

ANNUAL REPORT



2019/2020



SHIRE OF WAGIN

2 Arthur Road (PO Box 200) WAGIN WA 6315

shire@wagin.wa.gov.au

www.wagin.wa.gov.au

Tel: (08) 9861 1177

SHIRE STATISTICS

Population	1,852
Number of Electors	1,295
Number of Dwellings	959
Distance from Perth(km)	228
Area (sq.km)	1,956
Suburbs and Localities	Piesseville, Wagin
Length of Sealed Roads (km)	169
Length of Unsealed Roads (km)	628
Rates Income	\$2,349,891
Total Operating Revenue	\$6,470,516
Council Employees	35

TOURIST ATTRACTIONS

Giant Ram and Wetlands Park, Wagin Historical Village & Museum, Norring Lake, Heritage Walk Trail, Puntapin Rock and Mount Latham.

LOCAL INDUSTRIES

Sheep, Wool, Grains, Hay, Seed Working/Oat Milling, Engineering, Manufacturing and Extractive Industries.

SIGNIFICANT LOCAL EVENTS

Wagin Woolorama – Incorporates the State Sheep Show and Rodeo, Australia Day Breakfast – in Wetlands Park, WA Day Celebration – at Wagin Historical Village including the Vintage Car Club Rally, Christmas Street Carnival, Two Wheels to Wagin, Gymkhanarama and the Wagin Burnouts.



GENERAL INFORMATION

VISION FOR THE FUTURE

“To have a community where individuals, families and businesses can invest and prosper, preserving the safe, affordable and inclusive country lifestyle and ensuring that Wagin is a place people like to live in and visit.”

OUR MISSION

“To be a focused Local Government providing progressive and innovative leadership that builds a Sustainable future while supporting a vibrant, healthy and caring community”

In order to achieve this Vision, the Council will commit to display;

Governance and Leadership

Honesty and Integrity

Innovation and Creativity

Community Focused

Environmentally Aware



ELECTED MEMBERS

Portfolios and Roles

The Shire of Wagin is a corporate body consisting of eleven elected Councillors. The Council members elect the Shire President and Deputy Shire President every two years.

The Shire of Wagin elected members as at 30 June 2020 are –



CR PHILLIP BLIGHT

SHIRE PRESIDENT
TERM EXPIRY 2023



CR GREG BALL

DEPUTY SHIRE PRESIDENT
TERM EXPIRY 2021



CR GEOFF WEST

TERM EXPIRY 2023



CR BRYAN KILPATRICK

TERM EXPIRY 2021



CR SHERRYL CHILCOTT

TERM EXPIRY 2023



CR LYN LUCAS

TERM EXPIRY 2021



CR BRONWYN HEGARTY

TERM EXPIRY 2023



CR JASON REED

TERM EXPIRY 2021



CR DAVID REED

TERM EXPIRY 2021



CR WADE LONGMUIR

TERM EXPIRY 2023



CR DAVID ATKINS

TERM EXPIRY 2021

Elections are held biannually on the second Saturday in October and are subject to electoral procedures as governed by the Local Government Act. Voting at Council elections is not compulsory, however participation by residents in elections is vital to the effectiveness of Local Government. Residents not included in the State Electoral Roll should contact the Western Australian Electoral Commission.

Council Meetings are generally held on the third Tuesday of each month except in January where no meeting is planned. All ordinary Council meetings commence at 7.00pm. Minutes of the meetings are available at the Council offices in Wagin, or by visiting our website www.wagin.wa.gov.au.

MANAGEMENT



BILL ATKINSON
ACTING CHIEF
EXECUTIVE OFFICER



BRIAN RODERICK
DEPUTY CHIEF
EXECUTIVE OFFICER



ALLEN HICKS
MANAGER OF WORKS



TEGAN HALL
MANAGER OF FINANCE

AUDITOR

Office of The Auditor General
Perth
469 Wellington Street
PERTH WA 6000

BANK

National Australia Bank
Tudor St
Wagin WA 6315



Annual Report 2019/2020

The financial year to the 30th June 2020 will be remembered as a year like no other as the impact of the COVID 19 pandemic gripped the world, the nation and the Shire of Wugin. The closing of the intrastate borders within Western Australia during April and May 2020, brought into sharp focus the vital role that local communities play in holding together the social cohesion and wellbeing so important to all residents.

The people of Wugin, the health, police, emergency services, volunteer organisations and local businesses responded admirably towards ensuring that the greater good prevailed and that people were kept safe and were not socially isolated. The many sacrifices to travel and community, sporting and social events were compensated for by an increased sense of community; and an appreciation of what we have and of where we live.

Planning and Improvements:

The Shire of Wugin through community engagement, prioritised some medium to long term planning initiatives for future development to improve the town and the Shire generally. Some examples include:

- Wugin Sportsground & Recreation Precinct Development Plan (to a point of endorsement);
- Wugin Town Square project;
- Wetlands Park development;
- Street tree planting and gardens program.

Projects successfully completed during the year under review included:

- Construction of the shelter at the cemetery;
- Heating of toddler's pool at the Wugin Swimming Pool;
- Construction of the Caravan Park camp kitchen
- Improvements to the Shires road and footpath network;
- Wetlands Park Pond Improvements
- Ballaying bridge replacement;
- Improvements at the Wugin Aerial landing Ground.

Events:

Wugin continues to attract and host events of note and another successful Woolorama was held during March. Other events included the State Model Aerobatic Championships, Two Wheels to Wugin event, The "Flaming Galahs" community music event, Wugin Burnouts, Wugin Christmas Street Carnival and the annual Australia Day Breakfast and awards.

Council:

During the year, Crs Wade Longmuir, Bronwyn Hegarty and Dave Atkins were welcomed on to Council. I acknowledge with gratitude, the efforts of all Councillors for their dedication in attending meetings, effectively consulting with and representing their electors; and in contributing to the decision-making processes of the organisation.

Staffing:

Chief Executive Officer, Peter Webster retired in April after 7 years in the position and took with him Council's appreciation for a job well done. Council is very fortunate to have appointed Mr W.T. (Bill) Atkinson to the roll of Acting CEO.



SHIRE PRESIDENT REPORT

Bill was in town in the early 70's working in the S.E.C prior to his time in local government. Bill is highly regarded in the sector, having worked in several regional shires before his return to Wugin. The staffing situation continued to be one of stability with very few changes

Appreciation is extended to all staff who diligently carried out their duties in what was a busy and challenging year.

Volunteers:

The Shire is indebted to the volunteers in our community who carry out so many vital tasks including fighting fires, attending to accidents and emergencies, promoting tourism, coordinating sporting and social activities, organising the Woolorama, preserving and displaying our heritage and in keeping people safe and connected.

The Future:

The consultative focus taken by Council on the long, medium- and short-term planning and the consistent application of sound management practices will ensure that the Shire is well placed to look to the future with confidence.


Cr. Phillip Blight
President



ACTING CHIEF EXECUTIVE OFFICER REPORT

The 2019/20 financial year was one of community interaction and progress for the Shire of Wagin. Priority was given to completing several projects, planning for future developments and in improving processes and compliance functions within the organisation.

The following achievements and activities are of note:

Improving Wagin:

The Shire with the valued input of the Tourist and Promotion and Townscape Enhancement Committees has focussed on planning for and implementing the following projects:-

- Revegetating and beautifying the Wetlands/Ram Park precinct;
- The (large) Electronic Display Sign which will take centre stage in the planned Wagin Town Square development;
- Wagin promotional video project;
- Town entrance improvements;
- Annual flowering program

In addition, attention is being given to working with property owners who have dilapidated buildings with a view to removal or upgrade of same.

Pending Projects:

The following projects are either pending or in early stages of implementation:

- Puntapin Dam – Acquisition of this asset from the Water Corporation to enhance water supply for parks, gardens and for emergency purposes;
- Betty Terry Community Theatre – Acquisition of building to help ensure continuation of operation of cinema;
- Wagin Courthouse – Acquisition of building for community uses;
- Wagin Aerial Landing Ground – Revision of lease agreements to provide greater security of tenure for lessees of hanger sites

Audit and Compliance Matters:

The advent of local governments being subject to audits by the Office of the Auditor General has resulted in significant cost increases (over which the Shire has no control) and extended timelines for the completion of audits. The degree of compliance imposed upon the sector is ever evolving and increasing; and strong priority is given by elected and staff members towards ensuring that the Shire reaches and maintains a high level of compliance.

During the year, a comprehensive review was carried out of financial management, risk management, legislative compliance and internal controls and the recommendations arising out of this review are being progressively implemented.

A review of the Shires Local

Laws was also initiated and is expected to be completed within the next 12 months.

Appreciation:

This opportunity is taken to acknowledge, with thanks, the efforts of elected and staff members in ensuring that the Shire is responsive to community needs and priorities. The Shire continues to successfully deliver a range of services to the community as well as providing new or upgraded infrastructure with a relatively small budget and with a dedicated and multiskilled staff.

There is considerable scope to build on the comparative advantages that Wagin is able to offer as a preferred location for economic and social opportunity.



Bill Atkinson
Acting Chief Executive Officer

CORPORATE SERVICES REPORT

ANNUAL FINANCIALS AND AUDIT REPORT

Council's Annual Financial Report for 30 June 2020 was audited by the Office of Auditor General. A copy of the Annual Financial Report and Audit Report is tabled later in this report.

FREEDOM OF INFORMATION ACT

The Shire of Wagin has a requirement to comply with the Freedom of Information Act. During 2019/2020 no applications were received for information under the terms of this legislation.

EMPLOYEE REMUNERATION

In accordance with part 5 of the Local Government (Administration) Regulations 1996 the table below demonstrates the number of employees entitled to and receive an annual salary over \$100,000;

	2019/2020	2018/2019
Salary Range \$100,000 - \$110,000	2	0
Salary Range \$110,000 - \$120,000	0	1
Salary Range \$140,000 - \$149,999	0	1
Salary Range \$160,000 - \$169,999	1	0

REGISTER OF COMPLAINTS

The Local Government Act 1995 s5.121 requires the complaints officer of the Local Government to maintain a register of complaints which records all complaints that result in an action under the Local Government Act s5.121 (6)(b) or (c).

The register of complaints is to include, for each recorded complaint:

- Name of Council Member or person about whom the complaint is made;
- Name of the person who makes the complaint;
- A description of the minor breach that the Standards Panel finds has occurred; and
- Details of the action taken under LGA s5.110 (6)(b) or (c).

During 2019/20 there were no reportable complaints.

CORPORATE SERVICES REPORT

PUBLIC INTEREST DISCLOSURE

In accordance with the Public Interest Disclosure Act 2003, procedures are being implemented to facilitate receiving, reporting and action on public interest disclosures.

During the 2019/2020 reporting period, no public interest disclosures were lodged.

COMPETITIVE NEUTRALITY

The principle of Competitive Neutrality is that government businesses should not enjoy a competitive advantage or disadvantage, simply as a result of their public sector ownership. Competitive Neutrality should apply to all significant business activities which generate a user-pays income of over \$200,000 per annum unless it can be shown it is in the public interest. A public benefit test is used to determine if Competitive Neutrality is in the public interest. This involves assessing the benefits of implementing Competitive Neutrality against the costs. If the benefits exceed the costs, Competitive Neutrality should be implemented.

In accordance with Council's responsibilities under the Clause 7 statement relating to Competitive Neutrality, the Shire of Wagin has reviewed its activities in line with advice from the Local Government Department Circular No 806 and has found that none of its activities have been found to fit the "Significant Business Activity" category for Competitive Neutrality requirements.

NATIONAL COMPETITION POLICY

Local Governments are required to report their progress in implementing National Competition Policy in their annual report. There are a number of specific requirements placed on local government in the areas of Competitive Neutrality, legislation review and structural reform.



CORPORATE SERVICES REPORT

STATE RECORDS ACT 2000

State Records Commission Standard 2 (Record Keeping Plan), Principle 6 (Compliance) states that the Government organisations, including Local Government, should develop and implement strategies for ensuring that each employee is aware of the compliance responsibilities under their Record Keeping Plan.

Council is required to report progress with complying with this Principle in its Annual Report.

The Shire of Wagin Record Keeping Plan was endorsed by the Commission during 2003/2004. Staff are continually working on implementing the strategies outlined in this plan. As part of the refurbishment of the Administration Centre a dedicated archives area was established in 2008/2009. In 2014/2015 a further area off site was established to hold records in an effort to keep the Administration Centre clear of storage.

Council's Administration Officer - Records and Executive Assistant are delegated the task of maintaining the filing and record system of the shire and attend appropriate training courses and seminars to help build skills and knowledge of this function. Council is also guided by its Record Keeping Plan to maintain compliance with the State Records Commission. This plan was comprehensively reviewed and updated in the 2017/2018 financial year, the next review will now take place in the year 2022/2023.



LEGISLATIVE REVIEW

All Local Governments are required to assess which of their Local Laws might impact on competition and conduct a review of each to determine how any restrictive practices might be overcome. The Annual Report is to include a statement of which Local Laws have been reviewed; the conclusions of those reviews and a forward strategy for all Local Laws are still to be reviewed.

No new Local Laws were created in 2019/2020 or any existing Local Laws reviewed.

The Shire of Wagin did not privatise any activities in 2019/2020 consequently there were no obligations to report in this area.

CORPORATE SERVICES REPORT

EQUAL OPPORTUNITY

The Shire of Wagin is committed to providing a workplace where every individual is treated with respect in an environment free of discrimination. In 2013/2014 the Shire adopted a Staff Equity and Diversity Framework outlining its obligations and expectations under the Western Australian Equal Opportunity Act 1984.

In the 2019/2020-year staff completed and submitted the Equal Employment Opportunity Annual Collection document. This included three new activities that the Shire of Wagin had undertaken to support our commitment to Equal Opportunity in the workforce.

INTEGRATED PLANNING AND REPORTING FRAMEWORK

COMMUNITY STRATEGIC PLAN AND CORPORATE BUSINESS PLAN

Council adopted its **Key Result Areas**

Community Strategic Plan and Corporate Business Plan in July 2013, and a major review of the plans were carried out in the 2017/2018 financial year and in the reporting year 2019/2020 an internal desktop review was carried out by elected members and senior staff.

During the review there was a renewed focus on Council's service development as areas of importance to Council's Strategic Vision

- Economic Development
- Buildings and Infrastructure
- Community Services and Social Environment
- Town and Natural Environment
- Council Leadership

These key areas will guide Council's decision making and service development as Council plans for the future.

These areas were originally derived from engagement with the Wagin Community and other key stakeholders to guide the strategies and activities that will guide delivery of the vision for the future.

They are built on the results of the Community engagement strategies carried out in 2012/2013 and are consistent with responses with a greater emphasis on heritage, town presentation and economic development.

The key results areas below were reviewed by Council in mid 2020 and amended accordingly. Over the ten years of this plan we will endeavour to address these issues in the most affordable and sustainable manner where we have the ability and mandate, and to lobby or support initiatives where we do not have jurisdiction.

Council's Guiding Values

- Governance and Leadership
- Honesty and Integrity
- Innovation and Creativity
- Community Focused
- Environmentally Aware

Annual Report 2019/2020

1. Economic Development	2. Buildings and Infrastructure	3. Community Services and Social Environment	4. Town and Natural Environment	5. Council Leadership
1.1 Increase in the number and diversity of businesses in the town and district.	2.1 Improve road conditions on all Shire and State roads.	3.1 Keep the family-friendly country lifestyle, community spirit, safe community with low crime rate.	4.1 Upgrade main street appearance for the amenity of residents and encourage travellers and tourists to stop.	5.1 Support and provide incentives for more businesses and retail opportunities.
1.2 Support more job/training opportunities, and entities especially for young people.	2.2 Monitor heavy vehicle movements through the townsite.	3.2 Retain the school and hospital and grow health, Doctor services, allied health and aged care services.	4.2 Improve town approach and entry statements.	5.2 Foster Communication with the community.
1.3 Increase tourism and promotion of town and heritage.	2.3 Improvement in condition and appearance of the main streets of the Town and improved signage.	3.3 Housing, Job and training especially for young people.	4.3 Maintain & improve natural environment and recreation areas	5.3 Plan services and activities based on sustainability, affordability and resources.
1.4 Facilitate Broadband and other associated electronic media infrastructure	2.4 Continue to upgrade Footpaths in town.	3.4 Progress the Wagin Community Recreational Hub	4.4 Improved waste management in town and Shire.	5.4 Encourage and acknowledge volunteering.
1.5 Explore affordable accommodation for workers.	2.5 Refine Infrastructure to support arts, culture, entertainment and library services.	3.5 Youth focus on services and recreation development including coordination of effort across the Shire/region.	4.5 Continue to increase the number of suitable trees within the townsite to enhance the tree canopy in particular the CBD	5.5 Be responsive to community aspirations and requirements within the capacity of council.
1.6 Aid retention and encourage more government services in Wagin.	2.6 Encourage greater care and restoration or preservation of heritage buildings.	3.6 Foster and support Wooroloo and other events, cultural and other entertainment opportunities.		5.6 Council to have a sound strategy to the sustainability to the Shire
1.7 Support and Promote Wagin as a business opportunity.	2.7 Develop a safe fenced playground for children in a park environment	3.7 Support community activities with resources and facilities as required.		5.7 Investigate rebranding of the Shire.
1.8 Determine further waste management options.	2.8 Investigate planning and development of sporting facilities	3.8 Investigate to establish Wi-Fi Hotspots		5.8 Continue lobbying and advocacy for road infrastructure and freight networks and other strategic infrastructure for the benefit of the Shire
1.9 Maintain and improve the freight network in the Shire	2.9 Investigate future housing and expansion for tourist and other attractions.	3.9 Promote and Enhance the Wagin caravan and camping experience.		
	2.10 Optimise water harvesting and storage			



COMMUNITY SERVICES REPORT

Townscape

The Townscape Enhancement Committee has again been very active during the reporting year with a significant amount of works and projects undertaken to beautify the town.

There was a distinct focus on planning of some significant Townscape projects, such as the Town Square development, Wetlands Park Playground project and Electronic Advertising Sign. All these projects will be progressed and completed in the 2020/2021 financial year.

The gardening crew were still very productive with planting of new trees, significant upgrades to the Wetlands Park pond area and cleaning and painting of all the main CBD planter pots.

The Committee and Council have recently agreed to new implementation of the proposed Annual Flowering Program and Enhancement of Specific Areas within Town. This will also be progressed in the up-coming financial year

The Committee and Council are committed to continue on the beautification of the town and more trees are planned for the next financial year.



Health and Aged Care

WAGIN HOMECARE

In this year of 2019/2020, we survived and indeed thrived through the Global Coronavirus Pandemic. This year has proven to be one of our busiest years yet with 112 clients provided services through the Wagin and Darkan area. We have provided over 2,000 hours of domestic assistance over the year and over 600 hours of gardening to our clients.

Our Clients safety and comfort were always at the forefront of our minds and during the pandemic this meant that our service delivery had to be modified. Most of our clients decided to continue services with us during this time and we were utilised to ensure that our client's safety was preserved. Shopping by List was the most common service that our clients used during the lockdown where our support workers would collect the shopping and bring to the client's home. Our popular Centre Based Day Centre was suspended during the height of the Pandemic however we implemented individual social support services to ensure that our clients were not isolated during this incredibly difficult time. The clients joined support workers in various activities including exercise and many craft activities.

Once the restrictions were lifted it seemed that all our clients were very keen to get out amongst the community again and numerous events and outings were hosted and facilitated. Some of the more popular outings included Travelling to the Williams Wool shed for lunch, Barbeque at the Wetlands Park, picnic at Dumbleyung Lake, movie outings to the Betty Terry Theatre (both before and after the lockdown), coffee morning at Creswell's and lunch at the Mitchell Hall Café.

Despite the challenges presented by Covid-19 Wagin Homecare has proven to be resilient and has grown through out the year to include the addition of the ability to provide Home Care Packages.

Wagin Homecare Staff are to be commended for their incredible work, loyalty and creatively displayed during this financial year. We look forward to being able to provide a continued service to our Clients for the next year.





COMMUNITY EVENTS THE FLAMING GALAHAS

On the 8th May Council held a music event for the community, with Monty Cotton returning to perform in Wagin with an Australian music show The Flaming Galahas – which celebrates the music of Australia from a number of decades ago to current hits.

The show was fantastic, with a massive range of music from Banjo Paterson, Slim Dusty, Hunters and Collectors, INXS, John Williamson, Vance Joy and more. All the songs were performed with skill, showcasing the massive talent of Monty Cotton in his ability to be able to perform such a range of artists, but also to play for 3 – 45-minute sets plus an encore. Monty is a natural performer and his musical talent does not end with his voice, his didgeridoo skills gave everyone in the hall chills and, his ukulele skills, which matched his skills with the guitar, Gazoo and lager. Monty was accompanied by a very smooth double bass player who totally epitomises bass players across the world – totally chill, laid back and very capable of fitting into all the variations thrown his way.

The numbers at the show were a little bit down on what was expected, but the 80 plus people that were there experienced an amazing night of entertainment.



CHRISTMAS STREET CARNIVAL

Wagin's Annual Christmas Street Carnival was held on December 20th – in Tavistock Street.

This is the second time the event has been held in Tavistock street and community feedback is very supportive of the new location. It provides much more room, is very attractive with the planter boxes in the centre of the street and allows staff more time to set up and pack up – rather than sticking to main roads restrictions and regulations.

The Wagin Action Group were once again very involved in the planning process – and vital in the delivery of items and set up of the road on the night. They have also supported the project financially, along with the Chamber of Commerce, the Shire and the largest financial support coming once again from Lotterywest.

This year's crowd was bigger than last year, and were seen to be having a great time over the evening – enjoying the different side show entertainment, street performers, rides, food stalls and a wide range of market options.

THANK A VOLUNTEER BBQ FUNCTION

The Thank a Volunteer Function was held on Friday 14 February at the Wagin Memorial Swimming Pool. Unfortunately, due to catastrophic fire at near-by Katanning the volunteer numbers attending were significantly down. This epitomises our local volunteers and their commitment to volunteer organisations and the safety of not only Wagin but also surrounding towns.

It was still a good evening, the Shire again received \$1,000 in funding from the Department of Local Government and Communities to hold the event and acknowledge the wonderful and dedicated volunteers in our community.

COMMUNITY EVENTS

AUSTRALIA DAY BREAKFAST AND AWARDS

The Australia Day Breakfast was another great success with the weather being just perfect for an early Sunday rise, a big thank you to the Wagin Lions Club, Wagin Rotary Club, Wagin Action Group and Shire of Wagin. Also, the Shire would like to acknowledge and thank our Australia Day Ambassador Holly-ann Martin - finalist, WA Local Hero 2020 and Child Protection Advocate who gave a great presentation on Safe4kids.

Congratulations to all of the 2020 Award Recipients;

- Community Citizen of the year - **Mandy Harrington**
- Community Citizen of the year, Senior (65 or over) - **Wendy Abbott**
- Community Group -**Wagin Fire Brigade**
- Active Citizenship award - **2 Wheels to Wagin Dice Run**
- Community Sportsperson of the year - **Chesney Dawson**



TOURISM, PROMOTION AND ECONOMIC DEVELOPMENT

The Tourism and Promotion Committee was again active during the reporting year. Unfortunately, due to the Covid 19 pandemic the Perth Caravan and Camping Show was cancelled in March and we could not promote Wagin at the show.

Work continued on the new Shire of Wagin Tourism video, there has been good community response to the video, however the Committee would like to see some changes to the video and commission some more Wagin tourism videos.

Upgrade works were carried out at the Wat-Jen Trail, this included clearing of the trail and new trail markers were installed to make the trail more user friendly and easier to navigate.

Again, we had a number of Model Jets events at the Wagin Airstrip and RV / Caravan Clubs staying in the RV park, all these events and visitors leads to valuable dollars spent in the town.

The Wagin Agricultural Society held another very successful Woolorama and again Council supporting the event with its work force before, during and after the event.

WAGIN LIBRARY AND GALLERY

The Wagin Library & Gallery had a change of leadership during the reporting period with Stephanie Dimmock retiring and the previous Library Assistant Tina Svendsen stepping into the role of Library Manager. Under Tina's leadership the Library added a great deal of options for the local community including, but not limited to:

- National Simultaneous Storytime
- National Science Week
- Adult Learner's Week
- Alzheimer's Week
- Garage Sale Trail
- Scribbler's Festival
- Special visiting celebrities to the library (AKA the Mad Scientist and the Library Detective)
- Reading Hour
- Children's Book Week

The other activities supported through the Library by way of displays and pamphlets of information for patrons are: 16 days in W.A., Stop Violence Against Women, National Novel Writing Month and Elder Abuse – there's no excuse

The Wagin Library & Gallery receives numerous books donated by the community and often pass on some of these books to the Salvos, Care and Share and surrounding Op shops. This year we started donating books to Deanne Cook who in return helps out people in need over Christmas.

We have also been collecting empty milk and juice bottle top lids, bread clip tags and passing them onto the local radio station to help people make artificial limbs.

We go to Waratah Lodge weekly to provide the residents with reading material or audio books. Members of the Wagin Book Club meet monthly, and Friends of the Wagin Library & Gallery also meet monthly.

Susan continues to maintain the "Little Community Garden" in the grounds of the Library and we have regular monthly book sales of the donated items.

Some of the new events that we have been running are: Scavenger Hunts, I Spy, Fun Spelling Bee and Lucky Dip

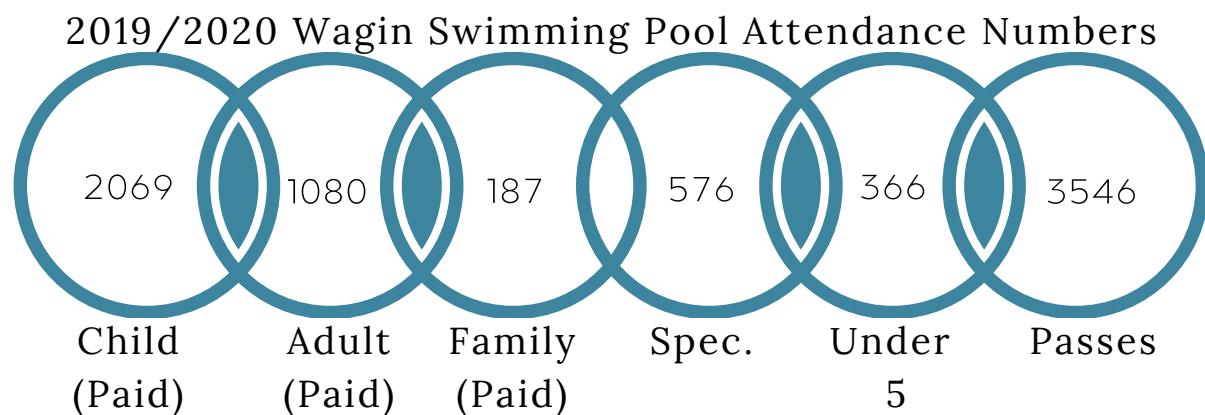
KEY LIBRARY YEARLY STATISTICS

- 5378 patron visits
- 43 new borrowers
- 153 inter-library loans requests undertaken for patrons
- 142 requests for information searches undertaken for patrons
- 8 Public access computer users
- 207 Community members enjoyed free coffee and tea
- 145 Community members & Library patrons reading and relaxing in the Library

The team at the Wagin Library and Gallery are looking forward to providing more options for the local community of Wagin and encouraging our youth that "Reading is Cool"

**5378
PATRONS**

WAGIN SWIMMING POOL



New Pool Manager, Kim Hough, presided over another very successful pool season. Early morning lappers were the most reliable attendants at the pool, averaging 25 per morning. Water aerobics proved popular, with classes held every Friday. This was down from the previous year, due to the earlier closure than normal due to Covid-19 restrictions. Again, we saw many children's birthday parties held at the pool and the BBQ area was very popular.

The 2019/20 pool season saw a busy 6 months, the season started a touch later than usual. The Pool season saw great weather for most of the season and resulted in good attendance figures.

The Wagin Swimming Club held just the one swim meet which was well attended. The Swimming Club was again very active with significant numbers using the pool each week. In-term swimming numbers were down this season which may be an indication of how many children are away in other schools. Lessons were divided up into 4 weeks instead of the usual 2 this season due to the lack of swimming teachers. The second session were unfortunate enough to receive some cold weather.

The Shire again held their "thank a volunteer" function at the pool and there was a number of School holidays activities held for the kids. The solar heating of the Kids/Learn to Swim Pool has been a very welcomed capital improvement, this was made possible through part funding from the Department of Sport and Recreation.

Overall, it was another great season, Kim is to be congratulated for his efforts and dedication in his first season at the pool.



WAGIN RECREATION CENTRE AND SPORTGROUND

The Wagin Recreation Centre again had another solid year with Recreation Centre Manager Kim Hough continuing to provide a range of sports for the community. Sports and activities included both Senior and Junior Netball, Indoor Soccer, AFL, Cricket, Volleyball, Tennis, Indoor and Outdoor Hockey, School sports, Fitness programs, Yoga, Stay on Your Feet and the Noongar sports program. Most sports were impacted by Covid-19 with competition seasons starting later and some being cancelled.

The Wagin Pony and Riding Club held another successful Gymkhanarama Equestrian event at the Wagin Showgrounds in 2019. the Equestrian event again attracted many riders from all over the state.

The Wagin Football Club hosted a very successful Upper Great Southern football League final, the oval was in magnificent condition for the final and Mike Tito and the gardening crew is to be congratulated for their efforts.

WAGIN COMMUNITY GYMNASIUM

The Wagin Community Gym continues to operate well with continued health and social benefits to the community of Wagin.

In the reporting year a new much larger mirror was installed, and some small items of equipment were purchased.

The Gym, due to Covid-19 restrictions, was forced to close to the community for a three-month period, so no members were financially impacted with the closure all memberships were extended by three months. Since the re-opening of the Gym there has been a more comprehensive cleaning regime.

The gym membership hovers around the 110 mark, last year we received \$10,332 in membership income, again, the gym made an operating profit and this is transferred in the new Community Gym Reserve, these funds are set aside for future replacement and new gym equipment.

EMERGENCY MANAGEMENT BUSHFIRE BRIGADES

Wagin Bushfire Brigade Annual General Meeting was held at the Wagin Shire office on the 17th of March – with a turnout of thirteen people attending. The elections resulted in full capacity of members once again, with no changes to the elected officers. The General meeting was held straight after the above with the following items discussed and resolved.

1. ESL funding overview

- New truck approval last year – this is a Broadacre 4.4 – Crew Cab valued at \$440,000 – advised that delivery date has not been confirmed
- Water Storage Tanks are required east & west of Wagin – funding to be sought by staff
- Upgrades required on the standpipe trailers as some fittings rusting
- Discussion around the need to apply for another truck for Ballaying brigade with a shed included.
- Discussion around the option of sourcing funding to purchase a mobile tanker, to be stationed in key area – ESL will not cover this but potential of BFB contracted fire mitigation monies going toward the tanker.

2. Council has adopted a new bushfire communications policy to cover the use of WhatsApp.

3. New Water tank – still to be installed near Ballaying Road – ongoing

Alterations to the Prohibited and Restricted Burning Periods timeframe, to include the period over Woolorama into the prohibited time slot

The Shire's Bushfire Risk Management Plan has once again assisted us in obtaining grant funding to resolve a few more hazards around the Shire through mitigation funding. Coles has supported all local Bush fire Brigades with a \$500 voucher for purchases through the supermarket chain. Each Wagin brigade Captain has received a voucher and some discussion was held around the supplies needed which were available in Coles.

A second meeting was held June 17 – with the main purpose of reviewing the current Fire Management Requirements document which is sent out yearly with rates. A number of changes were made throughout the document, to ensure land holders are in the best position to protect their properties in the case of a fire.



LOCAL EMERGENCY MANAGEMENT COMMITTEE

Due to COVID 19 – the LEMC committee was called upon more often this year, with seven meetings held during the reporting period, six meetings were held via video link, with the only topic of conversation being COVID 19 preparedness and how the services were altering their processes to work within the recommendations – while still providing the service. The Local Emergency Management Committee requested evacuation plans for stated emergencies from local organisations who hold a number of people – Shire office/hospital/Waratah/School/Day Care & Cottage Homes – as there is some confusion by some of these organisations as to which emergency service will be filling which role. At the writing of this report – we have received no plans.

DISABILITY ACCESS AND INCLUSION PLAN (DAIP)

The DAIP yearly review was completed in accordance with Legislation. Staff and Council continue to adhere and monitor actions outlined in Council's DAIP that was completely reviewed in 2016. Council again continued on with the footpath upgrades within the townsite as per the Shire's Footpath Program and the 2019/2020 Budget.

The Shire constructed a new Camp Kitchen – ensuring sufficient room for people with all abilities to manoeuvre around and take advantage of the free amenity. We are also providing a lot more online services such as making electronic payments ,



Works and

Services Report



The Works and Services Division covers a diverse range of functions and service provision and is responsible for the management of the Towns infrastructure assets including roads, footpaths, parks, reserves, stormwater drainage, street trees and cemetery.

The division is run by long serving Manager of Works Allen Hicks, who again along with his works crew have done an outstanding job in the reporting year.

CAPITAL WORKS

The Capital Roadwork's form a major portion of the Council's Annual Budget expenditure. Council has in recent years followed a stringent program of resealing works which is aimed at preserving Council's existing sealed road assets. A ten-year Road and Plant Replacement Program has been developed for future works. Major works that were completed for this year included:

- Reseals on Bullocks Hills, Norring and Beaufort Roads
- Other road construction work to Beaufort, Badgarning, Jaloran, Lime Lake East, Robinson, Murdoch, Sprigg Fraser Roads and Sirdar Street
- RAV intersection upgrades Norring / Lime Lake Road
- Seal widening on Dongolocking and Jaloran Roads
- Ballaying South Bridge Replacement
- The upgrade and expansion to the town's footpath network continued with new footpaths on Traverse, Tavistock, Cowcher, Tudor Streets and Wetlands pond
- The upgrade of town kerbing on Tudor, Cowcher, Ballagin and Omdurman Streets
- Drainage work around the town including Tudor Street

Works and Services Report

ROAD MAINTENANCE

Grading, rolling, cleaning of drainage and culverts on Council's roads are performed throughout the Shire as part of the Council's maintenance program. Tar patching roads and replacing white posts were also a high priority as was street tree maintenance and weed spraying in both the town site and rural areas.

RANGER SERVICES

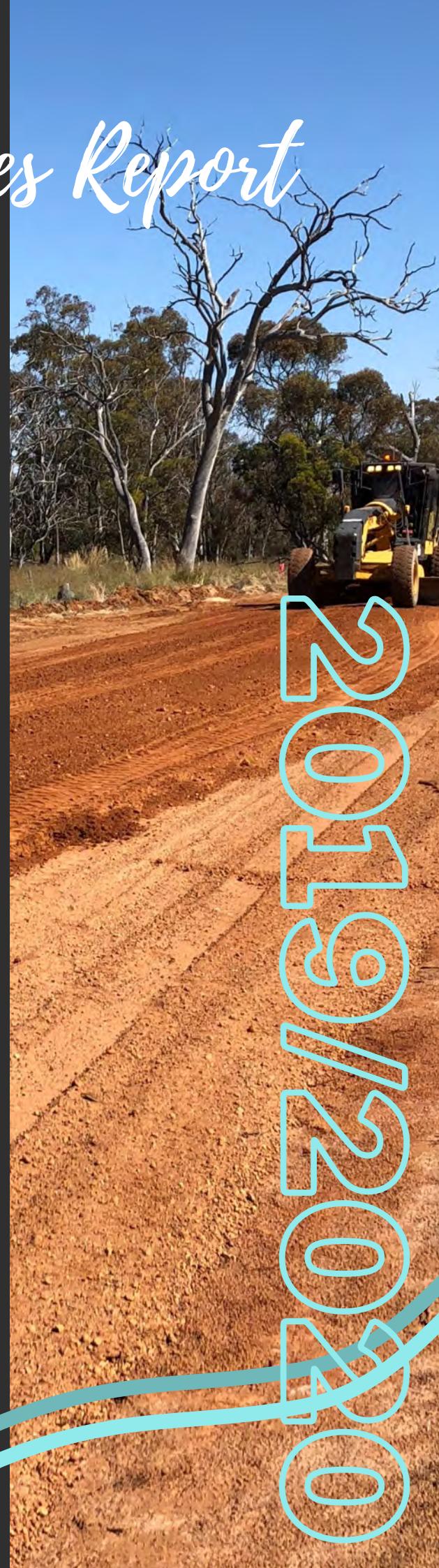
The Shire has maintained a high level of Ranger Services to the district. Regular patrols for stray animals, unregistered off-road vehicles, litter control and damage to nature reserves. WA Contract Ranger Services continued to assist our part-time Ranger with dog control, compliance and issues, this has resulted in good community compliance.

PLANT/MACHINERY

It was a relatively busy year with Council's fleet of plant and machinery. There were a few minor break downs, this can be attributed to the ongoing regular servicing and maintenance of Council's plant and equipment. Major plant purchases included a new Isuzu Truck, Toyota Ute, Kubota Ride on Mower, Kubota RTV and 3 Point Linkage Mulcher.

PARKS, GARDENS AND OVALS

A significant amount of resources and staff time goes into the up-keep and maintenance of the Shire's parks, gardens and sports oval facilities. Our Town crew have done a fantastic job ensuring these very important recreational areas look their best.



BUILDING

BUILDING WORKS THROUGHOUT THE SHIRE

A total of 32 building approvals were issued during 2019/2020.

Total value of construction for the year ending 30 June 2020 is \$681,600.

TYPE	QTY	VALUE
New Dwellings	1	\$374,000
Relocated Dwellings	2	\$123,000
Dwelling Ext Pools	1	\$27,850
Patios	4	\$55,290
Carports	3	\$18,134
Sheds	12	\$44,500
Demolitions	3	\$38,700
Camp Kitchen	1	\$10,000
Garage	1	\$7,000

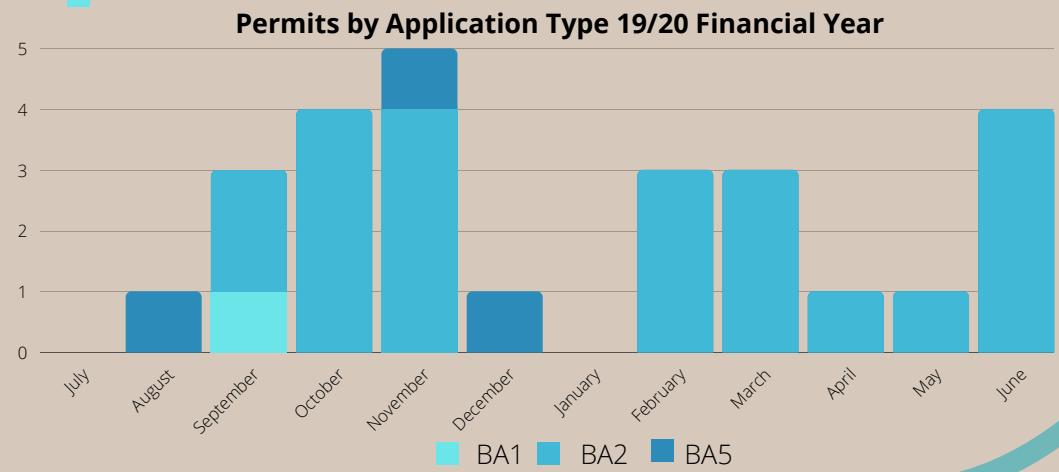
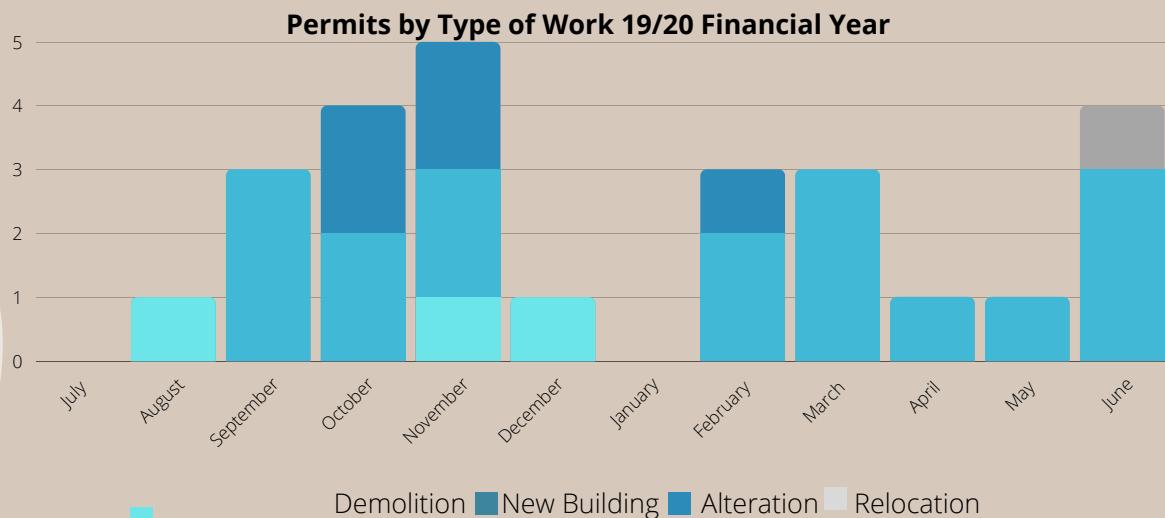
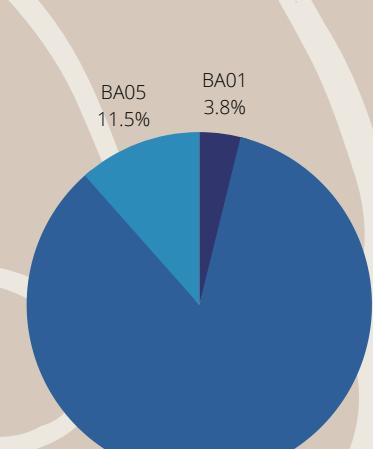


HEALTH SERVICES

COVID RESPONSE

The Shire of Wagin has been working with a number of agencies, both local and state, in an attempt to curb the spread of the SARS 2 out break over the last 12 months, this cooperation has put us in an eneviable position with the rest of Australia and across international boarders.

The looming vaccine should go along way in sending the virus back into the environment where it belongs but until then the usual protocols of social distancing an monitoring its movement should not be ignored. We would like to thank all retail outlets and residents for their cooperation to the ever changing requirements under the Emergency Management Act and your further support in the future on this evolving situation.



SHIRE OF WAGIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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COMMUNITY VISION

To have a community where individuals, families and businesses can invest and prosper, preserving the safe, affordable and inclusive country lifestyle and ensuring Wagin is a place people like to live in and visit.

Principal place of business:
2 Arthur Road
WAGIN WA 6315

**SHIRE OF WAGIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30 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 Wagin 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 Wagin 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 *15th* day of *February* 2021



Chief Executive Officer

William Thomas Atkinson

Name of Chief Executive Officer



BUTLER SETTINERI (AUDIT) PTY LTD

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

	NOTE	2020	2020	2019
		Actual	Budget	Actual
		\$	\$	\$
Revenue				
Rates	19(a)	2,349,891	2,356,259	2,304,819
Operating grants, subsidies and contributions	2(a)	1,998,216	1,333,086	2,102,877
Fees and charges	2(a)	683,973	726,990	680,126
Interest earnings	2(a)	50,150	58,247	51,884
Other revenue	2(a)	242,585	212,066	470,117
		5,324,815	4,686,648	5,609,823
Expenses				
Employee costs		(2,390,267)	(2,419,203)	(2,373,751)
Materials and contracts		(1,065,049)	(1,240,790)	(1,239,509)
Utility charges		(357,007)	(326,824)	(342,469)
Depreciation on non-current assets	10(c)	(2,557,489)	(2,464,660)	(2,513,294)
Interest expenses	2(b)	(34,438)	(34,694)	(37,572)
Insurance expenses		(190,012)	(194,263)	(187,634)
Other expenditure		(152,257)	(166,790)	(209,686)
		(6,746,519)	(6,847,224)	(6,903,915)
		(1,421,704)	(2,160,576)	(1,294,092)
Non-operating grants, subsidies and contributions	2(a)	1,152,172	1,143,257	2,340,432
Profit on asset disposals	10(a)	5,744	6,000	74,205
(Loss) on asset disposals	10(a)	(13,368)	(5,800)	(7,470)
Fair value adjustments to financial assets at fair value through profit or loss		1,153	0	70,068
(Loss) on revaluation of furniture and equipment	8(a)	0	0	(75,314)
		1,145,701	1,143,457	2,401,921
Net result for the period		(276,003)	(1,017,119)	1,107,829
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	0	0	3,513,095
Total other comprehensive income for the period		0	0	3,513,095
Total comprehensive income for the period		(276,003)	(1,017,119)	4,620,924

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



SHIRE OF WAGIN
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue	2(a)			
Governance		17,540	6,000	7,387
General purpose funding		3,846,243	3,261,891	3,923,568
Law, order, public safety		162,654	139,604	264,138
Health		66,305	56,054	63,346
Education and welfare		406,080	363,444	402,676
Community amenities		356,311	364,300	349,977
Recreation and culture		76,591	95,045	114,654
Transport		174,279	176,533	175,846
Economic services		129,943	114,700	194,383
Other property and services		88,869	109,077	113,848
		5,324,815	4,686,648	5,609,823
Expenses	2(b)			
Governance		(364,498)	(424,096)	(378,860)
General purpose funding		(281,048)	(387,650)	(389,000)
Law, order, public safety		(293,692)	(272,457)	(414,703)
Health		(274,490)	(250,661)	(243,420)
Education and welfare		(427,702)	(469,405)	(438,407)
Community amenities		(548,767)	(583,384)	(570,264)
Recreation and culture		(1,222,981)	(1,287,821)	(1,293,978)
Transport		(2,652,798)	(2,492,023)	(2,431,220)
Economic services		(311,618)	(269,054)	(334,346)
Other property and services		(334,487)	(375,980)	(372,146)
		(6,712,081)	(6,812,531)	(6,866,344)
Finance Costs	2(b)			
Recreation and culture		(19,437)	(19,599)	(32,477)
Other property and services		(15,001)	(15,094)	(5,094)
		(34,438)	(34,693)	(37,571)
		(1,421,704)	(2,160,576)	(1,294,092)
Non-operating grants, subsidies and contributions	2(a)	1,152,172	1,143,257	2,340,432
Profit on disposal of assets	10(a)	5,744	6,000	74,205
(Loss) on disposal of assets	10(a)	(13,368)	(5,800)	(7,470)
Fair value adjustments to financial assets at fair value through profit or loss		1,153	0	70,068
(Loss) on revaluation of furniture and equipment	8(a)	0	0	(75,314)
		1,145,701	1,143,457	2,401,921
Net result for the period		(276,003)	(1,017,119)	1,107,829
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	0	0	3,513,095
Total other comprehensive income for the period		0	0	3,513,095
Total comprehensive income for the period		(276,003)	(1,017,119)	4,620,924

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



SHIRE OF WAGIN
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	NOTE	2020	2019
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	2,927,268	421,338
Trade and other receivables	6	200,211	1,119,721
Other financial assets	5(a)	19,333	1,398,796
Inventories	7	38,574	46,978
Contract assets	2(a)	29,241	0
TOTAL CURRENT ASSETS		3,214,627	2,986,833
NON-CURRENT ASSETS			
Trade and other receivables	6	57,223	53,941
Other financial assets	5(b)	188,637	206,817
Property, plant and equipment	8	19,740,522	20,091,865
Infrastructure	9	103,961,677	104,207,534
TOTAL NON-CURRENT ASSETS		123,948,059	124,560,157
TOTAL ASSETS		127,162,686	127,546,990
CURRENT LIABILITIES			
Trade and other payables	12	299,176	291,873
Contract liabilities	13	107,308	0
Borrowings	14(a)	67,403	64,099
Employee related provisions	15	308,905	307,144
TOTAL CURRENT LIABILITIES		782,792	663,116
NON-CURRENT LIABILITIES			
Borrowings	14(a)	566,230	633,632
Employee related provisions	15	64,300	50,560
TOTAL NON-CURRENT LIABILITIES		630,530	684,192
TOTAL LIABILITIES		1,413,322	1,347,308
NET ASSETS		125,749,364	126,199,682
EQUITY			
Retained surplus		34,512,141	35,220,731
Reserves - cash/financial asset backed	4	1,656,310	1,380,038
Revaluation surplus	11	89,580,913	89,598,913
TOTAL EQUITY		125,749,364	126,199,682

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



SHIRE OF WAGIN
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	RESERVES			TOTAL EQUITY
		RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS	
		\$	\$	\$	\$
Balance as at 1 July 2018		34,315,563	1,177,376	86,085,818	121,578,758
Comprehensive income					
Net result for the period		1,107,829		0	1,107,829
Other comprehensive income	11	0	0	3,513,095	3,513,095
Total comprehensive income		1,107,829	0	3,513,095	4,620,924
Transfers from reserves	4	224,250	(224,250)	0	0
Transfers to reserves	4	(426,913)	426,913	0	0
Balance as at 30 June 2019		35,220,731	1,380,038	89,598,913	126,199,682
Change in accounting policies	22(e)	(156,315)	0	(18,000)	(174,315)
Restated total equity at 1 July 2019		35,064,416	1,380,038	89,580,913	126,025,367
Comprehensive income					
Net result for the period		(276,003)	0	0	(276,003)
Total comprehensive income		(276,003)	0	0	(276,003)
Transfers from reserves	4	69,858	(69,858)	0	0
Transfers to reserves	4	(346,130)	346,130	0	0
Balance as at 30 June 2020		34,512,141	1,656,310	89,580,913	125,749,364

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

SHIRE OF WAGIN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual	2020 Budget	2019 Actual
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,331,616	2,356,259	2,298,541
Operating grants, subsidies and contributions		2,856,745	2,133,086	2,204,305
Fees and charges		683,973	788,220	680,126
Interest received		50,150	58,247	51,884
Other revenue		242,585	212,066	470,117
		6,165,069	5,547,878	5,704,973
Payments				
Employee costs		(2,370,529)	(2,419,203)	(2,388,106)
Materials and contracts		(1,082,817)	(1,095,453)	(1,367,824)
Utility charges		(357,007)	(316,824)	(342,469)
Interest expenses		(34,438)	(34,694)	(37,824)
Insurance paid		(190,012)	(194,263)	(187,634)
Goods and services tax paid		26,967	0	0
Other expenditure		(152,257)	(166,790)	(176,325)
		(4,160,093)	(4,227,227)	(4,500,182)
Net cash provided by (used in) operating activities	16	2,004,976	1,320,651	1,204,790
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for financial assets at amortised cost		0	0	(1,380,038)
Payments for purchase of property, plant & equipment	8(a)	(410,383)	(535,700)	(677,272)
Payments for construction of infrastructure	9(a)	(1,667,318)	(2,207,917)	(2,961,714)
Non-operating grants, subsidies and contributions	2(a)	1,152,172	1,143,257	2,340,432
Proceeds from financial assets at amortised cost - term deposits		1,380,038	0	0
Proceeds from financial assets at amortised cost - self supporting loans		18,755	18,758	18,202
Proceeds from sale of property, plant & equipment	10(a)	91,788	77,000	265,405
Net cash provided by (used in) investment activities		565,052	(1,504,602)	(2,394,986)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(64,098)	(64,099)	(60,969)
Net cash provided by (used in) financing activities		(64,098)	(64,099)	(60,969)
Net increase (decrease) in cash held		2,505,930	(248,050)	(1,251,165)
Cash at beginning of year		421,338	1,762,635	1,672,502
Cash and cash equivalents at the end of the year	16	2,927,268	1,514,585	421,338

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

SHIRE OF WAGIN
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

	NOTE	2020 Actual	2020 Budget	2019 Actual
		\$	\$	\$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	20 (b)	1,145,795	1,279,164	1,364,143
		1,145,795	1,279,164	1,364,143
Revenue from operating activities (excluding rates)				
Governance		20,337	9,000	88,078
General purpose funding		1,508,746	905,632	1,618,749
Law, order, public safety		162,654	139,604	264,138
Health		66,305	56,054	63,346
Education and welfare		406,080	363,444	402,676
Community amenities		356,311	364,300	349,977
Recreation and culture		76,591	95,045	114,654
Transport		178,379	179,533	239,428
Economic services		129,943	114,700	194,383
Other property and services		88,869	109,077	113,848
		2,994,215	2,336,389	3,449,277
Expenditure from operating activities				
Governance		(364,498)	(424,096)	(378,860)
General purpose funding		(281,048)	(387,650)	(389,000)
Law, order, public safety		(293,692)	(272,457)	(414,703)
Health		(274,490)	(255,461)	(250,890)
Education and welfare		(429,045)	(469,405)	(438,407)
Community amenities		(548,767)	(583,384)	(570,264)
Recreation and culture		(1,242,418)	(1,307,420)	(1,326,455)
Transport		(2,664,823)	(2,493,023)	(2,431,220)
Economic services		(311,618)	(269,054)	(334,346)
Other property and services		(349,488)	(391,074)	(452,554)
		(6,759,887)	(6,853,024)	(6,986,699)
Non-cash amounts excluded from operating activities	20(a)	2,574,418	2,464,460	2,449,150
Amount attributable to operating activities		(45,459)	(773,011)	275,871
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	1,152,172	1,143,257	2,340,432
Proceeds from disposal of assets	10(a)	91,788	77,000	265,405
Proceeds from financial assets at amortised cost - self supporting loans		18,755	18,758	18,202
Purchase of property, plant and equipment	8(a)	(410,383)	(535,700)	(677,272)
Purchase and construction of infrastructure	9(a)	(1,667,318)	(2,207,917)	(2,961,714)
Amount attributable to investing activities		(814,986)	(1,504,602)	(1,014,947)
FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(64,098)	(64,099)	(60,969)
Transfers to reserves (restricted assets)	4	(346,130)	(244,547)	(426,913)
Transfers from reserves (restricted assets)	4	69,858	230,000	224,250
Amount attributable to financing activities		(340,370)	(78,646)	(263,632)
Surplus/(deficit) before imposition of general rates		(1,200,815)	(2,356,259)	(1,002,708)
Total amount raised from general rates	19(a)	2,349,891	2,356,259	2,304,819
Surplus/(deficit) after imposition of general rates	20(b)	1,149,077	0	1,302,111

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

SHIRE OF WAGIN
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FOR THE YEAR ENDED 30 JUNE 2020

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SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 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.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

Therefore the departure from AASB 1051 and AASB 16 in respect of the comparatives for the year ended 30 June 2019 remains.

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 23 to these financial statements.

SHIRE OF WAGIN
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
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 funding body	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
Licenses/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annual fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory food, health and safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by Council annually	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
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by Council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price	Output method over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by Council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Commissions	Commissions on licensing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

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

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions			
Governance	0	6,000	689
General purpose funding	1,422,294	681,318	1,403,013
Law, order, public safety	122,501	108,910	219,771
Health	0	47,898	0
Education and welfare	318,614	300,885	343,377
Community amenities	0	19,500	0
Recreation and culture	12,801	22,355	11,517
Transport	122,006	123,223	124,509
Economic services	0	1,700	0
Other property and services	0	21,297	0
	1,998,216	1,333,086	2,102,877
Non-operating grants, subsidies and contributions			
Community amenities	0	8,000	0
Recreation and culture	63,100	83,200	1,000
Transport	1,089,072	1,052,057	2,339,432
	1,152,172	1,143,257	2,340,432
Total grants, subsidies and contributions	3,150,388	2,476,343	4,443,309
Fees and charges			
General purpose funding	25,767	57,000	51,710
Law, order, public safety	15,104	20,300	17,971
Health	7,410	8,156	7,486
Education and welfare	73,602	62,559	50,086
Community amenities	339,633	344,800	335,367
Recreation and culture	56,660	72,585	65,547
Transport	8,684	8,310	8,204
Economic services	125,341	113,000	107,548
Other property and services	31,772	40,280	36,208
	683,973	726,990	680,126

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 WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

**Contracts with customers and transfers
for recognisable non-financial assets**

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

Non-operating grants, subsidies and contributions

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Non-operating grants, subsidies and contributions	1,152,172	1,143,257	2,340,432

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:

Non-operating grants, subsidies and contributions included as a contract liability at the start of the period

Other revenue from performance obligations satisfied during the year

136,068	0	0
1,016,104	1,143,257	2,340,432
1,152,172	1,143,257	2,340,432

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

Contract assets

Contract liabilities from operating grants, subsidies and contributions

Contract liabilities from non-operating grants, subsidies and contributions

138,901	0	0
29,241	0	0
(33,057)	0	0
(74,251)	0	0

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2020.

Assets associated with contracts with customers were not subject to an impairment charge.

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 WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

General rates

	2020 Actual \$	2020 Budget \$	2019 Actual \$
General rates	2,349,891	2,356,259	2,304,819
	2,349,891	2,356,259	2,304,819
Other revenue			
Reimbursements and recoveries	141,007	0	232,471
Other	101,578	212,066	237,646
	242,585	212,066	470,117
Interest earnings			
Interest on reserve funds	25,019	34,247	27,026
Rates instalment and penalty interest (refer Note 19(c))	15,154	12,000	11,503
Other interest earnings	9,977	12,000	13,355
	50,150	58,247	51,884

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
	20,000	22,000	20,000
	20,000	22,000	20,000
14(b)	34,438	34,693	37,572
	34,438	34,693	37,572

Interest expenses (finance costs)

Borrowings

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

3. CASH AND CASH EQUIVALENTS

	NOTE	2020	2019
		\$	\$
Cash at bank and on hand		1,270,958	421,338
Term deposits		1,656,310	0
Total cash and cash equivalents		2,927,268	421,338
Restrictions			
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		1,787,750	234,450
- Financial assets at amortised cost		0	1,380,038
		1,787,750	1,614,488

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

Reserves - cash/financial asset backed	4	1,656,310	1,380,038
Contract liabilities	13	107,308	
Bonds and Deposits Held		24,132	38,741
Unspent grants, subsidies and contributions		0	195,709
Total restricted assets		1,787,750	1,614,488

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Restricted assets

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

SHIRE OF WAGIN

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

4. RESERVES - CASH/FINANCIAL ASSET

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave Reserve	297,855	7,040		304,895	297,855	7,446	(30,000)	275,301	152,499	145,357		297,856
(b) Plant Replacement Reserve	233,074	69,596		302,669	233,074	45,827		278,901	273,537	49,537	(90,000)	233,074
(c) Recreation Centre Equipment Reserve	14,078	2,055	(4,654)	11,479	14,078	2,152	(4,500)	11,730	13,389	4,688	(4,000)	14,077
(d) Aerodrome Maintenance & Development Reserve	3,387	7,243		10,630	3,387	5,285		8,672	7,988	5,399	(10,000)	3,387
(e) Municipal Buildings Reserve	119,105	2,159		121,264	119,105	2,978	(70,000)	52,083	116,210	2,895		119,105
(f) Admin Centre Furniture, Equipment & IT Reserve	506	5,009		5,516	506	5,013		5,519	494	12		506
(g) Land Development Reserve	50,296	912	(40,499)	10,709	50,296	1,257	(40,000)	11,553	49,515	40,782	(40,000)	50,297
(h) Community Bus Reserve	15,592	1,382		16,974	15,592	2,390		17,982	14,075	1,518		15,593
(i) Homecare Reserve	88,031	34,758		122,789	88,031	2,201	(10,000)	80,232	81,013	7,018		88,031
(j) Recreation Development Reserve	226,283	64,102	(19,705)	270,680	226,283	65,657	(50,000)	241,940	187,019	74,264	(35,000)	226,283
(k) Refuse Site / Waste Management Reserve	96,144	40,803		136,947	96,144	42,204		138,348	112,034	14,110	(30,000)	96,144
(l) Refuse Site Rehabilitation Reserve	76,750	21,391		98,142	81,772	2,044	(5,000)	78,816	79,696	2,054	(5,000)	76,750
(m) Water Management Reserve	81,772	1,482	(5,000)	78,255	76,750	1,919		78,669	79,907	1,865		81,772
(n) Electronic Sign Reserve	20,249	45,367		65,616	20,249	251	(20,500)	0	10,000	20,499	(10,250)	20,249
(o) Community Gym Reserve	6,914	5,423		12,337	6,914	5,673		12,587	0	6,914		6,914
(p) Sportsground Precinct Redevelopment Reserve	50,000	30,908		80,908	50,000	31,250		81,250	0	50,000		50,000
(q) Emergency/Bushfire Control Reserve	0	6,500		6,500		21,000		21,000	0			0
	1,380,038	346,130	(69,858)	1,656,310	1,380,038	244,547	(230,000)	1,394,585	1,177,376	426,913	(224,250)	1,380,038

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave Reserve	Ongoing	Provide provisions to meet Councils' Long Service and Accrued Annual Leave liabilities to minimise effect on Councils' budget annually.
(b) Plant Replacement Reserve	Ongoing	Provide funds for the ongoing replacement and upgrading of Plant necessary in the performance of Councils' core functions.
(c) Recreation Centre Equipment Reserve	Ongoing	Provide funds for the purchase of equipment, fixtures and fittings at the Wagin Community Recreation Centre.
(d) Aerodrome Maintenance & Development Reserve	Ongoing	Provide funds for major maintenance (eg resealing runway area) and development works (eg runway reconstruction) at the Wagin Airstrip.
(e) Municipal Buildings Reserve	Ongoing	Provide for the upgrading, renovating and restoration of existing Council owned buildings as well as construction of new Council owned buildings.
(f) Admin Centre Furniture, Equipment & IT Reserve	Ongoing	Provide for the purchase of furniture, fittings, equipment and IT requirements in relation to the Council Administration Building.
(g) Land Development Reserve	Ongoing	Provide funds for the purchase and development of land within the Wagin Shire as the need arises and Council see fit.
(h) Community Bus Reserve	Ongoing	Provide funds for the maintenance, upgrade and change-over of the Wagin Community Bus.
(i) Homecare Reserve	Ongoing	Provide funds to meet Homecare staff leave provisions, replacement of plant and equipment and on-going operations of the Homecare program.
(j) Recreation Development Reserve	Ongoing	Provide funds for the expansion, upgrading and development of Council's recreation and sporting facilities.
(k) Refuse Site / Waste Management Reserve	Ongoing	Provide funds for a new waste site, on-going operation with the Shire's waste management and recycling program and working towards zero waste.
(l) Refuse Site Rehabilitation Reserve	Ongoing	Provide funds to rehabilitate the existing refuse site once the site has been decommissioned.
(m) Water Management Reserve	Ongoing	To ensure Council spends the surplus Rural Towns Funds on measures and projects in line with Council's Water Management Plan.
(n) Electronic Sign Reserve	Ongoing	Provide funds for the purchase and installation of an electronic sign in the Wagin townsite in the future.
(o) Community Gym Reserve	Ongoing	Provide funds for the maintenance, upgrade and change-over of the Wagin Community Gym equipment as required.
(p) Sportsground Precinct Redevelopment Reserve	Ongoing	Provide funds for the future Sportsground Precinct Redevelopment.
(q) Emergency/Bushfire Control Reserve	Ongoing	Provide funds for unexpected times of extreme emergency recovery and provide adequate assistance for bushfire requirements.

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

5. OTHER FINANCIAL ASSETS

(a) Current assets

	2020	2019
	\$	\$
Financial assets at amortised cost	19,333	1,398,796
	<u>19,333</u>	<u>1,398,796</u>

Other financial assets at amortised cost

Term deposits	0	1,380,038
Self supporting loans	19,333	18,758
	<u>19,333</u>	<u>1,398,796</u>
	<u>19,333</u>	<u>1,398,796</u>

(b) Non-current assets

Financial assets at amortised cost	117,416	136,749
Financial assets at fair value through profit and loss	71,221	70,068
	<u>188,637</u>	<u>206,817</u>

Financial assets at amortised cost

Self supporting loans	117,416	136,749
	<u>117,416</u>	<u>136,749</u>

Financial assets at fair value through profit and loss

Units in Local Government House Trust	71,221	70,068
	<u>71,221</u>	<u>70,068</u>

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 14(b) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 21.

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

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable
 Trade and other receivables
 GST receivable
 Allowance for impairment of trade receivables
 Allowance for impairment of rates receivables

	2020	2019
	\$	\$
Rates receivable	84,535	69,542
Trade and other receivables	138,901	1,038,103
GST receivable	0	26,967
Allowance for impairment of trade receivables	(2,500)	(2,240)
Allowance for impairment of rates receivables	(20,725)	(12,651)
	200,211	1,119,721
Pensioner's rates and ESL deferred	57,223	53,941
	57,223	53,941

Non-current

Pensioner's rates and ESL deferred

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 21.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

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

7. INVENTORIES

Current

Fuel and materials

	2020	2019
	\$	\$
Fuel and materials	38,574	46,978
	38,574	46,978

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Additions to inventory

Carrying amount at end of period

	46,978	40,543
	(135,684)	(128,506)
	127,280	134,941
	38,574	46,978

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

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

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land	Total land	Buildings	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
Balance at 1 July 2018	3,262,000	3,262,000	14,958,174	14,958,174	18,220,174	372,619	1,706,419	20,299,212
Additions	0	0	52,790	52,790	52,790	13,817	610,665	677,272
(Disposals)	0	0	0	0	0	0	(198,671)	(198,671)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	(2,680)	(2,680)	(2,680)	0	106,181	103,501
Revaluation (loss) / reversals transferred to profit or loss	0	0	0	0	0	(75,314)	0	(75,314)
Impairment (losses) / reversals	0	0	(12,492)	(12,492)	(12,492)	(19,375)	(1,659)	(33,526)
Depreciation (expense)	0	0	(373,637)	(373,637)	(373,637)	(56,660)	(250,312)	(680,609)
Carrying amount at 30 June 2019	3,262,000	3,262,000	14,622,155	14,622,155	17,884,155	235,087	1,972,623	20,091,865
Comprises:								
Gross carrying amount at 30 June 2019	3,262,000	3,262,000	15,351,929	15,351,929	18,613,929	235,087	1,972,623	20,821,639
Accumulated depreciation at 30 June 2019	0	0	(729,774)	(729,774)	(729,774)	0	0	(729,774)
Carrying amount at 30 June 2019	3,262,000	3,262,000	14,622,155	14,622,155	17,884,155	235,087	1,972,623	20,091,865
Change in accounting policy	(18,000)	(18,000)	0	0	0	0	0	(18,000)
Carrying amount at 1 July 2019	3,244,000	3,244,000	14,622,155	14,622,155	17,884,155	235,087	1,972,623	20,073,865
Additions	40,499	40,499	18,145	18,145	58,644	26,164	325,575	410,383
(Disposals)	0	0	0	0	0	0	(99,412)	(99,412)
Depreciation (expense)	0	0	(374,826)	(374,826)	(374,826)	(26,796)	(242,692)	(644,314)
Carrying amount at 30 June 2020	3,284,499	3,284,499	14,265,474	14,265,474	17,567,973	234,455	1,956,094	19,740,522
Comprises:								
Gross carrying amount at 30 June 2020	3,284,499	3,284,499	15,370,074	15,370,074	18,654,573	261,251	2,190,198	21,106,022
Accumulated depreciation at 30 June 2020	0	0	(1,104,599)	(1,104,599)	(1,104,599)	(26,796)	(234,105)	(1,365,500)
Carrying amount at 30 June 2020	3,284,499	3,284,499	14,265,474	14,265,474	17,549,973	234,455	1,956,094	19,740,522

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

8. 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	2	Market Approach using recent observable market data for similar properties	Independent Registered Valuers	June 2017	Price per hectare / market borrowing rate
Buildings	2	Market Approach using recent observable market data for similar properties	Independent Registered Valuers	June 2017	Price per hectare / market borrowing rate
Furniture and equipment	3	Market Approach	Independent Registered Valuers	June 2019	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Plant and equipment					
- Independent valuation 2019	3	Market Approach	Independent Registered Valuers	June 2019	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, 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.

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

9. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - roads	Infrastructure - Other	Infrastructure - Drainage	Total Infrastructure
	\$	\$	\$	\$
Balance at 1 July 2018	88,111,085	11,557,661	0	99,668,746
Additions	2,720,926	240,788	0	2,961,714
Revaluation increments / (decrements) transferred to revaluation surplus	0	(7,000)	3,416,594	3,409,594
Impairment (losses) / reversals	0	376	0	376
Depreciation (expense)	(1,468,226)	(364,670)	0	(1,832,896)
Carrying amount at 30 June 2019	89,363,785	11,427,155	3,416,594	104,207,534
Comprises:				
Gross carrying amount at 30 June 2019	90,832,011	11,791,449	3,416,594	106,040,054
Accumulated depreciation at 30 June 2019	(1,468,226)	(364,294)	0	(1,832,520)
Carrying amount at 30 June 2019	89,363,785	11,427,155	3,416,594	104,207,534
Additions	1,411,055	256,263	0	1,667,318
Depreciation (expense)	(1,470,545)	(374,298)	(68,332)	(1,913,175)
Carrying amount at 30 June 2020	89,304,296	11,309,119	3,348,262	103,961,677
Comprises:				
Gross carrying amount at 30 June 2020	92,243,067	12,047,711	3,416,594	107,707,372
Accumulated depreciation at 30 June 2020	(2,938,771)	(738,591)	(68,332)	(3,745,694)
Carrying amount at 30 June 2020	89,304,296	11,309,119	3,348,262	103,961,677

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

9. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - roads	3	Cost Approach using depreciated replacement cost	Independent Registered Valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Other	3	Cost Approach using depreciated replacement cost	Independent Registered Valuers	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Drainage	3	Cost Approach using depreciated replacement cost	Independent Registered Valuers	June 2019	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

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

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

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

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.

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value and associated revaluation reserve as at 1 July 2019. The comparatives have not been restated.

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. The Shire does not have any vested improvements.

Refer to Note 24 that details the significant accounting policies applying to leases (including right of use assets).

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

10. FIXED ASSETS

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	99,412	91,788	5,744	(13,368)	76,800	77,000	6,000	(5,800)	198,671	265,405	74,205	(7,471)
Plant and equipment	99,412	91,788	5,744	(13,368)	76,800	77,000	6,000	(5,800)	198,671	265,405	74,205	(7,471)

The following assets were disposed of during the year.

Plant and Equipment	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$
	99,411	91,789	5,745	(13,367)
Governance				
CEO Vehicle	30,589	32,233	1,644	0
Education and welfare				
HACC Co-ordinator Vehicle	21,343	20,000	0	(1,343)
Transport				
Isuzu 13t Truck P14	47,479	35,455	0	(12,024)
Toro Ride on Mower	0	2,273	2,273	0
ATV Cattleman Motorbike	0	1,373	1,373	0
Post Hole Digger	0	455	455	0
	99,411	91,789	5,745	(13,367)
	99,411	91,789	5,745	(13,367)

(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
	\$	\$
	524,806	634,343
Furniture and equipment	14,500	5,866
Plant and equipment	539,306	640,209

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

10. FIXED ASSETS

(c) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings	374,826	371,190	373,637
Furniture and equipment	26,796	55,650	56,660
Plant and equipment	242,692	165,520	250,312
Infrastructure - roads	1,470,545	1,511,500	1,469,586
Infrastructure - Other	374,298	360,800	363,100
Infrastructure - Drainage	68,332	0	0
	2,557,489	2,464,660	2,513,294

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years
Right of use (buildings)	Based on the remaining lease
Right of use (plant and equipment)	Based on the remaining lease
Intangible assets - computer software licence	5 years

Depreciation on revaluation

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

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

Amortisation

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

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

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

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

11. REVALUATION SURPLUS

Revaluation surplus - Land
 Revaluation surplus - Buildings
 Revaluation surplus - Plant and equipment
 Revaluation surplus - Infrastructure - roads
 Revaluation surplus - Infrastructure - Other
 Revaluation surplus - Infrastructure - Drainage

	2020 Opening Balance	2020 Change in Accounting Policy	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land	2,938,241	(18,000)	2,920,241	2,938,241	0	0	0	2,938,241
Revaluation surplus - Buildings	8,319,066	0	8,319,066	8,321,746	0	(2,680)	(2,680)	8,319,066
Revaluation surplus - Plant and equipment	106,181	0	106,181	0	106,181	0	106,181	106,181
Revaluation surplus - Infrastructure - roads	65,074,533	0	65,074,533	65,074,533	0	0	0	65,074,533
Revaluation surplus - Infrastructure - Other	9,744,298	0	9,744,298	9,751,298	0	(7,000)	(7,000)	9,744,298
Revaluation surplus - Infrastructure - Drainage	3,416,594	0	3,416,594	0	3,416,594	0	3,416,594	3,416,594
	89,598,913	(18,000)	89,580,913	86,085,818	3,522,775	(9,680)	3,513,095	89,598,913

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

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

12. TRADE AND OTHER PAYABLES

Current

Sundry payables
 Accrued salaries and wages
 Bonds and deposits held
 Regional Refuse Group Accrued Funds
 Accrued interest on loans

	2020	2019
	\$	\$
Sundry payables	221,477	203,672
Accrued salaries and wages	13,578	9,344
Bonds and deposits held	24,132	38,612
Regional Refuse Group Accrued Funds	37,071	37,071
Accrued interest on loans	2,918	3,174
	299,176	291,873

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 WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

13. CONTRACT LIABILITIES

Current

Operating grants, subsidies and contributions
Non-operating grants, subsidies and contributions

	2020	2019
	\$	\$
Operating grants, subsidies and contributions	33,057	0
Non-operating grants, subsidies and contributions	74,251	0
	107,308	0

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

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

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.

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

14. INFORMATION ON BORROWINGS

(a) Borrowings

	2020	2019
Current	\$ 67,403	\$ 64,099
Non-current	566,230	633,632
	633,633	697,731

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020				30 June 2020				30 June 2020				30 June 2019			
				Actual Principal 1 July 2019	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2019	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2018	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	30 June 2019	30 June 2019	30 June 2019	30 June 2019
Recreation and culture																			
Recreation Centre	131	NAB	6.39%	59,244	9,305	3,639	49,939	59,244	9,305	3,639	49,939	67,983	8,739	4,207	59,244				
Swimming Pool Redevelopment	139	WATC	5.11%	227,284	12,662	11,333	214,622	227,284	12,662	11,374	214,622	239,319	12,035	11,905	227,284				
Other property and services																			
5 Arnott Street	137	WATC	6.02%	168,538	13,106	9,775	155,432	168,538	13,106	9,788	155,432	180,880	12,342	10,565	168,538				
Doctors Residence	138	WATC	6.27%	87,159	10,268	5,157	76,891	87,159	10,268	5,306	76,891	96,812	9,653	5,800	87,159				
				542,225	45,341	29,904	496,884	542,225	45,341	30,107	496,884	584,994	42,769	32,477	542,225				
Self Supporting Loans																			
Recreation and culture																			
Wagin Ag Society	141	WATC	3.04%	155,507	18,758	4,534	136,749	155,507	18,758	4,586	136,749	173,708	18,201	5,094	155,507				
				155,507	18,758	4,534	136,749	155,507	18,758	4,586	136,749	173,708	18,201	5,094	155,507				
				697,731	64,098	34,438	633,633	697,732	64,099	34,693	633,633	758,702	60,969	37,571	697,731				

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 5 as other financial assets at amortised cost.

All other loan repayments were financed by general purpose revenue.

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

14. INFORMATION ON BORROWINGS (Continued)

	2020	2019
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Credit card limit	22,000	22,000
Total amount of credit unused	22,000	22,000
 Loan facilities		
Loan facilities - current	67,403	64,099
Loan facilities - non-current	566,230	633,632
Total facilities in use at balance date	633,633	697,731
 Unused loan facilities at balance date		

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 21.

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

15. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2019			
Current provisions	103,574	203,570	307,144
Non-current provisions	0	50,560	50,560
	103,574	254,130	357,704
Additional provision	182,635	47,529	230,164
Amounts used	(161,678)	(52,982)	(214,660)
Balance at 30 June 2020	124,531	248,677	373,208
Comprises			
Current	124,531	184,374	308,905
Non-current	0	64,303	64,303
	124,531	248,677	373,208
Amounts are expected to be settled on the following basis:			
Less than 12 months after the reporting date	310,483	307,144	
More than 12 months from reporting date	61,936	35,334	
Expected reimbursements from other WA local governments	789	15,226	
	373,208	357,704	

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

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 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.

Other long-term employee benefits (Continued)

Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

Provisions

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

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

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

16. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cash and cash equivalents	2,927,268	1,514,585	421,338
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(276,003)	(1,017,119)	1,107,829
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(1,153)	0	33,360
Adjustments to fair value of investment property	0	0	(70,068)
Depreciation on non-current assets	2,557,489	2,464,660	2,513,294
(Profit)/loss on sale of asset	7,624	(200)	(66,735)
Reversal of loss on revaluation of fixed assets	0	0	75,314
Changes in assets and liabilities:			
(Increase)/decrease in receivables	916,228	861,230	95,150
(Increase)/decrease in inventories	8,404	7,378	(6,435)
(Increase)/decrease in contract assets	(29,241)	0	0
Increase/(decrease) in payables	7,303	147,959	(122,823)
Increase/(decrease) in provisions	15,504	0	(13,664)
Increase/(decrease) in contract liabilities	(49,007)	0	0
Non-operating grants, subsidies and contributions	(1,152,172)	(1,143,257)	(2,340,432)
Net cash from operating activities	2,004,976	1,320,651	1,204,790

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

	2020	2019
	\$	\$
Governance	4,371,676	4,495,582
General purpose funding	1,214,832	358,577
Law, order, public safety	535,682	503,716
Health	849,438	856,270
Education and welfare	485,410	495,224
Community amenities	1,048,765	887,535
Recreation and culture	14,579,195	14,899,906
Transport	102,098,566	103,218,656
Economic services	442,630	403,879
Other property and services	1,536,492	1,420,757
Unallocated	0	6,889
	127,162,686	127,546,990

SHIRE OF WAGIN
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18. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

The following fees, expenses and allowances were paid to council members and/or the President.

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	24,188	18,000	17,500
President's allowance	12,000	12,000	12,000
Deputy President's allowance	3,000	3,000	3,000
Travelling expenses	650	1,000	479
Telecommunications allowance	5,000	5,000	4,595
	44,838	39,000	37,574

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	594,156	697,079
Post-employment benefits	50,680	65,588
Other long-term benefits	8,687	13,441
	653,523	776,108

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.

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

18. 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.

The following transactions occurred with related parties:

	2020 Actual	2019 Actual
	\$	\$
Sale of goods and services	4,931	1,380
Purchase of goods and services	70,137	26,676
Amounts payable to related parties:		
Trade and other payables	19,304	17,400

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.

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

19. RATING INFORMATION

(a) Rates

RATE TYPE	Number of Properties	2019/20 Actual Rateable Value	2019/20 Actual Rate Revenue	2019/20 Actual Interim Rates	2019/20 Actual Back Rates	2019/20 Actual Total Revenue	2019/20 Budget Rate Revenue	2019/20 Budget Interim Rate	2019/20 Budget Back Rate	2019/20 Budget Total Revenue	2018/19 Actual Total Revenue
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Differential general rate / general rate											
Gross rental valuations											
0.11016	744	7,953,721	876,206	(442)	142	875,906	876,206	2,000	1,000	879,206	860,290
Unimproved valuations											
0.00724	321	197,041,500	1,426,384	(324)	0	1,426,060	1,426,383	2,000	0	1,428,383	1,404,497
Sub-Total	1,065	204,995,221	2,302,590	(766)	142	2,301,966	2,302,589	4,000	1,000	2,307,589	2,264,787
Minimum payment											
Gross rental valuations											
580	148	280,029	85,840	0	0	85,840	85,840	0	0	85,840	82,880
Unimproved valuations											
580	63	3,270,037	36,540	0	0	36,540	36,540	0	0	36,540	29,680
Sub-Total	211	3,550,066	122,380	0	0	122,380	122,380	0	0	122,380	112,560
Discounts (Note 19(b))	1,276	208,545,287	2,424,970	(766)	142	2,424,346	2,424,969	4,000	1,000	2,429,969	2,377,347
Total amount raised from general rate						(86,849)				(86,105)	(84,678)
Ex-gratia rates						2,337,497				2,343,864	2,292,669
Totals						12,394				12,394	12,150
						2,349,891				2,356,258	2,304,819

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

SHIRE OF WAGIN

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

19. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2020 Actual	2020 Budget	2019 Actual	Circumstances in which Discount is Granted
Early Payment	5.00%		\$ 86,849	\$ 86,105	\$ 84,678	
Total discounts/concessions (Note 19(a))			\$ 86,849	\$ 86,105	\$ 84,678	Rates paid in full by 25 September 2019

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2020 Actual	2020 Budget	2019 Actual
Betty Terry Theatre	Rates	50.00%		\$ 379	\$ 440	\$ 372
Betty Terry Theatre	Rubbish	50.00%		\$ 163	\$ 163	\$ 160
St John Ambulance	Rubbish	100.00%		\$ 325	\$ 325	\$ 320
Wagin Care & Share	Rubbish	100.00%		\$ 325	\$ 325	\$ 320
Wagin CWA	Rates	100.00%		\$ 968	\$ 1,020	\$ 950
Wagin CWA	Rubbish	100.00%		\$ 325	\$ 325	\$ 320
Waratah Lodge	Rubbish	100.00%		\$ 325	\$ 325	\$ 320
				\$ 2,810	\$ 2,923	\$ 2,762

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Betty Terry Theatre		Rates Payable	
Betty Terry Theatre	1st Bin Waived, Remaining Payable	Rubbish Charges for 1 Bin	
St John Ambulance	1st Bin Waived, Remaining Payable	Rubbish Charges for 1 Bin	
Wagin Care & Share	1st Bin Waived, Remaining Payable	Rubbish Charges for 1 Bin	
Wagin CWA		Rates Payable	
Wagin CWA	1st Bin Waived, Remaining Payable	Rubbish Charges for 1 Bin	
Waratah Lodge	1st Bin Waived, Remaining Payable	Rubbish Charges for 1 Bin	

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19. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single full payment	25/09/2019			11.00%
Option Two				
First instalment	25/09/2019	5.00	5.50%	11.00%
Second instalment	24/01/2020	5.00	5.50%	11.00%
Option Three				
First instalment	25/09/2019	5.00	5.50%	11.00%
Second instalment	25/11/2019	5.00	5.50%	11.00%
Third instalment	24/01/2020	5.00	5.50%	11.00%
Fourth instalment	24/03/2020	5.00	5.50%	11.00%

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

20. RATE SETTING STATEMENT INFORMATION

Note	2019/20		2019/20 (1 July 2019)	2018/19 (30 June 2019)
	2019/20 (30 June 2020) Carried Forward)	2019/20 (30 June 2020) Budget Carried Forward)		
(a) Non-cash amounts excluded from operating activities				
		\$	\$	\$
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	10(a)	(5,744)	(6,000)	(74,205)
Less: Fair value adjustments to financial assets at fair value through profit and loss		(1,153)	0	(70,068)
Movement in pensioner deferred rates (non-current)		(3,282)	0	(10,961)
Movement in employee benefit provisions (non-current)		13,740	0	8,306
Add: Loss on disposal of assets	10(a)	13,368	5,800	7,470
Add: Loss on revaluation of fixed assets	9(a)	0	0	75,314
Add: Depreciation on non-current assets	10(c)	2,557,489	2,464,660	2,513,294
Non cash amounts excluded from operating activities		2,574,418	2,464,460	2,449,150
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves - cash/financial asset backed	4	(1,656,310)	(1,394,585)	(1,380,036)
Less: Financial assets at amortised cost - self supporting loans	5(a)	(19,333)	0	(18,758)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	14(a)	67,403	67,406	64,099
- Employee benefit provisions		325,485	307,296	313,087
Total adjustments to net current assets		(1,282,755)	(1,019,883)	(1,021,608)
Net current assets used in the Rate Setting Statement				
Total current assets		3,214,627	1,783,185	2,986,833
Less: Total current liabilities		(782,792)	(763,302)	(663,116)
Less: Total adjustments to net current assets		(1,282,755)	(1,019,883)	(1,021,608)
Net current assets used in the Rate Setting Statement		1,149,080	0	1,145,795
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards				
Total current assets at 30 June 2019				2,986,833
- Contract assets	22(a)			0
Total current assets at 1 July 2019				2,986,833
Total current liabilities at 30 June 2019				(663,116)
- Contract liabilities from operating grants, subsidies and contributions	22(a)			(20,247)
- Contract liabilities from non-operating grants, subsidies and contributions	22(a)			(136,068)
Total current liabilities at 1 July 2019				(819,431)

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

21. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2020					
Cash and cash equivalents	0.32%	2,927,268	1,656,310	1,156,887	114,071
2019					
Cash and cash equivalents	0.44%	421,338	0	153,327	268,011
Financial assets at amortised cost	2.40%	1,380,038	1,380,038		

Sensitivity

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

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

* Holding all other variables constant

2020	2019
\$	\$
11,569	1,533

Borrowings

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

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

21. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Shire is also able to charge interest on overdue rates and annual charges on 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 was determined as follows for rates receivable.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss					
Gross carrying amount	1,020	36,709	30,308	16,498	84,535
Loss allowance	8,072	5,470	2,473	4,709	20,724
30 June 2019					
Rates receivable					
Expected credit loss					
Gross carrying amount	420	38,231	22,158	8,733	69,542
Loss allowance	5,470	2,473	974	3,735	12,651

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	12.04%	
Gross carrying amount	112,583	5,550	0	20,769	138,901
Loss allowance	0	0	0	2,500	2,500
30 June 2019					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	8.30%	
Gross carrying amount	1,004,829	5,391	891	26,992	1,038,103
Loss allowance	0	0	0	2,240	2,240

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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21. 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 loss allowance for all contract assets. To measure the expected credit losses, contract assets have been grouped based on shared credit risk characteristics and the days past due. Contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Shire has therefore concluded that the expected credit loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

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

21. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

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

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
<u>2020</u>	\$	\$	\$	\$	\$
Payables	299,176	0	0	299,176	299,176
Borrowings	98,794	388,702	304,699	792,195	633,633
Contract liabilities	107,308	0	0	107,308	107,308
	505,278	388,702	304,699	1,198,679	1,040,117
<u>2019</u>					
Payables	291,873	0	0	291,873	291,873
Borrowings	64,099	290,546	343,087	697,731	697,731
	355,972	290,546	343,087	989,604	989,604

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

22. 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 changes in accounting policies. In accordance with the transition provisions 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 at the date of initial application (1 July 2019):

	Note	AASB 118		AASB 15	
		carrying amount 30 June 2019	Reclassification	carrying amount 01 July 2019	\$
Contract liabilities - current					
Operating grants, subsidies and contributions	13	0	(20,247)	(20,247)	
Non-operating grants, subsidies and contributions	13	0	(136,068)	(136,068)	
Adjustment to retained surplus from adoption of AASB 15	22(e)	0	(156,315)	(156,315)	

(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 which has resulted in changes in accounting policies. In accordance with the transition provisions 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 was not restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 118: Revenue and AASB 1004: Contributions before the change:

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 was 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.

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.

	Note	2020		2020		
		As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004	\$	
Statement of Comprehensive Income						
Revenue						
Rates	19(a)	2,349,891	0	2,349,891		
Operating grants, subsidies and contributions	2(a)	1,998,216	3,816	2,002,032		
Fees and charges	2(a)	683,973	0	683,973		
Non-operating grants, subsidies and contributions	2(a)	1,152,172	74,251	1,226,423		
Net result		(276,003)	78,067	(197,936)		

SHIRE OF WAGIN
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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22. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

Statement of Financial Position

Contract assets	2(a)	29,241	(29,241)	0
Trade and other payables	12	299,176	0	299,176
Contract liabilities	13	107,308	(107,308)	0
Net assets		125,749,364	78,067	125,827,431

Statement of Changes in Equity

Net result		(276,003)	78,067	(197,936)
Retained surplus		34,512,141	78,067	34,590,208

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 retrospectively from 1 July 2019 which resulted in changes in accounting policies. In accordance with the transition provisions of AASB 16, the Shire has applied this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB16 recognised on 1 July 2019. In applying AASB 16, under the specific transition provisions chosen, the Shire will not restate comparatives for prior reporting periods.

No adjustments were made as a result of the adoption of the standard.

SHIRE OF WAGIN
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22. CHANGE IN ACCOUNTING POLICIES

(d) 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 have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16.

	Note	Carrying amount		Carrying amount 01 July 2019 \$
		30 June 2019	Reclassification	
Property, plant and equipment	8	20,091,865	(18,000)	20,073,865
Revaluation surplus	11	89,598,913	(18,000)	89,580,913

Also, following changes 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 or during the year were not reversed as it was deemed fair value approximates cost at the date of the change.

(e) Changes in equity due to change in accounting policies

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

	Note	Adjustments	2019
Retained surplus - 30 June 2019			\$ 35,220,731
Adjustment to retained surplus from first time adoption of AASB 15	22(a)	(156,315)	
Retained surplus - 1 July 2019			35,064,416

The impact on the Shire's opening revaluation surplus resulting from *Local Government (Financial Management) Regulation 16* being deleted and the amendments to *Local Government (Financial Management) Regulation 17A* as at 1 July 2019 was as follows:

	Note	Adjustments	2019
Revaluation surplus - 30 June 2019			\$ 89,598,913
Adjustment to revaluation surplus from deletion of Local Government (Financial Management) Regulation 16	22(d)	(18,000)	
Revaluation surplus - 1 July 2019			89,580,913

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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23. TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
In Lieu of Public Open Space	8,200	0	0	8,200
	8,200	0	0	8,200

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24. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

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

24. OTHER SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

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

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

Right of use assets are measured at cost. This means that all right of use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (ie. not included in the statement of financial position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value. Refer to Note 1 that details the significant accounting policies applying to vested improvements.

Leases (continued)

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

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

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

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

25. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE To provide a decision making process for the efficient allocation of resources.	Includes costs associated with elected members, the running costs of the Administration building and associated clerical staff, records management and computer operation costs.
GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services and facilities for the community.	Includes rate revenue and associated costs, general purpose government grants, costs associated with the repayment of Council loans, including reimbursement from government bodies and community organisations, as well as interest earned on Council investments.
LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.	Includes costs associated with fire prevention and control, control of dogs, cats and other animals, abandoned vehicles, enforcement of associated local laws and other aspects of public safety including emergency services.
HEALTH To provide an operational framework for environmental and community health.	Includes costs associated with providing doctor, maternal and infant health services, analytical expenses ie water sampling, and the running of the Regional Health Scheme together with the Shire of Williams and Shire of Dumbleyung.
EDUCATION AND WELFARE To provide services and facilities to the elderly, disadvantaged, children and youth of the community.	Includes costs associated with providing a building for daycare, administering and running of the Wagin Homecare Program, including Community Aged Care Packages and some assistance to Wagin Frail Aged Lodge.
COMMUNITY AMENITIES To provide required essential services for the community.	Includes provision for the collection and disposal of residential, commercial and industrial refuse, provide an effective waste recycling service, ongoing maintenance of the Wagin Cemetery and running costs associated with providing public conveniences.
RECREATION AND CULTURE To establish and effectively manage infrastructure, resources and provide opportunities which will help the social well-being of the community.	Includes costs associated with public halls, the Wagin Memorial Swimming Centre, Wagin Recreation Centre, sportsground maintenance and sportsground buildings / facilities maintenance, the provision of recreational services and programs, library services together with a contribution towards the costs associated with the running of the Wagin Woolorama.
TRANSPORT To provide safe, effective and efficient transport services to the community.	Includes construction and maintenance of Council's infrastructure assets including roads, bridges, footpaths, parking facilities, townscape, street trees and street lighting. Also, improvements to Council's plant and the provision of aircraft landing facilities and their associated costs.
ECONOMIC SERVICES To help promote the Shire and its economic wellbeing.	Includes area promotion, tourism, economic and community development, control of declared flora and fauna, the Rural Town's programme, Landcare, LCDC projects, ongoing maintenance of the Wagin Caravan Park, building control and the provision of standpipes.
OTHER PROPERTY AND SERVICES To monitor and control Council's overhead operating accounts and other miscellaneous items.	Includes private works, town planning schemes and the provision for new residential developments, materials in store, costs associated with employment of the outside works crew, costs associated with the running of all Council plant and other unclassified revenue and expenses.

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

26. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	3.85	3.76	2.73
Asset consumption ratio	0.96	0.98	0.99
Asset renewal funding ratio	1.51	3.63	1.16
Asset sustainability ratio	0.77	1.32	4.94
Debt service cover ratio	11.81	13.38	11.30
Operating surplus ratio	(0.44)	(0.32)	0.03
Own source revenue coverage ratio	0.48	0.53	0.66

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 Wagin

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Wagin 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 Wagin:

- (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 Matters – Basis of Accounting

I draw attention to Notes 1 and 10 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. 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 matter indicates a significant adverse trend in the financial position of the Shire:
 - a. The current year and previous year's Operating Surplus Ratio as reported in Note 26 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries basic standard and the current year is below the previous year.
- (ii) The following material 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 were identified during the course of my audit:
 - a. Management did not perform an independent review of changes to the supplier master file throughout the entire financial year, including amendments to banking details. This increased the risk of unauthorised changes to the supplier master file, however our audit testing did not identify any.
- (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 26 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ended 30 June 2018. The auditor expressed a qualified 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 Wagin 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.



MARK AMBROSE
SENIOR DIRECTOR FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
19 February 2021