



ANNUAL REPORT 2019/2020



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# **OUR VISION**

## **Vision**

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

## **Mission Statement**

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

## **Key Focus Areas**

### **1. Economic**

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

#### ***Strategies***

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

### **2. Environmental**

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

#### ***Strategies***

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

### **3. Social:**

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

### ***Strategies***

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

#### **4. Civic Leadership:**

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

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

### ***Strategies***

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

## **THE COUNCIL**

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

### **DEMOCRACY IN THE SHIRE OF UPPER GASCOYNE**

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

### **LOCAL GOVERNMENT ELECTIONS**

Local government elections are held every two years, with the next election being held in October 2021. All persons registered on the state electoral roll are eligible to vote for their local government. Non-resident owners and occupiers can also apply for eligibility to vote. Any eligible elector can stand to nominate for election, with no requirement for a candidate to belong to a political party or other organisation. Councillors are voted in for a four-year term, with the Council electing the offices of President and Deputy President.

### **THE ROLE OF THE PRESIDENT, DEPUTY PRESIDENT AND COUNCILLORS**

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

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

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

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

- Represent the interests of electors, ratepayers and residents of the Shire
- Provide leadership and guidance to the community
- Facilitate communication between the community and Council
- Participate in the local government's decision-making processes at Council and committee meetings.



**Shire of Upper Gascoyne Councillors and CEO**

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

**SHIRE OF UPPER GASCOYNE CONTACT INFORMATION**

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

**Phone** (08) 9943 0988

**Fax** (08) 9943 0507

**Email** [admin@uppergascoyne.wa.gov.au](mailto:admin@uppergascoyne.wa.gov.au)

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

**Address** 4 Scott St, Gascoyne Junction WA 6705

**COUNCIL MEETINGS**

Council meetings are generally held on the fourth Wednesday of every month at 8:30am and the public are welcome to attend. The dates do change from time due to administrative efficiencies, any changes to dates are advertised according to the Act and Regulations.

As of 2021, Council meetings will be held on the third Wednesday of each month.

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

## YOUR SAY IN LOCAL GOVERNMENT

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

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

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

Contact details can be found on our webpage:

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

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

## WHERE TO VIEW COUNCIL AGENDA / MINUTES

### AGENDAS

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

### MINUTES

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

## COUNCIL MEMBERS

| Name                     | Position               | Status          |
|--------------------------|------------------------|-----------------|
| Cr D Hammarquist, OAM JP | Shire President        | To October 2023 |
| Cr J Caunt               | Deputy Shire President | To October 2023 |
| Cr G Watters             | Councillor             | To October 2023 |
| Cr R Hoseason-Smith      | Councillor             | To October 2023 |
| Cr A McKeough            | Councillor             | To October 2021 |
| Cr H McTaggart           | Councillor             | To October 2021 |
| Cr B Walker              | Councillor             | To October 2021 |

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

## COUNCILLOR STATISTICS

| Name                     | Ordinary Council Meetings Attended | Committee Meetings Attended | Gender | Linguistic Background | Country of Birth |
|--------------------------|------------------------------------|-----------------------------|--------|-----------------------|------------------|
| Cr D Hammarquist, OAM JP | 11/11                              | 8/8                         | Male   | English               | Aus              |
| Cr J Caunt               | 11/11                              | 2/2                         | Male   | English               | Aus              |
| Cr G Watters             | 9/11                               | 1/2                         | Male   | English               | Aus              |
| Cr B Walker              | 10/11                              | 4/5                         | Female | English               | Aus              |
| Cr A McKeough            | 10/11                              | 8/8                         | Female | English               | Aus              |
| Cr H McTaggart           | 11/11                              | 1/2                         | Male   | English               | Aus              |
| Cr R Hoseason-Smith*     | 7/8                                | 2/2                         | Male   | English               | Aus              |
| Cr R Collins Jnr**       | 0/3                                | 0/2                         | Male   | English               | Aus              |

\*Cr R Hoseason–Smith\* was elected in October 2019

\*\*Cr R Collins Jnr retired from office in October 2019

As such, this explains the number of meetings attended in the 2019/2020 financial year.

## COUNCILLOR ANNUAL PAYMENTS

| Name                     | President Allowance | Dep. Pres Allowance | Presidents Meeting Fee | Councillor Meeting Fee | ICT Allowance |
|--------------------------|---------------------|---------------------|------------------------|------------------------|---------------|
| Cr D Hammarquist, OAM JP | \$19,570            |                     | \$19,055               |                        | \$3,500       |
| Cr J Caunt               |                     | \$4,893             |                        | \$9,270                | \$3,500       |
| Cr H McTaggart           |                     |                     |                        | \$9,270                | \$3,500       |
| Cr B Walker              |                     |                     |                        | \$9,270                | \$3,500       |
| Cr G Watters             |                     |                     |                        | \$9,270                | \$3,500       |
| Cr R Hoseason-Smith*     |                     |                     |                        | \$7,725                | \$2,916       |
| Cr R Collins Jnr**       |                     |                     |                        | \$2,317                | \$875         |
| Cr A McKeough            |                     |                     |                        | \$9,270                | \$3,500       |

\* Cr Hoseason-Smith commenced in October 2019

\*\*Cr Collins Jnr resigned in October 2019.

## COUNCILLOR TRAINING

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

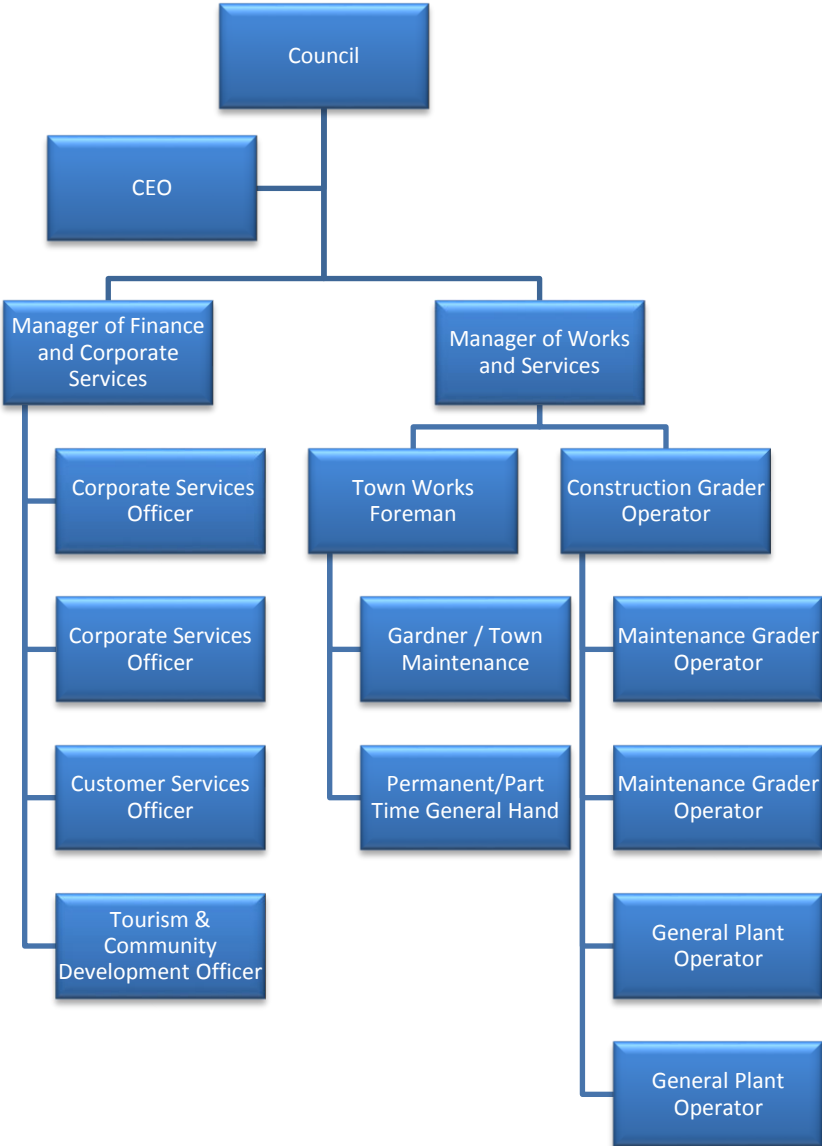


|  |   |   |
|--|---|---|
| Cr R Hoseason-Smith<br>(Member Essentials) | Serving on Council<br>Understanding Local Government<br>Meeting Procedures<br>Conflict of Interest<br>Understanding Financial Reports & Budgets | Competent<br>Competent<br>Competent<br>Competent<br>Competent     |
| Cr G Watters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

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

\*\*Councillors Walker and McTaggart are not required to complete their Member Essential Training until after the next election in 2021 if they decide to re-nominate and are re-elected.

# ORGANISATION STRUCTURE



## **SHIRE DEMOGRAPHICS**

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

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

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

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

Cattle grazing is the principle local economic activity in the Shire. There is also some mining in the area.

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

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

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

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

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

## **SHIRE PRESIDENT'S REPORT**

This report relates to the time period from the 1<sup>st</sup> of July 2019 through to the 30<sup>th</sup> of June 2020. The report provides a brief overview of the Shire's major achievements and its current financial position and performance over this time frame.

This year has been extremely difficult with COVID19 severely impacting the world from a health and economic perspective, Australia have not been immune but has dealt with the issue as well as it could. On a sector by sector basis Tourism, Entertainment and Hospitality have been hit very hard, Local Government has had its own challenges as well. Our Shire by virtue of its remoteness has not had any major issues aside from the obligatory state-wide closing of certain places of congregation and social distancing. As a Shire we have been able to continue with our normal works and have not had to lay off any employees.

The members of Council have been committed and diligent in the execution of their duties with all members contributing to the overall direction of Council. Council have enjoyed an excellent relationship with our Staff and I am very pleased to advise that there is a common purpose between the Council and Staff which has created a purposeful and driven approach by all for the common good of the entire community.

2019/20 was another very busy year for the Shire with significant work being undertaken on our road infrastructure, largely as result of flood damage. In addition significant improvements have been made to our social infrastructure such as the War Memorial, footpaths, and shade structures.

This financial year has had some extra ordinary challenges with our CEO, John McCleary, having to take 6 months leave to deal with some serious health issues (September – February). All staff members stepped up and took on extra responsibilities whilst John was away and they are to be congratulated for going over and above of what is expected.

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

**CR Don Hammarquist OAM JP  
SHIRE PRESIDENT**

## **CHIEF EXECUTIVE OFFICER'S REPORT 2019/20**

The 2019/20 reporting period has once again been very busy and very productive, with the Shire delivering on the various elements contained in the Community Strategic Plan. COVID19 has thrown some significant challenges from an organisational and personal perspective; however, as an organisation we have managed these and have continued to deliver on our projects for the benefit of the community.

As with virtually every tourism related service in the world this sector was virtually non-existent; however, once the State got COVID19 under control and the internal boundaries were re-opened the level of tourist visitation was at an all-time high. This was just what the doctor ordered for the sector, as a Shire we felt the effects where our road assets required additional maintenance in order to keep the roads in good order and safe.

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

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

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

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

The Shire of Upper Gascoyne has proven to have taken a leadership role in our regional responsibilities where we have orchestrated the new claims protocol for any future Disaster Funding Arrangements, proposed new Restricted Access Vehicle guidelines, called for a

review of the Asset Preservation Model and Financial Assistance Grant arrangements. We continue to work closely with all other Gascoyne Local Governments and the Gascoyne Development Commission.

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

The 2020/21 financial year also promises to be another busy year with further WANDRRA works to be carried out in addition to the routine maintenance and capital works. I look forward with great confidence in this Shires ability to meet and exceed our community expectations.

**John McCleary, Bbus, JP**  
**CHIEF EXECUTIVE OFFICER**

## **FREEDOM OF INFORMATION STATEMENT**

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

## **RECORD KEEPING PLAN**

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

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

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

## **DISABILITY SERVICES PLAN**

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

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

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

In the 2020/21 Budget an allocation has been made in the Budget to construct a new disabled toilet in the Administration Building.

## **INFORMATION ABOUT CERTAIN EMPLOYEES**

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

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

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

Under regulation 19B (e) of the Local Government (Administration) Regulation 1996 require that the CEO's Total Remuneration Package be reported. During the 2019/20 financial period the current CEO, Mr John McCleary's Total Reward Package was made up of the following elements as provide by the Salaries and Allowances Tribunal.

|                              |   |
|------------------------------|---|
| Cash Component               | \$165,840pa                                 |
| Superannuation – 9.5%        | \$18,224 (statutory requirement)            |
| Salary Sacrifice – 2%        | \$3,836 (as Council Policy and Contractual) |
| Utilities                    | \$2,600pa (Contractual)                     |
| FBT                          | \$6,413pa (Contractual)                     |
| Clothing Allowance           | \$700pa                                     |
| Retention Allowance          | \$26,000pa                                  |
| Salary Continuance Insurance | \$1,000pa                                   |
| <b>Total TRP</b>             | <b>\$224,613</b>                            |



## **PUBLIC INTEREST DISCLOSURE ACT**

During 2019/20 the Council received no disclosure or complaints lodged under the Public Interest Disclosure Act 2013.

## **NATIONAL COMPETITION POLICY**

Council operations in the 2019/20 financial; period did not fall within the requirements of National Competition Policy.

## **INTEGRATED PLANNING**

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

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

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

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

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

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

# Economic

## Objective

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

## Strategies to Achieve Economic Outcomes

### Maintenance and Upgrade of Road Network

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

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

2019/20 has been a challenging year in regards to maintaining roads and infrastructure. We experienced a very hot, dry lead into summer, then we were hit with three severe rain events which caused a \$25M collective damage bill and coupled with the increased traffic movements brought about by additional road works and the influx of tourists due to COVID-19. However, it is very pleasing to report that our maintenance crew have once again exceeded our expectations and delivered quality work. Our graders are getting in excess of 2300 hours of use per annum and they are being very well looked after. We also engage the services of local contractors including grader hire, grid removal, shoulder clearing and signage installation to assist with keeping our roads in a safe condition for everyone.



(February 2019 flooding at Mount Augustus homestead)

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

In 2019/20 the Shire expended over \$13,971,393.86 of flood damage funding in repairing roads damaged by rain events. The reinstatement works were completed by contractors which consisted of 20% local content in the form of machinery and labour hire. The flood damage repair works have enable the Shire road crews to concentrate on non-affected sections of road that were also in need of reconstruction and maintenance.

Our country road maintenance expenditure for 2019/20 was \$928,126 while we spent \$1,642,025 in capital works projects funded through various State and Federal grants and Shire commitments. Some of these projects included, 6.25km of new seal on Carnarvon Mullewa road, 12km of reconstruction works on Ullawarra road, sealing 2.5km in front of the Burringurrah Community and reconstructing a further 10km to north on Landor Mt Augustus road.



(New bitumen on Carnarvon Mullewa Road)

The town of Gascoyne Junction also received some well-deserved attention including 100m of new footpaths on Scott and Smith Street, \$50,000 upgrades to the town pavilion including a new suspended ceiling, installation of a \$35,000 ANZAC war memorial and we were a finalist in the 2019 Tidy Towns General Appearance category.

The shire depot also received a boost with the addition of a new machinery and gardeners shed. Both sheds were much needed and will provide storage and protection to the shire's assets and materials.



The Shire engaged consultants to engineer and deliver economic business cases for various capital works projects that align with our strategic plan to upgrade our infrastructure to meet current and future requirements. Projects include the resealing of the town airstrip, installation of a low level crossing at Gascoyne River on the Landor Mt Augustus road, a 3km bypass around the Landor homestead, sourcing of alternative town water supplies, new crossing for Dalgety Brook and resurfacing of bitumen seal around the Junction Tourist Park. We were successful in securing funds for the tourist park and airstrip seal only in 2020/21 however the other projects will be sitting shovel ready in the event that funding becomes available.

### **Economic Development**

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

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

In 2019/20 many tenders were publicly invited including WANDRRA repair works and plant hire. All WANDRRA associated contracts were required to meet a 20% local content threshold, our successful plant hire contracts were awarded to two local businesses for the supply of water cart hire and bulldozer services. The Shire of Upper Gascoyne considers business and service providers within the Shires of Carnarvon, Shark Bay, Exmouth and Murchison to be locals where they get the benefit of our local preference policy.

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

I can report that all of our vacant lots have now been sold and Shire is actively looking to develop additional residential and light industrial lots within the Gascoyne Junction Townsite.

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

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

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

This year has been challenging for the Tourism sector; however, with the re-opening of the internal West Australian Borders we recorded the biggest influx of tourists that the Shire has witnessed.

In the 2020/21 Budget the Shire have made provision for the Administration to engage the services of a full-time Tourism / Community Development Officer. The Shire has recognised our Shire's unique tourism potential and now seek to exploit its potential.

## **Environmental**

### **Objective**

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

### **Strategies to Achieve Environmental Outcomes**

#### **Gascoyne Junction Water Quality and Quantity**

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

The Shire is working with the Department of Waters and Environmental Regulation and the Carnarvon Water Corporation to secure a more reliable town reticulation water supply. We have identified shortfalls in the current system as there is insufficient water replenishment of the current bore and in order to maintain and improve our parks and gardens we need to rethink where and how we source our water, it is proposed to install an additional bore further upstream in the Gascoyne River. A similar project is to source town drinking water from further afield has also been identified. We are also looking at ways to reduce our water use and ensure all future projects use a water wise approach. Both projects will be focused on in the 2020-21 financial year.

## **Feral Animal and Invasive Species Control**

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

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

The Shire are actively working with the CRBA to manage Biosecurity issues with in the Shire. The Shire are an affiliated member of the CRBA and all meetings. The Shire continue to receive funding from the CRBA and the Shire also contribute approximately \$260,000 per annum towards the cost of carrying out biosecurity tasks. The Shire currently have engaged two contractors as Licensed Pest Management operators and conducts aerial baiting on pastoral leases within our Shire once a year. The Shire deal with declared pests such as wild dogs, donkey's, camels, pigs and also take an active role in declared plants such as mesquite.

In 2020/21 Council will hand back all responsibility for Biosecurity to the Carnarvon Rangelands Biosecurity Association, the Shire will continue to financially contribute an amount of \$120,000 to the CRBA to ensure that the 'on the ground' work is being undertaken within the Shire. A MOU has been entered into with the CRBA to clarify each other's responsibilities.

## **Social**

### **Objective**

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

### **Strategies to Achieve Social Outcomes**

#### **Community / Aged Care Services**

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

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

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

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

## Crime Prevention Measures

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

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

## Civic Leadership

### Objective

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

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

### Strategies to Achieve Civic Leadership Outcomes

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

## Communication Strategies

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

The Shire achieve these objectives by:

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



- Shire Staff regularly call into the various Pastoral Properties to see how things are going;

## **Financial Planning and Management**

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

The Shire are pleased that we have again been able to deliver a clean set of books with no adverse findings from our Auditors. A desk top review of the Workforce Plan, Corporate Plan and Strategic Community Plan have been undertaken and adopted by Council at the June 2020 ordinary meeting of Council.

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

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

## **Strategic Planning**

*Ongoing reviews of the Community Strategic Plan (CSP)*

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

This is the first annual report that reports against the new CSP. A desk top review of the CSP has been undertaken in the 2019 / 20 financial year.

## **Asset Management**

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

The Shire's current Asset Management Plan was created in 2017 by our previous contracted accountant Sue Voloczi, this document is due to be reviewed in the 2019/2020 financial period by our current contracted accountant RSM.

## **HIGHLIGHTS IN BRIEF 2019/20**

The 2019/20 period was a challenging period for many Shires due to COVID19 and the many changes and restrictions that were brought into place to combat the spread and minimise the impact that this illness would have on the community. Even with these restrictions during in early 2020 the Shire was still able to deliver:

- Pavilion – installation of a floating ceiling and new lighting
- WANDRRA Claims
- DRFAWA Claims
- Variety Bash 25<sup>th</sup> August 2019
- Medal of the Order of Australia Evening 20<sup>th</sup> September 2019
- Council Elections 19<sup>th</sup> October 2019
- Provide First Aid in Remote Locations 21<sup>st</sup> October 2019
- Hay Run 13<sup>th</sup> March 2020 – The amazing guys and girls from Harvey Hay Run organised and delivered hay to Gascoyne Junction for all the pastoralists that had been affected by the drought.
  
- Community Functions provided by the Shire for the 2019/2020 period:
  - Pictures in the Park held several times throughout the year at the GJ Pavilion and Junction Pub and Tourist Park
  - Remembrance Day 11<sup>th</sup> of September 2019
  - Gassy Groovers – 6<sup>th</sup> December 2019
  - 2019 Horizon Power Community Christmas Party 19<sup>th</sup> December 2019, a free community dinner is provided to all residents along with live entertainment, a visit from Santa and activities for the children
  - ANZAC Day Ceremony 25<sup>th</sup> April 2020. Due to COVID19 restrictions the Shire delivered the service online via Facebook. The service was performed by CEO John McCleary, Manager of Finance & Corporate Services Sa Toomalatai and 3 staff members co-ordinating the equipment. Our virtual service was viewed by 1,326 people online.
  - Australia's Biggest Morning Tea 24<sup>th</sup> June 2020, raising money for the Cancer Council WA.
  
- Other Community Functions supported by the Shire
  - Pink Stumps, hosted by the Gascoyne Junction Remote Community School (GJRCS) 2<sup>nd</sup> November 2019
  - School Presentations Evenings hosted by the (GJRCS) and the Carnarvon School of the Air
  - Multicultural Day hosted by the (GJRCS) 6<sup>th</sup> September 2019
  - Book Week 20<sup>th</sup> August 2019
  - The Language Project hosted by (GJRCS)
  - Gascoyne Junction hosted The Carnarvon Horseman's Club Gascoyne Junction Gymkhana
  - Landor Gymkhana 7<sup>th</sup> October 2019

- Landor Races 4<sup>th</sup> – 6<sup>th</sup> October
- JRC Races 23<sup>rd</sup> and 24<sup>th</sup> August 2019
- JRC Gymkhana 25 August 2019
- Australia's Biggest BBQ at Australia's Biggest Rock 7<sup>th</sup> September 2019
- Melbourne Cup Luncheon hosted by the Junction Pub and Tourist Park (JP&TP)

## **PROPOSED PROJECTS / ACQUISITIONS FOR THE 2020 / 21 FINANCIAL PERIOD**

The Council officially adopted the 2020 / 21 Budget at Ordinary Meeting of Council held on the 26<sup>th</sup> of August 2020. Some of the major highlights for the year will be:

Some of the major highlights include:

- New Disabled Toilets for the Administration Building
- New Website that ensures compliance with new legislation
- Re-seal Junction Tourist Precinct
- Lights to the new depot sheds
- Airstrip Reseal
- Financial & Reg 17 Review
- New Drop Deck Widening Float
- 2 X New Light Vehicles
- New Mobile Camp
- Fit Solar Panels to three mobile camps
- Amalgamation of Depot and Admin Lots
- New wash down bay
- New Tourist Stop at the old caravan park site
- Internal Cladding for the Pavilion
- New Community Development / Tourism Officer
- New House – Hatch Street
- Paint Public Toilets
- BBQ's and seating for the pavilion area
- River Pump for new Town water supply
- Completion of Solar Power installation for the Junction Tourist Park
- New Generator
- Allowance for air-conditioning at the Pavilion
- Bores and complete engineering design for Mongers alternative water supply
- Shed for the CEO's residence
- Relocate driveway for the MWS residence
- Repairs to Robyn and Leeson's House
- Erect Shed at Amanda's House
- New Computers for Admin Officers
- 12 Kilometres of seal for the Landor / Dalgety Road
- 5 Kilometres of seal for the Carnarvon / Mullewa Road
- Blackspot for Cobra Hill
- Black Spot for Burringurrah Hill
- Install shed floor for Dave's old house
- CEO Pool Shade Structure
- \$1,141,784 for Road Maintenance

- Flooring for the Pavilion
- \$100,000 for the Building Reserve – Provision for repairs to ‘Mick’s’ house for the 21/22 financial year
- \$245,020 for the Works Reserve
- \$145,000 for the Plant Replacement Reserve
- 8 kilometres of re-sheeting Landor / Mt Augustus Road

**SHIRE OF UPPER GASCOYNE**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2020**

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COMMUNITY VISION

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

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


SHIRE OF UPPER GASCOYNE  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2020

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Upper Gascoyne for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the Shire of Upper Gascoyne at 30 June 2020 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 14<sup>th</sup> day of December 2020

  
\_\_\_\_\_  
Chief Executive Officer

John McCleary  
\_\_\_\_\_  
Name of Chief Executive Officer



SHIRE OF UPPER GASCOYNE  
STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30TH JUNE 2020

|   | Note  | 2020<br>Actual<br>\$     | 2020<br>Budget<br>\$      | 2019<br>Actual<br>\$    |
|---|-------|--------------------------|---------------------------|-------------------------|
| <b>Revenue</b>  |       |                          |                           |                         |
| Rates   | 27(a) | 388,578                  | 346,852                   | 359,330                 |
| Operating grants, subsidies and contributions                             | 2(a)  | 17,500,347               | 23,276,153                | 21,086,899              |
| Fees and charges  | 2(a)  | 36,148                   | 31,547                    | 46,949                  |
| Interest earnings   | 2(a)  | 36,004                   | 30,304                    | 44,027                  |
| Other revenue   | 2(a)  | 388,543                  | 180,850                   | 1,959,001               |
|   |       | <u>18,349,620</u>        | <u>23,865,706</u>         | <u>23,496,206</u>       |
| <b>Expenses</b>   |       |                          |                           |                         |
| Employee costs  |       | (1,269,297)              | (1,221,296)               | (1,188,876)             |
| Materials and contracts   |       | (15,102,073)             | (23,276,015)              | (19,604,768)            |
| Utility charges   |       | (154,816)                | (142,543)                 | (134,701)               |
| Depreciation on non-current assets  | 11(d) | (3,097,868)              | (2,335,130)               | (2,328,011)             |
| Interest expenses   | 2(b)  | (54,422)                 | (121,359)                 | (139,664)               |
| Insurance expenses  |       | (213,682)                | (232,563)                 | (227,591)               |
| Other expenditure   |       | (72,911)                 | (73,273)                  | (78,041)                |
|   |       | <u>(19,965,069)</u>      | <u>(27,402,179)</u>       | <u>(23,701,652)</u>     |
|   |       | <u>(1,615,449)</u>       | <u>(3,536,473)</u>        | <u>(205,446)</u>        |
| Non-operating grants, subsidies and contributions                         | 2(a)  | 1,909,163                | 1,642,025                 | 1,296,496               |
| Profit on asset disposals   | 11(a) | 0                        | 46,940                    | 0                       |
| (Loss) on asset disposals   | 11(a) | (18,469)                 | (5,000)                   | (57,085)                |
| Impairment of intangible assets   | 7     | 0                        | 0                         | (96,473)                |
|   |       | <u>1,890,694</u>         | <u>1,683,965</u>          | <u>1,142,938</u>        |
| Net result for the period   |       | <u>275,245</u>           | <u>(1,852,508)</u>        | <u>937,492</u>          |
| <b>Other comprehensive income</b>   |       |                          |                           |                         |
| <i>Items that will not be reclassified subsequently to profit or loss</i> |       |                          |                           |                         |
| Changes in asset revaluation surplus                                      | 12    | 11,934,332               | 0                         | 243,031                 |
| <b>Total other comprehensive income for the period</b>                    |       | <u>11,934,332</u>        | <u>0</u>                  | <u>243,031</u>          |
| <b>Total comprehensive income for the period</b>                          |       | <u><u>12,209,577</u></u> | <u><u>(1,852,508)</u></u> | <u><u>1,180,523</u></u> |

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



SHIRE OF UPPER GASCOYNE  
STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30TH JUNE 2020

|   | Note  | 2020<br>Actual<br>\$     | 2020<br>Budget<br>\$      | 2019<br>Actual<br>\$    |
|---|-------|--------------------------|---------------------------|-------------------------|
| <b>Revenue</b>  |       |                          |                           |                         |
| Governance  |       | 127,289                  | 1,000                     | 60,077                  |
| General purpose funding   |       | 3,235,922                | 1,779,993                 | 3,293,340               |
| Law, order, public safety   |       | 153,487                  | 149,538                   | 198,761                 |
| Health  |       | 0                        | 1,000                     | 672                     |
| Education and welfare   |       | 140,195                  | 119,800                   | 122,751                 |
| Community amenities   |       | 4,200                    | 4,400                     | 3,960                   |
| Recreation and culture  |       | 13,264                   | 15,500                    | 20,443                  |
| Transport   |       | 14,514,301               | 21,702,775                | 19,625,808              |
| Economic services   |       | 87,533                   | 26,700                    | 103,977                 |
| Other property and services   |       | 73,429                   | 65,000                    | 66,417                  |
|   |       | <u>18,349,620</u>        | <u>23,865,706</u>         | <u>23,496,206</u>       |
| <b>Expenses</b>   |       |                          |                           |                         |
| Governance  |       | (534,779)                | (539,251)                 | (474,830)               |
| General purpose funding   |       | (78,919)                 | (160,108)                 | (121,967)               |
| Law, order, public safety   |       | (372,405)                | (396,596)                 | (430,889)               |
| Health  |       | (22,643)                 | (26,753)                  | (20,681)                |
| Education and welfare   |       | (257,801)                | (255,822)                 | (247,818)               |
| Housing   |       | (397,904)                | (387,789)                 | (382,648)               |
| Community amenities   |       | (119,066)                | (134,602)                 | (115,508)               |
| Recreation and culture  |       | (262,983)                | (253,443)                 | (252,788)               |
| Transport   |       | (16,984,311)             | (24,757,858)              | (20,952,234)            |
| Economic services   |       | (389,913)                | (321,755)                 | (316,954)               |
| Other property and services   |       | (489,924)                | (46,843)                  | (245,671)               |
|   |       | <u>(19,910,647)</u>      | <u>(27,280,820)</u>       | <u>(23,561,988)</u>     |
| <b>Finance Costs</b>  |       |                          |                           |                         |
| General purpose funding   |       | (20,827)                 | (71,100)                  | (102,853)               |
| Housing   |       | (8,626)                  | (8,976)                   | (9,579)                 |
| Economic services   |       | (24,969)                 | (41,283)                  | (27,232)                |
|   | 2(b)  | <u>(54,422)</u>          | <u>(121,359)</u>          | <u>(139,664)</u>        |
|   |       | <u>(1,615,449)</u>       | <u>(3,536,473)</u>        | <u>(205,446)</u>        |
| Non-operating grants, subsidies and contributions                         | 2(a)  | 1,909,163                | 1,642,025                 | 1,296,496               |
| Profit on disposal of assets  | 11(a) | 0                        | 46,940                    | 0                       |
| (Loss) on disposal of assets  | 11(a) | (18,469)                 | (5,000)                   | (57,085)                |
| Impairment of intangible assets   | 7     | 0                        | 0                         | (96,473)                |
|   |       | <u>1,890,694</u>         | <u>1,683,965</u>          | <u>1,142,938</u>        |
| Net result for the period   |       | <u>275,245</u>           | <u>(1,852,508)</u>        | <u>937,492</u>          |
| <b>Other comprehensive income</b>   |       |                          |                           |                         |
| <i>Items that will not be reclassified subsequently to profit or loss</i> |       |                          |                           |                         |
| Changes in asset revaluation surplus                                      | 12    | 11,934,332               | 0                         | 243,031                 |
| <b>Total other comprehensive income for the period</b>                    |       | <u>11,934,332</u>        | <u>0</u>                  | <u>243,031</u>          |
| <b>Total comprehensive income for the period</b>                          |       | <u><u>12,209,577</u></u> | <u><u>(1,852,508)</u></u> | <u><u>1,180,523</u></u> |

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





SHIRE OF UPPER GASCOYNE  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2020

|                                      | Note  | 2020               | 2019              |
|--------------------------------------|-------|--------------------|-------------------|
|                                      |       | \$                 | \$                |
| <b>CURRENT ASSETS</b>                |       |                    |                   |
| Cash and cash equivalents            | 3     | 8,091,380          | 3,260,351         |
| Trade receivables                    | 5     | 801,849            | 2,182,862         |
| Inventories                          | 6     | 137,223            | 144,245           |
| Contract assets                      | 2(a)  | 2,706,429          | 0                 |
| <b>TOTAL CURRENT ASSETS</b>          |       | <b>11,736,881</b>  | <b>5,587,458</b>  |
| <b>NON-CURRENT ASSETS</b>            |       |                    |                   |
| Financial assets                     | 8     | 35,610             | 35,034            |
| Property, plant and equipment        | 9(a)  | 10,947,159         | 10,942,333        |
| Infrastructure                       | 10(a) | 78,110,434         | 65,943,586        |
| <b>TOTAL NON-CURRENT ASSETS</b>      |       | <b>89,093,203</b>  | <b>76,920,953</b> |
| <b>TOTAL ASSETS</b>                  |       | <b>100,830,084</b> | <b>82,508,411</b> |
| <b>CURRENT LIABILITIES</b>           |       |                    |                   |
| Trade and other payables             | 13    | 1,454,009          | 820,546           |
| Contract liabilities                 | 16    | 5,585,814          | 0                 |
| Borrowings                           | 14(a) | 76,723             | 73,642            |
| Employee related provisions          | 15    | 187,842            | 187,367           |
| <b>TOTAL CURRENT LIABILITIES</b>     |       | <b>7,304,388</b>   | <b>1,081,555</b>  |
| <b>NON-CURRENT LIABILITIES</b>       |       |                    |                   |
| Borrowings                           | 14(a) | 679,638            | 756,361           |
| Employee related provisions          | 15    | 45,187             | 26,823            |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |       | <b>724,825</b>     | <b>783,184</b>    |
| <b>TOTAL LIABILITIES</b>             |       | <b>8,029,213</b>   | <b>1,864,739</b>  |
| <b>NET ASSETS</b>                    |       | <b>92,800,871</b>  | <b>80,643,672</b> |
| <b>EQUITY</b>                        |       |                    |                   |
| Retained surplus                     |       | 39,400,577         | 38,370,482        |
| Reserves - cash backed               | 4     | 1,369,538          | 1,674,894         |
| Revaluation surplus                  | 12    | 52,030,756         | 40,598,296        |
| <b>TOTAL EQUITY</b>                  |       | <b>92,800,871</b>  | <b>80,643,672</b> |

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



SHIRE OF UPPER GASCOYNE  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2020

|                                      |      | RESERVES            |                |                        |                 |
|--------------------------------------|------|---------------------|----------------|------------------------|-----------------|
|                                      | Note | RETAINED<br>SURPLUS | CASH<br>BACKED | REVALUATION<br>SURPLUS | TOTAL<br>EQUITY |
|                                      |      | \$                  | \$             | \$                     | \$              |
| Balance as at 1 July 2018            |      | 37,590,080          | 1,517,804      | 40,355,265             | 79,463,149      |
| Comprehensive income                 |      |                     |                |                        |                 |
| Net result for the period            |      | 937,492             | 0              | 0                      | 937,492         |
| Other comprehensive income           | 12   | 0                   | 0              | 243,031                | 243,031         |
| Total comprehensive income           |      | 937,492             | 0              | 243,031                | 1,180,523       |
| Transfers from/(to) reserves         |      | (157,090)           | 157,090        | 0                      | 0               |
| Balance as at 30 June 2019           |      | 38,370,482          | 1,674,894      | 40,598,296             | 80,643,672      |
| Change in accounting policy          | 32   | 449,494             | 0              | (501,872)              | (52,378)        |
| Restated total equity at 1 July 2019 |      | 38,819,976          | 1,674,894      | 40,096,424             | 80,591,294      |
| Comprehensive income                 |      |                     |                |                        |                 |
| Net result for the period            |      | 275,245             | 0              | 0                      | 275,245         |
| Other comprehensive income           | 12   | 0                   | 0              | 11,934,332             | 11,934,332      |
| Total comprehensive income           |      | 275,245             | 0              | 11,934,332             | 12,209,577      |
| Transfers from/(to) reserves         |      | 305,356             | (305,356)      | 0                      | 0               |
| Balance as at 30 June 2020           |      | 39,400,577          | 1,369,538      | 52,030,756             | 92,800,871      |

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

SHIRE OF UPPER GASCOYNE  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2020

|   | Note  | 2020<br>Actual<br>\$ | 2020<br>Budget<br>\$ | 2019<br>Actual<br>\$ |
|---|-------|----------------------|----------------------|----------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |       |                      |                      |                      |
| Receipts  |       |                      |                      |                      |
| Rates   |       | 374,207              | 346,852              | 353,054              |
| Operating grants, subsidies and contributions               |       | 16,169,588           | 25,294,359           | 21,083,931           |
| Fees and charges  |       | 36,148               | 31,547               | 46,949               |
| Interest received   |       | 36,004               | 30,304               | 44,027               |
| Other revenue   |       | 411,150              | 180,850              | 1,923,967            |
|   |       | <u>17,027,097</u>    | <u>25,883,912</u>    | <u>23,451,928</u>    |
| Payments  |       |                      |                      |                      |
| Employee costs  |       | (1,237,153)          | (1,221,296)          | (1,198,664)          |
| Materials and contracts                                     |       | (8,892,812)          | (23,276,015)         | (19,530,285)         |
| Utility charges   |       | (154,816)            | (142,543)            | (134,701)            |
| Interest expenses   |       | (55,586)             | (121,359)            | (139,664)            |
| Insurance paid  |       | (213,682)            | (232,563)            | (227,591)            |
| Goods and services tax paid                                 |       | (50,951)             | 0                    | (29,759)             |
| Other expenditure   |       | (72,911)             | (73,273)             | (64,317)             |
|   |       | <u>(10,677,911)</u>  | <u>(25,067,049)</u>  | <u>(21,324,981)</u>  |
| <b>Net cash provided by (used in) operating activities</b>  | 17    | <u>6,349,186</u>     | <u>816,863</u>       | <u>2,126,947</u>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |       |                      |                      |                      |
| Payments for property, plant & equipment                    | 9(a)  | (1,043,578)          | (916,000)            | (338,752)            |
| Payments for construction of infrastructure                 | 10(a) | (2,482,555)          | (2,820,375)          | (2,079,277)          |
| Non-operating grants, subsidies and contributions           | 2(a)  | 1,909,163            | 1,642,025            | 1,296,496            |
| Proceeds from sale of property, plant & equipment           | 11(a) | 172,455              | 175,000              | 22,727               |
| <b>Net cash provided by (used in) investment activities</b> |       | <u>(1,444,515)</u>   | <u>(1,919,350)</u>   | <u>(1,098,806)</u>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |       |                      |                      |                      |
| Repayment of borrowings                                     | 14(b) | (73,642)             | (73,642)             | (70,691)             |
| <b>Net cash provided by (used in) financing activities</b>  |       | <u>(73,642)</u>      | <u>(73,642)</u>      | <u>(70,691)</u>      |
| Net increase (decrease) in cash held                        |       | 4,831,029            | (1,176,129)          | 957,450              |
| Cash at beginning of year                                   |       | 3,260,351            | 3,258,146            | 2,302,901            |
| Cash and cash equivalents at the end of the year            | 17    | <u>8,091,380</u>     | <u>2,082,017</u>     | <u>3,260,351</u>     |

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

SHIRE OF UPPER GASCOYNE  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2020

|   | Note   | 2020<br>Actual      | 2020<br>Budget      | 2019<br>Actual      |
|---|--------|---------------------|---------------------|---------------------|
|   |        | \$                  | \$                  | \$                  |
| <b>OPERATING ACTIVITIES</b>                                 |        |                     |                     |                     |
| Net current assets at start of financial year - surplus     | 28 (b) | 2,931,301           | 3,001,557           | 2,244,178           |
|   |        | <u>2,931,301</u>    | <u>3,001,557</u>    | <u>2,244,178</u>    |
| Revenue from operating activities (excluding rates)         |        |                     |                     |                     |
| Governance  |        | 127,289             | 1,000               | 60,077              |
| General purpose funding                                     |        | 2,847,343           | 1,433,141           | 2,934,009           |
| Law, order, public safety                                   |        | 153,487             | 149,538             | 198,761             |
| Health  |        | 0                   | 1,000               | 672                 |
| Education and welfare                                       |        | 140,195             | 119,800             | 122,751             |
| Community amenities   |        | 4,200               | 4,400               | 3,960               |
| Recreation and culture                                      |        | 13,264              | 15,500              | 20,443              |
| Transport   |        | 14,514,301          | 21,749,715          | 19,625,808          |
| Economic services   |        | 87,533              | 26,700              | 103,977             |
| Other property and services                                 |        | 73,429              | 65,000              | 66,417              |
|   |        | <u>17,961,041</u>   | <u>23,565,794</u>   | <u>23,136,875</u>   |
| Expenditure from operating activities                       |        |                     |                     |                     |
| Governance  |        | (534,779)           | (539,251)           | (474,830)           |
| General purpose funding                                     |        | (99,746)            | (231,208)           | (252,053)           |
| Law, order, public safety                                   |        | (372,405)           | (396,596)           | (430,889)           |
| Health  |        | (22,643)            | (26,753)            | (20,681)            |
| Education and welfare                                       |        | (257,801)           | (255,822)           | (247,818)           |
| Housing   |        | (406,529)           | (396,765)           | (392,226)           |
| Community amenities   |        | (119,066)           | (134,602)           | (115,508)           |
| Recreation and culture                                      |        | (262,983)           | (253,443)           | (252,788)           |
| Transport   |        | (17,002,780)        | (24,762,858)        | (21,009,319)        |
| Economic services   |        | (414,882)           | (363,038)           | (413,427)           |
| Other property and services                                 |        | (489,924)           | (46,843)            | (245,671)           |
|   |        | <u>(19,983,538)</u> | <u>(27,407,179)</u> | <u>(23,855,210)</u> |
| Non-cash amounts excluded from operating activities         | 28(a)  | 3,137,665           | 2,294,082           | 2,425,093           |
| <b>Amount attributable to operating activities</b>          |        | <u>4,046,469</u>    | <u>1,454,254</u>    | <u>3,950,936</u>    |
| <b>INVESTING ACTIVITIES</b>                                 |        |                     |                     |                     |
| Non-operating grants, subsidies and contributions           |        | 1,909,163           | 1,642,025           | 1,296,496           |
| Proceeds from disposal of assets                            | 11(a)  | 172,455             | 175,000             | 22,727              |
| Purchase of property, plant and equipment                   | 9(a)   | (1,043,578)         | (916,000)           | (338,752)           |
| Purchase and construction of infrastructure                 | 10(a)  | (2,482,555)         | (2,820,375)         | (2,079,277)         |
| <b>Amount attributable to investing activities</b>          |        | <u>(1,444,515)</u>  | <u>(1,919,350)</u>  | <u>(1,098,806)</u>  |
| <b>FINANCING ACTIVITIES</b>                                 |        |                     |                     |                     |
| Repayment of borrowings                                     | 14(b)  | (73,642)            | (73,642)            | (70,691)            |
| Transfers to reserves (restricted assets)                   | 4      | (519,644)           | (588,114)           | (329,910)           |
| Transfers from reserves (restricted assets)                 | 4      | 825,000             | 780,000             | 172,820             |
| <b>Amount attributable to financing activities</b>          |        | <u>231,714</u>      | <u>118,244</u>      | <u>(227,781)</u>    |
| <b>Surplus/(deficit) before imposition of general rates</b> |        | <u>2,833,668</u>    | <u>(346,852)</u>    | <u>2,624,349</u>    |
| <b>Total amount raised from general rates</b>               | 27(a)  | <u>388,578</u>      | <u>346,852</u>      | <u>359,330</u>      |
| <b>Surplus/(deficit) after imposition of general rates</b>  | 28(b)  | <u>3,222,246</u>    | <u>0</u>            | <u>2,983,679</u>    |

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

SHIRE OF UPPER GASCOYNE  
INDEX OF NOTES TO THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2020

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SHIRE OF UPPER GASCOYNE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2020

## 1. BASIS OF PREPARATION

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

### AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, *Financial Management Regulation 16* arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Shire. This was not in accordance with the requirements of AASB 1051 *Land Under Roads* paragraph 15 and AASB 116 *Property, Plant and Equipment* paragraph 7.

From 1 July 2019, the Shire has applied AASB 16 *Leases* which requires leases to be included by lessees in the statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

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

### NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

On 1 July 2020 the following new accounting standards are to be adopted:

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

AASB 1059 *Service Concession Arrangements: Grantors* is not expected to impact the financial report.

Specific impacts of AASB 2018-7 *Amendments to Australian Accounting Standards - Materiality*, have not been identified.

### CRITICAL ACCOUNTING ESTIMATES

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

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

### THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 30 to these financial statements.

SHIRE OF UPPER GASCOYNE  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

| Revenue Category  | Nature of goods and services   | When obligations typically satisfied | Payment terms   | Returns / Refunds / Warranties               | Determination of transaction price   | Allocating transaction price                                     | Measuring obligations for returns                                    | Timing of revenue recognition   |
|---|--|--------------------------------------|---|--|--|--|--|---|
| Rates   | General Rates.   | Over time                            | Payment dates adopted by Council during the year.                       | None.  | Adopted by council annually.   | When taxable event occurs.                                       | Not applicable.  | When rates notice is issued.  |
| Grant contracts with customers  | Community events, minor facilities, research, design, planning evaluation and services.                          | Over time                            | Fixed terms transfer of funds based on agreed milestones and reporting. | Contract obligation if project not complete. | Set by mutual agreement with the customer.                                   | Based on the progress of works to match performance obligations. | Returns limited to repayment of transaction price of terms breached. | Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared. |
| Grants, subsidies or contributions for the construction of non-financial assets | Construction or acquisition of recognisable non-financial assets to be controlled by the local government.       | Over time                            | Fixed terms transfer of funds based on agreed milestones and reporting. | Contract obligation if project not complete. | Set by mutual agreement with the customer.                                   | Based on the progress of works to match performance obligations. | Returns limited to repayment of transaction price of terms breached. | Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared. |
| Grants with no contract commitments   | General appropriations and contributions with no reciprocal commitment   | No obligations                       | Not applicable.   | Not applicable.                              | Cash received.   | On receipt of funds.   | Not applicable.  | When assets are controlled.   |
| 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.  |

SHIRE OF UPPER GASCOYNE  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2020  
 2. REVENUE AND EXPENSES (Continued)

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   |
|--|--|--------------------------------------|--|--|--|---|--|---|
| 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.   | Apportioned equally across the collection period. | Not applicable.                                    | Output method based on regular weekly and fortnightly period as proportionate to collection service |
| Waste management entry fees.                   | Waste treatment, recycling and disposal service at disposal sites. | Single point in time.                | Payment in advance at gate or on normal trading terms if credit provided . | None.                                    | 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, 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.                                 |



SHIRE OF UPPER GASCOYNE  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2020

2. REVENUE AND EXPENSES (CONTINUED)

(a) Revenue

Grant Revenue

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

|   | 2020<br>Actual    | 2020<br>Budget    | 2019<br>Actual    |
|---|-------------------|-------------------|-------------------|
| Operating grants, subsidies and contributions     | \$                | \$                | \$                |
| General purpose funding                           | 2,804,612         | 1,397,837         | 2,851,337         |
| Law, order, public safety                         | 143,689           | 137,541           | 187,041           |
| Education and welfare                             | 97,000            | 96,000            | 96,000            |
| Transport   | 14,382,447        | 21,579,775        | 17,887,822        |
| Other property and services                       | 72,599            | 65,000            | 64,699            |
|   | <u>17,500,347</u> | <u>23,276,153</u> | <u>21,086,899</u> |
| Non-operating grants, subsidies and contributions |                   |                   |                   |
| Recreation and culture                            | 52,805            | 0                 | 62,273            |
| Transport   | 1,841,963         | 1,642,025         | 1,234,223         |
| Economic services                                 | 14,395            | 0                 | 0                 |
|   | <u>1,909,163</u>  | <u>1,642,025</u>  | <u>1,296,496</u>  |
| Total grants, subsidies and contributions         | <u>19,409,510</u> | <u>24,918,178</u> | <u>22,383,395</u> |
| Fees and charges                                  |                   |                   |                   |
| Governance  | 6,200             | 0                 | 100               |
| General purpose funding                           | 1,365             | 0                 | 490               |
| Law, order, public safety                         | 7,828             | 8,047             | 8,101             |
| Health  | 0                 | 1,000             | 672               |
| Community amenities                               | 4,200             | 4,400             | 3,960             |
| Recreation and culture                            | 13,264            | 15,500            | 20,443            |
| Economic services                                 | 3,066             | 2,600             | 11,465            |
| Other property and services                       | 225               | 0                 | 1,718             |
|   | <u>36,148</u>     | <u>31,547</u>     | <u>46,949</u>     |

There were no changes during the year to the amount of the 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 UPPER GASCOYNE  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

|   | 2020<br>Actual | 2020<br>Budget | 2019<br>Actual |
|---|----------------|----------------|----------------|
|   | \$             | \$             | \$             |
| Contracts with customers and transfers for recognisable non-financial assets  |                |                |                |
| Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services: |                |                |                |
| Operating grants, subsidies and contributions   | 13,207,382     | 20,920,063     | 16,712,757     |
| Non-operating grants, subsidies and contributions   | 1,909,163      | 1,642,025      | 1,296,496      |
|   | 15,116,545     | 22,562,088     | 18,009,253     |

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:

|  |            |            |            |
|--|------------|------------|------------|
| Contracts with customers included as a contract liability at the start of the period | 52,378     | 0          | 0          |
| Other revenue from contracts with customers recognised during the year               | 15,116,545 | 20,920,063 | 16,712,757 |
| Other revenue from performance obligations satisfied during the year                 | (52,378)   | 1,642,025  | 1,296,496  |
|  | 15,116,545 | 22,562,088 | 18,009,253 |

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 | 833,550     | 0 | 0 |
| Contract assets   | 2,706,429   | 0 | 0 |
| Contract liabilities from contracts with customers        | (5,585,814) | 0 | 0 |

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2020. 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 UPPER GASCOYNE  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

|  | 2020<br>Actual | 2020<br>Budget | 2019<br>Actual   |
|--|----------------|----------------|------------------|
|  | \$             | \$             | \$               |
| Revenue from statutory requirements  |                |                |                  |
| Revenue from statutory requirements was recognised during the year for the following nature or types of goods or services: |                |                |                  |
| General rates  | 385,869        | 365,962        | 363,020          |
|  | <u>385,869</u> | <u>365,962</u> | <u>363,020</u>   |
| Other revenue  |                |                |                  |
| Reimbursements and recoveries  | 208,845        | 122,000        | 1,773,802        |
| Works income   | 18,702         | 0              | 10,146           |
| Other  | 160,996        | 58,850         | 175,053          |
|  | <u>388,543</u> | <u>180,850</u> | <u>1,959,001</u> |
| Interest earnings  |                |                |                  |
| Reserve accounts interest  | 17,644         | 15,754         | 29,167           |
| Rates instalment and penalty interest (refer Note 28(e))   | 9,027          | 4,550          | 4,161            |
| Other interest earnings  | 9,333          | 10,000         | 10,699           |
|  | <u>36,004</u>  | <u>30,304</u>  | <u>44,027</u>    |

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.

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2. REVENUE AND EXPENSES (Continued)

(b) Expenses

|  | 2020<br>Actual | 2020<br>Budget | 2019<br>Actual |
|--|----------------|----------------|----------------|
|  | \$             | \$             | \$             |
| Auditors remuneration                          |                |                |                |
| <b>Audit of the annual financial report</b>    | 37,675         | 37,000         | 37,000         |
|  | 37,675         | 37,000         | 37,000         |
| Interest expenses (finance costs)              |                |                |                |
| Borrowings (refer Note 14(b))                  | 33,595         | 50,259         | 36,811         |
| WA Treasury loan guarantee fee                 | 5,429          | 6,100          | 8,961          |
| Interest on overdraft                          | 15,398         | 65,000         | 93,892         |
|  | 54,422         | 121,359        | 139,664        |
| Other expenditure                              |                |                |                |
| Impairment loss on trade and other receivables | 23,183         | 0              | 13,724         |
| Sundry expenses                                | 49,728         | 73,273         | 64,317         |
|  | 72,911         | 73,273         | 78,041         |

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3. CASH AND CASH EQUIVALENTS

|  | Note | 2020             | 2019             |
|--|------|------------------|------------------|
|  |      | \$               | \$               |
| Cash at bank and on hand               |      | 6,721,842        | 1,585,457        |
| Term deposits                          |      | 1,369,538        | 1,674,894        |
|  |      | <u>8,091,380</u> | <u>3,260,351</u> |
| Comprises:                             |      |                  |                  |
| Unrestricted cash and cash equivalents |      | 1,085,386        | 1,473,362        |
| Restricted cash and cash equivalents   |      | 7,005,994        | 1,786,989        |
|  |      | <u>8,091,380</u> | <u>3,260,351</u> |

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

|   |    |                  |                  |
|---|----|------------------|------------------|
| Cash backed reserves                        | 4  | 1,369,538        | 1,674,894        |
| Bonds and deposits held                     | 13 | 50,642           | 59,717           |
| Unspent grants, subsidies and contributions | 16 | 5,585,814        | 52,378           |
| Total restricted cash and cash equivalents  |    | <u>7,005,994</u> | <u>1,786,989</u> |

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

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.

4. RESERVES - CASH BACKED

|                                  | Opening<br>balance | Transfer<br>to | Transfer<br>(from) | Closing<br>balance |
|----------------------------------|--------------------|----------------|--------------------|--------------------|
|                                  | \$                 | \$             | \$                 | \$                 |
| (a) 30 June 2020 - Actual        |                    |                |                    |                    |
| (a) Leave reserve                | 89,028             | 1,040          | 0                  | 90,068             |
| (b) Plant replacement reserve    | 744,656            | 133,420        | (525,000)          | 353,076            |
| (c) Airport reserve              | 40,539             | 474            | 0                  | 41,013             |
| (d) Tourism precinct reserve     | 375,474            | 304,388        | (300,000)          | 379,862            |
| (e) Building reserve             | 53,705             | 161            | 0                  | 53,866             |
| (f) Works reserve                | 13,599             | 624            | 0                  | 14,223             |
| (g) Economic development reserve | 260,936            | 3,049          | 0                  | 263,985            |
| (h) Roads flood damage reserve   | 76,545             | 76,250         | 0                  | 152,795            |
| (i) Bridge maintenance reserve   | 20,412             | 238            | 0                  | 20,650             |
|                                  | <u>1,674,894</u>   | <u>519,644</u> | <u>(825,000)</u>   | <u>1,369,538</u>   |
| (b) 30 June 2020 - Budget        |                    |                |                    |                    |
| (a) Leave reserve                | 89,028             | 892            | 0                  | 89,920             |
| (b) Plant replacement reserve    | 744,656            | 203,411        | (480,000)          | 468,067            |
| (c) Airport reserve              | 40,539             | 408            | 0                  | 40,947             |
| (d) Tourism precinct reserve     | 375,475            | 303,765        | (300,000)          | 379,240            |
| (e) Building reserve             | 53,705             | 540            | 0                  | 54,245             |
| (f) Works reserve                | 13,598             | 136            | 0                  | 13,734             |
| (g) Economic development reserve | 260,936            | 2,617          | 0                  | 263,553            |
| (h) Roads flood damage reserve   | 76,545             | 76,141         | 0                  | 152,686            |
| (i) Bridge maintenance reserve   | 20,412             | 204            | 0                  | 20,616             |
|                                  | <u>1,674,894</u>   | <u>588,114</u> | <u>(780,000)</u>   | <u>1,483,008</u>   |
| (c) 30 June 2019 - Actual        |                    |                |                    |                    |
| (a) Leave reserve                | 87,231             | 1,797          | 0                  | 89,028             |
| (b) Plant replacement reserve    | 434,806            | 309,850        | 0                  | 744,656            |
| (c) Airport reserve              | 62,371             | 988            | (22,820)           | 40,539             |
| (d) Tourism precinct reserve     | 367,897            | 7,577          | 0                  | 375,474            |
| (e) Building reserve             | 53,042             | 663            | 0                  | 53,705             |
| (f) Works reserve                | 72,457             | 1,142          | (60,000)           | 13,599             |
| (g) Economic development reserve | 345,000            | 5,936          | (90,000)           | 260,936            |
| (h) Roads flood damage reserve   | 75,000             | 1,545          | 0                  | 76,545             |
| (i) Bridge maintenance reserve   | 20,000             | 412            | 0                  | 20,412             |
|                                  | <u>1,517,804</u>   | <u>329,910</u> | <u>(172,820)</u>   | <u>1,674,894</u>   |

4. RESERVES - CASH BACKED (Continued)

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

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

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

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

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5. TRADE AND OTHER RECEIVABLES

|   | 2020           | 2019             |
|---|----------------|------------------|
|   | \$             | \$               |
| Current                                 |                |                  |
| Rates receivable                        | 64,488         | 45,219           |
| Sundry receivables                      | 645,933        | 55,776           |
| ATO receivables                         | 187,617        | 136,669          |
| Accrued income                          | 0              | 2,018,204        |
| Allowance for impairment of receivables | (96,189)       | (73,006)         |
|   | <u>801,849</u> | <u>2,182,862</u> |

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

|   | 2020          | 2019          |
|---|---------------|---------------|
|   | \$            | \$            |
| Rates outstanding                                       |               |               |
| Past due and not impaired                               | 58,118        | 3,159         |
| Impaired  | 6,370         | 42,060        |
|   | <u>64,488</u> | <u>45,219</u> |
| Allowance for impairment of receivables                 | 42,060        | 29,445        |
| Movement in allowance for the impairment of receivables | (35,690)      | 12,615        |
| Carrying amount at 30 June                              | <u>6,370</u>  | <u>42,060</u> |

|                           |                |               |
|---------------------------|----------------|---------------|
| Sundry debtors            |                |               |
| Past due and not impaired | 556,114        | 24,830        |
| Impaired                  | 89,819         | 30,946        |
|                           | <u>645,933</u> | <u>55,776</u> |

|   |               |               |
|---|---------------|---------------|
| Allowance for impairment of receivables                 | 30,946        | 29,837        |
| Movement in allowance for the impairment of receivables | 58,873        | 1,109         |
| Carrying amount at 30 June                              | <u>89,819</u> | <u>30,946</u> |

|   |               |               |
|---|---------------|---------------|
| Allowance for impairment of receivables |               |               |
| Rates receivable                        | 6,370         | 42,060        |
| Sundry receivables                      | 89,819        | 30,946        |
|   | <u>96,189</u> | <u>73,006</u> |

Accrued income

The following illustrates the accrued income aging analysis:

|                 |   |           |
|-----------------|---|-----------|
| Up to one month | 0 | 2,018,204 |
|-----------------|---|-----------|



## 5. TRADE AND OTHER RECEIVABLES (Continued)

### SIGNIFICANT ACCOUNTING POLICIES

#### Trade and other receivables

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

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

#### Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 29.

#### Classification and subsequent measurement

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

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

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

## 6. INVENTORIES

#### Current

Fuel and materials  
 Land held for resale

|  | 2020           | 2019           |
|--|----------------|----------------|
|  | \$             | \$             |
|  | 129,723        | 134,245        |
|  | 7,500          | 10,000         |
|  | <u>137,223</u> | <u>144,245</u> |

The following inventory movements occurred during the year:

|  |                |                |
|--|----------------|----------------|
| Carrying amount at 1 July                                | 144,245        | 99,799         |
| Write down of land held for sale to net realisable value | 0              | (10,785)       |
| Movement in stock on hand                                | (7,022)        | 55,231         |
| Carrying amount at 30 June                               | <u>137,223</u> | <u>144,245</u> |

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6. INVENTORIES (Continued)

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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

**Land held for resale**

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

7. INTANGIBLE ASSETS

|                          | 2020 | 2019     |
|--------------------------|------|----------|
|                          | \$   | \$       |
| Other non-current assets |      |          |
| Liquor licence           | 0    | 96,473   |
| Impairment of asset      | 0    | (96,473) |
|                          | 0    | 0        |

**SIGNIFICANT ACCOUNTING POLICIES**

**Other current assets**

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

**Non-current assets held for sale**

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

**General**

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

**General (Continued)**

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

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

**8. OTHER FINANCIAL ASSETS**

|  | 2020          | 2019          |
|--|---------------|---------------|
|  | \$            | \$            |
| Financial assets at fair value through profit and loss |               |               |
| Units in LG housing trust (unlisted equity investment) | 35,610        | 35,034        |
|  | <u>35,610</u> | <u>35,034</u> |

**Local government house trust**

The Shire holds 2 of 620 units in the local government house trust which purchased the Local Government House.

**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.

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9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in carrying amounts

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

|  | Total land<br>\$ | Buildings -<br>non-<br>specialised<br>\$ | Buildings -<br>specialised<br>\$ | Total<br>buildings<br>\$ | Total land<br>and<br>buildings<br>\$ | Furniture<br>and<br>equipment<br>\$ | Plant and<br>equipment<br>\$ | Works in<br>progress<br>\$ | Total<br>property,<br>plant and<br>equipment<br>\$ |
|--|------------------|--|----------------------------------|--------------------------|--------------------------------------|-------------------------------------|------------------------------|----------------------------|--|
| Balance at 1 July 2018                   | 834,000          | 882,762                                  | 6,877,521                        | 7,760,283                | 8,594,283                            | 101,265                             | 2,265,478                    | 144,681                    | 11,105,707   |
| Additions                                | 0                | 28,359                                   | 69,025                           | 97,384                   | 97,384                               | 0                                   | 241,368                      | 0                          | 338,752  |
| (Disposals)                              | 0                | 0  | 0                                | 0                        | 0                                    | (9,228)                             | (66,584)                     | 0                          | (75,812)   |
| Revaluation adjustments                  |                  |  |                                  |                          |                                      |                                     |                              |                            |  |
| Increments / (decrements) to surplus     | 0                | 0  | 0                                | 0                        | 0                                    | 7,080                               | 235,951                      | 0                          | 243,031  |
| Depreciation (expense)                   | 0                | (12,631)                                 | (108,756)                        | (121,387)                | (121,387)                            | (27,667)                            | (405,610)                    | 0                          | (554,664)  |
| Transfers                                | 0                | 658,466                                  | (628,466)                        | 30,000                   | 30,000                               | 0                                   | 0                            | (144,681)                  | (114,681)  |
| Carrying amount at 30 June 2019          | 834,000          | 1,556,956                                | 6,209,324                        | 7,766,280                | 8,600,280                            | 71,450                              | 2,270,603                    | 0                          | 10,942,333   |
| Comprises:                               |                  |  |                                  |                          |                                      |                                     |                              |                            |  |
| Gross carrying amount at 30 June 2019    | 834,000          | 1,603,158                                | 6,403,124                        | 8,006,282                | 8,840,282                            | 71,450                              | 2,270,603                    | 0                          | 11,182,335   |
| Accumulated depreciation at 30 June 2019 | 0                | (46,202)                                 | (193,800)                        | (240,002)                | (240,002)                            | 0                                   | 0                            | 0                          | (240,002)  |
| Carrying amount at 30 June 2019          | 834,000          | 1,556,956                                | 6,209,324                        | 7,766,280                | 8,600,280                            | 71,450                              | 2,270,603                    | 0                          | 10,942,333   |
| Additions                                | 0                | 13,567                                   | 199,052                          | 212,619                  | 212,619                              | 34,433                              | 796,526                      | 0                          | 1,043,578  |
| (Disposals)                              | 0                | 0  | 0                                | 0                        | 0                                    | 0                                   | (190,923)                    | 0                          | (190,923)  |
| Depreciation (expense)                   | 0                | (25,197)                                 | (103,088)                        | (128,285)                | (128,285)                            | (36,511)                            | (683,033)                    | 0                          | (847,829)  |
| Carrying amount at 30 June 2020          | 834,000          | 1,545,326                                | 6,305,288                        | 7,850,614                | 8,684,614                            | 69,372                              | 2,193,173                    | 0                          | 10,947,159   |
| Comprises:                               |                  |  |                                  |                          |                                      |                                     |                              |                            |  |
| Gross carrying amount at 30 June 2020    | 834,000          | 1,616,726                                | 6,602,176                        | 8,218,902                | 9,052,902                            | 105,883                             | 2,872,129                    | 0                          | 12,030,914   |
| Accumulated depreciation at 30 June 2020 | 0                | (71,400)                                 | (296,888)                        | (368,288)                | (368,288)                            | (36,511)                            | (678,956)                    | 0                          | (1,083,755)  |
| Carrying amount at 30 June 2020          | 834,000          | 1,545,326                                | 6,305,288                        | 7,850,614                | 8,684,614                            | 69,372                              | 2,193,173                    | 0                          | 10,947,159   |

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9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair value measurements

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

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

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

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.

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10. INFRASTRUCTURE

(a) Movements in carrying amounts

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

|  | Infrastructure -<br>roads | Infrastructure -<br>other | Works in progress | Total infrastructure |
|--|---------------------------|---------------------------|-------------------|----------------------|
|  | \$                        | \$                        |                   | \$                   |
| Balance at 1 July 2018                   | 60,715,827                | 4,811,148                 | 0                 | 65,526,975           |
| Additions                                | 2,038,590                 | 32,437                    | 8,250             | 2,079,277            |
| (Disposals)                              | 0                         | (4,000)                   | 0                 | (4,000)              |
| Depreciation (expense)                   | (1,642,881)               | (130,466)                 | 0                 | (1,773,347)          |
| Transfers                                | 0                         | 0                         | 114,681           | 114,681              |
| Carrying amount at 30 June 2019          | 61,111,536                | 4,709,119                 | 122,931           | 65,943,586           |
| Comprises:                               |                           |                           |                   |                      |
| Gross carrying amount at 30 June 2019    | 89,927,559                | 4,839,585                 | 122,931           | 94,890,075           |
| Accumulated depreciation at 30 June 2019 | (28,816,023)              | (130,466)                 | 0                 | (28,946,489)         |
| Carrying amount at 30 June 2019          | 61,111,536                | 4,709,119                 | 122,931           | 65,943,586           |
| Additions                                | 2,327,469                 | 155,086                   | 0                 | 2,482,555            |
| (Disposals)                              | 0                         | 0                         | 0                 | 0                    |
| Revaluation adjustments                  |                           |                           |                   |                      |
| Increments / (decrements) to surplus     | 11,934,332                | 0                         | 0                 | 11,934,332           |
| Depreciation (expense)                   | (2,116,333)               | (133,706)                 | 0                 | (2,250,039)          |
| Transfers                                | 0                         | 122,931                   | (122,931)         | 0                    |
| Carrying amount at 30 June 2020          | 73,257,004                | 4,853,430                 | 0                 | 78,110,434           |
| Comprises:                               |                           |                           |                   |                      |
| Gross carrying amount at 30 June 2020    | 119,185,636               | 5,117,602                 | 0                 | 124,303,238          |
| Accumulated depreciation at 30 June 2020 | (45,928,632)              | (264,172)                 | 0                 | (46,192,804)         |
| Carrying amount at 30 June 2020          | 73,257,004                | 4,853,430                 | 0                 | 78,110,434           |

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10. INFRASTRUCTURE (Continued)

(b) Fair value measurements

| Asset class            | Fair value hierarchy | Valuation technique   | Basis of valuation            | Date of last valuation | Inputs used  |
|------------------------|----------------------|---|-------------------------------|------------------------|--|
| Infrastructure - roads | Level 3              | Cost approach using depreciated replacement cost (gross valuation method) | Management Valuation          | 2020                   | Construction costs and current condition, residual values and remaining useful life assessments inputs |
| Infrastructure - other | Level 3              | Cost approach using depreciated replacement cost (gross valuation method) | Independent registered valuer | 2018                   | Construction costs and current condition, residual values and remaining useful life assessments inputs |

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

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

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11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

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

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

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

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

Whilst such treatment is inconsistent with the requirements of *AASB 1051, Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail. Consequently, any land under roads acquired on or after 1 July 2008 was not included as an asset of the Shire.

Land under roads from 1 July 2019

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

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.



SHIRE OF UPPER GASCOYNE  
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11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of assets

| (i) 30 June 2020 - Actual       | Net book value | Sale proceeds  | Disposal profit | Disposal loss   |
|---------------------------------|----------------|----------------|-----------------|-----------------|
| <b>Plant and equipment</b>      |                |                |                 |                 |
| <b>Transport</b>                | \$             | \$             | \$              | \$              |
| Caterpillar 140M grader         | 144,986        | 127,000        | 0               | (17,986)        |
| Toyota landcruiser dual-cab     | 45,937         | 45,455         | 0               | (483)           |
|                                 | <u>190,923</u> | <u>172,455</u> | <u>0</u>        | <u>(18,469)</u> |
| <br>(ii) 30 June 2020 - Budget  |                |                |                 |                 |
| <b>Plant and equipment</b>      |                |                |                 |                 |
| <b>Transport</b>                |                |                |                 |                 |
| Caterpillar 140M grader         | 96,618         | 120,000        | 23,382          | 0               |
| Toyota landcruiser dual-cab     | 31,442         | 55,000         | 23,558          | 0               |
| Toyota hilux                    | 5,000          | 0              | 0               | (5,000)         |
|                                 | <u>133,060</u> | <u>175,000</u> | <u>46,940</u>   | <u>(5,000)</u>  |
| <br>(iii) 30 June 2019 - Actual |                |                |                 |                 |
| <b>Furniture and equipment</b>  |                |                |                 |                 |
| <b>Governance</b>               |                |                |                 |                 |
| Regulation 17A assets           | 4,489          | 0              | 0               | (4,489)         |
| <b>Housing</b>                  |                |                |                 |                 |
| Regulation 17A assets           | 85             | 0              | 0               | (85)            |
| <b>Transport</b>                |                |                |                 |                 |
| Regulation 17A assets           | 4,654          | 0              | 0               | (4,654)         |
| <b>Plant and equipment</b>      |                |                |                 |                 |
| <b>Transport</b>                |                |                |                 |                 |
| Utility (Mazda) BT50 4WD (GU31) | 29,442         | 22,727         | 0               | (6,715)         |
| Steig Tractor                   | 17,601         | 0              | 0               | (17,601)        |
| HT Camp Trailer (GU983)         | 10,020         | 0              | 0               | (10,020)        |
| Regulation 17A assets           | 9,521          | 0              | 0               | (9,521)         |
| <b>Infrastructure - other</b>   |                |                |                 |                 |
| <b>Transport</b>                |                |                |                 |                 |
| Regulation 17A assets           | 4,000          | 0              | 0               | (4,000)         |
|                                 | <u>79,812</u>  | <u>22,727</u>  | <u>0</u>        | <u>(57,085)</u> |

(b) Fully Depreciated Assets in Use

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

|                             | 2020           | 2019       |
|-----------------------------|----------------|------------|
|                             | \$             | \$         |
| Buildings - non specialised | 393            | 393        |
| Furniture and equipment     | 21,850         | 0          |
| Plant and equipment         | 148,803        | 0          |
|                             | <u>171,046</u> | <u>393</u> |

(c) Temporarily Idle Assets

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

SHIRE OF UPPER GASCOYNE  
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11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(d) Depreciation

|                             | 2020<br>Actual | 2020<br>Budget | 2019<br>Actual |
|-----------------------------|----------------|----------------|----------------|
|                             | \$             | \$             | \$             |
| Buildings - non-specialised | 25,197         | 18,947         | 12,631         |
| Buildings - specialised     | 103,088        | 163,143        | 108,756        |
| Furniture and equipment     | 36,511         | 33,980         | 27,667         |
| Plant and equipment         | 683,033        | 395,450        | 405,610        |
| Infrastructure - roads      | 2,116,333      | 1,642,880      | 1,642,881      |
| Infrastructure - other      | 133,706        | 80,730         | 130,466        |
|                             | 3,097,868      | 2,335,130      | 2,328,011      |

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

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

Depreciation (Continued)

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

- (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.

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12. REVALUATION SURPLUS

|                           | 2020            |                             |                       |                         |                | Closing balance |
|---------------------------|-----------------|-----------------------------|-----------------------|-------------------------|----------------|-----------------|
|                           | Opening balance | Change in Accounting Policy | Revaluation increment | Revaluation (decrement) | Total movement |                 |
| (a) 30 June 2020 - Actual | \$              |                             | \$                    | \$                      | \$             | \$              |
| Land                      | 293,272         | 0                           | 0                     | 0                       | 0              | 293,272         |
| Buildings                 | 122,287         | 0                           | 0                     | 0                       | 0              | 122,287         |
| Furniture and equipment   | 7,080           | (7,080)                     | 0                     | 0                       | 0              | 0               |
| Plant and equipment       | 494,792         | (494,792)                   | 0                     | 0                       | 0              | 0               |
| Infrastructure - roads    | 39,198,356      | 0                           | 11,934,332            | 0                       | 11,934,332     | 51,132,688      |
| Infrastructure - other    | 482,509         | 0                           | 0                     | 0                       | 0              | 482,509         |
|                           | 40,598,296      | (501,872)                   | 11,934,332            | 0                       | 11,934,332     | 52,030,756      |
| (b) 30 June 2019 - Actual |                 |                             |                       |                         |                |                 |
| Land                      | 293,272         | 0                           | 0                     | 0                       | 0              | 293,272         |
| Buildings                 | 122,287         | 0                           | 0                     | 0                       | 0              | 122,287         |
| Furniture and equipment   | 0               | 0                           | 7,080                 | 0                       | 7,080          | 7,080           |
| Plant and equipment       | 258,841         | 0                           | 235,951               | 0                       | 235,951        | 494,792         |
| Infrastructure - roads    | 39,198,356      | 0                           | 0                     | 0                       | 0              | 39,198,356      |
| Infrastructure - other    | 482,509         | 0                           | 0                     | 0                       | 0              | 482,509         |
|                           | 40,355,265      | 0                           | 243,031               | 0                       | 243,031        | 40,598,296      |

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

### 13. TRADE AND OTHER PAYABLES

|   | 2020             | 2019           |
|---|------------------|----------------|
|   | \$               | \$             |
| Current   |                  |                |
| Sundry creditors                                      | 1,080,468        | 126,948        |
| Rates paid in advance                                 | 4,897            | 0              |
| Retentions held for the Gascoyne River Bridge Project | 6,171            | 6,171          |
| Accrued interest on debentures                        | 10,664           | 11,829         |
| Accrued salaries and wages                            | 26,674           | 13,368         |
| Accrued expenses                                      | 274,493          | 602,473        |
| Deposits and bonds                                    | 50,642           | 59,757         |
|   | <u>1,454,009</u> | <u>820,546</u> |

#### SIGNIFICANT ACCOUNTING POLICIES

##### Trade and other payables

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

(a) Borrowings

|             | 2020           | 2019           |
|-------------|----------------|----------------|
|             | \$             | \$             |
| Current     | 76,723         | 73,642         |
| Non-current | 679,638        | 756,361        |
|             | <u>756,361</u> | <u>830,003</u> |

(b) Repayments - Borrowings

(i) 30 June 2020 - Actual

|                          | Loan<br>number | Institution | Interest<br>rate | Principal<br>1 July 2019 | Principal<br>repayments | Interest<br>repayments | Principal<br>outstanding |
|--------------------------|----------------|-------------|------------------|--------------------------|-------------------------|------------------------|--------------------------|
|                          |                |             |                  | \$                       | \$                      | \$                     | \$                       |
| <b>Housing</b>           |                |             |                  |                          |                         |                        |                          |
| Staff housing            | 29             | WATC*       | 2.99%            | 308,228                  | 32,359                  | 8,626                  | 275,869                  |
| <b>Economic services</b> |                |             |                  |                          |                         |                        |                          |
| Tourism precinct         | 28             | WATC*       | 5.04%            | 521,775                  | 41,283                  | 24,969                 | 480,492                  |
|                          |                |             |                  | <u>830,003</u>           | <u>73,642</u>           | <u>33,595</u>          | <u>756,361</u>           |

(ii) 30 June 2020 - Budget

|                          | Loan<br>number | Institution | Interest<br>rate | Principal<br>1 July 2019 | Principal<br>repayments | Interest<br>repayments | Principal<br>outstanding |
|--------------------------|----------------|-------------|------------------|--------------------------|-------------------------|------------------------|--------------------------|
|                          |                |             |                  | \$                       | \$                      | \$                     | \$                       |
| <b>Housing</b>           |                |             |                  |                          |                         |                        |                          |
| Staff housing            | 29             | WATC*       | 2.99%            | 308,228                  | 32,358                  | 8,976                  | 275,870                  |
| <b>Economic services</b> |                |             |                  |                          |                         |                        |                          |
| Tourism precinct         | 28             | WATC*       | 5.04%            | 521,774                  | 41,284                  | 41,283                 | 480,490                  |
|                          |                |             |                  | <u>830,002</u>           | <u>73,642</u>           | <u>50,259</u>          | <u>756,360</u>           |

(iii) 30 June 2019 - Actual

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

\* - Western Australian Treasury Corporation.

All borrowing repayments were financed by general purpose revenue.

SHIRE OF UPPER GASCOYNE  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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14. INFORMATION ON BORROWINGS (Continued)

(c) New borrowings - 2019/20

The Shire did not have any new borrowings as at 30 June 2020.

(d) Unspent borrowings - 2019/20

The Shire did not have any unspent borrowings as at 30 June 2020.

(e) Undrawn borrowing facilities

|  | 2020             | 2019             |
|--|------------------|------------------|
|  | \$               | \$               |
| Credit standby arrangements                    |                  |                  |
| Bank overdraft limit                           | 4,200,000        | 4,200,000        |
| WANDRRA overdraft at balance date              | 0                | 0                |
| Credit card limit                              | 10,000           | 10,000           |
| Credit card balance at balance date            | (5,045)          | (1,205)          |
| <b>Total amount of credit unused</b>           | <b>4,204,955</b> | <b>4,208,795</b> |
| <br>   |                  |                  |
| Loan facilities                                |                  |                  |
| Loan facilities - current                      | 76,723           | 73,642           |
| Loan facilities - non-current                  | 679,638          | 756,361          |
| <b>Total facilities in use at balance date</b> | <b>756,361</b>   | <b>830,003</b>   |
| <br>   |                  |                  |
| Undrawn loan 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 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.

**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 UPPER GASCOYNE  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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15. EMPLOYEE RELATED PROVISIONS

| Employee related provisions    | Provision for<br>annual<br>leave | Provision for<br>long service<br>leave | Total          |
|--------------------------------|----------------------------------|--|----------------|
|                                | \$                               | \$                                     | \$             |
| Opening balance at 1 July 2019 |                                  |  |                |
| Current provisions             | 82,876                           | 104,491                                | 187,367        |
| Non-current provisions         | 0                                | 26,823                                 | 26,823         |
|                                | <u>82,876</u>                    | <u>131,314</u>                         | <u>214,190</u> |
| Additional provision           | 18,772                           | 18,364                                 | 37,136         |
| Amounts used                   | (4,197)                          | (14,100)                               | (18,297)       |
| Balance at 30 June 2020        | <u>97,451</u>                    | <u>135,578</u>                         | <u>233,029</u> |
| Comprises                      |                                  |  |                |
| Current                        | 97,451                           | 90,391                                 | 187,842        |
| Non-current                    | 0                                | 45,187                                 | 45,187         |
|                                | <u>97,451</u>                    | <u>135,578</u>                         | <u>233,029</u> |

Amounts are expected to be settled on the following basis:

|   | 2020           | 2019           |
|---|----------------|----------------|
|   | \$             | \$             |
| Less than 12 months after the reporting date            | 187,842        | 187,367        |
| More than 12 months from reporting date                 | 76,720         | 48,356         |
| Expected reimbursements from other WA local governments | (31,533)       | (21,533)       |
|   | <u>233,029</u> | <u>214,190</u> |

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.

## 15. EMPLOYEE RELATED PROVISIONS (Continued)

### SIGNIFICANT ACCOUNTING POLICIES

#### Employee benefits

##### Short-term employee benefits

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

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

##### Other long-term employee benefits

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

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

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

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

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

##### Provisions

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

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



16. CONTRACT LIABILITIES

|   | 2020             | 2019     |
|---|------------------|----------|
|   | \$               | \$       |
| Current   |                  |          |
| Contract liabilities from contracts with customers  | 5,585,814        | 0        |
|   | <u>5,585,814</u> | <u>0</u> |
| Performance obligations from contracts with customers are expected to be recognised as revenue in accordance with the following time bands: |                  |          |
| Less than 1 year  | <u>5,585,814</u> |          |
|   | 5,585,814        |          |

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.

## 17. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of cash

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

|                           | 2020<br>Actual   | 2020<br>Budget   | 2019<br>Actual   |
|---------------------------|------------------|------------------|------------------|
|                           | \$               | \$               | \$               |
| Cash and cash equivalents | 8,091,380        | 2,083,767        | 3,260,351        |
| Bank overdraft            | 0                | (1,750)          | 0                |
|                           | <u>8,091,380</u> | <u>2,082,017</u> | <u>3,260,351</u> |

### Reconciliation of net cash provided by

|   |                  |                |                  |
|---|------------------|----------------|------------------|
| Net result  | 275,245          | (1,852,508)    | 937,492          |
| Non-cash flows in net result:                     |                  |                |                  |
| Depreciation                                      | 3,097,868        | 2,335,130      | 2,328,011        |
| (Profit)/loss on sale of asset                    | 18,469           | (41,940)       | 57,085           |
| Impairment of intangible assets                   | 0                | 0              | 96,473           |
| Changes in assets and liabilities:                |                  |                |                  |
| (Increase)/decrease in receivables                | 1,381,013        | 2,018,206      | (25,279)         |
| (Increase)/decrease in inventories                | 7,022            | 0              | (44,446)         |
| (Increase)/decrease in contract assets            | (2,706,429)      | 0              | 0                |
| (Increase)/decrease in financial assets           | (576)            | 0              | (35,034)         |
| Increase/(decrease) in payables                   | 581,084          | 0              | 118,874          |
| Increase/(decrease) in contract liabilities       | 5,585,814        | 0              | 0                |
| Increase/(decrease) in provisions                 | 18,839           | 0              | (9,733)          |
| Non-operating grants, subsidies and contributions | (1,909,163)      | (1,642,025)    | (1,296,496)      |
| Net cash from operating activities                | <u>6,349,186</u> | <u>816,863</u> | <u>2,126,947</u> |

18. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

|                             | 2020               | 2019              |
|-----------------------------|--------------------|-------------------|
|                             | \$                 | \$                |
| Governance                  | 1,003,708          | 1,124,184         |
| General purpose funding     | 6,757,452          | 1,620,491         |
| Health                      | 0                  | 2,253             |
| Education and welfare       | 630,689            | 706,850           |
| Housing                     | 1,753,192          | 1,610,661         |
| Community amenities         | 109,015            | 161,257           |
| Recreation and culture      | 1,202,447          | 1,089,393         |
| Transport                   | 80,211,259         | 65,686,027        |
| Economic services           | 6,659,202          | 7,358,880         |
| Other property and services | 2,503,120          | 3,148,415         |
|                             | <u>100,830,084</u> | <u>82,508,411</u> |

19. CONTINGENT LIABILITIES

The Shire does not have any contingent liabilities.

20. CAPITAL AND LEASING COMMITMENTS

|                                     | 2020           | 2019     |
|-------------------------------------|----------------|----------|
|                                     | \$             | \$       |
| (a) Capital Expenditure Commitments |                |          |
| Contracted for:                     |                |          |
| Tourist Park Solar System           | 220,447        | 0        |
|                                     | <u>220,447</u> | <u>0</u> |
| Payable:                            |                |          |
| not later than one year             | 220,447        | 0        |

(b) Operating Lease Commitments

The Shire did not have any operating lease commitments at reporting date.

## 21. JOINT VENTURE ARRANGEMENTS AND INVESTMENT IN ASSOCIATES

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

## 22. SUBSEQUENT EVENTS

The Shire evaluated events from 30 June 2020 through to the date the financial statements were issued. No subsequent events were noted that required disclosure.

## 23. MAJOR LAND TRANSACTIONS

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

## 24. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

## 25. INVESTMENT PROPERTIES

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

## 26. RELATED PARTY TRANSACTIONS

### Elected members remuneration

|  | 2020<br>Actual | 2020<br>Budget | 2019<br>Actual |
|--|----------------|----------------|----------------|
|  | \$             | \$             | \$             |
| The following fees, expenses and allowances were paid to Council members and/or the President. |                |                |                |
| Meeting fees   | 73,130         | 74,662         | 74,675         |
| President's allowance  | 19,570         | 19,570         | 19,570         |
| Deputy President's allowance   | 4,893          | 4,893          | 4,893          |
| Travelling expenses  | 23,218         | 29,000         | 29,575         |
| Telecommunications allowance   | 23,917         | 24,500         | 24,500         |
|  | 144,728        | 152,625        | 153,213        |

### Key management personnel (KMP) compensation disclosure

|   | 2020<br>Actual | 2019<br>Actual |
|---|----------------|----------------|
|   | \$             | \$             |
| The total remuneration paid to KMP of the Shire during the year are as follows: |                |                |
| Short-term employee benefits  | 471,317        | 454,406        |
| Post-employment benefits  | 53,353         | 82,092         |
| Other long-term benefits  | 23,419         | 21,879         |
|   | 548,089        | 558,377        |

#### *Short-term employee benefits*

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

#### *Post-employment benefits*

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

#### *Other long-term benefits*

These amounts represent long service benefits accruing during the year.

## 26. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

The following transactions occurred with related parties:

|                                     | 2020<br>Actual | 2019<br>Actual |
|-------------------------------------|----------------|----------------|
|                                     | \$             | \$             |
| Sale of goods and services          | 583            | 2,288          |
| Purchase of goods and services      | 216,129        | 239,354        |
| Amounts payable to related parties: |                |                |
| Trade and other payables            | 5,948          | 1,277          |

Related parties

The Shire's main related parties are as follows:

### *i. Key management personnel*

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

### *ii. Other Related Parties*

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

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

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

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27. RATING INFORMATION

(a) Rates

|   | Rate in \$ | Number of properties # | Rateable value \$ | 2019/20 Actual Rate revenue \$ | Interim rates \$ | Back rates \$ | Total revenue \$ | 2019/20 Budget Total revenue \$ | 2018/19 Actual Total revenue \$ |
|---|------------|------------------------|-------------------|--------------------------------|------------------|---------------|------------------|---------------------------------|---------------------------------|
| Differential general rate                       | 0.0872     | 20                     | 147,258           | 12,847                         | 0                | 0             | 12,847           | 13,205                          | 12,821                          |
| <b>Gross rental valuations</b>                  |            |                        |                   |                                |                  |               |                  |                                 |                                 |
| GRV - Gascoyne Junction                         |            |                        |                   |                                |                  |               |                  |                                 |                                 |
| <b>Unimproved valuations</b>                    |            |                        |                   |                                |                  |               |                  |                                 |                                 |
| UV - Pastoral                                   | 0.0469     | 26                     | 1,451,045         | 68,054                         | 0                | 0             | 68,054           | 68,055                          | 66,072                          |
| UV - Mining                                     | 0.1393     | 91                     | 1,887,164         | 262,882                        | 8,442            | 0             | 271,324          | 251,708                         | 252,282                         |
|   |            | 137                    | 3,485,467         | 343,783                        | 8,442            | 0             | 352,225          | 332,968                         | 331,175                         |
| Minimum payment                                 |            |                        |                   |                                |                  |               |                  |                                 |                                 |
| <b>Gross rental valuations</b>                  |            |                        |                   |                                |                  |               |                  |                                 |                                 |
| GRV - Gascoyne Junction                         | 200        | 4                      | 1,045             | 800                            | 0                | 0             | 800              | 600                             | 585                             |
| <b>Unimproved valuations</b>                    |            |                        |                   |                                |                  |               |                  |                                 |                                 |
| UV - Pastoral                                   | 412        | 12                     | 23,895            | 4,944                          | 0                | 0             | 4,944            | 4,944                           | 4,800                           |
| UV - Mining                                     | 450        | 62                     | 77,724            | 27,900                         | 0                | 0             | 27,900           | 27,450                          | 26,460                          |
| <b>Sub-total</b>                                |            | 78                     | 102,664           | 33,644                         | 0                | 0             | 33,644           | 32,994                          | 31,845                          |
| <b>Discounts/concessions (refer Note 27(d))</b> |            | 215                    | 3,588,131         | 377,427                        | 8,442            | 0             | 385,869          | 365,962                         | 363,020                         |
| Total amount raised from general rate           |            |                        |                   |                                |                  |               | 0                | 0                               | 0                               |
| Ex-gratia rates                                 |            |                        |                   |                                |                  |               | 385,869          | 365,962                         | 363,020                         |
| Rates written-off                               |            |                        |                   |                                |                  |               | 2,883            | 1,400                           | 2,800                           |
| Administration charges                          |            |                        |                   |                                |                  |               | (174)            | (20,000)                        | (6,490)                         |
| Totals  |            |                        |                   |                                |                  |               | 0                | (510)                           | 0                               |
|   |            |                        |                   |                                |                  |               | 388,578          | 346,852                         | 359,330                         |

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.

## 27. RATING INFORMATION (Continued)

### (b) Specified area rate

The Shire did not impose any specified area rates during the 2019/2020 financial year.

### (c) Service charges

The Shire did not impose any service charges during the 2019/2020 financial year.

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

The Shire did not grant any discounts, waivers, or concessions during the 2019/2020 financial year.

### (e) Interest charges and instalments

| Instalment options  | Date due    | Instalment plan admin charge | Instalment plan interest rate | Unpaid rates interest rate |
|---------------------|-------------|------------------------------|-------------------------------|----------------------------|
|                     |             | \$                           | %                             | %                          |
| <b>Option One</b>   |             |                              |                               |                            |
| Single full payment | 17 Oct 2019 |                              |                               | 11.0%                      |
| <b>Option Two</b>   |             |                              |                               |                            |
| First instalment    | 17 Oct 2019 | 5                            | 5.5%                          | 11.0%                      |
| Second instalment   | 17 Dec 2019 | 5                            | 5.5%                          | 11.0%                      |
| Third instalment    | 17 Feb 2020 | 5                            | 5.5%                          | 11.0%                      |
| Fourth instalment   | 17 Apr 2020 | 5                            | 5.5%                          | 11.0%                      |

|                               | 2020 Actual   | 2020 Budget  | 2019 Actual  |
|-------------------------------|---------------|--------------|--------------|
|                               | \$            | \$           | \$           |
| Interest charges              |               |              |              |
| - Interest on unpaid rates    | 5,893         | 4,000        | 3,611        |
| - Interest on instalment plan | 3,134         | 550          | 550          |
|                               | 9,027         | 4,550        | 4,161        |
| Other charges                 |               |              |              |
| - Charges on instalment plan  | 1,365         | 490          | 490          |
|                               | 1,365         | 490          | 490          |
| <b>Total charges</b>          | <b>10,392</b> | <b>5,040</b> | <b>4,651</b> |



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28. RATE SETTING STATEMENT INFORMATION

| Note | 2019/20                              | 2019/20  | 2019/20                             | 2019/20                             |
|------|--------------------------------------|--|-------------------------------------|-------------------------------------|
|      | (30 June 2020<br>carried<br>forward) | Budget<br>(30 June 2020<br>carried<br>forward) | (1 July 2019<br>brought<br>forward) | (1 July 2019<br>carried<br>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 *Financial Management Regulation 32*.

Adjustments to operating activities

|   |       |           |           |           |           |
|---|-------|-----------|-----------|-----------|-----------|
| Less: Profit on asset disposals                       | 11(a) | 0         | (46,940)  | 0         | 0         |
| Less: Movement in financial assets                    | 8     | (576)     | 0         | (35,034)  | (35,034)  |
| Movement in land held for resale                      | 6     | 2,500     | 0         | 2,000     | 2,000     |
| Movement in employee benefit provisions (non-current) | 15.   | 18,364    | 892       | (25,239)  | (25,239)  |
| Movement in current leave reserve                     | 4     | 1,040     | 0         | 1,797     | 1,797     |
| Add: Loss on disposal of assets                       | 11(a) | 18,469    | 5,000     | 57,085    | 57,085    |
| Add: Impairment of intangible asset                   | 7     | 0         | 0         | 96,473    | 96,473    |
| Add: Depreciation on assets                           | 11(d) | 3,097,868 | 2,335,130 | 2,328,011 | 2,328,011 |
| Non cash amounts excluded from operating activities   |       | 3,137,665 | 2,294,082 | 2,425,093 | 2,425,093 |

(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 *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets

|   |       |             |             |             |             |
|---|-------|-------------|-------------|-------------|-------------|
| Less: Reserves - restricted cash        | 3     | (1,369,538) | (1,483,008) | (1,674,894) | (1,674,894) |
| Less: Land held for resale              | 6     | (7,500)     | (20,785)    | (10,000)    | (10,000)    |
| Add: Current portion of borrowings      | 14(a) | 76,723      | 73,642      | 73,642      | 73,642      |
| Add: Employee leave reserve             | 4     | 90,068      | 89,920      | 89,028      | 89,028      |
| Total adjustments to net current assets |       | (1,210,247) | (1,340,231) | (1,522,224) | (1,522,224) |

Net current assets used in the rate setting statement

|   |  |             |             |             |             |
|---|--|-------------|-------------|-------------|-------------|
| Total current assets                                  |  | 11,736,881  | 2,417,260   | 5,587,458   | 5,587,458   |
| Less: Total current liabilities                       |  | (7,304,388) | (1,077,029) | (1,133,933) | (1,081,555) |
| Less: Total adjustments to net current assets         |  | (1,210,247) | (1,340,231) | (1,522,224) | (1,522,224) |
| Net current assets used in the rate setting statement |  | 3,222,246   | 0           | 2,931,301   | 2,983,679   |

(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards

|  |       |  |  |             |
|--|-------|--|--|-------------|
| Total current liabilities at 30 June 2019            |       |  |  | (1,081,555) |
| - Contract liabilities from contracts with customers | 31(a) |  |  | (52,378)    |
| Total current liabilities at 1 July 2019             |       |  |  | (1,133,933) |

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

|                           | Weighted average interest rate | Carrying amount | Fixed interest rate | Variable interest rate | Non-interest bearing |
|---------------------------|--------------------------------|-----------------|---------------------|------------------------|----------------------|
|                           | %                              | \$              | \$                  | \$                     | \$                   |
| <b>2020</b>               |                                |                 |                     |                        |                      |
| Cash and cash equivalents | 0.3%                           | 8,091,380       | 0                   | 8,090,480              | 900                  |
| <b>2019</b>               |                                |                 |                     |                        |                      |
| Cash and cash equivalents | 1.2%                           | 3,260,351       | 0                   | 3,259,451              | 900                  |

Sensitivity

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

|   | 2020   | 2019   |
|---|--------|--------|
|   | \$     | \$     |
| Impact of a 1% movement in interest rates on profit and loss* | 80,914 | 32,604 |

\* - Holding all other variables constant

Borrowings

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

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29. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2020 and 1 July 2019 was determined as follows for rates receivable.

| Rates receivable      | Current | One to<br>two years | Two to<br>three years | Three or<br>more years | Total  |
|-----------------------|---------|---------------------|-----------------------|------------------------|--------|
| 30 June 2020          | \$ or % | \$ or %             | \$ or %               | \$ or %                | \$     |
| Expected default rate | 9.88%   | 9.88%               | 9.88%                 | 9.88%                  |        |
| Gross carrying amount | 4,756   | 26,870              | 15,958                | 16,904                 | 64,488 |
| Expected credit loss  | 470     | 2,655               | 1,577                 | 1,668                  | 6,370  |
| 30 June 2019          |         |                     |                       |                        |        |
| Expected default rate | 94.8%   | 97.4%               | 83.5%                 | 94.4%                  |        |
| Gross carrying amount | 792     | 18,177              | 10,833                | 15,417                 | 45,219 |
| Expected credit loss  | 751     | 17,710              | 9,041                 | 14,558                 | 42,060 |

The loss allowance as at 30 June 2020 and 1 July 2019 was determined as follows for sundry receivables.

| Sundry receivables    | Current | One to<br>two months | Two to<br>three months | Three or<br>more months | Total   |
|-----------------------|---------|----------------------|------------------------|-------------------------|---------|
| 30 June 2020          | \$ or % | \$ or %              | \$ or %                | \$ or %                 | \$      |
| Expected default rate | 0.0%    | 0.0%                 | 0.0%                   | 99.66%                  |         |
| Gross carrying amount | 431,156 | 0                    | 124,650                | 90,127                  | 645,933 |
| Expected credit loss  | 0       | 0                    | 0                      | 89,819                  | 89,819  |
| 30 June 2019          |         |                      |                        |                         |         |
| Expected default rate | 0.0%    | 96.6%                | 100.0%                 | 80.2%                   |         |
| Gross carrying amount | 20,651  | 8,208                | 7,267                  | 19,650                  | 55,776  |
| Expected credit loss  | 0       | 7,929                | 7,267                  | 15,750                  | 30,946  |

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29. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

Contract assets

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

(c) Liquidity risk

Payables and borrowings

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

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

| Payable type         | Due within | Due between   | Due after | Total                  | Carrying  |
|----------------------|------------|---------------|-----------|------------------------|-----------|
|                      | 1 year     | 1 and 5 years | 5 years   | contractual cash flows | values    |
|                      | \$         | \$            | \$        | \$                     | \$        |
| Payables             | 1,454,009  | 0             | 0         | 1,454,009              | 1,454,009 |
| Borrowings           | 108,401    | 433,605       | 371,604   | 913,610                | 756,361   |
| Contract liabilities | 5,585,814  | 0             | 0         | 5,585,814              | 5,585,814 |
|                      | 7,148,224  | 433,605       | 371,604   | 7,953,433              | 7,796,184 |
| 2019                 |            |               |           |                        |           |
| Payables             | 820,546    | 0             | 0         | 820,546                | 820,546   |
| Borrowings           | 108,401    | 433,605       | 480,004   | 1,022,010              | 830,003   |
|                      | 928,947    | 433,605       | 480,004   | 1,842,556              | 1,650,549 |

30. TRUST FUNDS

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

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31. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

The Shire adopted AASB 15 *Revenue from Contracts with Customers* (issued December 2014) on 1 July 2019 resulting in a change in accounting policies. In accordance with the transition provisions in AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. In summary the following adjustments were made to the amounts recognised in the statement of financial position as a the date of initial application (1 July 2019):

| Note  | AASB 118<br>carrying amount |                  | AASB 15                         |
|---|-----------------------------|------------------|---------------------------------|
|   | 30 June 2019                | Reclassification | carrying amount<br>01 July 2019 |
|   | \$                          | \$               | \$                              |
| Contract liabilities - current                          |                             |                  |                                 |
| Contract liabilities from contracts with customers      | 0                           | 52,378           | 52,378                          |
| Adjustment to retained surplus from adoption of AASB 15 | 0                           | 52,378           | 52,378                          |

(b) AASB 1058: Income For Not-For-Profit Entities

The Shire adopted AASB 1058 *Income for Not-For-Profit Entities* (issued December 2016) on 1 July 2019 resulting in a change in accounting policies. In accordance with the transition provisions in AASB 1058, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods were not restated in accordance with the AASB 1058 transition requirements.

There were no uncompleted contracts or funds previously recognised as revenue, applicable under AASB 1058, at the date of initial application (1 July 2019).

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

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

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

SHIRE OF UPPER GASCOYNE  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2020

31. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

The table below provides details of the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 118 and 1004 and related Interpretations that were in effect before the change.

|   |       | 2020<br>\$                                    |   | 2020<br>\$                               |
|---|-------|---|---|--|
|   | Note  | As reported<br>under AASB 15<br>and AASB 1058 | Adjustment due<br>to application of<br>AASB 15 and<br>AASB 1058 | Compared to<br>AASB 118 and<br>AASB 1004 |
| Statement of Comprehensive Income                 |       |   |   |  |
| Revenue   |       |   |   |  |
| Non-operating grants, subsidies and contributions | 2(a)  | 1,909,163                                     | 5,585,814   | 7,494,977                                |
| Rates   | 27(a) | 388,578                                       | 4,897   | 393,475                                  |
| Net result  |       | 275,245                                       | 5,590,711   | 5,865,956                                |
| Statement of Financial Position                   |       |   |   |  |
| Contract assets                                   | 2(a)  | 2,706,429                                     | (2,706,429)   | 0  |
| Trade and other payables                          | 13    | 1,454,009                                     | (4,897)   | 1,449,112                                |
| Contract liabilities                              | 16    | 5,585,814                                     | (5,585,814)   | 0  |
| Net assets  |       | 92,800,871                                    | (8,297,140)   | 101,098,011                              |
| Statement of Changes in Equity                    |       |   |   |  |
| Net result  |       | 275,245                                       | 5,590,711   | 5,865,956                                |
| Retained surplus                                  |       | 39,400,577                                    | 5,590,711   | 44,991,288                               |

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

(c) AASB 16: Leases

The Shire adopted AASB 16 *Leases* retrospectively from 1 July 2019 which resulted in a change in accounting policies. In accordance with the transition provisions in AASB 16, the Shire applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised at 1 July 2019. Comparative information for prior reporting periods were not restated in accordance with the AASB 16 transition requirements.

There was no impact from the application of AASB 16 on the reported balances as the date of initial application (1 July 2019), as the Shire had no leases.

SHIRE OF UPPER GASCOYNE  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2020

32. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

Effective 6 November 2020, *Local Government (Financial Management) Regulation 16* was deleted and *Local Government (Financial Management) Regulation 17A* was amended with retrospective application. The changes were effective for financial years ending on or after 30 June 2020 so are required to be applied retrospectively with cumulative effect applied initially on 1 July 2019.

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets are required to be measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. No such assets are held by the Shire.

In addition, the amended regulation 17A requires plant and equipment assets to be measured under the cost model, rather than at fair value. In applying the retrospective changes as at 1 July 2019, the Shire reversed plant and equipment revaluation reserve credit balance to retained earnings.

|   | Note | Adjustments | 2019       |
|---|------|-------------|------------|
|   |      |             | \$         |
| Revaluation surplus - 30 June 2019                            |      |             | 40,598,296 |
| Adjustment to revaluation surplus from amendment to FM Reg 16 | 12   | (501,872)   | (501,872)  |
| Adjustment to revaluation surplus from amendment to FM Reg 17 |      | 0           | 0          |
| Revaluation surplus - 1 July 2019                             |      |             | 40,096,424 |

Regulation 17A of the *Local Government (Financial Management) Regulations 1996* was amended to require plant and equipment type assets to be measured under the cost model, rather than at fair value. Implementation of the cost model is effective from the beginning of the 2019/20 year.

In applying the retrospective changes as at 1 July 2019, the Shire reversed plant and equipment revaluation credit balances to retained surplus.

|   | Note |         |
|---|------|---------|
| Revaluation Surplus - Furniture and Equipment | 12   | 7,080   |
| Revaluation Surplus - Plant and Equipment     | 12   | 494,792 |
|   |      | 501,872 |

In summary the following adjustments were made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019):

|                     | Note | Carrying amount<br>30 June 2019 | Reclassification | Carrying amount<br>01 July 2019 |
|---------------------|------|---------------------------------|------------------|---------------------------------|
|                     |      | \$                              | \$               | \$                              |
| Revaluation surplus | 12.  | 40,598,296                      | (501,872)        | 40,096,424                      |
| Retained earnings   |      | 38,370,482                      | 449,494          | 38,819,976                      |

(b) Impact of New Accounting Standards and changes in Accounting Policy on Retained Surplus

The impact on the Shire's retained surplus due to the adoption of AASB 15, AASB 1058 and AASB 16 as at 1 July 2019 was as follows:

|  | Note | Adjustments | 2019       |
|--|------|-------------|------------|
|  |      |             | \$         |
| Retained surplus - 30 June 2019                            |      |             | 38,370,482 |
| Adjustment to retained surplus from amendment to FM Reg 16 |      | 501,872     |            |
| Adjustment to retained surplus from adoption of AASB 15    |      | (52,378)    |            |
| Adjustment to retained surplus from adoption of AASB 1058  |      | 0           | 449,494    |
| Retained surplus - 1 July 2019                             |      |             | 38,819,976 |

# SHIRE OF UPPER GASCOYNE

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30TH JUNE 2020

#### 33. 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

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

##### c) Rounding off figures

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

##### d) Comparative figures

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

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

##### e) Budget comparative figures

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

##### f) Superannuation

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

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

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

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

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

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

##### h) Fair value hierarchy

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

###### Level 1

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

###### Level 2

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

###### Level 3

Measurements based on unobservable inputs for the asset or liability.

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

##### Valuation techniques

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

###### Market approach

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

###### Income approach

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

###### Cost approach

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

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

##### i) Impairment of assets

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

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

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

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



SHIRE OF UPPER GASCOYNE  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30TH JUNE 2020

34. ACTIVITIES / PROGRAMS

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

| PROGRAM NAME / OBJECTIVE   | ACTIVITIES   |
|--|--|
| <p><b>GOVERNANCE</b><br/>           To provide a decision making process for the efficient allocation of scarce resources.</p>   | <p>Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and rate payers on matters which do not concern specific council services.</p> |
| <p><b>GENERAL PURPOSE FUNDING</b><br/>           To collect revenue to allow for the provision of services.</p>  | <p>Rates, general purpose government grants and interest revenue.</p>  |
| <p><b>LAW, ORDER, PUBLIC SAFETY</b><br/>           To provide services to help ensure a safer and environmentally conscious community.</p>                                   | <p>Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.</p>  |
| <p><b>EDUCATION AND WELFARE</b><br/>           To provide services to disadvantaged persons, the elderly, children and youth.</p>  | <p>Provide a range of appropriate services via the Community Resource Centre.</p>  |
| <p><b>HEALTH</b><br/>           Monitoring and control of health standards within the community.</p>   | <p>Control the quality of food and water. Environmental Health Officer twice per year.</p>   |
| <p><b>HOUSING</b><br/>           Maintain staff housing to facilitate attraction and retention of staff in this remote area.</p>   | <p>Provide housing for staff.</p>  |
| <p><b>COMMUNITY AMENITIES</b><br/>           To provide services required by the community.</p>  | <p>Rubbish collection services, operation of rubbish disposal sites, litter control, protection of the environment and administration of town planning schemes, cemetery and public conveniences.</p>  |
| <p><b>RECREATION AND CULTURE</b><br/>           To establish and effectively manage infrastructure and resources which will help the social well-being of the community.</p> | <p>Maintenance of public use buildings and areas including various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.</p>   |
| <p><b>TRANSPORT</b><br/>           Facilitate safe, effective and efficient transport options for the community.</p>   | <p>Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting, etc.</p>   |
| <p><b>ECONOMIC SERVICES</b><br/>           To help promote the shire and its economic well-being.</p>  | <p>Tourism and area promotion. Building Control.</p>   |
| <p><b>OTHER PROPERTY AND SERVICES</b><br/>           To monitor and control council's overheads operating accounts.</p>  | <p>Private works operation, plant repair and operation costs and engineering operation costs.</p>  |

### 35. FINANCIAL RATIOS

|                                   | 2020   | 2019   | 2018   |
|-----------------------------------|--------|--------|--------|
|                                   | Actual | Actual | Actual |
| Current ratio                     | 0.66   | 4.07   | 1.88   |
| Asset consumption ratio           | 0.65   | 0.73   | 0.76   |
| Asset renewal funding ratio       | 0.70   | 0.71   | 0.75   |
| Asset sustainability ratio        | 1.01   | 0.99   | 0.70   |
| Debt service cover ratio          | 12.38  | 10.47  | 11.65  |
| Operating surplus ratio           | (2.37) | (0.16) | (1.33) |
| Own source revenue coverage ratio | 0.03   | 0.09   | 0.05   |

The above ratios are calculated as follows:

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



# Auditor General

## INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Upper Gascoyne

### Report on the Audit of the Financial Report

#### **Opinion**

I have audited the annual financial report of the Shire of Upper Gascoyne which comprises the Statement of Financial Position as at 30 June 2020, and 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, as well as notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

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

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2020 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

#### **Basis for Opinion**

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

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

I draw attention to Notes 1 and 11 to the annual financial report, which describe the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act, including the Local Government (Financial Management) Regulations 1996 (Regulations). My opinion is not modified in respect of these matters:

- (i) Regulation 17A requires a local government to measure vested improvements at fair value and the associated vested land at zero cost. This is a departure from AASB 16 *Leases* which would have required the entity to measure the vested improvements also at zero cost.
- (ii) In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 did not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report.

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

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

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

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

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

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

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

### **Report on Other Legal and Regulatory Requirements**

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
  - a. The Operating Surplus Ratio as reported in Note 35 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries standard for the last three years; and
  - b. The Own Source Coverage Ratio as reported in Note 35 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries standard for the last three years.
- (ii) There was no matter indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law identified during the course of my audit.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

### **Other Matter**

The financial ratios for 2018 in Note 35 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2018. The auditor expressed an unmodified opinion on the annual financial report for that year.

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

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



ALOHA MORRISSEY  
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
17 December 2020