety	844,230	430,121	174,569
Health	50,923	13,500	14,798
Community amenities	11,600	0	149,524
Recreation and culture	10,040,939	10,297,626	5,190,523
Transport	75,398	10,000	288,484
Economic services	77,000	24,000	5,000
Other property and services	0	11,500	0
	13,840,155	12,246,995	9,022,035
Non-operating grants, subsidies and contributions			
Governance	469,999	0	0
Law, order, public safety	190,726	0	0
Community amenities	0	47,109	940,407
Recreation and culture	7,627,863	6,540,000	16,731,654
Transport	5,777,341	1,824,591	1,867,393
Economic services	630,493	0	0
	14,696,422	8,411,700	19,539,454
Total grants, subsidies and contributions	28,536,577	20,658,695	28,561,489

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

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

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

Grants, donations and other contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 22. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019 Actual \$	2019 Budget \$	2018 Actual \$
Other revenue			
Other	995,327	907,452	2,744,707
	995,327	907,452	2,744,707
Fees and Charges			
Governance	18,495	37,240	103,443
General purpose funding	1,664,861	1,701,786	1,602,512
Law, order, public safety	79,130	83,600	89,548
Health	111,534	136,300	153,848
Education and welfare	58,900	58,608	58,900
Housing	693,891	592,840	552,750
Community amenities	10,311,610	13,095,450	10,293,738
Recreation and culture	5,216,536	4,907,423	4,401,677
Transport	19,958,395	21,879,248	19,301,941
Economic services	390,747	397,195	309,375
Other property and services	44,427	5,175	63,882
	38,548,526	42,894,865	36,931,614
There were no changes during the year to the amount of the fees or charges detailed in the original budget.			
Interest earnings			
Loans receivable - clubs/institutions	7,586	7,046	11,682
Reserve accounts interest	1,522,031	1,460,700	1,900,167
Rates instalment and penalty interest (refer Note 23(d))	544,939	323,850	829,509
Late payment of fees and charges *	52,697	6,000	72,955
Other interest earnings	328,650	328,636	347,557
	2,455,903	2,126,232	3,161,870

* The City has resolved to charge interest under section 6.13 for the late payment of any amount of money at 11%

(b) Expenses	2019 Actual \$	2019 Budget \$	2018 Actual \$
Auditors remuneration			
- Audit of the Annual Financial Report	33,000	71,200	35,896
- Other services	0	1,800	5,210
	33,000	73,000	41,106
Interest expenses (finance costs)			
Borrowings (refer Note 14(b))	9,919	10,106	9,703
	9,919	10,106	9,703

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

3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash and Cash Equivalents			
Cash at bank and on hand		5,720,928	9,257,689
Term deposits		20,035,259	5,003,798
Total Cash and Cash Equivalents		25,756,187	14,261,487
Financial Assets			
Principal Amount of term deposit	7	42,291,566	48,705,863
Total		68,047,753	62,967,350
Cash and Cash Equivalents Comprises:			
- Unrestricted cash and cash equivalents		1,163,174	1,457,963
- Restricted cash and cash equivalents		24,593,013	12,803,524
		25,756,187	14,261,487
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Aerodrome Reserve	4	2,809,608	4,294,420
Carry Forward Budget Reserve	4	552,476	1,765,785
Community Development Reserve	4	894,049	1,307,489
Dampier Drainage Reserve	4	10,763	10,488
Economic Development Reserve	4	1,297,351	1,264,157
Employee Entitlement Reserve	4	5,005,136	4,853,471
Infrastructure Reserve	4	22,636,685	15,177,939
Medical Services Assistance Package Reserve	4	396,497	386,352
Mosquito Control Reserve	4	9,285	8,491
Partnership Reserve	4	9,945,793	8,651,358
Plant Replacement Reserve	4	859,177	837,194
Restricted Funds Reserve	4	1,893,835	417,024
Walkington Theatre Reserve	4	32,652	31,817
Waste Management Reserve	4	20,119,654	21,955,873
Workers Compensation Reserve	4	384,846	536,006
		66,847,807	61,497,864
Other restricted cash and cash equivalents			
Unspent grants/contributions	22	36,772	11,523
Total restricted cash and cash equivalents		66,884,579	61,509,387

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 original maturities of three months or less that are readily convertible to known amounts of cash

Cash and cash equivalents (Continued)

and which are subject to an 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 KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance	2019 Budget Opening Balance	2019 Budget Transfer to	2019 Budget Transfer (from)	2019 Budget Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance
4. RESERVES - CASH BACKED												
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Aerodrome Reserve	4,294,420	100,447	(1,585,259)	2,809,608	3,553,935	48,832	(1,515,906)	2,086,861	6,586,617	160,266	(2,452,463)	4,294,420
(b) Carry Forward Budget Reserve	1,765,785	186,726	(1,400,035)	552,476	1,490,881	0	(1,157,645)	333,236	1,821,785	1,275,156	(1,331,156)	1,765,785
(c) Community Development Reserve	1,307,489	33,457	(446,897)	894,049	1,239,603	32,617	0	1,272,220	1,209,141	98,348	0	1,307,489
(d) Dampier Drainage Reserve	10,488	275	0	10,763	10,510	276	0	10,786	10,231	257	0	10,488
(e) Economic Development Reserve	1,264,157	33,194	0	1,297,351	1,264,265	33,265	(400,000)	897,530	1,233,206	30,951	0	1,264,157
(f) Employee Entitlement Reserve	4,853,471	151,665	0	5,005,136	4,368,904	114,958	0	4,483,862	4,261,568	591,903	0	4,853,471
(g) Infrastructure Reserve	15,177,939	17,515,056	(10,056,310)	22,636,685	16,810,750	16,908,688	(14,585,419)	19,134,019	22,253,785	12,538,929	(19,614,775)	15,177,939
Medical Services Assistance Package Reserve	386,352	10,145	0	396,497	386,386	10,167	(54,396)	342,157	376,893	9,459	0	386,352
(i) Mosquito Control Reserve	8,491	794	0	9,285	8,491	795	0	9,286	7,726	765	0	8,491
(j) Partnership Reserve	8,651,358	6,980,532	(5,686,097)	9,945,793	9,656,412	6,554,516	(7,194,049)	9,016,879	12,726,119	5,909,384	(9,984,145)	8,651,358
(k) Pilbara Underground Power Reserve	0	0	0	0	1,010,675	0	0	1,010,675	10,605,852	2,343,122	(12,948,974)	0
(l) Plant Replacement Reserve	837,194	21,983	0	859,177	400,335	10,533	0	410,868	816,697	20,497	0	837,194
(m) Restricted Funds Reserve	417,024	1,500,000	(23,189)	1,893,835	531,127	0	0	531,127	431,127	0	(14,103)	417,024
(n) Walkington Theatre Reserve	31,817	835	0	32,652	31,821	836	0	32,657	31,038	779	0	31,817
(o) Waste Management Reserve	21,955,873	565,422	(2,401,641)	20,119,654	23,088,628	1,404,162	0	24,492,790	22,826,019	569,924	(1,440,070)	21,955,873
(p) Workers Compensation Reserve	536,006	13,751	(164,911)	384,846	536,052	14,105	0	550,157	522,883	13,123	0	536,006
	61,497,864	27,114,282	(21,764,339)	66,847,807	64,388,775	25,133,750	(24,907,415)	64,615,110	85,720,687	23,562,863	(47,785,686)	61,497,864

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

4. RESERVES - CASH BACKED (Continued)

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

	Name of Reserve	Anticipated date of use	Purpose of the reserve
(a)	Aerodrome Reserve	Ongoing	The purpose of this reserve is to fund the development, operation and maintenance of the Karratha Airport, inclusive of any repayments of borrowings and the funding of employee entitlements.
(b)	Carry Forward Budget Reserve	Ongoing	This reserve is for the purpose of preserving projects funds carried over.
(c)	Community Development Reserve	Ongoing	The purpose of this reserve is to hold Annual Community Association Grant Scheme unspent payments each year and to fund future projects initiated by Community Associations from time to time via the Annual Community Association Grant Scheme.
(d)	Dampier Drainage Reserve	Ongoing	This reserve is maintained as part of an agreement between the Council and Hamersley Iron. The purpose of the reserve is to ensure funds are available for the maintenance of drainage in Dampier. Hamersley Iron pay to the Council each year a \$10,000 contribution towards this maintenance with any additional works required being drawn from this reserve and similarly, any funds remaining unspent being transferred to this reserve.
(e)	Economic Development Reserve	Ongoing	To fund economic development activities within the City, including Destination Marketing, Business Attraction, Property Development and Tourism.
(f)	Employee Entitlement Reserve	Ongoing	To fund employee leave entitlements when on extended leave, including long service leave as well as periods of Annual Leave for periods greater than 4 weeks duration thereby retaining salary and wages budgets for the funding of replacement staffing during extended periods of leave.
(g)	Infrastructure Reserve	Ongoing	The purpose of this reserve is to allow for the use of these reserve funds for the enhancement, replacement, refurbishment and purchase of infrastructure assets or project works of the City of Karratha inclusive of the associated repayment of borrowings on infrastructure. Project works funded from this Reserve may not necessarily belong to the City of Karratha but must be carried out for the benefit of the City of Karratha.
(h)	Medical Services Assistance Package Reserve	Ongoing	The purpose of this reserve is to fund future assistance to Medical Services in accordance with Council's participation in the Medical Services Incentive Scheme. This is inclusive of retention payments to General Practitioner's in accordance with the Medical Services Incentive Scheme.
(i)	Mosquito Control Reserve	Ongoing	The purpose of this reserve is to fund mosquito control programmes inclusive of the purchase of replacement equipment as required.
(j)	Partnership Reserve	Ongoing	This reserve is maintained as part of the Community Infrastructure and Services Partnership (the Partnership) and the related funding agreements between the Council and Rio Tinto Iron Ore. The purpose of the reserve is to preserve funds received under each funding agreement under the Partnership and restrict the funds for the purpose of each funding agreements.
(k)	Pilbara Underground Power Reserve	2025	The purpose of this reserve is to secure the unspent portions pertaining to the City of Karratha's share of costs in relation to the Pilbara Underground Power Project.
(l)	Plant Replacement Reserve	Ongoing	The purposes of this reserve is to fund the capital purchase of plant and equipment.
(m)	Restricted Funds Reserve	Ongoing	This reserve is for the purpose of holding Unexpended or Prepaid Grants (other than Royalties for Regions) and Capital Contributions provided for specific purposes.
(n)	Walkington Theatre Reserve	Ongoing	The purpose of this reserve is to fund the operation and capital works of the Walkington Theatre.
(o)	Waste Management Reserve	Ongoing	The purpose of this reserve is to fund development, operation and maintenance of the Council's Waste Management facilities inclusive of repayments of borrowings and the funding of employee entitlements.
(p)	Workers Compensation Reserve	Ongoing	The purpose of this reserve is to provide Council with sufficient funds to cover its potential liability in regard to the performance based workers compensation scheme of Local Government Insurance Services of which the City of Karratha is a member. Funds within the Reserve that become surplus to requirements will be transferred to Council's Employee Entitlements Reserve via way of Council's Annual Budget.

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

5. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	2,383,258	2,593,068
Sundry receivables	8,011,246	7,994,204
Allowance for impairment of trade receivables	(1,347,908)	(1,355,831)
Accrued Income	3,289,671	1,334,793
Prepayments	192,978	55,253
GST receivable	688,916	2,387,509
	13,218,161	13,008,996

Non-current

Service Charge	656,270	831,611
	656,270	831,611

2019	2018
\$	\$
2,383,258	2,593,068
8,011,246	7,994,204
(1,347,908)	(1,355,831)
3,289,671	1,334,793
192,978	55,253
688,916	2,387,509
13,218,161	13,008,996
656,270	831,611
656,270	831,611

Reconciliation of changes in the allowance for impairment of trade receivables:

Balance at start of period	1,355,831	303,182
Restated balance at start of period	1,355,831	303,182
Doubtful debts expense	-	1,052,649
Expected credit losses expense	19,315	-
Amounts written off during the period	(27,238)	-
Balance at end of period	1,347,908	1,355,831

2019	2018
\$	\$
1,355,831	303,182
1,355,831	303,182
-	1,052,649
19,315	-
(27,238)	-
1,347,908	1,355,831

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 25.

Classification and subsequent measurement

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

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

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

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

6. INVENTORIES

Current

	2019	2018
	\$	\$
Fuel and Materials	328,638	347,611
Corporate Uniform	24,524	23,133
Food, Drinks & Merchandise Roebourne Aquatic Centre	243	408
Food, Drinks & Merchandise Youth Shed	3,056	5,920
Food, Drinks & Merchandise Wickham Recreation Precinct	1,371	2,183
Food, Drinks & Merchandise Karratha Leisureplex	3,469	2,519
Food, Drinks & Merchandise Red Earth Arts Precinct	14,164	20,004
Land held for resale - cost	35,893	0
	411,358	401,778

Non-current

Land held for resale - cost		
Cost of acquisition	488,358	524,251
	488,358	524,251

The following movements in inventories occurred during the year:

Carrying amount at 1 July	926,029	856,392
Inventories expensed during the year	(28,654)	0
Additions to inventory	2,341	69,637
Carrying amount at 30 June	899,716	926,029

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.

Land held for resale

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Land held for resale (Continued)

Borrowing costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed onto the buyer at this point.

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

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

7. OTHER FINANCIAL ASSETS

(a) Current assets

Other financial assets at amortised cost
Other loans and receivables

	2019 \$	2018 \$
Other financial assets at amortised cost	42,291,566	48,705,863
Other loans and receivables	24,777	20,115
	<u>42,316,343</u>	<u>48,725,978</u>
Other financial assets at amortised cost		
- Financial assets at amortised cost - term deposits	42,291,566	48,705,863
	<u>42,291,566</u>	<u>48,705,863</u>
Other financial assets at amortised cost		
- Loans receivable - clubs/institutions	24,777	20,115
	<u>24,777</u>	<u>20,115</u>
(b) Non-current assets		
Financial assets at fair value through profit and loss	122,620	0
Other loans and receivables	237,559	331,200
	<u>360,179</u>	<u>331,200</u>
Financial assets at fair value through profit and loss		
- <i>Unlisted equity investments</i>		
Financial assets at fair value through profit and loss - LG House Units	122,620	0
	<u>122,620</u>	<u>0</u>
Other financial assets at amortised cost		
- Loans receivable - clubs/institutions	237,559	331,200
	<u>237,559</u>	<u>331,200</u>

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 14(b) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

The City classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at fair value through profit and loss

The City classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the City has not elected to recognise fair value gains and losses through other comprehensive income.

Local Government House Units are held with a fair value as at 30 June 2018.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 25.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Previous accounting policy: available for sale financial assets

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

Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 27 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

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

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings	Total land and buildings	Furniture and equipment	Plant	Equipment	Artwork & sculptures	Works In Progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	10,048,067	564,454	10,612,521	173,596,104	184,208,625	1,437,430	6,290,738	529,209	1,031,789	27,651,444	221,149,235
Additions	582,825	0	582,825	49,894,489	50,477,314	1,781,653	2,170,501	159,851	1,483,942	(16,845,800)	39,227,461
(Disposals)	0	0	0	0	0	(12,822)	(574,868)	(2,340)	(565)	0	(590,595)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	(1,143,506)	(1,143,506)	0	0	0	0	0	(1,143,506)
Revaluation (loss) / reversals transferred to profit or loss	0	0	0	0	0	0	0	0	(458,379)	0	(458,379)
Depreciation (expense)	0	0	0	(4,193,158)	(4,193,158)	(397,814)	(793,204)	(181,038)	(29,122)	0	(5,594,336)
Transfers	0	0	0	(455,675)	(455,675)	0	0	0	0	0	(455,675)
Carrying amount at 30 June 2018	10,630,892	564,454	11,195,346	217,698,254	228,893,600	2,808,447	7,093,167	505,682	2,027,665	10,805,644	252,134,205
Comprises:											
Gross carrying amount at 30 June 2018	34,436,975	564,454	35,001,429	255,359,420	290,360,849	3,819,980	8,402,954	815,926	2,027,665	10,805,644	316,233,018
Accumulated depreciation at 30 June 2018	0	0	0	(29,743,088)	(29,743,088)	(1,011,533)	(1,309,787)	(310,244)	0	0	(32,374,652)
Accumulated impairment loss at 30 June 2018	(23,806,083)	0	(23,806,083)	(7,918,078)	(31,724,161)	0	0	0	0	0	(31,724,161)
Carrying amount at 30 June 2018	10,630,892	564,454	11,195,346	217,698,254	228,893,600	2,808,447	7,093,167	505,682	2,027,665	10,805,644	252,134,205
Additions	470,000	0	470,000	20,259,302	20,729,302	725,060	2,352,649	118,031	41,605	(9,989,712)	13,976,935
(Disposals)	(215,030)	0	(215,030)	(205,787)	(420,817)	(2,706)	(343,839)	(612)	0	0	(767,974)
Asset Accounting Change - Regulation 17A	0	0	0	0	0	(102,302)	(3,085)	(17,434)	(167,849)	0	(290,670)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	(8,509)	149,221	16,825	0	0	157,537
Revaluation (loss) / reversals transferred to profit or loss	0	0	0	0	0	(20,173)	0	0	0	0	(20,173)
Depreciation (expense)	0	0	0	(5,001,857)	(5,001,857)	(672,913)	(771,761)	(184,122)	(40,842)	0	(6,671,495)
Carrying amount at 30 June 2019	10,885,862	564,454	11,450,316	232,749,912	244,200,228	2,726,904	8,476,352	438,370	1,860,579	815,932	258,518,365
Comprises:											
Gross carrying amount at 30 June 2019	34,691,945	564,454	35,256,399	275,352,744	310,609,143	2,726,904	8,476,352	438,370	1,898,024	815,932	324,964,725
Accumulated depreciation at 30 June 2019	0	0	0	(34,684,754)	(34,684,754)	0	0	0	(37,445)	0	(34,722,199)
Accumulated impairment loss at 30 June 2019	(23,806,083)	0	(23,806,083)	(7,918,078)	(31,724,161)	0	0	0	0	0	(31,724,161)
Carrying amount at 30 June 2019	10,885,862	564,454	11,450,316	232,749,912	244,200,228	2,726,904	8,476,352	438,370	1,860,579	815,932	258,518,365

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market Approach using recent observable market data for similar properties	Independent Valuation	June 2017	Comparable market values
Land - vested in and under the control of Council	2	Market Approach using recent observable market data for similar properties	Independent Valuation	June 2017	Comparable market values
Buildings	3	Cost Approach using depreciated replacement cost	Independent Valuation	June 2017	Replacement cost and remaining estimated useful life
Furniture and equipment	3	Market and Cost Approach using depreciated replacement cost	Independent and Management Valuation	June 2019	Measurements based on quoted prices in active markets for identical assets. Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3)
Plant	3	Market and Cost Approach using depreciated replacement cost	Independent and Management Valuation	June 2019	Measurements based on quoted prices in active markets for identical assets. Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3)
Equipment	3	Market and Cost Approach using depreciated replacement cost	Independent and Management Valuation	June 2019	Measurements based on quoted prices in active markets for identical assets. Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3)
Artwork & sculptures	3	Market and Cost Approach using depreciated replacement cost	Independent and Management Valuation	June 2018	Current condition and comparable market values achieved at auction houses and contact with artists

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

9. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - Roads	Infrastructure - Footpaths	Infrastructure - Drainage	Infrastructure - Parks, Recreation and Open Space	Infrastructure - Aerodromes	Infrastructure - Miscellaneous Structures	Works In Progress	Infrastructure - Hardcourt Facilities	Infrastructure - Bridges & Culverts	Infrastructure - Boat Ramps & Jetties	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	347,170,678	29,885,889	1,694,412	4,536,899	61,455,125	21,033,605	24,525,809	7,314,453	25,853,459	4,484,324	527,954,653
Additions	10,654,926	2,678,751	299,302	17,965,651	13,292	826,764	(13,170,087)	0			19,268,599
(Disposals)	(4,072)	0	0	(14,736)	0	(4,582)	0	0	0	0	(23,390)
Revaluation increments / (decrements) transferred to revaluation surplus	(125,804,851)	3,915,264	(5,616,098)	(292,502)	(79,766)	(1,390,579)	161,042	0	0	0	(129,107,490)
Depreciation (expense)	(9,337,468)	(1,004,825)	(394,637)	(1,793,526)	(2,165,652)	(332,719)	0	0	0	0	(15,028,827)
Transfers	2,280,199	2,006,463	21,662,474	28,206,035	500	(16,047,760)		(7,314,453)	(25,853,459)	(4,484,324)	455,675
Carrying amount at 30 June 2018	224,959,412	37,481,542	17,645,453	48,607,821	59,223,499	4,084,729	11,516,764	0	0	0	403,519,220
Comprises:											
Gross carrying amount at 30 June 2018	262,773,692	50,119,622	21,682,750	64,306,488	78,297,306	9,029,897	11,516,764	0	0	0	497,726,519
Accumulated depreciation at 30 June 2018	(37,814,280)	(12,638,080)	(4,037,297)	(15,698,667)	(19,073,807)	(4,945,168)	0	0	0	0	(94,207,299)
Carrying amount at 30 June 2018	224,959,412	37,481,542	17,645,453	48,607,821	59,223,499	4,084,729	11,516,764	0	0	0	403,519,220
Additions	5,771,915	2,549,955	1,130,335	4,376,650	4,136,575	4,550,639	(3,000,269)	0	0	0	19,515,800
(Disposals)	(1,301,054)	(57,561)	0	(59,420)	0	0	0	0	0	0	(1,418,035)
Depreciation (expense)	(4,568,500)	(716,082)	(577,206)	(2,725,984)	(2,016,160)	(417,151)	0	0	0	0	(11,021,083)
Carrying amount at 30 June 2019	224,861,773	39,257,854	18,198,582	50,199,067	61,343,914	8,218,217	8,516,495	0	0	0	410,595,902
Comprises:											
Gross carrying amount at 30 June 2019	265,265,198	52,612,016	22,813,085	68,623,718	82,433,881	13,580,536	8,516,495	0	0	0	513,844,929
Accumulated depreciation at 30 June 2019	(40,403,425)	(13,354,162)	(4,614,503)	(18,424,651)	(21,089,967)	(5,362,319)	0	0	0	0	(103,249,027)
Carrying amount at 30 June 2019	224,861,773	39,257,854	18,198,582	50,199,067	61,343,914	8,218,217	8,516,495	0	0	0	410,595,902

CITY OF KARRATHA
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FOR THE YEAR ENDED 30TH JUNE 2019

9. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Parks, Recreation and Open Space	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Aerodromes	Level 3	Cost approach using depreciated replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Miscellaneous Structures	Level 3	Cost approach using depreciated replacement cost	Independent and Management Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

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

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the 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 and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control

In accordance with *Local Government (Financial Management) Regulation 16(a)(ii)*, the 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 KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

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

(a) Disposals of Assets

	2019	2019	2019	2019	2019	2019	2019	2018	2018	2018	2018
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Actual	Actual	Actual	Actual
	Net Book	Sale	Profit	Loss	Net Book	Sale	Profit	Net Book	Sale	Profit	Loss
	Value	Proceeds			Value	Proceeds		Value	Proceeds		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	215,030	137,323	38,395	(116,102)	0	0	0	0	0	0	0
Buildings	205,787	242,861	94,306	(57,232)	0	0	0	0	0	0	0
Furniture and equipment	2,706	0	0	(2,706)	0	0	0	12,822	0	0	(12,822)
Plant	343,839	264,272	269	(79,836)	555,462	497,750	2,416	(60,128)	574,868	511,254	32,812
Equipment	612	1,395	1,395	(612)	17,201	1,800	0	(15,401)	2,340	0	(2,340)
Artwork & sculptures	0	0	0	0	0	0	0	565	0	0	(565)
Infrastructure - Roads	1,301,054	0	0	(1,301,054)	0	0	0	4,072	0	0	(4,072)
Infrastructure - Footpaths	57,561	0	0	(57,561)	0	0	0	0	0	0	0
Infrastructure - Parks, Recreation and Open	59,420	0	0	(59,420)	0	0	0	14,736	0	0	(14,736)
Infrastructure - Miscellaneous Structures	0	0	0	0	0	0	0	4,582	0	0	(4,582)
	2,186,009	645,851	134,365	(1,674,523)	572,663	499,550	2,416	(75,529)	613,985	511,254	32,812

The following assets were disposed of during the year:

	2019	2019	2019	2019
	Actual	Actual	Actual	Actual
	Net Book	Sale	Profit	Loss
	Value	Proceeds		
	\$	\$	\$	\$
Land				
Housing				
LAND000061 - 54 Sholl Street	155,000	38,898	0	(116,102)
LAND000059 - 9 Sing Place	60,030	98,425	38,395	0
	215,030	137,323	38,395	(116,102)
Buildings				
Housing				
SH000041 - 9 Sing Place	148,555	242,861	94,306	0
Community amenities				
BC000015 - Hearson Cove Toilet Block	37,653	0	0	(37,653)
BC000120 - Dodd Court Toilet Block	19,579	0	0	(19,579)
	205,787	242,861	94,306	(57,232)
Furniture and Equipment				
Recreation and culture				
30000871 - Chin/Dip Machine	578	0	0	(578)
30001507 - 7 x Spin Bikes	2,128	0	0	(2,128)
	2,706	0	0	(2,706)
Plant				
Community amenities				
40000486 - P8012 Komatsu Loader	85,877	61,818	0	(24,059)
Recreation and culture				
40000478 - P1055 Subaru Forester	12,166	12,000	0	(166)
Transport				
40000522 - P2044 Holden Colorado	14,731	15,000	269	0
40000369 - P8804 Fuso Fighter	59,565	27,272	0	(32,293)
40000417 - P8808 Komatsu Grader	86,268	84,545	0	(1,723)
40000420 - P8813 Prime Mover	85,232	63,637	0	(21,595)
	343,839	264,272	269	(79,836)
Equipment				
Community amenities				
20000613 - P3008 Air Compressor	0	280	280	0
Recreation and culture				
P5118 - Stihl Chainsaw	0	300	300	0
P5088 - Stihl Brushcutter	0	90	90	0
P4079 - Stihl Blower	0	50	50	0
20000641 - P3020 Bowling Green Mow Master	612	0	0	(612)
Transport				
20000268 - Instant Shade	0	0	0	0
P5067 - Stihl Chainsaw	0	175	175	0
P4068 - Honda Generator	0	200	200	0
P553 - Honda Mower	0	110	110	0
P3007 - Cement Mixer	0	190	190	0
	612	1,395	1,395	(612)
Infrastructure				
Recreation and culture				
PF001138 - Hearson Picnic Table	2,600	0	0	(2,600)
PF001141 - Hearson Picnic Table	3,000	0	0	(3,000)
OST00025 - Pegs Creek Oval Cricket Nets	24,941	0	0	(24,941)
BC000072 - RAC Pool Shed	28,879	0	0	(28,879)
Transport				
FP001763 - Footpath Welcome Park	20,682	0	0	(20,682)
FP001764 - Footpath Welcome Park	10,547	0	0	(10,547)
FP001653 - Footpath Point Samson	9,033	0	0	(9,033)
FP001775B - Footpath Welcome Road	17,299	0	0	(17,299)
IRIS Roads Disposal	1,301,054	0	0	(1,301,054)
	1,418,035	0	0	(1,418,035)
	2,186,009	645,851	134,365	(1,674,523)

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

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

(b) Depreciation	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Buildings	5,001,857	4,782,761	4,193,158
Furniture and equipment	672,913	352,048	397,814
Plant	771,761	703,399	793,204
Equipment	184,122	231,765	181,038
Artwork & sculptures	40,842	21,606	29,122
Infrastructure - Roads	4,568,500	9,660,077	9,337,468
Infrastructure - Footpaths	716,082	0	1,004,825
Infrastructure - Drainage	577,206	0	394,637
Infrastructure - Parks, Recreation and Open Space	2,725,984	0	1,793,526
Infrastructure - Aerodromes	2,016,160	2,169,145	2,165,652
Infrastructure - Miscellaneous Structures	417,151	2,910,818	332,719
	17,692,578	20,831,619	20,623,163

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Artworks	50 years
Buildings	10 to 100 years
Furniture and equipment	3 to 10 years
Plant and equipment	2 to 15 years
Infrastructure	
- Roads	12 to 80 years
- Pathways and cycleways	10-80 years
- Aerodrome Assets	10 to 80 years
- Parks Developments	15 to 30 years
- Bridges	60 years
- Drains and Stormwater Network	40 to 80 years
- Miscellaneous Structures	15 to 100 years
- Boat ramps/jetties	25 years
- Street Lighting	15 to 20 years

Depreciation (Continued)

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

- 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
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

11. REVALUATION SURPLUS

	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	2019 Total Movement on Revaluation	2019 Closing Balance	2018 Opening Balance	2018 Revaluation Increment	2018 Revaluation (Decrement)	2018 Total Movement on Revaluation	2018 Transfer between Asset Class	2018 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	6,426,847	0	0	0	6,426,847	6,426,847	0	0	0	0	6,426,847
Revaluation surplus - Buildings	17,484,855	0	0	0	17,484,855	18,593,487	0	(1,143,508)	(1,143,508)	34,876	17,484,855
Revaluation surplus - Furniture and equipment	8,509	0	(8,509)	(8,509)	0	8,509	0	0	0	0	8,509
Revaluation surplus - Plant	47,001	149,221	0	149,221	196,222	47,001	0	0	0	0	47,001
Revaluation surplus - Equipment	0	16,825	0	16,825	16,825	0	0	0	0	0	0
Revaluation surplus - Infrastructure - Roads	148,060,533	0	0	0	148,060,533	272,056,356	0	(125,804,851)	(125,804,851)	1,809,028	148,060,533
Revaluation surplus - Infrastructure - Footpaths	30,637,280	0	0	0	30,637,280	24,543,432	3,915,264	0	3,915,264	2,178,584	30,637,280
Revaluation surplus - Infrastructure - Drainage	16,047,658	0	0	0	16,047,658	113,738	0	(5,616,098)	(5,616,098)	21,550,018	16,047,658
Revaluation surplus - Infrastructure - Parks, Recreation and Open Space	5,886,099	0	0	0	5,886,099	0	0	(292,502)	(292,502)	6,178,601	5,886,099
Revaluation surplus - Infrastructure - Aerodromes	17,008,351	0	0	0	17,008,351	15,030,675	(79,766)	0	(79,766)	2,057,442	17,008,351
Revaluation surplus - Infrastructure - Miscellaneous Structures	1,406,296	0	0	0	1,406,296	4,509,694	161,042	(1,390,579)	(1,229,537)	(1,873,861)	1,406,296
Revaluation surplus - Works In Progress	0	0	0	0	0	616,856	0	0	0	(616,856)	0
Revaluation surplus - Infrastructure - Hardcourt Facilities	0	0	0	0	0	27,654,868	0	0	0	(27,654,868)	0
Revaluation surplus - Infrastructure - Bridges & Culverts	0	0	0	0	0	3,662,964	0	0	0	(3,662,964)	0
	243,013,429	166,046	(8,509)	157,537	243,170,966	373,264,427	3,996,540	(134,247,538)	(130,250,998)	0	243,013,429

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.

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

12. INVESTMENT PROPERTIES

Non-current assets - at fair value

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Carrying balance at 1 July	20,004,800	20,004,800	20,004,800
Net gain/(loss) from fair value adjustment	1,745,200	0	0
Closing balance at 30 June	21,750,000	20,004,800	20,004,800

Amounts recognised in profit or loss for investment properties

Rental income	2,453,688	1,900,002	1,882,722
Direct operating expenses from property that generated rental income	(1,301,861)	(1,117,275)	(1,281,950)
Fair value gain recognised in other income	1,745,200	0	0

Leasing arrangements

Investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:			
Within one year	1,823,278	1,553,128	1,553,128
Later than one year but not later than 5 years	6,326,030	5,893,177	6,088,578
Later than 5 years	7,927,907	7,927,907	9,285,633
	16,077,215	15,374,212	16,927,339

SIGNIFICANT ACCOUNTING POLICIES

Investment properties

Investment properties are principally freehold buildings, held for long-term rental yields and not occupied by the City. They are carried at fair value. Changes in the fair values are presented in profit or loss as a part of other revenue.

Fair value of investment properties

An independent valuation was performed to determine the fair value of investment properties. The main Level 3 inputs used in the valuation were discount rates, rental yields, expected vacancy rates and rental growth rates estimated based on comparable transactions and industry data.

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

13. TRADE AND OTHER PAYABLES

Current

	2019	2018
	\$	\$
Sundry creditors	6,253,308	8,954,994
Income Received In Advance	833,675	760,243
Accrued salaries and wages	225,916	172,420
Other Liabilities	363,426	9,342
Retention Monies	707,762	1,527,894
Accrued Expenses	1,977,249	399,170
	10,361,336	11,824,063

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 payments in respect

Trade and other payables (Continued)

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

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

14. INFORMATION ON BORROWINGS

(a) Borrowings

	2019	2018
	\$	\$
Current	83,439	81,408
Non-current	263,014	346,453
	346,453	427,861

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2019				30 June 2019				30 June 2018				
				Actual Principal 1 July 2018	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2018	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2017	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Self Supporting Loans																
General purpose funding																
Karratha Country Club	1	WATC	2.44%	347,861	66,240	8,079	281,622	347,861	66,239	8,086	281,622	412,513	0	64,652	9,525	347,861
Karratha RSL	100	WATC	2.65%	80,000	15,169	1,840	64,831	80,000	15,169	2,020	64,831	0	80,000	0	178	80,000
				427,861	81,409	9,919	346,453	427,861	81,408	10,106	346,453	412,513	80,000	64,652	9,703	427,861
				427,861	81,409	9,919	346,453	427,861	81,408	10,106	346,453	412,513	80,000	64,652	9,703	427,861

Self supporting loans are financed by payments from third parties. These are shown in Note 7 as other financial assets at amortised cost.
 All other loan repayments were financed by general purpose revenue.

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

14. INFORMATION ON BORROWINGS (Continued)

	2019	2018
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	1,000,000	1,000,000
Bank overdraft at balance date	0	0
Credit card limit	130,500	115,500
Credit card balance at balance date	(26,610)	(1,020)
Total amount of credit unused	1,103,890	1,114,480
Loan facilities		
Loan facilities - current	83,439	81,408
Loan facilities - non-current	263,014	346,453
Total facilities in use at balance date	346,453	427,861

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 25.

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

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2018			
Current provisions	2,522,884	1,566,048	4,088,932
Non-current provisions	0	761,567	761,567
	2,522,884	2,327,615	4,850,499
Additional provision	2,881,058	374,665	3,255,723
Amounts used	(3,024,917)	(380,032)	(3,404,949)
Balance at 30 June 2019	2,379,025	2,322,248	4,701,273
Comprises			
Current	2,379,025	1,743,963	4,122,988
Non-current		578,285	578,285
	2,379,025	2,322,248	4,701,273
Amounts are expected to be settled on the following basis:	2019	2018	
	\$	\$	
Less than 12 months after the reporting date	4,122,988	4,088,932	
More than 12 months from reporting date	578,285	761,567	
	4,701,273	4,850,499	

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

Provision is made for the 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

Other long-term employee benefits (Continued)

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

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

16. 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	25,756,187	65,620,495	14,261,487
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	21,863,421	14,497,634	8,879,998
Non-cash flows in Net result:			
Adjustments to fair value of financial assets	290,670	0	0
Adjustments to fair value of investment property	(1,745,200)	0	0
Depreciation	17,692,578	20,831,619	20,623,163
(Profit)/loss on sale of asset	1,540,158	73,113	102,731
Loss on revaluation of fixed assets	20,173	0	458,379
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(33,823)	680,405	3,561,505
(Increase)/decrease in inventories	26,313	0	(69,825)
Increase/(decrease) in payables	(1,462,727)	617,982	880,651
Increase/(decrease) in provisions	(149,226)	0	588,931
Non -operating grants and contributions for the development of assets	(14,696,422)	(8,411,700)	(19,539,454)
Net cash from operating activities	23,345,915	28,289,053	15,486,079

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

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	32,549,571	30,698,491
Law, order, public safety	2,619,914	2,703,589
Health	863,837	886,014
Education and welfare	3,112,677	3,227,131
Housing	20,092,884	20,425,563
Community amenities	23,634,832	19,354,535
Recreation and culture	199,398,181	188,073,358
Transport	396,906,985	386,385,615
Economic services	1,141,848	376,386
Other property and services	1,211,624	1,205,153
Unallocated	92,538,770	100,407,691
	<u>774,071,123</u>	<u>753,743,526</u>

The method to determine assets by function and activity was updated in 2019, 2018 values have also been reassessed and adjusted based on the new method. There has been no change to the total assets for 2018.

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

18. CONTINGENT LIABILITIES

In compliance with the Contaminated Sites Act 2003 Section 11, the City has listed sites to be possible sources of contamination. Details of these site are:

- Roebourne Airport
- Karratha Airport
- Karratha Depot

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

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

19. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

	2019	2018
	\$	\$
Red Earth Arts Precinct	0	188,420
Wickham Community Hub	0	8,045,196
Wickham Community Hub - Skatescape	0	414,534
Waste Facility - Class III Cell Construction	0	3,141,245
Karratha Airport - LA31 Hangar Project	0	2,085,617
Dampier Palms	11,350,672	0
Dampier Pavilion	929	0
Balla Balla Road Renewal	829,721	0
	12,181,322	13,875,012
Payable:		
- not later than one year	12,181,322	13,875,012

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

20. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting Fees	345,292	345,000	344,058
Mayor's allowance	85,000	85,000	85,000
Deputy Mayor's allowance	21,250	21,250	21,134
Travelling expenses	40,581	30,000	48,260
Telecommunications allowance	38,209	38,496	38,391
Training expenses	35,719	55,000	55,987
Professional Development	0	33,000	1,319
Mayor's Discretionary Fund (Council Related Expenses)	573	2,000	1,045
	<u>566,624</u>	<u>609,746</u>	<u>595,194</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	1,314,364	1,412,916
Post-employment benefits	137,847	135,552
Other long-term benefits	178,461	52,112
Termination benefits	14,403	0
	<u>1,645,075</u>	<u>1,600,580</u>

Short-term employee benefits

These amounts include all salary, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above. Short term employee benefits do not include elected member remuneration.

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 leave and long service benefits accrued during the year.

Termination benefits

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

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

20. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

The following transactions occurred with related parties:	2019 Actual \$	2018 Actual \$
Sale of goods and services	10,146	33,370
Purchase of goods and services	37,793	218,751
Amounts outstanding from related parties:		
Trade and other receivables	490	0
Amounts payable to related parties:		
Trade and other payables	3,266	104,030

Related Parties

*Sale of goods and services relate predominantly to regulatory functions such as building permits.
Purchase of goods and services relate predominantly to grant funding and photography services.*

The City's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

The associate person of KMP was employed by the City under normal employment terms and conditions.

iii. 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.

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

21. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

KARRATHA AIRPORT
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2019 Budget	2018
	\$	\$	\$
Revenue			
Fees and Charges	15,978,167	17,617,989	14,471,612
Terminal Leases	358,370	318,000	1,171,596
Grants and Contributions	681,927	835,000	3,658,051
Other Revenue	2,955,203	3,176,797	99,051
	<u>19,973,667</u>	<u>21,947,786</u>	<u>19,400,310</u>
Expenditure			
Employee Costs	2,336,137	2,004,354	1,765,624
Materials & Contracts	4,994,526	5,068,651	3,852,441
Utilities	1,606,833	1,383,248	1,636,933
Insurance	403,962	380,177	490,877
Depreciation	2,935,576	3,066,866	3,072,620
Other Expenditure	50,937	48,391	766,158
	<u>12,327,971</u>	<u>11,951,687</u>	<u>11,584,653</u>
Net Operating Result	<u>7,645,696</u>	<u>9,996,099</u>	<u>7,815,657</u>
Capital Expenditure	2,273,581	4,798,806	4,187,502
Total Net Trading Undertaking	<u>5,372,115</u>	<u>5,197,293</u>	<u>3,628,155</u>
		2019	2018
		\$	\$
CURRENT ASSETS			
Trade and other receivables		4,217,237	3,342,270
Reserves - Cash Backed		2,809,608	4,294,420
		<u>7,026,845</u>	<u>7,636,690</u>
NON CURRENT ASSETS			
Buildings		43,552,464	41,025,962
Less Accumulated Depreciation		(5,710,881)	(4,789,316)
Infrastructure		83,936,720	78,297,305
Less Accumulated Depreciation		(20,259,457)	(19,073,807)
Plant		268,599	288,839
Less Accumulated Depreciation		0	(43,162)
Equipment		44,647	72,225
Less Accumulated Depreciation		0	(29,596)
Furniture & Equipment		245,387	361,992
Less Accumulated Depreciation		0	(90,540)
Artwork		185,200	184,000
Less Accumulated Depreciation		(3,704)	0
		<u>102,258,975</u>	<u>96,203,902</u>
CURRENT LIABILITIES			
Trade and other payables		1,185,444	1,331,288
		<u>1,185,444</u>	<u>1,331,288</u>
NET ASSETS		<u>108,100,376</u>	<u>102,509,304</u>
EQUITY			
Reserves - cash backed		2,809,608	4,294,420
Retained surplus		105,290,768	98,214,884
TOTAL EQUITY		<u>108,100,376</u>	<u>102,509,304</u>

The City operates the only public airport within the district and operates the aerodrome with the purpose of producing a profit.

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

21. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS (Continued)

THE QUARTER
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2019 Budget	2018
	\$	\$	\$
Revenue			
Leases	1,533,232	1,521,394	1,414,287
Other Revenue	920,457	781,885	468,435
	<u>2,453,689</u>	<u>2,303,279</u>	<u>1,882,722</u>
Expenditure			
Employee Costs	0	0	0
Materials & Contracts	680,519	818,872	810,634
Utilities	328,677	274,060	267,252
Insurance	53,022	53,022	71,182
Other Expenditure	239,643	230,454	132,882
	<u>1,301,861</u>	<u>1,376,408</u>	<u>1,281,950</u>
Net Operating Result	<u>1,151,828</u>	<u>926,871</u>	<u>600,772</u>
Fair value adjustments to investment property	1,745,200	0	0
Total Net Trading Undertaking	<u>(593,372)</u>	<u>926,871</u>	<u>600,772</u>
		2019	2018
		\$	\$
CURRENT ASSETS			
Trade and other receivables		233,783	290,273
		<u>233,783</u>	<u>227,288</u>
NON CURRENT ASSETS			
Land		885,000	900,000
Buildings		20,865,000	19,104,800
		<u>21,750,000</u>	<u>20,004,800</u>
CURRENT LIABILITIES			
Trade and other payables		15,465	0
		<u>15,465</u>	<u>0</u>
NET ASSETS		<u>21,968,318</u>	<u>20,232,088</u>
EQUITY			
Retained surplus		21,968,318	20,232,088
TOTAL EQUITY		<u>21,968,318</u>	<u>20,232,088</u>

As part of Council's investment strategy, a commercial property 'The Quarter', was purchased in June 2017.

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

22. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening	Received ⁽²⁾	Expended ⁽³⁾	Closing	Received ⁽²⁾	Expended ⁽³⁾	Closing	
	Balance ⁽¹⁾ 1/07/17	2017/18	2017/18	Balance ⁽¹⁾ 30/06/18	2018/19	2018/19	Balance 30/06/19	
	\$	\$	\$	\$	\$	\$	\$	
Law, order, public safety								
DFES Contribution - Wick/Roeb SES	10,063	0	0	10,063	0	(10,063)	0	
Rio Tinto - Wickham/Roebourne SES Facility	37,872	0	0	37,872	0	(37,872)	0	
Department of Industries - Safer Communities Fund	0	0	0	0	186,726	0	186,726	(2) ^
Community amenities								
Dept. of Planning - Coastal Management Strategy	3,050	0	0	3,050	1,600	(4,650)	0	#
PRC - Contribution to Sullage Point	2,380	0	0	2,380	0	0	2,380	(1) #
PDC Hydrology Grant	40,000	0	0	40,000	0	0	40,000	(1) *
Recreation and culture								
Rio Tinto - Eastern Corridor Youth Services	170,000	0	(120,000)	50,000	0	0	50,000	(1) *
DLGC Grant - Community Development Initiative	20,000	0	(20,000)	0	0	0	0	
Pilbara Development Commission - Youth Services & Community Safety Initiative	250,000	0	0	250,000	0	(250,000)	0	
Dept Planning, Lands & Heritage - Roebourne Gaol Funding	0	0	0	0	1,500,000	0	1,500,000	(2) ^
Roebourne Community Recreation Assoc Inc	23,024	0	0	23,024	0	0	23,024	(1) ^
State Library of Western Australia	6,705	16,915	(17,527)	6,093	14,946	(11,607)	9,432	(3) #
Rio Tinto -Wickham Recreation Facility Operations	123,755	2,403,967	(2,310,378)	217,344	2,466,536	(2,476,662)	207,218	(3) *^
Rio Tinto - Wickham Facility Compliance Works	0	0	0	0	2,400,000	(1,016,046)	1,383,954	(2) ^
Rio Tinto - Wickham Community Hub	5,327,570	2,109,890	(6,786,141)	651,319	0	(651,319)	0	
Rio Tinto - Wickham Recreation and Community Facilities Project	185,155	0	0	185,155	0	(185,155)	0	
Rio Tinto -Wickham Community Hub Operations	0	0	0	0	500,000	0	500,000	(2) ^
Rio Tinto - Dampier Community Hub	894,372	0	0	894,372	0	0	894,372	(1) *
Rio Tinto - Damiper Community Hub Operations	2,382,352	1,000,000	(665,305)	2,717,047	1,000,000	(478,923)	3,238,124	(3) *^
Rio Tinto - Partnership Management Team	442,830	0	(62,616)	380,214	0	0	380,214	(1) *
Rio Tinto - Community Development Services	204,300	0	0	204,300	0	0	204,300	(1) *
Pilbara Industry Road Safety Alliance	63,236	0	0	63,236	0	(17,006)	46,230	(1) *
Cossack Art Program - Sponsorships	94,000	0	(94,000)	0	0	0	0	
Dept. Sport and Recreation - Kidsport Program	2,749	0	(2,749)	0	0	0	0	
Rio Tinto - Karratha Leisureplex Program Support	3,274	50,000	0	53,274	0	0	53,274	(1) *
Water Corporation - Tank Art	0	27,273	0	27,273	0	0	27,273	(1) *
Transport								
Dept. of State Development - Murujuga Tourism Activation Agreement	177,393	0	0	177,393	0	(18,215)	159,178	(1) *
Contributions-Beaches & Foreshore Works	5,960	0	(5,960)	0	0	0	0	
Contribution To Entry Statement Main Roads WA - Mooligunn Road Reconstruction	175,000	0	(14,103)	160,897	0	(13,126)	147,771	(1) *
Education Department - Bus Shelter Construction	0	200,526	(85,672)	114,854	0	(114,854)	0	
	0	0	0	0	35,000	(10,040)	24,960	(2) #
Total	10,645,040	5,808,571	(10,184,451)	6,269,160	8,104,808	(5,295,538)	9,078,430	

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.

(*) - Grants/contributions have been received in Municipal cash in previous period and have been transferred to Reserve in previous period

(*) - Grants/contributions have been received in Municipal cash and have been transferred to Reserve in 2018/19

(#) - Grants/contributions have been received in Municipal cash and are contained in Note 3 Restricted Cash.

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

23. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2018/19 Actual Rateable Value \$	2018/19 Actual Rate Revenue \$	2018/19 Actual Interim Rates \$	2018/19 Actual Back Rates \$	2018/19 Actual Total Revenue \$	2018/19 Budget Rate Revenue \$	2018/19 Budget Interim Rate \$	2018/19 Budget Back Rate \$	2018/19 Budget Total Revenue \$	2017/18 Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
Residential	0.115175	6,982	143,121,628	16,484,033	13,658	(6,591)	16,491,098	16,502,049	35,000	3,000	16,540,049	16,371,031
Commercial/Tourism/Town Centre/Other	0.097836	255	29,301,486	2,866,740	3,567	0	2,870,307	2,868,185	12,500	1,000	2,881,685	2,764,949
Industry/Mixed Business	0.099413	459	43,141,751	4,288,851	(64,342)	(25,327)	4,199,182	4,221,053	12,500	1,000	4,234,553	4,119,344
Airport/Strategic Industry	0.153391	17	8,490,470	1,302,362	0	0	1,302,362	1,302,362	150,000	0	1,452,362	1,283,023
Transient Workforce Accommodation/Work	0.379455	22	13,747,200	5,216,444	0	67,240	5,283,684	5,297,799	120,000	0	5,417,799	5,226,560
Unimproved valuations												
Pastoral	0.101606	10	2,713,590	275,717			275,717	275,717	0	0	275,717	270,172
Mining/Other	0.136414	187	5,680,044	774,838	47,738	(5,315)	817,261	771,002	0	0	771,002	749,228
Strategic Industry	0.176005	33	39,302,788	6,917,487	(287,185)	(321,474)	6,308,828	6,917,487	0	0	6,917,487	7,144,833
Sub-Total		7,965	285,498,957	38,126,472	(286,564)	(291,467)	37,548,439	38,155,654	330,000	5,000	38,490,654	37,929,140
Minimum payment												
Gross rental valuations												
Residential	1,519	1,524	13,072,539	2,314,956			2,314,956	2,286,095	0	0	2,286,095	2,240,960
Commercial/Tourism/Town Centre/Other	1,519	221	2,078,320	335,699			335,699	335,699	0	0	335,699	320,350
Industry/Mixed Business	1,519	137	517,491	208,103			208,103	208,103	0	0	208,103	205,620
Airport/Strategic Industry	1,519	1	2,600	1,519			1,519	1,519	0	0	1,519	1,490
Unimproved valuations												
Mining/Other	319	173	169,165	55,187			55,187	54,868	0	0	54,868	46,324
Strategic Industry	319	10	10	3,190			3,190	3,190	0	0	3,190	3,756
Sub-Total		2,066	15,840,125	2,918,654	0	0	2,918,654	2,889,474	0	0	2,889,474	2,818,500
		10,031	301,339,082	41,045,126	(286,564)	(291,467)	40,467,093	41,045,128	330,000	5,000	41,380,128	40,747,640
Discounts/concessions (refer Note 23(c))							(29,380)				(29,380)	(355,216)
Total amount raised from general rate							40,437,713				41,350,748	40,392,424
Ex-gratia rates							50,459				49,044	50,897
Totals							40,488,172				41,399,792	40,443,321

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

23. RATING INFORMATION (Continued)

(b) Service Charges

Service Charges	Amount of Charge	2018/19 Actual Revenue Raised	2018/19 Actual Charges Applied to Costs	2018/19 Actual Charges Set Aside to Reserve	2018/19 Actual Reserve Applied to Costs	2018/19 Budget Revenue	2018/19 Budget Charges Applied to Costs	2018/19 Budget Charges Set Aside to Reserve	2018/19 Budget Reserve Applied to Costs	2017/18 Total Actual Revenue
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
PUPP HV Allocation	\$48.26 per kVa	(121)	0	0	0	0	0	0	0	(965)
PUPP LV Allocation	\$196.38 per kVa	982	0	0	0	0	0	0	0	(3,928)
PUPP Connection Charge	\$1,022.17 per Connection	0	0	0	0	0	0	0	0	(2,044)
		861	0	0	0	0	0	0	0	(6,937)

Nature of the Service Charge	Objects of the Charge	Reasons for the Charge	Area/Properties Charge Imposed
PUPP HV Allocation	To assist with the costs associated with the HV component of PUPP Works	Fund the HV component of PUPP Works	All areas within scope of PUPP works
PUPP LV Allocation	To assist with the costs associated with the LV component of PUPP Works	Fund the LV component of PUPP Works	All areas with existing overhead infrastructure
PUPP Connection Charge	To assist with the costs associated with the Connection component of PUPP works	Fund the Connection component of PUPP works	All properties with an existing overhead connection

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

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2019 Actual	2019 Budget	2018 Actual
Cossack (GRV)	Concession		1,469	29,380	29,380	27,360
Transient Workforce Accommodation / Workforce Accommodation (GRV) Fees and Charges	Waiver	Various		0	0	327,856
		As determined on application		128,410	58,107	111,740
Rates	Waiver	100.00%		39,287	39,287	41,295
Rates and Penalty interest Fees and Charges	Write Off	As determined on application		18,859	0	0
	Write Off	As determined on application		27,238	0	0
				243,174	126,774	508,251

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

23. RATING INFORMATION (Continued)

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

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Cossack (GRV)	All 20 rateable properties within the Cossack Township	To provide rating relief to property owners in the Cossack Township.	To recognise the heritage nature of the Cossack Township, development restrictions and lack of town utilities.
Transient Workforce Accommodation / Workforce Accommodation (GRV)	For TWAWA (GRV) that but for the Concession offered by Council for the 2016/17 financial year would have experienced a greater than 20% increase in rates due to disparate valuation changes within the category.	To phase out the 2016/17 concession for properties that remain eligible.	To phase in the impact of valuation changes in 2016/17.
Fees and Charges	Waiver of Fees and Charges for local Sporting Groups where no commercial return is derived from the property	To assist local Not for Profit Community Organisations to remain viable.	To recognise the community benefit provided by local Not for Profit Community Organisations.
	Fee Waivers for Economic Development purposes considered on an individual basis by Council or administratively by delegated authority	To encourage economic diversity and growth within the City of Karratha.	To ensure a diverse economy for the future prosperity of the City of Karratha.
	General Fee Waivers considered on an individual basis administratively by delegated authority	To ensure business continuity, administrative efficiency and marketing opportunities.	To minimise the administrative costs of the City and it's partners in doing business.
Rates	Fee Waivers for local Not for Profit and Community Organisations considered upon application for the use of the City's waste and recreational facilities.	To assist local sporting organisations to remain operational.	To recognise the community benefit provided by local sporting organisations.
Rates and Penalty interest	Considered on an individual basis by Council or administratively by delegated authority.	To ensure efficiency and cost effectiveness in pursuing rates debts.	To manage the City's rates register in an economically viable manner.
Fees and Charges	Considered on an individual basis by Council or administratively by delegated authority.	To ensure efficiency and cost effectiveness in pursuing sundry debts.	To manage the City's debt portfolio in an economically viable manner.

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

23. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan	Instalment Plan	Unpaid Rates
		Admin Charge	Interest Rate	Interest Rate
		\$	%	%
Option One	03 Sep 2018	0	0.00%	11.00%
Option Two	03 Sep 2018	0	4.50%	11.00%
	05 Nov 2018	10.00	4.50%	11.00%
Option Three	03 Sep 2018	0	4.50%	11.00%
	05 Nov 2018	10.00	4.50%	11.00%
	07 Jan 2019	10.00	4.50%	11.00%
	11 Mar 2019	10.00	4.50%	11.00%

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Interest on unpaid rates	364,116	280,000	360,888
Interest on instalment plan	97,003	119,500	136,331
Deferred Pensioner Interest	641	350	352
Charges on instalment plan	72,150	82,000	72,840
Administration Fee - Adhoc Arrangement	270	1,000	100
Administration Fee - Direct Debit	670	500	760
	534,850	483,350	571,271

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
PUPP Penalty Interest	52,698	43,500	26,342
PUPP Instalment Interest	30,481	28,444	305,596
PUPP Instalment Charges	4,624	4,140	56,680
	87,803	76,084	388,618

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

24. RATE SETTING STATEMENT INFORMATION

Note	2018/19	2018/19	2018/19	
	(30 June 2019 Carried Forward)	Budget (30 June 2019 Carried Forward)	(1 July 2018 Brought Forward)	
	\$	\$	\$	
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	10(a)	(134,365)	(2,416)	(32,812)
Less: Non-cash grants and contributions for assets		(122,620)	0	0
Less: Fair value adjustments to investment property	12	(1,745,200)	0	0
Movement in inventory (non-current)		35,893	0	0
Movement in employee benefit provisions (non-current)		(183,282)	0	12,845
Add: Loss on disposal of assets	10(a)	1,674,523	75,529	135,543
Add: Loss on revaluation of fixed assets	8(a)	20,173	0	458,379
Add: Change in accounting policies		290,670	0	0
Add: Depreciation on assets	10(b)	17,692,578	20,831,619	20,623,163
Non cash amounts excluded from operating activities		17,528,370	20,904,732	21,197,118
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves - restricted cash	3	(66,847,807)	(64,615,110)	(61,497,864)
Less: - Financial assets at amortised cost - self supporting loans	7(a)	(24,777)	(86,141)	(20,115)
Less: Movement in Accruals		784,971	0	851,993
Less: Provision for Doubtful Debts		(1,347,908)	0	(1,355,831)
Less: Movement in Restricted Surplus		(175,341)	0	(3,841,143)
Add: Current liabilities not expected to be cleared at end of year		0	4,277,227	0
Add: Borrowings	14(a)	83,439	83,439	81,408
Add: Cash - Restricted Unspent Grants		36,772	0	11,523
Add: Cash Backed Employee Provisions		4,122,988	0	4,088,932
Add: Restricted Surplus/(Deficit) June 30 b/fwd		831,611	0	4,672,754
Less: Restricted Surplus/(Deficit) June 30 c/fwd		(656,270)	0	(831,611)
Total adjustments to net current assets		(63,192,322)	(60,340,585)	(57,839,954)
Net current assets used in the Rate Setting Statement				
Total current assets		81,702,049	74,494,748	76,398,241
Less: Total current liabilities		(14,567,763)	(14,081,281)	(15,994,198)
Less: Total adjustments to net current assets		(63,192,322)	(60,340,585)	(57,839,954)
Net current assets used in the Rate Setting Statement		3,941,964	72,882	2,564,089

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

25. FINANCIAL RISK MANAGEMENT

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

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

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

(a) Interest rate risk

Cash and cash equivalents and financial assets

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

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

	Weighted Average Interest Rate	Carrying Amounts	Interest rate exposure		
			Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents	2.09%	25,756,187	20,097,623	5,658,564	0
Financial assets - term deposits	2.67%	42,291,566	42,291,566	0	0
Financial assets at amortised cost - Self Supporting Loan	2.62%	262,336	262,336	0	0
2018					
Cash and cash equivalents	2.25%	14,261,487	5,116,087	9,145,400	0
Financial assets - term deposits	2.37%	48,705,863	48,705,863	0	0
Financial assets at amortised cost - Self Supporting Loan	2.62%	351,315	351,315	0	0

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25. FINANCIAL RISK MANAGEMENT (Continued)

Sensitivity

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

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	56,586	91,454

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The 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 City does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 14(b).

(b) Credit risk

Trade Receivables

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

Credit risk on rates and annual charges is minimised by the ability of the 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.

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

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

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2019					
Rates receivable					
Gross carrying amount	1,112,076	567,303	375,845	328,034	2,383,258
Loss allowance	5,413	4,080	3,359	32,364	45,216
01 July 2018					
Rates receivable					
Gross carrying amount	1,489,549	642,081	328,368	133,068	2,593,066
Loss allowance	1,793	850	17,537	8,015	28,195

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

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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25. FINANCIAL RISK MANAGEMENT (Continued)

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Expected credit loss	0.12%	0.40%	0.81%	0.08%	
Gross carrying amount	4,989,960	693,201	302,071	2,026,013	8,011,245
Loss allowance	0	0	0	1,302,692	1,302,692
01 July 2018					
Sundry Receivables					
Expected credit loss	0.04%	0.00%	0.00%	0.04%	
Gross carrying amount	3,463,338	2,565,637	28,261	1,936,968	7,994,204
Loss allowance	0	0	0	1,327,636	1,327,636

The loss allowance as at 30 June 2019 for sundry receivables was determined on the basis of incurred credit losses for the preceding 36 months. The provision for doubtful debts has been determined based on a detailed review of outstanding debtors and incorporates ongoing legal matters and debtor insolvencies. The loss allowance is insufficient to cover the provision for doubtful debts however the full value of the provision is not expected to be realised as losses in the current period.

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

25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables, borrowings and financial assets

Payables, borrowings and financial assets are 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 and disclosed in Note 14(c).

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

	Maturity Dates			Nominal amount	Carrying amount
	Due within 1 year	Due between 1 & 5 years	Due after 5 years		
	\$	\$	\$	\$	\$
2019					
Payables	10,361,336	0	0	10,361,336	10,361,336
Borrowings	83,439	263,014	0	346,453	346,453
	<u>10,444,775</u>	<u>263,014</u>	<u>0</u>	<u>10,707,789</u>	<u>10,707,789</u>
Financial Assets - term deposits	42,291,566	0	0	42,291,566	42,291,566
Financial Assets at amortised cost - Self Supporting Loan	92,272	170,064	0	262,336	262,336
	<u>42,383,838</u>	<u>170,064</u>	<u>0</u>	<u>42,553,902</u>	<u>42,553,902</u>
2018					
Payables	11,464,018	0	0	11,464,018	11,464,018
Borrowings	81,408	346,453	0	427,861	427,861
	<u>11,545,426</u>	<u>346,453</u>	<u>0</u>	<u>11,891,879</u>	<u>11,891,879</u>
Financial Assets - term deposits	48,705,863	0	0	48,705,863	48,705,863
Financial Assets at amortised cost - Self Supporting Loan	90,176	261,139	0	351,315	351,315
	<u>48,796,039</u>	<u>261,139</u>	<u>0</u>	<u>49,057,178</u>	<u>49,057,178</u>

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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26. TRUST FUNDS

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

	1 July 2018	Amounts Received	Amounts Transferred to Municipal Fund	Amounts Paid	30 June 2019
	\$	\$		\$	\$
Public Open Space Contributions	853,833	0	0	0	853,833
Karratha Agistment Centre Compensation Funds	659,511	0	0	(436,729)	222,782
Planning Bonds	304,622	0	(304,622)	0	0
Unclaimed Monies	26,906	276		(24,236)	2,946
Airport ASIC Cards	15,150	1,250	(7,350)	(9,050)	0
Verge Bonds	12,000	0	0	(12,000)	0
Staff Travel Allowances	9,760	4,160	0	(1,360)	12,560
Airport Parking Cards	10,200	3,850	(11,900)	(2,150)	0
VAST	6,582	273	0	0	6,855
Facility Hire Bonds	3,700	44,750	(7,800)	(40,650)	0
Other Bonds & Guarantees	23,005	11,277	(300)	(11,634)	22,348
	1,925,269	65,836	(331,972)	(537,809)	1,121,324

In the previous years, all bonds and deposits were held as trust monies. From this year, all bonds and deposits not required by legislation or agreement to be held in trust are included in restricted cash at Note 3 and shown as a current liability at Note 13.

CITY OF KARRATHA
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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27. 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 but no 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.

The effect of adopting AASB 9 as at 1 July 2018 was assessed as not material, therefore no adjustment was required to be recognised directly in retained surplus.

(a) Classification and measurement

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.

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

- Rates and Sundry receivables 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.

CITY OF KARRATHA
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

In summary, upon the adoption of AASB 9, the City had the following reclassifications as at 1 July 2018:

AASB 139 category	AASB 9 category amortised cost	Fair value through OCI	Fair value through P/L
	\$	\$	\$
Loans and receivables			
Rates Receivables	0	0	0
Sundry Receivables	2,160	0	0
Carrying amount at end of period	2,160	0	0

* The change in carrying amount is a result of additional impairment allowance. See the discussion on impairment below.

(b) 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.

The effect of adopting AASB 9 as at 1 July 2018 was assessed as not material therefore no adjustments have been made to the amount recognised financial statements.

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

28. CHANGE IN ACCOUNTING POLICY

On 1 July 2018 Paragraph 17A (5) was inserted into Local Government (Financial Management) Regulations 1996.

The regulation stated an asset is to be excluded from the assets of a local government if the fair value of the asset at the date of acquisition by the local government is under \$5,000. The adoption of the regulation constitutes a change in accounting policy. Due to the effect on the financial statements not being material, the City did not retrospectively apply the changes in accounting policy arising from the new regulation and has not restated comparative figures.

During the year assets with a fair value at the date of acquisition of under \$5,000 and purchased prior to 1 July 2018 have been excluded from the assets of the City and written off in the Statement of Comprehensive Income.

The effect of the adjustment at 1 July 2018 is detailed below:

Statement of Financial Position (extract)	<u>01 July 2018</u> \$
NON-CURRENT ASSETS	
Property, plant and equipment	290,670
NET ASSETS	<u>290,670</u>
EQUITY	
Retained surplus	290,670
TOTAL EQUITY	<u><u>290,670</u></u>
Statement of Comprehensive Income (extract)	<u>01 July 2018</u> \$
By Nature or Type	
Loss on assets disposed	290,670
By Program	
Loss on assets disposed	290,670
Total Comprehensive income for the period	<u><u>290,670</u></u>

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

29. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

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

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

(a) Revenue from Contracts with Customers

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

A portion of the City's revenue from grants, contributions & reimbursements is likely to be deferred although the amount is not expected to be material.

(b) Leases

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

On adoption of AASB 16, the impact is Nil as the City has no operating leases.

(c) Income For Not-For-Profit Entities

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

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

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

Volunteer Services in relation to Volunteer Fire Services will be recognised in budgeted revenue and expenditure as the fair value of the services can be reliably estimated and the services would have been purchased if they had not been donated.

The financial impact of these are not expected to be material.

CITY OF KARRATHA
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30. 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 operating 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 with 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) 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.

g) 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.

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

The 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.

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.

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.

**CITY OF KARRATHA
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31. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.</p>	Functions relating to the Councillors and the running of Council. Expenditure includes the running of elections, payments of expenses to Councillors and non statutory donations.
<p>GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.</p>	Rating (including ex-gratia contributions), interest revenues, investment property revenues and general purpose Government grant functions. Includes the Financial Assistance Grant received from the Local Government Grants Commission and all other rate income.
<p>LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.</p>	Supervision of various by-laws, fire and emergency services, and animal control. Includes expenditure for the Ranger Services, State Emergency Service and disaster preparation and recovery expenses.
<p>HEALTH To provide an operational framework for environmental and community health.</p>	Food control, immunisation services, mosquito control and maintenance of child health centres. Expenditure includes the maintenance of the child health clinic buildings, various health promotions and pest control expenses mainly relating to mosquito control.
<p>EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.</p>	Maintain preschool facilities and day care centres. This includes expenditure in maintaining the day care centre buildings and also donations to schools for awards etc.
<p>HOUSING To provide and maintain staff housing.</p>	Maintenance and operational expenses associated with the provision of staff housing.
<p>COMMUNITY AMENITIES To provide services required by the community.</p>	Rubbish collection services, operation of tip, administration of town planning schemes and operation of cemeteries. Also included are the costs associated with the maintaining and cleaning of public toilets.
<p>RECREATION AND CULTURE To establish and effectively manage infrastructure and resources which will help the social well being of the community.</p>	Maintenance of halls, swimming pool, recreation centres, various reserves and operation of libraries. Expenditure includes the cost of the Karratha Leisureplex, Red Earth Arts Precinct and other pavilions, ovals and parks maintenance, Roebourne Swimming Pool, coastal rehabilitation, and four libraries. Expenses relating to the historical town of Cossack and JJJ radio re-broadcasting are also included in this function.
<p>TRANSPORT To provide safe, effective and efficient transport services to the community.</p>	Construction and maintenance of roads, drainage, footpaths, parking facilities, traffic signs and the aerodrome. It includes expenditure for the construction and maintenance of the roads, footpaths and also the expenditure relating to parking control and the operation of the Karratha & Roebourne Airport.
<p>ECONOMIC SERVICES To help promote the local government and its economic wellbeing.</p>	Tourism and administration of building controls. Expenditure includes operation of visitor services and the costs associated with camping grounds.
<p>OTHER PROPERTY AND SERVICES To monitor and control operating accounts.</p>	Private works and other unclassified works. It also includes expenditure relating to plant operations and the Technical Services division however these costs are then reallocated to the other functions. The costs associated with financing and administration are allocated direct to the relevant functions.

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

32. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	5.47	5.21	1.53
Asset consumption ratio	0.81	0.84	0.92
Asset renewal funding ratio	1.00	1.00	1.00
Asset sustainability ratio	0.91	0.88	0.72
Debt service cover ratio	272.31	134.13	384.34
Operating surplus ratio	0.09	(0.13)	0.11
Own source revenue coverage ratio	0.90	0.79	0.95

The above ratios are calculated as follows:

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



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the City of Karratha

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the City of Karratha 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 Karratha:

- (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 Note 1 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the City's 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.

Emphasis of Matter – Contingent Liabilities

I draw attention to Note 18 "Contingent Liabilities" of the annual financial report, which discloses a contingent liability for the City's rehabilitation of its waste disposal site. The City's site licence was varied in May 2017 to require site rehabilitation. 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 a 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.

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 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) All required information and explanations were obtained by me.
- (ii) All audit procedures were satisfactorily completed.
- (iii) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial report of the 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 33 of the audited annual financial report were included in the supplementary information and/or audited annual financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the City of Karratha 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 financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
17 February 2020





The City of Karratha Main Administration Building is open Monday to Friday from 8.30am to 4.30pm

Physical address:

Lot 1083 Welcome Road,
Karratha, WA 6714

Postal address:

PO Box 219
Karratha, WA 6714
Phone – 08 9186 8555
Email – enquiries@karratha.wa.gov.au
Web – karratha.wa.gov.au
Facebook – facebook.com/cityofkarratha

The City of Karratha Operations Centre is open Monday to Friday from 8am to 4.30pm

Physical address:

Lot 4237 Cowle Road
Light Industrial Estate
Karratha, WA 6714

The City of Karratha Ranger Services can be contacted 24 hours a day, seven days a week by calling 08 9186 8555

Any damage to Council facilities, maintenance issues or suspicious activity such as illegal dumping or littering should be reported to the City of Karratha online reporting tool – Report It: karratha.wa.gov.au/report-it



7 STRATEGIC PROJECTS & INFRASTRUCTURE

7.1 BAYLY AVENUE CONSTRUCTION WORKS

File No:	RD.132
Responsible Executive Officer:	Director Strategic Projects & Infrastructure
Reporting Author:	Project Manager
Date of Report:	25 March 2020
Applicant/Proponent	Nil
Disclosure of Interest	Nil
Attachment(s)	Nil

PURPOSE

For Council to consider inviting tenders for construction of Bayly Avenue.

BACKGROUND

Bayly Avenue is the only public road access into Karratha Airport, and was listed as a key redevelopment project in the 2013 Karratha Airport Masterplan. In support of its regional significance, at its August 2019 Ordinary Meeting, Council resolved to add and prioritise Bayly Avenue in its 5 Year Regional Road Group program. This was subsequently endorsed by Main Roads Western Australia in November 2019.

At its December 2018 Meeting, Council agreed to proceed with the detailed design of the road, supporting the option to realign it and underground the power inside the Airport reserve. The proposed realignment was designed to facilitate greater opportunity for future landside commercial development whilst also creating valuable airside access lots. The preferred option had an indicative overall construction budget of \$4,919,090.

The detailed design is now complete and the City has the opportunity to deliver the works under a program of staged upgrades, to ensure access to the Airport and infrastructure continues to operate efficiently and safely during construction.

The project is proposed to be delivered in multiple packages of works as follows:

- 1) Civil works including the realignment, undergrounding of the overhead power lines and lighting.
- 2) Landscaping including a significant “statement piece” at the entrance of Dampier Highway and along the road reserve median, with branding opportunities.
- 3) Public Art Strategy envisaged as part of the entry statement at Dampier Highway.

Council may elect to proceed with the full detailed scope of works, deliver in separable portions over multiple years or reduce the scope to suit the City’s available Budget. Further details are contained in the Financial Implications section of this report.

Design and Cost Considerations

During the design process, further site investigations revealed a number of issues that have impacted the design and ultimately the cost estimate for the works. Additionally, options to

enhance landscape and entry statement spaces to provide a more significant development were explored.

During investigations, Officers determined that insufficient base course, surface deterioration, cracks and depressions were largely due to poor drainage and ponding of water. The existing culverts are not suitable to the proposed upgrade to civil works. The culverts are original, installed 30+ years ago with significant damage. This has increased the civil component substantially to what was envisaged in the concept stage of the design. To provide a design life of 25 years for the infrastructure, it is considered prudent to also proceed with the replacement of all the culverts.

Project preliminaries were not captured in original estimates, and the design consultant has estimated this component in the current market is potentially between 30-60% of the construction value. Recent City projects, such as Mooligunn and Coolawanyah Roads, suggest 10-20% for preliminaries is more likely. Accordingly, a reasonable preliminary rate of 20% is proposed and applied to the current estimates for the civil works, noting the landscape design consultant and Horizon Power estimates already include preliminaries.

The design consultant proposed landscaping to the Dampier Highway entrance with an enhancement of the median soft planting to also include “banner signage” capacity. The enhancement to the scope is seen as highly beneficial with a significant ‘statement piece’ to the entrance road contributing to the visual impact for arrivals and future branding opportunities.

The detailed design of Karasek Way has also been integrated and completed to create the additional landside and airside lot opportunities. Whilst designed, the commercial opportunities for these lots is deemed low at present, therefore Officers propose this aspect of the works is placed on hold until market conditions are favourable.

Council is now requested to consider the design and cost implications of the Bayly Avenue construction works and if agreed, endorse the scope of works, and tender selection process to enable tenders for the works to progress.

LEVEL OF SIGNIFICANCE

In accordance with Council Policy CG-8 Significant Decision Making Policy, this matter is considered to be of moderate significance in terms of financial issues. The upgrade of civil, landscape and public art works however will significantly improve aesthetics as the airport gateway to Karratha, whilst improving road conditions and extending the life of its infrastructure, particularly when subject to flooding.

COUNCILLOR/OFFICER CONSULTATION

Council has been regularly consulted, with concepts presented to the members of Council at the October 2019 and March 2020 Council Briefing Sessions.

COMMUNITY CONSULTATION

A detailed project communication plan will be prepared to ensure all key stakeholders are identified and strategies put in place to inform each stakeholder of the works and any impacts to traffic movement.

Further community and stakeholder consultation will occur following Council’s determination to seek feedback during the development of landscaping and public art designs.

Current consultation with the Ngarluma Aboriginal Corporation (NAC) is also ongoing to review any potential heritage impacts.

STATUTORY IMPLICATIONS

Tenders are proposed to be called in accordance with section 3.57 of the *Local Government Act 1995* and Part 4, Division 2 – Tenders for providing goods and services, of the *Local Government (Functions and General) Regulations 1996*.

POLICY IMPLICATIONS

Purchasing Policy CG-12 is applicable for inviting tenders. Regional Price Preference Policy CG-11 is also applicable to regional suppliers in the procurement of services via tender.

The following weighted selection criteria is proposed for Council's consideration.

Criteria	Weighting
Price	60%
Relevant Experience	20%
Methodology	10%
Capacity to Deliver	10%

Council Policy CS-12 Public Art is applicable to this matter and Council will be requested to consider a Budget allocation for this aspect of the project. The Public Art Policy states up to 2% of the intended construction cost of each capital works project be allocated to Public Art, and in accordance with the Policy it is proposed \$156,296 (Excl. GST) representative of the overall construction cost is allowed.

FINANCIAL IMPLICATIONS

Council allocated \$4.9M in its Long Term Financial Plan towards the redesign and realignment of Bayly Avenue.

With the works now fully documented, the current estimates suggest the cost to reconstruct 2.2km of Bayly Avenue including the landscaping entry statement, landscape median planting and reticulation, lighting, and undergrounding power, totals \$6.54M. Should Council elect to construct all aspects of the documented works including Karasek Way, then an estimated project Budget of \$7.97M is required. All costs exclude the public art component of the project.

The below table identifies each aspect of the scope of works, with options for Council's consideration.

Description	Full Scope	Option One	Option Two	Option Three
1.2km Road Realignment	\$1,920,000	\$1,920,000	\$1,920,000	\$1,920,000
1km Road Construction	\$1,595,000	\$1,595,000	-	-
Karasek Way Road Construction	\$1,014,000	-	-	-
Landscaping Bayly Avenue	\$740,000	\$595,000	\$595,000	-
Landscaping Dampier Highway Entry	\$540,000	\$540,000	\$540,000	\$540,000
Electrical	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000
Preliminaries (20%)	\$975,800	\$773,000	\$454,000	\$424,000
New Road Reserve	\$50,000	\$50,000	\$50,000	\$50,000
Heritage Survey	\$36,000	\$36,000	\$36,000	\$36,000
TOTAL	\$7,970,800	\$6,539,000	\$4,625,000	\$4,030,000

Description	Full Scope	Option One	Option Two	Option Three
+2% Public Art Allowance	\$156,296	\$156,296	\$156,296	\$156,296

Officers propose Option One could be considered with tenders providing costs for both 1.2km and 2.2km of road works to enable the opportunity to establish if efficiencies in delivering the works in one stage are possible. Depending on Council's preferred scope of works, delivery of the project can also be considered in stages, executed through Separable Portions over a number of financial years and based on tender sums received.

Officers have also made an application of \$3M through the Federal Government's Infrastructure Investment Fund and the outcome of this will likely be resolved prior to tenders closing in June 2020.

Additionally the City expects to receive \$1,042,392 in Regional Road Group funding towards Bayly Avenue in 2020/21.

The balance of construction works are largely expected to be funded from the Airport Reserve, which has a forecast closing balance at 30 June 2020 of \$5.7M.

Subject to the outcome of the Federal Government funding application and post tender submissions, Officers propose that the final funding mix would be considered in finalising the 2020/21 Budget.

STRATEGIC IMPLICATIONS

This item is relevant to the Council's approved Strategic Community Plan 2016-2026 and Corporate Business Plan 2016-2021. In particular, the Operational Plan 2019-2020 provided for this activity:

Programs/Services:	1.a.2.3	Infrastructure Project Management
Projects/Actions:	1.a.2.3.4	Finalise Bayly Avenue road and landscaping design

RISK MANAGEMENT CONSIDERATIONS

The level of risk to the City is considered to be as follows:

Category	Risk level	Comments
Health	Nil	Nil
Financial	Moderate	If reconstruction works do not proceed, maintenance costs are guaranteed to increase due to failing sealed road surfaces and poor road geometry. Council has opportunity to increase revenue from developing and leasing the adjoining lots, however it is noted that there is no immediate demand for land.
Service Interruption	Low	Minimal impact is envisaged as a consequence of calling of tenders. Should works proceed there will be an impact on road access and power provision for a period of time during the works.
Environment	Nil	Nil

Category	Risk level	Comments
Reputation	Moderate	The safety, functionality, and condition of roads is a responsibility of Council. Council has the opportunity to improve on visitor / resident experience through the enhancement of Bayly Avenue upgrade works.
Compliance	Low	Designs have been undertaken by qualified civil engineers to ensure compliance with current standards.

IMPACT ON CAPACITY

No impact on capacity is expected to undertake these works.

Design and investigation works for the road construction, underground power, and lighting and landscaping have been completed by external consultants, and coordinated in consultation with various City Officers.

Allowance for airside and landside commercial blocks is supported by the Airport Masterplan and should be developed as demand on current capacity arises.

RELEVANT PRECEDENTS

The City has previously undertaken infrastructure works including major road works and entry statements to enhance aesthetics and improve infrastructure and safety for road users and to welcome visitors.

VOTING REQUIREMENTS

Simple Majority.

OPTIONS:

Option 1

As per Officer's recommendation.

Option 2

That Council by SIMPLE Majority pursuant to Section 3.57 of the *Local Government Act 1995* RESOLVES to PROPOSE Option _____ scope of works as part of its upgrade of Bayly Avenue.

Option 3

That Council by SIMPLE Majority pursuant to Section 3.57 of the *Local Government Act 1995* RESOLVES to NOT PROCEED with works at this time.

CONCLUSION

Bayly Avenue is essential to providing passenger and freight services to the Airport and is likely to continue serving as the main entrance route to the Airport for a number of years. The LTFP has Bayly Avenue listed for reconstruction and is also contained in the Airport Masterplan.

The current detailed design allows for staged completion of the works and for the best economic return on investment for the City over the life of the asset, whilst meeting the current and anticipated demand for airport services.

OFFICER’S RECOMMENDATION

That Council by SIMPLE Majority pursuant to Section 3.57 of the *Local Government Act 1995* RESOLVES to:

1. **ENDORSE** the scope of works for civil, landscape and electrical works as presented in Option One of this report for the realignment and construction of Bayly Avenue;
2. **INVITE** tenders for construction of Bayly Avenue based on Option One scope of works with Separable portions included, that enable potential future staged development;
3. **ENDORSE** the following tender selection weighted criteria:

Criteria	Weighting
Price	60%
Relevant Experience	20%
Methodology	10%
Capacity to Deliver	10%

4. **ALLOCATE** a public art budget of \$156,296 for the Bayly Avenue Construction Works.

8 CLOSURE & DATE OF NEXT MEETING

The meeting closed at _____.

The next Ordinary Council meeting is to be held on Monday, 20 April 2020 at 6.30 pm at place to be advised.