



SHIRE OF VICTORIA PLAINS

ANNUAL REPORT
2018 – 2019



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SHIRE OF
VICTORIA PLAINS
ADMINISTRATION OFFICES

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THE DISTRICT AT A GLANCE

Population:	921 (2016 Census Data)
Area:	2,563 km ²
Number of Electors:	581
Townsites:	Bolgart, Calingiri, Yerecoin, Piawaning, Gillingarra and Mogumber, as well as the New Norcia community
Libraries:	Calingiri
Primary Schools:	Bolgart, Calingiri, Yerecoin
Length of sealed roads:	246km
Length of unsealed roads:	578km
Rates levied (18/19):	\$2,489,921
Total revenue (18/19):	\$7,321,474 (45% from capital grants)

The Shire of Victoria Plains is located in the wheatbelt region of Western Australia, some 140km North East of Perth. It is a short yet scenic drive featuring picturesque fields and homes. Tourist attractions within the Shire include natural wildflower displays, the Old Wyening mission and winery, and the Benedictine Community of New Norcia – a world renowned tourist destination being the only monastic township in Australia.

Major agricultural activities include cereal crops, sheep, cattle, pigs and vineyards. A range of local services exist, including recreation facilities such as halls, sporting oval, sports pavillion, as well as parks, gardens and barbecue facilities for tourists and visitors. Secondary education, health and aged services are provided in a number of the Shire's neighbouring local government districts.



Anzac Celebrations 2019

Our Vision

“A Place to Grow”

OUR VISION

“A Place to Grow”



Anzac Day 2019



Australia Day Awards



Seniors Get together

OUR COUNCIL

SHIRE PRESIDENT'S REPORT 2018 - 2019



A year of challenges and welcome achievements. Compliance issues required by State Government has used up considerable time and use of outside advisors. For example, the state Auditor General will take over all Local Government audits with apparent changes of attention to certain details which is requiring considerable extra time and resources to achieve. The need to achieve certain financial ratios desired will prove very difficult for small Local Governments like ours compared with large city LG's with much larger populations which result in huge Federal grants compared to ours.

Council continued to review and update policy and planning positions including long term stability and balancing services and asset maintenance -always a challenge to balance income (rates and grants) with community expectations and desires.

In August most councillors attended Local Government Week - a great opportunity for exchange of ideas with others and hear some really inspiring and character developing speakers. I believe this investment in councillors' development is of real value, especially now that councillor training is to become compulsory.

Two new potential projects flagged to council this year for our region offer benefits to our community but will need careful watching to ensure no surprise downsides . One is a major cattle feedlot and back grounding facility in Koojan . This could offer employment and demand for Cattle and fodder . The main part of the complex is in Dandarragan Shire but it could impact on VP raids.

Also a potential open cut Coppermine between Calingiri and Wongan has to be handled with care by our shire to realise benefits but avoid costly outcomes. Your council is in contact with other shires with mines to learn from them.

Our shire moved away from being part of a joint Local Emergency Management Committee with Wongan to set up out own shire Committee due to differences in needs and risks .

Thanks to councillors and staff for ongoing support and dedication to our shire's success.

Cr David Lovelock.
Shire President

COUNCILLORS



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(West Ward) President
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Cr N (Neville) Clarke
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Cr J (Jaymie) King
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Cr A (Andrew) Broadhurst
(East Ward)

COUNCIL MEETINGS

Ordinary Council Meetings are held on the fourth Wednesday of each month in the Council Chambers at the Shire administration office, 28 Cavell Street, Calingiri from 2:00pm. All meetings are open to the public.

Special Meetings of Council are held as and when required.

Minutes of the meetings are available on the Shire's website:
<https://www.victoriaplains.wa.gov.au/council-meetings/past>

ANNUAL MEETING OF ELECTORS

An Annual Meeting of Electors is held each financial year, in accordance with Part 3 of the *Local Government (Administration) Regulations 1996* and the *Local Government Act 1995* Part 5, Division 2, Subdivision 4, section 5.27. The purpose of the meeting is to, firstly, present the Annual Report (including the Auditor's Report) to electors, and then to discuss any other general business. Under section 5.33, all decisions made at an elector's meeting are to be considered at the next ordinary meeting of Council. The previous meeting was held on 24 April 2019.

COUNCIL ELECTIONS

Elected members (councillors) are elected for four-year terms with Council elections held every two years on the third Saturday in October.

Elections were held on 21 October 2017 that included the reduction of elected members from nine to seven with the following results:

- Cr David Lovelock was returned and then re-elected Shire President;
- Cr Pauline Bantock was elected as Deputy Shire President;
- Cr Stephanie Penn was returned.
- Cr Jamie King was returned.

The next Council elections will be held on 20 October 2019.

COUNCIL DELEGATES TO COMMITTEES

Councillors participate in two types of committees. The first type are the committees of Council i.e. the Audit Committee and the Chief Executive Officer Performance Review Committee. The second type of committee is where councillors are invited to participate on committees external to the Shire of Victoria Plains as an organisation. Most terms expire at the next Ordinary Local Government election (20 October 2019).

At its meeting on 25 October 2017, Council resolved to make the following appointments:

Audit Committee

Council Representatives - Cr Bantock, Cr Penn, Cr Clarke
Ms Lou Witham and Mr Gary McGill were elected as Community members on the SOVP Audit Committee.

ANZAC Commemorative Committee

Council Representatives - Cr Penn and Cr Corless-Crowther
CEO (Glenda Teede), and Mr Gary McGill as the Warden of the Memorial

Avon Midland Zone of the Western Australian Local Government Association

Council Representative - Cr Lovelock
Proxy: Cr Bantock

Avon Voluntary Regional Organisation of Councils (AROC)

Council Representative - Cr Lovelock

Regional Road Group – Wheatbelt North Moora Subgroup

Council Representative - Cr Lovelock
Proxy: Cr Clarke

Local Emergency Management Committee (LEMC)

Council Representatives - Cr Clarke, Cr Broadhurst, Cr King
Other Representatives - (CEO, Gary Manning, Gavin Halligan)

Rural Water Council

Council Representatives - Cr Broadhurst and Cr Penn

Development Assessment Panel

Council Representatives - Cr Penn and Cr Bantock (memberships expired 26/07/2018 and were subsequently reappointed for a further 12 months). This included:

- Cr Bantock nominated herself to step up to Representative and not be proxy.
- Cr Corless-Crowther and Cr Clarke were nominated as proxy members.

Works and Services Committee

It was determined that all Councillors will now be on the Works and Services Committee.

Australia Day Celebration Committee

Council Representatives - Cr Corless-Crowther, Cr King, Cr Clarke, Cr Penn, Cr Lovelock

Other Representatives - (CEO & CDO)

Suicide Prevention Committee

Cr Corless-Crowther, Cr Penn, Cr King and Cr Clarke

COMPLAINTS

The *Local Government Act 1995* s.5.53(2)(hb) requires reporting of the formal complaints entered into a register under section 5.121 that require action in accordance with section 5.110(6)(b) or (c).

No. of complaints recorded	Method of dealing with complaints
0	Apology
0	Sanction
0	Training

No formal complaints were reported during 2018-2019.

ELECTED MEMBERS ATTENDANCE AT MEETINGS

In future reports, the Shire will include the list of attendance by the elected members



Our Australia Day Recipients: Oliver Clarke, Dianne Edmonds and Gary Homer
(on behalf of the Calingiri Primary School)

CEO'S MESSAGE 2018-2019

With the Shire growing, facing and overcoming challenges, we continue to progress in different ways. Like always and everywhere, the landscape is always changing in one way or another, with outside influences having an impact on our District.



OVERALL FINANCIAL POSITION

The Shire is remaining steady with the budget continuing in the black, however due to the nominal rate increase during the last financial year, the Shire finances must be prudently managed with little room for growth of reserves.

Compliance requirements are an ever increasing cost to the Shire and this is a State issue which is being managed on a local level.

CAPITAL WORKS

Roads and Other Infrastructure

Some of the major capital works for the year include progress of the Mogumber-Yarawindah Road, upgrade to the Moora River Bridge, upgrades to footings and kerbings within the District and a bicycle footpath upgrade (contributed to by Grant Funding).

Further, the Shire continues to prioritise investment in its ongoing Road Development and Maintenance Program and continues to advocate for funding in this area with the recent Mogumber-Yarawindah Road Pilot funding a significant Project.

From a State perspective with benefits to the Shire, 2018/19 saw significant progress in the development of the Muchea Bypass, which is due for opening in 2020, and will bring with it many benefits to the Community including safety and economic development.

Plant and Vehicle Replacement

The review of the Shire's plant and vehicles is to be finalised for 2019/20. The progress of this program is provided in specific updates in the Manager Works & Services Report.

COMMUNITY DEVELOPMENT

The Calingiri Sport and Recreational Centre has been refurbished and contributes to the health and social benefits of the Shire as well as providing an additional space for training in the Community.

To better service the growth of the District within the 2018/19 financial year, the Shire has improved social media services and provided additional community workshops and meetings for various issues to be addressed. This has been well received by the Community.

The Shire aims to continue to expand and develop a range of recreation, cultural and sporting facilities to enhance the liveability of the Region.

ENVIRONMENT

There have been new initiatives around recycling and sustainable living as per the Integrated Planning Strategic Community Plan 2017/18 to 2027/28 that was developed after community consultation.

GOVERNANCE

Local Laws and Land Use Planning

The review of the Shire's Local Laws was completed in June 2018. During 2018/19 Council considered the possibility of adding new local laws regarding amenity, environment and nuisances as well as an omnibus local law to do a minor tidy up of some other provisions. Going forward, the Local Planning Scheme is to be updated, in part, due to the complexity of the task.

Role of the Auditor General

Additional governance requirements, particularly from the Office of the Auditor General increases compliance, however, ensures full transparency and accountability. The Auditor General is now responsible for the Shire's external audits and conducting each year additional specialist audits regarding a local government's functions including procurement and record keeping.

CONCLUSION

In addition to staff upskilling and training of staff within the Office, the Shire continues to move forward with efficiencies in data management and a key project moving forward is records management which will assist to streamline processes.

Finally, I extend my thanks to all staff and the Councillors of the Shire for their continued efforts.

Glenda Teede
Chief Executive Officer

FINANCE AND ADMINISTRATION

NET SURPLUS / DEFICIT CARRIED FORWARD

The 2019 financial year has resulted in a net surplus carried forward of \$29,876 against a budget of (\$18,507).

OPERATING SURPLUS / DEFECIT

The 2019 actual operating deficit was (\$1,105,676) before fair value adjustments of (\$410,783) against an operating budget of \$861,338. This was due to depreciation being \$2,096,149 higher than budgeted, associated with fair value adjustments. Total Comprehensive Income was (\$1,582,784) after allowing for an impairment of motor vehicles of (\$463,334) and a net fair value adjustment of (\$66,325) for Furniture & Equipment, Plant & Equipment, Motor Vehicles and Investment in Local Government House Trust,

FAIR VALUE

Under *Local Government (Financial Management) Regulation 17A(4)* a local government must revalue an asset of the local government:

- a) Whenever the local government is of the opinion that the fair value of the asset is likely to be materially different from its carrying amount; and
- b) In any event, within a period of at least 3 years but no more than 5 years after the day on which the asset was last valued or revalued.

Fair Value valuations were applied to the following classes of assets at 30 June 2019 as follows:

Asset Class	Book Value at 30 June 2019 (\$)	Fair Value at 30 June 2019 (\$)	Revaluation Increment (Decrement) (\$)
Furniture & Equipment	64,233	114,309	50,076
Plant & Equipment	1,173,657	1,226,212	52,555
Motor Vehicles	1,661,690	1,081,951	(579,739)
Total	2,899,580	2,422,472	(477,108)

BORROWINGS

As at 30 June 2019, the total principal owing was \$416,410. There were no new borrowings during the 2019 financial year. Debt principal repaid during the year was \$61,623.

INTEREST

Interest revenue for the 2019 financial year amounted to 45,152 against a budget of \$52,036. This was due to lower interest on reserve accounts (\$7,717)

and lower rates instalment and penalty interest (\$4,550), offset by higher other interest earnings of \$5,963.

Interest expense on borrowings for the year amounted to \$19,140 (Budget \$23,121).

RATES

Income from rates amounted to \$2,489,921 (Budget \$2,517,266, 2018 \$2,387,518), including ex-gratia rates of \$73,321 (Budget \$95,466, 2018 \$70,044).

No rates discounts, waivers or concessions were offered by the Shire during the 2019 financial year.

ROADS

Total road grants income received for the financial year amounted to \$3,829,847 as follows:

• Grants Commission – Local Roads	\$548,606
• Grant – Direct Road	\$123,211
• Grant – Regional Road Group – Road Projects	\$339,948
• Grant – Roads to Recovery	\$649,412
• Grant – Ag-Lime Project	\$2,168,670

Total road expenditure was \$8,346,176 (2018 \$6,233,487) as follows:

- Road Construction \$3,389,580 (Budget \$3,318,075)
- Road Maintenance \$4,956,596 (Budget \$2,915,412)

The major road construction works were:

- Toodyay-Bindi Bindi Road
- Moore River Bridge Repairs
- Yerecoin SE Road
- Ag Lime Roads Project Development & Management
- Ag Lime – Calingiri / New Norcia Road
- Ag Lime – Mogumber West Road
- Ag Lime – Calingiri / Goomalling Road

MAJOR PLANT

There were no items of major plant purchased during the 2019 financial year.

CASH BACKED RESERVES

As at 30 June 2019, the Cash-Backed Reserves balance was \$470,117 (2018 \$624,847), against a budgeted closing balance of \$418,889.

Reserves			
	2019 Actual	2019 Budget	2018 Actual
Opening Balance	624,847	623,769	720,678
Net Transfers	(154,730)	(204,880)	(95,831)
Closing Balance	470,117	418,889	624,847

FINANCIAL RATIOS

Financial Ratios are required to be reported in accordance with the Local Government (Financial Management) Regulations. The Shires ratios for 2019 are:

	2019 Actual	DLGSCI Benchmark*
Current Ratio	0.99	≥ 1.00
Asset Consumption Ratio	0.72	≥ 0.50
Asset Renewal Funding Ratio	1.12	≥ 0.75
Asset Sustainability Ratio	0.86	≥ 0.90
Debt Service Cover Ratio	(8.54)	≥ 2.00
Operating Surplus Ratio	(1.60)	≥ 0.01
Own Source Revenue Coverage Ratio	0.34	≥ 0.40

*Department of Local Government, Sport and Cultural Industries

CONCLUSION

My thanks go to the Finance and Administration team and to all other Shire staff for their support and work they have done and in maintaining a very high standard for the year. My thanks also go to the Councillors for their support during the year and I look forward to a productive and successful 2020.

Ina Edwardson

Finance and Administration Manager

WORKS AND SERVICES

The Works and Services Department undertakes capital construction, major maintenance works, and routine maintenance of hard infrastructure within the Shire. To undertake these required activities, a portion of funding is derived from external grant funds, being various Federal and State Government agencies and from other Shire income streams.



CAPITAL PROGRAM

Revenue – Grant Funding

External funding is the major income stream for capital works and major maintenance of the Shire's assets. In 2018/19 financial year, external Federal or State Government grants funded to the Shire of Victoria Plains were from:

- Wheatbelt North Regional Road Group (RRG) – funding administered by Main Roads Western Australia (MRWA);
- Main Roads WA Direct Grants for roads;
- Department of Infrastructure, Transport, Regional Development and Local Government (Australian Government) Roads to Recovery funding program;
- Ag Lime Funding through the Western Australian Government's Royalties for Regions; and
- Financial Assistance Grants – Road Component. Distributed by the Local Government Grants Commission.

The Shire also contributed key funding as it is required to match funding provided by the State.

Capital Works

Major capital construction projects undertaken in 2018/2019 financial year were:

Shire Funded Road Projects:

- Minor road patching on all sealed roads;
- Toodyay Bindi- Bindi Rd. had parts of a three km section reconstructed, sealed, white-lined, with several culverts extended or widened;
- Yerecoin S.E. Rd. had five kilometres of gravel shoulder reconstruction applied;
- Konnongorring West Rd. had three kilometres of gravel sheeting applied;
- Ag Lime Route 2 had 38,000 sq/mts of road reconstruction and sealing, also culvert replacement, all was carried out on various sections of Goomalling-Calingiri, Calingiri-New-Norcia and Mogumber West roads, the defects were identified by Main Roads WA. Engineers. This work was undertaken by Contractors by tender;
- Gillingara West Road Moore River Bridge was repaired by Contractors engaged by Main Roads WA.

Buildings

The Shires Administration Office older style cubicles were stripped out and converted to open plan, with new furniture being purchased. The ATM was relocated to make room for extra office space.

Plant and Vehicle Replacement

A new ride-on Kubota Mower was purchased out-right, the older mower was kept to clean-up areas in our bush parks and non-turfed ovals e.g. Mogumber.

Light Plant

Several pieces of light plant such as chain saws, blowers were purchased.

OPERATIONS PROGRAM

Works

Construction and maintenance of roads, footpaths, and drainage throughout the Shire. Maintenance grading of Shire roads is ongoing and an important part of the works that are done within the Shire. There are 555.16 kilometres of unsealed roads in the Shire. The Shire owns one caterpillar 120M graders and maintains the unsealed road network as well as being involved in capital works. The expectation is to achieve two to three grades over the network per year. Two grading contractors have helped when required.

Parks and Gardens

Construction and maintenance of the Shires sporting fields, passive parkland areas, road verges, streetscapes and street trees. Attention has been paid to the Hockey and football grounds at Calingiri which has helped bring them up to standard.

Waste Management

Waste management is a core function of the Shire. It encompasses activities and services related to the collection and disposal of waste, along with waste minimization and recycling initiatives.

The Shire strives to manage waste in an environmentally responsible and sustainable manner to protect the natural environment and public health.

Drum Muster

The Shire again participated in the "Drum Muster Program". This nation- wide program provides for the collection and disposal of used farm chemical containers.

Kerbside Collection

A weekly kerbside waste collection service operates in the town sites of Yerecoin, Calingiri and Bolgart.

ROMAN

Road data is utilized to maintain an asset value of the road network and replacement cost. Data gathered is also used by the LGGC (Local Government

Grants Commission) to calculate funds allocated to the Shire from the LGGC.

The ROMAN System has highlighted the need for a higher level of expenditure on road maintenance and preservation. Council's current and future budgets will reflect the higher priority needed to maintain existing road and bridge infrastructure.

Shire officers are continually collecting traffic counts and classification data to support the deterioration modelling which assists the preparation of the Shires ten year works and maintenance programme.

Ranger Service

As part of the Works department we have an officer who carries out ranger services. We provide regular patrols of all towns within the Shire and are responsible for stock control, animal welfare, responsible dog ownership, cat control, litter /illegal dumping control.

Customer Works Request

The Shire aims to be responsive to ratepayer's requests for minor improvements and fault rectification. Requests vary dramatically and can be minor in nature from sweeping a path or an emergency with fallen trees to major road works/ drainage which needs future budget funding.

Unresolved issues are monitored until a satisfactory resolution has been reached.

Staff

Works and Services employ a total of ten staff and at times three casual staff that operate from the Shire depot with the Works and Services Manager. All depot staff are located on the corner of Edmonds Street and Cavell Street, Calingiri.

Staff undertake a multitude of duties and as such are skilled in many areas relating to the maintenance and construction of public infrastructure from roads to gardens.

Summary

The Works Department has achieved a great deal this year in some trying times.

As Works and Services Manager for a diverse section of activities undertaken within the Shire of Victoria Plains, I believe that the Shire and its residents are well served by their employees, many of whom go to great lengths to provide services to the public in their role as a Shire employee.

I would also like to express my thanks to all team members within the works and services department as well as all the administration staff for their high professional standards and output efforts during the 2018/2019 year.

Bob Edwards

Works and Services Manager

ENVIRONMENTAL HEALTH AND BUILDING SERVICES

ENVIRONMENTAL HEALTH (applicable to the Shire of Victoria Plains)

- Inspection of Food Premises, including stall holders and mobile food vendors
- Surveillance of Food Standards;
- Ensuring currency of Legislation;
- Attendance as required on recall of food product;
- Inspection and surveillance of three refuse sites, processing and submitting annual reports to Department of Water and Environmental Regulation, and enforcing any and all restrictions/requirements adhered to those refuse site licenses;
- Caravan Parks and Camping Grounds;
- Other public and private accommodation;
- Public buildings;
- Approval and inspection of effluent disposal systems
- Follow-up of Notifiable Disease Notifications;
- Noise, dust and other health related complaints;
- General advice to the public on matters relating to environmental health; and
- Any other relevant health matter required to be attended to by Council staff.



BUILDING

- Assessment of Building Applications for compliance with the National Construction Code of Australia and relevant Australian Standards;
- Issue of Certificate of Design Compliance for Class 1 & 10 buildings;
- Process and issue of Building Permits;
- Process and issue of Demolition Permits;
- Monitoring the handling and disposal of any Asbestos Containing Materials and the compliance with the ACM Handling and Disposal Code;
- Initial and periodic compliance inspections of private swimming pools barrier fencing, gates and access points in townships;
- Inspection and maintenance of Council controlled and owned buildings when required.
- Maintain close liaison with builders, architects/draftsmen and owner builders to ensure a satisfactory standard of building construction and compliance with the Building Code of Australia, is maintained; and
- Any other relevant building matter required to be attended to by Council staff.

A positive achievement for the Shire's Building Services has been the ability to maintain an efficient turnaround time in receiving and processing building permit applications once they have received R Code or Local Town Planning Scheme compliance certification, within the mandatory period. A contributory factor in achieving this is the fact that a qualified Building Surveyor works at the office two days per week.

WASTE MANAGEMENT

Landfill Refuse Sites

Periodic inspections were carried out at the Mogumber, Bolgart and Calingiri landfill sites during the financial year. As part of the licensing conditions for the refuse sites, Annual Reports were submitted to the Department of Water & Environment (DWER) within the specified time frame.

During the year the Shire has sought to continue improvement in its waste management practices and an improved level of compliance with DWER Regulatory requirements. Furthermore, management of the Bolgart and

Calingiri refuse sites will be under the control of the Shire in January 2020 to ensure all compliance issues are met.

The Bolgart site DWER asked for a Water Sampling and Analyst Plan (SAP) and consequently this estimated expense was budgeted for in the 2019/20 financial year.

Calingiri and Yerrecoin Sewerage Systems

As part of the licensing conditions through the Department of Water a condition report was prepared by McRoberts Contracting Service. CCTV camera was used to check the condition of all sewerage pipes and access hatches. The condition report highlighted the need to provide more funds in the 2020 financial year to undertake minor maintenance work and more CCTV camera work as well as pressure clean all sewerage pipes. The proposed work was reported to the Department of Water in the annual report of the sewerage system. The extra work will be funded by money in the Sewerage Reserve Fund. This was reported to Council and consequently Council resolved to increase in the sewerage rate to ensure that the reserve fund builds up again to carry out future work.

FOOD PREMISES

18 food premises inspections were carried out during the year and 6 temporary food vendor licenses issued. It is mandatory under the provisions Food Act that all food premises inspections are recorded and provided to the Department of Health. Food Premises were inspected throughout the year at regular intervals on a risk assessment basis and, where required, work requests were issued for premises to be brought into compliance with the Food Standards Code.

A noticeable improvement in the overall standard of the premises, food handling, storage and preparation of food in the food premises has been observed and pressure will continue to keep the standard improving.

ON-SITE EFFLUENT DISPOSAL SYSTEMS

Eight on site effluent disposal systems were approved during the year. This also includes the inspection of the site prior to approval to ensure that the right system is used for the site conditions whether they be clay or sandy sites.

PRIVATE SWIMMING POOLS & BARRIER FENCE INSPECTIONS

The mandatory four yearly inspections of private swimming pool safety barriers inspections in townsites of the Shire were undertaken. The eight registered pools were all inspected as well as seven extra inspections carried out to ensure the defects noted were rectified. The inspections were also reported to the Building Commission as part of their reporting procedure.

BUILDING CONTROL

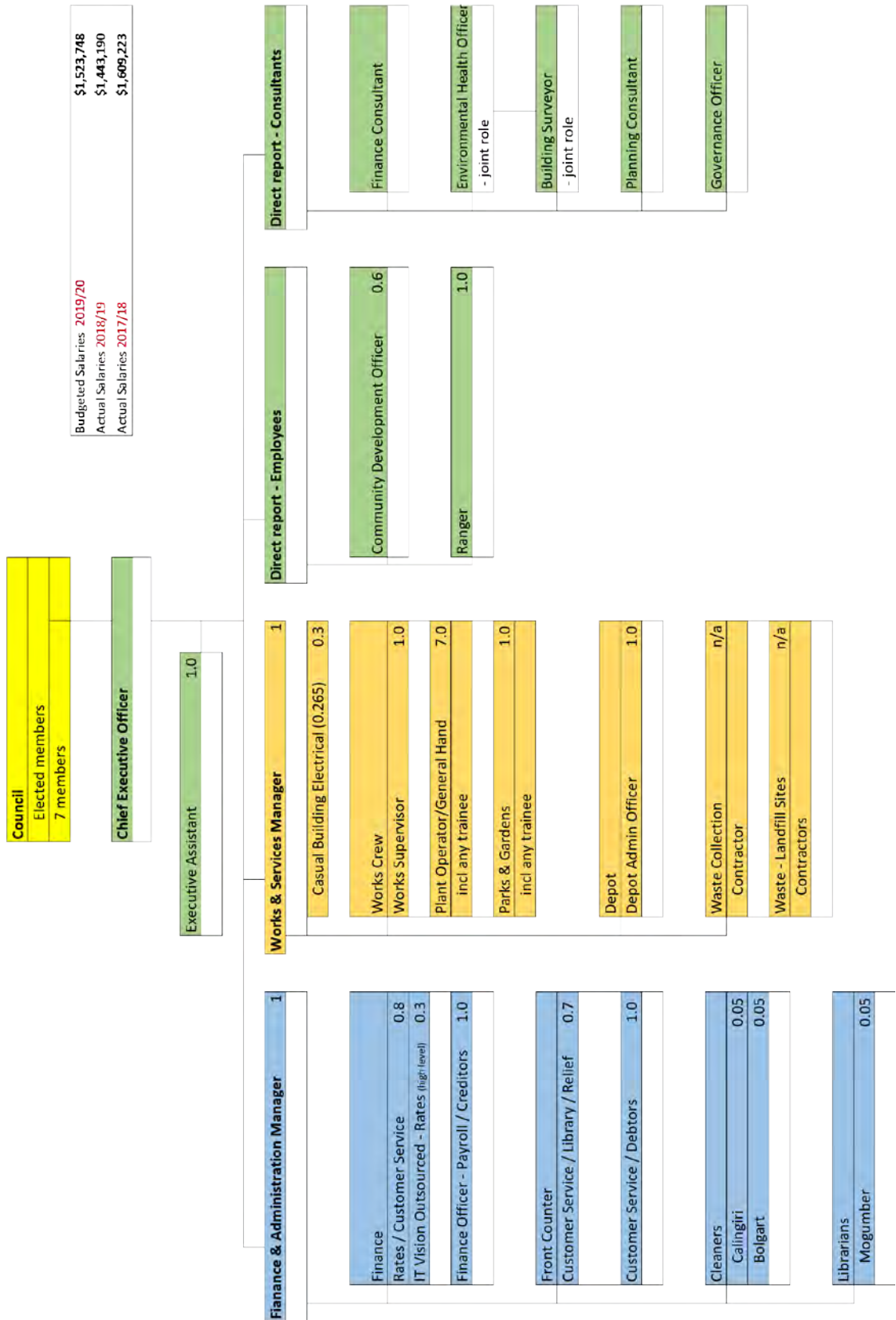
General Statistics, for the 2018/2019 financial year:

	Number	Value
Houses	8	\$1,236,360
Additions/alterations	3	\$84,500
Outbuildings	18	\$809,678
Commercial/Industrial/Public	8	\$1,909,590
Demolition	1	\$9,500
Total	38	\$4,049,628

Allan Ramsay

Environmental Health Officer/Building Surveyor

SHIRE'S ORGANISATIONAL CHART



EMPLOYEE REMUNERATION

The *Local Government (Administration) Regulations 1996* r.19B requires that employee remuneration in specific bands be reported.

The Shire's executive remuneration is assessed against skills, qualifications, experience and the responsibilities of the position.

The figures below represent a cash base salary but do not include vehicle allowances, non-monetary benefits such as professional memberships or superannuation in accordance with policy.

Salary Band	30 June 2017	30 June 2018	30 June 2019
\$120,001 - \$130,000	1		
\$130,001 - \$140,000	1	1	1

OTHER MATTERS OF GOVERNANCE – STATUTORY REPORTING

PUBLIC INTEREST DISCLOSURES (PIDs)

The Shire is required to complete the Public Sector Commission's Integrity & Conduct Survey each year. This covers the annual reporting responsibilities under the *Public Interest Disclosure Act 2003*. The survey assists the PSC in monitoring ethical trends and building capacity through strengthening organizational structure, leadership and systems, and policies and processes, as part of its oversight of minor misconduct functions under the *Corruption, Crime and Misconduct Act 2003*.

The Shire of Victoria Plains did not conduct the survey for 2019 and did not receive any public interest disclosures during 2018/2019. The Shire does not have PID Information on the website. The Shire will ensure that both the PID survey is conducted in future and that PID information is put on the Shire's website.

NATIONAL COMPETITION POLICY (NCP)

The Shire is required to report its progress in implementing the National Competition Policy in their annual report. There are a number of specific requirements placed on local government in the areas of competitive neutrality, legislation review and structural reform.

Competitive Neutrality

The principle of competitive neutrality is that government business should not enjoy a competitive advantage or disadvantage, simply as a result of their public sector ownership. For local government this relates to user-pays income of over \$200,000.

In accordance with the Shire's responsibilities under Clause 7 of the statement relating to competitive neutrality, the Shire of Victoria Plains has reviewed its activities in line with advice from the Department of Local Government Circular No 806 and has found that none of its activities are "Significant Business Activity" for competitive neutrality requirements.

The Shire of Victoria Plains did not privatise any activities in 2018/2019 and so consequently there were no obligations to report in this area.

Legislative Review

The Shire is required to assess which of its local laws might impact on competition and conduct a review to determine how restrictive practices might be overcome.

One new local law was created in 2018/2019. The Shire is in the process of completing the development of an Amenity Local Law (Animals, Environment and Nuisance Matters) and amendments to Waste Local Law (Domestic collection matters, management of refuse sites and so on). This process has not impacted on NCP requirements.

The next review required by the Local Government Act of the Shire's local laws is due in 2024.

RECORD KEEPING PLAN

In line with Section 19 of the State Records Act 2000, local governments are required to have a Record Keeping Plan that is approved by the State Records Office (SRO). The plan applies to employees, councillors and contractors.

The Record Keeping Plan is the primary means of providing evidence of compliance with the Act and the implementation of best practice record keeping in the organisation. In line with Section 17 of the Act, the Shire, councillors and staff are legally required to comply with the actions listed in the plan.

The Shire is committed to the management of records in accordance with legislative requirements and best practice. Although it is planned to review the Shire's Record Keeping Plan during 2018/2019, the records review did not commence until the latter half of 2019. It is anticipated that the records review will take several years to complete.

FREEDOM OF INFORMATION (FOI)

In April 2019, the Shire published its annual FOI statement in accordance with the requirements of the *Freedom of Information Act 1992*. A copy of the current statement is available on our website: www.victoriaplains.wa.gov.au. We confirm that the Shire complies with the relevant legislation and welcomes FOI enquiries.

The Shire of Victoria Plains did not receive any FOI application during 2018/2019.

DISABILITIES ACCESS AND INCLUSION PLAN (DAIP)

The Disability Services Act 1993 s.29 requires the Shire to report on implementation of their Disability Access Inclusion Plan. Further, the Disability Services Regulations require that the report contain information on –

- a) progress made by the Shire and any agents and contractors in achieving the desired outcomes; and
- b) the strategies implemented to inform its agents and contractors of its Disability Access and Inclusion Plan.

The Shire's Disability Access Inclusion Plan (DAIP) 2015–2020 outlines the strategies and actions the Shire undertakes in working towards ensuring access and inclusion for all community members.

The DAIP comprises seven outcome areas which identify and address barriers that may prevent people with disability from accessing and enjoying the services, programs and facilities the Shire provides.

Strategy	
Outcome	Time
1. People with disability have the same opportunities as other people to access the services of and any events organised by, the Shire of Victoria Plains	
1.1. Disability planning is used in all new buildings	Ongoing
1.2. Develop links with other strategies, agencies and frameworks	Ongoing
1.3. Additional Public Toilet facilities for people with disability to be made available	Ongoing
1.4. Parking spaces for people with disability to be allocated at key access positions at Shire offices	Ongoing
1.5. Update refuse services to include specialised rubbish collection services if required	As required
1.6. Procedures for monitoring effectiveness, including Staff training to ensure awareness of the DAIP requirements	Ongoing
1.7. Procedural changes to include disability planning in new buildings	Ongoing
2. People with disability will have the same opportunities as other people to access the buildings and other facilities of the Shire of Victoria Plains	
2.1. Monitor Shires Access Plan to ensure it incorporates all planned activities and functions throughout the Shire	ongoing
2.2. New buildings to include disability and inclusion consideration at design stage	Ongoing
2.3. Develop link with other strategies and frameworks	Ongoing
2.4. Update Refuse Service to include specialised rubbish collection services	As required
2.5. Procedures for monitoring effectiveness	Ongoing
2.6. Disability Access Audit Report on Shire buildings	June 2011

3. People with disability receive information from the Shire of Victoria Plains in a format that will enable them to access the information as readily as other people are able to access it	
3.1. CD Disc containing council information on request	As required
3.2. Large print shire info on request	As required
3.3. Inform staff of DAIP requirements	Ongoing
4. People with disability receive the same level and quality of service from the staff of the Shire of Victoria Plains as other people receive from the staff of the Shire of Victoria Plains	
4.1. Allocate Duties, Responsibilities and accountability for DAIP	Ongoing
4.2. Deliver DAIP awareness training including disability communication training	Ongoing
4.3. Develop training matrix to include refresher training for DAIP	Ongoing
5. People with disability have the same opportunity as other people to make complaints to the Shire of Victoria Plains	
5.1. Ensure complaints procedure and outcome satisfaction form is made available in large print and CD	As required
5.2. Ensure staff who manage complaints procedure are aware of responsibilities and new procedures	Ongoing
5.3. Develop training matrix to include refresher training for DAIP	Ongoing
6. People with disability have the same opportunities as other people to participate in consultation with the Shire of Victoria Plains	
6.1. Invitation to people with disability to have a say in planning	Oct 2011
6.2. Invitation to be an ongoing disability community representative	Oct 2011
7. People with disability have the same opportunities as other people to obtain and maintain employment with the Shire of Victoria Plains	
7.1. People with disability are encouraged to apply for positions with the Shire	Ongoing

As per the activity in the 2017-2018 report, many tasks were on-going in nature. No priority issues were identified and no specific actions were required or undertaken.

It is planned that the DAIP will be reviewed during 2019/2020. Input, feedback and contributions from the community will be sought.

The Shire's DAIP is posted on our website, together with an Accessibility Notice.

SHIRE FACILITIES

CALINGIRI GYM

Opening hours 5:00am –9:00pm



Shire Library

28 Cavell Street, Calingiri

Phone: (08) 9628 7004

Fax: (08) 9628 7008

Email: reception@victoriaplains.wa.gov.au

Calingiri Recreational Hall

Yulgering Road, Calingiri

Phone: (08) 9628 7004

Fax: (08) 9628 7008

Email: reception@victoriaplains.wa.gov.au

Calingiri Sports Pavilion

Renovated and refurbished in 2012.

For bookings contact Jaymie King, Phone: (08) 9628 7182

Bolgart Hall

George Street, Bolgart

For information or bookings contact: Nancy Holmes 9627 5135 or the Shire on 9628 7004.

Yerecoin Hall

Miling Road, Yerecoin

For information and bookings contact - Yerecoin Traders 9654 6015

Piawaning Hall

Toodyay Bindi Bindi Road, Piawaning

For information or bookings contact - Naomi Purser 9654 5081

Mogumber Hall

Bindoon Moora Road, Mogumber

For information or bookings contact - Tania Menzies (Mogumber Progress Association Treasurer & Bookings) 0408 515 037

Gillingarra Recreation Hall

Bindoon Moora Road, Gillingarra

For information or bookings contact - Gillingarra Sport and Recreation Club, Executive Officer, Lana Kelly on 0427 364 167 or email: eogsrc@gmail.com



The Annual Christmas Cricket Match at Mogumber

REPORT AGAINST THE PROGRESS OF THE STRATEGIC COMMUNITY PLAN & CORPORATE BUSINESS PLAN

INTRODUCTION

The *Local Government Act 1995* s.5.53(2) requires that the annual report is to contain:

(e) an overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year.

The Shire with its communities developed a new Strategic Community Plan in 2017/18 that has new themes and objectives to be reported against for the next ten years.

To assist with the implementation of the Strategic Community Plan, the Shire has in place a four year Corporate Business Plan. This is the CEO's action plan regarding achieving key outcomes for the Shire. The Shire will implement a new Corporate Business Plan in August 2019.



Gillingara Bridge Project

Modification of Plans

In accordance with the *Local Government (Administration) Regulations 1996* r.19CA it is noted that:

- a. No modifications were made to the Strategic Community Plan during 2018/2019; and
- b. No modifications were made to the Corporate Business Plan.

Strategic Community Plan

A new Strategic Community Plan (SCP) was adopted on 28 March 2018, following extensive consultation in the community and public meetings in the towns. The SCP identified the following as community priorities:

Priority Areas		Measuring our Success
Community	<i>to enhance and improve a sense of community in the Shire</i>	
1.1	Better publicise upcoming events and activities in the Shire	<ul style="list-style-type: none"> • Development and implementation of a Shire recreation plan
1.2	Improve aged care and support	
1.3	Promote community health and wellbeing	
1.4	Support sporting, volunteer and community groups	
1.5	Increase community activities	
1.6	Develop new/ reuse existing community facilities	
Economic	<i>to improve and add to local economic development and activity</i>	
2.1	Examine opportunities to diversify the local economy through initiatives such as tourism	<ul style="list-style-type: none"> • Development and implementation of a Shire economic plan and associated activities
2.2	Improve tourist/ caravan park accommodation	
2.3	Improve community connectivity	
2.4	Initiatives to reverse ageing population	
2.5	Art installations to support marketing of localities	
2.6	Review land supply in town sites	
2.7	Create a regional brand that encompasses all towns	
2.8	Develop a business and industry attraction strategy	
Environment	<i>to protect or improve the natural environment</i>	
3.1	Undertake initiatives to improve recycling	<ul style="list-style-type: none"> • Establishment of initiatives such as small scale grants to undertake projects aimed at improvement or protection of environment, and a review of recycling activities and implement changes that are useful and affordable
3.2	Support environmental sustainability initiatives and community forums	

Infrastructure *to maintain or add to the stock of infrastructure used by the community to go about daily life*

4.1	Undertake town beautification programs	• <i>Extent to which the Asset Management Plan is implemented</i>
4.2	Improve utilities (power, water, etc)	
4.3	Maintain/ improve community facilities to an agreed standard	
4.4	Develop a process to deal with miscellaneous works requests	• <i>Implementation of system to deal with minor works requests</i>
4.5	Improve facilities for trucks and drivers	
4.6	Instigate a road verge maintenance program	

Civic Leadership *to better allocate scarce resources and effectively interact with the community*

5.1	Implement measures to improve relationship and communication between Council and community	• <i>Implementation of initiatives to better connect Council with the community and associated matters.</i>
5.2	Improve elected member performance	
5.3	Develop an advocacy and lobbying capacity	
5.4	Measures to improve organisational efficiency	

In terms of the measures for success, the Shire reports:

- Shire Recreation Plan: Discussed, however it is yet to be developed.
- Economic Plan: The Shire recognised it needs to work more in this area.
- Small Scale Grants: Currently consists of annual community grants.
- Asset Management Plan: This plan was adopted 17 October 2018.
- Minor Works Requests: The minor works requests was put in place.
- Better Connect Council: A new social media policy was adopted 18 July 2018.

Corporate Business Plan

The current Corporate Business Plan is now out of step with the SCP. A detailed revision of the Corporate Business Plan is programmed for adoption in August 2019. However, the Shire is still able to report against the Corporate Business Plan as follows:

1. An overview for key strategies or actions i.e. Goals and Outcomes.
2. A description regarding those actions that are completed for 0217/18 and 2018/19.
3. Whether an action within a strategy has another action against it i.e. cancelled/deferred.
4. Listing key strategies/actions that are planned for 2019 - 2020.

Goals and Outcomes	Status 17/18	Status 18/19
1. Growth		
1. Facilitate land release	<ul style="list-style-type: none"> a. Working towards feasibility report for proposed Bolgart industrial area b. Land release and use subject to WA Planning Commission Policy and Guidelines c. Local Planning Scheme may require amendment to suit changed conditions and expectations 	<ul style="list-style-type: none"> • Omnibus amendment commenced to Local Planning Scheme
2. Promote sustainable management of the environment	<ul style="list-style-type: none"> a. For future consideration b. To be referenced in Planning Policies to be developed 	<ul style="list-style-type: none"> • Subject to the Omnibus amendments to the Local Planning Scheme
3. Promote sustainable water management	<ul style="list-style-type: none"> a. Monthly salinity testing in Bolgart and Mogumber for analysis b. Options for emergency water supplies at Mogumber c. Constant testing of water quality at Piawanning desalination plant 	<ul style="list-style-type: none"> • The actions identified in 17/18 are ongoing
2. Community		
1. Promote and develop health and education	<ul style="list-style-type: none"> a. Support of physical and mental health initiatives b. Support of physical activities classes etc c. Maintenance of Calingiri Gym d. Support of Suicide Prevention Advisory Group 	<ul style="list-style-type: none"> • Ongoing • Ongoing • Gym facilities upgraded • Elected Members on Committee
2. Promote community prosperity	On-going efforts	<ul style="list-style-type: none"> • Ongoing
3. Promote community enrichment	<ul style="list-style-type: none"> a. Annual community grants program for local organisations b. Continuing upgrade of children's playgrounds c. Support of community events and initiatives 	<ul style="list-style-type: none"> • Ongoing • Ongoing • Ongoing
3. Shire Infrastructure		
1. Sustainable management of Shire infrastructure	<ul style="list-style-type: none"> a. Maintenance, upgrade, construction of roads b. Roads condition survey for asset management purposes c. 10 year roads program to be developed and considered in Annual Budgets 	<ul style="list-style-type: none"> • Ongoing • Ongoing • 10 year road program in place
2. Achieve sustainable waste management	<ul style="list-style-type: none"> a. On-going investigation for waste management b. Participation in Avon Regional Organisation of Councils joint waste tender proposed 	<ul style="list-style-type: none"> • The investigation into waste management continued • The AROC joint waste tender proposal will occur in 2019-2020
3. Sustainable management of community buildings	<ul style="list-style-type: none"> a. Maintenance, upgrade, renewal of buildings b. Buildings condition survey to be carried out c. 10 year buildings program to be developed and considered in Annual Budgets 	<ul style="list-style-type: none"> • Building assets improvements ongoing • The Shire's building assets now form part of the Strategic Resources plan
4. Governance		
1. Strong financial management	<ul style="list-style-type: none"> a. Buildings and road data to be incorporated into – <ul style="list-style-type: none"> • asset management planning • long term financial plans (minimum of 15 years) b. Consultant engaged to improve compliance and reporting 	<ul style="list-style-type: none"> • Asset Management Policy was adopted 17 July 2018 • The Shires Strategic Resources Plan was reviewed and will be implemented in August 2019. Plan includes: <ul style="list-style-type: none"> ○ Asset Management Plan; ○ Long Term Financial Plan • Consultant (Governance Officer) continued improvements

2. Excellence in human resources management	On-going development of administrative processes	<ul style="list-style-type: none"> • Ongoing
3. Full compliance with statutory requirements	a. Compliant Delegations Register finalised b. Compliant Policy Manual under development c. Local laws review completed and resolutions implemented d. On-going development and improvement of compliance efforts	<ul style="list-style-type: none"> • Reviewed annually • Improvements to policy manual have continued • Two local laws to develop 19/20 • Improvements continued
4. Promote and develop advocacy	On-going efforts	<ul style="list-style-type: none"> • Ongoing
5. Pursue and develop innovative solutions	a. Resource sharing and joint arrangements – <ul style="list-style-type: none"> • Bolgart and Calingiri aged housing units – in cooperation with Toodyay and Goomalling • Regional waste tender planned – in cooperation with other members of Avon Regional Organisation of Councils b. Consultant engaged to improve compliance and reporting	<ul style="list-style-type: none"> • The Shire shares a Community Emergency Services Manager with the Shire of Moora • The AROC joint waste tender proposal will occur in 2019-2020 • Governance consultant continued to provide support and advice and made ongoing improvements including the review of policies, and the ongoing implementation of the Better Practice Review
6. Strong administrative service and facilities	On-going development of administrative processes	Improvements to the Shire office were commenced, the Bendigo Bank ATM was relocated to provide better access.
7. Pursue development of excellent communication services	On-going development of processes with focus on – <ul style="list-style-type: none"> • website • newsletter • Facebook 	Both the Shire's website and newsletter have been improved and Facebook is used on a regular basis

KEY INITIATIVES 2019/2020

Community

The Shire will develop a communications strategy/policy.

Economic

The Shire will continue the Omnibus Review to its Local Planning Scheme.

Environment

Council to consider the Community Deposit Scheme as a key recycling strategy by 30 June 2020

Infrastructure

The Shire has received Commonwealth funding of \$933,333 to undertake the Wheatbelt Secondary Freight Network Pilot Project:

- Mogumber-Yarawindah Road Reconstruction Project;
- Calingiri-New Norcia Road and Toodyay-Bindi Bindi Road Intersection Project.

Civic Leadership

There are a number of key outcomes to be achieved including the Shire to:

- Implement training and development of staff according to its workforce plan;
- Commence quarterly reporting on priorities in the CBP;

- Increase community awareness through promoting the Shire brand.



OMNIBUS AMENDMENT TO TOWN PLANNING SCHEME

The Shire's consultant town planner will continue focusing his attention during 2019/20 on an important, much needed amendment to the Shire of Victoria Plains Local Planning Scheme No.5. An overarching (omnibus) amendment is required to address a number of issues that have arisen and changes that have occurred since the Scheme was first approved and gazetted in March 2012 and subsequently amended in September 2017 to align it with the requirements of the *Planning and Development (Local Planning Schemes) Regulations 2015* and provide for a number of improvements, including greater clarity.

The proposed scheme amendment will be advertised for public comment commencing in February 2020 for a period of 90 days to provide opportunity for the local community to review the proposed changes and provide any feedback and comment considered appropriate. A community information session will also be held during the public advertising period to explain the proposal and answer any queries people may have. It is anticipated the scheme amendment will be finalised towards the end of 2020 subject to the Honourable Minister for Planning's approval.

A review of the Shire's local planning policies will also be undertaken during the course of the year to fine tune a number of existing planning policies that need updating. It is anticipated this review may also result in some new local planning policies being introduced to provide further clarity and guidance on key planning matters in the Shire and assist Council's consideration and determination of any future subdivision and development applications. The policy review process will involve public advertising for a minimum period of 30 days to provide opportunity for the local community to provide any feedback and comment on the proposed changes.

The Shire's town planner will also continue assisting local community members with any town planning and development related matters and will assess and provide recommendations to Council in respect of any subdivision and/or development applications received.

CAPITAL PROGRAM 2019-20 – 2022/2023

A number of additional actions are forecast to be undertaken during the life of the Plan, which will result in additional capital expenditure. The additional activities are summarised below along with an indication of the forecast capital expenditure extracted from the Long-Term Financial Plan:

Action	Project	2019-20	2020-21	2021-22	2022-23
4.3.1	Plant Replacement Program	209,610	145,135	625,581	438,385
4.3.1	Furniture and Equipment Renewals	35,176			25,157
4.6.1	Road Renewals R2R	200,000	200,000	200,000	200,000
4.6.1	Road Renewals RRG	180,000	300,000	300,000	300,000
4.5.1	Bin Road Access	1,300,000			
4.3.1	Footpaths	50,000	50,000	50,000	50,000
4.2.2	Provision for Sewerage	30,000	30,000	30,000	30,000
4.4.1	Bunded Fuel Storage - Diesel	40,000			
4.3.1	Other Infrastructure renewals			12,990	112,616
4.3.1	Purchase House	350,000			
4.3.1	Building Renewal		60,000	60,000	60,000
Total		2,184,786	785,135	1,278,571	1,216,571



The Shire of Victoria 2018 – 2019 Annual Report was prepared by Sean Fletcher from the Shire's Governance Section. All queries regarding the Annual Report can be directed to the Shire's CEO.

AUDITOR'S REPORT

AUDITED ANNUAL FINANCIAL STATEMENTS

(ANNUAL FINANCIAL REPORT)



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors of the Shire of Victoria Plains

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Shire of Victoria Plains which comprises the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows and Rate Setting Statement for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Shire of Victoria Plains:

- (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 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

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

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 an 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.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- (i) In my opinion, the following material matters indicate significant adverse trends in the financial position of the Shire:
 - a. The Operating Surplus Ratio is below the DLGSCI standard for the past 3 years.
The financial ratios are reported at Note 33 to the financial report.
- (ii) The following material matters indicating non-compliance with Part 6 of the *Local Government Act 1995*, the Local Government (Financial Management) Regulations 1996 or applicable financial controls of any other written law were identified during the course of my audit:
 - a. In 2 instances services were procured where the total spend for each supplier during the year exceeded \$150,000, however tenders were not called.

- (iii) All required information and explanations were obtained by me.
- (iv) All audit procedures were satisfactorily completed.
- (v) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Other Matter

The annual financial report of the Shire for the year ended 30 June 2018 was audited by another auditor who expressed an unmodified opinion on that annual financial report. The financial ratios for 2017 and 2018 in Note 33 of the audited annual financial report were included in the supplementary information and/or audited annual financial report for those years.

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 Victoria Plains for the year ended 30 June 2019 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.



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
17 December 2019

SHIRE OF VICTORIA PLAINS
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

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COMMUNITY VISION

Our Vision Statement is an expression of what we aspire to ensure the Shire of Victoria Plains is like for people who live here in the future:-

The Shire of Victoria Plains
Many Localities
One Perfect Lifestyle
A Place To Grow

Principal place of business:
28 Cavell Street
CALINGIRI WA 6569

**SHIRE OF VICTORIA PLAINS
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019**

*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

STATEMENT BY CHIEF EXECUTIVE OFFICER

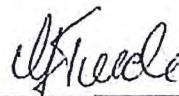
The attached financial report of the Shire of Victoria Plains for the financial year ended 30 June 2019 is based on proper accounts and records to present fairly the financial position of the Shire of Victoria Plains at 30 June 2019 and the results of the operations for the financial year then ended 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

16TH

day of

DECEMBER 2019



Chief Executive Officer

Glenda Teede

Name of Chief Executive Officer



SHIRE OF VICTORIA PLAINS
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue				
Rates	23(a)	2,489,921	2,517,266	2,387,518
Operating grants, subsidies and contributions	2(a)	1,350,448	598,487	1,180,050
Fees and charges	2(a)	274,381	219,775	212,602
Interest earnings	2(a)	45,152	52,036	47,130
Other revenue	2(a)	110,329	92,130	166,429
		<u>4,270,231</u>	<u>3,479,694</u>	<u>3,993,729</u>
Expenses				
Employee costs		(1,719,360)	(1,573,068)	(1,611,616)
Materials and contracts		(2,197,029)	(1,862,534)	(1,750,000)
Utility charges		(109,015)	(99,802)	(109,076)
Depreciation on non-current assets	11(b)	(3,965,343)	(1,869,194)	(1,896,036)
Interest expenses	2(b)	(19,140)	(23,121)	(20,653)
Insurance expenses		(133,410)	(127,161)	(126,717)
Other expenditure		(172,447)	(151,841)	(153,704)
		<u>(8,315,744)</u>	<u>(5,706,721)</u>	<u>(5,667,802)</u>
		<u>(4,045,513)</u>	<u>(2,227,027)</u>	<u>(1,674,073)</u>
Non-operating grants, subsidies and contributions	2(a)	3,158,029	3,135,051	1,928,541
Profit on asset disposals	11(a)	0	1,914	16,508
(Loss) on asset disposals	11(a)	(218,192)	(48,600)	(27,124)
Fair value adjustments to financial assets at fair value through profit or loss	8(b)	52,551	0	0
Impairment of Motor Vehicles	9(a)	(463,334)	0	0
		<u>2,529,054</u>	<u>3,088,365</u>	<u>1,917,925</u>
Net result for the period		(1,516,459)	861,338	243,852
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	(66,325)	0	17,276,442
Total other comprehensive income for the period		(66,325)	0	17,276,442
Total comprehensive income for the period		(1,582,784)	861,338	17,520,294

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



SHIRE OF VICTORIA PLAINS
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
Revenue	2(a)			
Governance		4,678	5,724	(785)
General purpose funding		3,710,300	3,032,763	3,466,978
Law, order, public safety		65,348	65,691	64,588
Health		2,858	5,638	6,747
Education and welfare		3,082	5,000	33,675
Housing		97,804	91,243	68,963
Community amenities		80,158	83,301	98,717
Recreation and culture		43,042	43,080	30,848
Transport		147,509	81,512	80,457
Economic services		37,513	33,887	42,378
Other property and services		77,939	31,855	101,163
		4,270,231	3,479,694	3,993,729
Expenses	2(b)			
Governance		(560,041)	(503,006)	(506,332)
General purpose funding		(415,963)	(348,880)	(353,550)
Law, order, public safety		(359,667)	(296,833)	(294,175)
Health		(166,667)	(144,599)	(140,232)
Education and welfare		(70,648)	(104,687)	(55,118)
Housing		(258,076)	(226,694)	(290,720)
Community amenities		(530,632)	(445,117)	(392,888)
Recreation and culture		(740,274)	(498,609)	(550,185)
Transport		(4,956,596)	(2,915,412)	(2,848,916)
Economic services		(190,635)	(189,763)	(203,407)
Other property and services		(47,405)	(10,000)	(11,626)
		(8,296,604)	(5,683,600)	(5,647,149)
Finance Costs	2(b)			
Governance		0	(2,000)	0
Community amenities		(439)	(589)	(1,085)
Recreation and culture		(14,173)	(15,812)	(15,100)
Economic services		(4,528)	(4,720)	(4,468)
		(19,140)	(23,121)	(20,653)
		(4,045,513)	(2,227,027)	(1,674,073)
Non-operating grants, subsidies and contributions	2(a)	3,158,029	3,135,051	1,928,541
Profit on disposal of assets	11(a)	0	1,914	16,508
(Loss) on disposal of assets	11(a)	(218,192)	(48,600)	(27,124)
Fair value adjustments to financial assets at fair value through profit or loss	8(b)	52,551	0	0
Impairment of Motor Vehicles	9(a)	(463,334)	0	0
		2,529,054	3,088,365	1,917,925
Net result for the period		(1,516,459)	861,338	243,852
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	12	(66,325)	0	17,276,442
Total other comprehensive income for the period		(66,325)	0	17,276,442
Total comprehensive income for the period		(1,582,784)	861,338	17,520,294

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

SHIRE OF VICTORIA PLAINS
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2019

	NOTE	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	3	837,958	1,090,475
Trade receivables	5	458,136	297,376
Other financial assets	8(a)	17,678	16,815
Inventories	6	33,416	40,612
Other current assets	7	5,343	6,474
TOTAL CURRENT ASSETS		1,352,531	1,451,752
NON-CURRENT ASSETS			
Trade receivables	5	12,856	9,757
Other financial assets	8(b)	256,947	274,913
Property, plant and equipment	9	10,299,696	11,534,856
Infrastructure	10	117,199,458	117,233,320
TOTAL NON-CURRENT ASSETS		127,768,957	129,052,846
TOTAL ASSETS		129,121,488	130,504,598
CURRENT LIABILITIES			
Trade and other payables	13	667,817	443,682
Borrowings	14(b)	53,129	61,335
Employee related provisions	15	167,043	136,945
TOTAL CURRENT LIABILITIES		887,989	641,962
NON-CURRENT LIABILITIES			
Borrowings	14(b)	363,281	416,698
Employee related provisions	15	35,523	28,459
TOTAL NON-CURRENT LIABILITIES		398,804	445,157
TOTAL LIABILITIES		1,286,793	1,087,119
NET ASSETS		127,834,695	129,417,479
EQUITY			
Retained surplus		20,967,499	22,329,228
Reserves - cash backed	4	470,117	624,847
Revaluation surplus	12	106,397,079	106,463,404
TOTAL EQUITY		127,834,695	129,417,479

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



SHIRE OF VICTORIA PLAINS
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2019

		RETAINED	RESERVES	REVALUATION	TOTAL
	NOTE	SURPLUS	CASH BACKED	SURPLUS	EQUITY
		\$	\$	\$	\$
Balance as at 1 July 2017		21,989,545	720,678	89,186,962	111,897,185
Comprehensive income					
Net result for the period		243,852	0	0	243,852
Other comprehensive income	12	0	0	17,276,442	17,276,442
Total comprehensive income		243,852	0	17,276,442	17,520,294
Transfers from/(to) reserves		95,831	(95,831)	0	0
Balance as at 30 June 2018		22,329,228	624,847	106,463,404	129,417,479
Comprehensive income					
Net result for the period		(1,516,459)	0	0	(1,516,459)
Other comprehensive income	12	0	0	(66,325)	(66,325)
Total comprehensive income		(1,516,459)	0	(66,325)	(1,582,784)
Transfers from/(to) reserves		154,730	(154,730)	0	0
Balance as at 30 June 2019		20,967,499	470,117	106,397,079	127,834,695

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

SHIRE OF VICTORIA PLAINS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Rates		2,527,405	2,514,741	2,422,261
Operating grants, subsidies and contributions		1,427,660	634,487	1,167,281
Fees and charges		274,381	219,775	211,351
Interest received		45,152	52,036	231,047
Goods and services tax received		115,645	(306,641)	306,641
Other revenue		110,329	92,130	166,429
		4,500,572	3,206,528	4,505,010
Payments				
Employee costs		(1,558,737)	(1,573,068)	(1,589,694)
Materials and contracts		(2,122,706)	(1,854,984)	(1,846,286)
Utility charges		(109,015)	(99,802)	(109,076)
Interest expenses		(19,896)	(23,121)	(20,870)
Insurance paid		(133,410)	(127,161)	(126,717)
Goods and services tax paid		(358,766)	306,641	(282,252)
Other expenditure		(172,447)	(151,841)	(153,704)
		(4,474,977)	(3,523,336)	(4,128,599)
Net cash provided by (used in) operating activities	16	25,595	(316,808)	376,411
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	9(a)	(145,816)	(188,015)	(1,489,003)
Payments for construction of infrastructure	10(a)	(3,412,142)	(3,318,075)	(1,076,523)
Non-operating grants, subsidies and contributions	2(a)	3,158,029	3,135,051	1,928,541
Proceeds from self supporting loans	14(b)	17,103	16,815	18,247
Proceeds from sale of property, plant & equipment	11(a)	166,337	214,500	112,963
Net cash provided by (used in) investment activities		(216,489)	(139,724)	(505,775)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(61,623)	(61,335)	(59,235)
Net cash provided by (used in) financing activities		(61,623)	(61,335)	(59,235)
Net increase (decrease) in cash held		(252,517)	(517,867)	(188,599)
Cash at beginning of year		1,090,475	1,104,716	1,279,074
Cash and cash equivalents at the end of the year	16	837,958	586,849	1,090,475

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

**SHIRE OF VICTORIA PLAINS
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2019**

	NOTE	2019 Actual \$	2019 Budget \$	2018 Actual \$
OPERATING ACTIVITIES				
Net current assets at start of financial year - surplus/(deficit)	24 (b)	229,463	335,505	474,406
		229,463	335,505	474,406
Revenue from operating activities (excluding rates)				
Governance		57,229	5,724	8,003
General purpose funding		1,293,700	610,963	1,149,504
Law, order, public safety		65,348	65,691	64,588
Health		2,858	5,638	6,747
Education and welfare		3,082	5,000	33,675
Housing		97,804	91,243	68,963
Community amenities		80,158	83,301	98,717
Recreation and culture		43,042	43,080	30,848
Transport		147,509	83,426	88,177
Economic services		37,513	33,887	42,378
Other property and services		77,939	31,855	101,163
		1,906,182	1,059,808	1,692,763
Expenditure from operating activities				
Governance		(560,041)	(505,006)	(506,332)
General purpose funding		(415,963)	(348,880)	(353,550)
Law, order, public safety		(359,667)	(296,833)	(321,299)
Health		(166,667)	(144,599)	(140,232)
Education and welfare		(70,648)	(104,687)	(55,118)
Housing		(258,076)	(226,694)	(290,720)
Community amenities		(531,071)	(445,706)	(393,973)
Recreation and culture		(754,447)	(514,421)	(565,285)
Transport		(5,174,788)	(2,964,012)	(2,848,916)
Economic services		(195,163)	(194,483)	(207,875)
Other property and services		(510,739)	(10,000)	(11,626)
		(8,997,270)	(5,755,321)	(5,694,926)
Non-cash amounts excluded from operating activities	24(a)	4,598,283	1,915,880	1,908,925
Amount attributable to operating activities		(2,263,342)	(2,444,128)	(1,618,832)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions	2(a)	3,158,029	3,135,051	1,928,541
Proceeds from disposal of assets	11(a)	166,337	214,500	112,963
Proceeds from self supporting loans	14(b)	17,103	16,815	18,247
Purchase of property, plant and equipment	9(a)	(145,816)	(188,015)	(1,489,003)
Purchase and construction of infrastructure	10(a)	(3,412,142)	(3,318,075)	(1,076,523)
Amount attributable to investing activities		(216,489)	(139,724)	(505,775)
FINANCING ACTIVITIES				
Repayment of borrowings	14(b)	(61,623)	(61,335)	(59,235)
Transfers to reserves (restricted assets)	4	0	0	(14,169)
Transfers from reserves (restricted assets)	4	154,730	204,880	110,000
Amount attributable to financing activities		93,107	143,545	36,596
Surplus/(deficit) before imposition of general rates		(2,386,724)	(2,440,307)	(2,088,011)
Total amount raised from general rates	23	2,416,600	2,421,800	2,317,474
Surplus/(deficit) after imposition of general rates	24(b)	29,876	(18,507)	229,463

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

1. BASIS OF PREPARATION

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

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Regulation 16 prohibits a local government from recognising as assets Crown land that is a public thoroughfare, such as 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, including land under roads acquired on or after 1 July 2008, have not been recognised in this financial report. This is not in accordance with the requirements of *AASB 1051 Land Under Roads paragraph 15* and *AASB 116 Property, Plant and Equipment paragraph 7*.

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.

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

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

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 26 to these financial statements.

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES

(a) Revenue

Grant Revenue

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Operating grants, subsidies and contributions			
General purpose funding	1,173,318	458,848	1,023,394
Law, order, public safety	52,055	57,830	52,525
Education and welfare	0	5,000	30,918
Community amenities	949	0	0
Transport	124,126	76,809	73,213
	<u>1,350,448</u>	<u>598,487</u>	<u>1,180,050</u>
Non-operating grants, subsidies and contributions			
Law, order, public safety	0	0	367,351
Housing	0	0	677,241
Transport	3,158,029	3,135,051	883,949
	<u>3,158,029</u>	<u>3,135,051</u>	<u>1,928,541</u>
Total grants, subsidies and contributions	<u>4,508,477</u>	<u>3,733,538</u>	<u>3,108,591</u>

SIGNIFICANT ACCOUNTING POLICIES

Grants, donations and other contributions

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over

Grants, donations and other contributions (Continued)

a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 22. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operations for the current reporting period.

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES (Continued)

(a) Revenue (Continued)	2019	2019	2018
	Actual	Budget	Actual
	\$	\$	\$
Other revenue			
Reimbursements and recoveries	36,216	43,830	97,233
Other	74,113	48,300	69,196
	<u>110,329</u>	<u>92,130</u>	<u>166,429</u>
Fees and Charges			
Governance	7,550	4,000	4,073
General purpose funding	(1,062)	10,000	9,818
Law, order, public safety	9,434	4,700	4,058
Health	944	3,500	3,472
Housing	85,966	82,970	59,864
Community amenities	77,723	78,805	87,478
Recreation and culture	8,911	8,650	8,619
Transport	19,171	0	40
Economic services	18,651	16,150	24,784
Other property and services	47,093	11,000	10,396
	<u>274,381</u>	<u>219,775</u>	<u>212,602</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

Interest earnings			
Loans receivable - clubs/institutions	11,406	11,986	11,067
Reserve accounts interest	6,283	14,000	11,108
Rates instalment and penalty interest (refer Note 23(e))	13,500	18,050	18,403
Other interest earnings	13,963	8,000	6,552
	<u>45,152</u>	<u>52,036</u>	<u>47,130</u>

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

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

Interest earnings (Continued)

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

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

2. REVENUE AND EXPENSES (Continued)

(b) Expenses

Auditors remuneration

- Audit of the Annual Financial Report
- Other services

Interest expenses (finance costs)

Borrowings (refer Note 14(b))

	2019 Actual \$	2019 Budget \$	2018 Actual \$
	27,000	28,000	15,294
	1,775	0	1,375
	28,775	28,000	16,669
	19,140	21,121	20,653
	19,140	23,121	20,653

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

3. CASH AND CASH EQUIVALENTS

	NOTE	2019 \$	2018 \$
Cash at bank and on hand		837,958	1,090,475
		<u>837,958</u>	<u>1,090,475</u>
Comprises:			
- Unrestricted cash and cash equivalents		343,432	439,678
- Restricted cash and cash equivalents		<u>494,526</u>	<u>650,797</u>
		837,958	1,090,475
The following restrictions have been imposed by regulations or other externally imposed requirements:			
Reserve accounts			
Long Service Leave Reserve	4	4,437	4,437
Plant Reserve	4	49,808	67,678
Housing Reserve	4	22,400	37,400
Sewerage Scheme Reserve	4	77,578	77,578
Refuse Site Reserve	4	278,983	278,983
Building Maintenance Reserve	4	15,032	77,292
Infrastructure Reserve	4	14,535	74,135
Gymnasium Reserve	4	<u>7,344</u>	<u>7,344</u>
		470,117	624,847
Other restricted cash and cash equivalents			
Unspent grants/contributions	22	9,286	25,950
Bonds and deposits held	26	<u>15,123</u>	<u>0</u>
Total restricted cash and cash equivalents		494,526	650,797

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

Cash and cash equivalents (Continued)

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.

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

4. RESERVES - CASH BACKED

	2019 Actual Opening Balance	2019 Actual Transfer to	2019 Actual Transfer (from)	2019 Budget Opening Balance	2019 Budget Transfer to	2019 Budget Transfer (from)	2019 Budget Closing Balance	2018 Actual Opening Balance	2018 Actual Transfer to	2018 Actual Transfer (from)	2018 Actual Closing Balance
(a) Long Service Leave Reserve	\$ 4,437	\$ 0	\$ 0	\$ 4,425	\$ 0	\$ 0	\$ 4,425	\$ 28,843	\$ 594	\$ (25,000)	\$ 4,437
(b) Plant Reserve	67,678	0	(17,870)	67,563	0	(25,500)	42,063	66,264	1,414	0	67,678
(c) Housing Reserve	37,400	0	(15,000)	37,331	0	(20,000)	17,331	70,966	1,434	(35,000)	37,400
(d) Sewerage Scheme Reserve	77,578	0	0	77,447	0	(27,120)	50,327	76,096	1,482	0	77,578
(e) Refuse Site Reserve	278,983	0	0	278,509	0	0	278,509	273,653	5,330	0	278,983
(f) Building Maintenance Reserve	77,292	0	(62,260)	77,161	0	(62,260)	14,901	75,815	1,477	0	77,292
(g) Infrastructure Reserve	74,135	0	(59,600)	74,000	0	(70,000)	4,000	121,837	2,298	(50,000)	74,135
(h) Gymnasium Reserve	7,344	0	0	7,333	0	0	7,333	7,204	140	0	7,344
	624,847	0	(154,730)	623,769	0	(204,880)	418,889	720,678	14,169	(110,000)	624,847

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

In accordance with Council resolutions 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) Long Service Leave Reserve	Ongoing	To be used to fund annual and long service leave requirements.
(b) Plant Reserve	Ongoing	To be used for the purchase of major plant.
(c) Housing Reserve	Ongoing	To be used in the procurement of staff housing.
(d) Sewerage Scheme Reserve	Ongoing	To be used to maintain and improve the Calingiri sewerage system.
(e) Refuse Site Reserve	Ongoing	To be used to fund future refuse site development.
(f) Building Maintenance Reserve	Ongoing	To be used for long term maintenance of Shire buildings.
(g) Infrastructure Reserve	Ongoing	To be used for future infrastructure development to ensure long term Shire sustainability.
(h) Gymnasium Reserve	Ongoing	To be used for future purchases and replacement of gymnasium equipment.

5. TRADE RECEIVABLES

Current

Rates receivable	
Sundry receivables	
GST receivable	
Allowance for impairment of receivables	

Non-current

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

Movement of allowance for impairment of receivables

Opening balance	
Additions	
Reversal	
Closing balance	

2019	2018
\$	\$
22,201	27,350
179,815	226,083
288,315	45,194
(32,195)	(1,251)
458,136	297,376
12,856	9,757
12,856	9,757
1,251	0
31,010	1,251
(66)	0
32,195	1,251

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 25.

Previous accounting policy: Impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

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.

6. INVENTORIES

	2019	2018
	\$	\$
Current		
Fuel and materials	33,416	40,612
	<u>33,416</u>	<u>40,612</u>

The following movements in inventories occurred during the year:

Carrying amount at 1 July	40,612	41,242
Inventories expensed during the year	(7,196)	(630)
Carrying amount at 30 June	<u>33,416</u>	<u>40,612</u>

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.

7. OTHER ASSETS

	2019	2018
	\$	\$
Other current assets		
Accrued income - Interest receivable	1,425	1,532
Accrued income - Other revenue	3,918	4,942
	<u>5,343</u>	<u>6,474</u>

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

SHIRE OF VICTORIA PLAINS
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8. OTHER FINANCIAL ASSETS

	2019	2018
	\$	\$
(a) Current assets		
Other financial assets at amortised cost	17,678	16,815
	<u>17,678</u>	<u>16,815</u>
Other financial assets at amortised cost		
- Financial assets at amortised cost - self supporting loans	17,678	16,815
(b) Non-current assets		
Other financial assets at amortised cost	204,396	222,362
Financial assets at fair value through profit and loss	52,551	0
Available for sale financial assets	0	52,551
	<u>256,947</u>	<u>274,913</u>
Other financial assets at amortised cost		
- Financial assets at amortised cost - self supporting loans	204,396	222,362
	<u>204,396</u>	<u>222,362</u>
Financial assets at fair value through profit and loss		
- <i>Unlisted equity investments</i>		
- Units in local government house trust	52,551	0
	<u>52,551</u>	<u>0</u>
Available for sale financial assets		
- <i>Unlisted equity investments</i>		
- Units in local government house trust	0	52,551
	<u>0</u>	<u>52,551</u>

Loans receivable from clubs/institutions have the same terms and conditions as the related borrowing disclosed in Note 14(b) as self supporting loans.

Changes in fair value of Units in Local Government House recognised as non-current financial assets at fair value through profit and loss for the current year have not been recognised nor considered as they are unlikely to be material and unable to be reliably determined at the time of preparation of these statements.

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 25.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Previous accounting policy: available for sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were either not suitable to be classified as other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Previous accounting policy: Loans and receivables

Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market and are solely payments of principal and interest were classified as loans and receivables and are subsequently measured at amortised cost, using the effective interest rate method.

Refer to Note 28 for explanations regarding the change in accounting policy and reclassification of available for sale financial assets to financial assets at fair value through profit and loss.

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	Buildings - non- specialised	Buildings - specialised	Total buildings	Total land buildings	Furniture and equipment	Plant and equipment	Motor Vehicles	Constructio n other than Buildings	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	822,000	1,615,000	4,980,102	6,595,102	7,417,102	204,907	1,819,912	1,623,554	1,587,494	12,652,969
Additions		16,279	997,546	1,013,825	1,013,825	0	28,483	430,710	15,985	1,489,003
(Disposals)	0	0	0	0	0	0	(1,152)	(122,427)	0	(123,579)
Revaluation increments / (decrements) transferred to revaluation surplus	232,500	(632,101)	0	(632,101)	(399,601)					(399,601)
Depreciation (expense)	0	(32,299)	(100,278)	(132,577)	(132,577)	(37,989)	(186,642)	(135,350)	(69,142)	(561,700)
Transfers		0	12,101	12,101	12,101	0	(12,515)	12,515	(1,534,337)	(1,522,236)
Carrying amount at 30 June 2018	1,054,500	966,879	5,889,471	6,856,350	7,910,850	166,918	1,648,086	1,809,002	0	11,534,856
Comprises:										
Gross carrying amount at 30 June 2018	1,054,500	986,279	5,989,749	6,976,028	8,030,528	234,461	1,991,189	2,027,016	0	12,283,194
Accumulated depreciation at 30 June 2018	0	(19,400)	(100,278)	(119,678)	(119,678)	(67,543)	(343,103)	(218,014)	0	(748,338)
Carrying amount at 30 June 2018	1,054,500	966,879	5,889,471	6,856,350	7,910,850	166,918	1,648,086	1,809,002	0	11,534,856
Additions	0	16,577	87,472	104,049	104,049	23,897	17,870	0	0	145,816
(Disposals)	0	0	0	0	0	(62,045)	(268,860)	0	0	(330,905)
(Write-off of assets under \$5k threshold)	0	0	0	0	0	(25,293)	(28,331)	0	0	(53,624)
Revaluation increments / (decrements) transferred to revaluation surplus	0	0	0	0	0	50,076	52,555	(116,405)	0	(13,774)
Revaluation (loss) / reversals transferred to profit or loss	0	0	0	0	0	0	0	(463,334)	0	(463,334)
Depreciation (expense)	0	(23,990)	(113,685)	(137,675)	(137,675)	(39,244)	(170,611)	(147,312)	0	(494,842)
Transfers	0	0	0	0	0	0	(24,497)	0	0	(24,497)
Carrying amount at 30 June 2019	1,054,500	959,466	5,863,258	6,822,724	7,877,224	114,309	1,226,212	1,081,951	0	10,299,696
Comprises:										
Gross carrying amount at 30 June 2019	1,054,500	1,002,856	6,077,221	7,080,077	8,134,577	114,309	1,226,212	1,081,951	0	10,557,049
Accumulated depreciation at 30 June 2019	0	(43,390)	(213,963)	(257,353)	(257,353)	0	0	0	0	(257,353)
Carrying amount at 30 June 2019	1,054,500	959,466	5,863,258	6,822,724	7,877,224	114,309	1,226,212	1,081,951	0	10,299,696

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	Sales comparison approach and cost approach	Independent Registered valuers	June 2017	Price per hectare
Land - freehold land	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent Registered valuers	June 2017	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 valuers	June 2017	Price per square metre
Buildings - specialised	3	Improvements to land valued using cost approach using depreciated replacement cost	Independent Registered valuers	June 2017	Improvements to land using construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Furniture and equipment					
- Independent valuation 2019	3	Cost approach using depreciated replacement cost	Independent Registered valuers	June 2019	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
- Management valuation 2019	3	Cost approach using depreciated replacement cost	Management valuation	June 2019	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements (Continued)

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Plant and equipment					
- Independent valuation 2019	2	Market approach using recent observable market data for similar items	Independent Registered valuers	June 2019	Price per item
- Independent valuation 2019	3	Cost approach using depreciated replacement cost	Independent Registered valuers	June 2019	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
- Management valuation 2019	3	Cost approach using depreciated replacement cost	Management valuation	June 2019	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Motor Vehicles					
- Independent valuation 2019	2	Market approach using recent observable market data for similar items	Independent Registered valuers	June 2019	Price per item
- Independent valuation 2019	3	Cost approach using depreciated replacement cost	Independent Registered valuers	June 2019	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
- Management valuation 2019	3	Cost approach using depreciated replacement cost	Management valuation	June 2019	Purchase costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

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 - Other	Infrastructure - Bridges	Total Infrastructure
	\$	\$	\$	\$	\$
Balance at 1 July 2017	91,360,356	513,066	6,471,981	0	98,345,403
Additions	1,053,225	23,300	0	0	1,076,525
Revaluation increments / (decrements) transferred to revaluation surplus	17,278,790	143,682	335,155	(134,135)	17,623,492
Depreciation (expense)	(1,173,811)	(16,238)	(144,287)	0	(1,334,336)
Transfers	2,925,750	0	(3,650,149)	2,246,635	1,522,236
Carrying amount at 30 June 2018	111,444,310	663,810	3,012,700	2,112,500	117,233,320
Comprises:					
Gross carrying amount at 30 June 2018	150,189,096	899,241	6,211,100	6,840,000	164,139,437
Accumulated depreciation at 30 June 2018	(38,744,786)	(235,431)	(3,198,400)	(4,727,500)	(46,906,117)
Carrying amount at 30 June 2018	111,444,310	663,810	3,012,700	2,112,500	117,233,320
Additions	3,412,142	0	0	0	3,412,142
Depreciation (expense)	(3,133,146)	(11,240)	(212,567)	(113,548)	(3,470,501)
Transfers	(336,074)	0	24,497	336,074	24,497
Carrying amount at 30 June 2019	111,387,232	652,570	2,824,630	2,335,026	117,199,458
Comprises:					
Gross carrying amount at 30 June 2019	153,265,164	899,241	6,246,096	7,176,074	167,586,575
Accumulated depreciation at 30 June 2019	(41,877,932)	(246,671)	(3,421,466)	(4,841,048)	(50,387,117)
Carrying amount at 30 June 2019	111,387,232	652,570	2,824,630	2,335,026	117,199,458

10. INFRASTRUCTURE (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Infrastructure - Roads	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Footpaths	3	Cost approach using depreciated replacement cost	Management valuation	June 2018	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Other	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs
Infrastructure - Bridges	3	Cost approach using depreciated replacement cost	Independent registered valuers	June 2017	Construction costs and current condition (Level 2), residual values and remaining useful life assessments (Level 3) inputs

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

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

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE)

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

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework.

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 no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Shire includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets 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 fixed assets is determined at least every three years and no more than five years in accordance with the regulatory framework. 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 property, plant and equipment 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

In accordance with *Local Government (Financial Management) Regulation 16(a)(ii)*, the Shire was required to include as an asset (by 30 June 2013), 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 in accordance with the other policies detailed in this Note.

Land under roads

In Western Australia, all 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 fact *Local Government (Financial Management) Regulation 16(a)(i)* prohibits local governments from recognising such land as an asset.

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

Whilst such treatment is inconsistent with the requirements of *AASB 1051, Local Government (Financial Management) Regulation 4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Shire.

SHIRE OF VICTORIA PLAINS

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2019

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(a) Disposals of Assets

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss	2019 Budget Net Book Value	2019 Budget Sale Proceeds	2019 Budget Profit	2019 Budget Loss	2018 Actual Net Book Value	2018 Actual Sale Proceeds	2018 Actual Profit	2018 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Furniture and equipment	87,338	0	0	(87,338)	0	0	0	0	0	0	0	0
Plant and equipment	297,191	166,337	0	(130,854)	261,186	214,500	1,914	(48,600)	1,152	8,872	7,720	0
Motor Vehicles	0	0	0	0	0	0	0	0	122,427	104,091	8,788	(27,124)
	384,529	166,337	0	(218,192)	261,186	214,500	1,914	(48,600)	123,579	112,963	16,508	(27,124)

The following assets were disposed of during the year.

	2019 Actual Net Book Value	2019 Actual Sale Proceeds	2019 Actual Profit	2019 Actual Loss
	\$	\$	\$	\$
Plant and Equipment				
Transport				
Assets under LGA \$5,000 Threshold	28,331	0	0	(28,331)
Assets scrapped	25,923	0	0	(25,923)
Assets which existed under other asset categories	48,620	0	0	(48,620)
Volvo BL71B Backhoe Loader	94,525	59,112	0	(35,413)
Caterpillar Grader 120M series	161,837	107,225	0	(54,612)
	359,236	166,337	0	(192,899)
Furniture and Equipment				
Transport				
Assets under LGA \$5,000 Threshold	25,293	0	0	(25,293)
	384,529	166,337	0	(218,192)

11. PROPERTY, PLANT AND EQUIPMENT (INCLUDING INFRASTRUCTURE) (Continued)

(b) Depreciation	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Buildings - non-specialised	23,990	31,843	32,299
Buildings - specialised	113,685	98,858	100,278
Furniture and equipment	39,244	37,450	37,989
Plant and equipment	170,611	183,999	186,642
Motor Vehicles	147,312	133,434	135,350
Construction other than Buildings	0	68,163	69,142
Infrastructure - Roads	3,133,146	1,157,195	1,173,811
Infrastructure - Footpaths	11,240	16,008	16,238
Infrastructure - Other	212,567	142,244	144,287
Infrastructure - Bridges	113,548	0	0
	3,965,343	1,869,194	1,896,036

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	Asset Class	Useful life
Buildings	30 to 50 years	Sewerage piping	80 years
Furniture and equipment	4 to 10 years	Water supply piping and drainage systems	17 to 80 years
Plant and equipment	5 to 15 years	Bridges	60 years
Sealed roads and streets		Other infrastructure	15 to 80 years
formation	not depreciated		
pavement	50 years		
seal			
- bituminous seals	15 to 20 years		
- asphalt surfaces	20 years		
Gravel roads			
formation	not depreciated		
pavement	50 years		
Formed roads (unsealed)			
formation	not depreciated		
pavement	50 years		
Footpaths - slab	40 to 60 years		
Sewerage piping	80 years		
Water supply piping and drainage systems	17 to 80 years		

Depreciation (Continued)

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:

- 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
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

SHIRE OF VICTORIA PLAINS

12. REVALUATION SURPLUS

Revaluation surplus - Land and buildings
Revaluation surplus - Furniture and equipment
Revaluation surplus - Plant and equipment
Revaluation surplus - Motor Vehicles
Revaluation surplus - Investment in Local Govt House Trust *
Revaluation surplus - Infrastructure - Roads
Revaluation surplus - Infrastructure - Footpaths
Revaluation surplus - Infrastructure - Other
Revaluation surplus - Infrastructure - Bridges

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 for by AASB 116 Aus 40.1.

* This represents the fair value adjustment of financial assets as detailed in Note 8(b) previously designated as Available-for-sale, now reversed through profit and loss.

13. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Accrued salaries and wages
ATO liabilities
Bonds and deposits (refer to Note 26)
Accrued interest on long term borrowings
Accrued expenditure
Income received in advance

2019	2018
\$	\$
367,074	342,063
9,594	9,504
193,549	70,178
15,123	0
2,909	3,665
44,134	18,272
35,434	0
667,817	443,682

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

Trade and other payables (Continued)

of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

SHIRE OF VICTORIA PLAINS

14. INFORMATION ON BORROWINGS

	2019	2018
	\$	\$
Current	53,129	61,335
Non-current	363,281	416,598
	<u>416,410</u>	<u>477,933</u>

(b) Repayments - Borrowings

Particulars		Loan Number	Institution	Interest Rate	30 June 2019			30 June 2019			30 June 2019			30 June 2018			30 June 2018		
					Actual Principal 1 July 2018	Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal	Budget Interest	Budget Principal repayments	Actual Principal 1 July 2017	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding			
Community amenities																			
Drought Proofing Calingiri Recreation and culture	72	WATC*	6.48%		10,292	0	10,292	439	0	10,291	10,291	589	0	19,938	9,646	1,085	10,292		
Calingiri Sports Pavilion	82	WATC*	4.48%		77,135	0	18,021	3,668	59,114	77,136	18,022	3,826	59,114	94,376	17,241	9,221	77,135		
Economic services																			
Plawanning Water Supply	84	WATC*	2.49%		151,429	0	16,207	4,528	135,222	151,429	16,207	4,720	135,222	167,240	15,811	4,468	151,429		
					238,856	0	44,520	8,635	194,336	238,856	44,520	9,135	194,336	281,554	42,698	14,774	238,856		
Self Supporting Loans																			
Recreation and culture																			
Calingiri Football Club	83	WATC*	4.60%		239,177	0	17,103	10,505	222,074	239,177	16,815	11,986	222,362	255,714	16,537	5,879	239,177		
					239,177	0	17,103	10,505	222,074	239,177	16,815	11,986	222,362	255,714	16,537	5,879	239,177		
					478,033	0	61,623	19,140	416,410	478,033	61,335	21,121	416,698	537,288	59,235	20,653	478,033		

• **WA Treasury Corporation**

Self supporting loans are financed by payments from third parties. These are shown in Note 8 as other financial assets at amortised cost. All other loan repayments were financed by general purpose revenue.

SHIRE OF VICTORIA PLAINS
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2019

14. INFORMATION ON BORROWINGS (Continued)

(c) New Borrowings - 2018/19

There were no new loan borrowing during the 2018/19 financial year.

(c) Unspent Borrowings

There were no unspent loan borrowing during the 2018/19 financial year.

	2019	2018
	\$	\$
(c) Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Bank overdraft limit	300,000	0
Bank overdraft at balance date	0	0
Credit card limit	20,000	20,000
Credit card balance at balance date	(2,132)	(2,996)
Total amount of credit unused	317,868	17,004
 Loan facilities		
Loan facilities - current	53,129	61,335
Loan facilities - non-current	363,281	416,698
Total facilities in use at balance date	416,410	478,033
 Unused loan facilities at balance date	NIL	NIL

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

Risk

Information regarding exposure to risk can be found at Note 25.

15. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2018			
Current provisions	71,020	65,925	136,945
Non-current provisions	0	28,459	28,459
	71,020	94,384	165,404
Additional provision	35,037	2,125	37,162
Balance at 30 June 2019	106,057	96,509	202,566
Comprises			
Current	106,057	60,986	167,043
Non-current	0	35,523	35,523
	106,057	96,509	202,566
	2019	2018	
	\$	\$	
Amounts are expected to be settled on the following basis:			
Less than 12 months after the reporting date	132,750	99,876	
More than 12 months from reporting date	76,135	71,847	
Expected reimbursements from other WA local governments	(6,319)	(6,319)	
	202,566	165,404	

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.

16. 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:

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Cash and cash equivalents	837,958	586,849	1,090,475

Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net result	(1,516,459)	861,338	243,852
Non-cash flows in Net result:			
Depreciation	3,965,343	1,869,194	1,896,036
(Profit)/loss on sale of asset	218,192	46,686	10,616
Loss on impairment of fixed assets	463,334	0	0
Fair value adjustments to financial assets at fair value through profit or loss	(52,551)	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(163,859)	33,475	229,029
(Increase)/decrease in other assets	1,131		0
(Increase)/decrease in inventories	7,196	5,050	630
Increase/(decrease) in payables	224,135	2,500	(73,456)
Increase/(decrease) in provisions	37,162	0	(1,755)
Grants contributions for the development of assets	(3,158,029)	(3,135,051)	(1,928,541)
Net cash from operating activities	25,595	(316,808)	376,411

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2019	2018
	\$	\$
Governance	1,250,220	1,205,197
General purpose funding	50,180	37,107
Law, order, public safety	879,722	163,661
Education and welfare	17,259	34,750
Housing	2,263,047	2,378,206
Community amenities	2,501,750	2,602,014
Recreation and culture	5,059,680	5,214,677
Transport	115,290,884	115,213,096
Economic services	194,235	202,380
Other property and services	1,614,511	3,453,510
	<u>129,121,488</u>	<u>130,504,598</u>

18. CONTINGENT LIABILITIES

The Shire's Bolgart refuse site licence contains a requirement to rehabilitate the site. The Shire has recently engaged a consultant to prepare a site closure management plan, but has not been able to estimate the remediation costs of this site.

19. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

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

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Meeting Fees	52,500	52,500	57,500
President's allowance	6,500	6,500	6,500
Deputy President's allowance	1,625	1,625	1,625
Travelling expenses	5,299	13,000	10,122
Telecommunications allowance	7,000	12,000	10,257
	<u>72,924</u>	<u>85,625</u>	<u>86,004</u>

Key Management Personnel (KMP) Compensation Disclosure

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

	2019 Actual	2018 Actual
	\$	\$
Short-term employee benefits	335,560	290,093
Post-employment benefits	32,838	37,476
Other long-term benefits	3,722	1,177
Termination benefits	0	32,692
	<u>372,120</u>	<u>361,438</u>

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

These amounts represent 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).

19. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

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

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

The following transactions occurred with related parties:	2019	2018
	Actual	Actual
	\$	\$
Purchase of goods and services - other related parties	431,890	148,780
Amounts payable to related parties:		
Trade and other payables - other related parties	35,755	16,618

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 are 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.

19. JOINT ARRANGEMENTS

(a) Joint Operation Housing - Aged Person Units

The Shire together with Homeswest have a joint arrangement agreement with regards to the provision of two aged persons units in Bolgart and four aged persons units in Calingiri.

The terms of the joint arrangement agreements provided for Council to initially contribute equity of \$162,949.

These joint arrangements constitute a joint operation and Council's 18.98% and 18% interest in these developments is included in the Property, Plant & Equipment as follows:-

Non-current assets

Land and buildings

Less: accumulated depreciation

2019	2018
\$	\$

2019	2018
\$	\$
242,500	242,500
(12,947)	(4,300)
229,553	238,200

Statement of comprehensive income

Fees & charges - Housing revenue

Employee costs - Housing expenditure

Materials & contracts - Housing expenditure

Depreciation - Housing expenditure

Net result for the period

9,029	9,112
(198)	(50)
(38)	(173)
(8,647)	(17,200)
146	(8,311)

SIGNIFICANT ACCOUNTING POLICIES

Interests in joint arrangements

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

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

Interests in joint arrangements (Continued)

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

20. MAJOR LAND TRANSACTIONS

The Shire did not have any major land transactions at the reporting date

21. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

The Shire did not have any trading undertakings or major trading undertakings at the reporting date

22. CONDITIONS OVER GRANTS/CONTRIBUTIONS

Grant/Contribution	Opening Balance ⁽¹⁾ 1/07/17	Received ⁽²⁾ 2017/18	Expended ⁽³⁾ 2017/18	Closing Balance ⁽¹⁾ 30/06/18	Received ⁽²⁾ 2018/19	Expended ⁽³⁾ 2018/19	Closing Balance 30/06/19
	\$	\$	\$	\$	\$	\$	\$
Education and welfare							
Dept of Health - Suicide Prevention Grant	0	20,000	0	20,000	0	(10,714)	9,286
Dept of Local Government & Communities - Well Being Matters Grant	0	6,100	(150)	5,950	0	(5,950)	0
Total	0	26,100	(150)	25,950	0	(16,664)	9,286

Notes:

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the current reporting period
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which had not yet been fully expended in the current reporting period

SHIRE OF VICTORIA PLAINS

23. RATING INFORMATION

(a) Rates

RATE TYPE	Differential general rate / general rate	Rate in \$	Number of Properties	2018/19		2018/19		2018/19		2018/19		2018/19		2017/18	
				Actual Rateable Value	Actual Revenue	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	Actual Total Revenue			
Gross rental valuations				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General GRV		0.101086	160	1,776,674	179,597	(1,766)	(420)		179,597	0	0	179,597		171,087	
Unimproved valuations															
General UV		0.006883	306	318,010,000	2,188,863	(2,963)	(51)	2,185,849	2,188,863	0	0	2,188,863		2,086,027	
Sub-Total			466	319,786,674	2,368,460	(4,729)	(471)	2,363,260	2,368,460	0	0	2,368,460		2,257,114	
Minimum payment															
Gross rental valuations															
General GRV		420	72	93,787	30,240	0	0	30,240	30,240	0	0	30,240		30,660	
Unimproved valuations															
General UV		550	42	1,299,241	23,100	0	0	23,100	23,100	0	0	23,100		29,700	
Sub-Total			114	1,393,028	53,340	0	0	53,340	53,340	0	0	53,340		60,360	
Total amount raised from general rate			580	321,179,702	2,421,800	(4,729)	(471)	2,416,600	2,421,800	0	0	2,421,800		2,317,474	
Ex-gratia rates														2,317,474	
Totals								73,321				95,466		70,044	
								2,489,921				2,517,266		2,387,518	

SIGNIFICANT ACCOUNTING POLICIES

Rates

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

23. RATING INFORMATION (Continued)

(b) Specified Area Rate

No specified area rates were imposed by the Shire during the year ended 30 June 2019.

(c) Service Charges

No service charges were imposed by the Shire during the year ended 30 June 2019.

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

Rates Discounts

No rates discount was offered Shire during the year ended 30 June 2019.

Waivers or Concessions

No waivers or concessions were offered Shire during the year ended 30 June 2019.

23. RATING INFORMATION (Continued)

(e) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge	Instalment Plan Interest Rate	Unpaid Rates Interest Rate
		\$	%	%
Option One				
Single Full Payment	25/09/2018			11.00%
Option Two				
First Instalment	25/09/2018			
Second Instalment	20/11/2018	4.50	5.50%	11.00%
Third Instalment	15/01/2019	4.50	5.50%	11.00%
Fourth Instalment	12/03/2019	4.50	5.50%	11.00%

	2019 Actual	2019 Budget	2018 Actual
	\$	\$	\$
Interest on unpaid rates	5,716	16,000	12,182
Interest on instalment plan	7,608	2,000	6,221
Interest on ESL penalty	176	50	0
Charges on instalment plan	1,876	2,000	1,719
	<u>15,376</u>	<u>20,050</u>	<u>20,122</u>

24. RATE SETTING STATEMENT INFORMATION

	2018/19	2018/19	2018/19
	Budget	Budget	Brought
	(30 June 2019)	(30 June 2019)	(1 July 2018)
Note	Carried Forward)	Carried Forward)	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 *Financial Management Regulation 32*.

Adjustments to operating activities

Less: Profit on asset disposals	11(a)	0	(1,914)	(16,508)
Less: Fair value adjustments to financial assets through profit or loss		(52,551)	0	0
Movement in pensioner deferred rates (non-current)		(3,099)	0	(3,058)
Movement in employee benefit provisions (non-current)		7,064	0	5,331
Add: Loss on disposal of assets	11(a)	218,192	48,600	27,124
Add: Loss on revaluation of fixed assets	10(a)	463,334	0	0
Add: Depreciation on assets	11(b)	3,965,343	1,869,194	1,896,036
Non cash amounts excluded from operating activities		4,598,283	1,915,880	1,908,925

(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 *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

Adjustments to net current assets

Less: Reserves - restricted cash	3	(470,117)	(418,889)	(624,847)
Less: - Financial assets at amortised cost - self supporting loans	8(a)	(17,678)	(638)	(16,815)
Add: Borrowings	14(a)	53,129	(53,483)	61,335
Total adjustments to net current assets		(434,666)	(473,010)	(580,327)

Net current assets used in the Rate Setting Statement

Total current assets		1,352,531	885,377	1,451,752
Less: Total current liabilities		(887,989)	(430,874)	(641,962)
Less: Total adjustments to net current assets		(434,666)	(473,010)	(580,327)
Net current assets used in the Rate Setting Statement		29,876	(18,507)	229,463

25. 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 other debt	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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

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

(a) Interest rate risk

Cash and cash equivalents

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

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

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate	Non Interest Bearing
	%	\$	\$	\$	\$
2019					
Cash and cash equivalents	0.59%	837,958	108,007	365,698	364,253
2018					
Cash and cash equivalents	0.69%	1,090,475	108,007	519,651	462,817

Sensitivity

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

	2019	2018
	\$	\$
Impact of a 1% movement in interest rates on profit and loss and equity*	3,657	5,197

* 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 14(b).

25. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade Receivables

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

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

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

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

The expected loss rates are based on the payment profiles of rates and fees and charges over a period of 36 months before 1 July 2018 or 1 July 2019 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of ratepayers and residents to settle the receivables. Housing prices and unemployment rates have been identified as the most relevant factor in repayment rates, and accordingly adjustments are made to the expected credit loss rate based on these factors. There are no material receivables that have been subject to a re-negotiation of repayment terms.

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

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
30 June 2019					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	19,454	6,124	2,080	7,399	35,057
Loss allowance	0	0	0	0	0
01 July 2018					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	1,106	(4,416)	12,240	28,177	37,107
Loss allowance	0	0	0	0	0

The loss allowance as at 30 June 2019 and 1 July 2018 (on adoption of AASB 9) was determined as follows for sundry receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
30 June 2019					
Sundry Receivables					
Expected credit loss	15.05%	5.14%	0.00%	57.82%	
Gross carrying amount	140,152	21,869	528	17,266	179,815
Loss allowance	21,088	1,123	0	9,984	32,195
01 July 2018					
Sundry Receivables					
Expected credit loss	0.00%	0.00%	0.00%	36.55%	
Gross carrying amount	220,848	623	1,189	3,423	226,083
Loss allowance	0	0	0	1,251	1,251

25. 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 14(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
<u>2019</u>	\$	\$	\$	\$	\$
Payables	474,268	0	0	474,268	474,268
Borrowings	70,051	237,458	193,696	501,205	416,410
	544,319	237,458	193,696	975,473	890,678
<u>2018</u>					
Payables	373,504	0	0	373,504	373,504
Borrowings	80,853	258,832	242,374	582,059	478,033
	454,357	258,832	242,374	955,563	851,537

26. TRUST FUNDS

There are no funds held at the balance date which are required to be held in the trust fund.

In previous years, bonds and deposits were held as trust monies. They are now included in Restricted cash at Note 3 and shown as a current liability at Note 13.

	1 July 2018	Amounts Received	Amounts Paid	Reclassified to Restricted Cash	30 June 2019
	\$	\$	\$	\$	\$
BCITF	2,252	5,221	(7,313)	(160)	0
BSL	3,318	4,612	(5,774)	(2,156)	0
Gillingara Sports & Recreation Association	0	5,000	0	(5,000)	0
Gym Key Bonds	862	241	(20)	(1,083)	0
Hall Bonds	740	1,249	(797)	(1,192)	0
Tip Key Bonds	1,538	40	0	(1,578)	0
Transport Licencing	2,098	250,525	(252,162)	(461)	0
Other	1,538	2,055	(100)	(3,493)	0
	12,346	268,943	(266,166)	(15,123)	0

27. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

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

28. 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.

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 *Financial Instruments*.

AASB 9 Financial instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Shire applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies.

The effect of adopting AASB9 as at 1 July 2018 was assessed as not material, therefore no adjustment to be recognised directly in retained surplus.

The nature of these adjustments are described below.

28. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (Continued)

(a) Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Shire's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Shire's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact on the Shire. The following are the changes in the classification of the Shire's financial assets:

- Trade receivables and Loans and advances (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.

In summary, upon the adoption of AASB 9, the Shire had the following required (or elected) reclassifications as at 1 July 2018:

Financial asset category	AASB 9 category			
	AASB 139 value	Financial assets at amortised cost	Fair value through OCI	Fair value through P/L
	\$	\$	\$	\$
Loans and receivables				
Trade receivables*	261,939	261,939	0	0
Loans and advances	239,177	239,177	0	0
	501,116	501,116	0	0
Other financial assets at fair value				
Available-for-sale financial assets	52,551	0	0	52,551

* The change in carrying amount is a result of additional impairment allowance. See the discussion on impairment below.

(b) Impairment

The adoption of AASB 9 has fundamentally changed the Shire's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Shire to recognise an allowance for ECLs for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, the Shire did not recognise any additional impairment on the Shire's Trade receivables.

29. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Shire.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Shire, the impact of the adoption of AASB 15 *Revenue from Contracts with Customers*, AASB 16 *Leases* and AASB 1058 *Income for Not-for-Profit Entities*. These standards are applicable to future reporting periods and have not yet been adopted.

(a) Revenue from Contracts with Customers

The Shire will adopt AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income for Not for Profit Entities* (issued December 2014) on 1 July 2019 resulting in changes in accounting policies.

In accordance with the transition provisions AASB 15 and AASB 1058, the Shire will adopt the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019.

AASB 15 and AASB 1058 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is payment) to which the entity expects to be entitled in exchange for those goods or services as performance obligations have been met as specified in the contracts with customers. The impact of the standards may cause the Shire to defer some revenue until all performance obligations have been met.

(b) Leases

The Shire will adopt AASB 16 retrospectively from 1 July 2019 resulting in changes in accounting policies.

In accordance with the transition provisions of AASB 16, the Shire will apply this Standard to its leases retrospectively, with the cumulative effect of initially applying AASB 16 recognised on 1 July 2019.

AASB 16 will cause majority of leases of an entity to be brought onto the statement of financial position. There are limited expectations relating to short term leases and low value assets which may remain off balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments.

A corresponding right to use asset will be recognised which will be amortised over the term of the lease. Rent expenses will no longer be shown, the profit and loss impact of these leases will be through amortisation and interest charges.

As the Shire has no operating leases, this standard will have no impact.

(c) Income for Not-For-Profit Entities

The Shire will adopt 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 will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised at 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

AASB 1058 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is payment) to which the entity expects to be entitled in exchange for those goods or services as performance obligations have been met as specified in the contracts with customers.

The impact of the standard may cause the Shire to defer some revenue until all performance obligations have been met.

30. CHANGE IN ACCOUNTING POLICY

On 1 July 2018 Paragraph 17A (5) was inserted into Local Government (Financial Management) Regulations 1996. The regulation stated an asset is to be excluded from the assets of a local government if the fair value of the asset at the date of acquisition by the local government is under \$5,000.

The adoption of the regulation constitutes a change in accounting policy.

Due to the effect on the financial statements not being material, the Shire did not retrospectively apply the changes in accounting policy arising from the new regulations and has not restated comparative figures.

During the year assets with a fair value at the date of acquisition of under \$5,000 and purchased prior to 1 July 2018 have been excluded from the assets of the Shire and written off in the Statement of Comprehensive Income.

The impact of the write off of \$53,624 was immaterial and therefore no restatement is required.

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31. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification

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

c) Rounding off figures

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

d) Comparative figures

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

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

e) Budget comparative figures

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

f) Superannuation

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

g) Fair value of assets and liabilities

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

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

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

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

h) Fair value hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

i) Impairment of assets

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

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

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

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

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32. ACTIVITIES/PROGRAMS

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

PROGRAM NAME AND OBJECTIVES

ACTIVITIES

GOVERNANCE

To provide a decision making process for the efficient allocation of scarce resources.

Includes the activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

To collect revenue to allow for the provision of services.

Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

To provide services to help ensure a safer and environmentally conscious community.

Supervision and enforcement of various local laws relating to fire prevention, animal control and other aspects of public safety including emergency services.

HEALTH

To provide an operational framework for environmental and community health.

Inspection of food outlets and their control, provision of meat inspection services, noise control and waste disposal compliance.

EDUCATION AND WELFARE

To provide and maintain housing.

Provision and maintenance of elderly residents housing.

HOUSING

To provide services required by the community.

Rubbish collection services, operation of rubbish disposal sites, litter control, construction and maintenance of urban storm water drains, protection of the environment and administration of town planning schemes, cemetery and public conveniences.

COMMUNITY AMENITIES

To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.

Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

RECREATION AND CULTURE

To establish and effectively manage infrastructure and resource which will help the social wellbeing of the community.

Maintenance of public halls, civic centres, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

TRANSPORT

To provide safe, effective and efficient transport services to the community.

Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.

ECONOMIC SERVICES

To help promote the Shire and its economic wellbeing.

Tourism and area promotion including the maintenance and operation of a caravan park. Provision of rural services including weed control, vermin control and standpipes. Building Control.

OTHER PROPERTY AND SERVICES

To monitor and control the Shire's overhead operating accounts.

Private works operation, plant repair and operation costs and engineering operation costs.

33. FINANCIAL RATIOS

	2019 Actual	2018 Actual	2017 Actual
Current ratio	0.99	1.26	1.67
Asset consumption ratio	0.72	0.68	0.97
Asset renewal funding ratio	1.12	0.84	0.94
Asset sustainability ratio	0.86	0.71	1.25
Debt service cover ratio	(8.54)	2.90	13.92
Operating surplus ratio	(1.60)	(0.60)	(0.32)
Own source revenue coverage ratio	0.34	0.50	0.51

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

