



ANNUAL REPORT 2020-2021





The Shire of Wyalkatchem acknowledges the traditional owners of the land, the Ballardong people of the Noongar nation, and pay our respects to Elders past, present and emerging. We recognise the culture of the Noongar people and the unique contribution they make to the region and Australia.

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Shire of Wyalkatchem

The Shire of Wyalkatchem is located 194km north-east of Perth. The Shire covers an area of 1,595 square kilometers with the main resident center being the town of Wyalkatchem.

The shire has an estimated resident population of 498.

Agriculture accounts for 60% of business in Wyalkatchem, which is reflected in the employment profile of the Shire, with 35% of all employed persons in the Shire working in this industry



Shire of Wyalkatchem Statistics	
Distance from Perth	194k
Area	1,595 sq km
Length of Roads	792.3 km
Population	498 (source ABS 2018)
Number of Electors	345
Number of Dwellings	314
Total Rates Levied	\$1,248,298
Total Revenue	\$3,801,764
Number of Employees	15 FTE

Purpose of the Annual Report

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

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

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

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President's Report

The 2020/21 financial year was always going to be a challenging but add to this the continuing uncertainty and threat caused by COVID-19, the allocation of Federal Government stimulus funding and the requirement to recruit a new CEO and you've got a recipe for major trouble.

Fortunately, however major trouble has been averted in large part due to the excellent work of Acting CEO Stephen Tindale, who provided me with excellent support and guided the Council into a strong position in terms of both our planning and staff engagement.

Stephen left his acting position with the Shire of Wyalkatchem on the recruitment of Peter Klein who commenced in the CEO's role in late November 2020.

There were a number of major projects delivered during 2021 and the most significant of these was the completion of the new tennis and multi-user courts in late 2020.

This project was a cooperative effort between the State Government, Tennis Australia, the Wyalkatchem Tennis & Bowling Clubs and the Shire of Wyalkatchem. The project was delivered under-budget and the courts are a wonderful addition to the recreational opportunities available to our community.

In addition to this I was also thrilled to welcome the recommencement of Family Day Care Services in Wyalkatchem. This service was made possible by the relocation of the Tennis Club and the energy of people including Peter Klein, Caroline Robinson (NEWROC) and Sharon Palumbo (Shire of Williams). It is remarkable what can be achieved when you get the right people in the room together.

On the downside, like everyone else in Wyalkatchem I have been disappointed that the caravan park owners chose to keep the facility closed for the whole of 2020/21. There is no way to justify this decision and I share the community's frustration with the owner's attitude.

Meanwhile the Shire has been working with the Department of Lands to explore if a solution to this problem can be negotiated.

Conditions for retail traders in Wyalkatchem continues to be challenging yet, at the same time never have retailers been so important in creating social opportunity and for knitting our community together.

I have much pleasure in welcoming Sid & Pat Sheikh to Wyalkatchem following their purchase of the general store, physiotherapist, Emily Gray and Jim Davidson, Competent Training Solutions. I look forward to you all enjoying a long and productive business experience here in Wyalkatchem and we greatly appreciate your commitment to Wyalkatchem and the services you are providing to our community.

However, the success of local retailers is heavily dependent on our community buying local. Every dollar spent locally strengthens the local economy and plays a truly critical role in keeping the services alive and local. I implore everyone to buy local at every opportunity.

The Shire of Wyalkatchem continues to be a member of the North East Wheatbelt Regional Organisation of Councils (NEWROC) and an active supporter of its objective to promote the economic welfare of its member shires through cooperation.

As the pressure on the sustainability of local governments in regional WA continues to grow as a result of the staff attraction & retention challenge, increasing personal liability and compliance obligations, the future role of NEWROC in supporting cooperative effort amongst member shires is expected to become increasingly important.





In the meantime, the NEWROC shires are actively working together to pursue initiatives including improved power reliability, addressing communication blackspots and the exploration of a potential regional waste management solution.

My thanks to Caroline Robinson – NEWROC Executive Officer for her ongoing energy and counsel.

I also wish to acknowledge the success of the CEACA initiative, not only for its performance in Wyalkatchem but for its contribution across the Wheatbelt. CEACA constructed and now manages 71 aged care homes throughout the Wheatbelt and for much of the year these homes have enjoyed 100% occupancy.

CEACA is at a critical time of its evolution as it considers whether its longer-term future is limited by the provision of housing or whether it has a broader role to play in the coordination of aged care services. The Shire of Wyalkatchem remains actively involved in CEACA and is supportive of it taking a broad view on its potential service offering.

In February 2021 we honoured our citizens and events of 2020 with a gathering at the Community Club.

Congratulations to the following on being recognised for their contribution to Wyalkatchem during this year's citizenship awards;

Community Citizen of the Year	- Annette Petchell
Senior Community Citizen of the Year	- Merle Crute
Active Citizenship Award	- Wyalkatchem Golf Club

In conclusion, I again wish to thank all those community members who have volunteered in any way shape or form over the past twelve months. Your efforts make a significant difference to us all.

I thank all staff of the Shire of Wyalkatchem for their contribution over the last twelve months and for their contribution to the Council's successes.

And finally, I thank my fellow councilors for their commitment and for the guidance they have provided during the year. Your efforts have been greatly appreciated.

As a Council, we have lived through an incredibly difficult period following our tragic loss of Cr Rachel Nightingale. Rachel was a wonderful individual and a cohesive influence on Council and the community in general. Our heart-felt condolence goes out to Rachel's family as we continue to adjust to her absence.

Cr Quentin Davies
President

Chief Executive Officer's Report

Having been appointed as CEO of the Shire of Wyalkatchem in November 2020 it is my duty under the *Local Government Act 1995* to report on the administration and operations of the Shire for the year ended 30 June 2021.



COVID-19

The biggest threat to the sustainability of Shire operations and the well-being of our staff and broader community has come from the threat of a significant incursion of COVID-19. Fortunately, a significant incursion has been avoided however, Perth and Peel Region lockdowns have introduced restrictions on the movement of people, the introduction of mask-wearing and temporary interruptions to our supply chains.

Despite the restrictions, at all times throughout the year staff delivered the essential services they provide to our community. My thanks to all staff for the extra efforts they have made, without exception to ensure the reliable delivery of Council services

Organisational Values

A staff satisfaction survey was conducted in April 2021 to help define organisational culture and to identify opportunities to enhance engagement and productivity.

Amongst other initiatives identified to deliver these improvements was the need to renew our values and to encourage the reflection of these values in our decisions and the behaviours we consistently demonstrate.

Our objective is to make our workplace a safe, happy & productive place and these values, when we hold each other accountable, play an important role in delivering this workplace.

The agreed values are as follows;

Team	Respect	Understanding Others	Safety	Trust
One Shire, one community, one team	Seek respect not attentions	Care & patience when dealing with colleagues & community	Safety doesn't happen by accident	Years build, seconds to break
Our actions and behaviour are always inclusive and in line with the Code of Conduct	We are always respectful when giving or receiving feedback.	We are patient and listen with thoughtful attention	We take personal accountability for safety	We are accountable for our actions & own our mistakes
Our behaviour promotes the wellbeing of each other and our community	We have the courage to speak up if we see something that's not quite right	We are responsive, flexible and adaptive to the needs of others	We proactively assess tasks, identify and communicate hazards & risks	We act with integrity and consistently do what we know to be right
We collaborate & share information with colleagues & community	We embrace diversity & lend a hand when necessary	We actively encourage and respect alternate views	We seek clarification when tasks are unclear and stop working if unsafe	We are honest and straightforward with everyone including, ourselves
We recognise and celebrate individual, team & community achievements	We are honest with our colleagues & community	We promote a fair go for all	We keep our colleagues & community safe	We are loyal and respect the privacy rights of colleagues & community



Roadworks

Roadworks undertaken by the Shire in the 2020/21 financial year with two thirds grant funding from the State Government and the balance from Shire funds were as follows:

Road	Description	SLK	Budget	Actual
Tammin Wyalkatchem Rd	Shoulder widening & prime sealing shoulders	SLK 17.79 – 19.86; and SLK 22.07 – 22.59	\$135,960	\$99,045
Cunderdin Wyalkatchem Rd	Shoulder reconditioning	SLK 17.85 – 24.18	\$251,850	\$271,083
Cunderdin Wyalkatchem Rd	Shoulder widening & prime sealing shoulders	SLK 24.18 – 26.16	\$161,340	\$173,661

Roadworks undertaken by the Shire in 2020/21 using grant funding from the Federal Government under the Roads to Recovery Program were as follows:

Road	Description	Budget	Actual
Davies Rd	Reconstruct pavement to a minimum 8m surface and re-sheet with 150 to 200mm of gravel	\$180,000	\$238,270
Elsegood Rd		\$105,000	\$141,317

LRCI Funding

The Federal Government's Local Roads & Community Infrastructure program was initiated in response to the COVID-19 outbreak and was offered to local governments across the country. Under Phase 1 the Shire of Wyalkatchem was allocated \$320,000 and then on 30 October 2020, the Council was advised that it had received an additional funding allocation of \$226,756 under the Phase 2 extension to this Program.

The three approved projects earmarked for delivery under the initial program are;

1. Family day care centre
2. Town beautification
3. Museum display shed

Family Day Care Service

To convert the former tennis club into a facility that could be registered to accommodate a family day care service, the following works were delivered with the LRCI Phase 1 funding;

- floor coverings were replaced with a more hygienic and manageable floating floor
- the fencing was replaced
- drainage issues were addressed; and
- windows were treated to remove shattering risk.

Completion of these works enabled the registration of the premises and the family day care centre was subsequently opened for business during June 2021. Central to its opening was the contracting of Stephanie Brown via a structure managed by Sharon Palumbo, Shire of Williams.

Stephanie Brown has done a terrific job in winning the confidence of our local kids and is currently supplying services to families who are very happy with the service she is providing.

Stephanie is to be commended on her performance and her valuable contribution to our community.

Museum Display Shed

The museum shed extension was also completed during 2021. The Shire of Wyalkatchem contributed \$80,000 towards the successful delivery of this extension which was also supported by a \$10,000 grant from Collgar Wind Farm, Merredin.

Our congratulations to David Holdsworth and his museum committee on the work they have done both at the museum and for their efforts in delivering this project.



Town Beautification

In respect to the town beautification project, on 9 March 2020, two open community workshops were held to identify improvement opportunities. A range of improvements were suggested;

1. Enhance the memorial wall
 - (a) Protect acknowledgement of tidy town organisers
 - (b) In addition to farming pioneers, also recognise early retailers and service providers (eg teachers, doctors, nurses, etc) and the region's aboriginal heritage
 - (c) Extend region to include Korrelocking
 - (d) Provide a linkage to other town sites, things to see and do
 - (e) Wyalkatchem history – a timeline of significant town & regional events
 - (f) Repair mosaics (replace or change)
 - (g) Time capsule – protect
2. Provide story boards around town showing history of earliest shop sites & other town features
3. Encourage people to gather/visit the memorial wall with tasteful shade and seating
4. Basic repair and repaint Railway Terrace shop fronts, subject to owners' agreement – potentially provide paint and painting labour, to be confirmed.
5. Resurrect "hay" mural previously displayed at the Railway Terrace / Gamble Street corner. Touch-up other town murals, as necessary.
6. Waterwise Garden – Redevelop garden and explore seating, table/s & shade, subject to not blocking view of mural and site owner consent.
7. Renew existing pergola and BBQ, construct a nature playground inside a pleasant, low care area and link this east and west with a pathway/s.
8. Install solar lights to mark the path from the Caravan Park to the main street precinct.
9. Upgrade asphalt and mark up a car park.
10. Consider creating an RV friendly zone (and dump station) in the vicinity of the existing toilet block.
11. Investigate installing a pedestrian footpath linking CRC to the east. Renew & identify native plants along the Pioneer Trail Walkway.
12. Strategic placement of plants & landscaping.



This project has been temporarily placed on hold subject to completion of the Gamble St Stormwater Project. In particular, this delay aims to allow time to consider development opportunities, if any, that may emerge from works to realign the stormwater drain that previously ran parallel with Railway Terrace and the availability of this space for development.

In the meantime, there is a groundswell for working with business and property owners along Railway Terrace to repair and paint building facades and for improvements to the Waterwise Garden.

Funding under the LRCI program (Phase 1) must be spent by 30 June 2022.

Wyalkatchem Pool – Safety Assessment

A pool safety assessment was conducted by Royal Life Saving WA on 30 March 2021. The assessment was based on the Guidelines for Safe Pool Operations and the Department of Health Code of Practice for the Design, Construction, Operation, Management and Maintenance of Aquatic Facilities.

The audit report was received on 3 May 2021 and a total of 13 incidents of non-compliance with the safety standards were identified.

Areas identified where measures were needed to eliminate an identified risk were;

- 1.1 The depth of the dive pool does not meet FINA standards. Current 3m dive board requires plummet depth of 3.7m (current area plummet depth is 3.0m).
- 1.2 The dive board stairs/ladders do not meet the Code of Practice with handrails on both sides. There are currently no handrails in place on the 3m dive board ladder.

As it is impractical to deal with the above risk, the decision was taken to remove the diving board prior to the commencement of the pool season in November 2021.

A series signage and procedural improvements were recommended and these will all need to be addressed before the pool reopens.

Vandalism of Council Infrastructure

Unfortunately, vandalism has featured prominently in incident reports raised by the Shire during 2021. There were 13 incidences of vandalism/damage to Council owned equipment and infrastructure reported during the year. The repair cost incurred by the Shire in rectifying this damage was approximately \$25,000. The list of reported damage follows;

DATE	VANDALISM	RISK	ACTION IDENTIFIED	ACTION TAKEN	APPROXIMATE COST
25/02/2021	Railway Station Damage to white ant baits installed by Envirapest. Second time this has happened. Last damage replacement cost Shire \$1750 inc GST in October 2020. This should be submitted alongside the previous incident for insurance.	HIGH 15 - someone may have been poisoned or injured. White ant damage to Heritage building due to non-protection. Expense to Shire.	Replacement and K Mills to report it to Police.	K Mills to contact Police and report. Ref#040321 1440 12628 (reported by S Elvidge 4/3/21) S Elvidge to contact Envirapest for alternative poisoning solutions and more economical replacements costs. D McDonald to count the number of damaged baits and inform Stephanie.	Quote 1 \$4,400 Quote 2 - TBC
26/02/2021	Admin Park Children of various ages sitting on top of shade sail, climbing up and jumping off.	Mod 9 - Sail damage, Injury to children.	CEO requested the children to get down.	CEO explained likelihood of injury to themselves and damage to the property. Explained the cost of replacing the sail if it was damaged. Warned not to climb up again.	Quote 1 \$8,000 Quote 2 - TBC
2/03/2021	Recreation Centre Window smashed by someone throwing rocks - Recreation centre toilet block and other windows smashed in the last week.	Mod 6 - Someone may get cut by glass on the ground and glass debris in the window.	Area required cleaning and window made secure and safe.	Malcom Carter, Cleaner, removed glass from area. Gary Thorpe removed glass fragments and boarded up/made safe until glass can be replaced. Police contacted to report damage Ref#040321 1430 12628	Staff time Replacement glass
8/04/2021	Pioneer Park PVC Pipe smashed and water flooding Park	Low - someone could slip in the water and a financial risk	Repair and cover to make less accessible. Report damage to Police	Repaired and covered. Police ID = SDP-09042021-000024	
Weekend of 24/4/21	Dam Pipe broken off pump from children sliding on it. Dam full of pig melons broken glass	HIGH 15 - someone may have been injured.	Repair pipe		Staff time
7/05/2021	Rec Centre Fence Car racing on trotting track ploughed into bush through a pole and fence	HIGH 15 - someone may have been injured.	Repair Fence/ Pole. Report to Police	Repaired. IR – 070521-1350 9799	Materials \$150.00 Labour

DATE	VANDALISM	RISK	ACTION IDENTIFIED	ACTION TAKEN	APPROXIMATE COST
3/03/2021	Outside the 2nd hand shop, Railway Tce Wooden pot for the ficus plant outside the second hand shop damaged and spread across the pavement.	Low 2 - someone may trip, get a splinter moving or throw at others. Plant may die.	Clean area, repot plant	Dale Stone (Parks and Gardens LH) was requested to remove debris, make safe and arrange a new pot and potting of the plant.	Staff time
6/04/2021	Admin park Shade sail continued to be climbed on and there are now significant tears in it - it needs replacing.	Mod 9 - Sail damage, Injury to children.	Deter Children, Take down sail. Discuss replacing with Council. Report damage to Police	Police reference - SDP-09042021-000025	\$8000.00 replacement value
6/04/2021	Recreation Centre Air-conditioning Grill broken near bathrooms		Report damage to Police. Repair Grill	Reported - SDP-09042021-000029 Air-conditioning contractor contacted	
6/04/2021	Recreation Centre Store room door broken into, door & lock damaged.	Mod 6 – equipment could have been stolen	Secured and repaired	Reported – IR-210421 1530 12628	Travel and staff labour \$ 275.00 Material \$75.00 Total \$350.00
8/04/2021	Pioneer Park PVC Pipe smashed and water flooding Park	Low - someone could slip in the water and a financial risk	Repair and cover to make less accessible. Report damage to Police	Repaired and covered. Police ID = SDP-09042021-000024	
Weekend of 24/4/21	Dam Pipe broken off pump from children sliding on it. Dam full of pig melons broken glass	HIGH 15 - someone may have been injured.	Repair pipe		Staff time
7/05/2021	Rec Centre Fence Car racing on trotting track ploughed into bush through a pole and fence	HIGH 15 - someone may have been injured.	Repair Fence/ Pole. Report to Police	Repaired. IR – 070521-1350 9799	Materials \$150.00 Labour



The installation of CCTV's to offer some protection against on-going vandalism is under consideration.

Standpipe Management

Since September 2019, WaterCorp has required that the 7 standpipes in the Wyalkatchem Shire remain locked.

The actual cost incurred by the Council in using or supplying standpipe water to 3rd parties is not currently material and the actual cost is shown in the following table.

	Annual Cost	\$ Reimbursed
Standpipe water FY16-17	\$5,575.00	\$0.00
Standpipe water FY17-18	\$8,631.00	\$121.00
Standpipe water FY18-19	\$7,893.00	\$0.00
Standpipe water FY19-20	\$6,167.00	\$140.00
Standpipe water FY 20-21 (to Dec '20)	\$2,769.77	\$0.00

Note: locks installed 19/09/2019

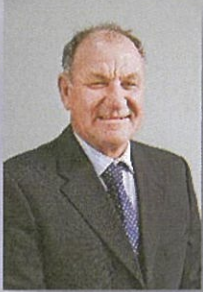
The locks on the standpipes have in the past frustrated access during a fire emergency. To address this challenge the Shire has provided standpipe keys for each of the Shire's three fire trucks and to our four fire control officers meaning that access to standpipes during emergencies involving the Bushfire Brigade should always be possible.

I wish to thank councilors for making me feel welcome and for the support they have provided to me during the course of 2021. It has been a testing year and the ability of councilors to keep an open mind when dealing with some challenging issues has been refreshing and has led to many productive outcomes.

I would also like to thank our staff again for their commitment to Council & community and I look forward to an equally challenging 2022 where delivered outcomes and our collective wellbeing is taken to the next level.

Peter Klein
Chief Executive Officer

Councillors



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President
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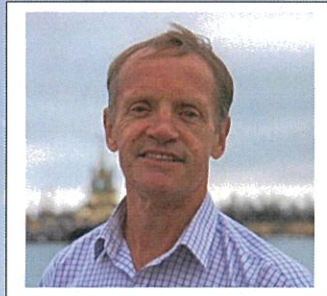
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Cr Rachel Nightingale (deceased)



Executive Management Team



Peter Klein
Chief Executive Officer

Terry Delane
Acting Works Manager

Ally Bryant Manger
Corporate Services

Organisational Structure



What is the Strategic Community Plan

The Strategic Community Plan is the Shire's long-term plan for the future. It helps Council to ensure that local government service delivery is consistent with and supports the community's aspirations for the Shire.

A strategic objective has been developed for each of four identified key areas of community interest, being Economic; Environmental; Community and Leadership. Desired outcomes have been determined to achieve each of the objectives after considering the Shire's current and future resources, demographic trends and internal and external influences.

The Strategic Community Plan guides decision making through the Corporate Business Plan and Annual Budget. It helps to determine priorities for the delivery of services, projects and programs.

All local governments within Western Australia are required to plan their services using this Framework. The Strategic Community Plan, Corporate Business Plan and Annual Budget form part of the core section of the Shire's Integrated Planning and Reporting Framework. The Shire's Asset Management Plan, Long Term Financial Plan and Workforce Plan are Informing Strategy documents which support the Framework.

How the Strategic Community Plan will be used

The Strategic Community Plan outlines how the Shire will, over the long term, work towards a brighter future for the Shire of Wyalkatchem community as it seeks to achieve its vision inspired by the community's aspirations. Looking to the future, the Strategic Community Plan will influence how the Shire uses its resources to deliver services to the community. The Strategic Community Plan forms the primary driver for all other planning undertaken by the Shire.

The Shire of Wyalkatchem intends to use the Strategic Community Plan in several ways, including:

- Guide Council priority setting and decision making;
- Be a mechanism for the ongoing integration of local planning initiatives;
- Inform the decision making of other agencies and organisations, including community and State Government;
- Provide a rationale to pursue grants and other resources by demonstrating how specific projects align with the aspirations of our community, within the strategic direction of the Shire;
- Inform potential investors and developers of our community's key priorities, and the way we intend to grow and develop;
- Engage local businesses, community groups and residents in various ways to contribute to the Shire's future; and
- Provide a framework for monitoring progress against our vision.

Community Strategic Plan Informs Corporate Business Plan

In conjunction with the adoption of a reviewed Community Strategic Plan, council will also prepare a Corporate Business Plan being a 4 year program on delivery of priorities within the Community Strategic Plan. The Corporate Business Plan will provide strategic direction on the actions required to achieve the Community Strategic Plan. This document will underpin Council's short to medium term direction.

Council will also be developing other informing strategies such as Long Term Financial Plans, Asset Management Plans and Workforce plans. These documents have a direct link in ensuring that Council has the resources available to achieve its strategic direction.

Integrated Planning and Reporting Framework

All Western Australian local governments are required to prepare a Plan for the Future for their district under Section 5.56(1) of the Local Government Act 1995. The Plan for the Future comprises the following two key strategic documents¹, which a local government is required to have regard for when forming its annual budget.

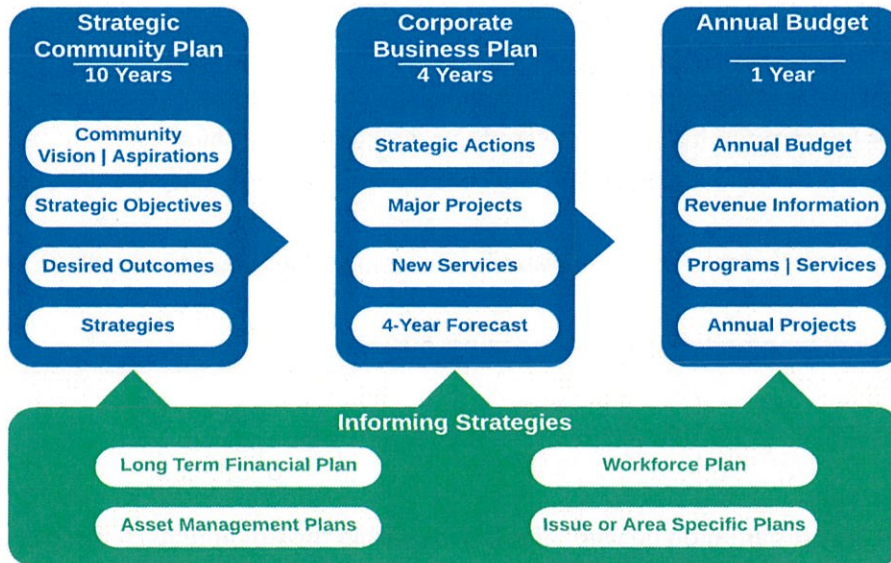
Strategic Community Plan – adopted 18/02/2021 – Council’s principal 10-year strategy and planning tool. It is the principal guiding document for the remainder of the Shire’s strategic planning as community engagement is central to this Strategic Community Plan.

Corporate Business Plan – Council’s 4-year planning document. The core components of this Corporate Business Plan include a 4-year delivery program, aligned to the Strategic Community Plan and accompanied by 4-year financial projections.

Development of the Strategic Community Plan and Corporate Business Plan is undertaken in accordance with the Integrated Planning and Reporting Framework and Guidelines. An essential element of the Integrated Planning and Reporting process is to enable community members and stakeholders to participate in shaping the future of the community and in identifying issues and solutions. It is designed to articulate the community’s vision, aspirations, outcomes and priorities for the future of the district.

Importantly, the Strategic Community Plan and Corporate Business Plan are informed by several other key plans and processes. The connection between the community and the Shire’s strategic plans, annual budget and corporate documents developed to guide the Shire in delivering services to the community are shown in the diagram below.

Diagram: The Integrated Planning Structure



Strategic Community Plan

Council's Strategic Community Plan was adopted on 18 February 2021.

Our Aspirations

Based on community engagement, and Councillor Workshops, the plan sets out the vision for the Shire's future and captures the community's aspirations and values.

Shire of Wyalkatchem Vision

To be a socially interactive and inclusive community that embraces our rural character and sense of community

Aspirations has been developed for each of four key themes of community interest

ASPIRATIONS

- Inclusive and engaged community that is healthy, safe and active
- A sustainable and growing local economy
- A natural and built environment that supports a connected, active and safe community
- Accountable, effective and engaged leaders

Definitions

VISION

An inspiring but achievable statement which says where we want to be in 2030

ASPIRATION

Overarching aim that moves us closer to our vision

GOAL

How we will achieve our aspirations as a community

MEASURE OF SUCCESS

How we will measure progress in achieving our goals

Goal 1 A safe and healthy community	Goal 7 We have vibrant, active public open spaces and buildings with high levels of utilisation and functionality
Goal 2 An active, engaged and social community	Goal 8 Our built environment responds to the accessibility and connectivity needs of all
Goal 3 A community for all ages	Goal 9 Sustainable management of resources
Goal 4 Increase visitors to our region	Goal 10 Transparent, accountable and effective governance
Goal 5 Growth in business opportunity	Goal 11 Community and customer service focus
Goal 6 Essential services and infrastructure are available to support the community and local economy	
	Goal 12 Form strategic partnerships and advocate for the community

Corporate Business Plan

Council's Corporate Business Plan was updated during 2020/21 to align with the newly adopted Strategic Community Plan, as well as informing the 2021/2022 budget.

Other Planning Documents

In addition to reviewing Council's Strategic Community Plan and Corporate Business plan, Council is actively progressing a number of informing strategies including, but not limited to: Long Term Financial Plan; Asset Management Plan and Workforce Plan. The development of these documents will occur in 2022 and will align to the reviewed plans.

10 Year Road Program

Council has adopted a long term planning approach for major work works and has adopted a long term program. The table below represents the next 8 years.

The program assumes that the Federal Roads to Recovery Funding allocation continues at the same level for the life of the program. The program has consideration to funding and available resources, both financial as well as capacity.

As indicated below, funding from both state and federal, are sources for the funding of the capital expenditure, with Council contribution, on average, approximately \$150,000 to \$200,000 per annum.

2021-2022						
Funding	Road	Details	Budget	Funding	Council	Actual
State RRG	Tammin- Wyalkatchem Rd	Widen & Reconstruct - 2km	314,136	209,422	104,714	
State RRG	Cunderdin - Wyalkatchem Rd	Widen & Reconstruct - 2km	307,206	204,802	102,404	
Federal R2R	McNee Rd	Resheet - 6.79km	210,000	208,917	1,083	
			831,342	623,141	208,201	0

2022-2023						
Funding	Road	Details	Budget	Funding	Council	Actual
State RRG	Tammin- Wyalkatchem Rd	Widen & Reconstruct - 2km	292,826	195,217	97,609	
State RRG	Koorda - Wyalkatchem Rd	Widen & Reconstruct - 1.73km	249,840	166,560	83,280	
Federal R2R	McNee Rd	Resheet - 4.2km	180,000	180,000	0	
			722,666	541,777	180,889	0

2023-2024						
Funding	Road	Details	Budget	Funding	Council	Actual
State RRG	Tammin - Wyalkatchem Rd	Widen & Reconstruct - 1.5km	219,620	146,413	73,207	
State RRG	Koorda - Wyalkatchem Rd	Widen & Reconstruct - 1.37km	197,850	131,900	65,950	
Federal R2R	Wallambin Rd	Resheet (5.5km)	165,000	68,000	97,000	
Federal R2R	Benji- Hindmarsh Rd	Resheet (4km)	120,000	72,000	48,000	
			702,470	418,313	284,157	0

2024-2025						
Funding	Road	Details	Budget	Funding	Council	Actual
State RRG	Tammin - Wyalkatchem Rd	Widen & Reconstruct - 1.6km	234,262	156,175	78,087	
State RRG	Wyalkatchem - Koorda Rd	Widen & Reconstruct - 2.0km	257,690	171,794	85,896	
Federal R2R	Wallambin Rd	Resheet (6km)	180,000	180,000	0	
Federal R2R	Amery - Benjabberring	Resheet (5km)	120,000	110,000	10,000	
			791,952	617,969	173,983	

2025-2026						
Funding	Road	Details	Budget	Funding	Council	Actual
State RRG	Tammin - Wyalkatchem Rd	Widen and reseal to 8mt (3km)	170,000	113,333	56,667	
State RRG	Cunderdin-Wyalkatchem Rd	Widen and reseal to 7mt (3km)	120,000	80,000	40,000	
State RRG	Wyalkatchem - Koorda Rd	Reseal 7.2mt width (3km)	120,000	80,000	40,000	
Federal R2R	Davies South Rd	Resheet (7km)	175,000	175,000	0	
Federal R2R	Benji- Hindmarsh Rd	Resheet (4km)	120,000	120,000	0	
			705,000	568,333	136,667	

Note: This program is indicative only and may be subject to change.

2026-2027

Funding	Road	Details	Budget	Funding	Council
State RRG	Tammin - Wyalkatchem Rd	Widen and reseal to 8mt (3km)	170,000	113,333	56,667
State RRG	Cunderdin-Wyalkatchem Rd	widen and reseal to 7mt (3km)	130,000	86,666	43,334
State RRG	Wyalkatchem - Koorda Rd	Reseal 7.2mt width (3km)	130,000	86,666	43,334
Federal R2R	Davies South Rd	Resheet (7km)	175,000	175,000	0
Federal R2R	Harrison Rd	Capital Renewal (4km)	120,000	110,000	10,000
			725,000	571,665	153,335

2028-2029

Funding	Road	Details	Budget	Funding	Council
State RRG	Wyalkatchem North Rd	Widen and reseal to 7mt (3km)	180,000	120,000	60,000
State RRG	Cunderdin-Wyalkatchem Rd	Widen and reseal to 7mt (3km)	130,000	86,666	43,334
State RRG	Wyalkatchem-Koorda Rd	Reseal 7.2mt width (3km)	130,000	86,666	43,334
Federal R2R	Wallambin Rd	Resheet (5km)	150,000	150,000	0
Federal R2R	Parsons Rd	Resheet (5km)	140,000	140,000	0
			730,000	583,332	146,668

2029-2030

Funding	Road	Details	Budget	Funding	Council
State RRG	Wyalkatchem North Rd	Widen and reseal to 7mt (3km)	180,000	120,000	60,000
State RRG	Cunderdin-Wyalkatchem Rd	Widen and reseal to 7mt (3km)	140,000	93,333	46,667
State RRG	Wyalkatchem-Koorda Rd	Reseal 7.2mt width (4km)	140,000	93,333	46,667
Federal R2R	Wallambin Rd	Resheet (5km)	150,000	150,000	0
Federal R2R	Parsons Rd	Resheet (6km)	180,000	140,000	40,000
			790,000	596,666	193,334

Statutory Requirements

It is a requirement that the Shire of Wyalkatchem include information regarding the following documents in its Annual Report.

For any further details relating to this report please contact Shire Administration Staff.



DISABILITY ACCESS & INCLUSION PLAN

RECORD KEEPING STATEMENT



OFFICIAL CONDUCT – COMPLAINTS REGISTER

FREEDOM OF INFORMATION STATEMENT



EMPLOYEES REMUNERATION

Disability Access and Inclusion Plan

Under the *Disability Services Act 1993 (amended 2004)*, all Western Australian Local Governments are required to develop and implement a Disability Access and Inclusion Plan (DAIP), addressing seven desired outcomes, to be reviewed on an annual basis and reported on to the Disability Services Commission (DSC) by 31 July each year.

Council has an endorsed DAIP which was reviewed in March 2020. Council is required to report on our present activities as they relate to the seven desired DAIP outcomes.

The seven desired outcomes that provide a framework for strategies aimed at improving access and inclusion for people with disabilities. The following strategies are incorporated in Councils implementation plan, subsequent budget and other strategic planning documents.

1. People with disability have the same opportunities as other people to access the services of, and any events organised by, the Shire of Wyalkatchem
2. People with disability have the same opportunities as other people to access the buildings and other facilities of the Shire of Wyalkatchem
3. People with disability receive the same level and quality of information from the Shire of Wyalkatchem in a format that will enable them to access the information as readily as other people are able to access it.
4. People with disability receive the same level and quality of service from the staff of the Shire of Wyalkatchem as other people receive from the staff of that public authority.
5. People with disability have the same opportunities as other people to make complaints to the Shire of Wyalkatchem
6. People with disability have the same opportunities as other people to participate in any public consultation process with the Shire of Wyalkatchem; and
7. People with disability have the same opportunities as other people to obtain and maintain employment with the Shire of Wyalkatchem

The Shire of Wyalkatchem Disability Access and Inclusion Plan will be reviewed in 2021/2022.

State Records Act

The *State Records Act 2000* requires the Shire to maintain and dispose of all records in the prescribed manner.

Principle 6 – Compliance: Government Organisations ensure their employees comply with the record keeping plan.

Rationale:

An organisation and its employees must comply with the organisations record keeping plan. Organisations should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities.

Minimum Compliance Requirements:

The record keeping plan is to provide evidence to adduce that:

1. The efficiency and effectiveness of the organisations record keeping system is evaluated not less than once every 5 years.
2. The organisation conducts a record keeping training program.

3. The efficiency and effectiveness of the record keeping training program is reviewed from time to time.
4. The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's record keeping plan.

The Shire has complied with all items.

Note on Item 1 – The Shire of Wyalkatchem is currently transitioning to an Electronic Records Keeping System. The implementation of the new system has a direct impact on Council's record keeping plan and the internal management of Council's records.

As a result, the record keeping plan will require a major review on full implementation of the new electronic record management system, including procedures and guidance notes.

Complaints Register

Section 5.121 of the *Local Government Act 1995* requires the Annual Report to contain details of the entries made in the Complaints Register regarding complaints made about elected members.

There were no complaints lodged against elected members in the year under review.

Freedom of Information

Part 5 of the *Freedom of Information Act 1992* requires an agency such as a local government to prepare and publish an information statement.

The Shire of Wyalkatchem has developed an information statement which can be inspected on the Shire's website or by contacting the Shire Office.

The Shire of Wyalkatchem did not receive any applications under the *Freedom of Information Act 1992* during the 2019- 2020 financial year.

Employee Remuneration Disclosure

Regulation 19B of the *Local Government (Administration) Regulation 1996* requires the Shire to include the following information in its Annual Report:

- The number of employees of the Shire entitled to an annual salary of \$100,000 or more; and
- The number of those employees with an annual salary entitlement that falls within each band of \$10,000 over \$100,000.

Set out below, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$100,000 or more for 2018/2019:

Salary Range

\$ From	\$ To	Number of Employees
110,000	119,999	1
120,000	129,999	
130,000	139,999	
140,000	149,999	1
Total		2

Public Interest Disclosures

The *Public Interest Disclosures Act 2003* facilitates the disclosure of public interest information, and provides protection for those making such disclosure and those who are the subject of disclosures. The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken.

The Chief Executive Officer has complied with all obligations under the Act including:

- Appointing the Governance Executive Officer as the Public Interest Disclosure officer for the organisation and publishing an internal procedure relating to the Shire's obligation.
- Providing protection from detrimental action or the threat of detrimental action for an employee of the Shire who makes an appropriate disclosure of public interest information.



Attachments

- Financial Report for the Year Ended 30 June 2021; and
- Independent Auditor's Report

SHIRE OF WYALKATCHEM
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021

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COMMUNITY VISION

In 2023 Wyalkatchem will be sustainable with growth in population, supporting businesses, services and infrastructure: residents will be healthy, safe and caring, surrounded by welcoming public places and a valued natural and built environment.

Principal place of business:
27 Flint Street
Wyalkatchem WA 6485



**SHIRE OF WYALKATCHEM
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2021**

*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Wyalkatchem for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the Shire of Wyalkatchem at 30 June 2021 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 18 day of November 2021



Chief Executive Officer

Peter Klein

Chief Executive Officer



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

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
Rates	27(a)	1,314,471	1,318,571	1,304,516
Operating grants, subsidies and contributions	2(a)	2,199,703	1,005,669	1,860,250
Fees and charges	2(a)	231,686	172,479	202,159
Interest earnings	2(a)	21,806	20,490	49,704
Other revenue	2(a)	4,741	4,050	7,056
		3,772,407	2,521,259	3,423,685
Expenses				
Employee costs		(1,136,798)	(1,152,935)	(984,121)
Materials and contracts		(1,447,054)	(1,315,236)	(864,427)
Utility charges		(201,571)	(184,590)	(180,782)
Depreciation on non-current assets	10(b)	(1,416,383)	(1,378,678)	(1,378,577)
Interest expenses	2(b)	(8,281)	(10,707)	(12,873)
Insurance expenses		(139,708)	(142,702)	(136,365)
Other expenditure	2(b)	(39,705)	(44,378)	(44,429)
		(4,389,500)	(4,229,226)	(3,601,574)
		(617,093)	(1,707,967)	(177,889)
Non-operating grants, subsidies and contributions	2(a)	717,515	1,741,818	555,698
Profit on asset disposals	10(a)	108,391	25,225	5,939
(Loss) on asset disposals	10(a)	(3,000)	(9,883)	0
Fair value adjustments in other equity investments	5	8,955	0	0
		831,861	1,757,160	561,637
Net result for the period		214,768	49,193	383,748
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	3,788,386	0	0
Total other comprehensive income for the period		3,788,386	0	0
Total comprehensive income for the period		4,003,154	49,193	383,748

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



SHIRE OF WYALKATCHEM
 STATEMENT OF COMPREHENSIVE INCOME
 BY PROGRAM
 FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
Revenue				
General purpose funding		2,903,517	2,068,093	2,983,663
Law, order, public safety		34,436	25,681	29,155
Health		62,780	62,146	38,888
Housing		59,145	67,400	73,445
Community amenities		105,760	111,829	110,181
Recreation and culture		340,909	15,100	6,104
Transport		113,296	112,210	109,657
Economic services		78,320	21,800	16,521
Other property and services		74,244	37,000	56,071
		3,772,407	2,521,259	3,423,685
Expenses				
Governance		(483,097)	(597,829)	(365,185)
General purpose funding		(88,086)	(91,511)	(54,615)
Law, order, public safety		(85,619)	(94,735)	(67,583)
Health		(270,549)	(261,669)	(242,637)
Education and welfare		(53,667)	(54,910)	(50,235)
Housing		(146,658)	(181,582)	(106,507)
Community amenities		(176,111)	(190,509)	(166,355)
Recreation and culture		(1,396,266)	(941,238)	(809,616)
Transport		(1,286,815)	(1,510,650)	(1,441,233)
Economic services		(290,774)	(251,552)	(220,014)
Other property and services		(103,577)	(42,334)	(64,721)
		(4,381,219)	(4,218,519)	(3,588,701)
Finance Costs				
Housing		(4,302)	(6,833)	(7,853)
Economic services		(3,889)	(3,783)	(4,886)
Other property and services		(90)	(91)	(134)
		(8,281)	(10,707)	(12,873)
	2(b)	(617,093)	(1,707,967)	(177,889)
Non-operating grants, subsidies and contributions	2(a)	717,515	1,741,818	555,698
Profit on disposal of assets	10(a)	108,391	25,225	5,939
(Loss) on disposal of assets	10(a)	(3,000)	(9,883)	0
Fair value adjustments to financial assets at fair value through profit or loss		8,955	0	0
		831,861	1,757,160	561,637
Net result for the period		214,768	49,193	383,748
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	3,788,386	0	0
Total other comprehensive income for the period		3,788,386	0	0
Total comprehensive income for the period		4,003,154	49,193	383,748

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



SHIRE OF WYALKATCHEM
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	NOTE	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	3	4,771,461	4,316,007
Trade and other receivables	6	141,027	166,163
Inventories	7	7,874	3,626
TOTAL CURRENT ASSETS		4,920,362	4,485,796
NON-CURRENT ASSETS			
Trade and other receivables	6	18,722	13,148
Other financial assets	5(b)	55,355	46,400
Property, plant and equipment	8	13,751,481	10,006,113
Infrastructure	9	50,354,661	50,324,734
Right-of-use assets	11	5,076	8,451
TOTAL NON-CURRENT ASSETS		64,185,295	60,398,846
TOTAL ASSETS		69,105,657	64,884,642
CURRENT LIABILITIES			
Trade and other payables	13	262,558	154,510
Other liabilities	14	218,089	48,587
Lease liabilities	15(a)	3,412	3,368
Borrowings	16(a)	47,440	44,822
Employee related provisions	17	72,573	114,830
TOTAL CURRENT LIABILITIES		604,072	366,117
NON-CURRENT LIABILITIES			
Lease liabilities	15(a)	1,723	5,134
Borrowings	16(a)	103,318	150,746
Employee related provisions	17	40,290	9,545
TOTAL NON-CURRENT LIABILITIES		145,331	165,425
TOTAL LIABILITIES		749,403	531,542
NET ASSETS		68,356,254	64,353,100
EQUITY			
Retained surplus		24,751,838	24,674,483
Reserves - cash backed	4	2,558,033	2,420,620
Revaluation surplus	12	41,046,383	37,257,997
TOTAL EQUITY		68,356,254	64,353,100

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



SHIRE OF WYALKATCHEM
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2019		23,525,626	3,185,729	37,257,997	63,969,352
Comprehensive income					
Net result for the period		383,748	0	0	383,748
Total comprehensive income		383,748	0	0	383,748
Transfers from reserves	4	800,928	(800,928)	0	0
Transfers to reserves	4	(35,819)	35,819	0	0
Balance as at 30 June 2020		24,674,483	2,420,620	37,257,997	64,353,100
Comprehensive income					
Net result for the period		214,768	0	0	214,768
Other comprehensive income	12	0	0	3,788,386	3,788,386
Total comprehensive income		214,768	0	3,788,386	4,003,154
Transfers from reserves	4	40,000	(40,000)	0	0
Transfers to reserves	4	(177,413)	177,413	0	0
Balance as at 30 June 2021		24,751,838	2,558,033	41,046,383	68,356,254

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



SHIRE OF WYALKATCHEM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Rates	1,315,592	1,322,339	1,240,259
Operating grants, subsidies and contributions	2,391,759	957,082	1,877,212
Fees and charges	239,600	172,479	202,159
Interest received	21,806	20,490	49,704
Goods and services tax received	266,015	250,000	(25,849)
Other revenue	19,587	4,050	7,056
	<u>4,254,359</u>	<u>2,726,440</u>	<u>3,350,541</u>
Payments			
Employee costs	(1,148,310)	(1,152,935)	(970,721)
Materials and contracts	(1,343,688)	(1,315,236)	(886,135)
Utility charges	(201,571)	(184,590)	(180,782)
Interest expenses	(8,281)	(10,707)	(10,289)
Insurance paid	(139,708)	(142,702)	(136,365)
Goods and services tax paid	(292,452)	(250,000)	0
Other expenditure	(39,705)	(44,378)	(44,429)
	<u>(3,173,715)</u>	<u>(3,100,548)</u>	<u>(2,228,721)</u>
Net cash provided by (used in) operating activities	18 <u>1,080,644</u>	<u>(374,108)</u>	<u>1,121,820</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	8(a) (524,605)	(655,533)	(45,611)
Payments for construction of infrastructure	9(a) (954,532)	(2,369,917)	(731,068)
Non-operating grants, subsidies and contributions	2(a) 717,515	1,741,818	555,696
Proceeds from sale of property, plant & equipment	10(a) 184,609	94,000	13,409
Net cash provided by (used in) investment activities	<u>(577,013)</u>	<u>(1,189,632)</u>	<u>(207,574)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	16(b) (44,810)	(44,821)	(42,365)
Payments for principal portion of lease liabilities	15(b) (3,367)	(3,368)	(3,324)
Net cash provided by (used in) financing activities	<u>(48,177)</u>	<u>(48,189)</u>	<u>(45,689)</u>
Net increase (decrease) in cash held	455,454	(1,611,929)	868,557
Cash at beginning of year	4,316,007	4,307,519	3,447,450
Cash and cash equivalents at the end of the year	18 <u><u>4,771,461</u></u>	<u><u>2,695,590</u></u>	<u><u>4,316,007</u></u>

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



SHIRE OF WYALKATCHEM
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2021

NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$	
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	28 (b)	1,747,250	1,743,002	54,875
		1,747,250	1,743,002	54,875
Revenue from operating activities (excluding rates)				
General purpose funding		1,606,425	757,946	1,687,571
Law, order, public safety		34,436	25,681	29,155
Health		72,780	62,146	38,888
Housing		59,145	67,400	73,445
Community amenities		105,760	111,829	110,181
Recreation and culture		340,909	15,100	6,104
Transport		145,996	129,210	109,657
Economic services		78,320	21,800	16,521
Other property and services		139,935	45,225	62,010
		2,583,706	1,236,337	2,133,532
Expenditure from operating activities				
Governance		(483,097)	(597,829)	(365,185)
General purpose funding		(88,086)	(91,511)	(54,615)
Law, order, public safety		(85,619)	(94,735)	(67,583)
Health		(270,549)	(266,822)	(242,637)
Education and welfare		(53,667)	(54,910)	(50,235)
Housing		(150,960)	(188,415)	(114,360)
Community amenities		(176,111)	(190,509)	(166,355)
Recreation and culture		(1,396,266)	(941,238)	(809,616)
Transport		(1,286,815)	(1,510,650)	(1,441,233)
Economic services		(294,663)	(255,335)	(224,900)
Other property and services		(106,667)	(47,155)	(64,855)
		(4,392,500)	(4,239,109)	(3,601,574)
Non-cash amounts excluded from operating activities	28(a)	1,327,209	1,363,336	1,352,478
Amount attributable to operating activities		1,265,665	103,566	(60,689)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	717,515	1,741,818	555,698
Proceeds from disposal of assets	10(a)	184,609	94,000	13,409
Purchase of property, plant and equipment	8(a)	(524,605)	(655,533)	(45,611)
Purchase and construction of infrastructure	9(a)	(954,532)	(2,369,918)	(731,068)
		(577,013)	(1,189,633)	(207,572)
Amount attributable to investing activities		(577,013)	(1,189,633)	(207,572)
FINANCING ACTIVITIES				
Repayment of borrowings	16(b)	(44,810)	(44,821)	(42,365)
Payments for principal portion of lease liabilities	15(b)	(3,367)	(3,368)	(3,324)
Transfers to reserves (restricted assets)	4	(177,413)	(175,891)	(35,819)
Transfers from reserves (restricted assets)	4	40,000	0	800,928
Amount attributable to financing activities		(185,590)	(224,080)	719,420
Surplus/(deficit) before imposition of general rates		503,062	(1,310,147)	451,158
Total amount raised from general rates	27(a)	1,306,047	1,310,147	1,296,092
Surplus/(deficit) after imposition of general rates	28(b)	1,809,109	0	1,747,250

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



SHIRE OF WYALKATCHEM
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FOR THE YEAR ENDED 30 JUNE 2021

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

1. BASIS OF PREPARATION

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

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

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

INITIAL APPLICATION OF ACCOUNTING STANDARDS

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

These were:

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

The impact of adoption of these standards is described at Note 31.

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

CRITICAL ACCOUNTING ESTIMATES

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that 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.

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Payment in line with inspection	None	Set by State legislation	Applied fully on timing of inspection	No refunds	Revenue recognised after inspection event occurs
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction price	On entry or at conclusion of hire
Fees and charges for other goods and services	Cemetery services, library fees, rental income, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	On- charge of expenses & Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

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

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions			
General purpose funding	1,562,963	727,032	1,627,518
Law, order, public safety	27,773	20,181	23,280
Health	62,309	62,146	38,888
Housing	8,712	44,000	18,286
Recreation and culture	339,096	13,000	1,436
Transport	110,610	112,210	109,657
Economic services	16,935	100	145
Other property and services	71,305	27,000	41,039
	2,199,703	1,005,669	1,860,250
Non-operating grants, subsidies and contributions			
General purpose funding	112,688	320,734	0
Community amenities	8,320	204,000	0
Recreation and culture	0	401,347	0
Transport	596,507	815,737	555,698
	717,515	1,741,818	555,698
Total grants, subsidies and contributions	2,917,218	2,747,487	2,415,948
Fees and charges			
General purpose funding	4,277	2,000	1,924
Law, order, public safety	2,662	1,500	1,845
Health	472	0	0
Housing	50,434	23,400	55,158
Community amenities	105,633	111,829	110,181
Recreation and culture	1,813	2,100	4,668
Transport	2,686	0	0
Economic services	60,782	21,650	16,376
Other property and services	2,927	10,000	12,007
	231,686	172,479	202,159

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

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

Fees and Charges

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Fees and charges	227,617	169,679	200,132
Other revenue	4,741	4,050	7,056
Non-operating grants, subsidies and contributions	717,515	1,741,818	555,698
	<u>949,873</u>	<u>1,915,547</u>	<u>762,886</u>

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

Revenue from contracts with customers included as a contract liability at the start of the period	48,587	48,587	0
Revenue from contracts with customers recognised during the year	183,771	125,142	207,188
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	717,515	1,741,818	555,698
	<u>949,873</u>	<u>1,915,547</u>	<u>762,886</u>

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

Trade and other receivables from contracts with customers	0	0	10,535
Contract liabilities from contracts with customers	(218,089)	0	(48,587)

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

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

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

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

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

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

General rates

Statutory permits and licences

Fines

Other revenue

Other

Interest earnings

Interest on reserve funds

Rates instalment and penalty interest (refer Note 27(e))

Other interest earnings

	2021 Actual \$	2021 Budget \$	2020 Actual \$
General rates	1,306,047	1,310,147	1,296,092
Statutory permits and licences	3,429	2,800	1,937
Fines	640	0	90
	1,310,116	1,312,947	1,298,119
Other revenue			
Other	4,741	4,050	7,056
	4,741	4,050	7,056
Interest earnings			
Interest on reserve funds	12,413	10,890	35,819
Rates instalment and penalty interest (refer Note 27(e))	8,916	4,600	12,846
Other interest earnings	477	1,000	1,039
	21,806	16,490	49,704

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses	Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
Auditors remuneration				
- Audit of the Annual Financial Report		34,600	28,170	26,600
- Other services		1,500	0	0
		36,100	28,170	26,600
Interest expenses (finance costs)				
Borrowings	16(b)	8,191	10,616	12,739
Lease liabilities	15(b)	90	91	134
		8,281	10,707	12,873
Other expenditure				
Impairment loss on trade and other receivables from contracts with customers		7,914	0	0
Sundry expenses		31,791	44,378	44,429
		39,705	44,378	44,429

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

3. CASH AND CASH EQUIVALENTS

	NOTE	2021 \$	2020 \$
Cash at bank and on hand		4,771,461	1,895,387
Term deposits		0	2,420,620
Total cash and cash equivalents		4,771,461	4,316,007

Restrictions

The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:

- Cash and cash equivalents		2,776,122	2,469,207
		2,776,122	2,469,207

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

Reserves - cash backed	4	2,558,033	2,420,620
Contract liabilities from contracts with customers	14	218,089	48,587
Total restricted assets		2,776,122	2,469,207

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted assets

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

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

4. RESERVES - CASH BACKED	2021	2021	2021	2021	2021	2021	2021	2021	2020	2020	2020	2020
	Actual	Actual	Actual	Actual	Budget	Budget	Budget	Budget	Actual	Actual	Actual	Actual
	Opening	Transfer to	Transfer	Closing	Opening	Transfer to	Transfer	Closing	Opening	Transfer to	Transfer	Closing
	Balance		(from)	Balance	Balance		(from)	Balance	Balance		(from)	Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Airport Development Reserve	42,930	220	0	43,150	42,897	193	0	43,090	42,310	620	0	42,930
(b) Building Reserve	299,125	1,534	0	300,659	298,901	1,346	0	300,247	294,814	4,311	0	299,125
(c) Community Bus Reserve	82,189	421	0	82,611	82,126	370	0	82,496	81,003	1,186	0	82,189
(d) Community Development Reserve	258,945	61,328	0	320,272	258,745	61,165	0	319,910	255,207	3,738	0	258,945
(e) Community Health Reserve	1,072,704	5,501	0	1,078,205	1,071,878	4,826	0	1,076,704	1,057,222	15,482	0	1,072,704
(f) Depot Reserve	253,661	1,301	0	254,962	253,466	1,141	0	254,607	250,000	3,661	0	253,661
(g) Government Joint Venture Housing R	18,413	94	0	18,508	18,399	83	0	18,482	18,148	265	0	18,413
(h) Plant & Equipment Reserve	199,402	66,023	(40,000)	225,425	199,248	65,897	0	265,145	195,636	3,766	0	199,402
(i) Sport & Recreation Facilities Reserve	135,989	40,697	0	176,686	135,884	40,612	0	176,496	134,026	1,963	0	135,989
(j) Unspent Grants Reserve	0	0	0	0	0	0	0	0	800,928	0	(800,928)	0
(k) Waste Management Reserve	57,261	294	0	57,555	57,217	258	0	57,475	56,435	826	0	57,261
	2,420,620	177,413	(40,000)	2,558,033	2,418,761	175,891	0	2,594,652	3,185,729	35,819	(800,928)	2,420,620

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Airport Development Reserve	Ongoing	To be used for the long term maintenance, upgrades, development and/or expansion of the Wyalkatchem Airport
(b) Building Reserve	Ongoing	To be used for the continual upgrade and maintenance of council's buildings within the Shire of Wyalkatchem
(c) Community Bus Reserve	Ongoing	To be used to fund the continual purchase of a community bus
(d) Community Development Reserve	Ongoing	To be used for the continual upgrade and/or development of various community facilities in Wyalkatchem
(e) Community Health Reserve	Ongoing	To be used for the continual upgrade of medical facilities and funding of health services within the Shire of Wyalkatchem
(f) Depot Reserve	Ongoing	To be used for the continual upgrade and expansion of the Wyalkatchem Depot
(g) Government Joint Venture Housing R	Ongoing	To be used for the long term maintenance and upgrades of the joint venture housing
(h) Plant & Equipment Reserve	Ongoing	To be used for the continual purchase of Major Plant items
(i) Sport & Recreation Facilities Reserve	Ongoing	To be used for the continual upgrade and/or maintenance of various Sport & Recreation facilities in Wyalkatchem
(j) Unspent Grants Reserve	Ongoing	To be used for the purpose of containing funds that are derived from unspent or prepaid grants and contributions from external parties
(k) Waste Management Reserve	Ongoing	To be used for the continual upgrade and expansion of the Wyalkatchem Waste Disposal Site

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

5. OTHER FINANCIAL ASSETS

- (a) Current assets**
 Financial assets at amortised cost
- (b) Non-current assets**
 Units in Local Government House Trust

	2021	2020
	\$	\$
	0	0
	55,355	46,400
	<u>55,355</u>	<u>46,400</u>

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 29.

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

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
GST receivable	
Allowance for impairment of receivables	
Accrued income	

Non-current

Pensioner's rates and ESL deferred	
------------------------------------	--

	2021	2020
	\$	\$
	60,955	67,216
	20,852	43,406
	65,238	38,799
	(7,914)	0
	1,896	16,742
	141,027	166,163
	18,722	13,148
	18,722	13,148

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 29.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

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

7. INVENTORIES

Current

Fuel and materials

The following movements in inventories occurred during the year:

Balance at beginning of year

Inventories expensed during the year

Additions to inventory

Balance at end of year

	2021	2020
	\$	\$
	7,874	3,626
	7,874	3,626
	3,626	1,872
	(64,173)	(74,704)
	68,421	76,458
	7,874	3,626

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

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

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Land - Freehold Land	Land & Buildings	Total Land and Buildings	Furniture and Equipment	Plant and Equipment	Total Property, Plant and Equipment
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	625,000	8,549,508	9,174,508	37,398	1,261,100	10,473,006
Additions	0	5,576	5,576	0	40,035	45,611
(Disposals)	0	0	0	0	(7,470)	(7,470)
Depreciation (expense)	0	(220,130)	(220,130)	(19,412)	(265,493)	(505,034)
Balance at 30 June 2020	625,000	8,334,954	8,959,954	17,986	1,028,173	10,006,113
Comprises:						
Gross balance amount at 30 June 2020	625,000	8,901,618	9,526,618	39,573	1,866,180	11,432,371
Accumulated depreciation at 30 June 2020	0	(566,664)	(566,664)	(21,587)	(838,007)	(1,426,258)
Balance at 30 June 2020	625,000	8,334,954	8,959,954	17,986	1,028,173	10,006,113
Additions	0	149,097	149,097	0	375,508	524,605
(Disposals)	(6,000)	0	(6,000)	0	(73,219)	(79,219)
Revaluation increments / (decrements) transferred to revaluation surplus	(319,000)	4,107,386	3,788,386	0	0	3,788,386
Depreciation (expense)	0	(220,742)	(220,742)	(17,911)	(289,064)	(527,717)
Transfers	0	39,314	39,314	0	0	39,314
Balance at 30 June 2021	300,000	12,410,008	12,710,008	75	1,041,398	13,751,481
Comprises:						
Gross balance amount at 30 June 2021	300,000	12,410,008	12,710,008	39,573	1,996,802	14,746,383
Accumulated depreciation at 30 June 2021	0	0	0	(39,498)	(955,404)	(994,902)
Balance at 30 June 2021	300,000	12,410,008	12,710,008	75	1,041,398	13,751,481

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Land - Freehold Land	2	Market approach using recent or estimated observable market data for similar properties	Independent Valuation	June 2021	Price per hectare/market borrowing rate
Land & Buildings	2 & 3	Cost approach using current replacement cost (Net Revaluation method)	Independent Valuation	June 2021	Improvements to buildings using construction costs (Level 2) and current condition, residual values and remaining useful life assessments (Level 3) inputs

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

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

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

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

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure Roads	Infrastructure Drainage	Infrastructure Footpaths	Infrastructure Parks & Ovals	Infrastructure Airport	Infrastructure Other	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2019	43,731,946	2,321,036	391,480	370,645	1,880,097	1,768,630	50,463,834
Additions	717,952	0	0	0	0	13,116	731,068
Depreciation (expense)	(492,202)	(47,368)	(16,312)	(48,414)	(111,554)	(154,318)	(870,168)
Balance at 30 June 2020	43,957,696	2,273,668	375,168	322,231	1,768,543	1,627,428	50,324,734
Comprises:							
Gross balance at 30 June 2020	44,931,113	2,368,404	407,791	418,300	1,990,762	1,936,065	52,052,435
Accumulated depreciation at 30 June 2020	(973,417)	(94,736)	(32,623)	(96,069)	(222,219)	(308,637)	(1,727,701)
Balance at 30 June 2020	43,957,696	2,273,668	375,168	322,231	1,768,543	1,627,428	50,324,734
Additions	923,376	8,320	0	0	0	22,836	954,532
Depreciation (expense)	(506,561)	(47,368)	(16,312)	(48,414)	(111,554)	(155,082)	(885,291)
Transfers	0	0	0	0	0	(39,314)	(39,314)
Balance at 30 June 2021	44,374,511	2,234,620	358,856	273,817	1,656,989	1,455,868	50,354,661
Comprises:							
Gross balance at 30 June 2021	45,854,489	2,376,724	407,791	418,300	1,990,762	1,904,847	52,952,913
Accumulated depreciation at 30 June 2021	(1,479,978)	(142,104)	(48,935)	(144,483)	(333,773)	(448,979)	(2,598,252)
Balance at 30 June 2021	44,374,511	2,234,620	358,856	273,817	1,656,989	1,455,868	50,354,661

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

9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

(i) Fair Value	Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
	Infrastructure Roads	3	Cost approach using current replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	Infrastructure Drainage	3	Cost approach using current replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	Infrastructure Footpaths	3	Cost approach using current replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	Infrastructure Parks & Ovals	3	Cost approach using current replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	Infrastructure Airport	3	Cost approach using current replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
	Infrastructure Other	3	Cost approach using current replacement cost	Independent Valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

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

10. FIXED ASSETS

(a) Disposals of Assets

	2021 Actual Net Book Value \$	2021 Actual Sale Proceeds \$	2021 Actual Profit \$	2021 Actual Loss \$	2021 Budget Net Book Value \$	2021 Budget Sale Proceeds \$	2021 Budget Profit \$	2021 Budget Loss \$	2020 Actual Net Book Value \$	2020 Actual Sale Proceeds \$	2020 Actual Profit \$	2020 Actual Loss \$
Land	6,000	3,000	0	(3,000)	0	0	0	0	0	0	0	0
Plant and Equipment	73,218	181,609	108,391	0	78,658	94,000	25,225	(9,883)	7,470	13,409	5,939	0
	79,218	184,609	108,391	(3,000)	78,658	94,000	25,225	(9,883)	7,470	13,409	5,939	0

The following assets were disposed of during the year.

	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
Plant and Equipment				
Health				
Mazda Vehicle	24,545	34,546	10,001	0
Transport				
New Holland Tractor	13,000	45,700	32,700	0
Other property and services				
Toyota Corolla	2,323	11,818	9,495	0
Toyota Hilux	28,617	42,727	14,110	0
Isuzu Utility	2,788	11,818	9,030	0
Isuzu Tipper	1,945	35,000	33,055	0
	73,218	181,609	108,391	0
Land				
Other Property and Services				
Land, Lot 19 Honour Ave	6,000	3,000	0	(3,000)
	6,000	3,000	0	(3,000)
	79,218	184,609	108,391	(3,000)

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

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

Revaluation

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Revaluation (Continued)

At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

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

Land under roads from 1 July 2019

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

Vested improvements from 1 July 2019

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

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

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

10. FIXED ASSETS

(b) Depreciation

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Land & Buildings	220,742	220,240	220,130
Furniture and Equipment	17,911	19,420	19,412
Plant and Equipment	289,064	265,520	265,493
Infrastructure Roads	506,561	492,210	492,202
Infrastructure Footpaths	16,312	16,320	16,312
Infrastructure Drainage	47,368	47,370	47,368
Infrastructure Parks & Ovals	48,414	48,420	48,414
Infrastructure Other	155,082	154,340	154,318
Infrastructure Airport	111,554	111,560	111,554
Right-of-use assets - Furniture and Equipment	3,375	3,278	3,375
	1,416,383	1,378,678	1,378,577

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings - non specialised	12 to 50 years
Furniture and equipment	2 to 5 years
Plant and equipment	3 to 16 years
Infrastructure - Roads	15 to 50 years
Footpaths	25 years
Drainage	50 years
Park & Ovals	6 to 12 years
Infrastructure - Airport	15 to 50 years
Infrastructure - Kerbing	30 years

Depreciation on revaluation

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

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

Amortisation

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

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

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

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

11. LEASES

Right-of-Use Assets

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

	Right-of-use assets - Furniture and Equipment \$	Right-of-use assets Total
Balance at 1 July 2019	11,826	11,826
Depreciation (expense)	(3,375)	(3,375)
Balance at 30 June 2020	8,451	8,451
Depreciation (expense)	(3,375)	(3,375)
Balance at 30 June 2021	5,076	5,076

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

	2021 Actual \$	2020 Actual \$
Depreciation expense on lease liabilities	(3,375)	(3,375)
Interest expense on lease liabilities	(91)	(134)
Total amount recognised in the statement of comprehensive income	(3,466)	(3,509)
Total cash outflow from leases	(3,457)	(3,458)

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - valuation

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

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

Right-of-use assets - depreciation

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

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

12. REVALUATION SURPLUS

	2021 Opening Balance	2021 Revaluation (Decrement)	Total Movement on Revaluation	2021 Closing Balance	2020 Opening Balance	2020 Change in Accounting Policy	Total Movement on Revaluation	2020 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land & Buildings	3,803,914	3,788,386	3,788,386	7,592,300	4,003,914	(200,000)	(200,000)	3,803,914
Revaluation surplus - Furniture and Equipment	1,825	0	0	1,825	1,825	0	0	1,825
Revaluation surplus - Plant and Equipment	77,020	0	0	77,020	77,020	0	0	77,020
Revaluation surplus - Infrastructure Roads	29,108,543	0	0	29,108,543	29,108,543	0	0	29,108,543
Revaluation surplus - Infrastructure Drainage	2,272,115	0	0	2,272,115	2,272,115	0	0	2,272,115
Revaluation surplus - Infrastructure Footpaths	233,186	0	0	233,186	233,186	0	0	233,186
Revaluation surplus - Infrastructure Parks & Ovals	344,502	0	0	344,502	344,502	0	0	344,502
Revaluation surplus - Infrastructure Other	1,416,892	0	0	1,416,892	1,416,892	0	0	1,416,892
	37,257,997	3,788,386	3,788,386	41,046,383	37,457,997	(200,000)	(200,000)	37,257,997

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

Vested land is no longer required to be recognised at fair value. Land under golf courses, showgrounds, racecourses or any other sporting or recreational facility of State or regional significance are recognised at zero cost.

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

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Prepaid rates
 Accrued salaries and wages
 PAYG and FBT payable
 Bonds and deposits held
 Payroll Creditors
 Accrued Expenses
 Accrued Interest on Loans

	2021	2020
	\$	\$
	189,645	84,180
	20,790	20,356
	24,343	21,185
	14,809	18,158
	6,486	6,628
	510	450
	5,202	0
	773	3,553
	262,558	154,510

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition

Prepaid rates

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

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

14. OTHER LIABILITIES

Current

Contract liabilities

2021	2020
\$	\$
218,089	48,587

Performance obligations for each type of liability are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

Contract liabilities	Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
\$	\$
218,089	218,089

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

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

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

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

Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity
 Grant liabilities represent the the Shire's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

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

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

15. LEASE LIABILITIES

(a) Lease Liabilities

	2021	2020
	\$	\$
Current	3,412	3,368
Non-current	1,723	5,134
	5,135	8,502

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	30 June 2021				30 June 2021				30 June 2020			
					Actual Lease Principal	Actual Lease Repayments	Actual Lease Principal	Actual Lease Interest	Budget Lease Principal	Budget Lease Repayments	Budget Lease Principal	Budget Lease Interest	Actual Lease Principal	Actual Lease Repayments	Actual Lease Principal	Actual Lease Interest
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Other property and services					1 July 2020	30 June 2021	30 June 2021	30 June 2021	1 July 2020	30 June 2021	30 June 2021	30 June 2021	1 July 2019	30 June 2020	30 June 2020	30 June 2020
Photocopier	C5077C3721	Fuji Xerox	3.00%	60 mths	8,502	(3,367)	5,135	(90)	8,502	(3,368)	5,134	(91)	11,826	(3,324)	8,502	(134)
					8,502	(3,367)	5,135	(90)	8,502	(3,368)	5,134	(91)	11,826	(3,324)	8,502	(134)

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

16. INFORMATION ON BORROWINGS

(a) Borrowings

	2021	2020
	\$	\$
Current	47,440	44,822
Non-current	103,318	150,746
	<u>150,758</u>	<u>195,568</u>

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2021				30 June 2021				30 June 2020			
				Actual Principal 1 July 2020	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2020	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2019	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Housing															
43 & 45 Wilson Street	68	NAB	6.89%	104,938	(23,619)	(4,302)	81,319	104,939	(23,631)	(6,833)	81,308	127,021	(22,083)	(7,853)	104,938
Economic services															
CRC Building	73	WATC*	4.43%	90,630	(21,191)	(3,889)	69,439	90,628	(21,190)	(3,783)	69,438	110,912	(20,282)	(4,886)	90,630
				<u>195,568</u>	<u>(44,810)</u>	<u>(8,191)</u>	<u>150,758</u>	<u>195,567</u>	<u>(44,821)</u>	<u>(10,616)</u>	<u>150,746</u>	<u>237,933</u>	<u>(42,365)</u>	<u>(12,739)</u>	<u>195,568</u>

* WA Treasury Corporation

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

16. INFORMATION ON BORROWINGS (Continued)

	2021	2020
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit		
Bank overdraft at balance date	250,000	250,000
Credit card limit	13,000	13,000
Credit card balance at balance date	(7,703)	(9)
Total amount of credit unused	255,297	262,991
Loan facilities		
Loan facilities - current	47,440	44,822
Loan facilities - non-current	103,318	150,746
Lease liabilities - current	3,412	3,368
Lease liabilities - non-current	1,723	5,134
Total facilities in use at balance date	155,893	204,070
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 29.

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

17. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2020

Current
 Non-current

Additional provision
 Amounts used

Balance at 30 June 2021

Comprises

Current
 Non-current

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2020			
Current	53,400	61,430	114,830
Non-current	0	9,545	9,545
	53,400	70,975	124,375
Additional provision	62,911	4,568	67,479
Amounts used	(61,037)	(17,954)	(78,991)
Balance at 30 June 2021	55,274	57,589	112,863
Comprises			
Current	55,274	17,299	72,573
Non-current	0	40,290	40,290
	55,274	57,589	112,863

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date
 More than 12 months from reporting date

	2021 \$	2020 \$
Less than 12 months after the reporting date	66,005	114,830
More than 12 months from reporting date	46,858	9,545
	112,863	124,375

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees.

Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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

Short-term employee benefits

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

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

Other long-term employee benefits

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

SHIRE OF WYALKATCHEM
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18. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	4,771,461	2,695,590	4,316,007
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	214,768	49,193	383,748
Non-cash flows in Net result:			
Adjustments to fair value of investment property	(8,955)	0	0
Depreciation on non-current assets	1,416,383	1,378,678	1,378,577
(Profit)/loss on sale of asset	(105,391)	(15,342)	(5,939)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	19,562	3,768	(108,357)
(Increase)/decrease in inventories	(4,248)	0	(1,754)
Increase/(decrease) in payables	108,050	0	(24,322)
Increase/(decrease) in employee provisions	(11,512)	0	6,978
Increase/(decrease) in contract liabilities	169,502	(48,587)	48,587
Non-operating grants, subsidies and contributions	(717,515)	(1,741,818)	(555,698)
Net cash from operating activities	1,080,644	(374,108)	1,121,820

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	<u>2021</u>	<u>2020</u>
	\$	\$
General purpose funding	2,428,533	2,009,005
Law, order, public safety	120,000	109,237
Health	1,668,205	1,524,538
Education and welfare	255,000	1,098,950
Housing	2,789,167	2,439,716
Community amenities	724,954	540,924
Recreation and culture	5,443,774	3,373,820
Transport	49,739,588	49,120,075
Economic services	3,075,190	1,886,247
Other property and services	2,667,247	2,101,880
Unallocated	193,999	680,250
	<u>69,105,657</u>	<u>64,884,642</u>

20. CONTINGENT LIABILITIES

The Shire operates a single landfill in Cemetery Road, Wyalkatchem, which receives all of the kerbside and general waste generated by the community. This site was registered with the Department of Environment Protection, Water and Rivers Commission on 10 June 2003. The closest property to the landfill is 2.5km away.

The landfill site covers a total area of 35ha and the current use space is about 8,000m² with approximately 50,000m² available for future expansion.

At the current rate of waste disposal the site has a remaining life of 25 years.

The Shire is currently drafting its landfill closure plan which, once complete, will inform the scale of the Council's rehabilitation liability and annual allocation to its Waste Management Reserve.

The Shire is currently unaware of the extent of contamination, if any, at the site.

The Waste Management Reserve (Note 4) currently has a balance of \$57,555 with a further \$50,281 budgeted to be transferred into this reserve in FY22.

21. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

The Shire has no capital commitments at the end of the current reporting period.

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

22. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Councillor Quentin Davies, President			
President's annual allowance	6,090	6,090	6,090
Meeting attendance fees	4,793	4,793	4,793
ICT expenses	544	634	544
	11,427	11,517	11,427
Councillor Owen Garner, Deputy President			
Deputy President's annual allowance	1,523	1,523	1,523
Meeting attendance fees	4,793	4,793	4,793
ICT expenses	544	634	544
	6,860	6,950	6,860
Councillor Steve Gamble			
Meeting attendance fees	4,793	4,793	4,793
ICT expenses	544	635	544
	5,337	5,428	5,337
Councillor Mischa Stratford			
Meeting attendance fees	4,793	4,793	4,793
ICT expenses	544	635	544
	5,337	5,428	5,337
Councillor Emma Holdsworth			
Meeting attendance fees	4,793	4,793	4,793
ICT expenses	544	635	544
	5,337	5,428	5,337
Councillor Rachel Nightingale			
Meeting attendance fees	4,793	4,793	4,793
ICT expenses	544	635	544
	5,337	5,428	5,337
	39,635	40,179	39,635
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	6,090	6,090	6,090
Deputy President's allowance	1,523	1,523	1,523
Meeting attendance fees	28,758	28,758	28,758
ICT expenses	3,264	3,808	3,264
	39,635	40,179	39,635

SHIRE OF WYALKATCHEM
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FOR THE YEAR ENDED 30 JUNE 2021

23. RELATED PARTY TRANSACTIONS

Key Management Personnel (KMP) Compensation Disclosure

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

	2021 Actual \$	2020 Actual \$
Short-term employee benefits	338,013	240,410
Post-employment benefits	46,931	28,361
Other long-term benefits	1,561	1,528
Termination benefits	65,100	0
	451,605	270,299

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

Transactions with related parties

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

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

The following transactions occurred with related parties:

	2021 Actual \$	2020 Actual \$
Sale of goods and services	0	1,115
Purchase of goods and services	1,319	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

An 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.

24. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

The Shire was not a party to any joint arrangements during the financial year ended 30 June 2021

25. MAJOR LAND TRANSACTIONS

The Shire was not party to any major trading undertakings during the current financial year ended 30 June 2021.

26. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire was not participate in any major trading undertakings during the current financial year ended 30 June 2021.

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

27. RATING INFORMATION

(a) Rates

RATE TYPE Differential general rate / general rate	Rate in	Number	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	2020/21	2019/20	
	\$	of Properties	Actual Rateable Value	Actual Rate Revenue	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue
			\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Gross rental valuations												
GRV	0.10504	250	1,347,760	142,064	0	0	142,064	141,569	0	0	141,569	142,064
Unimproved valuations												
UV-Rural	0.01642	229	70,761,000	1,161,558	0	0	1,161,558	1,162,108	0	0	1,162,108	1,148,641
Sub-Total		479	72,108,760	1,303,622	0	0	1,303,622	1,303,677	0	0	1,303,677	1,290,705
Minimum payment												
Minimum payment												
Gross rental valuations												
GRV	495	55	82,280	27,225	(207)	0	27,018	27,720	0	0	27,720	27,720
Unimproved valuations												
UV-Rural	550	17	273,100	9,350	0	0	9,350	8,800	0	0	8,800	8,800
UV-Mining	550	9	17,151	4,950	825	579	6,354	4,950	0	0	4,950	5,099
Sub-Total		81	372,531	41,525	618	579	42,722	41,470	0	0	41,470	41,619
		560	72,481,291	1,345,147	618	579	1,346,344	1,345,147	0	0	1,345,147	1,332,324
Discounts/concessions (Note 27(d))							(40,297)				(35,000)	(36,232)
Total amount raised from general rate							1,306,047				1,310,147	1,296,092
Ex-gratia rates							8,424				8,424	8,424
Totals							1,314,471				1,318,571	1,304,516

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

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

27. RATING INFORMATION (Continued)

(b) Specified Area Rate

The Shire did not raise specified area rates for the year ended 30 June 2021.

(c) Service Charges

The Shire did not raise service charges for the year ended 30 June 2021.

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$	Circumstances in which Discount is Granted
Rates	5.00%		40,297	27,305	35,736	Payment of all rates owing, received on or before 21 days after service date of rate notice.
Rate Assessment RSL	100.00%		0	495	495	Rate exemption under section 6.26(g) of the Local Government Act.
			40,297	27,800	36,231	

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2021 Actual \$	2021 Budget \$	2020 Actual \$	Circumstances in which the Waiver or Concession is Granted
Rubbish Service Charge - 1st Service		30.00%		0	7,200	0	A discount of 30% on the 1st Rubbish Service to pensioner concession holders who have registered and are eligible for a rebate on their rates under the Rates and Charges (Rebates).
				0	7,200	0	
Total discounts/concessions (Note 27(a))				40,297	35,000	36,231	

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Waiver	Exemption under section 6.26(g) of the Local Government Act	Support Charitable Organisations	Rate exemption for land used exclusively for charitable purposes, as defined within Council policy.

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

27. RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option one				
Payment in Full	19/10/2020	0	0.0%	8.0%
Option two				
Instalment 1	19/10/2020	0	0.0%	0.0%
Instalment 2	21/12/2020	5	5.5%	8.0%
Instalment 3	22/02/2021	5	5.5%	8.0%
Instalment 4	22/04/2021	5	5.5%	8.0%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Instalment plan admin charge revenue	1,110	1,000	980
Instalment plan interest earned	4,483	3,600	3,626
Unpaid rates and service charge interest earned	4,287	5,000	9,220
Pensioner Deferred Interest	146	0	0
	10,026	9,600	13,826

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

28. RATE SETTING STATEMENT INFORMATION

Note	2020/21	2020/21	2019/20	
	(30 June 2021 Carried Forward)	Budget (30 June 2021 Carried Forward)	(30 June 2020 Carried Forward)	
	\$	\$	\$	
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	10(a)	(108,391)	(25,225)	(5,939)
Less: Fair value adjustments to financial assets at fair value through profit and loss		(8,955)	0	0
Movement in pensioner deferred rates (non-current)		(5,573)	0	(2,463)
Movement in employee benefit provisions (non-current)		30,745	0	(17,697)
Add: Loss on disposal of assets	10(a)	3,000	9,883	0
Add: Depreciation on non-current assets	10(b)	1,416,383	1,378,678	1,378,577
Non cash amounts excluded from operating activities		1,327,209	1,363,336	1,352,478
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves - cash backed	4	(2,558,033)	(2,594,652)	(2,420,619)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	16(a)	47,440	44,822	44,822
- Current portion of lease liabilities	15(a)	3,412	0	3,368
Total adjustments to net current assets		(2,507,181)	(2,549,830)	(2,372,429)
Net current assets used in the Rate Setting Statement				
Total current assets		4,920,362	2,844,303	4,485,796
Less: Total current liabilities		(604,072)	(294,473)	(366,117)
Less: Total adjustments to net current assets		(2,507,181)	(2,549,830)	(2,372,429)
Net current assets used in the Rate Setting Statement		1,809,109	0	1,747,250

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

29. FINANCIAL RISK MANAGEMENT

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

Risk	Exposure arising from	Measurement	Management
Market risk - interest rate	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
Credit risk	Cash and cash equivalents, trade receivables, financial assets and 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 Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2021					
Cash and cash equivalents	0.10%	4,771,461	0	4,771,461	0.00%
2020					
Cash and cash equivalents	0.27%	4,316,007	2,420,620	1,895,387	0.00%

Sensitivity

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

	2021	2020
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	47,715	18,954

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 16(b).

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

29. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2020 or 1 July 2021 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors.

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2021					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	2,672	19,504	21,466	17,313	60,955
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	56,273	10,124	819	0	67,216

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2021					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	19,281	906	249	416	20,852
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	39,875	0	673	2,858	43,406

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

29. 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 16(c).

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2021					
Payables	262,558	0	0	262,558	262,558
Borrowings	55,437	110,875	0	166,312	150,758
Lease liabilities	3,458	1,729	0	5,187	5,135
	321,453	112,604	0	434,057	418,451
2020					
Payables	154,510	0	0	154,510	154,510
Borrowings	55,437	166,312	0	221,749	195,568
Lease liabilities	3,458	5,188	0	8,646	8,502
	213,405	171,500	0	384,905	358,580

30. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There have been no material events after the reporting period which would affect the financial report of the Shire for the year ended 30th June 2021 or which would require a separate disclosure.

SHIRE OF WYALKATCHEM
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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31. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

During the 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.

(a) AASB 1059 Service Concession Arrangements: Grantors

Service concession assets are those assets where a third party operator constructs assets for the Shire, upgrades existing assets of the Shire or uses existing assets of the Shire to operate and maintain the assets to provide a public service, for a specified period of time. The Shire has considered the requirements of AASB1059 Service Concession Agreements: Grantor and confirms that the Shire has no arrangements that fall within the scope of this standard.

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

32. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

SHIRE OF WYALKATCHEM
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33. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE	
To provide a decision making process for the efficient allocation of scarce resources.	Include 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 ratepayers on matters which do not specify the Shire 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 Acts, regulations and by-laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH	
To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance. Provision of various medical facilities.
EDUCATION AND WELFARE	
To provide services to disadvantaged persons, the elderly, children and youth.	Maintenance and support of child minding and playgroup centres, senior citizen and aged care facilities. Provision and maintenance of home care programs and youth services.
HOUSING	
To provide and maintain staff and elderly residents housing.	Provision and maintenance of staff, community and joint venture housing.
COMMUNITY AMENITIES	
To provide services required by the community.	Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery, public conveniences and community bus.
RECREATION AND CULTURE	
To establish and effectively manage infrastructure and resource which will help the social well being of the community.	Maintenance of public halls, aquatic centres, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens, reserves and playgrounds. Provision of library services (contract). Support of museum and other cultural facilities and services.
TRANSPORT	
To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, cycling ways, airstrip, 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 wellbeing.	Tourism and area promotion. Maintenance and operation of the Saleyards. Building Control. Provision of rural services including weed control, vermin control and standpipes.
OTHER PROPERTY AND SERVICES	
To monitor and control Council's overheads operating accounts.	Private works operation, plant repair and operational costs and engineering operation costs.

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

34. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	3.55	5.51	1.02
Asset consumption ratio	0.95	0.95	0.97
Asset renewal funding ratio	**	**	0.88
Asset sustainability ratio	0.58	0.55	0.70
Debt service cover ratio	16.33	22.13	11.42
Operating surplus ratio	(0.30)	(0.11)	(0.31)
Own source revenue coverage ratio	0.38	0.44	0.42

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	$\frac{\text{own source operating revenue}}{\text{operating expense}}$

** The Shire is unable to disclose the Asset renewal funding ratio at the end of the reporting period as it did not have the required data available to calculate this ratio.



Auditor General

INDEPENDENT AUDITOR'S REPORT 2021 Shire of Wyalkatchem

To the Councillors of the Shire of Wyalkatchem

Report on the audit of the annual financial report

Opinion

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

- the Statement of Financial Position at 30 June 2021, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by Chief Executive Officer.

In my opinion the financial report of the Shire of Wyalkatchem:

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

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

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

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

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

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

Auditor's responsibility for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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

Report on other legal and regulatory requirements

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
 - a) The Operating Surplus Ratio as reported in Note 34 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the past three financial years.
 - b) The Assets Sustainability Ratio as reported in Note 34 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the past three financial years.
- (ii) The following material matters indicating non-compliance with Part 6 of the Act, the Regulations or applicable financial controls of any other relevant written law were identified during the course of my audit:
 - a) The Shire has not reported the Asset Renewal Funding Ratio for the current year in the annual financial report as required by section 50(1)(c) of the Local Government (Financial Management) Regulations 1996, as there was no asset management plan available and the long-term financial plan was outdated.
 - b) For approximately 50% of purchase transactions we sampled, there was inadequate or no evidence that a sufficient number of quotations were obtained to test the market, and no documentation to explain why other quotes were not sought. This practice increases the likelihood of not receiving value for money in procurement and the risk of fraud or favouritism of suppliers.
 - c) For approximately 47% of purchase transactions we sampled, same officer requisitioned, approved and raised the purchase order then also approved the associated supplier invoice. Lack of segregation of duties increases the risk of unauthorised purchases occurring without detection, resulting in financial loss.
 - d) For a contract with the value above \$250,000, no public tenders were invited as required by section 11(1) of the Local Government (Functions and General) Regulations 1996. This increases the likelihood of not receiving value for money in procurement, and/or favouritism of suppliers.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio included in the financial report was supported by verifiable information and reasonable assumptions.

Other information

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

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

Matters relating to the electronic publication of the audited financial report

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



Jay Teichert
Acting Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
19 November 2021