



ANNUAL REPORT

2019/
2020



**“Progressive, Prosperous
and a Premium Place
to Live and Visit.”**

Contact us

8 Vasey Street
PO Box 92
Jerramungup WA 6337

Phone: 9835 1022

Fax: 9835 1161

Email: council@jerramungup.wa.gov.au

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Photography by Shelley Turner

About this Report

Welcome!

Every year the Shire provides vital community services and our Annual Report is where we can highlight our achievements and the progress we've made towards realising the strategic goals identified in our 2016 – 2026 Community Plan.

The Annual Report is one of our key reporting devices providing information to the Community on the work completed in the past financial year. The Reports details our operational performance and outlines the achievements and challenges we experience throughout the year.

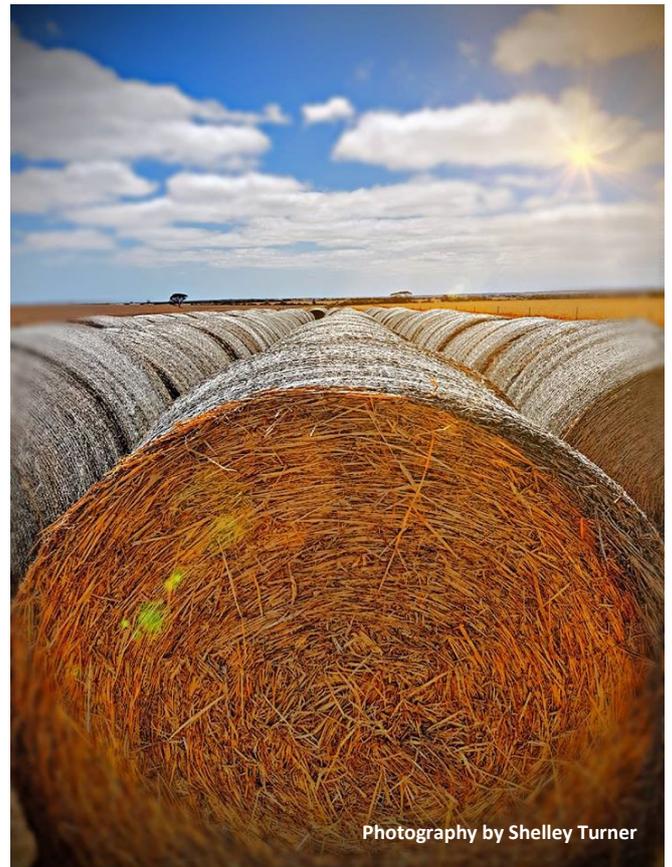
Where to find this Report

Copies can be obtained in hard copy from the Shire Administration Office, Libraries or Online:

<https://www.jerramungup.wa.gov.au>

Email: council@jerramungup.wa.gov.au

Feedback on the report can be provided at the Shire Administration Office or emailed to the Shire at council@jerramungup.wa.gov.au



Photography by Shelley Turner



Alice Reddington Photography



Shire President's Report

As the President of the Shire of Jerramungup and on behalf of my fellow Councillors, it's my pleasure to introduce the Council's 2019-20 Annual Report.

Each year the Shire of Jerramungup staff and Council work hard to deliver the projects and services as set out in the 2016 – 2026 Community Plan and this report reflects another very busy and productive year for Council. Many important projects and long-term goals were achieved however it ended as no one could have predicted with the COVID-19 pandemic.

Our Council is committed to supporting our local residents and businesses during the COVID-19 pandemic and well beyond. Through these challenging times, our communities have pulled together and I have no doubt we will come out of this pandemic stronger and more resilient than ever.

2019/20 also represented another year of well-below average annual rain fall. As a consequence the issue of water became a very high priority with many farmers struggling to cart water for stock. Through consultation with local farmers the Shire formally requested a water deficiency be declared through the Department of Water and Environmental Regulation (DWER). Mobile water tanks were installed to allow for easier water carting and I would like to extend my thanks to our dedicated Executive team who worked tirelessly to achieve this outcome for our farmers.

Another significant project was a major upgrade of the Bremer Bay Paperbarks toilet facilities which was completed in October 2019. This project was funded by the Shire and consisted of a complete renovation of the existing toilet facilities and the

construction of a new Universal Access toilet facility and car park.

I am also pleased to say that the final improvements at the Water Bomber Turnaround at the Bremer Bay Airstrip were also completed. This project stemmed from suggestions made to the Shire after the 2018 Bremer Bay fire event. These improvements to the water bomber turnaround have vastly improved the efficiency and safety of the water bomber service.

2019 was also the year for Local Government elections. There were four (4) vacancies in the Shire this election and we received four (4) nominations therefore each was elected unopposed. Congratulations to our returning Councillors, Cr Rex Parsons, Cr Andrew Price and myself and a warm welcome to our new Councillor Drew Dawson from Bremer Bay. All newly elected Councillors were sworn in to a four (4) year term at our Ordinary Council Meeting on 20 November 2019.

As always it has been my privilege to attend various engagements, functions and meetings of the community and volunteer services throughout the past year. I would like to thank Councillors and Shire staff for their commitment to the community and I look forward to continuing to work together developing and improving this fantastic place in which we choose to live.



Cr Robert Lester
Shire President



Chief Executive Officer's Report

It is with great pride that I present to you the Shire of Jerramungup Annual Report for 2019/20. It has been a challenging year, however once again the Shire has been able to deliver significant projects and services for the community, some of which are documented in this report.

2019/20 was a year which was dominated by the COVID-19 pandemic. It has been a time of uncertainty for us all and a time of considerable stress and pressure for many in our community - individuals, families and businesses. Restrictions were put in place, borders shut and businesses forced to close which resulted in a loss of income for many businesses throughout the Shire.

To ensure that we offer fair, equitable, consistent and dignified support to those suffering hardship, while treating all members of the community with respect and understanding at this difficult time, Council adopted a Financial Hardship During a Declared State of Emergency policy. It allows flexible payment arrangements for businesses and community organisations experiencing difficulty making required payments to Council.

I am extremely proud of our local communities who have shown strength and resilience in the face of the pandemic. We've all had to make sacrifices and I once again thank the community for their support during this time.

The Great Southern agricultural region continued to experience extremely dry conditions following two years of well-below average annual rainfall. The Official Bureau of Meteorology rainfall analysis data demonstrates that 100 percent of the Shire of Jerramungup Local Government Area (LGA) has experienced the lowest 5 percent of rainfall for the

last 24 months. This is a significant decline (also classed as a severe deficiency) in rainfall over an extended period. The Shire proactively assisted our farmers during this time with water deficiency declarations put in place in 3 areas, being Jerramungup North, Jerramungup East and Gairdner. Mobile water tanks were placed on site in Jerramungup and Gairdner which significantly reduced the distance farmers needed to travel to source emergency livestock water.

In brighter news a number of large projects were completed in the 2019/20 year. The Jacup Bushfire Shed was constructed with the official opening held in February 2020. The ablution block at Paperbark's Park was upgraded and refurbished and an additional tank was installed at the Water Bomber Turnaround at the Bremer Bay Airstrip. Works also commenced on the Independent Living Units in Bremer Bay and key worker accommodation in Jerramungup and Bremer Bay with the project expected to be completed early in the new financial year.

The Shire's infrastructure department has had another extraordinary year delivering \$2.7 million of road construction projects throughout the Shire. A major project undertaken was the Meechi Road upgrade which saw the crew work tirelessly cutting 2 metres off the hill to the south of the creek crossing and filling this over the famous culvert. This work has significantly improved the vertical alignment of the road and combined with the curve re-alignment to the north of the crossing, has dramatically improved traffic safety for motorists. Our works team should be commended on their expertise and skills to once again deliver a complex transport network.

From a financial perspective the organisation has again delivered a fiscally responsible program of operations and capital investment sourcing external funding wherever possible to deliver projects. The budget is derived from the information and consultation contained within our Community Plan and Corporate Business Plan highlighting the importance of these strategic documents

In 2019/20 we welcomed our new Manager of Development Noel Myers and also farewelled a number of works crew members and administration staff including Phil Polain who was our longest serving Shire employee having been with us for 19 years. I would like to take this opportunity to thank all our departed staff for their hard work, commitment and dedication to the Jerramungup community.

In conclusion I would like to thank Council and Staff for their dedication and support and I look forward to continuing to deliver real benefits to our community and the major projects identified in the 2020/2021 budget.

I hope you enjoy reading this annual report.

Martin Cuthbert
Chief Executive Officer



Elected Members



Shire President

Cr Robert Lester

Elected: 2010

Term Expires: 2023



Deputy Shire President

Cr Joanne Iffla

Elected: 2008

Term Expires: 2021



Member

Cr Rex Parsons

Elected: 2011

Term Expires: 2023



Member

Cr Bill Bailey

Elected: 2004

Term Expires: 2021



Member

Cr Julie Leenhouders

Elected: 2013

Term Expires: 2021



Member

Cr Andrew Price

Elected: 2017

Term Expires: 2023



Member

Cr Drew Dawson

Elected: 2019

Term Expires: 2023

Council Meetings:

Council decisions are made by resolution of Council either at Ordinary Council Meetings or at Special Council Meetings. Ordinary Meetings of Council are held on the fourth Wednesday of the month in the Jerramungup Council Chambers or the Bremer Bay Emergency Services Shed. A schedule of Council meeting dates is available on our website and at the Shire Administration office.

All Council meetings are open to the public, except for matters raised by Council under "confidential items". Community members are encouraged to attend and participate in the meetings.

Community Plan

The Shire of Jerramungup's direction during 2019/2020 was guided by the 2016 - 2026 Community Plan. This Plan was developed through extensive consultation with community members and key stakeholders during March 2016. It identifies 11 aspirations, for each of these aspirations the Shire has identified actions to work towards throughout the next 10+ years.

The Aspirations have been grouped into three main directions, as outlined below;

STRATEGIC DIRECTION 1: ENVIRONMENT

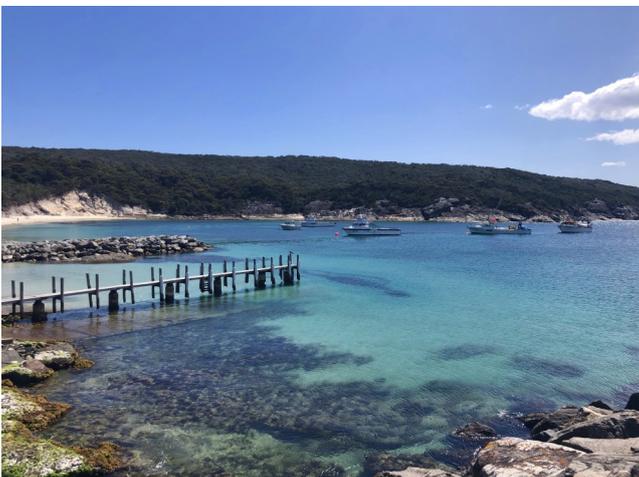
The key aspirations within this area reflect the Shire's ongoing recognition of the environmental value of the region. The Shire's location is recognised internationally for its biodiversity, pristine ocean, coastal environment and human interaction with the landscape. Land use planning, land capability and natural resource management are addressed in this area.

STRATEGIC DIRECTION 2: COMMUNITY

This group of aspirations refers to the capacity of society to provide for the wellbeing of all residents and to do so in a fair and equitable way. This includes good governance and civic leadership, provision of adequate income, feeling safe, good health, food and nutrition, adequate housing, employment opportunities and high standards of education.

STRATEGIC DIRECTION 3: ECONOMY

The key themes relating to this aspiration are based on responsible fiscal policy, asset management and the provision of good quality and well utilised infrastructure. The continuation of broad hectare agriculture as a key industry and the improvement of road infrastructure are addressed under this theme.



Strategic Direction 1: Environment

Aspiration 1.1 - Environmental Stewardship

To be an industry leader in implementing new technology and initiatives which deliver environmental benefits to the region.

- a) Road reserves are an integral component of the Shire road network, providing space for the road surface, road shoulder and drainage network. In addition to providing a transport service, rural road reserves are an environmental asset, they are often covered with native vegetation providing an attractive, natural space and a habitat for animals.

Finding a balance of developing and maintaining road infrastructure while maintaining the natural environment has been problematic at times and has led to the Shire investing heavily in training and environmental assessments over the past 2 years.

The Rural Road Verge Vegetation Management Policy defines the road construction and maintenance boundary, outlines the Shire's rural road verge management strategies and provides sound guidance for organisational implementation. The Policy also recognises the importance of protecting and conserving native vegetation.

- b) The Shire of Jerramungup Town Services team completed a rehabilitation project on the section of old farmland where Meechi Road was realigned. They planted 1500+ trees which consisted of native seed from the site which was direct seeded to complement the mosaic tube stock planting. Pruned vegetation was also used to provide a natural habitat for the local fauna.

Aspiration 1.2 - Environmental Planning and Restoration

To facilitate community programs and initiatives that deliver best practice environmental planning, management and mitigate the impacts of climate change.

- a) Council adopted a revised Local Planning Policy 18 – Point Henry Fire Management Strategy in June 2019. The revised policy is applied to all development applications and recognises the specific local conditions that apply.
- b) To improve energy efficiency at the Jerramungup Entertainment Centre 30 old lights were replaced with new LED lights. LED lights have a low power consumption and longer life span which will deliver long term savings to the Shire.



Meechi Road rehabilitation project

Strategic Direction 2: Community

Aspiration 2.1 - Community Sport and Recreation

To recognise that sport and recreation is a significant part of the community network and support its growth and development.

- a) The Fitzgerald Biosphere Group, with assistance from the Shire and various other funding contributors held its first 'Dancing in the Dirt' event on October 12 2019. This black tie event was organised by a driven committee after a number of difficult farming seasons complete with wind storms, water shortages, frost events and low rainfall. This ball was a opportunity to unite our small community and bring people together to reconnect socially, laugh, enjoy local produce and boost community moral. This event was a huge success and the Shire looks forward to continuing to support this event in years to come.
- b) The Shire contributed \$214,680 towards a major upgrade of the Bremer Bay Paperbarks toilet facilities which was completed in October 2019. These works included building a new retaining wall, upgrading existing plumbing, rendering the outside façade whilst retaining the existing artwork, installing new outdoor showers and beautiful landscaping and formalised carpark to finish it off. A new universal access toilet block was also installed which allows people with disabilities or activity limitations to enjoy the park facilities. These works complement the recent upgrade of the Paperbarks Park.



Dancing in the Dirt
'Biosphere Brew -Bay to
Bush' and below the FBG
organising committee



Renovated Paperbarks
ablution block and new
Universal Access Facility



Aspiration 2.2 - Improved Livability

To develop initiatives and programs, supported by high quality infrastructure that improves lifestyle outcomes and makes the Shire of Jerramungup an attractive place to live.

a) To address the shortage of quality and affordable housing across the upper Great Southern region, nine local governments of the area developed the Great Southern Housing Initiative (GSHI).

The GSHI aims to deliver independent living aged accommodation units and key worker housing in the participating local government areas in response to a critical shortage of quality, affordable and dedicated housing across the local government area.

The total budget allocation for this project is \$3.486 million with \$2.175 million in funding contributing to this project through the Regional Aged Accommodation Program (RAAP) and Building Better Regions Funding (BBRF). The Shire's contribution of \$1.310 million will be made up of reserve funds, in-kind works, proceeds from the sale of 3 Shire houses and a \$500,000 loan through Treasury to go towards the Seniors Independent Living Units.

In August 2019 the Shire awarded the tenders for the Independent Living Units in Bremer Bay to Wauters Construction and the Key Worker Accommodation in Jerramungup and Bremer Bay to Pindan Homes. Works on both projects is progressing well and estimated for completion early in the new financial year.

b) The 19/20 construction program saw upgrade works undertaken on the following roads.

- Minor curve realignment to improve visibility on Stock Road
- Second coat seals and pavement repairs on Needilup North, Gairdner South and Devils Creek Road
- Major works to Jacup North, Jerramungup North, Brook, Rabbit Proof Fence Road and Cowalellup Roads
- Townsite reseals in Bremer Bay on various sections
- Footpath maintenance in Bremer Bay
- The Shire also purchased a new John Deere 672g grader and UD Prime Mover.



Shire of Jerramungup new John Deere grader



New residential house in Bremer Bay under construction

Aspiration 2.3 - Healthy and Happy Community

To promote and deliver programs, initiatives and infrastructure that contribute to a healthier, happier community.

- a) 2019 Citizen of the Year award was awarded to Charmaine Solomon for her many years volunteering in the Jerramungup Community on various community groups and sporting committees.
- b) 2019 Community Group/Event award went to St John Ambulance Jerramungup. It was a difficult year for their volunteers however they remained dedicated to providing critical first aid services to our community.
- c) 2019 Senior Sports Person award went to Shane Edmonds for his outstanding cricket achievements while the Junior Sports Person award was presented to Charlie McKinlay for his remarkable seasons in Junior Football, Hockey and Basketball.
- d) The Shire has been involved with sponsoring the Jerramungup Leeuwin Ocean Adventure Project since 2015 and Council has committed to supporting the program until 2022. This scholarship, which is co-funded with the Jerramungup Lions Club and High School, is awarded annually to a selected student from years 9–10 who displays active engagement with their school studies. A number of positive outcomes have resulted from this scholarship including building resilience, leadership and social skills in participants, building on the values and aspirations of our youth as a whole and providing a unique opportunity to geographically disadvantaged students in our Shire.
- e) A Citizenship Ceremony was held at the Shire Ordinary Council meeting on 19 February 2020 for Nathalia Crabtree. Originally from Sweden Nathalia moved to Australia 10 years ago and now lives in Gairdner with her husband and 2 daughters.



2019 Community Group/Event award recipient: St John Ambulance Jerramungup



The Leeuwin

Aspiration 2.4 - Emergency Management

To ensure that the Shire of Jerramungup is seen as an industry leader in emergency management and preparedness.

a) The Shire of Jerramungup Bushfire Risk Management Plan (BRMP) is a strategic document that identifies assets at risk from bushfire and their priority for treatment. It is a 5 year plan. Council adopted the BRMP at the Ordinary Meeting of Council held 21 June 2017.

In 2019/20 the Shire was once again successful in receiving funds from the Department of Fire and Emergency Services to complete mitigation activities as identified in the BRMP.

b) The Bremer Bay fire event in December 2018 showed a number of improvements that were required to the existing Water Bomber Turnaround infrastructure at the Bremer Bay Airstrip to improve its efficiency and effectiveness in a bushfire event.

The Shire was successful in receiving funding through the Natural Disaster Resilience Program (NDRP) for this project which was costed to be \$100,345.

The improvements to the Water Bomber Turnaround infrastructure at the Bremer Bay Airstrip which were completed in 2019/20 include;

- Bitumen sealing the take-off area between tank and runway, to protect volunteers and planes from debris and to reduce wear and tear on water bombers when taking off full.

- Construction of a wider entry point for planes to allow planes to stack and manoeuvre effectively;
- Construction of a small patio for shade and shelter adjacent to the water tank for volunteers to shelter and rest in;
- Adding a 3inch stand pipe adjacent to the water tank for easier refilling by lay flat hoses for the Bremer Bay airfield and Jerramungup airfield;
- Creation of a a small vehicle access road along the existing fence so trucks and cars are further away from landing planes and to separate cars and planes at all times making the whole space more legible and safer

A variation request was submitted and approved by the Department to purchase a second water tank. This meant that a diesel generator to run the bore overnight to refill the existing rainwater tank wasn't required given the additional storage capacity.

These upgrades to the water bomber turn around at the Bremer Bay Airstrip have decreased the turnaround times for water bombers, reduced wear and tear on planes and increased the capacity of the Bremer Bay Airfield to respond to bushfires in the surrounding district and most importantly in the Fitzgerald River National Park.



Bremer Bay Airstrip water bomber turn around

- c) On the 21 February 2020 the new Jacup Fire Shed was officially opened. This was a historic event as it is the first official headquarters for the Brigade in almost 60 years of existence.

Previously Brigade volunteers trained, conducted meetings and stored the Brigade appliance at members homes. Now they finally have a facility to call home complete with a two-appliance bay and equipment cleaning area, toilets, showers and a new water tank that can hold up to 135,000 litres of water.

The construction of this shed was made possible by the Shire successfully obtaining a capital grant from DFES of \$290,000 in 2019 and the land being kindly donated by Lawson Grains. Jacup volunteers also held various busy bees to erect fencing, install bollards, put furniture together and many other jobs while the Shire workforce constructed the laneway access and gravel sheeted the area.



Opening of the Jacup Fire Shed

Aspiration 2.5 - Civic Leadership

To provide strong civic leadership and governance systems that are open and transparent and ethical.

- a) In April Council adopted a new policy FP11 – Financial Hardship During a Declared State of Emergency Policy. The COVID-19 pandemic has had a major impact on the local economy as the measures implemented to stop the spread of the virus have resulted in closures of businesses, community facilities and recreational areas. As such, a large number of job losses, significant financial hardship on business and uncertainty around the future have hit the local economy hard.

In recognition of the impact that the COVID-19 pandemic is having, there has been a number of economic stimulus packages announced by both Federal and State Governments to assist individuals and business. These packages were developed for the purpose of protecting individual income, job retention and business support.

In addition to the Federal and State packages, the Shire also investigated ways of assisting our residents and ratepayers to deal with the economic and community fallout from the COVID-19 pandemic. This Financial Hardship During a Declared State of Emergency Policy ensures we offer support to those suffering hardship at this difficult time and allows flexible payment arrangements for businesses and community organisations experiencing difficulty.

Strategic Direction 3: Economy

Aspiration 3.1 - Industry Development

To provide an attractive environment for industry development and expansion.

- a) The Great Southern agricultural region continued to experience extremely dry conditions following two years of well-below average annual rainfall.

The Shire of Jerramungup contacted the Department of Water and Environmental Regulation (DWER) on behalf of local farmers to formally request a water deficiency declaration. A water deficiency declaration is made by the State Government as a last resort after continued dry conditions have depleted on-farm and local community water supplies.

In December 2019 a water deficiency was declared in Jerramungup North followed by Gairdner in June 2020. Farmers had been reliant on standpipes that had insufficient flows, and some had to travel more than 40km from their farms in order to source a water supply adequate to meet their livestock needs.

Mobile water tanks were placed in Jerramungup townsite and at the Co-operative Bulk Handling's (CBH) site in Gairdner. These significantly reduced the distance farmers needed to travel to source emergency livestock water.



8 mobile water tanks installed at Jerramungup town site.

Aspiration 3.2 - Economic Diversity

To support initiatives which develop strong, diverse and resilient local businesses.

- a) City of Albany and Shire's of Denmark and Plantagenet formed an economic alliance focussed on the economic development of the Lower Great Southern region. This alliance started with a Memorandum of Understanding (MoU) and the engagement of a jointly funded Executive Support Officer to guide and facilitate its implementation.

Last year the Lower Great Southern Economic Alliance formed an incorporated association and is now called the South Coast Alliance Inc (the Alliance).

The Alliance is focused on three pillars to deliver economic advantage to the sub-region:

- Advocacy
- Economic Development and Tourism
- Efficiency and Consistency

The 'guiding principles' for the Alliance include:

- *Always ask, 'can we do this better together?'*
- *Exercise 'co-opetition' - co-operate to compete with the rest of the world, not each other or our neighbours in the wider region or State*
- *Respect our differences and refrain from involvement in each other's governance*
- *Only act where there is a clear, net benefit, and no harm or undue risk*
- *Be open and transparent to our communities.*

The Alliance has adopted a Strategic Plan and has a rolling 'priority action list'. The Shire of Jerramungup formally requested to join the Alliance in May 2019. Membership of the Alliance will provide greater political weight to the Shire's efforts at advocacy for various regional matters such as improvements to South Coast Highway, sealing of the road to Point Anne and better health services. There may be greater economic gains as well through joining future waste management solutions, joint tourism promotion and coordinated responses to future economic opportunities.

Lastly, working with larger local governments may provide support for staff, additional resources and opportunities for collaboration between administrations leading to efficiencies.

Aspiration 3.3 - Tourism Promotion and Development

To assist local business and community groups to expand a year round resilient tourism and service industry.

- a) The Shire continues to work with Department Biodiversity Conservation and Attractions and lobby State and Federal Government to seal the road to Point Ann. This will provide significant economic opportunities in Bremer Bay as it will allow tours to be undertaken into the area. At present all businesses which have attempted to leverage this product have been set back by the implications of road closures after rain and the uncertainty as to whether reliable access to the area can be achieved. There has also been heavy criticism from travellers who have had their vehicles damaged or experienced such rough conditions that it has ruined their experience of the park.

Aspiration 3.4 - Service and Infrastructure Provision

To lobby, advocate for and deliver a first class transport and telecommunications network.

a) The Shire continues to lobby the State Government for much needed improvements to South Coast Highway. The Shire's main concerns with the road are as follows:

- Narrow road width with edge lines only present on small sections of the highway.
- The road has a number of rough sections from Jerramungup to Manypeaks.
- There are significant drop-offs in the drains and embankments.
- Significant volumes of Grain Trucks, Woodchip Trucks, Caravans, Campervans and Passenger Vehicles.
- Trucks drive on the white centreline most of the time due to the road width.
- Two passing trucks will often result in trailers going off the edge of the road further damaging and reducing the edge of the road.
- No passing lanes exist and there are few safe stretches of straight road to safely overtake.
- South Coast Highway is a primary ambulance route servicing patients from Ravensthorpe, Jerramungup and Bremer Bay. The local Ambulance Brigade has expressed concerns about the condition and their ability to safely carry out patient treatment en-route to Albany

b) The Shire also continues to lobby the State and Federal Government to seal the road to Point Ann. To date the section of Swamp Road to Doubtful Islands Road has been sealed along with 5km of internal park roads from the park boundary towards Point Anne. The Shire has also sealed Devils Creek Road which leads to the Fitzgerald River National Park boundary. The day facilities and campsites at Point Anne have had a major upgrade and are a major attraction for local, state and international visitors even more so since the successful UNESCO renomination. Point Anne is one of the best land based whale watching locations in the State.

What is left to do is upgrade a 27km section of gravel road which is in poor, narrow and corrugated condition which requires closure whenever there is rain due to Dieback risk management. The road does not need to be built to full Main Roads standard as it will never carry heavy vehicles and estimates are that the road can be completed for \$25 million. This would also provide the second coat seal on Swamp Road and provide sealed access via Doubtful Islands Road and Murray Road. Sealing this road will have sound environmental outcomes and provide safer access into and out of the park.



Shire of Jerramungup Emergency Services Volunteers

Statutory Statements

Record Keeping Policy

The Shire of Jerramungup and all of its employees are committed to efficient and compliant record keeping practices. Internal review and training strategies have been developed and implemented to ensure that all are aware of their compliance responsibilities and that the Information Management System is operating in accordance with the Shire's 2019 Record Keeping Plan.

As part of staff induction, the role and responsibilities of every employee, in relation to compliance with the record-keeping plan, are addressed. Ongoing training sessions are conducted where appropriate and additional training is provided to ensure the operation of our Information Management System is effective and compliant.

Annual Salaries

The *Local Government Act 1995* requires the Annual Report to detail the number of employees who are entitled to an annual salary of \$100,000 or more and to break those employees down into bands of \$10,000.

At 30 June 2020 the Shire of Jerramungup had two employees whose salary fell between \$110,000 and \$119,999, one other between \$120,000 and \$129,999 and one employee whose salary falls between \$160,000 and \$169,999.

Register of Financial Interests for Elected Members and Senior Staff

In accordance with the requirements of the *Local Government Act 1995*, this register is held in the Administration office and is available for viewing by the public.

National Competition Policy

Competitive Neutrality Policy and Principles;

The Shire of Jerramungup has not identified any business that would be classified by the Australian Bureau of Statistics as either a "Public Financial Enterprise" or "Public Trading Enterprise".

Competitive Neutrality Policy and Principle CN5;

The Shire of Jerramungup has not identified any part of its business as "Significant Business Activity" in 2019/2020.

Structural Reform of Public Monopolies, Principles SR2, SR3 AND SR4 ;

The Shire of Jerramungup acknowledges the principles of structural reform under the National Competition Policy.

Disability Access and Inclusion Plan

The Shire of Jerramungup Disability Access and Inclusion Plan was reviewed in 2019. The purpose of the DAIP is to set out strategies that a local government will undertake to ensure that people with disability can access its services, and that the services provided will facilitate increased independence, opportunities and inclusion for people with disability in the community.

The Disability Access and Inclusion Plan 2018-2023 will continue to guide the Shire's efforts to make the Shire of Jerramungup community a more friendly and inclusive place for people with disabilities and has resulted in a number of improvements being made throughout the Shire.

The upgrade of our shared path network, installation of a Universal Access toilet facility at Paperbarks Park, planning for disabled access in the Bremer Bay Town Centre, further footpath

modifications to allow for wheelchair access into Roe Park and regular updates of our website are all means by which the Shire has improved services for disabled persons this year. As our community infrastructure develops we will continue to design for disabled access.

Public Interest Disclosure

In accordance with the requirements of the *Public Interest Disclosure Act 2003*, the Shire of Jerramungup has established procedures to facilitate the making of disclosures under the Act. These procedures set out the processes in place in respect to protected disclosures generally, to protect people from reprisal for making protected disclosures, and to provide guidance on investigations. No disclosures relating to improper conduct were made to the Shire during the 2019/2020 financial year, therefore no disclosures were referred to the ombudsman.

Freedom of Information Act 1992

The Shire of Jerramungup is subject to the provisions of the *Freedom of Information Act 1992*, which gives individuals and organisations a general right of access to information held by the Shire. The Act also provides the right of appeal in relation to decisions made by the Shire to refuse access to information applied for under the Act. The Shire received no requests for information during 2019/2020.

Sewerage Scheme and Customer Service Charter

This charter sets out the broad philosophy of the Shire in supplying sewerage services to the Jerramungup town site in accordance with the License issued to the Shire by the Economic Regulation Authority under the *Water Services*

Licensing Act 1995. Copies of the charter are available at the Shire of Jerramungup administration office.

The charter informs the customers of the Shire of their rights in accordance with the provisions of the license, including service interruptions, levels of service and complaints procedures. The Shire will provide its sewerage services in a manner that is fair, courteous and, timely with a focus on consultation with our customers, respecting their rights, and meeting their reasonable expectations.

Report on Complaints made against Councillors

In accordance with section 5.121 of the *Local Government Act 1995* the Shire maintains a register of complaints of minor breaches which details:

Name of council member about whom the complaint is made.

Name of person who makes the complaint.

Description of the minor breach that the standards panel finds has occurred.

Details of action taken.

The Shire received no complaints of minor breaches in 2019/20. The Shire also received no complaints of alleged breaches of the Shire Code of Conduct in 2019/20.

Significance of Federal Government Financial Assistance Grants

The Shire received \$1,335,300 in Financial Assistance Grants in 2019/2020 which contributes to annual maintenance of the communities infrastructure and general operations of the local government.

Audit Reports and Financial Statements

The following pages contain the Shire of Jerramungup annual audit report and financial report. The Statements have been prepared in accordance with the Local Government Act 1995 and *Local Government Financial Management Regulations 1996* for the 2019/2020 financial year.

These statements provide an insight into the financial position of the Shire of Jerramungup and are audited by Lincolns Accountants and Business Advisors. Clarification and further information on the annual financial statements can be obtained by contacting the Deputy Chief Executive Officer at dceo@jerramungup.wa.gov.au.





Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Jerramungup

Report on the Audit of the Financial Report

Opinion

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

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

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

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

Report on Other Legal and Regulatory Requirements

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

- (i) All required information and explanations were obtained by me.
- (ii) All audit procedures were satisfactorily completed.
- (iii) 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.

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 Jerramungup 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.



ALOHA MORRISSEY
ASSITANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
11 December 2020

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

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**SHIRE OF JERRAMUNGUP
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 Jerramungup 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 Jerramungup 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 TENTH day of DECEMBER 2020



Chief Executive Officer

Martin Cuthbert

Name of Chief Executive Officer



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	24(a)	3,405,757	3,396,372	3,333,916
Operating grants, subsidies and contributions	2(a)	1,642,093	1,941,594	1,727,294
Fees and charges	2(a)	866,769	801,909	829,210
Interest earnings	2(a)	68,505	75,308	91,091
Other revenue	2(a)	1,777,802	23,850	138,460
		7,760,926	6,239,033	6,119,971
Expenses				
Employee costs		(1,842,049)	(2,046,153)	(1,471,891)
Materials and contracts		(1,365,845)	(1,671,815)	(1,987,856)
Utility charges		(181,654)	(187,058)	(176,014)
Depreciation on non-current assets	10(b)	(1,978,237)	(1,884,684)	(1,934,757)
Interest expenses	2(b)	(29,913)	(43,625)	(34,558)
Insurance expenses		(238,542)	(234,724)	(216,904)
Other expenditure		(1,779,128)	(156,888)	(209,236)
		(7,415,368)	(6,224,947)	(6,031,216)
		345,558	14,086	88,755
Non-operating grants, subsidies and contributions	2(a)	2,787,899	3,386,193	1,549,937
Profit on asset disposals	10(a)	104,703	110,027	0
(Loss) on asset disposals	10(a)	(65,063)	(94,607)	(182,664)
Fair value adjustments to financial assets at fair value through profit or loss		865	0	6,151
		2,828,404	3,401,613	1,373,424
Net result for the period		3,173,962	3,415,699	1,462,179
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	(69,582)
Total other comprehensive income for the period		0	0	(69,582)
Total comprehensive income for the period		3,173,962	3,415,699	1,392,597

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



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Governance	2(a)	15,358	0	2,917
General purpose funding		4,869,262	4,141,722	4,774,821
Law, order, public safety		195,966	165,030	248,402
Health		24,584	7,363	14,220
Education and welfare		6,029	1,088	1,359
Housing		74,737	129,233	82,234
Community amenities		553,219	502,976	528,696
Recreation and culture		80,893	927,225	62,440
Transport		241,352	168,221	207,092
Economic services		61,038	69,895	62,486
Other property and services		1,638,488	126,280	135,304
		7,760,926	6,239,033	6,119,971
Expenses				
Governance	2(b)	(297,153)	(334,675)	(353,266)
General purpose funding		(224,528)	(243,278)	(118,766)
Law, order, public safety		(474,810)	(537,417)	(566,312)
Health		(279,168)	(281,260)	(278,024)
Education and welfare		(78,951)	(127,807)	(65,605)
Housing		(15,707)	(227,402)	(9,769)
Community amenities		(1,186,608)	(1,360,361)	(1,207,665)
Recreation and culture		(977,174)	(742,767)	(934,133)
Transport		(1,888,388)	(2,141,888)	(2,159,753)
Economic services		(259,274)	(188,164)	(239,452)
Other property and services		(1,703,694)	3,697	(63,913)
		(7,385,455)	(6,181,322)	(5,996,658)
Finance Costs				
Housing	2(b)	(11,279)	(9,005)	(13,258)
Transport		(16,651)	(33,628)	(19,771)
Other property and services		(1,983)	(992)	(1,529)
		(29,913)	(43,625)	(34,558)
		345,558	14,086	88,755
Non-operating grants, subsidies and contributions	2(a)	2,787,899	3,386,193	1,549,937
Profit on disposal of assets	10(a)	104,703	110,027	0
(Loss) on disposal of assets	10(a)	(65,063)	(94,607)	(182,664)
Fair value adjustments to financial assets at fair value through profit or loss		865	0	6,151
		2,828,404	3,401,613	1,373,424
Net result for the period		3,173,962	3,415,699	1,462,179
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	0	0	(69,582)
Total other comprehensive income for the period		0	0	(69,582)
Total comprehensive income for the period		3,173,962	3,415,699	1,392,597

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

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

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	3	4,672,540	6,520,565
Trade and other receivables	6	1,068,477	311,285
Inventories	7	30,458	28,055
TOTAL CURRENT ASSETS		5,771,475	6,859,905
NON-CURRENT ASSETS			
Other financial assets	5(b)	53,416	52,551
Property, plant and equipment	8	24,828,104	23,505,970
Infrastructure	9	217,095,723	216,238,128
Right of use assets	11(a)	45,244	0
TOTAL NON-CURRENT ASSETS		242,022,487	239,796,649
TOTAL ASSETS		247,793,962	246,656,554
CURRENT LIABILITIES			
Trade and other payables	13	236,438	3,587,160
Contract liabilities	14	1,617,297	0
Lease liabilities	15(a)	14,485	0
Borrowings	16(a)	196,748	178,127
Employee related provisions	17	354,777	339,456
TOTAL CURRENT LIABILITIES		2,419,745	4,104,743
NON-CURRENT LIABILITIES			
Lease liabilities	15(a)	31,162	0
Borrowings	16(a)	914,422	611,170
Employee related provisions	17	41,320	32,290
TOTAL NON-CURRENT LIABILITIES		986,904	643,460
TOTAL LIABILITIES		3,406,649	4,748,203
NET ASSETS		244,387,313	241,908,351
EQUITY			
Retained surplus		56,751,066	55,002,394
Reserves - cash backed	4	2,219,259	1,488,969
Revaluation surplus	12	185,416,988	185,416,988
TOTAL EQUITY		244,387,313	241,908,351

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



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

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2018		53,561,971	1,467,213	185,486,570	240,515,754
Comprehensive income					
Net result for the period (restated)		1,462,179	0	0	1,462,179
Other comprehensive income	12	0	0	(69,582)	(69,582)
Total comprehensive income		1,462,179	0	(69,582)	1,392,597
Transfers from reserves	4	206,656	(206,656)	0	0
Transfers to reserves	4	(228,412)	228,412	0	0
Balance as at 30 June 2019		55,002,394	1,488,969	185,416,988	241,908,351
Change in accounting policy	28	(695,000)	0	0	(695,000)
Restated total equity at 1 July 2019		54,307,394	1,488,969	185,416,988	241,213,351
Comprehensive income					
Net result for the period		3,173,962	0	0	3,173,962
Total comprehensive income		3,173,962	0	0	3,173,962
Transfers from reserves	4	363,280	(363,280)	0	0
Transfers to reserves	4	(1,093,570)	1,093,570	0	0
Balance as at 30 June 2020		56,751,066	2,219,259	185,416,988	244,387,313

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

SHIRE OF JERRAMUNGUP
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		3,412,072	3,423,291	3,318,738
Operating grants, subsidies and contributions		917,772	2,040,654	2,838,639
Fees and charges		866,769	801,909	829,210
Interest received		68,505	75,308	91,091
Goods and services tax received		71,176	187,150	(328,678)
Other revenue		179,395	23,850	138,460
		5,515,689	6,552,162	6,887,460
Payments				
Employee costs		(1,901,405)	(2,046,153)	(1,365,670)
Materials and contracts		(3,103,802)	(2,574,127)	789,618
Utility charges		(181,654)	(187,058)	(176,014)
Interest expenses		(29,913)	(163,625)	(27,383)
Insurance paid		(238,542)	(234,724)	(216,904)
Goods and services tax paid		(24,526)	(187,150)	366,862
Other expenditure		(180,721)	(156,888)	(209,236)
		(5,660,563)	(5,549,725)	(838,727)
Net cash provided by (used in) operating activities	18	(144,874)	1,002,437	6,048,733
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(a)	(3,589,242)	(5,752,267)	(796,950)
Payments for construction of infrastructure	9(a)	(1,992,482)	(2,707,947)	(2,511,795)
Non-operating grants, subsidies and contributions	2(a)	2,787,899	3,386,193	1,549,937
Proceeds from sale of property, plant & equipment	10(a)	781,819	779,410	206,090
Net cash provided by (used in) investment activities		(2,012,006)	(4,294,611)	(1,552,718)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	16(b)	(178,127)	(220,884)	(203,031)
Payments for principal portion of lease liabilities	15(b)	(13,018)	0	0
Proceeds from new borrowings	16(b)	500,000	1,000,000	0
Net cash provided by (used in) financing activities		308,855	779,116	(203,031)
Net increase (decrease) in cash held		(1,848,025)	(2,513,058)	4,292,984
Cash at beginning of year		6,520,565	6,615,772	2,227,581
Cash and cash equivalents at the end of the year	18	4,672,540	4,102,714	6,520,565

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

SHIRE OF JERRAMUNGUP
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)	25 (b)	1,509,542	4,211,721	1,249,599
		1,509,542	4,211,721	1,249,599
Revenue from operating activities (excluding rates)				
Governance		15,358	0	2,917
General purpose funding		1,515,586	745,350	1,487,361
Law, order, public safety		195,966	165,030	248,402
Health		24,584	7,363	14,220
Education and welfare		6,029	1,088	1,359
Housing		74,737	129,233	82,234
Community amenities		553,219	502,976	528,696
Recreation and culture		80,893	927,225	62,440
Transport		242,217	168,221	213,243
Economic services		756,038	69,895	62,486
Other property and services		1,743,191	236,307	135,304
		5,207,818	2,952,688	2,838,662
Expenditure from operating activities				
Governance		(297,153)	(334,675)	(353,266)
General purpose funding		(224,528)	(243,278)	(118,766)
Law, order, public safety		(474,810)	(537,417)	(586,492)
Health		(279,168)	(281,260)	(295,429)
Education and welfare		(78,951)	(127,807)	(65,605)
Housing		(26,986)	(236,407)	(25,152)
Community amenities		(1,193,144)	(1,366,849)	(1,207,665)
Recreation and culture		(977,174)	(742,767)	(934,133)
Transport		(1,952,306)	(2,252,458)	(2,284,231)
Economic services		(259,274)	(188,164)	(239,452)
Other property and services		(2,411,937)	(8,472)	(103,689)
		(8,175,431)	(6,319,554)	(6,213,880)
Non-cash amounts excluded from operating activities	25(a)	1,947,493	(489,462)	2,125,206
Amount attributable to operating activities		489,422	355,393	(413)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	2,787,899	3,386,193	1,549,937
Proceeds from disposal of assets	10(a)	781,819	779,410	206,090
Purchase of property, plant and equipment	8(a)	(3,589,242)	(5,752,267)	(796,950)
Purchase and construction of infrastructure	9(a)	(1,992,482)	(2,707,947)	(2,511,795)
Amount attributable to investing activities		(2,012,006)	(4,294,611)	(1,552,718)
FINANCING ACTIVITIES				
Repayment of borrowings	16(b)	(178,127)	(220,884)	(203,031)
Proceeds from borrowings	16(c)	500,000	1,000,000	0
Payments for principal portion of lease liabilities	15(b)	(13,018)	0	0
Transfers to reserves (restricted assets)	4	(1,093,570)	(824,653)	(228,412)
Transfers from reserves (restricted assets)	4	363,280	591,670	206,656
Amount attributable to financing activities		(421,435)	546,133	(224,787)
Surplus/(deficit) before imposition of general rates		(1,944,019)	(3,393,085)	(1,777,918)
Total amount raised from general rates	24(a)	3,353,676	3,396,372	3,287,460
Surplus/(deficit) after imposition of general rates	25(b)	1,409,657	3,287	1,509,542

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

SHIRE OF JERRAMUNGUP
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FOR THE YEAR ENDED 30 JUNE 2020

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1. BASIS OF PREPARATION

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

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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

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

The Shire has accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value against opening retained surplus. The comparative year amounts have been retained as AASB 16 does not require comparatives to be restated in the year of transition.

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

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 29 to these financial statements.

SHIRE OF JERRAMUNGUP
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
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	Pay application fee or an annual fee	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance or invoiced for additional services	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or invoiced	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Property hire and entry	Use of halls and facilities	Single point in time	Payment in arrears	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, reinstatements and private works	Single point in time	Payment in arrears	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	Gravel, mulch and scrap metal	Single point in time	Payment in arrears	None	Adopted by council annually, set by mutual agreement	Applied fully based on timing of provision	Returns limited to repayment of transaction price	Output method based on goods
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	Set by mutual agreement with the customer	When claim is agreed	Not applicable	When claim is agreed

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

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions			
General purpose funding	1,357,043	649,092	1,328,619
Law, order, public safety	124,411	140,210	187,018
Community amenities	3,418	500	0
Recreation and culture	4,800	909,091	34,539
Transport	152,421	152,421	172,938
Economic services	0	8,000	0
Other property and services	0	82,280	4,180
	1,642,093	1,941,594	1,727,294
Non-operating grants, subsidies and contributions			
Law, order, public safety	159,218	150,000	42,991
Housing	1,581,439	0	0
Community amenities	5,645	0	131,591
Recreation and culture	0	0	209,382
Transport	1,041,597	1,060,693	1,165,973
Other property and services	0	2,175,500	0
	2,787,899	3,386,193	1,549,937
Total grants, subsidies and contributions	4,429,992	5,327,787	3,277,231
Fees and charges			
General purpose funding	6,870	13,100	12,478
Law, order, public safety	25,369	24,820	23,978
Health	18,441	7,363	13,099
Education and welfare	0	1,088	277
Housing	115,291	129,233	139,277
Community amenities	514,332	502,476	526,672
Recreation and culture	52,586	18,134	17,097
Transport	63,978	15,800	31,643
Economic services	55,636	61,895	62,228
Other property and services	14,266	28,000	2,461
	866,769	801,909	829,210

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Contracts with customers and transfers for recognisable non-financial assets

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Operating grants, subsidies and contributions	59,793	100,000	0
Fees and charges	532,703	574,281	0
Other revenue	37,452	19,572	0
Non-operating grants, subsidies and contributions	2,787,899	3,386,193	0
	3,417,847	4,080,046	0

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

Contracts with customers included as a contract liability at the start of the period	(3,209,868)	0	0
Other revenue from contracts with customers recognised during the year	629,948	693,853	0
Other revenue from performance obligations satisfied during the year	5,997,767	3,386,193	0
	3,417,847	4,080,046	0

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	911,507	0	0
Contract liabilities from contracts with customers	(1,617,297)	0	0

Impairment of assets associated with contracts with customers are detailed at note 2 (b) under 'Other expenditure'. Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met. Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less. Consideration from contracts with customers is included in the transaction price. Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)

Revenue from statutory requirements

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
General rates	3,353,676	3,344,293	0
Statutory permits and licences	114,327	99,838	0
Fines	1,859	1,500	0
Developer contributions	38,500	0	0
Public open space contributions	14,780	0	0
	3,523,142	3,445,631	0

Other revenue

Reimbursements and recoveries	153,697	0	116,581
Waste grant (Other Shire grant funds)	1,598,407	0	0
Other	25,698	23,850	21,879
	1,777,802	23,850	138,460

Interest earnings

Interest on reserve funds	18,098	19,308	30,788
Rates instalment and penalty interest (refer Note 24(b))	27,737	26,000	26,862
Other interest earnings	22,670	30,000	33,441
	68,505	75,308	91,091

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		30,000	35,000	29,250
- Other services		2,200	0	4,800
		32,200	35,000	34,050

Interest expenses (finance costs)

Borrowings	16(b)	28,909	43,625	34,558
Lease liabilities	15(b)	1,004	0	0
		29,913	43,625	34,558

Other expenditure

Waste grant (Payments to other Shires)		1,598,407	0	0
Sundry expenses		180,721	156,888	209,236
		1,779,128	156,888	209,236

SHIRE OF JERRAMUNGUP
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		4,672,540	6,520,565
Total cash and cash equivalents		4,672,540	6,520,565
Restrictions			
requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		3,866,024	4,821,105
		3,866,024	4,821,105
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Reserves - cash backed	4	2,219,259	1,488,969
Unspent grants/contributions		0	3,209,868
Bonds		29,468	122,268
Contract liabilities from contracts with customers	14	1,617,297	0
Total restricted assets		3,866,024	4,821,105

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

4. RESERVES - CASH BACKED

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual Transfer (from)	2020 Actual Closing Balance	2020 Budget Opening Balance	2020 Budget Transfer to	2020 Budget Transfer (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave reserve	65,222	732	0	65,954	65,221	835	(20,000)	46,056	63,966	1,256	0	65,222
(b) Plant reserve	7,955	50,379	0	58,334	7,955	50,102	(50,000)	8,057	42,311	15,644	(50,000)	7,955
(c) Community Recreation reserve	129,502	83,928	0	213,430	163,778	82,658	(230,000)	16,436	182,258	84,404	(137,160)	129,502
(d) Bremer Bay Youth Camp reserve	53,428	600	0	54,028	53,427	684	0	54,111	52,399	1,029	0	53,428
(e) Building reserve	184,083	782,757	(310,000)	656,840	184,083	497,356	(175,000)	506,439	180,539	3,544	0	184,083
(f) Bremer Bay Retirement Units reserve	98,819	1,109	0	99,928	98,819	1,265	(95,000)	5,084	96,916	1,903	0	98,819
(g) JMP Retirement Units reserve	96,268	1,081	0	97,349	96,268	1,232	0	97,500	94,415	1,853	0	96,268
(h) Jerramungup Entertainment Centre reserve	8,711	98	0	8,809	8,711	112	0	8,823	8,544	167	0	8,711
(i) Effluent reserve	655,162	78,455	0	733,617	655,162	74,666	0	729,828	572,128	83,034	0	655,162
(j) Point Henry Fire Levy reserve	3,041	21,704	0	24,745	3,041	21,958	(21,670)	3,329	516	22,021	(19,496)	3,041
(k) Bremer Bay Boat Ramp reserve	116,856	1,312	0	118,168	116,856	1,496	0	118,352	114,606	2,250	0	116,856
(l) Capital Works reserve	9,399	106	0	9,505	9,399	120	0	9,519	9,218	181	0	9,399
(m) Swimming Pool reserve	8,317	219	0	8,536	8,318	106	0	8,424	8,157	160	0	8,317
(n) Roe Park reserve	52,206	10,644	0	62,850	52,207	10,668	0	62,875	41,240	10,966	0	52,206
(o) Developer contributions reserve	0	60,446	(53,280)	7,166	0	80,145	0	80,145	0	0	0	0
(p) Carpark payment in lieu reserve	0	0	0	0	0	1,250	0	1,250	0	0	0	0
	1,488,969	1,093,570	(363,280)	2,219,259	1,523,245	824,653	(591,670)	1,756,228	1,467,213	228,412	(206,656)	1,488,969

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) Leave reserve	Ongoing	To be used to fund annual and long service leave requirements
(b) Plant reserve	Ongoing	To be used for the purchase of major plant
(c) Community Recreation reserve	Ongoing	To be used to assist local sporting groups to upgrade their facilities
(d) Bremer Bay Youth Camp reserve	Ongoing	For the ongoing management and future upgrade of the reserve land on Lot 70 Bremer Bay Road
(e) Building reserve	Ongoing	To be used for the construction of new Council buildings
(f) Bremer Bay Retirement Units reserve	Ongoing	To be used for the provisions required at the units
(g) JMP Retirement Units reserve	Ongoing	To be used for the provisions required at the units
(h) Jerramungup Entertainment Centre reserve	Ongoing	To be used for capital building requirements
(i) Effluent reserve	Ongoing	To be used to maintain the efficient running of the facility
(j) Point Henry Fire Levy reserve	Ongoing	To be used for the provision, maintenance and construction of strategic fire prevention activities within the Point Henry Peninsula
(k) Bremer Bay Boat Ramp reserve	Ongoing	To be used to upgrade and maintain the boat ramp facility at Fisheries Beach in Bremer Bay
(l) Capital Works reserve	Ongoing	To be used to supplement future capital works programs
(m) Swimming Pool reserve	Ongoing	To preserve any surplus funds from the Jerramungup swimming pool's operations for future financial requirements of the Jerramungup swimming pool and associated facilities
(n) Roe Park reserve	Ongoing	To provide funding for the replacement of assets within Roe Park, Jerramungup
(o) Developer contributions reserve	Ongoing	To be used to hold developer contributions until expenditure is complete
(p) Carpark payment in lieu reserve	Ongoing	To be used to hold car park contributions until the funds are utilised

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

5. OTHER FINANCIAL ASSETS

(b) Non-current assets

Financial assets at fair value through profit and loss

	2020 \$	2019 \$
	53,416	52,551
	53,416	52,551
Financial assets at fair value through profit and loss		
Units in Local Government House Trust (3 units @ \$17,805.33)	53,416	52,551
	53,416	52,551

Financial assets at fair value through profit and loss

Units in Local Government House Trust (3 units @ \$17,805.33)

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 26.

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

6. TRADE AND OTHER RECEIVABLES

Current

Rates receivable	
Trade and other receivables	
GST receivable	
Accrued income	

2020	2019
\$	\$
85,749	75,275
911,507	186,486
71,176	48,779
45	745
1,068,477	311,285

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 26.

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

7. INVENTORIES

Current

Fuel and materials

	2020	2019
	\$	\$
	30,458	28,055
	30,458	28,055
	28,055	30,286
	(207,157)	(215,818)
	209,560	213,587
	30,458	28,055

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

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - vested in and under the control of Council	Total land	Buildings - non-specialised	Buildings - specialised	Total buildings	Total land and buildings	Furniture and equipment	Plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	676,025	695,000	1,371,025	7,234,691	12,222,946	19,457,637	20,828,662	36,886	2,991,039	23,856,587
Additions	122,848	0	122,848	127,286	17,952	145,238	268,086	13,114	515,750	796,950
(Disposals)	0	0	0	0	0	0	0	(35,096)	(353,658)	(388,754)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	0	0	(1,480)	(68,102)	(69,582)
Depreciation (expense)	0	0	0	(190,067)	(315,912)	(505,979)	(505,979)	(224)	(183,028)	(689,231)
Carrying amount at 30 June 2019	798,873	695,000	1,493,873	7,171,910	11,924,986	19,096,896	20,590,769	13,200	2,902,001	23,505,970
Comprises:										
Gross carrying amount at 30 June 2019	798,873	695,000	1,493,873	7,574,406	12,556,163	20,130,569	21,624,442	13,200	2,902,001	24,539,643
Accumulated depreciation at 30 June 2019	0	0	0	(402,496)	(631,177)	(1,033,673)	(1,033,673)	0	0	(1,033,673)
Carrying amount at 30 June 2019	798,873	695,000	1,493,873	7,171,910	11,924,986	19,096,896	20,590,769	13,200	2,902,001	23,505,970
Change in accounting policy	0	(695,000)	(695,000)	0	0	0	(695,000)	0	0	(695,000)
Reinstated balance at 1 July 2019	798,873	0	798,873	7,171,910	11,924,986	19,096,896	19,895,769	13,200	2,902,001	22,810,970
Additions	0	0	0	2,609,016	172,255	2,781,271	2,781,271	0	807,971	3,589,242
(Disposals)	(61,660)	0	(61,660)	(307,788)	0	(307,788)	(369,448)	0	(372,731)	(742,179)
Depreciation (expense)	0	0	0	(197,496)	(331,563)	(529,059)	(529,059)	(919)	(299,951)	(829,929)
Carrying amount at 30 June 2020	737,213	0	737,213	9,275,642	11,765,678	21,041,320	21,778,533	12,281	3,037,290	24,828,104
Comprises:										
Gross carrying amount at 30 June 2020	737,213	0	737,213	9,816,179	12,728,419	22,544,598	23,281,811	13,200	3,317,972	26,612,983
Accumulated depreciation at 30 June 2020	0	0	0	(540,537)	(962,741)	(1,503,278)	(1,503,278)	(919)	(280,682)	(1,784,879)
Carrying amount at 30 June 2020	737,213	0	737,213	9,275,642	11,765,678	21,041,320	21,778,533	12,281	3,037,290	24,828,104

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

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent valuation	June 2017	Using market value
Land - vested in and under the control of Council	3	Market approach using recent observable market data for similar properties	Independent valuation	June 2017	Using market value
Buildings - non-specialised	3	Market approach using recent observable market data for similar properties	Independent valuation	June 2017	Using market value
Buildings - specialised	3	Market approach using recent observable market data for similar properties	Independent valuation	June 2017	Using market value
Furniture and equipment	2	Market approach using recent observable market data for similar assets	Independent valuation	June 2019	Market price per item
Plant and equipment	2	Market approach using recent observable market data for similar assets	Independent valuation	June 2019	Market price per item

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

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

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

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

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

9. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - roads	Other infrastructure - footpaths	Other infrastructure - drainage	Other infrastructure - parks and ovals	Other infrastructure - sewerage	Other infrastructure - aerodromes	Other infrastructure - other	Total Infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	169,608,337	2,035,810	34,657,982	5,087,104	1,529,917	787,546	1,265,163	214,971,859
Additions	1,868,059	30,435	0	494,710	0	0	118,591	2,511,795
Depreciation (expense)	(677,303)	(37,100)	(339,729)	(117,023)	(26,315)	(22,909)	(25,147)	(1,245,526)
Carrying amount at 30 June 2019	170,799,093	2,029,145	34,318,253	5,464,791	1,503,602	764,637	1,358,607	216,238,128
Comprises:								
Gross carrying amount at 30 June 2019	171,476,396	2,066,245	34,657,981	5,581,813	1,529,917	787,546	1,383,754	217,483,652
Accumulated depreciation at 30 June 2019	(677,303)	(37,100)	(339,728)	(117,022)	(26,315)	(22,909)	(25,147)	(1,245,524)
Carrying amount at 30 June 2019	170,799,093	2,029,145	34,318,253	5,464,791	1,503,602	764,637	1,358,607	216,238,128
Additions	1,888,137	63,308	0	6,398	0	0	34,639	1,992,482
Depreciation (expense)	(554,706)	(37,102)	(339,728)	(128,627)	(26,314)	(22,910)	(25,500)	(1,134,887)
Carrying amount at 30 June 2020	172,132,524	2,055,351	33,978,525	5,342,562	1,477,288	741,727	1,367,746	217,095,723
Comprises:								
Gross carrying amount at 30 June 2020	173,364,533	2,129,552	34,657,981	5,588,211	1,529,917	787,546	1,418,393	219,476,133
Accumulated depreciation at 30 June 2020	(1,232,009)	(74,201)	(679,456)	(245,649)	(52,629)	(45,819)	(50,647)	(2,380,410)
Carrying amount at 30 June 2020	172,132,524	2,055,351	33,978,525	5,342,562	1,477,288	741,727	1,367,746	217,095,723

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

9. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments. Used RAMM software to calculate.
Other infrastructure - footpaths	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments. Used RAMM software to calculate.
Other infrastructure - drainage	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments. Used RAMM software to calculate.
Other infrastructure - parks and ovals	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments.
Other infrastructure - sewerage	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments.
Other infrastructure - aerodromes	3	Cost approach using depreciated replacement cost	Independent valuation	June 2018	Construction costs and current condition, residual values and remaining useful life assessments.
Other infrastructure - other	3	Cost approach using depreciated replacement cost	Independent 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.

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

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero costs 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 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 accounted for the removal of the vested land values associated with vested land previously recognised by removing the land value against the opening retained surplus. The comparatives have not been restated.

Vested improvements from 1 July 2019

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

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

SHIRE OF JERRAMUNGUP
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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land - freehold land	61,660	73,537	11,877	0	0	0	0	0	0	0	0	0
Buildings - non-specialised	307,788	396,463	92,826	(4,151)	386,855	384,973	0	(1,882)	0	0	0	0
Furniture and equipment	0	0	0	0	0	0	0	0	35,096	0	0	(35,096)
Plant and equipment	372,731	311,819	0	(60,912)	377,135	394,437	110,027	(92,725)	353,658	206,090	0	(147,568)
	742,179	781,819	104,703	(65,063)	763,990	779,410	110,027	(94,607)	388,754	206,090	0	(182,664)

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				
Community amenities				
888 - Toyota Kluger 2WD 2017	29,491	22,955	0	(6,536)
Transport				
736 - Isuzu tandem axle truck	74,259	40,000	0	(34,259)
798 - John Deere grader 2012	179,066	170,000	0	(9,066)
863 - 2017 Ford Ranger	34,851	30,909	0	(3,942)
Other property and services				
899 - CEO Vehicle 2018 Prado	55,064	47,955	0	(7,109)
	372,731	311,819	0	(60,912)
Land and Buildings				
Other Property and Services				
180 - Lot 226 Derrick Street	143,862	200,000	56,138	0
184 - Lot 80 Monash Avenue	164,151	160,000	0	(4,151)
186 - Lot 95 Coral Sea Road	61,435	110,000	48,565	0
	369,448	470,000	104,703	(4,151)
	742,179	781,819	104,703	(65,063)

SHIRE OF JERRAMUNGUP
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FOR THE YEAR ENDED 30 JUNE 2020

10. FIXED ASSETS

(b) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	197,496	198,836	190,067
Buildings - specialised	331,563	323,940	315,912
Furniture and equipment	919	17,453	224
Plant and equipment	299,951	288,955	183,028
Infrastructure - roads	554,706	532,924	677,303
Other infrastructure - footpaths	37,102	18,672	37,100
Other infrastructure - drainage	339,728	312,511	339,729
Other infrastructure - parks and ovals	128,627	117,022	117,023
Other infrastructure - sewerage	26,314	26,315	26,315
Other infrastructure - aerodromes	22,910	22,909	22,909
Other infrastructure - other	25,500	25,147	25,147
Right of use assets - plant and equipment	13,421	0	0
	1,978,237	1,884,684	1,934,757

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 60 years
Furniture and equipment	4 to 25 years
Plant and equipment	5 to 25 years
Sealed roads and streets	
Formation	Not depreciated
Pavement	70 to 120 years
Gravel roads	
Formation	Not depreciated
Pavement	70 to 120 years
Drainage	20 to 80 years
Right of use (plant and equipment)	Based on the remaining lease

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.

11. LEASES

(a) Right of Use Assets

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

	Right of use assets - plant and equipment \$	Right of use assets Total
Carrying amount at 30 June 2019	0	0
Additions	58,665	58,665
Depreciation (expense)	(13,421)	(13,421)
Carrying amount at 30 June 2020	45,244	45,244
(b) Cash outflow from leases		
Interest expense on lease liabilities	(1,004)	(1,004)
Total cash outflow from leases	(1,004)	(1,004)
(c) Other expenses and income relating to leases		
Short-term lease payments recognised as expense	(10,547)	(10,547)
	(10,547)	(10,547)

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - valuation

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

Refer to Note 10 for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

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

SHIRE OF JERRAMUNGUP
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12. REVALUATION SURPLUS

	2020 Opening Balance	2020 Revaluation Increment	2020 Revaluation (Decrement)	Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	Total Movement on Revaluation	2019 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land	1,316,381	0	0	0	1,316,381	1,316,381	0	0	0	1,316,381
Revaluation surplus - Buildings - non-specialised	3,590,525	0	0	0	3,590,525	3,590,525	0	0	0	3,590,525
Revaluation surplus - Buildings - specialised	11,435,529	0	0	0	11,435,529	11,435,529	0	0	0	11,435,529
Revaluation surplus - Furniture and equipment	13,273	0	0	0	13,273	14,753	0	(1,480)	(1,480)	13,273
Revaluation surplus - Plant and equipment	294,332	0	0	0	294,332	362,434	0	(68,102)	(68,102)	294,332
Revaluation surplus - Infrastructure - roads	128,201,851	0	0	0	128,201,851	128,201,851	0	0	0	128,201,851
Revaluation surplus - Other infrastructure - footpaths	857,666	0	0	0	857,666	857,666	0	0	0	857,666
Revaluation surplus - Other infrastructure - drainage	35,445,152	0	0	0	35,445,152	35,445,152	0	0	0	35,445,152
Revaluation surplus - Other infrastructure - parks and ovals	1,717,609	0	0	0	1,717,609	1,717,609	0	0	0	1,717,609
Revaluation surplus - Other infrastructure - sewerage	1,376,855	0	0	0	1,376,855	1,376,855	0	0	0	1,376,855
Revaluation surplus - Other infrastructure - aerodromes	628,790	0	0	0	628,790	628,790	0	0	0	628,790
Revaluation surplus - Other infrastructure - other	539,025	0	0	0	539,025	539,025	0	0	0	539,025
	185,416,988	0	0	0	185,416,988	185,486,570	0	(69,582)	(69,582)	185,416,988

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

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Prepaid rates
Accrued salaries and wages
ATO liabilities
Bonds
Accrued expenses
Other payables

2020	2019
\$	\$
47,001	78,790
23,964	7,175
20,285	9,466
55,330	149,856
29,468	76,628
60,390	9,736
0	3,255,509
236,438	3,587,160

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition

Prepaid rates

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

14. CONTRACT LIABILITIES

Current

Contract liabilities from contracts with customers

2020	2019
\$	\$
1,617,297	0
1,617,297	0

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

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

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

**SHIRE OF JERRAMUNGUP
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15. LEASE LIABILITIES

	2020	2019
(a) Lease Liabilities	\$	\$
Current	14,485	0
Non-current	31,162	0
	45,647	0

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Actual	10 June 2020	30 June 2020	30 June 2020	30 June 2020	Budget	30 June 2020	30 June 2020	30 June 2020	Actual	30 June 2019	30 June 2019	30 June 2019
					Lease Principal 1 July 2019	Actual New Leases	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments	Lease Principal 1 July 2019	Budget Lease Principal Repayments	Budget Lease Principal Outstanding	Budget Lease Interest Repayments	Lease Principal 1 July 2018	Actual Lease Principal Repayments	Actual Lease Principal Outstanding	Actual Lease Interest Repayments
Other property and services																	
Photocopier - Konica Minolta	M046640C	Classic Funding Group		48	0	58,665	13,018	45,647	1,004	0	0	0	0	0	0	0	0
					0	58,665	13,018	45,647	1,004	0	0	0	0	0	0	0	0

**SHIRE OF JERRAMUNGUP
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16. INFORMATION ON BORROWINGS

(a) Borrowings

	2020	2019
	\$	\$
Current	196,748	178,127
Non-current	914,422	611,170
	1,111,170	789,297

(b) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	30 June 2020				30 June 2020				30 June 2019					
				Actual Principal 1 July 2019	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Budget Principal	Budget New Loans	Budget Principal repayments	Budget Interest repayments	Actual Principal 1 July 2019	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding		
Housing				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Key personnel housing	259	WATC	6.42%	33,075	0	33,075	534	0	33,075	0	1,061	0	96,171	63,096	4,170	33,075	
Housing Bremer Bay	261	WATC	4.30%	193,543	0	35,487	7,595	158,056	193,543	0	35,486	7,944	227,552	34,009	9,088	193,543	
Staff housing & Seniors Independent Living	264	WATC	1.65%	0	500,000	0	3,150	500,000	0	500,000	21,379	8,075	478,621	0	0	0	
Key worker accommodation	265	WATC	1.65%	0	0	0	0	0	0	500,000	21,379	8,075	478,621	0	0	0	
Transport																	
Bremer Bay town centre	260	WATC	4.10%	224,599	0	52,779	7,985	171,820	224,599	0	52,780	8,673	171,819	275,279	50,680	10,111	224,599
Grader	262	WATC	2.28%	49,638	0	24,538	979	25,100	73,626	0	24,537	992	46,089	73,626	23,988	1,530	49,638
Bremer Bay town centre	263	WATC	3.14%	288,442	0	32,248	8,666	255,194	288,441	0	32,248	8,905	255,193	319,700	31,258	9,659	288,442
				789,297	500,000	178,127	28,909	1,111,170	813,284	1,000,000	220,884	43,625	1,582,400	992,328	203,031	34,558	789,297

* WA Treasury Corporation

SHIRE OF JERRAMUNGUP
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16. 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		
Loan 264 - Key worker accommodation	WATC	Debenture	10	1.65%	500,000	500,000	0	500,000	0	0
Loan 265 - Seniors Independent Living	WATC	Debenture	10	1.65%	0	500,000	0	500,000	0	0
* WA Treasury Corporation					500,000	1,000,000	0	1,000,000	0	0

(d) Undrawn Borrowing Facilities

	2020	2019
Credit Standby Arrangements		
Bank overdraft limit	0	0
Bank overdraft at balance date	0	0
Credit card limit	15,000	15,000
Credit card balance at balance date	0	0
Total amount of credit unused	15,000	15,000
Loan facilities		
Loan facilities - current	196,748	178,127
Loan facilities - non-current	914,422	611,170
Lease liabilities - current	14,485	0
Lease liabilities - non-current	31,162	0
Total facilities in use at balance date	1,156,817	789,297
Unused loan facilities at balance date	NIL	NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 26.

17. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

Opening balance at 1 July 2019

Current provisions
 Non-current provisions

Additional provision
 Amounts used
Balance at 30 June 2020

Comprises

Current
 Non-current

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2019			
Current provisions	158,995	180,461	339,456
Non-current provisions	0	32,290	32,290
	158,995	212,751	371,746
Additional provision	119,179	46,024	165,203
Amounts used	(125,092)	(15,760)	(140,852)
Balance at 30 June 2020	153,082	243,015	396,097
Comprises			
Current	153,082	201,695	354,777
Non-current	0	41,320	41,320
	153,082	243,015	396,097

Amounts are expected to be settled on the following basis:

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

	2020	2019
	\$	\$
Less than 12 months after the reporting date	115,952	153,567
More than 12 months from reporting date	271,452	232,933
Expected reimbursements from other WA local governments	8,693	(14,754)
	396,097	371,746

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

18. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Cash and cash equivalents	4,672,540	4,102,714	6,520,565
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	3,173,962	3,415,699	1,462,179
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(865)	0	(6,151)
Depreciation on non-current assets	1,978,237	1,884,684	1,934,757
(Profit)/loss on sale of asset	(39,640)	(15,420)	182,664
Change in accounting policy	0	964,749	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(757,192)	125,979	1,134,351
(Increase)/decrease in inventories	(2,403)	0	2,231
Increase/(decrease) in payables	(3,350,722)	(1,077,970)	2,836,190
Increase/(decrease) in provisions	24,351	0	52,449
Increase/(decrease) in contract liabilities	1,617,297	(909,091)	0
Non-operating grants, subsidies and contributions	(2,787,899)	(3,386,193)	(1,549,937)
Net cash from operating activities	(144,874)	1,002,437	6,048,733

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	35	0
General purpose funding	86,066	4,802,656
Law, order, public safety	1,125,606	822,617
Health	54,224	54,900
Education and welfare	523,545	1,504,411
Housing	2,928,612	1,328,074
Community amenities	3,783,787	4,040,814
Recreation and culture	16,979,969	16,615,285
Transport	209,653,288	208,927,930
Economic services	2,069,340	2,130,534
Other property and services	4,563,671	3,791,804
Unallocated	6,025,819	2,637,529
	<u>247,793,962</u>	<u>246,656,554</u>

20. CONTINGENT LIABILITIES

Council jointly operate a landfill site with the Shire of Ravensthorpe and will have to rehabilitate the site at some future date. The Shire of Jerramungup is currently in negotiation with the Shire of Ravensthorpe regarding the percentage share of each party of the capital costs associated with the rehabilitation of the cells, the lifespan of 4 cells is expected to be 30 years. The Shire expects to complete negotiations and raise a provision for the Shire's share to cover the capital costs associated with the the rehabilitation of the site for the financial year ending 30 June 2021.

- Site operations commenced in 2017
- Lifespan of 4 cells is expected to be 30 years
- Prescribed premises for Category 64 Class II putrescible landfill and Category 62 Solid waste depot

21. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

	2020	2019
	\$	\$
	584,672	0
	584,672	0
Payable:		
- not later than one year	584,672	0

As at 30 June 2020, \$6,625 and \$578,048 was outstanding for the two contracts relating to the construction of the Independent Living Units and Key Worker Accommodation projects.

(b) Operating Lease Commitments

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

Payable:

- not later than one year

	2020	2019
	\$	\$
	10,144	2,536
	10,144	2,536

SIGNIFICANT ACCOUNTING POLICIES

Leases

The Shire adopted AASB 16 paragraph 5 whereby all contracts that are classified as short term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value (assets of \$10,000 or less) are recognised as an operating expense on a straight line basis over the term of the lease.

22. 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	54,250	56,000	56,000
President's allowance	12,000	12,000	12,000
Deputy President's allowance	3,000	3,000	3,000
Travelling expenses	2,679	1,500	1,494
Telecommunications allowance	6,750	7,000	7,000
	<u>78,679</u>	<u>79,500</u>	<u>79,494</u>

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	469,154	698,213
Post-employment benefits	42,254	60,919
Other long-term benefits	11,676	14,951
Termination benefits	16,755	0
	<u>539,839</u>	<u>774,083</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP.

22. 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.

	2020 Actual	2019 Actual
The following transactions occurred with related parties:	\$	\$
Purchase of goods and services	37,281	25,745

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.

23. INVESTMENT IN ASSOCIATE AND JOINT ARRANGEMENTS

(a) Share of joint operations

(i) Retirement Units

The Shire together with the State Housing Commission (Homeswest) have a joint arrangement with regard to the provision of six retirement units at Lot 158 Derrick Street, Jerramungup and six retirement units in Roderick Street, Bremer Bay. The only assets are land and housing units of which Jerramungup Shire owns a 17% share of the Jerramungup units and 14.64% share of the Bremer Bay units.

The units are managed by Advance Housing Limited and surplus funds are retained by them to fund future projects in the area.

	2020	2019
	\$	\$
Non-current assets		
land and buildings	197,046	197,046
Less Accumulated depreciation	(17,079)	(8,749)
Total assets	179,967	188,297
Total liabilities	0	0
Statement of Comprehensive income		
Other revenue	85,630	83,272
Other expenditure	(70,579)	(77,839)
Net result for the period	15,051	5,433
Total comprehensive income for the period	15,051	5,433

(ii) Waste Facility

The Shire of Jerramungup together with the Shire of Ravensthorpe, have entered into a joint operation with regards to a regional waste management facility located on Reserve 7380, Moir Road Ravensthorpe. The agreement between both Shires govern the operation of the waste facility, covering operating and capital costs, responsibilities of the two Shires, setting of fees and charges, record keeping etc. The building of the regional waste facility was fully funded and recognised in the financials of the Shire of Ravensthorpe, and they are responsible for the day to day management of the facility. Key operating decisions in relation to the operating costs and future capital costs of the facility are to be agreed by both Shires.

The regional waste facility commenced its operation in February 2018. The Shire of Jerramungup's share of annual operating cost is determined by its percentage of total waste tonnage (measured in cubic meters) delivered to the facility by both parties in the proceeding year. This is estimated to be 30.1%.

The Shire of Jerramungup's share of the operating costs for the year were \$81,192

The Shire of Jerramungup is currently in negotiation with the Shire of Ravensthorpe regarding the percentage share of each party of the capital costs associated with the rehabilitation of the cells, the lifespan of 4 cells is expected to be 30 years. The Shire expects to complete negotiations and raise a provision for the Shire's share to cover the capital costs associated with the rehabilitation of the site for the financial year ending 30 June 2021.

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

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

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

Interests in joint arrangements (Continued)

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

SHIRE OF JERRAMUNGUP
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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24. RATING INFORMATION

(a) Rates

RATE TYPE

Differential general rate / general rate

Gross rental valuations

Residential

Unimproved valuations

Rural

Sub-Total

Minimum payment

Gross rental valuations

Residential

Unimproved valuations

Rural

Sub-Total

Discounts (Note 24(b))

Total amount raised from general rate

Ex-gratia rates

Totals

	Rate in \$	Number of Properties	2019/20 Actual Rateable Value \$	2019/20 Actual Rate Revenue \$	2019/20 Actual Interim Rates \$	2019/20 Actual Back Rates \$	2019/20 Actual Total Revenue \$	2019/20 Budget Rate Revenue \$	2019/20 Budget Interim Rate \$	2019/20 Budget Back Rate \$	2019/20 Budget Total Revenue \$	2018/19 Actual Total Revenue \$	
Gross rental valuations Residential	0.098994	847	6,606,492	654,003	5,843	3,011	662,857	654,003	0	0	654,003	652,870	
Unimproved valuations Rural	0.010125	323	241,314,600	2,444,067	(174)	79	2,443,972	2,443,310	0	0	2,443,310	2,389,177	
Sub-Total		1,170	247,921,092	3,098,070	5,669	3,090	3,106,829	3,097,313	0	0	3,097,313	3,042,047	
Minimum payment													
Gross rental valuations Residential		685	314	1,287,349	215,090	0	0	215,090	215,090	0	0	215,090	213,885
Unimproved valuations Rural		801	40	1,261,440	32,040	0	0	32,040	32,040	0	0	32,040	31,685
Sub-Total			354	2,548,789	247,130	0	0	247,130	247,130	0	0	247,130	245,570
		1,524	250,469,881	3,345,200	5,669	3,090	3,353,959	3,344,443	0	0	3,344,443	3,287,617	
Discounts (Note 24(b))							(283)				(150)	(157)	
Total amount raised from general rate							3,353,676				3,344,293	3,287,460	
Ex-gratia rates							52,081				52,079	46,456	
Totals							3,405,757				3,396,372	3,333,916	

SIGNIFICANT ACCOUNTING POLICIES

Rates

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

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

SHIRE OF JERRAMUNGUP
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24. RATING INFORMATION (Continued)

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

Rates Discounts

Rate or Fee Discount Granted	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$	Circumstances in which Discount is Granted
Small interest write off			283	150	157	Write off small balances under the CEO's delegated authority
Total discounts/concessions (Note 24(a))			283	150	157	

24. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	27/09/2019	0.00	0.00%	11.00%
Option Two				
First instalment	27/09/2019	0.00	0.00%	11.00%
Second instalment	31/01/2020	8.00	5.50%	11.00%
Option Three				
First instalment	27/09/2019	0.00	0.00%	11.00%
Second instalment	29/11/2019	8.00	5.50%	11.00%
Third instalment	31/01/2020	8.00	5.50%	11.00%
Fourth instalment	3/04/2020	8.00	5.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	10,772	10,000	10,470
Interest on instalment plan	16,965	16,000	16,392
Charges on instalment plan	5,832	6,500	6,240
	33,569	32,500	33,102

SHIRE OF JERRAMUNGUP
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25. RATE SETTING STATEMENT INFORMATION

		2019/20 Budget	2019/20	2018/19		
	2019/20 (30 June 2020 Carried Forward)	(30 June 2020 Carried Forward)	(1 July 2019 Brought Forward)	(30 June 2019 Carried Forward)		
Note	\$	\$	\$	\$		
(a) Non-cash amounts excluded from operating activities						
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .						
Adjustments to operating activities						
	Less: Profit on asset disposals	10(a)	(104,703)	(110,027)	0	0
	Less: Movement in liabilities associated with restricted cash		731	(2,358,726)	1,256	1,256
	Less: Fair value adjustments to financial assets at fair value through profit and loss		(865)	0	(6,151)	(6,151)
	Movement in employee benefit provisions (non-current)		9,030	0	12,680	12,680
	Add: Loss on disposal of assets	10(a)	65,063	94,607	182,664	182,664
	Add: Depreciation on non-current assets	10(b)	1,978,237	1,884,684	1,934,757	1,934,757
	Non cash amounts excluded from operating activities		1,947,493	(489,462)	2,125,206	2,125,206
(b) Surplus/(deficit) after imposition of general rates						
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.						
Adjustments to net current assets						
	Less: Reserves - cash backed	4	(2,219,259)	(1,756,228)	(1,488,969)	(1,488,969)
	Less: Current assets not expected to be received at end of year					
	- Bonds and deposits liabilities		0	81,395	0	0
	Add: Current liabilities not expected to be cleared at end of year					
	- Current portion of borrowings	16(a)	196,748	0	178,127	178,127
	- Current portion of lease liabilities		14,485	0	0	0
	- Employee benefit provisions		65,953	299,687	65,222	65,222
	Total adjustments to net current assets		(1,942,073)	(1,375,146)	(1,245,620)	(1,245,620)
Net current assets used in the Rate Setting Statement						
	Total current assets		5,771,475	4,275,020	6,859,905	6,859,905
	Less: Total current liabilities		(2,419,745)	(2,896,587)	(4,104,743)	(4,104,743)
	Less: Total adjustments to net current assets		(1,942,073)	(1,375,146)	(1,245,620)	(1,245,620)
	Net current assets used in the Rate Setting Statement		1,409,657	3,287	1,509,542	1,509,542

26. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate %	Carrying Amounts \$	Fixed Interest Rate \$	Variable Interest Rate \$	Non Interest Bearing \$
2020					
Cash and cash equivalents	0.07%	4,672,540	0	4,672,540	0
2019					
Cash and cash equivalents	1.30%	6,520,565	0	6,520,565	0

Sensitivity

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

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

* Holding all other variables constant

	2020	2019
	\$	\$
	46,725	65,206

Borrowings

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

26. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

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

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recovery debt. The Shire is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors

No expected credit loss was forecast on 30 June 2020 or 30 June 2019 for rates receivable as penalty interest applies to unpaid rates and properties associated with unpaid rates may be disposed of to recover unpaid rates. 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	898,701	2,198	2,502	8,106	911,507
30 June 2019					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	133,692	4,093	144	48,557	186,486

26. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

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

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	236,438	0	0	236,438	236,438
Borrowings	225,912	730,689	354,327	1,310,928	1,111,170
Contract liabilities	1,617,297	0	0	1,617,297	1,617,297
Lease liabilities	14,485	31,162	0	45,647	45,647
	<u>2,094,132</u>	<u>761,851</u>	<u>354,327</u>	<u>3,210,310</u>	<u>3,010,552</u>
2019					
Payables	3,587,160	0	0	3,587,160	3,587,160
Borrowings	205,605	547,830	123,162	876,597	789,297
	<u>3,792,765</u>	<u>547,830</u>	<u>123,162</u>	<u>4,463,757</u>	<u>4,376,457</u>

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27. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. No adjustments were made to the amounts recognised in the balance sheet at the date of initial application (1 July 2019):

	AASB 118 carrying amount 30 June 2019	Reclassification	AASB 15 carrying amount 01 July 2019
	\$	\$	\$
Contract liabilities - current			
Contract liabilities from contracts with customers	0	3,209,868	3,209,868

As at 30 June 2019 the Shire showed Waste grant funds (CLGF) held for other Shires of \$2,300,777 and Pool grant funds of \$909,091 as a current liability (creditor) but as of 1 July 2019 they were recognised as a Contract Liability.

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

The Shire adopted AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions AASB 1058, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods was not restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 no changes occurred to the financial statement line items by the application of AASB 1058.

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

Assets that were acquired for consideration, that were significantly less than fair value principally to enable the Shire to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value.

(c) AASB 16: Leases

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

(d) Impact of New Accounting Standards on Retained Surplus

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

	Note	Adjustments	2019
			\$
Retained surplus - 30 June 2019			55,002,394
Adjustment to retained surplus from adoption of AASB 16	28(a)	(695,000)	54,307,394
Retained surplus - 1 July 2019			54,307,394

28. CHANGE IN ACCOUNTING POLICIES

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

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

	Note	Carrying amount 30 June 2019 \$	Reclassification \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	8	23,505,970	(695,000)	22,810,970
Retained surplus		55,002,394	(695,000)	54,307,394

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

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29. TRUST FUNDS

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

	1 July 2019	Amounts Received	Amounts Paid	30 June 2020
	\$	\$	\$	\$
Subdivision bonds	14,780	0	(14,780)	0
	14,780	0	(14,780)	0

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30. 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.

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31. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
<p>GOVERNANCE</p> <p>To provide a decision making process for the efficient allocation of scarce resources.</p>	<p>Administration and operation of facilities and services to members of Council; Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific Council services.</p>
<p>GENERAL PURPOSE FUNDING</p> <p>To collect revenue to allow for the provision of services.</p>	<p>Rates, general purpose government grants & interest revenue.</p>
<p>LAW, ORDER, PUBLIC SAFETY</p> <p>To provide services to help ensure a safer community.</p>	<p>Supervision of various by-laws, fire prevention, emergency services & animal control.</p>
<p>HEALTH</p> <p>To provide an operational framework for good community health.</p>	<p>Food quality and pest control, maintenance and contributions to health services and facilities.</p>
<p>EDUCATION AND WELFARE</p> <p>To meet the needs of the community in these areas.</p>	<p>Operation and provision of services to seniors and child care centres within the Shire.</p>
<p>HOUSING</p> <p>Help ensure adequate housing for key community personnel such as police.</p>	<p>Maintenance of staff and rental housing.</p>
<p>COMMUNITY AMENITIES</p> <p>To provide services required by the community.</p>	<p>Rubbish collection services, operation of tips, noise control, administration of the town planning scheme, maintenance of cemeteries, control and maintenance of coastal reserves and other community/environmental services.</p>
<p>RECREATION AND CULTURE</p> <p>To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.</p>	<p>Maintenance of public halls, sporting complexes, resource centres, various parks and associated facilities, provision of library services in Jerramungup and Bremer Bay. Maintenance and upgrade of radio repeater services.</p>
<p>TRANSPORT</p> <p>To provide safe and efficient transport services to the community.</p>	<p>Construction and maintenance of streets, roads, bridges, cleaning and lighting of streets, parking facilities, traffic signs, depot maintenance and airstrips maintenance.</p>
<p>ECONOMIC SERVICES</p> <p>To help promote the Shire and improve its economic wellbeing.</p>	<p>The regulation and provision of tourism, area promotion, building control, saleyards, noxious weeds, vermin control and water supply including stand pipes.</p>
<p>OTHER PROPERTY AND SERVICES</p> <p>Other activities which contribute to the governance and operations of the Shire.</p>	<p>Private works operation, plant repairs and operations costs, administration expenses.</p>

32. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	2.59	2.88	1.56
Asset consumption ratio	0.86	0.87	0.88
Asset renewal funding ratio	1.71	1.65	2.10
Asset sustainability ratio	0.99	1.04	0.98
Debt service cover ratio	11.56	7.92	8.27
Operating surplus ratio	0.08	(0.02)	(0.01)
Own source revenue coverage ratio	0.78	0.71	0.47

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

