



# ANNUAL REPORT

2019/20 Financial Year





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# Waroona - Past, Present & Into The Future

Waroona has provided a home for generations, from the days when Indigenous Australians roamed the coastal areas in spring and summer, and the hills in autumn and winter.

Settlers began to arrive in the area in the late 1830's, although Drakesbrook (later to be known as Waroona) did not come into its own until the Pinjarra to Picton railway line was opened in 1893. The town catered to the needs of the mill workers with a post

office, general store, blacksmith, a number of hotels come boarding houses, churches, doctor and dentist. The farms supplied butter, fruit and vegetables for the men of the mills, and chaff for the horse teams that hauled the logs. As in many of the small towns of the time, dances, picnics and football formed the core of social life within the community and to this day Waroona still proves to be a successful sporting and extremely social community.

Today, agriculture, mining, manufacturing and tourism are important contributors to the local economy.

Waroona is an evolving district that services the diverse, social and economic needs of a growing community. The strong agricultural heritage will continue to guide any future district developments, particularly in Waroona and Hamel, and its enviable location on the Indian Ocean and including the Yalgorup National Park, will influence future considerations for Preston Beach and Lake Clifton.

The population is expected to grow over the next thirty years. With this growth comes challenges, but smart planning and a focus on broadening the economic base will open up significant opportunities for tourism, commercial investment, employment and education.

The long term vision for Waroona is to create a district distinctive by its creativity, liveliness, activity and vibrancy, attracting new investment, seizing opportunities to develop and expand its business sector, and encouraging innovation and collaboration, while providing an enticing array of lifestyle attractions.

The Shire of Waroona is excited about its future.

*“The Shire of Waroona stretches from sea to scarp between the Indian Ocean and the Darling Scarp, featuring pristine beaches, coastal lakes, fertile farmlands and peaceful jarrah forests. Covering a total area of 835 km<sup>2</sup>, the Shire includes the localities of Waroona, Hamel, Lake Clifton and Preston Beach*

*”*

# Shire President's Message

I am delighted and honoured to present our annual report this year. With the significant disruptions and unprecedented issues we have all faced, I am proud of our Council's endeavour and management to not only deal with unforeseen challenges, but to push positivity and efficiencies in times of adversity.

The past year, Council has embarked on more community consultation and investigation than perhaps any other period in its history. By engaging in genuine dialogue with a broad range of our residents we have mapped out a vision to support and reinforce the areas we need to focus on in our communities across our Shire. Focus areas including tourism, recreation, business retention and enhancement and economic development were key issues continually raised during consultation. I thank everyone that gave input into the direction we needed and for the support you gave in a constructive and collaborative manner.

Our relationship with the Shire of Murray has been based on trust and goodwill. They have given our council valuable support since the inception of our Resource Sharing Agreement and the benefits both financially and professionally have placed our Council on a sound footing for the future. We have continued to explore more areas of efficiencies in this arrangement with Murray and will continue to do so. Councils have put in place a five year agreement to continue to deliver better outcomes for our communities.

Over this reporting period we saw the retirement of Councillors Craig Wright and John Salerian. Both Councillors had served our community very well and their positions were taken up by equally valuable contributors in Mrs Karen Odorisio and Mr Vince Vitale. These Councillors have already displayed mature judgement and have complimented our strong community focussed council very well. To Deputy President Cr Naomi Purcell, Cr Laurie Snell, Cr Noel Dew, Cr John Mason and Cr Larry Scott, can I sincerely thank you for your commitment to our Shire and for the time and energy you all contribute in helping shape our community.

To our very capable and hard working CEO, Mr Dean Unsworth, you have been instrumental in guiding direction with your significant experience and vision. Your oversight and management of two councils in the agreement we share is a daunting position and the journey council has taken in the past year has been particularly busy. Thank you for your energy and engagement.

On this note I must compliment our Directors, Managers and administration staff on always remaining professional and serving our ratepayers and residents on any matters they may have with our Local Government. While council is looked upon for direction and strategy, it also has a duty to deal with legislative requirements which can sometimes be frustrating and seemingly difficult to navigate. Council has a huge array of different aspects to deal with in its governance to

the community and it is with a sense of pride that our capable and courteous staff always uphold respect when dealing with our residents.

Our Shire is starting to experience significant enquiry regarding areas of horticulture, renewable energy and other agricultural based industry. Our council has advocated to all tiers of government on the significance of sourcing water as this is this basis for many avenues of growth. We need to help foster sustainable growth in jobs for our regions as we need to gradually grow our rate base to support our businesses. We have a significant position in the state in terms of locality. In order for council to capitalise on some of these opportunities, we need to have the resources and capabilities in place to deal with these circumstances when they arise.

The very fundamental problem facing many Local Governments is that we are required to offer more support and services to our Shires and communities while experiencing declining revenue streams. This is paralleled by being constantly scrutinised and monitored by a barrage of standards we must comply with. The cost to council in officer time for the sake of compliance is significant but important to demonstrate that our council is functioning in an ethical and financial framework. The grant process for projects has become extremely competitive and arduous but particularly important if council is to drive some of the identified projects we want to deliver. We take advantage to advocate at

any opportunity we can for our community and will strongly continue to do so. Please enjoy reading this report and I thank all our council and the broader community for the support you give me in my role.

**Cr Mike Walmsley**  
**Shire President**



# Chief Executive Officer's Message

It is a privilege to present to Councillors and the community our 2019-2020 Annual Report.

At the start of the financial year, no one expected the great change and challenges the world and our own communities would face. The spread of Covid-19 brought the world to a shuddering halt almost overnight. When this pandemic hit Western Australia we had to plan fast to protect staff and our community. Things were changing daily and sometimes hourly responding to this pandemic. Parks, playgrounds, public toilets, libraries, sports facilities and the Shire offices were all closed almost immediately. However, through the great commitment of the Shire staff, we as an organisation were able to meet those challenges by having a majority of staff working from home and some were asked to take leave.

Some of the highlights throughout the year included:

In September 2019, both the Shires of Waroona and Waroona Murray further developed our successful resource sharing arrangement by sharing the CEO with the retirement of the Waroona CEO, Ian Curley. This has generated further efficiencies and also fostered a more strategic approach, in particular project and economic development where now, both Councils are often one voice towards developing business cases for 'big-ticket' items that are needed to ensure our economic future.

Also in September, the Preston Beach Foreshore Management Plan commenced with the creation of a Steering Committee.

In October, we saw the re-election of Councillors John Mason and Laurie Snell, and welcomed new Councillors Karen Odorisio and Vince Vitale all for four-year terms. Cr Michael Walmsley was re-elected as Shire President, and Cr Naomi Purcell was elected as Deputy Shire President. Council farewelled long serving former Council John Salerian.

Also in October, Council embarked on an ambition ten-year Strategic Community Plan "Waroona 2030" as the blueprint to a bright future.

Extensive consultation was conducted reaching over 400 community members across the Shire of Waroona. Consultation included a district wide survey, coffee conversations with 18 community groups and key stakeholders, a facilitated workshop with local businesses, a workshop with Councillors and key staff members, and five community workshops. Across these five workshops, approximately 1,000 ideas were contributed and 280 were noted as being important to a community member in some way. As part of these workshops, the Councils new Vision "The Shire of Waroona will create a sense of place and identity, embracing creativity, our natural environment and a strong and diverse economy. This Plan was formally adopted in July 2020.

In November, 52 business people attended the keynote speech and workshop by internationally renowned expert Barry Urquhart. This workshop also helped inform the Waroona 2030 Plan.

In December, Council called for nominations to form the Waroona Town Centre Task Force to guide and inform the new Waroona Town Centre Revitalisation Strategy. Eighteen interested residents were appointed to this group which will continue to work towards the Strategy that is due for completion in December 2020.

Also in December, the Shire joined the Shires of Murray and Harvey in presenting to State Cabinet where we had a unique opportunity to present our projects to the Premier and all Cabinet members.

In February, Council awarded the tender to construct the Waroona Weest Fire Brigade facility to Moore Constructions. Work also commenced on the Agricultural Seasonal Workers Accommodation Feasibility Study, Council adopted a very local-friendly Regional Price Preference that provides local businesses a competitive advantage in terms of Shire purchases and tenders, and Council secured the shared CEO arrangement with the Shire of Murray with a new five-year agreement.

In March 2020 we saw community spread of Covid-19, which was

mentioned earlier. As well as the community health concern, we also had significant concern about the viability of our businesses. Through decisive action from our Council in April, a business rescue package was developed that included rates holidays for those businesses significantly affected, a waiver of 6 months to lessees of Shire buildings, a waiver of all statutory planning and development fees and a zero rate increase for the 2020/21 financial year.

It felt like the next three months was a purely reactive time dealing with the ever changing world and ever changing directives from the relevant State and Commonwealth agencies. We focused heavily in supporting our residents and our businesses. However from this adversity, it brought a number of local businesses together who in turn formed a collective called 'Made in Murray'. This collective is still working together and by working together, there are strong business linkages forming.

There are numerous people to thank. Our outstanding Directors and their teams, and Councillors have been there front and centre to help when it was needed. This collective approach was critical in the Shire managing our way through the pandemic.

In May new life was put into the Old Lake Clifton Fire Shed with funds provided to the Lake Clifton Action Group to sue this building as a youth facility, and a consultant was appointed

to develop the Waroona Town Centre Revitalisation Strategy.

In June Council considered the first draft of the Drakesbrook Weir Development Concept Plan with help from the newly formed Friends of the Weir advisory Group, and considered the first draft of the Preston Beach Boardwalk Concept Plan. This will be finalised after further consideration on future maintenance costs for the structure.

Thank you to the staff and community for a very warm welcome since I commenced in the role in September 2019. I must also thank my Shire President, Mike Walmsley who has always been very supportive and provided sound advice and guidance. The relationship between the CEO, Shire President, Councillors and staff is critical to success, and fortunately the relationship between all is very healthy. Finally, I must thank our Chief Bush Fire Control Officer, John Twaddle and all of his volunteers whom we rely on so very much.

I believe the challenging year we faced has made us stronger, more resilient and more creative. Those things will lead us to a wonderful future in the Shire of Waroona.

**Dean Unsworth**  
**Chief Executive Officer**







# About the Annual Report

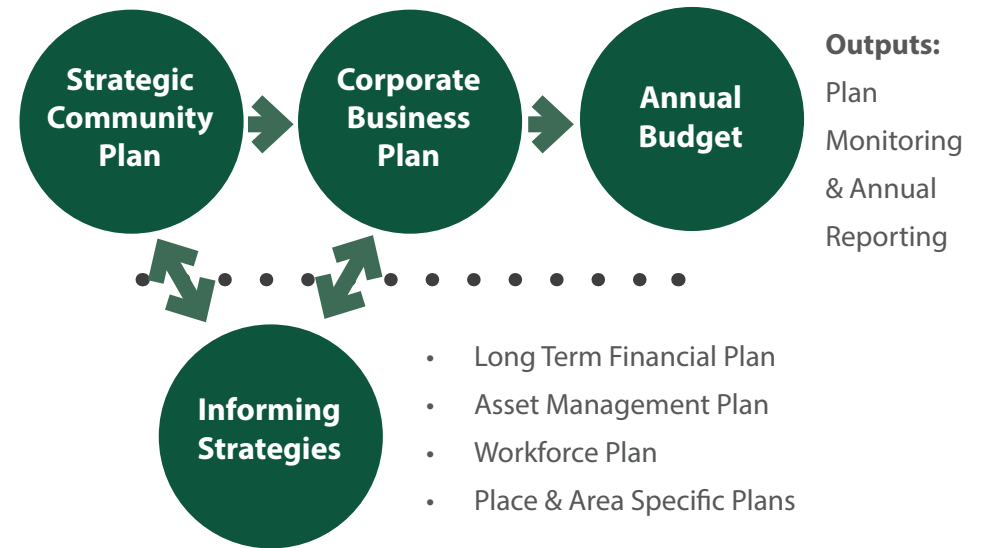
The Annual Report is the final component of the Shire's Integrated Planning & Reporting Framework, and is a mechanism of communicating with the community and key stakeholders in a transparent and accountable way.

## Integrated Planning & Reporting Framework

<b>Strategic Community Plan</b>	Community vision, strategic direction, long and medium term priorities and resourcing implications with a horizon of 10 years.
<b>Corporate Business Plan</b>	Four-year delivery program, aligned to the Strategic Community Plan and accompanied by four-year financial projections.
<b>Annual Budget</b>	Financial plan for current year.
<b>Informing Strategies</b>	
Long Term Financial Plan	10-year financial plan.
Asset Management Plan	Approach to managing assets to deliver chosen service levels.
Workforce Plan	Shaping the workforce to deliver organisational objectives now and in the future.
Place and Area Specific Plans	Any other informing strategies.

## Community Engagement

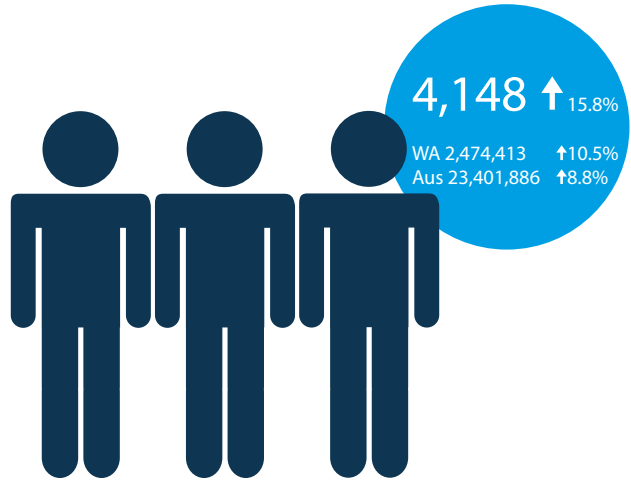
## Measurement & Reporting



### Elements of Integrated Planning & Reporting Framework

(Sourced from Department of Local Government, Sport & Cultural Industries)

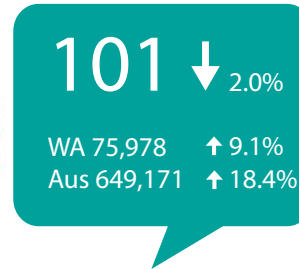
# Our Shire



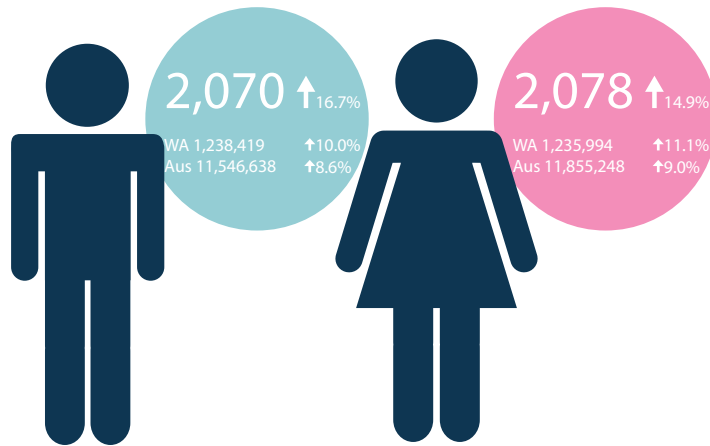
Estimated Population



Indigenous Population



Local businesses

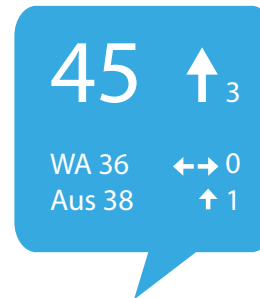


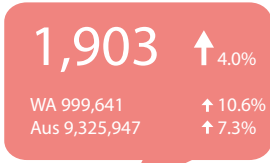
Male Population

Female Population

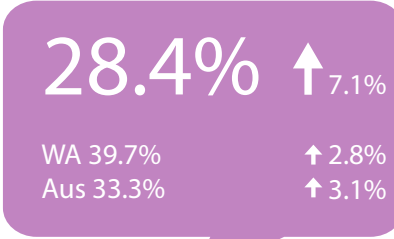


Median Age





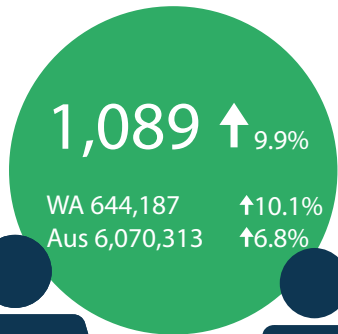
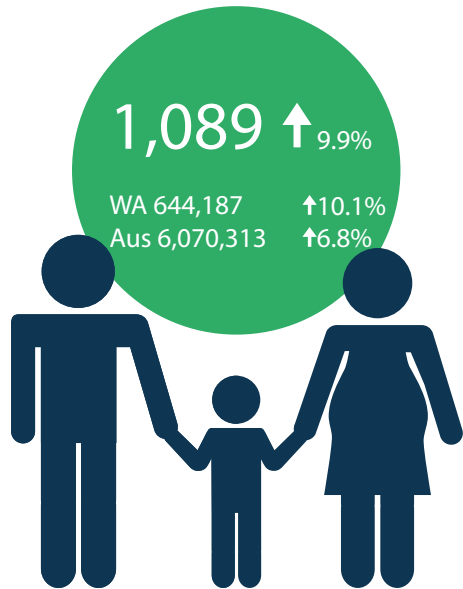
Private Dwellings



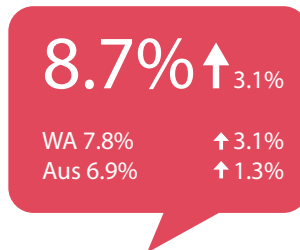
Overseas Born



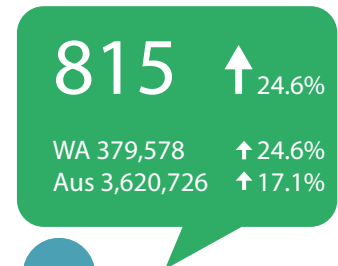
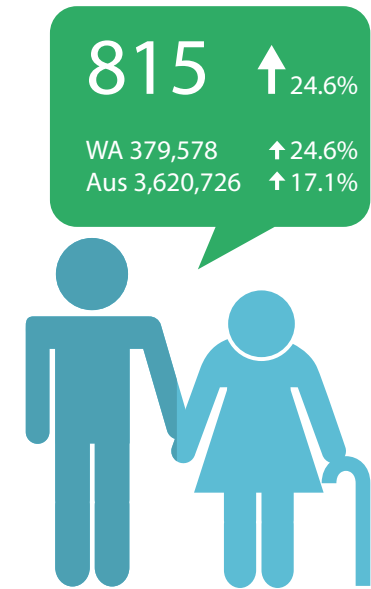
Median House Income



Families



Unemployment Rate



Volunteers

# Our Council



Cr Mike Walmsley  
Shire President



Cr Naomi Purcell  
Deputy Shire President



Cr Noel Dew



Cr John Mason



Cr Karen Odorisio



Cr Larry Scott



Cr Laurie Snell



Cr Vince Vitale

Councillor	Committee Meetings	Council Meetings	Meetings Attended
Cr Mike Walmsley	10	15	25
Cr Naomi Purcell	9	15	23
Cr Noel Dew	8	15	19
Cr John Mason	4	15	13
Cr Karen Odorisio*	2	11	12
Cr John Salerian JP	1	4	5
Cr Larry Scott	5	15	17
Cr Laurie Snell	7	15	20
Cr Vince Vitale*	4	11	15
Cr Craig Wright**	3	4	4

\* Terms of office commenced in October 2019

\*\*Terms of office for Councillors John Salerian JP and Craig Wright ended in October 2019

## Roles & Responsibilities

### Council

In fulfilling its role, Council sets the Shire of Waroona's strategic direction, oversees the Shire's finance and resources, determines its policies, and ensures that the Council's statutory and community responsibilities are performed effectively and efficiently. The Waroona Shire Council meets on the fourth Tuesday of each month in the Council Chambers, with all meetings open to the public. All meetings of Council and its committees are conducted in accordance with the Local Government Act. Meeting times and dates are published on Council's website..

### President

The *Local Government Act 1995* states that the role of the President is to:

- Preside at meetings in accordance with the Act;
- Provide leadership and guidance to the community in the district;
- Carry out civic / ceremonial duties on behalf of the local government;
- Speak on behalf of the local government;
- Perform such other functions as are given to the Mayor or President

- by the Act or any other written law; and
- Liaise with the CEO on the local government's affairs and the performance of its functions.

## **Councillors**

The *Local Government Act 1995* states that the role of a Councillor is to:

- Represent the interest of electors, ratepayers and residents of the district;
- Provide leadership and guidance to the community in the district;
- Facilitate communication between the community and the Council;
- Participate in the local government's decision making processes at Council and Committee meetings; and
- Perform such other functions as are given to a Councillor by the Local Government Act or any other written law.

## **Councillors**

To assist Council in performing its role, the Shire has a number of statutory and advisory committees. Because Council is responsible for such a large number and broad range of activities and functions, committees play an important role in focusing attention and expertise in specific areas.

There are a number of different types of committees, each of which serves a particular purpose. There are also committees that make recommendations to Council on specific matters or projects. Councillors are also members of a number of external committees (statutory or otherwise) that assist other authorities and groups in performing their functions. To clarify the role and scope of each committee, there are usually a Terms of Reference in place to determine the committee's membership, responsibilities, extent of decision making and reporting requirements.

## **Committees**

### **CEO Resource Sharing Committee**

Cr Walmsley, Cr Purcell, Cr Snell + 3 Shire of Murray Councillors

### **Finance & Audit Committee**

All Councillors

### **Recreation Advisory Committee**

Cr Purcell, Cr Odorisio, Cr Scott, Cr Vitale, Chris Germain, Trish Morris, Steve Platell

### **Small Grants & Awards Committee**

Cr Purcell, Cr Snell, Cr Vitale

**Waroona Visitor Centre Working Group**

Cr Purcell, Cr Odorisio, Cr Snell

## Representatives

**Bush Fire Advisory Committee** - Cr Dew

**Local Emergency Management Committee** - Cr Walmsley

**Preston Beach Progress Association** - Cr Dew

**Lake Clifton Herron Residents Association** - Cr Snell

**Wagerup Community Consultative Network** - Cr Odorisio, Cr Vitale

**WALGA Peel Zone** - Cr Walmsley, Cr Purcell

**South West Regional Road Group** - Cr Mason (Cr Walmsley proxy)

**Coastswap** - Cr Dew + Town Planner

**Mid-West/Wheatbelt Joint Development Assessment Panel** - Cr

Walmsley, Cr Purcell (Cr Dew & Cr Scott as alternate delegates)

**Waroona Interagency Committee** - Cr Purcell

**Harvey River Task Force** - Cr Snell

**Alcoa Waroona Sustainability Fund** - Cr Walmsley, Cr Purcell

**Coolup Land Conservation District Committee** - Cr Snell

**Peel Mosquito Management Group** - Cr Snell

**Waroona Historical Society** - Cr Odorisio

**Long Term Residue Management Committee** - Cr Walmsley

**Peel Trails Group** - Cr Odorisio

**Peron Naturaliste Partnership** - Cr Walmsley (Cr Dew proxy)

**Alcoa Wagerup Environmental Improvement Plan Stakeholder**

**Reference Group** - Director Planning & Economic Development

**Willowdale Mine Environmental Improvement Plan Stakeholder**

**Reference Group** - Director Planning & Economic Development

**Peel Biosecurity Group** - Cr Snell



# Our Staff



**Dean Unsworth**  
**Chief Executive Officer**

- Leadership & Organisational Strategy
- Elected Member Liaison
- Staff Management
- Communications & Marketing
- Partnership Management
- Emergency Management



**Ashleigh Nuttall**  
**Director Corporate Services**

- Governance
- Finance
- Human Resources
- Record Keeping
- Customer Service
- IT
- Library Services
- Ranger Services
- Licensing Services



**Leonard Long**  
**Director Planning & Economic Development**

- Town Planning
- Building
- Health
- Economic Development
- Recreation
- Place & Community



**Patrick Steinbacher**  
**Director Infrastructure Services**

- Technical Services
- Infrastructure Services
- Operations
- Parks & Gardens
- Waste Services
- Environmental Services

# Vision, Mission & Values

## Vision

The Shire of Waroona will create a sense of place and identity, embracing creativity, our natural environment and a strong and diverse economy.

## Mission

We will be an organisation with a can-do attitude that strives for service excellence, continued improvement and a commitment to outcomes.

## Values

Our values are A REALITY

- Accountable
- Respect
- Excellence
- Accessible
- Leadership
- Innovative
- Transparent
- Yours





SUNCORP  
SUPER  
NETBALL

DKNY

# Five Year Key Summary of Statistics

Statistic	2015/16	2016/17	2017/18	2018/19	2019/20
Operating Revenue	\$7,651,194	\$8,411,511	\$7,854,670	\$8,159,461	\$8,375,653
Operating Expenditure	\$11,026,802	\$10,468,288	\$10,957,304	\$10,420,833	\$10,581,587
Operating Grants, Contributions & Subsidies	\$2,044,031	\$2,383,260	\$1,492,570	\$1,638,205	\$1,731,108
Fees & Charges Revenue	\$1,288,418	\$1,447,516	\$1,481,077	\$1,433,532	\$1,418,316
Capital Grants Revenue	\$1,361,092	\$2,465,918	\$1,809,331	\$2,026,290	\$2,543,710
Capital Expenditure	\$2,443,726	\$2,609,765	\$2,492,559	\$3,522,894	\$3,546,855
Asset Valuation	\$126,982,138	\$130,732,461	\$129,949,168	\$129,749,817	\$129,672,983
Total Net Assets	\$127,747,422	\$133,018,290	\$132,134,387	\$134,247,914	\$134,599,888
Reserve Balance	\$1,647,516	\$2,508,330	\$2,317,381	\$2,397,934	\$2,446,605
Number of Rateable Properties	2,707	2,713	2,715	2,726	2,738
Minimum General Rate	\$940	\$1,010	\$1,065	\$1,115	\$1,145

<b>Statistic</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
Rates Levied	\$4,105,583	\$4,405,008	\$4,688,601	\$4,888,697	\$5,063,342
Planning Applications Received	108	103	74	53	64
Planning Applications Determined	117	101	67	55	47
Building Applications Received	164	109	119	115	98
Building Applications Determined	159	101	120	114	98
Library Items Loaned	10,272	10,054	14,518	12,343	13,608
Local Stock Resources	9,339	9,336	9,583	8,677	8,599

# Focus Areas & Aspirations to 2028

## Local Economy

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Managing our future growth.

## Environment

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Conserving our unique environment.

## Land Use

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Responsible land use planning, and protecting rural land.



## **Society / Community Wellbeing**

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**A strong sense of  
community addressing  
social issues and effective  
community wellbeing.**

## **Asset Management & Financial Sustainability**

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**Provision of functional  
assets to support services,  
involving built/acquired  
assets and infrastructure;  
financial proficiency and  
sustainability.**

## **Good Governance**

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**Active and responsible civic  
leadership and excellence  
in management.**



# Local Economy

*“Managing our future growth”*

## Local Business Support

The Shire maintains its status as a Small Business Friendly Local Government (SBFLG) committing to working and supporting small businesses operators based in the region. Support was demonstrated during the 2019–2020 financial year through the following initiatives:

- Hosting the annual Business After Hours event
- Promoting the Regional Alcoa Small Business Awards
- Adhering to local purchasing policies and procurement
- Advertising COVID-19 revised business models and operating hours through Waroona Collective on Facebook
- Working in partnership with business advocates such as Peel Chamber of Commerce and Industry
- Sharing grant funding and business development opportunities
- Factfinding tour carried out to gain insight to improve economic outcomes in town centre
- Providing local economic stimulus through Angels of Art with business eligible to apply

## Coronation/Peppermint Grove Roads

Once again significant works were carried out on the Shire’s most important east-west route to continue the strategy that has been place for some years now to bring this route up to modern standards and address deficiencies that are anachronistic when viewed against the current traffic this route carries. As the Shire and its region grows, more and more traffic will use this route and its connecting network and bringing it up to an improved standard is a priority.

## Johnston Road Mining Leases

The State Government via the Department of Mines, Industry Regulation and Safety is currently looking at releasing further sand mining leases on the western end of Johnston Road to provide a strategic building sand supply to Perth, Bunbury and surrounding regions as they continue to grow and require sand for road construction, housing and other projects. Although not driven by the Shire and addressing growth outside our boundaries for the most part, the leases will have an impact on a small section of the Shire’s local road network. We are working with DMIRS and Main Roads WA to manage this situation and ensure that the Shire is not left to carry the cost of the necessary road upgrades.

## Local Purchasing

The Shire strives to buy local and sources goods, materials and services from businesses based within the Shire of Waroona boundaries. This includes stationery, catering, road building material – gravel and limestone, parks and gardens maintenance, mechanical services and parts, hardware supplies, specialised earthmoving and construction services, electrical services, glass repairs, and plumbing services.

## Waroona Revitalisation Strategy

The Shire established the Town Centre Taskforce, comprising of local community members and business representatives. This group reviewed the Town Centre Masterplan and will ensure that future town centre developments align with strategic objectives / community expectations. The goal is to develop the town's liveliness for current residents and visitors, and attract investment by future residents, visitors and industry.

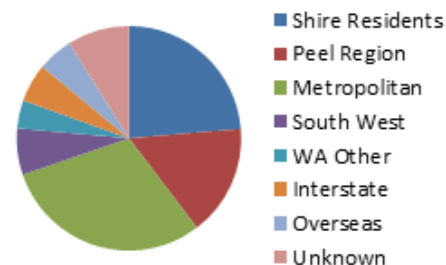
## Visitor Centre

The Visitor Centre has 3 main functions - visitor servicing and information, area promotion, and art and craft gallery.

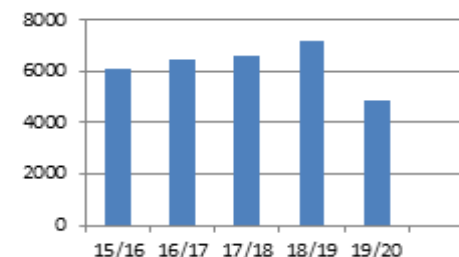
## Visitor Servicing & Information

Visitor statistics and sales were very much affected by COVID-19 due to the Centre's closure for 3 months. Despite this, over 4,600 visitors were welcomed, and over 300 visitor related telephone, email and social media enquiries were attended to. The visitor demographic is led by metropolitan travellers followed by local residents.

### Visitor Demographic



### Annual Visitors/Enquiries



Around 200 different brochures, flyers and maps are available free to assist visitors and residents and each year thousands are handed out. The range includes local, regional and Western Australian tourism services; local business, community and interest groups, events and history; and activities such as bushwalking and fishing. Visitors arriving outside normal operating hours take over 1,250 brochures and maps from the after-hours information stand annually.

## Area Promotion

A range of promotional initiatives and opportunities provided local, regional and state-wide exposure for the Centre and the Shire. Annual, regular and one-off advertisements, editorial and articles appear in various print media. Street art such as yarn bombing and Mooriel, Visitor Centre events and fundraising initiatives also provide links and diverse media opportunities.

## Art & Craft Gallery

Waroona Visitor Centre maintains a quality gallery creating interesting and attractive displays with a focus on local produce, art and craft. This function provides a sales outlet for around 40 local and regional contributors with stock including artworks, craft items, fine woodwork, sculptures, preserves, textiles, soap, ceramics and cards. During 2019/20, 59% of sales were for items by artists and makers.

## Sea to ART 2019

The official opening was attended by 100 guests including the exhibitors, Shire representatives, local politicians, local business owners and community members. Over 500 visitors enjoyed the exhibition. Sales were strong with 45 pieces selling during and post-exhibition to a total value of \$6,800.





# Environment

*“Conserving our unique environment”*

## Environmental Awareness & Conservation

The Shire continues to build partnerships with various bodies involved in environment and conservation to help preserve and enhance the various unique environmental sites of the Shire. Initiatives included a tree planting day with Waroona District High School Bush Rangers in September and a series of Bees Wax Wraps workshops in Waroona and Preston Beach in June.

Fish stocks were replenished at Drakesbrook Weir and inland fishing promoted through the annual Troutfest event held in October. The event attracted around 300 people with thousands of trout released to maintain fish stocks throughout the year.

Unfortunately, the Clean-up Peel Waterways initiative planned for April was cancelled due to COVID-19.

## Buller Road Waste Transfer Station

We continued this year to work towards various improvements to the Buller Road Waste Facility. While fewer physical changes took place this year following the major works around the access that took

place last year, the behind the scenes work such as design and seeking of approvals continued. This is a multi-year staged project that will ultimately see the construction of infrastructure and the implementation of strategies to improve the way we do business on the site with improvements to user safety, and increases in efficiency that will lead to greater diversion of recyclable materials away from the landfill.

## Buller Road Waste Facility Groundwater Monitoring

In 2018 the Shire commissioned a detailed site investigation to be carried out at the Buller Road Waste Facility to assist in the determination of the risk that the site posed to the surrounding environment. This investigation allowed a greater understanding of the issues surrounding the facility and how they might be impacting the environment and recommended some outcomes that we have been working towards in 2019/20. These outcomes included the installation of additional monitoring bores and changing the way the landfill site is being filled so that waterproof capping of the landfill can commence sooner than previously planned.

The capping will prevent rainfall entering the landfill cell and in turn lessen the impact that the site is having on the environment.

## Recycling Services

The Shire of Waroona provides the following recycling services to the local community:

- Kerbside co-mingled recycling 240L bin pick-up once a fortnight;
- Cardboard recycling drop-off at the Buller Road Refuse Disposal Site; and
- Ink Cartridge, Battery and Mobile Phone recycling drop-off at the Shire Administration Office and Waroona Community Resource Centre.

## Preston Beach Foreshore Management Plan

This year the Shire commenced the review of the Preston Beach Foreshore Management Plan (last reviewed in February 2002), with assistance from a steering group comprised of local community members. The objective of the Preston Beach Foreshore Management Plan is to provide direction to the Shire, developers and community groups for the management, protection and preservation of the Preston Beach foreshore. The plan is anticipated to be completed in 2020.

## Preston Beach Boardwalk

The Shire has commissioned the preparation of an elevated boardwalk providing beach access from the Preston Beach carpark. The Boardwalk will be designed to be accessible by all and takes into consideration the natural environment.

## Peel Trails Strategy

The Shire continues as a member of the Peel Trails Group to further its understanding of current and future trails projects in the Peel region.



# Land Use

## Land Development

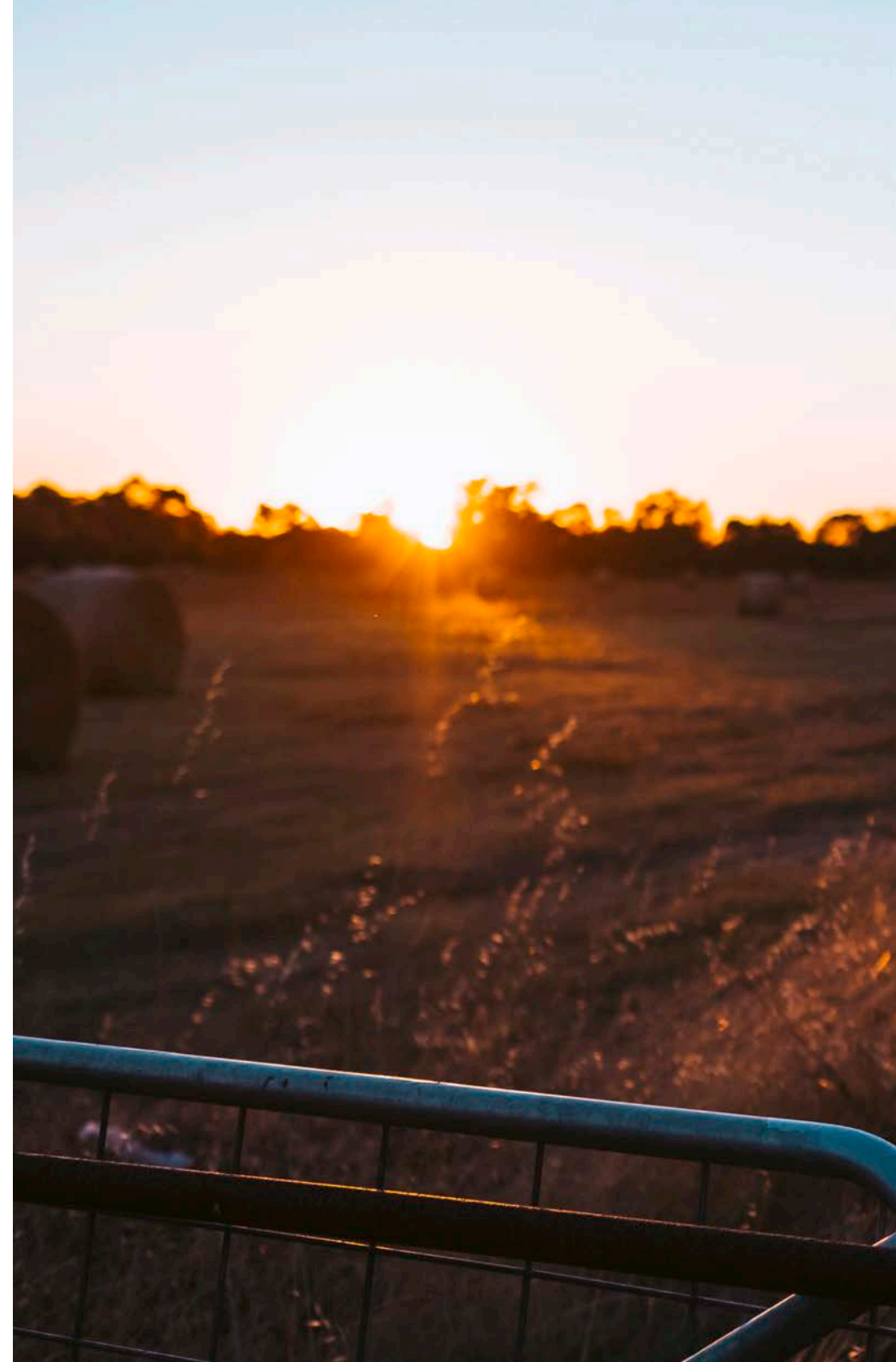
The Shire continues to work with developers to ensure the provision of serviced land within the shire. This year the Shire recommended approval of an additional 5 lots which varied from road creation to additional residential lots.

## Local Planning Policies

The addressing of the day to day operational issues of the Local Planning Policies forms part of the Shire's ongoing improvement of its local planning framework. The regular review of Local Planning Policies plays an important role in ensuring that all policies are up to date with current legislation, best practice and are achieving their relevant objectives.

## Town Planning Scheme Amendments

The Shire dealt with 2 scheme amendments, of which 1 has been gazetted. Each scheme amendment takes into consideration the potential impact it would have on the environment.





# Society / Community Wellbeing

## Place Activation

A series of place initiatives were rolled out to bring people together and strengthen connection to place through art and activation. Initiatives included Movies in the Park held at locations across the Shire.

Public space was activated through park pops with free yoga, drumming and meditation available. Creative workshops were held in public buildings, providing opportunity to learn new things and socialise.

The Angels of Art program provided an economic boost to local artists and business following Covid-19, bring colour and vibrancy to the town centre.

## Community Safety

There were some great community safety initiatives rolled out this year including the purchase and launch of Speed Warning Display Signs to reduce speed on problematic roads across the Shire. New CCTV was installed at the Preston Beach car park to increase security at the 24 hour recreational vehicle site and deter criminal activity. The shared resource agreement with the Shire of Murray also saw the deployment of solar powered, mobile CCTV to Lake Clifton in response to increased crime.

## Arts & Culture

Aboriginal heritage and culture was recognised and celebrated during NAIDOC week through a vibrant showcase of craft activities, health promotion, native food, dance and music on at the Waroona Memorial Hall.

## Seniors Week

Seniors were treated to a Sea to Scarp bus tour with lunch and afternoon tea as part of Seniors Week celebrations, visiting local attractions such as the thrombolites, Waroona Dam and Drakesbrook fine wines. Attendees also enjoyed some poetry dedicated to our seniors by Mr John Mason. Other activities to support Seniors included the RSL 100 year anniversary, the launch of the dementia friendly Memory Café and creative workshops held at public venues.

## Youth Activities

Young people were well supported throughout the year through partnered events with the Waroona DHS as well as YAC and Leos Club activities. Activities facilitated this year included RUOK Day, the Youth Expo, Children's Week Celebrations, Side Effect Road Show and Drumming sessions.

*“Maintain strong sense of community and effective community wellbeing”*





## Preston Beach Community Centre

The Preston Beach Community Centre was officially opened on Friday 6 September at a joint ribbon cutting ceremony by Cr Noel Dew, Mrs Robyn Clarke MLA, and Preston Beach Progress Association president, Judy Carroll. The event was well attended by nearly 100 people on what was a beautiful spring day.

The Shire also funded the Preston Beach community mural which was set to be painted in April but was delayed due to COVID-19.

## Interagency

The Waroona Interagency continues to attract over thirty community service and support agencies and has now moved to Memorial Hall to ensure safety of attendees under social distancing requirements.

The Shire has also stepped into a new role with the management of Emergency Relief funding for the area, hosting regular meetings with welfare support agencies and managing foodbank stocks and deliveries.

The new collaboration has allowed for improved communication and a streamlined approach to crisis care and emergency response.

## Volunteers

The Shire supports all local volunteers, whether they be individuals, in community organisations or part of sporting clubs. Volunteers and community organisations have access to assistance including the club development manual, training and skills development, grant assistance, marketing and promotion and general advice.

## Youth Activities

Young people were well supported throughout the year through partnered events with the Waroona High School as well as YAC and Leo activities. Activities facilitated this year included R U Ok Day, the Youth Expo, Children's Week Celebrations, Side Effect Road Show and Drumming sessions. Unfortunately, the annual Youth event was cancelled in 2020 due to COVID-19 social distancing restrictions.

## Citizenships

The Shire welcomed ??? new citizens with 4 ceremonies conducted at the Australia Day breakfast.

## Australia Day Awards

The Shire presented the 2020 Australia Day Awards at this year's Australia Day Breakfast. The recipients were as follows:

### ***Shire of Waroona Meritorious Community Service Award - Under 25 Years***

Liam Hannah

### ***Shire of Waroona Meritorious Community Service Award - 25 Years and Over***

Anne Gardiner and Shane Della Franca

### ***Australia Day Council of WA Citizen of the Year - Youth***

Mackenzie Walmsley

### ***Australia Day Council of WA Citizen of the Year***

Annette Mason

### ***Australia Day Council of WA Award for Active Citizenship (Group/Event)***

Waroona Hamel RSL

## Alcoa Waroona Sustainability Fund

The Alcoa Waroona Sustainability Fund provides financial assistance to facilities and projects with enduring value for the communities surrounding the Wagerup Refinery. Funds are allocated to community organisations, initiatives, processes and activities that contribute to the Waroona shire. Applications can be for a broad range of community development projects both large and small that make a positive contribution to the economic, social, recreational or environmental sustainability of the communities within the shire.

Seven applications were submitted for this year's grant round. The successful applicants that received a share of the total allocated amount of \$100,192 were:

- Lake Clifton Herron Residents Association - \$32,692 towards the historic Lake Clifton Lime Kiln Day Use Area Phase 2 Walk Track
- Lions Club of Waroona - \$7,500 towards the Tractor Train Project
- Preston Beach Golf Club - \$40,000 towards the Green Links 2 project
- Waroona Community Men's Shed - \$20,000 towards the purchase and installation of a dust extractor

## Community Development Grants

Each year funding of up to \$800 is available for local community organisations to assist with projects and activities that enhance the community in line with community development principles, and the Strategic Community Plan. Nine applications were submitted for this year's grant round with the successful applicants sharing \$4,637.10. The successful applicants were Preston Beach Progress Association, Waroona Agricultural Society, Waroona Bowling & Social Club, Waroona Historical Society, Waroona Junior Netball and Waroona Karate Club.

## KidSport

The Shire continued the implementation of the KidSport Program managed by Department of Local Government, Sport and Cultural Industries. KidSport enables eligible children aged 5-18 years to participate in community sporting and recreation activities by offering financial assistance of \$150 per year towards their club fees. This year, the Shire processed 24 applications to a total value of \$2,125.00. Since the inception of the program in 2012, 878 applications have been processed to a total amount of \$99,850.20, enabling 409 children to participate in sport and recreation in the shire.



## Library

The Library continues to be popular and well used with new members every month. We currently have over 600 active members in our exchange program and Book Budget, and over 9,000 items on our shelves. Our Holds system within the South West Consortia is continuing to be very popular, assisting our readers and students to access hard to get items.

The Charity Knitting circle is still going strong with new members continuing to join each year. Book Club continues every month with a total of 12 members. Socialisation at the Library held two popular events with lots of interest. Private Tutoring continues weekly. Australia wide Simultaneous Story Time was held featuring “Whitney and Britney Chicken Divas”, read by a beloved Nanna Bambi. We are still providing our babies, kindy and pre-primary aged children from the playgroup and both local schools with our Better Beginnings Bags.

## Recreation & Aquatic Centre

The Waroona Recreation & Aquatic Centre continues to provide an outstanding service to the community by facilitating a number of activities including badminton, basketball, group fitness, gym, netball,

squash, swimming, tennis, and volleyball. Overall, the usage of the Centre has increased with 169 gym memberships, 147 group fitness memberships and 146 swimming memberships. This was largely due to our post COVID closure challenge that attracted 106 sign ups.

Four key events held this year were Raise It @ The WRAC (to support the CanTeen bike riding fundraisers), the Halloween Party (in celebration of WA Children’s Week), the pre Australia Day pool party and the Indigenous Basketball Carnival. Given the success of all of these events, the Shire will consider holding them annually.

## Drakesbrook Weir Masterplan

The Shire commenced the development of a master plan for the redevelopment of the Drakesbrook Weir. The proposed development will include the ‘noisy scrub bird conservation area, extension to the existing pathways, formalising of the fishing area, additional recreation areas along the northern shoreline, and a nature based play area.

## Maintenance of Recreation Areas

The Parks and Gardens crew, although only small in number, achieve an incredible level of service throughout the Shire via

their diligence, knowledge and work ethic. Their attention to detail shows through in the appearance of the various recreation areas which add to the value of our community by offering safe, clean areas to visit for recreation and relaxation.

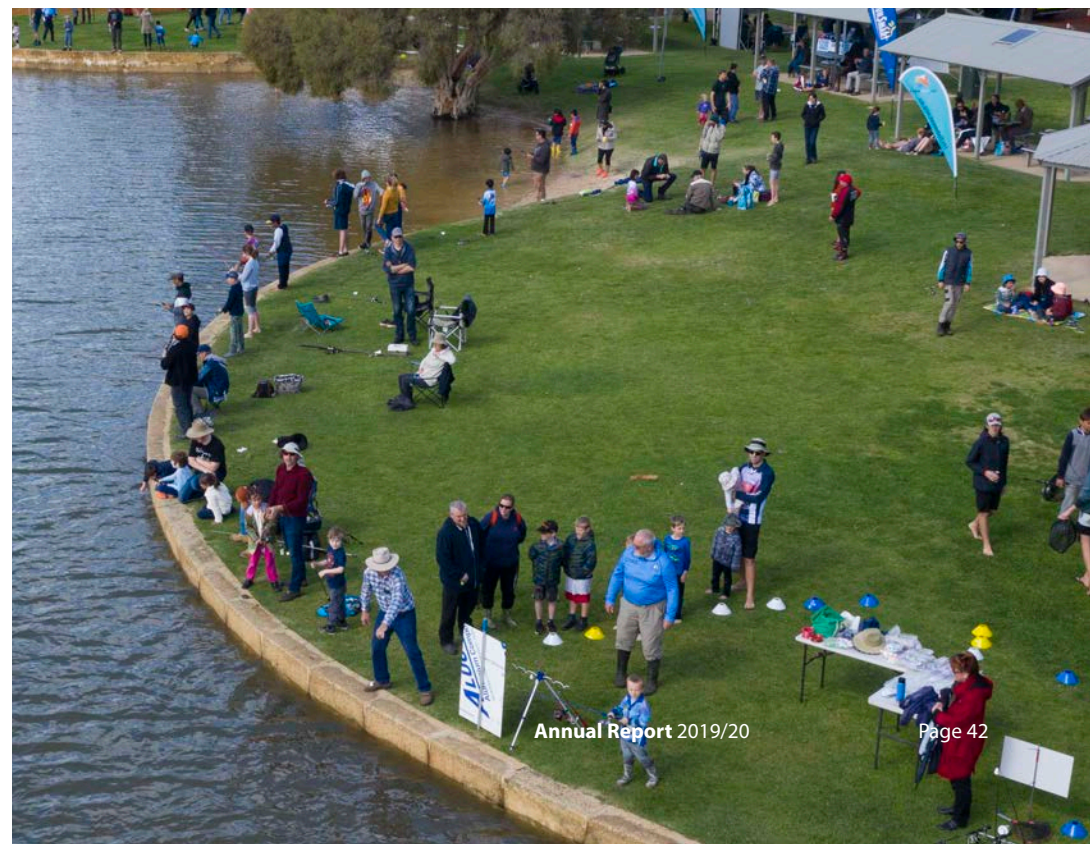
Our skills and knowledge in this area are constantly being enhanced through training of staff and by the engagement of specialist contractors who assist us by carrying out certain tasks such as turf maintenance as well as passing on their knowledge.

In 2019/20 we continued – now our third year - of teaming up with a third party training organisation who provides us with a young Indigenous horticulture trainee who works with the crew while completing qualifications in horticulture. This is a mutually beneficial arrangement and one that sees upskilling injected into the industry which increases sustainability not just for our crew but for the horticulture industry in general.

## Emergency Services

For the 2019/20 financial year the Council on behalf of the State Government collected \$245,071 in property levies associated with the Emergency Services Levy (ESL). A portion of these funds (\$48,656)

was returned to the Council to assist in the operations of fire brigades. Recently Council was successful in obtaining a grant to construct a new fire brigade building for the Waroona West Fire Brigade. Construction commenced in the 2019/20 financial year and is expected to be completed in the early half of the 2020/21. Council was also successful in obtaining a grant to fit out the building with various furniture and equipment. The opening of this new building is scheduled for October 2020.



***“Responsible stewardship of assets, effective resources supervision, pursuit of best practice, financial management / sustainability”***



# Asset Management & Financial Sustainability

## Asset Management

Asset management is a significant corporate function that requires an organisation wide approach, and is a component of the strategic planning process and preparation of the Annual Budget. The effective management of assets is crucial to the sustainable delivery of local government services in order to prioritise asset maintenance, renewal and replacement over the life of an asset. Council has adopted policies in relation to its asset management practices and obligations. These policies are supported by an Asset Management Plan and the following Asset Management Strategies:

- Buildings;
- Drainage;
- Footpaths;
- Parks & Other Infrastructure;
- Furniture, Plant & Equipment; and
- Roads & Bridges.

These strategies will be reviewed with the Asset Management Plan next year, following an extensive consolidation of asset data and predictive financial modelling.

## Buildings

The Shire's Buildings assets have a total replacement value of \$35,476,700, with an annual depreciation expense of \$775,342.

## Drainage

The Shire's Drainage assets have a total replacement value of \$12,568,107, with an annual depreciation expense of \$245,400.

## Footpaths

The Shire's Footpaths assets have a total replacement value of \$1,288,780, with an annual depreciation expense of \$38,423.

## Parks & Other Infrastructure

The Shire's Parks & Other Infrastructure assets have a total replacement value of \$10,719,215, with an annual depreciation expense of \$70,748.

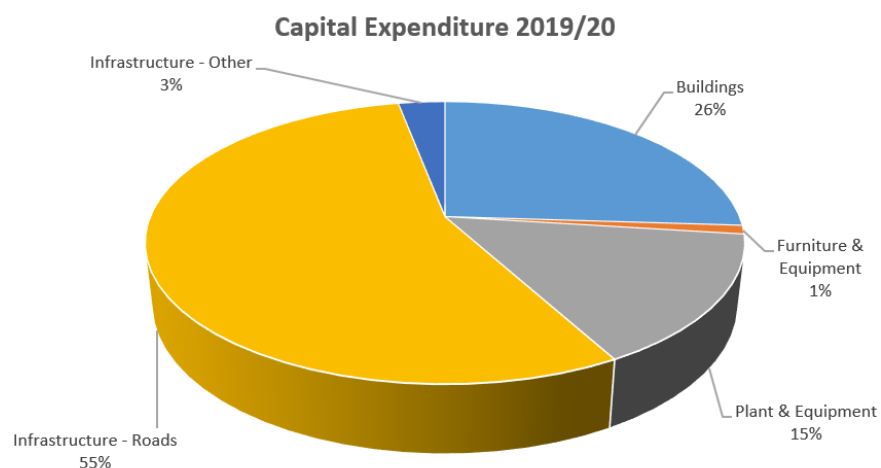
## Furniture, Plant & Equipment

The Shire's Furniture, Plant & Equipment assets have a total replacement value of \$3,048,064, with an annual depreciation expense of \$247,144.

## Roads & Bridges

The Shire's Roads & Bridges assets have a total replacement value of \$95,553,381, with an annual depreciation expense of \$1,681,151.

## Capital Works Expenditure



## Roads

The Shire of Waroona continued its ongoing road network asset management strategies with a range of road related works activities ranging from bitumen reseals to full reconstruction of road sections.

Bitumen reseals maintain and prolong the life of roads and streets and are a vital regular maintenance activity. Streets and roads including Hair Street, Hesse Street, and Haub Road received bitumen reseals in 2019/20.

Other major road reconstruction works included sections of Coronation and Johnston Roads which are both considered roads of regional significance and therefore eligible for funding under the Regional Road Group which attracts two thirds funding from the State Government via Main Roads WA.

In 2018/19 an application was made to the Australian Government Black Spot Program which targets intersections and road sections that have a higher than normal representation of vehicle accidents. A three kilometre section of Peppermint Grove Road was identified as having this higher representation and after studying the crash data it was determined that the geometry and width of the road as well as a predominance of roadside obstacles – in this case, trees – were all factors contributing to the higher accident count.

An application based on treating these deficiencies was prepared and ultimately was successful in funding a project worth over \$630,000 in 2019/20. The subject section of Peppermint Grove road is now wider with improved curve geometry and represents a much safer environment for road users.

## **Plant**

Plant replacement was limited to relatively minor items such as mowers and the usual replacement of utilities. One notable purchase was that of the verge slasher unit which is specifically designed for the slashing of road verges and will offer much superior performance over the unit replaces.

## **Public Facility Management**

The Shire continues to develop a comprehensive maintenance plan that is geared towards preventative maintenance and is closely linked to the annual budget. Manufacturer's service requirements are strictly adhered to, to ensure the best possible longevity of the plant and equipment.

All the Council owned buildings are inspected annually to ensure that the buildings comply with the relevant Public Buildings legislation. During the year only minor issues have been identified which could be rectified straight away, resulting in a 100% approval rate of Council owned buildings.

This year major project included the construction of the Waroona West Fire Facility which will be officially opened in late 2020.

## **Waste Management**

Following a detailed site investigation at the Buller Road Waste Facility it was decided to investigate methods whereby additional waste might be found so that areas of finished landfill level might be achieved in a shorter timeframe than initially planned. This will allow progressive capping of the landfill area, which will result in less impact via rain water at the site. To this end officers held discussions with Cleanaway and the Shire of Murray to assess mutually beneficial arrangements so that Murray waste could be deposited at Buller Road to expedite these plans.

## **Irrigation Network**

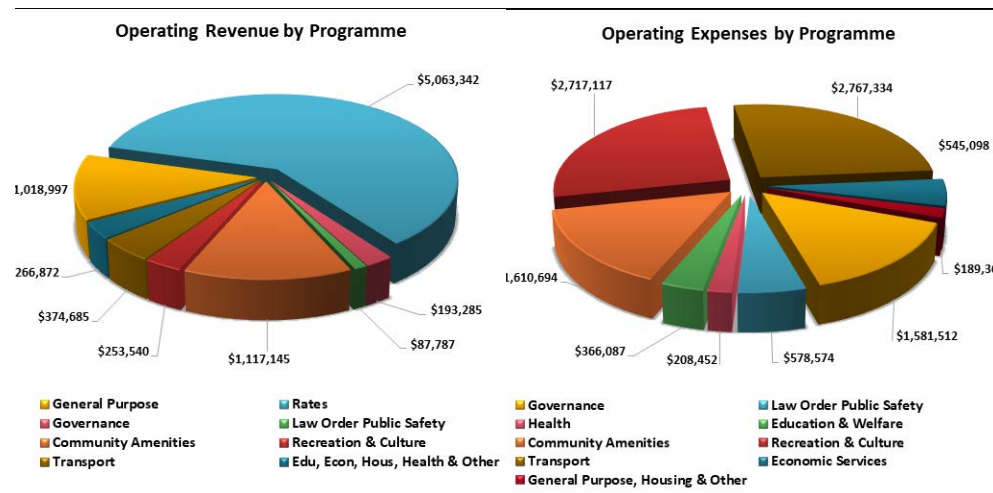
For many years now it has been known that the irrigation pipe line that runs from the Harvey Water trunk main near McNeill Road to the tanks at the Waroona Showgrounds is in need of replacement. In 2019/20 works to complete the installation of two conduits under the rail line and South West Highway were completed in anticipation of a full replacement of the pipe line in 2020/21. This pipe line carries all the irrigation water for the football oval at the Showgrounds as well as the two cricket ovals and therefore is a critical piece of irrigation infrastructure.

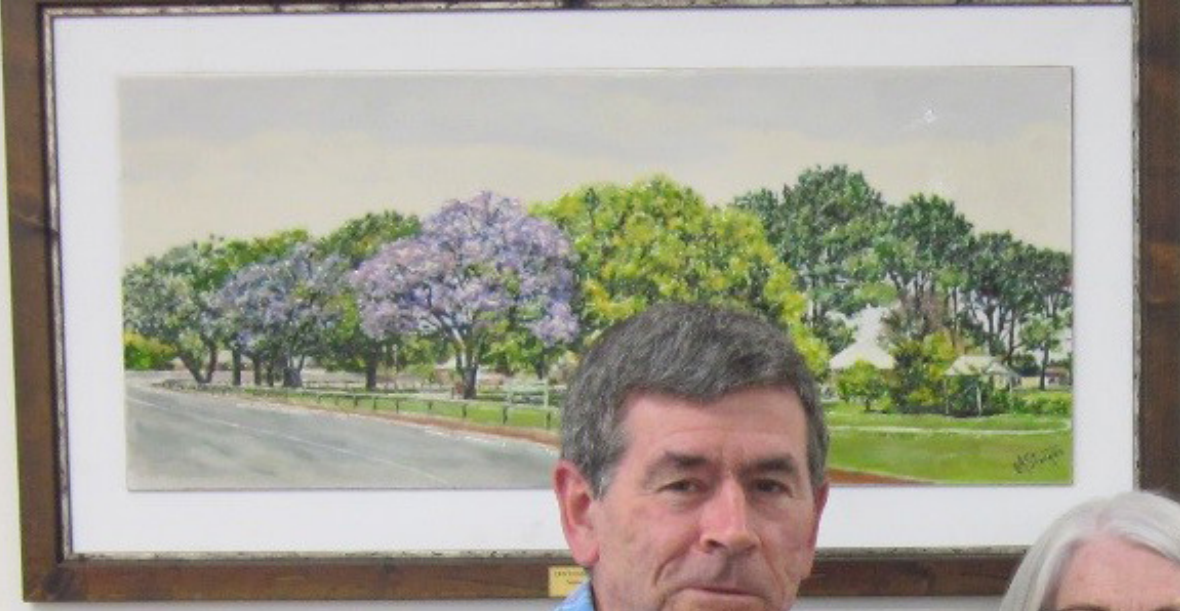
## Financial Performance

Council’s auditor has reported a highly successful audit for the 2019/20 financial year, with no issues of non-compliance identified. Overall, debt levels remain well within manageable levels with no new loans taken out. The auditor also noted that Council did not meet the minimum standard for the Asset Sustainability Ratio and Operating Surplus Ratio. Although it is acknowledged that the inability to achieve the minimum standard is common for many local governments, Council has been able to project a progressive improvement when adopting its Long Term Financial Plan. A full copy of the Annual Financial Statements & Auditor’s Report is provided at the conclusion of this Report.

## Rating

A general rate revenue increase of 2.64% applied for the 2019/20 financial year, with rate revenue totalling \$5,063,342. This increase was 1.36% lower than forecast in the Long Term Financial Plan by. Minimum rates for both Gross Rental Value (GRV) and Unimproved Value (UV) rated properties increased from \$1,115 to \$1,145. A revaluation of unimproved values resulted in an overall decrease of 0.1982% which represented an insignificant change in the calculation of rates for 2019/20. Unpaid rates at the 30th June 2020 totalled \$267,437. Detailed rating information is contained within the financial statements and auditors report section of this report.





# Good Governance

*“Active civil leadership and excellence in management”*

## Governance

### Policies

Council conducted an extensive review of its policy documentation which aims to:

- Provide the Council with a formal written record of policy decisions;
- Provide Council staff with clear direction to respond to issues and act in accordance with the Council’s direction;
- Enable Councillors to adequately handle general enquiries relating to the role of the Council;
- Enable the Council to maintain a process to continually review policy decisions and to ensure they are in keeping with the community expectations, current legislative trends and circumstances; and
- Enable residents to obtain immediate advice on matters of policy.

The review included the identification of new required policies; significant, basic, or no amendments to existing policies; and deletion of redundant policies. The policies are categorised as Community, Corporate and Governance, Finance, Human Resources, Planning and Regulatory, and Works and Engineering.

### Local Laws

To provide for the orderly conduct of meetings of the Council and its Committees, and effectively manage the business of meetings, Council replaced the Standing Orders Local Law 2001 with the Meeting Procedures Local Law 2020. The effect of this local law is intended to result in

- Better decision making by the Council and Committees;
- The orderly conduct of meetings dealing with Council business;
- Better understanding of the process of conducting meetings; and
- The more efficient and effective use of time at meetings.

## Integrated Planning & Reporting

### Strategic Community Plan

In preparation for Waroona 2030, the Shire of Waroona embarked on its biggest community engagement campaign, seeking the views of its residents in Waroona, Hamel, Lake Clifton and Preston Beach.

Under the theme of “Our ideas and imagination are shaping Waroona”, extensive consultation was conducted reaching over 400 community members across the Shire of Waroona. Consultation included a district

wide survey, coffee conversations with 18 community groups and key stakeholders, a facilitated workshop with local businesses, a workshop with Councillors and key staff members, and five community workshops.

Across these five workshops, approximately 1,000 ideas were contributed and 280 were noted as being important to a community member in some way. While each district had specific suggestions, 10 common themes were highlighted – creating events and tourist attractions | developing walk and bike trails | enhanced caravan and camping accommodation | increased local and tourism signage | more activities for youth | community and night markets | regular streetscaping and verge maintenance | appealing entry statements | better access to healthcare professionals | public transport.

The community consultation enabled the Shire to identify what is important to the community, both now and into the future.

The community desires a shire that is natural and unique and maintains its country town values. Residents want to be part of a strong community that is connected and supports local. Residents want an enviable, sustainable community that respects its rural heritage and enhances and embraces its many natural environment and water aspects.

Waroona 2030 will be adopted in 2020/21.



## **Corporate Business Plan**

The Corporate Business Plan is the Shire's four year planning document and is an integral part of the Integrated Planning & Reporting Framework. This plan activates the objectives of the Strategic Community Plan, and informs the annual budget process to ensure the priorities of the community are strategically aligned and affordable. This year Council adopted an updated Corporate Business Plan containing forecasts for 2019/20 - 2022/23.

## **Long Term Financial Plan**

The Long Term Financial Plan is a dynamic modelling tool which analyses financial trends over a ten year period on a range of assumptions and provides information to assess the impacts of current decisions and budgets, on future financial sustainability. This year Council adopted an updated Long Term Financial Plan containing forecasts for 2019/20 – 2028/29. A major review of this document will be completed next financial year.

## **Asset Management Plan**

The Asset Management Plan incorporates all classes of infrastructure and is part of an overall framework that provides for the sustainable management of current and future assets. The objective of the Plan is to

present information about assets, provide evidence of responsible asset management and compliance, and summarise required funding to meet levels of service. This year Council adopted an updated Asset Management Plan containing forecasts for 2019/20 - 2028/29.

## **Workforce Plan**

The Workforce Plan provides a framework and strategy to address the human resourcing requirements for Council's Strategic Community Plan and Corporate Business Plan, and as such has a four year horizon. This year Council adopted an updated Workforce Plan containing forecasts for 2019/20 - 2022/23.

## **Annual Budget**

Council adopted the 2019/2020 annual budget in August 2019 and will anticipate adopting the 2020/21 annual Budget in July 2020. Following a review of the budget cycle a number of key dates will be brought forward for the adoption of the 2020/2021 annual budget. This will integrate with the cycle of informing plans and strategies as a part of the overall Integrated Planning and Reporting (IP&R) documentation.

## Annual Report

Council adopted the reformatted Annual Report in December 2019, with this new format to be continued.

## Compliance

### Risk Management

The Shire has commenced establishing a risk management process that includes:

- A policy on overall risk management
- Management procedures including Risk profile categories, Risk evaluation criteria, Risk definitions, Risk classifications, Risk tolerance, Risk matrix, and a process for evaluating the risk management context
- Risk identification
- Risk register
- Risk treatment plans

This will ensure the components of the risk management framework are appropriate and effective as set out in AS/NZS ISO 31000:2018 Risk Management Principles and Guidelines.

### Internal Controls

Local governments are entrusted with a substantial number of public assets. Ensuring these assets are safe from loss due to fraud and mismanagement is fundamental to good governance. In this context it is very important that local government finance staff have a basic understanding of the role good internal controls play in safeguarding these assets. There are four fundamental characteristics of a successful internal control system:

1. Segregation of duties
2. Experienced and qualified staff
3. Documented procedures and processes covering the recording, reporting and authorisation of transactions
4. Monitoring performance and adherence.

The Shire has commenced reviewing its internal controls, which will continue in 2020/21.

### Legislative Compliance

The Shire has developed an organisational compliance calendar which will be trialled in 2020/21.

# Murray-Waroona Resource Sharing Alliance

In September 2019, the Shires of Murray and Waroona saw an opportunity to extend their existing Information Technology, Environmental Health and Ranger and Emergency Services resource sharing arrangement by employing a shared Chief Executive Officer. Each council initially resolved to proceed with the agreement for a trial period of one year, however in February 2020 the agreement was extended for five years, now expiring in February 2025.

The intent of the resource sharing agreement is to improve service provision for both Murray and Waroona communities by working collaboratively to further identify opportunities to share costs and resources. The Murray-Waroona Resource Sharing Alliance Strategy has been developed to outline the specific initiatives that will be implemented over the next five years to achieve this.

Resource sharing achievements to date include:

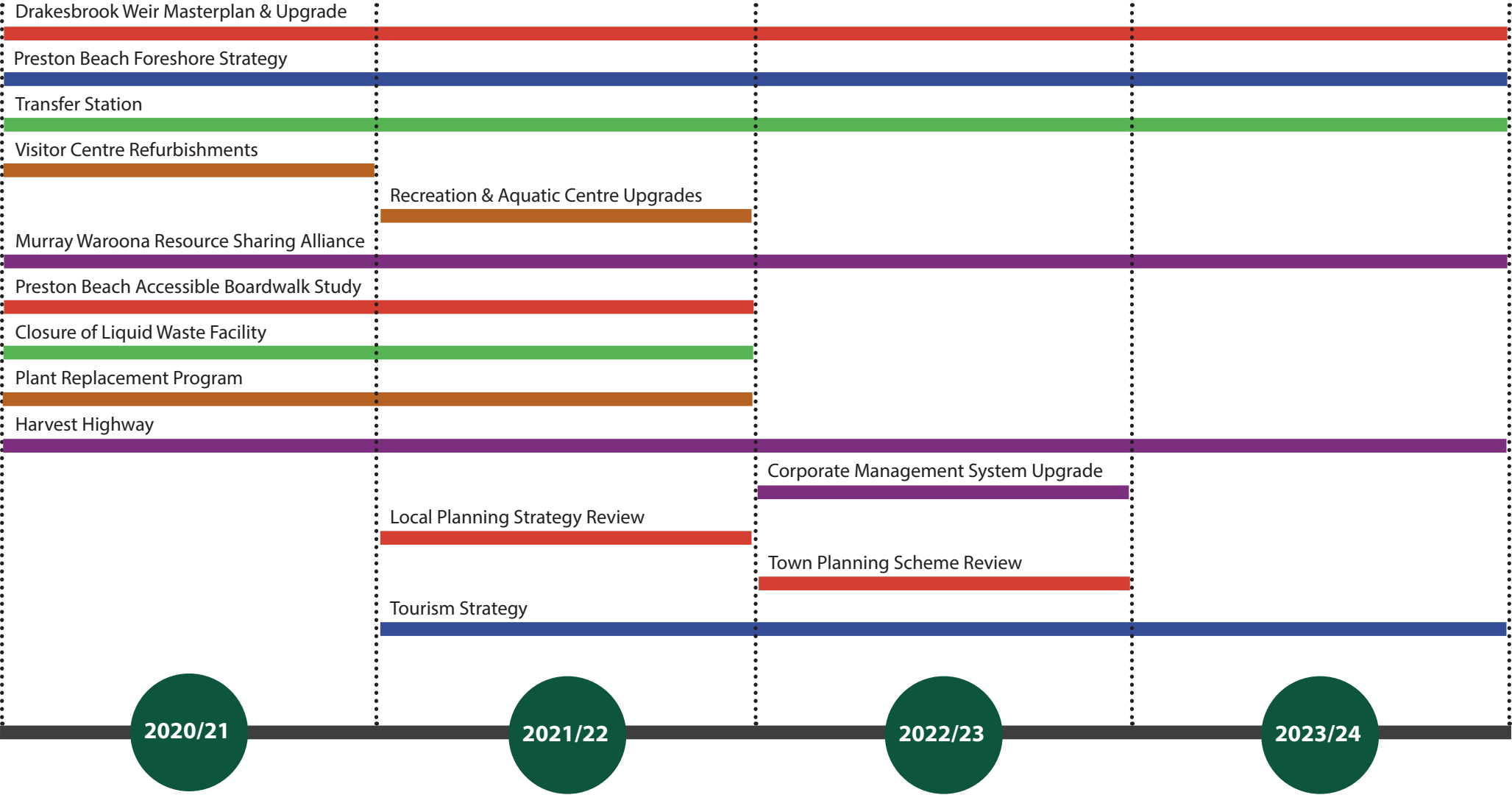
- Shared positions which have enabled an increase in economies of scope and scale:
  - Chief Executive Officer
  - CEO Strategic Liaison Manager
  - Coordinator Sport & Recreation
  - Manager Destination Marketing & Development
  - Corporate Compliance Officer

- Establishment of a CEO Resource Sharing Committee;
- Combined Local Emergency Management Committees;
- Combined economic development activities; and
- Ad hoc resource sharing as required eg Building and Planning Services.

The Murray-Waroona Resource Sharing Alliance Strategy compliments each aspect of the integrated planning process, encouraging the integration of resource sharing initiatives within the Strategic Community Plan, Corporate Business Plan and annual budget process.



# Future Projects



# Statutory Reports

## Complaints Register

In accordance with the *Local Government Act 1995*, local governments are required to maintain a register recording complaints and action taken in relation to complaints made to the Local Government Standards Panel about Council members breaching the rules of conduct or contravention of a local law under the Act.

No complaints have been entered into the register during this reporting period.

## Disability Access Inclusion Plan

In accordance with the *Disability Services Act 1993*, local governments are required to develop and implement a Disability Access and Inclusion Plan to ensure people with disabilities have equal access to Council facilities and services.

This Plan was reviewed in consultation with the Disabilities Services Commission, with amendments included in the adoption of a revised Plan in 2017/18. A major review of the Plan will occur in 2020/21.

## Employee Information

The number of Shire employees entitled to an annual salary of \$100,000 or more is set out in the following table in bands of \$10,000. The publishing of this information is in accordance with the *Local Government (Administration) Regulations 1996*.

Salary Range	2019/20
\$100,000 - \$109,999	1
\$110,000 - \$119,999	1
\$120,000 - \$129,999	
\$130,000 - \$139,999	2
\$140,000 - \$149,999	2
\$150,000 - \$159,999	1
\$160,000 - \$169,999	
\$170,000 - \$179,999	
\$180,000 - \$189,999	
\$190,000 - \$199,999	1

\* Please note that this information includes the annual salary of the full time employed CEO up until September 2019, as well as the annual contract amount paid for a 0.4 FTE of a CEO within the resource sharing arrangement contract with the Shire of Murray.

## Freedom of Information

Council's Freedom of Information policy and guidelines are reviewed annually as part of the full policy manual review. No modifications were made to the statement in this reporting period. One Freedom of Information application was processed in this reporting period.

## Legislative Review

Council is required to assess each of its local laws to ensure there are no negative impacts on competition and to determine how any restrictive practices might be overcome, or to propose amendments to existing local laws. The current Shire of Waroona Local Laws are:

- Activities on Thoroughfares & Trading in Thoroughfares Public Places 2001
- Cemeteries 2001
- Dogs 2001
- Extractive Industries 2000
- Fencing 2014
- Health 2001
- Local Government Property 2014
- Meeting Procedures 2020

Every 8 years Council is required to review all its local laws with the next full review due in 2021/22.

## Local Government Elections

Biennial elections were held in October 2019 to fill four (4) vacancies on the Council. The election was conducted using the postal vote method by the WA Electoral Commission. Votes were counted using the "first past the post" process and resulted in the following Councillors being elected for a four year term expiring 21 October 2023:

Cr Karen Odorisio, Cr John Mason, Cr Vince Vitale and Cr Laurie Snell

## National Competition Policy

National Competition Policy is designed to enhance the efficiency and effectiveness of public sector agencies and lead to more efficient use of all economic reserves. There are a number of specific requirements for local governments in the areas of competition, neutrality, legislation review and structural reform. The Shire has no local laws or policies that contain anti-competitive provision and has had no complaints during this reporting period. The Shire has not acquired any new entities in this reporting period that have required competitive neutrality testing.

## State Records Act

The Shire is required to manage its records in accordance with the *State Records Act 2000* and the Shire's Record Keeping Plan. This Plan was submitted in accordance with the Act and is approved until 2022, at which time it will be reviewed. Council has adopted its own internal procedural policy with respect to the Plan:

- Efficiency and effectiveness of the Plan is monitored on an ongoing basis by the use of report tracking methods incorporating management software;
- New employees receive face-to-face induction from the Records Officer, covering an overview of the Plan, Record Keeping Procedure Manual, and staff responsibilities, including the capture of emails and procedures for forwarding records for capture into the corporate management system;
- Staff training is conducted on an ongoing basis by providing information services at staff meetings and one-on-one meetings with new staff;
- Software training in the Shire's record tracking system is conducted as required; and
- Offsite storage procedures have been introduced and subsequently reviewed.





# Grant Funding

Funding Source	Project	Amount
Alcoa	Annual Community Partnership Agreement	\$103,733.65
Alcoa	Purchase of Speed Display Signs	\$10,000.00
Alcoa	Summer Events	\$5,500.00
Alcoa	Waroona West Volunteer Bush Fire Brigade Shed	\$75,000.00
Bunbury Dampier Pipeline	Ex-Gratia Rates	\$2,622.00
COTA Western Australia	WA Seniors Week	\$500.00
Department of Communities	Thank A Volunteer Day	\$1,000.00
Department of Fire & Emergency Services	Emergency Services Levy	\$52,265.50
Department of Fire & Emergency Services	Waroona West Volunteer Bush Fire Brigade Shed	\$687,426.25
Federal Government	Federal Assistance Grant - Roads	\$410,475.00
Federal Government	Federal Assistance Grant - Untied	\$881,294.00

Funding Source	Project	Amount
Federal Government	Roads to Recovery	\$252,528.00
Federal Government - Building Better Regions	Remainder of Preston Beach Community Centre	\$38,000.00
Harvey River Restoration Taskforce	Landcare Contributions	\$84,190.75
Kingpoint Holdings	Contribution to Volunteer Rangers	\$11,193.42
Lotterywest	Emergency Relief Fund	\$36,655.00
Meerlinga Foundation	WA Children's Week	\$1,000.00
State Government - Main Roads	Blackspot Funding	\$629,500.00
State Government - Main Roads	Direct Grants - Roads	\$96,101.00
State Government - Main Roads	Regional Road Group	\$580,000.00
WA Primary Health Alliance	Mental Health Grant	\$100,000.00
<b>TOTAL</b>		<b>\$4,058,984.57</b>



# Reviewing & Reporting

The Shire of Waroona has a robust reporting framework in place that tracks key performance indicators at the individual, service area and organisational level. The Chief Executive Officer has targets and objectives that are set and revised by the Council to deliver on key Council priorities.

The Shire's performance data is captured in our corporate database, ensuring that appropriate responsibilities, timeframes, measures and progress are accounted for. Another major performance measure is compliance with the Reporting Advisory Standards



**SHIRE OF WAROONA**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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**COMMUNITY VISION**

We care for our Coast, our Country and for our Community  
We build on our foundations to be socially, environmentally and financially sound & sustainable

Principal place of business:  
Shire of Waroona  
52 Hesse Street  
Waroona, Western Australia 6215

**SHIRE OF WAROONA  
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 Waroona 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 Waroona 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

3<sup>rd</sup>

day of

DECEMBER

2020



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Chief Executive Officer

---

Mr Dean L Unsworth  
Name of Chief Executive Officer

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
Rates	22(a)	5,063,342	5,017,802	4,888,697
Operating grants, subsidies and contributions	2(a)	1,731,108	984,206	1,638,205
Fees and charges	2(a)	1,418,316	1,502,605	1,433,532
Service charges	22(b)	0	0	0
Interest earnings	2(a)	51,793	97,670	102,267
Other revenue	2(a)	111,094	103,870	96,759
		<b>8,375,653</b>	<b>7,706,153</b>	<b>8,159,460</b>
<b>Expenses</b>				
Employee costs		(3,192,450)	(3,359,693)	(3,385,161)
Materials and contracts		(3,003,667)	(3,095,453)	(2,740,417)
Utility charges		(374,904)	(421,630)	(412,529)
Depreciation on non-current assets	10(b)	(3,457,407)	(3,461,850)	(3,376,312)
Interest expenses	2(b)	(17,353)	(14,135)	(16,317)
Insurance expenses		(199,105)	(225,747)	(198,448)
Other expenditure		(336,701)	(373,223)	(308,271)
		<b>(10,581,587)</b>	<b>(10,951,731)</b>	<b>(10,437,455)</b>
		<b>(2,205,934)</b>	<b>(3,245,578)</b>	<b>(2,277,995)</b>
Non-operating grants, subsidies and contributions	2(a)	2,543,710	2,387,480	2,026,290
Profit on asset disposals	10(a)	17,300	2,424	14,388
(Loss) on asset disposals	10(a)	(23,033)	(36,410)	(34,863)
		<b>2,537,977</b>	<b>2,353,494</b>	<b>2,005,815</b>
<b>Net result for the period</b>		<b>332,043</b>	<b>(892,084)</b>	<b>(272,179)</b>
<b>Total comprehensive income for the period</b>		<b>332,043</b>	<b>(892,084)</b>	<b>(272,179)</b>

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		193,285	174,752	178,069
General purpose funding		6,082,339	5,612,432	5,954,559
Law, order, public safety		87,787	101,309	106,193
Health		40,861	37,610	45,981
Education and welfare		105,884	117,610	175,350
Housing		16,583	18,200	19,116
Community amenities		1,117,145	1,103,858	1,124,911
Recreation and culture		253,540	336,047	283,878
Transport		374,685	102,455	159,763
Economic services		69,337	77,580	69,539
Other property and services		34,207	24,300	42,102
		<b>8,375,653</b>	<b>7,706,153</b>	<b>8,159,460</b>
<b>Expenses</b>				
	2(b)			
Governance		(1,581,512)	(1,682,356)	(1,351,246)
General purpose funding		(134,816)	(128,390)	(166,035)
Law, order, public safety		(578,574)	(575,632)	(616,619)
Health		(208,452)	(250,883)	(224,594)
Education and welfare		(366,087)	(371,761)	(382,515)
Housing		(8,095)	(13,710)	(15,687)
Community amenities		(1,610,694)	(1,782,352)	(1,634,744)
Recreation and culture		(2,717,117)	(2,857,668)	(2,870,795)
Transport		(2,767,334)	(2,646,809)	(2,599,680)
Economic services		(545,098)	(562,629)	(423,070)
Other property and services		(46,455)	(65,406)	(135,898)
		<b>(10,564,234)</b>	<b>(10,937,596)</b>	<b>(10,420,883)</b>
<b>Finance Costs</b>				
	2(b)			
Governance		(3,506)	0	0
Recreation and culture		(13,847)	(14,135)	(16,571)
		<b>(17,353)</b>	<b>(14,135)</b>	<b>(16,571)</b>
		<b>(2,205,934)</b>	<b>(3,245,578)</b>	<b>(2,277,995)</b>
Non-operating grants, subsidies and contributions	2(a)	2,543,710	2,387,480	2,026,290
Profit on disposal of assets	10(a)	17,300	2,424	14,388
(Loss) on disposal of assets	10(a)	(23,033)	(36,410)	(34,863)
		<b>2,537,977</b>	<b>2,353,494</b>	<b>2,005,815</b>
<b>Net result for the period</b>		<b>332,043</b>	<b>(892,084)</b>	<b>(272,179)</b>
<b>Total comprehensive income for the period</b>		<b>332,043</b>	<b>(892,084)</b>	<b>(272,179)</b>

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

**SHIRE OF WAROONA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	NOTE	2020	2019
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	4,116,743	3,819,577
Trade and other receivables	6	574,386	608,211
Inventories	7	10,676	11,360
<b>TOTAL CURRENT ASSETS</b>		<b>4,701,805</b>	<b>4,439,148</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	6	3,146	6,398
Other financial assets	5(b)	53,416	52,551
Property, plant and equipment	8	38,408,150	38,190,926
Infrastructure	9	91,264,834	91,558,891
Right of use assets	11(a)	168,537	0
<b>TOTAL NON-CURRENT ASSETS</b>		<b>129,898,083</b>	<b>129,808,766</b>
<b>TOTAL ASSETS</b>		<b>134,599,888</b>	<b>134,247,914</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	988,498	927,728
Contract liabilities	14	77,597	0
Lease liabilities	15(a)	53,022	0
Borrowings	16(a)	64,046	61,483
Employee related provisions	17	734,588	976,605
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,917,751</b>	<b>1,965,816</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	15(a)	115,515	0
Borrowings	16(a)	239,903	303,949
Employee related provisions	17	79,051	63,387
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>434,469</b>	<b>367,336</b>
<b>TOTAL LIABILITIES</b>		<b>2,352,220</b>	<b>2,333,152</b>
<b>NET ASSETS</b>		<b>132,247,668</b>	<b>131,914,761</b>
<b>EQUITY</b>			
Retained surplus		10,871,199	10,586,960
Reserves - cash backed	4	2,446,604	2,397,936
Revaluation surplus	12	118,929,864	118,929,864
<b>TOTAL EQUITY</b>		<b>132,247,668</b>	<b>131,914,760</b>

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

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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2018</b>		<b>10,887,143</b>	<b>2,317,381</b>	<b>118,929,864</b>	<b>132,134,387</b>
Comprehensive income					
Net result for the period		(272,179)	0	0	(272,179)
Total comprehensive income		(272,179)	0	0	(272,179)
Transfers from reserves	4	325,975	(325,975)	0	0
Transfers to reserves	4	(406,530)	406,530	0	0
<b>Balance as at 30 June 2019</b>		<b>10,534,409</b>	<b>2,397,936</b>	<b>118,929,864</b>	<b>131,862,208</b>
Comprehensive income					
Net result for the period		332,043	0	0	332,043
Total comprehensive income		332,043	0	0	332,043
Transfers from reserves	4	199,525	(199,525)	0	0
Transfers to reserves	4	(248,195)	248,195	0	0
<b>Balance as at 30 June 2020</b>		<b>10,817,783</b>	<b>2,446,605</b>	<b>118,929,864</b>	<b>132,194,251</b>

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates		4,985,784	5,117,802	4,755,003
Operating grants, subsidies and contributions		1,881,168	1,309,206	1,363,393
Fees and charges		1,418,316	1,502,605	1,433,532
Interest received		51,793	97,670	102,267
Goods and services tax received		(3,110)	103,870	0
Other revenue		119,594		96,759
		<b>8,453,545</b>	<b>8,131,153</b>	<b>7,750,954</b>
<b>Payments</b>				
Employee costs		(3,416,018)	(3,289,693)	(3,375,868)
Materials and contracts		(2,956,897)	(3,234,703)	(2,318,707)
Utility charges		(374,904)	(421,630)	(412,529)
Interest expenses		(17,353)	(14,185)	(18,489)
Insurance paid		(199,105)	(225,747)	(198,448)
Other expenditure		(295,303)	(373,223)	(308,271)
		<b>(7,259,580)</b>	<b>(7,559,181)</b>	<b>(6,632,312)</b>
<b>Net cash provided by (used in) operating activities</b>	18	<b>1,193,968</b>	<b>571,972</b>	<b>1,118,642</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	8(a)	(1,556,122)	(1,576,250)	(1,581,891)
Payments for construction of infrastructure	9(a)	(1,990,733)	(2,220,772)	(1,941,003)
Disposal of assets from register			0	88,640
Non-operating grants, subsidies and contributions	2(a)	2,543,710	2,387,480	2,026,290
Proceeds from sale of property, plant & equipment	10(a)	238,481	243,800	236,818
Proceeds from sale of infrastructure				
<b>Net cash provided by (used in) investment activities</b>		<b>(764,664)</b>	<b>(1,165,742)</b>	<b>(1,171,146)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	16(b)	(61,483)	(61,482)	(59,034)
Proceed from low interest loans		8,500	8,500	8,500
Payments for principal portion of lease liabilities	15(b)	(79,152)	0	
Proceeds from new borrowings	16(b)	0	0	0
<b>Net cash provided by (used in) financing activities</b>		<b>(132,135)</b>	<b>(52,983)</b>	<b>(50,533)</b>
<b>Net increase (decrease) in cash held</b>		<b>297,169</b>	<b>(646,753)</b>	<b>(103,037)</b>
Cash at beginning of year		3,819,577	3,230,686	3,922,610
<b>Cash and cash equivalents at the end of the year</b>	18	<b>4,116,743</b>	<b>2,583,933</b>	<b>3,819,577</b>

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	23 (b)	1,057,699	1,052,777	1,038,372
		1,057,699	1,052,777	1,038,372
<b>Revenue from operating activities (excluding rates)</b>				
Governance		193,730	174,752	178,069
General purpose funding		1,018,997	594,630	1,065,862
Law, order, public safety		99,291	101,563	106,193
Health		40,861	37,610	45,981
Education and welfare		105,884	117,610	175,350
Housing		16,583	18,200	19,116
Community amenities		1,117,145	1,103,858	1,130,483
Recreation and culture		253,540	336,047	283,878
Transport		380,037	104,625	168,579
Economic services		69,337	77,580	69,539
Other property and services		34,207	24,300	42,102
		3,329,612	2,690,775	3,285,152
<b>Expenditure from operating activities</b>				
Governance		(1,586,428)	(1,693,060)	(1,357,339)
General purpose funding		(134,816)	(128,390)	(166,035)
Law, order, public safety		(578,574)	(578,507)	(623,979)
Health		(208,452)	(250,883)	(224,594)
Education and welfare		(366,087)	(371,761)	(382,515)
Housing		(8,095)	(13,710)	(15,687)
Community amenities		(1,610,694)	(1,783,501)	(1,634,744)
Recreation and culture		(2,730,964)	(2,871,803)	(2,887,366)
Transport		(2,787,538)	(2,664,221)	(2,617,281)
Economic services		(546,518)	(566,899)	(426,879)
Other property and services		(46,455)	(65,406)	(135,898)
		(10,604,621)	(10,988,138)	(10,472,317)
Non-cash amounts excluded from operating activities	23(a)	3,238,006	3,477,908	3,501,706
<b>Amount attributable to operating activities</b>		(2,979,304)	(3,766,678)	(2,647,088)
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	2,543,710	2,387,480	2,026,290
Proceeds from disposal of assets	10(a)	238,481	243,800	236,818
Purchase of property, plant and equipment	8(a)	(1,556,122)	(1,576,250)	(1,581,891)
Purchase and construction of infrastructure	9(a)	(1,990,733)	(2,220,772)	(1,941,003)
<b>Amount attributable to investing activities</b>		(764,664)	(1,165,742)	(1,259,786)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	16(b)	(61,483)	(61,483)	(59,033)
Proceeds from borrowings	16(c)	0	0	0
Proceeds from low interest loans		8,500	8,500	8,500
Unspent grants 1 July B/Fwd		48,681	48,926	255,645
Unspent grants 30 June C/Fwd			0	(48,681)
Payments for principal portion of lease liabilities	15(b)	(79,152)	0	0
Contract Liability				
Transfers to reserves (restricted assets)	4	(248,195)	(223,325)	(406,530)
Transfers from reserves (restricted assets)	4	199,525	142,000	325,975
<b>Amount attributable to financing activities</b>		(132,124)	(85,382)	75,876
<b>Surplus/(deficit) before imposition of general rates</b>		(3,876,091)	(5,017,802)	(3,830,998)
<b>Total amount raised from general rates</b>	22(a)	5,063,342	5,017,802	4,888,697
<b>Surplus/(deficit) after imposition of general rates</b>	23(b)	1,187,251	0	1,057,699

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

**SHIRE OF WAROONA**  
**INDEX OF NOTES TO THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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

## 1. BASIS OF PREPARATION

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

The Local Government (Financial Management) Regulations 1996 (FM regs) take precedence over Australian Accounting Standards. Prior to 1 July 2019, Regulation (Reg) 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 balance sheet. Also, the FM regs have been amended to specify that vested land is a right of use (ROU) asset to be measured at cost. All ROU assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the balance sheet) 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.

### 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 27 to these financial statements.

**SHIRE OF WAROONA**  
**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 / Service Charges / waste collection	General rates, waste collection, kerbside collection	Over time	payment dates adopted by council	None	Adopted by Council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	contract obligation if project not completed	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 / fees and charges / other revenue	General appropriations and contributions with no reciprocal commitments, 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 services or completed works
Licence / registration / 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 of the licence, registration or approval
Pool and other inspections	Compliance safety check / regulatory food, health and safety	Single point in time	Full payment prior to issue	None	Set by state legislation or limited by legislation to the cost of provision	Apportioned equally across the inspection cycle	No refunds	Revenue recognised after inspections event occurs
Commissions	Commissions on licencing	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	On payment and issue of the licence, registration or approval
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 WAROONA**  
**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 \$
<b>Operating grants, subsidies and contributions</b>			
Governance	159,023	138,942	144,774
General purpose funding	883,916	444,590	908,460
Law, order, public safety	49,249	60,769	63,053
Health	0	2,200	1,240
Education and welfare	105,474	117,200	174,940
Housing	1,995	0	601
Community amenities	178,191	106,215	210,923
Recreation and culture	9,914	73,775	9,270
Transport	287,520	21,515	85,883
Economic services	24,814	200	0
Other property and services	31,012	18,800	39,063
	1,731,108	984,206	1,638,205
<b>Non-operating grants, subsidies and contributions</b>			
General purpose funding	410,475	182,000	403,048
Law, order, public safety	788,906	587,350	10,320
Recreation and culture	38,000	38,000	382,090
Transport	1,306,329	1,558,130	1,230,833
Economic services	0	22,000	0
	2,543,710	2,387,480	2,026,290
	4,274,818	3,371,686	3,664,495
<b>Total grants, subsidies and contributions</b>			
<b>Fees and charges</b>			
Governance	30,262	31,810	29,295
General purpose funding	60,798	36,270	39,047
Law, order, public safety	38,537	40,540	43,140
Health	40,861	35,140	44,741
Education and welfare	410	410	410
Housing	14,588	18,200	18,515
Community amenities	935,953	994,643	910,988
Recreation and culture	243,626	262,272	274,608
Transport	210	170	210
Economic services	49,875	77,650	69,539
Other property and services	3,196	5,500	3,039
	1,418,316	1,502,605	1,433,532

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

**2. REVENUE AND EXPENSES (Continued)**

(a) Revenue (Continued)	2020 Actual \$	2020 Budget \$	2019 Actual \$
<b>Contracts with customers and transfers for recognisable non-financial assets</b>			
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			
Fees and charges			
Other revenue			
Non-operating grants, subsidies and contributions	2,543,710	2,387,480	2,026,290
	2,543,710	2,387,480	2,026,290
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:			
Contracts with customers included as a contract liability at the start of the period	48,681		
Performance obligations satisfied in the previous year	0	0	0
Other revenue from contracts with customers recognised during the year	0	0	0
Transfers intended for acquiring or constructing recognisable non financial assets included as a contract liability at the start of the period	0		
Other revenue from performance obligations satisfied during the year	2,495,029	2,387,480	2,026,290
	2,543,710	2,387,480	2,026,290
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	195,626		
Contract assets	0		0
Contract liabilities from contracts with customers	(77,597)		0
Financial assets held from transfers for recognisable financial assets	0		0
Contract liabilities from transfers for recognisable non financial assets	0		0

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

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

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

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

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

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

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

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

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

**Revenue from statutory requirements**

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
General rates	5,063,342	5,017,802	4,888,697
	<b>5,063,342</b>	<b>5,017,802</b>	<b>4,888,697</b>
<b>Other revenue</b>			
Reimbursements and recoveries	26,490	100,870	20,089
Sale of inventory	13,431	0	3,016
Other	71,173	3,000	73,655
	<b>111,094</b>	<b>103,870</b>	<b>96,759</b>
<b>Interest earnings</b>			
Interest on reserve funds	37,910	59,500	60,284
Other interest earnings	13,883	38,170	41,972
	<b>51,793</b>	<b>97,670</b>	<b>102,256</b>
Rates instalment and penalty interest (refer Note 22)	57,635	44,370	53,593

**(b) Expenses**

**Auditors remuneration**

- Audit of the Annual Financial Report
- Interim audit
- Other services

**Interest expenses (finance costs)**

- Borrowings
- Lease liabilities

**Other expenditure**

- Sundry expenses

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
	9,390	10,500	6,990
	3,270	10,000	2,600
	740	3,370	21,920
	<b>13,400</b>	<b>23,870</b>	<b>31,510</b>
16(b)	13,847	14,135	16,316
15(b)	3,506	0	0
	<b>17,353</b>	<b>14,135</b>	<b>16,316</b>
	336,701	373,223	308,271
	<b>336,701</b>	<b>373,223</b>	<b>308,271</b>

**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 WAROONA  
 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		1,670,138	1,372,960
Restricted Cash		0	48,681
Term deposits		2,446,605	2,397,936
<b>Total cash and cash equivalents</b>		<b>4,116,743</b>	<b>3,819,577</b>
- Cash and cash equivalents		2,524,201	2,446,617
		<b>2,524,201</b>	<b>2,446,617</b>
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Reserves - cash backed	4	2,446,604	2,397,936
Contract liabilities from contracts with customers	14	77,597	0
Unspent grants, subsidies and contributions			48,681
<b>Total restricted assets</b>		<b>2,524,201</b>	<b>2,446,617</b>

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

**4. RESERVES - CASH BACKED**

	2020 Actual Opening Balance	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) Emergency Assistance Reserve	103,761	1,640	0	105,401	103,761	0	0	103,761	101,130	2,631	0	103,761
(b) Sports Reserve	62,164	10,157	0	72,321	62,164	9,175	0	71,339	51,232	10,933	0	62,165
(c) Staff Leave Reserve	253,765	4,011	(129,530)	128,246	253,765	0	(73,000)	180,765	179,105	74,660	0	253,765
(d) Waste Management Reserve	800,661	72,654	(50,000)	823,315	800,661	90,000	(50,000)	840,661	682,894	117,766	0	800,660
(e) Rec Centre Building Reserve	100,509	23,589	0	124,098	100,509	22,000	0	122,509	110,956	52,887	(63,334)	100,509
(f) Hamel Hall Reserve	0	0	0	0	0	0	0	0	30,358	696	(31,054)	0
(g) Plant Replacement Reserve	503,877	62,969	0	566,846	503,877	55,000	0	558,877	593,438	65,439	(155,000)	503,877
(h) Depot Redevelopment Reserve	78,599	1,242	0	79,841	78,599	0	0	78,599	76,606	1,993	0	78,599
(i) Council Building Maintenance Reserve	85,296	1,348	0	86,644	85,296	0	0	85,296	52,776	1,467	31,054	85,297
(j) Strategic Planning Reserve	19,547	309	0	19,856	19,547	0	0	19,547	19,051	496	0	19,547
(k) Council Building Construction Reserve	214,039	2,661	0	216,699	214,039	0	0	214,039	177,084	4,974	31,980	214,038
(l) Preston Beach Volunteer Reserve	39,641	11,820	(19,995)	31,466	39,641	11,350	(19,000)	31,991	46,570	12,349	(19,278)	39,641
(m) Information Technology Reserve	88,300	54,435	0	142,735	88,300	35,000	0	123,300	32,538	55,763	0	88,300
(n) Footpath construction Reserve	31,198	493	0	31,691	31,198	0	0	31,198	30,407	791	0	31,198
(o) Asset Management Reserve	0	0	0	0	0	0	0	0	117,645	2,698	(120,343)	0
(p) History Book Reprint Reserve	7,555	724	0	8,279	7,555	800	0	8,355	6,796	759	0	7,555
(q) Risk & Insurance Reserve	9,025	143	0	9,168	9,025	0	0	9,025	8,795	229	0	9,024
	2,397,937	248,195	(199,525)	2,446,604	2,397,937	223,325	(142,000)	2,479,262	2,317,381	406,530	(325,975)	2,397,936

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Emergency Assistance Reserve	on going	To provide funds to assist in emergency situations e.g.: major fire
(b) Sports Reserve	on going	To provide funds for sporting facilities and equipment as determined by Council together with low interest loans applications
(c) Staff Leave Reserve	on going	To be used to fund annual and long service leave requirements
(d) Waste Management Reserve	on going	To be used to maintain operations at Buller Road Refuse Site
(e) Rec Centre Building Reserve	on going	To be used for future building asset maintenance items at the Recreation Centre, particularly plant
(f) Hamel Hall Reserve	Closed	To provide funds for the upgrading of the Hamel Hall Amenities and surrounds.
(g) Plant Replacement Reserve	on going	To be used for the purchase and replacement of major plant
(h) Depot Redevelopment Reserve	on going	To provide funds for the provision of vehicle storage bays at Works Depot
(i) Council Building Maintenance Reserve	on going	To provide funds for future building maintenance
(j) Strategic Planning Reserve	on going	To provide funds for the future requirements of Council's Strategic Planning
(k) Council Building Construction Reserve	on going	To provide funds for future capital construction works in accordance with Council's Long Term Financial & Community Strategic Plans
(l) Preston Beach Volunteer Reserve	on going	To provide funds to assist in the operations of the volunteer ranger functions including replacement of equipment
(m) Information Technology Reserve	on going	To be used to ensure that the network computer system is maintained including external site connections
(n) Footpath construction Reserve	on going	To provide funds for future extension of dual use path network
(o) Asset Management Reserve	Closed	To provide funds to renew existing Council assets in accordance with the adopted Asset Management Plan
(p) History Book Reprint Reserve	on going	To be used to fund the update reprint of the 'Drakesbrook days and Waroona years' historical book
(q) Risk & Insurance Reserve	on going	To be used for expenses associated with risk assessments and insurance adjustments or unforeseen expenses

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

**5. OTHER FINANCIAL ASSETS**

**(a) Current assets**

**(b) Non-current assets**

Financial assets at amortised cost  
 Financial assets at fair values through other comprehensive income  
 Financial assets at fair value through profit and loss

**Financial assets at fair value through profit and loss**

Units in Local Government House Trust

	2020	2019
	\$	\$
	0	0
	0	0
	0	0
	53,416	52,551
	53,416	52,551
	53,416	52,551
	53,416	52,551

**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 24.

SHIRE OF WAROONA  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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6. TRADE AND OTHER RECEIVABLES

**Current**

Rates receivable	370,650	282,941
Trade and other receivables	195,626	316,770
GST receivable	3,110	0
Loans - Low Interest	5,000	8,500

**Non-current**

Pensioner's rates and ESL deferred	3,146	1,398
Loans - Low Interest	0	5,000

2020	2019
\$	\$
370,650	282,941
195,626	316,770
3,110	0
5,000	8,500
574,386	608,211
3,146	1,398
0	5,000
3,146	6,398

**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 24.

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

7. INVENTORIES

Current

Fuel & Materials  
 Kiosk Stock

	2020	2019
	\$	\$
	9,091	8,558
	1,585	2,802
	10,676	11,360
	11,360	10,146
	108,613	(104,517)
	(109,297)	105,731
	10,676	11,360

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Additions to inventory

Carrying amount at end of period

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

SHIRE OF WAROONA  
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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	Buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	17,926,000	17,595,050	35,521,050	213,920	2,369,159	38,104,129
Additions		878,650	878,650	44,773	658,468	1,581,891
(Disposals)	0	(91,950)	(91,950)	(87,098)	(364,715)	(543,763)
Depreciation (expense)		(742,313)	(742,313)	(1,414)	(207,604)	(951,331)
<b>Carrying amount at 30 June 2019</b>	17,926,000	17,639,437	35,565,437	170,181	2,455,308	38,190,926
<b>Comprises:</b>						
Gross carrying amount at 30 June 2019	17,926,000	19,126,905	37,052,905	235,604	2,942,948	40,231,457
Accumulated depreciation at 30 June 2019	0	(1,487,468)	(1,487,468)	(65,423)	(487,640)	(2,040,531)
<b>Carrying amount at 30 June 2019</b>	17,926,000	17,639,437	35,565,437	170,181	2,455,308	38,190,926
Additions		909,321	909,321	41,436	605,365	1,556,122
(Disposals)	0	0	0	0	(316,412)	(316,412)
Depreciation (expense)		(775,342)	(775,342)	(34,095)	(213,049)	(1,022,486)
Transfers			0			0
<b>Carrying amount at 30 June 2020</b>	17,926,000	17,773,416	35,699,416	177,522	2,531,212	38,408,150
<b>Comprises:</b>						
Gross carrying amount at 30 June 2020	17,926,000	20,036,226	37,962,226	277,040	3,231,901	41,471,167
Accumulated depreciation at 30 June 2020	0	(2,262,810)	(2,262,810)	(99,518)	(700,689)	(3,063,017)
<b>Carrying amount at 30 June 2020</b>	17,926,000	17,773,416	35,699,416	177,522	2,531,212	38,408,150

SHIRE OF WAROONA  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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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
<b>Land and buildings</b>					
Land - freehold land	2/3	Valuations were made on the basis of observable open markets of similar assets, adjusted for condition and comparability at their highest and best use	Independent registered valuer	June 2017	Market Value
Buildings	2/3	Valuations were made on the basis of observable open markets of similar assets, adjusted for condition and comparability at their highest and best use/ Cost Approach using depreciated replacement cost	Independent registered valuer	June 2017	Market Value / Depreciated Replacement cost
<b>Furniture and equipment</b>	3	Valuation were made on the basis of open market values on similar assets adjusted for condition and comparability	Management valuation	June 2016	Depreciated Replacement Cost
<b>Plant and equipment</b>					
Independent Valuation 2016	2	valuation were made on the basis of open market values on similar assets adjusted for condition and comparability		June 2016	Market Value
Management Valuation 2016	3	Valuation were made on the basis of open market values on similar assets adjusted for condition and comparability	Management Valuation	June 2016	Depreciated Replacement Costs

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.

SHIRE OF WAROONA  
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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 - other	Other infrastructure - bridges	Other infrastructure - parks & ovals	Other infrastructure - drainage	Other infrastructure - footpaths	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	74,821,811	1,344,377	2,226,070	2,635,158	9,620,413	1,197,209	91,845,038
Additions	1,724,610	71,171	0	101,079	12,743	31,400	1,941,003
(Disposals)	0	(5,800)	0	(5,600)	0	(3,075)	(14,475)
Depreciation (expense)	(1,546,601)	(74,691)	(81,040)	(227,826)	(245,045)	(37,472)	(2,212,675)
Transfers				6,550		(6,550)	0
<b>Carrying amount at 30 June 2019</b>	74,999,821	1,335,057	2,145,030	2,509,361	9,388,111	1,181,512	91,558,891
<b>Comprises:</b>							
Gross carrying amount at 30 June 2019	76,546,422	1,409,748	2,226,070	2,737,187	9,633,156	1,218,984	93,771,567
Accumulated depreciation at 30 June 2019	(1,546,601)	(74,691)	(81,040)	(227,826)	(245,045)	(37,472)	(2,212,675)
<b>Carrying amount at 30 June 2019</b>	74,999,821	1,335,057	2,145,030	2,509,361	9,388,111	1,181,512	91,558,891
Additions	1,850,460	77,765	0	47,813	14,695	0	1,990,733
(Disposals)	0	0	0	0	0	0	0
Depreciation (expense)	(1,600,111)	(70,748)	(81,040)	(249,029)	(245,440)	(38,423)	(2,284,791)
Transfers							0
<b>Carrying amount at 30 June 2020</b>	75,250,170	1,342,074	2,063,990	2,308,145	9,157,366	1,143,089	91,264,833
<b>Comprises:</b>							
Gross carrying amount at 30 June 2020	78,396,883	1,487,513	2,226,070	2,785,000	9,647,851	1,218,984	95,762,300
Accumulated depreciation at 30 June 2020	(3,146,712)	(323,720)	(162,080)	(298,574)	(490,485)	(75,895)	(4,497,466)
Accumulated impairment loss at 30 June 2020							0
<b>Carrying amount at 30 June 2020</b>	75,250,170	1,163,793	2,063,990	2,486,426	9,157,366	1,143,089	91,264,834

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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	Depreciated Replacement costs	Independent Registered Valuer	01 June 2018	Construction costs and current condition levels, residual values and remaining useful life assessments
Other infrastructure - other	3	Depreciated Replacement costs	Independent Registered Valuer	01 June 2018	Construction costs and current condition levels, residual values and remaining useful life assessments
Other infrastructure - bridges	3	Depreciated Replacement costs	Independent Registered Valuer	01 June 2018	Construction costs and current condition levels, residual values and remaining useful life assessments
Other infrastructure - parks & ovals	3	Depreciated Replacement costs	Independent Registered Valuer	01 June 2018	Construction costs and current condition levels, residual values and remaining useful life assessments
Other infrastructure - drainage	3	Depreciated Replacement costs	Independent Registered Valuer	01 June 2018	Construction costs and current condition levels, residual values and remaining useful life assessments
Other infrastructure - footpaths	3	Depreciated Replacement costs	Independent Registered Valuer	01 June 2018	Construction costs and current condition levels, residual values and remaining useful life assessments

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

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

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**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.

**Recognition and measurement**

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

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

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

Individual assets that are land, building, 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 building 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 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, then then *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of *AASB 1051, Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail. Consequently, any land under roads acquired on or after 1 July 2008 is 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 to be treated as ROU assets measured at zero cost. Therefore, the previous inconsistency with AASB 1051 in respect on 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 balance sheet.

The Shire did not need to removed land values associated with land of for sporting or recreational facilities as there were not regional or state significance.

**Vested improvements from 1 July 2019**

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulations 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 ROU assets at zero costs.

Refer to Note 12 that details the significant accounting policies applying to leases (including ROU) assets.

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**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
Plant and equipment	\$ 244,214	\$ 238,481	\$ 17,300	\$ (23,033)	\$ 277,786	\$ 243,800	\$ 2,424	\$ (36,410)	\$ 257,294	\$ 236,818	\$ 14,388	\$ (34,863)
	244,214	238,481	17,300	(23,033)	277,786	243,800	2,424	(36,410)	257,294	236,818	14,388	(34,863)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
<b>Plant and Equipment</b>				
<b>Governance</b>	\$	\$	\$	\$
CEO/PCDO Vehicle	34,133	34,545	412	0
DCEO Vehicle	35,046	33,636	0	(1,410)
MFS Vehicle	22,695	22,727	32	0
<b>Law, order, public safety</b>				
Ranger Vehicle	12,913	20,808	7,895	0
Volunteer Ranger Vehicle	2,755	6,364	3,609	0
<b>Transport</b>				
DTS Vehicle	32,809	27,545	0	(5,264)
MWS Vehicle	26,326	25,455	0	(871)
Works Vehicle	18,419	14,545	0	(3,874)
Works Vehicle	10,962	10,455	0	(507)
New Holland Mower	4,145	5,800	1,655	0
Gianni Ferrari	13,241	6,600	0	(6,641)
Polarsi Ranger	2,667	6,364	3,697	0
McDonald Roller	4,410	1,364	0	(3,046)
<b>Economic services</b>				
DPED Vehicle	23,693	22,273	0	(1,420)
	244,214	238,481	17,300	(23,033)

**SHIRE OF WAROONA**  
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**10. FIXED ASSETS**

**(b) Depreciation**

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings	782,056	777,556	827,775
Furniture and equipment	34,095	185,893	41,541
Plant and equipment	263,344	295,362	275,596
Infrastructure - roads	1,600,111	1,536,153	1,546,601
Other infrastructure - other	70,748	251,766	93,416
Other infrastructure - bridges	81,040	77,221	81,040
Other infrastructure - parks & ovals	262,998	67,414	227,826
Other infrastructure - drainage	245,440	233,873	245,045
Other infrastructure - footpaths	38,423	36,612	37,472
Right of use assets - plant and equipment	79,152	0	0
	3,457,407	3,461,850	3,376,312

**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	25-60 years
Furniture & Equipment	3-20 years
Plant and equipment	5-10 years
Seats & Benches	15-25 years
Water Supply Piping	20-40 years
Infrastructure Other	20-70 years
Sealed Roads and Streets	
Construction	45-55 years
Bituminous Seals	15-25 years
Asphalt Seals	25-30 years
Unformed Roads	
Formed	10-15 years
Gravel	12-15 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.

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**11. LEASES**

**(a) Right of Use Assets**

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

	Right of use assets - plant and equipment \$	Right of use assets Total
<b>Carrying amount at 30 June 2019</b>	0	0
Recognised on initial application of AASB 16	149,378	149,378
<b>Restated total equity at the beginning of the financial year</b>	149,378	149,378
Additions	98,311	98,311
Depreciation (expense)	(79,152)	(79,152)
<b>Carrying amount at 30 June 2020</b>	168,537	168,537
<b>(b) Cash outflow from leases</b>		
Interest expense on lease liabilities	3,506	3,506
Lease principal expense	77,931	77,931
<b>Total cash outflow from leases</b>	81,437	81,437

**SIGNIFICANT ACCOUNTING POLICIES**

**Leases**

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

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

Right of use assets are subsequently measured under the revaluation model as they relate to asset classes that are also revalued.

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

**Leases (continued)**

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

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

**Right of use asset - valuation**

ROU assets are measured at cost. This means that all ROU assets (other than vested improvements) under zero cost concessionary leases are measured at zero costs (i.e. not included on the balance sheet). The exception is vested improvements which are reported at fair value.

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12. REVALUATION SURPLUS

	2020 Opening Balance \$	2020 Revaluation Increment \$	2020 Revaluation (Decrement) \$	Total Movement on Revaluation \$	2020 Closing Balance \$	2019 Opening Balance \$	2019 Revaluation Increment \$	2019 Revaluation (Decrement) \$	Total Movement on Revaluation \$	2019 Closing Balance \$
Land & Building	28,656,391	0	0	0	28,656,391	28,656,391	0	0	0	28,656,391
Furniture & Equipment	37,322	0	0	0	37,322	37,322	0	0	0	37,322
Plant & Equipment	655,570	0	0	0	655,570	655,570	0	0	0	655,570
Infrastructure - Roads	80,054,881	0	0	0	80,054,881	80,054,881	0	0	0	80,054,881
Infrastructure - Other	2,598,830	0	0	0	2,598,830	2,598,830	0	0	0	2,598,830
Infrastructure - Bridges	1,540,482	0	0	0	1,540,482	1,540,482	0	0	0	1,540,482
Infrastructure - Parks & Ovals	831,629	0	0	0	831,629	831,629	0	0	0	831,629
Infrastructure - Drainage	4,554,758	0	0	0	4,554,758	4,554,758	0	0	0	4,554,758
Infrastructure - Footpaths	0	0	0	0	0	0	0	0	0	0
	118,929,864	0	0	0	118,929,864	118,929,864	0	0	0	118,929,864

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.

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13. TRADE AND OTHER PAYABLES

**Current**

Sundry creditors  
 Prepaid rates  
 Accrued salaries and wages  
 Bonds and deposits held  
 Accrued interest on debentures  
 Accrued expenses

	2020	2019
	\$	\$
	210,504	151,460
	102,781	90,882
	84,381	81,596
	584,198	588,890
	1,342	1,631
	5,292	13,269
	988,498	927,728

**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.

## 14. CONTRACT LIABILITIES

### Current

Contract liabilities from contracts with customers

	2020	2019
	\$	\$
	77,597	0
	<u>77,597</u>	<u>0</u>

Performance obligations from contracts with customers are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

<u>77,597</u>
77,597

### SIGNIFICANT ACCOUNTING POLICIES

#### Contract Liabilities

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

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

**SHIRE OF WAROONA**  
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**15. LEASE LIABILITIES**

(a) Lease Liabilities	2020	2019
	\$	\$
Current	53,022	0
Non-current	115,515	0
	<u>168,537</u>	<u>0</u>

**(b) Movements in Carrying Amounts**

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual	30 June 2020	30 June 2020	30 June 2020	30 June 2020	Budget	30 June 2020	30 June 2020	30 June 2020	30 June 2020	Actual	30 June 2019	30 June 2019	30 June 2019	30 June 2019	
					Lease Principal 1 July 2019	Actual New Leases	Actual Lease Repayments	Actual Lease Outstanding	Actual Lease Interest Repayments	Lease Principal 1 July 2019	Budget New Leases	Budget Lease Repayments	Budget Lease Outstanding	Budget Lease Interest Repayments	Lease Principal 1 July 2018	Actual New Loans	Actual Lease Repayments	Actual Lease Outstanding	Actual Lease Interest Repayments	
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Governance</b>																				
Server Lease	E6N0158318	Maia Financial	2.20%	60 months	41,859		33,451	8,408	582					0					0	
Spin Bikes	E6N0155357	Maia Financial	2.00%	36 months	5,801		3,861	1,940	81					0					0	
Gym Equipment	E6N0160721	Maia Financial	2.10%	60 months	20,729		5,927	14,802	378					0					0	
CCTV	E6N0160761	Maia Financial	2.10%	60 months	7,226		2,066	5,160	132					0					0	
Photocopiers	E6N0162301	Maia Financial	2.20%	60 months	62,928		13,267	49,661	1,248					0					0	
Rec Centre Solar Panels	SOW01072020	Macquarie Bank	2.20%	60 months		98,311	9,745	88,566	1,020					0					0	
PC Lease	E6N0158218	Maia Financial	2.10%	48 months	10,835		10,835	0	65					0					0	
					<u>149,378</u>	<u>98,311</u>	<u>79,152</u>	<u>168,537</u>	<u>3,506</u>					<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

SHIRE OF WAROONA  
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16. INFORMATION ON BORROWINGS

(a) Borrowings

	2020	2019
	\$	\$
Current	64,046	61,483
Non-current	239,903	303,949
	303,949	365,432

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020				30 June 2020				30 June 2019			
				Actual Principal 1 July 2019	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2019	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2018	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Recreation and culture</b>															
Loan - Basketball Stadium	117	WATC	6.58%	81,889	14,329	4,990	67,560	81,888	14,328	5,078	67,560	95,319	13,430	5,880	81,889
Loan - Rec Centre Upgrade	120	WATC	3.91%	109,650	20,265	4,076	89,385	109,651	20,265	4,091	89,386	129,146	19,496	4,846	109,650
Loan - Memorial Hall Upgrade	121	WATC	2.97%	173,892	26,889	4,781	147,003	173,892	26,889	4,966	147,003	200,000	26,108	5,590	173,892
				365,431	61,483	13,847	303,948	365,431	61,482	14,135	303,949	424,465	59,034	16,316	365,431
				365,431	61,483	13,847	303,948	365,431	61,482	14,135	303,949	424,465	59,034	16,316	365,431

**SHIRE OF WAROONA**  
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**16. INFORMATION ON BORROWINGS (Continued)**

	2020	2019
	\$	\$
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank overdraft limit	500,000	500,000
Bank overdraft at balance date	0	0
Credit card limit	37,000	20,000
Credit card balance at balance date	0	0
<b>Total amount of credit unused</b>	<b>537,000</b>	<b>520,000</b>
<b>Loan facilities</b>		
Loan facilities - current	64,046	61,483
Loan facilities - non-current	239,903	303,949
Lease liabilities - current	53,022	0
Lease liabilities - non-current	115,515	0
<b>Total facilities in use at balance date</b>	<b>472,486</b>	<b>365,432</b>

**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 24.

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**17. EMPLOYEE RELATED PROVISIONS**

**(a) Employee Related Provisions**

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
<b>Opening balance at 1 July 2019</b>			
Current provisions	423,534	553,071	976,605
Non-current provisions	0	63,387	63,387
	423,534	616,458	1,039,992
Additional provision	(242,898)	(254,323)	(497,221)
Amounts used	136,059	134,809	270,868
<b>Balance at 30 June 2020</b>	316,695	496,944	813,639
<b>Comprises</b>			
Current	316,695	417,893	734,588
Non-current	0	79,051	79,051
	316,695	496,944	813,639
<b>Amounts are expected to be settled on the following basis:</b>	<b>2020</b>	<b>2019</b>	
	\$	\$	
Less than 12 months after the reporting date	136,799	226,353	
More than 12 months from reporting date	703,269	840,068	
Expected reimbursements from other WA local governments	(26,429)	(26,429)	
	813,639	1,039,992	

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.

## 18. NOTES TO THE STATEMENT OF CASH FLOWS

### Reconciliation of Cash

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	4,116,743	2,583,933	3,819,577
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	332,043	(892,084)	(272,178)
Non-cash flows in Net result:			
Depreciation on non-current assets	3,457,407	3,461,850	3,376,312
(Profit)/loss on sale of asset	5,733	33,986	20,475
Changes in assets and liabilities:			
(Increase)/decrease in receivables	37,077	350,000	(400,006)
(Increase)/decrease in other receivables	(8,500)		(8,500)
(Increase)/decrease in inventories	684	3,500	(1,214)
Increase/(decrease) in payables	61,990	(142,800)	413,767
Increase/(decrease) in provisions	(226,353)	145,000	16,278
Increase/(decrease) in contract liabilities	77,597	0	0
Non-operating grants, subsidies and contributions	(2,543,710)	(2,387,480)	(2,026,290)
Net cash from operating activities	1,193,968	571,972	1,118,642

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19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	2,993,687	2,938,093
General purpose funding	4,546,200	4,103,916
Law, order, public safety	2,888,130	1,989,979
Health	1,723,839	1,781,480
Education and welfare	289,990	349,578
Housing	180,000	180,000
Community amenities	10,777,797	10,939,936
Recreation and culture	28,716,878	29,289,091
Transport	79,633,947	79,766,263
Economic services	939,422	985,931
Other property and services	1,052,133	1,066,647
Unallocated	857,865	857,000
	<b>134,599,888</b>	<b>134,247,914</b>

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**20. CAPITAL COMMITMENTS**

**(a) Capital Expenditure Commitments**

Contracted for:

	2020	2019
	\$	\$
- capital expenditure projects	144,000	0
- plant & equipment purchases	0	0
	144,000	0

Payable:

- not later than one year	144,000	0
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The capital expenditure projects outstanding at the end of the current reporting period represents the constuction of the Waroona West Bush Fire Brigade shed and the upgrading of the main street footpath and various pram ramps along South Western Highway.

## 21. 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	73,600	73,600	73,600
President's allowance	9,700	9,700	9,700
Deputy President's allowance	2,300	2,300	2,300
Travelling expenses	1,214	3,000	385
Telecommunications allowance	6,800	6,800	6,800
IT Allowance	4,000	4,000	4,000
	<b>97,614</b>	<b>99,400</b>	<b>96,785</b>

### 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	1,101,884	1,161,801
Post-employment benefits	110,492	130,886
Other long-term benefits	77,937	8,010
Termination benefits	55,313	0
	<b>1,345,625</b>	<b>1,300,697</b>

#### *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).

## 21. RELATED PARTY TRANSACTIONS (Continued)

### Transactions with related parties

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

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

The following transactions occurred with related parties:	2020 Actual	2019 Actual
	\$	\$
Purchase of goods and services	14,586	18,829

### Related Parties

#### The Shire's main related parties are as follows:

##### *i. Key management personnel*

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

##### *ii. Other Related Parties*

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

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

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

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22. RATING INFORMATION

(a) Rates

RATE TYPE	Rate in \$	Number of Properties	2019/20 Actual Rateable Value \$	2019/20 Actual Rate Revenue \$	2019/20 Actual Interim Rates \$	2019/20 Actual Back Rates \$	2019/20 Actual Total Revenue \$	2019/20 Budget Rate Revenue \$	2019/20 Budget Interim Rate \$	2019/20 Budget Back Rate \$	2019/20 Budget Total Revenue \$	2018/19 Actual Total Revenue \$
<b>Differential general rate / general rate</b>												
<b>Gross rental valuations</b>												
Waroona GRV	0.103248	1,435	23,183,350	2,393,635	4,783		2,398,417	2,393,522	0	0	2,393,522	2,320,434
<b>Unimproved valuations</b>												
Waroona UV	0.007783	576	230,228,000	1,791,865	40,645		1,832,510	1,791,865	0	0	1,791,865	1,747,623
<b>Sub-Total</b>		2,011	253,411,350	4,185,500	45,428	0	4,230,927	4,185,387	0	0	4,185,387	4,068,057
<b>Minimum payment</b>												
<b>Gross rental valuations</b>												
Waroona GRV	1,145	634		725,930			725,930	725,930	0	0	725,930	719,175
<b>Unimproved valuations</b>												
Waroona UV	1,145	93		106,485			106,485	106,485	0	0	106,485	101,465
<b>Sub-Total</b>		727	0	832,415	0	0	832,415	832,415	0	0	832,415	820,640
		2,738	253,411,350	5,017,915	45,428	0	5,063,342	5,017,802	0	0	5,017,802	4,888,697
Discounts (Note 22(b))							0				0	0
<b>Total amount raised from general rate</b>							5,063,342				5,017,802	4,888,697
<b>Totals</b>							5,063,342				5,017,802	4,888,697

**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.

## 22. RATING INFORMATION (Continued)

### (b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	27/09/2019	0.00	0.00%	11.00%
<b>Option Two</b>				
First instalment	27/09/2019	0.00	5.50%	11.00%
Second instalment	27/11/2019	10.00	5.50%	11.00%
<b>Option Three</b>				
First instalment	27/09/2019	0.00	5.50%	11.00%
Second instalment	27/11/2019	10.00	5.50%	11.00%
Third instalment	27/01/2020	10.00	5.50%	11.00%
Fourth instalment	27/03/2020	10.00	5.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	40,602	28,270	37,589
Interest on instalment plan	17,033	16,100	16,004
Charges on instalment plan	20,270	20,720	19,100
	<b>77,905</b>	<b>65,090</b>	<b>72,693</b>

As a result of the state of emergency which has arisen due to the COVID19 pandemic the Shire froze penalty interest on rates for those facing financial hardship from 23rd March 2020 until 31st July 2020

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**23. RATE SETTING STATEMENT INFORMATION**

Note	2019/20 (30 June 2020 Carried Forward) \$	2019/20 Budget (30 June 2020 Carried Forward) \$	2019/20 (1 July 2019 Brought Forward) \$	2018/19 (30 June 2019 Carried Forward) \$
<b>(a) Non-cash amounts excluded from operating activities</b>				
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> .				
<b>Adjustments to operating activities</b>				
Less: Profit on asset disposals	10(a) (17,300)	(2,424)	(14,388)	(14,388)
Movement in employee benefit provisions (non-current)	(226,354)	(17,928)	16,278	16,278
Disposal of assets as per regulation changes	0		88,640	88,640
Add: Loss on disposal of assets	10(a) 23,033	36,410	34,863	34,863
Add: Depreciation on non-current assets	10(b) 3,457,407	3,461,850	3,376,312	3,376,312
<b>Non cash amounts excluded from operating activities</b>	<b>3,238,006</b>	<b>3,477,908</b>	<b>3,501,705</b>	<b>3,501,705</b>
<b>(b) Surplus/(deficit) after imposition of general rates</b>				
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.				
<b>Adjustments to net current assets</b>				
Less: Reserves - cash backed	4 (2,446,604)	(2,479,262)	(2,397,937)	(2,397,937)
Less: Restricted cash			(48,681)	(48,681)
<b>Total adjustments to net current assets</b>	<b>(2,446,604)</b>	<b>(2,479,262)</b>	<b>(2,446,618)</b>	<b>(2,446,618)</b>
<b>Net current assets used in the Rate Setting Statement</b>				
Total current assets	4,012,972	2,823,728	3,829,868	3,752,271
Less: Total current liabilities	(379,117)	(344,466)	(325,553)	(247,956)
Less: Total adjustments to net current assets	(2,446,604)	(2,479,262)	(2,446,618)	(2,446,618)
<b>Net current assets used in the Rate Setting Statement</b>	<b>1,187,251</b>	<b>0</b>	<b>1,057,699</b>	<b>1,057,699</b>
<b>(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards</b>				
<b>Total current assets at 30 June 2019</b>				3,752,271
- Contract assets				0
<b>Total current assets at 1 July 2019</b>				<b>3,752,271</b>
<b>Total current liabilities at 30 June 2019</b>				(247,956)
- Contract liabilities from contracts with customers				(77,597)
<b>Total current liabilities at 1 July 2019</b>				<b>(325,553)</b>

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## 24. 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
<b>Market risk - interest rate</b>	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	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
	%	\$	\$	\$	\$
<b>2020</b>					
Cash and cash equivalents	1.244%	4,116,743	2,446,605	1,670,138	
<b>2019</b>					
Cash and cash equivalents	2.008%	3,922,610	2,317,380	1,605,230	

#### Sensitivity

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

	2020	2019
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	41,167	38,196

\* Holding all other variables constant

#### Borrowings

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

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24. 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
<b>30 June 2020</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	54,851	122,972	59,816	29,798	267,437

<b>30 June 2019</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	4,648	112,186	49,178	15,808	181,820

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
<b>30 June 2020</b>					
Trade and other receivables					
Expected credit loss	0.01%	0.00%	0.00%	5.00%	
Gross carrying amount	188,552	0	0	7,249	195,801
Loss allowance	19	0	0	362	381

<b>30 June 2019</b>					
Trade and other receivables					
Expected credit loss	0.01%	0.01%	0.01%	0.01%	
Gross carrying amount	311,166	2,301	0	3,477	316,945
Loss allowance	31	0	0	0	32

## 24. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

#### Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 16(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
<b>2020</b>					
Payables	404,300	584,198	0	988,498	988,498
Borrowings	64,046	239,903	0	303,949	303,949
Contract liabilities	77,597	0	0	77,597	77,597
Lease liabilities	51,203	117,335		168,538	168,537
	597,146	941,436	0	1,538,582	1,538,581
<b>2019</b>					
Payables	247,956	0	0	247,956	927,728
Borrowings	61,483	272,789	31,159	365,431	365,432
	309,439	272,789	31,159	613,387	1,293,160

## 25. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

During the 2019/2020 financial year the COVID-19 pandemic occurred effect Australian Communities, Businesses and Local Governments. The effects of this pandemic are expected to continue on into 2021.

There has been little to no effect on Councils resources or finances during this pandemic. However the Shire of Waroona will be diligent in monitoring the continued effects of the epidemic into the 2020/2021 financial year.

The continuing pandemic may affect area of operations such as events, applications, access to materials, service contracts, state and federal grants and funding, rates and debtor's payment as well as debt collection on outstanding funds. Processes have been amended to take into account residents and ratepayer's difficulties due to the pandemic however in most circumstances the end result will not be affected.

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**26. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS**

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

**(a) AASB 15: Revenue from Contracts with Customers**

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

Note	AASB 118 carrying amount 30 June 2019 \$	Reclassification \$	AASB 15 carrying amount 01 July 2019 \$
<b>Contract liabilities - current</b>			
Contract liabilities from contracts with customers	14	0	(48,681)
Adjustment to retained surplus from adoption of AASB 15	26(c)	(48,681)	(48,681)

**(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.

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

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

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**26. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)**

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

		2020 \$		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
<b>Statement of Comprehensive Income</b>				
<b>Revenue</b>				
Rates	22(a)	5,063,342	102,781	5,166,123
Operating grants, subsidies and contributions	2(a)	1,731,108	77,597	1,808,705
Fees and charges	2(a)	1,418,316	0	1,418,316
Non-operating grants, subsidies and contributions	2(a)	2,543,710	0	2,543,710
Net result		332,043	180,378	512,421
<b>Statement of Financial Position</b>				
Contract assets	2(a)	0	0	0
Trade and other payables	13	988,498	(102,781)	885,717
Contract liabilities	14	77,597	(77,597)	0
Net assets		132,247,668	180,378	132,428,046
<b>Statement of Changes in Equity</b>				
Net result		332,043	180,378	512,421
Retained surplus		10,817,783	180,378	10,998,161

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

**(b) AASB 16: Leases**

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

On adoption of AASB 16, the Shire will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rates applied to the lease liabilities on 1 July 2019 is 2.08%.

	Note	2020 \$
Operating lease commitments at 30 June 2019 applying AAS 117		154,573
Discount applied using incremental borrowing rate		(5,195)
Lease liability recognised as 1 July 2019 discounted using the Shire's incremental borrowing rate of 2.08%	15(b)	149,378
Lease liability - current		70,291
Lease liability - non-current		79,087
Right-of-use assets recognised at 1 July 2019		149,378

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**26. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)**

On adoption of AASB 16 the Shire recognised a right-of-use asset in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is deemed to be equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments. Property, plant and equipment lease liability increase by \$149,378 in 1 July 2019 resulting in no impact on retained surplus.

On adoption of AASB 16 Leases (issued February 2016), for leases which had previously been classified as an 'operating lease' when applying AASB 117, the Shire is not required to make any adjustments on transition for leases for which the underlying asset is of low value. Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

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.

**(c) Impact of New Accounting Standards on Retained Surplus**

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

	<u>Note</u>	<u>Adjustments</u>	<u>2019</u>
			\$
Retained surplus - 30 June 2019			10,534,409
Adjustment to retained surplus from adoption of AASB 15	26(a)	(48,681)	
Adjustment to retained surplus from adoption of AASB 16	26(b)	0	
Adjustment to retained surplus from adoption of AASB 1058	26(b)	0	(48,681)
Retained surplus - 1 July 2019			10,485,728

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**27. TRUST FUNDS**

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

	<u>1 July 2019</u>	<u>Amounts Received</u>	<u>Amounts Paid</u>	<u>30 June 2020</u>
	\$	\$	\$	\$
Extractive Industries	0	18,017	0	18,017
Public Open Space	50,022	41	(7,000)	43,063
Alcoa Waroona Sustainability	1,952,864	272,932	(256,471)	1,969,325
	<u>2,002,886</u>	<u>290,990</u>	<u>(263,471)</u>	<u>2,030,405</u>

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

**28. 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 WAROONA**  
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**FOR THE YEAR ENDED 30 JUNE 2020**

**29. ACTIVITIES/PROGRAMS**

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

<b>PROGRAM NAME AND OBJECTIVES</b>	<b>ACTIVITIES</b>
<p><b>GOVERNANCE</b>            To provide a decision making process for the efficient allocation of scarce resources.</p>	<p>Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.</p>
<p><b>GENERAL PURPOSE FUNDING</b>            To collect revenue to allow for the provision of services.</p>	<p>Rates, general purpose government grants and interest revenue.</p>
<p><b>LAW, ORDER, PUBLIC SAFETY</b>            To provide services to help ensure a safer and environmentally conscious community.</p>	<p>Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.</p>
<p><b>HEALTH</b>            To provide an operational framework for environmental and community health.</p>	<p>Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.</p>
<p><b>EDUCATION AND WELFARE</b>            To provide services to disadvantaged persons, the elderly, children and youth</p>	<p>Maintenance of child minding centre, playgroup centre, senior citizen centre and aged care centres. Provision and maintenance of home and community care programs and youth services</p>
<p><b>HOUSING</b>            To provide and maintain elderly residents housing.</p>	<p>Provision and maintenance of elderly residents housing.</p>
<p><b>COMMUNITY AMENITIES</b>            To provide services required by the community.</p>	<p>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.</p>
<p><b>RECREATION AND CULTURE</b>            To establish and effectively manage infrastructure and resource which will help the social well being of the community.</p>	<p>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.</p>
<p><b>TRANSPORT</b>            To provide safe, effective and efficient transport services to the community</p>	<p>Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.</p>
<p><b>ECONOMIC SERVICES</b>            To help promote the shire and its economic wellbeing.</p>	<p>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.</p>
<p><b>OTHER PROPERTY AND SERVICES</b>            To monitor and control the Shire's overhead operating accounts.</p>	<p>Private works operation, plant repair and operation costs and engineering operation costs.</p>

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

30. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	1.22	1.16	1.15
Asset consumption ratio	0.69	0.69	0.81
Asset renewal funding ratio	1.02	1.28	0.90
Asset sustainability ratio	0.72	0.76	0.53
Debt service cover ratio	16.77	14.52	6.97
Operating surplus ratio	(0.34)	(0.36)	(0.50)
Own source revenue coverage ratio	0.62	0.62	0.57

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

**INDEPENDENT AUDITOR'S REPORT****To the Councillors of Shire of Waroona****Report on the Audit of the Financial Report*****Opinion***

I have audited the annual financial report of Shire of Waroona which comprises the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of Shire of Waroona:

- (i) is based on proper accounts and records; and
- (ii) fairly represents, in all material respects, the results of the operations of Shire of Waroona 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 Shire of Waroona 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 financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

I draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Shire's financial reporting responsibilities under the Act.

Regulation 17A of the Local Government (Financial Management) Regulations 1996 (Regulations), 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. My opinion is not modified in respect of this matter.

In respect of the comparatives for the previous year ended 30 June 2019, Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), did not allow a local government to recognise some categories of land, including land under roads, as assets in the financial report. My opinion is not modified in respect of this matter.

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

The Chief Executive Officer (CEO) of Shire of Waroona 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 a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing Shire of Waroona'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 Shire of Waroona.

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

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

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

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

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

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

- (i) In my opinion, the following matters indicate significant adverse trends in the financial position or the financial practices of the Shire of Waroona:
  - a. Asset sustainability ratio as reported in Note 28 of the financial report is below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard for the last three years (2018: 0.53, 2019: 0.76 and 2020: 0.72); and
  - b. Operating surplus ratio as reported in Note 28 of the financial report is below the Department of Local Government, Sport and Cultural Industries (DLGSCI) standard of zero for the last three years (2018: -0.50, 2019; -0.36 and 2020; -0.34).
- (ii) There were no instances of non-compliance with Part 6 of the *Local Government Act 1995*, the *Local Government (Financial Management) Regulations 1996* or applicable financial controls of any other written law identified during the course of my audit.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the asset consumption ratio and the asset renewal ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

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

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

#### **AMD Chartered Accountants**



**TIM PARTRIDGE**  
Director

Bunbury, Western Australia  
8 December 2020

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