



ANNUAL REPORT 2020/2021

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 2020/21 financial year.

Our vision is to provide a safe, friendly welcoming community with a dynamic and expanding local economy. In order to achieve this vision, the Shire has committed to the following goals:

Our Community – We live in a safe, friendly and inclusive community.

Local Economy – We have a sustainable and stable agricultural industry, supported by a dynamic, growing business sector.

Built Environment – We have well maintained roads, and attractive surrounds which reflect our heritage and rural character.

Natural Environment – We value our natural assets and manage these to meet the needs of the community.

Governance and Organisation – The Shire of West Arthur has inspirational, strong leaders providing transparent and effectively managed governance.

This annual report is organised to align with these goals which are outlined in more detail in our Strategic Community Plan “Towards 2031”. Copies of the Strategic Community Plan and Corporate Business Plan are available from our web site 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.

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 Wilman Nyoongar 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.



SHIRE PRESIDENT'S REPORT

The Shire of West Arthur is a unique and beautiful place to work, live and play. We have had many changes in the Council and Shire office, and I would like to take this opportunity to thank the outgoing President Kevin King for his contribution to the community. Kevin has served as a Councillor since 2005 and as Shire president for the past two years.

In addition, our long serving Shire CEO Nicole Wasmann, is also leaving the community. Nicole has served the community for the past 25 years providing stable leadership and good financial stewardship to ensure that the Shire is in an excellent financial position for the upcoming year. I would like to thank Nicole for the many years that she has contributed to making West Arthur into the place it is today. Council wishes Nicole all the best in her new endeavours.

Our leadership team have ensured that the 2020/21 financial year has been a success for the Shire with the implementation of the Local Roads and Community Infrastructure funding program. This funding was supplied by the Federal Government in order to stimulate the economic recovery through the COVID pandemic. The program has resulted in the Shire being able to bring forward developments throughout that would not have been possible this financial year.

Council continues to investigate ways to boost economic development and agricultural diversification in order to improve our population growth. This year's good winter rainfall ensured that the agriculture sector remains strong. Our main street businesses experienced some challenges through the COVID pandemic, and the Shire encouraged everyone to shop local and support these businesses as much as possible. We continue to encourage you in this regard. Our community has not yet seen the full impact of the COVID pandemic, and we hope that support for businesses and each other continues as we face this new challenge.

The Shire finished the year in a strong position with \$ 2,403,335 in reserve funds which will be used to continue to develop infrastructure and assets within the Shire. The next year looks exciting with Phase 2 and 3 of the Local Community Roads and Infrastructure program being invested throughout the Shire.

Our Community Strategic Plan – West Arthur Towards 2031 and Shire Corporate Business Plan – West Arthur 2021- 2025 underwent a full review in this past year, and we thank everyone that engaged in the community consultation that feeds into the development of these documents. These documents provide Council and Shire staff with the direction from the community for decision making in the year ahead.

The next year will also require the Shire staff to settle into a new working environment with many changes to the office staffing including the appointment of a new CEO (Vin Fordham Lamont). The works crew will continue to maintain and upgrade our road network.

The new Council looks forward to working with the Shire staff and implementing some exciting programs throughout the 2021/22 year.

Cr Neil Morrell
Shire President



CHIEF EXECUTIVE OFFICER'S REPORT

It is a privilege to present the Shire of West Arthur's annual report for 2020-2021. The report outlines the key milestones and achievements of the Shire for the past 12 months.

The COVID pandemic continued to play a role in decision making within the Shire but also offered up many opportunities through economic stimulus funding provided by the Department of Infrastructure, Transport, Regional Development and Communications. Three phases of funding were announced, and Phase 1 was implemented by the Shire in the 2020-21 financial year.

Projects funded through this program included:

- the resealing of the car park and redevelopment of the jetties and playground at Lake Towerrinning;
- installation of seating and water fountains at the Town Oval;
- design of the newly installed pump track;
- centre white line marking on the Duranillin-Bowelling Road, Darkan South Road (south of Duranillin) and the Moodiarrup-Changerup Road;
- upgrade of Growden Place;
- installation of a new shade structure at the Darkan Swimming Pool;
- refurbishment of the Nissen Hut;
- upgrades to the Arthur River Hall kitchen and Darkan Hall kitchen; and
- ceiling repairs at the Moodiarrup Hall and Sports Complex.

The Shire continued to listen to the local community, undertaking an extensive community consultation program through the latter half of 2020. This informed the review of the Community Strategic Plan and the Shire Corporate Plan which were developed in the early half of 2021.

Road upgrades continued throughout the year. The initial works on the slip road from Capercup North Road onto Darkan South Road commenced. Cement stabilisation occurred on the Boyup Brook Arthur Road and Bokal East Arthur Road. Gravel resheeting was undertaken on Old Collie Road and Jackson Road. Drainage and culverts were improved also on Old Collie Road and Bowelling McAlinden Road.

Cultural activities continued to play an important role in the community with the Shire hosting the biannual Cultural Week which included Irish dancing, a Philippino cooking class and a Kiwi Crafternoon. The Splash test dummies were once again a big hit with the local community. The Shire also recently reconnected with the local Nyoongar Traditional Owners and look forward to working with this group into the future.

The local senior's meals program has continued to provide the aged and vulnerable community with meals on a weekly basis ensuring that those people can continue to live within their community for as long as possible. An audit undertaken by Alzheimer's WA will also assist the Shire to provide an environment that is accessible and inclusive of people with disability, their families and carers.

With the restrictions associated with interstate and international travel we have seen an increase in the number of tourists and travellers coming to the area. Astrotourism continues to be a draw card, along with the new Betty Brown Historical Centre. New brochures and maps were designed and printed to ensure people can easily find their way around the community.

I arrived in West Arthur to take up the CEO role only recently and have taken the opportunity to look back on the achievements made by the past CEO and Council. The community has made me feel very welcome and I look forward to continuing to strive towards making West Arthur a place where people love to work, play and live.

Vin Fordham Lamont
Chief Executive Officer



YOUR COUNCIL

Portfolios and Roles

The Shire of West Arthur has seven Elected Members representing the local community. The Councillors elect the President and Deputy President every two years. The following councillors represented the community in the 2020/21 financial year.

Cr Kevin King (President) - Elected to Office in 2005 Retired October 2021

- Audit Committee
- Executive Appraisal Committee
- Tidy Towns Committee
- Central Country Zone of WALGA
- Regional Road Group

Cr Neil Morrell (Deputy President) - Elected to Office in 2019 Retiring 2023

- West Arthur Bushfire Advisory Committee
- Chair of the Lake Towerrinning Strategic Plan Reference group
- Local Emergency Management Committee
- Proxy to the Development Assessment Panel
- Proxy to the 4WDL VROC Committee

Cr Julie McFall - Elected to Office in 2017 Retired October 2021

- Audit Committee
- Development Assessment Panel
- Central Country Zone of WALGA
- Museum Reference Group

Cr Marie Lloyd - Elected to Office in 2017 Retired October 2021

- Executive Appraisal Committee,
- Development Assessment Panel
- West Arthur Community Resource Centre Committee

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
- WDL VROC Committee
- Proxy to the Development Assessment Panel

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	ORDINARY MEETING	ANNUAL ELECTORS
Cr Kevin King	Male	English	11	1
Cr Neil Morrell	Male	English	11	1
Cr Neil Manuel	Male	English	9	1
Cr Julie McFall	Female	English	10	1
Cr Marie Lloyd	Female	English	11	1
Cr Graeme Pierce	Male	English	10	1
Cr Adam Squires	Male	English	8	1

Council Structure

Elected Members aged between 18-24 years old	0
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 or Torres Strait Islander Councillors	0

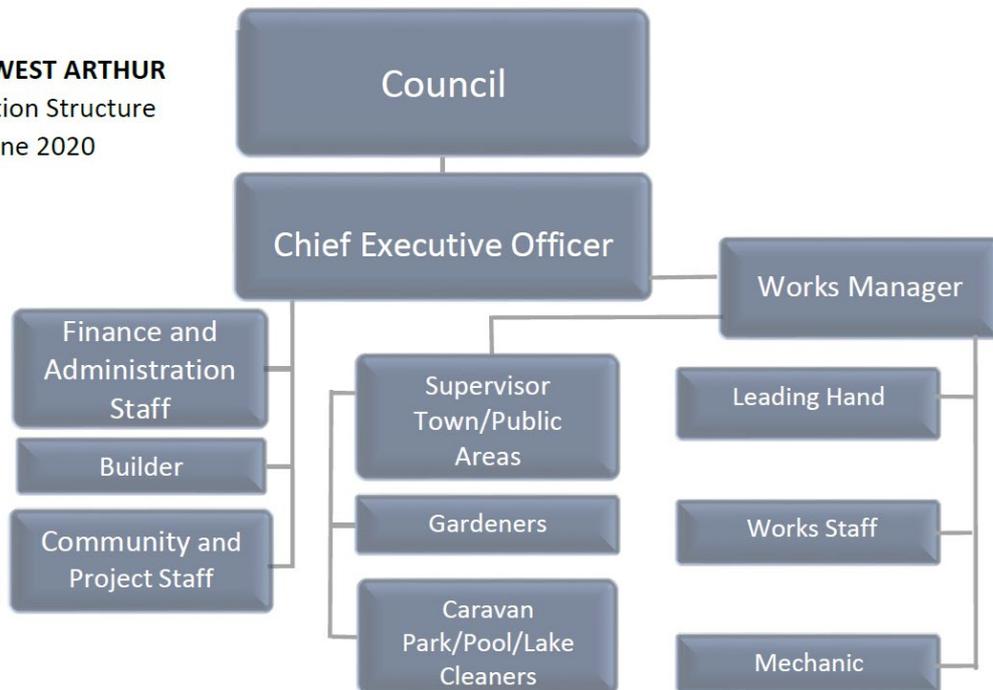


EXECUTIVE OFFICERS AND ORGANISATION STRUCTURE

As at June 30, 2021, our management team consisted of:

Chief Executive Officer	Nicole Wasmann
Manager Works:	Jamie Muir (appointed 19 th May 2021)
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



QUICK FACTS

Area: 283,182.7ha

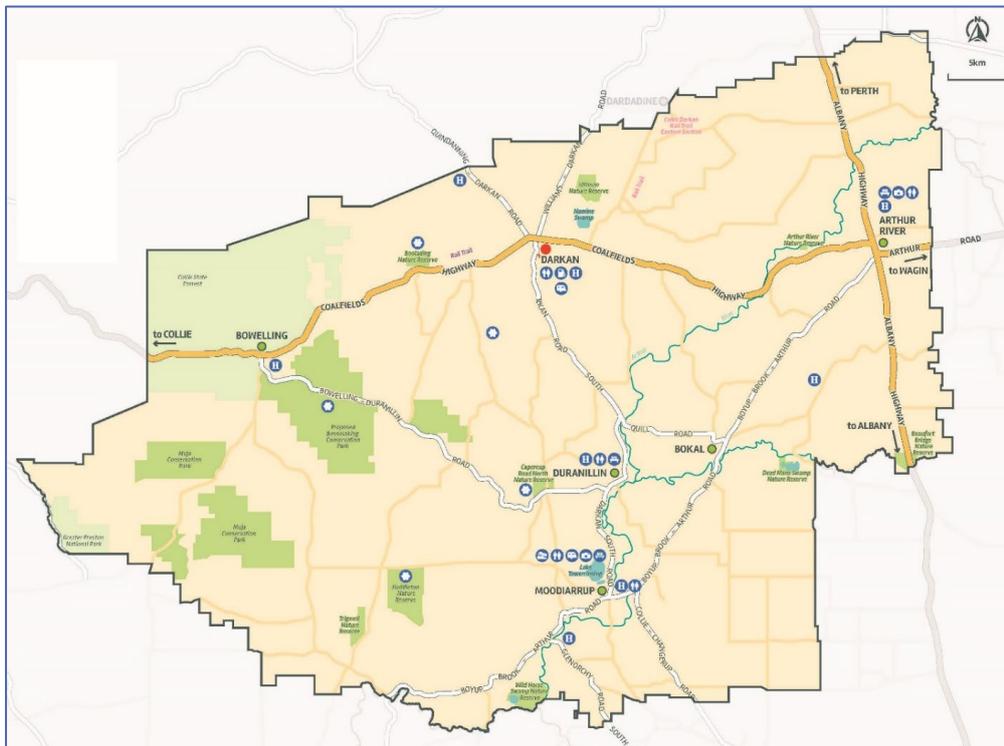
Road length: 208 km sealed roads and 652 km unsealed roads.

Population – 798 ABS Statistics 2018

Number of electors – 624

Year 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 2020/21	\$1,480,729
Total operating revenue in 2020/21	\$3,473,725
Total non-operating revenue in 2020/21	\$1,020,169
Total income from rates in 2020/21	\$1,726,902

THE YEAR IN REVIEW

Our vision is to provide a safe, friendly welcoming community with a dynamic and expanding local economy.

Throughout 2020/21 we worked to our Corporate Mission which was “To value and enhance our community lifestyle and environment through strong local leadership, community involvement and effective service delivery”.

The Strategic Community Plan identifies the community’s 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. Our review was postponed last year as we were unable to undertake the community consultation required due to restrictions imposed as a result of the COVID pandemic. At the end of 2020 we undertook extensive consultation with all facets of the community and used input to do a major review of the Community Plan.

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. This also underwent extensive review this year.

The plans are broken down into five key themes of community wellbeing, local economy, built environment, natural environment, and government and organisation. The following pages summarise our progress during the 2020/21 financial year towards achieving the actions and priorities identified in our Corporate Plan 2017-2027 based on these five key themes.

Many of the projects listed in this annual report have been made possible by Economic Stimulus funding provided by the Federal Government through the Local Roads and Community Infrastructure (LRCI) program.

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.

The Shire is actively involved in managing bushfires and other emergencies in our district. Three Local Emergency Management Committee meetings were held in the past year. And the Local Recovery Plan is in the process of being reviewed. Staff attended an emergency management exercise in Narrogin and quarterly emergency management forums and updated the volunteer

Bushfire Brigade Guidelines and Operational Manual. Introduction to fire fighting and Chief Fire Control Officer training were held in August.

Staff raise awareness of harvest and vehicle movement bans and fire risks through the West Arthur Fire Fighters WhatsApp group and on the Shire Webpage. Hazard reduction around the Darkan town site is undertaken on a regular basis and the Shire manages the Emergency Services Levy funds.

A total of 12 fires were attended by local fire brigades in the 2020/21 fire season. There were a number of fires in the Nangip Creek area which were lit by children. These fires were quickly contained by volunteers. This resulted in the Shire coordinating Department of Fire and Emergency Services personnel to visit the school to provide education on the dangers of fires to children.

The Shire works collaboratively with the local brigades and we acknowledge the dedication of the volunteers, especially that of the Chief Fire Control Officer, Duncan South, who retired from this role in June 2021. Ben Robinson has taken over the CFCO role and is supported by Graeme Pierce as Deputy.



The Shire is continuing its discussions with St John Ambulance in relation to the establishment of a new sub-centre and its proposed location.

The impacts of the COVID pandemic were minimal throughout 2020/21; however the Shire continued to monitor the situation and implement COVID safety plans, assist with establishing with COVID registers, advise businesses of the WA safe app and maintain a heightened cleaning

schedule at all Shire managed facilities. Like all Councils around Australia, the Shire of West Arthur was provided with COVID Economic Stimulus funding to complete roads and community infrastructure Projects. The details of these projects are provided through out this report and referred to as Local Roads and Community Infrastructure Funding (LRCI) Projects.

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

The Shire aims to assist people to remain in their own homes and the community for as long as possible. We continue to provide support to Shire of Wagin Home and Community Care, and Westcare.

We have provided a very successful Seniors Meals programme which continued to run throughout the year. Additional volunteers have been recruited and communication was moved to the WhatsApp platform to assist with coordination. We currently have 24 volunteers each contributing when they are able to.

Approximately 1733 meals were prepared over the 2020/21 year and these were subsidised through Shire coordination time to a value of \$6,607. In addition, the Shire continues to manage the funds associated with the annual Seniors Christmas Luncheon.



The Shire engaged Alzheimer's WA to undertake an environmental audit of the main street and other public facilities to identify issues that could cause problems for those living with dementia. The Shire is now working towards implementing the suggestions and creating an environment that is safe, secure and easy to move around in for everyone.

The Shire coordinated two Dementia friendly workshops for local businesses and family and friends of those living with dementia. The Shire received funds from Department of Communities to run these workshops. In addition, the Shire held singing for the brain and memory book workshops for seniors.

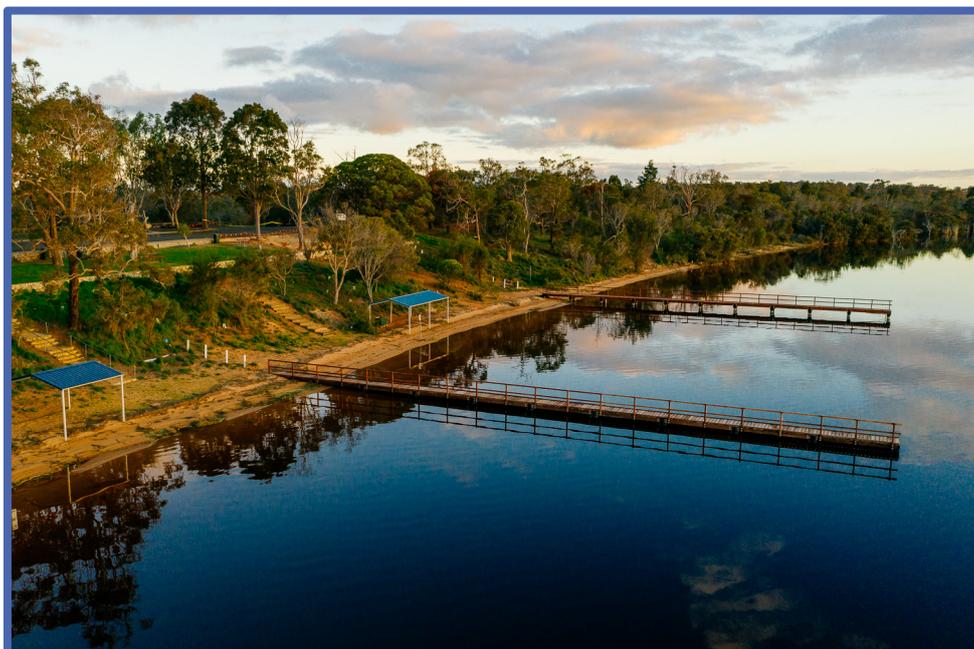
Concern over the current high school bus service resulted in the Shire advocating on behalf of the school for a review of the bus services in rural communities. The Shire facilitated a community survey of stakeholders and then organised a community forum inviting local members, ministers, Darkan Primary School, Collie High School, Public Transport Authority and the local community. This resulted not only in a review of our local bus service but a full review of the transport arrangements currently in place across the state.

The Shire has been part of the committee that has been established to develop the Betty Brown Scholarship for past female students of Darkan, Kojonup and Wagin Schools with access to financial assistance to pursue studies in agriculture, medicine or dentistry.

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

Our community sport and recreation facilities are maintained or supported by the Shire. LRCI funding allowed us to invest further in these facilities.

Major upgrades were undertaken at Lake Towerrinning through the LRCI funding program. This involved complete refurbishment of the aging jetties, redesign and installation of the lake playground, and development of a master plan for the public area. The annual speed boat races were once again held in October 2020.



LRCI funding program allowed the Shire to design and install the new pump track in the Darkan Railway Reserve. This is the beginning of bigger developments within the area which will be undertaken as part of Phase 2 and 3 of the LRCI program.

A new shade was installed at the Darkan Swimming Pool shade structure and the edges of the cricket wicket were shaved in readiness for the cricket season. The Shire also installed fountains and seating at the town football oval.

A risk assessment was undertaken along the Collie to Darkan Rail trail and risks identified will be addressed over the upcoming year. Shire staff have been liaising with Department of Biodiversity, Conservation and Attractions regarding upgrade of the signage along the rail trail. Shire staff have also spent time investigating opportunities for accessing Hillman Nature Reserve.

The West Arthur Community Resource Centre partnered with the Shire of West Arthur to bring the Splash Test Dummies show to the town in February 2021. The show was well received by the local community.

The Shire continues to manage the local Community Gym, local community halls and Darkan Swimming pool.

The medical services provided at the CRC are considered essential to the community and the Shire continues to subsidise the operational costs of the CRC in order that these services can continue to be provided.

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 people who live in the Shire of West Arthur have a strong connection to the history of the area. The Betty Brown Historical Centre continued to be popular with locals as well as with visitors to the district. The success of the centre was recognised by Australian Museum and Galleries Association through a National Award. The Centre won the Museum and Galleries National Award for its category Permanent Exhibition or Gallery Fitout - Level 2: Project budget \$20,000 - \$150,000. Shire Staff accepted this award via Zoom presentations in October 2020.

The Collection from the Betty Brown Historical Centre was moved to an online electronic format Collections WA in 2020, allowing people to view our collection from anywhere in the world. Oral histories undertaken for the Centre are also available online to listen to (<https://collections.wa.net.au/organisations/betty-brown-historical-centre-shire-west-arthur>) and were compiled into a book that is available from the Shire Library.

A new temporary exhibit “Play Time” was opened to the public in June 2020. It showcases toys and games from bygone eras. Some toys have been home made by older local residents, and others are examples of toys that could be purchased at different times.



Shire staff continued the process of organising the Community Archives. Historical documents from various organisations throughout the Shire are now available for people to look at and use for research purposes. All documents are stored in archival quality materials.

The Shire continued to support various groups to manage our historical assets around the Shire. In March 2020 the historically significant Arthur River Post Office suffered a massive blow, with a car leaving Albany Highway and veering through the southern wall of the small historical building. Over the past year the Shire has managed the reconstruction of this building to return it to its former glory. The building was taken down brick by brick and rebuilt to historical standards.

The cemetery at Arthur River was surveyed in April 2021 with Ground Penetrating Radar to locate potential grave sites that had been identified through discussions with local residents. The survey identified a number of areas where graves could be located. These will be surveyed and marked on maps to ensure they are not disturbed in the future.

Other assets the Shire continued to assist with include Six Mile Cottage, Duranillin School, Glenorchy School, Bowelling and Darkan Railway Precincts and the Arthur River Historical precinct.

Shire staff participated in a review of draft heritage Guidelines for the Department of Planning, Lands and Heritage which resulted in DPLH providing the Shire with a grant for a review of the Heritage Inventory. This review is currently underway.

This year we celebrated our cultural diversity through our Biannual Cultural event. Irish Dancing, Philippino cooking and Kids Kiwi Krafteernoon events were held during the week. All events were well attended.

This year Australia Day was once again celebrated at Lake Towerrinning after having the ANZAC service cancelled last year due to COVID concerns. The Shire also provided regular assistance with historical enquiries.

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.

The Shire continues to explore ways to engage with the business community and grow the economy in our Shire. Following on from last year, the Shire continued to provide information to businesses about grant opportunities or training programmes via a dedicated email. These were also promoted on our Shire Facebook page.

We also continued to promote the Shire to a wider audience and encouraged caravan park visitors to stay an extra night through our “pay for two nights, get third night free” promotion. The Shire became involved in the “Move to More” campaign run by Regional Institute of Australia to encourage people to move to regional areas.

Council approved installation of mobile phone towers at Bowelling, Darkan Williams Road and Moodiarrup West Road.

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. Support for businesses looking to diversify or value add to the agricultural businesses in the district was provided where required.

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

In the past year with travel restricted overseas and interstate, our focus has been on capturing some of the local intrastate travellers. This included updating our information brochures for the Shire and collaboration with the 4WDL group to cross promote our Shires and regions. An overnight itinerary for the Shire was developed and promoted by both the Shire and other 4WDL members during the school holidays. The Shire engaged with Australia's Golden Outback to promote the southern Wheatbelt through the Travel Section of The West Australian newspaper.

Shire staff also underwent training to enable us to become a film friendly shire. The Shire of West Arthur was the first Shire in the state to achieve this qualification. Our Shire is now promoted via ScreenWest as a film friendly shire. Whilst we have yet to have someone produce a film in the area, we have had a number of enquires.

Shire staff and Councillor Pierce were interviewed for a Caravan Podcast. A video promoting the Shire was compiled to include on our facebook page and for the podcast. The Collie to Darkan Rail trail is continually promoted on the Rail Trails WA website.

The Shire has continued to be part of the Astro Tourism project with reflective signage marking our "astro hotspots" being installed. These signs will help visitors find the spots where they are welcome to stop and take photos. This concept was further developed by Astrotowns founder Carol Redford and rolled out to other Astrotowns creating an astro hot spot trail around the Wheatbelt.



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 Shire continues to maintain the road network and funding from the Local Roads and Infrastructure funding program enabled the Shire to bring forward some works. The total road construction program was \$1,066,520 which included projects outlined in the table below.

Road Name	Description of Works	Total Cost	Funding Received
State Regional Road Group			
Boyup Brook Arthur Road	Cement stabilisation and surface corrections, extend culverts and improve drainage. Reseal previous years works	\$284,633	\$189,756
Bowelling Duranillin Road	Reconstruct and widen. Reseal previous year's works.	\$241,373	\$160,915
Federal Roads to Recovery			
Darkan South Road (CA)	Slip lane and intersection with Capercup North Road	\$66,315	\$66,135
Darkan South Road (CA)	Widening corners at Munyantine Hill	\$4,708	\$4,707
Old Collie Road	Gravel sheet, reform and correct drainage	\$70,157	\$70,157
Bowelling McAlinden Road	Prune, drain, gravel sheet	\$40,144	\$37,743
Boyup Brook Arthur Road	Widen culverts on floodway	\$56,967	\$56,967
Bokal East Arthur	Cement stabilisation	\$72,078	\$72,078
Airlee Road	Dust Suppression, reseal	\$14,278	\$14,278
Jackson Road	Gravel sheet 1000m	\$18,302	\$18,302
Local Roads and Community Infrastructure Funding			
Lake Towerrinning Car Park	Reseal	\$27,975	\$22,557
Growden Place	Drainage, seal and reseal	\$59,729	\$27,118
White Lining	Bowelling-Duranillin, Darkan South, Collie Changerup Roads	\$53,607	\$39,721
Other			
Growden Place	Intersection with Coalfields Hwy	\$96,399	NIL

Plant replacement in 2020/21 included the purchase of a large vibe roller which was purchased for \$131,221.



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

In 2020/21 Shire staff managed the refurbishment of the historical Arthur River Hall kitchen to bring the kitchen to a commercial kitchen standard allowing the community to host meals and functions at the hall. This project was undertaken as part of the LRCI funding programme and the refurbished kitchen was opened to the public by the Arthur River Development group at a fundraiser morning tea for breast cancer.

As part of the LRCI funding program the ceilings were replaced at the Moodiarrup Sports Complex and in the supper room at the Moodiarrup Hall. A new stove and fly wire door were installed in the Darkan Hall Kitchen for the senior's meals programme.

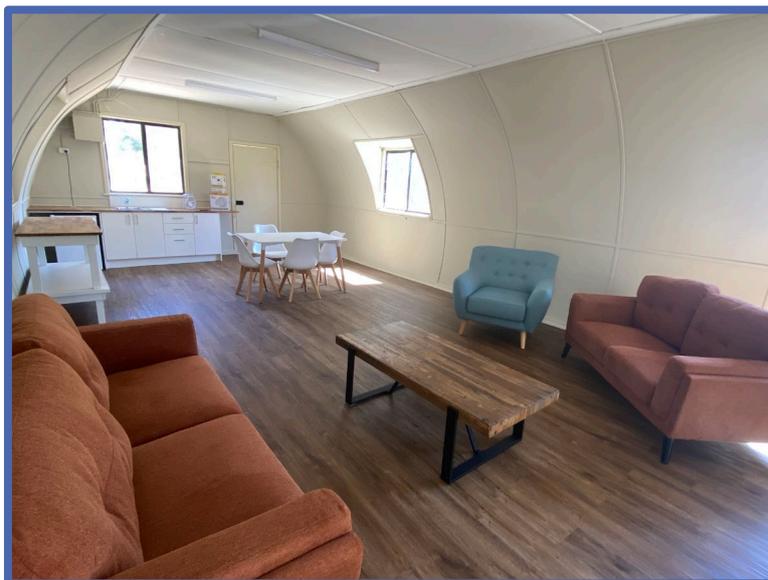
The Shire was successful in obtaining funds from the Social Housing Economic Recovery Package Grants Program to replace the vinyl floor covering in the kitchen dining area, and re-grout the shower recess at 25 Nangip Crescent, replace vinyl floor covering in the kitchen dining area, carpet in the main bedroom, re-grout the shower recess and replace the shower screen at 18 Gibbs Street. Gutters and downpipes were replaced at Units 3 and 4, 12 Hillman Street.

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

Maintenance of public areas (gardens, cemeteries, Lake Towerrinning) to a high standard continued throughout the Shire. Trees were planted at the Darkan Caravan Park in 2020. Some shrubs and ground covers around the Darkan Districts Sports Complex were also planted. Shire

staff assisted the school with the development of their bush tucker garden and upgraded the war memorial garden in time for ANZAC day. The old historical pine trees were removed at the Arthur River Cemetery and the stumps were ground down.

Economic stimulus funding through the LRCI program has allowed the Shire to undertake community infrastructure projects earlier than anticipated. The Nissen Hut was upgraded to enable use by visitors to the community and seating and fountains were installed at the town oval.



A new Chalet at the Caravan Park was constructed this financial year and has been popular since it has become available to visitors.

Outcome 3.4: Appropriate planning and development

The Shire undertook an overall review of all local laws in 2020 and this resulted in a detailed review of the Fencing Local Law and amendment to the Dogs Local Law, which were adopted by Council in March 2021. Council continues to review and approve planning applications as they are submitted.

Natural Environment

Outcome 4.1: Sustainable management of water resources

Water has become more of an issue over the past few seasons with rainfall in the area dropping from an average of 520mm per year to 480mm per year. There has been a call for a more concerted effort to identify and secure water supplies. In the 2020/21 financial year, the Shire secured the services of Water Technology to undertake a whole of Shire Water Strategy. This has involved looking at all the available water in the Shire, water usage and potential water supplies. This report is currently being prepared and is looking at ways of addressing water supply to Duranillin. The Shire currently carts water for the residents that require water in Duranillin.

The Shire has continued to advocate for the reinstatement of the Kylie Dam and water channels to supply water to a tank at Kylie siding. Recently Department of Water and Environmental Regulation has secured funding for this project from the Federal Government and it is anticipated that the project will be undertaken in the near future and an additional water supply will be available for firefighting and emergency stock supplies in the summer of 2022/23.

A new commercial standpipe was installed at Growden Place and the Horwood St 25mm standpipe was made operational.

Outcome 4.2: Waste is minimised and managed sustainably

Shire councillors and staff visited various waste sites in adjacent Shires to determine what issues are involved prior to the review of our own waste management system.

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 Shire partners with Blackwood Basin Group to provide a Landcare service to the residents of the Shire of West Arthur. Our partnership with BBG resulted in the Shire successfully receiving a community Stewardship award to extend community education about red-tailed Phascogales.

As part of the Landcare program, Tucker Bush Schools visited Darkan Primary School to assist the children to build a Bush Tucker Garden. Funding for this garden was obtained through the South32 Junior Landcare 'Connecting Kids to Country' project. Other activities undertaken through this project included artworks created by the school children in the bush tucker garden and a native bee hotel workshop.

Throughout 2020, Landcare was involved in the South West Catchment Council's 'Protecting WA's Black Cockatoo' project. As part of this project the Landcare Officer undertook a community survey and a number of monitoring activities related to this project.

The annual fox shoot was organised by Blackwood Biosecurity Inc. and was supported by Shire of West Arthur. It went ahead despite the restrictions placed on it by COVID. Only local shooters were involved, however this resulted in 196 foxes, 1 cat and 10 rabbits being eliminated.

The Shire continues to liaise with DBCA regarding the management of Nature Reserves in the area, in particular Lake Towerrinning.

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

The Council approved various planning applications and the environment was considered as part of this process.

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

Councillors at the Shire of West Arthur spend many hours contributing to their community. All Councillors are required to undertake training upon starting in their position as an Elected Member. Additional training relevant to various issues can also be undertaken throughout the year.

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

This year's rate payers meeting was well attended by the general public who showed a keen interest in seeing that Council delivered an accountable service.

The use of Webinars because of the COVID pandemic has resulted in many training opportunities being available that would previously have required staff to travel and stay overnight in Perth to undertake the training. Staff attended various forums and professional development opportunities both in person and via streaming services over the year including training on the heritage framework, community builders, film friendly training, and resilience training. One new staff member on the works crew undertook a Certificate III in Civil construction.

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

Attendance at 4WDL Voluntary Regional Organisation of Councils, Regional Road Group and the Central Zone of WALGA by Shire staff and Councillors ensures that the Shire is well represented regionally, remains up to date with current issues and can advocate in relation to those areas that impact the Shire. COVID restrictions meant that many meetings were able to be attended remotely.

In 2020/21, the Shire of West Arthur provided executive support for 4WDL until a new executive officer could be appointed.

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

The Shire undertook extensive community consultation at the end of 2020 as part of our integrated planning process. We held Community Coffee and Chat sessions in Duranillin, Darkan and Arthur River, a “Come Taco With Me” youth activity and consultation session, individual discussions with the main street businesses, Seniors Coffee and Chat session, a playgroup visit to liaise with young families, online surveys for new residents and ex-residents, and a community score card mail out.

This all provided us with an insight into what the community expects prior to developing the Community Strategic Plan – “West Arthur Towards 2031” and our Corporate Plan – “West Arthur 2021-2025”. These plans will guide us in our decision making over the next few years.

The Shire continues to engage with the public through Council meetings and our website and Facebook pages.



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 2020/21 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 2020/21.

(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. A progress report was prepared in 2021. An extensive revision of the DAIP will be undertaken in 2022.

Some specific outcomes achieved or currently being implemented include:

- Improved access into the pool area via a ramp through the entrance gate
- Dedicated ACROD permit parking bay at swimming pool
- Wheelchair accessible chalet at the caravan park
- Wheelchair access to Nissen Hut
- Dementia and Alzheimer's information sessions organised
- Environmental Audit of Shire and public facilities to identify areas that require improvement to be an inclusive community
- Modifications to signage and billboard at front office to improve visibility

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 was one complaint recorded in the Register of Complaints in the year under review and this was resolved with no sanction issued by the Local Government Standards Panel.

State Records Act

The Shire of West Arthur Recordkeeping 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 nil Freedom of Information requests in the 2020/21 year.

Employee Remuneration

Section 5.53(2)(g) of the Local Government Act 1995 requires the Shire to report on such information as may be prescribed in relation to the payments made to employees. The Shire did not have any employees which met the reportable criteria in 2020/21.

THE YEAR AHEAD 2020/21

In 2020, we undertook extensive community consultation as part of our forward planning process. Consultation was undertaken through Coffee and Chat sessions at Arthur River, Duranillin and Darkan, discussions with local businesses, a Come and Taco with Me event for the Youth of district, meetings with community groups, online surveys and community scorecards.

The feedback from the community was used to inform and develop our new Strategic Community Plan – Towards 2031. The plan was due for release in 2020, however due to COVID restrictions the release of the plan was delayed until July 2021. This plan will direct our goals and achievements into the future.

The next year will see investment (\$264,966) as a result of the Local Roads and Community Infrastructure Program in the following areas:

- The Darkan Railway Reserve Upgrade
- Upgrade of the Lake Towerrinning public space including new shade shelters and furniture
- Installation of new wicket on the cricket pitch and purchase of new covers
- Street seating outside the post office
- Installation of new potable water infrastructure in Darkan
- Resealing of sections of Darkan South and Boyup Arthur Road

There will also be further funding (\$733,388) allocated throughout the Shire on projects identified by Council.

The Shire has budgeted to spend \$530,115 on plant replacement including new prime mover, side tipping trailer, passenger vehicle, forklift, utes and mower.

Our Disability Access and Inclusion Plan will be reviewed, and this will identify barriers to those that are currently living with disabilities. We are striving to be an inclusive community and the identification and resolution of these issues will ensure that those with disabilities are able to live their lives with the same opportunities as able-bodied people.

The Shire will continue to support local businesses and vulnerable groups as we continue to navigate our way out of the COVID pandemic. The safety of our community and workforce will remain a priority.

Major road works in the next financial year will include:

- Sealing of the slip lane on the intersection of Darkan South Road and Capercup North road
- Widening of the road around Munyantine Hill
- Continued widening of the Duranillin Bowelling road
- Bunce King Road bridge repairs
- Rees road resheeting and drainage improvements

Heritage will continue to play an important role with the review of the Shire's 2009 Municipal Inventory. The review will create a Heritage Survey and List in accordance with the *Heritage Act 2018*. This will also require the creation of a Heritage Local Planning Policy and will identify places of heritage significance to the local community. The Shire will investigate opportunities to maintain and develop the State listed Arthur River Shearing Shed and Shearer's Quarters.

The Betty Brown Historical Centre will continue to be an important historical draw card for our area and the continued cataloguing and development of exhibitions will ensure that people return for repeat visits.

We will continue to promote our area to the intrastate and interstate travel market including through the Astrotowns project. We will be working collaboratively with TAFE students to develop market ready products for the Astrotourism marketplace in the 2021/22 year. In addition, we will continue to maintain our rail trail and develop new trails within the Shire, working with Department of Biodiversity, Conservation and Attractions Collie office to install new signs along the trail.

Once the improvements undertaken as part of the LRCI funding program have been undertaken the Lake Towerrinning Management Plan will also undergo a full review to direct our future management of the Lake.

The next year promises to be a busy one with lots of new and exciting developments around the Shire. We look forward to continuing to make the Shire of West Arthur a great place to work, live and play.

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SHIRE OF WEST ARTHUR
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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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 2021**

*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 2021 is based on proper accounts and records to present fairly the financial position of the Shire of West Arthur at 30 June 2021 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 24th day of February 2022



Vincent Fordham Lamont
Chief Executive Officer



SHIRE OF WEST ARTHUR
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	22(a)	1,726,902	1,727,022	1,704,587
Operating grants, subsidies and contributions	2(a)	1,193,697	625,608	1,344,514
Fees and charges	2(a)	287,509	273,365	346,591
Interest earnings	2(a)	62,160	56,364	84,575
Other revenue	2(a)	201,814	169,739	130,608
		3,472,082	2,852,098	3,610,875
Expenses				
Employee costs		(1,491,505)	(1,714,206)	(1,478,600)
Materials and contracts		(775,354)	(765,845)	(573,962)
Utility charges		(81,034)	(91,700)	(80,637)
Depreciation on non-current assets	10(c)	(2,128,074)	(2,137,367)	(2,093,849)
Interest expenses	2(b)	(30,457)	(30,457)	(35,389)
Insurance expenses		(93,484)	(93,484)	(98,444)
Other expenditure		(36,702)	(36,000)	(27,377)
		(4,636,610)	(4,869,059)	(4,388,258)
		(1,164,528)	(2,016,961)	(777,383)
Non-operating grants, subsidies and contributions	2(a)	1,020,169	1,246,368	853,361
Profit on asset disposals	10(a)	1,643	19,137	30,923
(Loss) on asset disposals	10(a)	0	(18,307)	0
Fair value adjustments to financial assets at fair value through profit or loss		0	0	864
		1,021,812	1,247,198	885,148
		(142,716)	(769,763)	107,765
Net result for the period				
Total other comprehensive income for the period				
		0	0	0
Total comprehensive income for the period				
		(142,716)	(769,763)	107,765

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 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Governance		140	500	9,945
General purpose funding		2,805,374	2,232,606	2,900,181
Law, order, public safety		42,307	40,079	40,305
Health		7,165	5,865	7,493
Education and welfare		21,016	13,500	85,000
Housing		130,088	123,690	135,683
Community amenities		57,423	48,800	56,190
Recreation and culture		135,681	137,150	73,988
Transport		127,254	127,175	156,659
Economic services		49,260	46,200	51,987
Other property and services		96,374	76,533	93,444
		3,472,082	2,852,098	3,610,875
Expenses				
Governance		(396,932)	(338,810)	(276,064)
General purpose funding		(88,581)	(90,272)	(96,922)
Law, order, public safety		(140,010)	(160,677)	(152,465)
Health		(107,931)	(104,694)	(130,839)
Education and welfare		(49,015)	(52,512)	(125,697)
Housing		(54,364)	(79,000)	(61,292)
Community amenities		(227,885)	(310,234)	(283,073)
Recreation and culture		(753,287)	(801,951)	(693,320)
Transport		(2,490,143)	(2,620,032)	(2,213,826)
Economic services		(195,320)	(191,262)	(157,982)
Other property and services		(102,685)	(89,158)	(161,389)
		(4,606,153)	(4,838,602)	(4,352,869)
Finance Costs				
Housing	2(b)	(27,235)	(27,235)	(30,894)
Economic services		(1,803)	(1,803)	(2,122)
Other property and services		(1,419)	(1,419)	(2,373)
		(30,457)	(30,457)	(35,389)
		(1,164,528)	(2,016,961)	(777,383)
Non-operating grants, subsidies and contributions	2(a)	1,020,169	1,246,368	853,361
Profit on disposal of assets	10(a)	1,643	19,137	30,923
(Loss) on disposal of assets	10(a)	0	(18,307)	0
Fair value adjustments to financial assets at fair value through profit or loss		0	0	864
		1,021,812	1,247,198	885,148
Net result for the period		(142,716)	(769,763)	107,765
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		(142,716)	(769,763)	107,765

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

**SHIRE OF WEST ARTHUR
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	NOTE	2021	2020
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	4,450,261	3,642,489
Trade and other receivables	6	387,019	176,113
Other financial assets	5(a)	28,087	27,174
Inventories	7	23,433	22,531
TOTAL CURRENT ASSETS		4,888,800	3,868,307
NON-CURRENT ASSETS			
Other financial assets	5(b)	391,822	419,908
Property, plant and equipment	8	15,774,946	16,057,574
Infrastructure	9	84,520,456	84,901,148
TOTAL NON-CURRENT ASSETS		100,687,224	101,378,630
TOTAL ASSETS		105,576,024	105,246,937
CURRENT LIABILITIES			
Trade and other payables	12	530,920	192,281
Contract liabilities	13	307,675	69,007
Borrowings	14(a)	96,883	95,630
Employee related provisions	15	404,460	404,073
TOTAL CURRENT LIABILITIES		1,339,938	760,991
NON-CURRENT LIABILITIES			
Borrowings	14(a)	523,326	620,208
Employee related provisions	15	32,739	43,001
TOTAL NON-CURRENT LIABILITIES		556,065	663,209
TOTAL LIABILITIES		1,896,003	1,424,200
NET ASSETS		103,680,021	103,822,737
EQUITY			
Retained surplus		10,007,504	10,639,352
Reserves - cash backed	4	2,892,467	2,403,335
Revaluation surplus	11	90,780,050	90,780,050
TOTAL EQUITY		103,680,021	103,822,737

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 2021

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2019		11,178,681	1,756,241	90,780,050	103,714,972
Comprehensive income					
Net result for the period		107,765	0	0	107,765
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
Balance as at 30 June 2020		10,639,352	2,403,335	90,780,050	103,822,737
Comprehensive income					
Net result for the period		(142,716)	0	0	(142,716)
Total comprehensive income		(142,716)	0	0	(142,716)
Transfers from reserves	4	201,129	(201,129)	0	0
Transfers to reserves	4	(690,261)	690,261	0	0
Balance as at 30 June 2021		10,007,504	2,892,467	90,780,050	103,680,021

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 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,701,653	1,762,022	1,688,917
Operating grants, subsidies and contributions		1,263,175	568,601	1,412,423
Fees and charges		287,509	273,365	346,591
Interest received		62,160	56,364	84,575
Goods and services tax received		171,148	167,500	168,343
Other revenue		201,814	169,739	130,608
		3,687,459	2,997,591	3,831,457
Payments				
Employee costs		(1,491,685)	(1,714,206)	(1,459,292)
Materials and contracts		(444,040)	(757,345)	(659,775)
Utility charges		(81,034)	(91,700)	(80,637)
Interest expenses		(30,457)	(30,457)	(35,389)
Insurance paid		(93,484)	(93,484)	(98,444)
Goods and services tax paid		(190,887)	(164,500)	(141,849)
Other expenditure		(36,702)	(36,000)	(27,377)
		(2,368,289)	(2,887,692)	(2,502,763)
Net cash provided by (used in) operating activities	16	1,319,170	109,899	1,328,694
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(a)	(254,332)	(757,000)	(239,964)
Payments for construction of infrastructure	9(a)	(1,226,397)	(1,905,215)	(1,293,277)
Non-operating grants, subsidies and contributions	2(a)	1,020,169	1,246,368	853,361
Proceeds from financial assets at amortised cost - self supporting loans		27,173	27,174	26,290
Proceeds from sale of property, plant & equipment	10(a)	17,618	52,000	93,160
Net cash provided by (used in) investment activities		(415,769)	(1,336,673)	(560,430)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(95,629)	(95,630)	(90,697)
Net cash provided by (used in) financing activities		(95,629)	(95,630)	(90,697)
Net increase (decrease) in cash held		807,772	(1,322,404)	677,567
Cash at beginning of year		3,642,489	3,642,489	2,964,922
Cash and cash equivalents at the end of the year	16	4,450,261	2,320,085	3,642,489

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 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	23 (b)	1,199,648	1,199,648	1,162,096
		1,199,648	1,199,648	1,162,096
Revenue from operating activities (excluding rates)				
Governance		140	500	9,945
General purpose funding		1,078,472	505,584	1,196,458
Law, order, public safety		42,307	40,079	40,305
Health		7,165	5,865	7,493
Education and welfare		21,016	13,500	85,000
Housing		130,088	123,690	135,683
Community amenities		57,423	48,800	56,190
Recreation and culture		135,681	137,150	73,988
Transport		128,897	146,312	187,582
Economic services		49,260	46,200	51,987
Other property and services		96,374	76,533	93,444
		1,746,823	1,144,213	1,938,075
Expenditure from operating activities				
Governance		(396,932)	(338,810)	(276,064)
General purpose funding		(88,581)	(90,272)	(96,922)
Law, order, public safety		(140,010)	(160,677)	(152,465)
Health		(107,931)	(104,694)	(130,839)
Education and welfare		(49,015)	(52,512)	(125,697)
Housing		(81,599)	(106,235)	(92,186)
Community amenities		(227,885)	(310,234)	(283,073)
Recreation and culture		(753,287)	(801,951)	(693,320)
Transport		(2,490,143)	(2,638,339)	(2,213,826)
Economic services		(197,123)	(193,065)	(160,104)
Other property and services		(104,104)	(90,577)	(163,762)
		(4,636,610)	(4,887,366)	(4,388,258)
Non-cash amounts excluded from operating activities	23(a)	2,126,251	2,136,537	2,081,369
Amount attributable to operating activities		436,112	(406,968)	793,282
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	1,020,169	1,246,368	853,361
Proceeds from disposal of assets	10(a)	17,618	52,000	93,160
Proceeds from financial assets at amortised cost - self supporting loans		27,173	27,174	26,290
Purchase of property, plant and equipment	8(a)	(254,332)	(757,000)	(239,964)
Purchase and construction of infrastructure	9(a)	(1,226,397)	(1,905,215)	(1,293,277)
Amount attributable to investing activities		(415,769)	(1,336,673)	(560,430)
FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(95,629)	(95,630)	(90,697)
Transfers to reserves (restricted assets)	4	(690,261)	(684,840)	(767,949)
Transfers from reserves (restricted assets)	4	201,129	797,089	120,855
Amount attributable to financing activities		(584,761)	16,619	(737,791)
Surplus/(deficit) before imposition of general rates		(564,418)	(1,727,022)	(504,939)
Total amount raised from general rates	22(a)	1,726,902	1,727,022	1,704,587
Surplus/(deficit) after imposition of general rates	23(b)	1,162,484	0	1,199,648

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

SHIRE OF WEST ARTHUR
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FOR THE YEAR ENDED 30 JUNE 2021

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SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

1. BASIS OF PREPARATION

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

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* 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 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.

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 financial 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.

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Shire controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 25 to these financial statements.

INITIAL APPLICATION OF 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.

These were:

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

The adoption of these standards had no material impact on the financial report.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

It is not expected these standards will have an impact on the financial report.

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 balances, transactions and disclosures impacted by accounting estimates are as follows:

- Employee expenses
- Land held for resale
- Other financial assets
- Property, Plant and Equipment
- Infrastructure
- Intangible assets
- Right-of-use assets
- Lease liabilities
- Borrowing liabilities
- Provisions

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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:

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions			
Governance	130	500	320
General purpose funding	1,021,895	455,954	1,118,168
Law, order, public safety	38,897	39,479	39,268
Education and welfare	3,640	0	19,908
Housing	850	0	0
Community amenities	186	0	0
Recreation and culture	924	2,500	39,314
Transport	127,175	127,175	125,536
Economic services	0	0	2,000
	1,193,697	625,608	1,344,514
Non-operating grants, subsidies and contributions			
General purpose funding	366,694	253,187	0
Recreation and culture	0	30,000	0
Transport	653,475	874,758	853,361
Economic services	0	88,423	0
	1,020,169	1,246,368	853,361
	2,213,866	1,871,976	2,197,875
Fees and charges			
Governance	10	0	30
General purpose funding	2,951	2,000	2,469
Law, order, public safety	3,330	600	837
Health	200	200	498
Education and welfare	16,648	13,500	65,082
Housing	114,203	108,200	118,037
Community amenities	53,289	47,300	53,104
Recreation and culture	10,348	11,550	10,426
Economic services	48,925	46,200	49,559
Other property and services	37,605	43,815	46,549
	287,509	273,365	346,591

There were no changes to the amounts of fees or charges detailed in the original budget.

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 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
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:			
Operating grants, subsidies and contributions	237,967	213,337	102,019
Fees and charges	281,780	270,865	341,638
Other revenue	0	0	130,609
Non-operating grants, subsidies and contributions	1,020,169	1,246,368	853,361
	<u>1,539,916</u>	<u>1,730,570</u>	<u>1,427,627</u>
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:			
Revenue from contracts with customers included as a contract liability at the start of the period	69,007	0	0
Revenue from contracts with customers recognised during the year	450,740	484,202	574,266
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	1,020,169	1,246,368	853,361
	<u>1,539,916</u>	<u>1,730,570</u>	<u>1,427,627</u>
Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:			
Trade and other receivables from contracts with customers	198,716		42,915
Contract liabilities from contracts with customers	(307,675)		(69,007)

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

Consideration from contracts with customers is included in the transaction price.

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2021 Actual \$	2021 Budget \$	2020 Actual \$
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	1,726,902	1,727,022	1,704,587
Statutory permits and licences	4,929	2,500	4,853
Fines	800	0	100
	1,732,631	1,729,522	1,709,540
Other revenue			
Reimbursements and recoveries	201,814	169,739	130,608
	201,814	169,739	130,608
Interest earnings			
Financial assets at amortised cost - self supporting loans	12,734	12,734	13,618
Interest on reserve funds	21,553	21,630	27,169
Rates instalment and penalty interest (refer Note 22(b))	20,806	8,000	27,683
Other interest earnings	7,067	14,000	16,105
	62,160	56,364	84,575

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

Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
Auditors remuneration			
Audit of the annual financial report	29,300	29,100	29,300
Other services	900	900	900
	30,200	30,000	30,200
Interest expenses (finance costs)			
Borrowings	30,457	30,457	35,389
	30,457	30,457	35,389

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contractual commitments	General appropriations and contributions with no specific contractual commitments	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

3. CASH AND CASH EQUIVALENTS

	NOTE	2021 \$	2020 \$
Cash at bank and on hand		4,450,261	3,642,489
Total cash and cash equivalents		4,450,261	3,642,489
Restrictions			
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		3,223,875	2,496,149
		3,223,875	2,496,149
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Reserves - cash backed	4	2,892,467	2,403,335
Contract liabilities from contracts with customers	13	307,675	69,007
Bonds and deposits		23,733	23,807
Total restricted assets		3,223,875	2,496,149

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 2021

4. RESERVES - CASH BACKED

	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance	2021 Budget Opening Balance	2021 Budget Transfer to	2021 Budget Transfer (from)	2021 Budget Closing Balance	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave Reserve	208,620	1,871	0	210,491	208,619	1,878	0	210,497	156,203	52,417	0	208,620
(b) Plant Reserve	319,811	316,669	(113,603)	522,877	319,812	316,679	(480,000)	156,491	94,158	311,286	(85,633)	319,811
(c) Building Reserve	691,332	66,309	(80,000)	677,641	691,332	66,331	(130,000)	627,663	631,562	59,770	0	691,332
(d) Town Development Reserve	70,672	634	0	71,306	70,672	636	(70,000)	1,308	69,595	1,077	0	70,672
(e) Recreation Reserve	121,685	41,091	0	162,776	121,685	41,095	0	162,780	31,202	100,483	(10,000)	121,685
(f) Heritage Reserve	5,343	412	0	5,755	5,343	348	0	5,691	5,128	215	0	5,343
(g) Community Housing Reserve	131,406	22,361	0	153,767	131,406	21,183	(25,000)	127,589	109,024	22,382	0	131,406
(h) Waste Management Reserve	121,282	1,088	0	122,370	121,282	1,092	(60,000)	62,374	80,044	41,238	0	121,282
(i) Darkan Swimming Pool Reserve	38,734	5,347	0	44,081	38,734	5,349	0	44,083	33,219	5,515	0	38,734
(j) Information Technology Reserve	46,885	3,420	0	50,305	46,885	3,422	0	50,307	57,988	3,897	(15,000)	46,885
(k) Darkan Sport and Community Centre Reserve	257,208	32,307	0	289,515	257,208	32,315	0	289,523	223,747	33,461	0	257,208
(l) Arthur River Country Club Reserve	27,795	6,249	0	34,044	27,795	6,250	0	34,045	25,049	6,387	(3,641)	27,795
(m) Museum Reserve	128,102	1,281	(1,228)	128,155	128,102	1,153	(5,000)	124,255	127,858	1,978	(1,734)	128,102
(n) Moodiarrup Sports Club Reserve	9,475	5,085	(1,021)	13,539	9,475	5,085	0	14,560	7,879	1,596	0	9,475
(o) Landcare Reserve	42,763	383	(5,277)	37,869	42,763	385	(27,089)	16,059	46,885	725	(4,847)	42,763
(p) Corporate Planning and Valuation Reserve	34,526	310	0	34,836	34,526	311	0	34,837	34,000	526	0	34,526
(q) Kids Central Reserve	670	937	0	1,607	670	6	0	676	429	241	0	670
(r) The Shed Reserve	11,550	708	0	12,258	11,550	104	0	11,654	11,019	531	0	11,550
(s) Recreation Trails Reserve	1,203	11	0	1,214	1,203	11	0	1,214	1,185	18	0	1,203
(t) Community Gym Reserve	8,367	2,659	0	11,026	8,367	75	0	8,442	6,887	1,480	0	8,367
(u) Economic Development Reserve	43,229	30,388	0	73,617	43,229	30,389	0	73,618	3,180	40,049	0	43,229
(v) Road Reserve	82,677	150,741	0	233,418	82,677	150,743	0	233,420	0	82,677	0	82,677
	2,403,335	690,261	(201,129)	2,892,467	2,403,335	684,840	(797,089)	2,291,086	1,756,241	767,949	(120,855)	2,403,335

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 2021
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:

Name of Reserve	Anticipated date of use	Purpose of the reserve
(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

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

	2021	2020
	\$	\$
Financial assets at amortised cost	28,087	27,174
	<u>28,087</u>	<u>27,174</u>

Other financial assets at amortised cost

Self supporting loans

Self supporting loans	28,087	27,174
	<u>28,087</u>	<u>27,174</u>

(b) Non-current assets

Financial assets at amortised cost

Financial assets at fair value through profit and loss

Financial assets at amortised cost	338,407	366,493
Financial assets at fair value through profit and loss	53,415	53,415
	<u>391,822</u>	<u>419,908</u>

Financial assets at amortised cost

Self supporting loans

Self supporting loans	338,407	366,493
	<u>338,407</u>	<u>366,493</u>

Financial assets at fair value through profit and loss

Units in Local Government House Trust

Units in Local Government House Trust	53,415	53,415
	<u>53,415</u>	<u>53,415</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	
Allowance for impairment of rate debtors	
Trade and other receivables	
GST receivable	

2021	2020
\$	\$
237,534	207,282
(92,157)	(83,882)
212,105	42,915
29,537	9,798
387,019	176,113

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.

7. INVENTORIES

Current

Fuel and materials

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year

Additions to inventory

Balance at end of year

	2021	2020
	\$	\$
	23,433	22,531
	23,433	22,531
	22,531	21,550
	(155,916)	(189,529)
	156,818	190,510
	23,433	22,531

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.

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land	Buildings - non- specialised	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	957,016	2,172,241	10,496,243	13,625,500	7,184	2,764,961	16,397,645
Additions	0	0	45,056	45,056	16,115	178,793	239,964
(Disposals)	0	0	0	0	0	(62,237)	(62,237)
Depreciation (expense)	0	(43,961)	(158,493)	(202,454)	(3,409)	(311,935)	(517,798)
Balance at 30 June 2020	957,016	2,128,280	10,382,806	13,468,102	19,890	2,569,582	16,057,574
Comprises:							
Gross balance amount at 30 June 2020	957,016	2,259,668	10,838,647	14,055,331	31,175	3,590,656	17,677,162
Accumulated depreciation at 30 June 2020	0	(131,388)	(455,841)	(587,229)	(11,285)	(1,021,074)	(1,619,588)
Balance at 30 June 2020	957,016	2,128,280	10,382,806	13,468,102	19,890	2,569,582	16,057,574
Additions	0	0	123,111	123,111	0	131,221	254,332
(Disposals)	0	0	0	0	0	(15,975)	(15,975)
Depreciation (expense)	0	(43,962)	(159,259)	(203,221)	(5,847)	(311,917)	(520,985)
Balance at 30 June 2021	957,016	2,084,318	10,346,658	13,387,992	14,043	2,372,911	15,774,946
Comprises:							
Gross balance amount at 30 June 2021	957,016	2,259,668	10,961,758	14,178,442	31,175	3,699,376	17,908,993
Accumulated depreciation at 30 June 2021	0	(175,350)	(615,100)	(790,450)	(17,132)	(1,326,465)	(2,134,047)
Balance at 30 June 2021	957,016	2,084,318	10,346,658	13,387,992	14,043	2,372,911	15,774,946

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land	2	Market approach using recent observable market data for similar properties	Management Valuation	June 2017	Price per hectare or m2
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	2	Cost approach using depreciated replacement cost	Management Valuation	June 2017	Improvements to land using construction costs and current conditions (Level 2), residual values and remaining useful life assessments (Level 3) inputs
(ii) Cost					
Furniture and equipment	3	Deemed Cost	Deemed Cost	NA	Purchase Cost
Plant and equipment	2	Deemed Cost	Deemed Cost	NA	Purchase Cost

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 was effective from 1 July 2019 and represented a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximated cost at the date of change.

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Infrastructure - other	Infrastructure - bridges	Total Infrastructure
	\$	\$	\$	\$
Balance at 1 July 2019	63,092,097	3,493,666	18,598,159	85,183,922
Additions	1,293,277	0	0	1,293,277
Depreciation (expense)	(938,156)	(138,054)	(499,841)	(1,576,051)
Balance at 30 June 2020	63,447,218	3,355,612	18,098,318	84,901,148
Comprises:				
Gross balance 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)
Balance at 30 June 2020	63,447,218	3,355,612	18,098,318	84,901,148
Additions	1,066,520	159,877	0	1,226,397
Depreciation (expense)	(969,194)	(138,054)	(499,841)	(1,607,089)
Balance at 30 June 2021	63,544,544	3,377,435	17,598,477	84,520,456
Comprises:				
Gross balance at 30 June 2021	67,276,724	3,917,583	19,098,000	90,292,307
Accumulated depreciation at 30 June 2021	(3,732,180)	(540,148)	(1,499,523)	(5,771,851)
Balance at 30 June 2021	63,544,544	3,377,435	17,598,477	84,520,456

SHIRE OF WEST ARTHUR
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9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	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
Infrastructure - other	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
Infrastructure - bridges	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

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the 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 that are land, buildings, infrastructure and investment properties acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Shire.

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY Revaluation (Continued)

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.

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, is 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.

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.

Refer to Note 10 that details the significant accounting policies applying to leases (including right-of-use assets).

SHIRE OF WEST ARTHUR
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10. FIXED ASSETS

(a) Disposals of Assets

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss	2021 Budget Net Book Value	2021 Budget Sale Proceeds	2021 Budget Profit	2021 Budget Loss	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and equipment	\$ 15,975	\$ 17,618	\$ 1,643	\$ 0	\$ 51,170	\$ 52,000	\$ 19,137	\$ (18,307)	\$ 62,237	\$ 93,160	\$ 30,923	\$ 0
	15,975	17,618	1,643	0	51,170	52,000	19,137	(18,307)	62,237	93,160	30,923	0

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
Plant and Equipment				
Transport				
Roller	15,976	17,618	1,642	0
	15,976	17,618	1,642	0
	15,976	17,618	1,642	0

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the Shire which are currently in use yet fully depreciated are shown in the table below.

	2021 \$	2020 \$
Furniture and equipment	9,903	0
Plant and equipment	60,224	0
Infrastructure - other	5,215	0
	75,342	0

SHIRE OF WEST ARTHUR
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10. FIXED ASSETS

(c) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings - non-specialised	43,962	43,961	43,961
Buildings - specialised	159,259	158,172	158,493
Furniture and equipment	5,847	5,848	3,409
Plant and equipment	311,917	309,855	311,935
Infrastructure - roads	969,194	981,491	938,156
Infrastructure - other	138,054	137,549	138,054
Infrastructure - bridges	499,841	500,491	499,841
	2,128,074	2,137,367	2,093,849

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 pavement seal	not depreciated
- bituminous seals	70 years
- asphalt surfaces	15 - 25 years
Gravel roads formation pavement gravel sheeting	15 to 25 years
Formed roads (unsealed) formation pavement	not depreciated
Footpaths - slab	50 years
Sewerage piping	10-15 years
Water supply piping and drainage systems	not depreciated
Bridges	50 years
	20 years
	100 years
	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.

Amortisation

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

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

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

11. REVALUATION SURPLUS

	2021 Opening Balance	2021 Closing Balance	2020 Opening Balance	2020 Closing Balance
	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	613,871	613,871	613,871	613,871
Revaluation surplus - Buildings - non-specialised	6,960,184	6,960,184	6,960,184	6,960,184
Revaluation surplus - Furniture and equipment	10,206	10,206	10,206	10,206
Revaluation surplus - Infrastructure - roads	61,648,086	61,648,086	61,648,086	61,648,086
Revaluation surplus - Infrastructure - other	1,703,099	1,703,099	1,703,099	1,703,099
Revaluation surplus - Infrastructure - bridges	19,844,604	19,844,604	19,844,604	19,844,604
	90,780,050	90,780,050	90,780,050	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.

Vested land no longer required to be recognised. Land under golf courses, showgrounds, racecourses or any other sporting or recreation facility of State, or regional, significance should no longer be recognised.

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Prepaid rates
Accrued salaries and wages
Bonds and deposits held

2021	2020
\$	\$
470,276	137,986
4,078	7,350
32,833	23,138
23,733	23,807
530,920	192,281

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

Current

Contract liabilities

	2021	2020
	\$	\$
	307,675	69,007

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.

Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity

Grant liabilities represent the the Shire's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

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

Service concession liabilities

Service concession liabilities relate to the grant of right to an operator in respect of an asset controlled by the Shire. They represent the unearned revenue related to the grant of right, and is recognised as revenue according to the economic substance of the service concession arrangement.

SHIRE OF WEST ARTHUR
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14. INFORMATION ON BORROWINGS

(a) Borrowings

	2021	2020
	\$	\$
Current	96,883	95,630
Non-current	523,326	620,208
	<u>620,209</u>	<u>715,838</u>

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2021				30 June 2021				30 June 2020				
				Actual Principal 1 July 2020	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2020	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2019	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Housing																
GROH Housing	70	WA Treasury	6.56%	237,347	(44,061)	(14,501)	193,286	237,347	(44,061)	(14,501)	193,286	278,632	(41,285)	(17,276)	237,347	
Economic services																
Industrial Land	72	WA Treasury	3.27%	58,848	(9,931)	(1,803)	48,917	58,848	(9,931)	(1,803)	48,917	68,460	(9,612)	(2,122)	58,848	
Other property and services																
Staff Housing - Lot 30 Hillman Street	69	WA Treasury	6.88%	25,976	(14,464)	(1,419)	11,512	25,977	(14,464)	(1,419)	11,513	39,486	(13,510)	(2,373)	25,976	
				<u>322,171</u>	<u>(68,456)</u>	<u>(17,723)</u>	<u>253,715</u>	<u>322,172</u>	<u>(68,456)</u>	<u>(17,723)</u>	<u>253,716</u>	<u>386,578</u>	<u>(64,407)</u>	<u>(21,771)</u>	<u>322,171</u>	
Self Supporting Loans																
Housing																
WA Cottage Homes	73	WA Treasury	3.32%	393,667	(27,173)	(12,734)	366,494	393,667	(27,174)	(12,734)	366,493	419,957	(26,290)	(13,618)	393,667	
				<u>393,667</u>	<u>(27,173)</u>	<u>(12,734)</u>	<u>366,494</u>	<u>393,667</u>	<u>(27,174)</u>	<u>(12,734)</u>	<u>366,493</u>	<u>419,957</u>	<u>(26,290)</u>	<u>(13,618)</u>	<u>393,667</u>	
				<u>715,838</u>	<u>(95,629)</u>	<u>(30,457)</u>	<u>620,209</u>	<u>715,839</u>	<u>(95,630)</u>	<u>(30,457)</u>	<u>620,209</u>	<u>806,535</u>	<u>(90,697)</u>	<u>(35,389)</u>	<u>715,838</u>	

* 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)

	2021	2020
(c) Undrawn Borrowing Facilities	\$	\$
Credit Standby Arrangements		
Bank overdraft limit	150,000	150,000
Bank overdraft at balance date	0	0
Total amount of credit unused	150,000	150,000
Loan facilities		
Loan facilities - current	96,883	95,630
Loan facilities - non-current	523,326	620,208
Total facilities in use at balance date	620,209	715,838
Unused loan facilities at balance date	NIL	NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, 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 2020

Current provisions
Non-current provisions

Additional provision
Amounts used

Balance at 30 June 2021

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

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2020			
Current provisions	161,477	242,596	404,073
Non-current provisions	0	43,001	43,001
	161,477	285,597	447,074
Additional provision	123,082	19,306	142,388
Amounts used	(123,659)	(28,604)	(152,263)
Balance at 30 June 2021	160,900	276,299	437,199
Comprises			
Current	160,900	243,560	404,460
Non-current	0	32,739	32,739
	160,900	276,299	437,199

	2021	2020
	\$	\$
Less than 12 months after the reporting date	231,442	104,012
More than 12 months from reporting date	205,757	343,062
	437,199	447,074

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

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

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

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:

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	4,450,261	2,320,085	3,642,489
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(142,716)	(769,763)	107,765
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	0	0	(864)
Depreciation on non-current assets	2,128,074	2,137,367	2,093,849
(Profit)/loss on sale of asset	(1,643)	(830)	(30,923)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(210,906)	50,000	9,726
(Increase)/decrease in inventories	(902)	(1,500)	(981)
Increase/(decrease) in payables	338,639	10,000	(71,200)
Increase/(decrease) in employee provisions	(9,875)	0	5,676
Increase/(decrease) in other liabilities	238,668	(69,007)	69,007
Non-operating grants, subsidies and contributions	(1,020,169)	(1,246,368)	(853,361)
Net cash from operating activities	1,319,170	109,899	1,328,694

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	35,289	38,646
General purpose funding	251,870	236,271
Law, order, public safety	366,459	409,577
Health	2,854,465	2,883,482
Education and welfare	2,826	4,080
Housing	2,246,940	2,285,066
Community amenities	1,059,674	933,233
Recreation and culture	9,290,823	9,126,444
Transport	84,081,673	83,930,066
Economic services	978,179	876,033
Other property and services	4,407,826	4,524,039
	105,576,024	105,246,937

18. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects
- plant & equipment purchases

	2021	2020
	\$	\$
	96,000	0
	51,725	0
	<u>147,725</u>	<u>0</u>

19. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cr Kevin King - President			
President's annual allowance	4,000	4,000	2,421
Meeting attendance fees	3,481	3,550	1,935
Annual allowance for ICT expenses	500	500	500
Travel and accommodation expenses	458	0	0
	8,439	8,050	4,856
Cr Neil Morrell - Deputy President			
Deputy President's annual allowance	1,000	1,000	559
Meeting attendance fees	2,415	2,470	1,080
Annual allowance for ICT expenses	500	500	375
Travel and accommodation expenses	1,131	1,104	707
	5,046	5,074	2,721
Cr Adam Squires - Elected Member			
Meeting attendance fees	1,943	2,080	945
Annual allowance for ICT expenses	500	500	375
	2,443	2,580	1,320
Cr Marie Lloyd - Elected Member			
Meeting attendance fees	2,810	2,890	1,440
Annual allowance for ICT expenses	500	500	500
Travel and accommodation expenses	462	434	374
	3,772	3,824	2,314
Cr Julie McFall - Elected Member			
Meeting attendance fees	2,151	2,280	855
Annual allowance for ICT expenses	500	500	500
	2,651	2,780	1,355
Cr Graeme Peirce - Elected Member			
Meeting attendance fees	2,152	2,260	945
Annual allowance for ICT expenses	500	500	250
Travel and accommodation expenses	745	719	459
	3,397	3,479	1,654
Cr Neil Manuel - Elected Member			
Meeting attendance fees	1,698	1,763	720
Annual allowance for ICT expenses	500	500	500
Travel and accommodation expenses	481	450	336
	2,679	2,713	1,556
Cr Ray Harrington - Elected Member			
President's annual allowance	0	0	745
Meeting attendance fees	0	0	315
Annual allowance for ICT expenses	0	0	125
	0	0	1,185
Cr Michael Meredith - Elected Member			
Meeting attendance fees	0	0	270
Annual allowance for ICT expenses	0	0	125
Travel and accommodation expenses	0	0	183
	0	0	578
	28,427	28,500	17,539

19. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	4,000	4,000	3,166
Deputy President's allowance	1,000	1,000	559
Meeting attendance fees	16,650	17,293	8,505
Annual allowance for ICT expenses	3,500	3,500	3,250
Travel and accommodation expenses	3,277	2,707	2,059
	28,427	28,500	17,539

20. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

	2021 Actual	2020 Actual
The total of remuneration paid to KMP of the Shire during the year are as follows:	\$	\$
Short-term employee benefits	246,908	240,284
Post-employment benefits	25,777	26,168
Other long-term benefits	3,393	7,444
Termination benefits	1,004	0
	277,082	273,896

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.

Termination benefits

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

Transactions with related parties

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

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

The following transactions occurred with related parties:

2021 Actual	2020 Actual
\$	\$
0	0

21. JOINT ARRANGEMENTS

(a) Share of joint operations

The Shire has a joint arrangement with the Department of Communities which provides housing for the community. The only assets are land and housing units of which the Shire owns a percentage share. The assets are included in Property, Plant & Equipment as follows:

Non-current assets

		2021 \$	2020 \$
Land - 10 Hillman Street	54%	16,200	16,200
Land - 12 Hillman Street	35%	10,500	10,500
Land - 18 Gibbs St/25 Nangip Cres	22%	6,820	6,820
Building - 10 Hillman Street	54%	127,556	129,448
Building - 12 Hillman Street	35%	53,098	53,767
Building - 18 Gibbs Street	22%	12,940	13,132
Building - 25 Nangip Cres	22%	9,566	9,707
Total assets		236,680	239,574

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

Interests in joint arrangements (Continued)

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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22. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2020/21 Actual Rateable Value \$	2020/21 Actual Rate Revenue \$	2020/21 Actual Interim Rates \$	2020/21 Actual Back Rates \$	2020/21 Actual Total Revenue \$	2020/21 Budget Rate Revenue \$	2020/21 Budget Interim Rate \$	2020/21 Budget Back Rate \$	2020/21 Budget Total Revenue \$	2019/20 Actual Total Revenue \$
Differential general rate / general rate												
Gross rental valuations												
GRV Townsite	0.0728	84	732,300	53,311	0	0	53,311	53,311	0	0	53,311	52,652
GRV Commercial	0.0728	13	239,564	17,440	0	0	17,440	17,440	0	0	17,440	15,751
GRV Industrial	0.0728	7	112,580	8,196	0	0	8,196	8,196	0	0	8,196	8,095
GRV Other Townsite	0.0728	14	89,544	6,519	0	0	6,519	6,519	0	0	6,519	6,438
Unimproved valuations												
UV Rural	0.0055416	371	283,565,500	1,571,407	(1,364)	0	1,570,043	1,571,407	0	0	1,571,407	1,559,859
Sub-Total		489	284,739,488	1,656,873	(1,364)	0	1,655,509	1,656,873	0	0	1,656,873	1,642,795
Minimum payment	\$											
Gross rental valuations												
GRV Townsite	516	36	176,706	18,576	(70)	0	18,506	18,576	0	0	18,576	18,360
GRV Commercial	516	9	22,440	4,644	342	0	4,986	4,644	0	0	4,644	4,590
GRV Industrial	516	3	6,490	1,548	0	0	1,548	1,548	0	0	1,548	1,530
GRV Other Townsite	361	19	20,820	6,859	0	0	6,859	6,859	0	0	6,859	6,783
Unimproved valuations												
UV Rural	516	68	4,002,139	35,088	970	0	36,058	35,088	0	0	35,088	27,135
Sub-Total		135	4,228,595	66,715	1,242	0	67,957	66,715	0	0	66,715	58,398
Total amount raised from general rate		624	288,968,083	1,723,588	(122)	0	1,723,466	1,723,588	0	0	1,723,588	1,701,193
Ex-gratia rates							3,436				3,434	3,394
Totals							1,726,902				1,727,022	1,704,587

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 %
Option One				
Single full payment	18/09/2020	0.00	0.00%	8.00%
Option Two				
First instalment	18/09/2020	5.00	3.00%	8.00%
Second instalment	20/11/2020			
Option Three				
First instalment	18/09/2020	15.00	3.00%	8.00%
Second instalment	20/11/2020			
Third instalment	22/01/2021			
Fourth instalment	29/03/2021			

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	19,608	6,200	25,918
Interest on instalment plan	1,198	1,800	1,765
Charges on instalment plan	680	600	670
	21,486	8,600	28,353

SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

23. RATE SETTING STATEMENT INFORMATION

	2020/21 (30 June 2021 Carried Forward)	2020/21 Budget (30 June 2021 Carried Forward)	2019/20 (30 June 2020 Carried Forward)
Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	10(a) (1,643)	(19,137)	(30,923)
Less: Fair value adjustments to financial assets at fair value through profit and loss	0	0	(864)
Movement in employee benefit provisions (non-current)	(10,262)	0	7,423
Movement in accrued wages	10,082	0	11,884
Add: Loss on disposal of assets	10(a) 0	18,307	0
Add: Depreciation on non-current assets	10(c) 2,128,074	2,137,367	2,093,849
Non cash amounts excluded from operating activities	2,126,251	2,136,537	2,081,369
(b) Surplus/(deficit) after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserves - cash backed	4 (2,892,467)	(2,291,086)	(2,403,335)
Less: Financial assets at amortised cost - self supporting loans	5(a) (28,087)	(28,087)	(27,174)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	14(a) 96,883	96,883	95,630
- Employee benefit provisions	16(a) 437,293	434,936	427,211
Total adjustments to net current assets	(2,386,378)	(1,787,354)	(1,907,668)
Net current assets used in the Rate Setting Statement			
Total current assets	4,888,800	2,490,969	3,868,307
Less: Total current liabilities	(1,339,938)	(703,615)	(760,991)
Less: Total adjustments to net current assets	(2,386,378)	(1,787,354)	(1,907,668)
Net current assets used in the Rate Setting Statement	1,162,484	0	1,199,648

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	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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

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

(a) Interest rate risk

Cash and cash equivalents

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

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the 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 \$
2021					
Cash and cash equivalents	0.76%	4,450,261	0	4,450,261	
2020					
Cash and cash equivalents	1.04%	3,642,489	0	3,642,489	

Sensitivity

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

	2021	2020
Impact of a 1% movement in interest rates on profit and loss and equity*	\$ 44,503	\$ 36,425

* 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).

SHIRE OF WEST ARTHUR
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24. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

The loss allowance as at 30 June 2021 for rates receivable was determined as follows:

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	52,824	42,356	26,145	116,209	237,534
Loss allowance					0
30 June 2020					
Rates receivable					
Expected credit loss					
Gross carrying amount	53,747	31,655	24,157	97,723	207,282
Loss allowance					0

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	0.00%
Gross carrying amount	207,442	2,737	759	1,167	212,105
Loss allowance					0
30 June 2020					
Trade and other receivables					
Expected credit loss					
Gross carrying amount	41,588	196	222	909	42,915
Loss allowance					0

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
	\$	\$	\$	\$	\$
<u>2021</u>					
Payables	541,847	0	0	541,847	530,920
Borrowings	122,115	401,650	96,444	620,209	620,209
Contract liabilities	296,748	0	0	296,748	307,675
	<u>960,710</u>	<u>401,650</u>	<u>96,444</u>	<u>1,458,804</u>	<u>1,458,804</u>
<u>2020</u>					
Payables	261,288	0	0	261,288	192,281
Borrowings	126,086	438,083	285,219	849,388	715,838
Contract liabilities	0	0	0	0	69,007
	<u>387,374</u>	<u>438,083</u>	<u>285,219</u>	<u>1,110,676</u>	<u>977,126</u>

25. 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 2020	Amounts Received	Amounts Paid	30 June 2021
	\$	\$	\$	\$
Westcare	44,354	222	(301)	44,275
Seniors Luncheon	854	457	0	1,311
Arthur River Development	4,327	20	(300)	4,047
RSL Trust Fund	4,387	23	0	4,410
Darkan Arts Council	8,341	40	(200)	8,181
Arthur River Hall	3,084	12	(685)	2,411
Arthur River Restoration	10,273	53	0	10,326
	75,620	827	(1,486)	74,961

SHIRE OF WEST ARTHUR

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

26. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the 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 end of the reporting period.

**SHIRE OF WEST ARTHUR
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

27. ACTIVITIES/PROGRAMS

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

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

28. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	1.47	2.99	2.47
Asset consumption ratio	0.93	0.58	0.59
Asset renewal funding ratio	Unable to calculate	0.92	0.91
Asset sustainability ratio	0.52	0.33	0.74
Debt service cover ratio	7.90	10.97	3.96
Operating surplus ratio	(0.51)	(0.33)	(0.73)
Own source revenue coverage ratio	0.49	0.52	0.43

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 2021 Shire of West Arthur

To the Councillors of the Shire of West Arthur

Report on the audit of the annual financial report

Opinion

I have audited the financial report of the Shire of West Arthur (Shire) which comprises:

- the Statement of Financial Position at 30 June 2021, 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
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

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

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 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 section below. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the 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.

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 financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the 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

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes 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 financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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 a significant adverse trend in the financial position of the Shire:
 - a) The Operating Surplus Ratio and Asset Sustainability Ratio as reported in Note 28 of the annual financial report are below the Department of Local Government, Sport and Cultural Industries standard for the last three financial years.
- (ii) The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
 - a) Management does not have a current and up to date asset management plan and long-term financial plan. As a result the Asset Renewal Funding Ratio in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996 is not able to be supported by verifiable information or reasonable assumptions.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio included in the financial report was supported by verifiable information and reasonable assumptions.

Other information

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

My opinion does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of West Arthur for the year ended 30 June 2021 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

Nayna Raniga
Acting Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
2 March 2022