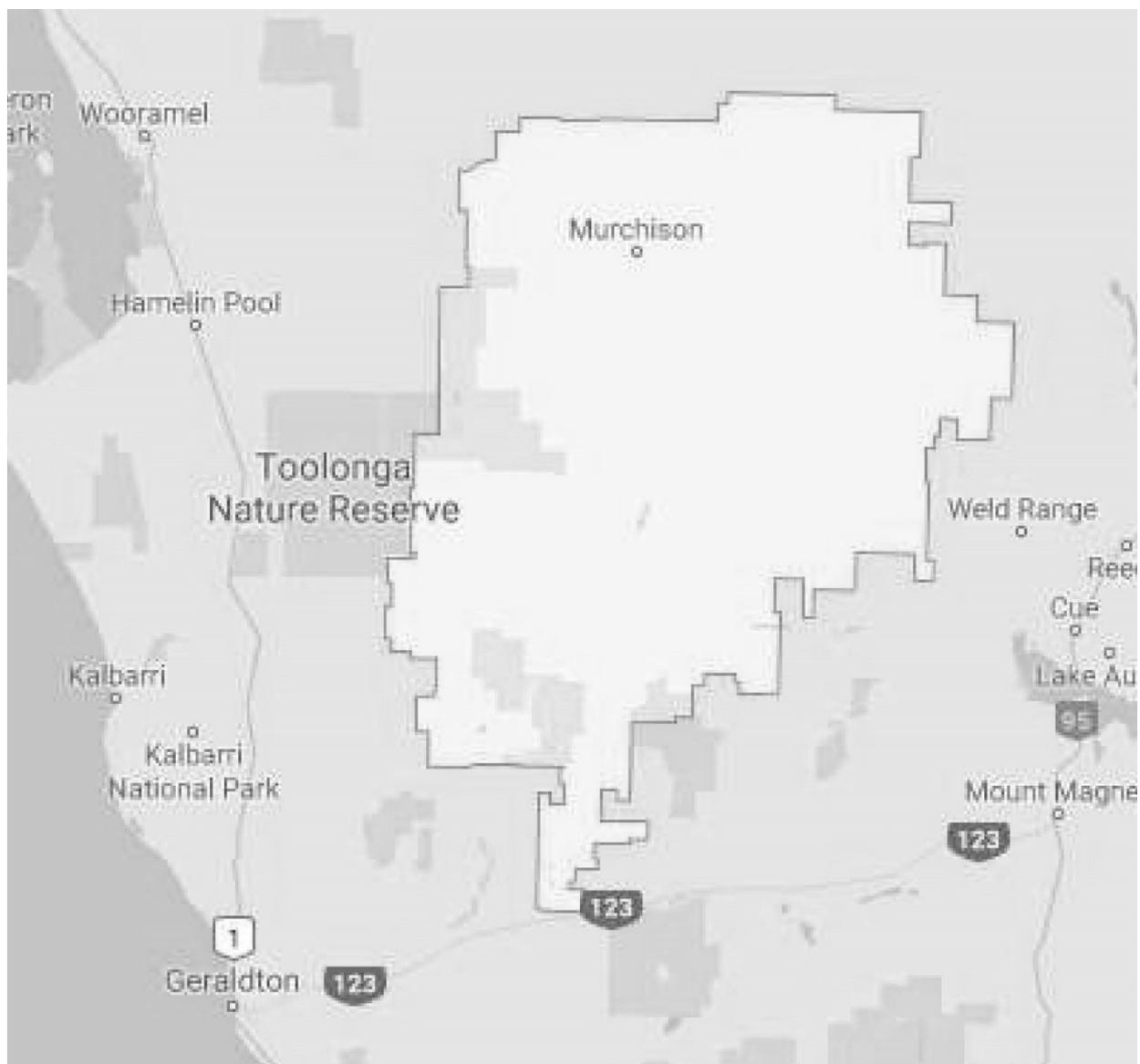


A photograph of a person sitting on a large, dark rock by a river. The person is wearing a white tank top and shorts, and is looking towards the water. The river is calm, reflecting the surrounding trees and the person. In the background, there are several tall, thin trees with green foliage, and a large, reddish-brown rock formation or cliff face. The sky is clear and blue. The overall scene is a peaceful, natural landscape.

**Murchison Shire Annual Report**  
**For the year ending 30 June 2021**

## Contents

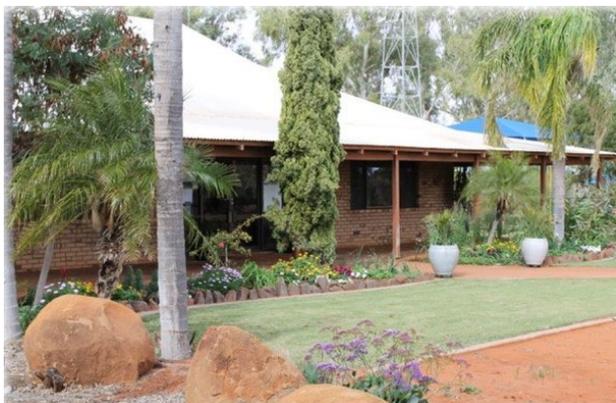
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## Overview

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

This year's 2020/21 Annual Report was finalised and adopted by Council at its Ordinary Meeting on 25 August 2022.



## Shire Information

Shire Office and Chambers	3007 Carnarvon Mullewa Road, Murchison WA 6630		
Postal Address	PO Box 61, MULLEWA WA 6630		
Telephone	(08) 9963 7999		
Facsimile	(08) 9963 7966		
E-mail	admin@murchison.wa.gov.au		
Web Page	www.murchison.wa.gov.au		
Office Hours	8.00am to 5.00pm Monday to Friday		
Road Condition Reports	www.murchison.wa.gov.au/road conditions		
Population	153	Land Area	49,500 sq km
Electors	75	Length of sealed roads	230km
Employees	18	Length of unsealed roads	1,942 km
Local Government Classifications	WA - Band 4	Australian - Rural Remote Extra Small (RTX)	

## Description

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

The Settlement has twelve dwellings, the Shire Office, the district museum, roadhouse, community centre, cricket pitch and practice nets, one tennis court and two lawn bowls rinks under lights, stables and horse yards, five polocrosse fields and three ablution/toilet blocks. Since taking on management of the Roadhouse all 28 people who reside in the Settlement are either Shire employees or related to Shire employees. Electricity and water supplies are owned and run by the Council. It is the engine room for the entire operation of Council.

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

The surrounding country is mainly used for pastoral purposes, predominantly cattle and sheep. The Murchison River catchment has a significant influence, with sporadic and widespread flooding a feature to be managed. Tourism is developing, with some stations involved in station stays. The Murchison Oasis Caravan Park and motel units located at the Settlement provide facilities for tourists. There are also a few mining companies in exploration stage within the shire.

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

ground breaking science project with state-of-the-art radio telescopes.

### History

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

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

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

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



top to bottom left to right – Aerial Views Murchison Settlement, Floodwaters, View at rear of Council Office and Museum

## Branding

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

*"Ancient land under brilliant skies"*

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

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

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

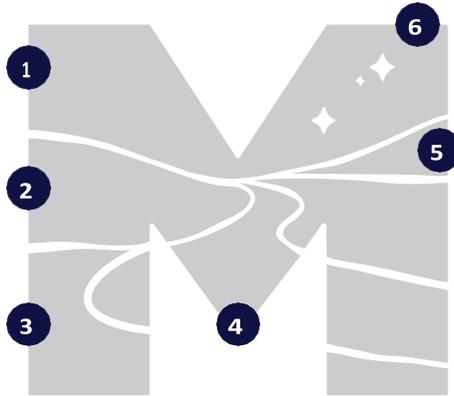


**murchisonshire**

*Ancient land under brilliant skies*

### ILLUSTRATIONS

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



### TYPOGRAPHY

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

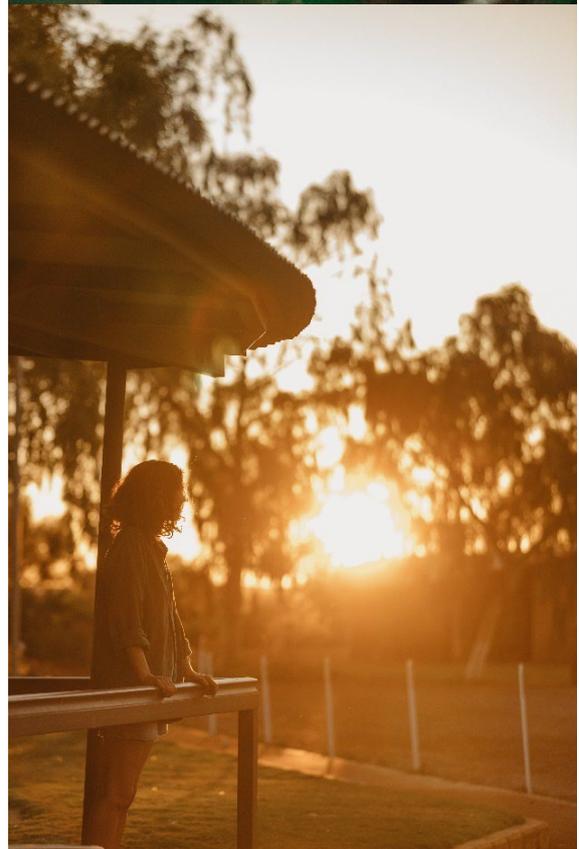
Use of lowercase for 'murchison shire' was at the request of the client, to complement existing tone of voice - friendly and approachable - and is consistent with communications already in circulation.

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

### COLOURS

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





top to bottom left to right – Murchison Settlement Entrance Sign welcomed by Yuck Circus, Community Art Fencing, , Murchison Museum & Sunset at Caravan Park.

## President's Report



The 2020-21 financial year was certainly a bit different than some of the preceding years as the COVID 19 pandemic became a day-to-day issue Local Government had to accommodate.

Both State and Federal Governments put a fair deal of pressure on Local Governments to get stuck into some significant projects very quickly to try and help the overall economy by lessening the COVID related downturn that was beginning to hit home quite strongly. This encouragement came with the promise of some very cheap loans (interest rates around 1%) plus some, not too subtle, hinting that Shires that didn't "do their bit" may miss out on some grants down the track.

With all this as the backdrop, I felt Council made some sensible decisions that got a few jobs underway sooner than otherwise might have been expected, while keeping a good handle on our financial position so as not to overdo things by burdening ourselves with a large debt that could see our day-to-day operations suffer while getting repaid.

The two new staff houses on Mulga Crescent progressed well throughout the year, with both now occupied. These two dwellings were a significant step towards relieving some pressure our Shire endures in having to juggle the ongoing demand to satisfactorily accommodate staff with limited options.

This year the Federal Government committed to running an optic fibre cable to the Pia Community and then on to the Murchison Settlement. Preliminary plans are that the connecting line may T off the existing fibre somewhere just east of Pia but this isn't yet definite. Given the radio quiet restrictions the SKA project has (and will into the future) placed upon our Shire, this was a very welcome piece of news. We have previously been advised that our chances of ever securing a mobile phone tower at the Settlement are more or less zero. Council has pushed for this outcome for many years now, with a renewed lobbying effort in the past 18 months, so to it is very exciting to finally get such a positive outcome.

The draft Community Master Plan was presented in the sports pavilion on May 15<sup>th</sup>, with much discussion regarding a sensible yet progressive way forward being stimulated. Council asked for community feedback with a closing date for responses being the end of June.

With some enthusiasm in organisation from CEO Bill, and a bit of financial support from the Shire, a performance from the Yuck Circus crew was presented for the community's enjoyment. I think the show they put on was of a very good standard and judging by the feedback, enjoyed by all present.

It was great to see the Oasis Roadhouse cranking up again (now under the direct management of the Shire) and I welcome Pix and Nick who have made a very sound start in taking up this challenge.

Thank you to all the Shire Staff and my fellow Councillors who, along with plenty of volunteer support, continue to make the Murchison a fantastic place to live.

*Roscoe Faulkes-Taylor*  
*President*

## Governance

### Elected Members

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

Councillor		Term Expiry	Committees Working Groups & Delegates
<i>Cr Roscco Foulkes-Taylor Yuin Station President</i>		Oct 2023	<i>Audit Committee, Murchison Community Fund Management Committee, Local Emergency Management Committee, Plant Working Group, Settlement Drinking Water Working Group, Settlement Power Supply Working Group, Murchison Regional Road Group and WALGA Zone Delegate</i>
<i>Cr Andrew Whitmarsh Byro Station Deputy President</i>		Oct 2023	<i>Audit Committee, Wild Dog Control Working Group, Murchison Redevelopment Working Group, SKA Stakeholder Meeting Representative and WALGA Zone Delegate</i>
<i>Cr Quentin Fowler Mt Narryer Station Member</i>		Oct 2023	<i>Audit Committee, Community Development Working Group</i>
<i>Cr Paul Squires Twin Peaks Station Member</i>		Oct 2021	<i>Plant Working Group, Settlement Drinking Water Working Group and Murchison Regional Road Group</i>
<i>Cr Emma Foulkes-Taylor Yuin Station Member</i>		Oct 2021	<i>Community Development Working Group, Economic Development Working Group, Settlement Drinking Water Working Group, Murchison Redevelopment Working Group, SKA Stakeholder Meeting Representative and Murchison GEO Region Working Group, WALGA Zone Delegate, Monologue Editor and Council Document Editor</i>
<i>Cr Greydon Mead Bullardoo Station Member</i>		Oct 2021	<i>Plant Working Group, Settlement Power Supply Working Group and Wild Dog Working Group</i>

## Councillor Meeting Attendance

There were 11 Ordinary Meetings, and 1 Electors Meeting of Council held between 1 July 2020 and 30 June 2021. A breakdown of Councillors' presence at meetings is detailed in the following table:

Councillor		Ordinary Meeting	Electors Meeting	Total
Cr Rossco Foulkes-Taylor	President	11	1	12
Cr Andrew Whitmarsh	Deputy President	10	1	11
Cr Quentin Fowler	Member	8	1	9
Cr Paul Squires	Member	9	1	10
Cr Emma Foulkes Taylor	Member	11	1	12
Cr Greydon Mead	Member	9	1	10

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

## General

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

Council resolved to firstly consolidate its Council 2005 Policy Manual, and then overhaul and modernise its content. In doing so a number of policies were found to be redundant, through legislative changes or the passage of time with others reviewed, consolidated and updated. Regular reviews will follow.

Council declined Adaman Resources' request to vary the Road Access and Maintenance Deed between the Shire of Murchison and Adaman Resources relating to maintenance considerations on the Beringarra-Pindar Road during the proposed Mixy and A-Zone mine operations. In doing so it was noted that our overriding obligation is to, as far as practicable, ensure that the Beringarra-Pindar Road can be maintained to a satisfactory standard throughout the cartage period within a degree of risk that Council is willing to accept.

Council responded to a request from the then sub-lessees of the Murchison Oasis Roadhouse for a request to renew the sub-lease for a further term. Subsequently when the sub-lessees decided not to renew the final two years of their sub-lease Council resolved to:

- ~ agree to purchase the existing sub-lessee's accommodation units and make an appropriate adjustment to its budget
- ~ confirmed that the operation of the Murchison Oasis Roadhouse be a Council operation, upon expiry of the sub-lease
- ~ endorsed the Chief Executive Officer's actions thus far to affect the transition of the Roadhouse as a community business under the umbrella of Council's operation.

- ~ acknowledges that as part of the operation and development of the Roadhouse that be viewed as a community business, the rational of which was subsequently developed and incorporated into 5.2 of the Roadhouse Operations Policy.

Council supported a request from Shelly Fowler to provide matching funds, up to \$500, to aid in fundraising for a Biggest Morning Tea cancer fundraising event which subsequently became a huge success.

CSIRO were advised that Council has reconsidered their request to take formal road closures for various road reserves within Boolardy Station, with the intent to amalgamate these areas into the lease. In light of updated information Council resolved to agree to the request subject to CSIRO agreeing to meet all financial expenses involved and accept any legal liability that may arise.

The Murchison Shire donated \$3,000 to the Lord Mayor's Tropical Cyclone Seroja Appeal 2021 Relief Fund to assist with Cyclone Seroja recovery efforts.

Council acknowledged the response letter from Hon. Christian Porter on the Commonwealth's intention to fund an optic fibre cable to the Pia Wadjjarri-Community and Murchison Settlement.

Council entered into negotiations for a potential Roadworks Contract Agreement with Main Roads WA to construct and maintain various Shire roads associated with the SKA route.

## COVID-19

The COVID-19 Pandemic continued to impact Council's short and medium-term approach over the next 1-2 years. Specific COVID-19 related actions included the following:

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

- ~ Our overriding responsibility is to act to protect our citizens and community to prevent, control or abate the serious public health risk presented by COVID-19 by limiting its spread.
- ~ Council will act to ensure that we can function and deliver the required works and services to support and stimulate the local economy.

As requested by the State Government Council froze 2019/20 rate levels for the 2020/21 year.

Council commenced an expanded works program by bringing forward projects that can stimulate the local economy and provide lasting benefits for the community.

Lending options with the Western Australian Treasury Corporation were also pursued and a \$2.0m loan was finalised early in 2021/22



top to bottom left to right – Nick Drew & Pixey Phillips Roadhouse, Bikers Vi sit, Roadhouse Chirpy the Parrot, Oasis and Murchison Oasis Caravan Park.

## Chief Executive Officer's Report

### Staff

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

Council's very small staff team punch well above their weight, actively assisting in a complementary fashion

### Governance

Chief Executive Officer Mr Bill Boehm

### Corporate Services

Deputy CEO Ms Tatjana Erak until 27.04.21  
 Community Manager DCEO Mr Steven Cosgrove from 28.04.21  
 Corporate Services Officer Ms Racheal King  
 Administration Officer Ms Vicki Dumbris  
 Finance Officer (casual) Ms Bernie Peirl from 30.11.20  
 Admin Officer (casual) Ms Samantha Walton

### Roadhouse

Roadhouse Services Officer Ms Eryl Phillips from 06.05.21  
 Roadhouse Manager Mr Nick Drew from 06.05.21  
 Casual Customer Services Officers and Cleaning Staff used during the year Ms Christine Densley  
 Ms Wendy Bavoillot  
 Ms Katharina Wissigkeit  
 Ms Sarah Fitzpatrick  
 Ms Danielle Storey

across a large array of areas and, where necessary due to our small size, utilise a range of external contract resources.

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

### Works

Works Manager Mr William Herold  
 Technical Projects Officer Ms Kaye Doyle  
 Depot Officer Ms Melissa Faye  
 Mechanic Mr Stuart Broad  
 Leading Hand Construction Mr Mark Jones  
 Leading Hand Maintenance Mr Neil Combe  
 Plant Operator Mr Glen Pinnegar  
 Plant Operator Mr Ivor Dumbris  
 Plant Operator Mr Lou Bavoillot until 27.04.21  
 Plant Operator Mr Peter Troy from 16.11.21  
 Plant Operator Mr Alwyn Criddle until 27.10.20  
 Plant Operator (casual) Mr Peter Mahony  
 Gardener Mr Ryan Prow

### Other Contract Staff

Environmental Health Officer / Building Surveyor  
 Mr Phillip Swain – Phil Swain Consulting  
 Ranger  
 Mr Peter Smith – Canine Control



*left to right Council Office and Roadhouse just after transition of the Roadhouse under the Shire's umbrella*

The backbone of the Shire's operation involves the management, maintenance, repair, construction and reconstruction of the vast array of Council's road network. Council's small construction crew (5) and maintenance crew (2) are supplemented by various contractors.

## Maintenance

As indicated in the diagram below, over the past few years Flood Damage Repairs associated with declared disaster events has seen significant fluctuations in the levels of road maintenance expenditure and revenue through the following flood events:

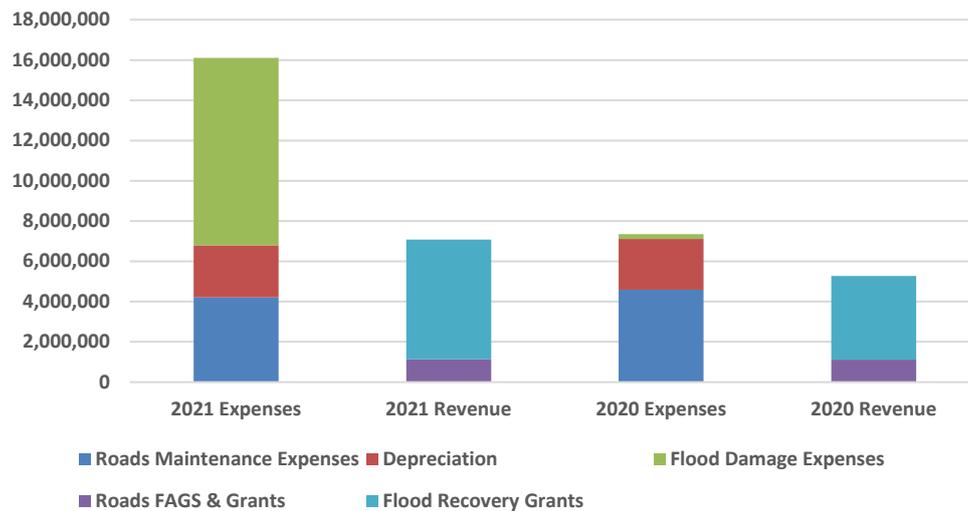
2020/21 Flood 6 (AGRN 863 April 2019 Event) Flood 7 (AGRN 899 February 2020 Event) and commencing Flood 8 (AGRN 951 Tropical Low Feb 2021 Event)

2019/20 Flood 6 (AGRN 863 April 2019 Event) and Flood 7 (AGRN 899 February 2020 Event)

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

Depreciation, a non-cash expense, is also shown.

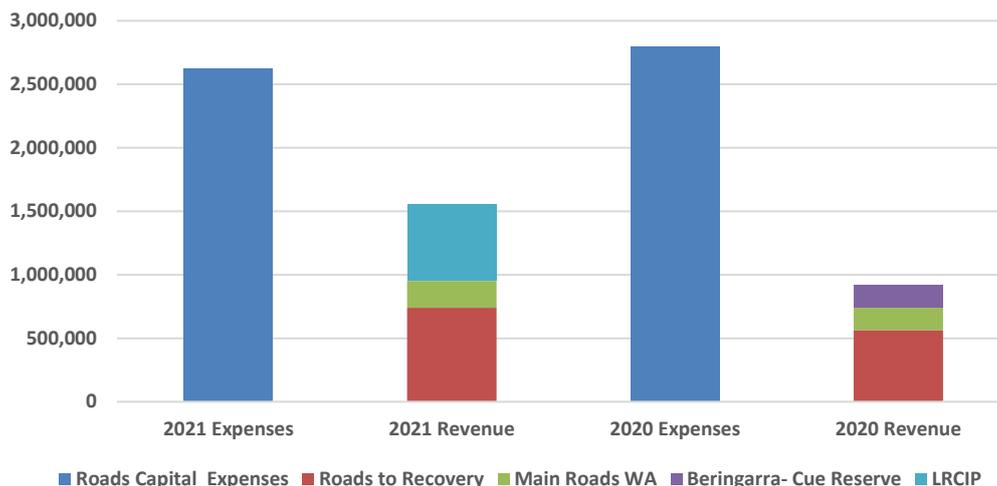
Road Maintenance Expenses & Revenue (\$)



## Construction

As indicated below, the extent of roads construction activity is greatly influenced by Commonwealth funds provided through the Local Roads Community Infrastructure Program. This funding program runs for several years and was a part of a stimulus response to the COVID 19 Pandemic

Roads Capital Expenses & Revenue (\$)



As shown below, in response to Local Roads Community Infrastructure Program Funding and to maximise future funding grant opportunities, works to upgrade the Carnarvon-Mullewa Road to a 7.2. sealed standard commenced.

Murchison Shire - Portion of a 3 Year Rolling Road Construction Program Section on Carnarvon -Mullewa Road

Year	2022	2022	2022	2022	2022	2022	2021	2022	2021	2021	2024	2021
	2023	2023	2023									
SLK Start	241.74	245.04	248.34	251.22	254.10	257.40	261.91	266.00	266.52	269.70	270.35	271.50
SLK End	245.04	248.34	251.22	254.10	257.40	261.91	266.00	266.52	269.70	269.70	270.35	278.83
Length km	3.30	3.30	2.88	2.88	3.30	4.51	4.09	0.52	3.18	0.65	1.15	7.33
Funding	Council Main Roads WA	Council LRCIP Phase 3	Council Main Roads WA	Council Main Roads WA	Council LRCIP Phase 2	Council LRCIP Phase 2	Council LRCIP Phase 1		Council LRCIP Phase 1			Council Main Roads WA LRCIP Phase 1
Type	Hills Section Gravel to Seal						Seal					



This is also reflected in the \$2,621,373 capital roadworks undertaken during year as follows.

Road	Location	Works
Beringarra-Byro	At Milly Milly Station	Murchison River Crossing. Survey & Design
Beringarra-Pindar	144.00 - 145.30p	Carryover resheet portion from previous year
Carnarvon-Mullewa	0.00 at Bilung Creek	Survey & Design
Carnarvon-Mullewa	0.00 - 10.59	Carryover resheet portion from previous year
Carnarvon-Mullewa	Near Curbur Station	Reconstruct Resheet & Prep for Seal
Carnarvon-Mullewa	Near Curbur Station	Two Coat Seal 1.0km
Carnarvon-Mullewa	154.61 - 161.06	Small carry over reseal from previous year
Carnarvon-Mullewa	111.68-116.17	Carryover resheet portion from previous year
Carnarvon-Mullewa	253.70 - 261.92	Reconstruct & Resheet
Carnarvon-Mullewa	271.80 - 278.85	Reconstruct Resheet & Prep for Seal
Carnarvon-Mullewa	261.91 - 266.00	Reconstruct Resheet & Prep for Seal
Carnarvon-Mullewa	261.91 - 278.85	Two Coat Sealing Works
Carnarvon-Mullewa	266.40-269.80	Reconstruct Resheet & Prep for Seal
Carnarvon-Mullewa	269.70 - 270.35	Reconstruct Resheet
Carnarvon-Mullewa	266.00 - 266.52	Commence Realignment works at Pinegrove
Various	Various locations	Grids Replacement



top to bottom left to right – Construction Crew, Two Pics Roadworks Construction Carnarvon-Mullewa Road, Ripping Works, Bituminous Sealing and finished result on Carnarvon-Mullewa Road.

## Other Actions

Other actions undertaken during the year include the following:

### Plant and Equipment

Purchased a second-hand water truck and replaced a caravan and ride on mower.

### Settlement Projects

Following on from the previous year, a program to review the extent of projects required in and around the Murchison Settlement for future years, UDLA were engaged to undertake a Masterplan for the Settlement. Elements included: a Transportable Classroom, Community Sports Centre Upgrade, Community Swimming Pool and Splashpad, New Caravan Park Ablution Block, New Caravan Park Ensuities, Playground Upgrade and General amenity improvements to the Settlement.

During the year a draft report was prepared which included the following overall project vision:

*“To ensure that Murchison Settlement is an attractive focal point that enables the Shire to function successfully and deliver a range of services that will underpin community and economic development within the Settlement and broader Shire”*

### Settlement Power

Continued to work towards upgrading our Settlement power. During the summer period the existing generating capacity continued to be placed under significant stress. Whilst Council continues to work towards greening our power operation, a new generator was programmed for 2019/20 and subsequently commissioned in 2020/21.

### Potable Water

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

### General Community Participation

All residents and ratepayers are encouraged to respond to surveys and provide feedback to Council on an ongoing basis to help build a stronger and economically resilient community. Council regularly updates and utilises its community email list to assist, as well as facilitating publication of the Murchison Monologue about life in the Shire of Murchison. During the year, 3 newsletters were produced and distributed. Shire President Rossco Foulkes-Taylor also distributed 3 community publications entitled “Rossco’s Rundowns” to the community.

Whilst the Murchison Polocrosse Tournament in July was cancelled due to COVID-19, the previously cancelled Anzac Day and Yuck Circus Events were able to be conducted in April and May respectively. The Shire Christmas celebrations in December continued as the main Shire community event.

### Staff Housing

Work commenced in constructing two new staff houses in the Murchison Settlement. Quality Builders were engaged and commenced work which was completed in 2020/21. Refurbishment of several other houses was also undertaken.

*Bill Boehm*  
*Chief Executive Officer*



*Two New Settlement Houses*

# MURCHISON SETTLEMENT MASTERPLAN REPORT

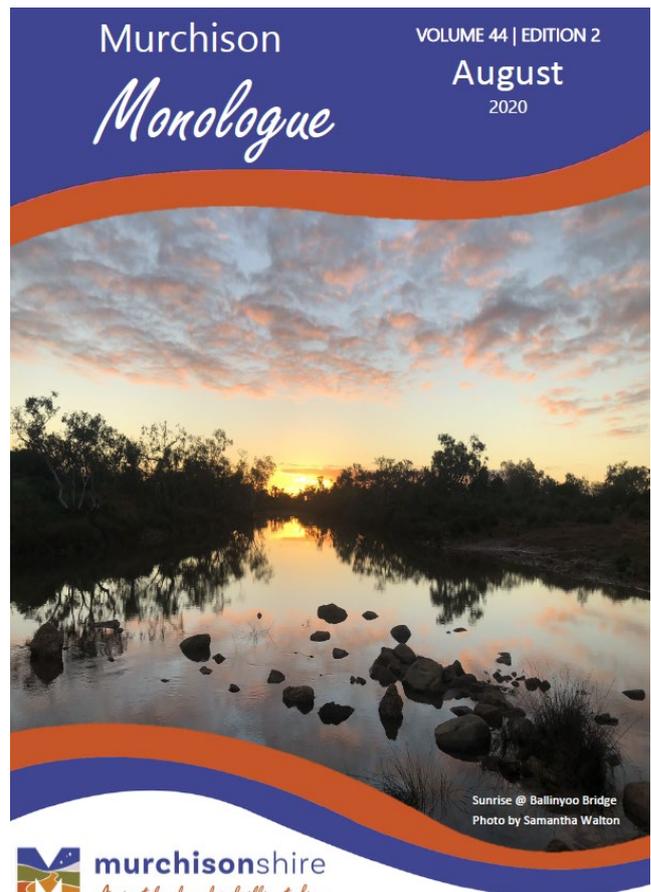
Draft

## PROJECT VISION

*"To ensure that Murchison Settlement is an attractive focal point that enables the Shire to function successfully and deliver a range of services that will underpin community, cultural and economic development within the Settlement and broader Shire."*

## DESIGN PRINCIPLES

- 1 To create an attractive activity hub for the community and visitors to Murchison that maintains the existing character, cultural and built qualities of the Settlement.
- 2 Provide functional pedestrian connectivity, improved access and sight lines throughout the precinct.
- 3 Design a unified landscape character that maximises shade.
- 4 Create a consolidated sequence of spaces and activities for locals and tourists.
- 5 Allow space in design for Geo/Astro tourism and convey the idea of 'The Oasis'.



top to bottom left to right – Murchison Masterplan Report, Yuck Circus and Murchison Monologue

## Strategic Community Plan

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

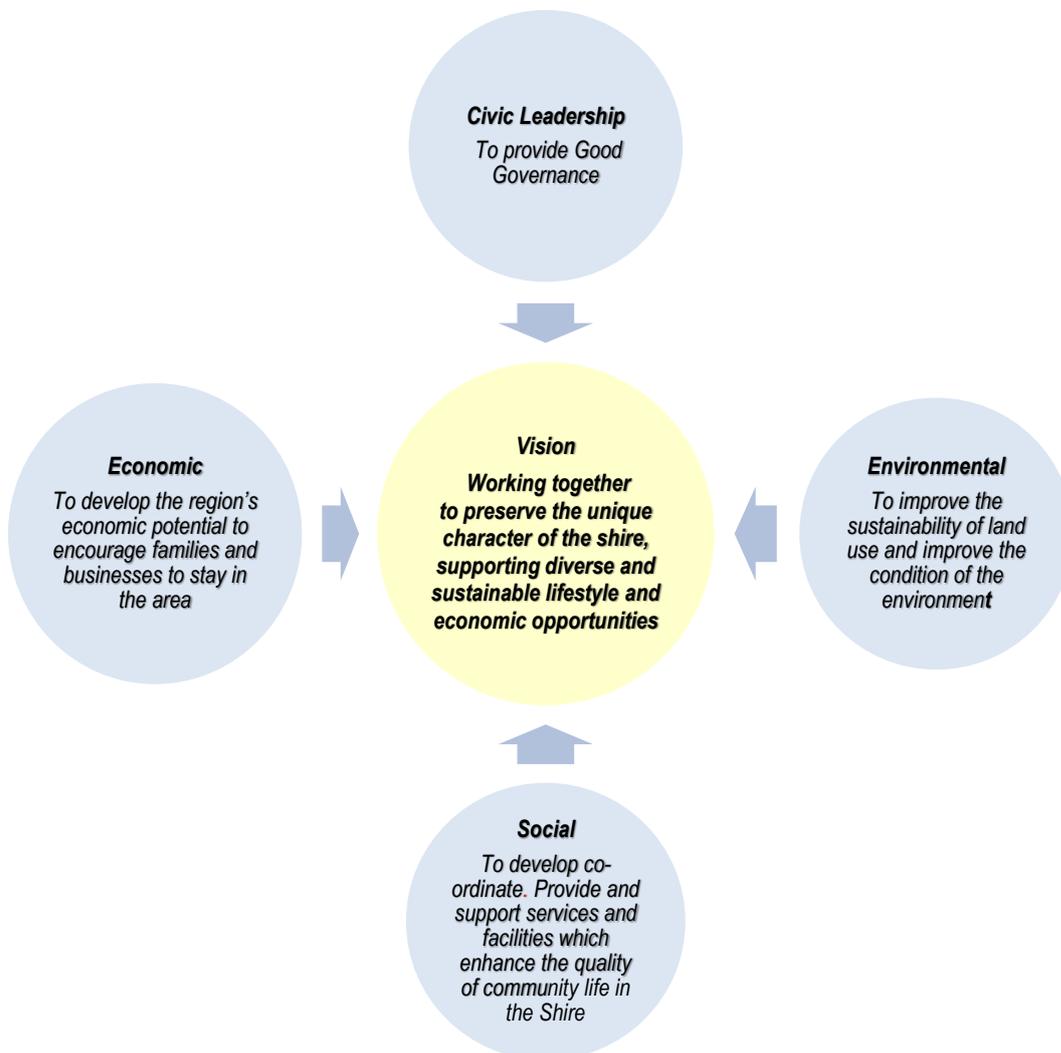
- ~ Ensure that a Corporate Business Plan is made for its district and
- ~ include in its Annual Report an overview of the Plan for the Future, including major initiatives planned to commence or continue in the next year.

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

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

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

t



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

Action	Project	2018 \$	2019 \$	2020 \$	2021 \$	Comments
4.3.1.2	Plant replacement	608,215	958,636	461,132	493,978	20-year Plant Replacement Program updated and endorsed
4.3.1.2	Plant and equipment renewals - minor plant	15,000	15,300	15,606	15,918	Appropriate budget provision
3.1.1.1	Chlorinator	50,000				2020/21 proposed Improvements to drinking water reticulation which commenced in 2021/22
2.3.1.2	Fertigation	15,000				Previously completed
2.2.1.1.	Green energy solution		1,100,000			Settlement Power Upgrade. Two new Gensets ordered in 2019/20 but delayed due to COVID-19. Installation undertaken in 2020/21. Final investigation of a solar microgrid solution in 2020/21. Project proposed for 2021/22
3.2.1.3	DFES - fast attack			120,000		Previously completed
1.1.1.3	Road construction and renewal	7,307,942	1,402,899	1,424,529	1,826,808	Generally exceeded targets. Commenced expanded Council COVID-19 stimulus program with additional funding from the Commonwealth Governments Local Roads Community Infrastructure Fund.
3.1.1.1	Other Infrastructure	7,677				
1.1.1.3	Historic Ballinyoo bridge span	15,000				Previously completed
3.1.1.3	Cemetery beautification	20,000				New Cemetery Wall included in 2021/22
1.1.1.3	Storage bunkers for road building materials		25,000			Under re-review and consideration
4.3.1.2	Furniture and equipment renewals	15,000	15,300	15,606	15,918	Appropriate budget provisions
1.2.1.1	Interpretive centre		1,500,000			Under re-review and consideration in view of other Settlement priorities.
1.2.1.2	Backpackers accommodation and campers kitchen		500,000			Under re-review and consideration considering other Settlement priorities.
3.1.1.1	Extend administration offices				500,000	Minor modifications in 2019/20 to Library and Kitchen undertaken. Under re-consideration on light of other Settlement priorities.
3.1.1.1	Sheds for residential houses	62,000				Included in 2020/21
3.1.1.1	Staff housing	750,000				Two houses substantially completed in 2019/20. Complete Site works and fencing in 2020/21. New house 2020/21. Part of a Council COVID-19 stimulus approach. Other houses extensively renovated
3.1.1.1	Administration office carports				45,000	Under re-review and consideration considering other Settlement priorities.
3.2.1.3	First aid transfer room	80,000				
3.1.1.1	Sports club bbq rotunda		30,000			Part of Settlement Projects review in 2020/21
3.1.1.1	Tyre storage	10,000				
3.1.3.2	Community centre - renewal		50,000			Community Room repainted and new carpet installed in 2019/20. Blinds in 2020/21. Part of Settlement Projects review in 2020/21
	<b>Grand Total \$</b>	<b>8,955,834</b>	<b>5,597,135</b>	<b>2,036,873</b>	<b>2,897,622</b>	

## Statutory Reporting Requirements

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

### Public Interest Disclosures

The *Public Interest Disclosure Act 2003* facilitates the disclosure of public interest information and provides protection for those making such disclosure and those who are the subject of disclosures. The Act provides a system for the matters disclosed to be investigated and for appropriate action to be taken. The Chief Executive Officer is the designated responsible officer under the Act and has complied with all obligations. There were no disclosures or complaints lodged during 2020-21.

### National Competition Policy

Council operations in 2020-21 did not fall within the requirements of the National Competition Policy

### Register of Certain Complaints of Minor Breaches

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

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

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

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

The Shire reports no complaints as defined under s5.110 (6) (b) or (c) of the Act for the period ending 30 June 2021.

### Information About Certain Employees

In accordance with s5.53(2)(g) of the *Local Government Act 1995* and s19B of the *Local Government (Administration) Regulations 1996*, there is one employee who has an annual salary of \$130,000 per annum or more.

Salary Band	Number of Employees	
	2021	2020
\$130,000 to \$139,999	0	0
\$140,000 to \$149,999	1	1

The CEO's remuneration comprised \$161,300 (salary, superannuation, allowances & fees) and \$36,209 (non-cash benefits).

### Freedom of Information

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

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

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

It is the aim of the Shire of Murchison to make information available promptly, at the least possible cost and wherever possible, documents will be provided outside the freedom of information (FOI) process. During 2020/21 the Shire received no Freedom of Information applications.

### Record Keeping

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

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

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

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

### Disability Access and Inclusion Plan

The Disability Services Act 1993 requires a local government or regional local government that has a disability access and inclusion plan must include in its

annual report with a report about the implementation of the plan.

The Murchison Shire Council Disability Access & Inclusion Plan was originally adopted in July 2008, then reviewed in the later part of 2015 and the review adopted by Council in February 2016, after community consultation. The Disability Access and inclusion Plan 2016–2020 includes seven outcomes and underpinning strategies to ensure that people with disability have the same opportunities as other people to access the services of public authority.

The seven outcomes and achievements against strategies for 2020-21 are as follows:

#### Outcomes

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

#### Achievements against Strategies

Shire services are monitored to ensure equitable access and inclusion, especially in regard to events being organised or funded.

The DAIP is considered a living document and is inclusive to all shire plans and strategies.

Consideration is given to providing wheelchair access for all new development works.

All recreational areas are accessible.

All Shire information is available in alternative format upon request.

Staff are aware.

Website meets contemporary good practice.

Staff and Council are aware of disability issues and provide a high standard of customer service to all who attend the Shire.

Grievance mechanisms are in place but have not yet been utilised by any people with disability.

Through our website, people with disability are encouraged to participate in any public consultation.

People with disability are encouraged to apply for any employment with the Shire.

## Financial Overview

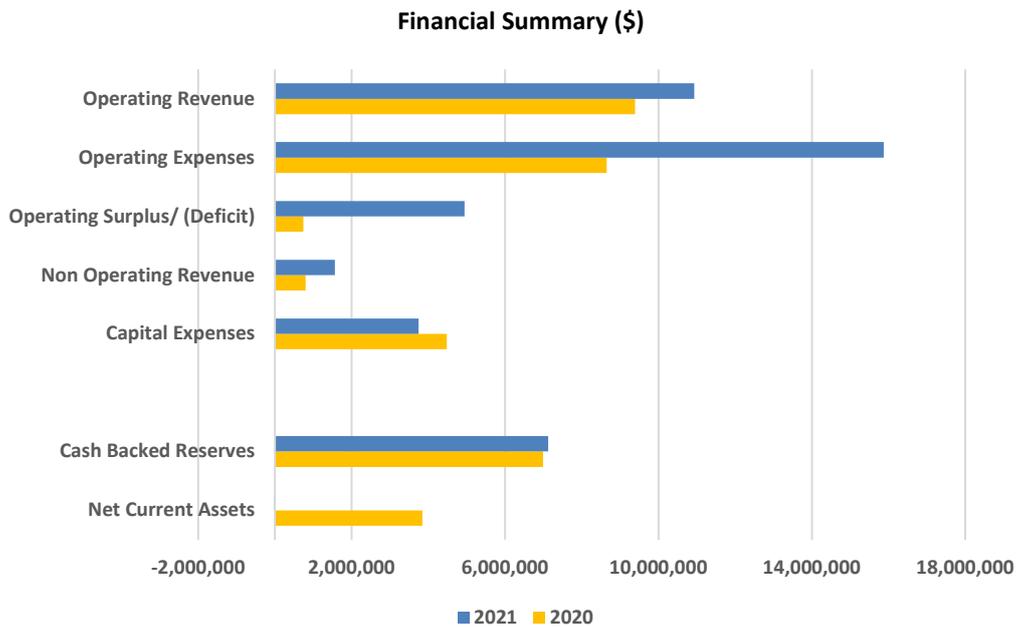
### Financial Summary

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

Depending on the circumstances during the year the Financial Performance may vary widely. The main influencing factor that dramatically increased both operating income and operating expenses involved repairs to Council’s road network following continuation of flood restoration works associated with various events as follows:

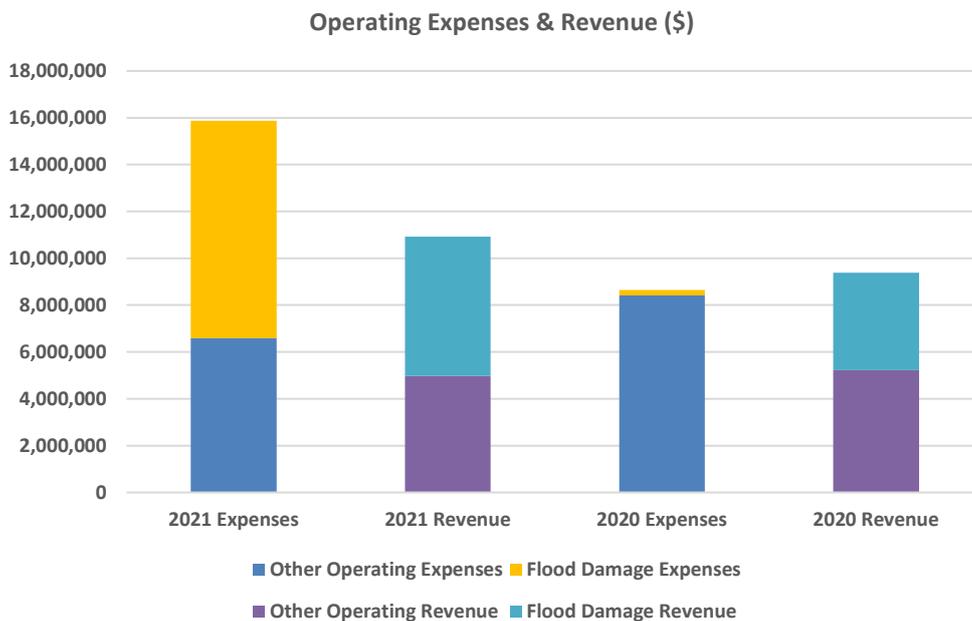
- 2020/21 Flood 6 (AGRN 863 April 2019 Event) Flood (AGRN 899 February 2020 Event) and commencing Flood 8 (AGRN 951 Tropical Low Feb 2021 Event)
- 2019/20 Flood 6 (AGRN 863 April 2019 Event) and Flood 7 (AGRN 899 February 2020 Event)

Rate Revenue was frozen at 2019/20 levels with no changes in the current differential rates and minimum rates for 2020/21.



### Operating Revenue & Expenses

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

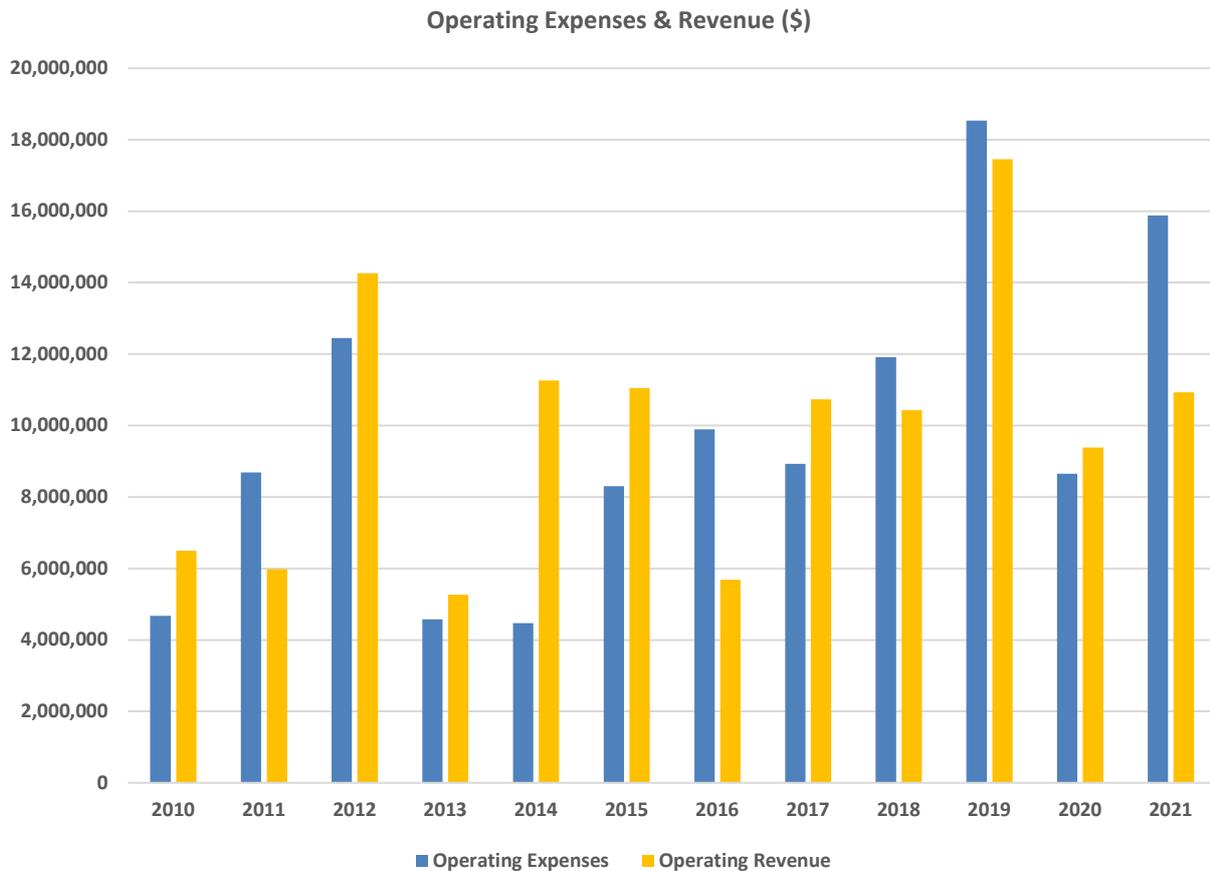


Summary categorisation of operating revenue and expenses is shown as follows:

Revenue \$	2021	2020	Expenses \$	2021	2020
Rates	449,391	465,397	Governance	564,439	308,101
Operating Grants & Subsidies	10,053,330	8,387,972	General Purpose Revenue	54,704	25,284
Fees & Charges	315,350	255,705	Law Order & Public Safety	108,119	100,832
Interest Earnings	55,981	137,468	Health	43,314	21,163
Other Revenue	56,390	140,299	Education & Welfare	1,000	0
	<b>10,930,442</b>	<b>9,386,841</b>	Housing	0	2,182
			Community Amenities	150,654	47,346
			Recreation & Culture	270,893	333,455
			Transport	13,708,686	7,106,662
			Economic Services	967,554	793,974
			Other Property & Services	8,534	66,044
				<b>15,877,897</b>	<b>8,805,043</b>

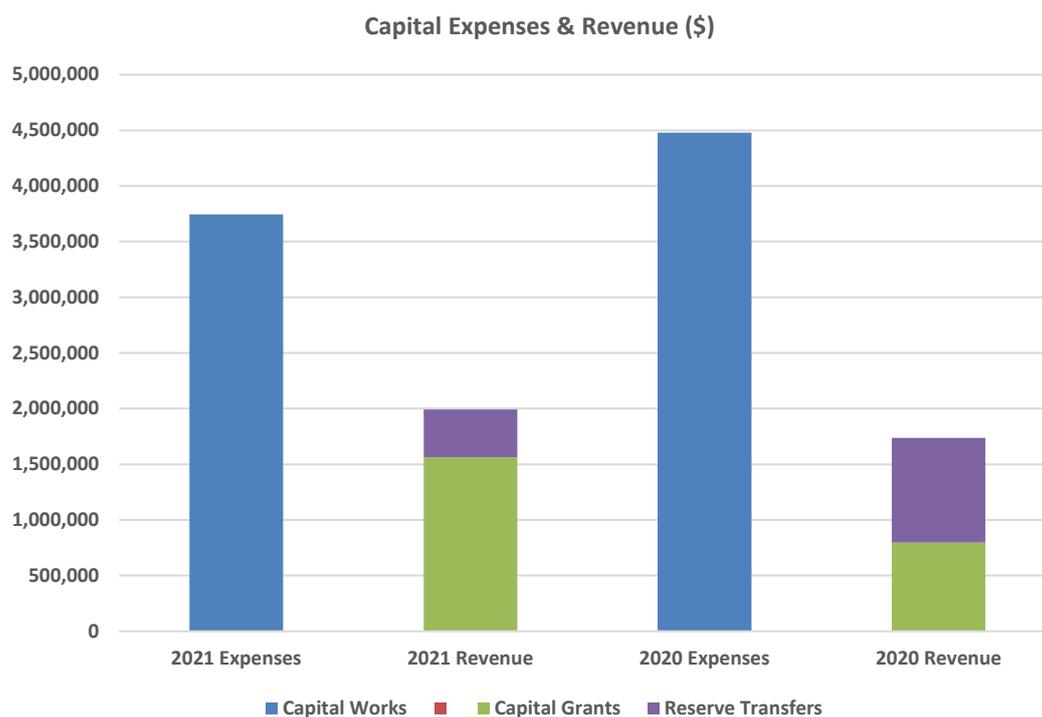
*Non-Cash Amounts included in the above*      3,407,360      3,414,211

A summary of operating revenue and expenses (including depreciation which is non-cash) over several years is shown below.



## Capital Revenue & Expenses

A summary of capital revenue and expenses is show below.



## Financial Position

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

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

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

For instance, in 2018/19 whilst the Debt Service Cover Ratio as outlined under Note 30 of the Notes to Financial Report is recognised as being “supposedly” below the (DLGCSI) standard, in reality this was influenced by

\$1.55m in short-term loan payments which were outstanding at the end of the financial year, but later paid in 2019/20 from flood damage grants. For practical purposes Council is almost debt free.

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

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

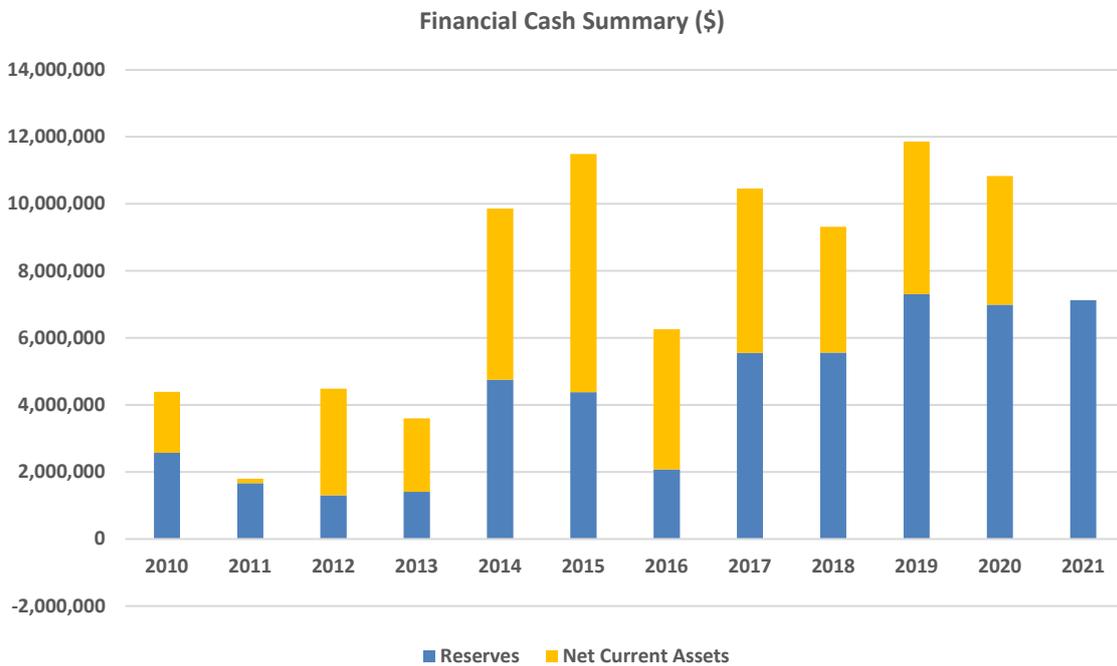
In 2019 WALGA commissioned an independent review of the current legislated financial indicators and have adopted a modified set with significantly different components.

It was also noted that

*“Financial Ratios measure financial performance and do not measure a local government’s efficiency or effectiveness in delivering its programs and services”.*

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

As shown below “cash wise” Council’s financial position has improved over time.



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

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

Council is committed to improvements in this area and during the year commenced detailed strategic work including:

Revalidation of Council’s RAMM Database and Road Condition Assessment leading, in part, to the adoption of a long-term sealing program and plant replacement through an adaptive model.

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



## Financial Report

Council's Financial Report for the year ending 30 June 2021 report comprises

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



**SHIRE OF MURCHISON**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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**COMMUNITY VISION**

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

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

**SHIRE OF MURCHISON  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Shire of Murchison for the financial year ended 30 June 2021 is based on proper accounts and records to present fairly the financial position of the Shire of Murchison at 30 June 2021 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the

29th day of

July 2022



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Chief Executive Officer

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William James Boehm



**SHIRE OF MURCHISON**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Revenue</b>				
Rates	23(a)	449,391	465,397	465,397
Operating grants, subsidies and contributions	2(a)	10,053,330	1,997,228	8,387,972
Fees and charges	2(a)	315,350	251,750	255,705
Interest earnings	2(a)	55,981	121,500	137,468
Other revenue	2(a)	56,390	8,762,929	140,299
		<u>10,930,442</u>	<u>11,598,804</u>	<u>9,386,841</u>
<b>Expenses</b>				
Employee costs		(1,433,390)	(1,310,475)	(1,240,615)
Materials and contracts		(10,739,810)	(12,841,441)	(3,877,598)
Depreciation on non-current assets	10(b)	(3,360,980)	(3,227,546)	(3,216,991)
Interest expenses	2(b)	(567)	(567)	(21,004)
Insurance expenses		(150,817)	(159,668)	(155,832)
Other expenditure		(192,333)	(123,583)	(136,469)
		<u>(15,877,897)</u>	<u>(17,663,280)</u>	<u>(8,648,509)</u>
		<u>(4,947,455)</u>	<u>(6,064,476)</u>	<u>738,332</u>
Non-operating grants, subsidies and contributions	2(a)	1,563,591	1,420,779	797,092
Profit on asset disposals	10(a)	0	0	13,313
(Loss) on asset disposals	10(a)	0	(33,812)	(156,534)
Fair value adjustments to financial assets at fair value through profit or loss		647	0	0
		<u>1,564,238</u>	<u>1,386,967</u>	<u>653,871</u>
<b>Net result for the period</b>		<b>(3,383,217)</b>	<b>(4,677,509)</b>	<b>1,392,203</b>
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>		<b>(3,383,217)</b>	<b>(4,677,509)</b>	<b>1,392,203</b>

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



**SHIRE OF MURCHISON**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30 JUNE 2021**

	NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Revenue</b>				
	2(a)			
Governance		13,375	12,500	13,639
General purpose funding		4,262,980	2,340,281	4,486,135
Law, order, public safety		19,368	19,844	13,408
Health		0	0	236
Housing		0	5,400	3,990
Community amenities		270	0	0
Recreation and culture		7,561	1,750	585
Transport		6,173,300	8,882,485	4,500,352
Economic services		341,889	242,000	250,003
Other property and services		111,699	94,544	118,493
		<b>10,930,442</b>	<b>11,598,804</b>	<b>9,386,841</b>
<b>Expenses</b>				
	2(b)			
Governance		(564,439)	(640,322)	(308,101)
General purpose funding		(54,704)	(40,322)	(25,284)
Law, order, public safety		(108,119)	(118,350)	(100,832)
Health		(43,314)	(53,840)	(21,163)
Education and welfare		(1,000)	0	0
Housing		0	(24,000)	(2,182)
Community amenities		(150,654)	(119,152)	(47,346)
Recreation and culture		(270,893)	(343,676)	(333,455)
Transport		(13,708,119)	(15,348,530)	(6,929,124)
Economic services		(967,554)	(974,521)	(793,974)
Other property and services		(8,534)	0	(66,044)
		<b>(15,877,330)</b>	<b>(17,662,713)</b>	<b>(8,627,505)</b>
<b>Finance Costs</b>				
	2(b)			
Transport		(567)	(567)	(21,004)
		<b>(4,947,455)</b>	<b>(6,064,476)</b>	<b>738,332</b>
Non-operating grants, subsidies and contributions	2(a)	1,563,591	1,420,779	797,092
Profit on disposal of assets	10(a)	0	0	13,313
(Loss) on disposal of assets	10(a)	0	(33,812)	(156,534)
Fair value adjustments to financial assets at fair value through profit or loss		647	0	0
		<b>1,564,238</b>	<b>1,386,967</b>	<b>653,871</b>
<b>Net result for the period</b>		<b>(3,383,217)</b>	<b>(4,677,509)</b>	<b>1,392,203</b>
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>		<b>(3,383,217)</b>	<b>(4,677,509)</b>	<b>1,392,203</b>

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

**SHIRE OF MURCHISON  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2021**

	NOTE	2021 \$	2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	8,156,910	4,858,506
Trade and other receivables	6	738,111	311,290
Other financial assets	5(a)	0	6,645,418
Inventories	7	143,889	72,987
<b>TOTAL CURRENT ASSETS</b>		<b>9,038,910</b>	<b>11,888,201</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	5(b)	18,452	17,805
Property, plant and equipment	8	10,656,425	10,336,893
Infrastructure	9	72,236,720	72,178,320
<b>TOTAL NON-CURRENT ASSETS</b>		<b>82,911,597</b>	<b>82,533,018</b>
<b>TOTAL ASSETS</b>		<b>91,950,507</b>	<b>94,421,219</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	1,619,201	1,054,373
Other liabilities	13	308,322	0
Borrowings	14(a)	1,176	1,137
Employee related provisions	15	134,483	85,266
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,063,182</b>	<b>1,140,776</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	14(a)	15,002	16,178
Employee related provisions	15	57,361	66,086
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>72,363</b>	<b>82,264</b>
<b>TOTAL LIABILITIES</b>		<b>2,135,545</b>	<b>1,223,040</b>
<b>NET ASSETS</b>		<b>89,814,962</b>	<b>93,198,179</b>
<b>EQUITY</b>			
Retained surplus		25,451,098	28,973,378
Reserves - cash/financial asset backed	4	7,128,983	6,989,920
Revaluation surplus	11	57,234,881	57,234,881
<b>TOTAL EQUITY</b>		<b>89,814,962</b>	<b>93,198,179</b>

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



SHIRE OF MURCHISON  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2021

		RESERVES			
		CASH/FINANCIAL			
	NOTE	RETAINED SURPLUS	ASSET BACKED	REVALUATION SURPLUS	TOTAL EQUITY
		\$	\$	\$	\$
<b>Balance as at 1 July 2019</b>		<b>27,267,987</b>	<b>7,303,108</b>	<b>57,234,881</b>	<b>91,805,976</b>
Comprehensive income					
Net result for the period		1,392,203	0	0	1,392,203
Total comprehensive income		1,392,203	0	0	1,392,203
Transfers from reserves	4	940,046	(940,046)	0	0
Transfers to reserves	4	(626,858)	626,858	0	0
<b>Balance as at 30 June 2020</b>		<b>28,973,378</b>	<b>6,989,920</b>	<b>57,234,881</b>	<b>93,198,179</b>
Comprehensive income					
Net result for the period		(3,383,217)	0	0	(3,383,217)
Total comprehensive income		(3,383,217)	0	0	(3,383,217)
Transfers from reserves	4	428,000	(428,000)	0	0
Transfers to reserves	4	(567,063)	567,063	0	0
<b>Balance as at 30 June 2021</b>		<b>25,451,098</b>	<b>7,128,983</b>	<b>57,234,881</b>	<b>89,814,962</b>

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



**SHIRE OF MURCHISON**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2021**

NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Rates	93,189	465,397	312,284	
Operating grants, subsidies and contributions	10,399,102	2,228,169	8,915,482	
Fees and charges	337,767	251,750	255,705	
Interest received	55,981	121,500	137,468	
Goods and services tax received	1,095,775	1,182,140	923,670	
Other revenue	56,390	8,762,929	140,299	
	12,038,204	13,011,885	10,684,908	
<b>Payments</b>				
Employee costs	(1,381,193)	(1,310,475)	(1,142,007)	
Materials and contracts	(10,251,054)	(12,937,672)	(1,878,146)	
Interest expenses	(567)	(567)	(21,004)	
Insurance paid	(150,817)	(159,668)	(155,832)	
Goods and services tax paid	(1,226,261)	(1,182,140)	(744,839)	
Other expenditure	(192,333)	(123,583)	(136,469)	
	(13,202,225)	(15,714,105)	(4,078,297)	
<b>Net cash provided by (used in) operating activities</b>	16	(1,164,021)	(2,702,220)	6,606,611
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	8(a)	(1,124,074)	(2,922,028)	(1,982,395)
Payments for construction of infrastructure	9(a)	(2,621,373)	(2,332,530)	(2,498,041)
Non-operating grants, subsidies and contributions	2(a)	1,563,591	1,420,779	797,092
Proceeds from financial assets at amortised cost - term deposits		6,645,418	2,500,000	(4,395,418)
Proceeds from sale of property, plant & equipment	10(a)	0	30,000	193,080
<b>Net cash provided by (used in) investment activities</b>		4,463,562	(1,303,779)	(7,885,682)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	14(b)	(1,137)	(1,138)	(4,282,056)
Proceeds from new borrowings	14(b)	0	2,750,000	2,731,530
<b>Net cash provided by (used In) financing activities</b>		(1,137)	2,748,862	(1,550,526)
<b>Net increase (decrease) in cash held</b>		3,298,404	(1,257,137)	(2,829,597)
Cash at beginning of year		4,858,506	8,372,610	7,688,103
<b>Cash and cash equivalents at the end of the year</b>	16	8,156,910	7,115,473	4,858,506

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



**SHIRE OF MURCHISON  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE	2021 Actual \$	2021 Budget \$	2020 Actual \$	
<b>OPERATING ACTIVITIES</b>				
<b>Net current assets at start of financial year - surplus/(deficit)</b>	24 (b)	3,843,908	3,958,749	4,562,188
		3,843,908	3,958,749	4,562,188
<b>Revenue from operating activities (excluding rates)</b>				
Governance		13,375	12,500	13,639
General purpose funding		3,813,589	1,874,884	4,020,738
Law, order, public safety		19,368	19,844	13,408
Health		0	0	236
Housing		0	5,400	3,990
Community amenities		270	0	0
Recreation and culture		7,561	1,750	585
Transport		6,173,300	8,882,485	4,513,665
Economic services		341,889	242,000	250,003
Other property and services		112,346	94,544	118,493
		10,481,698	11,133,407	8,934,757
<b>Expenditure from operating activities</b>				
Governance		(564,439)	(640,322)	(308,101)
General purpose funding		(54,704)	(40,322)	(25,284)
Law, order, public safety		(108,119)	(118,350)	(100,832)
Health		(43,314)	(53,840)	(21,163)
Education and welfare		(1,000)	0	0
Housing		0	(24,000)	(2,182)
Community amenities		(150,654)	(119,152)	(47,346)
Recreation and culture		(270,893)	(343,676)	(333,455)
Transport		(13,708,686)	(15,382,909)	(7,106,662)
Economic services		(967,554)	(974,521)	(793,974)
Other property and services		(8,534)	0	(66,044)
		(15,877,897)	(17,697,092)	(8,805,043)
Non-cash amounts excluded from operating activities	24(a)	3,407,360	3,261,358	3,414,211
<b>Amount attributable to operating activities</b>		1,855,069	656,422	8,106,113
<b>INVESTING ACTIVITIES</b>				
Non-operating grants, subsidies and contributions	2(a)	1,563,591	1,420,779	797,092
Proceeds from disposal of assets	10(a)	0	30,000	193,080
Purchase of property, plant and equipment	8(a)	(1,124,074)	(2,922,028)	(1,982,395)
Purchase and construction of infrastructure	9(a)	(2,621,373)	(2,332,530)	(2,498,041)
		(2,181,856)	(3,803,779)	(3,490,264)
<b>Amount attributable to investing activities</b>		(2,181,856)	(3,803,779)	(3,490,264)
<b>FINANCING ACTIVITIES</b>				
Repayment of borrowings	14(b)	(1,137)	(1,138)	(4,282,056)
Proceeds from borrowings	14(c)	0	2,750,000	2,731,530
Transfers to reserves (restricted assets)	4	(567,063)	(1,180,786)	(626,858)
Transfers from reserves (restricted assets)	4	428,000	1,113,884	940,046
<b>Amount attributable to financing activities</b>		(140,200)	2,681,960	(1,237,338)
<b>Surplus/(deficit) before imposition of general rates</b>		(466,987)	(465,397)	3,378,511
<b>Total amount raised from general rates</b>	23(a)	449,391	465,397	465,397
<b>Surplus/(deficit) after imposition of general rates</b>	24(b)	(17,596)	0	3,843,908

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

**SHIRE OF MURCHISON**  
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**FOR THE YEAR ENDED 30 JUNE 2021**

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**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**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 Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Shire to measure any vested improvements at zero cost.

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 financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the at fair value of selected non-current assets, financial assets and liabilities.

**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.

**INITIAL APPLICATION OF 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.

These were:

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

The adoption of these standards had no material impact on the financial report.

**NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS**

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current*
- AASB 2020-3 *Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments*
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates*

It is not expected these standards will have an impact on the financial report.

**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 balances, transactions and disclosures impacted by accounting estimates are as follows:

- Other revenue
- Other expenditures
- Trade and other receivables
- Property, Plant and Equipment
- Infrastructure
- Depreciation expense
- Other liabilities
- Borrowing
- Employee expenses
- Provisions

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.

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES**

**(a) Grant revenue**

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
<b>Operating grants, subsidies and contributions</b>			
General purpose funding	3,757,609	1,752,884	3,883,105
Law, order, public safety	19,318	19,344	13,049
Transport	6,173,238	225,000	4,491,818
Other property and services	103,165	0	0
	10,053,330	1,997,228	8,387,972
<b>Non-operating grants, subsidies and contributions</b>			
Law, order, public safety	8,320	0	49,795
Recreation and culture	0	40,000	0
Transport	1,555,271	1,380,779	747,297
	1,563,591	1,420,779	797,092
	11,616,921	3,418,007	9,185,064
<b>Fees and charges</b>			
Governance	9,506	7,500	2,892
Law, order, public safety	50	500	360
Health	0	0	236
Community amenities	270	0	0
Recreation and culture	3,361	1,750	585
Transport	0	0	8,533
Economic services	302,163	242,000	241,429
Other property and services	0	0	1,670
	315,350	251,750	255,705

There were no changes to the amounts of fees or charges detailed in the original budget.

**SIGNIFICANT ACCOUNTING POLICIES**

**Grants, subsidies and contributions**

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

**Fees and Charges**

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees.

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

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

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

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Operating grants, subsidies and contributions	0	1,997,228	8,387,972
Fees and charges	315,300	251,750	255,109
Other revenue	41,405	104,944	3,651
Non-operating grants, subsidies and contributions	1,563,591	1,420,779	797,092
	<u>1,920,296</u>	<u>3,774,701</u>	<u>9,443,824</u>

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

Revenue from contracts with customers recognised during the year	356,705	2,353,922	8,646,732
Revenue from transfers intended for acquiring or constructing recognisable non financial assets during the year	1,563,591	1,420,779	797,092
	<u>1,920,296</u>	<u>3,774,701</u>	<u>9,443,824</u>

Information about receivables, contract assets and contract liabilities from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:

Trade and other receivables from contracts with customers	67,512	0	80,054
Contract liabilities from contracts with customers	(308,322)	0	0

No assets associated with contracts with customers are considered to be impaired.

Contract liabilities for contracts with customers primarily relate to grants with performance obligations received in advance, for which revenue is recognised over time as the performance obligations are met.

Information is not provided about remaining performance obligations for contracts with customers that had an original expected duration of one year or less.

Consideration from contracts with customers is included in the transaction price.

Performance obligations in relation to contract liabilities from transfers for recognisable non financial assets are satisfied as project milestones are met or completion of construction or acquisition of the asset. All associated performance obligations are expected to be met over the next 12 months.

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES (Continued)**

**(a) Revenue (Continued)**

**Revenue from statutory requirements**

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

General rates	449,391	465,397	465,397
Statutory permits and licences	50	0	596
	<u>449,441</u>	<u>465,397</u>	<u>465,993</u>

**Other revenue**

Reimbursements and recoveries	14,985	8,657,985	136,648
Other	41,405	104,944	3,651
	<u>56,390</u>	<u>8,762,929</u>	<u>140,299</u>

**Interest earnings**

Interest on reserve funds	30,006	100,000	109,935
Rates instalment and penalty interest (refer Note 23(b))	13,201	1,000	341
Other interest earnings	12,774	20,500	27,192
	<u>55,981</u>	<u>121,500</u>	<u>137,468</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 operating income where it is earned from financial assets that are held for cash management purposes.

**(b) Expenses**

**Auditors remuneration**

- Audit of the Annual Financial Report	35,700	37,350	37,350
	<u>35,700</u>	<u>37,350</u>	<u>37,350</u>

**Interest expenses (finance costs)**

Borrowings	567	567	21,004
	<u>567</u>	<u>567</u>	<u>21,004</u>

**Other expenditure**

Impairment loss on trade and other receivables from contracts with customers	22,417	0	0
Sundry expenses	169,916	123,583	136,469
	<u>192,333</u>	<u>123,583</u>	<u>136,469</u>

Note	2021 Actual \$	2021 Budget \$	2020 Actual \$
	35,700	37,350	37,350
	<u>35,700</u>	<u>37,350</u>	<u>37,350</u>
14(b)	567	567	21,004
	<u>567</u>	<u>567</u>	<u>21,004</u>
	22,417	0	0
	169,916	123,583	136,469
	<u>192,333</u>	<u>123,583</u>	<u>136,469</u>

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**2. REVENUE AND EXPENSES**

**REVENUE RECOGNITION POLICY**

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

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

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**3. CASH AND CASH EQUIVALENTS**

	NOTE	2021 \$	2020 \$
Cash at bank and on hand		4,737,612	1,631,212
Term deposits		3,419,298	3,227,294
<b>Total cash and cash equivalents</b>		<b>8,156,910</b>	<b>4,858,506</b>
<b>Restrictions</b>			
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		7,442,305	349,502
- Financial assets at amortised cost		0	6,645,418
		<b>7,442,305</b>	<b>6,994,920</b>
The restricted assets are a result of the following specific purposes to which the assets may be used:			
Reserves - cash/financial asset backed	4	7,128,983	6,989,920
Contract liabilities from contracts with customers	13	308,322	0
Unspent loans	14(d)	5,000	5,000
<b>Total restricted assets</b>		<b>7,442,305</b>	<b>6,994,920</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

**Restricted assets**

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

**SHIRE OF MURCHISON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

**4. RESERVES - CASH/FINANCIAL ASSET  
BACKED**

	2021 Actual		2021 Actual		2021 Budget		2021 Budget		2020 Actual		2020 Actual	
	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) Leave reserve	138,380	708	0	139,088	138,380	4,150	0	142,530	135,709	2,671	0	138,380
(b) Plant replacement reserve	1,433,553	51,204	(112,000)	1,372,757	1,433,553	620,509	(207,000)	1,847,062	1,410,356	523,197	(500,000)	1,433,553
(c) Building reserve	512,797	2,625	(16,000)	499,422	512,797	7,336	(31,000)	489,133	502,893	9,904	0	512,797
(d) Beringarra-Cue road reserve	3,430,426	23,880	0	3,454,306	3,430,426	49,077	(325,884)	3,153,619	3,411,313	67,087	(47,974)	3,430,426
(e) Cue road reserve	0	0	0	0	0	0	0	0	125,171	0	(125,171)	0
(f) CSIRO Beringarra-Pindar road reserve	175,053	896	0	175,949	175,053	2,504	0	177,557	171,673	3,380	0	175,053
(g) Flood damage repairs reserve	255,503	466	(150,000)	105,969	255,504	3,655	(150,000)	109,159	250,568	4,935	0	255,503
(h) Settlement buildings and facilities reserve	669,208	3,426	(150,000)	522,634	669,208	9,574	(400,000)	278,782	920,425	15,684	(266,901)	669,208
(i) Road sealing reserve	375,000	483,858	0	858,858	375,000	483,981	0	858,981	375,000	0	0	375,000
	6,989,920	567,063	(428,000)	7,128,983	6,989,921	1,180,786	(1,113,884)	7,056,823	7,303,108	626,858	(940,046)	6,989,920

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

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

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

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**5. OTHER FINANCIAL ASSETS**

**(a) Current assets**

Financial assets at amortised cost

**Other financial assets at amortised cost**

Term deposits

**(b) Non-current assets**

Financial assets at fair value through profit and loss

**Financial assets at fair value through profit and loss**

Units in Local Government House Trust

	2021	2020
	\$	\$
	0	6,645,418
	0	6,645,418
	0	6,645,418
	0	6,645,418
	18,452	17,805
	18,452	17,805
	18,452	17,805
	18,452	17,805

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

**Financial assets at fair value through profit and loss**

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

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

**Impairment and risk**

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

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**6. TRADE AND OTHER RECEIVABLES**

**Current**

Rates receivable	562,530	206,328
Trade and other receivables	67,512	80,054
GST receivable	130,486	0
Allowance for impairment of receivables	(22,417)	0
Accrued income/payments in advance	0	24,908
	<b>738,111</b>	<b>311,290</b>

2021	2020
\$	\$
562,530	206,328
67,512	80,054
130,486	0
(22,417)	0
0	24,908
<b>738,111</b>	<b>311,290</b>

**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.

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Classification and subsequent measurement**

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

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

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

**SHIRE OF MURCHISON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

**7. INVENTORIES**

**Current**

Fuel and materials  
History books

The following movements in inventories occurred during the year:

**Balance at beginning of year**

Inventories expensed during the year  
Additions to inventory

**Balance at end of year**

	2021	2020
	\$	\$
	143,889	72,506
	0	481
	143,889	72,987
	72,987	98,542
	(487,206)	(154,362)
	558,108	128,807
	143,889	72,987

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

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

SHIRE OF MURCHISON  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2021

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

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

	Buildings and improvements	Total land and buildings	Furniture and equipment	Plant and equipment	Work in progress	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	6,670,153	6,670,153	13,664	2,726,688	6,535	9,417,040
Additions	733,108	733,108	14,994	1,234,293	0	1,982,395
(Disposals)	0	0	0	(336,301)	0	(336,301)
Depreciation (expense)	(306,355)	(306,355)	(2,063)	(417,823)	0	(726,241)
<b>Balance at 30 June 2020</b>	7,096,906	7,096,906	26,595	3,206,857	6,535	10,336,893
<b>Comprises:</b>						
Gross balance amount at 30 June 2020	8,024,573	8,024,573	29,494	3,873,486	6,535	11,934,088
Accumulated depreciation at 30 June 2020	(927,667)	(927,667)	(2,899)	(666,629)	0	(1,597,195)
<b>Balance at 30 June 2020</b>	7,096,906	7,096,906	26,595	3,206,857	6,535	10,336,893
Prior year assets expensed	0	0	0	0	(6,535)	(6,535)
Additions	783,680	783,680	14,626	325,768	0	1,124,074
Depreciation (expense)	(349,673)	(349,673)	(2,949)	(445,385)	0	(798,007)
<b>Balance at 30 June 2021</b>	7,530,913	7,530,913	38,272	3,087,240	0	10,656,425
<b>Comprises:</b>						
Gross balance amount at 30 June 2021	8,808,253	8,808,253	44,120	4,199,254	0	13,051,627
Accumulated depreciation at 30 June 2021	(1,277,340)	(1,277,340)	(5,848)	(1,112,014)	0	(2,395,202)
<b>Balance at 30 June 2021</b>	7,530,913	7,530,913	38,272	3,087,240	0	10,656,425

SHIRE OF MURCHISON  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2021

8. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>(i) Fair Value</b>					
Land and buildings					
Buildings and improvements	3	Cost approach using depreciated replacement cost	Independent valuer	June 2017	Improvements to land using residual values and remaining useful life assessments inputs.
<b>(ii) Cost</b>					
Furniture and equipment		Deemed cost	At cost	June 2021	Carrying value
Plant and equipment		Deemed cost	At cost	June 2021	Carrying value
Work in progress		Deemed cost	At cost	June 2021	Carrying value

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

SHIRE OF MURCHISON  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2021

9. INFRASTRUCTURE

(a) Movements in Balances

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

	Infrastructure - roads	Infrastructure - bridges	Total Infrastructure
	\$	\$	\$
<b>Balance at 1 July 2019</b>	68,228,299	3,942,730	72,171,029
Additions	2,498,041	0	2,498,041
Depreciation (expense)	(2,439,546)	(51,204)	(2,490,750)
<b>Balance at 30 June 2020</b>	68,286,794	3,891,526	72,178,320
<b>Comprises:</b>			
Gross balance at 30 June 2020	91,178,012	4,096,342	95,274,354
Accumulated depreciation at 30 June 2020	(22,891,218)	(204,816)	(23,096,034)
<b>Balance at 30 June 2020</b>	68,286,794	3,891,526	72,178,320
Additions	2,621,373	0	2,621,373
Depreciation (expense)	(2,511,768)	(51,205)	(2,562,973)
<b>Balance at 30 June 2021</b>	68,396,399	3,840,321	72,236,720
<b>Comprises:</b>			
Gross balance at 30 June 2021	93,799,385	4,096,342	97,895,727
Accumulated depreciation at 30 June 2021	(25,402,986)	(256,021)	(25,659,007)
<b>Balance at 30 June 2021</b>	68,396,399	3,840,321	72,236,720

SHIRE OF MURCHISON  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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9. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

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

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**10. FIXED ASSETS**

**SIGNIFICANT ACCOUNTING POLICIES**

**Fixed assets**

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

**Initial recognition and measurement between mandatory revaluation dates**

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

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

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

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

**Revaluation**

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

**Revaluation (Continued)**

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

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

**AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY**

**Land under roads from 1 July 2019**

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

**Vested improvements from 1 July 2019**

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

SHIRE OF MURCHISON  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2021

10. FIXED ASSETS

(a) Disposals of Assets

	2021			2021			2021			2021			2020			2020		
	Actual Net Book Value	Actual Sale Proceeds	2021 Actual Profit	Budget Net Book Value	Budget Sale Proceeds	2021 Budget Profit	Budget Net Book Value	Budget Sale Proceeds	2021 Budget Loss	Actual Net Book Value	Actual Sale Proceeds	2020 Actual Profit	Actual Net Book Value	Actual Sale Proceeds	2020 Actual Profit	Actual Net Book Value	Actual Sale Proceeds	2020 Actual Loss
Plant and equipment	\$ 0	\$ 0	\$ 0	\$ 63,812	\$ 30,000	\$ 0	\$ 63,812	\$ 30,000	\$ (33,812)	\$ 336,301	\$ 193,080	\$ 13,313	\$ 336,301	\$ 193,080	\$ 13,313	\$ 336,301	\$ 193,080	\$ (156,534)
	0	0	0	63,812	30,000	0	63,812	30,000	(33,812)	336,301	193,080	13,313	336,301	193,080	13,313	336,301	193,080	(156,534)

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**10. FIXED ASSETS**

**(b) Depreciation**

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Buildings and improvements	349,673	316,539	306,355
Furniture and equipment	2,949	3,600	2,063
Plant and equipment	445,385	415,861	417,823
Infrastructure - roads	2,511,768	2,439,546	2,439,546
Infrastructure - bridges	51,205	52,000	51,204
	<b>3,360,980</b>	<b>3,227,546</b>	<b>3,216,991</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Depreciation**

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

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

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

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

**Depreciation rates**

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

Asset Class	Useful life
Buildings & Improvements	7 to 90 years
Furniture and equipment	3 to 25 years
Plant and equipment	5 to 20 years
Sealed roads and streets formation	not depreciated
pavement	12 years
seal	10 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	45 years
Footpaths	10 years
Culverts	60 years
Signs	20 years
Stock Grids	80 years
Floodways	21 years
Water supply piping and drainage systems	75 years
Bridges	80 years

**Depreciation on revaluation**

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- (a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- (b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

**Amortisation**

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

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

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

SHIRE OF MURCHISON  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
 FOR THE YEAR ENDED 30 JUNE 2021

11. REVALUATION SURPLUS

	2021	Total	2021	2020	2020	2020	2020	2020
	Opening	Movement on	Closing	Opening	Change in	Accounting Policy	Movement on	Closing
	Balance	Revaluation	Balance	Balance	Accounting Policy	Revaluation	Revaluation	Balance
	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Buildings and improvements	5,397,026	0	5,397,026	5,397,026	0	0	0	5,397,026
Revaluation surplus - Plant and equipment	0	0	0	1,506,304	(1,506,304)	0	0	0
Revaluation surplus - Infrastructure - roads	51,778,640	0	51,778,640	51,778,640	0	0	0	51,778,640
Revaluation surplus - Infrastructure - bridges	59,215	0	59,215	59,215	0	0	0	59,215
	57,234,881	0	57,234,881	58,741,185	(1,506,304)	0	0	57,234,881

**SHIRE OF MURCHISON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

**12. TRADE AND OTHER PAYABLES**

**Current**

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

2021	2020
\$	\$
313,910	537,254
36,092	18,036
56,915	63,266
423,182	420,746
789,102	15,071
1,619,201	1,054,373

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Shire prior to the end of the financial year that are unpaid and arise when the Shire becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition

**Prepaid rates**

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

**SHIRE OF MURCHISON  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2021**

**13. OTHER LIABILITIES**

**Current**

Contract liabilities

2021	2020
\$	\$
308,322	0
308,322	0

Performance obligations for each type of liability are expected to be recognised as revenue in accordance with the following time bands:

Less than 1 year

<b>Contract liabilities</b>
\$
308,322
308,322

**SIGNIFICANT ACCOUNTING POLICIES**

**Contract liabilities**

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

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

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

**Liabilities under transfers to acquire or construct non-financial assets to be controlled by the entity**

Grant liabilities represent the the Shire's performance obligations to construct recognisable non-financial assets to identified specifications which are yet to be satisfied.

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

**Service concession liabilities**

Service concession liabilities relate to the grant of right to an operator in respect of an asset controlled by the Shire. They represent the unearned revenue related to the grant of right, and is recognised as revenue according to the economic substance of the service concession arrangement.

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**14. INFORMATION ON BORROWINGS**

	2021	2020
	\$	\$
Current	1,176	1,137
Non-current	15,002	16,178
	16,178	17,315

**(b) Repayments - Borrowings**

Particulars	Loan Number	Institution	Interest Rate	30 June 2021		30 June 2021		30 June 2021		30 June 2021		30 June 2021		30 June 2020		30 June 2020		30 June 2020	
				Actual Principal 1 July 2020	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Budget Principal 1 July 2020	Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding	Actual Principal 1 July 2020	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding	Actual Principal 1 July 2020	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
<b>Transport</b>																			
Plant	1	WATC	3.33%	17,315	(1,137)	(567)	16,178	17,315	0	(1,138)	(567)	16,177	18,416	0	(1,101)	(604)	17,315	0	0
Finance Flood damage works	2	WATC	Variable	0	0	0	0	(784)	0	0	0	(784)	1,549,425	2,731,530	(4,280,955)	(20,400)	0	0	0
<b>Economic services</b>																			
COVID-19 - General	TBA	WATC	Variable	0	0	0	0	0	0	0	0	2,000,000	0	0	0	0	0	0	0
COVID-19 - Solar Power	TBA	WATC	Variable	0	0	0	0	0	0	0	0	750,000	0	0	0	0	0	0	0
				17,315	(1,137)	(567)	16,178	16,531	2,750,000	(1,138)	(567)	2,765,393	1,567,841	2,731,530	(4,282,056)	(21,004)	17,315	0	0
				17,315	(1,137)	(567)	16,178	16,531	2,750,000	(1,138)	(567)	2,765,393	1,567,841	2,731,530	(4,282,056)	(21,004)	17,315	0	0

\* WA Treasury Corporation

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**14. INFORMATION ON BORROWINGS (Continued)**

**(c) New Borrowings - 2020/21**

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate	Amount Borrowed 2021		Amount (Used) 2021		Total Interest & Charges	Actual Balance Unspent
					2021 Actual	2021 Budget	2021 Actual	2021 Budget		
COVID-19 - General	WATC	TBA	3	0.8%	0	2,000,000		(2,000,000)	0	0
COVID-19 - Solar Power	WATC	TBA	8	0.8%	0	750,000		(750,000)	0	0
* WA Treasury Corporation					0	2,750,000		0 (2,750,000)	0	0

**(d) Unspent Borrowings**

Particulars	Date Borrowed	Unspent Balance 1 July 2020	Borrowed During Year	Expended During Year	Unspent Balance 30 June 2021
Plant	1/12/2017	5,000	0	0	5,000
* WA Treasury Corporation		5,000	0	0	5,000

**(e) Undrawn Borrowing Facilities**

	2021	2020
<b>Credit Standby Arrangements</b>	<b>\$</b>	<b>\$</b>
Bank overdraft limit	1,000,000	100,000
Bank overdraft at balance date	0	0
Credit card limit	5,000	5,000
Credit card balance at balance date	(1,303)	(415)
<b>Total amount of credit unused</b>	<b>1,003,697</b>	<b>104,585</b>
<b>Loan facilities</b>		
Loan facilities - current	1,176	1,137
Loan facilities - non-current	15,002	16,178
<b>Total facilities in use at balance date</b>	<b>16,178</b>	<b>17,315</b>
<b>Unused loan facilities at balance date</b>	<b>NIL</b>	<b>NIL</b>

**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.

**SHIRE OF MURCHISON**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**15. EMPLOYEE RELATED PROVISIONS**

**(a) Employee Related Provisions**

**Opening balance at 1 July 2020**

Current provisions  
 Non-current provisions

Additional provision  
 Amounts used

**Balance at 30 June 2021**

**Comprises**

Current  
 Non-current

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2020			
Current provisions	85,266	0	85,266
Non-current provisions	0	66,086	66,086
	85,266	66,086	151,352
Additional provision	115,507	10,160	125,667
Amounts used	(84,422)	(753)	(85,175)
<b>Balance at 30 June 2021</b>	<b>116,351</b>	<b>75,493</b>	<b>191,844</b>
<b>Comprises</b>			
Current	116,351	18,132	134,483
Non-current	0	57,361	57,361
	116,351	75,493	191,844

**Amounts are expected to be settled on the following basis:**

Less than 12 months after the reporting date  
 More than 12 months from reporting date

	2021 \$	2020 \$
Less than 12 months after the reporting date	49,217	25,266
More than 12 months from reporting date	142,627	126,086
	191,844	151,352

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**

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

**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**

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:

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
Cash and cash equivalents	8,156,910	7,115,473	4,858,506
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	(3,383,217)	(4,677,509)	1,392,203
Non-cash flows in Net result:			
Adjustments to fair value of financial assets at fair value through profit and loss	(647)	0	0
Depreciation on non-current assets	3,360,980	3,227,546	3,216,991
(Profit)/loss on sale of asset	0	33,812	143,221
Prior year work in progress expensed	6,535	0	0
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(426,821)	(150,596)	562,297
(Increase)/decrease in inventories	(70,902)	0	25,555
(Increase)/decrease in contract assets	0	381,537	2,353,389
Increase/(decrease) in payables	564,828	(96,231)	(343,952)
Increase/(decrease) in employee provisions	40,492	0	53,999
Increase/(decrease) in other liabilities	308,322	0	0
Non-operating grants, subsidies and contributions	(1,563,591)	(1,420,779)	(797,092)
Net cash from operating activities	(1,164,021)	(2,702,220)	6,606,611

## 17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2021	2020
	\$	\$
Governance	1,585,295	1,739,819
General purpose funding	1,698,526	4,727,647
Law, order, public safety	87,216	131,762
Health	8,193	10,800
Housing	2,012,623	1,441,958
Community amenities	67,026	76,745
Recreation and culture	1,006,186	1,053,469
Transport	80,465,341	80,284,591
Economic services	1,940,300	1,867,644
Other property and services	3,079,155	3,086,784
Unallocated	647	0
	91,950,507	94,421,219

## 18. CONTINGENT LIABILITIES

The Shire of Murchison was in compliance with the Contaminated Sites Act 2003 section 11 listed sites to be possible sources of contamination

- Murchison settlement tip; and
- Murchison works depot

Until the Shire conducts an investigation to determine the presence and scope of contamination, assess the risk and degree with the Department of Water and Environmental Regulation (DWER), the need and criteria for remediation, the Shire is unable to accurately quantify its clean-up liabilities for potential contaminated sites.

The Shire is continuing to monitor the sites and will progressively undertake site investigations and remediation on a risk based approach.

SHIRE OF MURCHISON  
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**19. CAPITAL COMMITMENTS**

**(a) Capital Expenditure Commitments**

Contracted for:

- capital expenditure projects
- plant & equipment purchases

	2021	2020
	\$	\$
	105,461	2,424,477
	38,485	38,485
	143,946	2,462,962
Payable:		
- not later than one year	143,946	2,462,962

Capital expenditure projects are for the supply and installation of a reticulation system at the Caravan Park and the sealing of roads. Plant and Equipment purchases are for the supply and installation of the Roadhouse coolroom and freezer room combination.

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20. ELECTED MEMBERS REMUNERATION

	2021 Actual	2021 Budget	2020 Actual
	\$	\$	\$
<b>Cr. Ross Foulkes-Taylor</b>			
President's annual allowance	12,032	10,032	5,243
Meeting attendance fees	9,870	10,091	12,090
Other expenses	385	3,167	483
Annual allowance for ICT expenses	874	1,333	1,165
Travel and accommodation expenses	2,110	7,600	618
	25,271	32,223	19,599
<b>Cr. Andrew Whitmarsh</b>			
Deputy President's annual allowance	5,015	2,508	3,498
Meeting attendance fees	9,870	10,091	9,200
Other expenses	385	3,167	480
Annual allowance for ICT expenses	1,165	1,333	1,165
Travel and accommodation expenses	1,616	7,100	1,818
	18,051	24,199	16,161
<b>Cr. Emma Foulkes-Taylor</b>			
Meeting attendance fees	9,870	10,091	9,200
Other expenses	385	3,167	480
Annual allowance for ICT expenses	1,165	1,333	1,165
Annual allowance for travel and accommodation expenses	4,033	6,900	3,473
	15,453	21,491	14,318
<b>Cr. Quentin Fowler</b>			
Meeting attendance fees	9,870	10,091	9,200
Other expenses	385	3,167	480
Annual allowance for ICT expenses	1,165	1,333	1,165
Annual allowance for travel and accommodation expenses	2,131	6,900	4,634
	13,551	21,491	15,479
<b>Cr. Greydon Mead</b>			
Meeting attendance fees	9,870	10,091	9,200
Other expenses	385	3,166	480
Annual allowance for ICT expenses	1,165	1,333	1,165
Annual allowance for travel and accommodation expenses	2,085	6,900	3,381
	13,505	21,490	14,226
<b>Cr. Paul Squires</b>			
Meeting attendance fees	9,870	10,091	4,600
Other expenses	385	3,166	480
Annual allowance for ICT expenses	874	1,333	583
Annual allowance for travel and accommodation expenses	499	6,900	624
	11,628	21,490	6,287
	97,459	142,384	86,070
Fees, expenses and allowances to be paid or reimbursed to elected council members.			
President's allowance	12,032	10,032	5,243
Deputy President's allowance	5,015	2,508	3,498
Meeting attendance fees	59,220	60,546	53,490
Other expenses	2,310	19,000	2,883
Annual allowance for ICT expenses	6,408	7,998	6,408
Travel and accommodation expenses	3,726	14,700	2,436
Annual allowance for travel and accommodation expenses	8,748	27,600	12,112
	97,459	142,384	86,070

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**21. RELATED PARTY TRANSACTIONS**

**Key Management Personnel (KMP) Compensation Disclosure**

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

	2021 Actual \$	2020 Actual \$
Short-term employee benefits	368,245	345,852
Post-employment benefits	48,956	50,937
Other long-term benefits	2,590	8,915
	419,791	405,704

*Short-term employee benefits*

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

*Post-employment benefits*

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

*Other long-term benefits*

These amounts represent long service benefits accruing during the year.

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**21. 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 provisions for doubtful debts or guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:	2021 Actual	2020 Actual
	\$	\$
Purchase of goods and services	4,631,635	1,714,274
<b>Amounts payable to related parties:</b>		
Trade and other payables	9,914	223,546
- Elected members	24,714	20,629

**Related Parties**

**The Shire's main related parties are as follows:**

*i. Key management personnel*

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

*ii. Other Related Parties*

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

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 activity 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.

## 22. INVESTMENT IN JOINT ARRANGEMENTS

### (a) Share of joint arrangements

The Shire of Murchison has participated in a joint arrangement with the Department of Housing for the construction of eight units in the Murchison Settlement. The provision of housing aims to provide accommodation for Shire employees. The Shire of Murchison has a 15.69% interest in one unit and 0% in the remaining seven units.

All revenue and expenses as well as liabilities of the joint arrangement are recognised in the relevant financial statements of council.

Land and buildings  
 Less: Accumulated depreciation  
 Total assets

	2021	2020
	\$	\$
	59,787	59,787
	(13,896)	(11,505)
	45,891	48,282

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**23. RATING INFORMATION**

(a) Rates

RATE TYPE Differential general rate / general rate	Rate in \$	Number of Properties	2020/21		2020/21		2020/21		2020/21		2020/21		2020/21		2020/21	
			Actual Rateable Value	Actual Rateable Value	Actual Rate	Actual Interim Rates	Actual Back Rates	Actual Total Revenue	Budget Rate	Budget Interim Rate	Budget Back Rate	Budget Total Revenue	2019/20 Actual Total Revenue			
<b>Unimproved valuations</b>																
UV Pastoral	0.03295	23	1,706,506	56,229	0	0	56,229	0	0	0	48,096	0	0	48,096	48,096	
UV Mining	0.27940	12	1,375,054	384,190	0	0	384,190	0	0	0	384,190	1,380	0	385,570	384,190	
UV Prospecting and exploration	0.08015	32	327,399	27,591	(14,164)	(9,075)	4,352	(14,164)	(9,075)	0	25,761	0	0	25,761	26,241	
<b>Sub-Total</b>		67	3,408,959	468,010	(14,164)	(9,075)	444,771	(14,164)	(9,075)	0	458,047	1,380	0	459,427	458,527	
<b>Minimum payment</b>	\$															
<b>Unimproved valuations</b>																
UV Pastoral	320	6	13,468	1,920	0	0	1,920	0	0	0	1,920	0	0	1,920	1,920	
UV Mining	450	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
UV Prospecting and exploration	450	8	31,226	3,600	(900)	(900)	2,700	(900)	(900)	0	4,050	0	0	4,050	4,950	
<b>Sub-Total</b>		14	44,694	5,520	(900)	(900)	4,620	(900)	(900)	0	5,970	0	0	5,970	6,870	
<b>Total amount raised from general rate</b>		81	3,453,653	473,530	(15,064)	(9,075)	449,391	(15,064)	(9,075)	0	464,017	1,380	0	465,397	465,397	

**SIGNIFICANT ACCOUNTING POLICIES**

Rates

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

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

23. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
<b>Option One</b>				
Single full payment	22/02/2021	0	0%	8%
<b>Option Two</b>				
First instalment	22/02/2021	0	0%	8%
Second instalment	26/04/2021	11	0%	8%
Third instalment	28/06/2021	11	0%	8%
Fourth instalment	30/08/2021	11	0%	8%

	2021 Actual \$	2021 Budget \$	2020 Actual \$
Interest on unpaid rates	13,201	1,000	341
Charges on instalment plan	0	500	0
	13,201	1,500	341

SHIRE OF MURCHISON  
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24. RATE SETTING STATEMENT INFORMATION

	2020/21 (30 June 2021 Carried Forward)	2020/21 Budget (30 June 2021 Carried Forward)	2019/20 (30 June 2020 Carried Forward)
Note	\$	\$	\$
<b>(a) Non-cash amounts excluded from operating activities</b>			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .			
<b>Adjustments to operating activities</b>			
Less: Profit on asset disposals	10(a) 0	0	(13,313)
Less: Movement in liabilities associated with restricted cash	49,217	0	20,795
Less: Fair value adjustments to financial assets at fair value through profit and loss	(647)	0	0
Movement in employee benefit provisions (non-current)	(8,725)	0	33,204
Add: Prior year work in progress expensed	6,535	0	0
Add: Loss on disposal of assets	10(a) 0	33,812	156,534
Add: Depreciation on non-current assets	10(b) 3,360,980	3,227,546	3,216,991
<b>Non cash amounts excluded from operating activities</b>	<u>3,407,360</u>	<u>3,261,358</u>	<u>3,414,211</u>
<b>(b) Surplus/(deficit) after imposition of general rates</b>			
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
<b>Adjustments to net current assets</b>			
Less: Reserves - cash/financial asset backed	4 (7,128,983)	(7,056,823)	(6,989,920)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	14(a) 1,176	1,997,896	1,137
- Employee benefit provisions	134,483	78,668	85,266
<b>Total adjustments to net current assets</b>	<u>(6,993,324)</u>	<u>(4,980,259)</u>	<u>(6,903,517)</u>
<b>Net current assets used in the Rate Setting Statement</b>			
Total current assets	9,038,910	7,698,784	11,888,201
Less: Total current liabilities	(2,063,182)	(2,718,525)	(1,140,776)
Less: Total adjustments to net current assets	(6,993,324)	(4,980,259)	(6,903,517)
<b>Net current assets used in the Rate Setting Statement</b>	<u>(17,596)</u>	<u>0</u>	<u>3,843,908</u>

**SHIRE OF MURCHISON**  
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**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.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
<b>Market risk - interest rate</b>	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	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.

	<b>Weighted Average Interest Rate</b>	<b>Carrying Amounts</b>	<b>Fixed Interest Rate</b>	<b>Variable Interest Rate</b>	<b>Non Interest Bearing</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2021</b>					
Cash and cash equivalents	0.03%	8,156,910	3,419,298	4,737,112	500
<b>2020</b>					
Cash and cash equivalents	1.13%	4,858,506	2,382,792	2,475,714	0
Financial assets at amortised cost	1.06%	6,645,418	6,645,418	0	

**Sensitivity**

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

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% movement in interest rates on profit and loss and equity*	81,564	48,585

\* 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).

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**25. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Credit risk**

**Trade and Other Receivables**

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

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

The 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 2020 or 1 July 2021 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.

The loss allowance as at 30 June 2021 for rates receivable was determined as follows:

	Current	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2021</b>					
Rates receivable					
Expected credit loss	0.00%	18.76%	4.91%	0.00%	
Gross carrying amount	433,954	117,396	7,939	3,241	562,530
Loss allowance	0	22,027	390	0	22,417
<b>30 June 2020</b>					
Rates receivable					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	155,072	48,016	3,240	0	206,328

The loss allowance as at 30 June 2021 and 30 June 2020 was determined as follows for trade receivables.

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2021</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	64,138	0	100	3,274	67,512
<b>30 June 2020</b>					
Trade and other receivables					
Expected credit loss	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	77,505	95	0	2,454	80,054

**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(e).

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
	\$	\$	\$	\$	\$
<b><u>2021</u></b>					
Payables	1,619,201	0	0	1,619,201	1,619,201
Borrowings	1,705	8,524	9,376	19,605	16,178
Contract liabilities	308,322	0	0	308,322	308,322
	1,929,228	8,524	9,376	1,947,128	1,943,701
<b><u>2020</u></b>					
Payables	1,054,373	0	0	1,054,373	1,054,373
Borrowings	1,705	8,524	11,081	21,310	17,315
	1,056,078	8,524	11,081	1,075,683	1,071,688

# SHIRE OF MURCHISON

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

### 26. 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 end of the reporting period.

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**27. ACTIVITIES/PROGRAMS**

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

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

28. FINANCIAL RATIOS

	2021 Actual	2020 Actual	2019 Actual
Current ratio	0.99	4.64	1.79
Asset consumption ratio	0.75	0.77	0.96
Asset renewal funding ratio	0.37	0.30	0.32
Asset sustainability ratio	0.96	1.08	0.54
Debt service cover ratio	(930.32)	0.89	0.24
Operating surplus ratio	(5.92)	0.59	(0.58)
Own source revenue coverage ratio	0.05	0.11	0.06

The above ratios are calculated as follows:

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



# Auditor General

## INDEPENDENT AUDITOR'S REPORT 2021 Shire of Murchison

To the Councillors of the Shire of Murchison

### Report on the audit of the annual financial report

#### Opinion

I have audited the financial report of the Shire of Murchison (Shire) which comprises:

- the Statement of Financial Position at 30 June 2021, 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
- Notes comprising a summary of significant accounting policies and other explanatory information
- the Statement by the Chief Executive Officer.

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

- is based on proper accounts and records
- fairly represents, in all material respects, the results of the operations of the Shire for the year ended 30 June 2021 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 section below. I am independent of the Shire in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the 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.

## **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 financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards. The CEO is also responsible for managing internal control (as required by the CEO) to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the 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**

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the 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 financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

## **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 a significant adverse trend in the financial position of the Shire:
  - a) The Asset Renewal Funding Ratio, Debt Service Cover Ratio, and Own Source Revenue Coverage Ratio as reported in Note 28 of the annual financial report is below the Department of Local Government, Sport and Cultural Industries' standard for the last three financial years
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the Asset Consumption Ratio and the Asset Renewal Funding Ratio included in the financial report were supported by verifiable information and reasonable assumptions.

## **Other information**

The other information is the information in the entity's annual report for the year ended 30 June 2021, but not the financial report and my auditor's report. The CEO is responsible for the preparation and the Council for overseeing the other information.

My opinion does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon.

## **Matters relating to the electronic publication of the audited financial report**

This auditor's report relates to the financial report of the Shire of Murchison for the year ended 30 June 2021 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 financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the 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 financial report to confirm the information contained in this website version of the financial report.



Patrick Arulsignham  
Senior Director Financial Audit  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
2 August 2022



## **murchison**shire

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