



AGENDA FOR THE ANNUAL GENERAL MEETING OF ELECTORS TO BE HELD ON 8 February 2021

DISCLAIMER

The purpose of Council Meetings is to discuss, and where possible, make resolutions about items appearing on the agenda. Whilst Council has the power to resolve such items and may in fact, appear to have done so at the meeting, no person should rely on or act on the basis of such decision or on any advice or information provided by a Member or Officer, or on the content of any discussion occurring, during the course of the meeting.

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ANNUAL GENERAL MEETING OF ELECTORS NOTICE PAPER

8 February 2021

Mister President and Councillors,

An Annual General Meeting of Electors is called for Monday, 8 February 2021 in the Council Chambers, Victoria Street, Mingenew, commencing at 5.30pm.

Nils Hay
Chief Executive Officer

4 February 2021

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SHIRE OF MINGENEW

AGENDA FOR THE ANNUAL ELECTORS MEETING TO BE HELD IN COUNCIL CHAMBERS ON 8 FEBRUARY 2021 COMMENCING AT 5.30PM

1.0 DECLARATION OF OPENING/ANNOUNCEMENT OF VISITORS

2.0 RECORD OF ATTENDANCE/APOLOGIES

3.0 DECLARATIONS OF INTEREST

4.0 2019/20 ANNUAL REPORT AND AUDITOR'S REPORT

The Annual Report summarises the achievements of the Shire during the 2019-20 financial year and includes a report from the President and the Chief Executive Officer, the financial report and the Auditor's report for the period, and all matters prescribed by the Local Government Act 1995 (the Act). Copies of the Annual Report are available from the Shire's website www.mingenew.wa.gov.au and will be available in hard copy form at the meeting.

The Act requires Local Governments to hold an Annual Electors Meeting once a year, no later than 56 days after the Council adopts the Annual Report. As required under section 5.29 of the Act, local public notice was given via advertisement in the Geraldton Guardian- 24 December 2020 edition, Mingenew Matters 1 February 2021 edition, displayed on the Shire's website and Facebook page from 18 December 2020, and on library notice boards. An SMS was also issued on 6 January 2021 to all Shire of Mingenew subscribers.

- Questions submitted on the Annual Report by Electors prior to the Meeting
- Other Questions on the Annual Report

OFFICER RECOMMENDATION- ITEM 4.0

That the Electors of the Shire of Mingenew receive the Annual Report, as adopted by Council at the Ordinary Meeting held 16 December 2020, incorporating the Shire President's Report, the CEO report, the Annual Financial Report and the Auditor's Report.

VOTING DETAILS:

5.0 RESPONSE TO QUESTIONS SUBMITTED BY ELECTORS

5.1 QUESTIONS RECEIVED IN WRITING PRIOR TO THE MEETING

5.2 QUESTIONS AT THE MEETING

ANNUAL GENERAL MEETING OF ELECTORS MINGENEW AGENDA – 8 February 2021

Consistent with s5.27(3) of the Local Government Act 1995 and r15 of the Local Government (Administration) Regulations 1996, electors in attendance of the Annual General Meeting of Electors are invited to raise any matters concerning any other general business.

6.0 GENERAL BUSINESS

7.0 CLOSURE

2019/20

ANNUAL REPORT

SHIRE OF MINGENEW

SHIRE
OF MINGENEW





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President's Report 2020

It is with pleasure that I present this, my first President's report for the year ending 30th June 2020.

COVID-19 will go down in the annals of history as one of the great challenges that mankind has had to deal with. That nobody within our community contracted the virus was fortunate. The great thing was the way your Shire and its residents responded. Congratulations to our CEO Nils Hay and his team for keeping the business of the Shire running, and the handling of every other challenge throughout the Pandemic. To all of the people of our Shire who volunteered to assist those less fortunate during the lockdown a big thank you.

Despite the unique challenges due to social distancing and border closures the number of tourists who travelled to and through our Shire is testament to the marketing work of Lateral Aspect and our Tourist and Promotions Committee. We must also acknowledge and recognise the work of the committee and volunteers of our museum and the innovation of the historic walk trail.

In some respects, the Pandemic has been a boon for our Shire through the receipt of Federal Government financial assistance schemes. This has enabled us to fund the old railway station restoration, Cecil Newton Park playground expansion, the Recreation Centre water storage and reticulation upgrades and many other small but worthy community projects. Projects we would not have otherwise been able to fund.

The day care centre has also had funds made available for upgrades to its size and make-up, and at the time of writing this report, plans for the project are being drawn up.

To see our sporting clubs conduct a season, abbreviated though it was, added a little bit of normality to the year. Well done to our participants and supporters who made this possible.

During the year we continued to undertake works on the Coalseam and Mullewa Roads which was funded by our normal Regional Roads program grants. Nils and his team were able to secure an extra \$900,000 that had become available which enabled us to engage Contractors to greatly extend the work on Coalseam Road and undertake some work on the Yandanooka North East Road.

Your council has developed a plan for future roadworks. If you think that we are ignoring your road be assured, it will get its turn in the future. One of the roads we have worked on this year is the Enokurra Road; this road was re-sheeted with a great deal of help from the Spencer Family who supplied the gravel and helped to cart it. This sort of assistance only makes the rate payers dollars go further. Thank you to the Spencer Family.

I know many of you question exactly what all the people who work within the Shire Office do. Perhaps this is a question you should raise with your Local State Politician as they continue to increase compliance requirements, generating more work for our staff. The Local Government Act is currently under review, and whilst it is claimed that it will be made simpler, I very much doubt it. This report is being delayed by the Auditor General whose department audits our organisation, through the use of a contract auditor – another layer of oversight and cost. In recent months they have also retrospectively applied new accounting standards mid-stream, further delaying the ability for our staff to have their audit signed off and this annual report completed. It's very much like "Yes Minister". At the time of writing this report I do not know of any issues that may be raised by our Auditors, as delays outside of the hands of our staff have made this impossible.

In light of this, I offer my congratulations and thanks to Nils and his team. Whilst there have been many challenges in the last year, I encourage you to carry on with the good work.

To my fellow councillors, I thank you for your due diligence and efforts throughout this trying year. Together we will strive onwards and upwards.

Gary Cosgrove

President



CEO's Report

2019-20 was not an ordinary year for anyone. Whilst we in the Mid West found ourselves largely (and thankfully) unscathed, the global COVID-19 disrupted life as we know it. For the Shire as an organisation, this meant that we needed to move quickly to adopt a cloud-based computing system that would allow staff to work remotely during lockdown, and the need to develop COVID-safe plans for our various buildings and facilities. I have to say that I am proud of my team and their ability to adapt and continue to deliver in the face of significant uncertainty.

As a local government, our responsibilities were much broader and the concerns arising from the pandemic saw Council adopt a suite of measures to try to support our ratepayers and community. This included suspending interest accrual, waiving a range of fees and charges, establishing an emergency reserve and maintaining the same cents-in-the-dollar rate for financial year 20-21 as we had in 19-20. It also fostered the We'll Help You in Mingenew campaign, in partnership with the Mingenew Community Resource Centre.

In the background of COVID-19, there has been significant review taking place of the Local Government Act 1995 – the primary piece of legislation that governs our sector. Whilst the process will be several years in the making, we have been providing regular submissions to ensure that our voice – and the voice of small, regional local governments like ours – is heard. As with much of the legislation that we are bound by, the currently Local Government Act adopts a one-size-fits-all approach – meaning that the Shire of Mingenew and City of Stirling both have the same legislative and compliance requirements. Whilst this ensures consistency across the sector, it also places a somewhat disproportionate burden on smaller local governments like ours as we seek to achieve compliance with a much lower level of resourcing – whilst still delivering services to our community.

In spite of the challenges posed, the 2019-20 year has still seen the Shire built – both literally and figuratively – on some of the foundations laid in the prior year. Armed with a new Community Strategic Plan and Corporate Business Plan, we set about delivery and implementation.

There was significant effort given to further strengthening our compliance and regulatory environment, and this was reflected in several areas:

- Completion of the Shire's Local Planning Scheme No. 4
- Development and introduction of a Customer Service Charter
- Significant review and improvement of the Shire's HR policy framework
- Commencement of a major review of the Shire's local laws
- A series of clean audit reports

Whilst these things may not be particularly exciting to the outside observer, they all help to ensure that the Shire of Mingenew is soundly managed and satisfies our numerous regulators – many of whom are also significant sources of funding for the Shire.

The COVID environment has also prompted us to ensure that we can deliver information and services effectively online, which has resulted in acceleration of some planned upgrades to the Shire website. If you haven't visited it recently, I would encourage you to do so.

As the President has noted in his report, we have had both success and a degree of good fortune in the funding arena, and this helped us to both deliver a bigger-than-expected road program, as well as funding a tranche of new projects that we will be busy delivering in the 20/21 financial year.

As always, thanks must go to my fantastic team of staff, the support of our Councillors and the warmth of the Mingenew community. Whilst not without its challenges, it has been another year of growth and development for our organisation, the Shire, and me personally.

Staff

We have seen greater stability in our workforce over the past year, particularly with regards to our inside staff. Over the course of the year Sarah Kempton and Belinda Bow have left us, and we welcome Megan Smith and Erin Greaves in their place.

Structurally, we are also seeking to bolster our works department with the addition of a Works Manager role – as a part time position – to provide some additional technical expertise and support.

Finance Statistics

The Shire of Mingenew had a Total Revenue of \$5.25m (including operating and capital grants) for the 2019/20 financial year. A total of 32% (\$1.68m) of the Shire's revenue for 2019/20 was Non-Operating Grants which helped to fund a number of key capital projects, in particular the widening of a large section of Coalseam Road. Operating Grants and Contributions account for 14% of total revenue, while Rates (36%) and Fees & Charges (5%) are also significant contributing factors to the total revenue figure. The remaining revenue comes from interest received and other miscellaneous services carried out by the Shire during the financial year. There was a total of 13% of revenue made up of Reimbursements & Other Income. This amount was predominately made up of police licensing.

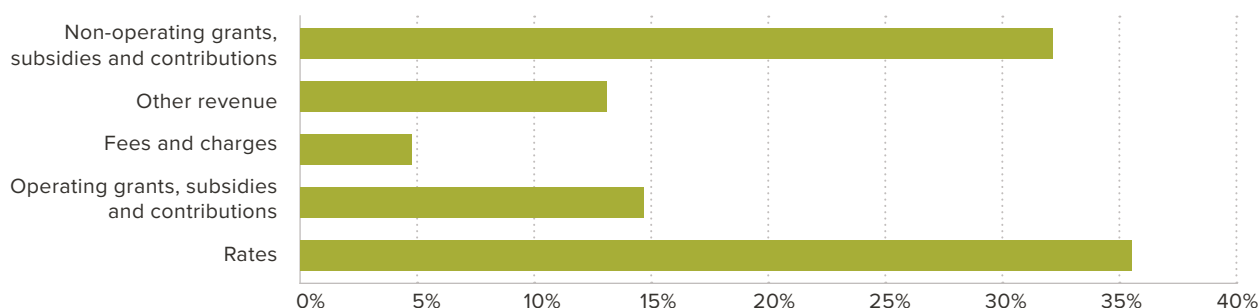
Revenue

The revenue (Operating and Capital) generated by the Shire is spent providing infrastructure and services for the community. The Shire provides many services including maintaining and improving roads, parks and gardens, leisure services and other community projects. A significant amount of the Shire's resources are spent on maintaining road infrastructure and the provision of recreation services. In this financial year there were 4 capital roadwork projects undertaken; one on Mingenew Mullewa Road, 2 on Coalseam Road and one on Yandanooka North East Road, totalling \$2.42m.

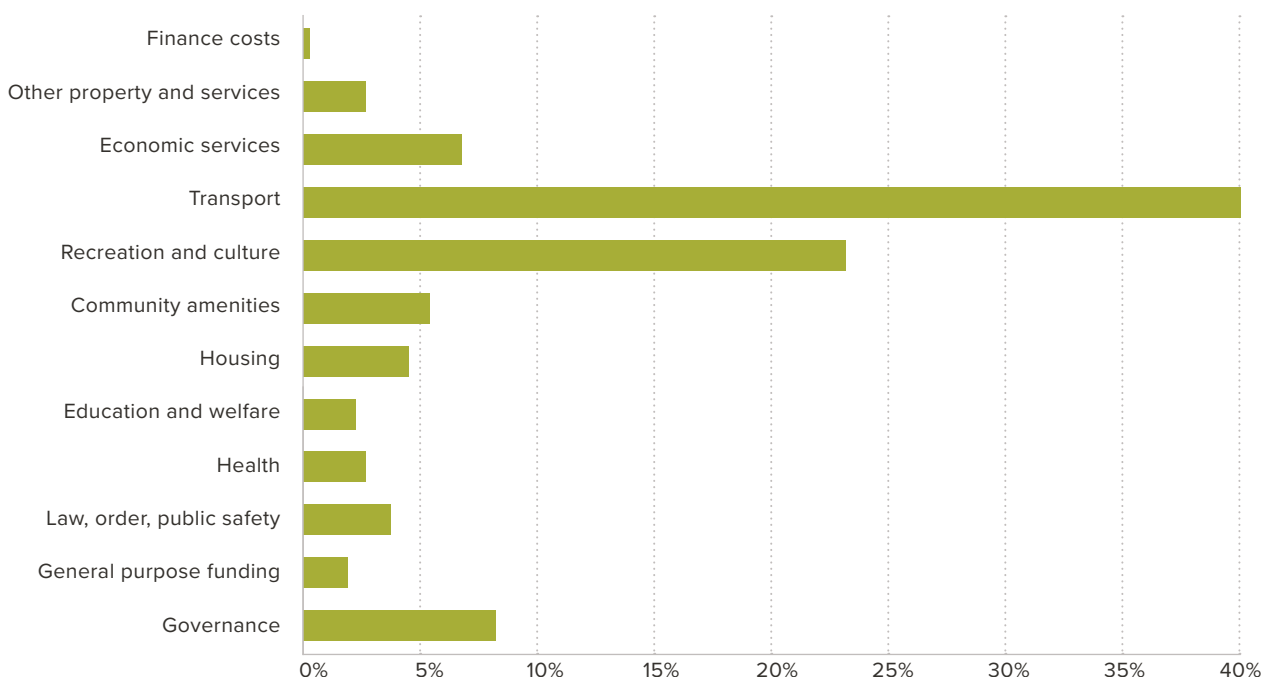
Operating Expenditure

When comparing the breakdown of these costs by nature and type a significant 33% of all operating expenditure is attributed to depreciation charges. Depreciation is a non cash item and is attributed to the Shire having in excess of \$50m worth of assets, of which 80% is attributed to the Shire's road network and other related infrastructure whilst the other 20% is attributed to Property, Plant & Equipment.

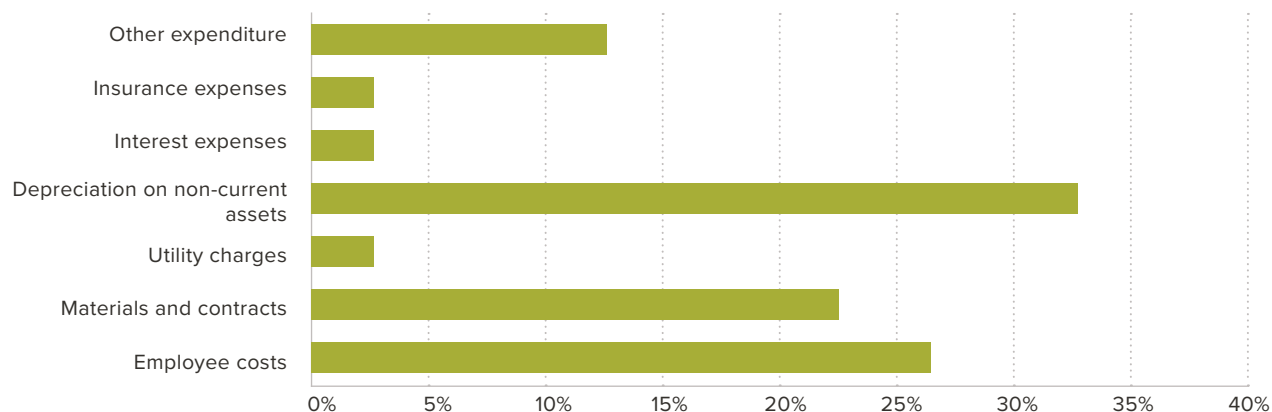
Total Revenue by Nature & Type



Operating Expenditure by Program



Operating Expenditure by Nature & Type



Reserve Funds

As at 30 June 2020 the balance in the Reserve Accounts was \$427,011 as shown in Table 1.

Council approved the creation of a COVID-19 Emergency Reserve to cater for any potential emergency expenditure related to the COVID-19 pandemic. To date there has been no need to use this reserve. There was a transfer to the Plant Replacement Reserve of \$107k this year to replace the funds that were taken out of this reserve the previous year. Council has indicated a desire to increase the reserves going forward in order to provide for future acquisitions and proposed developments.

Capital

In addition to the normal operating activities, a number of significant capital works projects were undertaken during the 2019/20 financial year to the value of \$2.57m. Some of this year's capital works highlights are shown in Table 2.

Loan Liability

As at 30 June 2020 the outstanding principal on all loans was \$327,914 which represents a significant reduction in debt from the outstanding balance of \$486,076 at the end of the last financial year and if there is no need for any further loans, the Shire remains on track to pay off all current debts at the end of the 2022/23 financial year.

Table 1

Reserve	Balance
Land & Building Reserve	\$30,035
Plant Reserve	\$153,439
Recreation Reserve	\$3,068
Employee Entitlement Reserve	\$67,534
Aged Persons Units Reserve	\$12,670
Environmental Reserve	\$19,444
Industrial Area Development Reserve	\$5,724
RTC/PO/NAB Building Reserve	\$22,023
Insurance Reserve	\$22,842
Economic Development & Marketing Reserve	\$10,232
Covid-19 Emergency Reserve	\$80,000
Total	\$427,011

Table 2

Project	Amount
Yandanooka North East Road - reconstruct	\$206,768
Coalseam Road - widen, realign and reconstruct	\$1,811,085
Mingenew Mullewa Road - reconstruct	\$406,349
Plant & Equipment	\$74,010

Tourism

Through 2019-20 the Shire has continued with its 'We'll see you in Mingenew' and seasonal 'Making Mingenew the middle of your wildflower season' campaigns. A mixture of digital, television and billboard advertising, local businesses have continued to report the positive impact the campaign is having on visitor numbers, and recognition of the Mingenew 'brand' outside of the Shire has grown further as a result. Whilst COVID-19 certainly slowed the start of the tourist season, once the intra-state borders opened, Mingenew became a hive of visitor activity.

We have also continued our partnership with Astrotourism WA, through the delivery of a community stargazing event, as well as ongoing development of existing and potential stargazing sites and promotion of Mingenew as an attractive location for stargazing and astrophotography.

Council and Councillors

2019-20 saw a biennial election take place. Councillors Leah Eardley and Kym McGlinn vacated their seats, Councillors Justin Bagley and Gary Cosgrove were re-elected and we welcomed two new elected members, Carol Farr and Hellene McTaggart.

Following the public election, Gary Cosgrove was elected Shire President and Robert Newton re-elected Deputy Shire President. We would like to acknowledge the contributions of Councillors Eardley and McGlinn, as well as those of Councillor Helen Newton during her tenure as Shire President.

Nils Hay

Chief Executive Officer



Wildflower season in Mingenew



Summer Night Stars Stargazing event in Yandanooka



Councillors and Staff

Councillors



Gary Cosgrove
Shire President



Robert Newton
Deputy President



Justin Bagley
Councillor



Carol Farr
Councillor



Hellene McTaggart
Councillor



Helen Newton
Councillor



Anthony Smyth
Councillor

Staff Leadership Team



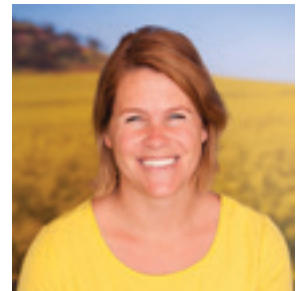
Nils Hay
Chief Executive Officer



Jeremy Clapham
Finance Manager



Rocky Brennan
Works Supervisor



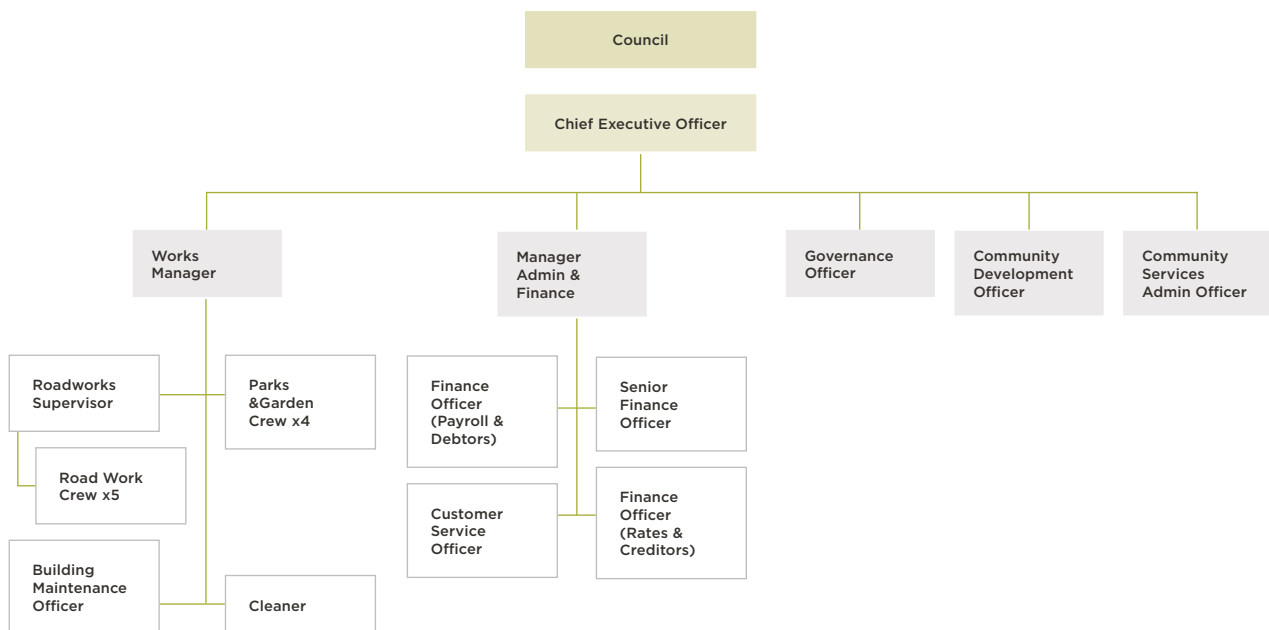
Belinda Bow
Governance Officer



Erin Greaves
Governance Officer



Organisational Charts



Shire of Mingenew staff



Strategic Community Plan Outcomes

2019-20 is the first year of operation of our 2019-29 Strategic Community Plan. Despite some of the challenges the year threw at us, we were certainly able to make progress towards the Plan's goals. Much of this year's outcomes related to the planning of future projects and allocation of funding for delivery, with this year setting us up well to deliver a range of infrastructure and community projects in the 2020-21 Financial Year.

Strategy 1

Leading Mingenew

Goal: Council will provide accountable and transparent leadership with the Community to deliver on the Strategic Community Plan

1.1 Infrastructure

The planning, construction and maintenance of infrastructure is the major use of Council's resources. In the 2019-20 Financial Year, in addition to the delivery of a number of large road projects, funding was secured and allocated to numerous transport and community infrastructure project for the coming two years.

Outcomes:

- 5-year road infrastructure plan updated
- Road program delivered 9+km of widening and sealing of Coalseam Road, 3km of Mingenew-Morawa Road and 1.5km of Yandanooka North East Road
- Funding allocated to add parking and reseal Phillip Street in FY20-21
- Funding for Coalseam Road bridge secured, with works to take place from FY20-21
- Partial funding for Yandanooka North East Road-Mingenew-Morawa Road intersection secured (remainder secured in FY20-21)
- Funding secured for Mingenew Railway Station redevelopment; works to be undertaken in FY20-21
- Funding secured for reseal of town carparks
- Funding allocated to installation of solar power systems at Mingenew Recreation Centre and Shire Office in FY20-21
- Funding allocated to upgrade of water infrastructure at Mingenew Recreation Centre

1.2 Capability

There is always a lot of work happening behind the scenes to improve the way that Council operates, this year COVID has taught us a lot about alternative modes of working and service delivery that previously we would not have thought possible.

Outcomes:

- Move to cloud-based ICT system to facilitate remote working during COVID-19 and improve disaster resilience of Shire IT environment
- Major HR Policy framework review completed
- Internal Audit Plan deliverables completed
- Workforce plan review commenced; to be completed in FY20/21

1.3 Compliance:

Local Government operates in an increasingly complex compliance environment, with over 50 pieces of legislation and regulation falling within our purview. Whilst most compliance work is 'business as usual' for our team, there are some undertakings that have broader scope and, hopefully, benefits.

Outcomes:

- Completion of Road Safety Audit for Yandanooka North East Road; this process will hopefully assist with future funding applications for the widening and improvement of this road.

1.4 Resource Management:

Efficient management of resources is important, as custodians of both natural assets and public funds.

Outcomes:

- Environmental Management Plan and procurement processes for Mingenew Transfer Station completed. This will support the transition away from landfill towards a manned transfer station model in FY20/21

Strategy 2

Love living in Mingenew

Goal: Develop healthcare and recreation services for all the community to ensure the well-being and health of all age groups within the community

2.1 Health

Whilst health services are generally not the province of Local Government, ensuring the health of our community is a priority.

Outcomes:

- In addition to subsidising bulk-billed health service in Mingenew, this year the Shire was able to arrange for Mid West Aero Medical to hold an Influenza Vaccination Day in town, to assist a large proportion of our residents to receive a vaccination
- Early 2020 also saw us managing the challenges of the COVID-19 pandemic, this saw the Shire forced to close or place restrictions on a number of its facilities, as well as the introduction of a range of measures to assist community and ratepayers during the pandemic.



MIG Spring Field Day 2019



Mingenew Museum



Mingenew Childcare Centre



Mingenew Primary School delivers a great education



Irwin Lookout at Coalseam Conservation Park

2.2 Education

As with health, education is not typically an area that Local Government is responsible for, but Council recognises the importance of quality educational services and facilities in order to ensure a strong community.

Outcomes:

- Council allocated \$150,000 towards an upgrade of Mingenew's child care facilities, with works to be completed in FY20-21

2.3 Culture and Heritage

Through both the delivery of appropriate infrastructure and the support of arts and cultural organisations, Council seeks to both preserve Mingenew's rich heritage and make it a vibrant place to live. Unfortunately, the Arts is one sector that COVID-19 hit quite hard.

Outcomes:

- Funding provided to Mingenew Historical Society and Tourist & Promotions Committee for the Mingenew Historical Walk

- Installation of historical machinery on Victoria Road, outside the Mingenew Museum
- Leasing of the historical Bank Building to Hinterland Collective, a business and recording studio

2.4 Sense of Community

Community groups, our hard-working volunteers, and social infrastructure are a key part of who we are as a community, and integral in preserving our community. Supporting and building the capacity of our community groups is a key focus area.

Outcomes:

- Two rounds of Community Assistance Scheme funding provided to community groups
- Funding allocated to major youth precinct redevelopment at Cecil Newton Park and Mingenew Skate Park
- Funding allocated to upgrade of walking trails at Mingenew Hill

Strategy 3

Growing Mingenew

Goal: Develop key enabling and underpinning investments to grow the community to a population of 500 by 2029

3.1 Housing

Key to the long-term plans to maintain and grow Mingenew's population is ensuring an appropriate supply of housing. Whilst Local Government is generally not a housing provider, in smaller community like Mingenew, Council tends to become the agency of last resort.

Outcomes:

- Local land and housing audit processes completed to determine vacant properties and potential opportunities
- Lobbying of Department of Housing to free up vacant State-owned property for rental to address rental property shortage

3.2 Development

Council recognises a need to grow existing major industries, like agriculture, whilst also supporting the growth and development of other sectors.

Outcomes:

- Shire has been working with Oil and Gas industry proponents as part of initial survey work in the Shire and region
- Shire has been actively lobbying the State Government for assistance with infrastructure upgrades to support growth of the space sector at Yarragadee

Strategy 4

We'll see you in Mingenew

Goal: Attract visitors to Mingenew by making it a highly desirable and dynamic place to visit and live, resulting in an increase in population

Tourism is a key pillar of Council's vision for the future economic and population growth of Mingenew, and in the several years since rebranding the Shire, the ongoing campaigns have yielded strong visitor numbers. Whilst COVID-19 dampened the sector in early 2020, once the intrastate borders were reopened we experienced strong visitation numbers.

Outcomes:

- The Shire is continuing to fund and deliver the 'We'll See You in Mingenew' campaign
- Work is being done to diversify our tourism offerings, through engagement with Astrotourism WA, to deliver stargazing events and position our Shire as an Astrotourism destination
- The Shire remains an active member, holding the Chair position of WA's Wildflower Country Incorporated, a regional tourism body made up of 9 local governments



Mingenew Independent Living Units

Strategy 5

Making business easy In Mingenew

Goal: Ensure Mingenew is supporting local businesses to grow and maintain employment within the community

Part of the Shire's role is to help to create an environment in which business can thrive; this is done through both the provision of infrastructure, but also through encouraging support services to engage with Mingenew businesses.

5.1 Digital Capacity

In the COVID-19 era, more than ever, digital capability is key to success. It allows you to reach customers, work remotely and remain competitive, whether you are in Mingenew or a major city.

Outcomes:

- Fixed wireless connection for Mingenew townsite funded for delivery in FY20-21

- Engagement with State Government and Node1 through installation of Digital Farms infrastructure through the Shire
- Ongoing lobbying of government for improved mobile phone services for rural areas continues with mobile blackspot projects approved for Milo and Arrowsmith East in FY20-21

5.2 Economic Development

Where possible, the Shire will help businesses to help themselves – seeking access to services and facilities to help them to thrive.

Outcomes:

- Funding allocated for small business incubator or shared working space in Mingenew
- Audit of light industrial land in Mingenew completed, with view to future development/ establishment of business incubator project



Supporting Mingenew local business



The main street in Mingenew



Mingenew Netball and Basketball Courts



Governance

Elected Member Attendance

Elected Member attendance – 1 July 2019 to 30 June 2020

■ Council [11]: Number of meetings attended / total number meeting required to attend

■ N/A: Elected Member not required to attend

Elected Member	Term Commenced	Term Expires	Ward	Council (11)	Special Council (3)	Audit & Risk Committee (4)	Bushfire Advisory Committee (2)	Executive Committee (1)	Electors Meeting (1)	LEMC (1)
Cr G Cosgrove	2019	2023	Town	11 (11)	3 (3)	1 (1)			1 (1)	
Cr R Newton	2017	2021	Rural	11 (11)	3 (3)	4 (4)	1 (1)	2 (2)	1 (1)	2 (3)
Cr J Bagley	2019	2023	Rural	10 (11)	3 (3)		1 (1)	2 (2)	1 (1)	
Cr H McTaggart	2019	2023	Rural	7 (7)	3 (3)	3 (3)			1 (1)	
Cr C Farr	2019	2023	Town	7 (7)	3 (3)				1 (1)	
Cr H Newton	2017	2021	Town	11 (11)	3 (3)	1 (1)		2 (2)	1 (1)	
Cr A Smyth	2019	2021	Town	11 (11)	3 (3)	2 (4)	1 (1)		1 (1)	2 (2)
Cr L Eardley*	2015	2019	Town	2 (4)		1 (1)				
Cr K McGlinn*	2017	2019	Town	2 (4)						

* Councillors did not renominate in 2019 Elections – terms expired October 2019

Elected Member Training

Part 10 – Training of the Local Government (Administration) Regulations 1996 was introduced requiring all elected members whose term commenced on or after 9 August 2019 complete the Council Member Essentials training course within 12 months of their election, in accordance with s5.126(1) of the Local Government Act 1995. The status of Councillor-completed training as at 30 June 2020 is as follows:

Elected Member	Council Member Essentials module completion status				
	Understanding Local Government	Serving on Council	Meeting Procedures	Conflicts of Interest	Understanding Financial Reports and Budget
Cr G Cosgrove*	In Progress	In Progress	In Progress	In Progress	Assess only
Cr R Newton	N/A	N/A	N/A	N/A	N/A
Cr J Bagley*	In Progress	In Progress	In Progress	In Progress	In Progress
Cr H McTaggart*	Completed	In Progress	Completed	In Progress	In Progress
Cr C Farr*	In Progress	In Progress	In Progress	In Progress	In Progress
Cr H Newton	N/A	Completed	Assess Only	N/A	Assess Only
Cr A Smyth	N/A	N/A	N/A	N/A	N/A

Where “Assess Only” is indicated, the Elected Member has participated in an approved equivalent course prior to the introduction of this legislation and are required to complete the applicable assessment only to be eligible for recognition as completed under the Council Member Essentials training program.

* Denotes Elected Members who are required to complete the mandatory training, all other Elected Members are exempt in accordance with r.36.

Employee Remuneration

In accordance with r19B(a) and (b) of the Local Government (Administration) Regulations 1996, the number of Shire employees entitled to an annual salary of \$130,000 or more during the 2019/20 year are shown in the table below.

Table 4

Salary Range	Number of Employees
\$130 000 to \$139 999	-
\$140 000 to \$149 999	-
\$150 000 to \$159 999	1
\$160 000 to \$169 999	-

For the purposes of r19B(e), the remuneration paid or provided to the CEO during the 2019/20 financial year was \$146,109.

Freedom of Information

The Shire aims to make information available, whenever possible, outside the freedom of information process. However, on occasion, access to documents may require an application in accordance with the Freedom of Information Act 1992. Should members of the public wish to access information and documents held by the Shire please access the annually updated Shire of Mingenew Information Statement located on the Shire website to guide you in this process.

The Shire did not receive any applications under the Freedom of Information Act 1982 in 2019/20.

Disability and Access Inclusion Plan

The Shire's Disability Access and Inclusion Plan (DAIP) 2019-2024, last reviewed in 2019, is a key strategic document that outlines the Shire's approach to working towards a more accessible and inclusive community. The DAIP ensures that services, facilities and information meet the needs of people with disability, their families and carers and supports an environment in which people with disability have the same opportunities, rights and responsibilities enjoyed by all other people in the community. Key strategies include:

- I. Ensuring that people with disability have the same opportunities as other people to access the services of, and any events organised by the Shire through consultation, policy development and improved services
- II. Ensuring that people with disability have the same opportunities as other people to access the buildings and other facilities of the Shire through improved planning and consultation during new and development works, including parking and access ways
- III. Ensuring people with a disability receive information in a format that will enable them to access information as readily as other people by having information available in alternative formats and continuously improving the Shire's website formatting

- IV. Ensuring people with disability receive the same level and quality of service from staff as other people through training, inductions and seeking advice from disability service providers
- V. Ensuring the Shire's grievance mechanisms are accessible for people with a disability
- VI. Ensuring people with disability have the same opportunity to participate in any public consultation through promotion of the DAIP and targeting affected community members on relevant matters
- VII. Using inclusive recruitment methods and practices to support people with disability in obtaining and maintaining employment with the Shire

The DAIP is monitored regularly and Progress Reports are provided to the Department of Communities.

Complaints Register

The Shire reports no complaints, as defined under s5.105 of the Act – 'Breaches by council members', for the period ending 30 June 2020. The complaints officer (CEO for the Shire of Mingenew) is required to maintain a register of complaints that result in a finding under s5.110(2)(a) that a minor breach has occurred. A copy of the Register is available on the Shire's website.

Public Disclosures

The Public Interest Disclosure Act 2013 (Commonwealth) aims to ensure openness and accountability in government. Disclosures are treated in confidence and persons making a disclosure are protected from detrimental action. The Chief Executive Officer is the appointed Public Interest Disclosure (PID) Officer for the Shire. During 2019/20 the Shire did not receive any disclosures.

Recordkeeping Plan

The Shire of Mingenew is committed to the reliable and systematic management of government records, in accordance with legislative requirements and best practice standards.

Council adopted the Shire's Recordkeeping Plan in 2015 and a formal review has been undertaken. A Recordkeeping Plan Review Report was submitted to the State Records Office in August 2020.

The Shire of Mingenew has commenced a review of its Recordkeeping Plan with a view to adopting a revised Plan by 20 August 2021. This review will include the development of strategies to address the appropriate capture of digital data and improve employee and elected member awareness of the Plan, associated procedures and statutory requirements. A review of employee and Councillor Induction programs are under review to ensure personnel are aware of their responsibilities with regard to recordkeeping.



Mingenew at sunset

National Competition Policy

The Federal and State governments have a Competition Principles Agreement in place, which is binding on local government.

The Agreement requires the Shire to carry out activities, including a report on those activities in each year's Annual Report. The three areas that affect local government are:

1. Competitive neutrality

To remove benefits (and costs) which accrue to government business as a result of their public ownership.

2. Structural reform

Local government is required to reform the structure of publicly owned monopoly businesses where it is proposed to introduce competition.

3. Legislation review

To review legislation that restricts competition.

Competitive Neutrality

There are several tests to apply that assist in determining if there is a 'significant business enterprise':

- Does the activity receive revenue from external sources that exceeds \$200,000 per annum? (In determining this amount, Council has been advised to disregard grant income, internal charges, and statutory fees.)
- Would the benefits to be realised from the implementation of competitive neutrality exceed the costs?

From an examination of the revenue statement of the Shire for the preceding period, there is no activity that satisfies this first part of the test, and accordingly the principles of competitive neutrality do not apply to any Shire of Mingenew activities.

Structural Reform

In this area, Council has no monopoly activities.

What is basic to the function of restructuring public monopolies is the splitting or division of the regulatory role from the service provision role.

To address the question of monopoly, the following test has been applied to each activity:

- Definition: In regard to this service, does Council have 'exclusive or near exclusive control of the market supply of this service?'
- Dual function: Does Council have both a regulatory and supply function in this area of activity?

Legislation Review

Council has a portfolio of local laws (previously known as by-laws) which may or may not conflict with the Competition Principles Agreement. These local laws will be reviewed to ensure compliance with the reporting requirements.

The Shire last conducted a review of its Local Laws in 2017 and is continuing to implement actions from this review.





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**SHIRE OF MINGENEW
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 Mingenew 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 Mingenew 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 9th day of December 2020



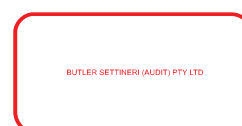
Nils Hay
Chief Executive Officer



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue				
Rates	26(a)	1,885,305	1,884,633	1,865,935
Operating grants, subsidies and contributions	2(a)	760,450	416,677	778,421
Fees and charges	2(a)	250,486	249,008	279,884
Interest earnings	2(a)	32,981	55,110	56,917
Other revenue	2(a)	635,543	603,800	598,943
		3,564,765	3,209,228	3,580,100
Expenses				
Employee costs		(1,197,569)	(1,116,088)	(1,027,186)
Materials and contracts		(1,032,941)	(1,055,756)	(824,287)
Utility charges		(110,991)	(124,697)	(113,687)
Depreciation on non-current assets	11(c)	(1,508,468)	(1,850,261)	(1,427,014)
Interest expenses	2(b)	(14,589)	(15,819)	(20,635)
Insurance expenses		(121,694)	(121,123)	(124,537)
Other expenditure		(658,012)	(637,652)	(652,741)
		(4,644,264)	(4,921,396)	(4,190,087)
		(1,079,499)	(1,712,168)	(609,987)
Non-operating grants, subsidies and contributions	2(a)	1,853,775	1,725,016	4,132,897
Profit on asset disposals	11(a)	763	12,000	48,551
Fair value adjustments to financial assets at fair value through profit or loss		0	0	52,543
		1,854,538	1,737,016	4,233,991
Net result for the period		775,039	24,848	3,624,004
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	(41,000)	0	0
Total other comprehensive income for the period		(41,000)	0	0
Total comprehensive income for the period		734,039	24,848	3,624,004

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



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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
Revenue	2(a)			
Governance		14,029	15,449	38,310
General purpose funding		2,576,681	2,228,683	2,539,182
Law, order, public safety		21,041	23,618	25,420
Health		144	371	461
Education and welfare		565	1,755	801
Housing		109,289	103,035	119,163
Community amenities		72,900	78,337	87,409
Recreation and culture		37,543	38,335	30,574
Transport		593,914	646,375	641,504
Economic services		25,286	9,945	15,517
Other property and services		113,373	63,325	81,759
		3,564,765	3,209,228	3,580,100
Expenses	2(b)			
Governance		(363,471)	(256,852)	(337,605)
General purpose funding		(87,997)	(90,742)	(92,654)
Law, order, public safety		(155,223)	(155,559)	(133,701)
Health		(95,069)	(113,300)	(124,942)
Education and welfare		(89,452)	(67,032)	(60,718)
Housing		(185,809)	(178,759)	(164,636)
Community amenities		(239,636)	(272,077)	(216,941)
Recreation and culture		(1,061,168)	(1,165,670)	(1,056,955)
Transport		(1,831,494)	(2,176,003)	(1,578,499)
Economic services		(393,706)	(369,934)	(322,574)
Other property and services		(126,650)	(59,649)	(80,227)
		(4,629,675)	(4,905,577)	(4,169,452)
Finance Costs	2(b)			
General purpose funding		0	0	(149)
Education and welfare		(1,631)	(2,500)	(2,809)
Housing		(4,699)	(5,469)	(8,123)
Recreation and culture		(1,565)	(2,300)	(2,696)
Transport		(3,982)	(5,550)	(6,858)
Other property and services		(2,712)	0	0
		(14,589)	(15,819)	(20,635)
		(1,079,499)	(1,712,168)	(609,987)
Non-operating grants, subsidies and contributions	2(a)	1,853,775	1,725,016	4,132,897
Profit on disposal of assets	11(a)	763	12,000	48,551
Fair value adjustments to financial assets at fair value through profit or loss		0	0	52,543
		1,854,538	1,737,016	4,233,991
Net result for the period		775,039	24,848	3,624,004
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	13	(41,000)	0	0
Total other comprehensive income for the period		(41,000)	0	0
Total comprehensive income for the period		734,039	24,848	3,624,004

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



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

	NOTE	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	3	1,088,447	1,508,858
Trade and other receivables	6	45,942	309,534
Inventories	7	0	40,394
Other assets	8	0	18,937
TOTAL CURRENT ASSETS		1,134,389	1,877,723
NON-CURRENT ASSETS			
Trade and other receivables	6	12,817	7,907
Other financial assets	5(a)	52,551	52,551
Inventories	7	0	35,000
Property, plant and equipment	9	9,601,039	10,586,256
Infrastructure	10	40,602,558	38,811,085
Right of use assets	12(a)	23,249	0
TOTAL NON-CURRENT ASSETS		50,292,214	49,492,799
TOTAL ASSETS		51,426,603	51,370,522
CURRENT LIABILITIES			
Trade and other payables	14	130,575	332,784
Contract liabilities	15	170,866	0
Lease liabilities	16(a)	9,331	0
Borrowings	17(a)	161,996	158,166
Employee related provisions	18	136,130	135,960
TOTAL CURRENT LIABILITIES		608,898	626,910
NON-CURRENT LIABILITIES			
Lease liabilities	16(a)	11,387	0
Borrowings	17(a)	165,918	327,910
Employee related provisions	18	13,199	4,816
TOTAL NON-CURRENT LIABILITIES		190,504	332,726
TOTAL LIABILITIES		799,402	959,636
NET ASSETS		50,627,201	50,410,886
EQUITY			
Retained surplus		32,003,933	31,665,138
Reserves - cash backed	4	427,011	308,491
Revaluation surplus	13	18,196,257	18,437,257
TOTAL EQUITY		50,627,201	50,410,886

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



BUTLER SETTNER (AUDIT) PTY LTD

SHIRE OF MINGENEW
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		27,943,297	406,325	18,437,257	46,786,882
Comprehensive income					
Net result for the period		3,624,004	0	0	3,624,004
Total comprehensive income		3,624,004	0	0	3,624,004
Transfers from reserves	4	120,646	(120,646)	0	0
Transfers to reserves	4	(22,812)	22,812	0	0
Balance as at 30 June 2019		31,665,138	308,491	18,437,257	50,410,886
Change in accounting policy	31(b)	(317,724)	0	(200,000)	(517,724)
Restated total equity at 1 July 2019		31,347,414	308,491	18,237,257	49,893,162
Comprehensive income					
Net result for the period		775,039	0	0	775,039
Other comprehensive income	13	0	0	(41,000)	(41,000)
Total comprehensive income		775,039	0	(41,000)	734,039
Transfers from reserves	4	83,000	(83,000)	0	0
Transfers to reserves	4	(201,520)	201,520	0	0
Balance as at 30 June 2020		32,003,933	427,011	18,196,257	50,627,201

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

BUTLER SETTNERI (AUDIT) PTY LTD

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		1,883,677	1,888,633	1,889,986
Operating grants, subsidies and contributions		955,344	416,677	783,692
Fees and charges		250,486	263,343	289,206
Interest received		32,981	55,110	56,917
Goods and services tax received		340,437	80,000	486,620
Other revenue		464,485	603,800	598,943
		3,927,410	3,307,563	4,105,364
Payments				
Employee costs		(1,178,915)	(1,183,481)	(1,076,627)
Materials and contracts		(1,158,762)	(1,209,620)	(776,195)
Utility charges		(110,991)	(124,697)	(113,687)
Interest expenses		(14,589)	(16,319)	(24,015)
Insurance paid		(121,694)	(121,123)	(124,537)
Goods and services tax paid		(242,979)	0	(569,854)
Other expenditure		(658,012)	(637,652)	(652,741)
		(3,485,942)	(3,292,892)	(3,337,656)
Net cash provided by (used in) operating activities	19	441,468	14,671	767,708
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	9(a)	(74,010)	(154,000)	(376,986)
Payments for construction of infrastructure	10(a)	(2,500,957)	(2,783,405)	(4,880,740)
Non-operating grants, subsidies and contributions	2(a)	1,853,775	1,904,618	3,953,295
Proceeds from sale of property, plant & equipment	11(a)	25,818	43,000	150,418
Net cash provided by (used in) investment activities		(695,374)	(989,787)	(1,154,013)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(158,162)	(158,164)	(154,427)
Payments for principal portion of lease liabilities	16(b)	(8,343)	0	0
Net cash provided by (used in) financing activities		(166,505)	(158,164)	(154,427)
Net increase (decrease) in cash held		(420,411)	(1,133,280)	(540,732)
Cash at beginning of year		1,508,858	1,488,358	2,034,227
Reclassification of trust fund to restricted cash		0	0	15,364
Cash and cash equivalents at the end of the year	19	1,088,447	355,078	1,508,858

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

BUTLER SETTINGER (AUDIT) PTY LTD

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

	NOTE	2020 Actual \$	2020 Budget \$	2019 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	27 (b)	849,271	1,206,733	1,498,911
		849,271	1,206,733	1,498,911
Revenue from operating activities (excluding rates)				
Governance		14,029	17,449	40,301
General purpose funding		729,639	382,316	710,833
Law, order, public safety		21,041	23,618	25,420
Health		144	371	461
Education and welfare		565	1,755	801
Housing		109,289	103,035	119,163
Community amenities		72,900	78,337	87,409
Recreation and culture		38,001	38,335	30,574
Transport		593,914	656,375	688,064
Economic services		25,286	9,945	15,517
Other property and services		113,678	63,325	134,302
		1,718,486	1,374,861	1,852,845
Expenditure from operating activities				
Governance		(363,471)	(256,852)	(337,605)
General purpose funding		(87,997)	(90,742)	(92,803)
Law, order, public safety		(155,223)	(155,559)	(133,701)
Health		(95,069)	(113,300)	(124,942)
Education and welfare		(91,083)	(69,532)	(63,527)
Housing		(190,508)	(184,228)	(172,759)
Community amenities		(239,636)	(272,077)	(216,941)
Recreation and culture		(1,062,733)	(1,167,970)	(1,059,651)
Transport		(1,835,476)	(2,181,553)	(1,585,357)
Economic services		(393,706)	(369,934)	(322,574)
Other property and services		(129,362)	(59,649)	(80,226)
		(4,644,264)	(4,921,396)	(4,190,086)
Non-cash amounts excluded from operating activities	27(a)	1,615,798	1,838,261	1,237,041
Amount attributable to operating activities		(460,709)	(501,541)	398,711
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	1,853,775	1,725,016	4,132,897
Proceeds from disposal of assets	11(a)	25,818	43,000	150,418
Purchase of property, plant and equipment	9(a)	(74,010)	(154,000)	(376,986)
Purchase and construction of infrastructure	10(a)	(2,500,957)	(2,783,405)	(4,880,740)
Amount attributable to investing activities		(695,374)	(1,169,389)	(974,411)
FINANCING ACTIVITIES				
Repayment of borrowings	17(b)	(158,162)	(158,164)	(154,427)
Payments for principal portion of lease liabilities	16(b)	(8,343)	0	0
Transfers to reserves (restricted assets)	4	(201,520)	(52,273)	(22,812)
Transfers from reserves (restricted assets)	4	83,000	35,000	120,646
Amount attributable to financing activities		(285,025)	(175,437)	(56,593)
Surplus/(deficit) before imposition of general rates		(1,441,108)	(1,846,367)	(632,293)
Total amount raised from general rates	26(a)	1,847,042	1,846,367	1,828,349
Surplus/(deficit) after imposition of general rates	27(b)	405,934	0	1,196,056

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

BUTLER SETTNER (AUDIT) PTY LTD

SHIRE OF MINGENEW
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FOR THE YEAR ENDED 30 JUNE 2020

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

1. BASIS OF PREPARATION

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

AMENDMENTS TO LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

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

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

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

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

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

SHIRE OF MINGENEW
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	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	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 funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations
Grants, subsidies or contributions with no contractual 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
Fees and charges - 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 of the licence, registration or approval
Fees and charges - 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
Fees and charges - other inspections	Regulatory food, health and safety	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Applied fully on timing of inspection	Not applicable	Revenue recognised after inspection event occurs
Fees and charges - waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Fees and charges - property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	Adopted by council annually	Based on timing of entry to facility	Returns limited to repayment of transaction	On entry or at conclusion of hire
Fees and charges for other goods and services	Cemetery services, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully on timing of provision	Not applicable	Output method based on provision of service or completion of works
Fees and charges - fines	Fines issued for breaches of local laws	Single point in time	Payment in full within defined time	None	Adopted by council through local law	When taxable event occurs	Not applicable	When fine notice is issued
Other revenue - commissions	Commissions on licencing	Over time	Payment in arrears for prior events	None	Set by mutual agreement with the customer	On receipt of funds	Not applicable	When assets are controlled
Other revenue - 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 MINGENEW
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			
Governance	0	12,859	21,357
General purpose funding	655,139	295,550	625,555
Law, order, public safety	19,468	19,868	23,450
Education and welfare	0	1,000	455
Housing	0	0	153
Community amenities	0	2,000	1,000
Recreation and culture	0	3,900	(2,245)
Transport	80,843	80,500	75,829
Economic services	0	1,000	5,420
Other property and services	5,000	0	27,447
	760,450	416,677	778,421
Non-operating grants, subsidies and contributions			
Community amenities	0	0	5,000
Recreation and culture	0	0	121,458
Transport	1,853,775	1,725,016	4,006,439
	1,853,775	1,725,016	4,132,897
Total grants, subsidies and contributions	2,614,225	2,141,693	4,911,318
Fees and charges			
Governance	673	120	9,373
General purpose funding	3,404	3,500	3,085
Law, order, public safety	1,376	3,500	1,817
Health	144	370	461
Education and welfare	446	756	183
Housing	98,461	93,235	116,455
Community amenities	72,900	75,887	75,696
Recreation and culture	34,058	34,375	32,731
Transport	8,079	12,000	11,746
Economic services	25,191	17,945	8,825
Other property and services	5,754	7,320	19,512
	250,486	249,008	279,884

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

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2020 Actual \$	2020 Budget \$	2019 Actual \$
Contracts with customers and transfers for recognisable non-financial assets			
Revenue from contracts with customers and transfers to enable the acquisition or construction of recognisable non-financial assets to be controlled by the Shire was recognised during the year for the following nature or types of goods or services:			
Operating grants, subsidies and contributions	760,450	416,677	778,421
Fees and charges	250,486	249,008	279,884
Other revenue	79,398	36,041	13,390
Non-operating grants, subsidies and contributions	1,853,775	1,725,016	4,132,897
	2,944,109	2,426,742	5,204,592
 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 from transfers to enable the acquisition or construction of recognisable non financial assets at the start of the period	317,724	0	0
Contracts from transfers to enable the acquisition or construction of recognisable non financial assets during the year	1,536,051	1,725,016	4,132,897
Other revenue from performance obligations satisfied during the year	760,450	416,677	778,421
Other revenue from contracts with customers recognised during the year	329,884	285,049	293,274
	2,944,109	2,426,742	5,204,592
 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	14,970	0	0
Contract liabilities from transfers for recognisable non financial assets	(170,866)	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 MINGENEW
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	1,848,085	1,847,402	1,829,384
Statutory permits and licences	4,037	9,030	13,270
Fines	91	800	0
	1,852,213	1,857,232	1,842,654
Other revenue			
Reimbursements and recoveries	54,513	17,759	36,440
Department of Transport licensing	501,632	550,000	549,113
Other	79,398	36,041	13,390
	635,543	603,800	598,943
Interest earnings			
Interest on reserve funds	5,214	9,860	12,812
Rates instalment and penalty interest (refer Note 26(b))	11,308	15,250	13,508
Other interest earnings	16,459	30,000	30,597
	32,981	55,110	56,917

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (continued)

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

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services

Interest expenses (finance costs)

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Borrowings	11,878	15,819	20,487
Interest expense other	0	0	148
Lease liabilities	2,711	0	0
	14,589	15,819	20,635
Other expenditure			
Impairment loss (gain) on trade and other receivables	(4,549)	0	3,536
Sundry expenses	662,561	637,652	649,205
	658,012	637,652	652,741

SHIRE OF MINGENEW
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		923,834	956,913
Term deposits		164,613	551,945
Total cash and cash equivalents		1,088,447	1,508,858
Restrictions			
requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		615,958	641,579
		615,958	641,579

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

Reserves - cash backed	4	427,011	308,491
Contract liabilities from transfers for recognisable non financial assets	15	170,866	0
Bonds and deposits held		18,081	15,364
Unspent grants, subsidies and contributions		0	317,724
Total restricted assets		615,958	641,579

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

4. RESERVES - CASH BACKED

- (a) Reserves cash backed - Land & Building Reserve
 (b) Reserves cash backed - Plant Reserve
 (c) Reserves cash backed - Recreation Reserve
 (d) Reserves cash backed - Employee Entitlement Reserve
 (e) Reserves cash backed - Aged Persons Units Reserve
 (f) Reserves cash backed - Environmental Reserve
 (g) Reserves cash backed - Industrial Area Development Reserve
 (h) Reserves cash backed - TRC/PONAB Building Reserve
 (i) Reserves cash backed - Insurance Reserve
 (j) Reserves cash backed - Economic Development & Marketing Reserve
 (k) Reserves cash backed - Covid-19 Emergency Reserve

	2020 Actual Opening Balance	2020 Actual Transfer to	2020 Actual (from)	2020 Budget Closing Balance	2020 Budget Transfer to	2020 Budget (from)	2020 Budget Closing Balance	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual (from)	2019 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Reserves cash backed - Land & Building Reserve	62,066	10,969	(43,000)	30,035		(5,000)	68,566	60,169	1,897	0	62,066
(b) Reserves cash backed - Plant Reserve	45,978	107,461	0	153,439		0	45,978	152,728	4,815	(111,565)	45,978
(c) Reserves cash backed - Recreation Reserve	12,900	168	(10,000)	3,068	60	0	12,960	2,811	10,089	0	12,900
(d) Reserves cash backed - Employee Entitlement Reserve	66,544	990	0	67,534	1,250	0	66,544	64,509	2,035	0	66,544
(e) Reserves cash backed - Aged Persons Units Reserve	12,444	226	0	12,670	500	0	12,944	20,868	657	(9,081)	12,444
(f) Reserves cash backed - Environmental Reserve	19,155	289	0	19,444	450	(10,000)	9,605	18,569	586	0	19,155
(g) Reserves cash backed - Industrial Area Development Reserve	5,626	98	0	5,724	125	0	5,751	5,454	172	0	5,626
(h) Reserves cash backed - TRC/PONAB Building Reserve	21,688	335	0	22,023	500	(10,000)	12,188	21,025	663	0	21,688
(i) Reserves cash backed - Insurance Reserve	42,171	671	(20,000)	22,842	1,100	0	43,271	40,882	1,289	0	42,171
(j) Reserves cash backed - Economic Development & Marketing Reserve	19,919	313	(10,000)	10,232	500	(10,000)	10,419	19,310	609	0	19,919
(k) Reserves cash backed - Covid-19 Emergency Reserve	0	80,000	0	80,000	0	0	0	0	0	0	0
	308,491	201,520	(83,000)	427,011	52,273	(35,000)	325,764	406,325	22,812	(120,646)	308,491

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) Reserves cash backed - Land & Building Reserve	Ongoing	To be used for the acquisition, construction and maintenance of land and buildings
(b) Reserves cash backed - Plant Reserve	Ongoing	To be used for the purchase of plant and equipment
(c) Reserves cash backed - Recreation Reserve	Ongoing	To be used for the improvement of the sportsground
(d) Reserves cash backed - Employee Entitlement Reserve	Ongoing	To be used to fund annual, sick and long service leave and accrued staff bonuses
(e) Reserves cash backed - Aged Persons Units Reserve	Ongoing	To be used for the funding of future operating shortfalls of the aged persons units in accordance with the Homeswest Joint Venture agreement
(f) Reserves cash backed - Environmental Reserve	Ongoing	To be used for the rehabilitation of sites such as gravel pits, refuse and contaminated sites
(g) Reserves cash backed - Industrial Area Development Reserve	Ongoing	To be used for the development of the industrial area
(h) Reserves cash backed - TRC/PONAB Building Reserve	Ongoing	To be used for the maintenance of the buildings
(i) Reserves cash backed - Insurance Reserve	Ongoing	To be used for the settlement of minor property expenses under \$5,000 that would otherwise be insurance claims
(j) Reserves cash backed - Economic Development & Marketing Reserve	Ongoing	To be used for economic development and marketing of the Shire of Mingenew
(k) Reserves cash backed - Covid-19 Emergency Reserve	As needed	To be used for emergency relief to impacted staff and the hire or purchase of critical equipment

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

5. OTHER FINANCIAL ASSETS

(a) Non-current assets

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss

Units in Local Government House Trust

2020	2019
\$	\$
52,551	52,551
52,551	52,551
52,551	52,551
52,551	52,551

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

Impairment and risk

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

SHIRE OF MINGENEW
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	
Allowance for impairment of receivables	

Non-current

Pensioner's rates and ESL deferred	
------------------------------------	--

2020	2019
\$	\$
27,369	22,809
14,970	190,213
4,175	101,633
(572)	(5,121)
45,942	309,534
12,817	7,907
12,817	7,907

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 28.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

Movement of allowance for impairment of receivables

Opening balance	
Additions	
Write off	
Reversal	
Closing Balance	

2020	2019
\$	\$
5,121	1,585
0	6,352
(905)	(1,231)
(3,644)	(1,585)
572	5,121

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

7. INVENTORIES

Current

Land held for resale - cost - Lot 1 and Lot 4 Eleanor Street
Cost of acquisition

Non-current

Land held for resale - cost - Lot 7 Ernest Street
Cost of acquisition

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Carrying amount at end of period

2020	2019
\$	\$
0	40,394
0	40,394
0	35,000
0	35,000
75,394	78,459
(75,394)	(3,065)
0	75,394

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Land held for resale

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

Land held for resale (Continued)

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

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

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

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

8. OTHER ASSETS

Other assets - current

Prepayments

2020	2019
\$	\$
0	18,937
0	18,937

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

Non-current assets held for sale

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

Non-current assets held for sale (Continued)

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

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

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

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land	Land - 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	Bushfire equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	1,101,757	200,000	1,301,757	205,018	8,017,508	8,222,526	9,524,283	13,516	1,197,630	367,697	11,103,126
Additions	0	0	0	0	0	0	0	0	376,986	0	376,986
(Disposals)	0	0	0	0	0	0	0	0	(101,867)	0	(101,867)
Depreciation (expense)	0	0	0	(45,946)	(518,414)	(564,360)	(564,360)	(4,311)	(178,218)	(45,100)	(791,989)
Carrying amount at 30 June 2019	1,101,757	200,000	1,301,757	159,072	7,499,094	7,658,166	8,959,923	9,205	1,294,531	322,597	10,586,256
Comprises:											
Gross carrying amount at 30 June 2019	1,101,757	200,000	1,301,757	231,303	8,523,258	8,754,561	10,056,318	22,138	1,663,834	457,898	12,200,188
Accumulated depreciation at 30 June 2019	0	0	0	(72,231)	(1,024,164)	(1,096,395)	(1,096,395)	(12,933)	(369,303)	(135,301)	(1,613,932)
Carrying amount at 30 June 2019	1,101,757	200,000	1,301,757	159,072	7,499,094	7,658,166	8,959,923	9,205	1,294,531	322,597	10,586,256
Change in accounting policy - Note 31	0	(200,000)	(200,000)	0	0	0	(200,000)	0	0	0	(200,000)
Restated amount at 1 July 2019	1,101,757	0	1,101,757	159,072	7,499,094	7,658,166	8,759,923	9,205	1,294,531	322,597	10,386,256
Additions	0	0	0	0	0	0	0	0	74,010	0	74,010
(Disposals)	0	0	0	0	0	0	0	0	(25,055)	0	(25,055)
Revaluation increments / (decrements) transferred to revaluation surplus	(41,000)	0	(41,000)	0	0	0	(41,000)	0	0	0	(41,000)
Depreciation (expense)	0	0	0	(354,616)	(197,767)	(552,383)	(552,383)	(4,311)	(191,379)	(45,099)	(793,172)
Transfers	(328,257)	0	(328,257)	5,576,100	(5,247,843)	328,257	0	0	0	0	0
Carrying amount at 30 June 2020	732,500	0	732,500	5,380,556	2,053,484	7,434,040	8,166,540	4,894	1,152,107	277,498	9,601,039
Comprises:											
Gross carrying amount at 30 June 2020	732,500	0	732,500	6,436,033	2,646,784	9,082,817	9,815,317	13,637	1,690,497	457,898	11,977,349
Accumulated depreciation at 30 June 2020	0	0	0	(1,055,477)	(593,300)	(1,648,777)	(1,648,777)	(8,743)	(538,390)	(180,400)	(2,376,310)
Carrying amount at 30 June 2020	732,500	0	732,500	5,380,556	2,053,484	7,434,040	8,166,540	4,894	1,152,107	277,498	9,601,039

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

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land and buildings					
Land - freehold land	2	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2017	Price per hectare.
Land - vested in and under the control of Council	3	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2017	Market data/improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
Buildings - non-specialised	2	Market approach using recent observable market data for similar properties	Independent registered valuer	June 2017	Market data/improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2017	Market data/improvements to land using construction costs and current condition (level 2), residual values and remaining useful life assessments (level 3) inputs.
Furniture and equipment	2	Market approach using recent observable market data for similar properties	Management Valuation	June 2016	Market data/costs and current condition (level 2), residual values and remaining useful life assessments.
Plant and equipment	2	Market approach using recent observable market data for similar properties	Management Valuation	June 2016	Market data/costs and current condition (level 2), residual values and remaining useful life assessments.
Bushfire equipment	2	Market approach using recent observable market data for similar properties	Management Valuation	June 2016	Market data/costs and current condition (level 2), 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 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 MINGENNEW
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

10. INFRASTRUCTURE

(a) Movements in Carrying Amounts

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

	Infrastructure - roads	Infrastructure - footpaths	Infrastructure - airfield	Infrastructure - drainage	Infrastructure - bridges	Infrastructure - recreation areas	Other infrastructure	Total infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	28,950,069	253,990	74,844	138,219	3,195,583	1,563,186	389,479	34,565,370
Additions	4,046,472	0	0	0	561,334	248,547	24,387	4,880,740
Depreciation (expense)	(406,707)	(6,436)	(9,072)	(1,728)	(64,834)	(135,823)	(10,425)	(635,025)
Carrying amount at 30 June 2019	32,589,834	247,554	65,772	136,491	3,692,083	1,675,910	403,441	38,811,085
Comprises:								
Gross carrying amount at 30 June 2019	32,996,541	253,990	147,420	138,219	3,756,917	1,944,648	424,292	39,662,027
Accumulated depreciation at 30 June 2019	(406,707)	(6,436)	(81,648)	(1,728)	(64,834)	(268,738)	(20,851)	(850,942)
Carrying amount at 30 June 2019	32,589,834	247,554	65,772	136,491	3,692,083	1,675,910	403,441	38,811,085
Additions	2,499,583	0	0	0	0	0	1,374	2,500,957
Depreciation (expense)	(445,837)	(6,437)	(9,072)	(1,727)	(75,139)	(160,846)	(10,426)	(709,484)
Carrying amount at 30 June 2020	34,643,580	241,117	56,700	134,764	3,616,944	1,515,064	394,389	40,602,558
Comprises:								
Gross carrying amount at 30 June 2020	35,496,123	253,989	147,420	138,219	3,756,917	1,944,648	425,666	42,162,982
Accumulated depreciation at 30 June 2020	(852,543)	(12,872)	(90,720)	(3,455)	(139,973)	(429,584)	(31,277)	(1,560,424)
Carrying amount at 30 June 2020	34,643,580	241,117	56,700	134,764	3,616,944	1,515,064	394,389	40,602,558

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

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - roads	3	Depreciated Cost	Independent specialist valuer	June 2018	Depreciated cost value of similar assets adjusted for condition and comparability.
Infrastructure - footpaths	3	Depreciated Cost	Independent specialist valuer	June 2018	Depreciated cost value of similar assets adjusted for condition and comparability.
Infrastructure - airfield	3	Depreciated Cost	Independent specialist valuer	June 2018	Depreciated cost value of similar assets adjusted for condition and comparability.
Infrastructure - drainage	3	Depreciated Cost	Independent specialist valuer	June 2018	Depreciated cost value of similar assets adjusted for condition and comparability.
Infrastructure - bridges	3	Depreciated Cost	Independent specialist valuer	June 2018	Depreciated cost value of similar assets adjusted for condition and comparability.
Infrastructure - recreation areas	3	Depreciated Cost	Independent specialist valuer	June 2017	Depreciated cost value of similar assets adjusted for condition and comparability.
Other infrastructure	3	Depreciated Cost	Independent specialist valuer	June 2017	Depreciated cost value of similar assets adjusted for condition and comparability.

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

11. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

Items of plant and equipment are subsequently measured using the cost model.

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

Revaluation

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

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

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

AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY

Land under control prior to 1 July 2019

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

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

Land under roads prior to 1 July 2019

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

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

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

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

Land under roads from 1 July 2019

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

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

Vested improvements from 1 July 2019

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

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

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

11. FIXED ASSETS

(a) Disposals of Assets

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss	2020 Budget Net Book Value	2020 Budget Sale Proceeds	2020 Budget Profit	2020 Budget Loss	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
Plant and equipment	\$ 25,055	\$ 25,818	\$ 763	\$ 0	\$ 31,000	\$ 43,000	\$ 12,000	\$ 0	\$ 101,867	\$ 150,418	\$ 48,551	\$ 0
	25,055	25,818	763	0	31,000	43,000	12,000	0	101,867	150,418	48,551	0

The following assets were disposed of during the year.

	2020 Actual Net Book Value	2020 Actual Sale Proceeds	2020 Actual Profit	2020 Actual Loss
Plant and Equipment				
Recreation and culture				
Ride on Mower	3,542	4,000	458	0
Other property and services				
Executive Vehicle	21,513	21,818	305	0
	25,055	25,818	763	0
	25,055	25,818	763	0

(b) Fully Depreciated Assets in Use

The gross carrying value of assets held by the Shire which are currently in use yet fully depreciated are shown in the table below.

	2020	2019
	\$	\$
Infrastructure - airfield	90,720	0
Infrastructure - recreation areas	6,300	0
	97,020	0

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11. FIXED ASSETS

(c) Depreciation

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Buildings - non-specialised	354,616	0	45,946
Buildings - specialised	197,767	572,212	518,414
Furniture and equipment	4,311	15,000	4,311
Plant and equipment	191,379	190,923	178,218
Bushfire equipment	45,099	47,403	45,100
Infrastructure - roads	445,837	700,000	406,707
Infrastructure - footpaths	6,437	17,791	6,436
Infrastructure - airfield	9,072	9,072	9,072
Infrastructure - drainage	1,727	2,615	1,728
Infrastructure - bridges	75,139	136,245	64,834
Infrastructure - recreation areas	160,846	143,000	135,823
Other infrastructure	10,426	16,000	10,425
Right of use assets - furniture and equipment	5,812	0	0
	1,508,468	1,850,261	1,427,014

Revision of useful lives of plant and equipment

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

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

Airfield	10 years
Bridges	50 years
Recreation areas	6 to 50 years
Other	6 to 50 years
Right of use (furniture 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.

Amortisation

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

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

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

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

12. RIGHT OF USE ASSETS

(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 - furniture and equipment	Right of use assets Total
	\$	
Carrying amount at 30 June 2019	0	0
Recognised on initial application of AASB 16	29,061	29,061
Restated total equity at the beginning of the financial year	29,061	29,061
Depreciation (expense)	(5,812)	(5,812)
Carrying amount at 30 June 2020	23,249	23,249
Cash outflow from leases		
Interest expense on lease liabilities	2,711	2,711
Lease principal expense	8,343	8,343
Total cash outflow from leases	11,054	11,054

The Shire has 2 leases relating to furniture and equipment. The lease term ranges from 3 to 5 years.

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

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

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

Right-of-use assets - valuation

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

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

Right-of-use assets - depreciation

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

SHIRE OF MINGENEW
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13. REVALUATION SURPLUS

	2020 Opening Balance	2020 Change in Accounting Policy Note 31	2020 Restated Opening Balance	2020 Revaluation Increment	2020 Revaluation (Decrement)	2020 Total Movement on Revaluation	2020 Closing Balance	2019 Opening Balance	2019 Revaluation Increment	2019 Revaluation (Decrement)	2019 Total Movement on Revaluation	2019 Closing Balance
Revaluation surplus - Land - freehold land	\$ 963,119		963,119				922,119	\$ 963,119				\$ 963,119
Revaluation surplus - Land - vested in and under the control of Council	200,000	(200,000)	0	0	(41,000)	(41,000)	0	200,000	0	0	0	200,000
Revaluation surplus - Buildings - non-specialised	3,778,002	0	3,778,002	0	0	0	3,778,002	3,778,002	0	0	0	3,778,002
Revaluation surplus - Buildings - specialised	1,663,917	0	1,663,917	0	0	0	1,663,917	1,663,917	0	0	0	1,663,917
Revaluation surplus - Plant and equipment	232,384	0	232,384	0	0	0	232,384	232,384	0	0	0	232,384
Revaluation surplus - Bushfire equipment	40,733	0	40,733	0	0	0	40,733	40,733	0	0	0	40,733
Revaluation surplus - Infrastructure - roads	8,613,990	0	8,613,990	0	0	0	8,613,990	8,613,990	0	0	0	8,613,990
Revaluation surplus - Infrastructure - footpaths	169,780	0	169,780	0	0	0	169,780	169,780	0	0	0	169,780
Revaluation surplus - Infrastructure - airfield	102,060	0	102,060	0	0	0	102,060	102,060	0	0	0	102,060
Revaluation surplus - Infrastructure - drainage	768,269	0	768,269	0	0	0	768,269	768,269	0	0	0	768,269
Revaluation surplus - Infrastructure - bridges	1,487,183	0	1,487,183	0	0	0	1,487,183	1,487,183	0	0	0	1,487,183
Revaluation surplus - Infrastructure - recreation areas	344,620	0	344,620	0	0	0	344,620	344,620	0	0	0	344,620
Revaluation surplus - Other infrastructure	73,200	0	73,200	0	0	0	73,200	73,200	0	0	0	73,200
	18,437,257	(200,000)	18,237,257	0	(41,000)	(41,000)	18,196,257	18,437,257	0	0	0	18,437,257

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 MINGENEW
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14. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Prepaid rates
Accrued salaries and wages
ATO liabilities
Bonds and deposits held
Rates received in advance
Income received in advance

	2020	2019
	\$	\$
Sundry creditors	13,771	231,780
Prepaid rates	7,845	0
Accrued salaries and wages	29,923	21,789
ATO liabilities	59,203	57,239
Bonds and deposits held	18,888	15,364
Rates received in advance	0	6,612
Income received in advance	945	0
	130,575	332,784

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

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

Prepaid rates

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

SHIRE OF MINGENEW
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15. CONTRACT LIABILITIES

Current

Contract liabilities from transfers for recognisable non financial assets

2020	2019
\$	\$
170,866	0
170,866	0

Performance obligations from transfers for recognisable non financial assets are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

170,866
170,866

SIGNIFICANT ACCOUNTING POLICIES

Contract Liabilities

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

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

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

16. LEASE LIABILITIES

(b) Movements in Carrying AmountsShire of Mingenew Annual Report 2018/2019

SHIRE OF MINGENEW
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FOR THE YEAR ENDED 30 JUNE 2020

17. INFORMATION ON BORROWINGS

	2020		2019	
	\$		\$	
Current	161,996		158,166	
Non-current	165,918		327,910	
	327,914		486,076	

(b) Repayments - Borrowings

Particulars		30 June 2020				30 June 2020				30 June 2020				30 June 2020				30 June 2019				30 June 2019			
		Actual		Interest		Actual		Interest		Actual		Interest		Actual		Interest		Actual		Interest					
		Principal	outstanding	Principal	repayments	Principal	outstanding	Principal	repayments	Principal	outstanding	Principal	repayments	Principal	outstanding	Principal	repayments	Principal	outstanding	Principal	repayments				
Loan Number	Institution	1 July 2019	\$	1 July 2019	\$	1 July 2019	\$	1 July 2019	\$	1 July 2019	\$	1 July 2019	\$	1 July 2019	\$	1 July 2019	\$	1 July 2018	\$	1 July 2018	\$	1 July 2018	\$		
Education and welfare	137	WATC *	60,896	21,685	1,631	39,211	21,685	66,645	21,685	2,500	44,960	82,065	21,169	2,809	60,896										
	Housing	133	WATC *	42,190	13,817	1,039	28,373	42,464	13,817	1,157	28,647	55,678	13,488	1,790	42,190										
		134	WATC *	31,804	10,525	792	21,279	32,348	10,525	1,100	21,823	42,079	10,275	1,363	31,804										
		136	WATC *	71,307	26,248	1,974	45,059	80,671	26,248	2,198	54,423	96,930	25,623	3,400	71,307										
		142	WATC *	39,543	12,121	895	27,422	37,228	12,121	1,014	25,107	51,401	11,858	1,570	39,543										
Recreation and culture	138	WATC *	61,059	20,817	1,565	40,242	63,979	20,817	2,300	43,162	81,381	20,322	2,696	61,059											
	Transport	139	WATC *	17,347	5,103	384	12,244	15,683	5,103	550	10,580	22,329	4,982	661	17,347										
		141	WATC *	58,019	17,719	1,332	40,300	54,457	17,719	1,800	36,738	75,316	17,297	2,295	58,019										
		144	WATC *	39,568	12,121	912	27,447	37,253	12,121	1,200	25,132	51,401	11,833	1,570	39,568										
		145	WATC *	64,343	18,006	1,354	46,337	55,346	18,006	2,000	37,336	81,923	17,580	2,333	64,343										
		486,076	158,162	11,878	327,914	486,074	158,164	15,819	327,910	640,503	154,427	20,487	486,076												

* WA Treasury Corporation

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17. INFORMATION ON BORROWINGS (Continued)

	2020	2019
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	500,000	500,000
Bank overdraft at balance date	0	0
Credit card limit	14,500	14,500
Credit card balance at balance date	(2,608)	(1,131)
Total amount of credit unused	511,892	513,369
Loan facilities		
Loan facilities - current	161,996	158,166
Loan facilities - non-current	165,918	327,910
Lease liabilities - current	9,331	0
Lease liabilities - non-current	11,387	0
Total facilities in use at balance date	348,632	486,076
Unused loan facilities at balance date	0	0

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

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

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18. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2019			
Current provisions	74,656	61,304	135,960
Non-current provisions	0	4,816	4,816
	74,656	66,120	140,776
 Additional provision	 17,111	 8,071	 25,182
Amounts used	0	(16,629)	(16,629)
Balance at 30 June 2020	91,767	57,562	149,329
 Comprises			
Current	91,767	44,363	136,130
Non-current	0	13,199	13,199
	91,767	57,562	149,329
 Amounts are expected to be settled on the following basis:	2020	2019	
	\$	\$	
Less than 12 months after the reporting date	108,662	135,960	
More than 12 months from reporting date	40,667	4,816	
Expected reimbursements from other WA local governments	0	0	
	149,329	140,776	

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

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

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

Provisions

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

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

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19. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Cash and cash equivalents	1,088,447	355,078	1,508,858
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	775,039	24,848	3,624,004
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	0	0	(52,543)
Depreciation on non-current assets	1,508,468	1,850,261	1,427,014
(Profit)/loss on sale of asset	(763)	(12,000)	(48,551)
Changes in assets and liabilities:			
(Increase)/decrease in receivables	258,682	277,937	(224,192)
(Increase)/decrease in other assets	18,937	0	(18,937)
(Increase)/decrease in inventories	75,394	0	3,065
Increase/(decrease) in payables	(202,209)	(154,364)	100,183
Increase/(decrease) in provisions	8,553	(67,393)	(89,040)
Increase/(decrease) in contract liabilities	(146,858)	0	0
Non-operating grants, subsidies and contributions	(1,853,775)	(1,904,618)	(3,953,295)
Net cash from operating activities	441,468	14,671	767,708

SHIRE OF MINGENEW
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20. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2020	2019
	\$	\$
Governance	52,551	897,882
General purpose funding	644,083	1,202,920
Law, order, public safety	326,628	373,684
Health	72	0
Education and welfare	694,708	716,152
Housing	2,821,643	2,926,716
Community amenities	465,207	495,196
Recreation and culture	4,079,372	4,809,481
Transport	40,357,487	38,712,604
Economic services	1,141,084	975,369
Other property and services	843,768	260,518
	51,426,603	51,370,522

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

21. CAPITAL AND LEASING COMMITMENTS

(a) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects

	2020	2019
	\$	\$
	0	142,798
	0	142,798
	0	142,798

Payable:

- not later than one year

The capital expenditure project outstanding at the end of 2018/19 financial year represents the bitumen expenditure on Mingenew-Mullewa Road.

(b) Operating Lease Commitments

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

Payable:

- not later than one year

- later than one year but not later than five years

	2020	2019
	\$	\$
	0	8,343
	0	20,718
	0	29,061

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22. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2020 Actual	2020 Budget	2019 Actual
	\$	\$	\$
Meeting fees	28,967	28,968	27,760
President's allowance	7,348	7,348	7,285
Deputy President's allowance	1,836	1,836	1,824
Travelling expenses	0	1,500	0
	38,151	39,652	36,869

Key Management Personnel (KMP) Compensation Disclosure

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

	2020 Actual	2019 Actual
	\$	\$
Short-term employee benefits	405,522	462,960
Post-employment benefits	45,034	53,593
Other long-term benefits	24,192	2,452
Termination benefits	1,174	1,721
	475,922	520,726

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 annual leave and long service leave benefits accruing during the year.

Termination benefits

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

SHIRE OF MINGENEW
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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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	\$ 14,340	\$ 20,226
Amounts outstanding from related parties:		
Trade and other receivables	1,625	1,268
Amounts payable to related parties:		
Trade and other payables	0	110

Related Parties

The Shire's main related parties are as follows:

i. Key management personnel

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

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

ii. Other Related Parties

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

iii. Entities subject to significant influence by the Shire

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

23. JOINT ARRANGEMENTS

SIGNIFICANT ACCOUNTING POLICIES

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.

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 MINGENEW
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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24. MAJOR LAND TRANSACTIONS

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

25. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

No Trading Undertakings and Major Trading Undertakings were undertaken in the 2019/20 Financial Year.

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

26. RATING INFORMATION

(a) Rates

RATE TYPE
Differential general rate / general rate

RATE TYPE		Differential general rate / general rate																	
Rate in \$	Number of Properties	2019/20		2019/20		2019/20		2019/20		2019/20		2019/20		2019/20		2019/20		2018/19	
		Actual Value	Rateable Value	Actual Rate	Actual Revenue	Interim Rates	Actual Rates	Actual Rates	Actual Rates	Interim Rates	Budget Rate	Budget Rate	Interim Rates	Budget Rate	Budget Rate	Interim Rates	Budget Rate	Actual Revenue	Total Revenue
Gross rental valuations																			
0.15028	127	1,120,756		168,424	1,150		(65)									168,423	0	168,423	167,618
0.15028	2	13,884		2,086	0		0									2,086	0	2,086	2,069
0.15028	14	346,632		52,090	0		0									52,090	0	52,090	52,467
0.15028	1	12,480		1,875	0		0									1,875	0	1,875	2,058
Unimproved valuations																			
0.01292	114	118,792,000		1,534,199	0		0									1,534,199	0	1,534,199	1,517,500
Sub-Total		258	120,285,752		1,758,674	1,150	(65)									1,758,673	0	1,758,673	1,741,712
Minimum payment																			
Gross rental valuations																			
707	67	27,780		47,369	0		0									47,369	0	47,369	45,965
707	0	0		0	0		0									0	0	0	0
707	9	620		6,363	0		0									6,363	0	6,363	6,300
707	3	2,786		2,121	0		0									2,121	0	2,121	1,400
Unimproved valuations																			
1060.50	31	702,148		32,876	(403)		0									32,876	0	32,876	34,007
Sub-Total		110	733,334		88,729	(403)	0									88,729	0	88,729	87,672
Total amount raised from general rate																			
Concessions (Note 26(b))		368	121,019,086		1,847,403	747	(65)									1,847,402	0	1,847,402	1,829,384
Ex-gratia rates																			
Totals																			

SIGNIFICANT ACCOUNTING POLICIES

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

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26. RATING INFORMATION (Continued)

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

Waivers or Concessions

Rate or Fee and Charge to which the Waiver or Concession Is Granted	Type	Discount %	Discount \$	2020 Actual \$	2020 Budget \$	2019 Actual \$
Yandanookda Townsite	Concession	50.00%	1,035	1,043	1,035	1,035
Total discounts/concessions (Note 26(a))				1,043	1,035	1,035

Rate or Fee and Charge to which the Waiver or Concession Is Granted	Circumstances in which the Waiver or Concession is Granted and to whom it was available	Objects of the Waiver or Concession	Reasons for the Waiver or Concession
Yandanookda Townsite	GRV properties in Yandanooka townsite	Assist Yandanooka property owners	Recognise the reduced level of services provided to these ratepayers

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NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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26. 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	30/08/2019	0.00	0.00%	11.00%
Option Two				
First instalment	30/08/2019	0.00	5.50%	11.00%
Second instalment	29/10/2019	15.00	5.50%	11.00%
Option Three				
First instalment	30/08/2019	0.00	5.50%	11.00%
Second instalment	29/10/2019	15.00	5.50%	11.00%
Third instalment	17/01/2020	15.00	5.50%	11.00%
Fourth instalment	16/03/2020	15.00	5.50%	11.00%

	2020 Actual \$	2020 Budget \$	2019 Actual \$
Interest on unpaid rates	11,308	15,250	13,508
Charges on instalment plan	2,748	3,000	2,625
	14,056	18,250	16,133

As a result of the state of emergency which has arisen due to the COVID-19 pandemic, the Shire froze penalty interest on rates from 1 April 2020 until 30 June 2020.

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

27. RATE SETTING STATEMENT INFORMATION

Note	2019/20			
	2019/20 (30 June 2020 Carried Forward)	Budget (30 June 2020 Carried Forward)	2019/20 (1 July 2019 Brought Forward)	2018/19 (30 June 2019 Carried Forward)
	\$	\$	\$	\$
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	11(a)	(763)	(12,000)	(48,551)
Less: Non-cash grants and contributions for assets		29,226	0	0
Less: Fair value adjustments to financial assets at fair value through profit and loss		0	0	(52,543)
Movement in pensioner deferred rates (non-current)		(4,910)	0	161
Movement in employee benefit provisions (non-current)		8,383	0	(89,040)
Movement of inventory (current and non-current)		75,394	0	0
Add: Depreciation on non-current assets	11(c)	1,508,468	1,850,261	1,427,014
Non cash amounts excluded from operating activities		1,615,798	1,237,041	1,237,041
(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	(427,011)	(325,763)	(308,491)
Less: Current assets not expected to be received at end of year				
- Land held for resale	7	0	(40,394)	(40,394)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings	17(a)	161,996	161,997	158,166
- Current portion of lease liabilities	16(a)	9,331	0	0
- Employee benefit provisions	18	136,130	135,959	135,961
Total adjustments to net current assets		(119,554)	(54,758)	(54,758)
Net current assets used in the Rate Setting Statement				
Total current assets		1,134,389	452,571	1,877,723
Less: Total current liabilities		(608,901)	(384,370)	(973,694)
Less: Total adjustments to net current assets		(119,554)	(54,758)	(54,758)
Net current assets used in the Rate Setting Statement		405,934	849,271	1,196,056
(c) Adjustments to current assets and liabilities at 1 July 2019 on application of new accounting standards				
Total current assets at 30 June 2019				1,877,723
- Contract assets	30(a)			0
Total current assets at 1 July 2019				1,877,723
Total current liabilities at 30 June 2019				(626,909)
- Contract liabilities from contracts with customers	30(a)			(317,724)
- Lease liabilities	30(c)			(29,061)
Total current liabilities at 1 July 2019				(973,694)

SHIRE OF MINGENEW
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28. FINANCIAL RISK MANAGEMENT

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

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

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

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

(a) Interest rate risk

Cash and cash equivalents

The Shire's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Shire to cash flow interest rate risk.

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	0.76%	1,088,447	591,625	496,822	0
2019					
Cash and cash equivalents	1.68%	1,508,858	860,436	648,422	0

Sensitivity

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

	2020 \$	2019 \$
Impact of a 1% movement in interest rates on profit and loss and equity*	4,967	6,484

* Holding all other variables constant

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The Shire manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Shire does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 17(b).

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28. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

The Shire's major receivables comprise rates annual charges and user fees and charges. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Shire manages this risk by monitoring outstanding debt and employing debt recovery policies.

Credit risk on rates and annual charges is minimised by the ability of the Shire to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. Whilst the Shire was historically able to charge interest on overdue rates and annual charges at higher than market rates, which further encourage payment, the effect of COVID-19 needs to be considered. Financial assistance provided to ratepayers is expected to affect the Shire's cash flows.

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. Re-negotiation of repayment terms is expected due to the COVID-19 pandemic.

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2020					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	19,112	3,497	10,306	7,270	40,185
Loss allowance	0	0	0	0	0

30 June 2019

Rates receivable					
Expected credit loss	0%	0%	0%	0%	
Gross carrying amount	3,676	10,896	8,067	8,076	30,715
Loss allowance	0	0	0	0	0

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2020					
Trade and other receivables					
Expected credit loss	5.01%	0.00%	0.00%	0.00%	
Gross carrying amount	11,418	0	0	3,552	14,970
Loss allowance	572	0	0	0	572

30 June 2019

Trade and other receivables					
Expected credit loss	0.52%	0.56%	91.91%	50.95%	
Gross carrying amount	182,521	1,076	1,941	4,675	190,213
Loss allowance	949	6	1,784	2,382	5,121

28. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk - that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Shire manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 17(c).

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

	Due within 1 year	Due between 1 & 5 years	Due after 5 years	Total contractual cash flows	Carrying values
	\$	\$	\$	\$	\$
2020					
Payables	71,372	0	0	71,372	71,372
Borrowings	168,414	168,414	0	336,828	327,914
Lease liabilities	9,331	11,387	0	20,718	20,718
	249,117	179,801	0	428,918	420,004
2019					
Payables	275,545	0	0	275,545	275,545
Borrowings	168,414	336,828	0	505,242	486,076
	443,959	336,828	0	780,787	761,621

29. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

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 and are required to be applied retrospectively with cumulative effect from 1 July 2019.

SHIRE OF MINGENEW
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30. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

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

(a) AASB 15: Revenue from Contracts with Customers

The Shire adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions AASB 15, the Shire adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. The adoption of AASB 15 does not have a material impact on the financial statements of the Shire.

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

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

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019 changes occurred to the following financial statement line items by application of AASB 1058 as compared to AASB 118: Revenue and AASB 1004: Contributions before the change:

		AASB 118 and AASB 1004 carrying amount		AASB 1058 carrying amount
	Note	30 June 2019	Adjustment	01 July 2019
		\$	\$	\$
Contract liabilities - current				
Contract liabilities from transfers for recognisable non financial assets	2(a)	0	(317,724)	(317,724)
Adjustment to retained surplus from adoption of AASB 1058	31(b)		(317,724)	

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30. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

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

		2020 \$		2020 \$
	Note	As reported under AASB 15 and AASB 1058	Adjustment due to application of AASB 15 and AASB 1058	Compared to AASB 118 and AASB 1004
Statement of Comprehensive Income				
Revenue				
Rates	26(a)	1,885,305	7,845	1,893,150
Operating grants, subsidies and contributions	2(a)	760,450	170,866	931,316
Fees and charges	2(a)	250,486	0	250,486
Non-operating grants, subsidies and contributions	2(a)	1,853,775	0	1,853,775
Net result		775,039	178,711	953,750
Statement of Financial Position				
Trade and other payables	14	130,575	(7,845)	122,730
Contract liabilities	15	170,866	(170,866)	0
Net assets		50,627,201	178,711	50,805,912
Statement of Changes in Equity				
Net result		775,039	178,711	953,750
Retained surplus		32,003,933	178,711	32,182,644

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

(c) AASB 16: Leases

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

On adoption of AASB 16, the Shire recognised lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117 (excluding short term and low value leases). These lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 2.4%.

	Note	2020 \$
Operating lease commitments at 30 June 2019 applying AAS 117		35,643
Discount applied using incremental borrowing rate		(6,582)
Lease liability recognised as 1 July 2019 discounted using the Shire's incremental borrowing rate of 2.4%	16(b)	29,061
Lease liability - current		9,105
Lease liability - non-current		19,956
Right-of-use assets recognised at 1 July 2019		29,061

On adoption of AASB 16, the Shire recognised a right-of-use asset in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. This right-of-use asset is deemed to be equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments.

Property, plant and equipment and lease liabilities increased by \$29,061 on 1 July 2019 resulting in no impact on retained surplus.

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

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

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

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

(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			31,665,138
Adjustment to retained surplus from adoption of AASB 1058	30(b)	(317,724)	(317,724)
Retained surplus - 1 July 2019			31,347,414

31. CHANGE IN ACCOUNTING POLICIES

(a) Change in Accounting Policies due to regulation changes

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

In accordance with the changes, the Shire was required to remove the values attributable to certain crown land assets previously required to be recognised, as well as the associated revaluation surplus at 1 July 2019. These assets have been measured as concessionary lease right-of-use assets at zero cost in accordance with AASB 16. For further details relating to these changes, refer to Note 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 \$	Adjustment \$	Carrying amount 01 July 2019 \$
Property, plant and equipment	9	10,586,256	(200,000)	10,386,256
Revaluation surplus	13	18,437,257	(200,000)	18,237,257

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

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

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

	Note	Adjustments	2019 \$
Retained surplus - 30 June 2019			31,665,138
Adjustment to retained surplus from adoption of AASB 1058	30(b)	(317,724)	(317,724)
Retained surplus - 1 July 2019			31,347,414

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

	Note	Adjustments	2019 \$
Revaluation surplus - 30 June 2019			18,437,257
Adjustment to revaluation surplus from deletion of FM Reg 16	31(a)	(200,000)	
Adjustment to revaluation surplus from deletion of FM Reg 17	31(a)	0	(200,000)
Revaluation surplus - 1 July 2019			18,237,257

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32. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

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

33. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE To provide a decision making process for the efficient allocation of scarce resources.	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.
GENERAL PURPOSE FUNDING To collect revenue to allow for the provision of services.	Rates, general purpose government grants and interest revenue.
LAW, ORDER, PUBLIC SAFETY To provide services to help ensure a safer community.	Fire prevention, animal control and inspections.
HEALTH To provide services to help ensure a safer community.	Food quality, pest control and inspections.
EDUCATION AND WELFARE To meet the needs of the community in these areas.	Includes education programs, youth based activities, care of families, the aged and disabled.
HOUSING Provide housing services required by the community and for staff.	Maintenance of staff, aged and rental housing.
COMMUNITY AMENITIES Provide services required by the community.	Rubbish collection services, landfill maintenance, townsite storm water drainage control and maintenance, administration of the Town Planning Scheme and maintenance of cemeteries.
RECREATION AND CULTURE To establish and manage efficiently, infrastructure and resources which will help the social wellbeing of the community.	Maintenance of halls, recreation centres and various reserves, operation of library, support of community events and matters relating to heritage.
TRANSPORT To provide effective and efficient transport services to the community.	Construction and maintenance of streets, roads and footpaths, traffic signs and depot maintenance.
ECONOMIC SERVICES To help promote the Shire and improve its economic wellbeing.	The regulation and provision of tourism, area promotion, building control and noxious weeds.
OTHER PROPERTY AND SERVICES To provide effective and efficient administration, works operations and plant and fleet services.	Private works operations, plant repairs and operational costs. Administration overheads.

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

34. FINANCIAL RATIOS

	2020 Actual	2019 Actual	2018 Actual
Current ratio	1.47	2.21	2.13
Asset consumption ratio	0.93	0.95	0.98
Asset renewal funding ratio	0.79	0.87	0.38
Asset sustainability ratio	1.69	2.68	1.18
Debt service cover ratio	2.61	5.37	5.61
Operating surplus ratio	(0.39)	(0.18)	(0.31)
Own source revenue coverage ratio	0.60	0.69	0.63

The above ratios are calculated as follows:

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



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Mingenew

Report on the Audit of the Financial Report

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

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

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

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

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

Report on Other Legal and Regulatory Requirements

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

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

Other Matter

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

Matters Relating to the Electronic Publication of the Audited Financial Report

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



SUBHA GUNALAN
ACTING SENIOR DIRECTOR FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
11 December 2020







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