



ANNUAL REPORT 2021/2022



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Purpose of the Annual Report

The Western Australian Local Government Act 1995 requires every Local Government to produce an Annual Report by the 31 December each year. In addition, the Annual Report:

- Is an essential tool to inform the community and key stakeholders about the achievements, challenges and future plans;
- Promotes greater community awareness of the Shire's programs and services which contribute to a high quality of life for residents, visitors and stakeholders;
- Demonstrates the Shire's performance against the long-term vision of the Strategic Community Plan, projects and priorities detailed within the Shire's Corporate Business Plan;
- Provides information about the Shire's organisational performance; and
- Illustrates the Shire's commitment to accountable and transparent government.

Alternative Formats

This Annual Report can also be viewed on the Shire's website at www.uppergascoyne.wa.gov.au

Feedback or Questions

Feedback or questions relating to the Annual Report are welcome.

Email: ceo@uppergascoyne.wa.gov.au

Mail: Shire of Upper Gascoyne
4 Scott Street
GASCOYNE JUNCTION WA 6705

How to Read the Annual Report

The Annual Report is divided into the following sections:

- An overview of information about the Shire of Upper Gascoyne
- An overview of the Council and the organisation
- Reports against the activities within each key theme of the Strategic Community Plan
- Corporate Business Plan Future Projects
- Statutory Reporting and
- 2021/2022 Financial Indicators and Audited Financial Statements

Strategic Community Plan 2017-2027

This Annual Report shows how the Shire of Upper Gascoyne is delivering the vision outlines in its Strategic Community Plan 2017 - 2027, the Shires overarching guide for the future.

This Annual Report outlines achievements against each key theme in the Plan.

OUR VISION

The Shire of Upper Gascoyne will be a sustainable service base supporting the pastoral, tourism sector, mining industries and the local community.

Mission Statement

To work with all sectors of the Upper Gascoyne community to retain and attract people and businesses to the district.

Key Focus Areas

Economic

Environmental

Social

Civic Leadership

1. Economic

Encourage greater diversity in the commercial sector, so as to grow a broader local economy. Develop and maintain an efficient road transport system. Promote Tourism.

Strategies

- Develop, maintain and improve an efficient road system to support the transport requirements associated with the pastoral, mining and tourism industries.
- Retain existing industries and encourage the establishment of new industries to broaden the region's economic base.
- Promote and support a sustainable tourism industry in the Shire of Upper Gascoyne.

2. Environmental

Actively protect the environment, promote ecological sustainability, protect water quality, pursue water and energy conservation and manage future built development.

Strategies

- Pursue high quality water sources within statutory health requirements with sufficient quantity to meet demand. Extension of scheme water supply to residents on north side of Gascoyne River.
- Identify future development and ongoing maintenance requirements at Shire waste disposal sites and identify future recycling opportunities.
- Attempt to protect and retain the regions native vegetation and animals to support indigenous culture and the pastoral industry.

3. Social:

Develop, co-ordinate, provide support services and facilities which enhance the quality of community life in the Shire.

Strategies

- Enhance community well-being through crime prevention measures.
- Improve community health and well-being through improving primary care services and opportunities for the community.
- Promote and enhance the spirit and cohesiveness of the community by supporting activities and local events.
- Maintain and improve the standard of community infrastructure including mobile phone coverage and a cemetery.

4. Civic Leadership:

To provide good governance to the Upper Gascoyne Shire area through:

- Detailed and professional administration;
- High levels of accountability;
- Compliance with statutory requirements;
- High-quality forward planning, particularly for assets and finances;
- Openness and transparency and enhanced consultations and public participation;
- Provision of quality customer services, good financial management and pursuit of excellence in professional administration and communication.

Strategies

- Financial Planning and Management – responsibly manage Council's financial resources to ensure optimum value for money and sustainable asset management.
- Strategic Planning – ongoing reviews of the Community Strategic Plan.
- Asset Management – meet the required level of service in the most cost effective manner for present and future residents.

Our Services

Local government in Western Australia is established under the Local Government Act 1995, and is the third sphere of government. Local government is responsible for delivering a wide range of economic, human, recreational and property services as well as developing and maintaining essential community infrastructure.

Local government has legislative responsibility to perform many functions for the local community which are mandatory services. Examples include approvals for planning, building and health, and swimming pool security fencing.

Local government also delivers discretionary services to the community, such as library Programs and events, and the provision of recreational facilities and programs, which Contribute to an improved quality of life for people within the community.

| |
|---|
| Provision and Maintenance of Community Facilities, Infrastructure and Assets |
| Community Buildings |
| Playgrounds |
| Library |
| Bridges |
| Footpaths |
| Stormwater Drainage |
| Roads |
| Parks |
| Street Lighting |
| Car Parks |
| Streetscapes |
| Sport and Recreation Facilities |
| Fleet |
| Biosecurity |
| Emergency Management |

Our Services

Delivery of Discretionary Services

- Shire Ranger
- Waste Services
- Civic Ceremonies
- Community Development
- Youth Services
- Community Safety Programs
- Facility Hire
- Festivals and Events
- Community Health Programs
- Economic Development
- Tourism Development
- Cultural Programs
- Post Office Services
- Department of Transport Services
- Centrelink Services
- Gas Supply
- Electricity Card Supply



Provision of Mandatory Service – State Legislation and Local Laws

- Animal Control
- Litter
- Public Event Compliance
- Signs
- Abandoned Vehicles
- Bushfire Management
- Building and Planning Compliance
- Waste Services
- Public Building Inspections
- Swimming Pool Inspections
- Food Inspections
- Building, Planning and Health Approvals
- Environmental Health Regulations



Calendar of Community Events

2021

AUGUST

Junction Races & Gymkhana

SEPTEMBER

Held two Webinar's – Connecting with others & How to spot a scan.

Held COVID Vaccination Clinics

OCTOBER

Council Elections

Tidy Towns Judging

Landor Races

NOVEMBER

Bike WA Month

Children's Week Activities

DECEMBER

Shire of Upper Gascoyne Community
Christmas Party

2022

APRIL

ANZAC Day

may

Carnarvon Horseman's Gymkhana

Gascoyne in May

The Council and the Organisation

Local government is one of Australia's three tiers of government (federal, state and local). Western Australia alone has a total of 138 local governments, with the Shire of Upper Gascoyne being one of the largest in land form. The Shire does not have wards and has a total of seven (7) elected members. The Shire Council is responsible for making decisions on behalf of the local community.

DEMOCRACY IN THE SHIRE OF UPPER GASCOYNE

The Act outlines the responsibilities of local governments, providing for the constitution of elected local governments in the state. It describes the functions of local governments, providing for the conduct of elections and polls, and provides a framework for the administration and financial management of local governments and the scrutiny of their affairs.

LOCAL GOVERNMENT ELECTIONS

Local government elections are held every two years, with the next election being held in October 2023. All persons registered on the state electoral roll are eligible to vote for their local government. Non-resident owners and occupiers can also apply for eligibility to vote. Any eligible elector can stand to nominate for election, with no requirement for a candidate to belong to a political party or other organisation. Councillors are voted in for a four-year term, with the Council electing the offices of President and Deputy President every second year.

THE ROLE OF THE PRESIDENT, DEPUTY PRESIDENT AND COUNCILLORS

Councillor Don Hammarquist OAM JP is the serving President of the Shire of Upper Gascoyne. The role of the President is to:

- Preside at Council meetings in accordance with the Local Government Act 1995
- Provide leadership and guidance to the community
- Carry out civic and ceremonial duties
- Speak on behalf of the local government
- Liaise with the Chief Executive Officer on the performance of the Shire's functions.

Councillor Jim Caunt is the serving Deputy President and performs the functions of President as required.

Councillors make important decisions relating to the whole of the Shire, taking into account the views of the community. They work together with the community, the Chief Executive Officer and the Shire's administration to set the strategic direction of the Shire. The specific role of Councillors is to:

- Represent the interests of electors, ratepayers and residents of the Shire
- Provide leadership and guidance to the community

- Facilitate communication between the community and Council
- Participate in the local government’s decision-making processes at Council and committee meetings.



Shire of Upper Gascoyne Councillors and CEO
 Top row: Cr Hamish McTaggart, Deputy President Jim Caunt, Cr Greg Watters, Cr Ray Hoseason-Smith
 Bottom row: Cr Blanche Walker, Cr Alys McKeough, President Don Hammarquist OAM JP, CEO John McCleary, JP

SHIRE OF UPPER GASCOYNE CONTACT INFORMATION

Office Hours 8:30am to 4:30pm Monday to Thursday
 8:30am to 3pm Friday
 Closed on Public Holidays

Phone (08) 9943 0988

Fax (08) 9943 0507

Email admin@uppergascoyne.wa.gov.au

Web Page <https://www.uppergascoyne.wa.gov.au>

Address 4 Scott St, Gascoyne Junction WA 6705

COUNCIL MEETINGS

Council meetings are generally held on the fourth Wednesday of every month at 10.00am and the public are welcome to attend. The dates do change from time to time due to administrative efficiencies, any changes to dates are advertised according to the Act and Regulations.

Council meeting dates can be found on our webpage and local notice boards.

YOU'RE SAY IN LOCAL GOVERNMENT

The Council encourages local residents to have their opinions heard on issues which are of concern to them.

You can present your ideas and opinions to the Council in a number of ways:

- *Write, email or telephone the Shire office*
- *Write, email or telephone you Shire Councillors*
- *Visit the Shire Administration building*
- *Present a question to a Council meeting through 'public question time'*

Contact details can be found on our webpage:

<https://www.uppergascoyne.wa.gov.au/councillors>.

Deputations may also be made to Council meetings with permission of the Presiding Member. Please contact the office of the Chief Executive Officer on 9943 0988 for full details of how this can be arranged.

WHERE TO VIEW COUNCIL AGENDA / MINUTES

AGENDAS

Copies of all non-confidential items are tabled at a council meeting and are normally available to the public on the Friday prior to the meeting from the Shire website, Community Resource Centre Library and the Shire Administration Office. In the interests of the environment the Shire encourages the use of on-line services rather than the printing of paper documents. They can also be found on the Shires website <https://www.uppergascoyne.wa.gov.au/council-meetings/>

MINUTES

Minutes of all Council meetings are available to the public free online in Public Documents in PDF format on <https://www.uppergascoyne.wa.gov.au/council-meetings/>, the Shire of Upper Gascoyne, 4 Scott St, Gascoyne Junction or the CRC.

COUNCIL MEMBERS

| Name | Position | Status |
|--------------------------|------------------------|-----------------|
| Cr D Hammarquist, OAM JP | Shire President | To October 2023 |
| Cr J Caunt | Deputy Shire President | To October 2023 |
| Cr G Watters | Councillor | To October 2023 |

| | | |
|---------------------|------------|-----------------|
| Cr R Hoseason-Smith | Councillor | To October 2023 |
| Cr A McKeough | Councillor | To October 2025 |
| Cr H McTaggart | Councillor | To October 2025 |
| Cr B Walker | Councillor | To October 2025 |

*Note: Council elections are to be held in October 2023. Candidates that are successfully elected at the 2023 election will be updated in the table above and included in the 2022/23 Annual Report.

President – Cr Don Hammarquist



Term expires October 2023
Elected Member since October
Phone: 0427857989
Email: crhammarquist@uppergascoyne.wa.gov.au

Deputy President – Cr Jim Caunt



Term expires October 2023
Elected Member since October
Phone: 0437075795
Email: crcaunt@uppergascoyne.wa.gov.au

Councillor Greg Watters



Term expires October 2023
Elected Member since October
Phone: 99812943
Email: crwatters@uppergascoyne.wa.gov.au

Councillor Blanche Walker



Term expires October 2025
Elected Member since October
Phone: 99430972
Email: crwalker@uppergascoyne.wa.gov.au

Councillor Alys McKeough



Term expires October 2025
Elected Member since October
Phone: 99430924
Email: crmckeough@uppergascoyne.wa.gov.au

Councillor Hamish McTaggart



Term expires October 2025
Elected Member since October
Phone: 99430501
Email: crmctaggart@uppergascoyne.wa.gov.au

Councillor Ray Hoseason-Smith



Term expires October 2023
Elected Member since October
Phone: 99430553
Email: crrhoseason-smith@uppergascoyne.wa.gov.au

Under regulation 19B (e) of the Local Government (Administration) Regulations 1996 require that the following:

COUNCILLOR STATISTICS

| Name | Ordinary Council Meetings Attended | Committee Meetings Attended * | Gender | Linguistic Background | Country of Birth |
|--------------------------|------------------------------------|-------------------------------|--------|-----------------------|------------------|
| Cr D Hammarquist, OAM JP | 11/11 | 4/4 | Male | English | Aus |
| Cr J Caunt | 10/11 | 3/4 | Male | English | Aus |
| Cr G Watters | 08/11 | | Male | English | Aus |
| Cr B Walker | 08/11 | 3/4 | Female | English | Aus |
| Cr A McKeough | 09/11 | 3/4 | Female | English | Aus |
| Cr H McTaggart | 10/11 | | Male | English | Aus |
| Cr R Hoseason-Smith | 10/11 | | Male | English | Aus |

* Not all Councillors are members of the Audit Committee with only Councillors Hammarquist, Caunt, Walker and McKeough being members.

COUNCILLOR ANNUAL PAYMENTS

| Name | President Allowance | Dep. Pres Allowance | Presidents Meeting Fee | Councillor Meeting Fee | ICT Allowance |
|--------------------------|---------------------|---------------------|------------------------|------------------------|---------------|
| Cr D Hammarquist, OAM JP | \$20,063 | | \$19,534 | | \$3,500 |
| Cr J Caunt | | \$5,015 | | \$9,504 | \$3,500 |
| Cr H McTaggart | | | | \$9,504 | \$3,500 |
| Cr B Walker | | | | \$9,504 | \$3,500 |
| Cr G Watters | | | | \$9,504 | \$3,500 |
| Cr R Hoseason-Smith | | | | \$9,504 | \$3,500 |
| Cr A McKeough | | | | \$9,504 | \$3,500 |

COUNCILLOR TRAINING

| Councillor | Training Undertaken | Outcome |
|---|---|---|
| Cr D Hammarquist, OAM JP (Member Essentials) | Serving on Council Understanding Local Government Meeting Procedures Conflict of Interest Understanding Financial Reports & Budgets | Competent Competent Competent Competent Competent |
| Cr J Caunt (Member Essentials) | Serving on Council Understanding Local Government Meeting Procedures Conflict of Interest Understanding Financial Reports & Budgets | Competent Competent Competent Competent Competent |
| Cr R Hoseason-Smith (Member Essentials) | Serving on Council Understanding Local Government Meeting Procedures | Competent Competent Competent |

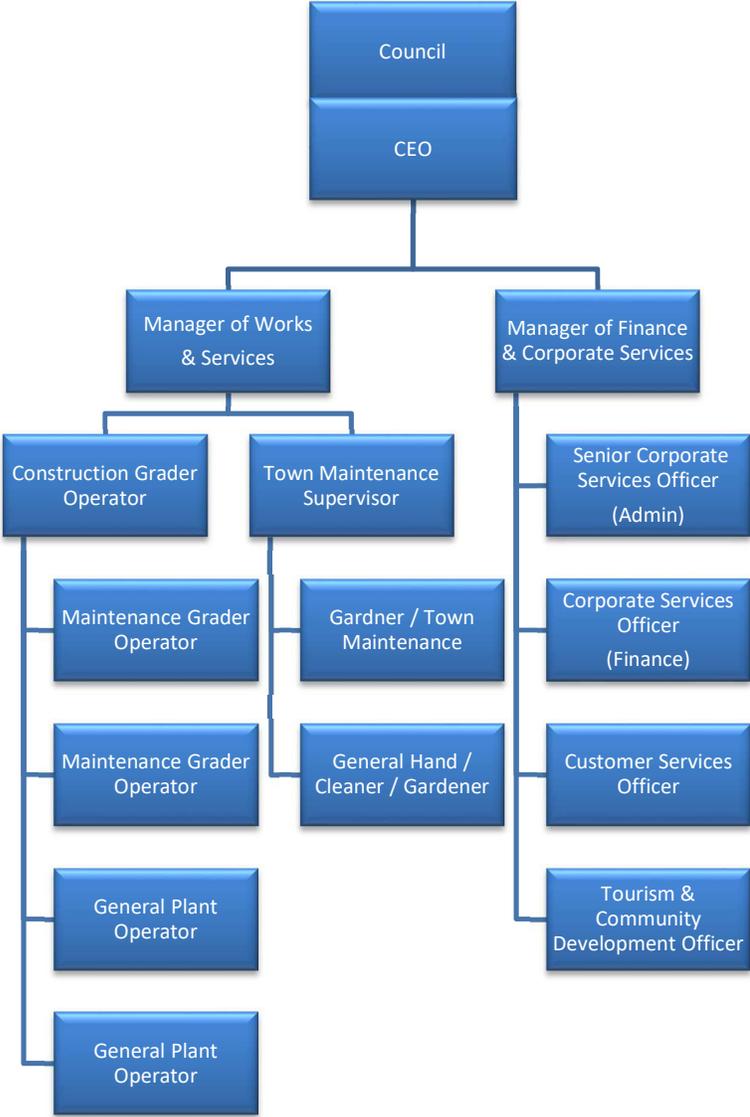
| | | |
|---------------------------------------|---|---|
| | Conflict of Interest Understanding Financial Reports & Budgets | Competent Competent |
| Cr G Watters (Member Essentials) | Serving on Council Understanding Local Government Meeting Procedures Conflict of Interest Understanding Financial Reports & Budgets | Competent Competent Competent Competent Competent |
| Cr A McKeough* | Diploma of Local Government (Elected Member) | Completed |
| Cr B Walker (Member Essentials) | Serving on Council Understanding Local Government Meeting Procedures Conflict of Interest Understanding Financial Reports & Budgets | Competent Competent Competent Competent Competent |
| Cr H McTaggart (Member Essentials) | Serving on Council Understanding Local Government Meeting Procedures Conflict of Interest Understanding Financial Reports & Budgets | Completed Completed Completed Completed Completed |

*Councillor McKeough has completed a Diploma of Local Government and is not required to undertake Member Essentials Training.

ORGANISATION STRUCTURE

The Shire's organisational structure is designed to facilitate the delivery of projects and programs within the four key themes of the Shire's Strategic Plan.

The structure is led by the Chief Executive Officer who is supported by an Executive Leadership Team comprising of three Executive Managers. Each Manager oversees the operations of Business Units structured to meet the Shire's strategic and operational objectives, legislative responsibilities and to ensure services are delivered in the most efficient and effect manner.



SHIRE DEMOGRAPHICS

The Shire has an estimated population of some 260 persons located as follows:

- Approximately 120 residents at Burringurrah, an Indigenous community south of Mt. Augustus, (as advised by the police stationed at Burringurrah). This figure is highly variable.
- 90 people on 35 pastoral stations,
- About 15 people at Woodgamia, an indigenous community just south of the Gascoyne Junction township, and
- 35 residents at Gascoyne Junction.

The current demographic trend is relatively stable over time; however, there can be significant variances with the influx and dispersion of people from Burringurrah Aboriginal Community.

The town site of Gascoyne Junction is the administrative hub for the Shire of Upper Gascoyne. Gascoyne Junction sits in the western side of the Shire adjacent to the majestic Kennedy Range. The town is well serviced with modern facilities such as; Community Resource Centre, Shire Administration Building, Town Hall, Grassed Oval, School, Gymnasium, Craft Centre, Play Grounds, Tennis Court, Pavilion and Junction Tourist Precinct which consists of a Caravan Park, Restaurant and Roadhouse. The town is serviced with mains electricity, reticulated water, mobile telephone coverage and the NBN is available via satellite.

Cattle grazing is the principle local economic activity in the Shire. There is also some mining in the area, which is increasing its footprint in the Shire.

Future growth is likely to be generated by increased Tourism and Mining activity. This forms part of a wider tourism focus in the Gascoyne region which includes two World Heritage listed Sites:

- Shark Bay (Monkey Mia/Denham)
- Ningaloo Reef (Coral Bay/Exmouth)

These outstanding ocean based tourism attractions are balanced and supported by land based attractions in the Shire of Upper Gascoyne; namely the Kennedy Range and Mount Augustus National Parks.

Rising up to 100 metres above the valley, the Kennedy Range plateau dominates the surrounding plains. Kennedy Range is a flora and fauna haven, 90 kilometres in length with stunning cliffs, springs and canyons. The Temple Gorge camp site at Kennedy Range National Park is 56 kilometres north of Gascoyne Junction.

Mt Augustus is more than twice the size of Uluru and is visible from as far away as 100km. It is 8km long, 3 km wide, 858 metres high and in total 1105 metres above sea level, while Uluru is 3.6km long 2.4km wide and 348.7 metres high. Uluru currently attracts between 300,000-400,000 tourists per year. With better developed facilities and marketing, Mt Augustus has the potential to attract many more tourists than it does currently.

PRESIDENTS MESSAGE



On behalf of Council, I am pleased to present the Shire of Upper Gascoyne's Annual Report for 2021 / 22 to the community.

At the outset of this report it would be remiss of me not to acknowledge the passing of Mr Ross Collins OAM, JP and Freeman of our Shire. Ross was part of the Shire for 35 years and served 3x as the Shire President.

Council have enjoyed an excellent relationship with our Staff and I am very pleased to advise that there is a common purpose between the Council and Staff which has created a purposeful and driven approach by all for the common good of the entire community.

The Shire continue to actively seek funding to progress a suite of shovel ready projects that the Council have identified that meet the objectives of our Strategic Community Plan. Funding can be fickle and quite often the window of opportunity between the announcement of a particular grant and the deadline for submissions is quite small and can matter of weeks; as such, in order to be ready the design, quality surveying and necessary approvals need to be obtained if necessary. This very approach enabled the Shire to secure an addition \$2.5 million for the continued sealing of the link between Carnarvon and Meekatharra.

From a statutory point of view our Audit was clean with no Management concerns, the Compliance Audit Report was completed without any areas of concern, and all other statutory reporting was undertaken in a timely manner with no concerns raised.

Thank you to John and staff for your dedication and commitment. It is not always visible to the community how much work staff do behind the scenes so I hope the community will join me in acknowledging this.

Thank you also to my fellow Councillors for your time, commitment and effort over the past 12 months. I aim to continue build and foster strong working relationships with you and strengthen the existing foundations to deliver an even more transparent and accountable council and Shire for our ratepayers.

I hope this Annual Report portrays the sheer amount of hard work our Council and Shire staff have exerted over the last 12 months in our tireless attempt to serve our community's best interests.

A handwritten signature in black ink that reads "Don Hammarquist". The signature is written in a cursive style.

**CR Don Hammarquist OAM JP
SHIRE PRESIDENT**

CEO'S MESSAGE



The Shire continues to perform exceptionally well over the 2021/22 Financial Year despite residual effects of COVID-19, stressed supply Lines, high inflation and a difficult labour market.

In October 2021 the Shire elections were held with Councillors McTaggart, McKeough and Walker being re-elected. Councillor Hammarquist and Councillor Caunt were elected by their peers to the positions of President and Vice-President respectively. Elections provide the Community with the opportunity to review their elected representatives and make the ultimate decision on their performance, in this case it is evident that the Community fully support the direction the Shire is heading as demonstrated by the re-election of sitting Councillors. From an Administration perspective stability is a good thing which assists the Shire on delivering against the Strategic Community Plan.

I would like to thank all the Staff at the Shire for their work, professionalism and commitment. They are the real drivers of the Shire and a positive attitude does more for ensuring an efficiently run Shire than anything else. For a staff of 15 to run / work in a Shire that is approximately 60,000 square kilometres with 2,000 kilometres of road assets and to deliver to the standard that we do is truly remarkable.

I would also like to thank Council, as a group for their continued support and cooperation. In particular the Shire President and the Deputy President have once again proved to be invaluable assets to the Shire with both providing unfretted support, guidance and knowledge.


John McCleary, Bbus, JP
CHIEF EXECUTIVE OFFICER

STATUTORY REPORTING

FREEDOM OF INFORMATION STATEMENT

The Shire of Upper Gascoyne will provide people with all necessary information held by the Council; however if we are unable to supply this information by less formal means, a Freedom of Information request can be made.

RECORD KEEPING PLAN

The Shire of Upper Gascoyne completed a revised Record Keeping Plan which was submitted to the State Records Office of Western Australia in 2019. This document is due to be reviewed in 2024.

The objectives of the Shire of Upper Gascoyne RKP are to ensure:

- Compliance with Section 28 of the State Records Act 2000;
- Recordkeeping within the Local Government is moving towards compliance with State Records Commission Standards and Records Management Standard AS ISO 15489;
- Processes are in place to facilitate the complete and accurate record of business transactions and decisions;
- Recorded information can be retrieved quickly, accurately and cheaply when required; and the Protection and preservation of the Local Government's records.

DISABILITY SERVICES PLAN

The Shire of Upper Gascoyne completed a revised Disability Access and Inclusion Plan which was submitted to the Government of Western Australia Disability Services Commission in August 2015.

The Shire of Upper Gascoyne is committed to achieving the seven desired outcomes of its Disability Access and Inclusion Plan:

- People with disability have the same opportunities as other people to access the services of, and any events organised by, the relevant public authority.
- People with disability have the same opportunities as other people to access the buildings and other facilities of the relevant public authority.
- People with disability receive information from the relevant public authority in a format that will enable them to access the information as readily as other people are able to access it.
- People with disability receive the same level and quality of service from the staff of the relevant public authority.
- People with disability have the same opportunities as other people to make complaints to the relevant public authority.
- People with disability have the same opportunities as other people to participate in any public consultation by the relevant public authority.

- People with disability have the same opportunities as other people to obtain and maintain employment with a public authority.

A new disabled toilet was constructed in the in the Administration Building.

INFORMATION ABOUT CERTAIN EMPLOYEES

In accordance with the Local Government (Administration) Regulations 19B, set out below is the number of employees of the Shire of Upper Gascoyne entitled to an annual salary of \$100,000 or more.

| Salary Range | Number of Employees |
|-----------------------|----------------------------|
| \$100,000 - \$110,000 | 1 |
| \$110,000 - \$120,000 | 2 |
| \$120,000 - \$130,000 | 1 |
| \$130,000 - \$140,000 | 1 |
| \$140,000 - \$150,000 | 0 |
| \$150,000 - \$160,000 | 0 |
| \$160,000 - \$170,000 | 1 |
| \$170,000 - \$180,000 | 0 |
| \$180,000 - \$190,000 | 0 |
| \$190,000 - \$200,000 | 1* |

*Note: This figure relates to the cash component of the CEO's Salary.

Under regulation 19B (e) of the Local Government (Administration) Regulation 1996 require that the CEO's Total Remuneration Package be reported. During the 2021/22 financial period the current CEO, Mr John McCleary's Total Reward Package was made up of the following elements as provide by the Salaries and Allowances Tribunal.

| | |
|-----------------------|---|
| Cash Component | \$165,840pa |
| Superannuation – 10% | \$19,984pa (statutory requirement) |
| Salary Sacrifice – 2% | \$3,996pa (as Council Policy and Contractual) |
| Utilities | \$2,600pa (Contractual) |
| FBT | \$6,413pa (Contractual) |
| Clothing Allowance | \$700pa |
| Retention Allowance | \$34,000pa |
| Health Insurance | \$6,500pa |
| Total TRP | \$240,033pa |

PUBLIC INTEREST DISCLOSURE ACT

During 2021/22 reporting period the Council received no disclosure or complaints lodged under the Public Interest Disclosure Act 2013.

NATIONAL COMPETITION POLICY

In 1995 the Council of Australian Governments entered into a number of agreements, collectively known as the National Competition Policy. Local Government is affected mainly where it operates significant business activities which compete, or could compete, with private business sector business.

Local Government will also be affected where local laws unnecessarily affect competition.

The Shire is required to comply with certain policies contained with the National Competition Policy Statement, and report on the progress in connection with the National Competitive Neutrality Principles and review of Local Laws.

During the financial year the Shire met its obligations under the National Competition Policy. The Shire continues to monitor Council policies and local laws for anti-competitive practices.

The Shire does not operate significant business activities which compete or could compete with private business sector business.

COMPETITIVE NEUTRALITY

Local Governments are required to apply the principle of competitive neutrality to all business activities generating user- pays income in excess of \$200,000.

The principle of competitive neutrality is that government businesses should not enjoy a competitive advantage, or disadvantage, simply as a result of their public sector ownership. Annual reports must show that a public benefit test has been conducted for all significant business activities to determine if competitive neutrality is in the public interest.

The Shire does not have business activities which generate user-pays income in excess of \$200,000.

DELEGATION AUTHORITY REGISTER

In accordance with the Local Government Act 1995, Section 5.46 the Chief Executive Officer is to keep a register of delegations. This register is to be reviewed every financial year. The Shire's Delegated Authority Register was reviewed and adopted by Council on 21st of September 2022, and is available on the Shire's website

<https://www.uppergascoyne.wa.gov.au/documents/10099/register-of-delegations-2022>

COMPLAINTS REGISTER

There were no formal complaints received during the 2020/2021 financial year.

LOCAL LAWS

The Local Government Act 1995 requires all existing Local Laws to be reviewed every eight years. As part of this process the intention to review Local Laws is advertised in the media giving residents and ratepayers the opportunity to comment on any proposed changes, additions or deletions to the Shire's Local Laws. There were no local laws reviewed during 2021/2022.

EXTERNAL AUDITS

The annual audit was undertaken by the Office of the Auditor General and signed off by the Acting Assistant Director of Financial Audits, Xuan Shan Ong on 8th December 2022.

GIFT DISCLOSURES

Changes to the Local Government Act 1995 in October 2019 required Elected Members to disclose any gifts over \$300 in writing to the Chief Executive Officer within 10 days of receipt, which are received in their official capacity, including contribution to travel. The changes also required such disclosures to be made to the Chief Executive Officer in writing to the President. The Chief Executive Officer maintains a register of these gifts which are available on the Shire's website <https://www.uppergascoyne.wa.gov.au/registers>. The register is also available at the Shire's Administration building for public inspection.

A further change required Elected Members to make a disclosure of any gifts received from a person who is requiring a decision of the Council or Committee. The disclosure must be in writing to the Chief Executive Officer before the meeting, or at the meeting before the matter is discussed. The changes also required such disclosures to be made by the Chief Executive Officer in writing to the Council.

COMPLIANCE AUDIT RETURN

The Local Government (Audit) Regulations 1996 requires local governments to carry out an annual compliance audit for the period 1 January to 31 December. The Return includes a range of compliance categories to be met by local governments.

The categories are:

- Commercial Enterprises by Local Governments
- Delegation of Power/Duty
- Disclosure of Interest
- Disposal of Property
- Elections
- Finance
- Integrated Planning and Reporting
- Local Government Employees
- Official Conduct
- Optional Questions (relating to CEO reviews of financial management systems and procedures, and risk management, internal control and legislative compliance, and reporting of related party information).
- Tenders for providing Goods and Services

The Shire identified zero non-compliance issues for the year 2021.

The 2021 Compliance Audit Return was adopted by Council on 9th February 2022 with a certified copy of the Return, along with the relevant section of the Council resolution, submitted to the Department of Local Government, Sport and Cultural Industries.

COMMUNITY CONSULTATION

The Shire has a range of consultation methods to inform decision-making on major projects, issues and policies to obtain feedback from the community, stakeholders and interested persons. This includes:

- Direct consultation via surveys, hardcopy and online, and in person;
- Information available on the Shire's website;
- Gassy Gossip;
- Social media posts and advertising; and
- Public notices.

PUBLIC NOTICES

A range of statutory public notices were published on the Shire's website and in local newspapers during 2021/2022 such as notice of Council meetings, policy issues and planning matters.

REGISTER OF POLICIES

In accordance with the Local Government Act 1995, Section 2.7(2) Council is to determine the Shire's policies. Individual policies have been reviewed and adopted during the 2021/2022 financial year. This document is available on the Shire's website

<https://www.uppergascoyne.wa.gov.au/council/public-documents/policy-manual.aspx>

CODE OF CONDUCT

Local governments are required to adopt a code of conduct for their Elected Members, committee members and employees. The Code of Conducts sets out the standards of behaviour which must be observed when performing their duties and is intended to promote accountable and ethical decision-making. This enables professional relationships to be established and maintained in the interests of providing good governance, overall integrity and good government for the community.

A copy of the Code of Conducts are available on the Shire's website

<https://www.uppergascoyne.wa.gov.au/council/public-documents/policy-manual.aspx>



Reporting to the Strategic Community Plan

Integrated Planning was introduced in the Shire of upper Gascoyne in 2012/13, and comprises:

- Strategic Community Plan
- Corporate Business Plan
- Asset Management Plan
- Long Term Financial Plan, and
- Workforce Plan

As part of the Integrated Planning process a full review of the Strategic Community Plan and associated plans was undertaken in the 2016/17 financial year. This has provided the opportunity for the broader community to review the previous document and make any changes that reflect the current time period.

In 2020 the various integrated planning documents were subject to a desk top review by Council, no material changes were made. The review revealed that we had and were continuing to deliver on this plan, it was amazing to see the progress that has been made.

This document is available on the Shire Web site and has determined the Shire's Vision, Key Focus Areas, and the development of strategies to achieve objectives in each of the Key Focus Areas. This review was adopted on the 28th of June 2020 as such this annual report will now report against this Plan.

In 2022 the complete suite of Integrated Plans will be subject to a complete review with a full round of public consultation in order to glean our communities views.

The Council is pleased to report the progress in achieving the following:

ECONOMIC

Objective

To encourage greater diversity in the commercial sector, so as to grow a broader local economy. To develop and maintain an efficient road transport system. Promote Tourism.

Strategies to Achieve Economic Outcomes

Maintenance and Upgrade of Road Network

To develop, maintain and improve an efficient road system to support the transport requirements associated with the pastoral and mining industries and tourism.

Roads have been maintained and upgraded as part of a coordinated program to improve access for industry and tourism. Staff and Councillors undertake an annual collective inspection to determine the current status of the roads and identify key areas requiring capital works. The Shire have a road rating matrix where each road is given a priority allocation and the allocation determines the level of maintenance the road receives, for example Cobra Dairy Creek is a priority 1 road and this will be maintenance graded two to three times per year, other roads maybe classified as being priority 3 road and they will only be graded once per year.

2021/22 has once again been a challenging year in regards to maintaining roads and infrastructure as the Shire experienced further damage to road infrastructure with major rain events in February and May that caused approximately \$10M of damage (AGRN 1021). Work associated with AGRN 908 was completed and work commenced on AGRN 951 and 974. It is very pleasing to report that our maintenance crew have once again exceeded our expectations and delivered quality work. We also engage the services of local contractors including grader hire, grid removal, shoulder clearing and signage installation to assist with keeping our roads in a safe condition for everyone.

The Shire operates a dedicated construction crew consisting of a grader, prime mover and side tippers, rollers (flat drum, pad foot and multi tyre), loader and we utilise contract water carts and dozer. This crew go around the Shire and reconstruct those areas of our roads that are no longer able to be rectified using the maintenance graders. In addition they prepare roads and floodway's for bitumen. The quality of work produced is first class.

In 2021/22 the Shire put down approximately 19 kilometres of bitumen as part of the Carnarvon / Meekatharra sealing project. Secured \$1.6M for the Dalgety Brook Floodway to be constructed in the 23/24 financial year and secured a further \$300K for Indigenous Access funding for work on the Burringurrah / Landor stretch of road.

All Regional Road Group (RRG) and Road to Recovery Projects were completed within time and on budget. The Shire of Upper Gascoyne continue to be leaders in the RRG with the Shire writing the guidelines for the group.

The townsite of Gascoyne Junction received further attention such as the installation of Banner Poles in Gregory Street; up-grade of Oval reticulation systems; continued work of the 2 Rivers Memorial Park and the construction of a new Shire House in Hatch Street.

Regular planned maintenance / improvements of the Shire's Housing stock and buildings has continued with Council Chambers being redeveloped with all asbestos removed and new Audio Visual / IT being installed so as to future proof the building; further works are scheduled in the 22/23 financial period to further remove asbestos and enhance the office space.

The Shire engaged consultants to engineer and deliver economic business cases for various capital works projects that align with our strategic plan to upgrade our infrastructure to meet current and future requirements. Projects include the installation of a low level crossing at Gascoyne River on the Landor Mt Augustus road, a 3km bypass around the Landor homestead, sourcing of alternative town water supplies, new crossing for Dalgety Brook and resurfacing of bitumen seal around the Junction Tourist Park.

Economic Development

Retain existing industries and encourage the establishment of new industries to broaden the region's economic base.

Where possible and when best value for money is achieved the Shire supports local business when procuring goods and services as per our Purchasing Policy.

In 2021/22 many tenders were publicly invited including DRFAWA repair works and plant hire. All DRFAWA associated contracts were required to meet a 20% local content threshold, our successful plant hire contracts were awarded to two local businesses for the supply of water cart hire and bulldozer services. The Shire of Upper Gascoyne considers business and service providers within the Shires of Carnarvon, Shark Bay, Exmouth and Murchison to be locals where they get the benefit of our local preference policy.

This year the Shire have sold two vacant lots which ownership is contingent on them being developed? The idea is to increase both the housing stock and more families and this will drive economic activity.

I can report that all of our vacant lots have now been sold and Shire is actively looking to develop additional residential and light industrial lots within the Gascoyne Junction Townsite. Work is still ongoing with the development of further residential and light industrial lots. This has proven to be a time consuming exercise with multiple of Government agencies and Native Title issues to be considered and addressed. It is hoped that this can be finalised in the 22/23 reporting period.

Emphasise and maximise the tourism potential of our natural attractions, history and local events

To promote and support a sustainable tourism industry in the Shire of Upper Gascoyne.

The Shire actively promotes Mount Augustus and the Kennedy Range, significant work has been undertaken in attempting to improve the access and the visitor experience for the visitors to our region.

This year has been a continuation of the 20/21 with large amounts of Tourists visiting our region. Popular destination such as the Kennedy Range and Mount Augustus are the premier destinations. The townsite of Gascoyne Junction becoming increasingly a must stop destination for Tourists to stop overnight and recharge their batteries or use the Junction as their base for destinations further afield.

21/22 also saw the change of the tenancy arrangement between the Shire and the Junction Tourist Park Precinct. The new lessee's have tidied up the premises to a high standard and a plethora of remedial works were undertaken to get the premises back to its original state. Tourist and Local alike all talk very complimentary about the park and it is now firmly on the horizon of travellers to stay overnight and enjoy the Parks surrounds.

Our full-time Tourism / Community Development Officer (TCDO) has now had twelve months under her belt and the Shire is reaping the benefits of this dedicated position. The Shire has formed a host of connections with our neighbouring Shires, Tourist Operators, and Government Organisations with the sole focus of promoting the Tourist Products that we have to offer.

The Shire have worked very closely with the DBCA to improve our National Parks. The DBCA now have an office in Gascoyne Junction and a presence at Mount Augustus with dedicated Rangers employed at each of the localities.

ENVIRONMENTAL

Objective

To actively protect the environment, promote ecological sustainability, protect water quality, pursue water and energy conservation and manage future built development. Manage feral animals and invasive species

Strategies to Achieve Environmental Outcomes

Gascoyne Junction Water Quality and Quantity

Pursue high quality water sources within statutory health requirements with sufficient quantity to meet demand.

The Shire is working with the Department of Waters and Environmental Regulation and the Water Corporation to secure a more reliable potable town water supply, at this stage Water Corp can only service a further 7 properties.

We have identified shortfalls in the Shires current environmental system as there is insufficient water replenishment from the current bore and in order to maintain and improve our parks and gardens we need to rethink where and how we source our water. Our Hydrologist has advised that the best option would be for the Shire to construct a Deep Bore – 700 metres plus and tap into the Moogaloo formation where evidence suggest that these is both good quality and supply.

Feral Animal and Invasive Species Control

Attempt to protect and retain the regions native vegetation and animals to support indigenous culture and the pastoral industry.

The Shire have continued to support the Upper Gascoyne Land Conservation District Committee (LCDC) through funding but are not actively involved in the operation of the LCDC.

In 2020/21 Council handed back all responsibility for Biosecurity to the Carnarvon Rangelands Biosecurity Association, the Shire continued to financially contribute to the CRBA to ensure that the 'on the ground' work is being undertaken within the Shire. A MOU has been entered into with the CRBA to clarify each other's responsibilities.

SOCIAL

Objective

Develop, co-ordinate, provide and support services and facilities which enhance the quality of community life in the Shire and help to retain the population.

Strategies to Achieve Social Outcomes

Community / Aged Care Services

To improve aged care, community health and wellbeing through improving primary care services and opportunities for the community, thus retaining the Shire's population.

Although in the 21/22 reporting period the GP Service has not been reinstated I can report that the Health Department have now made a budget allocation and have made a commitment for the service to re-commence in the 22/23 reporting period. The Shire's Community Development Officer has been instrumental in achieving this outcome.

The Shire have made Staff available to assist members of the community with minor housekeeping duties that they are no longer able to perform themselves or need additional assistance with, (this service is being provided free upon request).

Crime Prevention Measures

The Shire have continued to maintain a very close working relationship with the Carnarvon and Burringurrah Police Officers.

In general terms the Shire as whole have an extremely low crime rate and this is demonstrated by the monthly crime statistics that are provided by WAPOL.

CIVIC LEADERSHIP

Objective

To provide Good Governance to the Upper Gascoyne Shire area through:

- *Detailed and professional administration;*
- *High levels of accountability;*
- *Compliance with statutory requirements;*
- *High-quality forward planning, particularly for assets and finances;*
- *Openness and transparency and enhanced consultations and public participation;*
- *Provision of quality customer services, good financial management and pursuit of excellence in professional administration and communication.*

Strategies to Achieve Civic Leadership Outcomes

In order to achieve the objectives the following strategies have been adopted to the Civic Leadership outcomes.

Communication Strategies

Increase communication between the Council and all sectors of the Community (both ways).

The Shire achieve these objectives by:

- Notifying and holding an annual electors meeting;
- Creating a significant presence on Social Media such as Facebook;
- Make available public question time at all Council Meetings;
- All agendas and minutes are made available in the Shire Office and CRC as well as on the website;
- The Shire use social media to notify electors of events and the availability of documents;
- All public documents are displayed in the Shire Office and CRC;
- All Councillors have made their contact details publically available;
- The Shire actively seek community engagement on new projects;
- The CEO and other staff have an open door policy where any elector is welcome to come into the office and see staff, or telephone staff or go to the CEO's residence and see him;
- The Shire do a monthly newsletter in the 'Gassy Gossip' advising the broader community on the activities of the Shire;
- Shire Staff regularly call into the various Pastoral Properties to see how things are going.

Financial Planning and Management

To responsibly manage Council's financial resources to ensure optimum value for money and sustainable asset management.

The Shire are pleased that we have again been able to deliver a clean set of books with no adverse findings from our Auditors.

The Shire have been particularly pro-active in seeking funding grant funding above our normal grant allocations (CRC Operational Grant, Regional Road Group, Roads to Recovery and Federal Assistance Grant Schemes). The Shire have received:

- \$15M DRFAWA – Flood Damage – AGRN 951 & 974
- \$2.5M BBRF – Junction Tourist Stop
- \$2.8M HVSSP – Sealing of Dalgety / Landor & Carnarvon / Mullewa Roads
- \$424,000 LRCI (Phase 2) – Up-grade the Council Chamber & sealing of 5km's of the Landor / Meekatharra Road.
- \$2.5M Main Roads Grant for sealing works on the Carnarvon/Mullewa Road.
- \$1.6M HVSP – Construction of a floodway at the Dalgety Brook Crossing.
- \$1.241M – Construction of a deep bore at the pavilion to supply environmental water for our parks and gardens.

Strategic Planning

Ongoing reviews of the Community Strategic Plan (CSP)

The Community Strategic Plan was completely reviewed, surveys were sent out to electors and a community meeting was undertaken. The CSP was adopted by Council at the ordinary meeting Council in June 2017.

This is the first annual report that reports against the new CSP. A desk top review of the CSP has been undertaken in the 2020 calendar year. The CSP will be completely reviewed in the 2022 calendar year.

Asset Management

Meet the required level of service in the most cost effective manner for present and future residents.

The Shire's current Asset Management Plan was created in 2017 by our previous contracted accountant Sue Voloczi, this document is due to be reviewed in the 2022 calendar year.

HUMAN RESOURCES

Over this reporting period we have had one staff member leave and a new replacement has commenced duties.

HIGHLIGHTS IN BRIEF

2021/2022

The 2021/22 period:

- Successful Election Process.
- Introduction of Eftsure – Another level of security for payments.
- Clean 21/22 Audit.
- Successfully advocated / lobbied for the re-introduction of a regular doctors service.
- Project managed the 2 Rivers Memorial Park.
- Oversaw the completion of a new Staff Residence.
- Constructed 12km of bitumen on the Carnarvon / Mullewa Road
- Constructed 5km of bitumen on the Landor Meekatharra Road
- Purchased a new Pad-foot roller
- Commenced an ILUA between the Shire and the Yinggarda PBC for land to be used for residential purposes.
- Road Use Agreement between the Shire and Hastings.
- R2R and LRCI Grants Audited and acquitted.
- Continued to support the development of our tourism / community focus.
- Oversaw the introduction of the Activities in Thoroughfares Local Law.
- Continued with the amalgamation of the Depot Lots.
- Completed the up-grade of the Council Chambers (removal of asbestos and introduction of state of the art Audio Visual Equipment)
- Secured funding (\$1.6M) for the Dalgety Brook Floodway
- Oversaw the reallocation of LRCI funds towards the drilling a deep bore (700m) looking for usable environmental water to alleviate the current issues with taking water for the river.
- Continued on the delivery of DRFAWA Projects – AGRN –951; 974 and 1021 to a value exceeding \$30M.
- Successful Community Christmas Event
- Secured an extra \$300K for Indigenous Access Funding.
- Secured an additional \$2.5M for bitumen works on the Carnarvon / Mullewa Road.
- Accreditation – Visitor Information Centre, RV Friendly.
- Attendance at various emergency events – Fire, Flood Damage.
- 21/22 Budget Review.
- 22/23 Budget Preparation.
- Delivered complimentary services associated with COVID 19 – vaccinations & RAT Tests.
- Construction of a new Staff House
- Up-grade of Oval Reticulation Systems and turf enhancement.
- Commenced major Integrated Planning Review.
- Installation of Banners in Gregory Street.

- Various meetings with State Government Ministers.
- Community Functions provided by the Shire for the 2021/2022 period:
 - Pictures in the Park held several times throughout the year at the GJ Pavilion and Junction Pub and Tourist Park
 - Gourmet Gazing
 - 2020 Horizon Power Community Christmas Party December 2020, a free community dinner is provided to all residents along with live entertainment, a visit from Santa and activities for the children.
 - ANZAC Day Ceremony 25th April 2022.
 - Australia's Biggest Morning Tea, raising money for the Cancer Council WA.
- Other Community Functions supported by the Shire
 - Pink Stumps, hosted by the Gascoyne Junction Remote Community School (GJRCS)
 - School Presentations Evenings hosted by the (GJRCS) and the Carnarvon School of the Air
 - Multicultural Day hosted by the (GJRCS)
 - Book Week
 - Gascoyne Junction hosted The Carnarvon Horseman's Club Gascoyne Junction Gymkhana
 - Gassy Dash
 - Landor Gymkhana
 - Landor Races
 - JRC Races
 - JRC Gymkhana
 - Australia's Biggest BBQ at Australia's Biggest Rock 29th August 2020
 - Melbourne Cup Luncheon hosted by the Junction Pub and Tourist Park

PROPOSED PROJECTS / ACQUISITIONS 2022/23

The Council officially adopted the 2022/23 Budget at Ordinary Meeting of Council held on the 24th of August 2022. Some of the major highlights for the year include:

- Integrated Plans Review (LTFP, CSP, CBP)
- Town Water Bore
- Land and Buildings fair value revaluation assessment
- New Service Truck
- 2 x New Light Vehicles
- New Side Tipper
- New Grader
- New Excavator
- New Fork Lift
- New Works Caravan
- New Electronic Message Board (for road closures and roadworks)
- CRC Up-Grades
- Admin Office Up-grades
- CEO Shed
- New Tractor for Parks and Gardens
- Mt Sandiman Hill Re-alignment
- Residential Land Development project
- New Water Tank
- Solar Street Lighting
- Pavilion Shed and Retaining
- Internal refurbishment for 9 Gregory Street
- Finalisation of Amalgamation of Depot and Admin Lots
- Update and Install of Tourism signage
- Bitumen reconstruct and reseal at the front of Tourist Precinct
- Completion of refurbishment repairs to Staff house at Lot 39 Gregory Street
- Finalisation of Visitors Stop Project
- Commencement of Dalgety Brook Floodway
- Regional Road Group Carnarvon/Mullewa Road project
- Roads to Recovery Landor/Meekatharra Road project
- Road Maintenance



SHIRE OF UPPER GASCOYNE
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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The Shire of Upper Gascoyne conducts the operations of a local government with the following community vision:

The Shire of Upper Gascoyne will be a sustainable service base supporting the pastoral, tourism sector, mining industries and the local community

Principal place of business:
4 Scott Street
Gascoyne Junction, WA 6705

SHIRE OF UPPER GASCOYNE
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

The attached financial report of the Shire of Upper Gascoyne for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Shire of Upper Gascoyne at 30 June 2022 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 23rd day of NOVEMBER 2022



Chief Executive Officer
John McCleary

Name of Chief Executive Officer



SHIRE OF UPPER GASCOYNE
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

| | NOTE | 2022 Actual | 2022 Budget | 2021 Actual |
|---|------------|---------------------|---------------------|---------------------|
| | | \$ | \$ | \$ |
| Revenue | | | | |
| Rates | 30(a),2(a) | 589,190 | 481,034 | 417,881 |
| Operating grants, subsidies and contributions | 2(a) | 19,407,718 | 20,673,275 | 18,146,539 |
| Fees and charges | 29(c),2(a) | 31,198 | 28,346 | 31,694 |
| Interest earnings | 2(a) | 9,246 | 19,000 | 16,290 |
| Other revenue | 2(a) | 452,448 | 334,907 | 264,716 |
| | | 20,489,800 | 21,536,562 | 18,877,120 |
| Expenses | | | | |
| Employee costs | | (1,416,268) | (1,519,235) | (1,125,687) |
| Materials and contracts | | (14,669,262) | (18,560,674) | (16,797,800) |
| Utility charges | | (160,636) | (156,385) | (148,154) |
| Depreciation | 10(a) | (3,241,695) | (3,204,622) | (3,149,104) |
| Finance costs | 2(b) | (205,918) | (44,844) | (47,360) |
| Insurance | | (245,069) | (250,306) | (228,448) |
| Other expenditure | 2(b) | (54,499) | (70,800) | (79,185) |
| | | (19,993,347) | (23,806,866) | (21,575,738) |
| | | 496,453 | (2,270,304) | (2,698,618) |
| Capital grants, subsidies and contributions | 2(a) | 8,598,678 | 7,679,889 | 3,421,669 |
| Profit on asset disposals | 10(d) | 33,000 | 33,000 | - |
| Loss on asset disposals | 10(d) | - | (2,000) | (9,852) |
| Fair value adjustments to financial assets at fair value through profit or loss | | 3,292 | - | - |
| Loss on revaluation of land and buildings | 8(a) | (165,244) | - | - |
| | | 8,469,726 | 7,710,889 | 3,411,817 |
| Net result for the period | 29(b) | 8,966,179 | 5,440,585 | 713,199 |
| Other comprehensive income for the period | | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | | |
| Changes in asset revaluation surplus | 17 | (405,287) | - | - |
| Total other comprehensive income for the period | | (405,287) | - | - |
| Total comprehensive income for the period | | 8,560,892 | 5,440,585 | 713,199 |

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

**SHIRE OF UPPER GASCOYNE
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

| | NOTE | 2022 \$ | 2021 \$ |
|--------------------------------------|-------|--------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 9,653,321 | 5,273,970 |
| Trade and other receivables | 5 | 476,243 | 801,393 |
| Inventories | 6 | 135,451 | 102,670 |
| Other assets | 7 | 1,715,110 | 2,631,539 |
| TOTAL CURRENT ASSETS | | 11,980,125 | 8,809,572 |
| NON-CURRENT ASSETS | | | |
| Other financial assets | 4(a) | 38,902 | 35,610 |
| Property, plant and equipment | 8 | 10,764,482 | 11,284,648 |
| Infrastructure | 9 | 87,407,224 | 82,023,230 |
| Right-of-use assets | 11(a) | 16,621 | - |
| TOTAL NON-CURRENT ASSETS | | 98,227,229 | 93,343,488 |
| TOTAL ASSETS | | 110,207,354 | 102,153,060 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 2,125,206 | 2,549,395 |
| Other liabilities | 14 | 1,820,117 | 2,788,897 |
| Lease liabilities | 11(b) | 6,693 | - |
| Short term borrowings | 13 | 2,814,946 | 1,887,991 |
| Borrowings | 15 | 126,842 | 133,365 |
| Employee related provisions | 16 | 299,805 | 231,030 |
| TOTAL CURRENT LIABILITIES | | 7,193,609 | 7,590,678 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 11(b) | 9,973 | - |
| Borrowings | 15 | 858,426 | 985,267 |
| Employee related provisions | 16 | 70,384 | 63,045 |
| TOTAL NON-CURRENT LIABILITIES | | 938,783 | 1,048,312 |
| TOTAL LIABILITIES | | 8,132,392 | 8,638,990 |
| NET ASSETS | | 102,074,962 | 93,514,070 |
| EQUITY | | | |
| Retained surplus | | 48,013,008 | 39,446,185 |
| Reserve accounts | 33 | 2,436,485 | 2,037,129 |
| Revaluation surplus | 17 | 51,625,469 | 52,030,756 |
| TOTAL EQUITY | | 102,074,962 | 93,514,070 |

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



William Buck Audit (WA) Pty Ltd

**SHIRE OF UPPER GASCOYNE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

| | NOTE | RETAINED SURPLUS | RESERVE ACCOUNTS | REVALUATION SURPLUS | TOTAL EQUITY |
|---|-------------|-----------------------------|-----------------------------|--------------------------------|-------------------------|
| | | \$ | \$ | \$ | \$ |
| Balance as at 1 July 2020 | | 39,400,577 | 1,369,538 | 52,030,756 | 92,800,871 |
| Comprehensive income for the period | | | | | |
| Net result for the period | | 713,199 | - | - | 713,199 |
| Total comprehensive income for the period | | 713,199 | - | - | 713,199 |
| Transfers from reserves | 33 | 100,000 | (100,000) | - | - |
| Transfers to reserves | 33 | (767,591) | 767,591 | - | - |
| Balance as at 30 June 2021 | | 39,446,185 | 2,037,129 | 52,030,756 | 93,514,070 |
| Comprehensive income for the period | | | | | |
| Net result for the period | | 8,966,179 | - | - | 8,966,179 |
| Other comprehensive income for the period | 17 | - | - | (405,287) | (405,287) |
| Total comprehensive income for the period | | 8,966,179 | - | (405,287) | 8,560,892 |
| Transfers from reserves | 33 | 384,770 | (384,770) | - | - |
| Transfers to reserves | 33 | (784,126) | 784,126 | - | - |
| Balance as at 30 June 2022 | | 48,013,008 | 2,436,485 | 51,625,469 | 102,074,962 |

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

William Buck Audit (WA) Pty Ltd



**SHIRE OF UPPER GASCOYNE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

| | NOTE | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--|-------|----------------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Rates | | 603,372 | 481,034 | 411,367 |
| Operating grants, subsidies and contributions | | 20,572,561 | 20,673,275 | 15,218,502 |
| Fees and charges | | 34,637 | 28,346 | 126,838 |
| Interest received | | 9,246 | 19,000 | 16,290 |
| Goods and services tax received | | 51,319 | - | 136,232 |
| Other revenue | | 452,448 | 334,907 | 264,716 |
| | | <u>21,723,583</u> | <u>21,536,562</u> | <u>16,173,945</u> |
| Payments | | | | |
| Employee costs | | (1,353,271) | (1,519,235) | (1,063,941) |
| Materials and contracts | | (15,112,903) | (18,560,674) | (15,676,293) |
| Utility charges | | (160,636) | (156,385) | (148,154) |
| Finance costs | | (205,918) | (44,844) | (47,670) |
| Insurance paid | | (245,069) | (250,306) | (228,448) |
| Other expenditure | | (46,915) | (70,800) | (79,185) |
| | | <u>(17,124,712)</u> | <u>(20,602,244)</u> | <u>(17,243,691)</u> |
| Net cash provided by / (used in) operating activities | 18(b) | 4,598,871 | 934,318 | (1,069,746) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for purchase of property, plant & equipment | 8(a) | (816,954) | (2,193,314) | (935,049) |
| Payments for construction of infrastructure | 9(a) | (7,870,776) | (6,500,872) | (6,499,419) |
| Non-operating grants, subsidies and contributions | | 7,629,898 | 7,679,889 | 3,421,669 |
| Proceeds from sale of property, plant & equipment | 10(d) | 48,000 | 53,000 | 25,227 |
| Net cash provided by / (used in) investing activities | | (1,009,832) | (961,297) | (3,987,572) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 32(a) | (133,364) | (123,011) | (98,083) |
| Payments for principal portion of lease liabilities | 32(d) | (3,279) | - | - |
| Proceeds from new borrowings | 32(a) | - | - | 450,000 |
| Net cash provided by / (used in) financing activities | | (136,643) | (123,011) | 351,917 |
| Net increase / (decrease) in cash held | | 3,452,396 | (149,990) | (4,705,401) |
| Cash at beginning of year | | 3,385,979 | 3,385,975 | 8,091,380 |
| Cash and cash equivalents at the end of the year | 18(a) | <u>6,838,375</u> | <u>3,235,985</u> | <u>3,385,979</u> |

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

William Buck Audit (WA) Pty Ltd



SHIRE OF UPPER GASCOYNE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022

| | NOTE | 2022 Actual | 2022 Budget | 2021 Actual |
|---|-------|----------------|----------------|----------------|
| NET CURRENT ASSETS - At start of financial year - surplus/(deficit) | 31(b) | \$ (577,196) | \$ (353,499) | \$ 3,232,910 |
| OPERATING ACTIVITIES | | | | |
| Revenue from operating activities (excluding general rate) | | | | |
| Rates (excluding general rate) | 30(b) | 67,742 | (40,414) | (33,749) |
| Operating grants, subsidies and contributions | | 19,407,718 | 20,673,275 | 18,146,539 |
| Fees and charges | | 31,198 | 28,346 | 31,694 |
| Interest earnings | | 9,246 | 19,000 | 16,290 |
| Other revenue | | 452,448 | 334,907 | 264,716 |
| Profit on asset disposals | 10(d) | 33,000 | 33,000 | - |
| Fair value adjustments to financial assets at fair value through profit or loss | | 3,292 | - | - |
| | | 20,004,644 | 21,048,114 | 18,425,490 |
| Expenditure from operating activities | | | | |
| Employee costs | | (1,416,268) | (1,519,235) | (1,125,687) |
| Materials and contracts | | (14,669,262) | (18,560,674) | (16,797,800) |
| Utility charges | | (160,636) | (156,385) | (148,154) |
| Depreciation | | (3,241,695) | (3,204,622) | (3,149,104) |
| Finance costs | | (205,918) | (44,844) | (47,360) |
| Insurance | | (245,069) | (250,306) | (228,448) |
| Other expenditure | | (54,499) | (70,800) | (79,185) |
| Loss on asset disposals | 10(d) | - | (2,000) | (9,852) |
| Loss on revaluation of non-current assets | | (165,244) | - | - |
| | | (20,158,591) | (23,808,866) | (21,585,590) |
| Non-cash amounts excluded from operating activities | 31(a) | 3,377,986 | 3,161,186 | 3,201,610 |
| Amount attributable to operating activities | | 3,224,039 | 400,434 | 41,510 |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | | 8,598,678 | 7,679,889 | 3,421,669 |
| Proceeds from disposal of assets | 10(d) | 48,000 | 53,000 | 25,227 |
| Purchase of property, plant and equipment | 8(a) | (816,954) | (2,193,314) | (935,049) |
| Purchase and construction of infrastructure | 9(a) | (7,870,776) | (6,500,872) | (6,499,419) |
| Amount attributable to investing activities | | (41,052) | (961,297) | (3,987,572) |
| FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 32(a) | (133,364) | (123,011) | (98,083) |
| Proceeds from borrowings | 32(a) | - | - | 450,000 |
| Payments for principal portion of lease liabilities | 32(d) | (3,279) | - | - |
| Transfers to reserves (restricted assets) | 33 | (784,126) | (86,780) | (767,591) |
| Transfers from reserves (restricted assets) | 33 | 384,770 | 602,705 | 100,000 |
| Amount attributable to financing activities | | (535,999) | 392,914 | (315,674) |
| Surplus/(deficit) before imposition of general rates | | 2,069,792 | (521,448) | (1,028,826) |
| Total amount raised from general rates | 30(a) | 521,448 | 521,448 | 451,630 |
| Surplus/(deficit) after imposition of general rates | 31(b) | 2,591,240 | - | (577,196) |

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

William Buck Audit (WA) Pty Ltd



**SHIRE OF UPPER GASCOYNE
FOR THE YEAR ENDED 30 JUNE 2022
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**SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

1. BASIS OF PREPARATION

Basis of preparation

The financial report comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings and 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.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 23 of the financial report.

Judgements and 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:

- estimated fair value of certain financial assets.
- impairment of financial assets.
- estimation of fair values of land and buildings, and infrastructure.
- estimation uncertainties made in relation to lease accounting.

SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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 | Timing of revenue recognition |
|---|--|--------------------------------------|---|--|---|
| Rates | General rates. | Over time. | Payment dates adopted by Council during the year. | None. | 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. | 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. | Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared. |
| Grants with no contract commitments | General appropriations and contributions with no reciprocal commitment. | No obligations. | Not applicable. | Not applicable. | 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. | On payment and issue of the licence, registration or approval. |
| Other inspections | Regulatory Food, Health and Safety. | Single point in time. | Full payment prior to inspection. | None. | Revenue recognised after inspection event occurs. |
| Waste management collection | Kerbside collection service. | Over time. | Payment on an annual basis in advance. | None. | Output method based on regular weekly and fortnightly period as proportionate to collection service. |
| Waste management entry fees | Waste treatment, recycling and disposal service at disposal sites. | Single point in time. | Payment in advance at gate or on normal trading terms if credit provided. | None. | 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. | On entry or at conclusion of hire. |
| 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. | Output method based on provision of service or completion of works. |

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

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature or types of goods or services is provided in the table below:

For the year ended 30 June 2022

| Nature or type | Contracts with customers | Capital grant/contributions | Statutory Requirements | Other | Total |
|---|--------------------------|-----------------------------|------------------------|--------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Rates | - | - | 589,190 | - | 589,190 |
| Operating grants, subsidies and contributions | 19,407,718 | - | - | - | 19,407,718 |
| Fees and charges | 31,198 | - | - | - | 31,198 |
| Interest earnings | - | - | 3,881 | 5,365 | 9,246 |
| Other revenue | 452,448 | - | - | - | 452,448 |
| Non-operating grants, subsidies and contributions | - | 8,598,678 | - | - | 8,598,678 |
| Total | 19,891,364 | 8,598,678 | 593,071 | 5,365 | 29,088,478 |

SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

For the year ended 30 June 2021

| Nature or type | Contracts with | Capital | Statutory | Other | Total |
|---|-------------------|---------------------|----------------|--------------|-------------------|
| | customers | grant/contributions | Requirements | | |
| | \$ | \$ | \$ | \$ | \$ |
| Rates | - | - | 417,881 | - | 417,881 |
| Operating grants, subsidies and contributions | 18,146,539 | - | - | - | 18,146,539 |
| Fees and charges | 31,694 | - | - | - | 31,694 |
| Interest earnings | - | - | 7,929 | 8,361 | 16,290 |
| Other revenue | 264,716 | - | - | - | 264,716 |
| Non-operating grants, subsidies and contributions | - | 3,421,669 | - | - | 3,421,669 |
| Total | 18,442,949 | 3,421,669 | 425,810 | 8,361 | 22,298,789 |

| Note | 2022 | 2022 | 2021 |
|--|--------|---------|--------|
| | Actual | Budget | Actual |
| | \$ | \$ | \$ |
| Assets and services acquired below fair value | | | |
| Contributed assets | - | - | - |
| Recognised volunteer services | - | - | - |
| Interest earnings | | | |
| Interest on reserve funds | 78 | 5,000 | 1,796 |
| Rates instalment and penalty interest (refer Note 30(f)) | 3,881 | 4,000 | 7,929 |
| Other interest earnings | 5,287 | 10,000 | 6,565 |
| | 9,246 | 19,000 | 16,290 |
| (b) Expenses | | | |
| Auditors remuneration | | | |
| - Audit of the Annual Financial Report | 37,700 | 48,000 | 45,000 |
| - Other services | 3,000 | - | - |
| | 40,700 | 48,000 | 45,000 |
| Finance costs | | | |
| Borrowings | 32(a) | 22,650 | 29,844 |
| WA Treasury loan guarantee fee | | 7,298 | - |
| ATO | | - | 191 |
| Interest on overdraft | | 175,869 | 15,000 |
| Lease liabilities | 32(d) | 101 | - |
| | | 205,918 | 44,844 |
| Other expenditure | | | |
| Impairment losses / (writeback) on rates receivables | | (4,145) | - |
| Impairment losses on receivables from contracts with customers | | 7,584 | - |
| Sundry expenses | | 51,060 | 70,800 |
| | | 54,499 | 70,800 |
| | | | 47,360 |
| | | | 6,189 |
| | | | 14,065 |
| | | | 58,931 |
| | | | 79,185 |

**SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

3. CASH AND CASH EQUIVALENTS

Cash at bank and on hand
Term deposits
Total cash and cash equivalents

Held as
- Unrestricted cash and cash equivalents
- Restricted cash and cash equivalents

| Note | 2022 | 2021 |
|-------|-----------|-----------|
| | \$ | \$ |
| | 7,216,747 | 3,236,843 |
| | 2,436,574 | 2,037,127 |
| 18(a) | 9,653,321 | 5,273,970 |
| | 5,346,077 | 102,823 |
| 18(a) | 4,307,244 | 5,171,147 |
| | 9,653,321 | 5,273,970 |

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.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. 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.

Details of restrictions on financial assets can be found at Note 18.

4. OTHER FINANCIAL ASSETS

(a) Non-current assets

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

Units in Local Government House Trust

| | 2022 | 2021 |
|--|--------|--------|
| | \$ | \$ |
| | 38,902 | 35,610 |
| | 38,902 | 35,610 |
| | 38,902 | 35,610 |
| | 38,902 | 35,610 |

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.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 28 (i)) due to the observable market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

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 27.

**SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

5. TRADE AND OTHER RECEIVABLES

| | Note | 2022 \$ | 2021 \$ |
|--|-------|------------|------------|
| Current | | | |
| Rates receivable | | 51,923 | 66,317 |
| Trade and other receivables | | 521,054 | 777,052 |
| GST receivable | | 66 | 51,385 |
| Receivables for employee related provisions | 16 | 23,082 | 23,082 |
| Allowance for credit losses of trade and other receivables | 27(b) | (111,468) | (103,884) |
| Allowance for credit losses of rates receivables | 27(b) | (8,414) | (12,559) |
| | | 476,243 | 801,393 |
| Rates outstanding | | | |
| Past due and not impaired | | 43,509 | 53,758 |
| Impaired | | 8,414 | 12,559 |
| | | 51,923 | 66,317 |
| Sundry debtors | | | |
| Past due and not impaired | | 409,586 | 673,168 |
| Impaired | | 111,468 | 103,884 |
| | | 521,054 | 777,052 |

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 grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

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 27.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

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

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

**SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

6. INVENTORIES

Current

Fuel and materials
Land held for resale
Cost of acquisition

| 2022 | 2021 |
|---------|---------|
| \$ | \$ |
| 132,951 | 100,170 |
| 2,500 | 2,500 |
| 135,451 | 102,670 |

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

| | |
|----------|----------|
| 102,670 | 137,223 |
| (16,339) | (48,970) |
| 49,120 | 14,417 |
| 135,451 | 102,670 |

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for resale

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

Land held for resale (Continued)

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

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

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

7. OTHER ASSETS

Other assets - current

Contract assets

| 2022 | 2021 |
|-----------|-----------|
| \$ | \$ |
| 1,715,110 | 2,631,539 |
| 1,715,110 | 2,631,539 |

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Non-current assets held for sale

Assets are classified as held for sale where the carrying amount will be recovered through a sale rather than continuing use and the asset is available for immediate sale with a sale being highly probable.

Contract assets

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at the end of the period.

Impairment of assets associated with contracts with customers are detailed at note 2 (b).

SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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.

| | Note | 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 2020 | | 834,000 | 1,545,326 | 6,305,288 | 8,684,614 | 69,372 | 2,193,173 | 10,947,159 |
| Additions | | - | 195,953 | 213,278 | 409,231 | - | 525,818 | 935,049 |
| Disposals | | - | - | - | - | - | (35,079) | (35,079) |
| Depreciation | 10(a) | - | (17,154) | (116,173) | (133,327) | (23,531) | (405,623) | (562,481) |
| Balance at 30 June 2021 | | 834,000 | 1,724,125 | 6,402,393 | 8,960,518 | 45,841 | 2,278,289 | 11,284,648 |
| Comprises: | | | | | | | | |
| Gross balance amount at 30 June 2021 | | 834,000 | 1,812,678 | 6,815,454 | 9,462,132 | 105,883 | 3,346,948 | 12,914,963 |
| Accumulated depreciation at 30 June 2021 | | - | (88,553) | (413,061) | (501,614) | (60,042) | (1,068,659) | (1,630,315) |
| Balance at 30 June 2021 | | 834,000 | 1,724,125 | 6,402,393 | 8,960,518 | 45,841 | 2,278,289 | 11,284,648 |
| Additions | | - | 403,729 | 177,577 | 581,306 | 6,645 | 229,003 | 816,954 |
| Disposals | | - | - | - | - | - | (15,000) | (15,000) |
| Revaluation increments / (decrements) transferred to revaluation surplus | | (283,000) | (602,881) | 480,594 | (405,287) | - | - | (405,287) |
| Revaluation (loss) / reversals transferred to profit or loss | | - | (165,244) | - | (165,244) | - | - | (165,244) |
| Depreciation | 10(a) | - | (7,229) | (138,215) | (145,444) | (20,346) | (395,360) | (561,150) |
| Transfers | | - | - | (190,439) | (190,439) | - | - | (190,439) |
| Balance at 30 June 2022 | | 551,000 | 1,352,500 | 6,731,910 | 8,635,410 | 32,140 | 2,096,932 | 10,764,482 |
| Comprises: | | | | | | | | |
| Gross balance amount at 30 June 2022 | | 551,000 | 1,352,893 | 6,731,910 | 8,635,803 | 112,528 | 3,530,953 | 12,279,284 |
| Accumulated depreciation at 30 June 2022 | | - | (393) | - | (393) | (80,388) | (1,434,021) | (1,514,802) |
| Balance at 30 June 2022 | | 551,000 | 1,352,500 | 6,731,910 | 8,635,410 | 32,140 | 2,096,932 | 10,764,482 |

* Asset additions included additions received at substantially less than fair value:

During the year ended 30 June 2021

During the year ended 30 June 2022

**SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

| (i) Fair Value | Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|-----------------------------|-------------|----------------------|--|-------------------------------|------------------------|--|
| Land and buildings | | | | | | |
| Land | | 2 | Market approach using recent observable market data for similar properties | Independent registered valuer | 2022 | Price per hectare or sales comparison |
| Buildings - non-specialised | | 2 | Market approach using recent observable market data for similar properties | Independent registered valuer | 2022 | Price per square metre / market borrowing rate |
| Buildings - specialised | | 3 | Cost approach using depreciated replacement cost | Independent registered valuer | 2022 | Construction costs and current condition, residual values and remaining useful life assessments inputs |

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

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

(ii) Cost

Furniture and equipment

Cost

Cost

Purchase cost

Plant and equipment

Cost

Cost

Purchase cost

**SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

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.

| Note | Infrastructure - roads \$ | Infrastructure \$ | Other infrastructure \$ | Work in progress \$ | Total Infrastructure \$ |
|--|---------------------------------|----------------------|-------------------------------|------------------------|----------------------------|
| Balance at 1 July 2020 | 73,257,004 | 4,730,499 | - | 122,931 | 78,110,434 |
| Additions | 4,934,480 | 1,564,939 | - | - | 6,499,419 |
| Depreciation | (2,444,358) | (142,265) | - | - | (2,586,623) |
| Balance at 30 June 2021 | 75,747,126 | 6,153,173 | - | 122,931 | 82,023,230 |
| Comprises: | | | | | |
| Gross balance at 30 June 2021 | 124,120,115 | 6,559,610 | - | 122,931 | 130,802,656 |
| Accumulated depreciation at 30 June 2021 | (48,372,989) | (406,437) | - | - | (48,779,426) |
| Balance at 30 June 2021 | 75,747,126 | 6,153,173 | - | 122,931 | 82,023,230 |
| Additions | 6,218,952 | 1,651,824 | - | - | 7,870,776 |
| Depreciation | (2,458,579) | (218,642) | - | - | (2,677,221) |
| Transfers | - | 190,439 | - | - | 190,439 |
| Balance at 30 June 2022 | 79,507,499 | 7,776,794 | - | 122,931 | 87,407,224 |
| Comprises: | | | | | |
| Gross balance at 30 June 2022 | 130,339,067 | 8,439,058 | - | 122,931 | 138,901,056 |
| Accumulated depreciation at 30 June 2022 | (50,831,568) | (662,264) | - | - | (51,493,832) |
| Balance at 30 June 2022 | 79,507,499 | 7,776,794 | - | 122,931 | 87,407,224 |

* Asset additions included additions received at substantially less than fair value:

| | | | | | |
|------------------------------------|---|---|---|---|---|
| During the year ended 30 June 2021 | - | - | - | - | - |
| During the year ended 30 June 2022 | - | - | - | - | - |

SHIRE OF UPPER GASCOYNE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

| (i) Fair Value | Asset Class | Fair Value Hierarchy | Valuation Technique | Basis of Valuation | Date of Last Valuation | Inputs Used |
|----------------|------------------------|----------------------|---|-------------------------------|------------------------|--|
| | Infrastructure - roads | 3 | Cost approach using depreciated replacement cost (gross valuation method) | Management valuation | 2020 | Construction costs and current condition, residual values and remaining useful life assessments inputs |
| | Other infrastructure | 3 | Cost approach using depreciated replacement cost (gross valuation method) | Independent registered valuer | 2018 | Construction costs and current condition, residual values and remaining useful life assessments inputs |

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

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

SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

10. FIXED ASSETS

(a) Depreciation

| | Note | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| Buildings - non-specialised | 8(a) | 7,229 | - | 17,154 |
| Buildings - specialised | 8(a) | 138,215 | 130,500 | 116,173 |
| Furniture and equipment | 8(a) | 20,346 | 23,400 | 23,531 |
| Plant and equipment | 8(a) | 395,360 | 461,322 | 405,623 |
| Infrastructure - roads | 9(a) | 2,458,579 | 2,444,400 | 2,444,358 |
| Other infrastructure | 9(a) | 218,642 | 145,000 | 142,265 |
| Right-of-use assets - plant and equipment | 11(a) | 3,324 | - | - |
| | | 3,241,695 | 3,204,622 | 3,149,104 |

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 | 3 to 80 years* |
| Furniture and equipment | 1 to 20 years |
| Plant and equipment | 1 to 25 years |
| Other infrastructure | 5 to 50 years |
| Sealed roads and streets | |
| formation | not depreciated |
| pavement | 39 years |
| seal | 20 years |
| Formed subgrade | not depreciated |
| Unformed subgrade | not depreciated |
| Gravel roads | |
| formation | not depreciated |
| pavement | 28 years |
| Footpaths - slab | 40 years |
| Drainage | 30 - 108 years |
| Bridges | 100 years |

* The estimated useful lives and residual values of the Buildings asset class have been revised at 30 June 2022. Refer to note 34 for details of the change in accounting estimate.

(b) Temporarily Idle or retired from use assets

The Shire did not hold any temporarily idle or retired assets not classified as for sale at balance date.

(c) Fully Depreciated Assets in Use

| | 2022 \$ | 2021 \$ |
|---|----------------|----------------|
| The gross carrying value of assets held by the Shire which are currently in use yet fully depreciated are shown in the table below. | | |
| Buildings - non-specialised | 393 | 393 |
| Furniture and equipment | 34,450 | 24,950 |
| Plant and equipment | 263,203 | 201,203 |
| Other infrastructure | 35,000 | - |
| | 333,046 | 226,546 |

SHIRE OF UPPER GASCOYNE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

10. FIXED ASSETS (Continued)

(d) Disposals of assets

| | 2022 Actual Net Book Value | 2022 Actual Sale Proceeds | 2022 Actual Profit | 2022 Actual Loss | 2022 Budget Net Book Value | 2022 Budget Sale Proceeds | 2022 Budget Profit | 2022 Budget Loss | 2021 Actual Net Book Value | 2021 Actual Sale Proceeds | 2021 Actual Profit | 2021 Actual Loss |
|---------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Plant and equipment | 15,000 | 48,000 | 33,000 | - | 22,000 | 53,000 | 33,000 | (2,000) | 35,079 | 25,227 | - | (9,852) |
| | 15,000 | 48,000 | 33,000 | - | 22,000 | 53,000 | 33,000 | (2,000) | 35,079 | 25,227 | - | (9,852) |

The following assets were disposed of during the year.

| | 2022 Actual Net Book Value | 2022 Actual Sale Proceeds | 2022 Actual Profit | 2022 Actual Loss |
|----------------------------|-------------------------------------|------------------------------------|--------------------------|------------------------|
| Plant and Equipment | | | | |
| Transport | | | | |
| Roller: Bomag BW216D-4 | 15,000 | 48,000 | 33,000 | - |
| | 15,000 | 48,000 | 33,000 | - |

**SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

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 scheduled revaluation dates 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 revaluation date in accordance with the mandatory measurement framework.

Revaluation

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

At the end of each period the carrying amount for each asset class 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.

Revaluation (continued)

For property, plant and equipment and infrastructure, 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. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, 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 on revaluation

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

- (i) 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
- (ii) 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 ready 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 in the Statement of Comprehensive Income and in Note 10(a).

SHIRE OF UPPER GASCOYNE
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11. LEASES

(a) Right-of-Use Assets

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

| | Note | Right-of-use assets - plant and equipment \$ | Right-of-use assets Total \$ |
|--------------------------------|-------|---|---------------------------------------|
| Balance at 1 July 2020 | | - | - |
| Balance at 30 June 2021 | | - | - |
| Additions | | 19,945 | 19,945 |
| Depreciation | 10(a) | (3,324) | (3,324) |
| Balance at 30 June 2022 | | 16,621 | 16,621 |

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

| | Note | 2022 Actual \$ | 2021 Actual \$ |
|---|-------|----------------------|----------------------|
| Depreciation on right-of-use assets | 10(a) | 3,324 | - |
| Interest expense on lease liabilities | 32(d) | 101 | - |
| Total amount recognised in the statement of comprehensive income | | 3,425 | - |
| Total cash outflow from leases | | (3,178) | - |
| (b) Lease Liabilities | | | |
| Current | | 6,693 | - |
| Non-current | 32(d) | 9,973 | - |
| | | 16,666 | - |

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

Details of individual lease liabilities required by regulations are provided at Note 32(d).

Right-of-use assets - valuation measurement

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

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

Right-of-use assets - depreciation

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

**SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

12. TRADE AND OTHER PAYABLES

Current

| | | |
|---|------------------|------------------|
| Sundry creditors | 1,050,824 | 2,229,472 |
| Prepaid rates | - | 212 |
| Accrued payroll liabilities | 37,339 | 50,456 |
| Bonds and deposits held | 50,642 | 50,642 |
| Retentions held for the Gascoyne River Bridge Project | 6,171 | 6,171 |
| Accrued expenses | 980,230 | 212,442 |
| | 2,125,206 | 2,549,395 |

| | 2022 | 2021 |
|--|------------------|------------------|
| | \$ | \$ |
| | 1,050,824 | 2,229,472 |
| | - | 212 |
| | 37,339 | 50,456 |
| | 50,642 | 50,642 |
| | 6,171 | 6,171 |
| | 980,230 | 212,442 |
| | 2,125,206 | 2,549,395 |

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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.

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 usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

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. SHORT-TERM BORROWINGS

Unsecured

| | | |
|--|------------------|------------------|
| Bank overdraft | 2,814,946 | 1,887,991 |
| Represented by: | | |
| Unrestricted – WANDRRA* overdraft ^(a) | 2,814,946 | - |
| Restricted funds held | - | - |
| | 2,814,946 | 1,887,991 |

| | 2022 | 2021 |
|--|------------------|------------------|
| | \$ | \$ |
| | 2,814,946 | 1,887,991 |
| | | |
| | 2,814,946 | - |
| | - | - |
| | 2,814,946 | 1,887,991 |

The following restrictions have been imposed by regulations or other externally imposed requirements:

| | | |
|----------------|----------|----------|
| Unspent Grants | - | - |
| Unspent Loans | - | - |
| | - | - |

* Western Australia Natural Disaster Relief and Recovery

(a) The bank overdraft is repayable on demand and forms an integral part of the Shire's cash management. The overdraft was established for the purpose of managing cash flow for road flood damage repairs in 2017. The amount of the overdraft brought forward on 1 July 2021 was \$1,887,991. The overdraft has increased by \$926,955 during the financial year. At 30 June 2022 the balance of the overdraft was \$2,814,946. The interest rate on the overdraft at 30 June 2022 was 7.28% (2021: 6.53%).

Sensitivity analysis

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

Impact of a 1% movement in interest rates on profit and loss and equity*

| | 2022 | 2021 |
|--|--------|--------|
| | \$ | \$ |
| | 28,149 | 18,880 |

* Holding all other variables constant

SIGNIFICANT ACCOUNTING POLICIES

Bank overdrafts that form an integral part of the Shire's cash management are included as a component of cash and cash equivalents.

Cash flows exclude movements between items that

constitute cash or cash equivalents because these components are part of the cash management of the Shire rather than part of its operating, investing and financing activities. The reconciliation of cash and cash equivalents is outlined in Note 18.

**SHIRE OF UPPER GASCOYNE
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FOR THE YEAR ENDED 30 JUNE 2022**

14. OTHER LIABILITIES

Current

Capital grant/contributions liabilities

Reconciliation of changes in capital grant/contribution liabilities

Opening balance

Additions

Revenue from capital grant/contributions held as a liability at the start of the period

Expected satisfaction of capital grant/contribution liabilities

Less than 1 year

| | 2022 | 2021 |
|---|------------------|------------------|
| | \$ | \$ |
| Capital grant/contributions liabilities | 1,820,117 | 2,788,897 |
| | <u>1,820,117</u> | <u>2,788,897</u> |
| Opening balance | 2,788,897 | - |
| Additions | 1,820,117 | 2,788,897 |
| Revenue from capital grant/contributions held as a liability at the start of the period | (2,788,897) | - |
| | <u>1,820,117</u> | <u>2,788,897</u> |
| Expected satisfaction of capital grant/contribution liabilities | | |
| Less than 1 year | 1,820,117 | 2,788,897 |
| | <u>1,820,117</u> | <u>2,788,897</u> |

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the Shire's obligations to construct recognisable non-financial assets to identified specifications to be controlled the Shire which are yet to be satisfied. Capital grant/contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 28(i)) due to the unobservable inputs, including own credit risk.

**SHIRE OF UPPER GASCOYNE
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15. BORROWINGS

| | Note | 2022 | | | 2021 | | |
|---------------------------------|-------|---------|-------------|---------|---------|-------------|-----------|
| | | Current | Non-current | Total | Current | Non-current | Total |
| Secured | | \$ | \$ | \$ | \$ | \$ | \$ |
| Loans | | 126,842 | 858,426 | 985,268 | 133,365 | 985,267 | 1,118,632 |
| Total secured borrowings | 32(a) | 126,842 | 858,426 | 985,268 | 133,365 | 985,267 | 1,118,632 |

Secured liabilities and assets pledged as security

The Shire of Upper Gascoyne has complied with the financial covenants of its borrowing facilities during the 2022 and 2021 years.

SIGNIFICANT ACCOUNTING POLICIES

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.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 28(i)) due to the unobservable inputs, including own credit risk.

Risk

Information regarding exposure to risk can be found at Note 27.

Details of individual borrowings required by regulations are provided at Note 32(a).

**SHIRE OF UPPER GASCOYNE
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FOR THE YEAR ENDED 30 JUNE 2022**

16. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions

Employee benefit provisions

Annual Leave

Long Service Leave

Non-current provisions

Long Service Leave

| | 2022 | 2021 |
|--|---------|---------|
| | \$ | \$ |
| | 148,315 | 123,666 |
| | 151,490 | 107,364 |
| | 299,805 | 231,030 |
| | 70,384 | 63,045 |
| | 70,384 | 63,045 |
| | 370,189 | 294,075 |

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

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

| Note | 2022 | 2021 |
|------|----------|----------|
| | \$ | \$ |
| | 175,766 | 207,948 |
| | 194,423 | 86,127 |
| | 370,189 | 294,075 |
| | (23,082) | (23,082) |

Expected reimbursements of employee related provisions from other WA local governments included within other receivables

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The Shire's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related 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 provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. 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.

SHIRE OF UPPER GASCOYNE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

17. REVALUATION SURPLUS

| | 2022 | 2022 | 2022 | 2022 | 2022 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 |
|------------------------|------------|-------------|-------------|-------------|------------|------------|-------------|-------------|-------------|------------|-------------|-------------|
| | Opening | Revaluation | Revaluation | Total | 2022 | Opening | Revaluation | Revaluation | Total | Opening | Revaluation | Revaluation |
| | Balance | Increment | (Decrement) | Movement on | Closing | Balance | Increment | (Decrement) | Movement on | Balance | Increment | (Decrement) |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Land - freehold land | 293,272 | - | (283,000) | (283,000) | 10,272 | 293,272 | - | - | - | 293,272 | - | - |
| Buildings | 122,287 | 480,594 | (602,881) | (122,287) | - | 122,287 | - | - | - | 122,287 | - | - |
| Infrastructure - roads | 51,132,688 | - | - | - | 51,132,688 | 51,132,688 | - | - | - | 51,132,688 | - | - |
| Other infrastructure | 482,509 | - | - | - | 482,509 | 482,509 | - | - | - | 482,509 | - | - |
| | 52,030,756 | 480,594 | (885,881) | (405,287) | 51,625,469 | 52,030,756 | - | - | - | 52,030,756 | - | - |

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

SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

18. NOTES TO THE STATEMENT OF CASH FLOWS

(a) 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:

| | Note | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--|------|----------------------|----------------------|----------------------|
| Cash and cash equivalents | 3 | 9,653,321 | 3,235,985 | 5,273,970 |
| Short-term borrowings - bank overdraft | 13 | (2,814,946) | - | (1,887,991) |
| | | <u>6,838,375</u> | <u>3,235,985</u> | <u>3,385,979</u> |

Restrictions

The following classes of financial 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 | 4,307,244 | 1,520,689 | 5,171,147 |
| | | <u>4,307,244</u> | <u>1,520,689</u> | <u>5,171,147</u> |

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

| | | | | |
|--|-------|------------------|------------------|------------------|
| Restricted reserve accounts | 33 | 2,436,485 | 1,520,689 | 2,037,129 |
| Contract liabilities form contracts with customers | 14 | 1,820,117 | - | 2,788,897 |
| Bonds and deposits held | 12 | 50,642 | - | 50,642 |
| Unspent loans | 32(c) | - | - | 294,479 |
| Total restricted financial assets | | <u>4,307,244</u> | <u>1,520,689</u> | <u>5,171,147</u> |

(b) Reconciliation of Net Result to Net Cash Provided By Operating Activities

| | | | | |
|---|--|------------------|----------------|--------------------|
| Net result | | 8,966,179 | 5,440,585 | 713,199 |
| Non-cash items: | | | | |
| Adjustments to fair value of financial assets at fair value through profit and loss | | (3,292) | - | - |
| Depreciation | | 3,241,695 | 3,204,622 | 3,149,104 |
| (Profit)/loss on sale of asset | | (33,000) | (31,000) | 9,852 |
| Loss on revaluation of fixed assets | | 165,244 | - | - |
| Changes in assets and liabilities: | | | | |
| (Increase)/decrease in trade and other receivables | | 325,150 | - | 23,537 |
| (Increase)/decrease in other assets | | 916,429 | - | - |
| (Increase)/decrease in contract assets | | - | - | 74,890 |
| (Increase)/decrease in inventories | | (32,781) | - | 34,553 |
| Increase/(decrease) in trade and other payables | | (424,189) | - | 1,106,050 |
| Increase/(decrease) in employee related provisions | | 76,114 | - | 37,964 |
| Increase/(decrease) in accrued interest | | - | - | (310) |
| Increase/(decrease) in other liabilities | | (968,780) | - | (2,796,916) |
| Non-operating grants, subsidies and contributions | | (7,629,898) | (7,679,889) | (3,421,669) |
| Net cash provided by/(used in) operating activities | | <u>4,598,871</u> | <u>934,318</u> | <u>(1,069,746)</u> |

**(c) Undrawn Borrowing Facilities
Credit Standby Arrangements**

| | | | | |
|--|--|------------------|--|------------------|
| Bank overdraft limit | | 4,200,000 | | 4,200,000 |
| Bank overdraft at balance date | | (2,814,946) | | (1,887,991) |
| WATC short term lending facility limit | | 3,000,000 | | 3,000,000 |
| WATC short term lending facility at balance date | | - | | - |
| Credit card limit | | 10,000 | | 10,000 |
| Credit card balance at balance date | | - | | (9,763) |
| Total amount of credit unused | | <u>4,395,054</u> | | <u>5,312,246</u> |

Loan facilities

| | | | | |
|--|--|----------------|--|------------------|
| Loan facilities - current | | 126,842 | | 133,365 |
| Loan facilities - non-current | | 858,426 | | 985,267 |
| Total facilities in use at balance date | | <u>985,268</u> | | <u>1,118,632</u> |

Unused loan facilities at balance date

NIL

NIL

**SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

19. CONTINGENT LIABILITIES

The Shire does not have any contingent liabilities.

20. CAPITAL COMMITMENTS

| | 2022 | 2021 |
|--------------------------------|---------|-----------|
| | \$ | \$ |
| Contracted for: | | |
| - capital expenditure projects | 849,974 | 3,171,245 |
| - plant & equipment purchases | 96,525 | - |
| | 946,499 | 3,171,245 |
| Payable: | | |
| - not later than one year | 946,499 | 3,171,245 |

21. JOINT ARRANGEMENTS

The Shire is not involved in any joint arrangements at the reporting date.

22. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Shire.

23. TRUST FUNDS

The Shire did not have any funds held at balance date over which it has no control.

24. MAJOR LAND TRANSACTIONS

The Shire did not have any major land transactions during the financial year.

25. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire was not involved in any trading undertakings or major trading undertakings during the financial year.

SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

26. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

| Note | 2022 Actual \$ | 2022 Budget \$ | 2021 Actual \$ |
|--|----------------------|----------------------|----------------------|
| Cr. Donald Hammarquist | | | |
| President's annual allowance | 20,063 | 20,063 | 20,063 |
| Meeting attendance fees | 19,534 | 19,534 | 19,534 |
| Other expenses | 146 | 286 | 177 |
| Annual allowance for ICT expenses | 3,500 | 3,500 | 3,500 |
| Travel and accommodation expenses | 1,477 | 1,500 | 159 |
| Annual allowance for travel and accommodation expenses | 5,663 | 3,500 | 5,861 |
| | 50,383 | 48,383 | 49,294 |
| Cr. James Caunt | | | |
| Deputy President's annual allowance | 5,015 | 5,015 | 5,015 |
| Meeting attendance fees | 9,504 | 9,504 | 9,504 |
| Other expenses | 1,814 | 286 | - |
| Annual allowance for ICT expenses | 3,500 | 3,500 | 3,500 |
| Travel and accommodation expenses | 427 | 1,500 | 133 |
| Annual allowance for travel and accommodation expenses | 802 | 3,500 | 974 |
| | 21,062 | 23,305 | 19,126 |
| Cr. Blanche Walker | | | |
| Meeting attendance fees | 9,504 | 9,504 | 9,504 |
| Other expenses | - | 286 | 177 |
| Annual allowance for ICT expenses | 3,500 | 3,500 | 3,500 |
| Travel and accommodation expenses | 427 | 1,500 | 133 |
| | 13,431 | 14,790 | 13,314 |
| Cr. Gregory Watters | | | |
| Meeting attendance fees | 9,504 | 9,504 | 9,504 |
| Other expenses | 164 | 286 | 177 |
| Annual allowance for ICT expenses | 3,500 | 3,500 | 3,500 |
| Travel and accommodation expenses | 1,055 | 1,500 | 981 |
| Annual allowance for travel and accommodation expenses | 4,972 | 3,500 | 5,638 |
| | 19,195 | 18,290 | 19,800 |
| Cr. Raymond Hoseason-Smith | | | |
| Meeting attendance fees | 9,504 | 9,504 | 9,504 |
| Other expenses | - | 286 | - |
| Annual allowance for ICT expenses | 3,500 | 3,500 | 3,500 |
| Travel and accommodation expenses | 591 | 1,500 | 380 |
| Annual allowance for travel and accommodation expenses | 1,943 | 3,500 | 1,727 |
| | 15,538 | 18,290 | 15,111 |
| Cr. Leane Alys McKeough | | | |
| Meeting attendance fees | 9,504 | 9,504 | 9,504 |
| Other expenses | 4,461 | 285 | 22 |
| ICT expenses | - | - | 257 |
| Annual allowance for ICT expenses | 3,500 | 3,500 | 3,500 |
| Travel and accommodation expenses | 1,579 | 1,500 | 3,883 |
| Annual allowance for travel and accommodation expenses | 1,858 | 3,500 | 1,980 |
| | 20,902 | 18,289 | 19,146 |
| Cr. Hamish McTaggart | | | |
| Meeting attendance fees | 9,504 | 9,504 | 9,504 |
| Other expenses | - | 285 | 585 |
| Annual allowance for ICT expenses | 3,500 | 3,500 | 3,500 |
| Travel and accommodation expenses | 1,131 | 1,500 | 133 |
| Annual allowance for travel and accommodation expenses | 727 | 3,500 | 178 |
| | 14,862 | 18,289 | 13,900 |
| | 155,373 | 159,636 | 149,691 |

**SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

26. RELATED PARTY TRANSACTIONS (Continued)

(a) Elected Member Remuneration (Continued)

Fees, expenses and allowances to be paid or reimbursed to elected council members.

| | 2022 Actual | 2022 Budget | 2021 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| President's annual allowance | 20,063 | 20,063 | 20,063 |
| Deputy President's annual allowance | 5,015 | 5,015 | 5,015 |
| Meeting attendance fees | 76,558 | 76,558 | 76,558 |
| Other expenses | 6,585 | 2,000 | 1,138 |
| ICT expenses | - | - | 257 |
| Annual allowance for ICT expenses | 24,500 | 24,500 | 24,500 |
| Travel and accommodation expenses | 6,687 | 10,500 | 5,802 |
| Annual allowance for travel and accommodation expenses | 15,965 | 21,000 | 16,358 |
| 26(b) | 155,373 | 159,636 | 149,691 |

(b) Key Management Personnel (KMP) Compensation

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

| | 2022 Actual | 2021 Actual |
|-------------------------------------|----------------|----------------|
| | \$ | \$ |
| Short-term employee benefits | 504,403 | 456,691 |
| Post-employment benefits | 56,213 | 51,521 |
| Employee - other long-term benefits | 38,887 | 72,200 |
| Council member costs | 155,373 | 149,691 |
| 26(a) | 754,876 | 730,103 |

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

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

Other long-term benefits

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

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

(c) 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 guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:

| | 2022 Actual | 2021 Actual |
|--|----------------|----------------|
| | \$ | \$ |
| Sale of goods and services | | |
| - Other related parties | 579 | 400 |
| | 579 | 400 |
| Purchase of goods and services | | |
| - Other related parties | 114,722 | 302,094 |
| Amounts payable to related parties: | | |
| Trade and other payables | | |
| - Other related parties | 13,621 | - |

SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

26. RELATED PARTY TRANSACTIONS (Continued)

(c) Transactions with related parties (Continued)

Purchases of goods and services from other related parties, relate to five (2021: five) companies controlled by related parties of elected members contracted on terms and conditions equivalent for those that prevail in arm's length transactions under the Shire's procurement processes. Details in relation to these transactions are as follows:

A company controlled by a related party of an elected member was awarded a contract under a tender process for bull dozer services and plant hire with a value of \$35,862 (2021: \$247,156).

A company controlled by a related party of an elected member provided labour hire grader operator services and road signage installation with a value of \$38,747 (2021: \$44,679).

A company controlled by a related party of an elected member provided emergency works and maintenance grading services with a value of \$31,883 (2021: \$0).

A company controlled by a related party of an elected member provided accommodation and catering with a value of \$5,260 (2021: \$2,922).

A company controlled by a related party of an elected member provided catering service with a value of \$2,970 (2021 \$2,110).

A company controlled by a related party of an elected member provided machinery hire services with a value of \$5,227 in 2021. No services were provided in 2022.

(d) Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Shire.

iii. Entities subject to significant influence by the Shire

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

**SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

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

The 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, term deposits, and Treasury bonds 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 |
|---------------------------|---|-----------------------------|--------------------------------|-----------------------------------|---------------------------------|
| | % | \$ | \$ | \$ | \$ |
| 2022 | | | | | |
| Cash and cash equivalents | 0.62% | 9,653,321 | 2,436,574 | 7,215,847 | 900 |
| 2021 | | | | | |
| Cash and cash equivalents | 0.13% | 5,273,970 | - | 5,273,070 | 900 |

Sensitivity

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

| | 2022 | 2021 |
|--|-------------|-------------|
| | \$ | \$ |
| Impact of a 1% movement in interest rates on profit and loss and equity* | 72,158 | 52,740 |

* 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 32(a).

**SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

27. 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. The Shire is able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

The 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 2021 or 1 July 2022 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 2022 and 30 June 2021 for rates receivable was determined as follows:

| | Less than 1 year past due | More than 1 year past due | More than 2 years past due | More than 3 years past due | Total | Note |
|-----------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|--------|------|
| 30 June 2022 | | | | | | |
| Rates receivable | | | | | | |
| Expected credit loss | 16.18% | 16.23% | 16.23% | 16.22% | | |
| Gross carrying amount | 346 | 32,092 | 7,851 | 11,572 | 51,861 | |
| Loss allowance | 56 | 5,207 | 1,274 | 1,877 | 8,414 | 5 |
| 30 June 2021 | | | | | | |
| Rates receivable | | | | | | |
| Expected credit loss | 18.94% | 18.94% | 18.94% | 18.94% | | |
| Gross carrying amount | 44,049 | 11,073 | 6,095 | 5,100 | 66,317 | |
| Loss allowance | 8,342 | 2,097 | 1,154 | 966 | 12,559 | 5 |

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

| | Less than 1 year past due | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total | |
|-----------------------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|---------|---|
| 30 June 2022 | | | | | | |
| Trade and other receivables | | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 54.98% | | |
| Gross carrying amount | 304,824 | 13,503 | - | 202,726 | 521,053 | |
| Loss allowance | - | - | - | 111,468 | 111,468 | 5 |
| 30 June 2021 | | | | | | |
| Trade and other receivables | | | | | | |
| Expected credit loss | 1.69% | 0.00% | 100.00% | 99.44% | | |
| Gross carrying amount | 468,706 | 211,862 | 6,552 | 89,932 | 777,052 | |
| Loss allowance | 7,900 | - | 6,552 | 89,432 | 103,884 | 5 |

SHIRE OF UPPER GASCOYNE
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2022

27. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

The loss allowances for trade receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

| | Rates receivable | | Trade and other receivables | |
|---|------------------|----------|-----------------------------|-----------|
| | 2022 | 2021 | 2022 | 2021 |
| | Actual | Actual | Actual | Actual |
| | \$ | \$ | \$ | \$ |
| Opening loss allowance as at 1 July | 12,559 | (6,370) | 103,884 | (89,919) |
| Increase in loss allowance recognised in profit or loss during the year | (4,145) | (6,189) | 7,584 | (14,065) |
| Closing loss allowance at 30 June | 8,414 | (12,559) | 111,468 | (103,884) |

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Shire, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Contract Assets

The Shire's contract assets represent work completed, which have not been invoiced at year end. This is due to the Shire not having met all the performance obligations in the contract which give an unconditional right to receive consideration. The Shire applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Shire has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

27. 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 18(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>2022</u> | | | | | |
| Trade and other payables | 2,125,206 | - | - | 2,125,206 | 2,125,206 |
| Short-term borrowings | 2,814,946 | - | - | 2,814,946 | 2,814,946 |
| Borrowings | 156,014 | 624,057 | 321,447 | 1,101,518 | 985,268 |
| Lease liabilities | 6,693 | 9,973 | - | 16,666 | 16,666 |
| Contract Liabilities | 1,820,117 | - | - | 1,820,117 | 1,820,117 |
| | 6,922,976 | 634,030 | 321,447 | 7,878,453 | 7,762,203 |
| <u>2021</u> | | | | | |
| Trade and other payables | 2,549,395 | - | - | 2,549,395 | 2,549,395 |
| Short-term borrowings | 1,887,991 | - | - | 1,887,991 | 1,887,991 |
| Borrowings | 156,014 | 624,057 | 477,462 | 1,257,533 | 1,118,632 |
| Contract Liabilities | 2,788,897 | - | - | 2,788,897 | 2,788,897 |
| | 7,382,297 | 624,057 | 477,462 | 8,483,816 | 8,344,915 |

28. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost 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).

i) 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.

j) 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 regularity 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.

k) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

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
- AASB 2021-7 Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

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

**SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

29. FUNCTION AND ACTIVITY

(a) Service objectives and descriptions

Shire operations as disclosed in this financial report encompass the following service orientated functions and activities.

Objective

Description

Governance

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

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

General purpose funding

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

Law, order, public safety

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

Supervision and enforcement of various local laws relating to fire prevention animal control and other aspects of public safety including emergency services.

Health

Monitoring and control health standards within the community.

Control the quality of food and water. Environmental Health Officer twice per year.

Education and welfare

To provide services to disadvantaged persons, the elderly, children and youth.

Provide a range of appropriate services via the Community Resource Centre.

Housing

Maintain staff housing to facilitate attraction and retention of staff in this remote areas.

Provide housing for staff.

Community amenities

To provide services required by the community.

Rubbish collection services, operation of rubbish disposal sites, litter control, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

Recreation and culture

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

Maintenance of public use buildings and areas including various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

Transport

Facilitate safe, effective and efficient transport options for the community.

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

Economic services

To help promote the shire and its economic well-being.

Tourism and area promotion. Building control.

Other property and services

To monitor and control council's overheads operating accounts.

Private works operation, plant repaired operation costs and engineering operation costs.

SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

29. FUNCTION AND ACTIVITY (Continued)

(b) Income and expenses

| | 2022 | 2022 | 2021 |
|---|---------------------|---------------------|---------------------|
| | Actual | Budget | Actual |
| | \$ | \$ | \$ |
| Income excluding grants, subsidies and contributions | | | |
| Governance | 21,444 | 87,694 | 124,103 |
| General purpose funding | 606,076 | 505,034 | 441,491 |
| Law, order, public safety | 44,068 | 12,196 | 10,227 |
| Health | 180 | 1,000 | 236 |
| Education and welfare | 42,666 | 42,200 | 35,713 |
| Housing | 760 | - | 570 |
| Community amenities | 4,119 | 4,200 | 4,200 |
| Recreation and culture | 16,241 | 11,600 | 17,741 |
| Transport | 188,987 | 63,158 | 10,065 |
| Economic services | 157,137 | 168,264 | 85,573 |
| Other property and services | 36,695 | 940 | 662 |
| | 1,118,373 | 896,286 | 730,581 |
| Grants, subsidies and contributions | | | |
| General purpose funding | 3,819,432 | 1,369,578 | 2,888,552 |
| Law, order, public safety | 114,308 | 3,668 | 4,052 |
| Education and welfare | 99,802 | 123,430 | 109,667 |
| Recreation and culture | 178,517 | 41,913 | 276,656 |
| Transport | 21,847,825 | 23,009,575 | 17,666,127 |
| Economic services | 1,888,807 | 3,745,000 | 563,369 |
| Other property and services | 57,706 | 60,000 | 59,785 |
| | 28,006,397 | 28,353,164 | 21,568,208 |
| Total Income | 29,124,770 | 29,249,450 | 22,298,789 |
| Expenses | | | |
| Governance | (476,202) | (706,422) | (460,119) |
| General purpose funding | (497,858) | (88,033) | (180,716) |
| Law, order, public safety | (193,143) | (114,159) | (213,997) |
| Health | (21,155) | (26,038) | (21,364) |
| Education and welfare | (257,685) | (526,296) | (261,966) |
| Housing | (358,530) | (247,973) | (337,005) |
| Community amenities | (110,055) | (108,167) | (144,961) |
| Recreation and culture | (349,999) | (293,706) | (291,383) |
| Transport | (17,174,277) | (20,889,242) | (19,289,660) |
| Economic services | (691,539) | (746,638) | (356,933) |
| Other property and services | (28,148) | (62,191) | (27,486) |
| Total expenses | (20,158,591) | (23,808,865) | (21,585,590) |
| Net result for the period | 8,966,179 | 5,440,585 | 713,199 |

SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

29. FUNCTION AND ACTIVITY (Continued)

| | 2022 | 2022 | 2021 |
|-----------------------------|--------------------|--------------------|---------------|
| | Actual | Budget | Actual |
| | \$ | \$ | \$ |
| (c) Fees and Charges | | | |
| Governance | 50 | 1,000 | 200 |
| General purpose funding | - | - | 246 |
| Law, order, public safety | 8,272 | 8,196 | 8,253 |
| Health | 180 | 1,000 | 236 |
| Education and welfare | 40 | - | 186 |
| Housing | 665 | - | 570 |
| Community amenities | 4,119 | 4,200 | 4,200 |
| Recreation and culture | 16,240 | 11,100 | 17,240 |
| Economic services | 1,698 | 2,600 | 563 |
| Other property and services | (66) | 250 | - |
| | 31,198 | 28,346 | 31,694 |
| (d) Total Assets | | | |
| Governance | 1,354,082 | 1,032,610 | |
| General purpose funding | 7,255,734 | 3,296,050 | |
| Law, order, public safety | 111,200 | - | |
| Education and welfare | 621,076 | 620,128 | |
| Housing | 1,606,387 | 2,047,010 | |
| Community amenities | 101,900 | 106,862 | |
| Recreation and culture | 1,792,808 | 1,600,225 | |
| Transport | 84,501,796 | 82,911,073 | |
| Economic services | 8,902,170 | 7,714,209 | |
| Other property and services | 3,960,201 | 2,824,893 | |
| | 110,207,354 | 102,153,060 | |

SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

30. RATING INFORMATION

(a) General Rates

| RATE TYPE Rate Description | Basis of valuation | Rate in \$ | Number of Properties | 2021/22 | | 2021/22 | | 2021/22 | | 2021/22 | | 2021/22 | | 2020/21 | |
|--|--|----------------------|----------------------|-------------------------|-------------------|----------------------|-------------------|----------------------|---------------------|------------------|----------------------|----------------------|---|--------------------|--------|
| | | | | Actual Rateable Value * | Actual Rate | Actual Interim Rates | Actual Back Rates | Actual Total Revenue | Budget Interim Rate | Budget Back Rate | Budget Total Revenue | Actual Total Revenue | | | |
| Gross rental valuations GRV - Gascoyne Junction | Gross rental valuation | 0.088935 | 19 | 147,254 | 13,096 | - | - | 13,096 | - | - | 13,096 | - | - | 13,096 | 12,847 |
| Unimproved valuations UV - Pastoral UV - Mining | Unimproved valuation Unimproved valuation | 0.046865 0.181090 | 26 109 | 1,736,392 2,166,923 | 81,376 392,408 | - | - | 81,376 392,408 | - | - | 81,376 392,408 | - | - | 127,725 280,059 | |
| Sub-Total | | | 154 | 4,050,569 | 486,880 | - | - | 486,880 | - | - | 486,880 | - | - | 420,631 | |
| Minimum payment | | | | | | | | | | | | | | | |
| Gross rental valuations GRV - Gascoyne Junction | Gross rental valuation | 206 | 4 | 2,499 | 824 | - | - | 824 | - | - | 824 | - | - | 800 | |
| Unimproved valuations UV - Pastoral UV - Mining | Unimproved valuation Unimproved valuation | 412 450 | 12 64 | 23,774 85,804 | 4,944 28,800 | - | - | 4,944 28,800 | - | - | 4,944 28,800 | - | - | 4,532 25,667 | |
| Sub-Total | | | 80 | 112,077 | 34,568 | - | - | 34,568 | - | - | 34,568 | - | - | 30,999 | |
| Exempt properties Gross rental valuations GRV - Gascoyne Junction | Gross rental valuation | | 76 76 | 45,600 45,600 | - | - | - | - | - | - | - | - | - | - | |
| Sub-Total | | | 310 | 4,208,246 | 521,448 | - | - | 521,448 | - | - | 521,448 | - | - | 451,630 | |
| Total amount raised from general rates | | | | | | | | | | | | | | 451,630 | |
| * Rateable value is based on the value of properties at the time the rate is raised. | | | | | | | | | | | | | | | |
| Ex-gratia Rates Ex-gratia Rates Rates written-off Interim and back rates | | | | | | | | | | | | | | | |
| Sub-Total | | | | | | | | | | | | | | | |
| Total amount raised from rates (excluding general rates) | | | | | | | | | | | | | | | |
| Sub-Total | | | | | | | | | | | | | | | |
| Total Rates | | | | | | | | | | | | | | | |

The entire balance of rates revenue has been recognised at a point in time in accordance with AASB 1058 Income for not-for-profit entities .

**SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

30. RATING INFORMATION (Continued)

(c) Specified Area Rate

The Shire did not impose any specified area rates during the 2021/22 financial year.

(d) Service Charges

The Shire did not impose any service charges during the 2021/22 financial year.

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

The Shire did not grant any discounts, waivers or concessions during the 2021/22 financial year.

(f) Interest Charges & Instalments

| Instalment Options | Date Due | Instalment Plan | | Unpaid Rates Interest Rate |
|---------------------|------------|-----------------|-------------------------------|----------------------------|
| | | Admin Charge | Instalment Plan Interest Rate | |
| | | \$ | % | % |
| Option One | | | | |
| Single full payment | 4/10/2021 | - | - | 7.00% |
| Option Two | | | | |
| First instalment | 4/10/2021 | - | - | 7.00% |
| Second instalment | 6/12/2021 | 3.0 | 3.00% | 7.00% |
| Third instalment | 7/02/2022 | 3.0 | 3.00% | 7.00% |
| Fourth instalment | 11/04/2022 | 3.0 | 3.00% | 7.00% |

| | 2022 | | 2021 | |
|-----------------------------|--------------|--------------|--------------|--------------|
| | Actual | Budget | Budget | Actual |
| | \$ | \$ | \$ | \$ |
| Interest on unpaid rates | 3,814 | 3,000 | 3,000 | 7,110 |
| Interest on instalment plan | 68 | 1,000 | 1,000 | 819 |
| Charges on instalment plan | 63 | 1,000 | 1,000 | 246 |
| | 3,945 | 5,000 | 5,000 | 8,175 |

SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

31. RATE SETTING STATEMENT INFORMATION

| Note | 2021/22 (30 June 2022 Carried Forward) \$ | 2021/22 Budget (30 June 2022 Carried Forward) \$ | 2021/22 (1 July 2021 Brought Forward) \$ | 2020/21 (30 June 2021 Carried Forward) \$ |
|--|---|---|--|---|
| (a) Non-cash amounts excluded from operating activities | | | | |
| The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> . | | | | |
| Adjustments to operating activities | | | | |
| Less: Profit on asset disposals | 10(d) | (33,000) | (33,000) | - |
| Movement in land held for resale | | - | 5,000 | 5,000 |
| Movement in employee benefit provisions (non-current) | | 7,339 | 17,858 | 17,858 |
| Movement in employee benefit provisions (current) | | (12,436) | 20,106 | 20,106 |
| Add / (Less): Reclassification of accrued interest on borrowings | | - | (310) | (310) |
| Add: Loss on disposal of assets | 10(d) | - | 9,852 | 9,852 |
| Add: Loss on revaluation of fixed assets | 8(a) | 165,244 | - | - |
| Add: Depreciation | 10(a) | 3,241,695 | 3,204,622 | 3,149,104 |
| Non-cash movements in non-current assets and liabilities: Financial assets at fair value through profit and loss | | (3,292) | - | - |
| Non-cash amounts excluded from operating activities | | 3,377,986 | 3,161,186 | 3,201,610 |
| (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: Reserve accounts | 33 | (2,436,485) | (1,520,689) | (2,037,129) |
| Less: Current assets not expected to be received at end of year - Land held for resale | 6 | (2,500) | (2,500) | (2,500) |
| Add: Current liabilities not expected to be cleared at end of year - Current portion of borrowings | 15 | 126,842 | 127,316 | 133,365 |
| - Leave Reserve | | 97,474 | 97,223 | 110,174 |
| - Current portion of lease liabilities | 11(b) | 6,693 | - | - |
| - Employee benefit provisions | | 12,700 | - | - |
| Total adjustments to net current assets | | (2,195,276) | (1,298,650) | (1,796,090) |
| Net current assets used in the Rate Setting Statement | | | | |
| Total current assets | | 11,980,125 | 6,768,547 | 8,809,572 |
| Less: Total current liabilities | | (7,193,609) | (5,469,897) | (7,590,678) |
| Less: Total adjustments to net current assets | | (2,195,276) | (1,298,650) | (1,796,090) |
| Net current assets used in the Rate Setting Statement | | 2,591,240 | - | (577,196) |

**SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

33. RESERVE ACCOUNTS

| | 2022 | | 2022 | | 2022 | | 2022 | | 2021 | | 2021 | | 2021 | |
|----------------------------------|------------------|----------------|------------------|-----------------|------------------|---------------|------------------|------------------------|----------------|------------------|------------------|-----------------|--------|------------------|
| | Actual | Actual | Actual | Transfer (from) | Budget | Transfer to | Opening Balance | Budget Closing Balance | Actual | Transfer to | Actual | Transfer (from) | Actual | Closing Balance |
| Restricted by council | | | | | | | | | | | | | | |
| (a) Leave reserve | 110,174 | 5 | (12,705) | | 109,659 | 269 | 97,223 | 90,068 | 20,106 | - | 110,174 | - | - | 110,174 |
| (b) Plant replacement reserve | 567,262 | 582,291 | (150,000) | | 567,262 | 1,393 | 418,655 | 418,655 | 214,186 | - | 567,262 | - | - | 567,262 |
| (c) Airport reserve | 41,067 | 1 | - | | 41,067 | 101 | 41,168 | 41,013 | 54 | - | 41,067 | - | - | 41,067 |
| (d) Tourism precinct reserve | 280,360 | 15 | (196,061) | | 280,360 | 688 | 91,048 | 379,862 | 498 | (100,000) | 280,360 | - | - | 280,360 |
| (e) Building reserve | 153,885 | 5 | (26,004) | | 153,885 | 378 | 154,263 | 53,866 | 100,019 | - | 153,885 | - | - | 153,885 |
| (f) Works reserve | 244,941 | 5 | - | | 244,941 | 601 | 245,542 | 14,223 | 230,718 | - | 244,941 | - | - | 244,941 |
| (g) Economic development reserve | 440,767 | 177,796 | - | | 440,767 | 58,862 | 249,629 | 263,985 | 176,782 | - | 440,767 | - | - | 440,767 |
| (h) Roads flood damage reserve | 152,995 | 7 | - | | 152,995 | 376 | 153,371 | 152,795 | 200 | - | 152,995 | - | - | 152,995 |
| (i) Bridge maintenance reserve | 45,678 | 24,001 | - | | 45,678 | 24,112 | 69,790 | 20,650 | 25,028 | - | 45,678 | - | - | 45,678 |
| | 2,037,129 | 784,126 | (384,770) | | 2,036,614 | 86,780 | 1,520,689 | 1,369,538 | 767,591 | (100,000) | 2,037,129 | | | 2,037,129 |

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

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 | as required | to be used to fund annual and long service leave requirements. |
| (b) Plant replacement reserve | as required | to be used to be used for the purchase of major plant and also to fund major mechanical breakdowns. |
| (c) Airport reserve | 30 Jun 25 | to fund the resealing of the Gascoyne Junction Airport. |
| (d) Tourism precinct reserve | as required | to be used for future significant repairs or upgrades on an as required basis. |
| (e) Building reserve | as required | to be used for new buildings, future repairs or upgrades on an as required basis (excluding the Tourism Precinct). |
| (f) Works reserve | as required | to be used to support funding of major infrastructure projects. |
| (g) Economic development reserve | as required | to set aside funds for economic development initiatives. |
| (h) Roads flood damage reserve | as required | to be used towards the required Shire contribution for Western Australia Natural Disaster Relief funding. |
| (i) Bridge maintenance reserve | as required | to be used for repairs and maintenance of Killilli Bridge as required. |

**SHIRE OF UPPER GASCOYNE
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

34. CHANGE IN ACCOUNTING ESTIMATE

On 30 June 2022, the Shire revalued the Land and Buildings classes of property, plant and equipment using an independent registered valuer. For the Buildings - Specialised Asset Class, the valuer provided estimated effective working lives. Furthermore, all assets were valued on the basis of having nil residual values at the end of their estimated effective working lives.

The Shire has reviewed the useful lives and residual values of the Buildings asset classes, considering the inputs used by the independent registered valuer in the valuation report. As a result of this review, the following changes in accounting estimates have been applied:

| | <u>Note</u> | <u>Previous</u> | <u>New</u> |
|------------------------------------|-------------|-----------------|---------------|
| Buildings - change in Useful Lives | 10(a) | 20 to 50 years | 3 to 80 years |
| Residual values | | Yes | No |

The impact on the Statement of Comprehensive Income in future years is anticipated to be an increase in depreciation on the Buildings Asset Class of \$54,313 per annum:

| | <u>Previous</u> | <u>New</u> |
|----------------------|-----------------|------------|
| | \$ | \$ |
| Depreciation Expense | 145,280 | 199,593 |



Auditor General

INDEPENDENT AUDITOR'S REPORT 2022 Shire of Upper Gascoyne

To the Councillors of the Shire of Upper Gascoyne

Opinion

I have audited the financial report of the Shire of Upper Gascoyne (Shire) which comprises:

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, 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.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Shire for the year ended 30 June 2022 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

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

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to

the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer of the Shire is responsible for:

- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- 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
- 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 responsibilities 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.

My independence and quality control relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Shire of Upper Gascoyne for the year ended 30 June 2022 included in the annual report 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. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Shire to confirm the information contained in the website version.



Jordan Langford-Smith
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
8 December 2022