



ORDINARY COUNCIL MEETING

23 March 2021

Attachment Booklet – 2019/20 Annual Report

ATTACHMENT: CEO01
Annual Meeting with Council's Appointed Auditor

Attachment 1
(CEO01 & CEO02) 2019/20 Annual Report

ATTACHMENT: CEO02
2019/20 Annual Report and Auditor's Report

Attachment 1
(CEO01 & CEO02) 2019/20 Annual Report



Shire of Irwin

Annual Report 2019/20

innovation
accountability
integrity
respect

Shire profile

Located on the Batavia coast 360kms north of Perth, nestled on Arunine Bay are the historical twin towns of Dongara and Port Denison which form part of the Shire of Irwin.

The Shire is a friendly coastal community with a population of approximately 3,800 residents and covers 2,223km². Situated in close proximity to the bustling City of Geraldton and with a rapidly growing tourism industry the Shire of Irwin is an enviable lifestyle choice.

Known historically for its lobster fishing industry and broad acre farming, the area has developed to include oil and gas production/exploration and mineral sands extraction industries.

The Shire offers a range of essential facilities including a public hospital facility which includes emergency services, a domiciliary care unit and a nurse home care unit, St John Irwin District (ambulance), pathology, GP medical centre, district high school, transfer station and various local businesses.

Our Community

There is an abundance of community and sporting groups who offer great opportunities for people of all ages to get involved and actively participate.

The community and the Shire host a variety of events throughout the year which include the monthly town markets, annual Australia Day celebrations, Easter Races, Hanging of the Quilts, a biennial Irwin District Charity Ball, Larry Lobster festival, Port Denison Sprint and the Mid West Show and Shine.

The Shire has a modern recreation centre which offers multiple health and fitness options. A newly refurbished skate park and pump track for the youth. The Dongara Denison Drive-Ins offers hours of family time throughout the warmer months.

With a wide range of choice for caravan parks and camping grounds within the Shire of Irwin caters for tourist and locals alike.

Acknowledgement of Country

The Shire of Irwin acknowledges the Southern Yamatji Peoples who are the Traditional Owners and First People of these lands. The Nhanhagardi, Wilunya, Amangu. We pay my respect to the Elders past, present and future for they hold the memories, the traditions, the culture and hopes of the Southern Yamatji Peoples.

Shire of Irwin

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Annual Report

As required by the *Local Government Act 1995* and associated regulations the Annual Report for 2019/20 provides an overview of the operations, activities and major projects undertaken by the Shire for that period, and includes major initiatives proposed to commence or to continue in the next financial year.

Our Vision, Mission and Values

Vision and Mission

our vision – a safe place to live, an exciting place to visit and a progressive place to work
our mission – delivering excellence in service, driving growth and building strong relationships

Values

The Values of the Shire are demonstrated through all employees and those acting on behalf of the Shire of Irwin (the Shire) observing the highest standards of ethics, integrity and behaviour during the course of their employment or engagement with the Shire. The values are important building blocks to support employees, ensuring that consistent customer and staff experience is delivered at all times.

innovation

We are forward thinking and creative in our approach and strive to continuously improve the way we work.

- I look for better ways of doing things
- I am open to feedback and change
- I encourage and embrace new ideas
- I foster creativity & think outside of the box
- I am solution focused

accountability

We will honour our commitments and responsibilities to achieve positive results in a transparent environment

- I lead by example
- I learn from my mistakes
- I am responsible for my actions
- I am committed to achieving my goals
- I acknowledge positive behaviour and successes

integrity

We always act in the public interest and are open, honest, fair and ethical in our interactions with others.

- I am fair and consistent
- I am honest, trustworthy and reliable
- I effectively and actively communicate
- I conduct myself in a professional manner
- I am loyal and committed to the organisation

respect

We support and appreciate each other in an inclusive culture to ensure a sense of pride and enjoyment

- I am considerate of the needs of others
- I genuinely listen when others communicate
- I respect the roles and opinions of others
- I treat others how I wish to be treated
- I support, help and encourage my colleagues

Statistics Snapshot 2019/20



rates levied
\$5.360
million



grants secured
\$3.158
million



building permits
94 worth
\$11.13
million



DAs
75



total heritage places
136



gym usage
6,931
people



new citizens
6
people



food business'
56
registered



library visits
4,118
people



visitors centre
3,846
people



customer requests

110
parks & gardens

80
paths & roads

342
maintenance

94
other

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President's Report



I have never used the word “challenge” so much than in my time as Shire President, and 2019/20 has not let me down.

As budget repair was a main focus of Council coming out of 2018/19, we were hit with:

1. The decision to surrounding the purchase of the medical centre;
2. COVID-19 and not knowing our income potential; and
3. State Government directive for a 0% rate rise.

I am pleased to say that our current position is one much more favourable than the catastrophe we were facing in February / March this year. This leads me to thank the leadership of our State Government in handling the pandemic, the ratepayers of Irwin in supporting the purchase of the medical centre, the CEO and staff for guidance and direction through extreme circumstances and finally, your elected members for their decisive resolve of so many contentious issues thrown at Council on a regular basis.

The year has seen the continual upgrade and resheeting of our depleted rural road network and the near completion of significant projects including the Lotterywest funded Irwin Pump Track to enhance the Skate Park Precinct, and stage 1 of the *Two Henry Road* independent living units with local trades contributing to 98% and a platinum level accreditation with Liveable Housing Australia.

As you can see, it is pleasing to be able to list these great achievements that have been delivered under extreme circumstances during 2019/20, not to mention the hours of planning that have gone into our current financial year to maintain a high standard of service and infrastructure provision under heavy budget constraints.

I look forward to reporting next year's return as we have so many exciting things on the horizon thanks to a progressive Council backed by a hard-working administration. Stay safe everyone and as we are reminded through national news, the pandemic is a long way from being over so stay responsible.

Mike Smith

Shire President



Chief Executive Officer's Report



The 2019/20 financial year commenced as the year of consolidation but turned out to be the year of unprecedented challenges. Not far into the financial year was the announcement by the Shire's only medical practice to cease operating. In the space of 3 months from the announcement, the Shire facilitated successful engagement with the community, operated the practice, engaged a Principal GP and a few months later purchased the building. Many thanks to Council, staff, supporting agencies, medical professionals and the community who worked collaboratively to deliver this successful outcome. Then literally a few weeks later COVID-19 global pandemic unfolded, which effectively brought many aspects of the Shire's activities to a standstill for the balance of the financial year.

Amongst these significant challenges, staff together with the support of Council excelled in delivering core corporate, community, regulatory and infrastructure services to the community. I again thank all staff for their tremendous effort during the incredibly difficult year plus the immense support from the Shire President and Councillors.

Of particular note was the innovative and cost effective sand stabilisation works to mitigate the coastal erosion in front of the Surf Beach car park. The sand stabilisation successfully endured a significant storm event that otherwise would have damaged the car park. Also of note was the funding received for the Irwin Pump Track with construction commencing June 2020, the Dongara Cemetery car park upgrade and the Two Henry Road Independent Living Units construction.

The Shire's planning, health, building and ranger services continued to service the local community and notably was the progression of the Coastal Management Plan, Local Heritage Survey, Local Planning Scheme projects and participation in the state-wide initiative to install Beach Emergency Number (BEN) signs. COVID-19 did impact the Shire services such as the Recreation Centre and Library, which up until this point were performing well. The Midwest Show & Shine and Denison Foreshore Sprint was again a great success.

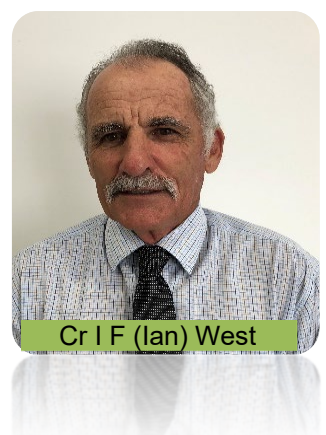
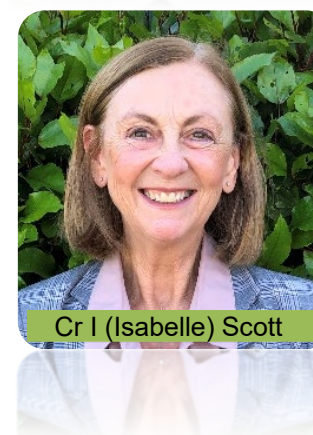
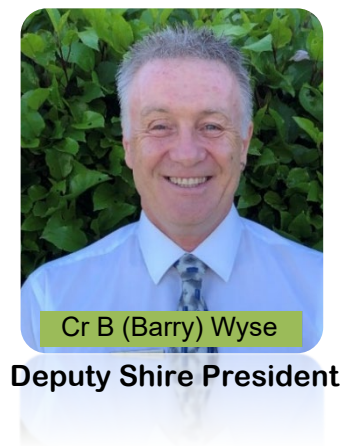
The biennial Council election took place which saw the departure of Cr Sandy Gumley and Cr Kellie Wilson, re-election of Cr Mike Smith and Cr Andrew Gillam and two new elected members Grant Eva and Hayley Wells. Cr Mike Smith was again elected as Shire President. Congratulations to the elected Councillors and many thanks to the departing Councillors for their significant contribution during their respective terms.

Shame Ivers

Chief Executive Officer



The Council of the Shire of Irwin consists of eight elected members. Councillors are elected for a four-year term, with half of the terms expiring every two years



Integrated Planning

The Shire's Integrated Planning Framework will be comprised of the following Plans/Programs:

Strategic Community Plan (SCP)

This plan identifies the community's main aspirations and priorities for the future and outlines strategies for achieving these goals.

Corporate Business Plan (CP)

This plan will describe the activities we will undertake over the next four years to achieve the agreed short-term goals and outcomes and underpin long-term aspirations.

Long Term Financial Plan (LTFP)

This plan details the financial resources needed to enact the corporate plan in the first four years and potential revenues and expenses for the next six years of the plan. It serves to inform and resource all aspects of the integrated planning activities as appropriate.

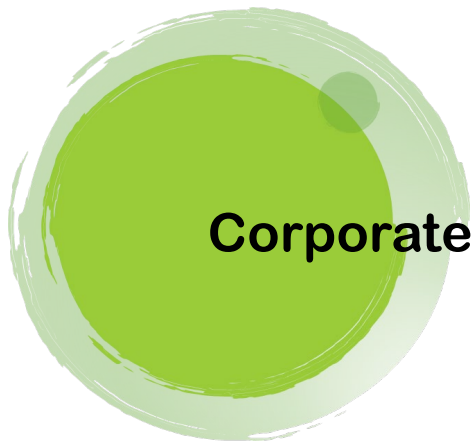
Asset Management Plan (AMP)

This plan will identify and record the asset register, service levels, activities and strategies to ensure physical assets and infrastructure are managed and maintained over their lifecycle; and appropriately disposed of at the end of their useful life.

Integrated Workforce Plan

This plan will identify and report on the internal capacity to meet current and future needs of the goals and objectives of the Shire and the Community, both in capacity and capability.





Dongara Medical Centre

Following six years' service as Dongara's only full-time GP, Dr Zaw Soe left the medical practice at the end of January 2020. As a result, Batavia Health ceased operations in the Shire of Irwin after 24 January 2020.

Over the previous twelve months, a major challenge of the practice had been attracting doctors - a challenge faced by many regional practices in WA.

The Shire of Irwin Council met confidentially, due to commercially sensitive information, to address the crisis situation and resolved to support the continuation of this essential service for the community in the short term. To achieve this, the Shire together with Rural Health West maintained the existing medical centre facilities and associated services, by recruiting locum (temporary) doctors.

The Shire also investigated a permanent solution and met at a special meeting on the 5 March 2020 to set the course of action to resolve the provision of medical services within the Shire. The outcomes of the meeting were:

1. To initiate the statutory process to acquire the Dongara Medical Centre at 290 Point Leander Drive, Dongara from Quirko Investments Pty Ltd (Batavia Health) as a walk out walk in sale for \$1,450,000. Under the *Local Government Act 1995*, the proposed acquisition being a major land transaction.
2. Appoint a residential GP by a Medical Practice Agreement plus a Memorandum of Understanding with Batavia Health for the use of the Dongara Medical Centre until such time the proposed acquisition was finalised. The commencement date of the residential GP was set for 16 March 2020.

The lead up to the decision involved one of the most comprehensive public consultation processes held in the Shire, which had a very high participation rate due to the importance of providing GP services in the community. There was a strong mandate from the community for the Shire to prioritise the acquisition of the Dongara Medical Centre and fund the associated medical services above projects such as the development of the foreshore. However, the contentious issue was the source of the funding, and in particular, if it were to potentially affect rates. The final rate impact, if any, was decided at the April 2020 Ordinary Council Meeting, however in light of the COVID-19 pandemic and subsequent state of emergency, Council resolved to develop the financial budget for the 2020/21 financial year based on a nil increase in the rate in the dollar for all rating categories in the Shire as well as a nil increase in fees and charges.

Dr Sasha Risinger was contracted as the Principal GP for the Dongara Medical Centre for the following five years.



Rates

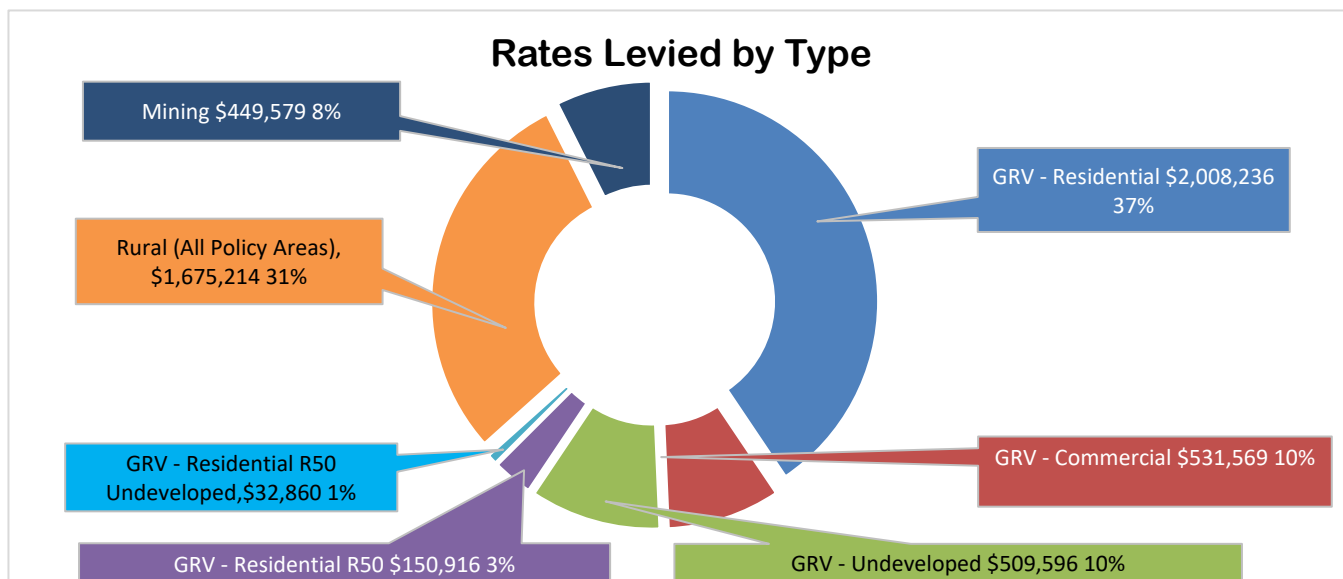
The Shire of Irwin's 2019/20 operating revenue budget was set at an estimated \$7.86 million. Of that figure, the rates levy budget aimed to raise \$5.314 million towards the cost of providing various shire services to the community.

During the year, the Shire levied rates of \$5.360 million and collected 92.81% of rates due.

Unpaid rates as at 30 June 2020 was \$393,000, this included ratepayers on payment plans. In the process of rate collection, a further \$47,947 in revenue was recognised from interest on unpaid rates.

Emergency Services Levy

The Shire of Irwin collected \$239,674 on behalf of the State Government for the Emergency Services Levy (ESL).



Department of Transport Licensing

The Shire of Irwin is no longer the licencing agent for the Department of Transport. This service was awarded to the Dongara Community Resource Centre and commenced operation with them on 29 June 2020. The Licensing Centre processed a total of \$541,635 licensing transactions, with Council commissions totalling \$38,404.

Grants

A total of \$3,158,660 in grants was secured by the Shire of Irwin in 2019/20:

Included in these amounts is an early payment of Financial Assistance Grants from the WA Grants Commission comprising of General Purpose Funding of \$108,793 and Road Funding of \$192,605.

The Shire would like to thank all agencies who have made grants or contributions towards projects throughout 2019/20.

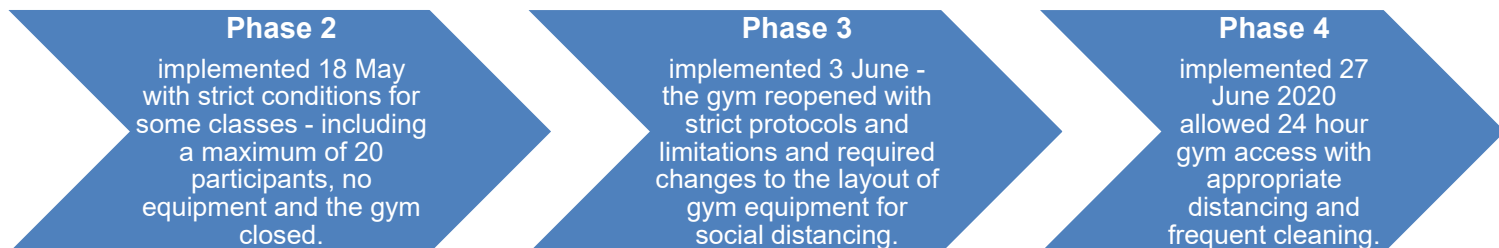
Grantor	Amount Received
WA Grants Commission	\$560,539
Main Roads WA - Regional Road Group	\$237,000
Roads to Recovery	\$214,117
Main Roads WA (Direct Grant)	\$81,483
Department of Fire and Emergency Services – Bushfire Risk Planning	\$2,300
Department of Fire & Emergency Services – Mitigation Activity Fund	\$3,000
Department of Fire Emergency Services – Operating	\$44,847
BENs Round One – Beach Emergency Numbers	\$7,374
DLGSC – ARC Initiative Grant	\$3,000
HealthWay Grant – Denison Foreshore Sprint	\$5,000
Department of Primary Industries & Regional Development – Southern Inland Health Initiative Aging in Place	\$2,000,000



Irwin Recreation Centre

The Irwin Recreation Centre closed on 23 March 2020 as directed by the Federal Government due to the COVID-19 pandemic.

The WA State Government introduced Phase 1 of the COVID-19 Roadmap on 27 April 2020 which had no impact on recreational activities.



The impact of COVID-19 on local sporting clubs was understandably tough. Junior basketball concluded early, with only one week of the grand finals remaining. Tennis played their last day on 21 March and cricket completed the season with only the grand final left to play.

All clubs are commended for their proactive and professional approach to the pandemic and the COVID Safety Plan requirements.

As a result of what has been a challenging year, the Irwin Recreation Centre income dropped by approximately 32% due to the center being closed for 14.4 weeks or approximately 28% of the year.

Gym

All gym memberships were suspended as of 23 March 2020. With the introduction of Phases 2 and 3 of the COVID-19 Roadmap, members had the option to reactivate their memberships. After the implementation of Phase 4 which allowed 24 hour access to the gym, all memberships were reactivated.



Community Assistance Scheme

The Shire of Irwin Community Assistance Scheme (CAS) provides financial assistance to community-based organisations and event organisers to support the promotion and development of social, economic, recreational, art and cultural projects that make a positive contribution to the quality of life within the Shire.

The successful applicants for 2019/20:

- Dongara Patchwork Club – Hanging of the Quilts
- Midwest Show and Shine and Denison Foreshore Sprint
- Irwin Race Club – Easter Race Day

On behalf of the Dongara Patchwork Club, the Shire was successful in an application to the Foundation for Rural and Regional Renewal (FRRR) for additional funding towards the Hanging of the Quilts. The Hanging of the Quilts is a triennial event with the proceeds from the day supporting the running of the club for the following three years.

Australia Day

The Australia Day Citizen of the Year Award Ceremony was held at the Port Denison Marina. The national anthem was beautifully performed by Warwick Trant, who also performed some Australian classics for the community to enjoy after the ceremony.



Ivan DeBaugy was awarded Senior Citizen of the Year;
Rod Owen was awarded Citizen of the Year; and
the Dongara Patchwork Club received the Active Citizenship award.

Visitor Centre

Wildflower Season

2019 was a terrific year for wildflowers, with tourists coming from near and far to see the fabulous array of flowers the Midwest has to offer and with many using Dongara Port Denison as a home base to explore from. The 2019 wildflower season saw a 5.71% increase in visitors compared to the 2018 wildflower season.



Book week theme - *Reading is my secret power!*
Staff dressed up as community heroes.

Library

Book Week 2019

The children's library was decorated with superheroes and community heroes.

On 13 September 2019, the Dongara District High School Kindy and Pre-Primary students visited the library dressed in their favourite super hero costumes.

Riki Porteus kindly volunteered her time, reading to the children about superheros and community heroes. The Kindy students received 'Better Beginnings' packs provided by the State Library of

Western Australia and the Pre-Primary students received superhero lanyards made by the library staff.

Seniors Week

Seniors week is a celebration of Western Australian Seniors. Events and activities are held across Western Australia to acknowledge seniors and show our appreciation for their valued contribution to society.

The Shire hosted a *Morning Tea and Quiz* on 20 November 2019 at the Irwin Rec Centre. Over sixty senior community members attended, enjoying local musical entertainment and some challenging quiz questions.

Midwest Show and Shine and Denison Foreshore Sprint

The *Midwest Show and Shine* and *Denison Foreshore Sprint* was held on 29 September 2019. This year's event attracted competitors from around the state and more than 5,000 spectators.

Accommodation was at capacity and the Shire opened the overflow camping at the Town Oval. Local businesses enjoyed the bumper trade weekend that the event brings.

The Midwest Show and Shine and Denison Foreshore Sprint will be reviewed by organisers prior to planning for future events to ensure it continues to grow in size and meets spectator satisfaction.





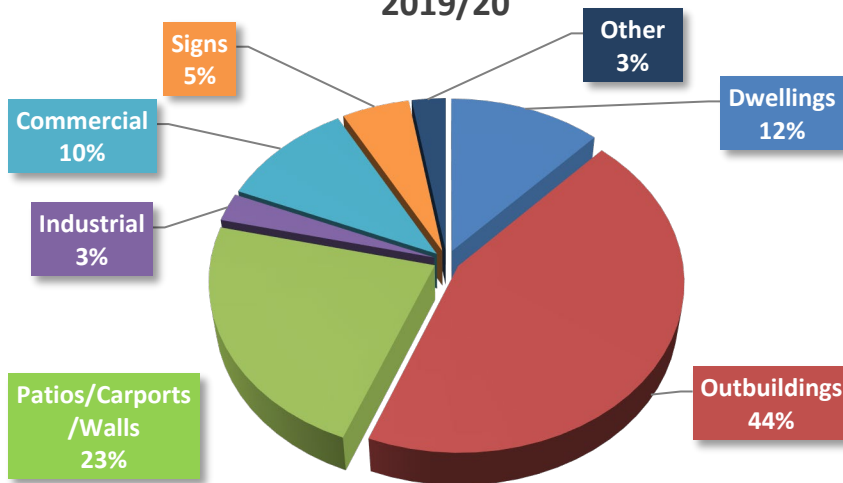
Development Applications (DAs)

2019/20	2018/19	2017/18	2016/17
75	69	63	134

74 DAs approved under delegated authority
1 DA refused by Council

No Scheme Amendments or Structure Plans were received or approved in 2019/20. One (1) Local Development Plan (LDP) was adopted for the Seaspray Caravan Park site.

Types of DA approvals granted during 2019/20



There were two (2) subdivisions approved in this period, one being an amalgamation and the other being for a two-lot subdivision.

One (1) application for review lodged with the State Administrative Tribunal (SAT), which is still active.

No applications were lodged for the Joint Development Assessment Panel (JDAP).

DA assessment times (days)

Average 2018/19

34 **40**

**not accounting for weekends/public holidays, consultation periods or applications on hold*

Coastal Management Plan (CMP)

In late 2018, the Shire successfully received grant funding and appointed consultants to develop a Coastal Management Plan. In the 2019/20 financial year the CMP project was significantly progressed.

Early to mid-2019, project work commenced with background literature research into relevant coastal planning matters and desktop analysis of the Shire's coastal areas. In July 2019, Council endorsed the Stakeholder and Community Engagement Plan for the project, which emphasised the importance of quality engagement methods.



To gauge an understanding of how the local community values our coastline, the first stage of community engagement was conducted in October 2019, through a public survey and interactive workshop.

Following the workshop, the first draft version of the CMP document was developed. The draft CMP provided clear actions / recommendations for identified sites (such as Grannies Beach, Surf Beach and the coastal nodes) to assist with the long term planning and use of these managed reserves and freehold land. The first draft was reviewed by the Steering Committee and internally by Shire staff in preparation for Council's formal consideration in the 2020-21 financial year, prior to being presented to the community and stakeholders for feedback.

Municipal Inventory / Local Heritage Survey

The Shire reviewed and revised its heritage places in 2018-19 and finalised the Municipal Inventory and Heritage List documents in accordance with the recent changes in heritage legislation. The changes resulted in the Municipal Inventory being amended to reflect the new format and re-named as a Local Heritage Survey.

Management categories for a number of existing heritage places were amended to reflect the revised category system required by the Heritage Regulations.

These category changes were purely administrative and did not result in the increase or decrease in heritage significance (by category) of any places.



Local Planning Scheme

Due to COVID-19 impacting capacity of workforces for several months, the Shire's review of the Local Planning Scheme was de-prioritised for the first half of 2020.

With the upcoming review of the Shire's Local Planning Strategy commencing in late 2020, it was considered timely to review the Scheme concurrently with the Strategy.

This timely review ensures the long-term planning ambitions set out in the Strategy can be met by the revised provisions set out in the Scheme.

Local Planning Policy – Shipping Containers

At the July 2019 Ordinary Council Meeting the Shire's Local Planning Policy relating to shipping containers was adopted.

This policy was reviewed due to inconsistencies identified through its implementation. Whilst the application of the policy is not common, the review of local planning policies is a necessary process to ensure guidance on local planning matters are relevant and up to date.



Beach Emergency Number (BEN) Signs

As part of a state-wide initiative to local governments to improve beach safety, in September 2019 the Shire was successful in obtaining a grant from the Department of Local Government, Sport and Cultural Industries for the construction of 18 Beach Emergency Number (BEN) signs.

The signs are installed at popular beach spots from the south, such as the coastal nodes, in town at recreational beaches and further north such as Seven Mile Beach.

Lease Management

The Shire continues to progress the transition of several lease arrangements with local community groups and individuals. The intent for this has been to replace outdated informal type arrangements with more comprehensive and consistent lease documents. The Shire acknowledges the importance of the local groups offering services and opportunities for the community and the new lease arrangements aim to reflect this. The Shire will continue to progressively transition leases into 2020-21 as current arrangements expire.

Health Services

Health Services 2019 - 2020

8	299	56	5	2	17	53*
Septic Applications	Licensed Caravan Park Sites	Registered food premises	Lodging Houses	Offensive Trades	Public Building	Stallholder permits

The Shire approves and inspects multiple businesses and buildings over the year in accordance with applicable legislation.

**The number of stallholder permits over the year has been directly affected by COVID-19 impacting travel and events.*

Water Sampling

In the interest of public health, water sampling within the Shire is conducted monthly from November to April each year for the purpose of detecting levels of harmful bacteria. The following locations were sampled:

- Six public pools (at holiday accommodation/Caravan Parks)
- Recycled water at the Dongara Golf Course, which is used to irrigate the course
- Recreation swimming waters at four specified locations

Sentinel Chicken Program

The Shire takes part in the Sentinel Chicken Surveillance Program coordinated by the Department of Health. This program allows for the early warning of potential flavivirus activity in North-Western Australia.

During 2019/20, the Shire housed 12 chickens that provided a monthly blood sample. This is conducted by the local veterinary clinic and the result of the samples are supplied to the Department of Health.

Transfer Station

The Shire's Transfer Station located on Dee Street, Dongara is operated by *Cleanaway*. In the 2019-20 period DWER carried out an audit of the Transfer Station, which was successfully cleared with all conditions of the license being compliant.

Waste Volumes processed at the Transfer Station April 2019 – March 2020



Tyres

0.45
Tonnes



Septage & Grease

183,950
Litres



Metal & White goods

120
Tonnes



Asbestos & Vehicle Batteries

56.39
Tonnes



Skip Bin

748
Tonnes

Building Services

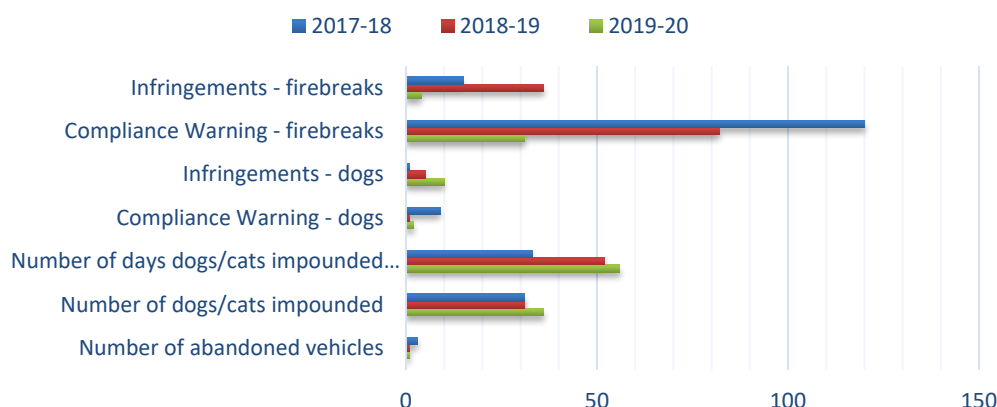
The Shire continues to use the building services of the City of Greater Geraldton for the assessment of building permit applications and the provision of building advice.

The building value approved was greater in this period, a result of a few substantial unrelated developments within the townsite area. The lower value of completed works for this period is generally more of a reflection of the previous period, given most building works carry on over financial or calendar years.

Building Permits Issued	2019-20	2018-19	2017-18	2016-17
Dwellings	17	11	18	13
Residential Additions	5	2	3	10
Shed, Patio, Carports, Retaining Walls	53	51	55	73
Pools	5	2	1	9
Commercial	8	10	5	4
Demolition	6	2	5	12
Total Permits Issued	94	78	87	121
Total Permit Value	\$11.13m	\$7.55m	\$8.8m	\$7.76m
Total Building Works Completed	57	52	61	63
Total Value Completed Works	\$4.76m	\$8.13m	\$7.6m	\$4.26m

In 2019-20 there were 79 pools inspected. However, due to COVID-19 no routine pool barrier inspections were conducted from March 2020 onwards, so the 79 inspections are more reflective of the July 2019 to March 2020 period. The Shire has a total of 176 pools registered for barrier inspections.

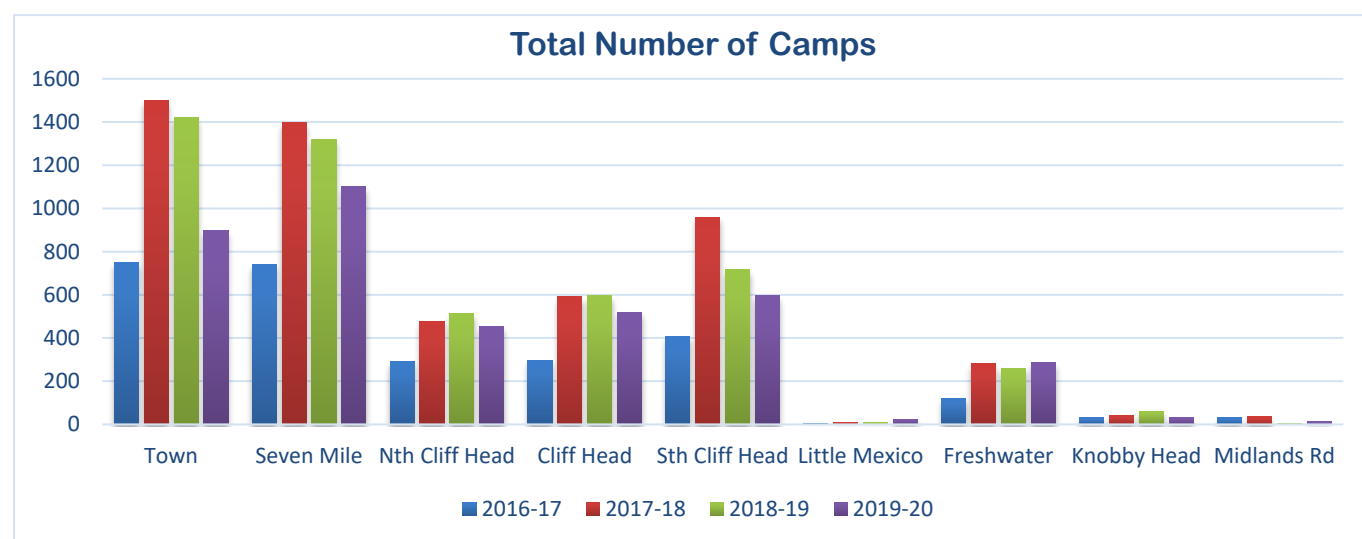
Community Ranger Services



The Shire of Irwin Community Rangers manage compliance in relation to firebreaks, dogs, cats and abandoned vehicles.

There were 1,004 dogs and 119 cats registered with the Shire up to the end of the 2019-20 period. These registrations are a combination of time-specific and lifetime approvals.

Community Rangers monitored the Shire-managed coastal nodes and free camping locations in relation to rubbish, campfires, permitted stay periods and to ensure visitors enjoyed their stay in the district. (note the COVID-19 travel restrictions and closures in place from March 2020 has affected camping in the region)



In 2019/20 a review of the Dog Exercise Areas map (DEAs) was carried out. The existing DEA map had not been reviewed for an extended period of time and so it was considered appropriate to reassess these areas. The draft DEA map was advertised to the public in December 2019 to January 2020. The DEA map was further amended to address public feedback during the COVID-19 lockdown period in preparation for Council's endorsement.



Technical & Infrastructure

Irwin Pump Track

The Shire of Irwin received Lotterywest funding in July 2019 which was formally presented to the Shire President and CEO by the Hon. Laurie Graham MLC at the Irwin Skate Precinct in December 2019.

Trailsapes Pty Ltd were engaged for the original concept design but being based in Queensland had to withdraw due to the COVID-19 pandemic. Common Ground Trails were engaged in May 2020 and commenced construction of the 620 square metre pump track in June 2020.

Footpath and kerbing were renewed / re-laid, including those on: Blenheim Road, Church Street, Waldeck/Hunt Streets and Moreton Terrace

Six new traffic classifiers were purchased which enabled Council Officers to gather critical traffic data on the Shire's road network forming the basis for future funding opportunities.

Urban Roads

Blenheim Road Black Spot

A road safety Inspection was prepared for the road crest on Blenheim Road outside of the hospital. The audit formed the basis of a detailed funding submission to MRD under the Black Spot program 2021/22.

Moreton Terrace Upgrade

Detailed survey pick-ups to gather base information on Moreton Terrace and the Dongara CBD took place in the second half of the year which will enable consultants to start on a conceptual design and then finally a final 3 D construction drawing of Moreton Terrace.

Drainage Works

Renewal of surface road drainage gully grates continued throughout 2019/20. The drainage system on the foreshore was extended and bubble-ups were constructed to reduce flooding in extreme rain events.

Urban Sumps

The Pearce Street sump had a significant upgrade which included re-shaping, drainage extensions, rock battering and a new colour bond fence installed to significantly improve community safety and functionality.

Rural Roads

Resheeting

The Shire had greater flexibility and control utilising the in-house work team, which resulted in 20km of gravel re-sheeting completed on eight separate rural roads through-out the Shire.

Significant sectional re-sheeting to eradicate safety critical blow-outs was also completed on the roads listed and other areas to improve user safety.

Drainage

As part of the maintenance grading schedule, the Shire have implemented the ongoing formation of drains throughout the rural road network to assist with the removal of water from the gravel pavement surfaces, thus preserving the asset.

Maintenance Grading

The Shire, using its qualified grader operator, continued a structured in-house grading schedule with a proactive systematic approach in an attempt to significantly improve the safety and functionality of the rural road network.

Road Spraying

Weed spraying was undertaken across the rural road network to eradicate weeds from the maintenance zone. This has improved visibility and drainage functionality.

Burma Road
Mount Adams road
Bookara East Road
Piggery Lane
Yandanooka West Road
Mount Adams Road
Casuarina Road
Tabletop Road

Signage

Safety and directional signage continued for both the rural and urban road networks. Significant headway has been achieved improving road user safety across the road network.

Heavy Plant

Several pieces of plant received refurbishment to improve efficiencies and productivity in the field. These included modifications to the loaders greasing system and weight scale system, conversion of the water tanker supply motor from a diesel auxiliary motor to a hydraulic motor and system and the refurbishment of the second side tipping trailer.

Ocean Drive Fencing

Due to coastal erosion creating a steep drop off, a small fence was installed along the Ocean Drive footpath with further fencing potentially being installed heading north.



The Shire engaged *In-Situ Construction & Maintenance* after consultation for a proposal to mitigate erosion at Surf Beach. A stabilised wall was constructed, with consideration for environmental management, including minimising contamination and protecting the soil, water and native flora from further degradation.

The project timeline increased due to tidal issues, but construction time remained as expected. This option was chosen as a cost-effective way of minimising the effects of coastal erosion. Analysis after the first storm proved the works to be very effective.

Dongara Cemetery

Works have begun on the carparking and footpaths at the Cemetery, bollards have been installed along with reticulation. Fences have been rebuilt and the curbing, asphalt and seating will also be completed.

Bore Maintenance

As part of the Shires extraction licence and the regular reading and testing by Parks Staff works were done on several bores making them compliant through having the correct metering devices installed

The Village

Three properties at The Village were re-leased during 2019/20, with the new tenants settling in and pleased with the location. The Village currently has 25 applicants on waiting list. The annual tenant review, due May, was suspended for 12 months, due to COVID-19, following a decision not to place any further undue pressure on the tenants that may be experiencing financial difficulties during the regional lockdown.

One unit was fully refurbished during the reporting period as a result of the longest residing tenant of 27 years sadly passing away.

During the first half of the 19/20 financial year, a capital renewal programme commenced prioritising works as identified by the Structural Engineers assessment undertaken in 2019. Works were 73% completed before the movement of trades were suspended within the Village in March (due to COVID-19). Remaining works have now been re-scheduled in the following reporting period 20/21.

Works identified by Greenfield Technical Services to improve the access, signage and lighting of the Village scheduled for the second half of the financial year have also been re-scheduled to commence during the 20/21 reporting period.

In February 2020 a new Heartsine defibrillator was purchased and installed in a secure cabinet located in a central point within the complex. All tenants were provided with the location and access details in the case of an emergency.

Fleet Management

The Fleet Replacement Program totalled \$183,723 in 2019/20 and included the renewal of 5 x light vehicles.

Port Denison Recreational Jetty

Duratec Australia were engaged in January 2020 to undertake an engineering report on the recreational jetty to compare the rate of deterioration since 2017. This information was presented to Council to inform future repair or replacement options.

Due to the rate of deterioration and high cost of repairs, staff are investigating future funding options for replacement through the Department of Transport's Recreational Boating Facilities Scheme.

Port Denison Foreshore Turf & Reticulation

After the completion of the car parking at the foreshore, the parks team installed a new reticulation system and turf. The new system provides many cost saving advantages, including the ability to be run remotely.

Tree Planting Program

The Shire has received 60 established trees for the 2020 tree planting program to be planted around February/March. They are currently stored at the Shire Depot and are looking fantastic.



Two Henry Road Independent Living Units

The Shire of Irwin received \$2,500,000 of funding through the Department of Primary Industries & Regional Development in February 2019 to construct six Independent Living Units at 2 Henry Road, Port Denison.

The units were designed to accommodate seniors living with disabilities and/or dementia and were awarded Livable Housing Australia's *Platinum Certification*, ensuring that the properties were built to accommodate the changing need of residents as they age.

In July 2019, after a state-wide tender process, local construction company, Nordic Builders were awarded the construction contract with on the ground works commencing in September 2019. By June 2020, the project was in the final phase of construction with 98.6% of the construction costs going to local suppliers, primarily from the Shire of Irwin, this equated to approximately \$1.63 million invested in the local economy.



Artist's Impression only

Nordic Builders were awarded the construction contract with on the ground works expected to commence September 2019

Containers for Change

In March 2019, the *Waste Avoidance and Resource Recovery Act (2007) (WA)* was amended to provide for the introduction of a state-wide container deposit scheme, to commence on 2 June 2020. The scheme aims to increase the recovery and rate of recycling of beverage containers to reduce the impact of litter on the natural environment.

It is estimated that approximately 1,800 million beverage containers were used in Western Australia in 2017. The scheme aims to encourage the collection and recycling of beverage containers by providing incentives in the form of a refund (10 cents initially) on the return of an eligible container to a collection point. The scheme follows the introduction of similar schemes in South Australia, Northern Territory, New South Wales, ACT and Queensland.

With the support of Council, the Shire lodged an application with the Scheme Coordinator, WA Return Recycle Renew Ltd (WARRRL), to become a registered Refund Point Operator. The Shire was successful in its application and executed the formal five year contract in January 2020 to provide Refund Point services at the Dongara Transfer Station. Due to the impacts of COVID-19 the official launch date of the Containers for Change scheme was postponed to 1 October 2020.





Emergency Services

The Shire's Community Emergency Services Manager is a shared position between the Shires of Irwin and Coorow, and is partly funded by the Department of Fire and Emergency Services (DFES).

The Community Emergency Services Manager undertook the following activities during 2019/20:

- Coordinated and instructed on numerous courses for volunteers, including *Introduction to Firefighting*, *Bush Fire Fighting*, *AIIMS*, *Fire Control Officer*, *Crew Leader*, and *Advanced Bushfire Fighting*.
- Successfully completed professional development opportunities, in order to maintain currency with position requirements.
- Acted in the Area Officer role in the DFES Midwest Gascoyne Office
- Assisted Local Government with COVID-19 planning and response
- Deployed to assist with fires in QLD, Collie, Forrestania Complex and Norseman Complex
- Attended meetings and training occurrences for Bush Fire Brigades across the Shires of Coorow and Irwin.
- Acted as Executive Officer for, and attended the meetings of, the Irwin Bush Fire Advisory Committee, Shire of Irwin Local Emergency Management Committee and the Shire of Coorow Local Emergency Management Committee.
- Responded to various incidents within both the Shires of Irwin and Coorow.
- Attended meetings of the Midwest-Gascoyne District Emergency Management Committee and the District Operations Advisory Committee.
- Undertook inspections and mitigation works of Unallocated Crown Land and Unmanaged Reserves within the gazetted townsites of the Shires of Irwin and Coorow.
- Applied for and managed grant funding to undertake mitigation works on high-risk land identified within the Shire of Irwin Bushfire Risk Management Plan.



Financial Statements 2019/20

2019/20 Financial Statements Contents

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Statement of Comprehensive Income by Program
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Statement of Changes in Equity
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Notes to and Forming Part of the Financial Report
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SHIRE OF IRWIN
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

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COMMUNITY VISION

A safe place to live, an exciting place to visit, and a progressive place to work.

Principal place of business:
11-13 Waldeck Street
DONGARA WA 6525

**SHIRE OF IRWIN
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 Irwin 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 Irwin 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 29th day of January 2021



Chief Executive Officer

Shane Ivers



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	26(a)	5,360,772	5,314,227	5,174,481
Operating grants, subsidies and contributions	2(a)	819,180	480,895	1,098,123
Fees and charges	2(a)	1,541,105	1,733,533	1,622,278
Interest earnings	2(a)	87,173	113,537	124,749
Other revenue	2(a)	300,054	220,750	259,454
		8,108,284	7,862,942	8,279,085
Expenses				
Employee costs		(2,718,377)	(2,742,132)	(3,053,105)
Materials and contracts		(3,251,820)	(2,372,829)	(3,411,187)
Utility charges		(483,180)	(487,400)	(472,743)
Depreciation on non-current assets	11(b)	(4,407,387)	(4,376,844)	(4,335,292)
Interest expenses	2(b)	(196,332)	(167,442)	(161,132)
Insurance expenses		(189,264)	(173,946)	(179,961)
Other expenditure		(339,931)	(186,040)	(400,104)
		(11,586,291)	(10,506,634)	(12,013,524)
		(3,478,007)	(2,643,692)	(3,734,439)
Non-operating grants, subsidies and contributions	2(a)	2,027,594	1,906,784	2,098,017
Profit on asset disposals	11(a)	25,349	67,309	71,071
(Loss) on asset disposals	11(a)	(478,686)	0	(133,276)
Fair value adjustments to financial assets at fair value through profit or loss		865	0	0
		1,575,122	1,974,093	2,035,812
Net result for the period		(1,902,885)	(669,599)	(1,698,628)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Nil		0	0	0
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		(1,902,885)	(669,599)	(1,698,628)

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



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Governance	2(a)	273	200	217
General purpose funding		6,030,284	5,716,052	5,857,029
Law, order, public safety		190,657	168,307	500,357
Health		59,698	29,900	16,591
Education and welfare		6,102	14,200	15,542
Housing		280,477	281,000	283,333
Community amenities		870,996	915,781	845,249
Recreation and culture		198,049	245,052	275,593
Transport		133,317	136,400	129,429
Economic services		221,923	300,050	252,227
Other property and services		116,508	56,000	103,518
		8,108,284	7,862,942	8,279,085
Expenses				
Governance	2(b)	(567,650)	(564,913)	(496,038)
General purpose funding		(644,910)	(585,169)	(223,023)
Law, order, public safety		(507,114)	(492,560)	(895,333)
Health		(565,054)	(155,322)	(160,772)
Education and welfare		(66,523)	(61,212)	(104,860)
Housing		(557,213)	(538,941)	(471,434)
Community amenities		(1,345,648)	(1,385,250)	(1,329,641)
Recreation and culture		(2,557,318)	(2,665,675)	(3,127,714)
Transport		(4,044,418)	(3,468,152)	(4,401,675)
Economic services		(469,681)	(385,280)	(514,001)
Other property and services		(64,430)	(36,717)	(127,901)
		(11,389,959)	(10,339,192)	(11,852,392)
Finance Costs				
Health	2(b)	(6,435)	0	0
Recreation and culture		(165,666)	(149,160)	(156,429)
Transport		(23,637)	(18,282)	(4,703)
Other property and services		(594)	0	0
		(196,332)	(167,442)	(161,132)
		(3,478,007)	(2,643,692)	(3,734,439)
Non-operating grants, subsidies and contributions	2(a)	2,027,594	1,906,784	2,098,017
Profit on disposal of assets	11(a)	25,349	67,309	71,071
(Loss) on disposal of assets	11(a)	(478,686)	0	(133,276)
Fair value adjustments to financial assets at fair value through profit or loss		865	0	0
		1,575,122	1,974,093	2,035,812
Net result for the period		(1,902,885)	(669,599)	(1,698,628)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Nil		0	0	0
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		(1,902,885)	(669,599)	(1,698,628)

Total comprehensive income for the period

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



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

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	3	3,505,502	3,820,528
Trade and other receivables	6	555,596	671,342
Other financial assets	5(a)	8,097	7,889
Inventories	7	18,521	20,118
Other assets	8	15,302	1,135
TOTAL CURRENT ASSETS		4,103,018	4,521,012
NON-CURRENT ASSETS			
Trade and other receivables	6	69,322	60,277
Other financial assets	5(b)	65,957	73,189
Property, plant and equipment	9	44,304,551	46,878,104
Infrastructure	10	52,876,708	54,309,900
Right of use assets	12(a)	90,455	0
TOTAL NON-CURRENT ASSETS		97,406,993	101,321,470
TOTAL ASSETS		101,510,011	105,842,482
CURRENT LIABILITIES			
Trade and other payables	14	1,141,360	1,648,164
Contract liabilities	15	1,277,058	0
Lease liabilities	16(a)	19,930	0
Borrowings	17(a)	341,683	271,888
Employee related provisions	18	416,446	348,465
TOTAL CURRENT LIABILITIES		3,196,477	2,268,517
NON-CURRENT LIABILITIES			
Lease liabilities	16(a)	37,963	0
Borrowings	17(a)	4,105,104	2,996,787
Employee related provisions	18	77,528	67,365
TOTAL NON-CURRENT LIABILITIES		4,220,595	3,064,152
TOTAL LIABILITIES		7,417,072	5,332,669
NET ASSETS		94,092,939	100,509,813
EQUITY			
Retained surplus		42,138,469	44,857,653
Reserves - cash backed	4	1,292,763	1,310,453
Revaluation surplus	13	50,661,707	54,341,707
TOTAL EQUITY		94,092,939	100,509,813

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



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

		RETAINED SURPLUS	RESERVES CASH BACKED	REVALUATION SURPLUS	TOTAL EQUITY
	NOTE	\$	\$	\$	\$
Balance as at 1 July 2018		46,229,487	1,637,247	54,341,707	102,208,441
Comprehensive income					
Net result for the period		(1,698,628)	0	0	(1,698,628)
Total comprehensive income		(1,698,628)	0	0	(1,698,628)
Transfers from reserves	4	509,420	(509,420)	0	0
Transfers to reserves	4	(182,626)	182,626	0	0
Balance as at 30 June 2019		44,857,653	1,310,453	54,341,707	100,509,813
Change in accounting policies	31(b)	(833,989)	0	(3,680,000)	(4,513,989)
Restated total equity at 1 July 2019		44,023,664	1,310,453	50,661,707	95,995,824
Comprehensive income					
Net result for the period		(1,902,885)	0	0	(1,902,885)
Total comprehensive income		(1,902,885)	0	0	(1,902,885)
Transfers from reserves	4	75,000	(75,000)	0	0
Transfers to reserves	4	(57,310)	57,310	0	0
Balance as at 30 June 2020		42,138,469	1,292,763	50,661,707	94,092,939

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		5,241,586	5,314,227	5,119,640
Operating grants, subsidies and contributions		1,334,558	523,002	1,191,115
Fees and charges		1,541,105	1,733,533	1,622,278
Interest received		87,168	113,537	124,749
Goods and services tax received		554,655	500,000	681,589
Other revenue		300,054	220,750	259,454
		9,059,126	8,405,049	8,998,825
Payments				
Employee costs		(2,615,943)	(2,742,132)	(3,139,428)
Materials and contracts		(3,795,365)	(2,420,829)	(2,752,843)
Utility charges		(483,180)	(487,400)	(472,743)
Interest expenses		(196,332)	(167,442)	(161,132)
Insurance paid		(189,264)	(173,946)	(179,961)
Goods and services tax paid		(418,094)	(500,000)	(777,258)
Other expenditure		(339,931)	(186,040)	(400,104)
		(8,038,109)	(6,677,790)	(7,883,469)
Net cash provided by (used in) operating activities	19	1,021,017	1,727,259	1,115,356
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	9(a)	(3,372,137)	(2,368,334)	(2,207,162)
Payments for construction of infrastructure	10(a)	(1,248,004)	(1,453,276)	(1,428,399)
Non-operating grants, subsidies and contributions	2(a)	2,027,594	1,906,784	2,098,017
Proceeds from financial assets at amortised cost - self supporting loans		7,894	7,893	7,695
Proceeds from sale of property, plant & equipment	11(a)	89,897	233,000	552,258
Net cash provided by (used in) investment activities		(2,494,756)	(1,673,933)	(977,591)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(271,888)	(271,888)	(141,493)
Payments for principal portion of lease liabilities	16(b)	(19,399)	0	0
Proceeds from new borrowings	17(b)	1,450,000	0	913,700
Net cash provided by (used in) financing activities		1,158,713	(271,888)	772,207
Net increase (decrease) in cash held		(315,026)	(218,562)	909,972
Cash at beginning of year		3,820,528	3,820,528	2,910,556
Cash and cash equivalents at the end of the year	19	3,505,502	3,601,966	3,820,528

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

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	27 (b)	(890,837)	(30,334)	33,113
		(890,837)	(30,334)	33,113
Revenue from operating activities (excluding rates)				
Governance		273	200	217
General purpose funding		673,179	404,324	685,005
Law, order, public safety		190,657	182,764	500,753
Health		59,698	29,900	16,591
Education and welfare		6,102	14,200	15,542
Housing		280,477	281,000	283,333
Community amenities		870,996	915,781	851,043
Recreation and culture		207,867	265,052	275,593
Transport		148,848	142,300	158,094
Economic services		221,923	300,050	252,227
Other property and services		116,508	82,952	139,734
		2,776,528	2,618,523	3,178,132
Expenditure from operating activities				
Governance		(567,650)	(564,913)	(496,038)
General purpose funding		(644,910)	(585,169)	(223,023)
Law, order, public safety		(507,114)	(492,560)	(895,333)
Health		(571,489)	(155,322)	(160,772)
Education and welfare		(66,523)	(61,212)	(104,860)
Housing		(557,213)	(538,941)	(471,434)
Community amenities		(1,345,648)	(1,385,250)	(1,329,641)
Recreation and culture		(3,201,446)	(2,814,835)	(3,284,143)
Transport		(4,068,279)	(3,486,434)	(4,539,302)
Economic services		(469,681)	(385,280)	(514,001)
Other property and services		(65,024)	(36,717)	(128,253)
		(12,064,977)	(10,506,633)	(12,146,800)
Non-cash amounts excluded from operating activities	27(a)	4,862,337	4,313,062	4,250,463
Amount attributable to operating activities		(5,316,949)	(3,605,382)	(4,685,092)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	2,027,594	1,906,784	2,098,017
Proceeds from disposal of assets	11(a)	89,897	233,000	552,258
Proceeds from financial assets at amortised cost - self supporting loans		7,894	7,893	7,695
Purchase of property, plant and equipment	9(a)	(3,372,137)	(2,368,334)	(2,207,162)
Purchase and construction of infrastructure	10(a)	(1,248,004)	(1,453,276)	(1,428,399)
Amount attributable to investing activities		(2,494,756)	(1,673,933)	(977,591)
FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(271,888)	(271,888)	(141,493)
Proceeds from borrowings	17(c)	1,450,000	0	913,700
Payments for principal portion of lease liabilities	16(b)	(19,399)	0	0
Transfers to reserves (restricted assets)	4	(57,310)	(208,119)	(182,626)
Transfers from reserves (restricted assets)	4	75,000	85,000	509,420
Transfer to restricted cash - other		0	0	(1,246,364)
Transfer from restricted cash - other		864,429	362,594	598,191
Amount attributable to financing activities		2,040,832	(32,413)	450,828
Surplus/(deficit) before imposition of general rates		(5,770,873)	(5,311,728)	(5,211,855)
Total amount raised from general rates	26(a)	5,357,970	5,311,728	5,172,024
Surplus/(deficit) after imposition of general rates	27(b)	(412,903)	0	(39,831)

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

SHIRE OF IRWIN
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FOR THE YEAR ENDED 30 JUNE 2020

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1. BASIS OF PREPARATION

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

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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

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

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

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

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	Set by State legislation	Apportioned equally across the inspection cycle	No refunds	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Airport landing charges	Permission to use facilities and runway	Single point in time	Monthly in arrears	None	Adopted by council annually	Applied fully on timing of landing/take-off	Not applicable	On landing/departure event
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction	On entry or at conclusion of hire
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Sale of stock	Aviation fuel, kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

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

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
General purpose funding	560,539	241,188	523,573
Law, order, public safety	160,784	139,207	464,394
Education and welfare	0	2,000	0
Community amenities	0	15,000	21,469
Recreation and culture	16,374	7,500	12,291
Transport	81,483	76,000	76,396
	819,180	480,895	1,098,123
Non-operating grants, subsidies and contributions			
General purpose funding	0	0	52,551
Housing	1,652,276	1,380,000	1,455,519
Recreation and culture	0	250,000	0
Transport	375,318	276,784	589,947
	2,027,594	1,906,784	2,098,017
Total grants, subsidies and contributions	2,846,774	2,387,679	3,196,140
Fees and charges			
General purpose funding	16,460	17,100	16,248
Law, order, public safety	17,517	25,100	22,600
Health	5,808	4,700	4,944
Education and welfare	2,909	6,200	10,270
Housing	279,087	281,000	282,508
Community amenities	870,996	900,781	822,895
Recreation and culture	169,871	221,702	244,528
Transport	3,089	5,400	1,641
Economic services	174,083	256,550	198,394
Other property and services	1,285	15,000	18,250
	1,541,105	1,733,533	1,622,278

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

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

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions	119,104	163,707	0
Fees and charges	1,501,170	1,690,933	1,579,292
Other revenue	106,052	40,500	33,508
Non-operating grants, subsidies and contributions	2,027,594	1,906,784	2,098,017
	3,753,920	3,801,924	3,710,817

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	82,843	0	0
Other revenue from contracts with customers recognised during the year	1,726,326	1,895,140	1,612,800
Transfers intended for acquiring or constructing recognisable non financial assets included as a contract liability at the start of the period	768,163	0	0
Other revenue from performance obligations satisfied during the year	1,176,588	1,906,784	2,098,017
	3,753,920	3,801,924	3,710,817

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	119,365	0
Contract liabilities from contracts with customers	(85,372)	0
Financial assets held from transfers for recognisable financial assets	1,191,686	0
Contract liabilities from transfers for recognisable non financial assets	(1,191,686)	0

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

General rates	5,357,970	5,311,728	5,172,024
Statutory permits and licences	33,820	33,200	31,953
Fines	6,115	9,400	11,033
	5,397,905	5,354,328	5,215,010

Significant revenue

General Purpose Funding	301,398	0	278,898
Law, Order, Public Safety	0	0	353,184
Housing	1,652,276	1,380,000	0
	1,953,674	1,380,000	632,082

The significant revenue in 2019 relates to the early payment of Financial Assistance Grants received on 27th May 2020 comprising general purpose funding of \$108,793 and Road Funding of \$192,605. Capital grant funding from Department of Primary Industries & Regional Development for the Funding of the SIHI aged persons units.

The significant revenue in 2019 relates to the early payment of Financial Assistance Grants received on 18 June 2019 comprising general purpose funding of \$92,032 and road funding of \$186,866. Operating grants from Department of Fire & Emergency Services received during the year for the Bushfire mitigation risk and Risk Planning totalled \$353,184.

Other revenue

Reimbursements and recoveries	194,002	180,250	225,946
Other	106,052	40,500	33,508
	300,054	220,750	259,454

Interest earnings

Interest on reserve funds	13,377	29,187	32,626
Rates instalment and penalty interest (refer Note 26(c))	59,885	48,000	56,491
Late payment of fees and charges *	0	1,350	0
Other interest earnings	13,911	35,000	35,632
	87,173	113,537	124,749

* The Shire of Irwin has resolved to charge interest under section 6.13 for the late payment of any amount of money at 5%.

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services

Interest expenses (finance costs)

- Borrowings
- Lease liabilities

Other expenditure

- Sundry expenses

Significant expense

- Bushfire hazard reduction

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
	50,000	51,500	34,686
	1,500	0	0
	51,500	51,500	34,686
17(b)	194,480	167,442	161,132
16(b)	1,852	0	0
	196,332	167,442	161,132
	339,931	186,040	400,104
	339,931	186,040	400,104
	0	0	365,122

SHIRE OF IRWIN
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		3,505,502	3,820,528
Total cash and cash equivalents		3,505,502	3,820,528
Restrictions			
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		3,131,383	2,879,454
		3,131,383	2,879,454

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

Reserves - cash backed	4	1,292,763	1,310,453
Contract liabilities from contracts with customers	15	85,372	0
Contract liabilities from transfers for recognisable non financial assets	15	1,191,686	0
Unspent grants, subsidies and contributions		0	851,007
Footpath contributions		0	37,555
Roadwork contributions		0	102,953
Bonds and deposits held		198,687	201,190
The Village Units Surplus		362,875	376,298
Total restricted assets		3,131,383	2,879,454

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 IRWIN
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) Leave Reserve	121,943	1,241	0	123,184	121,943	3,526	0	125,469	197,815	3,942	(79,814)	121,943
(b) Port Denison Foreshore Development Reserve	268,298	46,662	(75,000)	239,960	268,298	48,835	(75,000)	242,133	275,011	5,480	(12,193)	268,298
(c) Recreation Centre Equipment Reserve	51,657	526	0	52,183	51,657	903	0	52,560	50,648	1,009	0	51,657
(d) Sanitation Reserve	20,947	214	0	21,161	20,947	1,598	0	22,545	89,663	1,787	(70,503)	20,947
(e) Coastal Management Reserve	137,272	1,397	0	138,669	137,272	2,400	0	139,672	134,590	2,682	0	137,272
(f) Asset Management Reserve	578,481	5,920	0	584,401	578,481	13,881	0	592,362	778,674	15,517	(215,710)	578,481
(g) Plant Replacement Reserve	107,641	1,095	0	108,736	107,641	136,553	0	244,194	87,105	151,736	(131,200)	107,641
(h) Tourism and Area Promotion Reserve	24,214	255	0	24,469	24,214	423	(10,000)	14,637	23,741	473	0	24,214
	1,310,453	57,310	(75,000)	1,292,763	1,310,453	208,119	(85,000)	1,433,572	1,637,247	182,626	(509,420)	1,310,453

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) Leave Reserve	Ongoing	- To fund leave requirements.
(b) Port Denison Foreshore Development Reserve	Ongoing	- To be used to fund the development works of the foreshore in Port Denison.
(c) Recreation Centre Equipment Reserve	Ongoing	- To be used to fund future equipment replacement.
(d) Sanitation Reserve	Ongoing	- To be used to develop facilities at the transfer station and future relocation.
(e) Coastal Management Reserve	Ongoing	- To be used to fund planning, research and project works in the management of coastline and adjacent areas within the Shire of Irwin.
(f) Asset Management Reserve	Ongoing	- To be used for the construction, major maintenance and retire debt associated with Council owned assets.
(g) Plant Replacement Reserve	Ongoing	- To be used for the purchase of plant and equipment as per plant replacement program.
(h) Tourism and Area Promotion Reserve	Ongoing	- To be used to fund future requirements of tourism promotions.

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

5. OTHER FINANCIAL ASSETS

	2020	2019
	\$	\$
(a) Current assets		
Financial assets at amortised cost	8,097	7,889
	<u>8,097</u>	<u>7,889</u>
Other financial assets at amortised cost		
Self supporting loans	8,097	7,889
	<u>8,097</u>	<u>7,889</u>
(b) Non-current assets		
Financial assets at amortised cost	12,541	20,638
Financial assets at fair value through profit and loss	53,416	52,551
	<u>65,957</u>	<u>73,189</u>
Financial assets at amortised cost		
Self supporting loans	12,541	20,638
	<u>12,541</u>	<u>20,638</u>
Financial assets at fair value through profit and loss		
Units in Local Government House Trust	53,416	52,551
	<u>53,416</u>	<u>52,551</u>

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 17(b) as self supporting loans.

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 28.

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable
Trade and other receivables
GST receivable

Non-current

Pensioner's rates and ESL deferred

2020	2019
\$	\$
393,000	282,859
119,365	208,691
43,231	179,792
555,596	671,342
69,322	60,277
69,322	60,277

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 28.

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.

7. INVENTORIES

Current

Fuel and materials

	2020	2019
	\$	\$
	18,521	20,118
	18,521	20,118
	20,118	20,619
	(1,597)	(501)
	18,521	20,118

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

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.

8. OTHER ASSETS

Other assets - current

Accrued income

2020	2019
\$	\$
15,302	1,135
15,302	1,135

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

Non-current assets held for sale

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

Non-current assets held for sale (Continued)

Non-current assets classified as held for sale are valued at the lower of the carrying amount and fair value less costs to sell.

The fair value of land and buildings was determined using the sales comparison approach using comparable properties in the area. This is a level 2 measurement as per the fair value hierarchy set out in Note 32(h).

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

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non- specialised	Buildings - specialised	Buildings - non- specialised on land vested in and under the control of Council	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	5,021,300	3,680,000	8,701,300	2,375,566	31,701,993	1,403,741	35,481,300	44,182,600	367,001	2,453,301	47,002,902
Additions	0	0	0	0	818,026	0	818,026	818,026	11,241	1,377,895	2,207,162
(Disposals)	0	0	0	0	0	0	0	0	(352)	(614,111)	(614,463)
Depreciation (expense)	0	0	0	(89,837)	(933,478)	(140,140)	(1,163,455)	(1,163,455)	(68,748)	(485,294)	(1,717,497)
Carrying amount at 30 June 2019	5,021,300	3,680,000	8,701,300	2,285,729	31,586,541	1,263,601	35,135,871	43,837,171	309,142	2,731,791	46,878,104
Comprises:											
Gross carrying amount at 30 June 2019	5,021,300	3,680,000	8,701,300	2,462,549	33,460,036	1,514,138	37,436,723	46,138,023	577,646	3,628,299	50,343,968
Accumulated depreciation at 30 June 2019	0	0	0	(176,820)	(1,873,495)	(250,537)	(2,300,852)	(2,300,852)	(268,504)	(896,508)	(3,465,864)
Carrying amount at 30 June 2019	5,021,300	3,680,000	8,701,300	2,285,729	31,586,541	1,263,601	35,135,871	43,837,171	309,142	2,731,791	46,878,104
Change in accounting policy	0	(3,680,000)	(3,680,000)	0	0	0	0	(3,680,000)	0	0	(3,680,000)
Carrying amount at 1 July 2019	5,021,300	0	5,021,300	2,285,729	31,586,541	1,263,601	35,135,871	40,157,171	309,142	2,731,791	43,198,104
Additions	400,000	0	400,000	5,394	2,570,210	0	2,575,604	2,975,604	113,024	283,509	3,372,137
(Disposals)	0	0	0	0	(478,462)	0	(478,462)	(478,462)	0	(64,772)	(543,234)
Depreciation (expense)	0	0	0	(89,846)	(925,362)	(140,140)	(1,155,348)	(1,155,348)	(67,846)	(499,143)	(1,722,337)
Transfers	0	0	0	1,123,461	0	(1,123,461)	0	0	8	(127)	(119)
Carrying amount at 30 June 2020	5,421,300	0	5,421,300	3,324,738	32,752,927	0	36,077,665	41,498,965	354,328	2,451,258	44,304,551
Comprises:											
Gross carrying amount at 30 June 2020	5,421,300	0	5,421,300	3,982,081	35,502,446	0	39,484,527	44,905,827	691,026	3,664,914	49,261,767
Accumulated depreciation at 30 June 2020	0	0	0	(657,343)	(2,749,519)	0	(3,406,862)	(3,406,862)	(336,698)	(1,213,656)	(4,957,216)
Carrying amount at 30 June 2020	5,421,300	0	5,421,300	3,324,738	32,752,927	0	36,077,665	41,498,965	354,328	2,451,258	44,304,551

Nb: The asset classification "Buildings - non-specialised on land vested in and under the control of Council" has been amalgamated with the asset classification

"Buildings - non-specialised" in the Note above. There is no requirement to show these asset classifications separately in the financial statements. The amalgamation has taken place as management wish to simplify its reporting.

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar items	Independent Valuation	June 2017	Price per square metre
Land - vested in and under the control of Council	3	Improvements to land valued using cost approach using depreciated replacement costs	Independent Valuation	June 2017	Price per square metre (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Buildings - non-specialised	2	Improvements to land valued using cost approach using depreciated replacement costs	Independent Valuation	June 2017	Improvements to buildings using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs.
Buildings - specialised	3	Market approach using recent observable market data for similar properties	Independent Valuation	June 2017	Price per square metre
Furniture and equipment	3	Cost approach using depreciated replacement cost (Net revaluation method)	Management Valuation	June 2016	Purchase costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Plant and equipment	3	Cost approach using depreciated replacement cost (Net revaluation method)	Independent Valuation	June 2016	Price per item

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

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

Following a change to *Local Government (Financial Management) Regulation 17A*, plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy.

Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - roads	Infrastructure - other	Total Infrastructure
	\$	\$	\$
Balance at 1 July 2018	51,324,201	4,175,096	55,499,297
Additions	1,297,897	130,501	1,428,398
Depreciation (expense)	(2,423,090)	(194,705)	(2,617,795)
Carrying amount at 30 June 2019	50,199,008	4,110,892	54,309,900
Comprises:			
Gross carrying amount at 30 June 2019	66,701,803	4,305,597	71,007,400
Accumulated depreciation at 30 June 2019	(16,502,795)	(194,705)	(16,697,500)
Carrying amount at 30 June 2019	50,199,008	4,110,892	54,309,900
Additions	907,598	340,406	1,248,004
Depreciation (expense)	(2,470,923)	(210,273)	(2,681,196)
Carrying amount at 30 June 2020	48,635,683	4,241,025	52,876,708
Comprises:			
Gross carrying amount at 30 June 2020	67,609,401	4,646,003	72,255,404
Accumulated depreciation at 30 June 2020	(18,973,718)	(404,978)	(19,378,696)
Carrying amount at 30 June 2020	48,635,683	4,241,025	52,876,708

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10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - roads	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Management Valuation	June 2017	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.
Infrastructure - other	3	Cost approach using depreciated replacement cost (Gross revaluation method)	Independent valuation	June 2018	Construction costs and current condition (Level 2) residual values and remaining useful life assessments (Level 3) inputs.

Level 3 inputs are based on assumptions with 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.

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

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

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

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

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

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

Land under roads from 1 July 2019

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

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

Vested improvements from 1 July 2019

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

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

SHIRE OF IRWIN
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11. 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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - specialised	478,462	0	0	(478,462)	0	0	0	0	0	0	0	0
Furniture and equipment	0	0	0	0	0	0	0	0	352	0	0	(352)
Plant and equipment	64,772	89,897	25,349	(224)	165,691	233,000	67,309	0	614,111	552,258	71,071	(132,924)
	543,234	89,897	25,349	(478,686)	165,691	233,000	67,309	0	614,463	552,258	71,071	(133,276)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Recreation and culture				
2017 Holden RGJ Colorado LS 4				
X 4 - 523IR	17,000	26,818	9,818	0
Denison Fishermans Hall	478,462	0	0	(478,462)
Transport				
2017 Holden RGJ Colorado LS 4				
X 4 - 525IR	16,100	23,864	7,764	0
2018 Holden Colorado LT 4X4	23,494	30,000	6,506	0
Blackhawk Mosquito Fogger	0	9	9	0
Boxtop Trailer (IR3709)	0	380	380	0
Polmac Trailer (7TF221)	0	353	353	0
Boxtop Trailer 9RJ044	0	236	236	0
Catcher and Trailer - Kabota				
8TF037	0	283	283	0
Coastmac 4.5 Plant Trailer	4,405	4,181	0	(224)
Skid Steer Loader Attachments	3,773	3,773	0	0
	543,234	89,897	25,349	(478,686)

SHIRE OF IRWIN
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FOR THE YEAR ENDED 30 JUNE 2020

11. FIXED ASSETS

(b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	89,846	89,837	89,837
Buildings - non-specialised on land vested in and under the control of Council	140,140	140,140	140,140
Buildings - specialised	925,362	933,478	933,478
Furniture and equipment	67,846	103,767	68,748
Plant and equipment	499,143	491,294	485,294
Infrastructure - roads	2,470,923	2,423,090	2,423,090
Infrastructure - other	210,273	195,238	194,705
Right of use assets - buildings	3,854	0	0
	4,407,387	4,376,844	4,335,292

Revision of useful lives of plant and equipment

There were no changes or revision of estimated useful lives of any of the plant and equipment undertaken in 2019-20

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
Land	Not depreciated
Buildings - non-specialised	20 - 50 years
Buildings - specialised	15 - 50 years
Furniture and equipment	3 - 10 years
Plant and equipment	2 - 25 years
Infrastructure - Roads	12 - 50 years
Infrastructure - Other	10 - 75 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.

12. 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 - buildings	Right of use assets Total
	\$	
Carrying amount at 30 June 2019	0	0
Recognised on initial application of AASB 16	99,273	99,273
Restated total equity at the beginning of the financial year	99,273	99,273
Accumulated depreciation on initial application of AASB 16	(4,964)	(4,964)
Depreciation (expense)	(3,854)	(3,854)
Carrying amount at 30 June 2020	90,455	90,455
(b) Cash outflow from leases		
Interest expense on lease liabilities	1,852	1,852
Lease principal expense	19,399	19,399
Total cash outflow from leases	21,251	21,251

The Shire has 1 lease relating to solar panels on buildings. The lease term of the lease is 5 years.

The Shire has not revalued the right of use assets relating to the solar panels on the buildings as the difference between the fair value and carrying amount is immaterial.

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - valuation

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

Refer to Note 11 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

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13. REVALUATION SURPLUS

	2020 Opening Balance \$	2020 Change in Accounting Policy	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 \$
Revaluation surplus - Land and buildings	25,892,342	(3,680,000)	0	0	0	22,212,342	25,892,342	0	0	0	25,892,342
Revaluation surplus - Furniture and equipment	380,764	0	0	0	0	380,764	380,764	0	0	0	380,764
Revaluation surplus - Plant and equipment	699,454	0	0	0	0	699,454	699,454	0	0	0	699,454
Revaluation surplus - Infrastructure - roads	25,917,653	0	0	0	0	25,917,653	25,917,653	0	0	0	25,917,653
Revaluation surplus - Infrastructure - other	1,451,494	0	0	0	0	1,451,494	1,451,494	0	0	0	1,451,494
	54,341,707	(3,680,000)	0	0	0	50,661,707	54,341,707	0	0	0	54,341,707

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

SHIRE OF IRWIN
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14. TRADE AND OTHER PAYABLES

Current

Sundry creditors	
Accrued salaries and wages	
ATO liabilities	
Bonds and deposits held	
Accrued expenditure	
Accrued interest on long term borrowings	
* Financial liabilities	

2020	2019
\$	\$
690,688	1,363,425
44,770	23,203
39,581	36,858
198,687	201,190
8,536	8,536
18,590	14,952
140,508	0
1,141,360	1,648,164

* Relates to footpath and road contributions dating back to 1998 to be assessed and utilised/returned as appropriate

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.

15. CONTRACT LIABILITIES

Current

Contract liabilities from contracts with customers
Contract liabilities from transfers for recognisable non financial assets

2020	2019
\$	\$
85,372	0
1,191,686	0
1,277,058	0

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

Less than 1 year

1,277,058
1,277,058

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

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

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

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

SHIRE OF IRWIN

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FOR THE YEAR ENDED 30 JUNE 2020

16. LEASE LIABILITIES

(a) Lease Liabilities					2020	2019
					\$	\$
Current					19,930	0
Non-current					37,963	0
					57,893	0

(b) Movements in Carrying Amounts																			
Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual Lease Principal 1 July 2019 \$	30 June 2020 Actual New Leases \$	30 June 2020 Actual Principal Repayments \$	30 June 2020 Actual Lease Principal Outstanding \$	30 June 2020 Actual Lease Interest Repayments \$	Budget Lease Principal 1 July 2019 \$	30 June 2020 Budget New Leases \$	30 June 2020 Budget Lease Principal Repayments \$	30 June 2020 Budget Lease Principal Outstanding \$	30 June 2020 Budget Lease Interest Repayments \$	Actual Lease Principal 1 July 2018 \$	30 June 2019 Actual New Loans \$	30 June 2019 Actual Lease Principal Repayments \$	30 June 2019 Actual Lease Principal Outstanding \$	30 June 2019 Actual Lease Interest Repayments \$
Recreation and culture																			
Solar Panels (67.941%)	1	Macquarie	2.70%	60 months	52,513	0	13,180	39,333	1,258	0	0	0	0	0	0	0	0	0	0
Other property and services																			
Solar Panels (32.059%)	1	Macquarie	2.70%	60 months	24,779	0	6,219	18,560	594	0	0	0	0	0	0	0	0	0	0
					77,292	0	19,399	57,893	1,852	0	0	0	0	0	0	0	0	0	0

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17. INFORMATION ON BORROWINGS

(a) Borrowings

	2020	2019
	\$	\$
Current	341,683	271,888
Non-current	4,105,104	2,996,787
	4,446,787	3,268,675

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual Principal	30 June 2020 Actual New Loans	30 June 2020 Actual Principal repayments	30 June 2020 Actual Interest repayments	30 June 2020 Actual Principal outstanding	Budget Principal	30 June 2020 Budget New Loans	30 June 2020 Budget Principal repayments	30 June 2020 Budget Interest repayments	30 June 2020 Budget Principal outstanding	Actual Principal	30 June 2019 Actual New Loans	30 June 2019 Actual Principal repayments	30 June 2019 Actual Interest repayments	30 June 2019 Actual Principal outstanding
				1 July 2019					1 July 2019					1 July 2018				
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Health																		
Medical Centre	99	WATC*	2.11%	0	1,450,000	0	6,435	1,450,000	0	0	0	0	0	0	0	0	0	0
Recreation and culture																		
Recreation Centre	93	WATC*	6.75%	2,207,988	0	102,832	159,995	2,105,156	2,207,988	0	102,832	145,896	2,105,156	2,304,126	0	96,138	152,069	2,207,988
Tennis Court Resurfacing	96	WATC*	2.37%	118,455	0	38,558	3,390	79,897	118,455	0	38,559	2,580	79,896	156,116	0	37,661	3,478	118,455
Transport																		
Plant	98	WATC*	2.07%	913,700	0	122,604	23,637	791,096	913,700	0	122,604	18,282	791,096	0	913,700	0	4,703	913,700
				3,240,143	1,450,000	263,994	193,457	4,426,149	3,240,143	0	263,995	166,759	2,976,148	2,460,242	913,700	133,799	160,250	3,240,143
Self Supporting Loans																		
Recreation and culture																		
Golf Club	97	WATC*	2.57%	28,532	0	7,894	1,023	20,638	28,532	0	7,893	683	20,639	36,226	0	7,694	882	28,532
				28,532	0	7,894	1,023	20,638	28,532	0	7,893	683	20,639	36,226	0	7,694	882	28,532
				3,268,675	1,450,000	271,888	194,480	4,446,787	3,268,675	0	271,888	167,442	2,996,787	2,496,468	913,700	141,493	161,132	3,268,675

* WA Treasury Corporation

Self supporting loans are financed by payments from third parties. These are shown in Note 5 as other financial assets at amortised cost.
All other loan repayments were financed by general purpose revenue.

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17. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2019/20

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges	Actual Balance Unspent
					2020 Actual	2020 Budget	2020 Actual	2020 Budget		
Medical Centre	WATC*	Debenture	20	2.11%	1,450,000	0	1,450,000	0	334,929	0
* WA Treasury Corporation					1,450,000	0	1,450,000	0	334,929	0

(d) Undrawn Borrowing Facilities

	2020	2019
	\$	\$
Credit Standby Arrangements		
Credit card limit	20,000	20,000
Credit card balance at balance date	(1,164)	(525)
Total amount of credit unused	18,836	19,475

Loan facilities

Loan facilities - current	341,683	271,888
Loan facilities - non-current	4,105,104	2,996,787
Lease liabilities - current	19,930	0
Lease liabilities - non-current	37,963	0
Total facilities in use at balance date	4,504,680	3,268,675

Unused loan facilities at balance date	0	0
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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 28.

18. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2019

Current provisions
Non-current provisions

Additional provision
Balance at 30 June 2020

Comprises

Current
Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2019			
Current provisions	169,954	178,511	348,465
Non-current provisions	0	67,365	67,365
	169,954	245,876	415,830
Additional provision	41,919	36,225	78,144
Balance at 30 June 2020	211,873	282,101	493,974
Comprises			
Current	211,873	204,573	416,446
Non-current	0	77,528	77,528
	211,873	282,101	493,974

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date
More than 12 months from reporting date
Expected reimbursements from other WA local governments

	2020	2019
	\$	\$
Less than 12 months after the reporting date	416,446	348,465
More than 12 months from reporting date	16,157	32,320
Expected reimbursements from other WA local governments	61,371	35,045
	493,974	415,830

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

19. 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	3,505,502	3,601,966	3,820,528
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(1,902,885)	(669,599)	(1,698,628)
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(865)	0	(52,551)
Depreciation on non-current assets	4,407,387	4,376,844	4,335,292
(Profit)/loss on sale of asset	453,337	(67,309)	62,205
Movement in fixed assets expensed to operating	119	0	0
Rounding adjustment	(5)	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	106,701	42,107	(57,518)
(Increase)/decrease in other assets	(14,167)	0	0
(Increase)/decrease in inventories	1,597	2,000	501
Increase/(decrease) in payables	(506,804)	(50,000)	697,078
Increase/(decrease) in provisions	78,144	0	(73,007)
Increase/(decrease) in contract liabilities	426,052		
Non-operating grants, subsidies and contributions	(2,027,594)	(1,906,784)	(2,098,017)
Net cash from operating activities	1,021,017	1,727,259	1,115,356

20. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	7,263	9,531
General purpose funding	695,933	1,284,210
Law, order, public safety	576,491	629,735
Health	1,326,040	0
Education and welfare	642,071	686,549
Housing	10,940,978	9,252,150
Community amenities	686,766	671,458
Recreation and culture	24,186,436	29,004,067
Transport	51,153,876	52,417,491
Economic services	1,594,364	1,761,162
Other property and services	8,688,152	8,670,145
Unallocated	1,011,641	1,455,984
	101,510,011	105,842,482

21. CONTINGENT LIABILITIES

The Shire is not aware of any reportable contingent liabilities as at the reporting date.

22. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

2020	2019
\$	\$
383,599	1,859,124
383,599	1,859,124

The major capital expenditure project outstanding at the end of the current reporting period is the SIHI Aged Appropriate Housing units. This project is being jointly funded through DPIRD & WACHS. The outstanding value of this project in the current year is \$207,456.

The other capital expenditure project outstanding at the end of the current reporting is for the construction of a pump track at the skate park. The outstanding value of this project in the current year is \$176,143.

The prior year commitment was for the SIHI Aged Appropriate Housing \$1,859,124 funded through WA Country Health Services.

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts (short term and low value leases).

Payable:

- not later than one year

- later than one year but not later than five years

2020	2019
\$	\$
0	21,247
0	60,201
0	81,448

SIGNIFICANT ACCOUNTING POLICIES

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Shire, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leases (Continued)

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

23. 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	63,284	63,300	63,284
President's allowance	10,000	10,000	10,000
Deputy President's allowance	2,500	2,500	2,500
Travelling expenses	0	1,000	0
Telecommunications allowance	0	3,000	2,205
	<u>75,784</u>	<u>79,800</u>	<u>77,989</u>

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	452,874	517,506
Post-employment benefits	50,794	59,871
Other long-term benefits	11,458	18,029
Termination benefits	<u>0</u>	<u>337,925</u>
	<u>515,126</u>	<u>933,331</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

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

23. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

The following transactions occurred with related parties:	2020 Actual \$	2019 Actual \$
Sale of goods and services	540	
Purchase of goods and services	43,593	54,449
Amounts payable to related parties:		
Trade and other payables	6,012	9,568

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.

24. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

(a) Share of joint operations

In 1996/97 Council, in conjunction with Homeswest, constructed 10 Aged Persons Units in the Port Denison town site. The terms of the joint venture agreement provided for Council to contribute \$103,330 which equated to an equity contribution of 16.5%. The fair value of the asset as at the 30 June 2017 has been applied below with accumulated depreciation as at the 30 June 2020.

Non-current assets

Buildings - specialised

Less: accumulated depreciation

5,630,648	5,630,648
(475,007)	(315,261)
<u>5,155,641</u>	<u>5,315,387</u>

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

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

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

Interests in joint arrangements (Continued)

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

25. MAJOR LAND TRANSACTIONS

Dongara Medical Centre

(a) Details

The Shire has purchased the Dongara Medical Centre so as to ensure medical services can be provided to the region. The Shire has entered into an agreement with Five Gums Family Medical Practice for them to provide medical services.

During the financial year ended 30 June 2020 the purchase of the Dongara Medical Practice occurred. The Shire has accounted for assets and liabilities associated with this acquisition in its accounts.

(b) Current year transactions

Operating expenditure

- Furniture & equipment expensed

Capital income

- Proceeds for new loan borrowings

Capital expenditure

- Land
- Buildings
- Furniture & equipment capitalised

2020 Actual	2020 Budget	2019 Actual
\$	\$	\$
(121,620)	0	0
(121,620)	0	0
1,450,000	0	0
(400,000)	0	0
(898,304)	0	0
(30,076)	0	0
(1,328,380)	0	0

(c) Expected future cash flows

Cash outflows

- Land
- Buildings
- Furniture & equipment capitalised
- Furniture & equipment expensed

Cash inflows

- Proceeds for new loan borrowings

Net cash flows

2020/21	2021/22	2022/23	2023/24	Total
\$	\$	\$	\$	\$
(400,000)	0	0	0	(400,000)
(898,304)	0	0	0	(898,304)
(30,076)	0	0	0	(30,076)
(121,620)	0	0	0	(121,620)
(1,450,000)	0	0	0	(1,450,000)
1,450,000	0	0	0	1,450,000
1,450,000	0	0	0	1,450,000
0	0	0	0	0

SHIRE OF IRWIN
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26. 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 \$
Differential general rate												
Gross rental valuations												
GRV - Residential	0.111808	1,326	17,030,263	1,904,115	4,063	0	1,908,178	1,903,733	2,500	2,500	1,908,733	2,057,438
GRV - Commercial	0.111808	122	4,037,915	451,471	0	13,733	465,204	419,772	2,500	2,500	424,772	383,301
GRV - Undeveloped	0.111808	20	311,776	34,859	(28)	0	34,831	37,514	0	0	37,514	59,781
GRV - Residential - R50 Developed	0.111808	75	1,284,803	143,651	118	0	143,769	143,651	0	0	143,651	158,568
GRV - Residential - R50 Undeveloped	0.111808	12	166,050	18,566	0	0	18,566	18,566	0	0	18,566	43,377
Unimproved valuations												
UV - Policy Area A	0.014193	5	3,057,000	43,388	0	0	43,388	43,388	0	0	43,388	34,387
UV - Policy Area B	0.014193	13	4,791,501	68,006	0	0	68,006	68,006	0	0	68,006	71,303
UV - Policy Area C	0.014193	137	68,102,511	966,579	39,461	0	1,006,040	966,550	2,500	2,500	971,550	826,616
UV - Policy Area D	0.014193	113	15,288,005	216,982	0	0	216,982	216,983	0	0	216,983	203,763
UV - Policy Area E	0.014193	39	10,140,000	143,917	1,150	0	145,067	143,917	0	0	143,917	147,854
UV - Policy Area F	0.014193	24	5,698,003	80,872	0	0	80,872	80,872	0	0	80,872	10,989
UV - Policy Area G	0.014193	28	7,337,501	104,141	(40,332)	0	63,809	104,141	0	0	104,141	95,794
UV - Mining	0.189882	27	1,406,515	267,072	539	0	267,611	250,226	2,500	2,500	255,226	369,538
UV - Mining Developed	0.189882	9	865,768	164,394	0	0	164,394	164,394	0	0	164,394	0
Sub-Total		1,950	139,517,611	4,608,013	4,971	13,733	4,626,717	4,561,713	10,000	10,000	4,581,713	4,462,709
Minimum payment												
		Minimum \$										
Gross rental valuations												
GRV - Residential	1,021	98	764,631	100,058	0	0	100,058	100,058	0	0	100,058	41,178
GRV - Commercial	1,021	65	295,661	66,365	0	0	66,365	66,365	0	0	66,365	68,931
GRV - Undeveloped	1,021	465	1,333,517	474,765	0	0	474,765	474,765	0	0	474,765	461,538
GRV - Residential - R50 Developed	1,021	7	58,655	7,147	0	0	7,147	7,147	0	0	7,147	2,997
GRV - Residential - R50 Undeveloped	1,021	14	73,830	14,294	0	0	14,294	14,294	0	0	14,294	217
Unimproved valuations												
UV - Policy Area A	1,021	4	186,500	4,084	0	0	4,084	4,084	0	0	4,084	3,996
UV - Policy Area B	1,021	4	163,499	4,084	0	0	4,084	4,084	0	0	4,084	3,996
UV - Policy Area C	1,021	23	1,057,589	23,483	0	0	23,483	24,504	0	0	24,504	28,971
UV - Policy Area D	1,021	7	339,495	7,147	0	0	7,147	7,147	0	0	7,147	6,993
UV - Policy Area E	1,021	0	0	0	0	0	0	0	0	0	0	0
UV - Policy Area F	1,021	11	629,997	11,231	0	0	11,231	11,231	0	0	11,231	75,513
UV - Policy Area G	1,021	1	69,999	1,021	0	0	1,021	1,021	0	0	1,021	999
UV - Mining	1,021	17	43,175	17,357	0	217	17,574	15,315	0	0	15,315	13,986
UV - Mining Developed	1,021	0	0	0	0	0	0	0	0	0	0	0
Sub-Total		716	5,016,548	731,036	0	217	731,253	730,015	0	0	730,015	709,315
Total amount raised from general rate		2,666	144,534,159	5,339,049	4,971	13,950	5,357,970	5,291,728	10,000	10,000	5,311,728	5,172,024
Ex-gratia rates							5,357,970				5,311,728	5,172,024
Totals							2,802				2,500	2,457
							5,360,772				5,314,228	5,174,481

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.

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26. RATING INFORMATION (Continued)

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

Rate or Fee and Charge to which the Waiver or Concession is Granted	Type	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$
Doctor's Surgery	Waiver	0.00%	5,100	5,814	6,000	5,112
General - Hall Hire etc	Waiver	0.00%	Various	0	5,000	2,235
				5,814	11,000	7,347
Total discounts/concessions (Note 26(a))				5,814	11,000	7,347

Rate or Fee and Charge to which the Waiver or Concession is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Doctor's Surgery	Council resolution 24/5/2016. Minute no. 140516		This support is necessary for the overall benefit of the community to assist and support the doctors in town.
General - Hall Hire etc	Provision of a local meeting place for the Shire's not for profit community groups - by application.		This support is necessary for the overall benefit of the local community.

26. RATING INFORMATION (Continued)

(c) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	08 Nov 2019			11.00%
Option Two				
First instalment	08 Nov 2019			11.00%
Second instalment	10 Jan 2020		5.50%	11.00%
Option Three				
First instalment	08 Nov 2019			11.00%
Second instalment	10 Jan 2020	5.00	5.50%	11.00%
Third instalment	11 Mar 2020	5.00	5.50%	11.00%
Fourth instalment	11 May 2020	5.00	5.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	47,947	35,000	42,476
Interest on instalment plan	11,938	13,000	12,653
Charges on instalment plan	6,690	7,500	7,090
Interest on deferred pensioner rates	0	0	1,362
	66,575	55,500	63,581

SHIRE OF IRWIN
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FOR THE YEAR ENDED 30 JUNE 2020

27. RATE SETTING STATEMENT INFORMATION

		2019/20 Budget	2019/20	2018/19
		(30 June 2020)	(1 July 2019)	(30 June 2019)
		Carried Forward)	Brought Forward)	Carried Forward
Note		\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	11(a)	(25,349)	(67,309)	(71,071)
Less: Fair value adjustments to financial assets at fair value through profit and loss		(865)	0	(52,551)
Movement in pensioner deferred rates (non-current)		(9,045)	0	(10,202)
Movement in employee benefit provisions (non-current)		10,163	0	(8,409)
Movement in leave reserve		1,241	3,527	(75,872)
Movement in fixed assets expensed to operating		119	0	0
Add: Loss on disposal of assets	11(a)	478,686	0	133,276
Add: Depreciation on non-current assets	11(b)	4,407,387	4,376,844	4,335,292
Non cash amounts excluded from operating activities		4,862,337	4,313,062	4,250,463
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves - cash backed	4	(1,292,763)	(1,433,572)	(1,310,453)
Less: Restricted cash - other		(503,383)	(1,171,681)	(1,367,812)
Less: Financial assets at amortised cost - self supporting loans	5(a)	(8,095)	(6)	(7,889)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	17(a)	341,683	277,902	271,888
- Bonds and deposits held		0	201,190	0
- Current portion of lease liabilities		19,930	0	0
- Component of Leave Liability not required to be funded		123,184	125,469	121,940
Total adjustments to net current assets		(1,319,444)	(2,000,698)	(2,292,326)
Net current assets used in the Rate Setting Statement				
Total current assets		4,103,018	4,317,328	4,521,012
Less: Total current liabilities		(3,196,477)	(2,316,630)	(2,268,517)
Less: Total adjustments to net current assets		(1,319,444)	(2,000,698)	(2,292,326)
Net current assets used in the Rate Setting Statement		(412,903)	0	(39,831)
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards				
Total current assets at 30 June 2019				4,521,012
- Contract assets	30(a)			0
Total current assets at 1 July 2019				4,521,012
Total current liabilities at 30 June 2019				(2,268,517)
- Contract liabilities from contracts with customers	30(a)			(82,843)
- Contract liabilities from transfers for recognisable non financial assets	30(a)			(768,163)
Total current liabilities at 1 July 2019				(3,119,523)

28. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2020					
Cash and cash equivalents	0.25%	3,505,502	0	3,505,502	0
2019					
Cash and cash equivalents	1.25%	3,820,528	0	3,820,528	0

Sensitivity

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

	2020 \$	2019 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	35,055	38,205

* 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 17(b).

28. 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 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for rates receivable. No expected credit loss was forecast on 1 July 2018 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates.

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	7,202	228,230	102,009	124,881	462,322
Loss allowance	0	0	0	0	0
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	9,137	168,519	74,771	90,709	343,136
Loss allowance	0	0	0	0	0

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	0.01%	0.00%	0.82%	1.03%	
Gross carrying amount	84,367	3,833	0	31,499	119,699
Loss allowance	8	0	0	326	334
30 June 2019					
Trade and other receivables					
Expected credit loss	0.01%	0.00%	1.09%	0.79%	
Gross carrying amount	167,122	2,598	2,208	37,097	209,025
Loss allowance	16	0	24	294	334

28. 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 17.

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2020</u>					
Payables	1,141,360	0	0	1,141,360	1,141,360
Borrowings	530,483	2,457,845	2,899,464	5,887,792	4,446,787
Contract liabilities	1,277,058	0	0	1,277,058	1,277,058
Lease liabilities	21,247	38,953	0	60,200	57,893
	<u>2,970,148</u>	<u>2,496,798</u>	<u>2,899,464</u>	<u>8,366,410</u>	<u>6,923,098</u>
<u>2019</u>					
Payables	1,648,164	0	0	1,648,164	1,648,164
Borrowings	441,237	2,057,041	2,041,537	4,539,815	3,268,675
	<u>2,089,401</u>	<u>2,057,041</u>	<u>2,041,537</u>	<u>6,187,979</u>	<u>4,916,839</u>

29. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Shire.

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

30. 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 \$
Contract liabilities - current				
Contract liabilities from contracts with customers	15	0	(82,843)	(82,843)
Contract liabilities from transfers for recognisable non financial assets	15	0	(768,163)	(768,163)
Adjustment to retained surplus from adoption of AASB 15	31(b)		(851,006)	

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

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.

Volunteer Services in relation to Volunteer Bush Fire Services were not recognised as the fair value of the services cannot be reliably estimated.

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

	Note	2020 \$ As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	2020 \$ Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income				
Revenue				
Rates	26(a)	5,360,772	0	5,360,772
Operating grants, subsidies and contributions	2(a)	819,180	85,372	904,552
Fees and charges	2(a)	1,541,105	0	1,541,105
Non-operating grants, subsidies and contributions	2(a)	2,027,594	1,191,686	3,219,280
Net result		(1,902,885)	1,277,058	(625,827)
Statement of Financial Position				
Contract liabilities	15	1,277,058	(1,277,058)	0
Net assets		94,092,939	1,277,058	95,369,997
Statement of Changes in Equity				
Net result		(1,902,885)	1,277,058	(625,827)
Retained surplus		42,138,469	1,277,058	43,415,527

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

SHIRE OF IRWIN
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30. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

(c) AASB 16: Leases

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

On adoption of AASB 16, the Shire recognised lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117 (excluding short term and low value leases). These lease liabilities were measured at the present value of the the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2.70%.

	Note	2020 \$
Operating lease commitments at 30 June 2019 applying AAS 117		81,448
Discount applied using incremental borrowing rate		<u>(4,156)</u>
Lease liability recognised as 1 July 2019 discounted using the Shire's incremental borrowing rate of 2.70%	16(b)	77,292
Lease liability - current		19,399
Lease liability - non-current		57,893
Adjustment to accumulated depreciation		4,964
Adjustment to retained surplus		<u>17,017</u>
Right-of-use assets recognised at 1 July 2019		99,273

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 increased by \$99,273 and lease liabilities increased by \$77,292 on 1 July 2019 resulting in an impact on retained surplus of \$21,981.

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.

SHIRE OF IRWIN
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FOR THE YEAR ENDED 30 JUNE 2020

31. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

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

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 12.

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

	Note	Carrying amount 30 June 2019 \$	Reclassification \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	9	46,878,104	(3,680,000)	43,198,104
Revaluation surplus	13	54,341,707	(3,680,000)	50,661,707

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

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

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

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			44,857,653
Adjustment to retained surplus from adoption of AASB 15	30(a)	(851,006)	
Adjustment to retained surplus from adoption of AASB 16	30(c)	17,017	
Adjustment to retained surplus from adoption of AASB 1058	30(b)	0	(833,989)
Retained surplus - 1 July 2019			44,023,664

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

	Note	Adjustments	2019 \$
Revaluation surplus - 30 June 2019			54,341,707
Adjustment to revaluation surplus from deletion of FM Reg 16	31(a)	(3,680,000)	
Adjustment to revaluation surplus from deletion of FM Reg 17	31(a)	0	(3,680,000)
Revaluation surplus - 1 July 2019			50,661,707

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32. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

SHIRE OF IRWIN
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33. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.	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 a specific council services.
GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.	Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.
HEALTH To provide an operational framework for environmental and community health.	Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.
EDUCATION AND WELFARE To provide services to the elderly, children and youth.	Maintenance of playgroup centre and senior citizen centre. Provision of youth services.
HOUSING To provide and maintain elderly residents housing.	Provision and maintenance of elderly residents housing.
COMMUNITY AMENITIES To provide services required by the community.	Rubbish collection services, operation of rubbish transfer site, litter control, protection of the environment and administration of town planning schemes, cemetery and public conveniences.
RECREATION AND CULTURE To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.	Maintenance of public halls, heritage buildings, civic centres, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, television and radio rebroadcasting and other cultural facilities.
TRANSPORT To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
ECONOMIC SERVICES To help promote the Shire and its economic wellbeing.	Tourism and area promotion. Provision of rural services including weed control, vermin control and standpipes. Building control.
OTHER PROPERTY AND SERVICES To monitor and control Shire's overheads operating accounts.	Private works operation, plant repair and operation costs and engineering operation costs.

34. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	0.61	0.77	0.92
Asset consumption ratio	0.80	0.69	0.72
Asset renewal funding ratio	1.41	1.34	2.21
Asset sustainability ratio	0.26	0.40	0.36
Debt service cover ratio	1.38	2.31	2.43
Operating surplus ratio	(0.55)	(0.53)	(0.51)
Own source revenue coverage ratio	0.60	0.59	0.61

The above ratios are calculated as follows:

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



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Irwin

Report on the Audit of the Financial Report

Opinion

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

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

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

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
 - a. The Current Ratio as reported in Note 34 of the annual financial report has been below the Department of Local Government, Sport and Cultural Industries' standard for the past three financial years.
 - b. The Asset Sustainability Ratio as reported in Note 34 of the annual financial report has been below the Department of Local Government, Sport and Cultural Industries' standard for the past three financial years.
 - c. The Operating Surplus Ratio as reported in Note 34 of the annual financial report has been below the Department of Local Government, Sport and Cultural Industries' standard for the past three financial years.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The financial ratios for 2018 in Note 34 of the annual financial report were audited by another auditor when performing their audit of the Shire for the year ending 30 June 2018. The auditor expressed an unmodified opinion on the annual financial report for that year.

Matters Relating to the Electronic Publication of the Audited Financial Report

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



EFTHALIA SAMARAS
SENIOR DIRECTOR FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
4 February 2021



Disability Access & Inclusion Plan

The Western Australian *Disability Services Act 1993* requires all State and Local Government Authorities to have a DAIP to ensure that people with disabilities have equal access to facilities and services.

The Shire of Irwin is committed to ensuring that the community is an accessible community for people with disabilities, their families and carers via Council's;

- Progressive modification of all existing Public Building Facilities and Services under its control, to cater for the needs of the disabled; and
- Ensuring that all future Public Buildings, Facilities and Services, constructed or provided within the Shire are designed to cater for the needs of the disabled.

Consultants have been engaged to undertake relevant consultation processes to develop an updated Disability Access and Inclusion Plan. Community consultation will continue into 2020/21.

Complaints

In the 2019/20 financial year the Shire of Irwin received no minor breach complaints in accordance with Part 5, Division 9 of the *Local Government Act 1995*.

A complaint under the local Government Act refers to complaints received against an elected member that is considered a minor breach.

Risk Management

The Shire has developed Risk Management Strategies and Procedures to align with better practise, Australian standards AS/NZS ISO 31000:2018, and provide clear definitions of risk assessment criteria and control ratings.

Achievements in 2019/2020 include the adoption of an updated Purchasing Policy and supporting documentation; implementing a new document control system and developing processes and procedures across the organisation.

State Records Act 2000

Under Principle 6 of the *SRC Standard 2: Recordkeeping Plans*, government organisations' annual reports must include statements about compliance with their Recordkeeping Plan.

The Shire of Irwin completed a comprehensive review and received approval of its recordkeeping plan in 2015. Revision of the Shire's recordkeeping plan is underway by Information Enterprises Australia. Due to setbacks relating to the COVID-19 pandemic, the State Records Office allowed an extension of time to submit the new recordkeeping plan. This will be developed and submitted by May 2021.

Recordkeeping training program

In November 2019, four Shire employees received a week of administration training on the requirements of the State Records Act requirements for recordkeeping. In accordance with new processes and

Freedom of Information

The Shire of Irwin is subject to the provisions of the *Freedom of Information (FOI) Act 1992*.

The Shire has reviewed its Information Statement for the period and our website provides relevant details on how to access information from the Shire of Irwin.

Employees Remuneration

In accordance with Section 19B of the *Local Government (Administration) Regulations 1996*, the number of employees of the Shire of Irwin entitled to an annual salary of \$100,000 or more during 2019/20:

Salary Range	Employees
\$190,000 - \$199,999	1

procedures being implemented in 2019/20 and ongoing into 2020/21, new methodology for evaluating the training program will be developed in due course.

The Shire implemented a new document control system during the period, through the process the Key Words for Council and the retention categories were reviewed in it's entirety and brought into alignment with the current General Disposal Authority for Local Government Records issued by the State Records Office.

Legislation Review

Local Laws

Council undertook a full review of Local Laws in 2015/16. In March 2016 the Shire approved to make no amendments to the Local Government Property Local Law and to commence the process for replacing the remaining Local Laws in accordance with section 3.12 of the Local Government Act 1995.

Due to the current review of legislation, in particular the Local Government Act, Health Act and Bush Fire Act, the Shire delayed the review of its Local Laws to allow for changes to legislation, ensuring the Shire's Local Laws are applicable. Review and replacement of the Shire's local laws will continue into 2020/21.

Delegations – Council to CEO

An intense review of Council to CEO delegations was conducted to ensure compliance with legislation.

A new online based Management System, *Integrity Management System*, was purchased to assist in managing the newly developed delegations, ensure the Shire is compliant with legislation and to create employee efficiencies for reporting requirements.

Plan for the Future

Given the mandate by Council to reduce employee costs through a restructure in late 2018, development of a Corporate Business Plan was put on hold. The recommended structure through this process was also put on hold due to the COVID-19 pandemic. At the end of 2019/20, the Shire has been in a better position, with the recommended structure almost in place, to commence development of the Corporate Business Plan.

In accordance with S7.12A (4) (5) of the *Local Government Act 1995*, the Shire submitted a report to the Office of the Auditor General addressing matters identified as significant and stating what action the Shire intends to take with respect to those matters. In the 2018/19 Performance Audit Report, the Shire included a recommended action to adopt a Corporate Business Plan by December 2020 to demonstrate the alignment of the Long Term Financial Plan 2018-2028 to the 2017-2027 Strategic Community Plan.