



Annual Report 2018-2019

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1. OUR VISION

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

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.

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.

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.

2. THE COUNCIL

Shire of Upper Gascoyne Contact Information

Office Hours 8.30am to 4.30pm, Monday to 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 8.30am and the public are welcome to attend. The dates do change from 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.

HAVING YOUR 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 to or email the Shire office*
- *Telephone or visit the Shire office*
- *Write to or email your Councillors*
- *Present a question to a Council meeting through 'public question time'*
- *Contact any Councillor*

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 or available from the Shire website, CRC and 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.

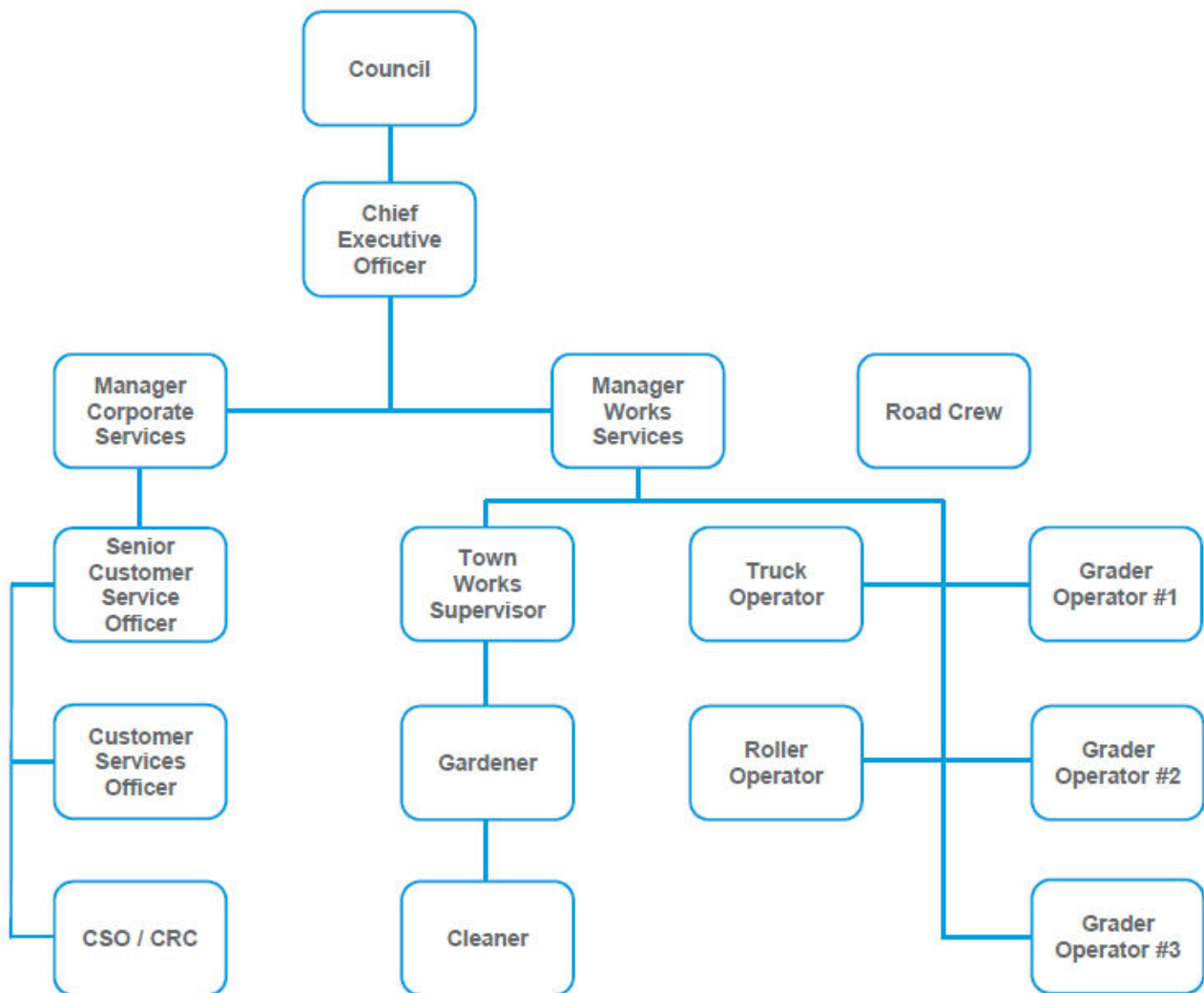
MINUTES

Minutes of all Council meetings are available to the public free online in Public Documents in PDF format on www.uppergascoyne.wa.gov.au, 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 2019 |
| Cr J Caunt | Deputy Shire President | To October 2019 |
| Cr G Watters | Councillor | To October 2019 |
| Cr R Collins (Jnr) | Councillor | To October 2019 |
| Cr A McKeough | Councillor | To October 2021 |
| Cr H McTaggart | Councillor | To October 2021 |
| Cr B Walker | Councillor | To October 2021 |

ORGANISATION STRUCTURE



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 Burringurrah). This figure is highly variable.
- 90 people on 35 pastoral stations,
- About 15 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, Gymnasium, Play Grounds, Tennis Court 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.

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 will attract many more tourists than it does currently.

SHIRE PRESIDENT'S REPORT

This report relates to the time period from the 1st of July 2018 through to the 30th of June 2019. The report provides a brief overview of the Shire's major achievements and its current financial position and performance over this time frame.

The members of Council have been committed and diligent in the execution of their duties with all members contributing to the overall direction of Council. 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.

2018 / 19 was another very busy year for the Shire with significant work being undertaken on our road infrastructure, largely as result of flood damage. In addition significant improvements have been made to our social infrastructure such as the War Memorial, footpaths, and shade structures.

I sincerely thank the Shire staff who are putting a lot of time and effort into continuing to provide and maintain our amenities, including infrastructure, roads and grounds, to such a high standard. Thanks also go to the Shire Councilors for their support and contribution to the Upper Gascoyne community during the past year.

Cr Donald Raymond Hammarquist, OAM J.P
SHIRE PRESIDENT

CHIEF EXECUTIVE OFFICER'S REPORT 2018/19

The 2018/19 reporting period has once again been very busy and very productive, with the Shire looking to deliver on various elements of the Community Strategic Plan.

The primary focus has been on delivering various road projects throughout the length and breadth of the Shire. The Shire staff delivered on Roads to Recovery and Regional Road Group Projects, all being on time and within budget. In addition to our normal works the Shire have had significant work being undertaken by contractors on various Shire Roads under the WANDRRA disaster recovery arrangements, this work is ongoing and will continue for at least another 13 to 18 months.

All staff have performed their duties well above normal expectations and they are credit to themselves and to our Shire. The interaction between the Administration and your Councillors, ably led by the Shire President – Don Hammarquist and Deputy Shire President – Jim Caunt, has been excellent with all parties working together for the benefit of our community.

Unfortunately, for me, this year has seen me struggle with Health issues. This has necessitated time away from work. During my absences all staff have stepped up to take on the extra work load, in particular Jarrod Walker who has taken on the Acting CEO role during my time away. I would also like to offer my most sincere appreciation to all Councillors, staff members and members of the community for their support, it does make a difference to know that others have your back especially when the chips are down.

From a financial perspective the Shire has performed remarkably well with projects and general operating income and expenditure meeting project forecasts. This is the first year that the Shire has been audited by the State Auditor General, the audit is far more comprehensive than previous audits, I am very pleased to advise that the Audit was exceptionally clean with only a few minor issues requiring attention, these were largely due to our small staff size, remoteness and a change of Accounting Standards during the financial year. The biggest hurdle that the Shire have faced is ensuring that we have had sufficient cash flow to fund the operations and this has caused significant work in ensuring our claims are 100% correct and that the State instrumentalities are paying these in an expeditious manner.

The Shire of Upper Gascoyne has proven to have taken a leadership role in our regional responsibilities where we have orchestrated the new claims protocol for any future Disaster Funding Arrangements, proposed new Restricted Access Vehicle guidelines, called for a review of the Asset Preservation Model and Financial Assistance Grant arrangements. We continue to work closely with all other Gascoyne Local Governments and the Gascoyne Development Commission.

The Shire have continued to work with Hastings Technologies to assist, where possible, to bring the Yangibanna Rare Earth Project to life. There is still considerable work to be done in this space and this will be dependent on Hastings establishing a preferred transport route that is acceptable to all Local Governments involved.

The 2019 / 20 financial year also promises to be another busy year with further WANDRRA works to be carried out in addition to the routine maintenance and capital works. I look forward with great confidence in the Shires ability to meet and exceed our community expectations.

John McCleary, J.P
CHIEF EXECUTIVE OFFICER

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 2014. This document is due to be reviewed in 2019.

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.

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 | 2 |
| \$110,000 - \$120,000 | 1 |
| \$120,000 - \$130,000 | 1 |
| \$130,000 - \$140,000 | 0 |
| \$140,000 - \$150,000 | 0 |
| \$150,000 - \$160,000 | 0 |
| \$160,000 - \$170,000 | 0 |
| \$170,000 - \$180,000 | 0 |
| \$180,000 - \$190,000 | 0 |
| \$190,000 - \$200,000 | 0 |
| \$200,000 – \$210,000 | 1 |

PUBLIC INTEREST DISCLOSURE ACT

During 2018/19 the Council received no disclosure or complaints lodged under the Public Interest Disclosure Act 2013.

NATIONAL COMPETITION POLICY

Council operations in the 2018/19 financial; period did not fall within the requirements of National Competition Policy.

INTEGRATED PLANNING

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. 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 2017 as such this annual report will now report against this Plan.

The Shire 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.

It is very pleasing to report that our maintenance crew have once again exceeded our expectations and delivered quality work. Our graders are getting in excess of 2000 hours of use per annum and they are being very well looked after. The biggest problem we face is when we get excessive rain and this holds up the ability to operate and when there is no rain the roads wear far quicker and we get blow outs.



(Re-sheeting Ullawarra Road)

The Shire also operate 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 2018/19 the Shire expended over \$18M in WANDRRA funding in repairing roads damaged by rain events. The reinstatement works were completed by contractors which consisted of 20% local content in the form of machinery and labour hire, accommodation and various other services. The Office of Emergency Management (WANDRRA)) also funded the construction of 30 new bores to assist in the repair works. Securing reliable water sources is imperative in maintaining and improving our road network and these bores will prove to be assets for our region in the future. In conjunction with the WANDRRA works the Shire contributed \$50,000 worth of cement used to stabilise flood ways that repeatedly fail in rain events and a further \$150,000 towards the upgrade of the Coordewandy crossing on the Carnarvon Mullewa road.



New Coordewandy crossing

The flood damage repair works have enable the Shire road crews to concentrate on non-affected sections of road that were also in need of reconstruction and maintenance.

Our country road maintenance expenditure for 2018-19 was \$895,954 while we spent \$1,234,223 in capital works projects funded through various State and Federal grants and Shire commitments. Some of these projects included resealing town streets and sections of Carnarvon Mullewa road, 1km of new seal on Carnarvon Mullewa road, reconstruction works on Ullawarra road, Cobra Dairy Creek road, Woodlands road and resheeting sections of Pimbee road.



Shire reconstruction works on Ullawarra road

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 roads to meet current and future road use requirements. Projects include the installation of a low level crossing at Dalgety Brook on the Dalgety Downs Landor road and bitumen sealing between Gascoyne Junction and Meekatharra. We were unsuccessful in securing funds for these projects in 2018/19 but these projects will be sitting shovel ready in the event that funding becomes available.

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 2018 many tenders were publicly invited including WANDRRA repair works and plant hire. All WANDRRA 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, Sharkbay, Exmouth and Murchison to be local preference.

The Shire have actively sought to sell four (4) remaining vacant residential lots which are contingent on these being developed. The idea is to increase both the housing stock and more families and this will drive economic activity.

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 promote 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.

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 Carnarvon Water Corporation to secure a more reliable town reticulation water supply. We have identified shortfalls in the current system as there is insufficient water replenishment of 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. A similar project is to source town drinking water from further afield has also been identified. We are also looking at ways to reduce our water use and ensure all future projects use a water wise approach. Both projects will be focused on in the 2019-20 financial year.

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.

The Shire are actively working with the CRBA to manage Biosecurity issues with in the Shire. The Shire are an affiliated member of the CRBA and all meetings. The Shire continue to receive funding from the CRBA and the Shire also contribute approximately \$260,000 per annum towards the cost of carrying out biosecurity tasks. The Shire currently have engaged two contractors as Licensed Pest Management operators and conducts aerial baiting on pastoral leases within our Shire once a year. In 2018 a further \$10,000 in diesel was made

available along with assistance from the CRBA to conduct trapping and dispatching of feral pigs within the Mt Clere and Landor area. The Shire deal with declared pests such as wild dogs, donkey's, camels, pigs and also take an active role in declared plants such as mesquite.

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.

This is an area where we have not had much success in this point in time. Initially the fortnightly Doctor's service as provided by the Carnarvon Aboriginal Medical Service was reinstated, however, this has been now been withdrawn; as such the community of Gascoyne Junction does not have a medical service. The Shire is working with Geraldton Regional Aboriginal Medical Services to reinstate doctor visits in the future.

The Shire have attempted to commence a Home and Community Care (HACC) program; however, due to a changeover between the State and Federal Governments the Shire have not been able to access any funding. As a temporary measure to provide assistance to our aging community, 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).

Going forward the Shire will lobby Government to reinstate the Doctor's service and also seek to have a HACC service provided for those community members who require assistance.

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;
- 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. A complete review and re-write of the Shires Asset Management Plan, Long Term Financial Plan, Workforce Plan, Corporate Plan and Strategic

Community Plan have been undertaken and adopted by Council at the June 2017 ordinary meeting of Council.

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

- \$14,694,553 WANDRRA – Flood Damage
- \$12,273 Lotteries – War Memorial
- \$250,000 Commodities Route Supplementary Fund
- \$50,000 Pavilion Upgrades
- \$49,500 NRM – Mesquite

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 will occur in 2019.

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 2019/2020 financial period by our current contracted accountant RSM.

Highlights – In Brief for 2018/19

- The new War Memorial was installed, this is a plate steel construction, it depicts a stockman coming out of the Shire of Upper Gascoyne and he is morphing into a light horseman.



- Australia's Biggest BBQ at the World's Biggest Rock hosted by the Mount Augustus Tourist Park 19th August – This event was attended by John McCleary, Peter Hutchinson, Cr Alys McKeough and Cr Blanche Walker. Well over 200 guests travelled to this unique spot in the world. Guests were treated to tasty delights created by Chef Stuart Laws and made with love and passion from local Gascoyne produce. Many tourists who attended this event commented on how good the condition of the roads were. This event is gaining popularity and after speaking to several guests, has secured a permanent spot on their social calendar.



- Staff Movements – The CEO along with Council, identified a need for improvement within the organisational structure. As such, changes were made to reduce the number of managers within the organisation. This resulted in the Administration/Corporate Services merging with the Finance Department to create Finance and Corporate Services Division which brought our organisation structure into line with comparable Shires.
- VET Program – The Shire in conjunction with Murdoch University held a clinic at Gascoyne Junction where community members can bring their animals have them checked over and free de-sexing (once the animal has been registered) if required. Micro-chipping and booster shots for animals were also available to be purchase at cost price.
- ANZAC Day was very well attended at our newly installed War Memorial by members of our community and contractors who were working within the Shire. Deputy President – Cr Jim Caunt performed the role of Master of Ceremonies, Major Seralaad Tharmarajah attended on behalf of the Australian Army and the Burringurrah Police performed the raising of the flag.



- Pavilion Community Buildings – The Shire received a grant from Lotteries west to erect a shade structure over these buildings. A bright yellow colour was chosen and erected over the communal space and there are plans to install a small garden so that those who utilise the space are able to enjoy it more.



- WANDRRA Claims – In January and June of 2018 the Shire received significant amounts of rain that severely damaged our road network. Works on the January event's repairs have now been completed and were in the order of \$18M. The June 2018 damage was estimated to be worth \$4M in repairs have commenced and will be completed in the first half of 2020.
- DRFAWA Claims- Department of Fire and Emergency Services (DFES) and the Office of Emergency Management (OEM) are now the governing bodies of all flood damage claims after November 2018. The Shire of Upper Gascoyne suffered further damage to our network in April 2019. DFES and OEM have approved \$11.1M in funding for these repairs. Works will commence in November 2019.



- The Gascoyne Dash – Held over the Easter weekend saw competitors on Day 1 race from Carnarvon to Gascoyne Junction where the finish and start line was based behind the Junction Pub and Tourist Park. The park was packed for the event and we saw many people travel from Carnarvon to watch the event. Competitors and spectators spent the night before completing Day 2 of the race back to Carnarvon. Due to recent rainfall in the area leading up to the event, the racing conditions were just about perfect.



- Junction Race Club – A record crowd and large fields converged on the Junction Race Club in August. The Shire is a major sponsor of this event that continues to grow in popularity and brings visitors and money into our district. The Junction Gymkhana was also a great success.
- Landor Races were held in October 2018– This is the Gascoyne's second major event held in our Shire each year and we are proud to be a major sponsor. The East Gascoyne Race Club do an amazing job in organising another huge draw card for visitors and promoting our region.
- Gascoyne Junction hosted The Carnarvon Horseman's Club Gascoyne Junction Gymkhana in April- the Shire support this event and it continues to grow in popularity.



- Keep Australia Beautiful Council, Tidy Towns Nominations – Gascoyne Junction was a Finalist for the General Appearance Category. The Town Beautification Project, encompasses the continual improvements the Shire have been making to amenities and the overall appearance of the town. Unfortunately we did not win our category and will continue to work on our project to apply again for next year.
- Aerial Baiting Program was carried out on the 11th and 12th of October 2018 a total of six tonnes of meat was purchased by the Shire, some station owners assisted in drying out the meat and injecting with poison prior to the baits being distributed over participating properties.
- In April 2019 three people, Dawn Gilchrist, Shire President Don Hammarquist and ex Shire President Lachlan McTaggart who all have ongoing ties to the Upper Gascoyne community were awarded Order of Australia Medals by the Honourable Kim Beazley at Government House in Perth.



- Community Functions provided by the Shire for the 2018/2019 period:
 - Australia's Biggest Morning Tea, raising money for the Cancer Council WA.
 - Community Road Safety Quiz, hosted online and at the Junction Pub and Tourist Park
 - Pictures in the Park held several times throughout the year at the GJ Pavilion and Junction Pub and Tourist Park
 - 2018 Horizon Power Community Christmas Party, a free community dinner is provided to all residents along with live entertainment, a visit from Santa and activities for the children
- Other Community Functions supported by the Shire
 - Pink Stumps, hosted by the Gascoyne Junction Remote Community School
 - Colour Fun Run, hosted by the Gascoyne Junction Remote Community School
 - School Presentations Evenings hosted by the Gascoyne Junction Remote Community School and the Carnarvon School of the Air

SHIRE OF UPPER GASCOYNE
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

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

| | Note | 2019 Actual \$ | 2019 Budget \$ | 2018 Actual \$ |
|--|-------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Rates | 28(a) | 359,330 | 371,465 | 365,605 |
| Operating grants, subsidies and contributions | 2(a) | 21,086,899 | 19,500,558 | 12,662,321 |
| Fees and charges | 2(a) | 46,949 | 32,290 | 26,603 |
| Interest earnings | 2(a) | 44,027 | 48,832 | 56,009 |
| Other revenue | 2(a) | 1,959,001 | 170,107 | 199,094 |
| | | 23,496,206 | 20,123,252 | 13,309,632 |
| Expenses | | | | |
| Employee costs | | (1,188,876) | (1,032,014) | (1,162,950) |
| Materials and contracts | | (19,604,768) | (19,211,998) | (10,417,797) |
| Utility charges | | (134,701) | (113,050) | (144,649) |
| Depreciation on non-current assets | 11(b) | (2,328,011) | (2,326,141) | (2,167,520) |
| Interest expenses | 2(b) | (139,664) | (169,618) | (64,632) |
| Insurance expenses | | (227,591) | (216,371) | (210,783) |
| Other expenditure | | (78,041) | (188,610) | (51,000) |
| | | (23,701,652) | (23,257,802) | (14,219,331) |
| | | (205,446) | (3,134,550) | (909,699) |
| Non-operating grants, subsidies and contributions | 2(a) | 1,296,496 | 1,293,495 | 1,176,936 |
| Profit on asset disposals | 11(a) | 0 | 0 | 28,288 |
| (Loss) on asset disposals | 11(a) | (57,085) | (60,864) | (17,165) |
| Impairment of intangible assets | 7 | (96,473) | 0 | 0 |
| | | 1,142,938 | 1,232,631 | 1,188,059 |
| Net result for the period | | 937,492 | (1,901,919) | 278,360 |
| Other comprehensive income | | | | |
| <i>Items not reclassified subsequently to profit or loss</i> | | | | |
| Changes in asset revaluation surplus | 12 | 243,031 | 0 | 1,715,767 |
| Total other comprehensive income for the period | | 243,031 | 0 | 1,715,767 |
| Total comprehensive income for the period | | 1,180,523 | (1,901,919) | 1,994,127 |

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

SHIRE OF UPPER GASCOYNE
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2019

| | Note | 2019 Actual \$ | 2019 Budget \$ | 2018 Actual \$ |
|--|-------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Governance | | 60,077 | 10,000 | 10,758 |
| General purpose funding | | 3,293,340 | 1,672,442 | 3,094,673 |
| Law, order, public safety | | 198,761 | 183,331 | 137,956 |
| Health | | 672 | 1,000 | 181 |
| Education and welfare | | 122,751 | 132,100 | 124,860 |
| Community amenities | | 3,960 | 4,200 | 3,850 |
| Recreation and culture | | 20,443 | 14,050 | 25,985 |
| Transport | | 19,625,808 | 18,054,501 | 9,595,380 |
| Economic services | | 103,977 | (12,572) | 246,140 |
| Other property and services | | 66,417 | 64,200 | 69,849 |
| | | <u>23,496,206</u> | <u>20,123,252</u> | <u>13,309,632</u> |
| Expenses | | | | |
| Governance | | (474,830) | (489,146) | (509,261) |
| General purpose funding | | (158,161) | (151,766) | (100,092) |
| Law, order, public safety | | (430,889) | (416,562) | (294,543) |
| Health | | (20,681) | (20,050) | (13,230) |
| Education and welfare | | (247,818) | (266,583) | (298,998) |
| Housing | | (378,167) | (295,238) | (288,768) |
| Community amenities | | (115,508) | (104,426) | (93,124) |
| Recreation and culture | | (252,788) | (247,308) | (285,170) |
| Transport | | (20,952,234) | (20,622,145) | (11,608,806) |
| Economic services | | (285,241) | (416,774) | (566,704) |
| Other property and services | | (245,671) | (58,186) | (96,003) |
| | | <u>(23,561,988)</u> | <u>(23,088,184)</u> | <u>(14,154,699)</u> |
| Finance Costs | | | | |
| General purpose funding | | (93,892) | (130,000) | (23,370) |
| Housing | | (14,059) | (9,922) | (9,122) |
| Economic services | | (31,713) | (29,696) | (32,140) |
| | 2(b) | <u>(139,664)</u> | <u>(169,618)</u> | <u>(64,632)</u> |
| | | (205,446) | (3,134,550) | (909,699) |
| Non-operating grants, subsidies and contributions | 2(a) | 1,296,496 | 1,293,495 | 1,176,936 |
| Profit on disposal of assets | 11(a) | 0 | 0 | 28,288 |
| (Loss) on disposal of assets | 11(a) | (57,085) | (60,864) | (17,165) |
| Impairment of intangible assets | 7 | (96,473) | 0 | 0 |
| | | <u>1,142,938</u> | <u>1,232,631</u> | <u>1,188,059</u> |
| Net result for the period | | <u>937,492</u> | <u>(1,901,919)</u> | <u>278,360</u> |
| Other comprehensive income | | | | |
| <i>Items not reclassified subsequently to profit or loss</i> | | | | |
| Changes in asset revaluation surplus | 12 | 243,031 | 0 | 1,715,767 |
| Total other comprehensive income for the period | | <u>243,031</u> | <u>0</u> | <u>1,715,767</u> |
| Total comprehensive income for the period | | <u>1,180,523</u> | <u>(1,901,919)</u> | <u>1,994,127</u> |

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

SHIRE OF UPPER GASCOYNE
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019

| | Note | 2019 \$ | 2018 \$ |
|--------------------------------------|-------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 3 | 3,260,351 | 3,923,069 |
| Trade receivables | 5 | 2,182,862 | 2,157,583 |
| Inventories | 6 | 144,245 | 99,799 |
| TOTAL CURRENT ASSETS | | 5,587,458 | 6,180,451 |
| NON-CURRENT ASSETS | | | |
| Financial assets | 8 | 35,034 | 0 |
| Property, plant and equipment | 9(a) | 10,942,333 | 11,105,707 |
| Infrastructure | 10(a) | 65,943,586 | 65,526,975 |
| Intangible assets | 7 | 0 | 96,473 |
| TOTAL NON-CURRENT ASSETS | | 76,920,953 | 76,729,155 |
| TOTAL ASSETS | | 82,508,411 | 82,909,606 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 13 | 820,546 | 701,672 |
| Short term borrowings | 14 | 0 | 1,620,168 |
| Borrowings | 15(a) | 73,642 | 70,691 |
| Employee related provisions | 16 | 187,367 | 171,861 |
| TOTAL CURRENT LIABILITIES | | 1,081,555 | 2,564,392 |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | 15(a) | 756,361 | 830,003 |
| Employee related provisions | 16 | 26,823 | 52,062 |
| TOTAL NON-CURRENT LIABILITIES | | 783,184 | 882,065 |
| TOTAL LIABILITIES | | 1,864,739 | 3,446,457 |
| NET ASSETS | | 80,643,672 | 79,463,149 |
| EQUITY | | | |
| Retained surplus | | 38,370,482 | 37,590,080 |
| Reserves - cash backed | 4 | 1,674,894 | 1,517,804 |
| Revaluation surplus | 12 | 40,598,296 | 40,355,265 |
| TOTAL EQUITY | | 80,643,672 | 79,463,149 |

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

SHIRE OF UPPER GASCOYNE
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2019

| | | RESERVES | | |
|-----------------------------------|------------|-----------|-------------|------------|
| | RETAINED | CASH | REVALUATION | TOTAL |
| Note | SURPLUS | BACKED | SURPLUS | EQUITY |
| | \$ | \$ | \$ | \$ |
| Balance as at 1 July 2017 | 37,522,472 | 1,307,052 | 38,639,498 | 77,469,022 |
| Comprehensive income | | | | |
| Net result for the period | 278,360 | 0 | 0 | 278,360 |
| Other comprehensive income | 12 0 | 0 | 1,715,767 | 1,715,767 |
| Total comprehensive income | 278,360 | 0 | 1,715,767 | 1,994,127 |
| Transfers from/(to) reserves | (210,752) | 210,752 | 0 | 0 |
| Balance as at 30 June 2018 | 37,590,080 | 1,517,804 | 40,355,265 | 79,463,149 |
| Comprehensive income | | | | |
| Net result for the period | 937,492 | 0 | 0 | 937,492 |
| Other comprehensive income | 12 0 | 0 | 243,031 | 243,031 |
| Total comprehensive income | 937,492 | 0 | 243,031 | 1,180,523 |
| Transfers from/(to) reserves | (157,090) | 157,090 | 0 | 0 |
| Balance as at 30 June 2019 | 38,370,482 | 1,674,894 | 40,598,296 | 80,643,672 |

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

SHIRE OF UPPER GASCOYNE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019

| | Note | 2019 Actual \$ | 2019 Budget \$ | 2018 Actual \$ |
|---|-------|----------------------|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts | | | | |
| Rates | | 353,054 | 371,465 | 397,405 |
| Operating grants, subsidies and contributions | | 21,083,931 | 19,500,558 | 10,617,202 |
| Fees and charges | | 46,949 | 32,290 | 26,603 |
| Interest received | | 44,027 | 48,832 | 56,009 |
| Other revenue | | 1,923,967 | 170,107 | 199,094 |
| | | <u>23,451,928</u> | <u>20,123,252</u> | <u>11,296,313</u> |
| Payments | | | | |
| Employee costs | | (1,198,664) | (1,015,956) | (1,092,029) |
| Materials and contracts | | (19,530,285) | (18,967,780) | (10,015,483) |
| Utility charges | | (134,701) | (113,050) | (144,649) |
| Interest expenses | | (139,664) | (169,618) | (65,233) |
| Insurance paid | | (227,591) | (216,371) | (210,783) |
| Goods and services tax paid | | (29,759) | 0 | (1,034) |
| Other expenditure | | (64,317) | (188,623) | (51,000) |
| | | <u>(21,324,981)</u> | <u>(20,671,398)</u> | <u>(11,580,211)</u> |
| Net cash provided by (used in) operating activities | 17 | 2,126,947 | (548,146) | (283,898) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Payments for property, plant & equipment | 9(a) | (338,752) | (390,700) | (1,241,634) |
| Payments for construction of infrastructure | 10(a) | (2,079,277) | (2,138,440) | (2,437,707) |
| Less Retentions held for Bridge Project | | 0 | 0 | (112,182) |
| Non-operating grants, subsidies and contributions | 2(a) | 1,296,496 | 1,293,495 | 1,176,936 |
| Proceeds from sale of property, plant & equipment | 11(a) | 22,727 | 45,288 | 170,000 |
| Net cash provided by (used in) investment activities | | <u>(1,098,806)</u> | <u>(1,190,357)</u> | <u>(2,444,587)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 15(b) | (70,691) | (70,691) | (52,732) |
| Proceeds from new borrowings | 15(c) | 0 | 0 | 355,000 |
| Net cash provided by (used in) financing activities | | <u>(70,691)</u> | <u>(70,691)</u> | <u>302,268</u> |
| Net increase (decrease) in cash held | | 957,450 | (1,809,194) | (2,426,217) |
| Cash at beginning of year | | 2,302,901 | 3,923,069 | 4,729,118 |
| Cash and cash equivalents at the end of the year | 17 | <u>3,260,351</u> | <u>2,113,875</u> | <u>2,302,901</u> |

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

SHIRE OF UPPER GASCOYNE
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019

| | Note | 2019 Actual \$ | 2019 Budget \$ | 2018 Actual \$ |
|---|--------|----------------------|----------------------|----------------------|
| OPERATING ACTIVITIES | | | | |
| Net current assets at start of financial year - surplus/(deficit) | 29 (b) | 2,244,178 | 2,244,179 | 3,242,126 |
| | | 2,244,178 | 2,244,179 | 3,242,126 |
| Revenue from operating activities (excluding rates) | | | | |
| Governance | | 60,077 | 10,000 | 10,758 |
| General purpose funding | | 2,934,009 | 1,300,977 | 2,730,721 |
| Law, order, public safety | | 198,761 | 183,331 | 137,956 |
| Health | | 672 | 1,000 | 181 |
| Education and welfare | | 122,751 | 132,100 | 124,860 |
| Community amenities | | 3,960 | 4,200 | 3,850 |
| Recreation and culture | | 20,443 | 14,050 | 25,985 |
| Transport | | 19,625,808 | 18,054,501 | 9,623,668 |
| Economic services | | 103,977 | (12,572) | 246,140 |
| Other property and services | | 66,417 | 64,200 | 69,849 |
| | | 23,136,875 | 19,751,787 | 12,973,968 |
| Expenditure from operating activities | | | | |
| Governance | | (474,830) | (489,146) | (509,261) |
| General purpose funding | | (252,053) | (281,765) | (155,602) |
| Law, order, public safety | | (430,889) | (416,562) | (294,543) |
| Health | | (20,681) | (20,050) | (13,230) |
| Education and welfare | | (247,818) | (266,583) | (298,998) |
| Housing | | (392,226) | (305,160) | (297,890) |
| Community amenities | | (115,508) | (104,426) | (93,124) |
| Recreation and culture | | (252,788) | (247,308) | (285,170) |
| Transport | | (21,009,319) | (20,668,297) | (11,625,971) |
| Economic services | | (413,427) | (461,182) | (566,704) |
| Other property and services | | (245,671) | (58,186) | (96,003) |
| | | (23,855,210) | (23,318,667) | (14,236,496) |
| Non-cash amounts excluded from operating activities | 29(a) | 2,425,093 | 2,403,090 | 2,141,500 |
| Amount attributable to operating activities | | 3,950,936 | 1,080,389 | 4,121,098 |
| INVESTING ACTIVITIES | | | | |
| Non-operating grants, subsidies and contributions | | 1,296,496 | 1,293,495 | 1,176,936 |
| Proceeds from disposal of assets | 11(a) | 22,727 | 45,288 | 170,000 |
| Purchase of property, plant and equipment | 9(a) | (338,752) | (390,700) | (1,241,634) |
| Purchase and construction of infrastructure | 10(a) | (2,079,277) | (2,138,440) | (2,437,707) |
| Reclassification of 2017 bank overdraft | 12 | 0 | 0 | 17 |
| Amount attributable to investing activities | | (1,098,806) | (1,190,357) | (2,332,388) |
| FINANCING ACTIVITIES | | | | |
| Repayment of borrowings | 15(b) | (70,691) | (70,691) | (52,732) |
| Proceeds from borrowings | 15(c) | 0 | 0 | 355,000 |
| Transfers to reserves (restricted assets) | 4 | (329,910) | (265,806) | (669,752) |
| Transfers from reserves (restricted assets) | 4 | 172,820 | 75,000 | 459,000 |
| Amount attributable to financing activities | | (227,781) | (261,497) | 91,516 |
| Surplus/(deficit) before imposition of general rates | | 2,624,349 | (371,465) | 1,880,226 |
| Total amount raised from general rates | 28(a) | 359,330 | 371,465 | 363,952 |
| Surplus/(deficit) after imposition of general rates | 29(b) | 2,983,679 | 0 | 2,244,178 |

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

1. BASIS OF PREPARATION

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 31 to these financial statements.

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

| | 2019 Actual \$ | 2019 Budget \$ | 2018 Actual \$ |
|--|----------------------|----------------------|----------------------|
| Operating grants, subsidies and contributions | | | |
| General purpose funding | 2,851,337 | 1,265,945 | 11,201,087 |
| Law, order, public safety | 187,041 | 0 | 128,825 |
| Health | 0 | 173,541 | 0 |
| Education and welfare | 96,000 | 106,000 | 97,000 |
| Transport | 17,887,822 | 17,891,872 | 1,006,180 |
| Economic services | 0 | 0 | 159,380 |
| Other property and services | 64,699 | 63,200 | 69,849 |
| | 21,086,899 | 19,500,558 | 12,662,321 |
| Non-operating grants, subsidies and contributions | | | |
| Recreation and culture | 62,273 | 12,272 | 61,081 |
| Transport | 1,234,223 | 1,281,223 | 1,115,855 |
| | 1,296,496 | 1,293,495 | 1,176,936 |
| Total grants, subsidies and contributions | 22,383,395 | 20,794,053 | 13,839,257 |

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

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

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

Grants, donations and other contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 27. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

| | 2019 Actual | 2019 Budget | 2018 Actual |
|-------------------------------|------------------|----------------|----------------|
| | \$ | \$ | \$ |
| Other revenue | | | |
| Reimbursements and recoveries | 1,773,802 | 0 | 149,062 |
| Works income | 10,146 | 0 | 50,032 |
| Other | 175,053 | 170,107 | 0 |
| | <u>1,959,001</u> | <u>170,107</u> | <u>199,094</u> |
| Fees and charges | | | |
| Governance | 100 | 0 | 100 |
| General purpose funding | 490 | 0 | 0 |
| Law, order, public safety | 8,101 | 9,790 | 7,351 |
| Health | 672 | 1,000 | 180 |
| Education and welfare | 0 | 100 | 0 |
| Community amenities | 3,960 | 4,200 | 3,850 |
| Recreation and culture | 20,443 | 14,000 | 13,213 |
| Economic services | 11,465 | 2,200 | 1,909 |
| Other property and services | 1,718 | 1,000 | 0 |
| | <u>46,949</u> | <u>32,290</u> | <u>26,603</u> |

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

Interest earnings

| | | | |
|--|---------------|---------------|---------------|
| Reserve accounts interest | 29,167 | 28,832 | 22,801 |
| Rates instalment and penalty interest (refer Note 28(e)) | 4,161 | 5,000 | 9,137 |
| Other interest earnings | 10,699 | 15,000 | 24,071 |
| | <u>44,027</u> | <u>48,832</u> | <u>56,009</u> |

(b) Expenses

| | 2019 Actual | 2019 Budget | 2018 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Auditors remuneration | | | |
| Audit of the annual financial report | 37,000 | 25,000 | 13,130 |
| Other services | 0 | 0 | 2,850 |
| | <u>37,000</u> | <u>25,000</u> | <u>15,980</u> |
| Interest expenses (finance costs) | | | |
| Borrowings (refer Note 15(b)) | 36,811 | 35,413 | 38,337 |
| WA Treasury loan guarantee fee | 8,961 | 4,205 | 2,925 |
| Interest on overdraft | 93,892 | 130,000 | 23,370 |
| | <u>139,664</u> | <u>169,618</u> | <u>64,632</u> |

3. CASH AND CASH EQUIVALENTS

| Note | 2019 | 2018 |
|--|------------------|------------------|
| | \$ | \$ |
| Cash at bank and on hand | 1,585,457 | 2,342,289 |
| Term deposits | 1,674,894 | 1,580,780 |
| | <u>3,260,351</u> | <u>3,923,069</u> |
| Comprises: | | |
| - Unrestricted cash and cash equivalents | 1,473,362 | 2,342,289 |
| - Restricted cash and cash equivalents | 1,786,989 | 1,580,780 |
| | <u>3,260,351</u> | <u>3,923,069</u> |

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

Reserve accounts

| | | | |
|------------------------------|---|------------------|------------------|
| Leave reserve | 4 | 89,028 | 87,231 |
| Plant replacement reserve | 4 | 744,656 | 434,806 |
| Airport reserve | 4 | 40,539 | 62,371 |
| Tourism precinct reserve | 4 | 375,474 | 367,897 |
| Building reserve | 4 | 53,705 | 53,042 |
| Works reserve | 4 | 13,599 | 72,456 |
| Economic development reserve | 4 | 260,936 | 345,000 |
| Roads flood damage reserve | 4 | 76,545 | 75,000 |
| Bridge maintenance reserve | 4 | 20,412 | 20,000 |
| | | <u>1,674,894</u> | <u>1,517,803</u> |

Other restricted cash and cash equivalents

| | | | |
|---|----|------------------|------------------|
| Unspent grants/contributions | 27 | 52,378 | 62,977 |
| Bonds and deposits held | 13 | 59,717 | 0 |
| Total restricted cash and cash equivalents | | <u>1,786,989</u> | <u>1,580,780</u> |

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash

Cash and cash equivalents (Continued)

and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

SHIRE OF UPPER GASCOYNE
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4. RESERVES - CASH BACKED

| | 2019 Actual | | | | 2019 Budget | | | | 2018 Actual | | | |
|----------------------------------|-----------------|-------------|-----------------|-----------------|-----------------|-------------|-----------------|-----------------|-----------------|-------------|-----------------|-----------------|
| | Opening balance | Transfer to | Transfer (from) | Closing balance | Opening balance | Transfer to | Transfer (from) | Closing balance | Opening balance | Transfer to | Transfer (from) | Closing balance |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| (a) Leave reserve | 87,231 | 1,797 | 0 | 89,028 | 87,232 | 1,745 | | 88,977 | 85,555 | 1,676 | 0 | 87,231 |
| (b) Plant replacement reserve | 434,806 | 309,850 | 0 | 744,656 | 434,806 | 168,696 | | 603,502 | 663,830 | 90,976 | (320,000) | 434,806 |
| (c) Airport reserve | 62,371 | 988 | (22,820) | 40,539 | 62,371 | 21,847 | | 84,218 | 40,969 | 21,402 | 0 | 62,371 |
| (d) Tourism precinct reserve | 367,897 | 7,577 | 0 | 375,474 | 367,897 | 27,794 | | 395,691 | 340,786 | 27,111 | 0 | 367,897 |
| (e) Building reserve | 53,042 | 663 | 0 | 53,705 | 53,041 | 16,975 | | 70,016 | 110,732 | 17,310 | (75,000) | 53,042 |
| (f) Works reserve | 72,457 | 1,142 | (60,000) | 13,599 | 72,457 | 1,449 | | 73,906 | 65,180 | 71,277 | (64,000) | 72,457 |
| (g) Economic development reserve | 345,000 | 5,936 | (90,000) | 260,936 | 345,000 | 6,900 | | 351,900 | 0 | 345,000 | 0 | 345,000 |
| (h) Roads flood damage reserve | 75,000 | 1,545 | 0 | 76,545 | 75,000 | 0 | (75,000) | 0 | 0 | 75,000 | 0 | 75,000 |
| (i) Bridge maintenance reserve | 20,000 | 412 | 0 | 20,412 | 20,000 | 20,400 | | 40,400 | 0 | 20,000 | 0 | 20,000 |
| | 1,517,804 | 329,910 | (172,820) | 1,674,894 | 1,517,804 | 265,806 | (75,000) | 1,708,610 | 1,307,052 | 669,752 | (459,000) | 1,517,804 |

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

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

| Name of Reserve | Anticipated date of use | Purpose of the reserve |
|----------------------------------|-------------------------|--|
| (a) Leave reserve | Note 1 | to be used to fund annual and long service leave requirements. |
| (b) Plant replacement reserve | Note 1 | to be used for the purchase of major plant and also to fund major mechanical breakdowns. |
| (c) Airport reserve | 30 Jun 2025 | to fund the resealing of the Gascoyne Junction Airport. |
| (d) Tourism precinct reserve | Note 1 | to be used for future significant repairs or upgrades on an as required basis. |
| (e) Building reserve | Note 1 | to be used for new buildings, future repairs or upgrades on an as required basis (excluding the Tourism Precinct). |
| (f) Works reserve | Note 1 | to be used to support funding of major infrastructure projects. |
| (g) Economic development reserve | Note 1 | to set aside funds for economic development initiatives. |
| (h) Roads flood damage reserve | Note 1 | to be used towards the required Shire contribution for WANDRRA funding. |
| (i) Bridge maintenance reserve | Note 1 | to be used for repairs and maintenance of Killili Bridge as required. |

Note 1: Reserve not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

5. TRADE AND OTHER RECEIVABLES

| | 2019 | 2018 |
|---|------------------|------------------|
| | \$ | \$ |
| Current | | |
| Rates receivable | 45,219 | 38,943 |
| Sundry receivables | 55,776 | 1,072,817 |
| GST receivable | 136,669 | 106,910 |
| Accrued income | 2,018,204 | 998,195 |
| Allowance for impairment of receivables | (73,006) | (59,282) |
| | <u>2,182,862</u> | <u>2,157,583</u> |

Information with respect to the impairment or otherwise of the totals of rates outstanding, sundry debtors, and accrued income are as follows:

| | 2019 | 2018 |
|---|---------------|---------------|
| | \$ | \$ |
| Rates outstanding | | |
| Past due and not impaired | 3,159 | 9,498 |
| Impaired | 42,060 | 29,445 |
| | <u>45,219</u> | <u>38,943</u> |
| Allowance for impairment of receivables | 29,445 | 37,319 |
| Movement in allowance for the impairment of receivables | 12,615 | (7,874) |
| Carrying amount at 30 June | <u>42,060</u> | <u>29,445</u> |

| | | |
|---|---------------|------------------|
| Sundry debtors | | |
| Past due and not impaired | 24,830 | 1,042,980 |
| Impaired | 30,946 | 29,837 |
| | <u>55,776</u> | <u>1,072,817</u> |
| Allowance for impairment of receivables | 29,837 | 1,261 |
| Movement in allowance for the impairment of receivables | 1,109 | 28,576 |
| Carrying amount at 30 June | <u>30,946</u> | <u>29,837</u> |

| | | |
|--|---------------|---------------|
| Allowance for impairment of receivables | | |
| Rates receivable | 42,060 | 29,445 |
| Sundry receivables | 30,946 | 29,837 |
| | <u>73,006</u> | <u>59,282</u> |

Accrued income

The following illustrates the accrued income aging analysis

| | | |
|-----------------|-----------|---------|
| Up to one month | 2,018,204 | 998,195 |
|-----------------|-----------|---------|

5. TRADE AND OTHER RECEIVABLES (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 30.

Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

Classification and subsequent measurement

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

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

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

6. INVENTORIES

Current

Fuel and materials
Land held for resale

| | 2019 | 2018 |
|----------------------|----------------|---------------|
| | \$ | \$ |
| Fuel and materials | 134,245 | 87,799 |
| Land held for resale | 10,000 | 12,000 |
| | <u>144,245</u> | <u>99,799</u> |

The following inventory movements occurred during the year:

Carrying amount at 1 July

Write down of land held for sale to net realisable value

Additions to inventory

Carrying amount at 30 June

| | | |
|--|----------------|---------------|
| Carrying amount at 1 July | 99,799 | 96,100 |
| Write down of land held for sale to net realisable value | (10,785) | 0 |
| Additions to inventory | 55,231 | 3,699 |
| Carrying amount at 30 June | <u>144,245</u> | <u>99,799</u> |

6. INVENTORIES (Continued)

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. INTANGIBLE ASSETS

Other non-current assets

Liquor licence
Impairment of asset

| | 2019 | 2018 |
|--|----------|--------|
| | \$ | \$ |
| | 96,473 | 96,473 |
| | (96,473) | 0 |
| | 0 | 96,473 |

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.

General

Intangible assets acquired as part of a business combination, other than goodwill, are initially measure at their fair value at

General (Continued)

the date of acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment.

The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured at the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

8. OTHER FINANCIAL ASSETS

| | 2019 | 2018 |
|---|---------------|----------|
| | \$ | \$ |
| Financial assets at fair value through profit and loss | | |
| Units in LG housing trust (unlisted equity investment) | 35,034 | 0 |
| | <u>35,034</u> | <u>0</u> |

Local government house trust

The Shire holds 2 of 620 units in the local government house trust which purchased the Local Government House. The total contribution by all Councils towards the purchase of the building was \$582,000.

Based on net assets of \$10,860,610 and 620 units, the value of 1 unit in the local government house, at 30 Jun 18, is \$17,517. This asset has been brought to account in 2019 as shown above.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Refer to Note 30 for information regarding impairment and exposure to risk.

Previous accounting policy: available for sale financial assets

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

Previous accounting policy: Loans and receivables

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

Refer to Note 32 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

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9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in carrying amounts

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

| | Land - freehold land | Total land | Buildings - non- specialised | Buildings - specialised | Total buildings | Total land and buildings | Furniture and equipment | Plant and equipment | Works in progress | Total property, plant and equipment |
|--|-------------------------|------------|------------------------------------|----------------------------|--------------------|--------------------------------|-------------------------------|------------------------|----------------------|--|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2017 | 834,000 | 834,000 | 895,393 | 6,342,732 | 7,238,125 | 8,072,125 | 118,005 | 2,274,456 | 109,989 | 10,574,575 |
| Additions | 0 | 0 | 0 | 639,893 | 639,893 | 639,893 | 13,033 | 554,016 | 34,692 | 1,241,634 |
| (Disposals) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (158,877) | 0 | (158,877) |
| Depreciation (expense) | 0 | 0 | (12,631) | (105,104) | (117,735) | (117,735) | (29,773) | (404,117) | 0 | (551,625) |
| Carrying amount at 30 June 2018 | 834,000 | 834,000 | 882,762 | 6,877,521 | 7,760,283 | 8,594,283 | 101,265 | 2,265,478 | 144,681 | 11,105,707 |
| Comprises: | | | | | | | | | | |
| Gross carrying amount at 30 June 2018 | 834,000 | 834,000 | 895,393 | 6,983,506 | 7,878,899 | 8,712,899 | 520,298 | 3,069,442 | 144,681 | 12,447,320 |
| Accumulated depreciation at 30 June 2018 | 0 | 0 | (12,631) | (105,985) | (118,616) | (118,616) | (419,033) | (803,964) | 0 | (1,341,613) |
| Carrying amount at 30 June 2018 | 834,000 | 834,000 | 882,762 | 6,877,521 | 7,760,283 | 8,594,283 | 101,265 | 2,265,478 | 144,681 | 11,105,707 |
| Additions | 0 | 0 | 28,359 | 69,025 | 97,384 | 97,384 | 0 | 241,368 | 0 | 338,752 |
| (Disposals)* | 0 | 0 | 0 | 0 | 0 | 0 | (9,228) | (66,584) | 0 | (75,812) |
| Revaluation adjustments | | | | | | | | | | |
| Increments / (decrements) to surplus | 0 | 0 | 0 | 0 | 0 | 0 | 7,080 | 235,951 | 0 | 243,031 |
| (Loss) / reversals to profit or loss | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment (losses) / reversals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation (expense) | 0 | 0 | (12,631) | (108,756) | (121,387) | (121,387) | (27,667) | (405,610) | 0 | (554,664) |
| Transfers | 0 | 0 | 658,466 | (628,466) | 30,000 | 30,000 | 0 | 0 | (144,681) | (114,681) |
| Carrying amount at 30 June 2019 | 834,000 | 834,000 | 1,556,956 | 6,209,324 | 7,766,280 | 8,600,280 | 71,450 | 2,270,603 | 0 | 10,942,333 |
| Comprises: | | | | | | | | | | |
| Gross carrying amount at 30 June 2019 | 834,000 | 834,000 | 1,603,158 | 6,403,124 | 8,006,282 | 8,840,282 | 71,450 | 2,270,603 | 0 | 11,182,335 |
| Accumulated depreciation at 30 June 2019 | 0 | 0 | (46,202) | (193,800) | (240,002) | (240,002) | 0 | 0 | 0 | (240,002) |
| Carrying amount at 30 June 2019 | 834,000 | 834,000 | 1,556,956 | 6,209,324 | 7,766,280 | 8,600,280 | 71,450 | 2,270,603 | 0 | 10,942,333 |

* - Refer to Note 11 for more information regarding assets disposed under Regulation 17A.

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair value measurements

| Asset class | Fair value hierarchy | Valuation technique | Basis of valuation | Date of last valuation | Inputs used |
|--------------------------------|----------------------|---|-------------------------------|------------------------|--|
| Land and buildings | | | | | |
| Land - freehold land | Level 2 | Market approach using recent observable market data for similar properties | Independent registered valuer | 2017 | Price per hectare or sales comparison |
| Buildings - non-specialised | Level 3 | Improvements to land valued using cost approach using depreciated replacement cost (gross valuation method) | Independent registered valuer | 2017 | Construction costs and current condition, residual values and remaining useful life assessments inputs |
| Buildings - specialised | Level 3 | Improvements to land valued using cost approach using depreciated replacement cost (gross valuation method) | Independent registered valuer | 2017 | Construction costs and current condition, residual values and remaining useful life assessments inputs |
| Furniture and equipment | | | | | |
| Furniture and equipment | Level 2 | Market approach using recent observable market data for similar assets (gross valuation method) | Independent registered valuer | 2019 | Market data, recent sales data, second-hand dealer's websites |
| Plant and equipment | | | | | |
| Plant and equipment | Level 2 | Market approach using recent observable market data for similar assets (gross valuation method) | Independent registered valuer | 2019 | Market data, recent sales data, vehicle guides, cost books, data supplied by the Shire |

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.

10. INFRASTRUCTURE

(a) Movements in carrying amounts

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

| | Infrastructure - roads | Infrastructure - other | Works in progress | Total infrastructure |
|--|---------------------------|---------------------------|-------------------|----------------------|
| | \$ | \$ | | \$ |
| Balance at 1 July 2017 | 58,072,804 | 4,916,592 | 0 | 62,989,396 |
| Additions | 2,406,626 | 31,081 | 0 | 2,437,707 |
| (Disposals) | 0 | 0 | 0 | 0 |
| Revaluation adjustments | | | | |
| Increments / (decrements) to surplus | 1,723,885 | (8,118) | 0 | 1,715,767 |
| Depreciation (expense) | (1,487,488) | (128,407) | 0 | (1,615,895) |
| Carrying amount at 30 June 2018 | 60,715,827 | 4,811,148 | 0 | 65,526,975 |
| Comprises: | | | | |
| Gross carrying amount at 30 June 2018 | 87,888,969 | 4,811,148 | 0 | 92,700,117 |
| Accumulated depreciation at 30 June 2018 | (27,173,142) | 0 | 0 | (27,173,142) |
| Carrying amount at 30 June 2018 | 60,715,827 | 4,811,148 | 0 | 65,526,975 |
| Additions | 2,038,590 | 32,437 | 8,250 | 2,079,277 |
| (Disposals)* | 0 | (4,000) | 0 | (4,000) |
| Depreciation (expense) | (1,642,881) | (130,466) | 0 | (1,773,347) |
| Transfers | 0 | 0 | 114,681 | 114,681 |
| Carrying amount at 30 June 2019 | 61,111,536 | 4,709,119 | 122,931 | 65,943,586 |
| Comprises: | | | | |
| Gross carrying amount at 30 June 2019 | 89,927,559 | 4,839,585 | 122,931 | 94,890,075 |
| Accumulated depreciation at 30 June 2019 | (28,816,023) | (130,466) | 0 | (28,946,489) |
| Carrying amount at 30 June 2019 | 61,111,536 | 4,709,119 | 122,931 | 65,943,586 |

* - Refer to Note 11 for more information regarding assets disposed under Regulation 17A.

10. INFRASTRUCTURE (Continued)

(b) Fair value measurements

| Asset class | Fair value hierarchy | Valuation technique | Basis of valuation | Date of last valuation | Inputs used |
|------------------------|----------------------|---|-------------------------------|------------------------|--|
| Infrastructure - roads | Level 3 | Cost approach using depreciated replacement cost (gross valuation method) | Independent registered valuer | 2018 | Construction costs and current condition, residual values and remaining useful life assessments inputs |
| Infrastructure - other | Level 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.

10. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

Revaluation

The fair value of fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires property, plant and equipment to be shown at fair value.

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control

In accordance with *Local Government (Financial Management) Regulation 16(a)(ii)*, the Shire was required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or Regional significance.

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

Land under roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 *Land Under Roads* and the fact *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, *Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulation* prevails.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire.

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

(a) Disposals of assets

| | 2019 Actual | | | | 2019 Budget | | | | 2018 Actual | | | |
|-----------------------------|-------------|----------|----------|----------|-------------|----------|----------|----------|-------------|----------|----------|----------|
| | Net book | Sale | Disposal | Disposal | Net book | Sale | Disposal | Disposal | Net book | Sale | Disposal | Disposal |
| | value | proceeds | profit | loss | value | proceeds | profit | loss | value | proceeds | profit | loss |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Land - freehold land | 0 | 0 | 0 | 0 | 35,000 | 20,288 | 0 | (14,712) | 0 | 0 | 0 | 0 |
| Buildings - non-specialised | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Buildings - specialised | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Furniture and equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Regulation 17A assets | 9,228 | 0 | 0 | (9,228) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plant and equipment | 57,063 | 22,727 | 0 | (34,336) | 71,152 | 25,000 | 0 | (46,152) | 158,877 | 170,000 | 28,288 | (17,165) |
| - Regulation 17A assets | 9,521 | 0 | 0 | (9,521) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Infrastructure - roads | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Infrastructure - other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Regulation 17A assets | 4,000 | 0 | 0 | (4,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 79,812 | 22,727 | 0 | (57,085) | 106,152 | 45,288 | 0 | (60,864) | 158,877 | 170,000 | 28,288 | (17,165) |

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

(a) Disposals of assets (Continued)

The following assets were disposed of during the year.

| | Net book value | 2019 Actual Sale proceeds | Disposal profit | Disposal loss |
|-----------------------------------|-------------------|---------------------------------|--------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Governance | | | | |
| Furniture and Equipment | | | | |
| - Regulation 17A assets | 4,489 | 0 | 0 | (4,489) |
| Housing | | | | |
| Furniture and Equipment | | | | |
| - Regulation 17A assets | 85 | 0 | 0 | (85) |
| Transport | | | | |
| Furniture and Equipment | | | | |
| - Regulation 17A assets | 4,654 | 0 | 0 | (4,654) |
| Plant and Equipment | | | | |
| - Utility (Mazda) BT50 4WD (GU31) | 29,442 | 22,727 | 0 | (6,715) |
| - Steig Tractor | 17,601 | 0 | 0 | (17,601) |
| - HT Camp Trailer (GU983) | 10,020 | 0 | 0 | (10,020) |
| - Regulation 17A assets | 9,521 | 0 | 0 | (9,521) |
| Infrastructure - other | | | | |
| - Regulation 17A assets | 4,000 | 0 | 0 | (4,000) |
| | 79,812 | 22,727 | 0 | (57,085) |

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

(b) Depreciation

| | 2019 Actual | 2019 Budget | 2018 Actual |
|-----------------------------|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Buildings - non-specialised | 12,631 | 21,800 | 12,631 |
| Buildings - specialised | 108,756 | 159,630 | 105,104 |
| Furniture and equipment | 27,667 | 34,320 | 29,773 |
| Plant and equipment | 405,610 | 392,700 | 404,117 |
| Infrastructure - roads | 1,642,881 | 1,643,291 | 1,487,488 |
| Infrastructure - other | 130,466 | 74,400 | 128,407 |
| | 2,328,011 | 2,326,141 | 2,167,520 |

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

| Asset class | Useful life | Asset class | Useful life |
|--------------------------|-----------------|-------------------|-----------------|
| Buildings | 10 to 50 years | Formed subgrade | not depreciated |
| Furniture and equipment | 1 to 20 years | Unformed subgrade | not depreciated |
| Plant and equipment | 1 to 25 years | Gravel roads | |
| Other infrastructure | 5 to 50 years | formation | not depreciated |
| Sealed roads and streets | | pavement | 20 years |
| formation | not depreciated | Footpaths - slab | 40 years |
| pavement | 20 years | Drainage | 40 years |
| seal | 20 years | Bridges | 100 years |
| Unsealed pavement | 15 years | | |

Depreciation (Continued)

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

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

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12. REVALUATION SURPLUS

| | 2019 | | | | | 2018 | | | | |
|-------------------------|--------------------|--------------------------|----------------------------|-------------------|--------------------|--------------------|--------------------------|----------------------------|-------------------|--------------------|
| | Opening balance | Revaluation increment | Revaluation (decrement) | Total movement | Closing balance | Opening balance | Revaluation increment | Revaluation (decrement) | Total movement | Closing balance |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Land | 293,272 | 0 | 0 | 0 | 293,272 | 293,272 | 0 | 0 | 0 | 293,272 |
| Buildings | 122,287 | 0 | 0 | 0 | 122,287 | 122,287 | 0 | 0 | 0 | 122,287 |
| Furniture and equipment | 0 | 7,080 | 0 | 7,080 | 7,080 | 0 | 0 | 0 | 0 | 0 |
| Plant and equipment | 258,841 | 235,951 | 0 | 235,951 | 494,792 | 258,841 | 0 | 0 | 0 | 258,841 |
| Infrastructure - roads | 39,198,356 | 0 | 0 | 0 | 39,198,356 | 37,474,471 | 1,723,885 | 0 | 1,723,885 | 39,198,356 |
| Infrastructure - other | 482,509 | 0 | 0 | 0 | 482,509 | 490,627 | 0 | (8,118) | (8,118) | 482,509 |
| | 40,355,265 | 243,031 | 0 | 243,031 | 40,598,296 | 38,639,498 | 1,723,885 | (8,118) | 1,715,767 | 40,355,265 |

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.

13. TRADE AND OTHER PAYABLES

| | 2019 | 2018 |
|---|----------------|----------------|
| | \$ | \$ |
| Current | | |
| Sundry creditors | 126,948 | 610,193 |
| Retentions held for the Gascoyne River Bridge Project | 6,171 | 64,627 |
| Accrued interest on debentures | 11,829 | 12,729 |
| Accrued salaries and wages | 13,368 | 13,423 |
| Accrued expenses | 602,473 | 0 |
| Deposits and bonds | 59,757 | 700 |
| | <u>820,546</u> | <u>701,672</u> |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect

Trade and other payables (Continued)

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

14. SHORT-TERM BORROWINGS

| | 2019 | 2018 |
|---|----------|------------------|
| | \$ | \$ |
| Unsecured | | |
| Bank overdraft | 0 | 1,620,168 |
| Represented by: | | |
| Unrestricted – Municipal bank overdraft | 0 | 1,620,168 |
| | <u>0</u> | <u>1,620,168</u> |

SHIRE OF UPPER GASCOYNE
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15. INFORMATION ON BORROWINGS

(a) Borrowings

| | 2019 | 2018 |
|-------------|---------|---------|
| | \$ | \$ |
| Current | 73,642 | 70,691 |
| Non-current | 756,361 | 830,003 |
| | 830,003 | 900,694 |

(b) Repayments - Borrowings

30 June 2019 - Actual

| | Loan number | Institution | Interest rate | Principal 1 July 2018 | New loans | Principal repayments | Interest repayments | Principal outstanding |
|--------------------------|-------------|-------------|---------------|-----------------------|-----------|----------------------|---------------------|-----------------------|
| | | | | \$ | \$ | \$ | \$ | \$ |
| Housing | | | | | | | | |
| Staff housing | 29 | WATC* | 2.99% | 339,640 | 0 | 31,412 | 9,579 | 308,228 |
| Economic services | | | | | | | | |
| Tourism precinct | 28 | WATC* | 5.04% | 561,054 | 0 | 39,279 | 27,232 | 521,775 |
| | | | | 900,694 | 0 | 70,691 | 36,811 | 830,003 |

30 June 2019 - Budget

| | Loan number | Institution | Interest rate | Principal 1 July 2018 | New loans | Principal repayments | Interest repayments | Principal outstanding |
|--------------------------|-------------|-------------|---------------|-----------------------|-----------|----------------------|---------------------|-----------------------|
| | | | | \$ | \$ | \$ | \$ | \$ |
| Housing | | | | | | | | |
| Staff housing | 29 | WATC* | 2.99% | 339,640 | 0 | 31,412 | 9,922 | 308,228 |
| Economic services | | | | | | | | |
| Tourism precinct | 28 | WATC* | 5.04% | 561,053 | 0 | 39,279 | 29,696 | 521,774 |
| | | | | 900,693 | 0 | 70,691 | 39,618 | 830,002 |

30 June 2018 - Actual

| | Loan number | Institution | Interest rate | Principal 1 July 2017 | New loans | Principal repayments | Interest repayments | Principal outstanding |
|--------------------------|-------------|-------------|---------------|-----------------------|-----------|----------------------|---------------------|-----------------------|
| | | | | \$ | \$ | \$ | \$ | \$ |
| Housing | | | | | | | | |
| Staff housing | 29 | WATC* | 2.99% | 0 | 355,000 | 15,360 | 9,122 | 339,640 |
| Economic services | | | | | | | | |
| Tourism precinct | 28 | WATC* | 5.04% | 598,426 | 0 | 37,372 | 29,215 | 561,054 |
| | | | | 598,426 | 355,000 | 52,732 | 38,337 | 900,694 |

* - Western Australian Treasury Corporation.

All borrowing repayments were financed by general purpose revenue.

15. INFORMATION ON BORROWINGS (Continued)

(c) New borrowings - 2018/19

The Shire did not have any new borrowings as at 30 June 2019.

(d) Unspent borrowings

The Shire did not have any unspent borrowings as at 30 June 2019.

(e) Undrawn borrowing facilities

Credit standby arrangements

| | 2019 | 2018 |
|--------------------------------------|------------------|------------------|
| | \$ | \$ |
| Bank overdraft limit | 4,200,000 | 3,700,000 |
| WANDRRA overdraft at balance date | 0 | (1,620,168) |
| Credit card limit | 10,000 | 10,000 |
| Credit card balance at balance date | (1,205) | (9,144) |
| Total amount of credit unused | 4,208,795 | 2,080,688 |

Loan facilities

| | | |
|--|----------------|----------------|
| Loan facilities - current | 73,642 | 70,691 |
| Loan facilities - non-current | 756,361 | 830,003 |
| Total facilities in use at balance date | 830,003 | 900,694 |

| | | |
|---|----------|----------|
| Unused loan facilities at balance date | 0 | 0 |
|---|----------|----------|

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 30.

16. EMPLOYEE RELATED PROVISIONS

Employee related provisions

| | Provision for annual leave | Provision for long service leave | Total |
|---------------------------------------|----------------------------------|--|----------|
| | \$ | \$ | \$ |
| Opening balance at 1 July 2018 | | | |
| Current provisions | 89,796 | 82,065 | 171,861 |
| Non-current provisions | 0 | 52,062 | 52,062 |
| | 89,796 | 134,127 | 223,923 |
| Additional provision | 18,885 | 40,231 | 59,116 |
| Amounts used | (25,805) | (43,044) | (68,849) |
| Balance at 30 June 2019 | 82,876 | 131,314 | 214,190 |
| Comprises | | | |
| Current | 82,876 | 104,491 | 187,367 |
| Non-current | 0 | 26,823 | 26,823 |
| | 82,876 | 131,314 | 214,190 |

Amounts are expected to be settled on the following basis:

| | 2019 | 2018 |
|--|---------|---------|
| | \$ | \$ |
| Less than 12 months after the reporting date | 187,367 | 171,861 |
| More than 12 months from reporting date | 26,823 | 52,062 |
| | 214,190 | 223,923 |

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

16. EMPLOYEE RELATED PROVISIONS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

17. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the statement of financial position as follows:

| | 2019 Actual | 2019 Budget | 2018 Actual |
|---------------------------|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| Cash and cash equivalents | 3,260,351 | 2,113,875 | 3,923,069 |
| Bank overdraft | 0 | (1,620,168) | (1,620,168) |
| | 3,260,351 | 493,707 | 2,302,901 |

Reconciliation of net cash provided by operating activities to net result

| | | | |
|---|------------------|------------------|------------------|
| Net result | 937,492 | (1,901,919) | 278,360 |
| Non-cash flows in net result: | | | |
| Recognition of units in LG housing trust | (35,034) | 0 | 0 |
| Depreciation | 2,328,011 | 2,326,141 | 2,167,520 |
| (Profit)/loss on sale of asset | 57,085 | 60,864 | (11,123) |
| Impairment of intangible assets | 96,473 | 0 | 0 |
| Changes in assets and liabilities: | | | |
| (Increase)/decrease in receivables | (25,279) | 0 | (2,014,353) |
| (Increase)/decrease in inventories | (44,446) | 0 | (3,699) |
| Increase/(decrease) in payables | 118,874 | 244,205 | 406,585 |
| Increase/(decrease) in provisions | (9,733) | 16,058 | 69,748 |
| Non-operating grants, subsidies and contributions | (1,296,496) | (1,293,495) | (1,176,936) |
| Net cash from operating activities | 2,126,947 | (548,146) | (283,898) |

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

| | 2019 | 2018 |
|-----------------------------|------------|------------|
| | \$ | \$ |
| Governance | 1,124,184 | 3,212,159 |
| General purpose funding | 1,620,491 | 2,321,950 |
| Health | 2,253 | 1,745 |
| Education and welfare | 706,850 | 654,371 |
| Housing | 1,610,661 | 1,763,901 |
| Community amenities | 161,257 | 123,821 |
| Recreation and culture | 1,089,393 | 1,049,280 |
| Transport | 65,686,027 | 64,011,708 |
| Economic services | 7,358,880 | 7,096,010 |
| Other property and services | 3,148,415 | 2,674,661 |
| | 82,508,411 | 82,909,606 |

19. CONTINGENT LIABILITIES

The Shire did not have any contingent liabilities at reporting date.

20. CAPITAL AND LEASING COMMITMENTS

The Shire did not have any capital or leasing commitments at reporting date.

SIGNIFICANT ACCOUNTING POLICIES

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

21. JOINT VENTURE ARRANGEMENTS AND INVESTMENT IN ASSOCIATES

The Shire is not involved in any joint venture arrangements and did not have any investments in associates at the reporting date.

22. SUBSEQUENT EVENTS

The Shire did not have any known subsequent events at the reporting date.

23. MAJOR LAND TRANSACTIONS

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

24. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

25. INVESTMENT PROPERTIES

The Shire did not hold any investment properties at reporting date.

26. RELATED PARTY TRANSACTIONS

Elected members remuneration

| | 2019 Actual | 2019 Budget | 2018 Actual |
|--|----------------|----------------|----------------|
| | \$ | \$ | \$ |
| The following fees, expenses and allowances were paid to Council members and/or the President. | | | |
| Meeting fees | 74,675 | 72,500 | 74,675 |
| President's allowance | 19,570 | 19,000 | 19,570 |
| Deputy President's allowance | 4,893 | 4,700 | 4,893 |
| Travelling expenses | 29,575 | 23,200 | 32,342 |
| Telecommunications allowance | 24,500 | 24,500 | 24,500 |
| | 153,213 | 143,900 | 155,980 |

Key management personnel (KMP) compensation disclosure

| | 2019 Actual | 2018 Actual |
|--|----------------|----------------|
| | \$ | \$ |
| The total of remuneration paid to KMP of the Shire during the year are as follows: | | |
| Short-term employee benefits | 454,406 | 422,365 |
| Post-employment benefits | 82,092 | 52,297 |
| Other long-term benefits | 21,879 | 9,557 |
| | 558,377 | 484,219 |

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

26. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

The following transactions occurred with related parties:

| | 2019 Actual | 2018 Actual |
|--------------------------------|----------------|----------------|
| | \$ | \$ |
| Sale of goods and services | 2,288 | 0 |
| Purchase of goods and services | 239,354 | 218,625 |

Amounts outstanding from related parties:

| | | |
|-----------------------------------|---|---|
| Trade and other receivables | 0 | 0 |
| Loans to associated entities | 0 | 0 |
| Loans to key management personnel | 0 | 0 |

Amounts payable to related parties:

| | | |
|--------------------------------|-------|--------|
| Trade and other payables | 1,277 | 16,410 |
| Loans from associated entities | 0 | 0 |

Related parties

The Shire's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

iii. Entities subject to significant influence by the Shire

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

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27. CONDITIONS OVER GRANTS/CONTRIBUTIONS

| Grant / contribution | Opening balance ⁽¹⁾ 1/07/17 \$ | Received ⁽²⁾ 2017/18 \$ | Expended ⁽³⁾ 2017/18 \$ | Closing balance ⁽¹⁾ 30/06/18 \$ | Received ⁽²⁾ 2018/19 \$ | Expended ⁽³⁾ 2018/19 \$ | Closing balance 30/06/19 \$ |
|--|--|--|--|---|--|--|--------------------------------------|
| Governance | | | | | | | |
| Structural reform | 40,000 | 0 | (40,000) | 0 | 0 | 0 | 0 |
| Recreation and culture | | | | | | | |
| DLGSC - Resurface tennis court | 0 | 12,445 | (12,445) | 0 | 0 | 0 | 0 |
| Lotterywest - Pavilion shade sail | 0 | 20,000 | 0 | 20,000 | 0 | (20,000) | 0 |
| Lotterywest - ANZAC memorial | 0 | 25,000 | (25,000) | 0 | 12,273 | (12,273) | 0 |
| DVA - ANZAC memorial | 0 | 3,636 | (3,636) | 0 | 0 | 0 | 0 |
| Sports Australia - Pavilion upgrade | 0 | 0 | 0 | 0 | 50,000 | 0 | 50,000 |
| Transport | | | | | | | |
| Roads to recovery | 0 | 868,271 | (829,341) | 38,930 | 440,715 | (477,267) | 2,378 |
| Royalties for regions - Bridge grant | 773,083 | 0 | (764,736) | 8,347 | 0 | (8,347) | 0 |
| Regional road group project grants | 0 | 437,520 | (437,520) | 0 | 296,955 | (296,955) | 0 |
| MRWA indigenous access RRG grant | 0 | 204,500 | (204,500) | 0 | 246,553 | (246,553) | 0 |
| FAGS special project / indigenous access | 0 | 100,000 | (100,000) | 0 | 0 | 0 | 0 |
| Roads to recovery indigenous access | 0 | 100,000 | (100,000) | 0 | 0 | 0 | 0 |
| Woodlands road CRFS grant | 0 | 0 | 0 | 0 | 250,000 | (250,000) | 0 |
| Economic services | | | | | | | |
| GDC - Kennedy range loop road | 50,000 | 0 | (50,000) | 0 | 0 | 0 | 0 |
| GDC - Paraburdoo road realignment | 23,712 | 121,500 | (149,512) | (4,300) | 4,300 | 0 | 0 |
| GDC - Tourist rest areas | 0 | 37,880 | (37,880) | 0 | 0 | 0 | 0 |
| | 886,795 | 1,930,752 | (2,754,570) | 62,977 | 1,300,796 | (1,311,395) | 52,378 |

Notes:

(1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

28. RATING INFORMATION

(a) Rates

| | | | 2018/19 Actual Rate revenue | Interim rates | Back rates | Total revenue | 2018/19 Budget Total revenue | 2017/18 Actual Total revenue |
|--|---------|-------------------------|--------------------------------------|------------------|---------------|------------------|---------------------------------------|---------------------------------------|
| Differential general rate | Rate in | Number of properties | Rateable value | | | | | |
| Gross rental valuations | \$ | # | \$ | \$ | \$ | \$ | \$ | \$ |
| GRV - Gascoyne Junction | 0.0847 | 20 | 151,366 | 12,821 | 0 | 0 | 12,821 | 12,336 |
| Unimproved valuations | | | | | | | | |
| UV - Pastoral | 0.0455 | 26 | 1,452,139 | 66,072 | 0 | 0 | 66,072 | 54,310 |
| UV - Mining | 0.1393 | 90 | 1,821,803 | 253,777 | (1,630) | 135 | 252,282 | 269,386 |
| Sub-total | | 136 | 3,425,308 | 332,670 | (1,630) | 135 | 331,175 | 336,032 |
| Minimum payment | | | | | | | | |
| Gross rental valuations | | | | | | | | |
| GRV - Gascoyne Junction | 195 | 3 | 1,045 | 585 | 0 | 0 | 585 | 740 |
| Unimproved valuations | | | | | | | | |
| UV - Pastoral | 400 | 12 | 23,895 | 4,800 | 0 | 0 | 4,800 | 2,400 |
| UV - Mining | 420 | 63 | 81,879 | 26,460 | 0 | 0 | 26,880 | 24,780 |
| Sub-total | | 78 | 106,819 | 31,845 | 0 | 0 | 31,845 | 27,920 |
| | | 214 | 3,532,127 | 364,515 | (1,630) | 135 | 363,020 | 363,952 |
| Discounts/concessions (refer Note 28(d)) | | | | | | 0 | 0 | 0 |
| Total amount raised from general rate | | | | | | 363,020 | 370,065 | 363,952 |
| Specified area rate (refer Note 28(b)) | | | | | | 0 | 0 | 0 |
| Ex-gratia rates | | | | | | 2,800 | 1,400 | 1,425 |
| Rates written-off | | | | | | (6,490) | 0 | 228 |
| Totals | | | | | | 359,330 | 371,465 | 365,605 |

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

28. RATING INFORMATION (Continued)

(b) Specified area rate

The Shire did not impose any specified area rates during the 2018/2019 financial year.

(c) Service charges

The Shire did not impose any service charges during the 2018/2019 financial year.

(d) Discounts, incentives, concessions, and write-offs

The Shire did not grant any discounts, waivers, or concessions during the 2018/2019 financial year.

(e) Interest charges and instalments

| Instalment options | Date due | Instalment plan admin charge | Instalment plan interest rate | Unpaid rates interest rate |
|---------------------|-------------|------------------------------|-------------------------------|----------------------------|
| | | \$ | % | % |
| Option One | | | | |
| Single full payment | 18 Oct 2018 | | | 11.0% |
| Option Two | | | | |
| First instalment | 18 Oct 2018 | 5 | 5.5% | 11.0% |
| Second instalment | 18 Dec 2018 | 5 | 5.5% | 11.0% |
| Third instalment | 18 Feb 2019 | 5 | 5.5% | 11.0% |
| Fourth instalment | 18 Apr 2019 | 5 | 5.5% | 11.0% |

| | 2019 Actual | 2019 Budget | 2018 Actual |
|-------------------------------|-------------|-------------|-------------|
| | \$ | \$ | \$ |
| Interest charges | | | |
| - Interest on unpaid rates | 3,611 | 4,500 | 8,894 |
| - Interest on instalment plan | 550 | 500 | 243 |
| | 4,161 | 5,000 | 9,137 |
| Other charges | | | |
| - Charges on instalment plan | 490 | 700 | 215 |
| | 490 | 700 | 215 |
| Total charges | 4,651 | 5,700 | 9,352 |

29. RATE SETTING STATEMENT INFORMATION

| | | 2018/19 Budget | 2018/19 |
|--|---|--------------------------------------|-------------------------------------|
| | 2018/19 (30 June 2019 carried forward) | (30 June 2019 carried forward) | (1 July 2018 brought forward) |
| Note | \$ | \$ | \$ |
| (a) Non-cash amounts excluded from operating activities | | | |
| The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the rate setting statement in accordance with <i>Financial Management Regulation 32</i> . | | | |
| Adjustments to operating activities | | | |
| Less: Profit on asset disposals | 11(a) 0 | 0 | (28,288) |
| Less: Recognition of units in LG housing trust | 8 (35,034) | 0 | 0 |
| (Reversal) of prior year loss on revaluation of fixed assets | 0 | 0 | 4,740 |
| Movement in land held for resale | 6 2,000 | 0 | 0 |
| Movement in employee benefit provisions (non-current) | 16 (25,239) | 16,085 | (19,637) |
| Movement in current leave reserve | 4 1,797 | 0 | 0 |
| Add: Loss on disposal of assets | 11(a) 57,085 | 60,864 | 17,165 |
| Add: Impairment of intangible asset | 7 96,473 | 0 | 0 |
| Add: Depreciation on assets | 11(b) 2,328,011 | 2,326,141 | 2,167,520 |
| Non cash amounts excluded from operating activities | 2,425,093 | 2,403,090 | 2,141,500 |
| (b) Surplus/(deficit) after imposition of general rates | | | |
| The following current assets and liabilities have been excluded from the net current assets used in the rate setting statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates. | | | |
| Adjustments to net current assets | | | |
| Less: Reserves - restricted cash | 3 (1,674,894) | (1,708,610) | (1,517,803) |
| Less: Land held for resale | 6 (10,000) | 0 | (12,000) |
| Add: Current portion of borrowings | 15(a) 73,642 | 73,642 | 70,691 |
| Add: Employee leave reserve | 4 89,028 | 88,977 | 87,231 |
| Total adjustments to net current assets | (1,522,224) | (1,545,991) | (1,371,881) |
| Net current assets used in the rate setting statement | | | |
| Total current assets | 5,587,458 | 4,339,896 | 6,180,451 |
| Less: Total current liabilities | (1,081,555) | (2,793,905) | (2,564,392) |
| Less: Total adjustments to net current assets | (1,522,224) | (1,545,991) | (1,371,881) |
| Net current assets used in the rate setting statement | 2,983,679 | 0 | 2,244,178 |

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

| | Weighted average interest rate | Carrying amount | Fixed interest rate | Variable interest rate | Non-interest bearing |
|---------------------------|--------------------------------|-----------------|---------------------|------------------------|----------------------|
| | % | \$ | \$ | \$ | \$ |
| 2019 | | | | | |
| Cash and cash equivalents | 1.2% | 3,260,351 | 0 | 3,259,451 | 900 |
| 2018 | | | | | |
| Cash and cash equivalents | 1.6% | 3,923,069 | 0 | 3,922,169 | 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.

| | 2019 | 2018 |
|--|--------|--------|
| | \$ | \$ |
| Impact of a 1% movement in interest rates on profit and loss and equity* | 32,595 | 39,222 |

* - 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 with fixed interest rates based on the situation considered the most advantageous at the time of negotiation. Therefore, 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 15(b).

30. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade 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 also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

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

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

| | Current | One to | Two to | Three or | Total |
|-------------------------|---------|-----------|-------------|------------|--------|
| | \$ or % | two years | three years | more years | \$ |
| Rates receivable | | | | | |
| 30 June 2019 | | | | | |
| Expected default rate | 94.8% | 97.4% | 83.5% | 94.4% | |
| Gross carrying amount | 792 | 18,177 | 10,833 | 15,417 | 45,219 |
| Expected credit loss | 751 | 17,710 | 9,041 | 14,558 | 42,060 |
| 01 July 2018 | | | | | |
| Expected default rate | 64.5% | 51.0% | 100.0% | 100.0% | |
| Gross carrying amount | 22,439 | 3,990 | 1,647 | 10,867 | 38,943 |
| Expected credit loss | 14,475 | 2,035 | 2,068 | 10,867 | 29,445 |

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

| | Current | One to | Two to | Three or | Total |
|---------------------------|-----------|------------|--------------|-------------|-----------|
| | \$ or % | two months | three months | more months | \$ |
| Sundry receivables | | | | | |
| 30 June 2019 | | | | | |
| Expected default rate | 0.0% | 96.6% | 100.0% | 80.2% | |
| Gross carrying amount | 20,651 | 8,208 | 7,267 | 19,650 | 55,776 |
| Expected credit loss | 0 | 7,929 | 7,267 | 15,750 | 30,946 |
| 01 July 2018 | | | | | |
| Expected default rate | 0.0% | 54.6% | 53.6% | 55.7% | |
| Gross carrying amount | 1,018,827 | 8,791 | 6,544 | 38,655 | 1,072,817 |
| Expected credit loss | 0 | 4,802 | 3,506 | 21,529 | 29,837 |

30. 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 15(e).

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.

| Payable type | Due within 1 year | Due between 1 and 5 years | Due after 5 years | Total contractual cash flows | Carrying values |
|----------------|----------------------|------------------------------|----------------------|------------------------------------|--------------------|
| 2019 | \$ | \$ | \$ | \$ | \$ |
| Payables | 820,546 | 0 | 0 | 820,546 | 820,546 |
| Borrowings | 108,401 | 433,605 | 480,004 | 1,022,010 | 830,003 |
| | 928,947 | 433,605 | 480,004 | 1,842,556 | 1,650,549 |
| 2018 | | | | | |
| Payables | 701,672 | 0 | 0 | 701,672 | 701,672 |
| Borrowings | 108,401 | 433,605 | 588,406 | 1,130,412 | 900,694 |
| Bank overdraft | 1,620,168 | 0 | 0 | 1,620,168 | 1,620,168 |
| | 2,430,241 | 433,605 | 588,406 | 3,452,252 | 3,222,534 |

31. TRUST FUNDS

Funds held at balance date over which the Shire has no control, and are not included in the financial statements, are as follows:

| | 1 July 2018 | Received | Paid | Reclassified* | 30 June 2019 |
|--------------------------|-------------|-----------|-------------|---------------|--------------|
| | \$ | \$ | \$ | \$ | \$ |
| Community fund | 461 | 1 | 0 | (462) | 0 |
| Tourism precinct bond | 81,767 | 30,179 | (61,767) | (50,179) | 0 |
| Hastings Ullawarra Works | 0 | 1,000,286 | (991,210) | (9,076) | 0 |
| | 82,228 | 1,030,466 | (1,052,977) | (59,717) | 0 |

* - Reclassified to restricted cash. Refer to Note 3 for further information.

32. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies. However, there were no adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Shire has not restated the comparative information which continues to be reported under AASB 139.

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

The nature of these adjustments are described below:

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

32. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

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

Rates and sundry receivables classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.

The Shire did not designate any financial assets as at fair value through profit and loss.

In summary, upon the adoption of AASB 9, the Shire had the following required (or elected) reclassifications as at 1 July 2018:

| AASB 139 category | AASB 139 value | AASB 9 category amortised cost | Fair value through OCI | Fair value through P/L |
|------------------------------|----------------|--------------------------------------|------------------------------|------------------------------|
| Loans and receivables | \$ | \$ | \$ | \$ |
| Rates and sundry receivables | 1,052,478 | 1,052,478 | 0 | 0 |
| | 1,052,478 | 1,052,478 | 0 | 0 |

(b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through profit and loss.

Set out below is the reconciliation of the ending impairment allowances in accordance with AASB 139 to the opening loss allowances determined, in accordance with AASB 9:

| | Impairment under AASB 139 as at 30 June 2018 | Remeasurement | ECL under AASB 9 as at 01 July 2018 |
|--|--|---------------|--|
| | \$ | \$ | \$ |
| Loans and receivables under AASB 139 / Financial assets at amortised cost under AASB 9 | 59,282 | 0 | 59,282 |
| | 59,282 | 0 | 59,282 |

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

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

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*.

These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from contracts with customers

The Shire will adopt AASB 15 *Revenue from Contracts with Customers* (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments are expected to be made to the amounts recognised in the Statement of Financial Position at the date of initial application (1 July 2019):

| | | AASB 118 carrying amount | | AASB 15 carrying amount |
|---|-------|-----------------------------|------------------|----------------------------|
| | Note | 30 June 2019 | Reclassification | 01 July 2019 |
| | | \$ | \$ | \$ |
| Contract liabilities - current | | | | |
| Unspent grants, contributions and reimbursements | | 0 | 52,378 | 52,378 |
| Adjustment to retained surplus from adoption of AASB 15 | 33(d) | | 52,378 | 52,378 |

(b) Leases

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

On adoption of AASB 16, the Shire will not recognise a right-of-use asset and lease liabilities in relation to leases which previously were classified as 'operating leases' applying AASB 117 as the Shire does not have any operating leases. Therefore, the net impact on retained earnings on 01 July 2019 will be \$nil.

On adoption of AASB 16 *Leases* (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low 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)*.

33. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS (Continued)

(c) Income for not-for-profit entities

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

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes will occur to the following financial statement line items by application of AASB 1058 as compared to AASB 1004 *Contributions* before the change:

| | | AASB 1004 carrying amount | | AASB 1058 carrying amount |
|---|-------|------------------------------|------------------|------------------------------|
| | Note | 30 June 2019 | Reclassification | 01 July 2019 |
| | | \$ | \$ | \$ |
| Trade and other payables | | 820,546 | (2,840) | 817,706 |
| Adjustment to retained surplus from adoption of AASB 1058 | 33(d) | 820,546 | (2,840) | 817,706 |

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

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

(d) Impact of changes to retained surplus

The impact on the Shire of the changes as at 1 July 2019 is as follows:

| | Note | Adjustments | 2019 |
|---|-------|-------------|------------|
| | | \$ | \$ |
| Retained surplus - 30 June 2019 | | | 38,370,482 |
| Adjustment to retained surplus from adoption of AASB 15 | 33(a) | (52,378) | |
| Adjustment to retained surplus from adoption of AASB 16 | 33(b) | 0 | |
| Adjustment to retained surplus from adoption of AASB 1058 | 33(c) | 2,840 | (49,538) |
| Retained surplus - 01 July 2019 | | | 38,320,944 |

SHIRE OF UPPER GASCOYNE

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2019

34. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

35. ACTIVITIES / PROGRAMS

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

PROGRAM NAME / OBJECTIVE

ACTIVITIES

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.

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.

HEALTH

Monitoring and control of health standards within the community.

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

HOUSING

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

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 repair and operation costs and engineering operation costs.

36. FINANCIAL RATIOS

| | 2019 Actual | 2018 Actual | 2017 Actual |
|-----------------------------------|----------------|----------------|----------------|
| Current ratio | 4.07 | 1.88 | 6.24 |
| Asset consumption ratio | 0.73 | 0.76 | 0.58 |
| Asset renewal funding ratio | 0.71 | 0.75 | 0.73 |
| Asset sustainability ratio | 0.99 | 0.70 | 0.78 |
| Debt service cover ratio | 10.47 | 11.65 | 57.67 |
| Operating surplus ratio | (0.16) | (1.33) | 2.46 |
| Own source revenue coverage ratio | 0.09 | 0.05 | 0.15 |

The above ratios are calculated as follows:

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



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Upper Gascoyne

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Upper Gascoyne which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Upper Gascoyne:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the annual financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's annual financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996, does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Shire is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of an annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual financial report, the CEO is responsible for assessing the Shire's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Shire.

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

Auditor's Responsibility for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the annual financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Shire's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Shire's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the annual financial report, including the disclosures, and whether the annual financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Other Legal and Regulatory Requirements

In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) In my opinion, the following material matter indicates a significant adverse trend in the financial position of the Shire:
 - a. The Own Source Revenue Coverage Ratio has been below the DLGSCI standard for all 3 years reported in the annual financial report.
- (ii) The following material matter indicates non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
 - a. Manual accounting journal entries were posted into the finance system without being reviewed and approved by an independent officer up to May 2019.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial report of the Shire for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2017 and 2018 in Note 36 of the audited annual financial report were included in the supplementary information and/or audited annual financial report for those years.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Upper Gascoyne for the year ended 30 June 2019 included on the Shire's website. The Shire's management is responsible for the integrity of the Shire's website. This audit does not provide assurance on the integrity of the Shire's website. The auditor's report refers only to the annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited annual financial report to confirm the information contained in this website version of the annual financial report.



SANDRA LABUSCHAGNE
DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
27 November 2019