

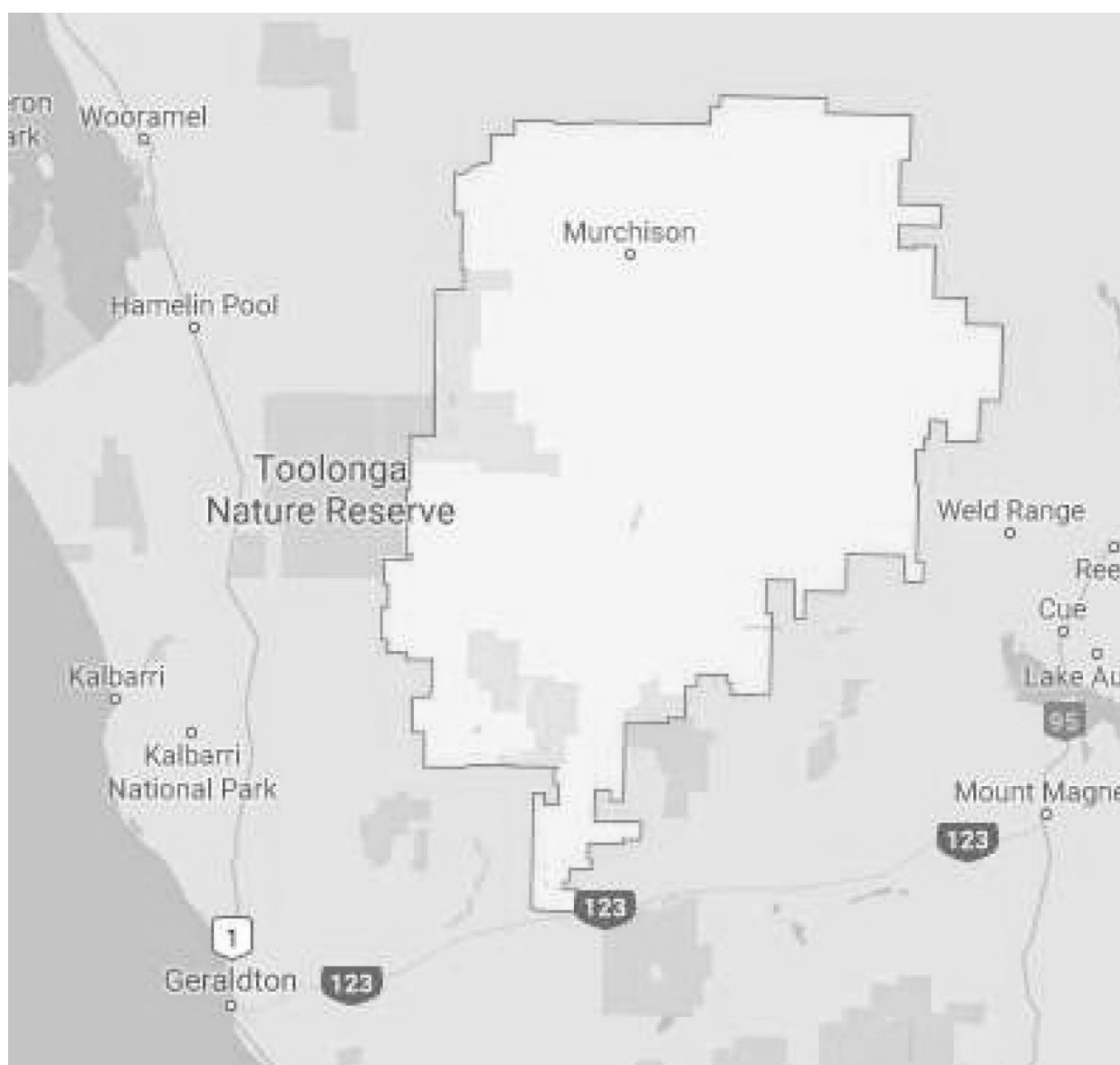
A photograph of a person with long, wavy brown hair, wearing a green long-sleeved shirt and light blue shorts, walking away from the camera on a dirt path. The path leads towards a large, spreading tree with a white trunk and dense green foliage. To the left of the path is a palm tree and a small building with a corrugated metal roof. To the right is a bush with yellow flowers. The background shows more trees and a clear sky. The text 'Murchison Shire Annual Report' and 'For the year ending 30 June 2020' is overlaid in white at the bottom.

Murchison Shire Annual Report

For the year ending 30 June 2020

Contents

Contents	2
Overview	3
President's Report	7
Governance	8
Chief Executive Officer's Report	11
Strategic Community Plan	15
Statutory Reporting Requirements	17
Financial Overview	20
Financial Report	24



Overview

Section 5.53 of the *Local Government Act 1995* requires Council to prepare, adopt and publish an Annual report for each financial year. Whilst the Act requires a raft of matters to be reported on, there is also an opportunity to highlight in summary form a range of features that make up the Murchison Shire Community, as well as actions undertaken throughout the year.

This year's 2019/20 Annual Report was finalised and adopted by Council at its Ordinary Meeting on 31 August 2021.



Shire Information

Shire Office and Chambers	3007 Carnarvon Mullewa Road, Murchison WA 6630		
Postal Address	PO Box 61, MULLEWA WA 6630		
Telephone	(08) 9963 7999		
Facsimile	(08) 9963 7966		
E-mail	admin@murchison.wa.gov.au		
Web Page	www.murchison.wa.gov.au		
Office Hours	8.00am to 5.00pm Monday to Friday		
Road Condition Reports	www.murchison.wa.gov.au/road conditions		
Population	153	Land Area	49,500 sq km
Electors	17	Length of sealed roads	230km
Employees	16	Length of unsealed roads	1,942 km
Local Government Classifications	WA - Band 4	Australian - Rural Remote Extra Small (RTX)	

Description

The Shire of Murchison lies within the Mid-West region of Western Australia. The Murchison Shire Settlement is situated on 708 hectares excised from the Wooleen pastoral lease and vested in the Council. It is located some 669km from Perth, 300 kilometres north east of Geraldton; 200 km north of Mullewa on the Carnarvon Mullewa Road.

The settlement has twelve dwellings, the Shire Office, the district museum, roadhouse, community centre, cricket pitch and practice nets, one tennis court and two lawn bowls rinks under lights, stables and horse yards, five polocrosse fields and three ablution/toilet

blocks. It is home to approximately 21 people, 14 of whom are Shire employees plus others who manage the Roadhouse or also reside in the settlement. Electricity and water supplies are owned and run by the Council. It is the engine room for the entire operation of Council.

Murchison is the second least populated Local Government in Australia and is thought to be the only Shire in Australia without a gazetted town site.

The surrounding country is mainly used for pastoral purposes, predominantly cattle and sheep. The Murchison River catchment has a significant influence, with sporadic and

widespread flooding a feature to be managed. Tourism is developing with some stations involved in station stays. The Murchison Oasis Caravan Park and motel units located at the settlement provide facilities for tourists. There are also a few mining companies in exploration stage within the shire.

The Murchison Radio Astronomy site (MRO) has been developed by CSIRO on a portion of the Boolardy pastoral lease and will be the location for the Australian component of the Square Kilometre Array, which will be developed in future years as part of an international ground breaking science project with state-of-the-art radio telescopes

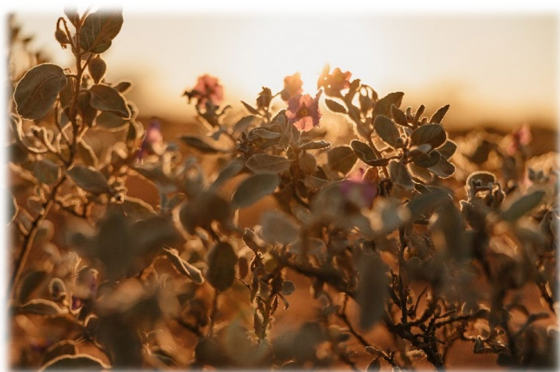
History

The Shire of Murchison is one of the older Local Governments in Western Australia, having its origins in the Murchison District Roads Board, established 31 August 1875 and the Upper Murchison Roads Board established 12 July 1907.

These two were amalgamated in 1911 as the Murchison Roads Board. In July 1961, under the provisions of the Local Government Act, the Roads Board became the Shire of Murchison. In 2004 a portion of the then Mullewa Shire was added to the Murchison Shire.

Until 1963 the Shire was administered from one or other of the stations, and in that year 400 hectares were excised from the Wooleen pastoral lease and vested in the Shire. A house, which contained the office, was built, as was a workshop and airstrip. These were followed by sporting facilities and in 1986 a new office. Later, a museum and staff houses were constructed. The Murchison Settlement was proclaimed on 15 July 1988.

The name 'Murchison' was given to the region back in 1839 by early explorer Lt George Grey in honour of Sir Roderick Impey Murchison, the President of the Royal Geographical Society of London. The Murchison and Roderick Rivers were also named in his honour.



top to bottom left to right – Aerial View Murchison Settlement, Bilung Pool, Wild Flowers.

Branding

At its March 2018 ordinary Meeting, Council adopted a new tag line for the Shire of Murchison namely

"Ancient land under brilliant skies"

During the year with the assistance of Cr E Foulkes-Taylor and Frances Pollock; graphic designers Identify Perth prepared various concepts which were presented to the February 2020 Council Meeting.

At this meeting Council adopted the logo as shown, with a capital M coloured to represent our ancient land and brilliant skies, and written as **murchisonshire** - a change from Shire of Murchison

Explanation and rationale for Council's new logo is as follows:

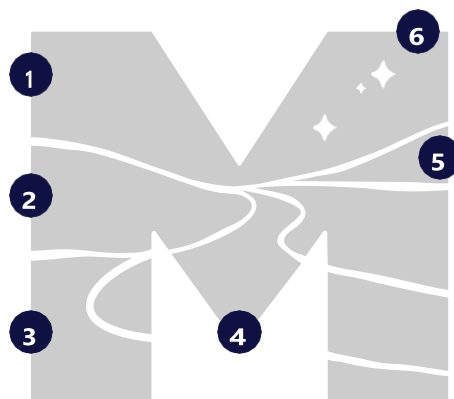


murchisonshire

Ancient land under brilliant skies

ILLUSTRATIONS

1. Nights Sky
2. Green Foliage
3. Red Rocks
4. Murchison River
5. Low Clouds
6. Brilliant Stars



TYPOGRAPHY

The strong, bold and confident typography that has been used for the key 'M' is accented with subtle rounded edges to give it a friendly feel.

Use of lowercase for 'murchison shire' was at the request of the client, to complement existing tone of voice - friendly and approachable - and is consistent with communications already in circulation.

The tagline 'Ancient land under brilliant skies' in a hand stroked script lettering underlines the words 'murchison shire' adding strength to the name and complementing the hand drawn style of the illustration.

COLOURS

The colour palette is inspired and taken from the vibrant spectrum of colours experienced and seen within Murchison. Used tastefully within the 'M' to create a colourful landscape. We have also drawn inspiration from the mural located in the Murchison Sports Community Centre that was said to encapsulate the *essence* of the Shire.





top to bottom left to right – Murchison Settlement Entrance Sign, 2018 Christmas Party, Sandy McTaggart Freeman of the Shire, Carol McTaggart Freeman of the Shire, 2018 Christmas Santa, Murchison Museum.

President's Report

Hello All,
Here we are at the end of another financial year. Plenty has happened this year; below are a couple of significant developments.



COVID 19

While causing a lot of grief and uncertainty around the world, we have been relatively lucky in the Murchison and have worked through COVID 19 largely unaffected. I said in last year's report that we live in one of the better places in the world and the COVID 19 pandemic has reinforced this for me. I really feel for all those that have had a terrible experience with COVID.

Sealing on Mullewa /Carnarvon Rd

Various funding sources have become available to allow for the gradual but continuous sealing of the Mullewa Carnarvon Road between the Settlement and the Shire's south boundary. Judging by feedback from the particularly large number of tourists, mainly bound for Mt Augustus and beyond, this work is certainly appreciated.

Staff Housing

Two new staff houses on Mulga Crescent are well underway and will hopefully be occupied by October. Significant maintenance on the other houses, which I'm embarrassed to admit is a bit overdue, is also being carried out. Council is grateful to have the use of the Museum cottage in order to facilitate the upgrades and it too has had some maintenance and renovation.

Roadworks in preparation for the SKA project

While the heavy traffic during construction was pretty testing for roads and locals alike, towards the end of 2019 some significant SKA road access upgrades were funded by the State Government and delivered by outside contractors working alongside plenty of locals. There are now substantial crossings at the Murchison River, Boolardy House Creek and the Roderick River, which will hopefully stand the

test of time and benefit locals and visitors for many years to come.

Rossco's Rundown

After a comment from a local that he didn't know what was going on with the Shire, I have started up Rossco's Rundown and every month or two I send out a brief report of Council's recent decisions and activity. Hopefully this is of value to the community....I'm sure you will let me know if it's not, or if it's just too much Rossco.

Freeman

Two long serving and outstanding contributors to the Murchison community, Carol and Sandy McTaggart, were awarded Freeman of the Shire in December 2019. Council felt that this recognition was richly deserved and thanks and congratulates Carol and Sandy for their many contributions and achievements.

Fire Truck Storage Shed

The fire truck shed construction was completed and our main fire truck has a safe place to camp near the works depot.

Logo

After many years of discussion and debate, and work from various council and community members, Council adopted a new logo in February. Now that I have more or less become a proper grown-up I have worked out and accepted that achieving unanimous support for something as emotive/subjective as a Shire logo is more or less impossible. Having said this though, I feel that the whole Council was supportive of this new logo- which was a bit of a first for me to witness. For the record, I reckon it is a fine new representation of our shire.

Thanks to all those that contribute to making Murchison the place it is.

Rossco Foulkes-Taylor
President

Governance

Elected Members

Council has a small active team of elected members who work within and outside of Council for the betterment of the community.

Councillor

Cr Rossco Foulkes-Taylor
Yuin Station
President



Term Expiry

Oct 2023

Committees Working Groups & Delegates

Audit Committee, Murchison Community Fund Management Committee, Local Emergency Management Committee, Plant Working Group, Settlement Drinking Water Working Group, Settlement Power Supply Working Group, Murchison Regional Road Group and WALGA Zone Delegate

Cr Andrew Whitmarsh
Byro Station
Deputy President



Oct 2023

Audit Committee, , Wild Dog Control Working Group, SKA Stakeholder Meeting Representative and WALGA Zone Delegate

Cr Quentin Fowler
Mt Narryer Station
Member



Oct 2023

Audit Committee, Community Development Working Group

Cr Paul Squires
Twin Peaks Station
Member



Oct 2021

Plant Working Group, Settlement Drinking Working Group and Murchison Regional Road Group

Cr Emma Foulkes-Taylor
Yuin Station
Member



Oct 2021

Community Development Working Group, Economic Development Working Group, Settlement Drinking Water Working Group, SKA Stakeholder Meeting Representative and Murchison GEO Region

Cr Greydon Mead
Bullardoo Station
Member



Oct 2021

Plant Working Group, Settlement Power Supply Working Group and Wild Dog Working Group

Councillor Meeting Attendance

There were 11 Ordinary Meetings, and 1 Electors Meeting of Council held between 1 July 2019 and 30 June 2020. A breakdown of Councillors' presence at meetings is detailed in the following table:

Councillor		Ordinary Meeting	Electors Meeting	Total
Cr Rossco Foulkes-Taylor	President	11	1	12
Cr Andrew Whitmarsh	Deputy President	9	1	10
Cr Quentin Fowler	Member	10	1	11
Cr Paul Squires	Member	11	1	12
Cr Emma Foulkes Taylor	Member	11	1	12
Cr Greydon Mead	Member	10	1	11

Other meetings attended also included Audit Committee, Local Emergency Management Committee, Various Working Groups and Tender Assessment Panels. External meetings attended as Council representatives included Regional Road Group and Murchison sub-Regional Road Group, SKA Stakeholders and WALGA Zone Meeting (Cue Parliament).

General

Council formally deliberated on a large array of governance matters during the year as per the following highlights

- ~ Reviewed and resolved as a policy position to operate the fuel facilities at the Murchison Oasis Roadhouse aiming to operate at neither a profit nor loss over the medium to long term. From November 2019 and the price of fuel was set at 15% above the highest of the purchase price (including freight) of newly delivered ULP or diesel.
- ~ Accepted the offer of Canine Control to extend the current agreement for the provision of Ranger Services to the Shire for a period of 5 years commencing 1 July 2020.
- ~ Reviewed and formalised arrangements in relation to the Museum recognising that whilst the facility is owned by the Museum Committee, the building continues to be treated as a Council asset with Council meeting all operational costs, and on request some capital works. The Museum Committee remains primarily responsible for fit out of the building. In recognition of these contributions, when the cottage is vacant Council is able to use the cottage to accommodate staff and the occasional contractor staff
- ~ Accepted a tender submitted by Quality Builders for the design, construct and supply

of two residential dwellings at Mulga Crescent, Murchison

- ~ Ratified the Road Access & Maintenance Deed between with Adaman Resources for the maintenance of the Beringarra-Pindar Road during proposed Mixy and A-Zone mine operations. Also agreed was a request to realign a short section of the Beringarra-Pindar Road around the proposed Mixy Mine
- ~ Nominated Cr E Foulkes-Taylor, for a Midwest Development Commission vacancy. Council was later pleased that this nomination was successful.
- ~ Authorised proceeding with designs and costings for the potential reconstruction of the Bilung Creek Crossing on the Carnarvon-Mullewa Road.
- ~ Received and noted updated reports associated with Sealed Roads Program, Murchison Roads 2030 Regional Strategies and the submissions made, updated approach for future projects that are intended to be taken when moving forward with management of the Carnarvon-Mullewa Road.
- ~ Accepted the eQuote and the submission from Greenfield Technical Services for the the onsite engineering supervision and support for Flood 6 works associated with the flood event of April 2019 under Disaster Recovery Funding Arrangements WA - AGRN 863. Them Earthmoving and Squires

Resources were later appointed as successful contractors for these and other works

- ~ Council noted Northampton Shire's response in relation to the maintenance of a section of the Coolcalalaya Road in Northampton Shire and authorised the Chief Executive Officer to pursue an agreement with the Northampton Shire to undertake maintenance works on the Coolcalalaya Road within their Shire on a cost recovery basis.
- ~ Endorsed the participation of the Murchison Shire in the National Redress Scheme as a State Government institution and included as part of the State Government's declaration.

COVID-19

The COVID-19 Pandemic significantly impacted Council's short and medium-term approach over the next 2-3 years. Specific COVID-19 related actions included the following:

Adopted COVID-19 Coronavirus principles and rationale associated with health and economic activity namely that

- ~ Our overriding responsibility is to act to protect our citizens and community to

prevent, control or abate the serious public health risk presented by COVID-19 by limiting the spread of COVID-19.

- ~ Council will act to ensure that we can function and deliver the required works and services to support and stimulate the local economy.

As requested by the State Government Council agreed to freeze current rate levels for the 2020/21 year.

Council looked to expanding its works program by bringing forward projects that can stimulate the local economy and provide lasting benefits for the community.

Explored Short Term Lending Options with Western Australia Treasury Corporation.

Repurposed and combined the *Beringarra-Cue Road and Cue Road Reserve*, slightly expanded the scope of the *Buildings Reserve*, slightly repurposed the *Settlement Building and Facilities Reserve*, renamed the *Roads Sealing Reserve* to the *Assets Rehabilitation Reserve* to fund rehabilitation of Council's Infrastructure.



top to bottom left to right – Council Office and Staff, Sports Club, Library, Murchison Oasis Caravan Park.

Chief Executive Officer's Report

Staff

The Shire is fortunate to have a dedicated and committed set of councillors who are well connected to the community, understand the area's history and heritage and contribute in many ways outside their formal roles.

Council's very small staff team punch well above their weight, actively assisting in a complementary fashion and, whilst very small in number, work and function across a large array of areas and, where necessary due to our small size, utilise a range of external contract resources.

Acting CEO Eddie Piper, who was well-versed with local government operations through his long-standing experience, filled the role of previous departing CEO Peter Dittrich til the new permanent appointment of Mr Bill Boehm.

Council's Deputy CEO Rose Jones resigned in early July 2019. Prior to this Technical Services Administration Officer Ms Vanessa Crisp, Finance Officer/Administration Officer Bernie Peirl had also previously resigned in 2018/19

Following a consolidation, a number of new personnel were recruited, and positions altered including the promotion of Ms Tatjana Erak to Acting Deputy CEO and new personnel in Corporate Services Officer Ms Racheal King, Technical / Projects Officer Ms Kaye Doyle and Gardener/ Cleaner Melissa Faye. Ms Stephanie Jeffries also filled in during the early part of the year as casual Customer Services Officer.

We once again take this opportunity to thank all members of staff for their service, alongside a number of contractors who support our service delivery.

Governance

Chief Executive Officer

Mr Eddie Piper till 21/07/19

Mr Bill Boehm from 22/07/19

Corporate Services

Deputy Chief Executive Officer

Ms Rose Jones till 5/7/2019

Acting Deputy Chief Executive Officer

Ms Tatjana Erak from 12/8/19

Finance Administration Officer

Ms Tatjana Erak till 11/8/2019

Corporate Services Officer

Ms Racheal King from 11/11/2019

Administration Officer

Ms Vicki Dumbris

Customer Service Officer (Casual)

Ms Stephanie Jeffries from 12/8/2019 till 7/10/2019

Works

Works Supervisor

Mr William Herold

Technical Projects Officer

Ms Kaye Doyle from 9/8/2019

Mechanic

Mr Stuart Broad

Leading Hand - Construction

Mr Mark Jones

Leading Hand - Maintenance

Mr Neil Combe

Plant Operator

Mr Glen Pinnegar

Plant Operator

Mr Ivor Dumbris

Plant Operator

Mr Greg Barr till 31/12/2019

Plant Operator

Mr Lou Bavoillot from 9/3/2020

Plant Operator

Mr Peter Mahony (casual)

Gardener

Mr Ryan Prow

Gardener/ Cleaner (casual / part time)

Ms Melissa Faye from 6/12/2019

Other Contract Staff

Environmental Health Officer / Building Surveyor
Ranger

Mr Phillip Swain – Phil Swain Consulting
Mr Peter Smith – Canine Control



top to bottom left to right – Murchison Settlement, Shire staff with new Kenworth Prime Mover, Shire staff with new Cat Grader, New Fire Shed Opening, Bitumen Sealing on Carnarvon-Mullewa Road, New Settlement Footpath from Roadhouse to Museum.

Roads

The backbone of the Shire's operation involves the management, maintenance, repair, construction and reconstruction of the vast array of Council's road network. Council's small construction crew (4) and maintenance crew (2) are supplemented by various contractors.

Maintenance

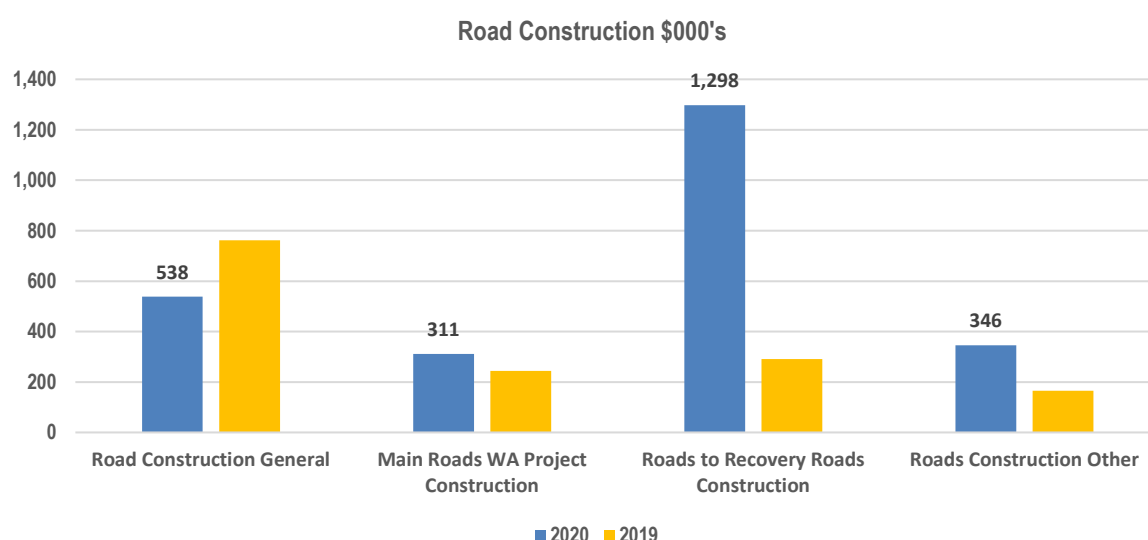
Council funded a significant amount of \$520,850 on emergency repairs of damaged sections of the Carnarvon-Mullewa and Coolcalalaya West Roads caused by heavy vehicles on wet roads.

Council also undertook \$2,255,800 worth of Flood Damage Repairs associated with completing FLOOD 5 (AGRN 778 January 2018 event, and commencing FLOOD 6 (AGRN 863 April 2019 Event) and FLOOD 7 (AGRN 899 February 2020 Event)

Both these actions significantly impacted on Council's normal level of road maintenance operations.

Construction

Major capital roadworks of \$4,513,226 undertaken during year included the following:



Road	Location	Works
Roads Construction General		
Beringarra-Pindar	198.50-198.70	Resheet and fix camber
Carnarvon-Mullewa	101.42-102.42	Resheet near Curbur. Seal in 2020/21
Various	Various	
MRWA Project Construction		
Carnarvon-Mullewa	111.68-116.16	Resheet
Carnarvon-Mullewa	271.80-278.85	Resheet south of Bullardoo. Small portion. Balance 2020/21
Roads to Recovery Construction		
Beringarra-Pindar	144.00-145.30	Replace Gravel on Corner
Beringarra-Pindar	151.76-153.45	Resheet Sandy Section South of PIA
Carnarvon-Mullewa	0.00-10.59	Gravel Resheet
Carnarvon-Mullewa	Various	Reseal Program
Roads Construction Other		
Beringarra-Cue	Various	Convert To Gravel (reserve funded)
Beringarra-Cue	Various	Upgrade Floodways (reserve funded)

Other Actions

Other actions undertaken during the year included the following

~ Plant and Equipment.

Replaced a Grader, Prime Mover Truck, Loader and Works Utility

~ Settlement Projects

Commenced works to review the extent of projects required in and around the Murchison Settlement with the view to incorporating them into 2020/21 and in future years. Elements included a Transportable Classroom, Community Sports Centre Upgrade, Community Swimming Pool and Splashpad, New Caravan Park Ablution Block, New Caravan Park Ensuites, Playground Upgrade and General amenity improvements to the Settlement.

~ Settlement Power

Continued to work towards upgrading our Settlement power. During the summer period the existing generating capacity continued to be placed under significant stress so that, whilst Council continues to work towards greening our power operation, a new generator was programmed for 2019/20 and subsequently commissioned

~ Potable Water

Work towards providing potable water for Settlement residents and visitors continues.

~ General Community Participation.

All residents and ratepayers are encouraged to respond to surveys and provide feedback to Council on an ongoing basis to help build a stronger and economically resilient community. Council regularly updates and utilises its community email list to assist, as well as facilitating publication of the Murchison Monologue about life in the Shire of Murchison. During the year 3 newsletters were produced and distributed.

Anzac Day in April, Murchison Polocrosse Tournament in July and planned Yuck Circus Event in May were unfortunately cancelled due to COVID-19. The Shire Christmas celebrations in December continued as the main Shire community event.



~ Staff Housing

Work commenced in constructing two new staff houses in the Murchison Settlement. Quality Builders were engaged and commenced work which is to be completed in 2020/21.

~ Fire Shed

With the assistance of DFES funding a new Fire Shed at the Murchison Settlement was completed and officially opened in December 2019.

Bill Boehm

Chief Executive Officer

Strategic Community Plan

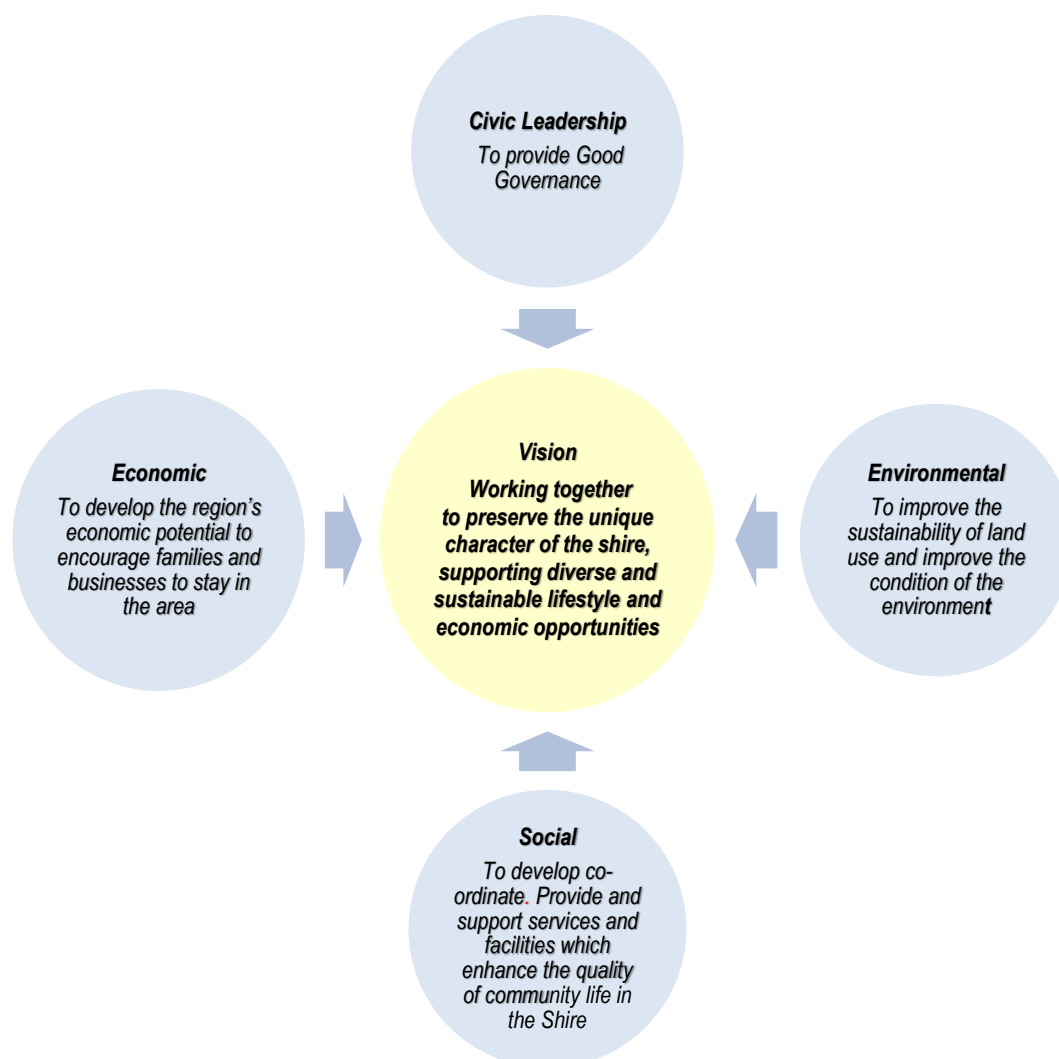
The Local Government Act and associated Regulations require a Local Government to ensure that a Strategic Community Plan is made for its district

- ~ Ensure that a Corporate Business Plan is made for its district and
- ~ include in its Annual Report an overview of the Plan for the Future, including major initiatives planned to commence or continue in the next year.

In accordance with Integrated Planning and Reporting Requirements, the Shire of Murchison has developed a ten-year Strategic Community Plan, a 15-year Long Term Financial Plan and a four-year Corporate Business Plan.

The Strategic Community Plan was originally developed in 2013 after extensive community consultation. The Plan reflects the Community's vision for the future and is the principal strategic guide for our future planning and activities.

A full review of the plan was undertaken and the revised 2016/17 to 2026/27 Strategic Community Plan was adopted on the 29 March 2017 and as shown below is built around four well-being priorities.



Various major initiatives were planned to commence or continue in the next few years. The proposed desktop review of the plan may alter priorities especially as specific elements of the plan that have been directly impacted by the current COVID-19 Coronavirus environment. In the meantime, the original planned capital program with updated comments as listed is shown in the following table:

Action	Project	2018 \$	2019 \$	2020 \$	2021 \$	Comments
4.3.1.2	Plant replacement	608,215	958,636	461,132	493,978	20-year Plant Replacement Program updated and endorsed
4.3.1.2	Plant and equipment renewals - minor plant	15,000	15,300	15,606	15,918	Appropriate budget provision
3.1.1.1	Chlorinator	50,000				2020/21 proposed Improvements to drinking water reticulation
2.3.1.2	Fertigation	15,000				Previously completed
2.2.1.1.	Green energy solution		1,100,000			Settlement Power Upgrade. Two new Gensets ordered in 2019/20 but delayed due to COVID-19. Installation in 2020/21. Final investigation of a solar microgrid solution in 2020/21 with potential construction in 2021 as part of a Council COVID-19 stimulus approach.
3.2.1.3	DFES - fast attack			120,000		Previously completed
1.1.1.3	Road construction and renewal	7,307,942	1,402,899	1,424,529	1,826,808	Generally exceeded targets. Commenced expanded Council COVID-19 stimulus program.
3.1.1.1	Other Infrastructure	7,677				
1.1.1.3	Historic Ballinyoo bridge span	15,000				Previously completed
3.1.1.3	Cemetery beautification	20,000				New Cemetery Wall included in 2020/21
1.1.1.3	Storage bunkers for road building materials		25,000			Under re-review and consideration
4.3.1.2	Furniture and equipment renewals	15,000	15,300	15,606	15,918	Appropriate budget provision
1.2.1.1	Interpretive centre		1,500,000			Under re-review and consideration in view of other Settlement priorities.
1.2.1.2	Backpackers accommodation and campers kitchen		500,000			Under re-review and consideration considering other Settlement priorities.
3.1.1.1	Extend administration offices				500,000	Minor modifications in 2019/20 to Library and Kitchen undertaken. Under re-consideration on light of other Settlement priorities.
3.1.1.1	Sheds for residential houses	62,000				Included in 2020/21
3.1.1.1	Staff housing	750,000				Two houses substantially completed in 2019/20. Complete Site works and fencing in 2020/21. New house 2020/21. Part of a Council COVID-19 stimulus approach.
3.1.1.1	Administration office carports				45,000	Under re-review and consideration considering other Settlement priorities.
3.2.1.3	First aid transfer room	80,000				
3.1.1.1	Sports club bbq rotunda		30,000			Part of Settlement Projects review in 2020/21
3.1.1.1	Tyre storage	10,000				
3.1.3.2	Community centre - renewal		50,000			Community Room repainted and new carpet installed in 2019/20. Blinds in 2020/21. Part of Settlement Projects review in 2020/21
Grand Total \$		8,955,834	5,597,135	2,036,873	2,897,622	

Statutory Reporting Requirements

The following are statutory reporting requirements for inclusion into Council's Annual Report

National Competition Policy

In 1995 the Council of Australian Governments entered into a number of agreements, collectively known as the National Competition Policy. Local government is affected mainly where it operates significant business activities which compete, or could compete, with private sector businesses. Local government will also be affected where local laws unnecessarily affect competition.

Local Government is required to comply with certain policies contained within the National Competition Policy Statement and report on progress in connection with Competitive Neutrality Principles and review of Local Laws.

It is Council's responsibility to determine whether it is engaged in "significant business activities" within the context of its operations and therefore whether it is required to apply the competitive neutrality principles. Local government is only required to implement the above principles to the extent that the benefits to be realised from implementation outweigh the costs in respect of individual business activities exceeding an annual income of \$500,000.

Regarding Council's responsibilities in relation to National Competition Policy and Competitive Neutrality, the Shire reports that:

- ~ Council does not undertake any business enterprises that are classified as either a Public Trading Enterprise or Public Financial Enterprise.
- ~ Competitive neutrality has not been applied to any activities undertaken by the Shire in 2018-19 and no allegations of non-compliance with competitive neutrality principals have been made by any private entity.
- ~ The Shire continues to monitor Council Policies and Local Laws for anti-competitive practices.

Register of Certain Complaints of Minor Breaches

The Local Government Act requires the annual report to contain details about entries made during the financial year in the register of complaints, including:

- ~ the number of complaints; and
- ~ how the recorded complaints were dealt with; and
- ~ any other details that the regulations may require.

Generally, a minor breach is a breach of a local law or code of conduct and the action taken may be public censure, making the person say sorry or sending them to training. A register must be kept of all such breaches.

The Shire of Murchison does not have a designated Complaints Officer and so the Chief Executive Officer fulfils this role.

The Shire reports no complaints as defined under s5.110 (6) (b) or (c) of the Act for the period ending 30 June 2020.

Public Interest Disclosures

The *Public Interest Disclosure Act 2003* facilitates the disclosure of public interest information and provides protection for those making such disclosure and those who are the subject of disclosures. The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken. The Chief Executive Officer is the designated responsible officer under the Act and has complied with all obligations. There were no disclosures or complaints lodged during 2018-19.

National Competition Policy

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

Disability Access and Inclusion Plan

The Disability Services Act 1993 requires a local government or regional local government that has a disability access and inclusion plan must include in its annual report a report about the implementation of the plan.

The Murchison Shire Council Disability Access & Inclusion Plan was originally adopted in July 2008, then reviewed in the later part of 2015 and the review adopted by Council in February 2016,

after community consultation. The Disability Access and inclusion Plan 2016–2020 includes seven outcomes and underpinning strategies to ensure that people with disability have the same opportunities as other people to access the services of public authority.

The seven outcomes and achievements against strategies for 2019-20 are:

Outcomes

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

Achievements against Strategies

- ~ Shire services are monitored to ensure equitable access and inclusion, especially in regard to events being organised or funded
- ~ The DAIP is considered a living document and is inclusive to all shire plans and strategies.
- ~ Consideration is given to providing wheelchair access for all new development works;
- ~ All recreational areas are accessible.
- ~ All Shire information is available in alternative format upon request;
- ~ Staff are aware;
- ~ Website meets contemporary good practice.
- ~ Staff and Council are aware of disability issues and provide a high standard of customer service to all who attend the Shire.
- ~ Grievance mechanisms are in place but have not yet been utilised by any people with disability.
- ~ Through our website, people with disability are encouraged to participate in any public consultation.
- ~ People with disability are encouraged to apply for any employment with the Shire.

Information About Certain Employees

In accordance with s5.53(2)(g) of the *Local Government Act 1995* and s19B of the *Local Government (Administration) Regulations 1996*, there are three employees entitled to an annual salary of \$100,000 per annum or more. The following information relates to employee remuneration bands and the number of employees within each band:

Salary Band	Number of Employees	
	2020	2019
\$100,000 to \$109,999	1	1
\$110,000 to \$119,999	0	0
\$120,000 to \$129,999	1	1
\$130,000 to \$139,999	0	0
\$140,000 to \$149,999	1	1

Freedom of Information

The Shire of Murchison complies with the Freedom of Information Act 1992 which, amongst other things, has as its objectives to.

- ~ Enable the public to participate more effectively in governing the state; and
- ~ Make the persons and bodies that are responsible for the State and Local Government more accountable to the public.
- ~ Make available details about the kind of information they hold and enable persons to ensure that personal information held by government agencies about them is "accurate, complete, up to date and not misleading

The Chief Executive Officer is the Shire's Freedom of Information Coordinator. Any formal application for the information that is not already freely available at the Shire may be made formally through the Chief Executive Officer.

It is the aim of the Shire of Murchison to make information available promptly, at the least possible cost and wherever possible, documents will be provided outside the freedom of information (FOI) process. During 2018/19 the Shire received no Freedom of Information applications.

Record Keeping

The State Records Act 2000 requires that the Shire maintains and disposes of all records in the prescribed matter. Council has prepared a Record Keeping Plan that is considered to comply with the Act. The record keeping plan is to provide evidence to address that;

- ~ The efficiency and effectiveness of the Shire's record keeping system is evaluated not less than once every 5 years.
- ~ The Shire conducts a record keeping training program.
- ~ Information sessions are conducted for staff as required.
- ~ The Shire's Induction Program for new employees includes an introduction to the local government's record keeping system and program, and information on their record keeping responsibilities.

The Record Keeping Plan must be reviewed at least every five years. Between reviews, the implementation/continuation of requirements is to be further developed.

The Shire of Murchison completed a full review of its record keeping plan in November 2018 which will be submitted to the State Records Office. It is expected that a significant amount of catch-up work will be required to implement the plan.

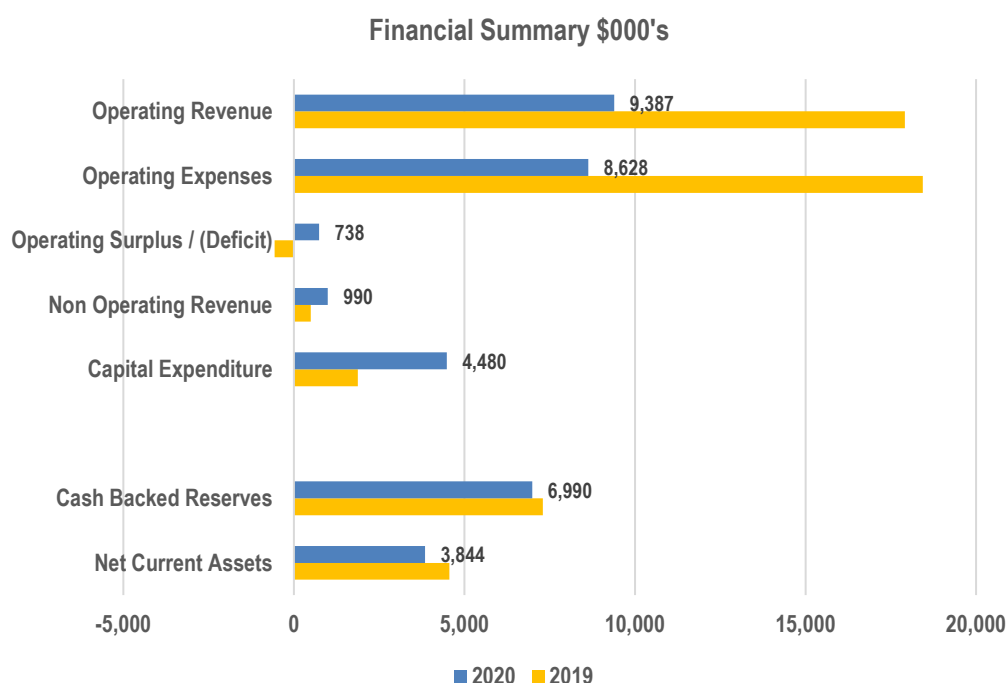
Financial Overview

Financial Summary

A summary of Council's financial performance is shown as follows:

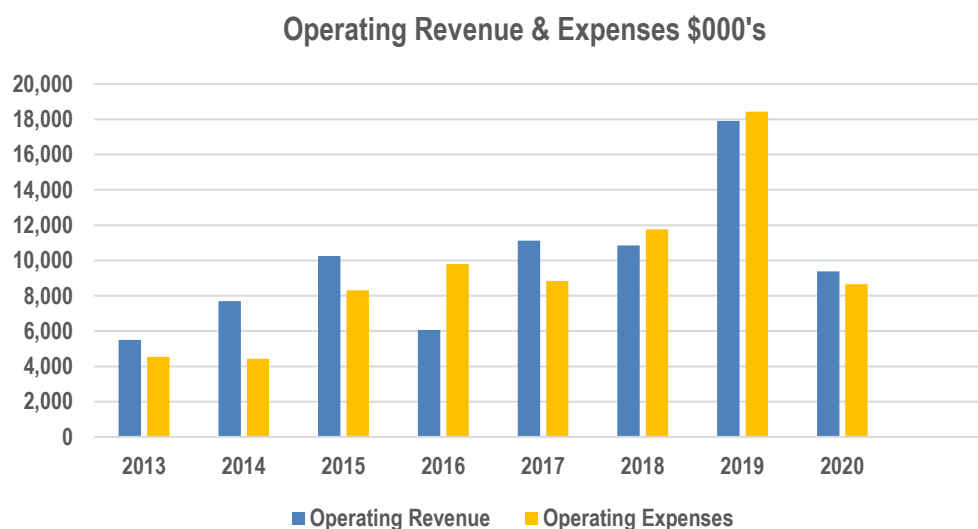
Depending on the circumstances during the year the Financial Performance may vary widely. For 2019/20 the main influencing factor that dramatically increased both operating income and operating expenses involved repairs to Council's road network following continuation of flood restoration works associated with the January/February 2018 following event and commencement of works associated with the February 2019 rain event.

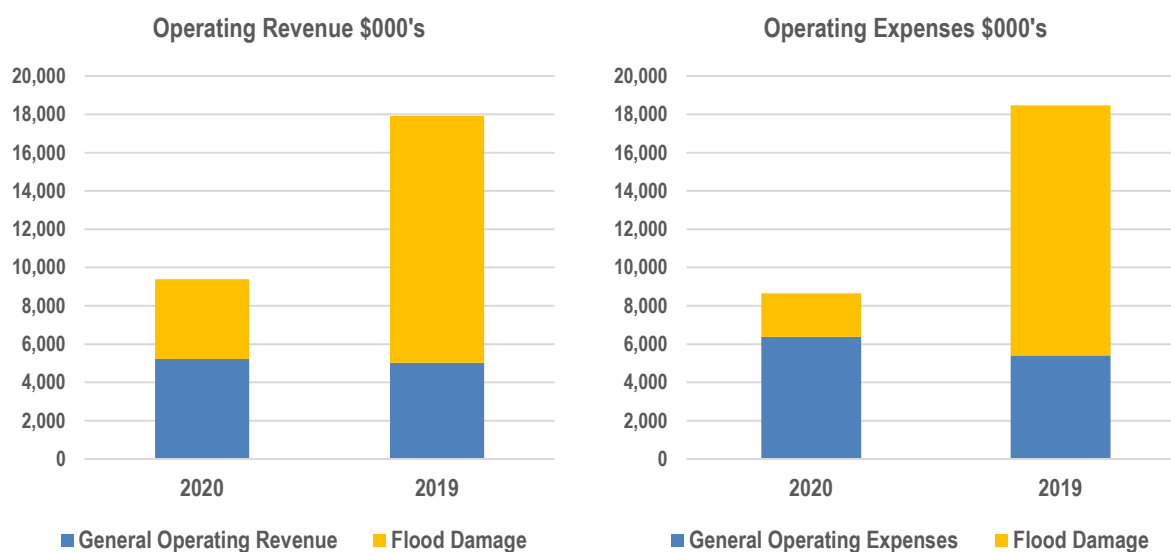
Rate Revenue of \$465,397 is frozen at 2019/20 levels with no changes in the current differential rates and minimum rates for 2020/21



Operating Revenue & Expenses

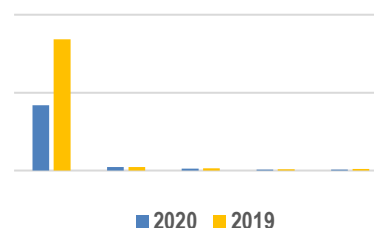
A summary of operating revenue and expenses over several years is show below.



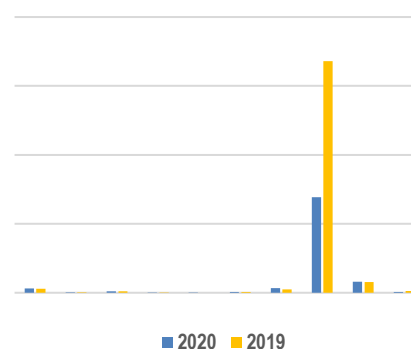


Summary categorisation of operating revenue and expenses is shown as follows:

Revenue \$	2020	2019
Rates	465,397	458,510
Grants & Subsidies	8,387,972	16,829,134
Fees & Charges	255,705	275,973
Interest Earnings	137,468	189,604
Other Revenue	140,299	156,197
	9,386,841	17,909,418



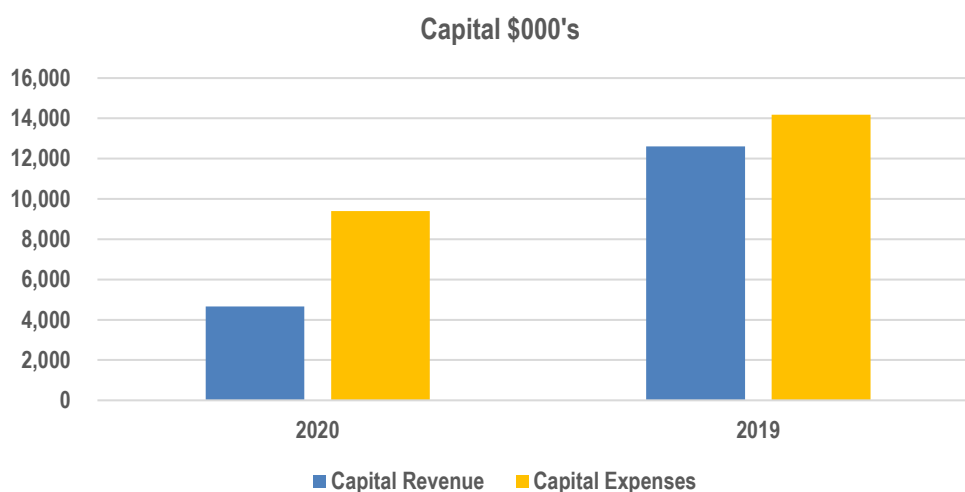
Expenses \$	2020	2019
Governance	308,101	290,229
General Purpose Funding	25,284	23,995
Law Order Public Safety	100,838	96,816
Health	21,163	19,643
Housing	2,182	0
Community Amenities	47,346	51,104
Recreation & Culture	333,455	243,395
Transport	6,929,124	16,806,243
Economic Services	793,974	781,024
Other Property Services	66,044	125,201
	8,629,531	18,439,669



<i>Non-Cash amounts included in the above</i>	<i>3,414,211</i>	<i>2,996,112</i>
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Capital Revenue & Expenses

A summary of capital revenue and expenses is show below.



Financial Position

Many small councils in WA are heavily reliant on external funding, delivered through the State Grants Commission (Financial Assistance and Road Grants), Roads to Recovery, Main Roads WA, Flood Damage (where applicable) and other sources. Rate Revenue represents a very small proportion of our operating revenue.

The Department of Local Government Sport & Cultural Industries (DLGCSI) has, over recent years, developed various financial indicators including a Financial Health Indicator (FHI) as a measurement of a local government's overall financial health. It is calculated from the seven financial ratios that local governments are required to calculate annually and included in Annual Financial Report.

Whilst these indicators are one aspect to consider in assessing overall performance, other factors include: the range of services offered, efficiency of services delivered, community satisfaction, sparseness, and major events such as flood repairs, etc which as previously indicated under Operating Revenue have a case significant impact.

For instance, in 2018/19 whilst the Debt Service Cover Ratio as outlined under Note 30 of the Notes to Financial Report is recognised as being "supposedly" below the (DLGCSI) standard in reality this was influenced by \$1.55m in short-term loan payments which were outstanding at the end of the financial year, but later paid in 2019/20 from flood damage grants. For practical purposes Council is almost debt free.

The figure is also subject to question depending on the timing of an entity's asset valuation and the degree of sophistication of the Asset Management Plan which in our case was adopted in 2013. Much has changed since.

Some of the definitions of ratios required to be calculated do not appear to be in accordance with contemporary practice with the one size fits all criteria difficult to apply with any uniformity in such a widely varying State.

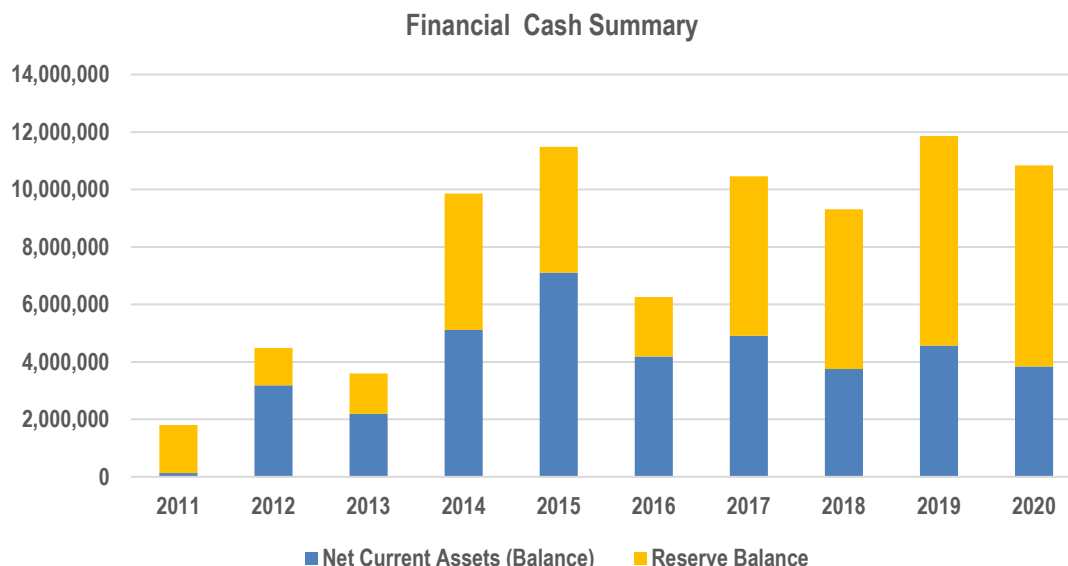
In 2019 WALGA commissioned an independent review of the current legislated financial indicators and have adopted a modified set with significantly different components.

It was also noted that

"Financial Ratios measure financial performance and do not measure a local government's efficiency or effectiveness in delivering its programs and services".

It is considered that Councils current approach to measure the amount of available cash as shown by the combined cash reserves and Net Current Assets Position and develop and continually update our asset management and long-term financial plans

As shown below "cash wise" Council's financial position has improved over time.

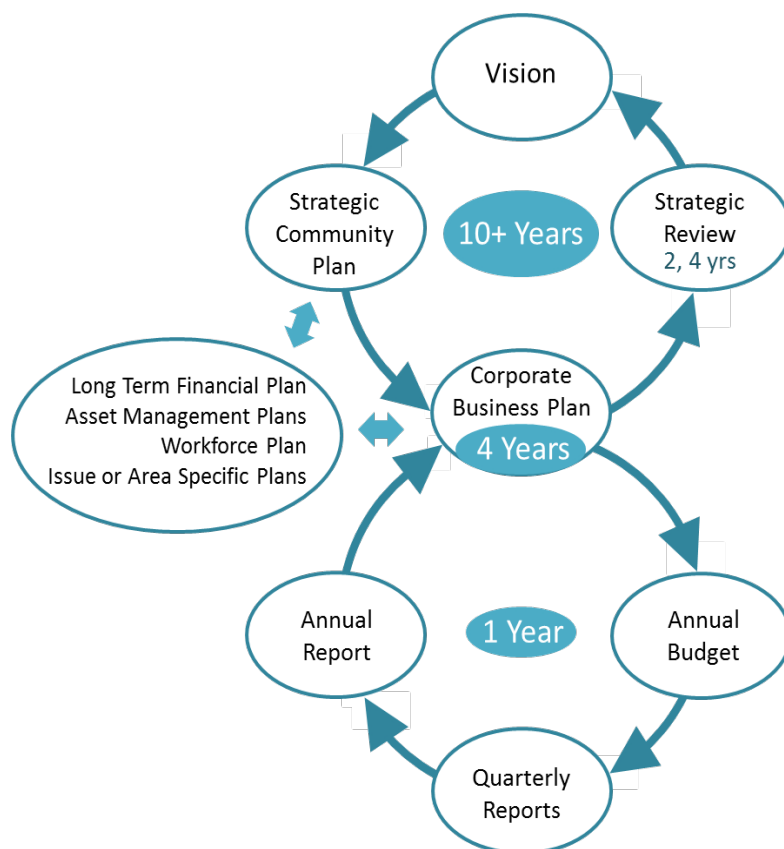


Regardless of the figures questions maybe be asked by the community about a local government's revenue, expenses and service delivery.

This same question is asked at a Council level where it is recognised that having sound data and analysis is critical to good medium to long term decision making.

Council is committed to improvements in this area and during the year commenced detailed strategic work including Revalidation of Council's RAMM Database and Road Condition Assessment leading in part to the adoption of long-term sealing program and plant replacement through an adaptive model.

This is part of the adjacent continuous improvement approach journey that Council continues to embark on.



Financial Report

Council's Financial Report for the year ending 30 June 2020 report comprises

- ~ Statement by Chief Executive Officer,
- ~ Statement of Comprehensive Income by Nature or Type
- ~ Statement of Comprehensive Income by Program
- ~ Statement of Financial Position
- ~ Statement of Changes in Equity
- ~ Statement of Cash Flows
- ~ Rate Setting Statement
- ~ Notes to and Forming Part of the Annual Report
- ~ Independent Auditors Report

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

TABLE OF CONTENTS

Statement by Chief Executive Officer	2
Statement of Comprehensive Income by Nature or Type	3
Statement of Comprehensive Income by Program	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Rate Setting Statement	8
Index of Notes to the Financial Report	9
Independent Auditor's Report	51

COMMUNITY VISION

Working together to preserve the unique character of the Shire, supporting diverse and sustainable lifestyle and economic opportunities.

Principal place of business:
Murchison Settlement
Carnarvon - Mullewa Road
Western Australia


**SHIRE OF MURCHISON
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 Murchison 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 Murchison 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 10th day of August 2021



Chief Executive Officer

William James Boehm



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	21(a)	465,397	464,044	458,510
Operating grants, subsidies and contributions	2(a)	8,387,972	11,448,840	16,829,134
Fees and charges	2(a)	255,705	261,750	275,973
Interest earnings	2(a)	137,468	135,500	189,604
Other revenue	2(a)	140,299	204,742	156,197
		9,386,841	12,514,876	17,909,418
Expenses				
Employee costs		(1,240,615)	(1,232,268)	(1,212,333)
Materials and contracts		(3,877,598)	(11,229,957)	(13,883,349)
Utility charges		0	0	(36,276)
Depreciation on non-current assets	10(b)	(3,216,991)	(3,071,485)	(3,049,712)
Interest expenses	2(b)	(21,004)	(12,500)	(34,016)
Insurance expenses		(155,832)	(157,376)	(141,862)
Other expenditure		(136,469)	(155,583)	(114,119)
		(8,648,509)	(15,859,169)	(18,471,667)
		738,332	(3,344,293)	(562,249)
Non-operating grants, subsidies and contributions	2(a)	797,092	738,950	477,510
Profit on asset disposals	10(a)	13,313	9,439	6,171
(Loss) on asset disposals	10(a)	(156,534)	(112,597)	(59,617)
		653,871	635,792	424,064
Net result for the period		1,392,203	(2,708,501)	(138,185)
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		1,392,203	(2,708,501)	(138,185)

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



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Governance	2(a)	13,639	12,500	25,208
General purpose funding		4,486,135	2,437,544	4,371,188
Law, order, public safety		13,408	12,700	15,590
Health		236	0	0
Housing		3,990	4,290	3,765
Recreation and culture		585	1,750	586
Transport		4,500,352	9,706,092	13,091,162
Economic services		250,003	252,000	265,247
Other property and services		118,493	88,000	136,672
		9,386,841	12,514,876	17,909,418
Expenses				
Governance	2(b)	(308,101)	(376,935)	(290,229)
General purpose funding		(25,284)	(24,000)	(23,995)
Law, order, public safety		(100,832)	(123,635)	(96,817)
Health		(21,163)	(25,680)	(19,643)
Housing		(2,182)	(12,882)	0
Community amenities		(47,346)	(84,385)	(51,104)
Recreation and culture		(333,455)	(342,983)	(243,395)
Transport		(6,929,124)	(13,872,667)	(16,806,243)
Economic services		(793,974)	(858,525)	(781,024)
Other property and services		(66,044)	(124,977)	(125,201)
		(8,627,505)	(15,846,669)	(18,437,651)
Finance Costs				
Transport	2(b)	(21,004)	(12,500)	(34,016)
		(21,004)	(12,500)	(34,016)
		738,332	(3,344,293)	(562,249)
Non-operating grants, subsidies and contributions	2(a)	797,092	738,950	477,510
Profit on disposal of assets	10(a)	13,313	9,439	6,171
(Loss) on disposal of assets	10(a)	(156,534)	(112,597)	(59,617)
		653,871	635,792	424,064
Net result for the period		1,392,203	(2,708,501)	(138,185)
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		1,392,203	(2,708,501)	(138,185)

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



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

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	3	4,858,506	7,688,103
Trade and other receivables	6	311,290	873,587
Other financial assets	5(a)	6,645,418	2,250,000
Inventories	7	72,987	98,542
Contract assets	2(a)	0	2,353,389
TOTAL CURRENT ASSETS		11,888,201	13,263,621
NON-CURRENT ASSETS			
Other financial assets	5(b)	17,805	17,805
Property, plant and equipment	8	10,336,893	9,417,040
Infrastructure	9	72,178,320	72,171,029
TOTAL NON-CURRENT ASSETS		82,533,018	81,605,874
TOTAL ASSETS		94,421,219	94,869,495
CURRENT LIABILITIES			
Trade and other payables	12	1,054,373	1,398,325
Borrowings	13(a)	1,137	1,550,526
Employee related provisions	14	85,266	64,471
TOTAL CURRENT LIABILITIES		1,140,776	3,013,322
NON-CURRENT LIABILITIES			
Borrowings	13(a)	16,178	17,315
Employee related provisions	14	66,086	32,882
TOTAL NON-CURRENT LIABILITIES		82,264	50,197
TOTAL LIABILITIES		1,223,040	3,063,519
NET ASSETS		93,198,179	91,805,976
EQUITY			
Retained surplus		28,973,378	25,761,683
Reserves - cash/financial asset backed	4	6,989,920	7,303,108
Revaluation surplus	11	57,234,881	58,741,185
TOTAL EQUITY		93,198,179	91,805,976

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



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

		RESERVES CASH/FINANCIAL		
	NOTE	RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS
		\$	\$	\$
Balance as at 1 July 2018		27,643,814	5,559,162	58,741,185
Comprehensive income				
Net result for the period		(138,185)	0	0
Total comprehensive income		(138,185)	0	0
Transfers from reserves	4	280,233	(280,233)	0
Transfers to reserves	4	(2,024,179)	2,024,179	0
Balance as at 30 June 2019		25,761,683	7,303,108	58,741,185
Change in accounting policy	26(b)	1,506,304	0	(1,506,304)
Restated total equity at 1 July 2019		27,267,987	7,303,108	57,234,881
Comprehensive income				
Net result for the period		1,392,203	0	0
Total comprehensive income		1,392,203	0	0
Transfers from reserves	4	940,046	(940,046)	0
Transfers to reserves	4	(626,858)	626,858	0
Balance as at 30 June 2020		28,973,378	6,989,920	57,234,881

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

SHIRE OF MURCHISON
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		312,284	464,044	419,169
Operating grants, subsidies and contributions		8,915,482	4,662,133	14,047,509
Fees and charges		255,705	261,750	275,973
Interest received		137,468	135,500	189,604
Goods and services tax received		923,670	109,868	1,369,490
Other revenue		140,299	9,480,677	138,392
		10,684,908	15,113,972	16,440,137
Payments				
Employee costs		(1,142,007)	(1,232,268)	(1,296,119)
Materials and contracts		(1,878,146)	(11,229,957)	(12,680,434)
Utility charges		0	0	(36,276)
Interest expenses		(21,004)	(12,500)	(34,016)
Insurance paid		(155,832)	(157,376)	(141,862)
Goods and services tax paid		(744,839)	(109,868)	(1,326,920)
Other expenditure		(136,469)	(155,583)	(114,119)
		(4,078,297)	(12,897,552)	(15,629,746)
Net cash provided by operating activities	15	6,606,611	2,216,420	810,391
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for financial assets at fair values through profit and loss		0	0	500,000
Payments for purchase of property, plant & equipment	8(a)	(1,982,395)	(2,693,250)	(299,012)
Payments for construction of infrastructure	9(a)	(2,498,041)	(2,742,975)	(1,577,983)
Non-operating grants, subsidies and contributions	2(a)	797,092	738,950	477,510
Proceeds from financial assets at amortised cost - term deposits		(4,395,418)	0	0
Proceeds from sale of property, plant & equipment	10(a)	193,080	243,900	19,933
Net cash used in investment activities		(7,885,682)	(4,453,375)	(879,552)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	13(b)	(4,282,056)	(4,050,525)	(10,281,350)
Proceeds from new borrowings	13(b)	2,731,530	2,500,000	11,829,710
Net cash provided by / (used in) financing activities		(1,550,526)	(1,550,525)	1,548,360
Net increase (decrease) in cash held		(2,829,597)	(3,787,480)	1,479,199
Cash at beginning of year		7,688,103	9,520,812	6,208,904
Cash and cash equivalents at the end of the year	15	4,858,506	5,733,332	7,688,103

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

SHIRE OF MURCHISON
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)	22 (b)	4,562,188	4,681,340	3,756,909
		4,562,188	4,681,340	3,756,909
Revenue from operating activities (excluding rates)				
Governance		13,639	12,500	25,208
General purpose funding		4,020,738	1,973,500	3,912,678
Law, order, public safety		13,408	12,700	15,590
Health		236	0	0
Housing		3,990	4,290	3,765
Recreation and culture		585	1,750	586
Transport		4,513,665	9,715,531	13,097,333
Economic services		250,003	252,000	265,247
Other property and services		118,493	88,000	136,672
		8,934,757	12,060,271	17,457,079
Expenditure from operating activities				
Governance		(308,101)	(380,521)	(290,229)
General purpose funding		(25,284)	(24,000)	(23,995)
Law, order, public safety		(100,832)	(123,635)	(96,817)
Health		(21,163)	(25,680)	(19,643)
Housing		(2,182)	(12,882)	0
Community amenities		(47,346)	(84,385)	(51,104)
Recreation and culture		(333,455)	(342,983)	(285,104)
Transport		(7,106,662)	(13,994,178)	(16,858,167)
Economic services		(793,974)	(858,525)	(781,024)
Other property and services		(66,044)	(124,977)	(125,201)
		(8,805,043)	(15,971,766)	(18,531,284)
Non-cash amounts excluded from operating activities	22(a)	3,414,211	3,174,643	2,996,112
Amount attributable to operating activities		8,106,113	3,944,488	5,678,816
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	797,092	738,950	477,510
Proceeds from disposal of assets	10(a)	193,080	243,900	19,933
Purchase of property, plant and equipment	8(a)	(1,982,395)	(2,693,250)	(299,012)
Purchase and construction of infrastructure	9(a)	(2,498,041)	(2,742,975)	(1,577,983)
Amount attributable to investing activities		(3,490,264)	(4,453,375)	(1,379,552)
FINANCING ACTIVITIES				
Repayment of borrowings	13(b)	(4,282,056)	(4,050,525)	(10,281,350)
Proceeds from borrowings	13(c)	2,731,530	2,500,000	11,829,710
Transfers to reserves (restricted assets)	4	(626,858)	(1,028,634)	(2,024,179)
Transfers from reserves (restricted assets)	4	940,046	2,624,002	280,233
Amount attributable to financing activities		(1,237,338)	44,843	(195,586)
Surplus/(deficit) before imposition of general rates		3,378,511	(464,044)	4,103,678
Total amount raised from general rates	21(a)	465,397	464,044	458,510
Surplus/(deficit) after imposition of general rates	22(b)	3,843,908	0	4,562,188

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

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

Note 1	Basis of Preparation	10
Note 2	Revenue and Expenses	11
Note 3	Cash and Cash Equivalents	15
Note 4	Reserves - Cash backed	16
Note 5	Other Financial Assets	17
Note 6	Trade and Other Receivables	18
Note 7	Inventories	19
Note 8	Property, Plant and Equipment	20
Note 9	Infrastructure	22
Note 10	Fixed Assets	24
Note 11	Revaluation Surplus	27
Note 12	Trade and Other Payables	28
Note 13	Information on Borrowings	29
Note 14	Employee Provisions	31
Note 15	Notes to the Statement of Cash Flows	32
Note 16	Total Assets Classified by Function and Activity	33
Note 17	Contingent Liabilities	34
Note 18	Commitments	35
Note 19	Related Party Transactions	36
Note 20	Investment in Associates	38
Note 21	Rating Information	39
Note 22	Rate Setting Statement Information	41
Note 23	Financial Risk Management	42
Note 24	Events occurring after the end of the Reporting Period	45
Note 25	Initial Application of Australian Accounting Standards	46
Note 26	Change in Accounting Policies	47
Note 27	Other Significant Accounting Policies	48
Note 28	Activities/Programs	49
Note 29	Financial Ratios	50

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.

Any monies required to be held in the Trust Fund are excluded from the financial statements.

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

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

SHIRE OF MURCHISON
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	3,883,105	1,837,500	3,722,382
Law, order, public safety	13,049	12,200	15,589
Transport	4,491,818	323,205	13,091,163
	8,387,972	2,172,905	16,829,134
Non-operating grants, subsidies and contributions			
Law, order, public safety	49,795	53,950	0
Transport	747,297	685,000	477,510
	797,092	738,950	477,510
Total grants, subsidies and contributions	9,185,064	2,911,855	17,306,644
Fees and charges			
Governance	2,892	7,500	8,090
Law, order, public safety	360	500	0
Health	236	0	0
Recreation and culture	585	1,750	586
Transport	8,533	0	0
Economic services	241,429	252,000	265,247
Other property and services	1,670	0	2,050
	255,705	261,750	275,973

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

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

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

Non-operating grants, subsidies and contributions

2020 Actual \$	2020 Budget \$	2019 Actual \$
797,092	738,950	477,510
797,092	738,950	477,510

Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire is comprised of:

Other revenue from performance obligations satisfied during the year

797,092	738,950	477,510
797,092	738,950	477,510

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 (refer to Note 6)
Contract assets

80,054	0	595,911
0	0	2,353,389

Contract assets primarily relate to the Shire's right to consideration for work completed but not billed at 30 June 2020. Assets associated with contracts with customers were not subject to an impairment charge.

SHIRE OF MURCHISON
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
Statutory permits and licences

Other revenue

Reimbursements and recoveries
Other

Interest earnings

Interest on reserve funds
Rates instalment and penalty interest (refer Note 21(b))
Other interest earnings

	2020 Actual \$	2020 Budget \$	2019 Actual \$
General rates	465,397	464,044	458,510
Statutory permits and licences	596	500	0
	465,993	464,544	458,510
Reimbursements and recoveries	136,648	9,383,387	124,460
Other	3,651	97,290	31,737
	140,299	9,480,677	156,197
Interest on reserve funds	109,935	90,000	134,007
Rates instalment and penalty interest (refer Note 21(b))	341	3,000	3,503
Other interest earnings	27,192	42,500	52,094
	137,468	135,500	189,604

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services

Interest expenses (finance costs)

Borrowings

Note	2020 Actual \$	2020 Budget \$	2019 Actual \$
	37,350	50,000	31,605
	0	0	3,318
	37,350	50,000	34,923
13(b)	21,004	12,500	34,016
	21,004	12,500	34,016

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

3. CASH AND CASH EQUIVALENTS

	NOTE	2020 \$	2019 \$
Cash at bank and on hand		1,631,212	1,309,291
Term deposits		3,227,294	6,378,812
Total cash and cash equivalents		4,858,506	7,688,103

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		349,502	5,058,108
- Financial assets at amortised cost		6,645,418	2,250,000
		6,994,920	7,308,108

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

Reserves - cash/financial asset backed	4	6,989,920	7,303,108
Unspent loans	13(d)	5,000	5,000
Total restricted assets		6,994,920	7,308,108

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 MURCHISON

4. RESERVES - CASH/FINANCIAL ASSET BACKED

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance
	\$ 135,709	2,671	0	\$ 138,380
	1,410,356	523,197	(500,000)	1,433,553
	502,893	9,904	0	512,797
	3,411,313	67,087	(47,974)	3,430,426
	125,171	0	(125,171)	0
	0	0	0	0
	0	0	0	0
	171,673	3,380	0	175,053
	250,568	4,935	0	255,503
	920,425	15,684	(266,901)	669,208
	375,000	0	0	375,000
	7,303,108	626,858	(940,046)	6,989,920

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave reserve	Ongoing	To be used to fund annual and long service leave requirements.
(b) Plant replacement reserve	Ongoing	To be used for the purchase of plant.
(c) Building reserve	Ongoing	To be used for the construction / renovation of administration centre.
(d) Beringarra-Cue road reserve	Ongoing	To be used to convert the road from bitumen to gravel as required.
(e) Cue road reserve	Ongoing	To be used to convert the road from bitumen to gravel as required.
(f) Transaction centre reserve	30/06/2019	Set up for development of CBD - transferred to settlements buildings and facilities reserve
(g) Ballinyoo bridge reserve	30/06/2019	To be used for the maintenance or replacement of bridge 837.
(h) CSIRO Beringarra-Pindar road reserve	Ongoing	To be used to fund additional maintenance work required due to CSIRO traffic.
(i) Flood damage repairs reserve	Ongoing	To be used towards the 'trigger point' for WANDRRA funded flood damage works.
(j) Settlement buildings and facilities reserve	Ongoing	To be used to fund improvements to and maintenance of settlement buildings and facilities.
(k) Road sealing reserve	Ongoing	To be used to fund road sealing program.

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

5. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost

2020	2019
\$	\$
6,645,418	2,250,000
6,645,418	2,250,000

Other financial assets at amortised cost

Term deposits

2020	2019
\$	\$
6,645,418	2,250,000
6,645,418	2,250,000

(b) Non-current assets

Financial assets at fair value through profit and loss

2020	2019
\$	\$
17,805	17,805
17,805	17,805

Financial assets at fair value through profit and loss

Units in Local Government House Trust

2020	2019
\$	\$
17,805	17,805
17,805	17,805

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 23.

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
GST receivable	
Accrued income/payments in advance	

2020	2019
\$	\$
206,328	53,215
80,054	595,911
0	187,900
24,908	36,561
311,290	873,587

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 23.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

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

7. INVENTORIES

Current

Fuel and materials
History books

	2020	2019
	\$	\$
	72,506	98,061
	481	481
	<u>72,987</u>	<u>98,542</u>
	98,542	179,191
	(154,362)	(524,222)
	<u>128,807</u>	<u>443,573</u>
	<u>72,987</u>	<u>98,542</u>

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Additions to inventory

Carrying amount at end of period

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

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

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Buildings - non- specialised	Total buildings \$	Total land and buildings \$	Furniture and equipment \$	Plant and equipment \$	Work in progress \$	Total property, plant and equipment \$
Balance at 1 July 2018	6,759,223	6,759,223	6,759,223	16,500	3,066,930	6,535	9,849,188
Additions	222,077	222,077	222,077	10,338	66,597	0	299,012
(Disposals)	(14,566)	(14,566)	(14,566)	(10,123)	(48,690)	0	(73,379)
Depreciation (expense)	(296,581)	(296,581)	(296,581)	(3,051)	(358,149)	0	(657,781)
Carrying amount at 30 June 2019	6,670,153	6,670,153	6,670,153	13,664	2,726,688	6,535	9,417,040
Comprises:							
Gross carrying amount at 30 June 2019	7,291,466	7,291,466	7,291,466	14,500	3,079,194	6,535	10,391,695
Accumulated depreciation at 30 June 2019	(621,313)	(621,313)	(621,313)	(836)	(352,506)	0	(974,655)
Carrying amount at 30 June 2019	6,670,153	6,670,153	6,670,153	13,664	2,726,688	6,535	9,417,040
Change in accounting policy	0	0	0	0	0	0	0
Carrying amount at 1 July 2019	6,670,153	6,670,153	6,670,153	13,664	2,726,688	6,535	9,417,040
Additions	733,108	733,108	733,108	14,994	1,234,293		1,982,395
(Disposals)	0	0	0	0	(336,301)	0	(336,301)
Depreciation (expense)	(306,355)	(306,355)	(306,355)	(2,063)	(417,823)		(726,241)
Carrying amount at 30 June 2020	7,096,906	7,096,906	7,096,906	26,595	3,206,857	6,535	10,336,893
Comprises:							
Gross carrying amount at 30 June 2020	8,024,573	8,024,573	8,024,573	29,494	3,873,486	6,535	11,934,088
Accumulated depreciation at 30 June 2020	(927,667)	(927,667)	(927,667)	(2,899)	(666,629)	0	(1,597,195)
Carrying amount at 30 June 2020	7,096,906	7,096,906	7,096,906	26,595	3,206,857	6,535	10,336,893

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Buildings - non-specialised	3	Cost approach using depreciated replacement cost	Independent valuer	June 2017	Improvements to land using residual values and remaining useful life assessments inputs.
Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.					
During the period there were no changes in the valuation techniques used 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 <i>Local Government (Financial Management) Regulation 17A</i> , plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.					

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

9. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - roads \$	Infrastructure - bridges \$	Total Infrastructure \$
Balance at 1 July 2018	68,991,043	3,993,934	72,984,977
Additions	1,577,983	0	1,577,983
Depreciation (expense)	(2,340,727)	(51,204)	(2,391,931)
Carrying amount at 30 June 2019	68,228,299	3,942,730	72,171,029
Comprises:			
Gross carrying amount at 30 June 2019	88,679,971	4,096,342	92,776,313
Accumulated depreciation at 30 June 2019	(20,451,672)	(153,612)	(20,605,284)
Carrying amount at 30 June 2019	68,228,299	3,942,730	72,171,029
Additions	2,498,041	0	2,498,041
Depreciation (expense)	(2,439,546)	(51,204)	(2,490,750)
Carrying amount at 30 June 2020	68,286,794	3,891,526	72,178,320
Comprises:			
Gross carrying amount at 30 June 2020	91,178,012	4,096,342	95,274,354
Accumulated depreciation at 30 June 2020	(22,891,218)	(204,816)	(23,096,034)
Carrying amount at 30 June 2020	68,286,794	3,891,526	72,178,320

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

9. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition residual values and remaining useful life assessments.
Infrastructure - bridges	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition residual values and remaining useful life assessments.

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

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

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

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

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

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

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

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

Land under roads from 1 July 2019

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

The Shire has vested land values associated with vested land previously recognised (of Nil) by removing the land values 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.

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

10. FIXED ASSETS

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings - non-specialised	0	0	0	0	0	0	0	0	14,566	0	0	(14,566)
Furniture and equipment	0	0	0	0	0	0	0	0	10,123	0	0	(10,123)
Plant and equipment	336,301	193,080	13,313	(156,534)	347,058	243,900	9,439	(112,597)	48,690	19,933	6,171	(34,928)
	336,301	193,080	13,313	(156,534)	347,058	243,900	9,439	(112,597)	73,379	19,933	6,171	(59,617)

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and Equipment				
Transport				
UD Prime Mover	38,000	12,572	0	(25,428)
IVECO Powerstar 6700	24,500	4,637	0	(19,863)
Volvo L110E Wheel Loader	51,200	62,849	11,649	0
John Deere 770G Motor Grader	168,001	79,158	0	(88,843)
Toyota Prado 3.0i	16,200	17,864	1,664	0
Isuzu D Max	38,400	16,000	0	(22,400)
	336,301	193,080	13,313	(156,534)
	336,301	193,080	13,313	(156,534)

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

10. FIXED ASSETS

(b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	306,355	305,300	296,581
Furniture and equipment	2,063	1,980	3,051
Plant and equipment	417,823	424,600	358,149
Infrastructure - roads	2,439,546	2,293,355	2,340,727
Infrastructure - bridges	51,204	46,250	51,204
	3,216,991	3,071,485	3,049,712

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Buildings	30 to 50 years
Furniture and equipment	4 to 10 years
Plant and equipment	5 to 15 years
Sealed roads and streets	
formation	not depreciated
pavement	50 years
seal	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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.

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

11. REVALUATION SURPLUS

	2020 Opening Balance	2020 Change in Accounting Policy	2020 Re-stated Balance	2020 Revaluation Increment	2020 Revaluation (Decrement)	2020 Total Revaluation Movement on	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	2019 Total Revaluation Movement on	2019 Closing Balance
	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Buildings - non-specialised	5,397,026	0	5,397,026	0	0	0	5,397,026	5,397,026	0	0	0	5,397,026
Revaluation surplus - Plant and equipment	1,506,304	(1,506,304)	0	0	0	0	0	1,506,304	0	0	0	1,506,304
Revaluation surplus - Infrastructure - roads	51,778,640	0	51,778,640	0	0	0	51,778,640	51,778,640	0	0	0	51,778,640
Revaluation surplus - Infrastructure - bridges	59,215	0	59,215	0	0	0	59,215	59,215	0	0	0	59,215
	58,741,185	(1,506,304)	57,234,881	0	0	0	57,234,881	58,741,185	0	0	0	58,741,185

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

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors
 Accrued salaries and wages
 ATO liabilities
 Bonds and deposits held
 Accrued expenses

2020	2019
\$	\$
537,254	925,391
18,036	8,324
63,266	37,438
420,746	413,902
15,071	13,270
1,054,373	1,398,325

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.

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

13. 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		
Finance flood damage works		Credit Line		Variable	\$ 2,731,530	\$ 2,500,000	\$ (2,731,530)	\$ (2,500,000)	\$ 20,400	\$ 0
* WA Treasury Corporation					2,731,530	2,500,000	(2,731,530)	(2,500,000)	20,400	0

(d) Unspent Borrowings

Particulars	Date Borrowed	Unspent Balance 1 July 2019	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2020
Plant	Dec-17	\$ 5,000	\$ 0	\$ 0	\$ 5,000
* WA Treasury Corporation		5,000	0	0	5,000

(e) Undrawn Borrowing Facilities

	2020	2019
Credit Standby Arrangements	\$	\$
Bank overdraft limit	100,000	100,000
Bank overdraft at balance date		
Credit card limit	5,000	5,000
Credit card balance at balance date	(415)	0
Total amount of credit unused	104,585	105,000
Loan facilities		
Loan facilities - current	1,137	1,550,526
Loan facilities - non-current	16,178	17,315
Total facilities in use at balance date	17,315	1,567,841
Unused loan facilities at balance date	5,000	5,000

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 23.

14. EMPLOYEE RELATED PROVISIONS

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2019			
Current provisions	37,459	27,012	64,471
Non-current provisions	0	32,882	32,882
	37,459	59,894	97,353
Additional provision	113,565	7,300	120,865
Amounts used	(65,758)	(1,108)	(66,866)
Balance at 30 June 2020	85,266	66,086	151,352
Comprises			
Current	85,266	0	85,266
Non-current	0	66,086	66,086
	85,266	66,086	151,352
Amounts are expected to be settled on the following basis:	2020 \$	2019 \$	
Less than 12 months after the reporting date	25,266	56,566	
More than 12 months from reporting date	126,086	40,787	
	151,352	97,353	

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

15. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cash and cash equivalents	4,858,506	5,733,332	7,688,103
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	1,392,203	(2,708,501)	(138,185)
Non-cash flows in Net result:			
Depreciation on non-current assets	3,216,991	3,071,485	3,049,712
Net loss on sale of asset	143,221	103,158	53,446
Recognition of units in Local Government House	0	0	(17,805)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	562,297	2,489,228	(2,778,396)
(Increase)/decrease in inventories	25,555	0	80,649
(Increase)/decrease in contract assets	2,353,389	0	0
Increase/(decrease) in payables	(343,952)	0	1,127,721
Increase/(decrease) in provisions	53,999	0	(89,241)
Non-operating grants, subsidies and contributions	(797,092)	(738,950)	(477,510)
Net cash from operating activities	6,606,611	2,216,420	810,391

16. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	1,739,819	2,326,675
General purpose funding	4,727,647	2,274,308
Law, order, public safety	131,762	136,622
Health	10,800	26,566
Housing	1,441,958	823,339
Community amenities	76,745	42,151
Recreation and culture	1,053,469	1,125,776
Transport	80,284,591	85,429,740
Economic services	1,867,644	1,944,139
Other property and services	3,086,784	740,179
	94,421,219	94,869,495

17. CONTINGENT LIABILITIES

There are no contingent liabilities which require reporting.

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

18. CAPITAL COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects	2,424,477	0
- plant & equipment purchases	38,485	0
	<hr/> 2,462,962	<hr/> 0

Payable:

- not later than one year	2,462,962	0
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19. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	53,490	60,543	58,090
President's allowance	5,243	10,032	6,990
Deputy President's allowance	3,498	2,508	1,750
Travelling expenses	14,548	22,000	20,653
Telecommunications allowance	6,408	8,000	6,937
	83,187	103,083	94,420

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	345,852	344,340
Post-employment benefits	50,937	50,573
Other long-term benefits	8,915	3,452
Termination benefits	0	56,404
	405,704	454,769

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).

19. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

- Councillor Paul Squires controls an earthmoving and transport company called Squires Resources Pty Ltd, which has been paid for earthmoving and transport services during the financial year, with amounts payable at year end.
- Councillor Ross Foulkes-Taylor controls a civil work entity called Yuin Pastoral, which has been paid for civil works during the financial year.
- Councillor Ross Foulkes-Taylor and Emma Foulkes-Taylor has a close family member who controls 'Murchison Gas & Plumbing, which has been paid for gas and plumbing services during the financial year ' with amounts payable at year end.

The following transactions occurred with related parties:

- Purchase of goods and services

Amounts payable to related parties:

Trade and other payables

Fees and allowances

- Elected members

	2020 Actual	2019 Actual
	\$	\$
- Purchase of goods and services	1,714,274	4,289,595
Trade and other payables	223,546	203,984
Fees and allowances		
- Elected members	20,629	24,520

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.

20. INVESTMENT IN JOINT ARRANGEMENTS
(a) Share of joint arrangements

The Shire of Murchison has participated in a joint arrangement with the Department of Housing for the construction of eight units in the Murchison Settlement. The provision of housing aims to provide accommodation for Shire employees. The Shire of Murchison has a 15.69% interest in one unit and 0% in the remaining seven units. All revenue and expenses as well as liabilities of the joint arrangement are recognised in the relevant financial statements of council.

Land and buildings
Less: Accumulated depreciation
Total assets

2020	2019
\$	\$
59,787	59,787
(11,505)	(9,113)
48,282	50,674

21. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One - Payment in full	11/05/2020	0	0.00%	0.00%
Option Two				
First instalment	11/05/2020	0.00	0.00%	8.00%
Second instalment	13/07/2020	11.00	0.00%	8.00%
Third instalment	14/09/2020	11.00	0.00%	8.00%
Fourth instalment	16/11/2020	11.00	0.00%	8.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	341	3,000	3,503
Charges on instalment plan	0	500	693
	341	3,500	4,196

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

22. RATE SETTING STATEMENT INFORMATION

		2019/20 Budget	2019/20	2018/19
	(30 June 2020)	(30 June 2020)	(1 July 2019)	(30 June 2019)
Note	Carried Forward)	Carried Forward)	Brought Forward)	Carried Forward
	\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	10(a)	(13,313)	(9,439)	(6,171)
Less: Recognition of unit in LG House		0	0	(17,805)
Movement in liabilities associated with restricted cash		20,795	0	0
Movement in employee benefit provisions (non-current)		33,204	0	(89,241)
Add: Loss on disposal of assets	10(a)	156,534	112,597	59,617
Add: Depreciation on non-current assets	10(b)	3,216,991	3,071,485	3,049,712
Non cash amounts excluded from operating activities		3,414,211	2,996,112	2,996,112
(b) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserves - cash/financial asset backed	4	(6,989,920)	(5,707,646)	(7,303,108)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	13(a)	1,137	164	1,550,526
- Employee benefit provisions	14	85,266	75,493	64,471
Total adjustments to net current assets		(6,903,517)	(5,631,989)	(5,688,111)
Net current assets used in the Rate Setting Statement				
Total current assets		11,888,201	6,611,428	13,263,621
Less: Total current liabilities		(1,140,776)	(979,439)	(3,013,322)
Less: Total adjustments to net current assets		(6,903,517)	(5,631,989)	(5,688,111)
Net current assets used in the Rate Setting Statement		3,843,908	0	4,562,188

23. 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

(a) Interest rate risk

Cash and cash equivalents

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	1.13%	4,858,506	2,382,792	2,475,714	0
Financial assets at amortised cost - term deposits	1.06%	6,645,418	6,645,418	0	0
2019					
Cash and cash equivalents	1.79%	7,688,103	6,378,812	1,309,291	0
Financial assets at amortised cost - term deposits	2.06%	2,250,000	2,250,000	0	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*	48,585	95,243

* Holding all other variables constant

Borrowings

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

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

	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%	0%
Gross carrying amount	155,072	48,016	3,240	0	206,328
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	657	49,318	3,240	0	53,215

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020	\$	\$	\$	\$	\$
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	77,505	95	0	2,454	80,054
30 June 2019					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	593,272	385	0	2,254	595,911

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

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
	\$	\$	\$	\$	\$
2020					
Payables	1,054,373	0	0	1,054,373	1,054,373
Borrowings	1,705	8,524	11,081	21,310	17,315
	1,056,078	8,524	11,081	1,075,683	1,071,688
2019					
Payables	1,398,325	0	0	1,398,325	1,398,325
Borrowings	1,552,848	8,524	12,796	1,574,168	1,567,841
	2,951,173	8,524	12,796	2,972,493	2,966,166

24. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There are no events occurring after the end of the reporting period which require reporting.

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

25. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. The change in accounting policy had no impact on existing balances at the date of initial adoption (1 July 2019).

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

The Shire adopted AASB 1058 Income of Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. The change in accounting policy had no impact on existing balances at the date of initial application (1 July 2019).

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 no prepaid rates existed.

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.

(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. The Shire held no leases on 1 July 2019 or 30 June 2020.

26. 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. The Shire had no recognised value attributable to crown land assets as 1 July 2019.

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 were not reversed as it was deemed fair value approximates cost at the date of the change. The associated revaluation surplus at 1 July 2019 has been reclassified to retained surplus.

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

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			58,741,185
Adjustment to revaluation surplus from deletion of FM Reg 16	11	0	
Adjustment to revaluation surplus from deletion of FM Reg 17A	11	(1,506,304)	(1,506,304)
Revaluation surplus - 1 July 2019			57,234,881

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

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

28. 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 the decision-making framework to facilitate allocation of limited resources.	Administration and operation of facilities and services to members of Council. Other costs that relate to the task of assisting elected members and electors on matters which do not concern specific Council services.
GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer and environmentally conscious community.	Supervision of various by-laws, fire prevention and animal control.
HEALTH To provide an operational framework for environmental and community health.	Monitor health control standards within the community, provide support and assistance with airstrips to enable all residents access to the Royal Flying Doctor for regular and emergency health services.
EDUCATION AND WELFARE To provide services to disadvantaged persons, the elderly, children and youth.	Support of education facilities within the Shire and of any external resources necessary to assist with education programmes for all residents.
HOUSING To provide and maintain staff housing.	Provision and maintenance of staff housing.
COMMUNITY AMENITIES To provide services required by the community.	Maintain a refuse site for the settlement.
RECREATION AND CULTURE To establish and effectively manage infrastructure and resources which will help the social well being of the community.	Provide a library and museum and operation thereof. Maintain recreation centre, sports field, parks, gardens and other recreational facilities.
TRANSPORT To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, drainage works and traffic signs. Maintenance of the settlement airstrip.
ECONOMIC SERVICES To help promote the Shire and its economic wellbeing.	Building control, provision of power and water supplies. Supply and maintenance of television re-broadcasting installation. Provision of radio communication. Maintenance of caravan park. Vermin control and area promotion.
OTHER PROPERTY AND SERVICES To monitor and control Shires overheads operating account.	Private works operations, plant repairs and operation costs.

29. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	4.64	1.79	13.42
Asset consumption ratio	0.77	0.96	1.00
Asset renewal funding ratio	0.30	0.32	0.35
Asset sustainability ratio	1.08	0.54	1.47
Debt service cover ratio	0.89	0.24	0.65
Operating surplus ratio	0.59	(0.58)	(1.23)
Own source revenue coverage ratio	0.12	0.06	0.07

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 Murchison

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Murchison (Shire) 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 (CEO).

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

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

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

I draw attention to Notes 1 and 10 to the annual financial report, which describes the basis of accounting. The annual financial report has been prepared for the purpose of fulfilling the Shire's annual financial reporting responsibilities under the Act. Regulation 16 of the Local Government (Financial Management) Regulations 1996 (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter:

- (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 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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 description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matter indicates significant adverse trends in the financial position of the Shire:
 - a) The Asset Renewal Funding, Debt Service Cover and Own Source Revenue Coverage Ratios have been below the Department of Local Government, Sport and Cultural Industries' standard for the last three years.
The financial ratios are reported in Note 29 of the annual financial report.
- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
 - a) Changes made to the supplier and employee masterfiles were not independently reviewed and authorised. This increased the risk of unauthorised changes to key information, although our audit sampling did not identify any such changes.
 - b) Reconciliations for property, plant and equipment and infrastructure were not prepared and reviewed in a timely manner.
 - c) Reasonable steps were not taken to prevent the theft or loss of portable and attractive assets, as required by Regulation 17B of the Local Government (Financial Management) Regulations 1996, as a register for these assets under \$5,000 was not maintained.
- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.

- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial report of the Shire for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2018 in Note 29 of the audited annual financial report were included in the supplementary information and/or audited 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 Murchison 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.



Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
16 August 2021