



Photo credit: Caroline Telfer

# ANNUAL REPORT 2019/20

## Shire of West Arthur

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# ABOUT OUR ANNUAL REPORT

The Shire of West Arthur presents this document, our Annual Report, which showcases our activities and achievements throughout the 2019/20 financial year.

It is organised to align with our Strategic Community Plan 2017-2027 based on the themes of:

**Community Wellbeing** – A safe and enabling place to live with a strong sense of identity and thriving, active culture.

**Local Economy** – A vibrant sustainable and growing community with active business and agriculture sectors.

**Built Environment** – Well maintained infrastructure that supports the community and the economy.

**Natural Environment** – Natural biodiversity maintained and responsible land and water use to preserve the environment for future generations.

**Governance and Organisation** – Strong local leadership; responsible, ethical management; and efficient service delivery.

Copies of the Strategic Community Plan and Corporate Business Plan are available from our web site [www.westarthur.wa.gov.au](http://www.westarthur.wa.gov.au) and the Shire Office.

Our Annual Financial Statements are included at the rear of the Annual Report and are shown separately on the web site. They have been independently audited and certified by the Auditor General for Western Australia.



Photo Credit: Caroline Telfer

# ACKNOWLEDGEMENT OF COUNTRY

The Shire of West Arthur respectfully acknowledges that the land upon which we work and live, is the traditional land of the Noongar people. We recognise their cultural heritage, beliefs and continuing relationship with the land. We honour Elders past, present and emerging and we support the principles of a reconciled Australia for all its people.



Photo Credit: Kerryn Chia



Photo Credit: Caroline Telfer

# SHIRE PRESIDENT'S REPORT

In my first term as Shire President, I am honoured to present the Shire of West Arthur's Annual Report for the 2019/20 year. During a year of unprecedented events and change, the Shire has remained a stable and safe place for people to work and live.

Elections held in October 2019 saw the resignation of outgoing Shire President, Cr Ray Harrington, and retiring members Cr Michael (Ming) Meredith and Cr Alan Blencowe. I would like to thank Ray for his eleven years on Council, including eight as Shire President, and Cr Meredith who has served for 16 years. Their contributions and dedication to the community will be missed. Cr Blencowe has served the community for two years and I thank him for his contribution. The Council welcomed three new elected members, Graeme Peirce, Adam Squires and Neil Morrell who have commenced their compulsory elected members training. Neil Morrell was also elected Deputy Shire President.

In March 2020, the world was impacted by COVID 19 which saw the world catapulted into a situation that was unlike any other seen in the last 100 years. The Council's major review of the strategic plan was delayed while Council and staff grappled with the impacts of virus.

West Arthur fared well throughout the COVID pandemic with the community coming together and Shire staff responding to the needs of the community through increased cleaning and hygiene measures in all public areas throughout the Shire, coordination of regular Local Emergency Management Committee meetings, development of a buddy system for the vulnerable, regular emails and updates for local businesses and community groups and through the assistance of the development of COVID safety plans.

I would also like to pass on my thanks to retired Deputy Chief Fire Control Officer, Chris Cochrane for his many years of service with the Duranillin Brigade and the West Arthur bushfire network. Chris has been a long term volunteer with the Brigade and his services to the Shire are greatly appreciated and will be missed.

## **Achievements and Awards**

After three years of planning and development, the Betty Brown Historical Centre was opened on 8 of March 2020 at an event attended by close to 200 people. The Centre was promptly closed again on the 14 of March as a result of the COVID pandemic. It was not until June 2020 that it was reopened. The Centre will provide a much needed attraction for visitors to the Shire but also a place for local residents to reflect on our history and past.

The Shire's Manager Community Services, Kym Gibbs, and Cr Marie Lloyd accepted the 2019 Local Government ANZAC award for populations under 10,000 at Local Government Week. The Shire was once again a finalist in the Tidy Towns awards with the Senior's Meals program a finalist in the Community Action and Wellbeing category and Amy Lubcke a finalist in the Young Leader category. Senior's Meals was also awarded the Australia Day Award for community group and our thanks go to Carol Standish who put in many volunteer hours for the program. Karen Harrington was awarded Citizen of the Year for her many and varied contributions to the community and Carina Hosking was awarded Young Citizen of the year.

The annual Sheepfest was held once again in 2020 on a very hot day and faced some challenges with a power outage. Despite this, the event was once again a huge success and will return in

2021 in a COVID safe manner. The annual Thank a Volunteer event was held as a sundowner in the new alfresco area of the Health and Resource Centre.

### **Looking forward**

The Shire finished the year in a strong financial position with \$2,403,335 in reserve funds to meet staff leave commitments and future asset renewal of plant, infrastructure, sporting facilities and other buildings. During 2020/21 some of these funds will be used to complete the construction of a new chalet at the caravan park, plant replacement, redevelopment of the Darkan Railway Reserve, and Darkan Refuse Site improvements.

The injection of funds from the Federal Government's COVID Local Community Roads and Infrastructure program will see many projects being undertaken throughout the Shire including increased roadworks, restoration of the Lake Towerrinning jetties and other Lake facility improvements, development of the Darkan Railway Reserve, renewal of the Arthur River Hall kitchen, upgrading of the Nissan Hut, repair of the pool shade, and other smaller projects.

The deferred Community Strategic Plan will be reviewed in early 2021 and community consultation is currently underway. All members of the community are encouraged to get involved and provide input into the plan.

The COVID pandemic has bought with it the opportunity to capitalise on local tourists travelling around the state and there is potential for the visitor numbers to continue to improve over the next few years while the Shire continues to be part of the Astrotourism movement. The Betty Brown Historical Centre will continue to be a drawcard for the Shire and new ventures in tourism will include a focus on our rail trails and wildflowers. We look forward to welcoming local travellers through our area as people "wonder out yonder".

On behalf of Council, I thank our Shire staff for the work they have undertaken throughout the year.

Cr Kevin King  
**Shire President**



Photo Credit: Caroline Telfer

# CHIEF EXECUTIVE OFFICER'S REPORT

The past year has presented challenges which we have not previously seen, however West Arthur and the Wheatbelt have fared well compared to the rest of the state with many people in the area stating that the impacts of COVID were minimal to their lifestyle. Community spirit was evident in the manner in which support was provided to all facets of the community throughout the pandemic.

## Financial

The budget was adopted on 30 July 2019 with an increase in rates of 1.9%. The Shire finished 2019/20 with a surplus of \$1,199,648. This included 2020/21 general purpose grant income paid in advance of \$594,662. The remainder of the surplus was attributed to reduced employee costs due to staff vacancies, general purpose grants being higher than budget, and projects costing less than budgeted or being deferred.

## Community and Capital Projects

Capital works projects implemented in the year under review included the completion of the Betty Brown Historical Centre, the works around the exterior of the Health and Resource Centre, upgrading of the town oval change rooms, solar power on the Shire Office, and toilet at the Darkan Cemetery. Roadworks included widening and reseal on the Darkan Moodiarrup and Bowelling Duranillin roads, improvements to the river crossings on Rutherford and Eulin Crossing roads, cement stabilisation and reconstruction on Boyup Brook Arthur Road and sealing of 5kms of Trigwell Bridge Road.

Changes were made to the Shire's standpipes with a new 50mm commercial standpipe installed in the Growden Place. A community standpipe, with water at a lower cost, remains accessible in Horwood Street Darkan.

Planning approval was provided for a new Telstra mobile base station on Mt Fisher and Telstra also upgraded the tower at Arthur River

The 2019/20 financial year was the first year the Shire was involved in the Astrotourism project and it has generated interest within the community as well as additional visitation to our area. With intrastate travel set to increase over the coming year, we will continue to focus on promoting the Shire's natural assets.

The oral history project, funded by Lotterywest has allowed the Shire to record some of the stories and history of our area through interviewing some of the older members of our community. This project has enable us to preserve our social history for future generations. The names of some of pioneers were added to the Pioneer Memorial.

The senior's meals program continued to be heavily used by the elderly and vulnerable in our community and received recognition through the Australia Day Awards. The Shire subsidised the program to ensure its continuity.

Kids Central Childcare was transferred from the Shire of West Arthur to REED, a regional organisation providing childcare across the Wheatbelt. The Shire continues to support this essential service in our community.

Engagement in Reconciliation with Aboriginal and Torres Strait Islander cultures is important to Australia's national identity and provides an opportunity to generate a greater understanding and mutual respect across cultures. The Shire of West Arthur will continue to develop relationships with Aboriginal people who have actively engaged with us over the past 12 months.

Further information about the achievements of 2019/20 are included in this Annual Report.

Thank you to the Shire's staff, who this year had to navigate the challenges imposed through the COVID pandemic and the rapidly changing requirements for local government. This included increased cleaning throughout the Shire, implementation of electronic systems for Council meetings, and implementation of support programs for the local community, community groups, businesses and sporting groups and the dissemination of information throughout the community. All of which was undertaken on top of their normal work load.

I would like to thank our elected members, who represent the community and work alongside the Shire staff to make West Arthur the vibrant, dynamic, inclusive community that we all live in.

Nicole Wasmann  
**Chief Executive Officer**



Photo Credit: Kerryn Chia



# ELECTED MEMBERS AND STAFF

## Portfolios and Roles

As at 30 June, our elected members represented Council as per the following:

COUNCILLORS	ROLES
Cr Kevin King (President) Elected to Office in 2005 Retiring 2021	Audit Committee, Executive Appraisal Committee, Tidy Towns Committee, Central Country Zone of WALGA, and Regional Road Group
Cr Neil Morrell (Deputy President) Elected to Office in 2019 Retiring 2023	West Arthur Bushfire Advisory Committee, proxy to the Development Assessment Panel, proxy to the 4WDL VROC Committee, Chair of the Lake Towerrinning Strategic Plan Reference group, Local Emergency Management Committee
Cr Julie McFall Elected to Office 2017 Retiring 2021	Audit Committee, Development Assessment Panel, Central Country Zone of WALGA, Museum Reference Group
Cr Marie Lloyd Elected to Office 2017 Retiring 2021	Executive Appraisal Committee, West Arthur Community Resource Centre Committee, Development Assessment Panel
Cr Neil Manuel Elected to Office in 2009 Retiring 2021	Executive Appraisal Committee, Arthur River Development Group, proxy to the Regional Road Group
Cr Graeme Peirce Elected to Office in 2019 Retiring 2023	Audit Committee, proxy to the Development Assessment Panel, 4WDL VROC Committee
Cr Adam Squires Elected to Office in 2019 Retiring 2023	Audit Committee, Pool Committee, West Arthur Cottage Homes Committee

## Meeting attendances

COUNCILLOR	GENDER	LINGUISTIC BACKGROUND	COUNTRY OF BIRTH	ORDINARY MEETING	ANNUAL ELECTORS
Cr Kevin King	Male	English		11	1
Cr Neil Morrell*	Male	English	Australia	8	1
Cr Neil Manuel	Male	English		8	0
Cr Julie McFall	Female	English		8	0
Cr Marie Lloyd	Female	English		11	1
Cr Graeme Peirce*	Male	English	Australia	8	1
Cr Adam Squires*	Male	English	Australia	8	0

\* Term commenced in October 2019.

## Council Structure

<b>Elected Members aged between 18-24 years old</b>	
Elected Members aged between 25-34 years old	0
Elected Members aged between 35-44 years old	1
Elected Members aged between 45-54 years old	3
Elected Members aged between 55-64 years old	1
Elected Members aged 65 and over	2
Aboriginal of Torres Strait Islander Councillors	0



# QUICK FACTS

Area 283,182.7ha

Roads length: 208 km sealed roads and 652 km unsealed roads.

Population - 798 ABS Statistics 2018

Number of electors - 624

When Shire established - 1896

Public Facilities - Darkan Town Hall, Darkan Pioneer Hall, Arthur River Hall, Moodiarrup Hall, Duranillin Town Hall, Darkan Sports Complex, Arthur River Country Club, Moodiarrup Sports Complex, Lake Towerrinning, Darkan to Collie Rail Trail, Arthur River Historical Precinct, Darkan Railway Station, Darkan Station Masters House, Bowelling Railway Station, Six Mile Cottage, Betty Brown Historical Centre, Duranillin School, Glenorchy School, Darkan Swimming Pool, The Shed, Community Gym.



Total capital works value for 2019/20	\$1,533,241
Total operating revenue in 2019/20	\$3,641,798
Total non-operating revenue in 2019/20	\$853,361
Total income from rates in 2019/20	\$1,704,587

# PRINCIPAL OFFICERS AND ORGANISATION STRUCTURE

**Chief Executive Officer**

Nicole Wasmann

**Manager Works:**

Bill Owen

**Manager Financial Reporting:**

Melinda King

**Manager Financial Operations:**

Maxine McKenzie

**Manager Community Services:**

Kym Gibbs

**SHIRE OF WEST ARTHUR**  
Organisation Structure  
at 30 June 2020

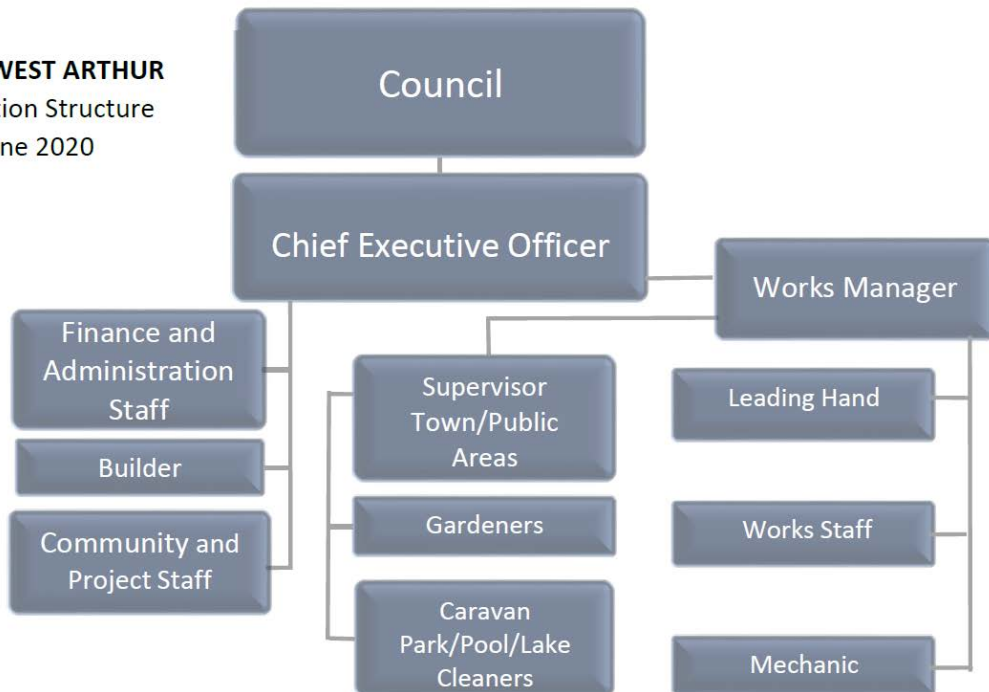


Photo Credit: Caroline Telfer

# THE YEAR IN REVIEW

In 2020, the Shire of West Arthur had aimed to complete a full review of the Strategic Community Plan 2017-2027, including extensive community consultation. As a result of COVID, it was not possible to undertake the community consultation required and instead the Shire completed a desktop review of the Plan in May 2020. The Corporate Business Plan was reviewed in June 2020. Our Corporate Vision is “In 2027 the Shire of West Arthur will be a sustainable local government supporting a vibrant community”.

Our Corporate Mission is “To value and enhance our community lifestyle and environment through strong local leadership, community involvement and effective service delivery”.

The plans are broken down into five key themes of community wellbeing, local economy, built environment, natural environment, and government and organisation.

The Strategic Community Plan identifies the community desired goals and outcomes for each theme, along with performance measures. It is the Shire’s long-term strategic planning document outlining the Shire’s commitment to achieving the vision and aspirations of the community. It is subject to a minor review every two years and a major review every four years. The next major review is currently in progress with a view to adoption by Council in April 2021.

The Corporate Business Plan expands on the outcomes identified in the Community Plan with strategies and actions. It translates the strategic direction of the Shire into specific priorities and actions as well as drawing together actions from the Shire’s informing strategies. It informs the annual planning and budgeting process.

The following pages summarise our progress during the 2019/20 financial year towards achieving the actions and priorities identified in our Corporate Plan.

## Community Wellbeing

A safe and enabling place to live with a strong sense of identity and a thriving, active culture.

*Outcome 1.1: The Shire is a safe place to live, strives to reduce risks and is prepared for emergencies.*

Supporting our volunteer bushfire brigades to protect the Shire from bushfires is a high priority and includes raising community awareness of harvest and vehicle movement bans and fire risks, hazard reduction, and managing Emergency Services Levy funds. The Shire coordinates meetings of Local Emergency Management Committee and reviews Local Emergency Management Arrangements and Local Recovery Plans every five years and updates the Plans annually in consultation with other agencies. Staff attended quarterly emergency management forums in Narrogin. An emergency management exercise, which was coordinated by the Department of Communities, was held on the 24 of October 2019 and the Shire signed a memorandum of understanding for the provision of mutual aid during emergencies and post incident recovery with WALGA Central Country Zone member councils.

A total of 13 fires were attended by local fire brigades in the 2019/20 summer period. The brigades were also called to assist with fires in neighbouring local governments. The use of a community “West Arthur Fire Fighters” WhatsApp group ensures response times are very quick and locations can be relayed via pin drops ensuring people can accurately locate the fire. The Shire is extremely

fortunate to have many dedicated volunteers and we acknowledge their support, especially that of the Chief Fire Control Officer Duncan South and the Deputy Chief Fire Control Officers Chris Cochrane and Ben Robinson.



Photo credit: Kerryn Chia

A sea container has been installed at the water bomber reloading facility at Hillman for the storage of equipment. Some volunteer training scheduled during the year was deferred due to COVID, however Water Bomber Refilling training was held in November and attended by three people, Fire Control Officer training was attended by seven people and an Introduction to Fire Fighting was attended by four people.

Shire staff provide bushfire radio call ups weekly over the summer bushfire period and attended DFES training and emergency management workshops. A new booklet for Fire Control Officers was prepared.

Bushfire mitigation works were undertaken around the Darkan townsite with large areas of preventative burns undertaken near Nangip Creek and a smaller area in the Darkan Town Common in the winter months of 2020. The results of the burn were very good this year with the assistance of the late break to the season.

The Shire held a meeting with St John Ambulance and the local bushfire brigades in relation to planning for a combined emergency services facility. Consultation and planning is ongoing. The Shire also assisted St John Ambulance sub-centre with provision of an authorised staff member to test and tag all electrical equipment.

The COVID pandemic tested the Shire's response to emergency situations. We were fortunate that there were no recorded cases that occurred within our Shire. Shire staff were kept informed of developments through webinars presented by the Western Australia Local Government Association and the State Government which were attended by Shire CEO Nicole Wasmann and Shire President Cr Kevin King as well as other staff as required. The Local Emergency Management Committee held meetings by teleconference on a weekly basis.

Dissemination of information throughout the pandemic shutdown was seen as critical and an email list of local businesses was established and regular updates provided through that channel. Similarly information was disseminated to sporting groups, sports clubs, churches and other organisations via email. Once the State began to emerge from lockdowns, the Shire assisted local businesses sporting groups and clubs to prepare their COVID safety plans and with establishing the hygiene measures required.

Throughout the COVID pandemic, heightened cleaning and hygiene measures were implemented in all Shire public buildings, toilets, caravan park, and at Lake Towerrinning and these are ongoing.

*Outcome 1.2: People of all ages have the support they require to live and participate in the community.*

Senior's Meals continue to run throughout the year with Shire staff overseeing the program. On top of undertaking the coordinator role, Carol Standish volunteered her time almost every week to ensure the steady supply of the meal's to the elderly and vulnerable. Carol has recently resigned from the position and a new coordinator will be engaged and supported with volunteers. Approximately 1,700 meals have been prepared over the 2019-20 year and these have been subsidised by the Shire to the value of \$4,700 which assists with the costs associated with the coordination of the meals.

The Shire identified a need to assist elderly and vulnerable residents within the Shire and established a buddy system with a group of volunteers. The 14 volunteer buddies assisted residents with food purchases, conversation to prevent loneliness, medical supplies and generally just checking in to determine if people were coping with the new situations. The Shire worked in conjunction with the CRC and buddy packs were supplied by the CRC to assist with keeping people active. The Shire funded an additional day of meal preparation as part of the Senior's Meals program to assist the elderly and vulnerable with food services during the lock down. The Shire subsidised the cost of a seniors bus trip to Bunbury in August 2019 which was utilised by seven people and also continued to contribute towards the Shire of Narrogin's Patient Assisted Travel Service (PATS) in the 2019/20 year.

Administrative support is provided by the Shire to Wagin Home and Community Care (HACC) and Westcare, recognising the important services they provide in our community. In addition, the Shire continues to manage the funds associated with the annual Senior's Christmas Luncheon.

Labour and plant was donated to the West Arthur Cottage Homes for the alteration to the garden to improve access to one of the units.

Funding was approved for a youth week event, however funding and events were cancelled by the Department of Communities due to COVID restrictions.

The Shire donated work hours to the School for some activities such as moving equipment and removal of stockpiled garden waste. Up to 65,000l of water per week was supplied to the School from the town dam water supply.

Kids Central Childcare was transferred to Regional Early Education and Development Inc (REED) in January 2019. The Shire continues to liaise with REED in relation to childcare provisions in our community.

Other ongoing activities included the provision of six community housing units specifically for employees of local industry and people on low incomes and two homes leased to Government Regional Officers Housing for Education Department staff.



Photo credit: Kerryn Chia

*Outcome 1.3: Physical and mental wellbeing will be enhanced through a variety of sport and recreational opportunities located throughout the Shire.*

The Shire continues to subsidise the operation costs of the West Arthur Community Resource Centre. The CRC and medical services (including Doctor, Nurse, Chiropractor, Podiatrist, counselling services and blood testing) have free use of the West Arthur Health and Resource Centre. Yoga and Stay on Your Feet exercise classes continued to operate from the Centre in 2019/20. The Shire values the service provided by Williams Medical Centre and Health Department from the HRC and recognise the importance to our community. Sustainability of this service is a high priority for the Shire.

All of the medical services continued to be available during the COVID lockdown period however some activities did not operate during this time.

The importance of Lake Towerrinning as a recreational facility for the local community is recognised by the Shire and a meeting with the Lake Towerrinning Management group was held in October 2019 to review the Lake Strategic Management Plan. The final plan was adopted by Council in March 2020 and is available on the Shire website. The annual speedboat races were held in October and the Department of Transport approved the temporary installation of the slalom course. This was later approved on a permanent basis.

Ongoing maintenance of the boat ramp was undertaken which included filling the hole at the end of the ramp and compacting the material to minimise the hole reforming. Silt was also removed from the re-diversion dam to increase its capacity.



The completion of the improvements to the football club change rooms included painting of the roof, new tiling and fittings to the showers, a sliding wall on the west end and the installation of a screen door. Partial funding was supplied through a Federal grant program. The oval was also verti-mowed to improve the condition of the turf.

The Shire's community financial assistance program continued with administrative and works support provided to the third Darkan Sheepfest which attracted an estimated 1,800 people.

In addition to the above facilities the Shire provides and maintains a number of other sport and community facilities including the Community Gym, three community Halls, Darkan to Collie Rail Trail, playgrounds and public open space. The Shire has a licence to operate the pool when not required for School use and shares expenses with the Department of Education.

Junior swim and baby swim classes were held at the Darkan Swimming Pool. Users of the Darkan Town Hall included weekly adult fitness classes, senior's meals, the Wagin Football Club windup, a number of private functions, weekly table tennis, junior taekwondo, and occasional badminton. Unfortunately due to COVID restrictions, no community shows were held in the 2019/20 year.

*Outcome 1.4: Pride in our community and a strong sense of identity is forged from our cultural heritage and past and present achievements.*

The opening of the Betty Brown Historical Centre (BBHC) in the old Roads Board Building, after three years of hard work, was well rewarded with close to 200 people being present for the opening day event on International Women's Day, 8 March 2020. The feedback from those that had a chance to look through the Centre before it closed due to COVID restrictions was overwhelmingly positive. Support was provided by Lotterywest for the Project.

As part of the development of the audio throughout the BBHC and with the support of Lotterywest, oral histories of 24 local identities were recorded by Shire staff and volunteers. These oral histories will be available online in 2021 and a book with details of the interviews will be put in the library. Extracts of the audio are available on the izi.travel app or for downloading at the following website: <https://www.izi.travel/en/aebf-betty-brown-historical-centre/en>



Photo credit: Caroline Telfer

Shire staff also started the process of developing a community archive. This archive will include historical documents of local community groups and organisations. Many boxes of archives and records have been placed at the Shire for safe keeping, however there has to date been no order to the system of storage. The development of the archives will enable community members to access the documents to view or use for research purposes and will preserve the history of many of the local clubs and organisations. A great example is the records of the Darkan Rifle club which include the minutes of the first meeting held in 1915 to establish the club.

The Shire continued to support our community to look after our historical assets including 6 Mile Cottage, Duranillin School, Glenorchy School, Arthur River precinct, and Bowelling and Darkan railway precincts. A Heritage Tour around the Shire of West Arthur was developed and is available in hard copy brochures or on [izi.travel https://www.izi.travel/en/7f61-west-arthur-heritage-trail/en](https://www.izi.travel/en/7f61-west-arthur-heritage-trail/en). Support was provided to the Arthur River Development Group to undertake renovations on the new section of the Arthur River Hall. A new sign and row markers were installed at the Darkan Cemetery to assist visitors to find grave sites.

After many years, the plaques recognising those early pioneers of the district were installed on the Pioneer memorial in the Darkan Railway reserve. The original information panels which had weathered badly were also replaced.

There was ongoing support and organisation of community events including the annual Australia Day breakfast. The annual ANZAC service was cancelled as a result of COVID restrictions, however Cr Graeme Peirce live streamed an ANZAC service from Lake Towerrinning which provided a moving tribute in a time when community gatherings were not possible.

The local photography group developed a digital banner for the Shire for display on the Yagan Square Tower. The banner took inspiration from some of our Shire's most recognisable assets, the Lake and our night skies.

## Local Economy

The Shire of West Arthur will be a vibrant, sustainable and growing community with active business and agriculture sectors.

*Outcome 2.1: The business community will be dynamic, growing and diverse, providing employment and economic benefits to the Shire.*

Following the completion of the Darkan Light Industrial Area, Council promoted the opportunity for the Shire to develop and lease a site to attract or retain a local business. Whilst no businesses have taken up the opportunity at this stage, there have been enquiries and the Shire will continue to promote.

The work on the extension of Growden Place to improve access to the industrial lots in Coalfields Road continued during the year and is now complete.

During the COVID pandemic the Shire implemented a number of measures to support local businesses. A "shop local" campaign ran on the Shire Facebook and Instagram pages encouraged the local community to support their local businesses with data showing large numbers of people engaging with these posts. A regular email throughout the COVID pandemic

was sent out to help local businesses navigate unprecedented trading conditions. The emails provided information about State requirements, managing hygiene conditions, keeping their patrons safe, and opportunities that were available through free workshops and training for small businesses. This email will be ongoing supplying information regarding COVID requirements but also providing information about grants available to businesses and other training opportunities. The Shire maintained their local purchasing policy, supporting local businesses.

A mobile phone tower under Round 4 of the Mobile Blackspot project was announced for Darkan last year. Planning approval was given by Council in February 2020 and a phone tower was installed at Mt Fisher improving phone signal to many locals. An upgrade to the Arthur River tower was also undertaken.

Shire staff continued to research opportunities for economic development promoting funding opportunities on the Shire Facebook page. The Shire sponsored a local business owner to attend the We Shine Wheatbelt Business Network event in October 2019.

*Outcome 2.2: Agricultural businesses will be viable and sustainable, providing employment and economic benefits to the Shire.*

The Shire continued to partner with Blackwood Basin Group (BBG) for delivery of landcare services in the Shire. BBG ran a soils and water monitoring kit workshop at Lake Towerrinning in February 2020 to show land owners how to use the kits and undertake monitoring on their own property. This workshop was over-subscribed and BBG have applied for a grant to run a second workshop.

*Outcome 2.3: The community will have a growing population which will support new business development.*

The Shire has continued to develop tourism opportunities throughout the Shire. The funding for the Astro Tourism project was used to launch the Astrotowns initiative on February 28 with Astrotowns coordinator Carol Redford visiting the Shire and explaining the project to the 50 attendees before taking them on a tour of the night sky. An Astro-tour was developed on the izi.travel app (<https://www.izi.travel/en/2eb8-astro-tour-of-shire-of-west-arthur/en>) to assist visitors to plan their travel to view the night skies in West Arthur. Since the launch of Astrotourism within our Shire, we have had a number of visitors and a private Astrophotography workshop held in the area.

The Shire continued to maintain and promote the Collie Darkan Rail Trail and maintained the appearances of the townsites and Arthur River.

The Shire continued to manage the Darkan Caravan Park and Chalet which is popular with travellers and visiting trades and professionals. Increased cleaning and hygiene measures have been implemented as a result of the COVID pandemic.



It became evident in 2020 that the COVID pandemic was going to result in increased local travel and so Shire staff invested time into the promotion of the Shire on our Facebook page, through the development of a short video and through an interview with a caravan podcast.

## Built Environment

The Shire of West Arthur will have well maintained infrastructure that supports the community and the economy.

*Outcome 3.1: A well maintained road system.*

The total road construction program was \$1,293,277 including:

Road Name	Description of Works	Total Cost	Funding Received
<b>State Regional Road Group</b>			
Darkan Moodiarrup Road	Widen and extend seal	\$271,365	\$180,010
Bowelling Duranillin Road	Reconstruct and widen shoulders to increase seal	\$264,645	\$164,477
Trigwell Bridge Road (Commodity Route Funding)	Water bind, trim cut and seal	\$368,541	\$244,384
<b>Federal Roads to Recovery</b>			
Boyup Brook Arthur Road	Full construction, super elevate	\$79,128	\$79,128
Eulin Crossing Road	Extend crossing, pitch, seal	\$41,862	\$41,862
Rutherford Road	Rock pitching, primer seal, asphalt crossing	\$28,870	\$28,870
Shields Road	Prune, drain, gravel sheet	\$40,144	\$37,743
Boyup Brook Arthur Road	Cement Stabilisation	\$76,887	\$76,887
<b>Other</b>			
Growden Place	Extend and tie in intersection	\$70,563	\$0
Collie South East Road	Widen shoulders, prune, drainage	\$30,082	\$0
DustSuppressions	Dust suppression	\$21,190	\$0

The total amount expended on bridge maintenance was \$30,630 which was all funded internally. The Wheatbelt Secondary Freight project, a collaborative project between local governments and State and Federal governments, was successful in attracting funding and won the WA Regional Achievement and Community Award.

Plant replacement in 2019/20 included the purchase of a new low loader for carting Shire plant and the replacement of two shire passenger vehicles.

The Shire continued to maintain school bus routes liaising with school bus operators, tree planation companies and other road users to ensure issues identified were addressed as quickly as possible.

Annual road maintenance in 2019/20 included tree pruning, grading, culvert maintenance, patching bitumen, maintenance of signage and white posts.



Photo credit: Bill Owen

*Outcome 3.2: Sustainable well maintained quality facilities that support long term community needs.*

Solar power was installed at the Shire office resulting in cost reduction of 24% on the Shire power bill over the winter months. It is anticipated that a larger reduction will be achieved over the summer months.

A new toilet facility was installed at the Darkan Cemetery.

*Outcome 3.3: Attractive townscapes and public facilities for locals and visitors to enjoy*

Landscaping was undertaken around the new tennis courts at the Sports Complex and plants have been put in at the caravan park to provide screening from Coalfields Highway.

Maintenance of public areas (gardens, cemeteries, Lake Towerrinning) to a high standard continued throughout the Shire.

*Outcome 3.4: Appropriate planning and development*

Council adopted a Rural Planning Policy to exempt some sheds from the requirement to obtain development approval.

## Natural Environment

*Outcome 4.1: Sustainable management of water resources*

Waterwise plants were chosen for new gardens planted in the Darkan townsite.

The Shire continued negotiations with Department of Water and Environmental Regulation in relation to funding of an Aboriginal Heritage survey required for Kylie railway dam and storage which could potentially be developed to supply water to the Kylie siding area for emergency stock and firefighting supply.

The Shire reviewed the Duranillin Town supply and is currently carting water for the users in the town. The standpipe water supply is only available for firefighting purposes.

A number of changes were implemented to the standpipes in the district. Quindanning Road standpipe is now available for fire fighting only. The Horwood Street community standpipe has had the flow rate lowered but retained the cost of \$2.50/L. A commercial stand pipe with a greater flow rate was installed at Growden Place and will be accessible once the roadworks are completed.

*Outcome 4.2: Waste is minimised and managed sustainably*

The Shire's Waste Management contract was reviewed and a new waste contract was entered with Warren Blackwood Waste and the collection day was moved from Thursday to Wednesday. The Shire initially proposed to provide a container deposit refund point, however this was deferred pending manning of the Darkan Refuse Site, which was determined a more suitable location than the Shire Office.

Cr King and Cr Morrell visited Suez site in North Bannister with other elected members from the region.

Ongoing waste programs included management of the Darkan and Duranillin refuse sites, refuse and recycling collections services and drummuster collection.

*Outcome 4.3: Natural biodiversity of the Shire will be maintained and valued*

The annual fox shoot was held in March 2020 and was coordinated by the Blackwood Biosecurity Incorporated and seven local teams participated with 83 foxes shot in total.

In the 2019/20 financial year the Landcare Officer employed in partnership with BBG worked with the school to plant trees and native plants along the Darkan Rail Trail reserve on School's Tree Day, received a South32/Junior Landcare grant to establish a Bush Tucker Garden at the School,

undertook Black Cockatoo monitoring throughout the Shire and submitted a State Natural Resource Management Grant application for community education surrounding the Red-tailed Phascogale, a nest box program and a phascogale statue for the Nature play area in the Darkan Reserve, seedlings for landholders, school planting days and fencing for two landholders.

*Outcome 4.4: Responsible land use planning will be undertaken with viability, sustainability, and the environment considered in all decision making.*

Shire staff and councillors attended a zoom meeting in April 2020 with adjacent Shires and relevant government agencies in relation to opportunities for intensive agricultural development and the use of Beaufort palaeochannel water.



Photo credit: Kerryn Chia

## Governance and Organisation

Through strong leadership and responsible, ethical management the best outcomes will be achieved in partnership with the people of the Shire

*Outcome 5.1: Representation by skilled councillors to achieve the best outcome for the Shire*

Training is now mandatory for all councillors elected from 2019 within the first year of appointment. One newly elected member undertook the required WALGA training.

*Outcome 5.2: Accountable service delivery by Council and well trained, motivated, customer focused staff.*

The Shire closed all public buildings and playgrounds as soon as requested in response to the COVID pandemic. The April Council meeting was held by Microsoft Teams and updates were provided to councillors via Zoom link until the State Government allowed meetings in person to resume.

*Outcome 5.3: Strong leadership in advocacy and planning to ensure the sustainability of the Shire.*

Elected members and staff continued to represent the Shire through involvement with the 4WDL Voluntary Regional Organisation of Councils, Regional Road Group, and the Central Zone of WALGA.

*Outcome 5.4: Active engagement with the community to optimise input into planning and decision making*

The Shire staff had a stand at Sheepfest and were available for discussions with community members at the event. The Shire also provides a regular column in the local community newspaper (The Bleat) to keep the public informed of ongoing Shire Projects.

This year has seen the Shire Facebook page and Instagram account become more active with posts promoting the region, providing links to funding, informing the community about events or ongoing projects. Engagements with these posts have continued to rise. Many of these posts direct people to the Shire website for further information. The Shire website is regularly updated with Council information.

Members of the public attended Council meetings as invited guests or to make a deputation to Council on specific matters of concern. Members of Council represented the Shire on external community committees including West Arthur Cottage Homes and West Arthur Community Resource Centre.



Photo credit: Astrid Volzke



# STATUTORY REPORTING REQUIREMENTS

## National Competition Policy

The application of national competition policy in Western Australian local governments is guided by the Clause 7 Statement which requires annual reporting of the implementation, application and effects of NCP principles as well as structural reform of public monopolies and legislative review.

### (a) Competitive Neutrality

The objective of competitive neutrality involves the introduction of measures effectively to remove any **net** competitive advantages arising simply as a result of local government ownership of business entity. Local government is only required to implement the principles of competitive neutrality to the extent that the benefits to be realised from implementation outweigh the costs in respect of individual business activities exceeding \$500,000 annual income.

The Shire did not undertake any activities or functions in 2019/20 year that met the financial benchmark.

### (b) Structural Reform of Public Monopolies

The Shire does not have any activities or functions that are considered to be public monopolies and did not privatise any of its activities or functions in 2019/20.

### (c) Legislative Review

All local laws have been reviewed for compliance with NCP and all amendments to existing and all future local laws are monitored to ensure no anti-competitive practices are included.

## Disability Access and Inclusion Plan (DAIP)

In 2017, the Shire undertook a review of its Disability Access and Inclusion Plan (DAIP) including consultation with key stakeholders and updating the DAIP to guide further improvements to access and inclusion.

The process included:

- examination of the initial DAIP and subsequent progress reports to see what has been achieved and what still needs work;
- consultation with key staff;
- consultation with the community
- reference to the Age-Friendly Communities study conducted in 2010
- information from the 2015 Age Friendly Communities in Small Towns project and
- consultation with HACC, St John's Ambulance, Seniors Coordinator, Shire staff, seniors and community members.

The 2017-2022 DAIP has been completed and endorsed by Council and the Disability Services Commission.

Some specific outcomes achieved or currently being implemented in planning:

- New parking at Health and Resource Centre includes accessible parking.

- Access improvements to the Darkan town oval by removing pine railing and installing extra steps to reduce the overall height of each step. Tactiles and hand rails were also installed on the steps.

## Complaints Register

Section 5.121 of the Local Government Act 1995 requires the Annual Report to contain details of the entries made in the Complaints Register regarding complaints about elected members. There were no complaints recorded in the register of complaints in the year under review.

## State Records Act

The Shire of West Arthur record keeping plan has been prepared to ensure compliance with Section 19 of the State Records Act 2000. A review of the Shire of West Arthur's Recordkeeping Plan was last undertaken in 2016.

## Freedom of Information Statement

In complying with the Freedom of Information Act 1992, the Shire of West Arthur is required to prepare and publish an information statement. The Shire's Information Statement was updated in June 2019 and a copy is available from the Shire Office and Shire website. The Shire had 1 Freedom of Information request in the 2019/20 year. This request was completed within 45 days in accordance with Section 13 (3) of the Freedom of Information Act 1992.

## Employee Remuneration

Section 5.53(2)(g) of the Local Government Act 1995 requires the Annual Report to contain details of the number of employees of the Shire entitled to an annual salary of \$100,000 or more and within each \$10,000 band over \$100,000. The following salaries include wages, superannuation, personal benefit value of vehicle, and other allowances:

- \$120,000-\$130,000 one employee
- \$140,000-\$150,000 one employee.



Photo credit: Gerald Rose

## THE YEAR AHEAD 2020/21

It is anticipated that the Shire will need to continue its support of local businesses and groups whilst the COVID pandemic continues to reverberate around the world. The safety of our community will remain a priority.

The injection of additional funding through the Federal Government's COVID stimulation package (Local Community Roads and Infrastructure program) will enable the Shire to bring forward projects and undertake unscheduled asset maintenance in the 2020/21 financial year.

Lake Towerrinning will be the recipient of a large amount of these funds to enable the construction of a new playground, improvements to the boat ramp, resealing of the car park and access road, and restoration of the jetties. Kitchen improvements will be carried out at the Darkan Town Hall, Arthur River Hall, and West Arthur Health and Resource Centre. Ceilings will be repaired at the Moodiarrup Sports Complex and Moodiarrup Hall.

A new chalet will be constructed at the Darkan Caravan Park and the Nissen hut, which is located on the same reserve, will be restored.

Major road works which will be undertaken in 20/21 include:

- Bowelling to Duranillin Road, Darkan South Road and the Moodiarrup Changerup Road - installation of a centre white line;
- Growden Place - completion of the construction of the western intersection with Coalfields Road and drainage and reseal to the eastern end;
- Boyup Brook Arthur Road - cement stabilisation, surface corrections and reseals on;
- Bowelling Duranillin Road - reseals and sections of reconstruction and widening on;
- Darkan South Road - improvements to the intersection with Capercup North Road and widening of curves on;
- Bowelling McAlinden Road - widening culverts on floodway;
- Bokal East Arthur Road - cement stabilisation of various sections;
- Old Collie Road - gravel sheeting and drainage
- Jackson Road - gravel sheeting;
- Collie South East Road - gravel sheeting; and
- Bunce King Road - bridge repairs.

In accordance with the plant replacement program, a number of items of plant will be renewed or upgraded in the 20/21 year including three works utes, a side tipper trailing, a prime mover and a roller.

Community consultation will be undertaken early in the 2020/21 financial year for inclusion in the revised Community Strategic Plan. This will feed into the Corporate Plan which will be prepared in June. A community event is planned for February to provide input into these documents.

Tourism will continue to be a focus, particularly whilst Western Australians are travelling locally. The Shire has plans to collaborate with other local governments within the 4WDL VROC to develop a coordinated approach to marketing the southern Wheatbelt. The Shire will continue to be involved in the Astrotourism network and will build on relationships with the Collie Shire to promote wildflowers and the rail trail. The Shire will also work towards becoming a "Film Friendly" certified town which will enable film makers or advertisers to access various locations for filming if required.

The work at the Betty Brown Historical Centre will continue with many items still needing cataloguing and cleaning. The items will all be available for viewing online via Collections WA. The Betty Brown Historical Centre will endeavour to be engaged with Heritage Week in April 2021. The Shire will continue to build on the relationships with members of the Aboriginal Community that previously lived in the area.

Ground Penetrating Radar will be employed to investigate the unmarked graves at the Arthur River Cemetery and the Arthur River Post Office will be rebuilt following damage from vehicle impact earlier this year.

We look forward to reporting on the implementation of the 2020/21 program and achievements.

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DARKAN WA 6392

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Facebook

<https://www.facebook.com/ShireofWestArthur/>



Photo credit: Astrid Volzke

**SHIRE OF WEST ARTHUR**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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Principal place of business:  
31 Burrowes Street  
Darkan  
WA 6392

**SHIRE OF WEST ARTHUR  
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 Shire of West Arthur for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the Shire of West Arthur at 30 June 2020 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

9th day of

December 2020



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Chief Executive Officer

Nicole Wasmann



**SHIRE OF WEST ARTHUR**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Rates	22(a)	1,704,587	1,706,538	1,674,054
Operating grants, subsidies and contributions	2(a)	1,344,514	755,939	1,354,599
Fees and charges	2(a)	346,591	299,226	370,039
Interest earnings	2(a)	84,575	78,237	109,813
Other revenue	2(a)	130,608	76,597	45,898
		<u>3,610,875</u>	<u>2,916,537</u>	<u>3,554,403</u>
<b>Expenses</b>				
Employee costs		(1,478,600)	(1,670,536)	(1,468,342)
Materials and contracts		(573,962)	(669,779)	(1,407,159)
Utility charges		(80,637)	(85,000)	(75,442)
Depreciation on non-current assets	10(b)	(2,093,849)	(2,082,163)	(2,075,389)
Interest expenses	2(b)	(35,389)	(35,389)	(40,043)
Insurance expenses		(98,444)	(97,701)	(89,961)
Other expenditure		(27,377)	(26,000)	(24,012)
		<u>(4,388,258)</u>	<u>(4,666,568)</u>	<u>(5,180,348)</u>
		<u>(777,383)</u>	<u>(1,750,031)</u>	<u>(1,625,945)</u>
Non-operating grants, subsidies and contributions	2(a)	853,361	1,057,659	834,583
Profit on asset disposals	10(a)	30,923	16,045	25,083
(Loss) on asset disposals	10(a)	0	(1,666)	(15,222)
Fair value adjustments to financial assets at fair value through profit or loss		864	0	0
		<u>885,148</u>	<u>1,072,038</u>	<u>844,444</u>
<b>Net result for the period</b>		<b>107,765</b>	<b>(677,993)</b>	<b>(781,501)</b>
<b>Total comprehensive income for the period</b>		<b>107,765</b>	<b>(677,993)</b>	<b>(781,501)</b>

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



**SHIRE OF WEST ARTHUR**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Governance		9,945	500	250
General purpose funding		2,900,181	2,353,560	2,775,188
Law, order, public safety		40,305	44,100	79,212
Health		7,493	5,700	7,235
Education and welfare		85,000	44,500	150,807
Housing		135,683	133,344	146,341
Community amenities		56,190	48,800	49,840
Recreation and culture		73,988	34,550	72,161
Transport		156,659	125,536	117,996
Economic services		51,987	40,650	40,735
Other property and services		93,444	85,297	114,638
		<b>3,610,875</b>	<b>2,916,537</b>	<b>3,554,403</b>
<b>Expenses</b>				
Governance		(276,064)	(365,295)	(262,029)
General purpose funding		(96,922)	(71,170)	(82,781)
Law, order, public safety		(152,465)	(145,754)	(178,976)
Health		(130,839)	(129,595)	(137,765)
Education and welfare		(125,697)	(96,512)	(159,336)
Housing		(61,292)	(91,535)	(69,107)
Community amenities		(283,073)	(279,524)	(219,601)
Recreation and culture		(693,320)	(640,467)	(614,554)
Transport		(2,213,826)	(2,539,311)	(3,184,202)
Economic services		(157,982)	(176,737)	(101,033)
Other property and services		(161,389)	(95,279)	(130,921)
		<b>(4,352,869)</b>	<b>(4,631,179)</b>	<b>(5,140,305)</b>
<b>Finance Costs</b>				
Housing		(30,894)	(30,894)	(34,350)
Economic services		(2,122)	(2,122)	(2,429)
Other property and services		(2,373)	(2,373)	(3,264)
		<b>(35,389)</b>	<b>(35,389)</b>	<b>(40,043)</b>
		<b>(777,383)</b>	<b>(1,750,031)</b>	<b>(1,625,945)</b>
Non-operating grants, subsidies and contributions	2(a)	853,361	1,057,659	834,583
Profit on disposal of assets	10(a)	30,923	16,045	25,083
(Loss) on disposal of assets	10(a)	0	(1,666)	(15,222)
Fair value adjustments to financial assets at fair value through profit or loss		864	0	0
		<b>885,148</b>	<b>1,072,038</b>	<b>844,444</b>
<b>Net result for the period</b>		<b>107,765</b>	<b>(677,993)</b>	<b>(781,501)</b>
<b>Total comprehensive income for the period</b>		<b>107,765</b>	<b>(677,993)</b>	<b>(781,501)</b>

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



**SHIRE OF WEST ARTHUR  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2020**

	NOTE	2020 \$	2019 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	3,642,489	2,964,922
Trade and other receivables	6	176,113	185,839
Other financial assets	5(a)	27,174	26,290
Inventories	7	22,531	21,550
<b>TOTAL CURRENT ASSETS</b>		<b>3,868,307</b>	<b>3,198,601</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets at fair value through profit and loss	5(b)	53,415	52,551
Other financial assets	5(b)	366,493	393,667
Property, plant and equipment	8	16,057,574	16,803,645
Infrastructure	9	84,901,148	85,183,922
<b>TOTAL NON-CURRENT ASSETS</b>		<b>101,378,630</b>	<b>102,433,785</b>
<b>TOTAL ASSETS</b>		<b>105,246,937</b>	<b>105,632,386</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	192,281	263,481
Contract liabilities	13	69,007	0
Borrowings	14(a)	95,630	90,698
Employee related provisions	15	404,073	405,820
<b>TOTAL CURRENT LIABILITIES</b>		<b>760,991</b>	<b>759,999</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14(a)	620,208	715,837
Employee related provisions	15	43,001	35,578
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>663,209</b>	<b>751,415</b>
<b>TOTAL LIABILITIES</b>		<b>1,424,200</b>	<b>1,511,414</b>
<b>NET ASSETS</b>		<b>103,822,737</b>	<b>104,120,972</b>
<b>EQUITY</b>			
Retained surplus		10,639,352	11,584,681
Reserves - cash backed	4	2,403,335	1,756,241
Revaluation surplus	11	90,780,050	90,780,050
<b>TOTAL EQUITY</b>		<b>103,822,737</b>	<b>104,120,972</b>

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



**SHIRE OF WEST ARTHUR  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2018</b>		<b>12,652,966</b>	<b>1,469,457</b>	<b>90,780,050</b>	<b>104,902,473</b>
Comprehensive income					
Net result for the period		(781,501)	0	0	(781,501)
Total comprehensive income		(781,501)	0	0	(781,501)
Transfers from/(to) reserves	4	(286,784)	286,784	0	0
<b>Balance as at 30 June 2019</b>		<b>11,584,681</b>	<b>1,756,241</b>	<b>90,780,050</b>	<b>104,120,972</b>
Change in accounting policies	26	(406,000)	0	0	(406,000)
<b>Restated total equity at 1 July 2019</b>		<b>11,178,681</b>	<b>0</b>	<b>0</b>	<b>103,714,972</b>
Comprehensive income					
Net result for the period		107,765	0	0	107,765
Other comprehensive income	11	0	0	0	0
Total comprehensive income		107,765	0	0	107,765
Transfers from reserves	4	120,855	(120,855)	0	0
Transfers to reserves	4	(767,949)	767,949	0	0
<b>Balance as at 30 June 2020</b>		<b>10,639,352</b>	<b>2,403,335</b>	<b>90,780,050</b>	<b>103,822,737</b>

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

SHIRE OF WEST ARTHUR  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		1,688,917	1,741,038	1,657,228
Operating grants, subsidies and contributions		1,412,423	758,719	1,485,303
Fees and charges		346,591	299,226	370,039
Interest received		84,575	78,237	109,813
Goods and services tax received		(141,849)	261,546	251,872
Other revenue		130,608	76,597	45,898
		3,521,265	3,215,363	3,920,153
<b>Payments</b>				
Employee costs		(1,459,292)	(1,670,536)	(1,462,957)
Materials and contracts		(659,775)	(653,501)	(1,337,725)
Utility charges		(80,637)	(85,000)	(75,442)
Interest expenses		(35,389)	(35,389)	(40,043)
Insurance paid		(98,444)	(97,701)	(89,961)
Goods and services tax paid		168,343	(259,568)	(269,568)
Other expenditure		(27,377)	(26,000)	(24,012)
		(2,192,571)	(2,827,695)	(3,299,708)
<b>Net cash provided by (used in) operating activities</b>	16	1,328,694	387,668	620,445
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for financial assets at fair values through profit and loss		0	0	(6,151)
Payments for purchase of property, plant & equipment	8(a)	(239,964)	(554,875)	(473,823)
Payments for construction of infrastructure	9(a)	(1,293,277)	(1,639,238)	(1,286,575)
Non-operating grants, subsidies and contributions	2(a)	853,361	1,057,659	834,583
Proceeds from financial assets at amortised cost - self supporting loans		26,290	26,290	25,435
Proceeds from sale of property, plant & equipment	10(a)	93,160	86,000	59,930
<b>Net cash provided by (used in) investment activities</b>		(560,430)	(1,024,164)	(846,601)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	14(b)	(90,697)	(90,698)	(86,043)
<b>Net cash provided by (used in) financing activities</b>		(90,697)	(90,698)	(86,043)
<b>Net increase (decrease) in cash held</b>		677,567	(727,194)	(312,199)
Cash at beginning of year		2,964,922	2,931,298	3,277,121
<b>Cash and cash equivalents at the end of the year</b>	16	3,642,489	2,204,104	2,964,922

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

**SHIRE OF WEST ARTHUR  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2020**

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	23 (b)	1,162,096	1,162,096	1,926,694
		1,162,096	1,162,096	1,926,694
<b>Revenue from operating activities (excluding rates)</b>				
Governance		9,945	500	250
General purpose funding		1,196,458	647,022	1,104,528
Law, order, public safety		40,305	44,100	79,212
Health		7,493	5,700	7,235
Education and welfare		85,000	44,500	150,807
Housing		135,683	133,344	146,341
Community amenities		56,190	48,800	49,840
Recreation and culture		73,988	34,550	72,161
Transport		187,582	141,581	143,079
Economic services		51,987	40,650	40,735
Other property and services		93,444	85,297	114,638
		1,938,075	1,226,044	1,908,826
<b>Expenditure from operating activities</b>				
Governance		(276,064)	(365,295)	(262,029)
General purpose funding		(96,922)	(71,170)	(82,781)
Law, order, public safety		(152,465)	(145,754)	(178,976)
Health		(130,839)	(129,595)	(138,808)
Education and welfare		(125,697)	(96,512)	(159,336)
Housing		(92,186)	(122,429)	(103,457)
Community amenities		(283,073)	(279,524)	(221,610)
Recreation and culture		(693,320)	(640,467)	(625,570)
Transport		(2,213,826)	(2,540,977)	(3,184,202)
Economic services		(160,104)	(178,859)	(103,462)
Other property and services		(163,762)	(97,652)	(135,339)
		(4,388,258)	(4,668,234)	(5,195,570)
Non-cash amounts excluded from operating activities	23(a)	2,081,369	2,067,784	2,064,763
<b>Amount attributable to operating activities</b>		793,282	(212,310)	704,713
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	853,361	1,057,659	834,583
Proceeds from disposal of assets	10(a)	93,160	86,000	59,930
Proceeds from financial assets at amortised cost - self supporting loans		26,290	26,290	25,435
Purchase of property, plant and equipment	8(a)	(239,964)	(554,875)	(473,823)
Purchase and construction of infrastructure	9(a)	(1,293,277)	(1,639,238)	(1,286,575)
<b>Amount attributable to investing activities</b>		(560,430)	(1,024,164)	(840,450)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	14(b)	(90,697)	(90,698)	(86,043)
Transfers to reserves (restricted assets)	4	(767,949)	(772,425)	(627,549)
Transfers from reserves (restricted assets)	4	120,855	393,059	340,765
<b>Amount attributable to financing activities</b>		(737,791)	(470,064)	(372,827)
<b>Surplus/(deficit) before imposition of general rates</b>		(504,939)	(1,706,538)	(508,564)
<b>Total amount raised from general rates</b>	22(a)	1,704,587	1,706,538	1,670,660
<b>Surplus/(deficit) after imposition of general rates</b>	23(b)	<b>1,199,648</b>	<b>0</b>	<b>1,162,096</b>

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

**SHIRE OF WEST ARTHUR**  
**INDEX OF NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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## **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 Shire. 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 Shire 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 Shire to measure any vested improvements at zero cost.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value against the opening retained surplus 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 Shire controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 13 to these financial statements.

**SHIRE OF WEST ARTHUR**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**2. REVENUE AND EXPENSES**

**REVENUE RECOGNITION POLICY**

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
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
Fees and charges - 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
Fees and charges - 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
Fees and charges - 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
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	None.	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
Fees and charges - 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 - housing rental	Rent	Over time	Payment in full in advance	None	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method based on regular weekly and fortnightly period as proportionate to rental period.
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full on sale	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
Fees and charges - fines	Fines issued for breaches of local laws	Single point in time	Payment in full within defined time.	None	Adopted through Council through local law	When taxable event occurs	Not applicable	When fine notice is issued.
Other revenue - Commissions	Commissions on licencing	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
Other revenue - 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

**SHIRE OF WEST ARTHUR**  
**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 \$
<b>Operating grants, subsidies and contributions</b>			
Governance	320	500	250
General purpose funding	1,118,168	576,403	1,003,259
Law, order, public safety	39,268	43,500	78,650
Education and welfare	19,908	8,500	48,981
Housing	0	0	3,050
Recreation and culture	39,314	0	45,726
Transport	125,536	125,536	117,997
Economic services	2,000	1,500	3,180
Other property and services		0	53,506
	1,344,514	755,939	1,354,599
<b>Non-operating grants, subsidies and contributions</b>			
Health	0	0	5,069
Recreation and culture	0	85,000	49,962
Transport	853,361	918,748	0
Economic services	0	53,911	779,552
	853,361	1,057,659	834,583
<b>Total grants, subsidies and contributions</b>	2,197,875	1,813,598	2,189,182
<b>Fees and charges</b>			
Governance	30	0	0
General purpose funding	2,469	2,000	2,534
Law, order, public safety	837	600	562
Health	498	200	197
Education and welfare	65,082	36,000	101,826
Housing	118,037	116,789	124,432
Community amenities	53,104	47,300	47,145
Recreation and culture	10,426	11,550	15,637
Economic services	49,559	39,150	37,555
Other property and services	46,549	45,637	40,151
	346,591	299,226	370,039

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, subsidies and contributions**

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-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.



**SHIRE OF WEST ARTHUR**  
**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 Shire was recognised during the year for the following nature or types of goods or services:

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions	102,019	142,000	214,543
Fees and charges	346,591	299,226	370,039
Other revenue	130,609	76,597	39,747
Non-operating grants, subsidies and contributions	853,361	1,057,659	834,583
	<b>1,432,580</b>	<b>1,575,482</b>	<b>1,458,912</b>

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

Other revenue from contracts with customers recognised during the year	579,219	517,823	624,329
Other revenue from performance obligations satisfied during the year	853,361	1,057,659	834,583
	<b>1,432,580</b>	<b>1,575,482</b>	<b>1,458,912</b>

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	42,915		41,817
Financial assets held from transfers for recognisable financial assets	69,007		0
Contract liabilities from transfers for recognisable non financial assets	(69,007)		0

**Revenue from statutory requirements**

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

General rates	1,704,587	1,706,538	1,674,054
Statutory permits and licences	4,853	2,500	2,779
Fines	100	0	0
	<b>1,709,540</b>	<b>1,709,038</b>	<b>1,676,833</b>

**Other revenue**

Reimbursements and recoveries	130,608	76,597	45,898
	<b>130,608</b>	<b>76,597</b>	<b>45,898</b>

**Interest earnings**

Financial assets at amortised cost - self supporting loans	13,618	13,618	14,473
Interest on reserve funds	27,169	31,619	36,282
Rates instalment and penalty interest (refer Note 22(b))	27,683	11,000	23,299
Other interest earnings	16,105	22,000	35,759
	<b>84,575</b>	<b>78,237</b>	<b>109,813</b>

**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**

	2020 Actual \$	2020 Budget \$	2019 Actual \$
- Audit of the Annual Financial Report	29,300	30,000	28,600
- Other services	900	0	1,800
	<b>30,200</b>	<b>30,000</b>	<b>30,400</b>

**Interest expenses (finance costs)**

Borrowings	35,389	35,389	40,043
	<b>35,389</b>	<b>35,389</b>	<b>40,043</b>

Note

14(b)

**SHIRE OF WEST ARTHUR**  
**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 at bank and on hand		3,642,489	2,964,922
<b>Total cash and cash equivalents</b>		<b>3,642,489</b>	<b>2,964,922</b>
<b>Restrictions</b>			
requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		2,496,149	1,789,865
		<b>2,496,149</b>	<b>1,789,865</b>

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

Reserves - cash backed	4	2,403,335	1,756,241
Other restricted creditors		23,807	33,624
Contract liabilities from transfers for recognisable non financial assets	13	69,007	0
<b>Total restricted assets</b>		<b>2,496,149</b>	<b>1,789,865</b>

**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.

**SHIRE OF WEST ARTHUR**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**4. RESERVES - CASH BACKED**

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave Reserve	156,203	52,417	0	208,620	156,202	52,812	0	209,014	132,921	23,282	0	156,203
(b) Plant Reserve	94,158	311,286	(85,633)	319,811	94,159	311,801	(112,350)	293,610	83,567	304,741	(294,150)	94,158
(c) Building Reserve	631,562	59,770	0	691,332	631,562	61,368	(130,000)	562,930	560,718	95,844	(25,000)	631,562
(d) Town Development Reserve	69,595	1,077	0	70,672	69,595	1,253	(45,000)	25,848	61,225	8,370	0	69,595
(e) Recreation Reserve	31,202	100,483	(10,000)	121,685	31,202	100,562	(10,000)	121,764	30,450	752	0	31,202
(f) Heritage Reserve	5,128	215	0	5,343	5,128	392	0	5,520	4,783	345	0	5,128
(g) Community Housing Reserve	109,024	22,382	0	131,406	109,024	21,962	(25,000)	105,986	92,734	16,290	0	109,024
(h) Waste Management Reserve	80,044	41,238	0	121,282	80,044	41,441	0	121,485	78,115	1,929	0	80,044
(i) Darkan Swimming Pool Reserve	33,219	5,515	0	38,734	33,219	5,598	0	38,817	32,419	800	0	33,219
(j) Information Technology Reserve	57,988	3,897	(15,000)	46,885	57,988	4,044	(15,000)	47,032	56,591	1,397	0	57,988
(k) Darkan Sport and Community Centre Reserve	223,747	33,461	0	257,208	223,747	33,757	0	257,504	192,880	34,762	(3,895)	223,747
(l) Arthur River Country Club Reserve	25,049	6,387	(3,641)	27,795	25,049	6,451	(3,000)	28,500	21,243	6,526	(2,720)	25,049
(m) Museum Reserve	127,858	1,978	(1,734)	128,102	127,858	2,301	(25,620)	104,539	56,269	71,589	0	127,858
(n) Moodiarrup Sports Club Reserve	7,879	1,596	0	9,475	7,879	4,142	0	12,021	6,069	1,810	0	7,879
(o) Landcare Reserve	46,885	725	(4,847)	42,763	46,885	844	(27,089)	20,640	59,473	2,412	(15,000)	46,885
(p) Corporate Planning and Valuation Reserve	34,000	526	0	34,526	34,000	612	0	34,612	0	34,000	0	34,000
(q) Kids Central Reserve	429	241	0	670	429	8	0	437	0	429	0	429
(r) The Shed Reserve	11,019	531	0	11,550	11,019	198	0	11,217	0	11,019	0	11,019
(s) Recreation Trails Reserve	1,185	18	0	1,203	1,185	21	0	1,206	0	1,185	0	1,185
(t) Community Gym Reserve	6,887	1,480	0	8,367	6,887	124	0	7,011	0	6,887	0	6,887
(u) Economic Development Reserve	3,180	40,049	0	43,229	3,180	40,057	0	43,237	0	3,180	0	3,180
(v) Road Reserve	0	82,677	0	82,677	0	82,677	0	82,677	0	0	0	0
	1,756,241	767,949	(120,855)	2,403,335	1,756,241	772,425	(393,059)	2,135,607	1,469,457	627,549	(340,765)	1,756,241

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

**SHIRE OF WEST ARTHUR**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**  
**4 RESERVES - CASH 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:

<b>Name of Reserve</b>	<b>Anticipated date of use</b>	<b>Purpose of the reserve</b>
(a) Leave Reserve	Ongoing	To be used to fund long service leave and annual leave requirements
(b) Plant Reserve	Ongoing	To be used for the purchase of major plant
(c) Building Reserve	Ongoing	To be used for the construction and maintenance of Council buildings
(d) Town Development Reserve	Ongoing	To be used to enhance town infrastructure
(e) Recreation Reserve	Ongoing	To be used to enhance recreation infrastructure
(f) Heritage Reserve	Ongoing	To be used to maintain and improve the heritage buildings of the Shire
(g) Community Housing Reserve	Ongoing	To be used for the maintenance and provision of housing within the Shire
(h) Waste Management Reserve	Ongoing	To be used to assist with funding future infrastructure requirements for waste management
(i) Darkan Swimming Pool Reserve	Ongoing	To be used to assist with funding works at the Darkan swimming pool
(j) Information Technology Reserve	Ongoing	To be used for upgrades to computers and office equipment
(k) Darkan Sport and Community Centre Reserve	Ongoing	To be used to maintain and improve the Darkan Sport and Community Centre
(l) Arthur River Country Club Reserve	Ongoing	To be used to maintain and improve the Arthur River Country Club
(m) Museum Reserve	Ongoing	To be used to maintain and to provide new displays in the Museum
(n) Moodiarrup Sports Club Reserve	Ongoing	To be used to maintain and improve the Moodiarrup Sports Club Reserve
(o) Landcare Reserve	Ongoing	To be used to fund the landcare expenditure of the Shire
(p) Corporate Planning and Valuation Reserve	Ongoing	To be used to fund the corporate planning and valuation expenditure of the Shire
(q) Kids Central Reserve	Ongoing	To be used to fund the renewal of equipment and infrastructure
(r) The Shed Reserve	Ongoing	To be used to fund the renewal of equipment and infrastructure
(s) Recreation Trails Reserve	Ongoing	To be used for the construction and maintenance of recreation trails
(t) Community Gym Reserve	Ongoing	To be used for the renewal of gym equipment and activities
(u) Economic Development Reserve	Ongoing	To be used for economic development initiatives that benefit the Shire
(v) Road Reserve	Ongoing	To be used to fund road improvements or urgent repairs

**SHIRE OF WEST ARTHUR  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2020**

**5. OTHER FINANCIAL ASSETS**

	2020	2019
	\$	\$
<b>(a) Current assets</b>		
Financial assets at amortised cost	27,174	26,290
	<u>27,174</u>	<u>26,290</u>
<b>Other financial assets at amortised cost</b>		
Self supporting loans	27,174	26,290
	<u>27,174</u>	<u>26,290</u>
<b>(b) Non-current assets</b>		
Financial assets at amortised cost	366,493	393,667
Financial assets at fair value through profit and loss	53,415	52,551
	<u>419,908</u>	<u>446,218</u>
<b>Financial assets at amortised cost</b>		
Self supporting loans	366,493	393,667
	<u>366,493</u>	<u>393,667</u>
<b>Financial assets at fair value through profit and loss</b>		
Units in Local Government House Trust	53,415	52,551
	<u>53,415</u>	<u>52,551</u>

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

The Shire 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 Shire 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 Shire has not elected to recognise fair value gains and losses through other comprehensive income.

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 24.

## 6. TRADE AND OTHER RECEIVABLES

### Current

Rates receivable
(Less provision for doubtful debts)
Trade and other receivables
GST receivable

2020	2019
\$	\$
207,282	181,873
(83,882)	(74,143)
42,915	41,817
9,798	36,292
<b>176,113</b>	<b>185,839</b>

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other receivables

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

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

#### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 24.

### SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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.

**SHIRE OF WEST ARTHUR  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**7. INVENTORIES**

**Current**

Fuel and materials

	<b>2020</b>	<b>2019</b>
	\$	\$
	22,531	21,550
	<b>22,531</b>	<b>21,550</b>
	21,550	20,871
	(189,529)	(205,812)
	190,510	206,491
	<b>22,531</b>	<b>21,550</b>

The following movements in inventories occurred during the year:

**Carrying amount at beginning of period**

Inventories expensed during the year

Additions to inventory

**Carrying amount at end of period**

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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

SHIRE OF WEST ARTHUR  
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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 - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	957,016	406,000	1,363,016	2,210,387	10,537,027	12,747,414	14,110,430	14,003	2,762,618	16,887,051
Additions	0	0	0	5,600	114,143	119,743	119,743	0	354,080	473,823
(Disposals)	0	0	0	0	0	0	0	(2,796)	(45,264)	(48,060)
Depreciation (expense)			0	(43,746)	(154,927)	(198,673)	(198,673)	(4,023)	(306,473)	(509,169)
<b>Carrying amount at 30 June 2019</b>	957,016	406,000	1,363,016	2,172,241	10,496,243	12,668,484	14,031,500	7,184	2,764,961	16,803,645
<b>Comprises:</b>										
Gross carrying amount at 30 June 2019	957,016	406,000	1,363,016	2,259,668	10,793,591	13,053,259	14,416,275	15,059	3,530,417	17,961,751
Accumulated depreciation at 30 June 2019	0	0	0	(87,427)	(297,348)	(384,775)	(384,775)	(7,875)	(765,456)	(1,158,106)
<b>Carrying amount at 30 June 2019</b>	957,016	406,000	1,363,016	2,172,241	10,496,243	12,668,484	14,031,500	7,184	2,764,961	16,803,645
Change in accounting policy	0	(406,000)	(406,000)	0	0	0	(406,000)	0	0	(406,000)
<b>Carrying amount at 1 July 2019</b>	957,016	0	957,016	2,172,241	10,496,243	12,668,484	13,625,500	7,184	2,764,961	16,397,645
Additions	0	0	0	0	45,056	45,056	45,056	16,115	178,793	239,964
(Disposals)	0	0	0	0	0	0	0	0	(62,237)	(62,237)
Depreciation (expense)	0	0	0	(43,961)	(158,493)	(202,454)	(202,454)	(3,409)	(311,935)	(517,798)
<b>Carrying amount at 30 June 2020</b>	957,016	0	957,016	2,128,280	10,382,806	12,511,086	13,468,102	19,890	2,569,582	16,057,574
<b>Comprises:</b>										
Gross carrying amount at 30 June 2020	957,016	0	957,016	2,259,668	10,838,647	13,098,315	14,055,331	31,175	3,590,656	17,677,162
Accumulated depreciation at 30 June 2020	0	0	0	(131,388)	(455,841)	(587,229)	(587,229)	(11,285)	(1,021,074)	(1,619,588)
<b>Carrying amount at 30 June 2020</b>	957,016	0	957,016	2,128,280	10,382,806	12,511,086	13,468,102	19,890	2,569,582	16,057,574

Following a change 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 were not reversed as it was deemed fair value approximates cost at the date of change.



## 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
<b>Land and buildings</b>					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Management Valuation	June 2017	Price per hectare or m2
Land - vested in and under the control of Council	2	Market approach using recent observable market data for similar properties	Management Valuation	June 2017	Price per hectare
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Management Valuation	June 2017	Market data/improvements to land using construction costs and current market conditions (Level 2)
Buildings - specialised	3	Cost approach using depreciated replacement cost	Management Valuation	June 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Furniture and equipment</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2016	Costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
<b>Plant and equipment</b>					
- Management Valuation 2016	2	Market approach using recent observable market data for similar properties	Management Valuation	June 2016	Market data

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 Shire to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

## 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 - other	Infrastructure - bridges	Total Infrastructure
	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	62,852,877	3,514,699	19,098,000	85,465,576
Additions	1,168,050	118,525	0	1,286,575
(Disposals)	0	(2,009)	0	(2,009)
Depreciation (expense)	(928,830)	(137,549)	(499,841)	(1,566,220)
<b>Carrying amount at 30 June 2019</b>	<b>63,092,097</b>	<b>3,493,666</b>	<b>18,598,159</b>	<b>85,183,922</b>
<b>Comprises:</b>				
Gross carrying amount at 30 June 2019	64,916,927	3,757,706	19,098,000	87,772,633
Accumulated depreciation at 30 June 2019	(1,824,830)	(264,040)	(499,841)	(2,588,711)
<b>Carrying amount at 30 June 2019</b>	<b>63,092,097</b>	<b>3,493,666</b>	<b>18,598,159</b>	<b>85,183,922</b>
Additions	1,293,277	0	0	1,293,277
Depreciation (expense)	(938,156)	(138,054)	(499,841)	(1,576,051)
<b>Carrying amount at 30 June 2020</b>	<b>63,447,218</b>	<b>3,355,612</b>	<b>18,098,318</b>	<b>84,901,148</b>
<b>Comprises:</b>				
Gross carrying amount at 30 June 2020	66,210,204	3,757,706	19,098,000	89,065,910
Accumulated depreciation at 30 June 2020	(2,762,986)	(402,094)	(999,682)	(4,164,762)
<b>Carrying amount at 30 June 2020</b>	<b>63,447,218</b>	<b>3,355,612</b>	<b>18,098,318</b>	<b>84,901,148</b>

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**9. INFRASTRUCTURE (Continued)**

**(b) Fair Value Measurements**

<b>Asset Class</b>	<b>Fair Value Hierarchy</b>	<b>Valuation Technique</b>	<b>Basis of Valuation</b>	<b>Date of Last Valuation</b>	<b>Inputs Used</b>
<b>Infrastructure - roads</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2017	Costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - other</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2017	Costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
<b>Infrastructure - bridges</b>	3	Cost approach using depreciated replacement cost	Management Valuation	June 2018	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.

## 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 no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

#### Revaluation

The fair value of 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 Shire.

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 Shire 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 Shire.

#### 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 Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value against the opening retained surplus 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 Shire to measure the vested improvements as part of the related right-of-use assets at zero cost.

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**10. FIXED ASSETS**

**(a) Disposals of Assets**

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Furniture and equipment	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,796	\$ 0	\$ 0	\$ (2,796)
Plant and equipment	62,237	93,160	30,923	0	71,621	86,000	16,045	(1,666)	45,264	59,930	25,083	(10,417)
Infrastructure - other	0	0	0	0	0	0	0	0	2,009	0	0	(2,009)
	62,237	93,160	30,923	0	71,621	86,000	16,045	(1,666)	50,069	59,930	25,083	(15,222)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
<b>Plant and Equipment</b>				
<b>Transport</b>				
Low Loader	3,572	7,867	4,295	0
Tri Axle Low Loader	5,682	17,565	11,883	0
Toyota Prado	25,776	37,727	11,951	0
Ford Ranger	27,206	30,000	2,794	0
	62,236	93,159	30,923	0
	62,236	93,159	30,923	0

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**10. FIXED ASSETS**

**(b) Depreciation**

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	43,961	43,681	43,746
Buildings - specialised	158,493	154,539	154,927
Furniture and equipment	3,409	4,023	4,023
Plant and equipment	311,935	313,050	306,473
Infrastructure - roads	938,156	928,830	928,830
Infrastructure - other	138,054	137,549	137,549
Infrastructure - bridges	499,841	500,491	499,841
	2,093,849	2,082,163	2,075,389

**SIGNIFICANT ACCOUNTING POLICIES**

**Depreciation**

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

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

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

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

**Depreciation rates**

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

Asset Class	Useful life
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement seal	70 years
- bituminous seals	15 - 25 years
- asphalt surfaces	15 to 25 years
Gravel roads formation	not depreciated
pavement gravel sheeting	50 years
Formed roads (unsealed) formation	10-15 years
pavement	not depreciated
Footpaths - slab	50 years
Sewerage piping	20 years
Water supply piping and drainage systems	100 years
Bridges	75 years
	60 to 90 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.

**SHIRE OF WEST ARTHUR**  
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**11. REVALUATION SURPLUS**

	2020 Opening Balance	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	613,871	0	0	0	613,871	613,871	0	0	0	613,871
Revaluation surplus - Buildings - non-specialised	6,960,184	0	0	0	6,960,184	6,960,184	0	0	0	6,960,184
Revaluation surplus - Furniture and equipment	10,206	0	0	0	10,206	10,206	0	0	0	10,206
Revaluation surplus - Infrastructure - roads	61,648,086	0	0	0	61,648,086	61,648,086	0	0	0	61,648,086
Revaluation surplus - Infrastructure - other	1,703,099	0	0	0	1,703,099	1,703,099	0	0	0	1,703,099
Revaluation surplus - Infrastructure - bridges	19,844,604	0	0	0	19,844,604	19,844,604	0	0	0	19,844,604
	90,780,050	0	0	0	90,780,050	90,780,050	0	0	0	90,780,050

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

**SHIRE OF WEST ARTHUR**  
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**12. TRADE AND OTHER PAYABLES**

**Current**

Sundry creditors  
 Accrued salaries and wages  
 Other payables

2020	2019
\$	\$
145,336	220,351
23,138	9,506
23,807	33,624
192,281	263,481

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect 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 Shire recognises revenue for the prepaid rates that have not been refunded.



### 13. CONTRACT LIABILITIES

	2020	2019
	\$	\$
<b>Current</b>		
Contract liabilities from transfers for recognisable non financial assets	69,007	0
	<u>69,007</u>	<u>0</u>

#### SIGNIFICANT ACCOUNTING POLICIES

##### Contract Liabilities

Contract liabilities represent the the Shire's obligation to transfer goods or services to a customer for which the Shire 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.

**SHIRE OF WEST ARTHUR**  
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**14. INFORMATION ON BORROWINGS**

**(a) Borrowings**

	2020	2019
	\$	\$
Current	95,630	90,698
Non-current	620,208	715,837
	715,838	806,535

**(b) Repayments - Borrowings**

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2020	30 June 2020	30 June 2020	Budget	30 June 2020	30 June 2020	30 June 2020	Actual	30 June 2019	30 June 2019	30 June 2019
				Principal 1 July 2019	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Principal 1 July 2019	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Principal 1 July 2018	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Housing</b>															
GROH Housing	70	WA Treasury	6.56%	278,632	41,285	17,276	237,347	278,632	41,285	17,276	237,347	317,316	38,684	19,877	278,632
<b>Economic services</b>															
Industrial Land	72	WA Treasury	3.27%	68,460	9,612	2,122	58,848	68,460	9,613	2,122	58,847	77,764	9,304	2,429	68,460
<b>Other property and services</b>															
Staff Housing - Lot 30 Hillman Street	69	WA Treasury	6.88%	39,486	13,510	2,373	25,976	39,487	13,510	2,373	25,977	52,106	12,620	3,264	39,486
				386,578	64,407	21,771	322,171	386,579	64,408	21,771	322,171	447,186	60,608	25,570	386,578
<b>Self Supporting Loans</b>															
<b>Housing</b>															
WA Cottage Homes	73	WA Treasury	3.32%	419,957	26,290	13,618	393,667	419,957	26,290	13,618	393,667	445,392	25,435	14,473	419,957
				419,957	26,290	13,618	393,667	419,957	26,290	13,618	393,667	445,392	25,435	14,473	419,957
				806,535	90,697	35,389	715,838	806,536	90,698	35,389	715,838	892,578	86,043	40,043	806,535

\* 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.

**SHIRE OF WEST ARTHUR**  
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**14. INFORMATION ON BORROWINGS (Continued)**

	2020	2019
	\$	\$
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	150,000	150,000
Bank overdraft at balance date		
Credit card limit		
Credit card balance at balance date		
<b>Total amount of credit unused</b>	<b>150,000</b>	<b>150,000</b>
<b>Loan facilities</b>		
Loan facilities - current	95,630	90,698
Loan facilities - non-current	620,208	715,837
<b>Total facilities in use at balance date</b>	<b>715,838</b>	<b>806,535</b>
<b>Unused loan facilities at balance date</b>		

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Borrowing costs**

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

**Risk**

Information regarding exposure to risk can be found at Note 24.

## 15. EMPLOYEE RELATED PROVISIONS

### (a) Employee Related Provisions

#### Opening balance at 1 July 2019

Current provisions

Non-current provisions

Additional provision

Amounts used

#### Balance at 30 June 2020

#### Comprises

Current

Non-current

#### Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

Expected reimbursements from other WA local governments

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2019			
Current provisions	162,920	242,900	405,820
Non-current provisions	0	35,578	35,578
	162,920	278,478	441,398
Additional provision	117,590	38,139	155,729
Amounts used	(119,033)	(31,020)	(150,053)
Balance at 30 June 2020	161,477	285,597	447,074
Comprises			
Current	161,477	242,596	404,073
Non-current	0	43,001	43,001
	161,477	285,597	447,074

	2020 \$	2019 \$
Less than 12 months after the reporting date	104,012	171,931
More than 12 months from reporting date	343,062	269,467
Expected reimbursements from other WA local governments		
	447,074	441,398

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

### SIGNIFICANT ACCOUNTING POLICIES

#### Employee benefits

##### Short-term employee benefits

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

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

##### Other long-term employee benefits

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

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

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

Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

##### Provisions

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

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

## 16. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	3,642,489	2,204,104	2,964,922
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	107,765	(677,993)	(781,501)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(864)	0	0
Depreciation on non-current assets	2,093,849	2,082,163	2,075,389
(Profit)/loss on sale of asset	(30,923)	(14,379)	(9,861)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	9,726	39,258	96,182
(Increase)/decrease in inventories	(981)	1,278	(679)
Increase/(decrease) in payables	(71,200)	15,000	70,690
Increase/(decrease) in provisions	5,676	0	4,808
Increase/(decrease) in contract liabilities	69,007	0	0
Non-operating grants, subsidies and contributions	(853,361)	(1,057,659)	(834,583)
Net cash from operating activities	1,328,694	387,668	620,445

## 17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	38,646	34,383
General purpose funding	236,271	220,883
Law, order, public safety	409,577	462,241
Health	2,883,482	2,926,601
Education and welfare	4,080	11,155
Housing	2,285,066	2,267,871
Community amenities	933,233	893,385
Recreation and culture	9,532,444	9,579,923
Transport	83,930,066	83,678,625
Economic services	876,033	853,559
Other property and services	4,524,039	4,703,760
	<u>105,246,937</u>	<u>105,632,386</u>

## 18. CONTINGENT LIABILITIES

The Shire does not have any contingent liabilities at 30 June 2020.

## 19. CAPITAL COMMITMENTS

The Shire does not have any capital expenditure commitments at 30 June 2020.

## 20. RELATED PARTY TRANSACTIONS

### Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	8,505	8,500	6,930
President's allowance	2,980	2,980	2,980
Deputy President's allowance	745	745	745
Travelling expenses	2,059	2,775	1,507
Telecommunications allowance	3,250	3,500	3,007
	<u>17,539</u>	<u>18,500</u>	<u>15,169</u>

### Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	240,284	231,093
Post-employment benefits	26,168	25,267
Other long-term benefits	7,444	4,617
	<u>273,896</u>	<u>260,977</u>

#### *Short-term employee benefits*

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

#### *Post-employment benefits*

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

#### *Other long-term benefits*

These amounts represent long service benefits accruing during the year.



## 20. RELATED PARTY TRANSACTIONS (Continued)

### Transactions with related parties

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

The following transactions occurred with related parties:	2020 Actual	2019 Actual
Sale of goods and services	\$ 0	\$ 0

### Related Parties

The Shire's main related parties are as follows:

*i. Key management personnel*

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

*ii. Other Related Parties*

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

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

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

## 21 MAJOR LAND TRANSACTIONS

The Shire does not have any major land transactions as at 30 June 2020.

**SHIRE OF WEST ARTHUR**  
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**22. RATING INFORMATION**

(a) Rates

<b>RATE TYPE</b>	<b>Rate in \$</b>	<b>Number of Properties</b>	<b>2019/20 Actual Rateable Value \$</b>	<b>2019/20 Actual Rate Revenue \$</b>	<b>2019/20 Actual Interim Rates \$</b>	<b>2019/20 Actual Back Rates \$</b>	<b>2019/20 Actual Total Revenue \$</b>	<b>2019/20 Budget Rate Revenue \$</b>	<b>2019/20 Budget Interim Rate \$</b>	<b>2019/20 Budget Back Rate \$</b>	<b>2019/20 Budget Total Revenue \$</b>	<b>2018/19 Actual Total Revenue \$</b>
<b>Differential general rate / general rate</b>												
<b>Gross rental valuations</b>												
GRV Townsite	0.0719	84	732,300	52,652			52,652	52,652			52,652	40,494
GRV Commercial	0.0719	13	239,564	17,225	(1,474)		15,751	17,225			17,225	19,102
GRV Industrial	0.0719	7	112,580	8,095			8,095	8,095			8,095	5,708
GRV Other Townsite	0.0719	14	89,544	6,438			6,438	6,438			6,438	5,352
<b>Unimproved valuations</b>												
UV Rural	0.005865	386	265,886,000	1,559,421	438		1,559,859	1,559,421			1,559,421	1,534,778
<b>Sub-Total</b>		504	267,059,988	1,643,831	(1,036)	0	1,642,795	1,643,831	0	0	1,643,831	1,605,434
<b>Minimum payment</b>	Minimum \$											
<b>Gross rental valuations</b>												
GRV Townsite	510	36	176,706	18,360			18,360	18,360			18,360	27,500
GRV Commercial	510	9	22,440	4,590			4,590	4,590			4,590	5,000
GRV Industrial	510	3	6,490	1,530			1,530	1,530			1,530	2,500
GRV Other Townsite	357	19	20,820	6,783			6,783	6,783			6,783	7,000
<b>Unimproved valuations</b>												
UV Rural	510	55	2,751,616	28,050	(915)		27,135	28,050			28,050	23,226
<b>Sub-Total</b>		122	2,978,072	59,313	(915)	0	58,398	59,313	0	0	59,313	65,226
		626	270,038,060	1,703,144	(1,951)	0	1,701,193	1,703,144	0	0	1,703,144	1,670,660
Ex-gratia rates							3,394				3,394	3,394
<b>Total amount raised from general rate</b>							1,704,587				1,706,538	1,674,054

**SIGNIFICANT ACCOUNTING POLICIES**

**Rates**

Control over assets acquired from rates is obtained at the commencement of the rating period.

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 Shire recognises revenue for the prepaid rates that have not been refunded.

## 22. RATING INFORMATION (Continued)

### (b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	13/09/2019	0.00	5.50%	11.00%
<b>Option Two</b>				
First instalment	13/09/2019	5.00	5.50%	11.00%
<b>Option Three</b>				
First instalment	13/09/2019	15.00	5.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	25,918	9,200	20,742
Interest on instalment plan	1,765	1,800	2,557
Charges on instalment plan	670	600	810
	28,353	11,600	24,109

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**23. RATE SETTING STATEMENT INFORMATION**

	2019/20 (30 June 2020 Carried Forward)	2019/20 Budget (30 June 2020 Carried Forward)	2019/20 (1 July 2019 Brought Forward)	2018/19 (30 June 2019 Carried Forward)
Note	\$	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	10(a) (30,923)	(16,045)	(25,083)	(25,083)
Less: Fair value adjustments to financial assets at fair value through profit and loss	(864)	0	(6,151)	0
Movement in employee benefit provisions (non-current)	7,423	0	4,808	4,808
Movement in accrued wages	11,884	0	578	578
Add: Loss on disposal of assets	10(a) 0	1,666	15,222	15,222
Add: Depreciation on non-current assets	10(b) 2,093,849	2,082,163	2,075,389	2,075,389
<b>Non cash amounts excluded from operating activities</b>	<b>2,081,369</b>	<b>2,067,784</b>	<b>2,064,763</b>	<b>2,070,914</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
<b>Adjustments to net current assets</b>				
Less: Reserves - cash backed	4 (2,403,335)	(2,135,607)	(1,756,241)	(1,756,241)
Less: Financial assets at amortised cost - self supporting loans	5(a) (27,174)	(27,174)	(26,290)	(26,290)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	14(a) 95,630	95,630	90,698	90,698
- Employee benefit provisions	427,211	415,327	415,327	415,327
<b>Total adjustments to net current assets</b>	<b>(1,907,668)</b>	<b>(1,651,824)</b>	<b>(1,276,506)</b>	<b>(1,276,506)</b>
<b>Net current assets used in the Rate Setting Statement</b>				
Total current assets	3,868,307	2,398,130	3,198,601	3,198,601
Less: Total current liabilities	(760,991)	(746,306)	(759,999)	(759,999)
Less: Total adjustments to net current assets	(1,907,668)	(1,651,824)	(1,276,506)	(1,276,506)
<b>Net current assets used in the Rate Setting Statement</b>	<b>1,199,648</b>	<b>0</b>	<b>1,162,096</b>	<b>1,162,096</b>
<b>(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards</b>				
<b>Total current assets at 30 June 2019</b>				<b>3,198,601</b>
<b>Total current assets at 1 July 2019</b>				<b>3,198,601</b>
<b>Total current liabilities at 30 June 2019</b>				<b>(759,999)</b>
<b>Total current liabilities at 1 July 2019</b>				<b>(759,999)</b>

## 24. FINANCIAL RISK MANAGEMENT

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

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	Ageing 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

### (a) Interest rate risk

#### Cash and cash equivalents

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
<b>2020</b>					
Cash and cash equivalents	1.04%	3,642,489	0	3,642,489	
<b>2019</b>					
Cash and cash equivalents		2,964,922	0	2,964,922	

#### 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*	\$ 36,425	\$ 29,649

\* Holding all other variables constant

#### Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 14(b).

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24. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

**Trade and Other Receivables**

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2020</b>					
Rates receivable					
Expected credit loss					
Gross carrying amount	53,747	31,655	24,157	97,723	207,282
<b>30 June 2019</b>					
Rates receivable					
Expected credit loss					
Gross carrying amount	36,723	23,380	14,972	32,655	107,730

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
<b>30 June 2020</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0%
Gross carrying amount	41,588	196	222	909	42,915
<b>30 June 2019</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	\$0
Gross carrying amount	39,702	64	656	1,395	41,817

## 24. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables and borrowings

Payables and borrowings are both subject to liquidity risk - that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 14(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2020</b>					
Payables	261,288	0	0	261,288	192,281
Borrowings	126,086	438,083	285,219	849,388	715,838
Contract liabilities				0	69,007
	387,374	438,083	285,219	1,110,676	977,126
<b>2019</b>					
Payables	229,857	0	0	229,857	263,481
Borrowings	126,172	468,758	380,781	975,711	806,535
	356,029	468,758	380,781	1,205,568	1,070,016

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**25. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS**

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

The Shire 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 Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. No adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019).

The Shire 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 Shire 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.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to various financial statement line items by application of AASB 1058 as compared to AASB 118: Revenue and AASB 1004.

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. On 1 July 2019 the prepaid rates were recognised as a financial asset and a related amount recognised as a financial liability and no income recognised by the Shire. When the taxable event occurred, the financial liability was extinguished and the Shire 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 Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be remeasured at fair value.

The 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
<b>Statement of Comprehensive Income</b>				
<b>Revenue</b>				
Rates	22(a)	1,704,587	0	1,704,587
Operating grants, subsidies and contributions	2(a)	1,344,514	0	1,344,514
Fees and charges	2(a)	346,591	0	346,591
Non-operating grants, subsidies and contributions	2(a)	853,361	69,007	922,368
Net result		107,765	69,007	176,772
<b>Statement of Financial Position</b>				
Trade and other payables	12	192,281	0	192,281
Contract liabilities	13	69,007	(69,007)	0
Net assets		103,822,737	69,007	103,891,744
<b>Statement of Changes in Equity</b>				
Net result		107,765	69,007	176,772
Retained surplus		10,639,352	69,007	10,708,359

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

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

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

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

There was no impact on the Shire's retained surplus due to the adoption of AASB 15, AASB 1058 and AASB 16 as at 1 July 2019.



## 26 CHANGE IN ACCOUNTING POLICIES

### 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 Shire 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.

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	16,803,645	(406,000)	16,397,645
Retained surplus		11,584,681	(406,000)	11,178,681

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.

## 27 TRUST FUNDS

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

	1 July 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
Westcare	44,086	418	(150)	44,354
Seniors Luncheon	960	208	(314)	854
Arthur River Development	7,341	41	(3,055)	4,327
RSL Trust fund	4,346	41	0	4,387
Darkan Arts Council	8,262	79	0	8,341
Arthur River Hall	0	3,084	0	3,084
Arthur River Restoration	0	10,273	0	10,273
Kids Central	5,704	0	(5,704)	0
	70,699	14,144	(9,223)	75,620

# SHIRE OF WEST ARTHUR

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

### 28. OTHER SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

#### c) Rounding off figures

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

#### d) Comparative figures

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

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

#### e) Budget comparative figures

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

#### f) Superannuation

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

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

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

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

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

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

#### h) Fair value hierarchy

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

##### Level 1

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

##### Level 2

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

##### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

#### Valuation techniques

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

##### Market approach

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

##### Income approach

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

##### Cost approach

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

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

#### i) Impairment of assets

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

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

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

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

**SHIRE OF WEST ARTHUR**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

**29. ACTIVITIES/PROGRAMS**

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

<b>PROGRAM NAME AND OBJECTIVES</b>	<b>ACTIVITIES</b>
To set and achieve Council's goals and objectives for the ratepayers by providing high level direction, co-ordination and management policy	Cost associated with meetings, elections, preparing annual reports and other statutory reporting requirements, public relations and policy development and review.
<b>GENERAL PURPOSE FUNDING</b> To collect revenue to allow for the provision of services.	Costs associated with raising and collecting rates, rate enquiries, preparing general purpose grant returns and investing the Shire's surplus funds.
<b>LAW, ORDER, PUBLIC SAFETY</b> To provide services to help ensure a safer and environmentally conscious community.	Fire control and prevention, and animal control.
<b>HEALTH</b> To provide an operational framework for environmental and community health.	Provision and maintenance of medical buildings and subsidies to health services, services of an Environmental Health Officer including food control.
<b>EDUCATION AND WELFARE</b> To provide services to disadvantaged persons, the elderly, children and youth.	School bus routes, provision of a child care service, support to families and childrens services including schools, support for seniors and welfare services.
<b>HOUSING</b> To provide housing for employees of local industry and government departments.	Maintenance and provision of GROH and community housing.
<b>COMMUNITY AMENITIES</b> To provide services required by the community.	Rubbish collection services, operation of refuse site, administration of the town planning scheme, storm water drainage, protection of the environment, cemetery maintenance.
<b>RECREATION AND CULTURE</b> To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.	Maintenance of halls, provision of library services, maintenance of historical buildings and maintenance of reserves and recreation facilities.
<b>TRANSPORT</b> To provide a smooth, safe, efficient and clearly defined road network that is environmentally acceptable and which enhances travels throughout the Shire.	Maintenance of roads, drainage works, footpaths, street lighting, median strips, traffic management, parking facilities and roadworks program.
<b>ECONOMIC SERVICES</b> To help promote the local government and its economic wellbeing.	Tourism and area promotion, caravan park, standpipes, pest control services and implementation of building controls.
<b>OTHER PROPERTY AND SERVICES</b> To monitor and control operating accounts.	Public works overheads, plant/vehicle operations, stock and materials, depot operations and private works.

### 30. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	2.99	2.47	1.87
Asset consumption ratio	0.58	0.59	0.60
Asset renewal funding ratio	0.92	0.91	0.94
Asset sustainability ratio	0.33	0.74	0.84
Debt service cover ratio	10.97	3.96	12.70
Operating surplus ratio	(0.33)	(0.73)	(0.14)
Own source revenue coverage ratio	0.52	0.43	0.49

The above ratios are calculated as follows:

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



# Auditor General

## INDEPENDENT AUDITOR'S REPORT

### To the Councillors of the Shire of West Arthur

### Report on the Audit of the Financial Report

#### **Opinion**

I have audited the annual financial report of the Shire of West Arthur which comprises the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of West Arthur:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 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 Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

I draw attention to Notes 1 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's 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 Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of 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 Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Shire.

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

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

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

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](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. 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) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
  - a. The Operating Surplus Ratio has been below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the past three years.
  - b. The Asset Sustainability Ratio has been below the DLGSCI standard for the past 2 years with the current year also being below the previous year.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

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

This auditor's report relates to the annual financial report of the Shire of West Arthur for the year ended 30 June 2020 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



KELLIE TONICH  
SENIOR DIRECTOR FINANCIAL AUDIT  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
10 December 2020