



SHIRE OF
WESTONIA
A vibrant community lifestyle

2019/20

Annual Report



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www.westonia.wa.gov.au



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Welcome to the Shire of Westonia's 2019-20 Annual Report, which highlights the Shire's progress against the strategic goals identified in our Strategic Community Plan 2018-2028. Under the Local Government Act 1995 all local governments are required to prepare an annual report at the end of each financial year.

This is to provide information back to the community on the overall health of the organisation.

Copies of this report can be obtained in the following ways:

In person: Collect a hard copy from the Shire administration office or Library
Online: www.westonia.wa.gov.au

Email: shire@westonia.wa.gov.au

Comments:

Council and Shire of Westonia officers are keen for any feedback you may have on the Annual Report. This can be in writing and dropped off at any shire building or emailed to the shire at: shire@westonia.wa.gov.au



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WESTONIA DISCOVERY

Westonia came into existence with the discovery in 1910 of gold in the area, by a sandalwood cutter named Alfred Weston (May 17, 1876 - September 26, 1924). Initially the area was known as *Weston's Reward* and later as *Westons*.

Alfred David Weston, a sandalwood cutter and part time prospector, the town owes its origin to gold mining. Gold mining is still an important industry in the area, although the shire's primary industry is now wheat and sheep farming. All its streets are named after minerals and the town has preserved a streetscape facade that reflects its Edwardian origins

By 1915 there were two major mines in the area, and the population was in excess of 500. By 1917 the area, by then known as *Westonia*, had a population of more than 2,000. In 1919, low gold prices forced the closure of the mines, and many people left the area. Westonia was gazetted as a town in February 1926. In 1935 one of the mines reopened, but closed again in 1948, only to be reopened in 1985. The mine then closed once again in 1991. In mid-2009, it was announced that mining would once again commence at Westonia's Edna May Gold Mine, owned and mined by Catalpa Resources. With the first gold pour made in May 2010, coinciding with the centenary of the discovery of gold in the district. In

November 2011 the merger of Catalpa Resources and Conquest Mining Limited came the new Controlling Operator Evolution Mining. Then in October 2011 Evolution Mining entered into a binding agreement for the Sale to Ramelius Resources who are still in operation today.

Walking through Westonia is a leap back in time.

Established during the gold rush era, the town has restored and rebuilt its fine buildings to create a streetscape straight out of the pioneering era. From the original bank, cafe and green grocer store to the bright red doors on Westonia's fire station, wander through town and imagine life here during the mining boom of the early 1900s.

The township is nestled amid 4,000 hectares of salmon gum, morrell and gimlet woodland, dotted with granite outcrops, as well as remnants of the town's gold mining past. Hit the four kilometre Woodlands and Wildflowers Heritage Trail to explore the native bushland, taking in Westonia Common woodland and historic points of interest. Or drive a little way out of town to Boodalin Soak or Sandford Rocks - both are picturesque spots providing the opportunity to explore woodlands, granite outcrops, refreshing pools and diverse native flora. Time your visit to coincide with spring wildflower season (June to November) and you'll find the arid landscape transformed by a plethora of vibrant wildflowers after

replenishing winter rains. When it's time for refreshments and a rest from exploring this unique outback town and landscape, you'll find everything you need in Westonia, including motel and caravan park accommodation.

CLUB HOTEL.

THE PIONEER HOTEL OF WESTONIA.

FIRST CLASS IN ALL DEPARTMENTS
A NEW BUNGALOW IS IN COURSE
OF ERECTION, AND WHICH WILL
PROVIDE SUPERIOR PRIVATE
ACCOMODATION TO TRAVELLERS.
TERMS VERY MODERATE.

Motor Car meets all Trains

WESTONIA CAFÉ.

MRS. M. CARR, PROPRIETRESS.

MEALS 1/6.
BEDS 1/6.

Good Meals and Beds Guaranteed
MOTOR SERVICE.

LEN URWIN.

The Red Flag

Drapery Store

WOLFRAM STREET, WESTONIA

THE RED FLAGS WILL DIRECT YOU.
NO ORDER TOO SMALL

WESTONIAN Print.

NONE TOO LARGE

CARRABIN COFFEE PLACE

CARRABIN.

GOOD ACCOMODATION FOR TRAVELLERS

Motor Car Between WESTONIA and CARRABIN.

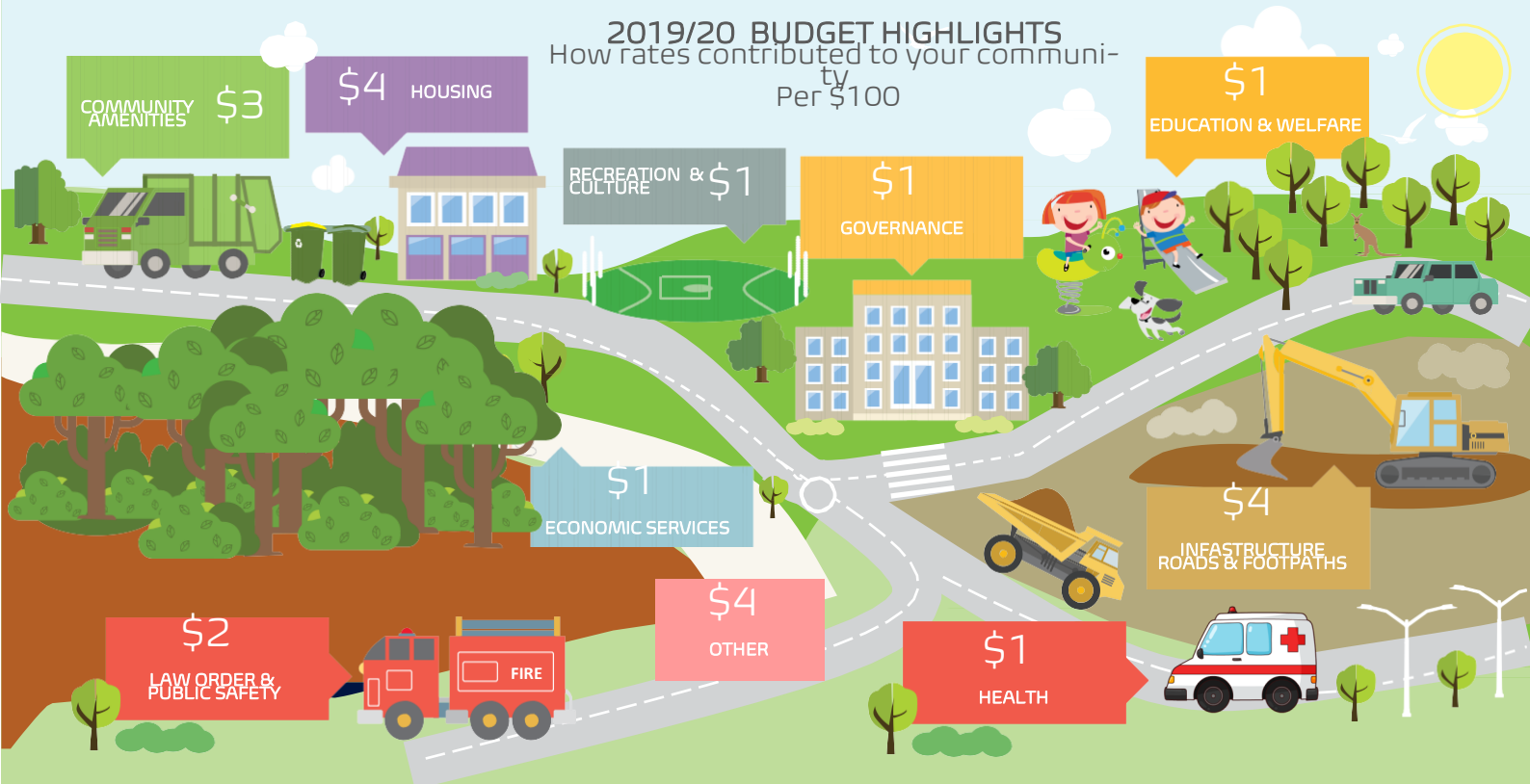
HORSES AND TARPS ON HIRE

H. G. JERSOE.



YEAR END HIGHLIGHTS

COVERING AN AREA OF 3,268 SQUARE KILOMETRES, LOCATED IN WESTERN AUSTRALIA'S WHEATBELT, 316KMS EAST OF PERTH, 306 KMS WEST OF KALGOORLIE AND 55KMS EAST OF MERREDIN ON THE WHEATBELT WAY DRIVE TRAIL THE SHIRE OF WESTONIA IS RENOWNED FOR IT'S STUNNING NATURAL WOODLANDS, BREATHTAKING GRANITE OUTCROPS, BEAUTIFUL WILDFLOWERS AND VAST OPEN SKIES.



Local industries include Wheat, grain and sheep farming, Gold Mining, Dolomite Mining, Earth Moving, and Heavy Transport

As a snapshot, the Shire manages over 764kms of Unsealed Roads, 121kms of Sealed Roads, gardens, playgrounds and sporting fields.

Shire Attractions include Westonia Facades, Boodalin Soak, Sandford Rock, Elachbutting Rock, Baladjie Rock, Wild Flowers, Woodlands Granite Outcrops, Westonia Common, Historic Westonia Tavern, Rabbit Proof Fence, Old Miners Hall, Golden

Pipeline Drive Trail, Hood- Penn Old Club Hotel Museum, and the Wheatbelt Way Drive Trail.

In 2019-2020, the Shire of Westonia balanced its Budget of \$1.7 million to ensure service delivery remained high and the community received value for money.

The above snapshot shows how the communities rates are allocated between Program areas.

This is your Shire;



SHIRE PRESIDENTS MESSAGE

It gives me great pleasure to present the Shire of Westonia's Annual Report for 2019/20. Even with the trying times of COVID -19, we look back over another year and there is much we have achieved.

In 2019/2020 we delivered almost \$ 5 million worth of capital works to maintain and upgrade existing infrastructure and construct new infrastructure especially the construction and seal of Boodarockin Road & Warrachuppin Roads in partnership with Ramelius Resources. This was an enormous undertaking in a short period of time. Our staff, together with a local team of contractors and landholders are to be congratulated on this enormous undertaking of which we should be very proud. These upgrades have improved the access and safety of our road network and are a terrific asset to our Shire.

Council finished the year in a sound financial position and continues to maintain good equity in infrastructure assets, plant & machinery. Our rate collection raised a total of \$1,047,957.00 , representing a 98% collection rate. Council finished the year with a cash carry-over of \$1,446,618.00 in the Municipal Fund and \$2,795,172.00 invested in cash backed reserve funds. This healthy cash financial position has been achievable due to diligent financial management and the Council's ability to actively pursue outside money from private works opportunities. I am proud to

be the head of a very positive and progressive Council.

I would like to extend my sincere thanks to the many people who make our Shire vibrant and progressive – our residents, community groups, volunteers and local businesses. Without your valued contribution, the Shire would not be the incredible place that it is to live, work and enjoy.

The October 2019 elections brought no change to our Council Elective with Councillor Renae Corsini, Councillor Ross Della Bosca and myself re-nominating and subsequently appointed as an elected member for the next four years. I would also like to thank my fellow Councillors; our Chief Executive Officer, Mr Jamie Criddle; his leadership team; and all the staff at the Shire of Westonia for your continued support and commitment to delivering the very best for our community.

Finally, I look forward to the year ahead and the continuing progress the Council and community will make as we evolve and adapt to our future challenges and opportunities. We will continue to work collaboratively with our community, business partners and the government to make the changes we want to see for our Shire.

Cr Karin Day
Shire President





ELECTED MEMBERS

Council has no operational standing committees however the following portfolios have been issued to Councilors and meet and attend meetings on an as needs basis

SHIRE PRESIDENT

CR KARIN DAY (2023)

Email: cr.day@westonia.wa.gov.au

Portfolio: WEROC, Wheatbelt Communities, WALGA, Community Development, Transport, Development Assessment Panels (proxy), Sport & Recreation

DEPUTY PRESIDENT

CR BILL HUXTABLE (2021)

Email: cr.huxtable@westonia.wa.gov.au

Portfolio: WEROC (proxy), Community Development, Development Assessment Panels, Tourism, WALGA

CR DAIMON GEIER (2021)

Email: cr.daimon.geier@westonia.wa.gov.au

Portfolio: Community Development, Emergency Services, Development Assessment Panel.

CR JOHN JEFFERYS (2021)

Email: cr.jefferys@westonia.wa.gov.au

Portfolio: Transport, Community Development, Development Assessment Panels (proxy)

CR ROSS DELLA BOSCA (2023)

Email: cr.dellabosca@westonia.wa.gov.au

Portfolio: Community Development, Development Assessment Panels, Agriculture, (Inc Eastern Wheatbelt Declared Species Group)

CR RENAE CORSINI (2023)

Email: cr.corsini@westonia.wa.gov.au

Portfolio: Agriculture, (Inc Eastern Wheatbelt Declared Species Group) Community Development, Sport & Recreation

**Note: Year in brackets denotes expiry of election term*



COUNCIL MEETING ATTENDANCE

Council Meetings are held on the third Thursday of each month with the exception of Januarys. All Council meetings are held in the Westonia Council Chambers located in the Westonia Community Resource Centre, 33 Wolfram Street Westonia.

The Council and Committee meetings are open to the public and there is public question time at the beginning of both Council and Committee meetings at which time the general public may ask questions on any Local Government matter.

Meeting dates and times are subject to change and if this does occur notice of such change is advertised as per the requirements of the Local Government Act 1995

Under Chapter 2M of the Corporations Act 2001 that Councilors' attendance at all Council meetings and Committee meetings which they have been appointed a member, be reported in the Annual Report.



11 Council Meetings



1 Electors Meeting



1 Special Meeting



2 Audit Meetings

	No. of Meetings To Attend (OCM's/ SCM's)	Attended	Apology/LOA
President Cr K. Day	12	11	1
Deputy President B. Huxtable	12	12	
Cr DL. Geier	12	11	1
Cr J. Jefferys	12	10	2
Cr R. DellaBosca	12	11	1
Cr R. Corsini	12	12	

COUNCILLORS' REMUNERATION

In the 2019/20 financial year the following remunerations were made to Councilors: President (Including a Presidents Allowance): \$9,106.00 Councilors: \$3,553.00

PRIMARY AND ANNUAL RETURNS

In accordance with Section 5.75 and 5.76 of the *Local Government Act 1995* all relevant persons lodged an Annual Return by the due date of 31 August 2020 and a primary return within 3 months of their start date. All returns are managed via the Office and are available for viewing by members of the public upon request



CHIEF EXECUTIVE OFFICERS MESSAGE

It has been another successful and trying time this year with COVID -19 disruptions the Shire of Westonia and I have been proud to lead a strong and committed team of staff in delivering some fantastic outcomes for our community.

We have worked very hard to develop a positive culture within the Shire of Westonia and this has been built on the back of our strong values of being focussed on community outcomes, united by working and learning together, accountable for our actions, and proud of our people and our community. As an organisation, we have grown to uphold those values with a stronger focus on customer service standards and working on developing our business processes.

Council is pleased to report on the following major projects undertaken in 2019-2020 that have provided new and exciting amenity to the community, based on an annual expenditure of \$3,847,067.00

- Museum Display Expansion
- Solar Panels at 2 residences;
- Solar Panels at Old School Site;
- Over \$1,124,626 worth of road works;
- Changeover of a Prime Mover and light vehicles;

The crew have also been extremely active in carrying out some major private works projects that have had significant financial windfalls for the Council. I would like to extend my appreciation to the works crew for their dedication to their work. With the Significate highlight of the year being the large-scale project in

conjunction with Ramelius Resources the construction and sealing of Boodarockin Road & Warrachuppin Road a milestone that will reduce the deterioration of usual wear and tear on our Road network and maintenance programs.

Mentioned above are just a few of the major projects the Shire has completed, continued or embarked on during 2019-20 – all while continuing to provide the facilities and services the community has come to expect from the Shire of Westonia

While reflecting on our achievements, it is important we don't rest on our laurels and that we continue to strive for improvement in all areas by listening to our community and continuing to set high standards.

Our Council has provided great leadership throughout the year and I thank them for the good governance they have given our community and their support of our administration.

I am excited to continue to work with our Council to achieve further success, growth and prosperity in Westonia and thank our President, Councillors and staff for the dedication they provide to our Shire. Everything we have achieved is a credit to their dedication to upholding the Shire's vision and values.

Jamie Criddle
CHIEF EXECUTIVE OFFICER





Our online advertising has helped build our Tourism sector, engage our target markets, learn more about our primary demographic's interests and desires, and more. While all channels experienced significant growth this year, Instagram has proven to be most valuable.



159,000

IMPRESSIONS

76,000

CLICKS

411

FOLLOWERS

7,220

LIKES

05.7%

733

CONVERSATIONS

04.6%

PRIMARY SEGMENT
REACHED

Age 50-65
(42%)



30

IMPRESSIONS

10

CLICKS

15

FOLLOWERS

1

LIKES

00.01%

1

CONVERSATIONS

00.1%

PRIMARY SEGMENT
REACHED

Age 35-44
(0.1%)



105,000

IMPRESSIONS

57,000

CLICKS

326

FOLLOWERS

5,100

LIKES

07.9%

174

CONVERSATIONS

00.6%

PRIMARY SEGMENT
REACHED

Age 35-44
(79%)

COMMUNICATION SERVICES



10,722 Emails Processed



59,759* Records Captured



10 Posts were posted on the
Hood-penn Museum Facebook
Page



12,985 Web users visit-
ed the Shire's Website



WESTONIA AT A GLANCE

Data Obtained from ABS 2016 Census, ABS 2018 Estimated Resident Population, Forecast.id Population forecast and Shire of Westonia.



Land Area:
3,268km²

Population:
311



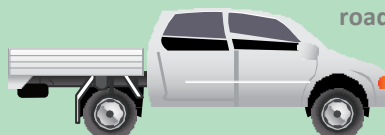
Total of library items
borrowed: **680**



Natural Bushland:
13,147 hectares



Total length of
roads: **885km**



Average household
size: **2.7**

Residential
Dwellings: **128**



28.5m³ recycling
collected per week



87 Domestic waste bins
collected per week

1 Operational
Gold Mine



316kms East
of Perth CBD



Parks/Ovals (active
and passive): **2**

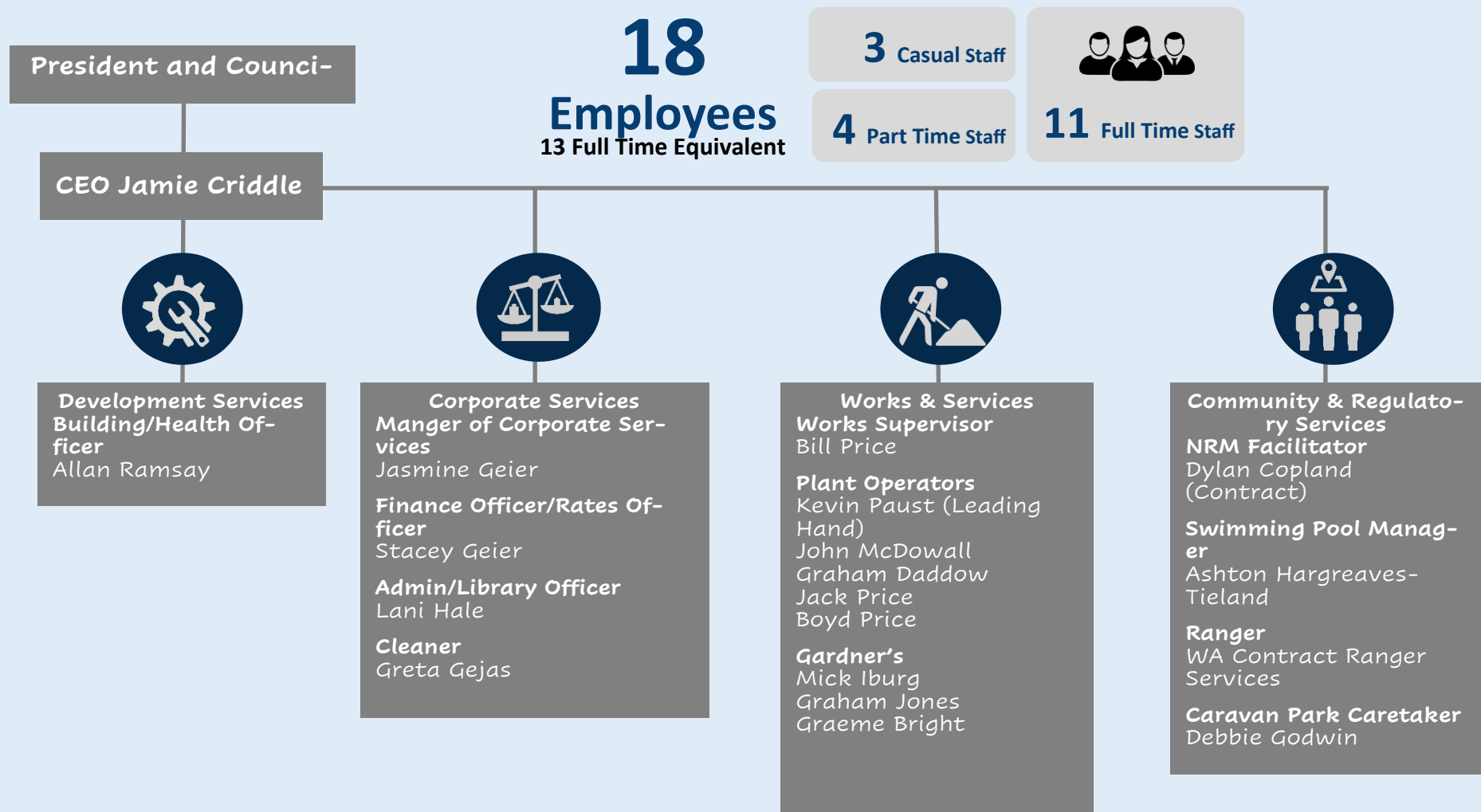


Dog/Cat Registrations:
92



SERVICE DELIVERY

The Chief Executive Officer, Jamie Criddle, is the Shire's most senior officer and provides guidance and direction to staff to ensure that Council's policies and decisions are implemented. The CEO works in close partnership with the Shire President to promote the Shire and to link with the community, tiers of government and business sectors. The overall management of the Shire rests with the CEO who oversees the day-to-day operations while ensuring that Council direction is followed, governance is sound and community outcomes achieved.



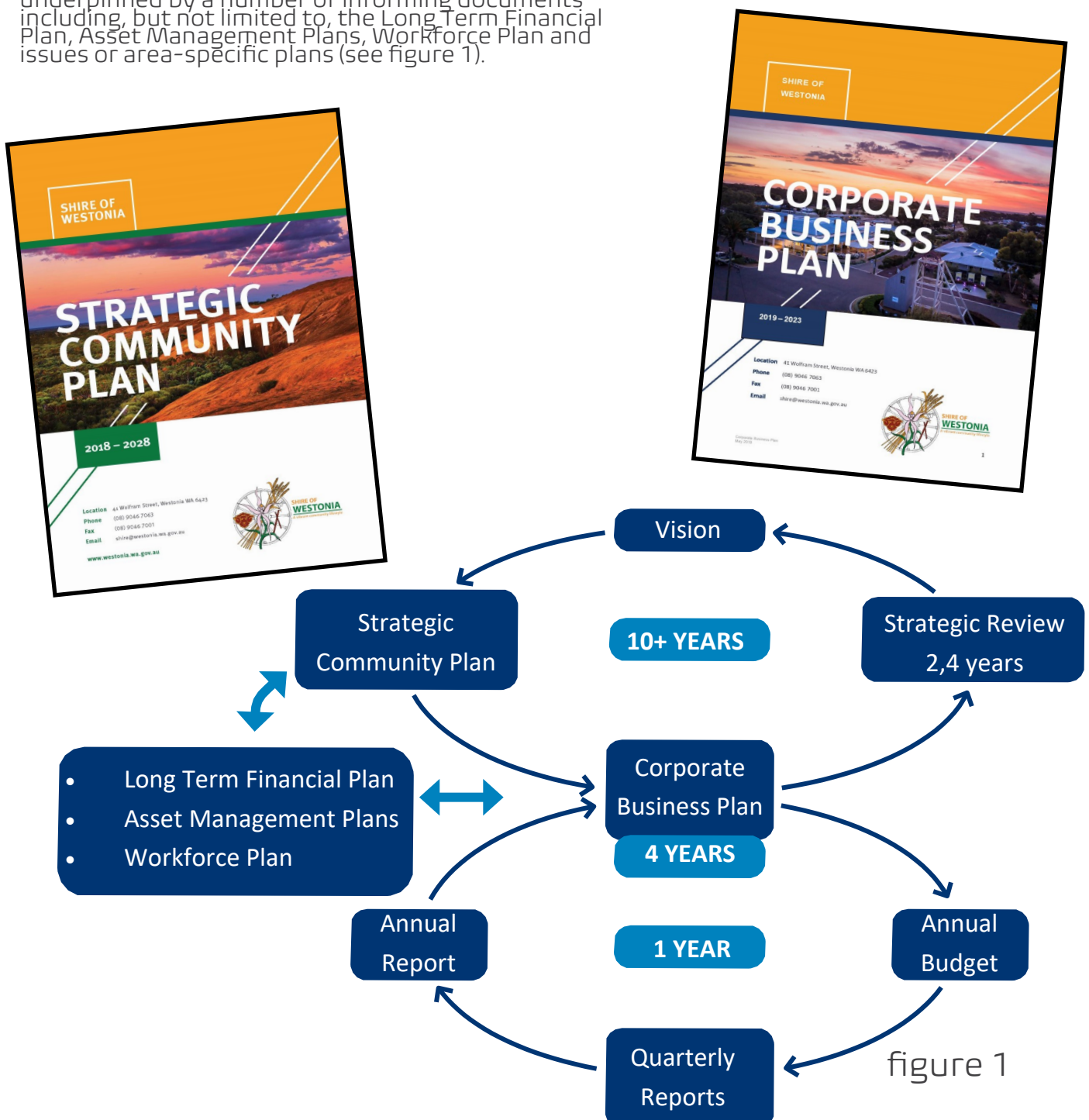


INTEGRATED PLANNING AND REPORTING

The Annual Report measures our progress against priorities and aspirations that were developed in consultation with the community and documented in the Shires long term vision, the *Strategic Community Plan 2018-2028*.

The Shires *Corporate Business Plan 2019-2023* provides clarity on the initiatives and services that the Shire is planning or implementing over the next five years, with emphasis on the delivery of the strategic priorities outlined in our *Strategic Community Plan 2018-2028*.

These two key strategic documents are then underpinned by a number of informing documents including, but not limited to, the Long Term Financial Plan, Asset Management Plans, Workforce Plan and issues or area-specific plans (see figure 1).





COMMUNITY STRATEGIC PLAN

Our Vision

A vibrant community lifestyle

Mission

Provide leadership and direction for the community

The Shire of Westonia 's Strategic Community Plan 2018/19-2027/28 is the overarching document developed to embody the aspirations and goals of the Westonia community. The themes and goals identified underpin the strategies and outcomes that Council and the Shire of Westonia will be measured against to ensure the future desires of the community are attained. The Strategic Community Plan underwent a major review in April 2019 to obtain new feedback from the Westonia community and set new strategic goals based on that feedback.

The Council has determined that this vision will be achieved through the following strategic themes and objectives.

ECONOMIC

Support growth and progress, locally and regionally...



- 1: Effective transport connectivity in and around our shire.
- 2: Facilitate local business retention and growth

SOCIAL

Provide community facilities and promote social Interaction...



- 1: Facilitate Local business retention and growth.
- 2: Plan for community growth and changing demographics.
- 3: Our community has the opportunity to be active, social and connected
- 4: Natural spaces are preserved and bring us value

GOVERNANCE

Continually enhance the Shire's organisational capacity to service the needs of a growing community...







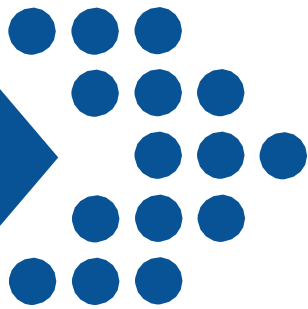
- 1: Be progressive and capture opportunities
- 2: The community receives services in a timely manner.
- 3: Financial resources meet the ongoing needs of the community

Our Values

The Shire's organisational culture, built on the foundations of our values, distinguishes us and guides our actions to deliver results. The following values help guide our behaviours and provide the boundaries within which our interactions should occur.

Our values are linked to our vision and mission.

 Respect	We value people and places and the contribution they make to the
 Inclusiveness	Be receptive, proactive, and responsive.
 Fairness and Equity	Provide services for a variety of ages and needs.
 Communication	Create opportunities for consultation with the broad community.



ECONOMIC

Diverse businesses, career opportunities and a vibrant community, relaxed lifestyle, distinctive town site and sustainable physical environment are the foundations of our economy. Tourists and visitors are attracted to the Shire throughout the year, tourism activities drive a quality experience and matched with successful events.

Support growth and progress, locally and regionally...

1. Strategy

Efficient transport connectivity in and around our Shire.

1. Continue to utilise our Road Management Plan, which incorporates a road hierarchy, minimum service levels and maintenance policy.
2. RAV Ratings and Shire boundaries are consistent across local government boundaries.
3. Lobby and build enduring partnerships with key Government Departments to improve Great Eastern Hwy.
4. Actively participate in the Secondary Freight Network group.
5. Develop and implement a Road Asset Plan highlighting key funder and strategic partnerships to support sustainability.
6. Develop a Gravel Reserve Policy which identifies future gravel reserves and recognises cost to local government.
7. Educate road users about road safety and driving on gravel roads.
8. Optimal and safe use of our plants and equipment assets.
9. Ensure that appropriate RAV vehicles traverse correct RAV routes.
10. Maintain our airport with a view to improvements to meet commercial and recreational aviation needs.

Outcomes

The road network is safe and efficient
All blackspots are identified and forward to address them occurs
Plant and equipment is replaced when necessary
Consistent network improvement over time

2. Strategy

Facilitate local business retention and growth.

1. Council recognises the opportunity of partnering with Westonia Progress Association, works closely and supports them to help achieve their economic development projects and our strategic goals.
2. Council continue to have a role in facilitating the presence of a Co-op in our community.
3. Enhance local economic activity by supporting the growth of tourism in our Shire and region including applying for funding to improve tourist facilities.
4. Improve our online tourism presence.
5. We forward plan to improve the economic diversity in our community.
6. In partnership with Council, the mine develops long term business plans for current mine assets.
7. Investigate options for multipurpose accommodation if vacancies arise in mine accommodation.

Outcomes

There are improved local economic Growth and financial returns through strategic partnerships.
Tourism flows positively in our shire.
Economic diversity grows in our local economy. We have a strong partnership with the mine.

Challenges

- › Ensuring adequate land and infrastructure is made available to support economic development.
- › Shifting from our current reliance on the construction, manufacturing and retail industries.
- › Strengthening employment. Unemployment in the Shire was 7.8% in the Data Obtained from ABS 2016 Census
- › Support the growth of business.
- › Infrastructure that supports industry growth.
- › A strong local economy and

access to jobs.

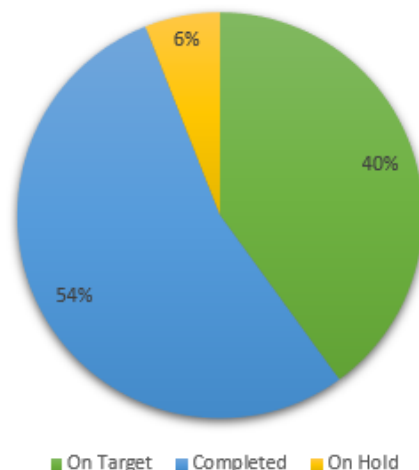
- › Attract new investments, both public and private.
- › Educational and training opportunities that lead to entrepreneurship or employment.

Highlights

- › Upgrades to Road network and improved RAV Status.
- › Successfully promoting and marketing the Shire for Tourism.
- › High Standard of Sealed Roads, (eg Construction of Boodarockin Rd, Warrachuppin Rd re-alignment.)
- › Forward planning for plant and equipment replacement.
- › Increased number of online traffic and engagement on our website and social media
- › Place of Destinations— Westonia Caravan Park and Granite Outcrops increases our capacity to educate and enrich the visitor's experience

CSP 2019/2020 Annual action performance

40% of all annual actions aligned to the Economic theme are On Target, 54% are completed and 6% are on hold.





SOCIAL

We have a unique country lifestyle with an exceptionally strong community spirit, pride and sense of ownership. We are welcoming and we have services, infrastructure and development that connects, supports and strengthens our community for the future. Our community is safe and we care for each other.

Provide community facilities and promote social interaction...

3. Strategy

Plan for community growth and changing demographics.

1. Develop the Town Planning Scheme.
2. Plan and develop residential and industrial land.
3. Community safety and ease of access around town is a priority.
4. Our lifestyle, facilities and sense of community is promoted.
5. The CEACA project continues to expand the number of universally designed dwellings in our town.
6. We support our emergency services.
7. We enable visiting health professionals to our community.
8. The Community Resource Centre receives external funding to provide preventative health and community development initiatives to the community.
9. We facilitate healthy and active ageing in place
10. Our cemetery is well presented.

Outcomes

Our Town Planning Scheme is flexible and encourages growth. Our rate base is diversified. Our lifestyle, country hospitality and facilities attract new populations to the Shire. People of all ages have access to local and visiting health, well being and leisure services and activities

4. Strategy

Our community has the opportunity to be active, socialised and connected.

1. We collaborate and encourage active engagement in local clubs and community initiatives that support a healthy lifestyle.
2. Investigate motor sport opportunities around the Shire.
3. Preserve and celebrate our local history.
4. Support our volunteers and clubs to remain strong, dynamic, and inclusive.
5. Encourage lifelong learning.
6. Children and youth have active and social opportunities.
7. Continue to provide high standard and accessible shire facilities.
8. Retain and expand Westonia's unique tourism experience.

Outcomes

High standard of events and Shire owned facilities.

5. Strategy

Natural spaces are preserved and bring us value.

1. Sustainably manage our reserves and open spaces.
2. Participate in best practice waste management.
3. Work collaboratively to meet legislative compliance with managing weeds and pests as well as our environmental health standards.
4. Investigate renewable energy generation technologies.

Outcomes

We preserve our natural environment. Value is generated from our natural environment.

Challenges

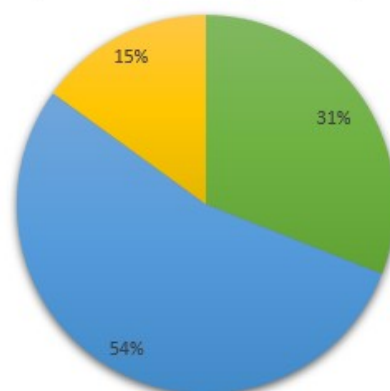
- › Managing natural areas to maintain biodiversity of bushland.
- › Maintaining and improving the Shires service levels within existing resources while servicing an increasing number of residences.
- › Meeting demand for Housing choice and affordability.
- › Ensuring the ongoing provision of high-quality services and facilities for people of all ages.

Highlights

- › Working with Westonia CRC to Achieve community goals.
- › Further Development of the Westonia Town Planning Scheme
- › Diversity of health professionals visiting our Community.
- › Extension to Hood-penn Museum Continues to grow/evolve.

CSP 2019/2020 Annual action performance

31% of all annual actions aligned to the Social theme are On Target, 54% are completed and 15% are on hold.



■ On Target ■ Completed ■ On Hold



GOVERNANCE

Provide good strategic decision making, governance, leadership and professional management

Continually enhance the Shire's organisational capacity to service the needs of a growing community...

6. Strategy

Be progressive and capture opportunities.

1. Be open to local productivity/ best practice and cost saving opportunities locally and regionally.
2. Investigate joint resourcing and tendering
3. Advocate and develop strong partnerships to benefit our community.
4. Be prepared by forward planning our resources and focusing on continuous improvement.
5. Identify risks and opportunities after the life of the mine.

Outcomes

We remain as an independent local government, with strong partnerships and can continue to conduct our business.

7. Strategy

The community receives services in a timely manner.

1. Meet our legislative and compliance requirements.
2. Work towards optimal management of our assets.
3. Work to develop Councillor and staff skills and experience to provide career and succession opportunities within the Shire.
4. Inside and outside staff are multi skilled to understand the business of local government and provide a seamless service to the community.
5. Communicate and engage with our community regularly.

Outcomes

We provide timely services and facilities Leadership is transparent, accountable and representative. We have an adaptable workforce.

8. Strategy

Financial resources meet the on-going needs of the community.

1. Seek external funding for significant capital improvements that deliver upon our strategic objectives.
2. Investigate ways to reduce reliance on operational grants given the current State and Federal Government priorities.

Outcomes

Our resources enable growth.

Challenges

- › Enhancing capability and capacity to detect and manage increase cyber security risks
- › Implementing works plans to ensure that the provisions of new legislations.
- › Meeting raised community expectations.
- › Sustainable revenue and expenditure.
- › Existing and future services funded.

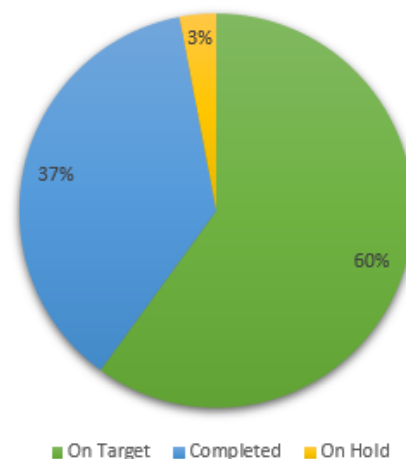
Highlights

- › Working with Others (WERO & CEACA)
- › Good Governance reviewing Corporate documents
- › Reserve allocations continue to grow, managed with current and future projects
- › Works in the best interest of the community
- › Engages with the community and keeps it informed about decisions and its activities
- › Lobbies and represents the

community at all levels of government

CSP 2019/2020 Annual action performance

37% of all annual actions aligned to the Governance theme are On Target, 60% are completed and 3% are on hold.



WESTONIA SHIRE COUNCIL IS FOCUSED ON PROVIDING GOOD GOVERNANCE TO THE COMMUNITY AND MEETS REGULARLY TO MAKE IMPORTANT DECISIONS FOR YOU AND YOUR SHIRE.

State Records Act 2000

The State Records Act 2000 requires that the Shire maintains and disposes of all records in the prescribed manner.

Standard 2, Principle 6 – Compliance: Government organisations ensure their employees comply with the record keeping plan.

Rationale:

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

Minimum Compliance Requirements:

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

1. The efficiency and effectiveness of the organisation's record keeping system is evaluated not less than once every 5 years.
2. The organisation conducts a record keeping training program.
3. The efficiency and effectiveness of the record keeping training program is reviewed from time to time.
4. The organisation's induction program addresses employee roles and responsibilities regarding their compliance with the organisation's record keeping plan.

The Shire of Westonia has complied with items 1 to 4.

Freedom of Information Statement

The Shire of Westonia is responsible for the good governance of the district and carries out functions as required including statutory compliance and provision of facilities and services.

The Council consists of six elected members. The Council meets once each month except January to make decisions relating to the policy and direction of the Shire. All meetings are open to the public and the meeting dates and venues are advertised to the public. Members of the public are able to ask questions during public question time at the

commencement of each meeting.

Council maintains records relating to each property within the Shire and also records relating to the function and administration of the Shire including minutes of meetings, financial interests register, register of delegations, rates book, electoral roll, financial statements and local laws.

These documents can be inspected at the Shire Office, Wolfram Street, Westonia, Monday to Friday between the hours of 8.30am and 5.00pm.

Changes to personal information should be made in writing.

Requests for information under the Freedom of Information Act can be sent to the Chief Executive Officer, Shire of Westonia, Wolfram Street, Westonia WA 6423.

The Shire of Westonia received one (1) application under the **Freedom of Information Act 1992**.

Payments to Employees

The Local Government (Administration) Regulations 1996, regulation 19B requires each local government to provide information in its annual report on the following:

The number of employees of the local government entitled to an annual salary of \$100,000 or more;

The number of those employees with an annual salary entitlement that falls within each band of \$10,000 over \$100,000.

As at 30th June 2020 one employee of the Shire of Westonia was in the annual salary band of \$130,000 - \$140,000.

Minor Complaints

For the purpose of Section 5.121 of the *Local Government Act 1995* Council must report entries recorded in the Register of Complaints during the financial year.

Council did not receive any complaints during the 2019/20 financial year

Delegation Review

In accordance with Section 5.46 of the *Local Government Act 1995* a review was undertaken of the Shire's Delegations Register during this period, with Council adopting the review at its May 2020 meeting (ref 07-05/20)



ADDITIONAL STATUTORY REPORTING

National Competition Policy Statement

National Competition Policy (NCP) is designed to enhance the efficiency and effectiveness of public sector agencies and lead to more efficient use of all economic resources. There are a number of specific requirements placed on Local Government in the areas of competitive neutrality, legislation review and structural reform. Each Local Government is required to report its progress in achieving NCP reforms in its annual report.

In respect to Council's responsibility in relation to the National Competition Policy, the Shire reports as follows:

No business enterprise of the Shire has been classified by the Australian Bureau of Statistics as either a Public Trading Enterprise or a Public Financial Enterprise.

Competitive neutrality has not been applied to any activities undertaken by the Shire in this reporting period.

No allegations of non-compliance with the competitive neutrality principles have been made by any private enterprise.

The principles of competitive neutrality will be implemented in respect of any relevant activities undertaken during the 2019/20 year.

Legislation review relates to legislation that may conflict with the principles of

National Competition Policy. Local governments are able to make local laws and are required to test local laws against the National Competition Policy.

The Shire of Westonia's local laws comply with those requirements.

Local Law Review

A review is to be conducted within 8 years from the day each Local Law commenced, or from when a report of a review of the Local Law was accepted under s3.16

Section 3.16 of the Local Government Act requires periodic reviews of Local Laws. A Local Government is to carry out a review of a Local Law to determine whether or not it considers that it should remain unchanged, be repealed or amended.

Council is currently undergoing this review.

Public Interest Disclosures Act 2009

No public interest disclosures were reported to the Shire during the reporting period.

Publicly Available Information

Information and documents that are required to be available to the public on the Shires's official website under the LG Act are set out below.

Legislative Reference	Description of Information and/or document	Website Page Name
5.55A	Annual Report	Annual Reports
s5.96A(1)(c)	Annual Budget	Budget Reports
s5.96A(1)(d)	List of fees and charges	
s5.96A(1)(e)	Current Plans for the future of the district	Integrated planning and reporting
s5.96A(1)(f)	Confirmed minutes of Council or committee meetings	Council meeting dates, agendas and minutes
s5.96A(1)(g)	Minutes of Electors' meeting	
s5.96A(1)(h)	Notice papers, agendas and reports or other documents relating to council or committee meetings	
s5.89A(5)	Register of gifts	Gift and Travel Contributions Register
5.118(3)	Censure notices in respect of a person who is a council member.	Code of Conduct
5.121(3)	Register of complaints of minor breaches	Register of Complaints





The Shire of Westonia is committed to ensuring that the community is accessible for people with disabilities, their families and their carers.

People with disabilities who live in country areas should be given the support to remain in the community of their own choice. The Shire of Westonia is committed to consulting with people with disabilities, their families and their carers to ensure that the barriers to access are addressed appropriately. The Disability Services Amendment Act 1999 requires Council to report on its Disability Services Plan achievements within its Annual Report. In June 2017 Council adopted the *Disability Access and Inclusion Plan 2017-2021*.

Many of the outcomes and strategies identified within the plan are being implemented on an ongoing basis or have been fully implemented. Currently the CEO and Executive Manager of Development Services is responsible for the implementation of the principles and projects within the Plan. When Council is addressing the issue of accessibility to Council's facilities and functions it is aware that by providing better access for people with disabilities it is providing better access for the whole community. Work continues to improve footpaths and access ways around the townsite as part of recognising the *Disability Access and Inclusion Plan*.

The Disability Services Commission requires Local Governments to report on the seven outcomes relating to DAIPs to the public annually.

Outcome 1:

People with disability have the same opportunities as other people to access the services of, and participate in any events organised by, a public authority.

Outcome 2:

People with disability have the same opportunities as other people to access buildings and other facilities of a public authority.

Outcome 3:

People with disability have the same opportunity as other people to access information in a format that will enable them to access

Outcome 4:

People with disability receive the same level of service from the employees of a public authority as other people receive from the employees of that public authority.

Outcome 5:

People with disability have the same opportunities as other people to make complaints to a public authority.

Outcome 6:

People with disability have the same opportunities as other people to participate in any public consultation by a public authority.

Outcome 7:

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

Further information can be obtained by contacting the CEO or the Manager of Corporate Services.

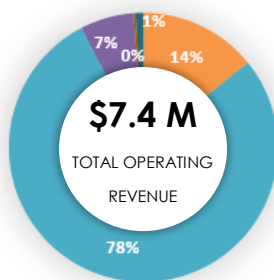




FINANCIAL OVERVIEW

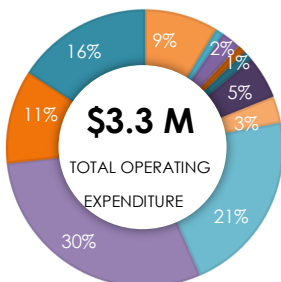
In accordance with the requirements of the *Local Government Act 1995* Section 5.53, the Council is required to prepare and include audited financial statements within its Annual Report. Financial statements and notes are presented in Part 2.

REVENUE



RATES	14%
OPERATING GRANTS, SUBSIDIES & CONTRIBUTIONS	78%
FEES AND CHARGES	7%
INTEREST EARNINGS	0%
OTHER REVENUE	1%

EXPENDITURE



GOVERNANCE	9%
GENERAL PURPOSE FUNDING	1%
LAW, ORDER, PUBLIC SAFETY	2%
HEALTH	1%
EDUCATION & WELFARE	1%
HOUSING	5%
COMMUNITY AMENITIES	3%
RECREATION AND CULTURE	21%
TRANSPORT	30%
ECONOMIC SERVICES	11%
OTHER PROPERTY AND SERVICES	16%

CAPITAL WORKS



5.07M

ROADS & INFRASTRUCTURE

BUILDING

PLANT & EQUIPMENT

FURNITURE & EQUIPMENT

CAPITAL WORKS FOR 2019/20

\$4.2M

\$14 K

\$669K

\$114K



IT IS YOUR SHIRE !



Your Shire is only as good as its people. In Westonia we are lucky to have a wonderful community that supports what we do, is committed to making things better and is passionate about our future.

Community extends to every person, organisation, agency and company that has made varied and valuable contributions to our numerous projects, events, services, and programs in 2019-2020.

We would like to thank them, and the many community groups who have worked closely with our staff to create new opportunities and solutions. Council recognises that the resilience and vibrancy of the community is reliant on the strength of its community groups and values their contributions.

To our many funding partners we also extend our gratitude as without their significant financial support much of what we have achieved for our community over the past year would not have been possible.

We are proud of what we have achieved in partnership with our community. Westonia is an amazing Shire to live, work, play and visit.



2019/2020



SHIRE OF
WESTONIA
A vibrant community lifestyle

Financial **Report**

www.westonia.wa.gov.au

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

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COMMUNITY VISION

The Shire will endeavour to provide the community services and facilities to meet the needs of the members of the community and enable them to enjoy a pleasant and healthy way of life.

Principal place of business:
41 Wolfram Street
Westonia, WA 6423

**SHIRE OF WESTONIA
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 Westonia 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 Westonia 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 December 2020



Chief Executive Officer

Jamie Criddle

Name of Chief Executive Officer



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	23(a)	1,047,957	1,047,341	998,196
Operating grants, subsidies and contributions	2(a)	5,792,028	877,517	1,855,664
Fees and charges	2(a)	477,443	289,930	922,616
Interest earnings	2(a)	20,059	22,400	23,878
Other revenue	2(a)	76,935	55,592	46,812
		7,414,422	2,292,780	3,847,166
Expenses				
Employee costs		(803,516)	(916,606)	(977,098)
Materials and contracts		(715,336)	(474,161)	(799,143)
Utility charges		(215,591)	(146,800)	(221,713)
Depreciation on non-current assets	10(b)	(1,486,615)	(1,428,840)	(1,223,933)
Interest expenses	2(b)	(3,581)	(4,200)	(10,678)
Insurance expenses		(110,293)	(103,587)	(113,835)
Other expenditure		(51,299)	(58,623)	(52,669)
		(3,386,231)	(3,132,817)	(3,399,069)
		4,028,191	(840,037)	448,097
Non-operating grants, subsidies and contributions	2(a)	521,816	665,555	382,326
Profit on asset disposals	10(a)	11,968	303,347	27,311
(Loss) on asset disposals	10(a)	(37,221)	0	(18,318)
(Loss) on revaluation of plant and equipment	8(a)	(524,951)	0	0
		(28,388)	968,902	391,319
Net result for the period		3,999,803	128,865	839,416
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	(920,289)	0	0
Total other comprehensive income for the period		(920,289)	0	0
Total comprehensive income for the period		3,079,514	128,865	839,416

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



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Governance	2(a)	0	1,150	562
General purpose funding		2,513,223	1,704,508	2,348,684
Law, order, public safety		48,592	42,400	46,301
Health		1,470	2,000	1,309
Education and welfare		10,273	8,750	10,670
Housing		154,288	171,280	164,804
Community amenities		8,444	10,300	8,250
Recreation and culture		54,858	43,800	44,459
Transport		4,227,162	116,000	409,309
Economic services		83,034	89,092	114,670
Other property and services		313,078	103,500	698,147
		7,414,422	2,292,780	3,847,165
Expenses				
Governance	2(b)	(310,258)	(330,115)	(291,563)
General purpose funding		(35,148)	(36,500)	(34,079)
Law, order, public safety		(84,657)	(79,000)	(76,467)
Health		(29,790)	(34,290)	(31,543)
Education and welfare		(38,956)	(38,000)	(40,326)
Housing		(132,741)	(158,946)	(161,872)
Community amenities		(105,925)	(130,266)	(106,626)
Recreation and culture		(766,101)	(738,398)	(727,237)
Transport		(1,367,159)	(1,206,052)	(1,011,426)
Economic services		(413,348)	(359,950)	(371,374)
Other property and services		(98,564)	(17,100)	(535,878)
		(3,382,647)	(3,128,617)	(3,388,391)
Finance Costs				
Housing	2(b)	(3,108)	(3,108)	(7,968)
Economic services		(472)	(1,092)	(2,710)
		(3,580)	(4,200)	(10,678)
		4,028,195	(840,037)	448,096
Non-operating grants, subsidies and contributions	2(a)	521,816	665,555	382,326
Profit on disposal of assets	10(a)	11,968	303,347	27,311
(Loss) on disposal of assets	10(a)	(37,221)	0	(18,317)
(Loss) on revaluation of plant and equipment	8(a)	(524,951)	0	0
		(28,388)	968,902	391,320
Net result for the period		3,999,803	128,865	839,416
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	11	(920,289)	0	0
Total other comprehensive income for the period		(920,289)	0	0
Total comprehensive income for the period		3,079,514	128,865	839,416

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



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

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,446,618	2,913,735
Other financial assets	5(a)	2,795,172	0
Trade and other receivables	6	155,236	166,587
Inventories	7	7,884	7,964
TOTAL CURRENT ASSETS		4,404,910	3,088,286
NON-CURRENT ASSETS			
Trade and other receivables	6	0	20,105
Inventories	7	76,839	22,001
Property, plant and equipment	8	10,152,933	11,844,064
Infrastructure	9	42,362,456	38,944,208
TOTAL NON-CURRENT ASSETS		52,592,228	50,830,378
TOTAL ASSETS		56,997,138	53,918,664
CURRENT LIABILITIES			
Trade and other payables	12	230,997	154,326
Borrowings	13(a)	10,780	71,431
Employee related provisions	14	174,789	178,842
TOTAL CURRENT LIABILITIES		416,566	404,599
NON-CURRENT LIABILITIES			
Borrowings	13(a)	0	10,357
Employee related provisions	14	27,066	29,716
TOTAL NON-CURRENT LIABILITIES		27,066	40,073
TOTAL LIABILITIES		443,632	444,672
NET ASSETS		56,553,506	53,473,992
EQUITY			
Retained surplus		19,270,726	17,184,956
Reserves - cash/financial asset backed	4	2,795,172	881,139
Revaluation surplus	11	34,487,608	35,407,897
TOTAL EQUITY		56,553,506	53,473,992

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



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

		RESERVES CASH/FINANCIAL		
	NOTE	RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS
		\$	\$	\$
Balance as at 1 July 2018		16,611,597	615,082	35,407,897
Comprehensive income				
Net result for the period		839,416	0	0
Total comprehensive income		839,416	0	0
Transfers to reserves	4	(266,057)	266,057	0
Balance as at 30 June 2019		17,184,956	881,139	35,407,897
Comprehensive income				
Net result for the period		3,999,803	0	0
Other comprehensive income	11	0	0	(920,289)
Total comprehensive income		3,999,803	0	(920,289)
Transfers to reserves	4	(1,914,033)	1,914,033	0
Balance as at 30 June 2020		19,270,726	2,795,172	34,487,608

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

SHIRE OF WESTONIA
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		1,040,602	1,047,341	1,004,462
Operating grants, subsidies and contributions		5,828,207	877,517	1,784,115
Fees and charges		477,443	289,930	922,616
Interest received		20,059	22,400	23,878
Goods and services tax received		0	0	(2,833)
Other revenue		67,903	55,592	46,812
		7,434,214	2,292,780	3,779,050
Payments				
Employee costs		(795,323)	(916,606)	(937,196)
Materials and contracts		(699,287)	(474,161)	(988,771)
Utility charges		(215,591)	(146,800)	(221,713)
Interest expenses		(3,581)	(4,201)	(10,678)
Insurance paid		(110,293)	(103,587)	(113,835)
Goods and services tax paid		2,632	0	0
Other expenditure		(51,299)	(58,623)	(33,952)
		(1,872,742)	(1,703,978)	(2,306,145)
Net cash provided by (used in) operating activities	15	5,561,472	588,802	1,472,905
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(a)	(798,982)	(769,648)	(483,956)
Payments for construction of infrastructure	9(a)	(4,278,744)	(1,124,626)	(796,447)
Non-operating grants, subsidies and contributions	2(a)	521,816	665,555	382,326
Proceeds from financial assets at amortised cost - term deposits		(2,795,172)	0	0
Proceeds from financial assets at amortised cost - self supporting loans		0	9,747	0
Proceeds from sale of property, plant & equipment	10(a)	393,500	303,347	347,400
Net cash provided by (used in) investment activities		(6,957,581)	(915,625)	(550,677)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	13(b)	(71,008)	(75,808)	(73,826)
Net cash provided by (used in) financing activities		(71,008)	(75,808)	(73,826)
Net increase (decrease) in cash held		(1,467,117)	(402,631)	848,402
Cash at beginning of year		2,913,735	3,198,885	1,991,299
Reclassification of trust funds to restricted cash				74,034
Cash and cash equivalents at the end of the year	15	1,446,618	2,796,254	2,913,735

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

SHIRE OF WESTONIA
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)	24 (b)	1,860,313	2,412,281	1,074,422
		1,860,313	2,412,281	1,074,422
Revenue from operating activities (excluding rates)				
Governance		0	1,150	562
General purpose funding		1,469,784	661,689	1,354,871
Law, order, public safety		48,592	42,400	46,301
Health		1,470	2,000	1,309
Education and welfare		10,273	8,750	10,670
Housing		154,288	171,280	164,804
Community amenities		8,444	10,300	8,250
Recreation and culture		54,858	43,800	44,459
Transport		4,231,507	267,000	413,850
Economic services		83,034	98,839	114,670
Other property and services		320,701	246,100	720,917
		6,382,951	1,553,308	2,880,663
Expenditure from operating activities				
Governance		(310,258)	(330,115)	(291,563)
General purpose funding		(35,148)	(36,500)	(34,079)
Law, order, public safety		(84,657)	(79,000)	(76,467)
Health		(29,790)	(34,290)	(31,543)
Education and welfare		(38,956)	(38,000)	(41,900)
Housing		(135,849)	(162,054)	(169,840)
Community amenities		(105,925)	(130,266)	(106,626)
Recreation and culture		(766,101)	(738,398)	(727,237)
Transport		(1,393,193)	(1,206,052)	(1,023,821)
Economic services		(413,820)	(361,042)	(378,432)
Other property and services		(109,751)	(17,100)	(535,878)
		(3,423,448)	(3,132,817)	(3,417,386)
Non-cash amounts excluded from operating activities	24(a)	1,509,218	1,125,493	1,200,639
Amount attributable to operating activities		6,329,034	1,958,265	1,738,338
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	521,816	665,555	382,326
Proceeds from disposal of assets	10(a)	393,500	303,347	347,400
Purchase of property, plant and equipment	8(a)	(864,788)	(769,648)	(483,952)
Purchase and construction of infrastructure	9(a)	(4,278,744)	(1,124,626)	(796,447)
Amount attributable to investing activities		(4,228,216)	(925,372)	(550,673)
FINANCING ACTIVITIES				
Repayment of borrowings	13(b)	(71,008)	(75,808)	(73,826)
Proceeds from borrowings	13(c)	0	0	18,718
Transfers to reserves (restricted assets)	4	(1,914,033)	(1,098,200)	(266,057)
Transfers from reserves (restricted assets)	4	0	300,000	0
Amount attributable to financing activities		(1,985,041)	(874,008)	(321,165)
Surplus/(deficit) before imposition of general rates		115,777	158,885	866,500
Total amount raised from general rates	23(a)	1,043,439	1,042,819	993,813
Surplus/(deficit) after imposition of general rates	24(b)	1,159,216	1,201,701	1,860,313

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

SHIRE OF WESTONIA
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FOR THE YEAR ENDED 30 JUNE 2020

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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 29 to these financial statements.

SHIRE OF WESTONIA
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
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually 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
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event
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

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

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
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	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 WESTONIA
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			
General purpose funding	1,444,123	633,017	1,324,506
Law, order, public safety	45,857	37,500	40,548
Education and welfare	0	8,000	2,125
Housing	0	500	96
Recreation and culture	54,330	42,000	42,858
Transport	4,227,162	116,000	409,309
Economic services	20,555	40,500	35,988
Other property and services	0	0	234
	5,792,028	877,517	1,855,663
Non-operating grants, subsidies and contributions			
Transport	515,816	632,555	382,326
Economic services	6,000	33,000	0
	521,816	665,555	382,326
Total grants, subsidies and contributions	6,313,844	1,543,072	2,237,989
Fees and charges			
Governance	0	150	0
Law, order, public safety	2,734	900	903
Health	0	0	(91)
Education and welfare	9,727	0	7,546
Housing	153,886	168,280	159,848
Community amenities	8,444	10,300	8,250
Recreation and culture	528	1,800	1,601
Economic services	61,387	44,500	76,484
Other property and services	240,737	64,000	668,075
	477,444	289,930	922,616

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 WESTONIA
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:

Operating grants, subsidies and contributions	5,792,028	877,517	1,855,664
Fees and charges	477,443	289,930	922,616
Other revenue	76,935	55,592	46,812
Non-operating grants, subsidies and contributions	521,816	665,555	382,326
	6,868,222	1,888,594	3,207,418

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:

Other revenue from contracts with customers recognised during the year	554,378	345,522	969,428
Contracts from transfers intended for acquiring or constructing recognisable non financial assets recognised during the year	521,816	665,555	382,326
Other revenue from performance obligations satisfied during the year	5,792,028	877,517	1,855,664
	6,868,222	1,888,594	3,207,418

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	275,500		
Contract liabilities from contracts with customers	(80,000)		0

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	1,043,439	1,042,819	993,813
	1,043,439	1,042,819	993,813
Reimbursements and recoveries	67,903	0	40,585
Other	0	0	6,226
	67,903	0	46,811

Interest earnings

Financial assets at amortised cost - self supporting loans	472	1,092	2,710
Interest on reserve funds	14,033	15,000	16,019
Rates instalment and penalty interest (refer Note 23(b))	1,881	2,500	2,809
Other interest earnings	3,673	3,808	2,340
	20,059	22,400	23,878

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services

Interest expenses (finance costs)

Borrowings

Other expenditure

Sundry expenses

Note	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
	20,000	22,000	20,000
	800	0	0
	20,800	22,000	20,000
13(b)	3,580	4,200	10,678
	3,580	4,200	10,678
	51,299	58,623	52,669
	51,299	58,623	52,669

SHIRE OF WESTONIA
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		1,446,618	2,913,735
Total cash and cash equivalents		1,446,618	2,913,735
Restrictions			
- Cash and cash equivalents		58,339	955,173
- Financial assets at amortised cost		2,795,172	0
		2,853,511	955,173

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

Reserves - cash/financial asset backed	4	2,795,172	881,139
Bonds & Deposits Held		58,338	74,034
Total restricted assets		2,853,511	955,173

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 WESTONIA

4. RESERVES CASH BACKED

	2020 Actual	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget 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) Reserves cash backed - Long Service Leave Reserve	104,901	3,117	0	108,018	104,283	1,800	0	106,083	102,642	2,259	0	104,901
(b) Reserves cash backed - Plant Replacement	331,893	653,839	0	985,732	329,939	507,500	(250,000)	587,439	77,664	254,229	0	331,893
(c) Reserves cash backed - Building Reserve	281,522	454,484	0	736,006	279,864	285,500	0	565,364	275,460	6,062	0	281,522
(d) Reserves cash backed - Communication/I/T Reserve	27,706	40,441	0	68,147	27,542	20,600	0	48,142	27,109	597	0	27,706
(e) Reserves cash backed - Community Development Reserve	88,883	381,416	0	470,299	88,360	181,800	(50,000)	220,160	86,969	1,914	0	88,883
(f) Reserves cash backed - Waste Management Reserve	46,234	44,736	0	90,970	45,961	51,000	0	96,961	45,238	996	0	46,234
(g) Reserves cash backed - Swimming Pool Reserve	0	300,000	0	300,000	0	50,000	0	50,000	0	0	0	0
(h) Reserves cash backed - Roadworks Reserve	881,139	1,914,033	0	2,795,172	875,949	1,098,200	(300,000)	1,674,149	615,082	266,057	0	881,139

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) Reserves cash backed - Long Service Leave Reserve	Ongoing	- to be used to fund annual and long service leave requirements.
(b) Reserves cash backed - Plant Replacement	Ongoing	- to be used for the purchase of major plant.
(c) Reserves cash backed - Building Reserve	Ongoing	- to be used for the purchase of land and construction of major buildings and facilities.
(d) Reserves cash backed - Communication/I Reserve	Ongoing	- to be used for the purpose of upgrading IT equipment and rebroadcasting equipment.
(e) Reserves cash backed - Community Development Reserve	Ongoing	- to be used for the development of land, buildings and facilities for the community.
(f) Reserves cash backed - Waste Management Reserve	Ongoing	- to be used for ongoing waste management strategies.
(g) Reserves cash backed - Swimming Pool Reserve	Ongoing	- to be used for redevelopment of the Westonia Memorial Swimming Pool.
(h) Reserves cash backed - Roadworks Reserve	Ongoing	- to be used for upgrades/maintenance to Boodarookin Rd and Koorda Bullfinch Rd (M40)

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

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

2020	2019
\$	\$
2,795,172	0
2,795,172	0
Other financial assets at amortised cost	
Term deposits	
2,795,172	0
2,795,172	0

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 13(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 25.

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

6. TRADE AND OTHER RECEIVABLES

Current

Rates outstanding	
Sundry debtors	
GST receivable	
Allowance for impairment of receivables	
Income Received in Advance	
Loans receivable - clubs/institutions	

Non-current

Loans receivable - clubs/institutions	
---------------------------------------	--

Movement of Allowance for Impairment of Receivables

Opening Balance	
Expected Credit Losses Expense	
Write -Off	

Balance at the end of the period

	2020	2019
	\$	\$
Rates outstanding	11,466	4,111
Sundry debtors	125,243	142,642
GST receivable	1,914	4,546
Allowance for impairment of receivables	(5,114)	0
Income Received in Advance	1,622	1,622
Loans receivable - clubs/institutions	20,105	13,666
	155,236	166,587
Loans receivable - clubs/institutions	0	20,105
	0	20,105
Opening Balance	0	0
Expected Credit Losses Expense	5,114	0
Write -Off	0	0
	5,114	0

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 25.

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

7. INVENTORIES

Current

Fuel and materials

Non-current

Land held for resale - cost

Cost of acquisition

Development costs

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Inventories sold during the year

Additions to inventory

Carrying amount at end of period

	2020	2019
	\$	\$
	7,884	7,964
	7,884	7,964
	54,838	0
	22,001	22,001
	76,839	22,001
	29,965	29,965
	(80)	0
	(10,968)	0
	65,806	0
	84,723	29,965

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for resale

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

Land held for resale (Continued)

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

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

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

SHIRE OF WESTONIA
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 - freehold land	Total land	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	174,000	174,000	8,446,349	8,446,349	8,620,349	576,955	3,104,297	12,301,601
Additions	0	0	27,449	27,449	27,449	104,539	351,964	483,952
(Disposals)	0	0	0	0	0	(5,923)	(332,482)	(338,405)
Depreciation (expense)	0	0	(359,441)	(359,441)	(359,441)	(60,396)	(183,247)	(603,084)
Carrying amount at 30 June 2019	174,000	174,000	8,114,357	8,114,357	8,288,357	615,175	2,940,532	11,844,064
Comprises:								
Gross carrying amount at 30 June 2019	174,000	174,000	8,831,730	8,831,730	9,005,730	777,557	3,292,016	13,075,303
Accumulated depreciation at 30 June 2019	0	0	(717,373)	(717,373)	(717,373)	(162,382)	(351,484)	(1,231,239)
Carrying amount at 30 June 2019	174,000	174,000	8,114,357	8,114,357	8,288,357	615,175	2,940,532	11,844,064
Additions	0	0	14,500	14,500	14,500	114,783	669,699	798,982
(Disposals)	0	0	0	0	0	0	(418,754)	(418,754)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	(350,707)	(569,582)	(920,289)
Revaluation (loss) / reversals transferred to profit or loss	0	0	0	0	0	0	(524,951)	(524,951)
Depreciation (expense)	0	0	(361,965)	(361,965)	(361,965)	(69,935)	(194,220)	(626,120)
Carrying amount at 30 June 2020	174,000	174,000	7,766,892	7,766,892	7,940,892	309,316	1,902,724	10,152,932
Comprises:								
Gross carrying amount at 30 June 2020	174,000	174,000	8,846,230	8,846,230	9,020,230	540,825	2,418,000	11,979,055
Accumulated depreciation at 30 June 2020	0	0	(1,079,338)	(1,079,338)	(1,079,338)	(231,508)	(515,277)	(1,826,123)
Carrying amount at 30 June 2020	174,000	174,000	7,766,892	7,766,892	7,940,892	309,317	1,902,723	10,152,932

SHIRE OF WESTONIA
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 - freehold land	2	Market approach using recent observable market data for similar items (Net revaluation method)	Independent Registered Valuer	June 2017	Price per hectare/market borrowing rate
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent Registered Valuer	June 2017	Improvements to land using construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment	3	Cost approach using depreciated replacement cost (Net revaluation method)	Management Valuation	June 2020	Construction/Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Plant and equipment					
- Independent valuation 2020	2	Market approach using recent observable market data for similar items (Net revaluation method)	Independent Registered Valuer	June 2020	Price per item

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 WESTONIA
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	Other infrastructure - Footpaths	Other infrastructure - Parks & Ovals	Total Infrastructure
	\$	\$	\$	\$
Balance at 1 July 2018	37,241,720	213,588	1,313,307	38,768,615
Additions	796,447	0	0	796,447
Depreciation (expense)	(576,039)	(10,591)	(34,224)	(620,854)
Carrying amount at 30 June 2019	37,462,128	202,997	1,279,083	38,944,208
Comprises:				
Gross carrying amount at 30 June 2019	39,243,251	226,585	1,346,445	40,816,281
Accumulated depreciation at 30 June 2019	(1,781,123)	(23,588)	(67,362)	(1,872,073)
Carrying amount at 30 June 2019	37,462,128	202,997	1,279,083	38,944,208
Additions	4,258,283	20,461	0	4,278,744
Depreciation (expense)	(815,592)	(10,679)	(34,225)	(860,495)
Carrying amount at 30 June 2020	40,904,819	212,779	1,244,858	42,362,456
Comprises:				
Gross carrying amount at 30 June 2020	43,501,534	247,046	1,346,445	45,095,025
Accumulated depreciation at 30 June 2020	(2,596,715)	(34,267)	(101,587)	(2,732,569)
Carrying amount at 30 June 2020	40,904,819	212,779	1,244,858	42,362,456

SHIRE OF WESTONIA
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 (Gross revaluation method)	Independent Registered Valuer	June 2018	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Other infrastructure - Footpaths	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent Registered Valuer	June 2018	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Other infrastructure - Parks & Ovals	3	Cost approach using depreciated replacement cost (Net revaluation method)	Independent Registered Valuer	June 2018	Construction/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 to determine the fair value of infrastructure using level 3 inputs.

SHIRE OF WESTONIA
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.

Items of Plant and Equipment are subsequently measured using the cost model

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

Revaluation

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

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

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

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

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

Land under roads from 1 July 2019

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

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.

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

SHIRE OF WESTONIA
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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Furniture and equipment					0	0	0	0	5,923	0	0	(5,923)
Plant and equipment	418,754	393,500	11,967	(37,221)	0	303,347	303,347	0	332,482	347,400	27,311	(12,393)
	418,754	393,500	11,967	(37,221)	0	303,347	303,347	0	338,405	347,400	27,311	(18,316)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and Equipment				
Transport				
Toyota Pardo (A498)	55,962	57,000	1,038	0
Toyota Pardo (A501)	51,193	54,500	3,307	0
Toyota Pardo (A505)	55,575	54,500	0	(1,075)
Ransome Mower (437)	5,620	3,500	0	(2,120)
2500MM Broom (PartA470)	6,500	0	0	(6,500)
Iveco Stralis (A309)	71,339	55,000	0	(16,339)
Other property and services				
Toyota Land Cruiser GXL (500)	72,136	76,500	4,364	0
Toyota Rav 4 (457)	27,187	16,000	0	(11,187)
Toyota Land Cruiser GXL (504)	73,241	76,500	3,259	0
	418,754	393,500	11,967	(37,221)
	418,755	393,500	11,967	(37,221)

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

10. FIXED ASSETS

(b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - specialised	361,965	384,140	359,441
Furniture and equipment	69,935	59,000	60,396
Plant and equipment	194,220	190,000	183,247
Infrastructure - Roads	815,592	750,000	576,039
Other infrastructure - Footpaths	10,679	12,000	10,591
Other infrastructure - Parks & Ovals	34,225	33,700	34,224
	1,486,615	1,428,840	1,223,938

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

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

Amortisation

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

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

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

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

11. REVALUATION SURPLUS

	2020 Opening Balance	2020 Change in Accounting Policy	2020 Revaluation Increment	2020 Revaluation (Decrement)	2020 Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	2019 Total Movement on Revaluation	2019 Closing Balance
	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land	132,242	0	0	0	0	132,242	132,242	0	0	0	132,242
Revaluation surplus - Buildings	1,877,619	0	0	0	0	1,877,619	1,877,619	0	0	0	1,877,619
Revaluation surplus - Plant & Equipment	569,582	0	0	(569,582)	(569,582)	0	569,582	0	0	0	569,582
Revaluation surplus - Furniture & Equipment	388,287	0	0	(350,707)	(350,707)	37,580	388,287	0	0	0	388,287
Revaluation surplus - Infrastructure - Roads	31,426,257	0	0	0	0	31,426,257	31,426,257	0	0	0	31,426,257
Revaluation surplus - Infrastructure - Footpaths	128,196	0	0	0	0	128,196	128,196	0	0	0	128,196
Revaluation surplus - Infrastructure - Parks & Ovals	885,715	0	0	0	0	885,715	885,715	0	0	0	885,715
	35,407,898	0	0	(920,289)	(920,289)	34,487,609	35,407,898	0	0	0	35,407,898

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

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Bonds & Deposits Held
 Accrued interest on debentures
 Accrued salaries and wages
 GST due to ATO
 Trust Liability

2020	2019
\$	\$
124,216	49,697
58,338	74,034
2,784	2,784
43,201	26,857
3	1,451
2,453	(497)
230,995	154,326

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 WESTONIA

13. INFORMATION ON BORROWINGS

(a) Borrowings	2020	2019
	\$	\$
Current	10,780	71,431
Non-current	0	10,357
	<u>10,780</u>	<u>81,788</u>

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020				30 June 2020				30 June 2020				30 June 2019				30 June 2019				30 June 2019			
				Actual Principal 1 July 2019	Actual New Loans	Actual repayments	Actual Interest	Budget Principal 1 July 2019	Budget New Loans	Budget repayments	Budget Interest	Actual Principal 1 July 2018	Actual New Loans	Actual repayments	Actual Interest	Budget Principal 1 July 2018	Budget New Loans	Budget repayments	Budget Interest	Actual Principal 1 July 2017	Actual New Loans	Actual repayments	Actual Interest	Budget Principal 1 July 2017	Budget New Loans	Budget repayments	Budget Interest
Housing																											
Lifestyle Village	5	WA Treasury	3.17%	66,061	0	66,061	3,108	0	66,061	3,108	0	66,061	3,108	0	66,061	3,108	0	66,061	3,108	0	66,061	3,108	0	66,061	3,108	0	
Economic services																											
School Bus Loan	6	WA Treasury	3.09%	15,727	0	4,947	472	10,780	15,728	0	9,747	1,092	5,981	29,276	0	13,549	2,710	15,727	29,276	0	13,549	2,710	15,727	29,276	0		
				66,061	0	66,061	3,108	0	66,061	3,108	0	66,061	3,108	0	66,061	3,108	0	66,061	3,108	0	66,061	3,108	0	66,061	3,108	0	
				15,727	0	4,947	472	10,780	15,728	0	9,747	1,092	5,981	29,276	0	13,549	2,710	15,727	29,276	0	13,549	2,710	15,727	29,276	0		
				15,727	0	4,947	472	10,780	15,728	0	9,747	1,092	5,981	29,276	0	13,549	2,710	15,727	29,276	0	13,549	2,710	15,727	29,276	0		
Self Supporting Loans																											
Economic services																											
School Bus Loan	6	WA Treasury	3.09%	81,768	0	71,008	3,560	10,760	81,769	0	75,808	4,200	5,981	155,614	0	73,826	10,678	81,738	155,614	0	73,826	10,678	81,738	155,614	0		

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

13. INFORMATION ON BORROWINGS

	2020	2019
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit		
Bank overdraft at balance date		
Credit card limit	13,000	13,000
Credit card balance at balance date		
Total amount of credit unused	13,000	13,000
Loan facilities		
Loan facilities - current	10,780	71,431
Loan facilities - non-current	0	10,357
Total facilities in use at balance date	10,780	81,788
Unused loan facilities at balance date	NIL	NIL

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 25.

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

14. 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	94,293	84,549	178,842
Non-current provisions	0	29,716	29,716
	94,293	114,265	208,558
 Additional provision	6,265	0	6,265
Amounts used	0	(12,968)	(12,968)
Balance at 30 June 2020	100,558	101,297	201,855
 Comprises			
Current	100,558	74,231	174,789
Non-current	0	27,066	27,066
	100,558	101,297	201,855
 Amounts are expected to be settled on the following basis:	2020 \$	2019 \$	
Less than 12 months after the reporting date			
More than 12 months from reporting date	174,789	178,842	
Expected reimbursements from other WA local governments	27,066	29,716	
	201,855	208,558	

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

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

15. 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	1,446,618	2,796,254	2,913,735
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	3,999,803	128,865	839,416
Non-cash flows in Net result:			
Depreciation on non-current assets	1,486,615	1,428,840	1,223,938
(Profit)/loss on sale of asset	25,254	(303,347)	(8,995)
Loss on revaluation of Plant & Equipment	524,951	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	31,456	0	(68,116)
(Increase)/decrease in inventories	(54,757)	0	
Increase/(decrease) in payables	76,669	0	(172,839)
Increase/(decrease) in provisions	(6,703)	0	41,830
Non-operating grants, subsidies and contributions	(521,816)	(665,555)	(382,326)
Net cash from operating activities	5,561,473	588,803	1,472,908

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

	2020	2019
	\$	\$
Governance	29,768	30,547
General purpose funding	300,645	301,745
Law, order, public safety	2,171,801	2,601,800
Health	33,440	34,960
Education and welfare	248,398	291,593
Housing	2,002,393	2,041,752
Community amenities	607,726	637,917
Recreation and culture	2,704,177	3,138,154
Transport	41,502,418	41,430,050
Economic services	2,408,801	2,464,519
Other property and services	902,924	945,627
Unallocated	4,084,646	(0)
	56,997,138	53,918,664

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

17. CONTINGENT ASSET AND LIABILITIES

The Shire is not aware of any contingent assets or liabilities as at 30 June 2020.

18. CAPITAL COMMITMENTS

The Shire is not aware of any capital commitments as at 30 June 2020.

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

19. 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	21,318	21,534	21,320
President's allowance	5,553	5,589	5,553
Travelling expenses	77	1,000	75
Telecommunications allowance	1,200	1,200	1,091
	<u>28,148</u>	<u>29,323</u>	<u>28,039</u>

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	299,784	336,214
Post-employment benefits	31,008	34,100
Other long-term benefits	84,289	105,077
	<u>415,081</u>	<u>475,391</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

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

19. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

	2020 Actual	2019 Actual
The following transactions occurred with related parties:	\$	\$
Purchase of goods and services	2,308,233	332,292

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 (KMP).

KMP were employed by the Shire under normal employment terms and conditions.

ii. Other Related Parties

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

iii. Entities subject to significant influence by the Shire

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

20. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

In 2003/04, Council, in conjunction with the Housing Authority (previously Homewest), entered into a Joint Venture Housing Agreement to construct 3 x 2 bedroom Young Singles and Childless Couples' units on Lot 1, Pyrites Street on Deposited Plan 33835 in Westonia. The terms of the joint arrangement estimated for council to contribute \$28,250 in Land Costs and \$70,000 in cash contribution and construction costs out of a total estimated project cost of \$406,922 which equated to an estimated equity of 24.14%. The actual costs borne by the Council were \$48,508 in land and siteworks, \$60,000 in cash contribution and \$5,786 for additional amenities and landscaping out of a total GST inclusive project cost of \$467,056, which equated to an actual equity of 24.47%. In 2007/2008 Council constructed a patio for the cost of \$8,876 and in 2009/10 a carport for \$9,023.

The agreement with the Housing Authority (previously Homeswest) represents a joint operation and requires the Shire to account for its share of the assets and related liabilities as well as the Shires' share of all expenses and revenue relating to the arrangement. Fair Value assessment of the property was undertaken in 2016/17 along with all other Council Land and Building Assets. The amount shown below is 24.47% of the fair value of \$316,000 and is included in Note 8.

The initial term of the agreement is 25 years, expiring on 28 April 2028.

Statement of Financial Position

Land and Building
Less- accumulated depreciation
Total assets

Statement of Comprehensive income

Other revenue
Other expenditure
Net result for the period

Total comprehensive income for the period

	2020	2019
	\$	\$
Land and Building	77,325	77,325
Less- accumulated depreciation	(5,799)	(3,866)
Total assets	71,526	73,459
Other revenue	13,260	13,260
Other expenditure	(7,066)	(9,980)
Net result for the period	6,194	3,280
Total comprehensive income for the period	6,194	3,280

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint arrangements providing joint ventures with an interest to net assets are classified as a joint venture and accounted for using the equity method. The equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Shire's share of net assets of the associate. In addition, the Shire's share of the profit or loss of the associate is included in the Shire's profit or loss.

Interests in joint arrangements (Continued)

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Shire's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements.

21. MAJOR LAND TRANSACTIONS

No Major Land Transactions were undertaken in the 2019/20 Financial Year

22. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not participate in any trading undertakings or major trading undertakings during the 2019/20 financial year.

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

23. RATING INFORMATION

(a) Rates

RATE TYPE

Differential general rate / general rate

		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
Rate in \$	Number of Properties	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Gross rental valuations											
GRV - Residential	48	614,339	44,277	620	0	44,897	44,277	0	0	44,277	48,075
GRV - Mining	2	1,305,800	267,628	0	0	267,628	267,628	0	0	267,628	310,651
Unimproved valuations											
UV - Rural/Pastoral	130	44,851,498	714,126	0	0	714,126	714,126	0	0	714,126	619,903
UV - Mining	6	167,877	2,673	0	0	2,673	2,673	0	0	2,673	2,024
Sub-Total	186	46,939,514	1,028,704	620	0	1,029,324	1,028,704	0	0	1,028,704	980,653
Minimum payment											
Gross rental valuations											
GRV - Residential	16	23,722	5,680	0	0	5,680	5,680	0	0	5,680	4,970
Unimproved valuations											
UV - Rural/Pastoral	17	136,402	6,035	0	0	6,035	6,035	0	0	6,035	6,390
UV - Mining	12	48,866	2,400	0	0	2,400	2,400	0	0	2,400	1,800
Sub-Total	45	208,990	14,115	0	0	14,115	14,115	0	0	14,115	13,160
Discounts (Note 23(b))	231	47,148,504	1,042,819	620	0	1,043,439	1,042,819	0	0	1,042,819	993,813
Total amount raised from general rate						1,043,439				1,042,819	993,813
Ex-gratia rates						4,519				4,522	4,383
Totals						1,047,958				1,047,341	998,196

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

23. RATING INFORMATION (Continued)

- (b) Specified Area Rate
No specified area rates were imposed by the Shire during the year ended 2020.
- (b) Service Charges
No service charges were imposed by the Shire during the year ended 2020.
- (b) Discounts, Incentives, Concessions, & Write-offs
No discount on Rates is available.

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

23. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	5/09/2019	0.00	0.00%	0.11%
Option Two				
First instalment	5/09/2019	10.00	0.055%	0.11%
Second instalment	13/01/2020	10.00	0.055%	0.11%
Option Three				
First instalment	5/09/2019	10.00	0.055%	0.11%
Second instalment	9/11/2019	10.00	0.055%	0.11%
Third instalment	13/01/2020	10.00	0.055%	0.11%
Fourth instalment	15/03/2020	10.00	0.055%	0.11%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on instalment plan	1,881	2,500	2,809
Charges on instalment plan	3,798	2,800	2,597
	5,679	5,300	5,406

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

24. RATE SETTING STATEMENT INFORMATION

		2019/20 Budget	2019/20 Budget	2018/19
		(30 June 2020)	(30 June 2020)	(30 June 2019)
		Carried	Carried	Carried
		Forward)	Forward)	Forward)
Note				
		\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	10(a)	(11,968)	(303,347)	(27,311)
Movement in employee benefit provisions (non-current)		(2,650)	0	(14,301)
Add: Loss on disposal of assets	10(a)	37,221	0	18,318
Add: Depreciation on non-current assets	10(b)	1,486,615	1,428,840	1,223,933
Non cash amounts excluded from operating activities		1,509,218	1,125,493	1,200,639
(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	(2,795,173)	(1,674,149)	(881,139)
Less: Financial assets at amortised cost - self supporting loans	5(a)	0	(9,747)	0
Less: Current assets not expected to be received at end of year				
- Loans receivable - Club/Institutions		(33,771)	0	(13,666)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	13(a)	10,780	(73,538)	71,431
Total adjustments to net current assets		(2,818,164)	(1,757,434)	(823,374)
Net current assets used in the Rate Setting Statement				
Total current assets		4,404,910	3,172,714	3,088,286
Less: Total current liabilities		(416,566)	(170,904)	(404,599)
Less: Total adjustments to net current assets		(2,818,164)	(1,757,434)	(823,374)
Net current assets used in the Rate Setting Statement		1,170,180	1,244,376	1,860,313
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards				
Total current assets at 30 June 2019				
- Contract assets	27(a)			3,088,286
Total current assets at 1 July 2019				3,088,286
Total current liabilities at 30 June 2019				
- Contract liabilities from contracts with customers	27(a)			(404,599)
- Contract liabilities from transfers for recognisable non financial assets	27(a)			0
- Rates paid in advance	27(b)			0
- Lease liabilities	27(c)			0
Total current liabilities at 1 July 2019				(404,599)

SHIRE OF WESTONIA
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FOR THE YEAR ENDED 30 JUNE 2020

25. 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	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	0.01%	1,446,618	0	1,446,618	0
Financial assets at amortised cost - term deposits	0.95%	2,795,172	2,795,172	0	0
2019					
Cash and cash equivalents	0.70%	2,913,735	0	2,913,735	0

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*

	2020 \$	2019 \$
	14,466	29,137

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 13(b).

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

25. 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 at higher than market rates, which further encourages payment.

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

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

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

The loss allowance as at 30 June 2020 for rates receivable was determined as follows and takes into account the waiver of penalty interest due to the impact of COVID-19.

	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	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	7,355	0	0	4,111	11,466
Loss allowance	0	0	0	0	0
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	0	0	4,111	0	4,111
Loss allowance	0	0	0	0	0

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%	68.00%	
Gross carrying amount	117,564	228	0	7,450	125,243
Loss allowance	0	0	0	5,114	5,114
30 June 2019					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	134,931	0	0	7,711	142,642
Loss allowance	0	0	0	0	0

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 13(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<u>2020</u>					
Payables	230,992	0	0	230,992	230,992
Borrowings	10,780	0	0	10,780	10,780
	241,772	0	0	241,772	241,772
<u>2019</u>					
Payables	152,875	0	0	152,875	152,875
Borrowings	79,084	10,839	0	89,923	81,788
	231,959	10,839	0	242,798	234,663

26. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

Apart from the Local Government (Financial Management) Regulation changes effective 6 November 2020 (disclosed in Note 28), There were no other events occurring after balance date that have a significant effect on the financial statements.

SHIRE OF WESTONIA
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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27. 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.

The adoption of AASB 15 does not have a material impact on the financial statements of the Shire.

(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 will result 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.

The adoption of AASB 1058 does not have a material impact on the financial statements of the Shire.

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

		2020 \$		2020 \$
	Note	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	23(a)	1,047,957	2,784	1,050,741
Operating grants, subsidies and contributions	2(a)	5,792,028	0	5,792,028
Fees and charges	2(a)	477,443	0	477,443
Non-operating grants, subsidies and contributions	2(a)	521,816	0	521,816
Net result		3,999,803	2,784	4,002,587
Statement of Financial Position				
Trade and other payables	12	230,995	(2,784)	228,211
Net assets		56,553,506	2,784	56,556,290
Statement of Changes in Equity				
Net result		3,999,803	2,784	4,002,587
Retained surplus		19,270,726	2,784	19,273,510

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 AASB 16 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.

The Shire has no Lease agreements requiring the recognition of right of use assets.

In applying AASB 16 for the first time, the Shire will use the following practical expedient permitted by the standard.

- The exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

SHIRE OF WESTONIA
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28. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

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

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 11.

There were no adjustments required to be made to the amounts recognised in the statement of financial position at the date of initial application (1 July 2019)

	Note	Carrying amount 30 June 2019 \$	Adjustments \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	8	11,844,064	0	11,844,064
Revaluation surplus	11	35,407,898	0	35,407,898

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.

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

There was no impact on the Shire's opening retained surplus due to the adoption of AASB 15 and AASB 1058 as at 1 July 2019.

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29. 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 WESTONIA
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30. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.	Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.
GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.	Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centre. Provision and maintenance of home and community care programs and youth services.
COMMUNITY AMENITIES To provide services required by the community.	Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.
RECREATION AND CULTURE To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.	Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.
TRANSPORT To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
ECONOMIC SERVICES To help promote the shire and its economic wellbeing.	Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.
OTHER PROPERTY AND SERVICES To monitor and control Shire's overheads operating accounts.	Private works operation, plant repair and operation costs and engineering operation costs.

SHIRE OF WESTONIA
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31. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	5.03	7.12	4.09
Asset consumption ratio	0.92	0.94	0.96
Asset renewal funding ratio	0.33	0.59	1.60
Asset sustainability ratio	3.15	0.76	0.97
Debt service cover ratio	66.61	20.02	13.13
Operating surplus ratio	2.15	0.23	(0.27)
Own source revenue coverage ratio	0.47	0.59	0.41

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 Westonia

Report on the Audit of the Financial Report

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

I draw attention to Notes 1 and 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 Asset Renewal Funding Ratio as reported in Note 31 of the annual financial report has been below the Department of Local Government, Sport and Cultural Industries' standard for the past two financial years.
- (ii) The following material matters 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. Our sampling identified 3 instances where total payments to suppliers during the financial year exceeded \$150,000 and the Shire did not invite public tenders for the supply of goods and services as required by section 11(1) of the Local Government (Functions and General) Regulations 1996. This increases the likelihood of not receiving value for money in procurement, and/or favouritism of suppliers.
 - b. For approximately 77% of purchase transactions we sampled, there was inadequate or no evidence that a sufficient number of quotations were obtained to test the market, and no documentation to explain why other quotes were not sought. This practice increases the likelihood of not receiving value for money in procurement and the risk of fraud or favouritism of suppliers.
 - c. For approximately 7% of purchase transactions we sampled, expenditure was not supported by an authorised purchase order.
 - d. We noted 17% of the purchase orders we sampled were dated after the dates of the corresponding supplier invoices. This practice increases the risk of fraud or favouritism of suppliers, not obtaining value for money in procurement, and inappropriate or unnecessary purchases.
 - e. Accounting journal entries were processed with no evidence of independent review and approval by a senior staff member. Accounting journals can represent significant adjustments to previously approved accounting transactions and should therefore be independently reviewed and approved with evidence of this review being retained.

- f. A review in relation to the appropriateness and effectiveness of the (local government)'s systems and procedures in relation to risk management, internal controls and legislative compliance was not completed at least once in every three financial years as required by Regulation 17 of the Local Government (Audit) Regulations 1996.

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

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Shire of Westonia 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.



VINCE TURCO
SENIOR DIRECTOR FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
18 December 2020