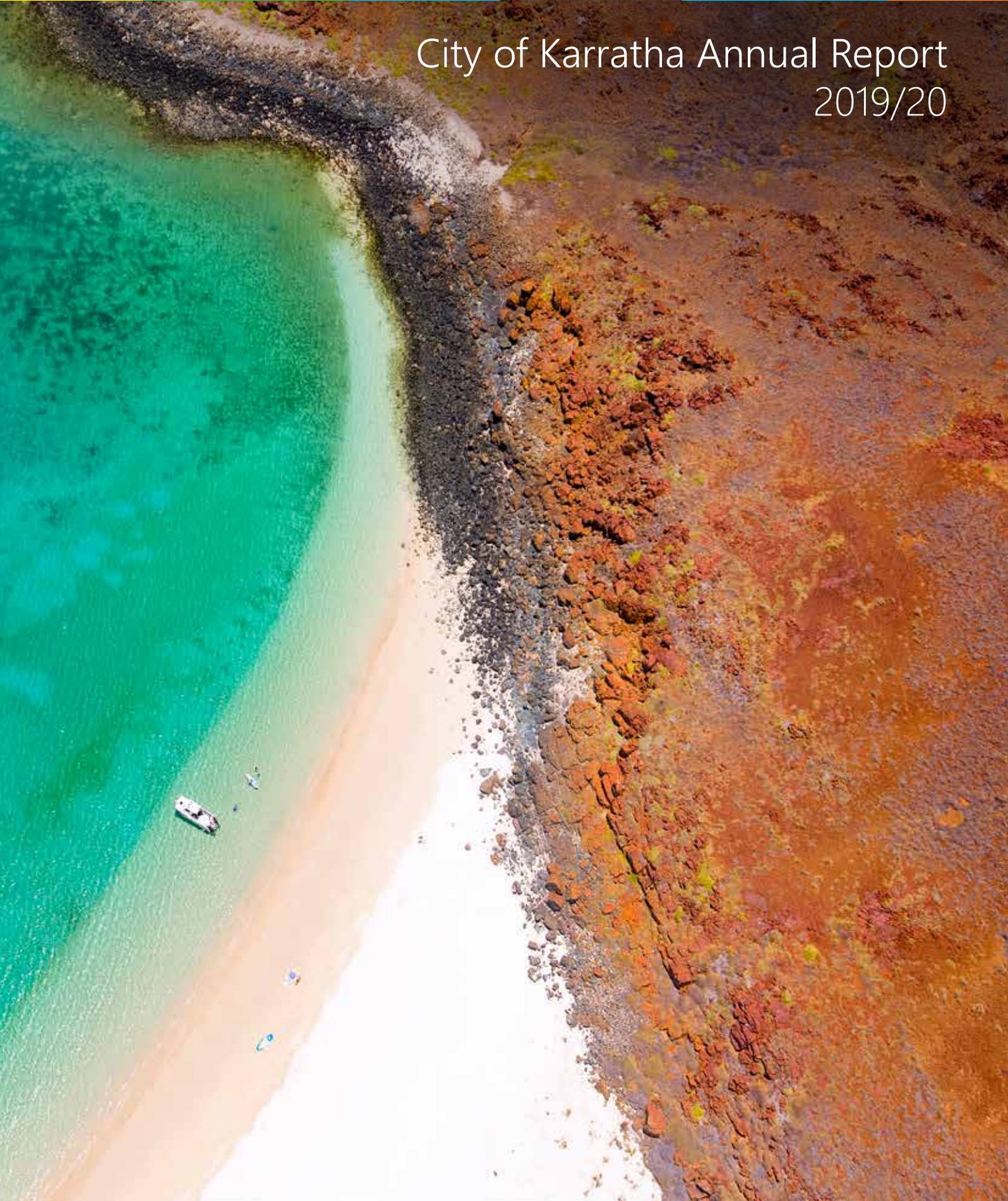


City of Karratha Annual Report 2019/20



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'.





Miaree Pool

Welcome to the 2019/20 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 2019/20 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 2019/20 financial year, The City of Karratha continued to provide a high level of services and amenities for residents as well as assistance during the numerous challenges faced. Tropical Cyclone Damien in February caused wide spread damage to the region and over \$4.5 million in recovery effort costs as a result of a City-wide response. The City of Karratha also provided broad and innovative support measures to community, local business and affected industries in response to the COVID-19 pandemic and associated restrictions

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



Why we report

The Local Government Act 1995 requires local governments to produce an Annual Report by 31 December each year. This document provides a snapshot of performance at the City of Karratha alongside an overview of the City's vision for the future.

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 Precinct



Red Dog Walking Trail

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Dampier Play Space



The Quarter

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Mayor's Report

It has been a unique year and we have been busy ensuring the safety of our community and making sure the best interests of our residents are our top priority.



Following a relatively normal start to the 2019/20 financial year, category 3 Tropical Cyclone Damien hit Karratha in February 2020 and caused widespread damage, resulting in over \$4.5 million in City led recovery effort costs. I am proud of the quick response and efforts of not only city staff but also volunteers in the community involved in the city wide clean-up efforts.

In the wake of Tropical Cyclone Damien, the City of Karratha responded to the COVID-19 pandemic and the associated restrictions. To ensure minimal impacts on our local economy, the city provided two tranches worth over \$4 million in support initiatives aimed specifically at industries that were affected most and the city was recognized for our innovative response to the pandemic at the 2020 Local Government Professionals Australia Awards.

Despite the challenges we still managed to achieve a lot over the last 12 months. We unveiled the multi-million dollar redevelopment of the Dampier Foreshore and Hampton Oval in December. The extensive upgrade has transformed the area and significantly enhanced the coastal recreation experience for residents and visitors.

Our work to become Australia's most liveable city continues, reinforced by the growing number of responses in our Annual Community Survey that indicate 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 2019/20 Financial Year has been quite unusual in terms of typical local government service delivery.



Our clean-up following Tropical Cyclone Damien required significant resources and efforts from city staff and external contractors. As of the end of the 2019/20 Financial Year, 121 contractors have been engaged and over \$4.5 million spent in recovery efforts.

Immediately following on from the impacts of Tropical Cyclone Damien, we were then faced with the COVID-19 pandemic and the state-wide restrictions and border closures associated with the pandemic. Closures of city run facilities during this time meant we had to work hard to keep over 200 staff employed and develop initiatives to support the local economy.

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 maintains a positive overall score afforded to it by residents – this year sitting at 72 out of 100.

The City of Karratha's total operating revenue for the 2019/20 financial year was \$105,680,938 with a total operating expenditure budget of \$101,706,903. 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 progressive investment opportunities that decrease our reliance on rates continues to prove worthwhile.

Looking ahead to 20/21, the City is planning to tackle its largest capital works program ever with over 100 projects worth over \$40 million.

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.

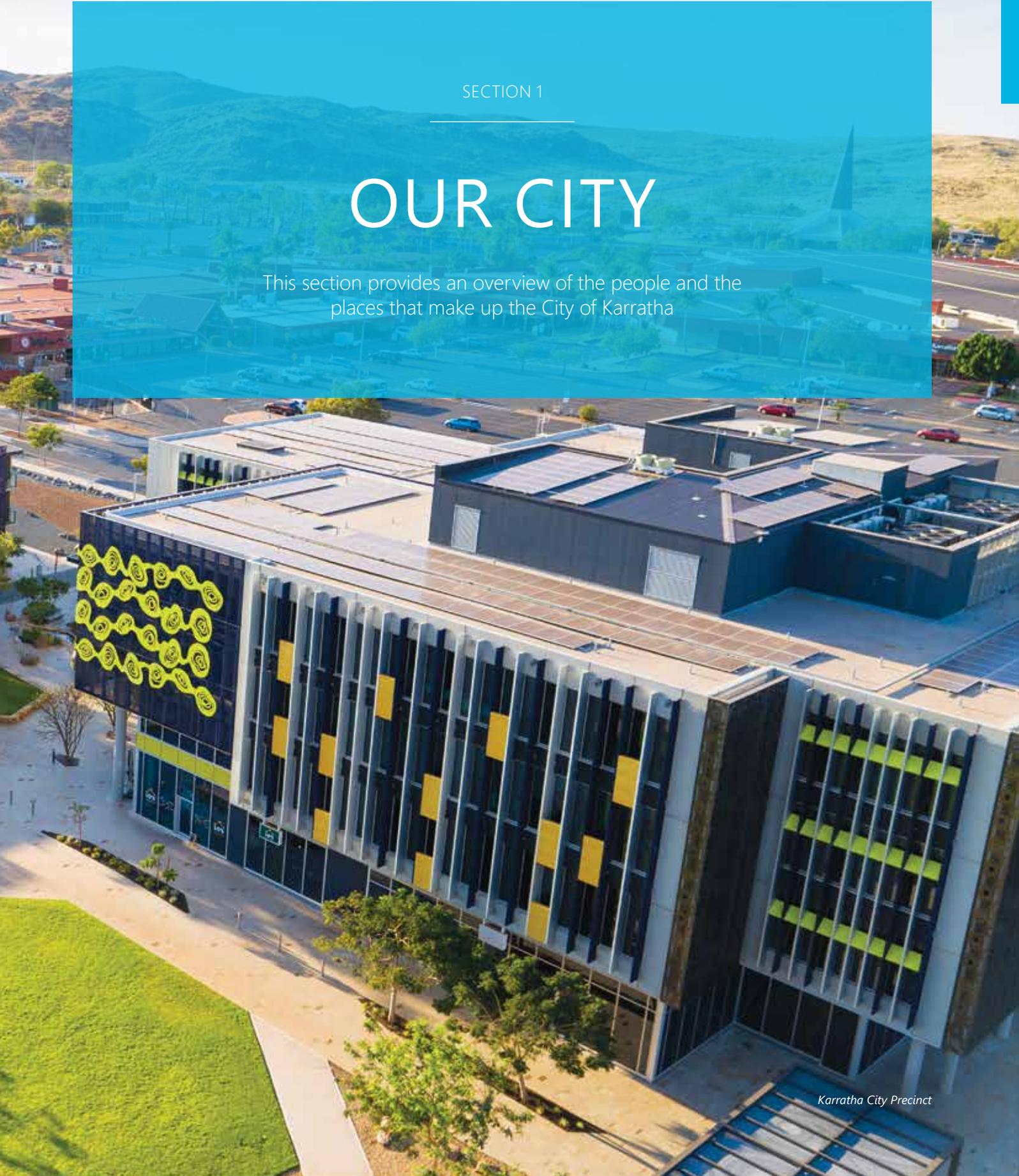
Chris Adams
CEO, City of Karratha



SECTION 1

OUR CITY

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



1.1 Highlights

Our Strategic Community Plan 2016-2026 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 under relevant strategic pillars below:



Provision of more than \$4 million in COVID-19 community support tranches



More than \$48 million paid to local suppliers



Over 600,000 visits across community facilities



Awarded Innovative Management Initiative Award from Local Government Professionals Australia WA for Council's COVID-19 response



Delivery of the 27th Annual Cossack Art Awards



Completion and opening of \$13.6 million Dampier Foreshore Redevelopment



Redirecting more than 8200 tonnes of waste from landfill



Over 3800 tonnes of green waste cleared following Tropical Cyclone Damien

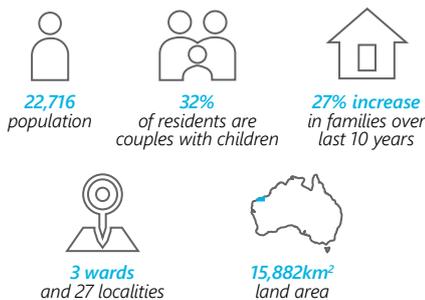
1.2 City profile

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 \$12.2 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



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.



History of Council

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.

- 1866 Roebourne established as a township
- 1871 The District of Nickol Bay was gazetted and the first election held
- 1887 The District of Nickol Bay was abolished and the Roebourne Roads Board District gazetted
- 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



Stand up paddle boarding



Yaburrara Trail

Economic

The City's largest industry output comes from the mining industry which in 2019/20 was worth approximately \$7.76 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.



\$7.2 billion
Gross Regional Product



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



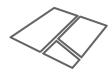
10,929
employed residents



\$2,626
Median weekly household income



1,037
local businesses



231ha
industrial land



4
industrial ports



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

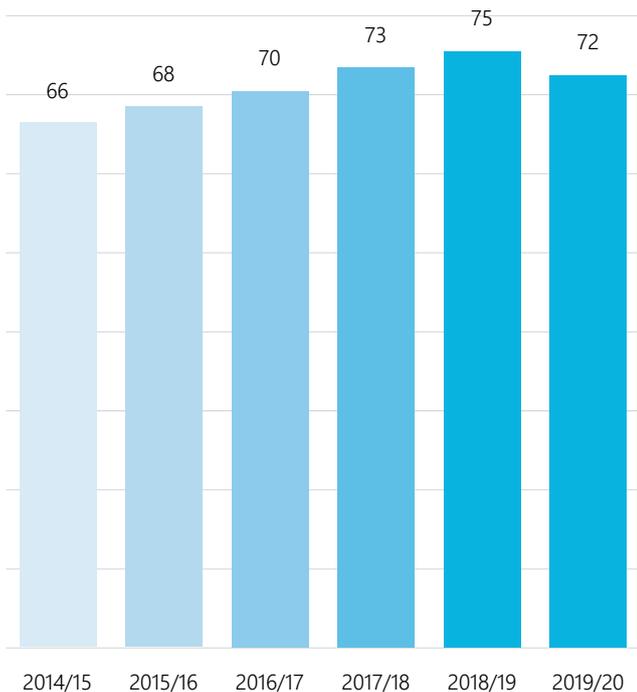


Dampier Community Hub

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 200 registered community groups, sporting clubs, associations and cultural groups, the City embraces social events and experiences, providing more than 86 parks, ovals, streetscapes, buildings, open spaces, foreshores and creeks, hosting roughly 56 events and festivals each year and offering almost \$1 million in community funding grants annually.

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



Residents who rate the town as an excellent/good place to live:	
2015/2016	56%
2016/2017:	57%
2017/2018:	60%
2018/2019	64%
2019/2020	62%



4 libraries



3 major recreational centres



86 parks and open spaces



7 community hubs and pavilion



162.2km total footpaths



672.4km total road



110 sports clubs and associations



12 primary and high schools and Pilbara University centre



\$1 million community grants funding available



2019/20 in Numbers

Facility activity and services statistics



Processed waste (tonnes)

62,264t Waste accepted to landfill	6,886t Liquid waste accepted
6,950t Waste collected kerbside residentially	1,386t Recycling collected kerbside residentially
\$81,358 Tip Shop income (including Airspace Dollar Value savings)	9,613t Waste diverted from landfill



Environmental health inspections and registrations

155 Food premises	26 Public buildings
19 Public swimming pools	38 Hair and beauty premises
6 Caravan parks	16 Lodging houses
464 Health nuisances/complaints investigated	



Ranger Services inspections / audits

301 Abandoned vehicles	157 Off-road vehicles
95 Camping Inspections	1,541 Litter Inspections
1,200 Parking Inspections	162 Cyclone Inspections and Fire Permits
2,503 Animal (dog/cat trapping, sterilisation, rehoming, euthanising)	



403,124 visits to Karratha Leisureplex

19,865 visits to Group Fitness classes	86,727 visits to Aquatic Centre
74,225 visits to Gym Facilities	



38,708 visits to Wickham Recreation Precinct

3,864 Group Fitness participants	5,921 visits to Recreation/Play Programs
16,136 visits to Wickham Pool	12,787 visits to Gym Facilities



100,535 visits to the libraries

62,978 visits to Karratha	13,584 visits to Wickham
8,057 visits to Roebourne	15,916 visits to Dampier



Children and Youth

25,015 visits to The Youth Shed Indoor Play Centre	14,192 youth activity participants
---	---



Community Survey

1,568 Responses	72 Overall Score (Out of 100)
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Karratha Airport

428,114 Passengers	9,888 Passenger aircraft movements
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Building Services

659 Building permits issued	11 Certificates (Approval/Demolition/Occupancy)
1476 Applications for other councils	19 Private certificates



Red Earth Arts Precinct

33,058 movie attendees



The Quarter

1.3 Financial Summary

The City of Karratha ends the 2019/20 financial year in a strong financial position, with no debt and \$67.5 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.

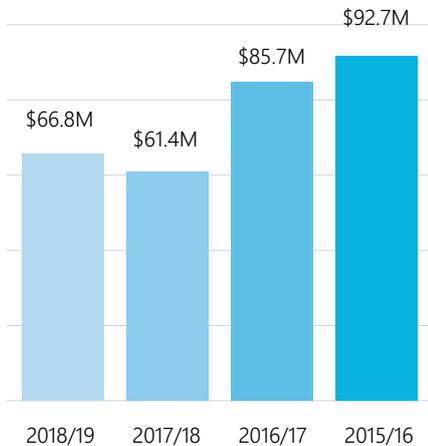
The income statement (included on page 74) provides a summary of the City of Karratha’s financial position for 2019/20. Including capital income, the 2019/20 operating result was a surplus of \$6,337,772.

This is a decrease in on the surplus of \$15,525,649 held in 2018/19.

Some major projects completed in 2019/20 that were partly funded from reserves include:

- Dampier Palms and Hampton Oval Redevelopment Project \$9.96m
- Walgu Park \$368k
- Babcock Hangar purchase \$3m

Reserve figures over past five years



The City of Karratha’s total equity as at June 30, 2020: \$756,101,235.

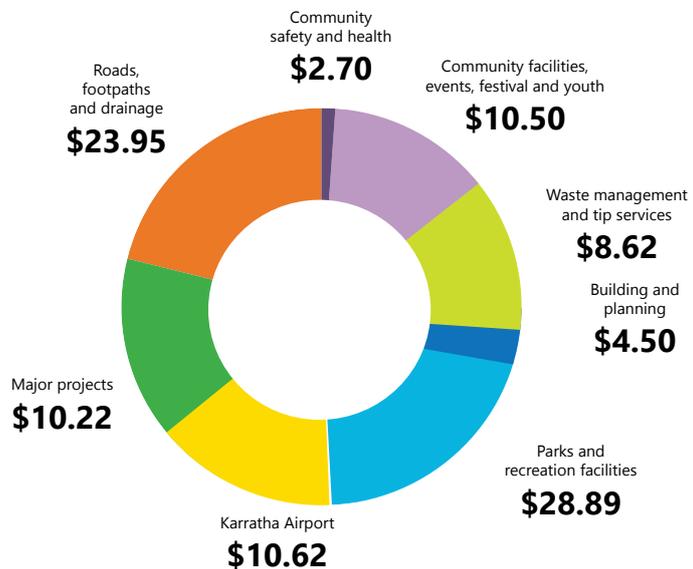
1.4 Your rates at work

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?

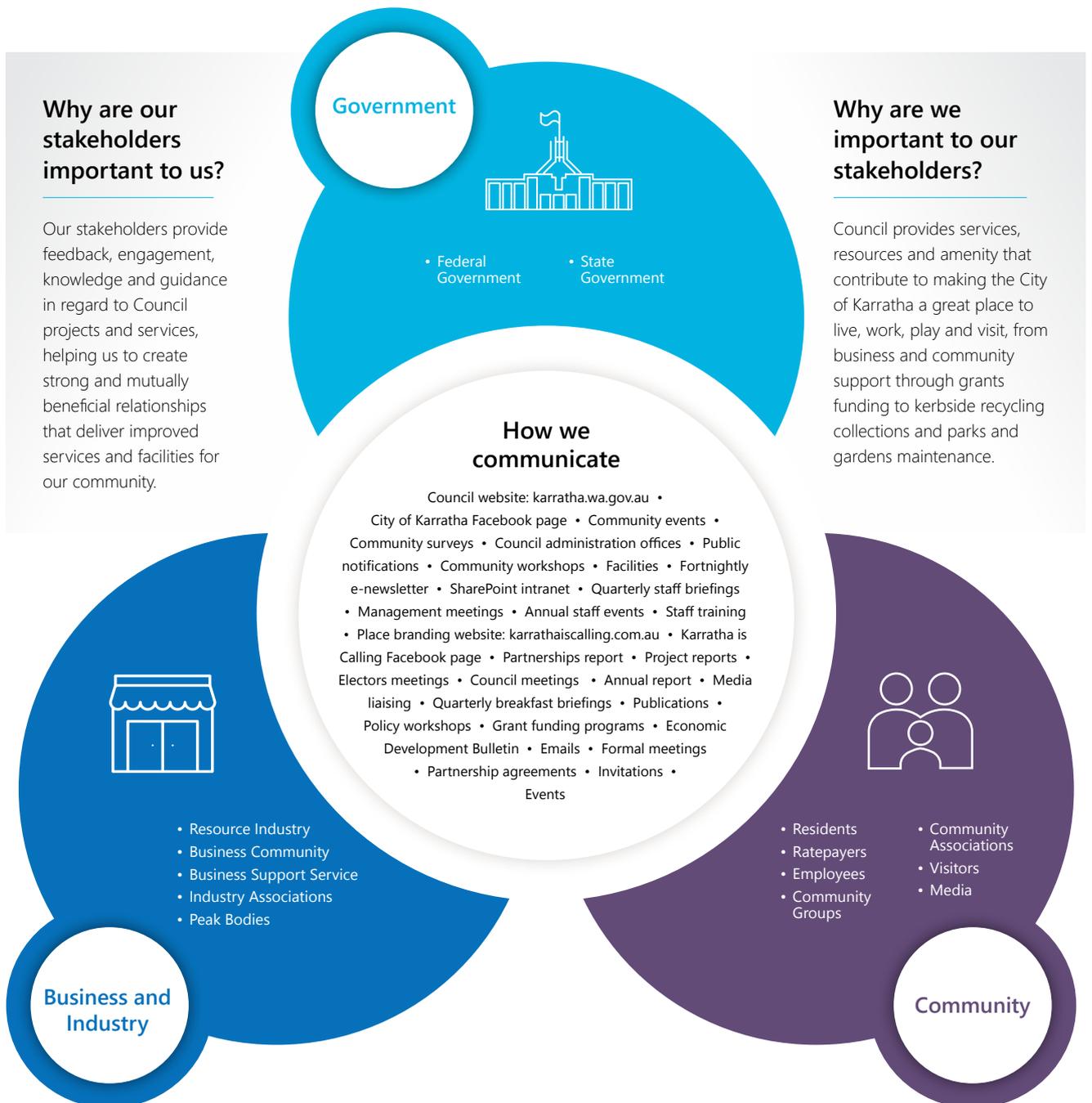
Our total revenue for 2019/20 was \$105,559,737 which came from the following sources:



1.5 Supporting our Stakeholders

The City of Karratha is a high performing, progressive local government focused on delivering exceptional services, facilities and amenities to our community. We support residents, businesses and industry and work hard to maintain meaningful relationships with all of our stakeholders.

The International Association of Public Participation (iap2) Public Participation Spectrum provides the preferred framework for determining the level of community engagement required for any Council endeavour and the City offers training opportunities for staff to provide a framework to determine the appropriate level of community engagement required for effective decision making for each Council policy, project or decision.





Port Walcott Yacht Club

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 www.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 annual Emergency Services Volunteer Recognition Evenings that celebrate these volunteers and recognise terms of service. The 2019/20 event was postponed to October 2020 due to COVID-19 restrictions



Cossack Art Awards



'Karratha Turns 50' Event



Community Sports Awards

Developing Northern Australia Conference 2019

1.7 Major Events

2019

JULY
• Cossack Art Awards
• Cossack Family Day
• Developing Northern Australia Conference 2019
• NAIDOC Community Concert

AUGUST
• Cossack Art Awards
• FeNaCING Festival
• Karratha turns 50

SEPTEMBER
• Red Earth Arts Festival
• 2019 WA Regional Tourism Conference

OCTOBER
• Brew and the Moo
• FutureClubs Community Sports Awards

NOVEMBER
• Remembrance Day
• Walkington Award

DECEMBER
• Christmas in the Pilbara calendar
• Dampier Palms Opening



Vybe Youth Music Festival



Walgu Park Opening



City to Surf



Christmas on the Green

2020

JANUARY

- Australia Day
- Citizenship Ceremony

APRIL

- ANZAC Day

MAY

- No Events due to COVID-19 Restrictions

JUNE

- No Events due to COVID-19 Restrictions

ADDITIONAL EVENTS IN THE CITY OF KARRATHA SUPPORTED BY COUNCIL:

- Billfish Shootout
- City to Surf Fun Run
- Sprintcar Stampede
- Markets in Dampier Wickham and Karratha
- Mothers' Day Classic
- Disability Access and Inclusion Stakeholder Meeting
- Guy Fawkes Night Fireworks
- Seniors Week Celebrations
- KDCCI Business Excellence Awards



Employee of the Year Bien Le

1.8 Awards and Recognition

The 2019/20 financial year has seen City of Karratha representatives speak at national conferences as well as continue the provision of a number of community and sporting awards that celebrate leadership and high performance.



2019 Walkington Award recipient Mackenzie King

July 2019

Developing Northern Australia Conference, Karratha – Mayor

September 2019

WA Regional Tourism Conference, Karratha – Mayor

November 2019

Pilbara 2019 Conference, Perth – Mayor, CEO

March 2020

11th WA Major Projects Conference 2020

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 2020 Australia Day Award winners were:

- Citizen of the Year – Damien Muller
Presented by Horizon Power
- Young Citizen of the Year – Chanti McHenry
Presented by Woodside
- Community Service – Red Dog 4WD Club
Presented by Rio Tinto
- Environmental Award – Amanda Ridout
Presented by the Woodside-operated North West Shelf Project
- Community Spirit – Tanya Sholl
Presented by Rio Tinto
- Event/Activity of the Year – Roebourne Races
Presented by Rio Tinto

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 2019 FUTURECLUBS Community Sports Award recipients were:

- NOVO Resources Junior Sportswoman of the Year – Madilyn Strange
- NOVO Resources Junior Sportsman of the Year – Lawson Humphries
- Rio Tinto Sportswoman of the Year – Chelsea Slater
- Pilbara Ports Authority Sportsman of the Year – Daniel Farmer Jr
- Department of Local Government, Sport and Cultural Industries Coach of the Year – Marcel Sladen
- Department of Local Government, Sport and Cultural Industries Official of the Year – David King
- CITIC Pacific Volunteer of the Year – Leanne Mott
- City of Karratha Sporting Group of the Year – Wickham Wolves Football Club

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 2019, St Luke's College student Mackenzie King received the Walkington Award.

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 2020, the City of Karratha Employee of the Year was awarded to Bien Le, Fleet and Plant Supervisor.



City of Karratha Mayor Peter Long speaks at DNA Conference



Community Sports Awards



Local Government Professionals Australia WA Awards



SECTION 2

ACHIEVEMENTS

This section provides an in-depth look at the work Council completed across the 2019/20 financial year as we work to achieve our goal of becoming Australia's most liveable regional city.



Karratha City Precinct

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

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



Walgu Park Opening

Key achievements

- › Completion and opening of the Dampier Foreshore Redevelopment
- › Provided over \$4 million in COVID-19 community support
- › Presentation of the 27th annual Cossack Art Awards
- › More than 600,000 visits across community facilities

- As part of implementing the 10 year Footpath Construction and road reseals programs \$969,605 was spent on upgrading a number of footpaths from Searipple Road, Millstream Road, Grant Street to Maitland Road, Bayview Road, Nickol Road to Lewis Drive, Bayview Road 5A, Lewis Drive to Legendre Drive and a further \$992,512 was spent on road reseals across the City of Karratha.
- Focus on maintenance and improvement of existing Council facilities saw \$184,000 spent on turf renovations including works at Baynton, Bulgarra, Karratha Leisureplex, Pegs Creek, Tambrey, Roebourne District High School, Kevin Richards Memorial Oval, Wickham, Jingarri ovals and Cattrall, Tambrey and Kookaburra Parks.
- The Karratha Leisureplex saw its highest ever membership numbers prior to the COVID-19 pandemic restrictions and was on track to surpass 500,000 annual attendances.

1.a Quality community facilities

- The \$13.6 million Dampier Foreshore Redevelopment was completed and opened to the community in late 2019. The extensive upgrade includes amongst other things multiple activity areas for families and youth, amphitheatre and gives residents and visitors a distinct, iconic and vibrant location to gather and take advantage of the natural assets Dampier has to offer.
- Walgu Park was completed and opened to the public on the 15th of September. Walgu translates to "you can come" in Ngarluma and provides a restful green space that links the Red Earth Arts Precinct to the city centre.
- The Red Earth Arts Precinct completed its second year of operation screening 202 movies with a total of 24,142 movie patrons, serving 12,475 boxes of popcorn and 1,120 boxes of Maltesers. The Red Earth Arts Precinct has also welcomed approximately 18,603 visitors through the facility as part of the 175 venue hires received. 53,176 items borrowed from the four City of Karratha Libraries.



24,142 MOVIE PATRONS

THE RED EARTH ARTS PRECINCT COMPLETED ITS SECOND YEAR OF OPERATION SCREENING 202 MOVIES WITH A TOTAL OF 24,142 MOVIE PATRONS



City to Surf

1.b Improved community safety

- As part of COVID-19 support funding per event for the Meet the Street initiative that 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 was increased to \$200 per event.
- In November the City adopted its CCTV Strategy 2019-2024 to enable a more coordinated approach to addressing community safety needs and maximise the potential benefits of CCTV.
- 105 solar footpath lights installed throughout the City of Karratha to address community safety and prevent anti-social behaviour.
- Over \$37,800 worth of financial rebates were processed to community members as part of the Security Subsidy Scheme which encourages residents to purchase and install either CCTV, Security Alarm System or Security Sensor Lighting. Over \$131,000 was spent locally on security products by the community for which residents were eligible for a rebate of up to \$500 on products given they met the eligibility criteria.

1.c Accessible services

- We supported the establishment of an inter-regional travel network between Karratha, Newman, Port Hedland, Broome and Paraburdoo. The Aviair Inter Regional Flight Network has drastically improved connectivity throughout the North West.
- The City saw an increased patronage of 55% at youth programs in the Wickham area since the Wickham Community Hub opened in 2019.
- Council provided support to the redevelopment of the Victoria Hotel, an iconic 152-year-old building in Roebourne's town centre, now known as the Ganallili 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 Ganallili Centre houses 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.

1.d Healthy Residents

- Our Environmental Health team continued to promote the "Fight the Bite campaign" and implement the City's mosquito program, responding to 59 individual requests and treating known mosquito breeding spots throughout the city.
- As part of our FUTURECLUBS program, we held our annual City of Karratha Community Sports Awards that acknowledges and celebrates the efforts of the City of Karratha's community sporting groups - volunteers, players, officials, coaches and sporting achievements over the past year. The awards night this year was hosted by Wendell Sailor.
- Over 34,000 people attended paid events in the Red Earth Arts Precinct Theatre, which spanned a variety of concerts, shows and events such as the Waifs, Opera Australia – Madame Butterfly, Club Soda, Bennelong by Bangarra and much more.
- Over \$4 million in COVID-19 community support provided through two tranches. Aimed at minimizing economic impacts sustained to the local economy and the community, the two tranches targeted industries most affected by COVID-19 and associated restrictions.



Archipelago Beach, Dampier

1.e Recognition of diversity

- Almost \$90,000 in prizes were awarded across 10 categories at the 27th annual Cossack Art Awards in July, 2019 with some 300 art works adorning the walls of the Bond Store and Post & Telegraph Store in the historic town of Cossack. The Awards attract over 7000 visitors through the three-week exhibition and presented a program with over 10 supporting workshops and events.
- An extensive program celebrated the 'Voice. Treaty. Truth. Let's work together for a shared future!' NAIDOC theme from July 7 – 14, 2019. The community calendar included the Roebourne Girls Academy NAIDOC Basketball Tournament, the annual Old People's Birthday and NAIDOC Service, NAIDOC Week Celebrations at Karratha City Shopping Centre and NAIDOC Day at Gurlu Gurlu Maya. NAIDOC Week celebrations culminated in a community concert featuring Mary G, Fitzroy Xpress and local band JoKeria.
- Our weekly Rhyme Time and Story Time infant and toddler sessions run across the City of Karratha libraries saw 5165 adults and children attend over the 2019/20 financial year.
- 6 Tech Savvy Seniors programs were held through the City of Karratha libraries in 2019/20. 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.



Point Samson Tavern



Karratha Senior High School

1.f Connected communities

- A total of 23 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.
- Over 35 nominations were received across six award categories at the 2020 Australia Day Awards. The annual community celebration was hosted by the City of Karratha 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.

The year ahead

- › Prioritise the maintenance and improvement of existing community facilities
- › Continue the expansion of our network of footpaths and cycle ways
- › Installation of new sign infrastructure along walking and jogging routes for future activation in the community

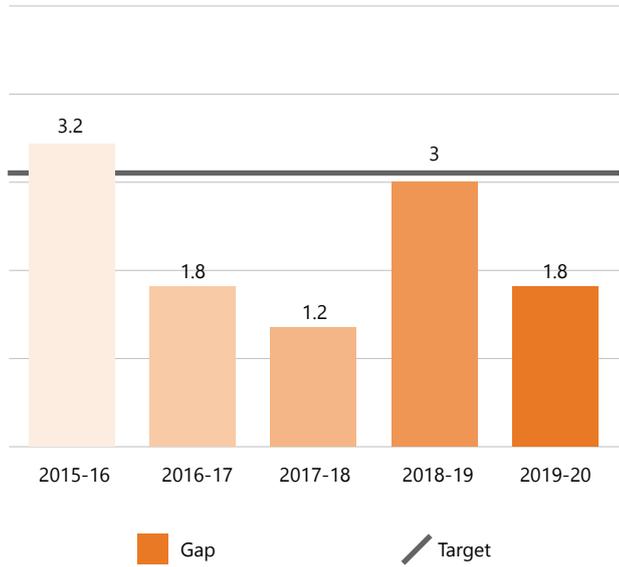


23 FESTIVE EVENTS

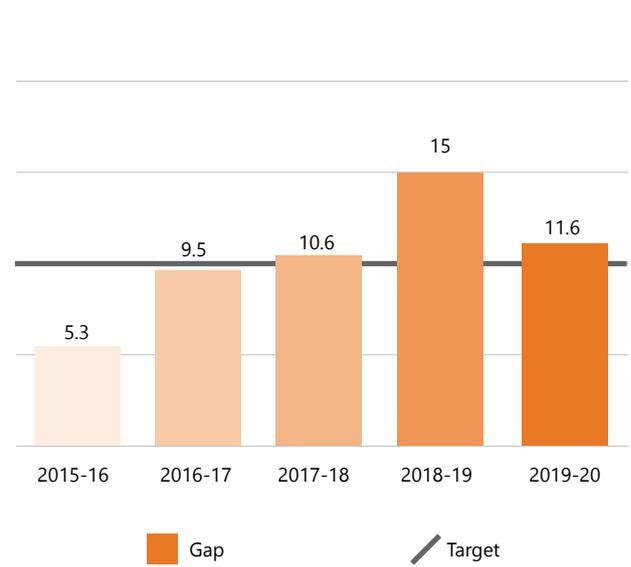
THE ANNUAL CHRISTMAS IN THE PILBARA CALENDAR OF EVENTS CONTINUED TO BE A FIRM COMMUNITY FAVOURITE

Our weekly Rhyme Time and Story Time infant and toddler sessions run across the City of Karratha libraries saw 5165 adults and children attend over the 2019/20 financial year.

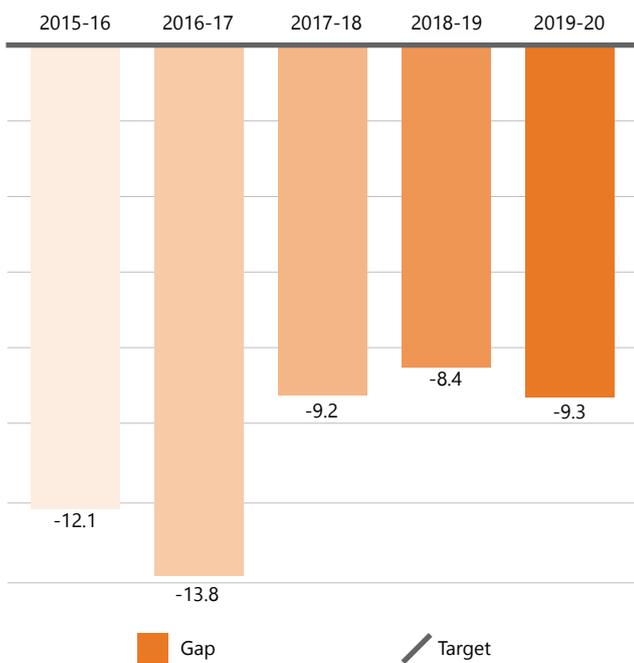
Maintain a positive gap between performance and importance in Annual Community Survey for footpaths and cycleways
 Please note the target is a positive gap of 3



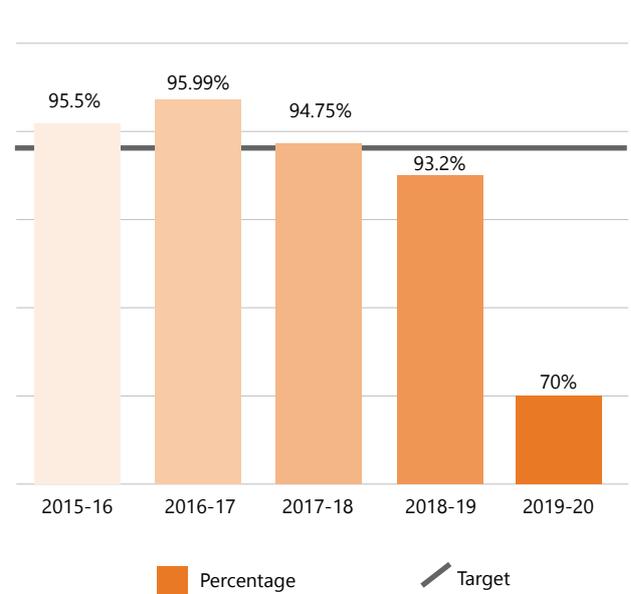
Community Services: Maintain or improve a positive gap between performance and importance in Annual Community Survey for Library Services
 Please note the target is a positive gap of 10



Community Services: Maintain or improve a positive gap between performance and importance in Annual Community Survey for Youth Services
 Please note the target is 0



Ensure all contracted work is completed within agreed time frames in accordance with contract requirements
 Please note the target is 94%



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.



Developing Northern Australia Conference 2019

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



Key achievements

- › Provided over \$4 million in COVID-19 support to local economy and stimulus to small businesses
- › Hosted 2019 WA Regional Tourism Conference
- › Allocated \$233,091 in financial support to attract events and activities to the region in 2019/20.
- › As part of our Economic Development Strategy we provided funding and support for the Pilbara Universities Centre, Pilbara Rock Oysters feasibility study and pilot, Business Climate Scorecard, Quarterly Business Briefing Breakfast and more.

2.a Diverse industry

- The 2019 Developing Northern Australia Conference was held at the Red Earth Arts Precinct, raising the profile of the City and attracting major industry stakeholders and state and federal government representatives.
- The Western Australia Regional Tourism Conference was held at the Red Earth Arts Precinct in Karratha, 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.
- The number of tourists visiting the Karratha Tourism and Visitor centre exceeded 10,000 despite being closed during COVID-19 restrictions.

2.b Reduce business costs

- Provided over \$4 million in COVID-19 support for the local economy. Two tranches consisting of a suite of initiatives aimed at supporting small businesses and community groups with \$1 million contributed by Rio Tinto.
- Council allocated \$54,508 across 17 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.
- Council endorsed \$81,500 in Business Development Support grants in 2019/20 for initiatives offering support to businesses through the provision of training workshops, expos and conferences. Funding recipients included the Pilbara Tourism Association and KDCCI
- 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

- There were a number of significant developments approved in 2019/20 including the Pilbara Motor Group, Tambrey Neighbourhood Shopping Centre, EpiCentre and the redeveloped Bay Village.
- 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 allocated \$233,091 in financial support to attract events and activities to the region in 2019/20.



Ngurranga Tours



Cape Lambert

2.d Role clarity

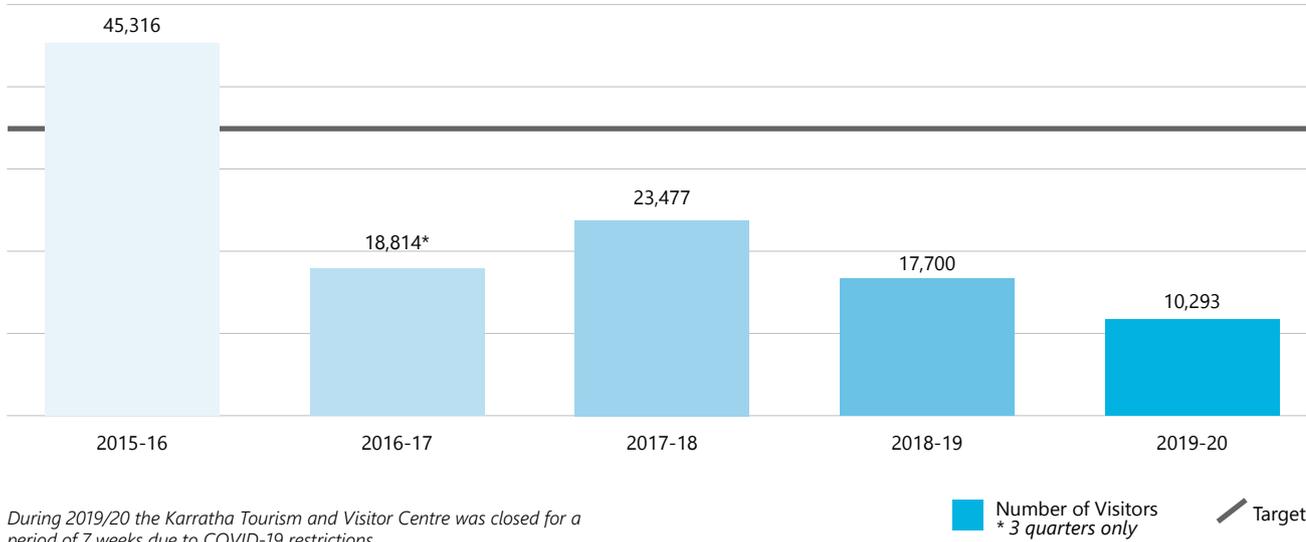
- The City's Destination Management Plan has seen support provided to a number of events and initiatives that strengthen the local tourism industry including the Yara Burrup Classic Open Water Swim, Ganalili Centre, Pilbara Tourism Associations delivery of Marketing Masterclass and much more.
- As part of our Economic Development Strategy we provided funding and support for the Pilbara Universities Centre, Pilbara Rock Oysters feasibility study and pilot, Business Climate Scorecard, Quarterly Business Briefing Breakfast and more.

The year ahead

- › Continue diversification of our economy, including delivery of the Destination Management Plan
- › Continue support provided to local business through Business Climate Scorecard analysis
- › Enable an increase in land and housing supply
- › Continue diversification of our economy, including delivery of the Destination Management Plan

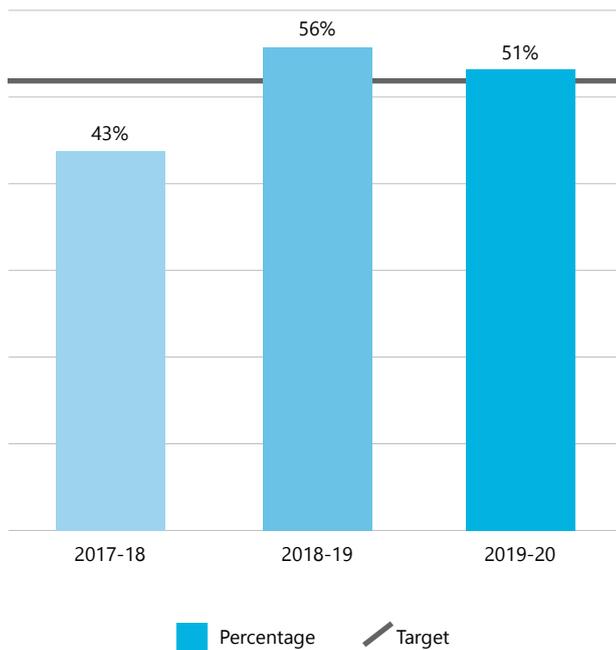
Number of tourists visiting the Karratha Tourism and Visitor Centre

Please note the target is 35,000 tourists, target for 2019/20 is 8,750



Percentage of invoices paid to local suppliers

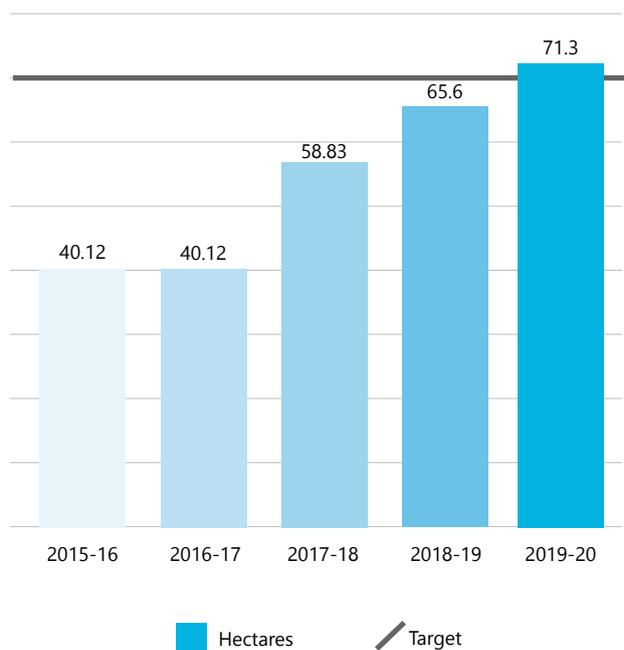
Please note the target is 50%



The value of invoices paid to local suppliers was \$48.1 million representing 63% of expenditure for 2019/20. The City continues to focus on using local suppliers where possible within the capabilities of our purchasing policy.

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.



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



Key achievements

- › Provided over \$4.5 million in Tropical Cyclone Damien recovery support
- › Completion of Dampier foreshore and Hampton Harbour redevelopment
- › Seven Mile Waste Facility redirected more than 8230 tonnes of landfill
- › Implementation of an Internal Strategy to Minimise the Use of Single Use Plastics

3.a Appropriately managed natural assets

- Completed the Local Biodiversity Strategy project. The City will use the recommendations to advise the draft Environmental Sustainability Strategy and environmental management plans.
- The 2013 Environmental Strategy was reviewed by the City of Karratha alongside the City of Karratha's Environmental and Sustainability Advisory Group. A new Environmental Sustainability Strategy has been prepared and was presented to Council for the purposes of public comment.
- Promoted water efficiency strategies to the community including the Shower Head exchange program.

3.b Greater energy efficiency

- Completed a Renewable Hydrogen Industry Hub study. The City is now reviewing the recommendations and incorporating them into the environmental sustainability strategy.
- The Airport Solar Farm concludes its fourth year of operations in 2019/20 exceeding target levels for the second year in a row. Use of solar power at the Airport has been steady, averaging on 36.5 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 four 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.
- 100% of e-waste received at the Waste Transfer Station and scrap metal received



Mosquito surveying and treatment

3.d Sustainable use and management of resources

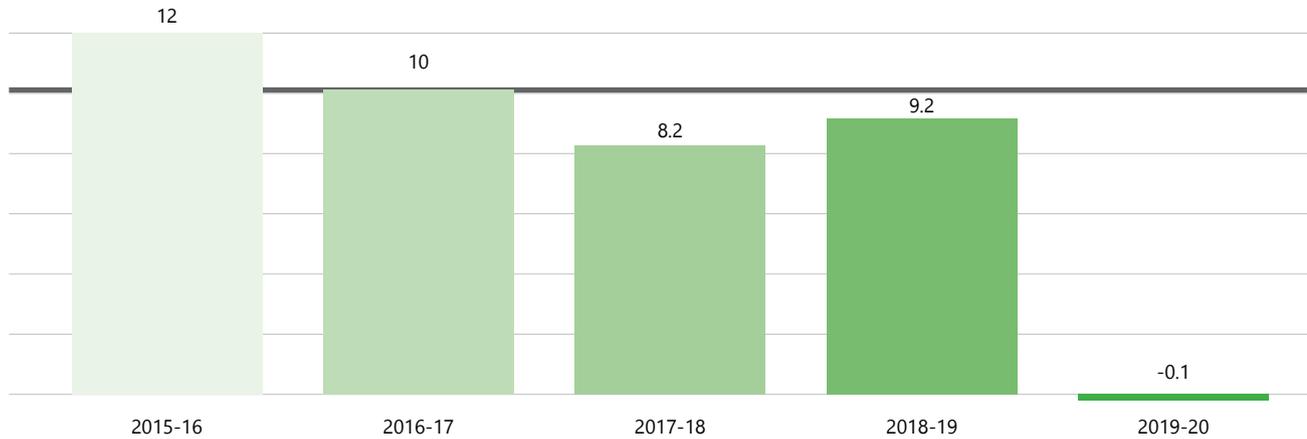
- In January 2020, the Federal Government lodged a submission for the Burrup Peninsula at Hearson Cove to be included on Australia's world heritage tentative list. Council supports this nomination recognising the Burrup as an environmental, cultural and economic asset of global significance and the profile a World Heritage listing would bring in terms of nature-based and eco-cultural tourism opportunities.
- In 19/20 the City implemented 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.
- Continued to progress the Energy Efficiency Action Plan (EEAP). LED Lights at the Karratha Leisureplex. Solar footpath lights. Progressively changing the street lighting lamps to LED. Solar panels on City-owned residential homes. Established an Energy efficiency working group to progress the EEAP and to improve reporting across the organisation.
- The City of Karratha has again been endorsed by the Water Corporation as a Waterwise Council. Highlights of the City's Waterwise report include a 20% increase in recycled water use and decrease of potable water by 4%.
- Established a Waterwise Council working group to progress the Water Efficiency Action Plan (WEAP).

3.e Attractive built environment

- The \$13.6 million Dampier Palms and Hampton Oval redevelopment project was completed in December, 2019. The project was supported by the City of Karratha, Rio Tinto and Lotterywest and provides a revitalized foreshore area for the Dampier and Karratha communities including multiple activity areas for families and youth, a half basketball court, amphitheatre and capitalises on Dampier's natural and unique scenery.

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

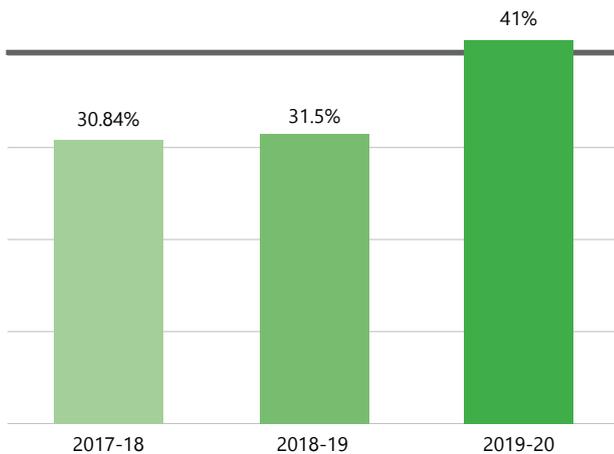


Roebourne and Point Samson have indicated the City is underperforming in this space. Focus will be placed on Roebourne to improve services with community education programs to be implemented in Wickham and Point Samson.

■ Gap / Target

Percentage of residential waste diverted from landfill

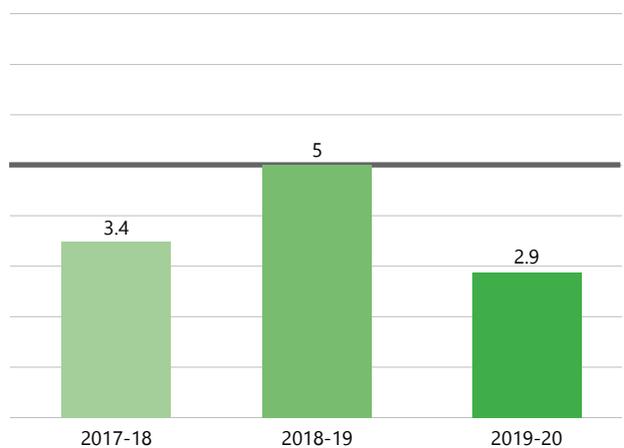
Please note the target is 40%



■ Percentage diverted / Target

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, 6 in 2019/20



■ Gap / Target

With 65% of residents participating in the kerbside recycling scheme, a high percentage of contaminated recycling continues to be returned to landfill.



Karratha City Centre

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



Key achievements

- › Whole of City response to COVID-19 and associated restrictions
- › Continued national place branding campaign *Karratha is Calling*

4.a Raised profile of the City of Karratha

- Awarded Innovative Management Initiative Award from Local Government Professionals Australia WA for response to COVID-19 pandemic and leadership in local governance that lead to outstanding benefits to the community.

4.b Continuous improvement and innovation

- 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. In August of 2019, Qantas introduced capped fares for residents.
- The City of Karratha Approvals & Compliance team provides building application processing services to the Town of Port Hedland, the Shire of Ashburton and the Shire of Wyndham-East Kimberley.
- Council supported the establishment of an inter-regional travel network between Karratha, Newman, Port Hedland, Broome and Paraburdoo. The Avair Inter Regional Flight Network has drastically improved connectivity throughout the North West.

4.c Financial sustainability

- Council's budget was reviewed in November with \$2.29 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.
- Deferred collection of rates from all ratepayers by three months as part of larger suite of COVID-19 support initiatives.
- Long Term Financial Plan 2019/20-2028/29 created on the basis of a series of assumptions that consider strategic direction, priorities and services identified throughout the City's Strategic Community Plan and Corporate Business Plan endorsed by council in June 2020

4.d Strong partnerships and indigenous relations

- In November, 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 eight times across the 2019/20 financial year.



Karratha Airport

- 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 eighth year of operation the partnership has had a clear focus on providing improvements to infrastructure, facilities and services at a grassroots level. Community initiatives delivered over the 2019/20 financial year include but are not limited to; the Cossack Art Awards, the Christmas in the Pilbara calendar and youth programming at The Base.
- Rio Tinto agreed to provide support to the City of Karratha in delivery of the suite of recovery measures for residents and the local economy in response to COVID-19 and associated restrictions.
- In 2020, our three-year social investment agreement between the City of Karratha and Woodside-operated North West Shelf Project was extended for a further three years. This agreement focuses on improved youth programming, community safety and liveability initiatives and Australia Day Awards.

4.e Services that meet community needs

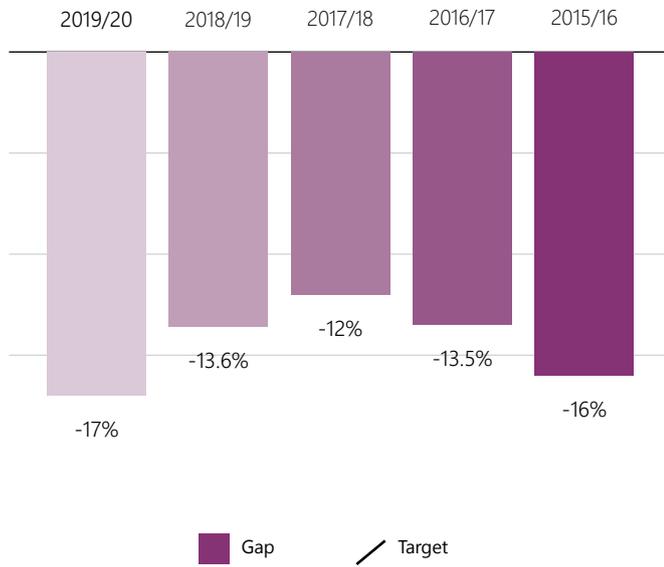
- Conducted annual Community Survey to benchmark service areas importance against community priorities.
- Our Rangers responded to over 6700 action requests during 19/20
- A historic agreement with Rio Tinto was endorsed by Council in January 2019. This agreement will see land, owned under freehold lease by the resource company, transferred to the City of Karratha. This is a positive step in the process towards the upgrade of community facilities and activation of public spaces and is likely to progress in 20/21

The year ahead

- › Continued advocacy for residents on State and Federal issues
- › Year three of Karratha is Calling campaign to promote liveability
- › 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

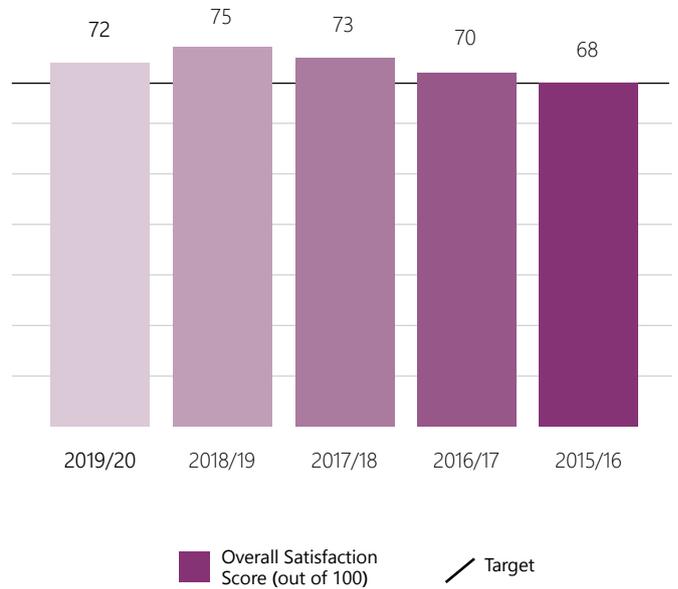
Please note the target is 0



Improved performance outweighed by a greater increase in importance.

Increase in overall community satisfaction score through the annual community survey

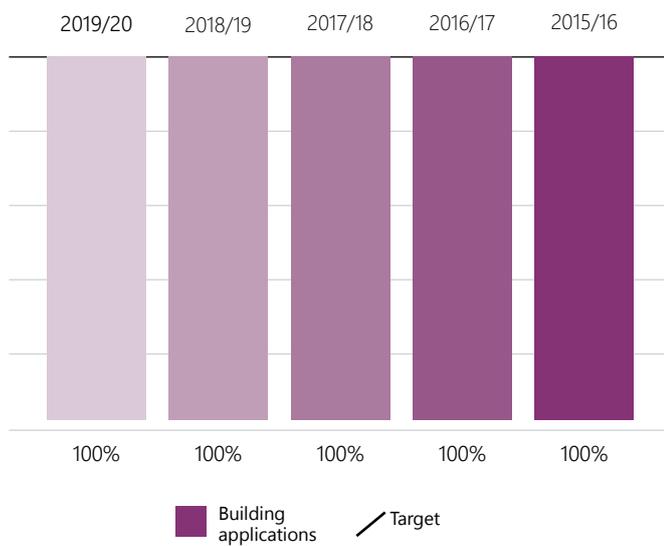
Please note the target is 68



Third highest score received by the City of the past nine surveys.

Assess all building applications within the statutory time frames

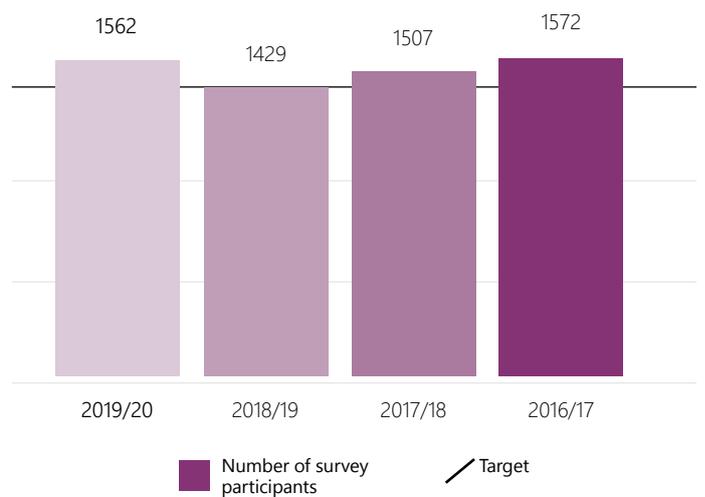
Please note the target is 100%



All building applications have been assessed within the statutory time frames.

Statistically relevant number of participants in annual community survey

Please note the target is 1500





Murujuga

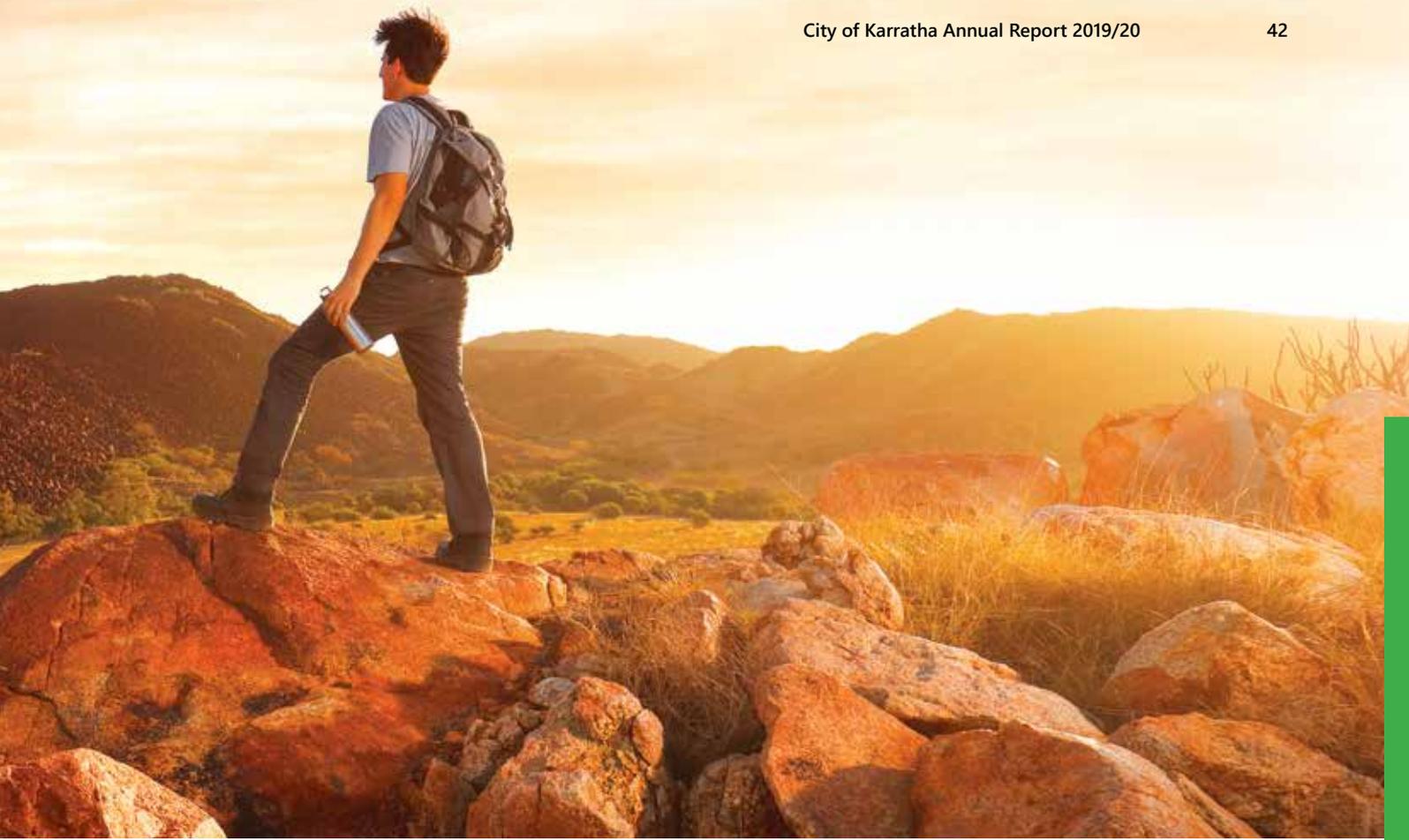
2.6 Into the future

While not traditional responsibilities of local government, the City is taking action on global issues such as climate change and sustainability alongside more localized challenges such as insurance premiums, cost of living, access to health services and housing.

Climate Change and Sustainability

Council is aware climate change is important to our residents. While not a main function of Council we are doing things to ensure that we operate in line with community expectations:

- Creation of Sustainability Officer role within the Development Services directorate
- New internal strategy developed to minimise the use of single use plastics throughout the City of Karratha organisation
- Installation of 105 solar footpath lights in residential areas throughout 2019/20
- Bushfire mitigation works in partnership with the Department of Fire and Emergency Services and Murujuga Aboriginal Corporation
- New Environmental Sustainability Strategy prepared and presented to Council for the purposes of public comment
- 40% of Karratha Airport facility power requirements provided by solar



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 and the Northern Territory.

Overall, insurance costs are much higher for cities and towns north of the 26th parallel with highest figures concentrated in the Pilbara, Darwin and central Northern Territory, and North Queensland.

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 help in this space.

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Resources industry growth and housing

The City of Karratha is of global significance, hosting multi-national corporations and exporting resources worldwide. The City has a long history of exporting iron ore, liquefied natural gas, salt and ammonium products and while this is set to continue into the future, the changing nature of the resources industry is creating opportunities for economic diversification.

Council has spent the last several years preparing for major growth in local resource industries ensuring the provision of serviced land both residentially and commercially, development of community facilities to support an increased population and improvement of local government by-laws to support integrated workforces.



Red Earth Arts Precinct



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.



Hearson Cove



City of Karratha Administration Centre

3.1 Governance

The City of Karratha is one of 138 local governments in Western Australia and is led by a Council consisting of 11 elected members.

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 16 October, 2021.

Our councillors

Karratha Ward



Cr Peter Long Mayor

*City of Karratha Councillor since: 2011
City of Karratha Mayor since: 2013
T 0409 882 847
E Cr.long@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 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. Cr Scott is the Director of Neverfail Springwater Karratha and North West Brewing Company and has served as a councillor for the past 6 years.



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 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.



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 nine years. Cr Miller is an active member in the community, taking part in the Karratha Basketball Association and Park Run Karratha.



Cr Kelly Nunn
Deputy Mayor

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.

Roebourne/Wickham/Cossack/Point Samson Ward

Dampier Ward



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 has lived in Karratha 42 years 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 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 in the City of Karratha for 39 years and lived in Roebourne for more than 16 years. Cr Bailey has served on Council for 10 years and is currently the Chair of the Yaandina Board.



Cr Geoff Harris

City of Karratha Councillor since: 2019
Previous term: 2014-2017
T 0438 288 428
E Cr.Harris@karratha.wa.gov.au

Cr Harris is a second generation family small business owner and his family business, Keyspot, has been operating for over 38 years in Karratha. During this time he has seen the town grow into what it is today, a vibrant and diversified place to live. Cr Harris is motivated to expand opportunities for youth, continue to improve sporting facilities, promote tourism, create more local jobs, and prioritise community safety and the environment.



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. Cr Evans stands for Council funding that empowers community associations to deliver community projects and builds participation in local clubs and groups.

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.

Council meeting attendance

MEETING TYPE	DATE	LOCATION	COUNCIL BRIEFING SESSION YES/NO	NUMBER PUBLIC ATTENDANCE (INC MEDIA)	
Ordinary Council Meeting	15/07/2019	Chambers	Y	4	
Ordinary Council Meeting	19/08/2019	Wickham	Y	12	
Ordinary Council Meeting	16/09/2019	Chambers	Y	4	
Ordinary Council Meeting	28/10/2019	Chambers	Y	3	
Ordinary Council Meeting	18/11/2019	Chambers	Y	3	
Ordinary Council Meeting	09/12/2019	Chambers	Y	6	
Ordinary Council Meeting	20/01/2020	Chambers	N	5	
Ordinary Council Meeting	17/02/2020	Chambers	Y	17	
Ordinary Council Meeting	16/03/2020	Chambers	Y	9	
Ordinary Council Meeting	20/04/2020	Electronic	Y	0	
Ordinary Council Meeting	18/05/2020	Chambers	Y	3	
Ordinary Council Meeting	30/06/2020	Chambers	Y	3	
Totals				69	
Special Council Meeting	21/10/2019	Chambers	N/A	8	
Special Council Meeting	30/03/2020	Electronic	N	0	
Totals				8	



Ganalili Centre



Burrup Peninsula

CR BAILEY	CR BERTLING	CR CUCEL	CR EVANS	CR HARRIS	CR LEVISSIANOS	CR LONG	CR MILLER	CR NUNN	CR SCOTT	CR SMEATHERS	CR WATERSTROM MULLER	TOTAL NUMBER OF COUNCILLORS IN ATTENDANCE
✓	✓	✓	✗	N/A	✓	✓	✓	✓	✓	✓	✓	10
✓	✓	✓	✓	N/A	✓	✓	✓	✓	✓	✓	✓	11
✓	✓	✓	✓	N/A	✓	✓	✓	✓	✓	✓	✓	11
✓	✓	N/A	✓	✓	✓	✓	✗	✓	✓	✓	✓	10
✓	✓	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
✓	✓	N/A	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
✓	✓	N/A	✗	✓	N/A	✓	✓	✗	✓	✓	✗	7
✓	✓	N/A	✓	✓	N/A	✓	✓	✓	✓	✓	✓	10
✓	✓	N/A	✓	✗	N/A	✓	✓	✓	✓	✓	✓	9
✓	✓	N/A	✓	✓	N/A	✓	✓	✓	✓	✓	✓	10
✓	✓	N/A	✓	✓	N/A	✓	✓	✓	✓	✓	✓	10
✓	✓	N/A	✓	✓	N/A	✓	✓	✓	✓	✓	✓	10
✓	✓	N/A	✓	✓	N/A	✓	✓	✓	✓	✓	✓	10
12	12	3	10	8	6	12	11	11	12	12	11	
✓	✓	N/A	✓	✓	N/A	✓	✓	✓	✓	✓	✓	10
✓	✓	N/A	✓	✓	N/A	✓	✓	✓	✓	✓	✓	10
2	2	0	2	2	0	2	2	2	2	2	2	



Karratha Leisureplex

	Name	Date	Term	Term Expires
Elections	Cr Bailey	19/10/2019	4 Year	2023
	Cr Bertling	19/10/2019	4 Year	2023
	Cr Harris	19/10/2019	4 Year	2023
	Cr Long	19/10/2019	4 Year	2023
	Cr Scott	19/10/2019	4 Year	2023
Resignations	Cr Levisianos	9/12/2019		
Retirement	Cr Cucel	17/10/2015	4 Year	2019
Councillors	Cr Evans	21/10/2017	4 Year	2021
	Cr Levisianos	21/10/2017	4 Year	2021
	Cr Miller	21/10/2017	4 Year	2021
	Cr Nunn	21/10/2017	4 Year	2021
	Cr Smeathers	21/10/2017	4 Year	2021
	Cr Waterstrom-Muller	21/10/2017	4 Year	2021



Red Dog Walking Trail, Dampier

Details of Council sub-committee and number of meeting days

Audit and Organisational Risk Committee for a two-year term

Cr Long, Cr Nunn, Cr Scott and Cr Smeathers
No. sitting days: 1

Internal advisory groups with councillor representation

Environment and Sustainability Advisory Group for a two-year term

Cr Long, Cr Bertling, Cr Evans and Cr Waterstrom Muller

Arts Development & Events Advisory Group for a two-year term

Cr Evans, Cr Miller, Cr Smeathers and Cr Waterstrom Muller

Safer Communities Partnership for a two-year term

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

Airport Advisory Group for a two-year term

Cr Long, Cr Bertling, Cr Scott and Cr Smeathers

Waste Advisory Group for a two-year term

Cr Long, Cr Nunn, Cr Evans and Cr Miller

Youth Advisory Group

Cr Nunn, Cr Miller, Cr Waterstrom Muller

External bodies with councillor representation

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

Cr Long, Cr Scott; Proxy: Cr Nunn

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

Cr Long

Council representative to the Pilbara Joint Development Assessment Panel

Cr Long, Cr Nunn; Proxies: Cr Bertling, Cr Smeathers

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 2019/20.



Point Samson Honeymoon Cove

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 (EX GST)
Annual Community Grant Scheme	20	\$525,764
Quarterly Grant Scheme supported by Woodside-operated North West Shelf Project	30	\$94,805
Computers for Communities	3	N/A
Major Event Sponsorship and Attraction Program	3	\$233,091

3.3 Corporate Governance

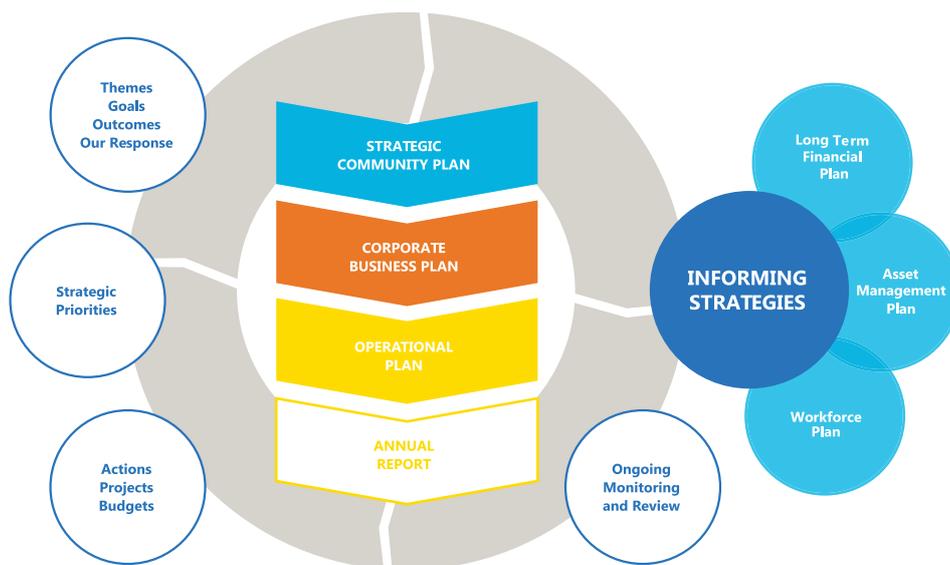
Corporate governance is the framework that serves as a control for the decision-making of local governments. This system ensures that the decisions made by Council are informed, transparent and balanced.

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 2016-2026
2. Corporate Business Plan 2016-21
3. Operational Plan 2019-20



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 Manager Infrastructure Projects Manager Infrastructure Services Manager Building Maintenance	Manager Community Facilities Manager Community Programs	Manager Approvals & Compliance Manager City Growth

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, Senior Executive Program – Stanford University,
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.



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.



Simon Kot

*Diploma in Project Management
Diploma Management,
Public Sector Management
Bachelor of Applied Science, Leisure Science
Director Strategic Projects & Infrastructure
Appointed: February, 2010*

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. 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.



Ryan Hall

*Master Degree Business Administration
Master Degree 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.



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.



Cleaverville

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 460 staff members, working across four directorates and based in 15 locations.



288.8 Full Time Equivalent



205 Full Time

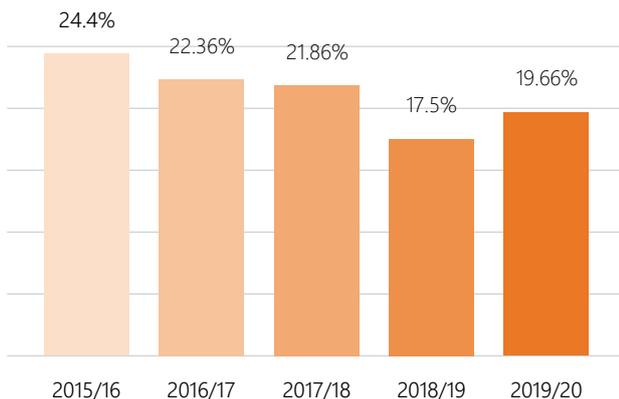


85 Part Time

Employee turnover rate

Employee turnover rate for the 2019-20 financial year has increased by 2.16 per cent on last year and this is the first increase we have seen since the downward trend began 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	2019-20
\$100,000 - \$109,999	14
\$110,000 - \$119,999	3
\$120,000 - \$129,999	2
\$130,000 - \$139,999	3
\$140,000 - \$149,999	3
\$150,000 - \$159,999	3
\$160,000 - \$169,999	0
\$170,000 - \$179,999	1
\$180,000 - \$189,999	1
\$190,000 - \$199,999	1
\$200,000 - \$209,999	0
\$210,000 - \$219,999	0
\$220,000 - \$229,999	0
\$230,000 - \$239,999	2
\$240,000 - \$249,999	0
\$250,000 - \$259,999	0
\$380,000 - \$389,999	1



Wickham Hub and Gym

Employee diversification statistics



Female Workforce

67.9% for Female Workforce



Mature Employees

30.8% for Mature employees



Aboriginal and Torres Strait Islander Australians

4.1% for Aboriginal and Torres Strait Islander Australians



Young People

17.9% for Youth

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.

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 Aboriginal Employment Strategy, Disability Access and Inclusion Plan and a Reconciliation Action Plan continues to increase the number of traineeships and apprenticeships offered to young people. In 2019-20 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.

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. The City of Karratha considers its workforce its most valuable asset and so it is increasingly important that the correct people are hired to fill roles. In 2019/20, the human resource team undertook 138 recruitment processes across all levels of the organisation, including one executive level role.

Workplace Occupational Safety and Health

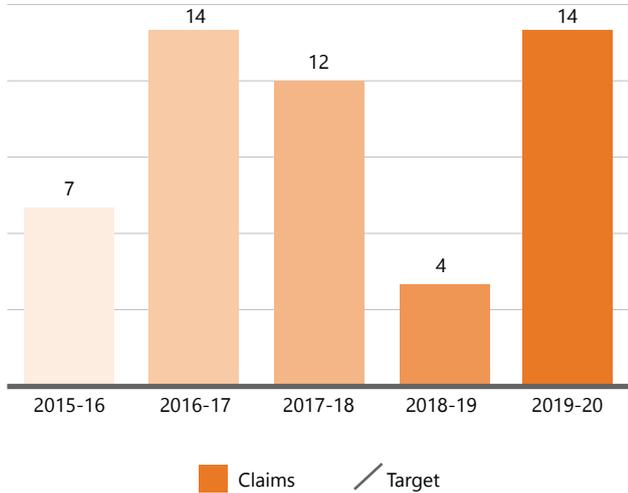
The City of Karratha has made a commitment to provide employees a safe working environment.

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 20 worksites has a designated 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 every four years.

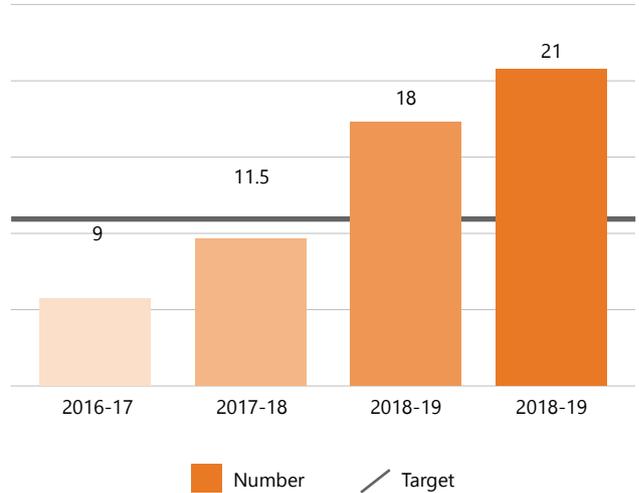
Number of workers compensation claims per annum

Please note the target is 0



Number of Indigenous staff employed

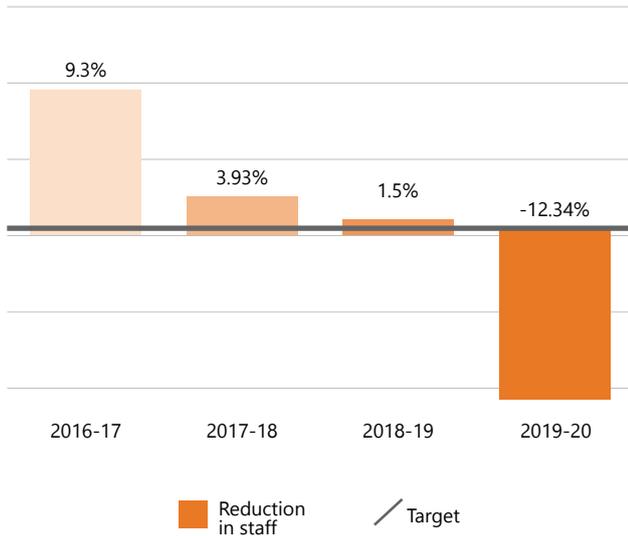
Please note the target is 12



The City's Aboriginal and Torres Strait Islander Engagement Strategy is helping the City to build a culturally diverse workplace with approximately 6% of workforce of ATSI decent.

Percentage reduction in staff turnover

Please note a positive result is one below the target



57 staff left the organisation in 2019/20 making a total turnover figure of 19.66%.



Parks and Gardens Team

2019/20 highlights:



161 work place inspections across City facilities in 2019/20



107 employees received flu vaccinations

Matters referred to Government Body

In Western Australia there are a number of bodies who monitor the behaviour of Council. They are the WA Ombudsman, Corruption and Crime Commission (WA), Public Sector Commission (WA) and the Local Government Standards Panel.

During the 2019/20 financial year the City of Karratha no matters were referred to any government agency.

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 that is available on our website that details the process of applying for information under the Act, as well as information that the City provides outside of the Act. During the 2019/2020 year, 10 FOI applications together with one internal review were received, one external review and seven third party reviews. A further 6 applications were withdrawn with alternate options provided to accessing requested data. Nine applications were settled within the statutory 45-day period and one required an extended period that was permitted by the Applicant.

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: www.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

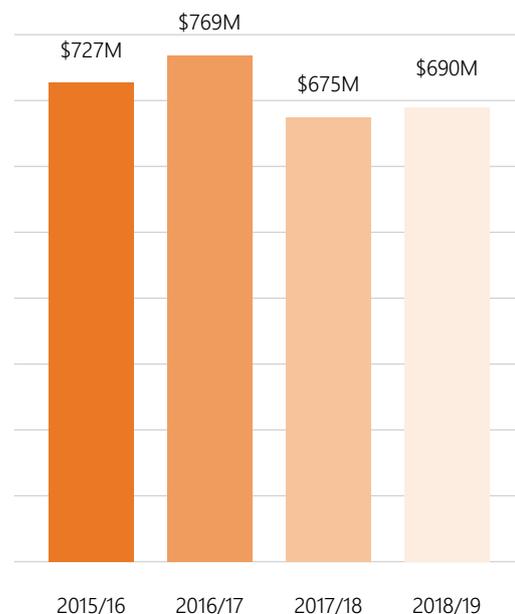
The City of Karratha manages an asset portfolio of more than \$650 million and has extensive management policies in place to ensure best results for the community.

Asset Management 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. All risks are reviewed by the City of Karratha Executive Management Team and directorates.

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



Karratha Parks

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 managements of risks and risk registers.

Audit & Organisational Risk Committee membership is comprised of three elected members. During 2019/20 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 2020.

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

- March 10, 2020

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 undertook a Financial Management Service Review by Avant Edge Consulting in June 2020 to identify the appropriateness and effectiveness of financial management system controls. Three medium risks were identified and six areas of low risk were identified and are currently being addressed.

The Office of Auditor General continues to undertake the financial audit of the City. Three minor risks were identified and two have been resolved for the 2019/20 financial year.



Mountain biking 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 procurement training to employees to ensure value for money is being delivered to ratepayers.

The City released 31 tenders, 1 request for proposal and 71 formal requests for quotation during 2019/20.

Significant contracts awarded included:

- Eastern Corridor Litter, Sanitation and Waste Transfer Station Resourcing (\$5.4m)
- Grounds Maintenance Eastern Areas (\$1.7m)
- Supply and Laying of Asphalt (\$7.5m)
- Minor Works – Air Conditioning (2.5m)
- Waste Compaction System (\$1.1m)
- Andover Park Redevelopment (\$1.5m)

In 2019/20 the City issued 10,912 purchase orders with 63 per cent of all work allocated to local business, to the a value of \$48.1 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.

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.



\$48.1 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 2019/20 and the ways in which we work with our stakeholders. It provides insight into decision making and summarises the sound financial position of Council moving forward.

CITY OF KARRATHA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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

CITY OF KARRATHA
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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 2020 is based on proper accounts and records to present fairly the financial position of the City of Karratha 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 26 March 2021



Chris Adams
Chief Executive Officer





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 2020, and 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, as well as 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 2020 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 and 10 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the City's annual financial reporting responsibilities under the Act. Including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

- (i) Regulation 17A requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 Leases which would have required the entity to measure the vested improvements also at zero cost.
- (ii) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

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 the annual financial report that is free from material misstatement, whether due to fraud or error. In preparing the annual financial report, the CEO is responsible for assessing the City's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the City.

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

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. 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.

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

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 financial ratios for 2018 in Note 35 of the annual financial report were audited by another auditor when performing their audit of the City for the year ending 30 June 2018. The auditor expressed an unmodified opinion on the annual financial report for that year.

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 2020 included on the City's website. The City's management is responsible for the integrity of the City's website. This audit does not provide assurance on the integrity of the City's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



SANDRA LABUSCHAGNE
DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
7 April 2021

**CITY OF KARRATHA
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	26(a)	42,115,888	42,075,758	40,488,172
Operating grants, subsidies and contributions	2(a)	14,722,534	8,556,486	13,840,155
Fees and charges	2(a)	39,009,825	43,041,634	38,548,526
Service charges	26(b)	(1,022)	0	861
Interest earnings	2(a)	1,997,559	2,324,501	2,455,903
Other revenue	2(a)	1,962,576	930,886	995,327
		99,807,360	96,929,265	96,328,944
Expenses				
Employee costs		(36,285,412)	(34,467,960)	(35,315,195)
Materials and contracts		(31,369,835)	(28,560,908)	(26,036,342)
Utility charges		(6,032,628)	(6,268,791)	(5,824,123)
Depreciation on non-current assets	10(b)	(20,456,483)	(18,688,498)	(17,692,578)
Interest expenses	2(b)	(8,907)	(8,076)	(9,919)
Insurance expenses		(1,777,732)	(1,724,673)	(1,573,650)
Other expenditure		(3,332,909)	(14,764,981)	(2,726,957)
		(99,263,906)	(104,483,887)	(89,178,764)
		543,454	(7,554,622)	7,150,180
Non-operating grants, subsidies and contributions	2(a)	5,752,377	4,085,439	14,696,422
Profit on asset disposals	10(a)	121,201	692,199	134,365
(Loss) on asset disposals	10(a)	(3,461,196)	(180,000)	(1,674,523)
Adjustment to accounting changes		0	0	(290,670)
Fair value adjustments to financial assets at fair value through profit or loss		0	0	122,620
Fair value adjustments to investment property	13	3,381,936	0	1,745,200
(Loss) on revaluation of furniture and equipment	8(a)	0	0	(20,173)
		5,794,318	4,597,638	14,713,241
Net result for the period		6,337,772	(2,956,984)	21,863,421
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	(7,149,718)	0	157,537
Total other comprehensive income for the period		(7,149,718)	0	157,537
Total comprehensive income for the period		(811,946)	(2,956,984)	22,020,958

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 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
	2(a)			
Governance		721,825	28,460	562,981
General purpose funding		49,595,865	47,940,380	47,319,049
Law, order, public safety		866,319	795,484	1,183,740
Health		151,626	156,850	162,457
Education and welfare		71,752	58,008	58,900
Housing		862,233	722,254	693,891
Community amenities		11,375,966	12,191,200	10,617,201
Recreation and culture		11,435,570	11,666,200	12,246,895
Transport		23,465,074	22,467,845	21,904,357
Economic services		631,527	627,440	1,098,240
Other property and services		629,603	275,144	481,233
		99,807,360	96,929,265	96,328,944
Expenses				
	2(b)			
Governance		(2,708,189)	(3,744,029)	(2,913,346)
General purpose funding		(1,402,490)	(11,618,968)	(1,159,013)
Law, order, public safety		(1,727,258)	(1,867,341)	(1,543,003)
Health		(1,119,686)	(1,188,091)	(1,314,428)
Education and welfare		(396,813)	(196,767)	(177,629)
Housing		(1,016,957)	(830,189)	(731,936)
Community amenities		(15,912,828)	(16,230,730)	(14,504,500)
Recreation and culture		(38,468,764)	(40,888,559)	(37,435,458)
Transport		(34,337,360)	(25,749,327)	(27,035,426)
Economic services		(1,918,519)	(2,171,286)	(2,007,829)
Other property and services		(246,135)	9,476	(346,277)
		(99,254,999)	(104,475,811)	(89,168,845)
Finance Costs				
	2(b)			
General purpose funding		(7,883)	(8,076)	(9,919)
Recreation and culture		(1,024)	0	0
		(8,907)	(8,076)	(9,919)
		543,454	(7,554,622)	7,150,180
Non-operating grants, subsidies and contributions	2(a)	5,752,377	4,085,439	14,696,422
Profit on disposal of assets	10(a)	121,201	692,199	134,365
(Loss) on disposal of assets	10(a)	(3,461,196)	(180,000)	(1,674,523)
Asset Accounting Change - Regulation 17A		0	0	(290,670)
Fair value adjustments to financial assets at fair value through profit or loss		0	0	122,620
Fair value adjustments to investment property	13	3,381,936	0	1,745,200
(Loss) on revaluation of furniture and equipment	8(a)	0	0	(20,173)
		5,794,318	4,597,638	14,713,241
Net result for the period		6,337,772	(2,956,984)	21,863,421
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	(7,149,718)	0	157,537
Total other comprehensive income for the period		(7,149,718)	0	157,537
Total comprehensive income for the period		(811,946)	(2,956,984)	22,020,958

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

**CITY OF KARRATHA
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	3	55,175,670	25,756,187
Trade and other receivables	6	10,252,019	13,218,161
Financial Assets - Term Deposits	5(a)	13,163,678	42,291,566
Other financial assets at amortised cost	5(a)	0	24,777
Inventories	7	488,469	411,358
TOTAL CURRENT ASSETS		79,079,836	81,702,049
NON-CURRENT ASSETS			
Trade and other receivables	6	453,046	656,270
Other financial assets at fair value through profit and loss	5(b)	122,620	122,620
Other financial assets at amortised cost	5(b)	199,690	237,559
Inventories	7	488,358	488,358
Property, plant and equipment	8	250,813,979	258,518,365
Infrastructure	9	426,824,872	410,595,902
Investment property	13	25,619,936	21,750,000
Right of use assets	11(a)	27,436	0
TOTAL NON-CURRENT ASSETS		704,549,937	692,369,074
TOTAL ASSETS		783,629,773	774,071,123
CURRENT LIABILITIES			
Trade and other payables	14	6,195,306	10,361,336
Contract liabilities	15	2,119,876	0
Lease liabilities	16(a)	14,998	0
Borrowings	17(a)	85,520	83,439
Employee related provisions	18	4,618,608	4,122,988
TOTAL CURRENT LIABILITIES		13,034,308	14,567,763
NON-CURRENT LIABILITIES			
Lease liabilities	16(a)	12,831	0
Borrowings	17(a)	177,494	263,014
Employee related provisions	18	457,080	578,285
Other provisions	19	13,846,825	0
TOTAL NON-CURRENT LIABILITIES		14,494,230	841,299
TOTAL LIABILITIES		27,528,538	15,409,062
NET ASSETS		756,101,235	758,662,061
EQUITY			
Retained surplus		452,276,363	448,643,288
Reserves - cash/financial asset backed	4	67,506,603	66,847,807
Revaluation surplus	12	236,318,269	243,170,966
TOTAL EQUITY		756,101,235	758,662,061

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

**CITY OF KARRATHA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/FINANCIAL ASSET BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 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	12	0	0	157,537	157,537
Total comprehensive income		21,863,421	0	157,537	22,020,958
Transfers from reserves	4	21,764,339	(21,764,339)	0	0
Transfers to reserves	4	(27,114,282)	27,114,282	0	0
Balance as at 30 June 2019		448,643,288	66,847,807	243,170,966	758,662,061
Change in accounting policy	31(b)	(2,045,901)	0	297,021	(1,748,880)
Restated total equity at 1 July 2019		446,597,387	66,847,807	243,467,987	756,913,181
Comprehensive income					
Net result for the period		6,337,772	0	0	6,337,772
Other comprehensive income	12	0	0	(7,149,718)	(7,149,718)
Total comprehensive income		6,337,772	0	(7,149,718)	(811,946)
Transfers from reserves	4	19,947,616	(19,947,616)	0	0
Transfers to reserves	4	(20,606,412)	20,606,412	0	0
Balance as at 30 June 2020		452,276,363	67,506,603	236,318,269	756,101,235

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

**CITY OF KARRATHA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	43,663,978	42,724,223	40,697,982
Operating grants, subsidies and contributions	15,357,838	12,891,279	12,020,549
Fees and charges	39,949,453	43,041,634	38,548,526
Service charges	(1,022)	0	861
Interest received	1,997,559	2,316,425	2,455,903
Goods and services tax received (net)	597,254	0	1,698,593
Other revenue	1,962,576	938,962	995,327
	103,527,636	101,912,523	96,417,741
Payments			
Employee costs	(35,694,966)	(34,467,960)	(35,411,111)
Materials and contracts	(36,305,942)	(28,560,908)	(27,526,250)
Utility charges	(6,032,628)	(6,268,791)	(5,824,123)
Interest expenses	(8,907)	(8,076)	(9,735)
Insurance paid	(1,777,732)	(1,724,673)	(1,573,650)
Other expenditure	(3,332,909)	(14,764,981)	(2,726,957)
	(83,153,084)	(85,795,389)	(73,071,826)
Net cash provided by (used in) operating activities	20	20,374,552	23,345,915
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	8(a)	(7,851,645)	(9,635,805)
Payments for construction of infrastructure	9(a)	(18,692,310)	(22,837,018)
Payments for financial assets		0	0
Payments for investment property	13	(18,000)	0
Non-operating grants, subsidies and contributions	2(a)	5,752,377	4,085,439
Proceeds from financial assets at amortised cost - term deposits		29,127,888	0
Proceeds from financial assets at amortised cost - self supporting loans		56,480	6,266
Proceeds on loans receivable - clubs/institutions		6,166	0
Proceeds from sale of property, plant & equipment	10(a)	761,990	1,812,500
Net Movement of term deposits classified as financial assets		0	0
		9,142,946	(26,568,618)
Net cash provided by (used in) investment activities		(26,568,618)	(11,769,806)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	17(b)	(83,439)	(83,438)
Payments for principal portion of lease liabilities	16(b)	(14,576)	0
		(98,015)	(83,438)
Net cash provided by (used in) financing activities		(83,438)	(81,409)
Net increase (decrease) in cash held		29,419,483	11,494,700
Cash at beginning of year		25,756,187	66,298,482
Cash and cash equivalents at the end of the year	20	55,175,670	55,763,560
		25,756,187	25,756,187

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

**CITY OF KARRATHA
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES			
	831,611	805,297	831,611
	1,896,063	1,276,159	2,564,089
27 (b)	2,727,674	2,081,456	3,395,700
Revenue from operating activities (excluding rates)			
Governance	723,888	482,566	685,601
General purpose funding	7,479,977	5,864,622	6,830,877
Law, order, public safety	866,351	795,984	1,183,740
Health	151,626	156,850	162,457
Education and welfare	71,752	58,008	58,900
Housing	981,339	942,747	826,592
Community amenities	11,375,966	12,208,200	10,617,481
Recreation and culture	11,435,570	11,666,200	12,247,335
Transport	23,465,074	22,467,945	21,905,301
Economic services	4,013,463	627,440	2,843,440
Other property and services	629,603	275,144	481,233
	61,194,609	55,545,706	57,842,957
Expenditure from operating activities			
Governance	(2,714,208)	(3,744,029)	(2,941,387)
General purpose funding	(1,416,953)	(11,627,044)	(1,172,857)
Law, order, public safety	(1,732,448)	(1,874,341)	(1,546,082)
Health	(1,119,686)	(1,188,091)	(1,316,019)
Education and welfare	(689,953)	(196,767)	(177,629)
Housing	(1,016,957)	(830,189)	(858,914)
Community amenities	(15,941,177)	(16,275,230)	(14,594,236)
Recreation and culture	(39,269,366)	(40,923,059)	(37,700,523)
Transport	(36,653,786)	(25,831,827)	(28,475,634)
Economic services	(1,924,433)	(2,176,286)	(2,012,006)
Other property and services	(246,135)	2,976	(368,843)
	(102,725,102)	(104,663,887)	(91,164,130)
Non-cash amounts excluded from operating activities	19,588,068	18,176,299	17,528,370
27(a)	(19,214,751)	(28,860,426)	(12,397,103)
Amount attributable to operating activities			
INVESTING ACTIVITIES			
Non-operating grants, subsidies and contributions	5,752,377	4,085,439	14,696,422
2(a)	761,990	1,812,500	645,851
10(a)	56,480	83,584	88,979
Proceeds from self supporting loans	(7,851,645)	(9,635,805)	(13,976,935)
8(a)	(18,692,310)	(22,837,018)	(19,515,800)
9(a)	(18,000)	0	0
13	(19,991,108)	(26,491,300)	(18,061,483)
Amount attributable to investing activities			
FINANCING ACTIVITIES			
Repayment of borrowings	(83,439)	(83,438)	(81,409)
17(b)	(14,576)	0	0
16(b)	(20,606,412)	(20,361,285)	(27,114,282)
4	19,947,616	34,392,649	21,764,339
4	(756,811)	13,947,926	(5,431,352)
Amount attributable to financing activities			
Surplus/(deficit) before imposition of general rates			
	(39,962,670)	(41,403,800)	(35,889,938)
Total amount raised from general rates			
26(a)	42,115,888	42,075,758	40,488,172
Restricted surplus/(deficit) June 30 c/fwd - Pilbara Underground Power			
6	453,046	644,630	656,270
Surplus/(deficit) after imposition of general rates			
27(b)	1,700,172	27,328	3,941,964

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

**CITY OF KARRATHA
INDEX OF NOTES TO THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

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**CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

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.

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The Local Government (Financial Management) Regulations 1996 take precedence over Australian Accounting Standards. Prior to 1 July 2019, Financial Management Regulation 16 arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. 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 pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the City. This was not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

From 1 July 2019, the City has applied AASB 16 Leases which requires leases to be included by lessees in the statement of financial position. Also, the Local Government (Financial Management) Regulations 1996 have been amended to specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the City to measure any vested improvements at zero cost.

The City has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

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.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

On 1 July 2020 the following new accounting standards are to be adopted:

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-7 Amendments to Australian Accounting Standards - Materiality

AASB 1059 Service Concession Arrangements: Grantors is not expected to impact the financial report.

Specific impacts of AASB 2018-7 Amendments to Australian Accounting Standards - Materiality, have not been identified.

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the 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 31 to these financial statements.

**CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

2. REVENUE AND EXPENSES

REVENUE RECOGNITION

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General rates	Over time	Payment dates adopted by Council during the year	None	Adopted by Council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by Council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled

**CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

2. REVENUE RECOGNITION (cont.)

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming	Single point in time	Full payment prior to issue	None	Set by state legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by state legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by state legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by Council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by Council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by Council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by Council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire

**CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

2. REVENUE RECOGNITION POLICY (cont.)

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Kiosk and visitor centre stock	Single point in time	In full in advance, on 40 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on ticket sales/artwork	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance	0	1,500	18,492
General purpose funding	3,255,647	1,381,800	2,721,573
Law, order, public safety	673,910	670,004	844,230
Health	12,543	13,500	50,923
Housing	18,000	0	0
Community amenities	195,900	0	11,600
Recreation and culture	7,136,121	6,213,703	10,040,939
Transport	3,363,413	202,979	75,398
Economic services	67,000	73,000	77,000
	14,722,534	8,556,486	13,840,155
Non-operating grants, subsidies and contributions			
Governance	0	0	469,999
Law, order, public safety	748,128	0	190,726
Community amenities	80,000	100,000	0
Recreation and culture	2,786,114	2,607,222	7,627,863
Transport	2,138,135	1,378,217	5,777,341
Economic services	0	0	630,493
	5,752,377	4,085,439	14,696,422
	20,474,911	12,641,925	28,536,577
Total grants, subsidies and contributions			
Fees and charges			
Governance	30,863	14,720	18,495
General purpose funding	2,248,981	2,120,961	1,664,861
Law, order, public safety	88,449	71,560	79,130
Health	139,083	143,350	111,534
Education and welfare	71,752	58,008	58,900
Housing	844,233	722,254	693,891
Community amenities	11,015,823	11,941,964	10,311,610
Recreation and culture	4,282,284	5,271,897	5,216,536
Transport	19,651,765	22,114,530	19,958,395
Economic services	564,527	554,440	390,747
Other property and services	72,065	27,950	44,427
	39,009,825	43,041,634	38,548,526

During the financial year ended 30th June 2020, Council resolved at its November meeting of Council (Res No: 154465) to impose new fees for the hire of the meeting room at the Karratha Tourism and Visitor Centre, effective from 1 January 2020.

Effective January 2020

KTVC Meeting Room Hire (per hour) - Commercial	\$30.00 (GST incl)
KTVC Meeting Room Hire (per hour) - Community Group/ Not-for-profit	\$15.00 (GST incl)

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City was recognised during the year for the following nature or types of goods and services:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions	14,722,534	8,556,486	13,840,155
Non-operating grants, subsidies and contributions	5,752,377	4,085,439	14,696,422
	<u>20,474,911</u>	<u>12,641,925</u>	<u>28,536,577</u>

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the City is comprised of:

Contracts with customers included as a contract liability at the start of the period	1,806,942	0	0
Other revenue from contracts with customers recognised during the year	14,722,534	8,556,486	13,840,155
Transfers intended for acquiring or constructing recognisable non-financial assets included as a contract liability at the start of the period	238,959	0	0
Other revenue from performance obligations satisfied during the year	3,706,476	4,085,439	14,696,422
	<u>20,474,911</u>	<u>12,641,925</u>	<u>28,536,577</u>

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non-financial assets is:

Trade and other receivables from contracts with customers	8,407,718	0	8,011,246
Contract liabilities from contracts with customers	(1,558,858)	0	0
Financial assets held from transfers for recognisable financial assets	561,018	0	0
Contract liabilities from transfers for recognisable non financial assets	(561,018)	0	0

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met. Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less. Consideration from contracts with customers is included in the transaction price. Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
General rates	42,064,449	42,025,299	40,437,713
Service charges	(1,022)	0	861
	42,063,427	42,025,299	40,438,574
Other revenue			
Insurance reimbursements	636,251	616,921	393,489
Fines and penalties	162,156	117,850	131,220
Other	1,164,169	196,115	470,618
	1,962,576	930,886	995,327
Interest earnings			
Financial assets at amortised cost - self supporting loans	7,883	8,076	7,586
Interest on reserve funds	1,159,082	1,493,470	1,522,031
Rates instalment and penalty interest (refer Note 26(d))	456,421	509,821	544,939
Late payment of fees and charges *	24,570	12,000	52,697
Other interest earnings	349,603	301,134	328,650
	1,997,559	2,324,501	2,455,903

* For the year ended 30 June 2020, Council resolved (Res No: 154367) to charge interest under section 6.13 for the late payment of any amount of money at 11%

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest earnings (continued)

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report

Interest expenses (finance costs)

Borrowings

Lease liabilities

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
	56,900	53,000	33,000
	56,900	53,000	33,000
17(b)	7,883	8,076	9,919
16(b)	1,024	0	0
	8,907	8,076	9,919

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

3. CASH AND CASH EQUIVALENTS

	NOTE	2020 \$	2019 \$
Cash and Cash Equivalents			
Cash at bank and on hand		55,175,670	5,720,928
Term deposits		0	20,035,259
Total cash and cash equivalents		55,175,670	25,756,187
Financial Assets			
Principal Amount of term deposit	5	13,163,678	42,291,566
Total		68,339,348	68,047,753
Restrictions			
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		55,175,670	24,593,013
- Financial assets at amortised cost		13,163,678	42,291,566
		68,339,348	66,884,579

The restricted assets are a result of the following specific purposes to which the assets may be used:

Reserve accounts

Aerodrome Reserve	4	3,490,739	2,809,608
Carry Forward Budget Reserve	4	540,043	552,476
Community Development Reserve	4	912,174	894,049
Dampier Drainage Reserve	4	10,981	10,763
Economic Development Reserve	4	1,323,651	1,297,351
Employee Entitlement Reserve	4	5,075,015	5,005,136
Infrastructure Reserve	4	25,669,327	22,636,685
Medical Services Assistance Package Reserve	4	404,535	396,497
Mosquito Control Reserve	4	9,999	9,285
Partnership Reserve	4	7,361,483	9,945,793
Plant Replacement Reserve	4	812,415	859,177
Restricted Funds Reserve	4	1,615,999	1,893,835
Walkington Theatre Reserve	4	33,314	32,652
Waste Management Reserve	4	19,854,280	20,119,654
Workers Compensation Reserve	4	392,648	384,846
		67,506,603	66,847,807

Other restricted cash and cash equivalents

Contract liabilities from contracts with customers*	15	271,727	0
Contract liabilities from transfers for recognisable non financial assets	15	561,018	0
Unspent grants, subsidies and contributions		0	36,772
Total restricted assets		68,339,348	66,884,579

*This is a reduced balance to reflect a sum of contract liabilities held in Reserve accounts.

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 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.

Restricted assets

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

**CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

4. RESERVES - CASH/FINANCIAL ASSET BACKED (Continued)

In accordance with Council resolutions or adopted budget 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) Plant Replacement Reserve	Ongoing	The purposes of this reserve is to fund the capital purchase of plant and equipment.
(l) 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.
(m) Walkington Theatre Reserve	2022	The purpose of this reserve is to fund the operation and capital works of the Walkington Theatre.
(n) 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.
(o) 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 30 JUNE 2020

5. OTHER FINANCIAL ASSETS

	2020	2019
	\$	\$
(a) Current assets		
Other financial assets at amortised cost	13,163,678	42,291,566
Other loans and receivables	0	24,777
	<u>13,163,678</u>	<u>42,316,343</u>
Other financial assets at amortised cost		
Term deposits	13,163,678	42,291,566
Self supporting loans	0	18,611
Loans receivable - clubs/institutions	0	6,166
	<u>13,163,678</u>	<u>42,316,343</u>
(b) Non-current assets		
Financial assets at amortised cost - self supporting loans	184,826	219,612
Financial assets at fair value through profit and loss	122,620	122,620
Other loans and receivables	14,864	17,947
	<u>322,310</u>	<u>360,179</u>
Financial assets at amortised cost		
Self supporting loans	184,826	219,612
Loans receivable - clubs/institutions	14,864	17,947
	<u>199,690</u>	<u>237,559</u>
Financial assets at fair value through profit and loss		
Units in Local Government House Trust	122,620	122,620
	<u>122,620</u>	<u>122,620</u>

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 17(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 28.

**CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	1,407,505	2,383,258
Sundry receivables	8,407,718	8,011,246
GST receivable	91,662	688,916
Allowance for impairment of trade receivables	(1,768,054)	(1,347,908)
Accrued Income	1,935,423	3,289,671
Prepayments	177,765	192,978

Non-current

Service Charge	453,046	656,270
----------------	---------	---------

	2020	2019
	\$	\$
	1,407,505	2,383,258
	8,407,718	8,011,246
	91,662	688,916
	(1,768,054)	(1,347,908)
	1,935,423	3,289,671
	177,765	192,978
	<u>10,252,019</u>	<u>13,218,161</u>
	453,046	656,270
	<u>453,046</u>	<u>656,270</u>

Reconciliation of changes in the allowance for impairment of receivables:

Balance at start of period	1,347,908	1,355,831
Restated balance at start of period	1,347,908	1,355,831
Expected credit losses expense	434,427	19,315
Amounts written off during the period	(14,281)	(27,238)
Balance at end of period	1,768,054	1,347,908

	1,347,908	1,355,831
	1,347,908	1,355,831
	434,427	19,315
	(14,281)	(27,238)
	<u>1,768,054</u>	<u>1,347,908</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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 40 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 28.

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 30 JUNE 2020**

7. INVENTORIES

Current

Fuel and materials	383,479	328,638
Corporate uniform	32,626	24,524
Food, drinks & merchandise Roebourne Aquatic Centre	230	243
Food, drinks & merchandise Youth Shed	2,825	3,056
Food, drinks & merchandise Wickham Recreation Precinct	1,132	1,371
Food, drinks & merchandise Karratha Leisureplex	2,767	3,469
Food, drinks & merchandise Red Earth Arts Precinct	16,317	14,164
Food, drinks & merchandise Karratha Visitor Centre	13,200	0
Land held for resale - cost		
Cost of acquisition	35,893	35,893

Non-current

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

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year	(1,394,688)	(28,654)
Additions to inventory	1,471,799	2,341

Carrying amount at end of period

2020	2019
\$	\$
383,479	328,638
32,626	24,524
230	243
2,825	3,056
1,132	1,371
2,767	3,469
16,317	14,164
13,200	0
35,893	35,893
488,469	411,358
488,358	488,358
488,358	488,358
899,716	926,029
(1,394,688)	(28,654)
1,471,799	2,341
976,827	899,716

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
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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 buildings	Total land and buildings	Furniture and equipment	Plant	Equipment	Artwork & Sculptures	Works in Progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	10,630,892	564,454	11,195,346	217,698,254	217,698,254	228,893,600	2,706,145	7,090,082	488,248	1,859,816	10,805,644	251,843,535
Additions	470,000	0	470,000	20,259,302	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)	(205,787)	(420,817)	(2,706)	(343,839)	(612)	0	0	(767,974)
Revaluation increments / (decrements) transferred to revaluation surplus	0	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	0	(20,173)	0	0	0	0	(20,173)
Depreciation (expense)	0	0	0	(5,001,857)	(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	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	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)	(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)	(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	232,749,912	244,200,228	2,726,904	8,476,352	438,370	1,860,579	815,932	258,518,365
Change in accounting policy*	9,454	(564,454)	(555,000)	3,646	3,646	(551,354)	0	0	0	47,998	0	(503,356)
Carrying amount at 1 July 2019	10,895,316	0	10,895,316	232,753,558	232,753,558	243,648,874	2,726,904	8,476,352	438,370	1,908,577	815,932	258,015,009
Additions	0	0	0	4,976,409	4,976,409	4,976,409	723,721	2,104,012	22,971	353,858	(329,326)	7,851,645
(Disposals)	(61,074)	0	(61,074)	(1,004,274)	(1,004,274)	(1,065,348)	(16,110)	(690,877)	(1,287)	(19,199)	0	(1,792,821)
Revaluation increments / (decrements) transferred to revaluation surplus**	0	0	0	(6,060,544)	(6,060,544)	(6,060,544)	0	0	0	0	0	(6,060,544)
Depreciation (expense)	0	0	0	(5,340,661)	(5,340,661)	(5,340,661)	(533,766)	(716,067)	(96,519)	(42,297)	0	(6,729,310)
Transfers	(470,000)	0	(470,000)	0	0	(470,000)	0	0	0	0	0	(470,000)
Carrying amount at 30 June 2020	10,364,242	0	10,364,242	225,324,488	225,324,488	235,688,730	2,900,749	9,173,420	363,535	2,200,939	486,606	250,813,979
Comprises:												
Gross carrying amount at 30 June 2020	10,364,242	0	10,364,242	264,497,467	264,497,467	274,861,709	3,432,041	9,864,785	454,429	2,279,880	486,606	291,379,450
Accumulated depreciation at 30 June 2020	0	0	0	(31,254,901)	(31,254,901)	(31,254,901)	(531,292)	(691,365)	(90,894)	(78,941)	0	(32,647,393)
Accumulated impairment loss at 30 June 2020	0	0	0	(7,918,078)	(7,918,078)	(7,918,078)	0	0	0	0	0	(7,918,078)
Carrying amount at 30 June 2020	10,364,242	0	10,364,242	225,324,488	225,324,488	235,688,730	2,900,749	9,173,420	363,535	2,200,939	486,606	250,813,979

*The increases in asset valuations relate to 2 gifted parks valued at the time of implementing the accounting policy. The transfer of \$9,454 is a result of a review of the vested land in accordance with the accounting policy and was reclassified as freehold land.

**The revaluation surplus was used to write off the removal of the balances relating to Cossack/Jarman Island lighthouse as the management order expired and the assets were handed back to the State Government as per council resolution 154544.

**CITY OF KARRATHA
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FOR THE YEAR ENDED 30 JUNE 2020**

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)
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 30 JUNE 2020**

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 \$	Landfill Post Closure Asset \$	Total Infrastructure \$
Balance at 1 July 2018	224,959,412	37,481,542	17,645,453	48,607,821	59,223,499	4,084,729	11,516,764	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	19,515,800
(Disposals)	(1,301,054)	(57,561)	0	(59,420)	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	(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	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	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	(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	410,595,902
Change in accounting policy*	0	85,267	0	715,110	0	0	0	0	800,377
Carrying amount at 1 July 2019	0	39,343,121	0	50,914,177	0	0	0	0	90,257,298
Additions	7,697,910	3,236,315	1,324,772	9,947,202	837,368	868,685	(5,219,942)	13,846,825	32,539,135
(Disposals)	(1,830,170)	(252,373)	(67,263)	(159,358)	0	0	0	0	(2,309,164)
Revaluation increments / (decrements) transferred to revaluation surplus**	(1,076,202)	0	(12,972)	0	0	0	0	0	(1,089,174)
Depreciation (expense)	(6,982,006)	(759,155)	(475,154)	(3,014,204)	(2,066,292)	(415,393)	0	0	(13,712,204)
Carrying amount at 30 June 2020	222,671,305	41,567,908	18,967,965	57,687,817	60,114,990	8,671,509	3,296,553	13,846,825	517,082,170
Comprises:									
Gross carrying amount at 30 June 2020	269,263,844	55,390,925	24,012,657	78,836,393	83,271,249	14,523,221	3,296,553	13,846,825	542,441,667
Accumulated depreciation at 30 June 2020	(46,592,539)	(13,823,017)	(5,044,692)	(21,148,576)	(23,156,259)	(5,851,712)	0	0	(115,616,795)
Carrying amount at 30 June 2020	222,671,305	41,567,908	18,967,965	57,687,817	60,114,990	8,671,509	3,296,553	13,846,825	426,824,872

*The increases in asset valuations relate to 2 gifted parks valued at the time of implementing the accounting policy.

**The revaluation surplus was used to write off assets damaged in the Cyclone and removal of the balances relating to Cossack/Jarman Island lighthouse as the management order expired and the assets were handed back to the State Government as per council resolution 154544.

**CITY OF KARRATHA
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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
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10. FIXED ASSETS

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

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

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 zero cost or otherwise significantly less than fair value, 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 fixed overheads.

Individual assets that are land, buildings, infrastructure and investment properties 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 land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the City.

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 land, buildings, infrastructure, investment properties and vested improvements 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 prior to 1 July 2019

In accordance with the then *Local Government (Financial Management) Regulation 16(a)(ii)*, the City was previously required to include as an asset (by 30 June 2013), vested 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.

Land under roads prior to 1 July 2019

In Western Australia, most 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 then *Local Government (Financial Management) Regulation 16(a)(i)* which arbitrarily prohibited local governments from recognising such land as an asset. This regulation has now been deleted.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, the then *Local Government (Financial Management) Regulation 16(a)(i)* prohibited 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 was not included as an asset of the City.

Land under roads from 1 July 2019

As a result of amendments to the *Local Government (Financial Management) Regulations 1996*, effective from 1 July 2019, vested land, including land under roads, are treated as right-of-use assets measured at zero cost. Therefore, the previous inconsistency with *AASB 1051* in respect of non-recognition of land under roads acquired on or after 1 July 2008 has been removed, even though measurement at zero cost means that land under roads is still not included in the statement of financial position.

The City has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from *AASB 16* which would have required the City to measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 11 that details the significant accounting policies applying to leases (including right of use assets).

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10. FIXED ASSETS

(a) Disposals of Assets

	2020			2020			2020			2020			2019			2019		
	Actual Net Book Value	Actual Sale Proceeds	2020 Actual Profit	Budget Net Book Value	Budget Sale Proceeds	2020 Budget Profit	Budget Net Book Value	Budget Sale Proceeds	2020 Budget Profit	Actual Net Book Value	Actual Sale Proceeds	2019 Actual Profit	Actual Net Book Value	Actual Sale Proceeds	2019 Actual Profit	Actual Net Book Value	Actual Loss	
Land - freehold land	\$ 61,074	\$ 102,430	\$ 41,356	\$ 35,894	\$ 490,000	\$ 454,106	\$ 215,030	\$ 137,323	\$ 83,395	\$ 215,030	\$ 137,323	\$ 38,395	\$ 215,030	\$ 137,323	\$ 38,395	\$ 215,030	\$ (116,102)	
Buildings	1,004,274	192,570	77,750	499,507	720,000	220,493	205,787	242,861	94,306	205,787	242,861	94,306	205,787	242,861	94,306	205,787	(57,232)	
Furniture and equipment	16,110	0	0	0	0	0	2,706	0	0	2,706	0	0	2,706	0	0	2,706	(2,706)	
Plant	690,877	466,790	2,095	724,400	566,000	17,600	343,839	264,272	269	343,839	264,272	269	343,839	264,272	269	343,839	(79,836)	
Equipment	1,287	200	0	40,500	36,500	0	612	1,395	1,395	612	1,395	1,395	612	1,395	1,395	612	(612)	
Artwork & Sculptures	19,199	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Infrastructure - Roads	1,830,170	0	0	0	0	0	1,301,054	0	0	1,301,054	0	0	1,301,054	0	0	1,301,054	(1,301,054)	
Infrastructure - Footpaths	252,373	0	0	0	0	0	57,561	0	0	57,561	0	0	57,561	0	0	57,561	(57,561)	
Infrastructure - Drainage	67,263	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Infrastructure - Parks, Recreation and Open Space	159,358	0	0	0	0	0	59,420	0	0	59,420	0	0	59,420	0	0	59,420	(59,420)	
	4,101,985	761,990	121,201	1,300,301	1,812,500	692,199	2,186,009	645,851	134,365	2,186,009	645,851	134,365	2,186,009	645,851	134,365	2,186,009	(1,674,523)	

CITY OF KARRATHA
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10. FIXED ASSETS (Continued)

(a) Disposals of Assets (Continued)

	2020 Actual Net Book Value \$	2020 Actual Sale Proceeds \$	2020 Actual Profit \$	2020 Actual Loss \$
Land				
Housing				
LAND000035 - 38 Clarkson Way (Lot 830)	61,074	102,430	41,356	0
	61,074	102,430	41,356	0
Buildings				
Housing				
SH000002 - 38 Clarkson Way (Lot 830)	114,820	192,570	77,750	0
Recreation and culture				
Cossack assets	596,314	0	0	(596,314)
Education and welfare				
BC000094 - Wickham Early Learning Centre	293,140	0	0	(293,140)
	1,004,274	192,570	77,750	(889,454)
Furniture and Equipment				
Recreation and culture				
30001740 - Roebourne Library Fitout	6,523	0	0	(6,523)
Cossack assets	9,587	0	0	(9,587)
	16,110	0	0	(16,110)
Plant				
General purpose funding				
40000480 - P1049 Subaru Forrester	13,970	9,500	0	(4,470)
40000481 - P1045 Subura Forrester	13,970	9,500	0	(4,470)
40000520 - P1063 Toyota Prado	28,436	30,500	2,064	0
40000552 - P1075 Toyota Prado	38,165	32,250	0	(5,915)
40000499 - P1046 Suzuki Grand Vitara	13,710	11,600	0	(2,110)
Law, order, public safety				
40000500 - P1052 Toyota Corrolla Hatch	9,140	9,171	31	0
40000511 - P1044 Toyota Hilux	22,690	17,500	0	(5,190)
Community amenities				
40000421 - P8814 Fuso Tandem Axle Tip Truck	102,062	47,273	0	(54,789)
40000338 - P8801 Fuso Fighter Rubbish Truck	65,087	38,182	0	(26,905)
Recreation and culture				
40000521 - P1056 Toyota Hilux	15,383	12,355	0	(3,028)
40000515 - P1051 Toyota Corolla Hatch	10,060	9,198	0	(862)
40000530 - P1048 Toyota Corolla Accent	10,898	10,471	0	(427)
Cossack assets	14,285	0	0	(14,285)
Transport				
40000587 - P2061 2016 Holden Colorado	20,325	16,250	0	(4,075)
40000532 - P2039 Toyota Hilux	16,473	10,250	0	(6,223)
40000365 - P8004 Hitachi Excavator	118,340	57,727	0	(60,613)
40000371 - P9407 Semi Trailer Water Tanker	49,778	38,864	0	(10,914)
	690,877	466,790	2,095	(226,182)
Equipment				
Recreation and culture				
20000663 - Tennant Walk behind Sweeper	1,287	200	0	(1,087)
	1,287	200	0	(1,087)

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

10. FIXED ASSETS (Continued)

(a) Disposals of Assets (Continued)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$
Artwork & Sculptures				
Recreation and culture				
Cossack assets	19,199	0	0	(19,199)
	19,199	0	0	(19,199)
Infrastructure - Roads				
Transport				
Mooligunn Road - Disposal prior to reconstruction	844,045	0	0	(844,045)
Road Damage - Tropical Cyclone Veronica	387,173	0	0	(387,173)
Road Damage - Tropical Cyclone Damien	598,952	0	0	(598,952)
	1,830,170	0	0	(1,830,170)
Infrastructure - Footpaths				
Transport				
BR000039 - Balmoral Road	42,164	0	0	(42,164)
BR000068 - Searipple Road	166,267	0	0	(166,267)
BR000069 - Searipple Road	7,105	0	0	(7,105)
FP002164 - Church Road	2,294	0	0	(2,294)
FP115941 - Church Road	30,833	0	0	(30,833)
FP115917 - Searipple Road	3,710	0	0	(3,710)
	252,373	0	0	(252,373)
Infrastructure - Drainage				
Transport				
Mooligunn Road - Disposal prior to reconstruction	66,934	0	0	(66,934)
Road Damage - Tropical Cyclone Veronica	329	0	0	(329)
	67,263	0	0	(67,263)
Infrastructure - Parks, Recreation and Open Space				
Recreation and culture				
BC000459 - Dampier Foreshore Park Playground Shelter	49,184	0	0	(49,184)
BC000538 - Dampier Foreshore Reserve - Shelter	7,468	0	0	(7,468)
LT000174 - Park light - Dampier Palms - Hampton Palms Light 1	3,365	0	0	(3,365)
LT000175 - Park light - Dampier Palms - Hampton Palms Light 2	3,365	0	0	(3,365)
LT000176 - Park light - Dampier Palms - Hampton Palms Light 3	3,365	0	0	(3,365)
PE000023 - Richardson Way Park - Spinner	728	0	0	(728)
PE000060 - Waters Park - Swings	1,223	0	0	(1,223)
PE000065 - Ausburn Park - Spinner	1,856	0	0	(1,856)
PE000067 - Malster Park - Combination unit	10,657	0	0	(10,657)
PE000068 - Malster Park - Double swing	1,359	0	0	(1,359)
PE000069 - Malster Park - Spring ride - Train	1,439	0	0	(1,439)
PE000072 - Malster Park - Spring ride - Spinner	1,439	0	0	(1,439)
PE000357 - Catrall Park - Slide	3,990	0	0	(3,990)
PF000001 - Tambrey Oval - Barbeque	15,144	0	0	(15,144)
PF000328 - Bulgarra Oval - AFL Goal Posts	5,492	0	0	(5,492)
PF000329 - Bulgarra Oval - AFL Goal Posts	5,491	0	0	(5,491)
PF001200 - Point Samson Community Park - Barbeque	11,590	0	0	(11,590)
PF001306 - Karratha Cemetery Bench Seating	2,948	0	0	(2,948)
Cossack assets	29,255	0	0	(29,255)
	159,358	0	0	(159,358)
	4,101,985	761,990	121,201	(3,461,196)

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

10. FIXED ASSETS

(b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings	5,340,661	5,180,091	5,001,857
Furniture and equipment	533,766	792,319	672,913
Plant	716,067	1,211,630	771,761
Equipment	96,519	185,566	184,122
Artwork & Sculptures	42,297	35,109	40,842
Infrastructure - Roads	6,982,006	5,124,928	4,568,500
Infrastructure - Footpaths	759,155	694,680	716,082
Infrastructure - Drainage	475,154	423,568	577,206
Infrastructure - Parks, Recreation and Open Space	3,014,204	2,466,036	2,725,984
Infrastructure - Aerodromes	2,066,292	2,153,236	2,016,160
Infrastructure - Miscellaneous Structures	415,393	421,335	417,151
Right of use assets - buildings	14,969	0	0
	20,456,483	18,688,498	17,692,578

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 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 to 80 years
- Aerodrome Assets	10 to 80 years
- Park 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
- Lighting	15 to 20 years
Right of use	Based on the remaining lease period
Landfill Post Closure Asset	Based on open landfill cells (currently 9 years)

Depreciation on revaluation

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

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

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

Amortisation

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

11. LEASES

(a) Right of Use Assets

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

	Right of use assets - buildings	Right of use assets Total
	\$	
Carrying amount at 30 June 2019	0	0
Recognised on initial application of AASB 16	42,405	42,405
Restated total equity at the beginning of the financial year	42,405	42,405
Depreciation (expense)	(14,969)	(14,969)
Carrying amount at 30 June 2020	27,436	27,436
(b) Cash outflow from leases		
Interest expense on lease liabilities	1,024	1,024
Total cash outflow from leases	1,024	1,024

The City has 4 leases, one relating to buildings and the remainder to land, which are zero cost concessionary leases and are therefore recognised as operating leases. The lease terms are as per those included in Note 16. The measurement of lease liabilities does not include any future cash outflows associated with leases not yet commenced to which the City is committed.

SIGNIFICANT ACCOUNTING POLICIES

Leases

At inception of a contract, the City assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the City uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Leases for right-of-use assets are secured over the asset being leased.

Right-of-use assets - valuation

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the City anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

13. INVESTMENT PROPERTY

Non-current assets - at fair value

Carrying balance at 1 July	21,750,000	21,750,000	20,004,800
Transfers	470,000	0	0
Capitalised subsequent expenditure	18,000	0	0
Net gain/(loss) from fair value adjustment	3,381,936	0	1,745,200
Closing balance at 30 June	<u>25,619,936</u>	<u>21,750,000</u>	<u>21,750,000</u>

Amounts recognised in profit or loss for investment properties

Rental income	2,617,127	2,133,336	2,453,688
Direct operating expenses from property that generated rental income	(1,420,975)	(1,386,543)	(1,301,861)
Fair value gain recognised in other income	3,381,936	0	1,745,200

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:

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

Within one year	2,145,061	1,697,685	1,823,278
Later than one year but not later than 5 years	7,003,937	5,947,764	6,326,030
Later than 5 years	7,002,214	6,386,077	7,927,907
	<u>16,151,212</u>	<u>14,031,526</u>	<u>16,077,215</u>

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 30 JUNE 2020**

14. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Prepaid rates
Income Received In Advance
Accrued salaries and wages
Other Liabilities
Retention Monies
Accrued Expenses

2020	2019
\$	\$
3,840,068	6,253,308
572,336	0
738,273	833,675
441,947	225,916
320,945	363,426
245,586	707,762
36,151	1,977,249
6,195,306	10,361,336

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 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

Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the City recognises revenue for the prepaid rates that have not been refunded.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

15. CONTRACT LIABILITIES

	2020	2019
	\$	\$
Current		
Contract liabilities from contracts with customers	1,558,858	0
Contract liabilities from transfers for recognisable non financial assets	561,018	0
	2,119,876	0
Restrictions		
Municipal funded - Contract liabilities from contracts with customers	271,727	0
Reserve funded - Contract liabilities from contracts with customers	1,287,131	0
Municipal funded - Contract liabilities from transfers for recognisable non financial assets	561,018	0
	2,119,876	0

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

Contract liabilities represent the the City's obligation to transfer goods or services to a customer for which the City has received consideration from the customer.

With respect to transfers for recognisable non-financial assets, contract liabilities represent performance obligations which are not yet satisfied.

Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

**CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

17. INFORMATION ON BORROWINGS

	2020	2019
(a) Borrowings	\$	\$
Current	85,520	83,439
Non-current	177,494	263,014
	263,014	346,453

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020		30 June 2020		30 June 2020		30 June 2020		30 June 2019		30 June 2019		30 June 2019	
				Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
Self Supporting Loans																	
General purpose funding																	
Karratha Country Club	1	WATC	2.44%	281,622	213,756	67,866	6,302	6,302	213,756	211,148	347,861	66,240	8,079	8,079	281,622	281,622	80,000
Karratha RSL	100	WATC	2.65%	64,831	49,258	15,573	1,581	1,581	49,258	47,984	80,000	15,169	1,840	1,840	64,831	64,831	15,169
				346,453	263,014	83,439	7,883	7,883	263,014	259,132	427,861	81,409	9,919	9,919	346,453	346,453	81,409
				346,453	263,014	83,439	7,883	7,883	263,014	259,132	427,861	81,409	9,919	9,919	346,453	346,453	81,409

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 5 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 30 JUNE 2020

17. INFORMATION ON BORROWINGS (Continued)

	2020	2019
	\$	\$
(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	106,000	130,500
Credit card balance at balance date	(2,550)	(26,610)
Total amount of credit unused	1,103,450	1,103,890
Loan facilities		
Loan facilities - current	85,520	83,439
Loan facilities - non-current	177,494	263,014
Lease liabilities - current	14,998	0
Lease liabilities - non-current	12,831	0
Total facilities in use at balance date	290,843	346,453

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.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

18. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2019			
Current provisions	2,379,025	1,743,963	4,122,988
Non-current provisions	0	578,285	578,285
	2,379,025	2,322,248	4,701,273
Additional provision	3,103,159	430,824	3,533,983
Amounts used	(2,784,843)	(374,725)	(3,159,568)
Balance at 30 June 2020	2,697,341	2,378,347	5,075,688
Comprises			
Current	2,697,341	1,921,267	4,618,608
Non-current	0	457,080	457,080
	2,697,341	2,378,347	5,075,688

Amounts are expected to be settled on the following basis:

	2020 \$	2019 \$
Less than 12 months after the reporting date	4,614,941	4,114,725
More than 12 months from reporting date	458,424	596,776
Expected reimbursements from other WA local governments	(97,746)	(74,958)
Expected reimbursements to other WA local governments	100,069	64,730
	5,075,688	4,701,273

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 30 JUNE 2020**

19. OTHER PROVISIONS

	Provision for Remediation	
	Costs	Total
	\$	\$
Opening balance at 1 July 2019		
Current provisions	0	0
Non-current provisions	0	0
	<u>0</u>	<u>0</u>
Additional provision	13,846,825	13,846,825
Balance at 30 June 2020	<u>13,846,825</u>	<u>13,846,825</u>
Comprises		
Current	0	0
Non-current	13,846,825	13,846,825
	<u>13,846,825</u>	<u>13,846,825</u>

Provision for remediation costs

The City operates the Seven Mile Waste Disposal site at Exploration Drive, Gap Ridge. The facility is an active operation and is designed for 12 waste cells with rolling stages of cell construction until November 2048. To date, 3 cells have been constructed, and as such the City has an obligation to rehabilitate constructed cells to minimise potential environmental impacts.

A post closure management plan has been prepared with rehabilitation estimates for the capping and restoration of the cells currently in use. This plan was approved by the Department of Water and Environmental Regulation (DWER) on the 28 August 2020.

A provision for the costs included in the approved plan prepared by an independent consultant has been recognised in these financial statements, based on the discounted future values of the estimated costs for the three established cells and using the financial information provided with our application to DWER and inflation rate provided by Western Australia Treasury Corporation as at 30 June 2020. Increments in the provision are to be calculated annually based on the change in the net present value of the future cash outflows of costs for site rehabilitation (unwinding of the discount rate).

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

20. 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:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cash and cash equivalents	55,175,670	55,763,560	25,756,187
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	6,337,772	(2,956,984)	21,863,421
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	0	0	290,670
Adjustments to fair value of investment property	(3,381,936)	0	(1,745,200)
Depreciation on non-current assets	20,456,483	18,688,498	17,692,578
(Profit) on sale of asset	(121,201)	(692,199)	(134,365)
Loss on sale of asset	3,461,196	180,000	1,674,523
Share of profits of associates	0	0	0
Loss on revaluation of fixed assets	0	0	20,173
Reversal of loss on revaluation of fixed assets	0	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	3,169,366	4,983,258	(33,823)
(Increase)/decrease in other assets	0	0	0
(Increase)/decrease in inventories	(77,111)	0	26,313
(Increase)/decrease in contract assets	0	0	0
Increase/(decrease) in payables	(4,166,030)	0	(1,462,727)
Increase/(decrease) in provisions	374,415	0	(149,226)
Increase/(decrease) in contract liabilities	73,975	0	0
Non-operating grants, subsidies and contributions for the development of assets	(5,752,377)	(4,085,439)	(14,696,422)
Net cash from operating activities	20,374,552	16,117,134	23,345,915

**CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

21. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	10,096,560	32,549,571
Law, order, public safety	3,055,760	2,619,914
Health	826,030	863,837
Education and welfare	2,705,570	3,112,677
Housing	19,913,730	20,092,884
Community amenities	37,916,816	23,634,832
Recreation and culture	200,782,731	199,398,181
Transport	396,530,549	396,906,985
Economic services	26,692,563	1,141,848
Other property and services	982,755	1,211,624
Unallocated	84,126,709	92,538,770
	<u>783,629,773</u>	<u>774,071,123</u>

**CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

22. CONTINGENT LIABILITIES

Contaminated Sites

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 (DWER) 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 DWER guidelines.

**CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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23. CAPITAL COMMITMENTS

	2020	2019
	\$	\$
Capital Expenditure Commitments		
Contracted for:		
Bayly Ave Realignment	74,827	0
Wickham Aquatic Centre	76,000	0
Roebourne Gaol Precinct	989,053	0
Kevin Richards Memorial Oval	208,305	0
Karratha Leisureplex Facility Improvement Study	137,400	0
Andover Park	55,900	0
Plant Purchases	805,217	0
Dampier Palms	0	11,350,672
Dampier Pavilion	0	929
Balla Balla Road Renewal	0	829,721
	2,346,702	12,181,322
Payable:		
- not later than one year	2,346,702	12,181,322

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

24. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	348,777	364,296	345,292
Mayor's allowance	89,753	89,753	85,000
Deputy Mayor's allowance	22,458	22,438	21,250
Travelling expenses	36,124	30,000	40,581
Telecommunications allowance	36,462	38,500	38,209
Training expenses	2,475	55,000	35,719
Mayor's Discretionary Fund (Council Related Expenses)	159	2,000	573
	536,208	601,987	566,624

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	1,340,883	1,314,364
Post-employment benefits	130,401	137,847
Other long-term benefits	203,998	178,461
Termination benefits	0	14,403
	1,675,282	1,645,075

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 long service benefits accruing during the year.

Termination benefits

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

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

24. 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:	2020 Actual	2019 Actual
	\$	\$
Sale of goods and services	1,405	10,146
Purchase of goods and services	75,733	37,793
Amounts outstanding from related parties:		
Trade and other receivables	0	490
Amounts payable to related parties:		
Trade and other payables	1,585	3,266

Related Parties

Sale of goods and services relate predominantly to regulatory functions such as health permits.

Purchase of goods and services relate predominantly to award and engraving services and specialist consultancy.

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 30 JUNE 2020

25. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

KARRATHA AIRPORT - OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2020 Budget	2019
	\$	\$	\$
Revenue			
Fees and Charges	15,642,298	17,903,955	15,978,167
Terminal Leases	353,101	300,336	358,370
Grants and Contributions	879,226	835,000	681,927
Other Revenue	2,948,460	3,144,125	2,955,203
	<u>19,823,085</u>	<u>22,183,416</u>	<u>19,973,667</u>
Expenditure			
Employee Costs	(2,233,823)	(2,234,921)	(2,336,137)
Materials & Contracts	(4,101,466)	(5,192,962)	(4,994,526)
Utilities	(1,723,072)	(1,620,674)	(1,606,833)
Insurance	(444,370)	(434,068)	(403,962)
Depreciation	(3,047,145)	(3,059,757)	(2,935,576)
Other Expenditure	(344,035)	(288,073)	(50,937)
	<u>(11,893,911)</u>	<u>(12,830,455)</u>	<u>(12,327,971)</u>
Net Operating Result	<u>7,929,174</u>	<u>9,352,961</u>	<u>7,645,696</u>
Capital Expenditure	4,032,168	4,505,000	2,273,581
Total Net Trading Undertaking	<u>3,897,006</u>	<u>4,847,961</u>	<u>5,372,115</u>
CURRENT ASSETS			
Trade and other receivables	3,528,251		4,217,237
Reserves - Cash Backed	3,490,739		2,809,608
	<u>7,018,990</u>		<u>7,026,845</u>
NON CURRENT ASSETS			
Buildings	46,588,706		43,552,464
Less Accumulated Depreciation	(6,707,086)		(5,710,881)
Infrastructure	84,798,686		83,936,720
Less Accumulated Depreciation	(22,343,041)		(20,259,457)
Plant	262,476		268,599
Less Accumulated Depreciation	(19,848)		0
Equipment	64,892		44,647
Less Accumulated Depreciation	(11,221)		0
Furniture & Equipment	286,323		245,387
Less Accumulated Depreciation	(48,299)		0
Artwork	167,500		185,200
Less Accumulated Depreciation	(6,709)		(3,704)
	<u>103,032,379</u>		<u>102,258,975</u>
CURRENT LIABILITIES			
Trade and other payables	999,588		1,185,444
	<u>999,588</u>		<u>1,185,444</u>
NET ASSETS	<u>109,051,781</u>		<u>108,100,376</u>
EQUITY			
Reserves - cash backed	3,490,739		2,809,608
Retained surplus	105,561,042		105,290,768
TOTAL EQUITY	<u>109,051,781</u>		<u>108,100,376</u>

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

Transfer to City operations

2,945,601

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

25. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS (Continued)

THE QUARTER - OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2020 Budget	2019
	\$	\$	\$
Revenue			
Leases	1,778,543	1,604,328	1,533,232
Other Revenue	838,584	529,008	920,457
	<u>2,617,127</u>	<u>2,133,336</u>	<u>2,453,689</u>
Expenditure			
Employee Costs	(388)	0	0
Materials & Contracts	(791,395)	(791,692)	(680,519)
Utilities	(355,668)	(373,910)	(328,677)
Insurance	(65,751)	(62,920)	(53,022)
Other Expenditure	(207,773)	(158,021)	(239,643)
	<u>(1,420,975)</u>	<u>(1,386,543)</u>	<u>(1,301,861)</u>
Net Operating Result	<u>1,196,152</u>	<u>746,793</u>	<u>1,151,828</u>
Fair value adjustments to investment property	2,232,000	0	1,745,200
Total Net Trading Undertaking	<u>(1,035,848)</u>	<u>746,793</u>	<u>(593,372)</u>
CURRENT ASSETS			
Trade and other receivables	185,622		233,783
	<u>185,622</u>		<u>233,783</u>
NON CURRENT ASSETS			
Land	1,000,000		885,000
Buildings	23,000,000		20,865,000
	<u>24,000,000</u>		<u>21,750,000</u>
CURRENT LIABILITIES			
Trade and other payables	11,000		15,465
	<u>11,000</u>		<u>15,465</u>
NET ASSETS	<u>24,174,622</u>		<u>21,968,318</u>
EQUITY			
Retained surplus	24,174,622		21,968,318
TOTAL EQUITY	<u>24,174,622</u>		<u>21,968,318</u>

As part of the City'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 30 JUNE 2020**

26. RATING INFORMATION

(a) Rates

RATE TYPE

Differential general rate / general rate

Gross rental valuations

Residential

Commercial Industrial

Airport/Strategic Industry

Transient Workforce

Accommodation/Workforce

Unimproved valuations

Pastoral

Mining/Other

Strategic Industry

Sub-Total

Minimum payment

Gross rental valuations

Rate in \$	Number of Properties	2019/20		2019/20		2019/20		2019/20		2019/20		2019/20		2018/19	
		Actual Rateable Value	Actual Rate Revenue	Actual Interim Rates	Actual Back Rates	Actual Interim Rates	Actual Back Rates	Budget Interim Rate	Budget Back Rate	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue		
0.117479	6,994	143,535,403	16,862,396	23,485	7,310	16,893,191			50,000	4,000	16,912,455	16,491,098			
0.100770	704	71,483,862	7,203,429	(90,761)	(110,744)	7,001,924			75,000	500	7,278,929	7,069,489			
0.156459	18	8,525,270	1,333,855	708,165	439	2,042,459			0	0	1,333,855	1,302,362			
0.387044	23	13,772,200	5,330,447	(2,310)	0	5,328,137			270,000	0	5,600,447	5,283,684			
0.103638	10	2,713,602	281,232	(94,046)	0	187,186			0	0	281,231	275,717			
0.132900	217	6,595,639	876,560	85	85	876,730			5,000	500	881,112	817,261			
0.184880	31	36,578,288	6,762,594	0	0	6,762,594			0	0	6,762,594	6,308,828			
Minimum \$	7,997	283,204,264	38,650,513	544,618	(102,910)	39,092,221			400,000	5,000	39,050,623	37,548,439			

**CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

26. RATING INFORMATION (Continued)

(b) Service Charges

Service Charges	Amount of Charge	2019/20 Actual		2019/20 Actual		2019/20 Actual		2019/20 Budget		2019/20 Budget		2018/19 Total Actual Revenue
		Revenue Raised	Charges Applied to Costs	Charges Applied to Reserve	Charges Set Aside to Reserve	Charges Applied to Costs	Charges Set Aside to Reserve	Revenue	Reserve Applied to Costs			
PUPP HV Allocation	\$48.26 per kVa	0	0	0	0	0	0	0	0	0	0	(121)
PUPP LV Allocation	\$196.38 per kVa	0	0	0	0	0	0	0	0	0	0	982
PUPP Connection Charge	\$1,022.17 per Connection	(1,022)	0	0	0	0	0	0	0	0	0	0
		(1,022)	0	0	0	0	0	0	0	0	0	861

Nature of the Service Charge

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

**CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

26. RATING INFORMATION (Continued)

**(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 \$	2020	2020	2019	
				Actual \$	Budget \$	Actual \$	
Cossack (GRV) Fees and Charges	Concession		1,499	29,980	29,980	29,380	
Rates	Waiver	As determined on application		63,196	24,000	128,410	
Rates and Penalty interest	Waiver	100.00%		38,275	38,275	39,287	
Fees and Charges	Write Off	As determined on application		79	0	18,859	
	Write Off	As determined on application		14,281	0	27,238	
				145,811	92,255	243,174	
Total discounts/concessions (Note 26(a))				145,811	92,255	243,174	
Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$	Reasons for the Waiver or Concession
Cossack (GRV)	All 20 rateable properties within the Cossack Township						To recognise the heritage nature of the Cossack Township, development restrictions and lack of town utilities
Fees and Charges	Waiver of Fees and Charges for local Sporting Groups where no commercial return is derived from the property						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 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 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 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 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 manage the City's debt portfolio in an economically viable manner
							To provide rating relief to property owners in the Cossack Township
							To assist local Not for Profit Community Organisations to remain viable
							To encourage economic diversity and growth within the City of Karratha
							To ensure business continuity, administrative efficiency and marketing opportunities
							To assist local sporting organisations to remain operational
							To ensure efficiency and cost effectiveness in pursuing rates debts
							To ensure efficiency and cost effectiveness in pursuing sundry debts

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

26. RATING INFORMATION (Continued)

(d) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	26 Aug 2019	0	0.00%	11.00%
Option Two				
First instalment	26 Aug 2019	0	4.50%	11.00%
Second instalment	28 Oct 2019	10.00	4.50%	11.00%
Option Three				
First instalment	26 Aug 2019	0	4.50%	11.00%
Second instalment	28 Oct 2019	10.00	4.50%	11.00%
Third instalment	06 Jan 2020	10.00	4.50%	11.00%
Fourth instalment	09 Mar 2020	10.00	4.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	305,777	330,000	364,116
Interest on instalment plan	88,316	97,000	97,003
Deferred Pensioner Interest	1,105	350	641
Charges on instalment plan	69,560	73,000	72,150
Administration Fee - Adhoc Arrangement	270	1,200	270
Administration Fee - Direct Debit	670	800	670
	465,698	502,350	534,850

	2020 Actual \$	2020 Budget \$	2019 Actual \$
PUPP Penalty Interest	24,570	43,500	52,698
PUPP Instalment Interest	36,653	38,971	30,481
PUPP Instalment Charges	(5,520)	4,050	4,624
	55,703	86,521	87,803

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

27. RATE SETTING STATEMENT INFORMATION

Note	2019/20	2019/20	2019/20	2018/19
	(30 June 2020)	Budget (30 June 2020)	2019/20 (1 July 2019)	(30 June 2019)
	Carried Forward)	Carried Forward)	Brought Forward)	Carried 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)	(121,201)	(692,199)	(134,365)
Less: Non-cash grants and contributions for assets		(720,628)	0	(122,620)
Movement in investment property (non-current)	13	(3,381,936)	0	(1,745,200)
Movement in pensioner deferred rates (non-current)		15,359	0	0
Movement in employee benefit provisions (non-current)		(121,205)	0	(183,282)
Movement in other provisions (non-current)		0	0	0
Movement of inventory (non-current)		0	0	35,893
Add: Loss on disposal of assets	10(a)	3,461,196	180,000	1,674,523
Add: Loss on revaluation of fixed assets	9(a)	0	0	20,173
Add: Change in accounting policies		0	0	290,670
Add: Depreciation on non-current assets	10(b)	20,456,483	18,688,498	17,692,578
Non cash amounts excluded from operating activities		19,588,068	18,176,299	17,528,370
(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 - cash/financial asset backed	4	(67,506,603)	(52,111,903)	(66,847,807)
Less: Financial assets at amortised cost - self supporting loans	5(a)	0	0	(18,611)
Less: Movement in Accruals		319,492	0	784,971
Less: Provision for Doubtful Debts		(1,768,054)	0	(1,347,908)
Less: Movement in Restricted Surplus		(203,224)	0	(175,341)
Less: Movement in provisions between current and non-current provisions		0	(487,862)	0
Less: Movement in Unspent grants		(42,481)	0	0
Less: Movement in Financial assets at amortised cost		(24,777)	0	0
Less: Current loans - clubs/institutions		(6,166)	(6,266)	(6,166)
Less: Current assets not expected to be received at end of year				
- Land held for resale	7	(35,893)	0	0
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	17(a)	85,520	85,520	83,439
- Current portion of lease liabilities	16(a)	14,998	0	0
Add: Cash - Restricted Unspent Grants		0	0	36,772
Add: Cash Backed Employee Provisions	18	4,618,608	4,088,932	4,122,988
Add: Restricted Surplus/(Deficit) June 30 b/fwd		656,270	0	831,611
Less: Restricted Surplus/(Deficit) June 30 c/fwd		(453,046)	(644,630)	(656,270)
Total adjustments to net current assets		(64,345,356)	(49,076,209)	(63,192,322)
Net current assets used in the Rate Setting Statement				
Total current assets		79,079,836	65,000,289	81,702,049
Less: Total current liabilities		(13,034,308)	(15,896,752)	(16,613,664)
Less: Total adjustments to net current assets		(64,345,356)	(49,076,209)	(63,192,322)
Net current assets used in the Rate Setting Statement		1,700,172	27,328	1,896,063
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards				
Total current assets at 30 June 2019				
- Contract assets	30(a)			81,702,049
Total current assets at 1 July 2019				81,702,049
Total current liabilities at 30 June 2019				
- Contract liabilities from contracts with customers	30(a)			(14,567,763)
- Contract liabilities from transfers for recognisable non financial assets	30(a)			(1,806,942)
Total current liabilities at 1 July 2019				(16,613,664)

CITY OF KARRATHA
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FOR THE YEAR ENDED 30 JUNE 2020

28. 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 \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2020					
Cash and cash equivalents	0.85%	55,175,670	0	55,175,670	0
Financial assets - term deposits	1.64%	13,163,678	13,163,678	0	0
Financial assets at amortised cost - Self Supporting Loans	2.48%	199,690	199,690	0	0
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 Loans	2.62%	262,336	262,336	0	0

Sensitivity

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

	2020 \$	2019 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	551,757	257,562

* 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 17(b) and 16(b).

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

28. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other 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 and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 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 2020 and 30 June 2019 was determined as follows for rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss	4.23%	7.07%	1.74%	3.15%	
Gross carrying amount	161,367	131,239	235,098	879,801	1,407,505
Loss allowance	6,830	9,280	4,080	27,710	47,900
30 June 2019					
Rates receivable					
Expected credit loss	0.49%	0.72%	0.89%	9.87%	
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

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	53.52%	
Gross carrying amount	3,576,926	1,162,617	454,033	3,214,142	8,407,718
Loss allowance	0	0	0	1,720,154	1,720,154
30 June 2019					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	64.30%	
Gross carrying amount	4,989,961	693,201	302,071	2,026,013	8,011,246
Loss allowance	0	0	0	1,302,692	1,302,692

**CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

28. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings 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 if required and disclosed in Note 14.

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2020					
Payables	6,195,306	0	0	6,195,306	6,195,306
Borrowings	85,520	177,494	0	263,014	263,014
Lease liabilities	14,998	12,831	0	27,829	27,829
	<u>6,295,824</u>	<u>190,325</u>	<u>0</u>	<u>6,486,149</u>	<u>6,486,149</u>
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>

**CITY/TOWN/SHIRE OF SOMEWHERE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

29. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

The City has evaluated events from 30 June 2020 through the date the financial statements were issued. There were no subsequent events that need disclosure.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

30. 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.

(a) AASB 15: Revenue from Contracts with Customers

The City adopted 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 adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	Note	AASB 118 carrying amount 30 June 2019 \$	Reclassification \$	AASB 15 carrying amount 01 July 2019 \$
Contract liabilities - current				
Contract liabilities from contracts with customers	15	0	(1,806,942)	(1,806,942)
Contract liabilities from transfers for recognisable non financial assets	15	0	(238,959)	(238,959)
Adjustment to retained surplus from adoption of AASB 15	31(b)	0	(2,045,901)	(2,045,901)

(b) AASB 1058: Income For Not-For-Profit Entities

The City adopted 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 adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods was not 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 gave rise to a financial liability that is within the scope of AASB 9. For the year ended 30 June 2019, prepaid rates were not recognised as revenue, rather they were recognised as a contra asset to reduce the financial asset. On 1 July 2019 the prepaid rates were reclassified as a financial liability by the City. When the taxable event occurred, the financial liability was extinguished and the City recognised 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.

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 118 and 1004 and related Interpretations that were in effect before the change.

	Note	2020 \$ As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	2020 \$ Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income				
Revenue				
Operating grants, subsidies and contributions	2(a)	14,722,534	3,407,007	18,129,541
Fees and charges	2(a)	39,009,825	0	39,009,825
Non-operating grants, subsidies and contributions	2(a)	5,752,377	832,745	6,585,122
Net result		6,337,772	4,239,752	10,577,524
Statement of Financial Position				
Trade and other payables	14	6,195,306	(572,336)	5,622,970
Contract liabilities	15	4,239,752	(4,239,752)	0
Net assets		756,101,235	4,812,088	760,913,323
Statement of Changes in Equity				
Net result		6,337,772	4,239,752	10,577,524
Retained surplus		452,276,363	4,239,752	456,516,115

Refer to Note 2(a) for new revenue recognition accounting policies as a result of the application of AASB 15 and AASB 1058.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

30. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

(c) AASB 16: 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 AASB 16, under the specific transition provisions chosen, the City will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the City recognised lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117 (excluding short term and low value leases). These lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate applicable to the term of the lease on 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on the 1 July 2019 was 2.9%.

	<u>Note</u>	<u>2020</u>
		\$
Operating lease commitments at 30 June 2019 applying AAS 117		44,200
Discount applied using incremental borrowing rate		<u>(1,795)</u>
Lease liability recognised as 1 July 2019 discounted using the City's incremental borrowing rate of 2.9%	16(b)	42,405
Concessionary right-of-use assets recognised 1 July 2019		14,576
Lease liability - current	16(a)	14,998
Lease liability - non-current	16(a)	<u>12,831</u>
Right-of-use assets recognised at 1 July 2019		42,405

On adoption of AASB 16, the City recognised a right of use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is deemed to be equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

The Right of use asset was recognised on 1 July 2019, resulting in a reduction of \$42,405 to retained surplus.

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

In applying AASB 16 for the first time, the City will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

31. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

Effective 6 November 2020, *Local Government (Financial Management) Regulation 16* was deleted and *Local Government (Financial Management) Regulation 17A* was amended with retrospective application. The changes were effective for financial years ending on or after 30 June 2020 so are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

In accordance with the changes, the City was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 11.

In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

	Note	Carrying amount 30 June 2019 \$	Reclassification \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	8(a)	258,518,365	(503,356)	258,015,009
Revaluation surplus	12	243,170,966	297,021	243,467,987

Also, following changes to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously or during the year were not reversed as it was deemed fair value approximates cost at the date of the change.

(b) Changes in equity due to change in accounting policies

The impact on the City's opening retained surplus due to the adoption of AASB 15 and AASB 1058 as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			448,643,288
Adjustment to retained surplus from adoption of AASB 15	30(a)	(2,045,901)	
Adjustment to retained surplus from adoption of AASB 1058	30(b)	0	(2,045,901)
Retained surplus - 1 July 2019			446,597,387

The impact on the City's opening revaluation surplus resulting from *Local Government (Financial Management) Regulation 16* being deleted and the amendments to *Local Government (Financial Management) Regulation 17A* as at 1 July 2019 was as follows:

	Note	Adjustments	2019 \$
Revaluation surplus - 30 June 2019			243,170,966
Adjustment to revaluation surplus from deletion of FM Reg 16	31(a)	297,021	
Adjustment to revaluation surplus from deletion of FM Reg 17	31(a)	0	297,021
Revaluation surplus - 1 July 2019			243,467,987

**CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

32. 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 2019 \$	Amounts Received \$	Amounts Transferred to Municipal Fund \$	Amounts Paid \$	30 June 2020 \$
Public Open Space Contributions	853,833	0	0	0	853,833
Karratha Agistment Centre Compensation Funds	222,782	0	0	(16,002)	206,780
Unclaimed Monies	2,946	37	0	0	2,983
Staff Travel Allowances	12,560	320	0	(12,880)	0
Airport Parking Cards	0	0	150	(150)	0
VAST	6,855	205	0	0	7,060
Other Bonds & Guarantees	22,348	350	(350)	0	22,348
	1,121,324	912	(200)	(29,032)	1,093,004

In previous years, all bonds and deposits were held as trust monies. From the year ended 30 June 2019, 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 14.

CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

33. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

Where required, comparative figures have been adjusted to conform 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 regularity 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
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

34. 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>	<p>Functions relating to Councillors and the oversight of legislative compliance. Expenditure includes election costs as well as fees and allowances paid to elected members and other costs associated with members of Council. Governance also includes other tasks such as the City's internal audit function, Freedom of Information requests, Public Interest Disclosures and procurement policy development and oversight.</p>
<p>GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.</p>	<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>
<p>LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.</p>	<p>Supervision of various by-laws, fire and emergency services and animal control. Includes expenditure for Ranger Services, State Emergency Service and disaster preparation and recovery expenses.</p>
<p>HEALTH To provide an operational framework for environmental and community health.</p>	<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 primarily relating to mosquito control.</p>
<p>EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.</p>	<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>
<p>HOUSING To provide and maintain staff housing.</p>	<p>Maintenance and operational expenses associated with the provision of staff housing.</p>
<p>COMMUNITY AMENITIES To provide services required by the community.</p>	<p>Rubbish collection services, operation of waste facility, administration of town planning schemes and operation of cemeteries. Also included are the costs associated with the maintaining and cleaning of public toilets.</p>
<p>RECREATION AND CULTURE To establish and effectively manage infrastructure and resources which will help the social well being of the community.</p>	<p>Maintenance and operation of halls, recreation and aquatic centres, various reserves and libraries. Expenditure includes the cost of the Karratha Leisureplex, Red Earth Arts Precinct, community hubs and other pavilions, ovals and parks maintenance, 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>
<p>TRANSPORT To provide safe, effective and efficient transport services to the community.</p>	<p>Construction and maintenance of roads, drainage, footpaths, parking facilities and traffic signs. It also includes expenditure relating to parking control and the operation of the Karratha & Roebourne Airport.</p>
<p>ECONOMIC SERVICES To help promote the local government and its economic wellbeing.</p>	<p>Includes expenditure associated with operation of visitor services and camping grounds, in addition to the administration of building controls.</p>
<p>OTHER PROPERTY AND SERVICES To monitor and control operating accounts.</p>	<p>Includes private works on property and services not under the care, control and management of the City. It also includes expenditure relating to plant operations, technical services, town planning schemes and other unclassified works.</p>

**CITY OF KARRATHA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

35. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	1.28	1.42	5.21
Asset consumption ratio	0.80	0.81	0.84
Asset renewal funding ratio	1.37	1.13	1.00
Asset sustainability ratio	0.70	0.91	0.88
Debt service cover ratio	230.35	272.31	134.13
Operating surplus ratio*	0.01	0.09	(0.13)
Own source revenue coverage ratio	0.81	0.90	0.79

The above ratios are calculated as follows:

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

***Operating Surplus Ratio**

During the year ended 30 June 2020, Council resolved (Res No: 154544) not to extend the lease for Cossack and Jarman Island, electing to return custodianship to the State. As a result of the associated disposal of these assets, the City incurred a loss on sale of \$659,053 (Note 10(a)). In addition, disposal of assets relating to Tropical Cyclones Veronica and Damien, the City incurred additional losses on sale of \$387,502 and \$598,952 respectively. These significant events have impacted on the City's Operating Surplus Ratio, and had they not occurred, the ratio would be calculated at 0.02 rather than 0.01 as has been presented in these statements.

Glossary

ANZAC	Australian and New Zealand Army Corps	GST	Goods and services tax
ATAR	Australian Tertiary Admission Rank	KDCCI	Karratha and Districts Chamber of Commerce and Industry
ATSI	Aboriginal and Torres Strait Islander	KLP	Karratha Leisureplex
BHP	Broken Hill Proprietary Company LTD	LED	Light emitting diode
CCTV	Closed-circuit television	NAIDOC	National Aboriginal and Torres Strait Islander Day Observance Committee
CEO	Chief Executive Officer	PO	Post Office
CPA	Competition Principles Agreement	REAP	Red Earth Arts Precinct
EEAP	Energy Efficiency Action Plan	SES	State Emergency Service
ERM	Enterprise Risk Management	WA	Western Australia
FIFO	Fly In Fly Out	WALGA	Western Australia Local Government Association
FOI	Freedom of Information	WEAP	Water Efficiency Action plan
FTE	Full-time equivalent	WRP	Wickham Recreation Precinct
GM	General Manager		
GRP	Gross Regional Product		

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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

